Aitken Spence Hotels

CONFIDENCE IN OUR CRAFT

AITKEN SPENCE HOTEL HOLDINGS PLC | ANNUAL REPORT 2025/26







CONFIDENCE IN OUR CRAFT

At Aitken Spence Hotel Holdings PLC, hospitality begins with a feeling – a sense of ease and belonging, and of knowing that every detail of care has been considered. Through every space we design and every moment we shape, we bring together the art of hospitality and the science of comfort to create experiences that feel both intuitive and memorable.

Confidence, for us, is not declared. It is built through the consistency of our actions, and through the quiet assurance that every guest interaction is meaningful. While every guest enjoys an unforgettable experience, we take pride in crafting that experience with attention-to-detail and inimitable levels of thoughtful decision-making.

This year's performance reflects the confidence that we have in our craft, but more importantly, it reflects the people who bring it to life every day.

In the end, what we create goes beyond a simple hotel stay – we create experiences that last a lifetime.





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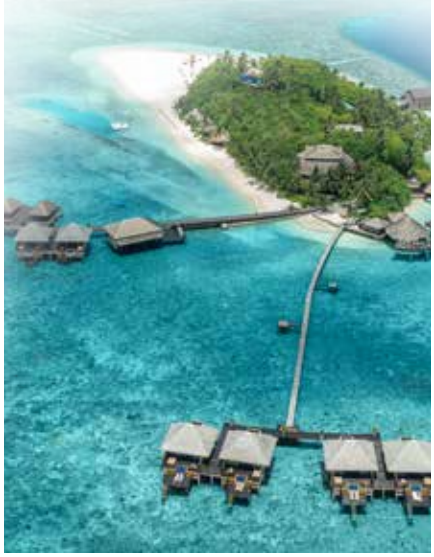

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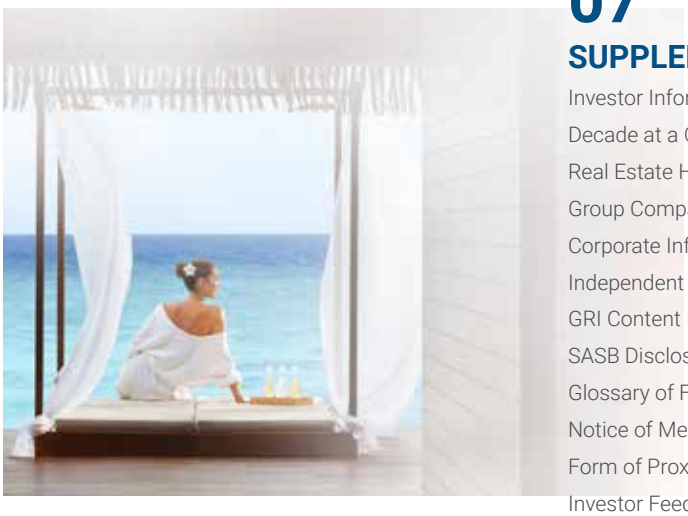

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ABOUT THIS REPORT

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> **Welcome to our Fifteenth Integrated Annual Report - A reflection of the indelible mark we continue to live through confidence in our craft.**

GENERAL DISCLOSURES

Reporting period, frequency and contact point

This Report is aligned to the Group's established annual reporting cycle and presents both financial and sustainability information for the financial year from 1st April 2025 to 31st March 2026. It builds on the Group's previous report for the year ended 31st March 2025, maintaining continuity in disclosure and reporting practices.

Where relevant, comparative information from the prior reporting period has been included to facilitate meaningful analysis. In addition, significant developments occurring after the end of the reporting period, from 31st March 2026 up to the Board approval date of 05th June 2026, have been incorporated where considered material.

Continuous improvement in our reporting remains paramount to us, and we value your feedback in helping us enhance its quality and relevance. We welcome your insights and suggestions.

Please direct them to,
info@aitkenspence.lk
Group Business Development Unit - Aitken Spence PLC

Entities included in the organisation's sustainability reporting / reporting boundary

This Report covers the operations of Aitken Spence Hotel Holdings PLC (Aitken Spence Hotels) and its subsidiaries (collectively referred to as the Group). Both financial and non-financial information in this Report present a consolidated view of the Group, unless otherwise stated. A comprehensive depiction of the Group structure is available on pages 12 to 13.

Restatements of information

The information disclosed for prior reporting periods has not been restated.

External assurance

In enhancing the credibility of our reporting, across both financial and sustainability aspects, we have obtained several external assurances, a full list of which is available on page 5.

MATERIALITY AND STAKEHOLDER FEEDBACK

The matters presented in this Report represent those identified by the Group as having the potential to significantly influence stakeholder decisions or create material economic, environmental, and social impacts. Our materiality determination is closely guided by ongoing stakeholder engagement, which plays a central role in shaping both the identification of key issues and the prioritisation of our disclosures.

Through structured and continuous engagement with our key stakeholder groups, we gain valuable insights into evolving expectations and areas of concern. These inputs enable us to refine our reporting approach, ensuring that it remains relevant, balanced, and aligned with the information needs of our stakeholders.

More information: Stakeholder Engagement on pages 76 to 82 and Material Matters on pages 83 to 87



Our Annual Report is also available online. Please visit our website at https://www.aitkenspencehotels.com to access the report.

https://www.aitkenspencehotels.com/about-us/investor-relations.html

GRI 2-5

REPORTING PRINCIPLES AND FRAMEWORKS

We have moved beyond regulatory compliance to incorporate international best practices into our reporting process. The following principles and frameworks have been adopted in preparing:

1 FINANCIAL REPORTING

- Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act No. 7 of 2007 (as amended)
- Listing Rules of Colombo Stock Exchange
- Sri Lanka Accounting & Auditing Standard Act No. 15 of 1995

2 INTEGRATED AND SUSTAINABILITY REPORTING

- SLFRS S1 General Requirements for Disclosures of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures
- Integrated Reporting Framework of the International Integrated Reporting Council
- Global Reporting Initiative (GRI) Standards (2021)
- Sustainability Accounting Standards Board (SASB) Standards – Hotels & Lodging - Industry Standard Version 2023-12
- "Guidelines for Presentation of Annual Reports" issued by the Institute of Chartered Accountants of Sri Lanka
- Gender Parity Reporting Framework of the Institute of Chartered Accountants of Sri Lanka
- CSE Sustainability Reporting Guide – Guidance for Communicating Sustainability issued by the Colombo Stock Exchange

3 GHG EMISSIONS REPORTING

- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

4 CORPORATE GOVERNANCE REPORTING

- Listing Requirements of the Colombo Stock Exchange
- Securities and Exchange Commission of Sri Lanka, Act No. 19 of 2021 and the amendments
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2023)

Mandatory reporting frameworks Voluntary reporting frameworks

ASSURANCE ON REPORTING

Financial Statements and Related Disclosures

Internal Assurance

- Internal Audit
- Robust framework of internal controls
- Reporting to the Board Audit Committee, Risk Committee and Board of Directors

External Assurance

- Independent Auditors' Report by Messrs. KPMG, Chartered Accountants

Integrated and Sustainability Reporting

Internal Assurance

- Board Review
- Assessment of non-financial information by the Sector and the Group Sustainability function

External Assurance

- Independent Assurance by Messrs. Deloitte Partners, Sri Lanka on Integrated Reporting
- GRI Reporting
- SLFRS S1 and SLFRS S2 sustainability related financial disclosures

Corporate Governance

Internal Assurance

- Robust governance frameworks

BOARD RESPONSIBILITY STATEMENT

The Board of Aitken Spence Hotel Holdings PLC acknowledges its responsibility for ensuring the integrity of this report. We hereby confirm that the 2025/26 Annual Report fairly represents the Group's integrated performance and addresses all relevant material matters. We also confirm that the report has been prepared in accordance with the Integrated Reporting Framework of the International Integrated Reporting Council.

05th June 2026, Colombo

ABOUT THIS REPORT

ENHANCING THE QUALITY OF OUR REPORTING

During the year, we continued to refine our reporting approach to present a clearer and more meaningful articulation of how we create value. These enhancements were shaped by evolving stakeholder expectations, changes in the external environment, and our ongoing commitment to transparent and effective corporate communication. They also reflect insights gained from external evaluations, including feedback from annual report award programmes in which our prior year's Report themed "A timeless legacy. Touching lives" was recognised.

- Enhanced connectivity across the Report through stronger linkages between Stakeholders, Material Matters, Strategic Pillars, Risks, and Capitals
- Adopted SLFRS S1 and SLFRS S2, together with voluntary assurance over sustainability disclosures to strengthen reporting credibility
- Expanded stakeholder analysis and engagement disclosures, strengthening insight into stakeholder expectations and their influence on decision-making and Material Matters
- Refined the Group's Material Matters to better reflect the evolving operating and sustainability context, enabling more focused and relevant reporting
- Enhanced depiction of the Group's positioning within the broader hospitality and leisure value chain and its interconnected ecosystem
- Introduced a Sustainability Impact Scorecard depicting impact created across economic, environmental, social, and governance dimensions
- Expanded discussion on key risks and opportunities across the Group's six capitals, providing clearer insight into long-term value creation and resilience

NAVIGATING THIS REPORT

To enhance clarity and ease of reference, we have introduced navigation icons throughout the report. These cues guide readers to related sections, highlight key linkages, and support a more seamless and concise reading experience.

Six capitals deployed in our value creation process


Financial Capital


Manufactured Capital


Human Capital


Social and Relationship Capital


Natural Capital


Intellectual Capital

Our stakeholders


Shareholders


Customers


Employees


Business Partners


Government & Regulators


Communities

Our strategic priorities


Revenue Growth


Technology Integration


Operational Excellence


Customer Centricity


Inspired and Dedicated Team


Sustainability

Other icon references


Risks


Opportunities


Way Forward

FIFTEEN YEARS OF INTEGRATED REPORTING EXCELLENCE – OUR JOURNEY

Aitken Spence Hotels stands among the early adopters of Integrated Reporting in Sri Lanka, having embraced the framework introduced by the International Integrated Reporting Council in 2013. Over the past fifteen years, our reporting journey has evolved significantly, with continuous enhancements aimed at improving clarity, conciseness, and relevance for our stakeholders.

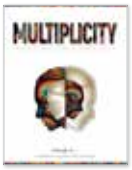
Our approach has consistently aligned with both mandatory and voluntary reporting frameworks, ensuring that the information we present remains decision-useful, transparent, and reflective of our value creation process.

This year marks yet another milestone in our journey, with the adoption of SLFRS S1 and SLFRS S2 Sustainability-related Financial Disclosures, further strengthening the depth and connectivity of our reporting. Our efforts have been recognised through numerous accolades over the years, reinforcing our commitment to reporting excellence and continuous improvement.



2024/25


2023/24



2022/23



2021/22


2020/21


2019/20


2018/19


2017/18



2016/17


2015/16



2014/15


2013/14


2012/13



2011/12

RECOGNITION

Aitken Spence Hotels' Annual Report has been a constant recipient of awards. Awards won by our most recent annual report for the financial year ended 31 March 2025 are as follows.







Gold Awards Winner of Hotel Companies (Group assets above LKR 10 Bn) – TAGS Awards

Runners-up - Tourism & Leisure Category
ACCA Sustainability Reporting Awards

FORWARD-LOOKING STATEMENTS

This Report includes forward-looking statements relating to the Group's anticipated future performance, outlook, and strategic direction, based on assessments made at the time of publication. Given the dynamic and uncertain nature of the external environment, actual results may differ materially from those expressed or implied due to factors beyond the Group's control. The Group undertakes no obligation to update or revise these statements after publication. Accordingly, readers are advised to exercise caution and not place undue reliance on such statements. Forward-looking statements contained in this Report have not been subject to review by the Group's auditors.

Key sections containing such forward-looking statements under "Way Forward"

Reflections from the Chairperson - Pages 20 to 23
Managing Director's Review - Pages 24 to 26
Cluster Performance Analysis - Pages 126 to 129
Capitals Management Report - Pages 130 to 186

FEEDBACK

We value your comments and suggestions on improving the readability and relevance of our Annual Report. Kindly direct your feedback through the investor feedback form on pages 355 to 356.

Our contact details are:

info@aitkenspence.lk

Group Business Development Unit - Aitken Spence PLC



ABOUT US

GRI 2-6

At Aitken Spence Hotel Holdings PLC, we create value through world-class hospitality experiences

"Aitken Spence Hotels is a leading Sri Lankan hospitality group, delivering distinctive travel experiences across Sri Lanka, the Maldives, Oman, and India. With a carefully curated portfolio of resorts and hotels, the Group combines location, design, and service to create immersive stays rooted in culture, nature, and authenticity."

Our Vision

To achieve excellence in all our activities, establish high growth businesses in Sri Lanka and across new frontiers, and become a globally competitive market leader in the region.

Our Core Values

Reliable | Honest and Transparent | Warm and Friendly | Genuine | Inspiring Confidence

4 captivating destinations

19 uniquely curated properties

2,676 rooms delivering memorable experiences

51 years of hospitality excellence

3,471 professionals committed to world-class service

OUR PORTFOLIO BUILT ON DIVERSITY

Our properties span a wide spectrum, from eco-conscious retreats and heritage-inspired resorts to contemporary business hotels, each designed to reflect its surroundings while meeting evolving guest expectations. This diversity enables us to cater to multiple segments, offering experiences that balance comfort, discovery, and value.

Nature-integrated and sustainable hospitality



Properties designed to harmonise with their natural surroundings, emphasising sustainability, biodiversity, and eco-conscious living.

- Heritance Kandalama
- Heritance Ayurveda
- Rainforest Ecolodge

Heritage and cultural experiences



Properties that celebrate local history, architecture, and cultural identity, offering guests an authentic sense of place.

- Heritance Tea Factory
- Earl's Regency
- Best Western Sur
- Desert Nights Resort

Resort and leisure destinations



Beachfront and island resorts offering relaxation, recreation, and immersive leisure experiences across diverse settings.

- Heritance Ahungalla
- Sentido Heritance Negombo
- Turyaa Kalutara
- Amethyst Resort
- Hotel RIU Sri Lanka
- Adaaran Prestige Vadoo
- Adaaran Select Meedhupparu
- Adaaran Club Rannalhi
- Adaaran Select Hudhuran Fushi
- Heritance Aarah

Urban and business hospitality



Strategically located properties catering to business and transit travellers, blending convenience with contemporary comfort.

- Turyaa Chennai
- Al Falaj
- Sentido Heritance Negombo

Sri Lanka · The Maldives · Oman · India

BRANDS THAT DEFINE EXPERIENCES

Heritance Hotels & Resorts
Our flagship brand that integrates culture, architecture, and nature into immersive experiences

** Adaaran Maldives**
Maldives-based resorts offering elevated island luxury and wellness

Taryaa
Contemporary hotels reflecting the energy and character of their destinations

UNIVERSALLY ACCESSIBLE VIA

- Online Travel Agencies (OTAs)
- Corporate travel management companies
- Destination management companies
- Tour operators
- Other online platforms

OUR GLOBAL PRESENCE AND ROOM INVENTORY

Over **2,600 rooms** across **15 owned** and **4 managed properties**



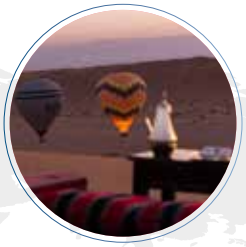
Sri Lanka

1,295 rooms **8** properties owned
136 rooms **2** properties managed



The Maldives

762 rooms **5** properties owned



Oman

150 rooms **1** property owned
193 rooms **2** properties managed



India

140 rooms **1** property owned

POWERED BY A STRONG FOUNDATION

As part of Aitken Spence PLC, one of Sri Lanka's most respected diversified conglomerates, the Group benefits from strong governance, brand equity, and operational synergies. This foundation enables us to consistently uphold international hospitality standards while driving innovation and growth.

Sustainability at the core

Our approach to hospitality is guided by a strong commitment to sustainability and responsible tourism.

Connecting with local heritage

We integrate with local communities, celebrating culture and fostering meaningful connections

Commitment to the environment

We protect natural ecosystems, minimising environmental impact through conscious operational practices

Socio-economic empowerment

We create shared value, contributing to socio-economic development across our destinations

This integrated ESG approach underpins our ability to build trust and long-term relationships with stakeholders.

ABOUT US

GRI 2-2

Supporting National Priorities Through Responsible Hospitality -

The Aitken Spence Hotels Edge



Driving tourism-led economic growth and foreign exchange earnings

As a leading hospitality group with operations across Sri Lanka, the Maldives, Oman, and India, Aitken Spence Hotels plays a pivotal role in strengthening Sri Lanka's tourism sector, one of the country's key foreign exchange earners. By attracting international travellers and delivering globally competitive experiences, the Group contributes meaningfully to foreign currency inflows and national economic recovery.

Percentage contribution by foreign exchange income to total income: 18%.



Creating employment and developing industry talent

The Group is a significant contributor to employment, providing direct and indirect livelihood opportunities across its operations. Through structured training initiatives such as the Aitken Spence Institute of Hotel Management and internal development programmes, the Group actively builds industry-relevant skills, strengthening the national talent pipeline and enhancing employability within the hospitality sector.

Total graduates produced by the Aitken Spence Institute of Hotel Management since 2007: 1,500+



Empowering women and advancing inclusive workplaces

Aitken Spence Hotels remains committed to fostering gender equality and empowering women within the workforce. Through inclusive HR practices, targeted development initiatives, and progressive workplace policies, the Group continues to enhance female participation across all levels while supporting differently abled individuals, contributing to broader socioeconomic progress.

Percentage of females in the workforce: 12%



Supporting local communities and strengthening value chains

By prioritising local sourcing and community engagement, the Group plays a key role in supporting small and medium-scale suppliers, artisans, and service providers. Its operations create multiplier effects within local economies, fostering entrepreneurship, generating income opportunities, and strengthening community resilience across the regions in which it operates.

Percentage of local suppliers within overall supplies: 14%



Building resilience through responsible business practices

Through its commitment to ethical conduct, stakeholder engagement, and long-term value creation, Aitken Spence Hotels contributes to building a resilient tourism ecosystem. Its efforts in supporting communities during times of crisis and investing in sustainable growth further reinforce its role as a responsible corporate citizen.

Total Number of suppliers supported: 1,778

Advancing sustainable and responsible tourism

Sustainability is deeply embedded within the Group's operations, with a strong focus on environmental stewardship, biodiversity conservation, and responsible resource management. Through eco-conscious property design, energy and water efficiency initiatives, and waste management practices, the Group contributes to preserving Sri Lanka's natural heritage while aligning with global sustainability expectations.

Investment in environmental & community engagement initiatives: Rs. 11.7 Mn





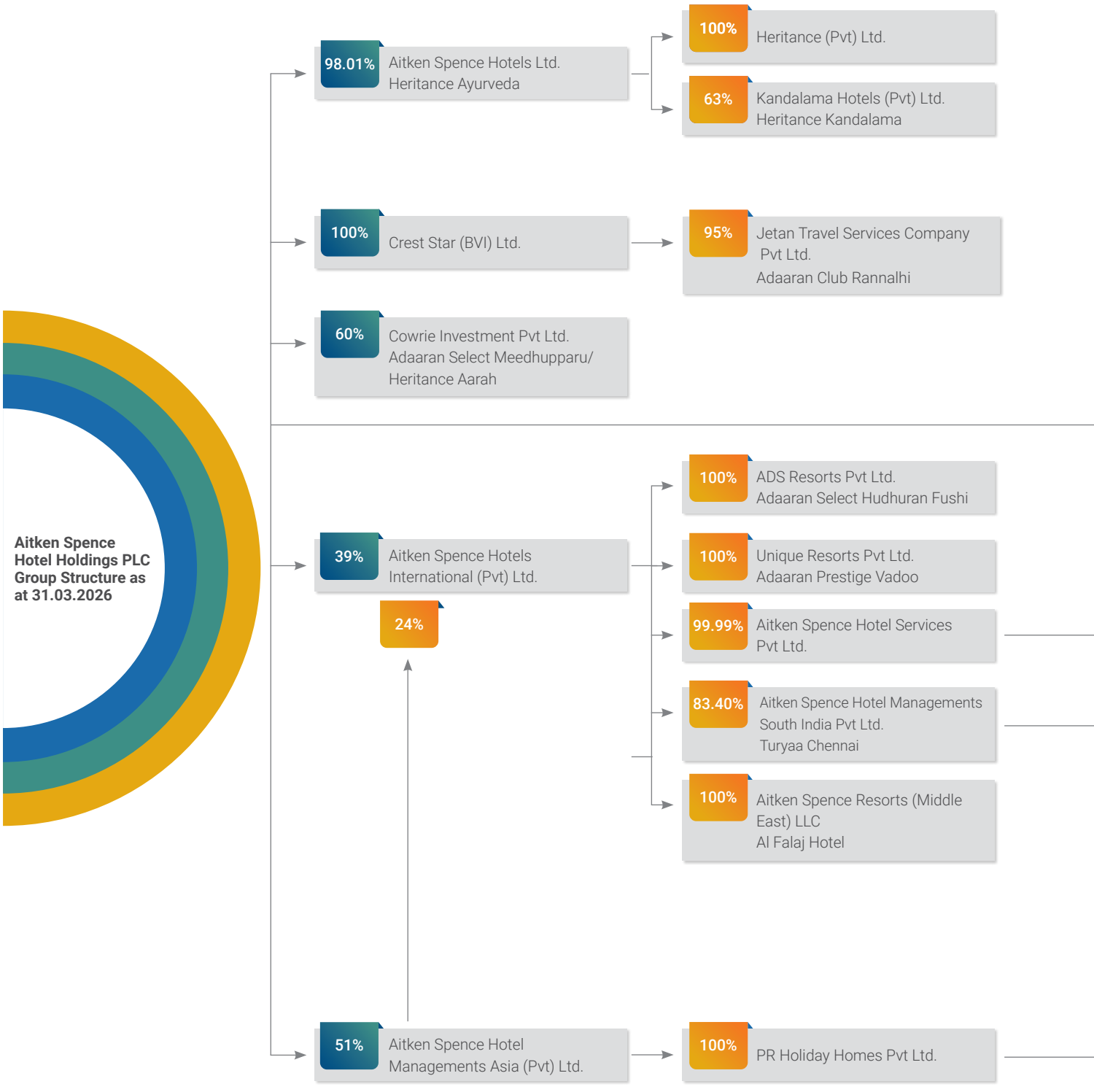
Promoting cultural heritage and destination value

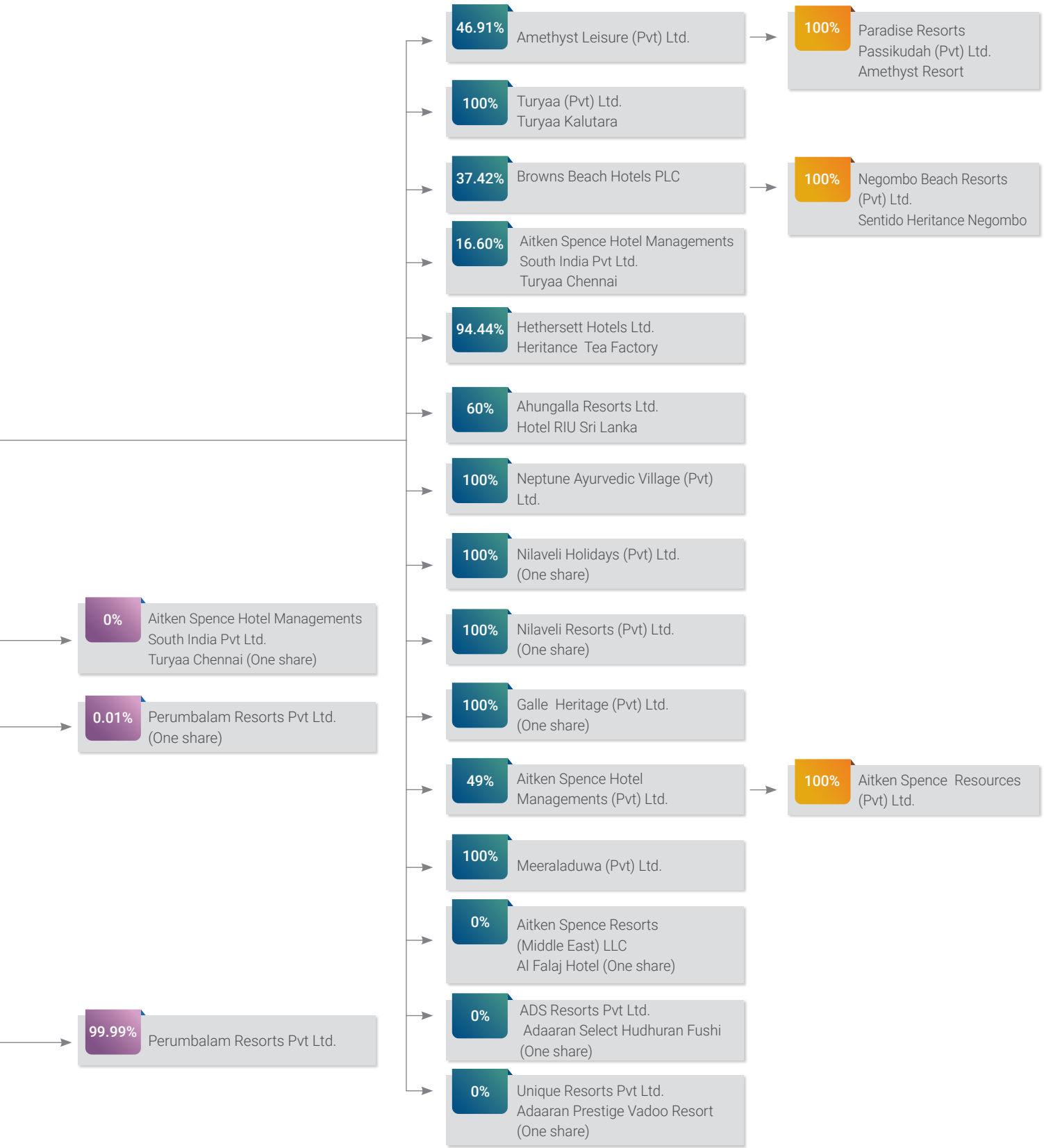
The Group actively integrates local culture, heritage, and traditions into its hospitality offerings, enhancing the authenticity of guest experiences while preserving and promoting Sri Lanka's rich cultural identity. This approach differentiates its properties whilst strengthening the country's positioning as a unique global tourism destination.





GROUP STRUCTURE




46.91% Amethyst Leisure (Pvt) Ltd.
100% Paradise Resorts Passikudah (Pvt) Ltd. Amethyst Resort
100% Turyaa (Pvt) Ltd. Turyaa Kalutara
37.42% Browns Beach Hotels PLC
100% Negombo Beach Resorts (Pvt) Ltd. Sentido Heritance Negombo
16.60% Aitken Spence Hotel Managements South India Pvt Ltd. Turyaa Chennai
94.44% Hethersett Hotels Ltd. Heritance Tea Factory
60% Ahungalla Resorts Ltd. Hotel RIU Sri Lanka
100% Neptune Ayurvedic Village (Pvt) Ltd.
100% Nilaveli Holidays (Pvt) Ltd. (One share)
0% Aitken Spence Hotel Managements South India Pvt Ltd. Turyaa Chennai (One share)
100% Nilaveli Resorts (Pvt) Ltd. (One share)
0.01% Perumbalam Resorts Pvt Ltd. (One share)
100% Galle Heritage (Pvt) Ltd. (One share)
49% Aitken Spence Hotel Managements (Pvt) Ltd.
100% Aitken Spence Resources (Pvt) Ltd.
100% Meeraladuwa (Pvt) Ltd.
0% Aitken Spence Resorts (Middle East) LLC Al Falaj Hotel (One share)
99.99% Perumbalam Resorts Pvt Ltd.
0% ADS Resorts Pvt Ltd. Adaaran Select Hudhuran Fushi (One share)
0% Unique Resorts Pvt Ltd. Adaaran Prestige Vadoo Resort (One share)

PIVOTAL MOMENTS IN OUR JOURNEY

1973
Incorporates Aitken Spence Hotels Ltd.



1978
Incorporates Ahungalla Hotels Ltd, as a Public Quoted Company.









1981
Commences Commercial Operations of Triton Hotel with 126 Rooms.

1986
Triton Hotel is awarded 5-Star status, The first for a beach hotel in Sri Lanka.

1993
- The Company acquires its first island acquired on 1st November 1993 in the Maldives, Bathala Island Resort, becoming the first Sri Lankan hospitality company to invest overseas.

1994
- The Company acquires approximately 97% of the share capital of Aitken Spence Hotels Ltd; thereby gaining a controlling interest in Neptune Hotel, Kandalama Hotel and Pearl Beach Hotel.
- The Group invested in Browns Beach Hotel and Hotel Hilltop.
- Kandalama Hotel commenced operations.

1995
- The Company acquires a majority holding in Hethersett Hotels Ltd, the owning company of the Tea Factory Hotel.

1996
- The Tea Factory in Nuwara Eliya commences operations.
- The Company acquired its second Hotel Rannalhi Island Resort in the Maldives.

1997
- The Company changes its name to Aitken Spence Hotel Holdings Ltd.

2000
- The third hotel in the Maldives, the 215 room Meedhupparu Island Resort is launched in June 2000.

2004
- The Group acquires Earl's Regency hotel in Kandy for management.

2005
- 20 Luxury Water Villas are constructed and launched at Meedhupparu, Maldives.

2006
- The Company's new 'Heritance Hotels and Resorts' brand is launched.

2007
- The Company ventures into India and is successful in securing management contracts for four resorts.
- Completes renovations and unveils Heritance Ahungalla.
- The Company acquires its fourth resort in Maldives, 'Adaaran Select Hudhuran Fushi'.

2008

- The Company made further investments in the Maldives through the acquisition of Vadoo Island Resort.
- The Group divested its investment in Bathala Island Resort.
- The Company ventures into Oman by securing management contracts for four hotels.

2009

- Adaaran Prestige Vadoo, the latest addition to the Adaaran Resorts commences operations.
- Secured a management contract for luxury desert camp in Oman.

2010

- The Company acquires ownership of Golden Sun Resorts, Kalutara.

2012

- Neptune undergoes a complete renovation and opens as a specialised Ayurvedic resort – Heritance Ayurveda.
- The Company acquires total ownership of Hotel Hilltop, Kandy.

2013

- Golden Sun Resorts Kalutara is refurbished and rebranded as The Sands by Aitken Spence Hotels.

2014

- Entered into a joint venture agreement with Spanish Company RIU to construct a 501-room, 5-star resort adjoining Heritance Ahungalla.

2015

- Acquisition of a strategic stake in Amethyst Resort Passikudah.
- The Company made further investments in the Maldives through the acquisition of Aarah Island in Raa Atoll.
- The Group acquires a 143 roomed hotel in Chennai, India.

2016

- The Group acquires its sixth island in the Maldives, Raafushi in the Noonu Atoll.
- Launch of Turyaa Chennai, the first property in India under the Group's ownership.
- Turyaa Kalutara commences operations with an increased inventory of 199 rooms.
- The Group acquires 'Al Falaj Hotel' in Oman, making it the Group's first acquisition in the Sultanate.

2017

- Aitken Spence Hotels unveils Heritance Negombo located in proximity to the city and the International Airport, making it a popular hotel for travellers keen to be near the city and explore its attractions.
- Hotel RIU, Sri Lanka commenced operations, under the Group's collaboration with RIU Hotels, Spain.
- The Group divested its investment in Hotel Hilltop in September 2017.

2018

- The Group acquires management of Earl's Regent Hotel in Kandy.

2019

- The Group launched its first 'Heritance' property overseas, with the introduction of Heritance Aarah.

2023

- The Group divested its leasehold rights of Raafushi Island.
- The Group ended its management contract with Earl's regent Hotel in Kandy.

2024

- Aitken Spence Hotels marked 50 years of hospitality excellence.
- Heritance Kandalama celebrated 30 years as a global icon of sustainable creativity and visionary hospitality.
- The Group takes over the Management of Rainforest Ecolodge which is LEED (Leadership in Energy and Environmental Design) Platinum Certified, the First Hotel in Sri Lanka, Fourth in Asia, and the Fifth in the World to receive this Accolade.

2025

The Group records its highest profit of Rs. 5 Bn

GROUP PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS

		2025/26	2024/25	Change %
Financial Performance				
Gross Revenue	Rs.'000	52,349,252	48,741,023	7
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	Rs.'000	14,823,824	14,090,961	5
Group Profit Before Tax	Rs.'000	6,576,232	4,929,560	33
Group Profit After Tax	Rs.'000	5,029,452	3,588,462	40
Group Profit Attributable to Equity Holders of Parent	Rs.'000	3,096,442	2,290,361	35
Earnings per Share (EPS)	Rs.	9.16	6.77	35
Depreciation, Amortisation & Impairment	Rs.'000	5,533,249	5,263,736	5
Cost of Finance - On financial liabilities	Rs.'000	2,590,217	3,654,599	(29)
- On lease liabilities	Rs.'000	602,389	668,531	(10)
Interest Cover	No. of times	3.07	2.13	44
Return on Equity	%	11.64	10.23	14
Financial Position				
Total Assets	Rs.'000	116,574,276	96,135,713	21
Long-term, Interest-bearing borrowings*	Rs.'000	45,072,102	29,573,141	52
Total Equity*	Rs.'000	42,984,951	34,298,309	25
Number of shares in issue	Number	336,290,010	336,290,010	-
Net Assets per Share	Rs.	88.13	70.10	26
Gearing- Debt/(Debt + Equity)*	%	51.19	46.30	11
Debt/ Total Assets	%	38.66	30.76	26
Current Ratio	Times	0.98 : 1	0.64: 1	54
Quick Assets Ratio	Times	0.91 : 1	0.59: 1	55
Shareholder Information				
Market Price per Share	Rs.	91.60	80.10	14
Market Capitalisation	Rs.'000	30,804,165	26,936,830	14
Price/Earnings Ratio	Times	10.00	11.83	(16)

* Preference Share value is excluded from Total Equity and included in Long Term Interest Bearing Borrowings. Lease Liabilities are also considered as interest bearing borrowings.

NON-FINANCIAL HIGHLIGHTS

	Units	2025/26	2024/25
Manufactured Capital			
Capital expenditure	Rs. Mn	1,850	1,603
- Capacity enhancement	Rs. Mn	332	301
- Product enhancement	Rs. Mn	331	481
- Operational CAPEX	Rs. Mn	1,187	821
Room inventory	No.	2,676	2,676
- Owned	No.	2,347	2,347
- Managed	No.	329	329
Human Capital			
Number of Employees	No.	3,471	3,485
- Sri Lanka	No.	1,901	1,867
- Maldives	No.	1,324	1,317
- Oman	No.	105	147
- India	No.	141	154
Value added per employee	Rs. Mn	2.4	2.2
Training hours	Hours	175,816	137,945
Retention rate	%	70	61
Voluntary turnover rate for lodging facility	%	27	39
Involuntary turnover rate for lodging facility	%	14	0
Social and Relationship Capital			
Average occupancy rate	%	69	70
Restaurants inspected by a food safety oversight body	%	100	100
Restaurants receiving critical violations	%	NIL	NIL
Business Partners			
- Tour operators	No.	999	835
- Registered travel agents	No.	1,421	1,386
- Registered corporate clients	No.	1,687	3,626
- Country representations	No.	31	40
Suppliers			
- No. of suppliers	No.	1,778	1,604
- Payments to local suppliers	Rs. Mn	20,572	22,336
Communities			
- Investments in CSR	Rs. Mn	11.7	8.0
- Employees from the local community	%	55	35
- Guest satisfaction rate at owned properties	%	93.8	93.1

GROUP PERFORMANCE HIGHLIGHTS

	Units	2025/26	2024/25
Natural Capital			
Carbon Footprint - Scope 1 and 2	tCO2e	38,396	40,041
Carbon footprint per guest night	kgCO2e	32	33
Energy consumption	GJ	459,953	454,623
Energy consumption per guest night	MJ	388	375
Water consumption	m3	1,025,187	1,009,234
Water consumption per guest night	Liters	865	832
Intellectual Capital			
Average length of Employee Service	Years	5.58	5.93
Certifications	No.	33	33
Awards received	No.	65	93

VALUE CREATION AND DISTRIBUTION

	2025/26	2024/25
Total Revenue	52,349,252	48,741,023
Purchase of Goods & Services	(27,052,863)	(25,810,342)
	25,296,389	22,930,681
Other Income	(145,024)	73,409
Finance Income	522,099	402,121
Share of Profit of Equity Accounted Investees	(43,836)	23,344
Total Value Added by the Group	25,629,628	23,429,555
Distributed as follows:		
To Government	3,415,844	2,577,583
To Employees	8,458,477	7,676,644
To Lenders of Capital	5,125,616	5,621,231
To Shareholders	-	-
Retained for Reinvestment & Future Growth	8,629,691	7,554,097
Total Value Distributed by the Group	25,629,628	23,429,555

CONFIDENCE IN OUR STEWARDSHIP

Stewardship shapes every action with responsibility and foresight. At Aitken Spence Hotel Holdings, decisions are made with care to ensure long-term stability and thoughtful management of resources, people, and operations. Thus, our confidence stays rooted in integrity, accountability, and a disciplined approach that guarantees purposeful performance.



LEADERSHIP AND GOVERNANCE

CHAIRPERSON'S MESSAGE

GRI 2-22

> Human connection has always been the cornerstone of meaningful hospitality. As technology continues to reshape the industry, the brands that will stand apart are those that use innovation not to replace humanity, but to make space for greater empathy, warmth and care.



A YEAR OF STRONG PERFORMANCE

I am pleased to present the Annual Report and Financial Statements of Aitken Spence Hotel Holdings PLC for the year ended 31 March 2026.

FY 2025/26 marked a significant milestone for the Group, with the highest profit recorded in our history. Post-tax profit rose to Rs. 5.02 billion - a 40% growth over the previous year. This achievement is the culmination of decades of investment in our people, properties and positioning, with a commitment to long-term sustainable growth.

Global travel demand remained robust for much of FY 2025/26, supported by a growing appetite for experiential and premium travel. International arrivals surpassed pre-pandemic levels at approximately 1.52 billion travellers worldwide. However, the escalation of geopolitical tensions in the Middle East toward the latter part of the year and its consequences for fuel prices, airspace disruptions, and traveller sentiment, cast a shadow over long-haul markets, and our destinations felt that impact in the final months of the year. This compounded the disruption caused by Cyclone Ditwah in December 2025, which impacted our domestic operations.

Despite these challenges, the Sri Lankan sector recorded a post-tax profit of Rs. 734 million, marking a 115% growth over the previous year. The South Asia and Middle East sector posted 32% growth in profit after tax.

A rebound in global travel, disciplined cost management and effective management of funding costs were key contributors to the Group's noteworthy performance.

OPERATING ENVIRONMENT

The global economy remained resilient under pressure throughout the year. Growth moderated amid persistent geopolitical tensions, elevated debt levels and inflationary pressures, with the IMF revising its global growth forecast downwards to 3.1% for 2026. Emerging economies in particular experienced pronounced vulnerability to currency volatility, energy shocks and weakening investor sentiment, which shaped consumer confidence and travel patterns across our key source markets.

However, global tourism demonstrated remarkable underlying strength. International arrivals surpassed pre-pandemic levels, recording a 4% growth, as Europe, the Middle East, and Asia recorded steady performances for much of the Financial Year. The shift toward experiential, wellness-led, and purposeful travel continued to gather momentum, reshaping how people choose destinations and what they seek upon arrival.

Sri Lanka's economic recovery maintained its positive trajectory. Real GDP growth remained robust at around 5% supported by IMF-led reforms, easing inflation and improved foreign reserves. Encouragingly, this was the second consecutive year of expansion following the crisis of 2022. Policy rates declined throughout the year, and the exchange rate held broadly stable, providing a more supportive environment for business.

The Maldives maintained strong economic momentum, with GDP growth projected at approximately 5% to 5.7%, driven by continued strength in the luxury travel segment and ongoing tourism infrastructure investment.

In Oman, economic diversification under its Vision 2040 programme continued to drive growth across construction, tourism and services, with inflation remaining comparatively low and fiscal balances broadly stable.

India remained one of the world's fastest-growing economies, with GDP growth projected at approximately 6.5%. The country's growing middle class and expanding appetite for premium travel continues to reinforce India's position as both a source market and an operating geography for us.

The final months of the financial year brought renewed uncertainty. The US-Iran conflict and broader instability in the Middle East disrupted energy markets, elevated airfares, and dampened long-haul travel sentiment, particularly from Europe. The global environment continues to remain volatile and uncertain.

PORTFOLIO PERFORMANCE

Sri Lanka

Our Sri Lankan portfolio benefited from the continued recovery of the tourism sector during much of the year, with strong demand from primary source markets. The breadth of our presence across the island spanning the Cultural Triangle, southern coastline, hill country, and rainforests continued to be a key competitive advantage. Each of our properties offers a distinct expression of Sri Lanka, enabling guests to experience the country's rich diversity of landscapes, cultures, and traditions through a single portfolio. This depth of offering, complemented by sustained investments in product quality, service excellence, and curated guest experiences, continued to drive stronger occupancy levels and enhanced revenue performance during the year.

Heritance Hotels & Resorts further strengthened its positioning with experiential and heritage-led tourism during the year and was recognised by Superbrands as a leading premium hospitality brand. This recognition reflects both the trust placed in us by guests and the consistently high standards upheld across our properties.

Maldives

Our Maldivian operations maintained strong momentum throughout the year, supported by the strength of a diversified portfolio positioned across multiple traveller segments. This continued to be a key advantage, enabling the Group to cater to a broad cross-section of the market while responding to evolving traveller preferences.

Heritance Aarah further strengthened its positioning within the premium all-inclusive segment, supported by differentiated culinary, wellness and luxury-led experiences that continue to resonate strongly with discerning travellers to the Maldives. The resort's continued focus on elevated dining concepts, curated guest experiences, and personalised service, reinforcing its standing within the upper-upscale space.

Adaaran Resorts meanwhile continued to appeal to experience-driven travellers seeking value-led Maldivian escapes, enabling the Group to maintain relevance across both premium and broader leisure segments.

The Maldives, itself, continues to evolve beyond its traditional positioning as a beach destination, with growing demand for wellness, sustainability, sports and immersive luxury experiences. This shift aligns well with the direction of our properties and the investments made across product development, experiences and brand positioning.

Oman

In Oman, the Group's portfolio continued to maintain its presence across distinct travel segments spanning business, coastal, and cultural experiences. Operations performed positively during much of the year; however, the escalation of geopolitical tensions created a more challenging operating environment with adverse travel advisories, disruptions to regional airspace, and heightened security concerns.

India

In India, the Group's presence along Chennai's thriving IT corridor continued to benefit from resilient economic activity, ongoing infrastructure development, and the sustained expansion of the technology and business sectors. Strategically positioned within one of the city's key commercial hubs, the property remains well placed to serve corporate and business travellers, enabling it to capitalise on consistent demand for business travel throughout the year. Looking ahead, the Group will actively explore opportunities within the growing medical tourism segment, leveraging Chennai's reputation as a leading healthcare destination, renowned for its high-quality medical expertise, advanced treatment facilities, and international patient services.

VALUE TO SHAREHOLDERS

The Group's strong performance during the year translated into enhanced value for our shareholders, reinforcing our continued focus on delivering sustainable long-term returns through operational excellence.

Earnings per share showed strong growth, rising to Rs. 9.16 in FY 2025/26 compared to Rs. 6.77 in the previous year. Return on Equity stood at 11.64%, against 10.23% the previous year, with net assets per share rising by 26% to Rs. 88.13. The share price moved from Rs. 80.10 to Rs. 91.60, a rise that we believe reflects growing investor confidence.

CHAIRPERSON'S MESSAGE

We generated strong operating cash flows of Rs. 11.2 billion, supporting our investment priorities and dividend commitments. The Group also concluded the year with improved cash position, enhancing our financial flexibility going forward.

Looking ahead, we remain committed to driving sustainable value for our shareholders by building on our financial strength, deepening operational excellence, and investing responsibly in future growth.

In recognition of this performance, the Board has recommended a dividend of Rs. 0.28 per share.

GOOD GOVERNANCE

Our governance framework continued to be guided by the Group Supervisory Board of Aitken Spence PLC. Risk oversight mechanisms were further strengthened during the year, promoting a risk-aware culture that is essential to delivering value across the four diverse markets in which we operate. Prudent risk-taking remains central to how we lead this business.

Good governance is not a static achievement, but an enduring discipline that must be continuously strengthened as the business grows and operating environments evolve. For decades, Aitken Spence Hotels has been a pioneer in Sri Lanka's sustainability journey, setting benchmarks in the hospitality industry through transformative investments in environmentally responsible operations. From developing the world's first LEED Gold-certified hotel, the Group has continually sought to lead by example, embracing innovation and sustainability as fundamental drivers of progress. This year, with the establishment of a dedicated Sustainability Council for Aitken Spence Hotel Holdings, we reflected on the growing materiality of sustainability to our core business and refined our commitment to sustainable practices with the same rigour of governance we apply to financial and operational performance.

OUTLOOK

While we enter the next financial year with measured confidence, recent developments in the Middle East have once again demonstrated how quickly global events can affect business operations. In response, we remain focused on diversifying our source markets, strengthening our presence in resilient geographies, and maintaining the agility required to respond quickly to changing market conditions.

Hospitality is an industry defined by its capacity to adapt and evolve. Throughout our journey, we have navigated economic uncertainty, geopolitical disruption, global health crises, and shifting traveller expectations. Yet, through these changing conditions, our commitment to our guests and our people has remained unwavering. This enduring foundation has enabled us not only to withstand challenges, but to turn them into opportunities for growth and renewal. Looking ahead, the resilience, dedication, and adaptability of our teams will continue to guide us through an increasingly complex and dynamic environment, as we remain focused on delivering meaningful experiences, driving sustainable growth, and creating long-term value across our portfolio.

PARTNERSHIPS FOR GROWTH

Strong partnerships continue to play an important role in strengthening the resilience of our business, particularly during periods of uncertainty and disruption. Our long-standing relationship with most major tour operators in key source markets, together with our close collaboration with Aitken Spence Travels, Sri Lanka's leading destination management company, remain valuable strategic advantages for the Group.

These enduring partnerships enhance our market reach, support connectivity and distribution, and enable us to respond more effectively to changing market dynamics. As the global operating environment continues to evolve, we will continue working closely with our partners to strengthen demand generation, maintain market confidence and support the long-term growth of our destinations and brands.

STRATEGIC PRIORITIES

As we look ahead, four priorities will define our focus and direct our energy as a hospitality Group.

Our People

Our people remain our greatest asset and our most important investment. In an industry where the quality of human connection is the product, building future-ready teams is a core strategy. As such, we will continue to develop multi-generational talent, expand our management trainee programmes, promote gender diversity, and nurture a culture of innovation that elevates our value proposition.

Our Guests

For our guests, we will continue to enhance the distinct experiences, thoughtful service and sense of place that define our brands, creating deeper connections with our destinations and fostering long-term loyalty across our portfolio.

Digital Transformation

Digital transformation will also be a key enabler of our next chapter, enhancing guest experience from pre-arrival to post-departure, streamlining operations, and sharpening our revenue management capabilities. As technology continues to reshape the hospitality landscape, the integration of artificial intelligence, data analytics, connected systems, and intelligent automation will enable us to meet the evolving demand for more personalised guest journeys, greater operational efficiency, and more informed decision-making.

Emerging innovations, particularly in mobile concierge technology, will enable increasingly seamless and personalised journeys, from arranging experiences and dining reservations to providing tailored recommendations and transport services, delivering greater convenience at every stage of the stay. Critically important will be our ability to harness these innovations while preserving the human touch that lies at the heart of exceptional hospitality.

As guest interactions and operational processes become increasingly digital, safeguarding data and maintaining trust will also be paramount. Strengthening cybersecurity capabilities, enhancing data privacy governance, and investing in resilient digital infrastructure will be essential to protecting sensitive information, ensuring business continuity, and reinforcing confidence among our guests, partners, and stakeholders.

SUSTAINABILITY

The Group continues to deepen the integration of environmental, social and governance (ESG) considerations across its

operations, strategy, and decision-making processes. Following the alignment of our ESG framework with key sustainability priorities and the establishment of data-backed operational baselines, we have strengthened our ability to measure performance, monitor progress, and drive accountability across the organisation. During the year, we also undertook measured steps towards the adoption of the SLFRS S1 and S2 reporting frameworks, enhancing the transparency, consistency, and comparability of our sustainability disclosures. We have also continued to advance efforts to align our properties with internationally recognised sustainability standards and independent certification frameworks, reinforcing our commitment to credible and externally validated environmental performance.

As a hospitality group with a significant presence in destinations of exceptional natural and ecological value, we recognise our responsibility as custodians of the environments and communities in which we operate. Our commitment to supporting Aitken Spence PLC's Net-Zero ambition remains unwavering, with sustainability considerations increasingly embedded within our strategic and operational decision-making.

In recognition of this responsibility, every Heritance Hotel in Sri Lanka and the Maldives, as well as all Adaaran Hotels in the Maldives, have achieved certifications recognised by the Global Sustainable Tourism Council (GSTC), the leading global authority on sustainable tourism standards, through independent programs such as GreenGlobe and Travelife. These certifications provide measured assurance of our sustainability performance and underscore our commitment to responsible tourism and environmental stewardship across our portfolio.

Looking ahead, we will continue to build on this foundation by exploring opportunities to harness smart technologies, data-driven resource management, circular economy principles, and regenerative practices that enhance both environmental outcomes and operational resilience. This includes strengthening sustainable sourcing practices, further reducing food waste across our operations, advancing circular resource management initiatives, and expanding the adoption of intelligent water management solutions to improve resource efficiency.

We are committed as a hospitality group to increasing our direct energy consumption from renewable sources, while continuing to identify opportunities to improve energy efficiency and accelerate the transition to low-carbon operations across our portfolio. We also remain steadfast in our commitment to eliminating unnecessary single-use plastics from our operations and guest experience, continuing to pursue sustainable alternatives where feasible.

To this end, we are undertaking a comprehensive reassessment of our sustainability frameworks and ambitions to ensure they remain aligned with emerging global expectations. As a responsible hospitality brand, we are committed to continually redefining boundaries, challenging conventional approaches, and exploring innovative solutions that create meaningful value for both people and the planet. Through this ongoing journey, we aim to strengthen our positive impact, accelerate progress, and contribute to a more sustainable and resilient future for the destinations and communities we serve.

APPRECIATIONS

As I reflect on the year, what stands out most is not the record profits, but the people who made them possible. My heartfelt gratitude to our Heritonians, Turyaans, Adaaran team members, and Spensonians, whose tireless dedication, unwavering professionalism, and remarkable passion continue to define who we are as a hospitality Group.

I remember with gratitude the late Mr. Rajan Asirwatham, whose forthright guidance, generous wisdom, insight, and unwavering commitment to governance left an indelible mark on this company.

I also wish to express my sincere appreciation to Dr. Parakrama Dissanayake, whose immense contribution and commitment as Managing Director have left an enduring mark. I also extend my appreciation to Mr. Susith Jayawickrama, whose longstanding dedication, enthusiastic prudence, and steady leadership continue to provide strength and continuity as he assumes the responsibilities of Managing Director.

To our Board of Directors, thank you for your sound counsel, your rigour, and your commitment to the interests of this Group. Your progressive guidance and support through a complex and demanding year have been invaluable.

To you, our shareholders, thank you for your continued trust and confidence. We know that trust is earned through consistent performance and responsible stewardship, and we remain firmly committed to delivering both.

The loyalty, patronage and willingness of our guests to place their experiences in our hands is our greatest privilege and one we take very seriously.

The collaboration, confidence and support of our many strategic partners and regulators continue to be integral to everything we achieve. These are relationships we value deeply and honour.

My thanks must also go to the regulators and government officials whose diligence enables and protects our operating environments. Their collective contributions remain integral to sustaining an operating environment that enables responsible enterprise, investment, and long-term growth

As we look ahead, it is with clarity of purpose, excitement for the future, and the resolute confidence that comes from a 50-year legacy of hospitality excellence.

The best, I believe, is still to come.



Ms. D.S.T. Jayawardena
Executive Chairman/Chairperson

05th June 2026

MANAGING DIRECTOR'S REVIEW

> Our properties define our presence, but it is our people who define the experience. Their warmth, genuine care and commitment have remained central to every accolade we won this year and that will define our future.



Dear Shareholders,

It is an honour to address you for the first time as Managing Director of Aitken Spence Hotel Holdings PLC. I step into this role carrying a deep respect for the institution I have had the privilege of serving for many years, and with a clear sense of responsibility at a defining moment for both our Group and the global hospitality industry.

The year under review was one of significant progress and strong operational performance. At the same time Cyclone Ditwah, renewed global trade tensions and unrest in the Middle East highlighted the volatility that continues to shape the operating environment.

ROBUST FINANCIAL PERFORMANCE AND SUSTAINED VALUE GENERATION

The group delivered a strong financial performance during the year, reflecting the quality of execution across nineteen properties in four countries.

Revenue grew by 7% to Rs. 52.34 Billion, with both operating clusters recording healthy growth and reinforcing the strength and geographic balance of our portfolio.

Our disciplined approach to cost management enabled us to contain the increase in operating expenses to 6%, while maintaining the standards of accommodation, cuisine and service delivery that define our brands. The Group recorded a pre-tax profit of Rs. 6.57 Billion, an increase of 33% over the previous year. After a tax contribution of Rs. 1.54 Billion, post-tax profit stood at Rs. 5.02 Billion, while profit attributable to equity holders reached Rs. 3.09 Billion. Return on Equity was 11.64% and Earnings per Share stood at Rs. 9.16, reflecting the continued strength and momentum of the business.

The balance sheet strengthened further during the year, with total assets increasing by 21% to Rs. 116.54 Billion, while total equity expanded by 25% to Rs. 43.14 Billion - representing 37% of total balance sheet funding.

PERFORMANCE ACROSS GEOGRAPHIES

The geographic diversity of our portfolio continues to be a key strength, enabling the Group to remain resilient across varying

market conditions while benefiting from growth opportunities across multiple destinations.

In Sri Lanka, our portfolio of owned and managed properties, with a room inventory of close to 1,500 rooms, recorded strong growth during the year, underpinned by the continued recovery in tourist arrivals and the country's growing appeal as a premier global destination. Our Sri Lankan operations served 305,509 room nights at an average occupancy of 65%, contributing 25% and 15% to Group revenue and profitability respectively. Sri Lanka's extraordinarily diverse landscape and heritage is reflected in the breadth of our offering, which, combined with continued investment in product quality and guest experience, continues to strengthen our positioning.

In the Maldives, our five properties with over 750 rooms demonstrated resilience in one of the world's most competitive luxury resort markets. Backed by over three decades of experience and deep local market knowledge, we continued to maintain the quality of the guest experience across our Adaaran and Heritance properties despite ongoing macroeconomic pressures. Our presence across multiple segments of the Maldivian market remains a deliberate strategy, enabling us to cater to diverse traveller preferences while strengthening the long-term value of our portfolio.

In Oman, operations performed well for much of the year, supported by the country's growing appeal as a culturally rich and experience-led destination. However, the latter part of the year was affected by cancellations arising from regional unrest, travel warnings and uncertainty surrounding travel to the Middle East. While near-term conditions remain challenging, we continue to view Oman as a market with long-term potential. Its distinctive blend of desert, coastline and heritage-led experiences continues to resonate with travellers seeking more authentic and culturally grounded alternatives within the region.

In India, Turyaa Chennai continued to strengthen its presence within one of the country's most dynamic commercial corridors. Corporate travel, meetings and events activity, and the city's expanding business landscape supported a resilient performance during the year. The forthcoming metro line is also expected to further enhance connectivity and strengthen the property's competitive positioning in the years ahead.

Collectively, our overseas operations served 285,076 room nights at an average occupancy of 74%, contributing 75% and 85% to Group revenue and profitability respectively.

DELIVERING ON OUR STRATEGIC PRIORITIES

Revenue Growth

Our financial performance this year was underpinned by a coordinated and multi-channel approach to revenue generation. Long-standing relationships with tour operators, travel agents, destination management partners and corporate clients continued to provide a stable foundation for occupancy and revenue. In parallel, we intensified our digital and brand positioning through online travel platforms, targeted campaigns, enhanced social media presence and the revamped Aitken Spence Hotels website, thereby strengthening our visibility across key source markets and reinforcing our brands as preferred choices across leisure, corporate, wellness and experiential travel segments.

Customer Centricity

We continued to refine our offerings in line with evolving guest expectations, with customer satisfaction remaining central to every operational and strategic decision. Culinary offerings across properties were enhanced, building on the culinary excellence for which Aitken Spence Hotels are known for and Destination-linked experiences were curated to reflect the distinctiveness of each property and location. Training programmes were aligned to ensure consistent delivery of the warmth, attentiveness and personalized service our brands are known for. These efforts were reflected in an overall customer satisfaction score of 93.77%.

Inspired and Dedicated Teams

Our people are our most valuable asset and the most important ambassadors of the Aitken Spence Hotels experience. During the year, the Group invested Rs. 36.01 Million in training and development initiatives across all operating locations. The Aitken Spence School of Hospitality, through its institutes in Kandalama and Ahungalla, continued to serve as a flagship platform for talent development, with 94 graduates completing their programmes during the year.

Heritance Rise, our Management Trainee Programme, continued to build the leadership pipeline, giving trainees cross-country exposure across Sri Lanka, the Maldives, India and Oman, and preparing them to lead a globally minded hospitality group with confidence and cultural fluency. We continued to foster a respectful, inclusive and performance-driven culture where every individual is valued, supported and given the opportunity to grow. In a people-centric industry, we consider this as a business priority.

Technology Integration

Technology continued to play an important enabling role across our operations by enhancing guest engagement, improving operational efficiency and supporting more informed commercial decision-making. The Group continued to benefit from enhanced system capabilities and improved process integration. Cyber security protocols, aligned with internationally accepted standards and GDPR principles, remained robust and no material breaches were reported during the year.

We are, however, deliberate about the role technology plays in our business. Hospitality is ultimately a people-led industry, and our approach to digital integration is carefully calibrated using technology to enhance efficiency and effectiveness while preserving the human warmth and intuition that define exceptional guest experiences at hotel level. That balance is one we will continue to protect.

Operational Excellence

Operational excellence remained a key focus across all properties during the year. Digitalization initiatives were implemented across housekeeping, maintenance and service coordination functions enabling improved efficiency, turnaround times and service consistency while supporting cost management and resource utilization.

MANAGING DIRECTOR'S REVIEW

SUSTAINABILITY

Sustainability is ingrained in our core strategy. Our properties have long operated with a deep respect for the natural and cultural environments in which they operate, and this ethos continues to guide our operational and investment decisions across the Group.

During the year, the Group made meaningful progress in supporting the parent entity's Science Based Targets initiative (SBTi) validated ambition of achieving net-zero emissions by 2030. Group-wide emissions also reduced by 5% compared to the previous year.

In alignment with SLFRS S2 Climate-related Disclosures, we further strengthened the identification, assessment, and management of climate-related risks and opportunities across our operations and value chain. This approach enables proactive evaluation and management of potential climate-related financial implications while supporting the long-term resilience of the business.

We remain committed to integrating sustainability considerations into our business strategy, enhancing operational efficiency, and advancing responsible growth in a manner that creates long-term value for all stakeholders.

OPPORTUNITIES AND CHALLENGES

The environment ahead remains dynamic and increasingly influenced by geopolitical and economic uncertainty. The ongoing unrest in the Middle East, and its related disruptions are shifting global dynamics, and continue to affect traveller sentiment and long-haul travel patterns including travel lead times and discretionary spending.

Climate-related risks also remain an important consideration for the industry. Cyclone Ditwah served as a timely reminder of the importance of integrating climate resilience into operational planning, infrastructure development and long-term investment decisions.

Remaining relevant to new generations of travellers will also require continuous reinvention. Digitally influenced consumers are looking for an experience that integrates technology, sustainability, wellness and authenticity in a seamless and meaningful way. We remain focused on evolving our offerings in line with these expectations, ensuring that our brands resonate in a competitive global hospitality landscape.

THE WAY FORWARD

Our focus in the years ahead will be on strengthening and refining our portfolio to remain relevant, competitive and aligned with evolving traveller expectations. We will continue to invest in product upgrades, service standards, digital capability and guest experience across our properties.

At the same time, we will explore opportunities for expansion within existing markets and selected new geographies, guided by disciplined investment and long-term strategic value.

As the industry continues to evolve, operational agility, sustainability and talent development will remain central to how we grow the business and strengthen our position in the global hospitality landscape.

Throughout, our focus will remain on creating long-term value for our shareholders, guests, employees, partners and communities.

APPRECIATIONS

I wish to convey my sincere gratitude to Chairperson Ms. Stasshani Jayawardena and the Board of Directors for their trust, guidance and continued support throughout the year.

I also remember with respect and gratitude the late Mr. Rajan Asirwatham, whose wisdom, insight and unwavering commitment to governance left an enduring mark on this Group.

I extend my deep appreciation to the outgoing Managing Director, Dr. Parakrama Dissanayake, for his exceptional leadership and distinguished service to Aitken Spence Hotel Holdings over the past 07 years.

To our Executive Management team at Aitken Spence Hotel Managements (Pvt) Ltd, and to our teams across Sri Lanka, the Maldives, Oman and India, I thank you for your professionalism, passion and commitment. Your efforts continue to shape the experiences we deliver every day.

I also thank our valued guests, business partners, tour operators, travel partners and stakeholders for their continued support and collaboration. Finally, I extend my appreciation to our shareholders and investors for the trust and confidence they continue to place in us.

We move forward from a position of strength, supported by the dedication of our people, the quality of our portfolio and the enduring values that define Aitken Spence Hotels. The year ahead presents new opportunities, and we approach it with confidence.



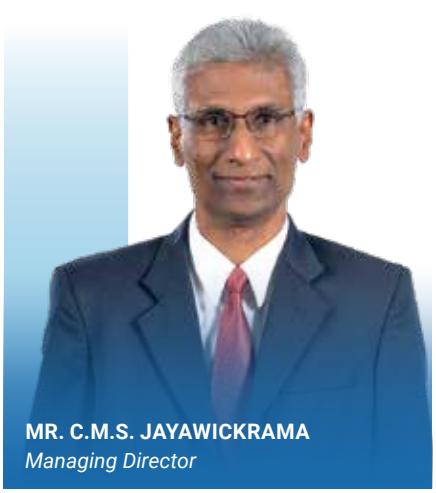
C. M. S. Jayawickrama
Managing Director

05th June 2026

BOARD OF DIRECTORS



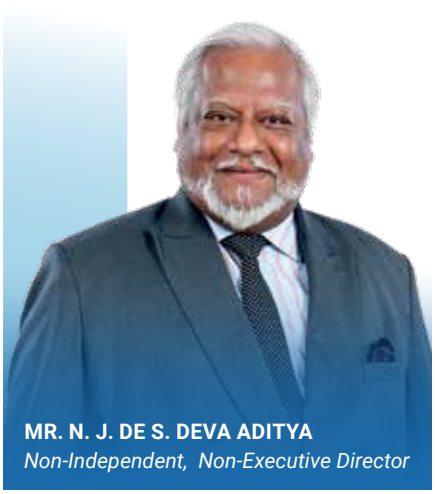
MS. D.S.T. JAYAWARDENA
Executive Chairman/Chairperson



MR. C.M.S. JAYAWICKRAMA
Managing Director



MR. J.M.S. BRITO
Non-Independent, Non-Executive Director



MR. N. J. DE S. DEVA ADITYA
Non-Independent, Non-Executive Director



MR. C.H. GOMEZ
Non-Independent, Non-Executive Director



MR. M.R. MIHULAR
Senior Independent, Non-Executive Director



DR. R.A. FERNANDO
Independent Non-Executive Director



MR. P. ENGLISCH
Independent Non-Executive Director

BOARD OF DIRECTORS

GRI 2-9

MS. D.S.T. JAYAWARDENA

Executive Chairman/Chairperson

Appointed in July 2014

Qualifications and Areas of Expertise

Ms. Stasshani Jayawardena is a graduate of St. James' & Lucie Clayton College and Keele University in the United Kingdom, the Emeritus Institute of Management in Singapore, and an Associate Alumni of the University of Cambridge (Judge Business School) in the United Kingdom.

Experience

Ms. Stasshani Jayawardena marks several milestones for the Aitken Spence Group as the first female Chairperson of Aitken Spence Hotel Holdings PLC and Aitken Spence PLC in its 157-year history, with her appointment as Executive Chairperson in February 2025. She was also the youngest, and the first female to be appointed to the Board of Aitken Spence Hotel Holdings PLC, Aitken Spence PLC, and Browns Beach Hotels PLC.

With a career spanning over 10 years at Aitken Spence, she wields a fresh perspective in management and heads strategic business units across the Group. She leads several key strategic teams as the Interim Managing Director of Aitken Spence PLC, Chairperson of Aitken Spence Hotel Managements (Pvt) Ltd., as Deputy Chairperson of Lanka Milk Foods (CWE) PLC., and as a Member of the Board of Directors of Stassen Group, Melstacorp PLC, Distilleries Company of Sri Lanka PLC and Elpitiya Plantations PLC.

The youngest intern to work under US Senator Hilary Rodham Clinton and the Former US President Bill Clinton in 2003, Ms. Jayawardena was appointed as the Sri Lankan Ambassador for EY NextGen Club from 2017 to 2019. She has served as a Member of the PwC Next-and-Now Generation Advisory Council since 2020.

Ms. Stasshani Jayawardena was appointed to the Executive Board of The Hotel Association of Sri Lanka (THASL) and has represented THASL at the Ceylon Chamber of Commerce Committee since 2019. She is an Executive Committee Member at the International Chamber of Commerce in Sri Lanka, since 2020, and currently serves as Vice Chairman and a Steering Committee Member of the Ceylon Chamber of Commerce, Tourism Sector. She served as the Chairperson of the Employers' Federation of Ceylon (EFC) Hotels and Tourism Employers Group for the financial year 2020/21. She was appointed to the Board of Directors of the Colombo International Arbitration Centre, Sri Lanka in January 2025.

Ms. Jayawardena has represented the Company as the Ambassador for Aitken Spence PLC at the Target Gender Equality initiative of the UN Global Compact since 2020.

In recognition of her work and commitment to inspire, she was recognised at The Top 50 Professional & Career Women Awards in Sri Lanka with the Gold Award in the Hotel & Hospitality Sector in 2017, and, in 2020, the Sri Lankan business magazine, Echelon, listed her among the most innovative and influential young leaders to have succeeded in business and in shaping the future of Sri Lanka.

Ms. Jayawardena was the award recipient of the Expatriate Contribution Award – Gold Category – Women in Management Maldives. The Professional and Career Women Awards Maldives 2022 presented this award to Ms. Jayawardena for her exceptional contributions and achievements in the field of Hotels & Hospitality.

Ms. Jayawardena was an award recipient at the Global CEO Leadership Excellence Awards 2024 (which honoured 50 top-tier CEOs and their teams who successfully navigated challenges in turbulent times) and was again recognised for Excellence in Corporate Leadership at the Global CEO Top Businesswomen Award 2025. Ms. Jayawardena was also recognised with the 'Trailblazing Corporate Leader' Award at the 15th Top50 Professional and Career Women Global Awards 2025, organised by Women in Management, LMD's Emerging Businessperson of the Year for 2025, and accepted the Award for Trailblazing Leadership and Transformational Corporate Stewardship at the "CEO of the Year" Awards in 2025.

MR. C.M.S. JAYAWICKRAMA

Managing Director

Appointed in April 2005

Qualifications and Areas of Expertise

Mr. C.M.S. Jayawickrama is a Fellow Member of the Chartered Institute of Management Accountants and Chartered Global Management Accountants UK.

Experience

Mr. Jayawickrama has had a career spanning over three decades with Aitken Spence and is the Managing Director of Aitken Spence Hotel Holdings PLC, the Hotel investment arm of Aitken Spence PLC and Aitken Spence Hotel Managements (Private) Limited, which manages all hotels of the Group.

Mr. Jayawickrama serves on the Aitken Spence Group Supervisory Board, the Group Management Council and on the Boards of most hotel companies in the Group. He has more than three decades of experience in senior management positions in the Group's hotel sector and the tourism industry in Sri Lanka and overseas.

Mr. Jayawickrama is a past Vice President of the Tourist Hotels Association of Sri Lanka (THASL).

MR. J.M.S. BRITO

Non-Independent Non Executive Director

Appointed in July 2001

Qualifications and Areas of Expertise

Mr. J.M.S. Brito holds a L.L.B. degree from University of London, MBA degree from London City Business School and is a Fellow of the Institute of Chartered Accountants of both Sri Lanka and England and Wales.

Experience

Mr. J.M.S. Brito is an acclaimed senior professional in both the private and the public sector industries in Sri Lanka.

He is a former Chairman of DFCC Bank, Employers' Federation of Ceylon and Sri Lankan Airlines.

Mr. Brito joined the Board of Aitken Spence PLC in April 2000, with a multidisciplinary

academic background and a wealth of experience from a career counting over 40 years that includes experience working with several international organisations. He was then appointed as the Managing Director of Aitken Spence PLC, in December 2001 and Deputy Chairman in April 2003, a position he held until his retirement on 15th March 2019. After retirement, Mr. Brito continues to be a Non-Executive Director of Aitken Spence PLC and Aitken Spence Hotel Holdings PLC.

HON. CHEVALIER THAKUR NIRANJAN JOSEPH DE S. DEVA ADITYA DL FRSA, PRESIDENT COMMONWEALTH UNION

Non -Independent Non-Executive Director

Appointed in July 2010

Qualifications and Areas of Expertise

Hon. Chevalier Thakur Niranjan Joseph de S. Deva Aditya DL FRSA, President Commonwealth Union, a global cyber community, is a Fellow of the Royal Society of Arts FRSA established 1754, a Research Fellow of Loughborough University of Technology, a Graduate of the Royal Aeronautical Society, and a Member of the Institution of Mechanical Engineers. He also holds a Bachelor of Technology (Honours) from the University of Loughborough and is a Professor at the Beijing University.

Experience

Hon. Chevalier Thakur Niranjan de S. Deva Aditya DL FRSA, President Commonwealth Union, a global cyber community, is a Fellow of the Royal Society of Arts Deputy Lieutenant for the Lord Lieutenancy of Greater London representing HM King Charles III, Presidential Envoy of Sri Lanka to the EU and the Commonwealth of 56 Nations and Senior Advisor to the President of Sri Lanka, former Member of Parliament in the British House of Commons, and a Member of the European Parliament, joined the Board of Directors of Aitken Spence PLC in September 2006.

He was the first Post War Asian-born Conservative Member of the British House of Commons and served in Government as the Parliamentary Private Secretary to the Scottish Office after which he was elected as the first Asian-born British Member of the European Parliament representing over 8 million British people in Berkshire, Hampshire, Buckinghamshire, Oxfordshire, Surrey, Sussex and Kent for 20 years.

He was the Vice President of the International Development Committee for 15 years, overseeing the annual Euro 25 billion European Budget. He was the Chairman of the EU Korean Peninsula Delegation working towards a lasting peace with North Korea, Chairman of the EU China, EU Bangladesh, EU Indonesia, EU Myanmar and EU India Friendship Groups in the EU Parliament and was nominated by his political group ECR to be the President of the European Parliament and was the Chairman of the EU Delegation to the UN General Assembly. He is now the President of the Commonwealth Union; the largest cyber community encompassing the Commonwealth.

For his Tsunami Relief work he was made MEP of the Year by the European, a Chevalier of the Catholic Church, Vishwa Keerthi Sri Lanka Abhimani by the Buddhist Clergy of Sri Lanka, and Gaurav Bharat by India. He is the Publisher of the http://www.commonwealthunion.com the global media platform, the first Commonwealth wide news and TV media reaching out to 2.6 billion people and seen regularly by 18 million. He was appointed Presidential Envoy and Senior Advisor in August 2022.

MR. C.H. GOMEZ

Non- Independent Non-Executive Director

Appointed in April 2025

Qualifications

Mr. C H Gomez holds a Financial Planning Certificate from the Chartered Insurance Institute.

Areas of Expertise and Experience

Mr. C H Gomez is a former Banker with over 40 years of experience in the finance industry. He has worked for major financial institutions including Barclays Bank PLC, Lloyds TSB Bank PLC and SG Hambros. He brings to the Company a wealth of experience in regard to international financial markets, financial services regulations, compliance and controls and it was through his intervention that major investors were brought into Aitken Spence PLC and to other business sectors in Sri Lanka. Mr. Gomez is a Director as well as a part owner of regulated financial services companies based in Gibraltar. He also serves on the Boards of foreign companies which have investments worldwide.

Mr. Gomez was appointed to the Board of Aitken Spence PLC, in 2002 and to the Board of Aitken Spence Hotel Holdings PLC, in 2010 and resigned from his position as a Director from these companies in 2024 in compliance with the Listing Rules of the Colombo Stock Exchange.

Mr. Gomez was subsequently appointed as a Non- Independent Non Executive Director to the Board of Aitken Spence PLC and Aitken Spence Hotel Holdings PLC in April 2025.

MR. M.R. MIHULAR

Senior Independent Non-Executive Director

Appointed in December 2024

Qualifications and Areas of Expertise

Mr. Mihular is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK.

Experience

Mr. Mihular served as the Managing Partner of KPMG Sri Lanka & Maldives from April 1, 2012 to March 31, 2022 and was the Chairman of KPMG's Middle East & South Asia (MESA) Regional Cluster during the period 1st October 2018 to 30th September 2021. Mr. Mihular previously served a term as the Chief Operating Officer of the MESA regional office. He also served on KPMG's Europe Middle East & Africa (EMA) Board and on the Global Council of KPMG International.

Mr. Mihular is a Past President of the Institute of Chartered Accountants of Sri Lanka. He also served as the Chairman of the CIMA Sri Lanka Board. Mr. Mihular has completed International Executive Education programmes at INSEAD, France, Harvard Business School and the London Business School, UK.

Mr. Mihular served as a Board Member of the International Accounting Standards Committee (IASC) from 1996 to 2000. Subsequently, he served on the IASC's Standing Interpretations Committee and as a Member of the IFRS Advisory Council of the International Accounting Standards Board. He also served as a member of the International Ethics Standards Board for Accountants (IESBA) from 2012 to 2018.

BOARD OF DIRECTORS

Mr. Mihular presently serves as Chairman of Watawala Plantations PLC and Bairaha Farms PLC and as an Independent Non-Executive Director of Aitken Spence PLC, Browns Beach Hotels PLC, Sunshine Holdings PLC, Melstacorp PLC, Balangoda Plantations PLC, Madulsima Plantations PLC, Sunshine Teas (Pvt) Ltd, Lonach Dairy (Pvt) Ltd, Agility Innovation (Pvt) Ltd, Marino Leisure Holdings Ltd and LTL Holdings Ltd. He also serves as a Member of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka.

DR. R.A.FERNANDO

Independent Non-Executive Director

Appointed in January 2024

Qualifications and Areas of Expertise

Dr. Ravi Fernando is an Alumni of the University of Cambridge having completed both a Post Graduate Certificate in Sustainable business in 2008 and Master of Studies in Sustainability Leadership in 2014. He has an MBA from the University of Colombo.

He holds a Doctor of Business Administration Degree from the European Business School in 2016.

Experience

He completed the Advanced Management Program at the INSEAD Business School (France) and is an Executive in Residence since 2010. He is also a member of the INSEAD Sustainability Initiative. He has served as a Member of the Board of Study at the Postgraduate Institute of Management (PIM) since March 2023. In April 2020, he created the '21st Century Board Leadership Model-MasterClass'© for the Institute of Directors of Luxembourg.

In February 2023 he published '21st Century Leadership to Fight the Code Red for Business' (Archway Publishing USA). His career with Multinationals spanned 1981-2007 with Unilever, Reckitt Benckiser, Smithkline Beecham International covering Africa, Middle East and Asia. He was the first CEO of the Sri Lanka Institute of Nanotechnology 2008-2011 and Operations Director of the Malaysia Blue Ocean Strategy Institute 2011-2016. He was the first UN Global Compact Focal point 2007 and set up the UNGC Sri Lanka Network.

He serves on the Boards of Global Strategic Corporate Sustainability Pvt.Ltd, Dilmah Ceylon Tea Company PLC, Melstacorp PLC, Distilleries Company of Sri Lanka PLC, Madulsima Plantations PLC, Balangoda Plantations PLC, Aitken Spence PLC, Browns Beach Hotels PLC, Elpitiya Plantations PLC, UN Global Compact, Ceylon Graphene Technologies Ltd.

In 2007 "Global Strategy Leadership award" was presented to him by Professor Renee Mauborgne of INSEAD at the World Strategy summit.

MR. P. ENGLISCH

Independent Non-Executive Director

Appointed in December 2024

Qualifications and Areas of Expertise

Mr. Peter Englisch holds a Master's Degree in Economics and multiple certifications such as Certified Public Accountant (WP), US-CPA, and Certified Family Business and Family Wealth Advisor (CFBA / CFWA),

Experience

Mr. Peter Englisch is a seasoned executive with over three decades of experience in the fields of family business advisory, assurance, and tax services. Mr. Englisch has established himself as a thought leader and trusted advisor in the industry.

Throughout his career, he has held significant leadership roles at prestigious firms like EY and PwC, where he led global initiatives and established centres of excellence for family businesses. He has also contributed to academia as an Executive in Residence at IMD Business School and founded his own consulting firm, Peter Englisch Consulting GmbH & Co. KG.

Mr. Englisch's expertise spans across supporting family-owned businesses with succession planning, NextGen development, governance, and growth strategies. He is also well-versed in advising High Net Worth Individuals and Family Offices on long-term investment strategies, impact investing, and philanthropy.

Recognised for his contributions, Mr. Englisch has been inducted into the Family Business "Hall of Fame" and named one of the Top 10 Global Family Enterprise Advisors by Family Capital Magazine. He is a regular speaker at international conferences and has co-founded the Centre for Family Business at the University of St. Gallen.

CORPORATE MANAGEMENT TEAM


MS. D.S.T. JAYAWARDENA


MR. C. M. S. JAYAWICKRAMA


MS. D. R. ALEXANDER


MR. S. N. DE SILVA


MR. M. D. B. J. GUNATILAKE


MR. D. J. DE CRUSZ


MR. P. G. S. PEREIRA


MR. R. KOHLER

CORPORATE MANAGEMENT TEAM


MR. M. MAHDY

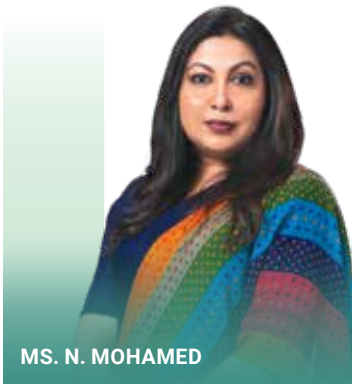

MR. S. DISSANAYAKE


MRS. N. M. PELPOLA


MR. C. ATHAPATTU


MRS. L DIAZ


MR. P. L. WIJERATHNE


MS. N. MOHAMED


MR. T. A. E. S. RANASINGHE


MR. S. M. A. L. GUNASEKARE


MR. K. A. KODIPPILIGE


MR. J. A. D. A. L. T. APPUHAMY

MS. D.S.T. JAYAWARDENA
See Board of Directors profile

MR. C.M.S. JAYAWICKRAMA
See Board of Directors profile

MS. D. R. ALEXANDER
Ms. Dinali Alexander serves as Group Chief Supply Chain Officer of Aitken Spence PLC and Chief Transformation Officer (Vice President) of Aitken Spence Hotels, with oversight of operations across Sri Lanka, the Republic of Maldives, India, and the Sultanate of Oman. With over 25 years of professional experience, she has built a distinguished career marked by expertise in Supply Chain Transformation, Strategic Leadership, and Operational Excellence across multiple industries. In addition to her executive responsibilities, she serves on the Boards of several local and international Companies within the Group.

She is also a Board Member of the International Chamber of Commerce Sri Lanka and currently serves as the Chairman of its Environment and Energy Committee, contributing to national and global dialogue on sustainability and responsible business practices. She possesses extensive management experience spanning Procurement, Administration, Human Resources, and Sustainability, gained across a diverse portfolio of sectors. She holds a Master of Business Administration from Cardiff Metropolitan University. Renowned for her integrity and resilience, she is committed to fostering high-performing teams and developing future leaders.

MR. S. N. DE SILVA
Mr. Srinith De Silva serves as the Chief Executive Officer / Vice President of the Oman Sector at Aitken Spence Hotels. He studied Hotel Management and Catering at Claremont Hotel School and pursued further studies in Hotel Management at Victoria University. He brings over 30 years of experience in the international hospitality industry.

He commenced his career as a Management Trainee at Raffles Singapore and has built an extensive international career with leading hotel brands, including Sheraton Hotels & Resorts and Stamford Hotels & Resorts, progressing into senior leadership roles. His experience spans hotel operations and sales & marketing across key international markets, including Singapore, Saudi Arabia, Australia, India, Sri Lanka, and Oman.

MR. M. D. B. J. GUNATILAKE
Mr. Badhiya Gunatilake is the Chief Operating Officer/ Vice President of Aitken Spence Hotels Maldives Sector, operating Heritance Aarah, and the Adaaran Resorts. He also serves as a Director of Unique Resorts Private Ltd.

He is a Graduate of the Ceylon Hotel School and a professional hotelier counting over two decades of experience in the hospitality industry, including senior managerial positions, handling hotel operations in Sri Lanka, the Sultanate of Oman, and the Republic of Maldives.

MR. D. J. DE CRUSZ
Mr. Darell De Crusz has had a career spanning over three decades with Aitken Spence, joining Aitken Spence Travels Limited initially in 1989, thereafter transferring to set up Ace Travels & Conventions in 1993. He continued his career at Aitken Spence Travels Limited till 2018 and re-joined the company in 2019 as the Vice President – Sales & Marketing for Aitken Spence Hotel Managements (Pvt) Limited. With over 34 years of experience in the tourism sector, he possesses a wide knowledge of the travel and hotel industry. Mr. De Crusz holds an MBA from the Open University of Sri Lanka, MA in International Relations from the University of Colombo, Sri Lanka and a Bachelor's Degree in Management from the Open University of Sri Lanka.

MR. P. G. S. PEREIRA
Mr. Patrick Pereira serves as the Vice President of Learning & Development and Rooms Division at Aitken Spence Hotels. In this role, he is responsible for overseeing all organisational development initiatives and providing strategic leadership for the Rooms Division function across all hotels and management offices in Sri Lanka, the Republic of Maldives, India, and the Sultanate of Oman. Mr. Pereira holds an MBA from Anglia Ruskin University in the UK and is a graduate of the Sri Lanka Institute of Tourism and Hotel Management. With over twenty years of senior leadership experience in Hotel Operations, Talent Development, Organisational Development, Strategic Management, and Brand Deployment. He brings a wealth of expertise to his current position. Mr. Pereira is the Immediate Past President of Sri Lanka Hospitality Graduates Association and a Management Board Member of Sri Lanka Institute of Tourism and Hotel Management.

MR. R. KOHLER
Mr. Ralf Kohler joined Aitken Spence Hotels in July 2023 as the Corporate Food and Beverage Director, bringing with him over two decades of international food and beverage and hospitality experience from across Europe, Middle East, South-East Asia, and South Asia. Mr. Kohler has previously held high profile roles in F&B Management in global chains such as the Shangri-La Group, Starwood Hotels and Steigenberger Hotels and in privately managed luxury hotels.

He has read for a degree in Hospitality Management from the Hospitality Management School, Munich, Germany and has a Master's Degree in Business Administration from the Edinburgh Napier University, UK.

MR. M. MAHDY
Mr. Mohamed Mahdy serves as the Assistant Vice President Administration in the Maldives Sector of Aitken Spence Hotels. Mr. Mahdy began his career with Aitken Spence in 1993 at Bathala Island Resort, Maldives and has since held various senior positions in the resorts in the Maldives and at the corporate office in Male'. He holds a Bachelor of Philosophy and a Master of Arts in Hospitality Management from Birmingham University, UK, an MBA from the Open University of Malaysia, is an ICF Certified Professional Coach, and a certified NLP Practitioner.

MR. S. DISSANAYAKE
Mr. Suresh Dissanayake brings 20 years of experience in the hospitality industry, having worked with leading brands across Sri Lanka, the Maldives, and India. As the Assistant Vice President of Sales and Marketing for the Maldives sector at Aitken Spence Hotels, he has been instrumental in driving the sales and marketing strategies for numerous pre-opening projects, including Heritance Aarah. Suresh's career includes a significant tenure heading sales and marketing efforts in India from 2009 to 2013. After a brief period in Sri Lanka, he assumed leadership of the sales initiatives for Aitken Spence Hotels in the Maldives. Suresh holds an MBA from Buckinghamshire New University, UK and a Bachelor's degree in Business Administration from the Open University of Sri Lanka. He is also a Fellow Member of The Chartered Institute of Marketing and a Postgraduate of the Institute of Certified Management Accountants, Australia. His professional excellence has been recognised with several prestigious awards.

CORPORATE MANAGEMENT TEAM

In 2018, he was honoured as the Most Influential Sales and Marketing Professional in the Maldives. Most recently, he was awarded the title of Sales Personality of the Year at the Hotelier Maldives Awards 2024.

MRS. N. M. PELPOLA

Mrs. Namalee Pelpola is the Assistant Vice President Corporate Affairs & Compliance of Aitken Spence Hotels. She joined the Company Secretarial division of Aitken Spence Corporate Finance (Pvt) Limited in 2003 and has handled the company secretarial function and corporate compliance for the companies in the Hotels, Travels and Shipping sectors within the Aitken Spence Group. Thereafter in 2008, she transferred to Aitken Spence Hotel Managements (Pvt) Limited overseeing the HR and Legal functions for all the hotels in the Group. Mrs. Pelpola is an Attorney- at- Law by profession and a Graduate of the Institute of Chartered Secretaries and Administrators (UK), with experience in Property Acquisitions and Sales, Joint Ventures and Shareholder Agreements, Human Resource Functions and Company Secretarial Practice.

MR. C. ATHAPATTU

Mr. Chula Athapattu is the Assistant Vice President of Engineering for Aitken Spence Hotel Managements with responsibilities in local and overseas properties of the Group. He has over two decades of experience in the hotels engineering sector. Mr. Athapattu is a Chartered Engineer and a Member of the Institution of Engineers, Sri Lanka. He holds a B.Sc. Engineering Degree from the University of Peradeniya and an MBA in Infrastructure from the University of Moratuwa.

MRS. L. DIAZ

Ms. Lucille Diaz is the Assistant Vice President for Branding and PR at Aitken Spence Hotels, where she draws upon over two decades of experience spanning travel & hospitality, financial services, advertising, and publishing. She holds an MBA in Marketing with a specialisation in Project Management from Cardiff Metropolitan University, and a Postgraduate Diploma in Marketing from the Sri Lanka Institute of Marketing. She is an Associate Chartered Management Accountant (ACMA) and holds the CGMA designation, awarded by the Chartered Institute of Management Accountants (CIMA).

Additionally, Ms. Diaz holds a Certificate in Design Thinking from the Massachusetts Institute of Technology (MIT) and is a Certified Practitioner of Design Thinking, which she employs as a framework for creative problem-solving.

MR. P. L. WIJERATHNE

Mr. Priyan Wijerathne is the Assistant Vice President / Cluster General Manager of Sri Lanka Sector. He serves as a Director of Aitken Spence Hotels Ltd/Amethyst Leisure Limited / Hethersett Hotels Limited and Paradise Resort Passikudah (Pvt) Limited. He is a Graduate of the Ceylon Hotel School, holds a Master of Business Administration offered by the Cardiff Metropolitan University and is a professional hotelier counting over two decades of experience in the hospitality industry, including senior managerial positions.

MS. N. MOHAMED

Ms. Nashitha Mohamed is the Assistant Vice President Finance for Overseas Hotels of Aitken Spence and is responsible for the Finance of the Maldives, Oman and India sector. She Joined the organization in 2008. She holds a Masters in Applied Finance from the University of Sri Jayawardenapura, is a Fellow Member of the Chartered Institute of Management Accountants (FCMA), a Chartered Global Management Accountant (CGMA) a Member of the Chartered Institute for Securities and Investment (MCSI), UK, a Member of CPA Canada, a Certified Management Accountants (CMA) Sri Lanka and a Fellow of the Association of Accounting Technicians (AAT) of Sri Lanka.

MR. T. A. E. S. RANASINGHE

Mr. Evan Ranasinghe oversees the financials as the Head of Finance / Assistant Vice President of Aitken Spence Hotels Sri Lanka Sector, where he draws upon his extensive experience of over two decades in Destination Management, Financial Services, City and Resort Hotel sectors.

He is an Associate Member of the Chartered Institute of Management Accountants (ACMA) and a Chartered Global Management Accountant (CGMA).

MR. S. M. A. L. GUNASEKARE

Mr. Lalith Gunasekera a member of the Ceylon Hotel School Graduate Association is the Assistant Vice President for Culinary Operations of Aitken Spence Hotels in the Maldives. He has been with the Company for over 30 years and led the Heritance Aarah team in 2019 to win Best Hotel Culinary Team awards in Sri Lanka & Maldives, held by the Chef's Guild of Sri Lanka. In 2012 he was the winner of Best Chef of The Year Awarded by Sri Lanka Tourism, in 2020 a Gold Medal winner at the Culinary Olympics which was held in Stuttgart Germany & he gave leadership to the Adaaran/Heritance resort Maldives to win the Best Hotel Culinary Team award in Maldives conducted by FHAM in 2022,2024 & 2025.

MR. K. A. KODIPPILIGE

Mr. Krishan Kodippilige a graduate of the Sri Lanka Institute of Tourism & Hotel Management joined Aitken Spence Hotels in January 2024 in the capacity of the General Manager/Director of Turyaa Chennai.

He has a high level of exposure to both the Sri Lankan and Bangladesh leisure markets and was honored with the Best Emerging General Manager's Award by the International GM Awards, Bangladesh in 2023. He currently serves as the Director of International Affairs and is an Executive Committee Member at the World Association of Master Chefs - Sri Lankan Chapter. He has also been recognised as an International Culinary Judge by both the World Association of Master Chefs and the Royal Bengal Master Chef Association.

MR. J. A. D. A. L. T. APPUHAMY

Mr. Tharaka Appuhamy serves as the Corporate Assistant Vice President – Talent Management and Quality Assurance for the Maldives Sector of Aitken Spence Hotels. In this role, he is responsible for driving talent development, service culture, learning strategy, and quality assurance initiatives across the sector's resort operations.

He has over 18 years of experience in the hospitality industry, with extensive exposure to hotel operations, guest experience management, learning and development, service quality, leadership development, and sustainability-led people practices. He has trained hospitality professionals from over 40 nationalities across more than 10 countries and has contributed to strengthening service standards and performance culture across luxury hotels and resorts.

He is a Chartered Trainer, a Certified Hospitality Trainer by the American Hotel & Lodging Educational Institute, and a qualified HR and L&D professional affiliated with CIPD UK and CIPM Sri Lanka. He holds an MBA and a Bachelor's Degree in Hospitality Management from Management and Science University, Malaysia. He has also completed professional development programs in Teaching and Learning at Harvard University and Hotel Financial Analysis with EHL, and is an ICF Certified Professional Coach.

He is also an award-winning hospitality trainer, coach, author, speaker, and the creator of the WOWspitality™ concept, which promotes emotionally engaging service experiences.

CHAIRPERSON'S STATEMENT ON CORPORATE GOVERNANCE

Dear Shareholders,

It is with pleasure that I introduce the Corporate Governance Report of Aitken Spence Hotels for the Financial Year 2025/2026. Good governance has always been the cornerstone upon which our business has been built. It is an expression of our organisation's DNA and goes well beyond a compliance obligation. The Board of Aitken Spence Hotel Holdings PLC is unwavering in its belief that transparent, principled governance is the bedrock of sustainable hospitality excellence.

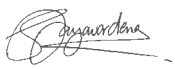
The hospitality sector continues to undergo profound transformation, shaped by changing guest expectations, environmental imperatives, and an increasingly competitive regional landscape. Against this backdrop, the Board has pursued governance structures that are not only robust but also adaptive, and therefore capable of guiding the company through both opportunity and uncertainty. A key focus during the year has been sharpening the Board's oversight of capital deployment and strategic growth decisions, as we continue to expand and strengthen our portfolio across our four markets.

Sustainability has taken on ever greater significance within our governance agenda. The hospitality industry, by its very nature, is deeply intertwined with the natural and cultural environments in which it operates, and we recognise the special responsibility this places on us. The Board has taken an active role in embedding sustainability governance into our decision-making frameworks, and this year we adopt SLFRS S1 and S2 Sustainability Disclosure Standards. Considerations of climate resilience, responsible resource stewardship, and community impact are now integral to how we evaluate strategy and manage risk.

Technology and digitalisation continue to reshape the guest experience and our operational capabilities alike. During the year, the Board maintained oversight of our digital initiatives from revenue management and guest personalization to operational efficiency, while ensuring that our cybersecurity and data governance frameworks keep pace with evolving threats. Protecting the trust of our guests and business partners remains a non-negotiable priority.

Our approach to how we govern risk reflects both the opportunities and the vulnerabilities inherent to our business. The Board takes a proactive and structured view of risks from macroeconomic and geopolitical shifts to talent development, supply chain resilience, and environmental sustainability. It is thereby ensured that risk considerations are integrated into long-term planning rather than treated as afterthoughts.

At its heart, what distinguishes Aitken Spence Hotel Holdings PLC is a culture of warmth, integrity and responsible conduct; these values have always been central to every aspect - from how we govern ourselves to how we serve our guests. As we look ahead, the Board remains firmly committed to upholding the highest standards of corporate governance, not simply because it is expected of us, but because it is the right foundation for enduring success.



Ms. D.S.T. Jayawardena
Executive Chairman/Chairperson

05th June 2026

COMPLIANCE STATEMENT

On behalf of the Board of Aitken Spence Hotel Holdings PLC, I declare that the principles of good Corporate Governance are applied consistently across the Group and that the Corporate Governance Report provides a fair account of Corporate Governance practices within the Group. We are also pleased to report that the Group complies with the relevant sections of the Listing Rules of the Colombo Stock Exchange (CSE) pertaining to Corporate Governance and the provisions of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE HIGHLIGHTS DURING THE YEAR 2025/2026

Board Changes:

- Mr. C.H. Gomez was appointed as a Non-Independent Non-Executive Director of the Company with effect from 01st April 2025, further strengthening the Board's collective expertise and governance oversight.
- Mr. R.N. Asirwatham ceased to hold office as a Director following his demise on 12th December 2025. The Board places on record its appreciation for his valuable contribution and dedicated service to the Company.
- Dr. M.P. Dissanayake resigned from the Board with effect from 31st March 2026.
- Mr. C.M.S. Jayawickrama was appointed as the Managing Director of the Company with effect from 01st April 2026.

Committee Developments:

- Following the demise of Mr. R.N. Asirwatham on 12th December 2025, the composition of the Audit and Risk Committee and the Related Party Transactions Review Committee was reconstituted to ensure the continued effectiveness of Board committee oversight functions. (Refer pages 40 to 41 for the revised composition of the Committees.)

Governance Enhancements

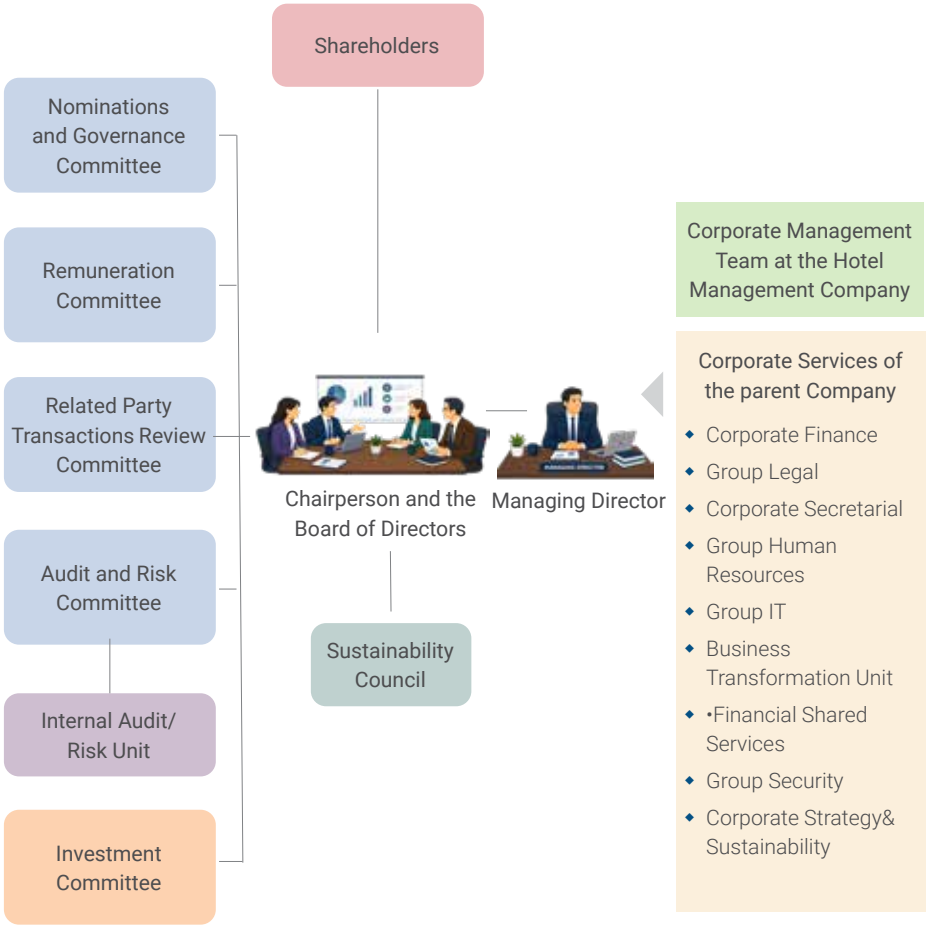
- During the year, the Board established an Investment Committee as a voluntary Board Committee to strengthen oversight over strategic investment decisions, evaluate new investment opportunities and review the future viability and performance outlook of segments incurring continued losses.

APPROACH TO GOVERNANCE

Aitken Spence Hotel Holdings PLC recognises that effective corporate governance is fundamental to sustaining long-term value creation, operational resilience and stakeholder confidence across the Group's hospitality and leisure operations. The Board of Directors (the Board) remains committed to maintaining a governance framework that promotes accountability, integrity, transparency and effective oversight, while supporting disciplined decision-making in an evolving business and regulatory environment.

The Group continuously reviews and strengthens its governance structures, policies, risk management processes and internal control mechanisms to ensure alignment with applicable legal and regulatory requirements, emerging risks and stakeholder expectations. Guided by principles of ethical conduct, responsible business practices and sustainable growth, the Company seeks to maintain high standards of governance while balancing the interests of shareholders, employees, guests, business partners and the wider community.

GOVERNANCE FRAMEWORK



GRI 2-9 GRI 405-1

BOARD OF DIRECTORS

Aitken Spence Hotel Holding PLC's Board of Directors functions as the highest governing authority entrusted with the stewardship of the Group. The Board provides strategic oversight and forward-looking leadership that aligns with the Group's vision and strategic priorities.

Board Composition and Diversity

The names of the Directors who held office during the financial year 2025/2026 are listed below, with detailed profiles of the Directors in office as at the date of this Report appearing on pages 27 to 30.

Name	Date of Appointment to the Board	Directorship Status
Ms D.S.T. Jayawardena - Chairman/Chairperson	01/07/2014	ED
Mr. C.M.S. Jayawickrama - Managing Director (Appointed as Managing Director w.e.f. 01st April 2026)	1/04/2005	ED
Mr. J.M.S. Brito	01/07/2001	NED/NID
Mr. N.J. de S. Deva Aditya	01/07/2010	NED/NID
Mr. M.R. Mihular	2/12/2024	NED/ID
Dr. R.A. Fernando	10/01/2024	NED/ID
Mr. P. Englisch	30/12/2024	NED/ID
Mr. C.H. Gomez (Appointed w.e.f. 01st April 2025)	1/4/2025	NED/NID
Mr. R.N. Asirwatham (Deceased on 12th December 2025)	1/9/2009	NED/NID
Dr. M.P. Dissanayake - Managing Director (Resigned w.e.f. 31st March 2026)	15/3/2019	ED

ED - Executive Director **NED** - Non-Executive Director **ID** - Independent Director **NID** - Non-Independent Director

The Board comprises members with a diverse mix of skills, experience, age and tenure, bringing a wide range of perspectives to boardroom. The composition of the Board is reviewed regularly to ensure an appropriate balance of diversity and that the collective skill set remains aligned with the Company's current and future strategic requirements. The Board consisted of 10 Directors at the beginning of the financial year and 9 Directors as at 31st March 2026.

Board Composition analysis as at 31st March 2026

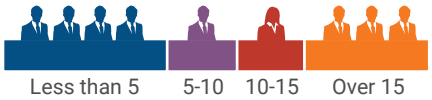
Composition of the Board

Executive Directors

Non Independent Non-Executive Directors

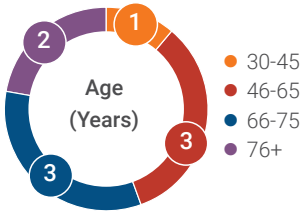
Independent Non-Executive Directors

Tenure of Service (Years)



Gender Composition





Expertise

- Business Leadership - **7**
- Maritime and Logistics - **1**
- Accounting, Finance and Banking - **5**
- Hospitality - **2**
- Law - **1**
- Economics/Science - **1**
- Sustainability - **1**

BOARD INDEPENDENCE

The Independence of Directors is determined by the Board, based on annual declarations submitted by the Directors in compliance with the Listing Rules of the CSE and in line with Schedule C of the Code of Best Practice on Corporate Governance, 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

CORPORATE GOVERNANCE

GRI 2-11 GRI 2-16 GRI 2-24

BOARD LEADERSHIP AND SEGREGATION OF RESPONSIBILITIES

Chairman/Chairperson

Ms. D. S. T. Jayawardena serves as the Group's Executive Chairman/Chairperson and is entrusted with the following responsibilities

- Leading the Board, preserving good corporate governance and ensuring that the Board works effectively
- Setting the Board's annual work plan and the agendas
- Ensuring that the Board is in control of the affairs of the Company
- Ensuring effective participation of all Board members during Board meetings and ensuring efficient conduct of Board Meetings
- Building and maintaining stakeholder trust and confidence

Managing Director

Dr. M.P. Dissanayake served as the Managing Director of the Company during the financial year 2025/2026. Upon his resignation on 31st March 2026, Mr. C.M.S. Jayawickrama was appointed as the Mananging Director with effect from 01st April 2026. Managing Director is responsible for the following

- Implementing strategy and driving performance
- Ensuring succession planning of the corporate management team and assessing their performance
- Developing the Company/Group strategy for consideration and approval by the Board in line with guidance provided by the Board
- Developing and recommending to the Board, budgets supporting the Company/ Group long-term strategy
- Setting the Board agenda in consultation with the Chairman and assisted by the Company Secretaries
- Monitoring and reporting to the Board on the performance of the Company and its compliance with applicable laws and Corporate Governance principles
- Establishing an organisational structure for the Company which is appropriate for the execution of strategy
- Ensuring a culture that is based on the Company's values
- Ensuring that the Company operates within the approved risk appetite

Senior Independent Director

The position of Senior Independent Director, which establishes strong Board balance and independence, is held by Mr. M.R. Mihular, who discharges the following duties:

- Exercising independent judgement on Board related matters
- Meeting with all Non-Executive Directors at least once every year to discuss governance related matters without the presence of Executive Directors to discuss matters and concerns relating to the Company and operation of the Board and providing feedback of such meetings to the Chairman
- Appraising the Chairperson's performance

Board of Directors

The Board of Directors of Aitken Spence Hotel Holdings PLC is entrusted with providing strategic direction and effective oversight to ensure the sustainable growth and long-term success of the Group. In fulfilling its responsibilities, the Board guides the formulation and execution of corporate strategy, ensuring that value creation is sustained across the short, medium, and long term while monitoring the progress of strategic initiatives implemented by Management.

The Board is also responsible for matters relating to Board composition, appointments, performance evaluation, and succession planning, ensuring the continued effectiveness and stability of leadership within the organisation. Oversight of the Group's financial performance, including the adoption of appropriate accounting policies and the integrity of financial reporting, remains a key area of focus.

In carrying out its governance responsibilities, the Board ensures adherence to applicable laws, regulations, and internal policies while promoting high standards of corporate governance, ethical business conduct, and accountability, including matters relating to ethics, bribery, and corruption. The Board further oversees the effectiveness of internal control and risk management systems to ensure that key risks are appropriately identified, assessed, managed, and mitigated.

The Board also recognises the importance of integrating environmental, social, and governance (ESG) considerations into business operations and decision-making processes. In addition, it remains committed to fostering strong stakeholder relationships and ensuring transparent engagement with stakeholders. Major investments, acquisitions, disposals, and capital expenditure decisions are reviewed and approved by the Board, taking into consideration not only financial and strategic implications, but also their broader social and environmental impact.

Company Secretaries

The Company Secretaries also play a critical role in supporting the Board in the discharge of its responsibilities by;

- Ensuring the conduct of Board and General Meetings are in accordance with the Articles of Association and relevant legislation
- Maintaining statutory registers and the minutes of Board Meetings, General Meetings and of the Sub-Committee Meetings
- Prompt communication to regulators and shareholders
- Filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary
- Advising and assisting the Directors with respect to their duties and responsibilities in particular compliance with company law and other relevant legislations and regulations including but not limited to SEC and CSE.

All Directors have access to the advice and services of the Secretaries as necessary. The Secretaries maintain minutes of Board meetings, which are open for inspection by any Director. Appointment and removal of the Company Secretaries is a matter for the Board as a whole.

GRI 2-10 GRI 2-17

BOARD PROCESSES AND EFFECTIVENESS

Board meetings

Board meetings are conducted in a structured and efficient manner to facilitate informed discussion, effective decision-making and robust oversight. The Managing Director together with the Company Secretaries, propose the agenda for the Board Meeting, which is then reviewed and approved by the Chairman/Chairperson, who leads the meetings. Board papers are provided to Directors one week in advance to allow adequate time for review and clarification of the topics to be discussed. The Chairman/Chairperson ensures that all Board members are well-informed on the matters at hand and Senior Management is available to provide clarification if required.

Board meetings are held on a quarterly basis with flexibility to increase the number of meetings based on the requirement. A total of 5 board meetings were held during the year with attendance of directors presented below.

Directors Attendance at Board meetings held during the Financial Year 2025/2026

Name of Director	Board Meetings							
	06/06/2025	04/07/2025	13/08/2025	19/12/2025	11/02/2026	Mode of Participation		Overall Attendance
Ms. D.S.T. Jayawardena *Chairman/Chairperson*	√	√	√	√	√	5	0	5/5
Dr. M.P. Dissanayake *Managing Director*	√	√	√	√	√	5	0	5/5
Mr. C.M.S. Jayawickrama *Executive Director*	√	√	√	√	√	5	0	5/5
Mr. J.M.S. Brito *Non-Independent Non-Executive Director*	√	√	√	√	√	4	1	5/5
Mr. N.J. de S. Deva Aditya *Non-Independent Non-Executive Director*	√	√	√	√	√	1	4	5/5
Mr. M.R. Mihular *Independent Non-Executive Director*	Ex.	√	√	√	√	4	0	4/5
Dr. R.A. Fernando *Independent Non-Executive Director*	√	√	√	√	√	5	0	5/5
Mr. P. Englisch *Independent Non-Executive Director*	√	√	√	√	√	2	3	5/5
Mr. C.H. Gomez *Non-Independent Non-Executive Director*	√	√	√	√	√	1	4	5/5
Mr. R.N. Asirwatham *Non-Independent Non-Executive Director* *(Deceased on 12th December 2025)*	√	√	√	N/A	N/A	2	1	3/3

Ex. - Excused **N/A** - Not applicable, meeting was held subsequent to the cessation

Appointment, Re-election and Resignation of Directors

The Nominations and Governance Committee assists the Board in periodically evaluating its structure and composition and in recommending suitable candidates for Board appointments. The Board considers the recommendations of the Committee and proposes candidates for appointment or re-election by shareholders at the Annual General Meeting. In carrying out its responsibilities, the Committee carefully assesses the suitability of Directors for appointment and continued service on the Board, taking into consideration the requirements prescribed under the Listing Rules of the Colombo Stock Exchange and other relevant governance considerations.

All new appointments to the Board are promptly announced to the Colombo Stock Exchange and such announcements include details relating to the Director's expertise, key appointments, shareholdings, other directorships or committee memberships and independence status, where applicable.

Directors are required to tender their resignations in writing, and such resignations are promptly communicated to the Colombo Stock Exchange upon acceptance by the Board, together with details of the relevant Director's shareholding in the Group, where applicable.

Director Induction and Continuous Training

Newly appointed Directors undergo a formal and customised induction program coordinated by the Group Deputy Chairman

CORPORATE GOVERNANCE

GRI 2-18 GRI 2-19

and the Managing Director. They are introduced to the Group's values and culture, operating model, policies, governance framework, the Group's Code of Ethics and Professional Conduct and its operational strategies. Directors are also given the opportunity to hold one-on-one meetings with the management of each subsidiary and, where applicable, visit sites, factories or hotels.

The Board is regularly updated with presentations on the latest developments in corporate governance and the operating environment. Directors are encouraged to participate in seminars and webinars to broaden their knowledge and enhance their effectiveness. Additionally, they pursue personal training and professional growth through seminars, workshops, conferences and staying informed on regulatory updates.

Evaluation of Performance of the Board

Performance of the Managing Director and other Executive Directors are assessed at the end of each financial year against financial and nonfinancial objectives set out in consultation with the Board at the commencement of every financial year. The evaluation is carried out by the Chairperson, against the backdrop of the operating environment. Remuneration is revised based on performance. Areas identified for improvement are communicated to the respective Director, including training needs, and skills and knowledge gaps.

Annual declarations pertaining to Fit and Proper criteria were obtained from the Directors in terms of Rule 9.7.4 of the Listing Rules of the CSE, confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria. All Directors have satisfied the set criteria.

BOARD SUB COMMITTEES

To support effective governance and facilitate focused oversight, the Board has established five subc ommittees and delegated specific responsibilities to them. This structure enables the Board to devote greater attention to strategic and forward-looking matters reserved for its consideration, while ensuring that specialised areas receive detailed review and oversight. The Chairmen of the respective Committees are responsible for the effective discharge of their committees' functions and regularly update the Board on matters deliberated and activities carried out by the committees.

Independent Non-Executive Director
Non-Executive Director

Mandatory Committees

Composition	Area of Focus
Nominations and Governance Committee	
Mr. P. Englisch - *Chairman* Dr. R.A. Fernando Mr. J.M.S.Brito	• Evaluate and recommend the appointment/re-appointment/election/re-election of Directors to the Board • Evaluate and recommend suitable internal and external candidates to higher levels of management • Succession planning • Ensuring effectiveness of the Board and its Sub-Committees
Refer Nominations and Governance Committee Report on pages 196 to 197	
Remuneration Committee	
Mr. P. Englisch - *Chairman* Dr. R.A. Fernando Mr. J.M.S.Brito	• Determine the remuneration policy of the Directors and the KMPs • Determine the overall individual remuneration packages which includes compensation on termination of employment • Evaluate the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the Strategic Business Units
Refer Remuneration Committee Report on pages 194 to 195	
Audit and Risk Committee*	
Mr. M.R. Mihular - *Chairman* Dr. R.A. Fernando Mr. P. Englisch Mr. J.M.S. Brito	• Risk management and internal control • Financial reporting and financial control • Internal audit • External audit including assessing the independence of External Auditor • Compliance with legal and regulatory requirements
Refer Audit and Risk Committee Report on pages 189 to 191	

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Composition	Area of Focus
Related Party Transactions Review Committee*	
Mr. M.R. Mihular - *Chairman* Dr. R.A. Fernando Mr. P. Englisch Mr. J.M.S. Brito	◆ Review all proposed Related Party Transactions and the post quarter confirmations in accordance with the requirements of the Listing Rules of the CSE. ◆ Recommend appropriate actions for compliance in respect of proposed Related Party Transactions or post quarter confirmations as applicable ◆ Annual Review of thresholds of transactions falling under the ambit of Rule 9.14.8 of the Listing Rules based on the available Audited Financial Statements ◆ Set out criteria to determine Key Management Personnel

Refer Related Party Transactions Review Committee Report on pages 192 to 193

Voluntary Committee

Composition	Area of Focus
Investment Committee	
Mr. M.R. Mihular - *Chairman* Mr. P. Englisch Mr. J.M.S. Brito Mr. C.H. Gomez Mr. N.J. de S. Deva Aditya	◆ Review and evaluate proposals submitted by Group Companies from time to time in relation to future investments. ◆ Assess companies incurring sustained losses with limited prospects of recovery. ◆ Deliberate on above matters and make appropriate recommendations to the GSB.

* Mr. R.N. Asirwatham – Non- Executive Director served as a member of the Audit and Risk Committee and the Related Party Transactions Review Committee. Following his demise on 12th December 2025, the composition of both Committees was reconstituted with effect from the same date. The revised composition is reflected in the above table.

REMUNERATION GOVERNANCE

Director Remuneration

The Remuneration Committee is responsible for making recommendations to the Board regarding the remuneration of the Executive Directors and Key Management Personnel (KMPs). The compensation for Directors and KMPs is aligned with objectives for sustainable value creation that are consistent with the Group's strategy. It is determined based on well-defined performance goals that are appropriately challenging and benchmarked against the industry standards. For further information, please refer to the Remuneration Committee Report on pages 194 to 195 of this Annual Report.

The Board as a whole determines the remuneration of the Non-Executive Directors (NED's). NEDs are remunerated based on their attendance at Board and/or Committee meetings. Remuneration for NEDs reflects the time commitment and responsibilities of their role, taking into consideration market practices. They do not receive any performance-related incentive payments. Professional advice is sought by the Board and Remuneration Committee in discharging their responsibilities.

Employee Remuneration

Aitken Spence's remuneration policy is designed to incentivise employees in creating long-term value for the Group and aligning their interests with the Group's strategic direction. This policy ensures effective utilisation of Group resources and a continued focus on sustainability, growth and long-term value. The Group has established policies to ensure that remuneration and benefits are fair, transparent, competitive and cost-effective while also aligning with the Group's business goals. The implementation of this policy is overseen by the Group Chief Human Resource Officer.

A total reward philosophy is maintained within the Group, encompassing both monetary and non-monetary rewards. In order to position the group as an employer of choice, new rewards have been introduced to provide staff with a unique value proposition

(For more details, please refer Human Capital on pages 146 to 160 of this Annual Report)

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Governance



Chairperson and the Board of Directors

Audit and Risk Committee

Internal Audit/ Risk Unit

The Board is responsible for establishing a system to identify, assess, and manage the Group's key risks, and for defining its risk appetite in line with strategic goals.

The Group implemented a centralised risk management process using a Segment-Wise Risk Register, which is updated on a quarterly basis by the business segments to enable the preparation of a merging

CORPORATE GOVERNANCE

Segment- wise Risk Register for the Group. This was further strengthened with training and obtaining additional information to support the Group's journey in adopting the IFRS Sustainability Standards. This further ensures that business segments have a holistic approach in identifying and assessing risks from a continuously updated risk universe. A common taxonomy and classification is followed facilitating consolidation.

In addition, specialized central functions such as HR and IT evaluate risks specific to their areas, ensuring that risks related to subsidiaries are also considered through regular engagement with Business Segment heads. The Group Internal Audit- Risk Unit division reviews the risk management processes and moderates the same prior to reporting on Group risks to the Board.

(For more details, please refer Risk Management on pages 99 to 104 of this Annual Report)

Internal Controls, Accountability and Audit

Standard Operating Procedures (SOPs) prepared by subsidiary companies within the Group undergo review by Internal Audit, with all Group employees required to adhere to these SOPs. Any deviations are reported and appropriate remedial action is agreed upon with management. Serious deviations undergo further investigation and root cause analysis, with disciplinary action initiated as necessary. Internal Audit Reports, encompassing audit findings, risk ratings and management explanations, are reviewed by the Audit and Risk Committee, which recommends further action to strengthen controls as needed.

The Audit and Risk Committee assist the Board in fulfilling its responsibilities regarding financial reporting and audit oversight. The Committee reviews performance, internal audit reports and risk management reports regularly. Additionally, it assesses the adequacy of internal controls.

(Further details are provided in the Audit and Risk Committee Report on pages 189 to 191)

IT GOVERNANCE

Internet of Things and Cybersecurity

The Group remains firmly committed to advancing IT and cybersecurity governance as a foundation for stakeholder trust, operational continuity and reputational integrity. As digital transformation accelerates, we continue to build a secure environment that enables responsible innovation and growth — one that safeguards the interests of our customers, employees and partners.

Strengthening IT and Cybersecurity Governance

In an increasingly interconnected digital environment, robust IT and cybersecurity governance are critical to protecting organisational integrity and maintaining stakeholder confidence. The Group has implemented a comprehensive, multi-layered governance framework designed to address these challenges proactively and effectively.



Governance Framework Enhancement

A dedicated cross-functional governance committee has been established to develop and oversee clear IT policies, standards and procedures aligned with industry best practices and regulatory requirements. Regular audits and assessments are conducted to ensure compliance and enable continuous adaptation to the evolving threat landscape.



Risk Management

A proactive, risk-first approach is embedded across all project planning processes, ensuring cybersecurity considerations are addressed from inception. Advanced risk analysis tools and frameworks are employed to systematically evaluate vulnerabilities and develop targeted strategies to protect the Group's digital assets.



Employee Training & Awareness

Comprehensive training programmes — including workshops, simulations and targeted communications — are conducted regularly to build employee awareness of cyber threats, security protocols and phishing risks. Cultivating a security-conscious culture remains a cornerstone of the Group's overall cyber defence strategy.



Investment in Advanced Technologies

The Group continues to invest in cutting-edge cybersecurity technologies, including Security Information and Event Management (SIEM) systems, Intrusion Detection Systems (IDS) and endpoint protection solutions. These platforms enhance real-time threat detection, incident response capability and overall resilience.



Continuous Improvement

IT and cybersecurity governance frameworks are continuously reviewed and refined in line with the latest industry developments, regulatory changes and threat intelligence. This commitment to ongoing improvement strengthens the Group's capacity to protect its information assets and maintain operational continuity.

(Further details are provided in the .Capital reports on pages 130 to 186)

ESG and Sustainability Governance

The Board places considerable emphasis on sustainable development, ensuring the Company delivers long-term value for both the organisation and its key stakeholders. The Board satisfies itself that Environmental, Social and Governance (ESG) metrics are meaningfully integrated into the business model and value creation process, as disclosed across the relevant sections of this Annual Report.

ESG Factor	Capital / Report	Reference
Environmental	Natural Capital	Pages 169 to 180
Social	Human Capital; Social and Relationship Capital	Pages 146 to 160 Pages 161 to 168
Governance	Financial Capital; Corporate Governance Report	Pages 130 to 136 Pages 35 to 61

SHAREHOLDER ENGAGEMENT AND COMMUNICATION

The Group recognises the importance of maintaining transparent, timely and effective communication with shareholders and other stakeholders. The Company Secretarial Division oversees shareholder communications in accordance with the Group's governance practices and facilitates continuous engagement between the Board and shareholders. The Annual General Meeting (AGM) serves as a key platform for shareholder engagement, enabling shareholders to interact directly with the Board, seek clarifications and express their views on matters relating to the Group.

Shareholders are provided with multiple channels to communicate with the Company, including through the Investor Feedback Form available in the Annual Report and on the Group's website. Feedback, concerns and matters raised by shareholders are appropriately reviewed and communicated to the Board where necessary. The Company is committed to ensuring that shareholders are provided with timely, accurate and balanced information on the Group's performance, material developments and other relevant matters through periodic financial reporting, regulatory disclosures and announcements made through the Colombo Stock Exchange in compliance with applicable listing requirements.

		Frequency					
		Annually	Quarterly	Periodically	Regularly	24 hours	As and when required
Engagement Mechanism	General meetings	✓					
	Annual Report	✓					
	Interim Financial Statements		✓				
	Disclosures and Announcements to CSE			✓			✓
	Corporate website					✓	
	General Correspondence				✓		
	CSR				✓		

SHAREHOLDER ENGAGEMENT





SHAREHOLDER COMMUNICATION

CORPORATE GOVERNANCE

GRI 2-15

ETHICS, COMPLIANCE AND GOVERNANCE POLICIES

Identifying and Managing Conflicts of Interest

The Board recognises the importance of maintaining integrity, objectivity and independence in decision-making across the Group. Accordingly, governance mechanisms and procedures are in place to identify, disclose and appropriately manage actual, potential or perceived conflicts of interest involving Directors and Key Management Personnel. These processes support transparency, accountability and compliance with applicable legal and regulatory requirements, while safeguarding the interests of the Company and its stakeholders.

The Group has established the following processes and mechanisms to identify and manage conflicts of interest:

Directors' interest in transactions	Directors' interests in shares	Annual declarations on Independence	Disclosure of Interest in Related Party Transactions	Related Party Transactions Review Committee
All the Directors of the Company and its Subsidiaries are required to make the general disclosures annually as provided for in section 192(2) of the Companies Act. Note 45 to the Financial Statements dealing with related party disclosures include details of their interests in transactions.	Directors of the Company and its subsidiaries who have relevant interests in the shares of the respective companies have disclosed their shareholdings and any acquisitions/disposals to their Boards, in compliance with section 200 of the Companies Act. Further, the relevant interests of each Director in the securities of the Company and any acquisition/disposals of same have been notified to the CSE in accordance with Rule 7.8 of the Listing Rules and, accordingly, the relevant entries have been made in the Company's Interests Register which has been maintained as required by the Companies Act.	In compliance with the principles of corporate governance stipulated the Listing Rules of the CSE and in line with Schedule C of the Code of Best Practice on Corporate Governance, 2023, Independent Directors submit signed declarations annually confirming their independence or non-independence against the specified criteria given under Rule 9.8.3 of the Listing Rules of the CSE.	Declarations from Key Management Personnel of Aitken Spence (Board of Directors of the Company, Directors, Vice Presidents and Assistant Vice Presidents of subsidiary companies) and from the Group companies are obtained quarterly for the purpose of identifying proposed Related Party Transactions and post quarter confirmations of Related Party Transactions and to determine Related Party Transactions which ensures the compliance with the disclosure requirements of the Listing Rules of the CSE.	The Board has set up a Related Party Transactions Review Committee, comprising three Independent Non-Executive Directors and one Non-Independent Non-Executive Director as at 31st March 2026. The Committee meets every quarter to review related party transactions in line with the CSE's Continuing Listing Requirements. Annual Disclosure of Material Business Relationships: As required by Rule 9.10.4(c) of the CSE Listing Rules, all Directors submitted declarations to identify any significant business relationships they or their close family members may have with other Directors of the Company.

INTERNAL GOVERNANCE MECHANISMS IMPLEMENTED BY THE GROUP

The Group has established a range of internal governance mechanisms, policies and procedural frameworks to strengthen accountability, ethical conduct, risk oversight and governance effectiveness across the organisation.

The Group maintains a Board-approved governance framework comprising internal codes, policies and procedures designed to support effective governance and responsible business practices across the Group. These policies and frameworks are periodically reviewed and updated, amended or revised, where necessary, to ensure their continued relevance and effectiveness in an evolving business and regulatory environment.

Key Internal Codes and Policies

Articles of Association

Terms of Reference (ToRs) of Board Sub committees namely Audit and Risk Committee, Remuneration Committee, Nominations and Governance Committee, Related Party Transactions Review Committee

General Policies

Aitken Spence Group has adopted a suite of policies covering the following topics:

- Gender Equity
- Diversity, Equity and Inclusion
- Grievance Handling
- Parental Leave
- Adoption Leave
- Sexual Harassment Prevention
- Remote working

For more details, please refer Human Capital on pages 146 to 160 of this Annual Report.

Group Whistleblowing Policy

The Group has put in place a Whistleblowing Policy to report, investigate and address any concerns in employee behaviour that are illegal in the workplace. This policy encourages employees to promptly report any suspected illegal activities, assuring confidentiality and investigation by an independent custodian appointed by management. It ensures that whistleblowers are treated with utmost confidentiality and fosters two-way communication for necessary follow-up on raised concerns.

Scan the QR code to read our Whistleblowing policy published on our website www.aitkenspencehotels.com

Group Code of Ethics and Professional Conduct

The Group prioritises integrity, professionalism, and respect for stakeholders' rights. All employees and Directors adhere to the Group Code of Ethics and Professional Conduct, which upholds corporate values and a reputation for integrity and fair dealing.

The Code is accessible on the intranet and reinforced through training and communication. Employees were given access to review it on the online learning platform "TARTAN." The Board is unaware of any significant violations of the Code by Directors or employees.



CORPORATE GOVERNANCE

GRI 2-23 | GRI 2-24 | GRI 205-1 | GRI 205-2 | GRI 205-3 | GRI 206-1

Group Anti-Bribery and Anti-Corruption Policy

Group's Anti-Bribery and Anti-Corruption Policy articulates key principles aimed at eradicating bribery and corruption. With an unwavering commitment, the Company stands firm against all forms of bribery and corruption, recognising them as significant threats to its integrity and reputation.

During the reporting period, there were no incidents of corruption reported.

"Aitken Spence Group operates in accordance with ethical guidelines and maintains a culture of integrity throughout its operations. The Group does not condone any form of bribery and/or corruption. The Group practices a zero-tolerance approach towards bribery and corruption in all its transactions. Further, the Group expects all employees, stakeholders and other third parties providing services to or on behalf of the Aitken Spence Group to refrain from engaging in any form of corruption."

Aitken Spence Group Anti-Bribery and Anti-Corruption Policy

Scan the QR code to read our Anti-Bribery and Anti-Corruption policy published on our website www.aitkenspencehotels.com

Policies formulated in compliance with Rule 9.2.1 of the Listing Rules of the Colombo Stock Exchange:

- Policy on the matters relating to the Board of Directors.
- Policy on Board Committees.
- Policy on Corporate Governance, Nominations and Re-election.
- Policy on Remuneration.
- Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in listed securities.
- Policy in Risk Management and internal controls.
- Policy on Relations with Shareholders and Investors.
- Policy on Control and Management of Company Assets and Shareholder Investments.
- Policy on Corporate Disclosures.

The above policies are subject to periodic review by the Board of Directors.

Sustainability Policy

The Board has implemented a comprehensive Integrated Sustainability Policy designed to cultivate a meaningful understanding and effective management of the organisation's environmental, social and governance (ESG) impacts. This policy is supported by a structured implementation framework and is overseen by an Executive Director. The Executive Director provides regular updates to the Group Supervisory Board (GSB), ensuring that progress aligns with the Group's sustainability objectives and goals.

For more details, please refer 'Sustainability and ESG' on pages 96 to 98 of this Annual Report.

All policies are made available on the intranet and are systematically embedded across the organisation through continuous training and structured communication mechanisms.

EXTERNAL GOVERNANCE COMPLIANCE

Aitken Spence Hotel Holdings PLC operates within a comprehensive external governance and regulatory framework comprising applicable laws, regulations, listing requirements and recognised voluntary governance standards relevant to the Group's operations. The Board recognises that effective governance requires continuous adherence to evolving statutory, regulatory and best practice requirements applicable to listed entities and the wider business environment.

We are pleased to confirm that during the year under review, there were no instances of non compliance with applicable laws, regulations, or listing requirements. The following outlines the key mandatory regulatory requirements, voluntary governance codes and recognised frameworks applicable to the Group, together with the manner in which the Company complies with them.

Regulatory Area	Applicable Laws, Regulations and Standards
1. Mandatory Compliance	
1.1 Governance, Compliance & Risk	◆ Companies Act No. 7 of 2007 and amendments thereto* ◆ Continued Listing Requirements of the Colombo Stock Exchange (CSE)** ◆ Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 and amendments thereto ◆ Anti-Money Laundering Laws and Regulations ◆ Financial Transactions Reporting Act No. 6 of 2006 and amendments thereto ◆ Personal Data Protection Act No. 9 of 2022 ◆ Anti-Corruption Act No. 9 of 2023
1.2 Taxation & Financial Regulations	◆ Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 (SLFRS/LKAS) ◆ Inland Revenue Act No. 24 of 2017 and amendments thereto ◆ Foreign Exchange Act No. 12 of 2017 and amendments thereto ◆ Finance Business Act No. 42 of 2011 and amendments thereto
1.3 Labour & Operational Regulations	◆ Industrial Disputes Act No. 43 of 1950 ◆ Shop and Office Employees Act No. 15 of 1954 ◆ Factories Ordinance No. 45 of 1942
1.4 Strategic / Emerging Regulations	◆ Port City Economic Commission Act No. 11 of 2021 ◆ SLFRS Sustainability Disclosure Standards S1 and S2
2. Voluntary Codes and Best Practices	
2.1 Corporate Governance	◆ Code of Best Practice on Corporate Governance (CA Sri Lanka, 2023)*** ◆ Codes of regulatory authorities, professional institutions and trade associations
2.2 Sustainability & Reporting Frameworks	◆ Global Reporting Initiative (GRI) Universal Standards 2021 ◆ Integrated Reporting Framework
2.3 Global Principles & Commitments	◆ United Nations Global Compact (UNGC) ◆ UN Guiding Principles on Business and Human Rights ◆ Women's Empowerment Principles
2.4 Environmental & Social Standards	◆ Social and Environmental Certification Requirements

The following requirements form the core legal and regulatory compliance foundation:

*Section 168 of the Companies Act Compliance No. 7 of 2007

**Rule 7.6 of Colombo Stock Exchange Continuing Listing Rules
Rule 9 of Colombo Stock Exchange Continuing Listing Rules

***Adopted voluntarily as part of the Company's commitment to elevated governance standards beyond regulatory minimums.

The Compliance levels with the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka are available on Company's website at https://www.aitkenspencehotels.com/about-us/investor-relations/corporate-governance.html and forms a part of this Corporate Governance Report.

CORPORATE GOVERNANCE

Compliance with the Companies Act No. 7 of 2007

Section	Requirement	Disclosure Reference for Compliance	Compliance Status
168 (1) (a)	Any change during the accounting period in the nature of business of the Company or any of its subsidiaries and the classes of business in which the Company has an interest	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (b)	Financial Statements of the Company and the Group for the accounting period completed and signed	Refer Financial Statements and Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (c)	Auditors Report on Financial Statements of the Company and the Group	Refer Financial Statements of this Annual Report	Compliant
168 (1) (d)	Change of accounting policies during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (e)	Particulars of entries in the interest register made during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (g)	Total amount of donations made by the Company and the Group during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (h)	Directorate of the Company and the Group as at the end of accounting period along with the changes occurred during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (j)	Relationship or interest of the Auditors with the Company or any of its subsidiaries	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (k)	Annual Report of the Board of Directors signed on behalf of the Board	Refer Annual Report of the Board of Directors of this Annual Report	Compliant

Compliance with the Continuing Listing Requirements - Section 7.6 on the Content of Annual Report Issued by the Colombo Stock Exchange

CSE Rule	Requirement	Disclosure Reference for Compliance	Compliance Status
7.6 i)	Names of Directors of the entity	Refer Corporate Information of this Annual Report	Compliant
7.6 ii)	Principal activities of the entity and its subsidiaries during the year under review	Refer Annual Report of the Board of Directors and the Group Directorate of this Annual Report	Compliant
7.6 iii)	20 largest holders of voting and non-voting shares and the percentage of shares	Refer Investor Information of this Annual Report	Compliant
7.6 iv)	The float adjusted market capitalization, Public Holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Refer Investor Information of this Annual Report	Compliant
7.6 v)	Directors and CEO's holding in shares of the entity at the beginning and end of reporting year	Refer Investor Information of this Annual Report	Compliant
7.6 vi)	Information pertaining to material foreseeable risk factors	Refer Risk Management of this Annual Report	Compliant
7.6 vii)	Details of material issues pertaining to employees and industrial relations	Refer Human Capital of this Annual Report	Compliant
7.6 viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Refer Note 16.3 to the Financial Statements of this Annual Report	Compliant
7.6 ix)	Number of shares representing the stated capital	Refer Investor Information of this Annual Report	Compliant
7.6 x)	Distribution schedule of the number of holders and the percentage of their total holding	Refer Investor Information of this Annual Report	Compliant
7.6 xi)	Ratios and market price information	Refer Investor Information of this Annual Report	Compliant
7.6 xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land	Refer Note 16 to the Financial Statements of this Annual Report	Compliant
7.6 xiii)	Funds, (if any) raised either through a public issue, rights issue and private placement	The Company had no public issue, rights issue or private placement during the year under review	N/A
7.6 xiv)	Employee share option/purchase schemes	As at date, the Company has no share option/ purchase schemes made available to its Directors or employees	N/A
7.6 xv)	Corporate Governance Disclosures	Refer Corporate Governance Report of this Annual Report	Compliant
7.6 xvi)	Related Party Transactions	Refer Note 45 to the Financial Statements and the declaration of the Board of Directors embodied in the Annual Report of the Board of Directors of this Annual Report	Compliant
7.6 xvii)	Additional disclosures where the Listed Entity has Foreign Currency denominated Securities listed on the Exchange	Not applicable, as the Company has no Foreign Currency denominated Securities listed on the Exchange	N/A

CORPORATE GOVERNANCE

Compliance with Section 9 of the Listing Rules Issued by the Colombo Stock Exchange

Rule Ref.	Disclosure Requirement	Compliance Status	How We Comply
9.1	Corporate Governance Rules		
9.1.1 9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Complied	The extent of compliance with Section 9 of the Listing Rules of the Colombo Stock exchange on Corporate Governance Rules is tabulated in the table given below Also refer 'Chairperson's Statement on Governance' in the Corporate Governance Report of this Annual Report
9.2	Policies		
9.2.1	Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website; a. Policy on the matters relating to the Board of Directors b. Policy on Board Committees c. Policy on Corporate Governance, Nominations and Re-election d. Policy on Remuneration e. Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f. Policy on Risk management and Internal controls g. Policy on Relations with Shareholders and Investors h. Policy on Environmental, Social and Governance Sustainability i. Policy on Control and Management of Company Assets and Shareholder Investments j. Policy on Corporate Disclosures k. Policy on Whistleblowing l. Policy on Anti-Bribery and Corruption	Complied	The Company has formulated the policies referred to in a, b, c, d, e, f, g, h, i, j, k and l and the said polices are periodically reviewed by the Board.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	N/A	N/A
9.2.3	a. List of policies in place as per Rule 9.2.1, with reference to website b. Any changes to policies adopted	Complied	Refer 'How We Comply' under Rule 9.2.1 above
9.2.4	Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy	Complied	Refer 'How We Comply' under Rule 9.2.1 above

Rule Ref.	Disclosure Requirement	Compliance Status	How We Comply
9.3	Board Committees		
9.3.1	Listed Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include: a. Nominations and Governance Committee b. Remuneration Committee c. Audit Committee d. Related Party Transactions Review Committee	Complied	The Company has in place a Nominations and Governance Committee, Remuneration Committee, Audit Committee and a Related Party Transactions Review Committee.
9.3.2	Listed Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules	Complied	Refer 'How We Comply' under Rules 9.11, 9.12, 9.13 and 9.14 below
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	Complied	The Chairperson of the Board does not serve as the Chairman of any Board Sub committees.
9.4	Principles of democracy in shareholder dealings		
9.4.1	Listed Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the Securities and Exchange Commission (SEC). a. The number of shares in respect of which proxy appointments have been validly made; b. The number of votes in favour of the resolution; c. The number of votes against the resolution; and d. The number of shares in respect of which the vote was directed to be abstained	Complied	The Company Secretaries maintain records of all resolutions of General Meetings and information related thereto.
9.4.2	a. Listed Company should have a policy on effective communication and relations with shareholders and investors b. Listed Company should disclose the contact person for such communication c. The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	Complied	Refer 'How We Comply' under Rule 9.2.1 above
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule	Complied	Refer 'How We Comply' under Rule 9.2.1 above
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-compliant reasons for the same with proposed remedial action	Complied	Refer 'How We Comply' under Rule 9.2.1 above

CORPORATE GOVERNANCE

Rule Ref.	Disclosure Requirement	Compliance Status	How We Comply
9.6	Chairperson and CEO		
9.6.1	The Chairperson of every Listed Company shall be a Non-Executive Director, and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below	Complied	Since the Chairperson is an Executive Director, a Senior Independent Director has been appointed in compliance with Rule 9.6.3.
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules	N/A	N/A
9.6.3	Report of Senior Independent Director demonstrating the effectiveness of duties	Complied	Refer Report of the Senior Independent Director.
9.6.4	Rationale for appointing Senior Independent Director	Complied	Mr. M R Mihular was appointed as the Senior Independent Director of the Board with effect from 06th February 2025 since the Chairman is an Executive Director.
9.7	Fitness of Directors and CEOs		
9.7.1	Listed Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the Listing Rules In evaluating fitness and propriety of the persons referred in these Rules, the Company shall utilize the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 of the Listing Rules	Complied	The Company Secretaries obtain annual declarations from the Directors of the Company to ensure that they are at all times fit and proper persons as specified in the criteria given in Rule 9.7.3 of the Listing Rules of the CSE.
9.7.2	Listed Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made	Complied	Declarations obtained from the Directors in terms of Rule 9.7.4 are presented to the Nominations and Governance Committee for determination prior to recommending the Director for appointment/ re-election.
9.7.3	A Director or the CEO of a Listed Company shall not be considered as 'fit and proper' if she or he does not meet with the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" as set out in Rule 9.7.3 (a), (b) and (c) respectively	Complied	Refer 'How We Comply' under Rule 9.7.1 above
9.7.4	Listed Company shall obtain declarations from its Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation	Complied	Annual declarations from Directors confirming that each of them has continuously satisfied the fit and proper assessment criteria set out in the CSE revised Listing Rules were obtained as at 31st March 2026.

Rule Ref.	Disclosure Requirement	Compliance Status	How We Comply
9.7.5	a. Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria b. Any non-compliance/s and remedial action taken	Complied	Refer the 'Annual Report of the Board of Directors' of this Annual Report N/A
9.8	Board Composition		
9.8.1	The Board of Directors of a Listed Company shall, at a minimum, consist of five (05) Directors	Complied	As of the date of the publication of this Annual Report, the Company consists of 8 Directors, thereby complying with the requirement stipulated under Rule 9.8.1 of the Listing Rules of the CSE.
9.8.2	Minimum Number of Independent Directors: a. The Board of Directors of a Listed Company shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Company at any given time, whichever is higher b. Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	Complied	The Board consists of 3 Independent Directors as at the date of publication of this Annual Report.
9.8.3	A Director shall not be considered independent if he/she does not meet the criteria for determining independence as set out in Rule 9.8.3 of the Listing Rules	Complied	All the Independent Directors of the Company fulfil the criteria for determining independence under Section 9.8.3 of the Listing Rules.
9.8.5	a. Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein b. Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report c. If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof	Complied	The Independent Directors submit signed declarations annually with regard to their independence/non-independence against the specified criteria stipulated under Rule 9.8.3 of the Listing Rules of the CSE. Refer 'Independence of the Directors' in the Corporate Governance Report of this Annual Report.
9.9	Alternate Directors		
9.9	If a Listed Company provides for the appointment of Alternate Directors, it shall be required to comply with the requirements set out in Rule 9.9 of the Listing Rules and such requirements shall also be incorporated into the Articles of Association of the Company	N/A	N/A However, the Articles of Association of the Company were amended to incorporate the requirements set out under Rule 9.9 of the Listing Rules

CORPORATE GOVERNANCE

Rule Ref.	Disclosure Requirement	Compliance Status	How We Comply
9.10	Disclosures Relating to Directors		
9.10.1	Listed Company shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Company shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 of the Listing Rules	Complied	Refer "How We Comply" under Rule 9.2.1 above.
9.10.2	Listed Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following: i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Company indicating iv. whether such appointment has been reviewed by the Nominations and Governance Committee of the Company	Complied	Refer 'Appointment, Re-election and Resignation of Directors' in the Corporate Governance Report of this Annual Report.
9.10.3	Listed Company shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 of the Listing Rules containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof	Complied	Changes to the Board and Board Sub Committees are promptly notified to the Colombo Stock Exchange.
9.10.4	Directors details a. name, qualifications and brief profile b. nature of his/her expertise in relevant functional areas c. whether either the Director or Close Family Members has any material business relationships with other Directors d. whether Executive, Non-Executive and/or independent Director e. total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) f. number of Board meetings attended g. names of Board Committees in which the Director serves as Chairperson or a member h. Attendance of board committee meetings i. Terms of Reference and powers of Senior Independent Directors	Complied	a), b) and d) - refer 'Board profiles' and the 'Corporate Governance Report' of this Annual Report. c) - Based on the individual declarations obtained from the Directors, it was evident that none of the Directors or their close family members have material business relationships with other Directors of the Company. A Statement to this effect will be included in the 'Annual Report of the Board of Directors' of this Annual Report e) - Refer Annexure I on page 61 of the Corporate Governance Report. f), g) and h) - refer the Corporate Governance Report of this Annual Report i) – Refer report of the Senior Independent Director.

Rule Ref.	Disclosure Requirement	Compliance Status	How We Comply
9.11	Nominations and Governance Committee		
9.11.1	Listed Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Listing Rules	Complied	The Company has a Nominations and Governance Committee that conforms with the requirements set out in Section 9.11.
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee	Complied	Refer "How We Comply" under Rule 9.2.1 above.
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Complied	Refer "How We Comply" under Rule 9.2.1 above.
9.11.4	1. The members of the Nominations and Governance Committee shall; a. comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company b. not comprise of Executive Directors of the Listed Company. 2. An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors 3. The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company	Complied	Refer 'Composition of the Committee' in the Nominations and Governance Committee Report.
9.11.5	The functions of the Nominations and Governance Committee	Complied	Refer 'Nomination and Governance Committee Report' of this Annual Report.

CORPORATE GOVERNANCE

Rule Ref.	Disclosure Requirement	Compliance Status	How We Comply
9.11.6	The Annual Report of a Listed Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson Nominations and Governance Committee Report shall include the following: a. Names of chairperson and members with nature of directorship b. Date of appointment to the committee c. Availability of documented policy and processes when nominating Directors d. Requirement of re-election at regular intervals at least once in 3 years e. Board diversity f. Effective implementation of policies and processes relating to appointment and reappointment of Directors g. Details of directors re-appointed h. Board Committees served i. Date of first appointment j. Date of last re-appointment k. Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years l. Any relationships – close family member, more 10% shareholding m. Performance of periodic evaluation of board n. Process adopted to inform independent directors of major issues. o. Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement p. Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement q. Compliance with independence criteria r. Statement on compliance with corporate governance rules, if non- compliant reasons and remedial actions	Complied	Refer 'Nomination and Governance Committee Report' of this Annual Report.

Rule Ref.	Disclosure Requirement	Compliance Status	How We Comply
9.12	Remuneration Committee		
9.12.2	Listed Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules	Complied	Refer 'Remuneration Committee Report' of this Annual Report.
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration	Complied	Refer 'Director Remuneration' in the Corporate Governance Report of this Annual Report and the 'Remuneration Committee Report' of this Annual Report.
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired	Complied	Refer 'How We Comply' under Rule 9.2.1 above.
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Complied	Refer 'Remuneration Committee Report' of this Annual Report.
9.12.6	1. The members of the Remuneration Committee shall; a. comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company b. not comprise of Executive Directors of the Listed Company 2. An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Complied	Refer 'Composition of the Committee' in the Remuneration Committee Report of this Annual Report.
9.12.7	The functions of the Remuneration Committee	Complied	Refer 'Remuneration Committee Report' of this Annual Report.
9.12.8	Remuneration Committee Report shall contain the following: a. Names of chairperson and members with nature of directorship b. Remuneration Policy c. The aggregate remuneration of the Executive and Non-Executive Directors	Complied	Refer 'Remuneration Committee Report' of this Annual Report. Refer Note 44 to the Financial Statements of this Annual Report.
9.13	Audit Committee		
9.13.1	Where Listed Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Company shall additionally perform the Risk Functions set out in Rule 9.13 of the Listing Rules	Complied	The Audit and Risk Committee of the Company also perform the risk functions.

CORPORATE GOVERNANCE

Rule Ref.	Disclosure Requirement	Compliance Status	How We Comply
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	Complied	The Audit and Risk Committee has a written terms of reference clearly defining its scope, authority and duties.
9.13.3	1. The members of the Audit Committee shall; a. comprise of a minimum of three (03) directors of the Listed Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. b. not comprise of Executive Directors of the Listed Company. 2. The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. 3. The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. 4. An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. 5. Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of a Listed Company shall attend the Audit Committee meetings by invitation. 6. The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body	Complied	Refer 'Audit and Risk Committee Report' of this Annual Report.
9.13.4	The functions of the Audit Committee	Complied	Refer 'Audit Committee Report' of this Annual Report.
9.13.5	Disclosures in the Annual Report 1. Listed Company shall prepare an Audit Committee Report which shall be included in the Annual Report 2. The Audit Committee Report shall contain disclosures set out in Rule 9.13.5 (2)	Complied	Refer 'Audit Committee Report' of this Annual Report.
9.14	Related Party Transactions Review Committee		
9.14.1	Listed Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules.	Complied	The Company has a Related Party Transactions Review Committee that conforms with the requirements set out in Section 9.14.1.

Rule Ref.	Disclosure Requirement	Compliance Status	How We Comply
9.14.2	The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of a Listed Company, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee	Complied	Refer 'Related Part Transactions Review Committee Report' of this Annual Report.
9.14.3	The functions of the Related Party Transactions Review Committee	Complied	Refer 'Related Part Transactions Review Committee Report' of this Annual Report.
9.14.4	1. The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. 2. The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. 3. Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. 4. If a Director of a Listed Company has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: a. be present while the matter is being considered at the meeting; and, a. vote on the matter	Complied	Refer 'Related Part Transactions Review Committee Report' of this Annual Report.
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Complied	Refer 'Related Part Transactions Review Committee Report' of this Annual Report.
9.14.6	Listed Company shall obtain Shareholder approval for the Related Party Transactions set out in Rule 9.14.6 of the Listing Rules	N/A	There were no Related Party Transactions during the year which required shareholder approval. The Company would comply with this Rule should a need arise.
9.14.7	Listed Company shall make an immediate Market Announcement to the Exchange for the Related Party Transactions as set out in Rule 9.14.7 (a) and (b)	N/A	There were no Related Party Transactions during the year which required an immediate Market Announcement. The Company would comply with this Rule should a need arise.

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Rule Ref.	Disclosure Requirement	Compliance Status	How We Comply
9.14.8 (1)	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)	Complied	Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report.
9.14.8 (2)	Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)	Complied	Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report.
9.14.8 (3)	Related Party Transactions Review Committee Report ◆ Names of the Directors comprising the Committee ◆ Statement that committee has reviewed RPTs and communicated comments/observations to the Board ◆ Policies and procedures adopted by the Committee	Complied	Refer 'Related Part Transactions Review Committee Report' of this Annual Report.
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect	Complied	Refer 'Annual Report of the Board of Directors' of this Annual Report.
9.14.9	Acquisition and disposal of assets from/to Related Parties Except for transactions set out in Rule 9.14.10, Listed Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Company by way of a Special Resolution	N/A	The Company has not acquired or disposed of any assets from/to Related Parties. The Company would comply with this Rule should a need arise.
9.17	Additional Disclosures		
9.17	Additional disclosures by Board of Directors Declaration on following ◆ All material interests in contracts and have refrained from voting on matters in which they were materially interested ◆ Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence and, if unable to make any of these declarations an explanation on why it is unable to do so; ◆ Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; ◆ 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 Entity has operations	Complied	Refer 'Annual Report of the Board of Director' of this Annual Report.

ANNEXURE I

Disclosure in terms of Rule 9.10.4(e) of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange:

Companies in which the Directors of Aitken Spence Hotel Holding PLC serve as directors during the financial year (excluding directorships held in group companies, other than those in publicly listed companies).

Ms. D.S.T. Jayawardena

Chairman/Chairperson
- Aiken Spence PLC
- Browns Beach Hotels PLC

Deputy Chairperson
- Lanka Milk Foods (CWE) PLC
- Lanka Dairies Limited
- Ambewela Products (Private) Limited
- Ambewela Livestock Company Limited
- Pattipola Livestock Company Limited
- United Dairies Lanka (Private) Limited

Non-Independent Non-Executive Director
- Melstacorp PLC
- Distilleries Company of Sri Lanka PLC

Director
- Stassen Exports (Pvt) Ltd
- Stassen Natural Foods (Pvt) Ltd
- Stassen Foods (Pvt) Ltd
- Milford Exports (Ceylon) (Pvt) Ltd
- CBD Exports (Pvt) Ltd
- Ceylon Garden Coir (Pvt) Ltd
- DCSL Group Marketing (Private) Limited

Dr. M.P. Dissanayake

(Resigned w.e.f. 31st March 2026)

Chairman
- Elpitiya Plantations PLC
- Aitken Spence Plantation Managements Ltd
- Sri Lanka Ports Authority (SLPA) – assumed office on 17.02.2026)

Deputy Chairman
- Aitken Spence PLC

Executive Director
- Browns Beach Hotels PLC

Member
- Colombo Ports City Economic Commission

Mr. C.M.S. Jayawickrama

Executive Director
- Browns Beach Hotels PLC

Mr. J.M.S. Brito

Non Independent Non-Executive Director
- Aitken Spence PLC
- Browns Beach Hotels PLC

Director
- Commonwealth Union (Private) Limited
- International Distillers Limited
- Nil Ralla (Private) Limited
- Sozo Beverages (Private) Limited

Mr. N.J. de S. Deva Aditya

Non Independent Non-Executive Director
- Aitken Spence PLC
- Melstacorp PLC
- Browns Beach Hotels PLC
- Distilleries Company of Sri Lanka PLC
- The Kingsbury PLC (Retired w.e.f. 25.06.2026)

Director
- Commonwealth Union Holdings Ltd

Mr. M. R. Mihular

Chairman
- Watawala Plantations PLC
- Bairaha Farms PLC

Independent Non-Executive Director
- Aitken Spence PLC
- Browns Beach Hotels PLC
- Melstacorp PLC
- Balangoda Plantations PLC
- Madulsima Plantations PLC
- Sunshine Holdings PLC

Director
- Sunshine Teas (Pvt) Ltd
- Lonach Dairy (Pvt) Ltd
- Agility Innovation (Pvt) Ltd
- Marino Leisure Holdings (Pvt) Ltd
- LTL Holdings Ltd

Dr. R.A. Fernando

Independent Non-Executive Director
- Aitken Spence PLC
- Browns Beach Hotels PLC
- Elpitiya Plantations PLC
- Melstacorp PLC
- Distilleries Company of Sri Lanka
- Balangoda Plantations PLC
- Madulsima Plantations PLC
- Dilmah Ceylon Tea Company PLC

Director
- Ceylon Graphene Technologies Ltd
- Ceylon Asset Management Ltd

Honorary Position
- Global Strategic Corporate Sustainability Pvt Ltd.

Mr. P. Englisch

Independent Non-Executive Director
- Aitken Spence PLC
- Browns Beach Hotels PLC
- Milsped, Belgrade
- Stockmeier Holding SE

Mr. C.H. Gomez

Non-Executive Director
- Aitken Spence PLC

Director
- CR1000 Limited
- F A C Subnom (No. 1) Limited
- F A C Subnom (No. 2) Limited
- Form -A Co (Gibraltar) Limited
- Form -A -Trust (Gibraltar) Limited
- J C L Marine Consultants Limited
- The West Wing Limited

Note: Mr. R.N. Asirwatham ceased to hold office as a Director following his demise on 12th December 2025. Declarations in terms of Rule 9.10.4 were obtained from the Directors subsequently.

OPERATING LANDSCAPE AND STRATEGY



CONFIDENCE IN OUR SKILL

At Aitken Spence Hotel Holdings, our expertise is built through careful observation, thoughtful planning, and deliberate action. Every choice we make is grounded in understanding, ensuring that operations, service, and guest experiences reflect a refined, reliable standard of excellence.

When knowledge is applied with purpose and foresight, confidence grows.

OPERATING ENVIRONMENT

The operating environment within which Aitken Spence Hotel Holdings PLC functions continued to evolve amidst shifting global tourism trends, macroeconomic developments, climate-related challenges, changing traveller preferences, and competitive market dynamics across the regions in which the Group operates. These developments continued to directly influence the Group's strategic priorities, operational performance, risk landscape and long-term value creation approach.

These external developments remain closely interconnected with the Group's material matters, shaping strategic decision-making, capital allocation, sustainability priorities and stakeholder engagement efforts across the business. Accordingly, understanding the operating environment remains essential in contextualising the Group's performance, resilience and forward-focused strategy within an increasingly dynamic hospitality landscape.

What we will review

- Global tourism industry developments
- Sri Lankan economic developments
- Sri Lankan tourism sector developments
- Maldives market developments
- Oman market developments
- India market developments

GLOBAL TOURISM INDUSTRY DEVELOPMENTS

Source: Un Tourism - World Tourism Barometer

The global tourism industry demonstrated strong resilience and continued recovery momentum during 2025, with international tourist arrivals increasing by 4% year-on-year to reach approximately 1.52 billion travellers worldwide, marking a record post-pandemic performance level. Growth was supported by sustained travel demand, improving air connectivity, easing visa facilitation measures, and the continued recovery of destinations across Asia and the Pacific.

Despite ongoing geopolitical tensions, inflationary pressures, and climate-related uncertainties, tourism spending remained robust globally, with international tourism receipts continuing to grow across many destinations. The Middle East and Asia-Pacific regions recorded particularly strong momentum, whilst Europe maintained its position as the world's largest tourism destination region. Looking ahead, global tourism is expected to sustain moderate growth in 2026, although economic volatility, geopolitical risks, and climate-related disruptions are expected to remain key industry considerations.

Global tourism arrivals across regions - 2025



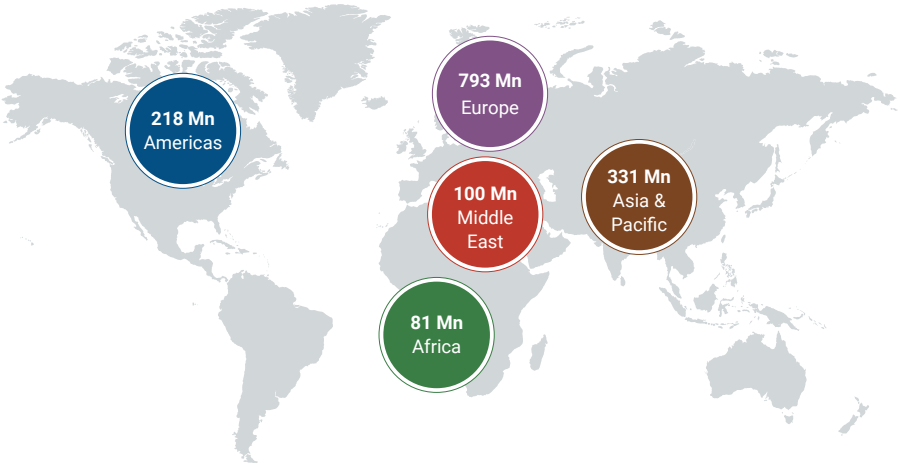
793 Mn ↑4% Europe

218 Mn ↑1% Americas

81 Mn ↑8% Africa

100 Mn ↑3% Middle East

313 Mn ↑6% Asia & Pacific



OPERATING ENVIRONMENT

GLOBAL TOURISM – OUTLOOK

- International tourism is expected to record moderate growth of 3% to 4% in 2026, supported by sustained travel demand and the continued recovery of Asia and the Pacific destinations
- Improved air connectivity, easing travel barriers, and stronger global mobility are expected to further support international travel flows
- Tourism earnings are anticipated to remain strong, supported by resilient traveller spending patterns globally.
- Economic conditions, inflationary pressures on travel services, and high travel costs are expected to continue influencing consumer travel behaviour
- Geopolitical tensions, ongoing conflicts, trade-related uncertainties, and climate-related events remain key downside risks to the sector
- Sustainability, resilience, and evolving traveller preferences are expected to increasingly shape tourism industry strategies and investment priorities globally

SRI LANKAN ECONOMIC DEVELOPMENTS

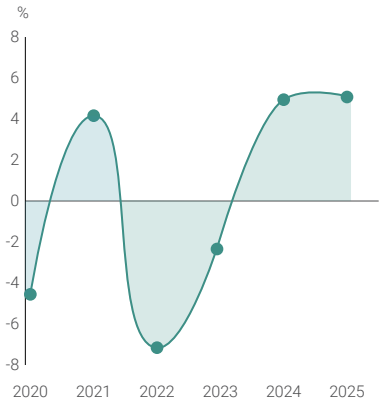
Sri Lanka's economy continued its recovery trajectory during 2025, recording GDP growth of 5%, broadly in line with the growth momentum achieved in 2024. This reflected growing signs of macroeconomic stabilisation and improving economic confidence following several years of severe economic and social disruption.

The year under review saw notable improvements across key economic indicators, supported by clearer fiscal policy direction, improved monetary stability, easing inflationary pressures, strengthening external sector performance, and continued commitment towards the reform agenda under the IMF Extended Fund Facility (EFF) programme. Improved reserves, greater exchange rate stability, and lower interest rates further contributed towards restoring business confidence and supporting economic activity across sectors.

While the economy continued to face structural and external vulnerabilities, the progress achieved during the year signalled strengthening economic resilience and a gradual rebuilding of stability within the country's operating environment.

- Gross Domestic Product (GDP) growth: 5.0% despite the disruptions caused by Cyclone Ditwah during the year. Economic expansion broad-based, with all four quarters contributing positively to growth, reflecting improving macroeconomic stability, strengthening business confidence, and a gradual revival in economic activity across key sectors of the economy
- Inflation: Inflationary pressures remained largely subdued during the year, supported by favourable statistical base effects, easing global commodity prices, and the timely implementation of monetary and fiscal policy measures
- Interest rates: Market interest rates generally followed a downward trajectory during 2025, supported by an accommodative monetary policy environment, subdued inflationary conditions, well-anchored inflation expectations, and improving sovereign credit fundamentals. During the year 2025, the Central Bank of Sri Lanka further eased monetary policy through a reduction in the Overnight Policy Rate (OPR), extending the significant policy easing measures implemented since mid-2023

Annual GDP Growth

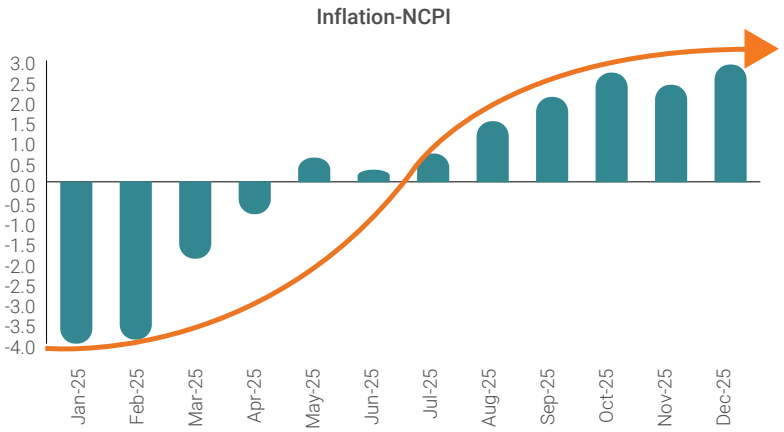


Tourist Arrivals Vs Annual GDP Growth



Size of the bubble indicate the volume of arrivals
Position of the bubble indicate the GDP growth

Inflation-NCPI



- External sector: External sector remained resilient during 2025, supported by strong tourism earnings, improved workers' remittances, and continued export growth, resulting in a current account surplus for the third consecutive year. The Sri Lankan Rupee experienced moderate depreciation against the US Dollar during the year amidst rising import demand. Nevertheless, sustained foreign currency inflows and improving foreign exchange liquidity enabled the Central Bank to further strengthen official reserves, supporting overall macroeconomic stability.

MACROECONOMIC RECOVERY SUPPORTING HOSPITALITY GROWTH

The improving macroeconomic conditions in Sri Lanka during 2025 positively supported the operating environment of the hospitality sector and the Group. Greater economic stability, easing inflationary pressures, improved foreign exchange liquidity, and strengthening tourism inflows contributed towards enhanced travel confidence, improved business activity, and stronger visitor spending patterns. In parallel, lower interest rates and improved external sector performance supported business sentiment and operational stability, creating a more conducive environment for growth and investment across the tourism and hospitality industry.

CYCLONE DITWAH AND SECTOR RESILIENCE

Sri Lanka continued to face growing exposure to climate-related disruptions during the year, with Cyclone Ditwah highlighting the increasing vulnerability of tourism infrastructure, travel mobility, and operational continuity to extreme weather events. While the cyclone caused disruptions across certain regions and industries, the Sri Lankan operations of the Group did experience room night cancellations. However operations were not materially impacted in terms of physical asset damage, as none of its properties were located within the severely affected high-impact zones. None of our staff members were also severely affected.

Nevertheless, the event reinforced the importance of climate resilience, business continuity planning, and proactive risk management within the hospitality sector, particularly amidst the increasing frequency and intensity of climate-related events globally.

Impact of Cyclone Ditwah

Source: *Disaster Management Centre Sri Lanka*

Physical damage

- Caused intense rainfall, strong winds, storm surges, widespread flooding, and an estimated 1,800+ landslides across the country
- Approximately 1.1 Mn hectares of land were inundated At the peak of the disaster
- Approximately 1,206 km of national roads damaged, significantly disrupting mobility and logistics networks
- Around 750 bridges across the wider transport network affected, impacting accessibility and supply chain continuity
- An estimated 113,777 houses sustained damage due to flooding and landslides
- Approximately 11,000 households identified as requiring resilient relocation support
- More than 45,000 enterprises experienced physical damage or operational disruption, particularly informal, micro, and small businesses
- Agricultural sector losses estimated at LKR 136.6 Bn, reflecting damage to crops, livestock, fisheries, plantations, and other productive assets
- The disaster also had significant implications for rural livelihoods, food security, and economic recovery

Humanitarian impact

- Over 232,752 people displaced during the emergency period
- By late January 2026
  - Fatalities had reached 646, whilst 173 individuals remained missing
  - Over 169,642 displaced persons continued to remain in safety centres or with host families during the recovery phase

Estimated Economic Impact

- An estimated loss of Rs. 618.1 Bn (USD 2.0 Bn) in damages and Rs. 416.0 Bn (USD 1.4 Bn) in economic losses across 22 assessed districts
- Estimated recovery and reconstruction requirements of approximately Rs. 1,022.5 Bn (USD 3.4 Bn) over a three-year period
  - Of this, approximately Rs. 391.3 Bn is required for priority early recovery interventions within the first 12 months.
- Infrastructure sectors account for the largest share of recovery requirements at 49%, followed by social sectors at 31.1% and productive sectors at 17.4%.

Sectoral recovery needs

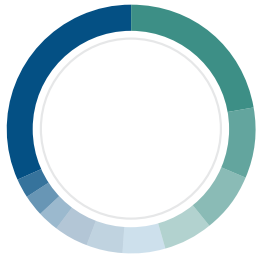
- Transport - estimated at Rs. 397.1 Bn
- Housing and settlements – estimated Rs. 275 Bn
- Commerce and industry - estimated Rs. 119 Bn
- Agriculture and food systems - estimated Rs. 51.3 Bn

SRI LANKAN TOURISM SECTOR

Source: *Sri Lanka Tourist Development Authority and Other*

Sri Lanka's tourism industry continued its strong recovery trajectory during 2025, supported by rising international visitor arrivals, improved global travel confidence, and strengthening tourism earnings. The sector played a significant role in supporting

Country-wise Contribution to Tourist Arrivals



OPERATING ENVIRONMENT

the country's external sector performance and broader economic recovery, whilst improving macroeconomic stability, easing inflationary pressures, and enhanced foreign exchange liquidity further strengthened overall travel sentiment and business confidence within the industry. Increased international air connectivity and the expansion of airline operations also improved accessibility to Sri Lanka as a destination.

The year also saw Sri Lanka continue to strengthen its positioning as a diverse tourism destination, offering leisure, wellness, cultural, wildlife, and luxury travel experiences that increasingly aligned with evolving global traveller preferences towards experiential and sustainable tourism. Continued destination marketing initiatives and growing investor confidence within the hospitality sector further supported the recovery momentum, positively contributing towards the broader tourism ecosystem and related industries.

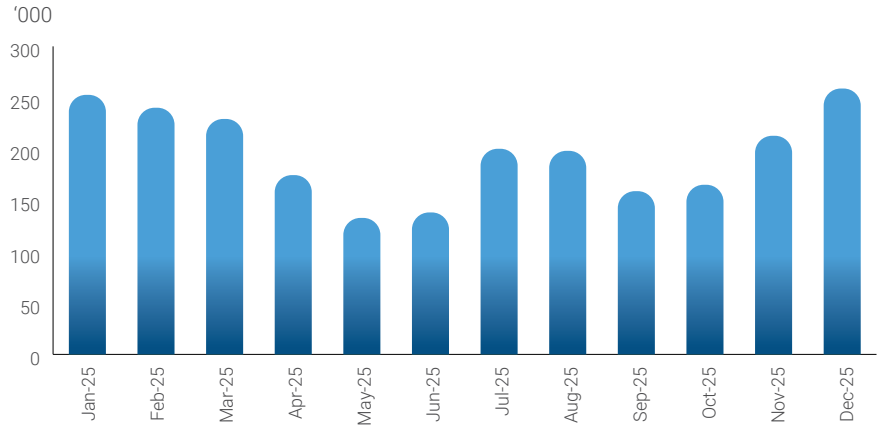
2.36 Mn
Total arrivals

India continues to be the largest source market

USD 3.2 Bn
Total earnings from tourism

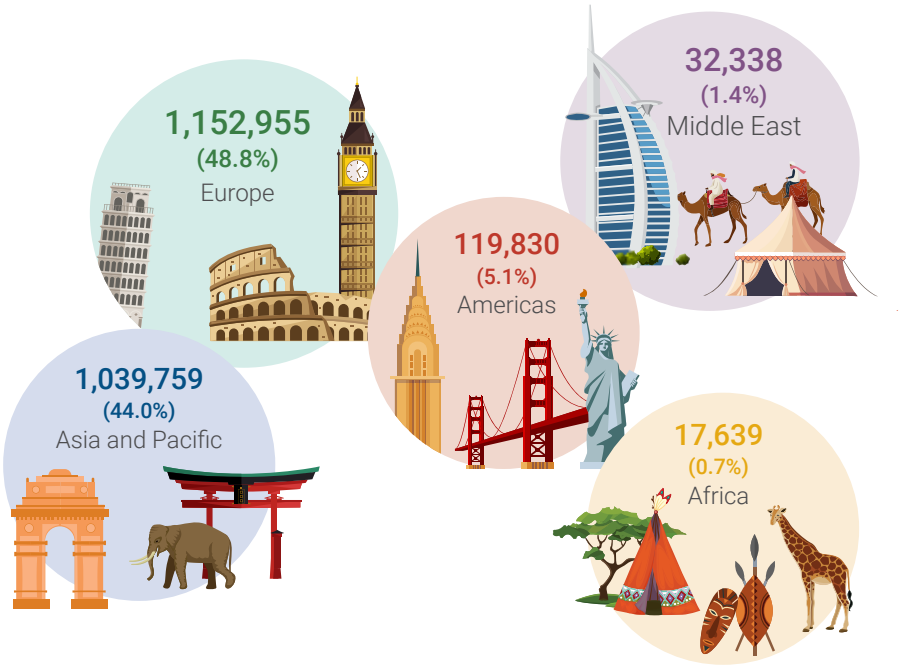
8.29 nights
Average duration of stay

Tourist Arrivals - Sri Lanka



YoY movement in arrivals from top 10 source countries

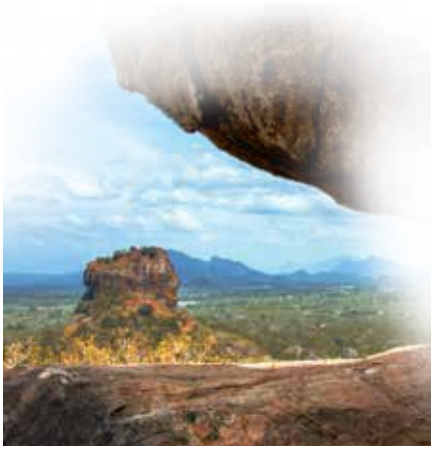
Country	2025	Percentage growth over 2024
India	531,511	27.47
United Kingdom	212,277	19.03
Russian Federation	186,580	-7.6
Germany	147,966	8.73
China	132,035	0.27
Australia	109,487	22.23
France	109,041	22.83
United States	65,973	10.82
Netherlands	64,164	28.03
Bangladesh	59,563	50.58



GLOBAL RECOGNITION OF SRI LANKA AS A TOURISM DESTINATION – 2025

Sri Lanka ranked 7th in the 2025 Condé Nast Traveler Readers' Choice Awards: A Culinary Triumph

- Sri Lanka's Northeast was named among Lonely Planet's "Best Places to Travel in August 2025."
- Sri Lanka was featured in World Travel Magazine's "25 Under-the-Radar Ideas for Luxurious Holidays in 2025."
- Sri Lanka's scenic train journeys received global recognition, including a feature in National Geographic and Lonely Planet's list of the World's Top 10 scenic train rides for 2025 for the Colombo–Badulla route.
- Sri Lanka was ranked 9th in BBC Travel's "25 Best Places to Travel in 2025."
- Sri Lanka's South Coast was featured by Vogue as one of the hottest winter travel destinations for 2025.

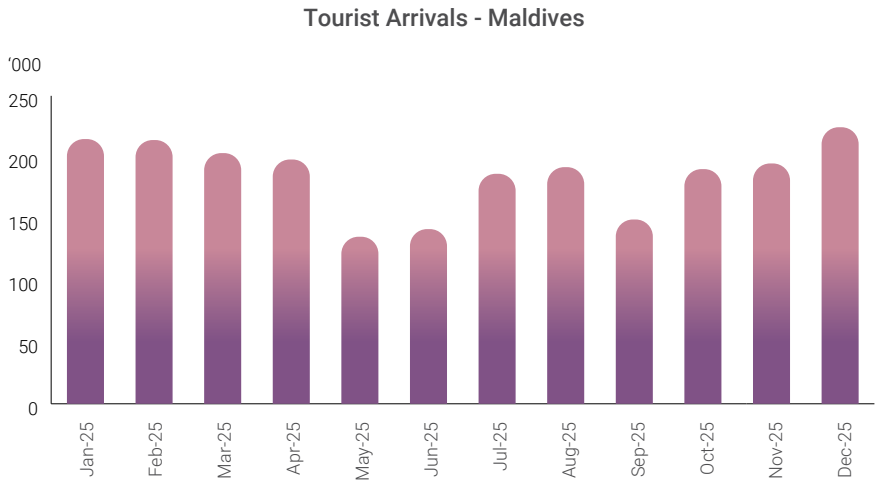




Maldives market developments

The Maldives tourism sector continued its strong growth momentum during 2025, supported by resilient global travel demand and the country's continued positioning as a premium leisure destination. Tourist arrivals recorded healthy year-on-year growth, with the country experiencing record monthly arrival levels during the latter part of the year. The sector remained a key driver of economic activity, foreign exchange earnings, and overall GDP growth within the Maldives economy.

Growth was supported by strong international demand, improved air connectivity, and sustained performance across luxury resort and hospitality segments. The Maldives also continued to benefit from strong visitor spending patterns, whilst tourism authorities targeted tourism receipts of approximately USD 5 Bn during the year.



How Aitken Spence Hotel Holdings PLC responded to the evolving conditions

- Leveraged decades of industry expertise, strategic resilience and strong regional market knowledge to effectively capitalise on emerging opportunities whilst navigating evolving challenges across its markets
- Maintained healthy average occupancy levels across its regional portfolio, recording occupancy rates of 65% in Sri Lanka, and 74% in South Asia and Middle East reflecting the strength of the Group's diversified hospitality presence and sustained guest demand across destinations
- Total revenue up by 7% to Rs. 52.3 Bn
- Total post-tax profitability up by 40% to Rs. 5.02 Bn
- Robust balance sheet growth of 21% to Rs. 116.57 Bn

Oman market developments

Oman's tourism and hospitality sector recorded steady growth during 2025, supported by rising international and domestic visitor arrivals, improving hotel occupancy levels, and higher tourism-related revenues. International tourist arrivals were estimated at approximately 3.9 Mn visitors during the year, surpassing prior year performance and reflecting the country's growing appeal as a regional tourism destination.

The hospitality sector also reported improved operational performance, with hotel guest volumes, occupancy levels, and revenues increasing during the year amidst ongoing tourism infrastructure development and destination promotion efforts. Oman continued to strengthen its positioning across leisure, cultural, and luxury tourism segments, whilst benefiting from broader diversification efforts within the national economy.

OPERATING ENVIRONMENT

India market developments

India's tourism sector demonstrated continued expansion during 2025, supported by strong domestic tourism demand, increasing international visitor arrivals, and growing tourism-related economic activity. International Tourist Arrivals (ITAs) reached approximately 20.57 Mn, reflecting continued recovery and growth in inbound travel, whilst domestic tourism activity remained robust across several regions and states.

The sector continued to benefit from improving connectivity, infrastructure development, destination diversification, and strong travel demand from both domestic and international markets. India's travel and tourism industry was also expected to record significant economic contribution growth during the year, supported by rising visitor spending and increasing sector-related employment generation.

As Aitken Spence Hotel Holdings PLC continues to operate across Sri Lanka, the Maldives, Oman, and India, the Group remains attentive to several emerging global tourism trends that are expected to shape the future of the hospitality industry, influence traveller behaviour, and redefine sector competitiveness over the medium to long term.

- **Growing demand for sustainable and responsible tourism**

Travellers are increasingly prioritising environmentally and socially responsible destinations and hospitality providers. This trend continues to drive greater emphasis on sustainable operations, resource efficiency, biodiversity conservation, local community engagement, and transparent ESG practices across the hospitality sector.

- **Rise of experiential and wellness tourism**

Modern travellers are increasingly seeking authentic, immersive, wellness-focused, and culturally enriching experiences beyond traditional leisure travel. This trend is particularly relevant across the Group's operating regions, which offer strong potential in wellness, heritage, eco-tourism, and nature-based tourism experiences.

- **Climate resilience and operational preparedness**

The increasing frequency of climate-related events continues to reinforce the importance of resilient tourism infrastructure, disaster preparedness, operational continuity, and adaptive risk management practices across hospitality operations globally.

- **Digitalisation and technology-driven guest experiences**

Technology continues to reshape the tourism value chain through digital bookings, personalised guest experiences, data-driven marketing, contactless services, and enhanced operational efficiency. Hospitality operators are increasingly leveraging technology to improve customer engagement and operational agility.

- **Growth in luxury and high-value tourism segments**

Demand for premium, personalised, and experience-led travel continues to strengthen globally, supporting opportunities within luxury resorts, boutique hospitality offerings, and high-end experiential tourism segments, particularly within destinations such as the Maldives and Sri Lanka.

- **Greater focus on regional connectivity and diversified source markets**

Improved air connectivity, easing visa facilitation, and expanding regional travel networks continue to support tourism growth across Asia and the Middle East. Diversifying tourism source markets remains increasingly important amidst evolving geopolitical and economic uncertainties.

- **Evolving traveller expectations around health, safety, and well-being**

Post-pandemic traveller behaviour continues to place heightened emphasis on health standards, safety protocols, hygiene practices, and overall well-being experiences, requiring hospitality operators to maintain high operational and service standards.

- **Increasing competition among global tourism destinations**

Destinations worldwide continue to intensify investments in tourism infrastructure, destination branding, and experience enhancement. This places greater importance on service excellence, innovation, differentiation, and maintaining strong destination appeal within increasingly competitive tourism markets.

Positioned for the future of hospitality
Aitken Spence Hotel Holdings PLC's readiness

Against an evolving global tourism landscape, Aitken Spence Hotel Holdings PLC remains well positioned to capitalise on emerging opportunities and navigate evolving sector challenges across its regional footprint spanning Sri Lanka, the Maldives, Oman, and India. The Group continues to strengthen its focus on sustainable hospitality, operational resilience, guest-centric innovation, digital integration, and differentiated experience offerings, aligned with changing traveller expectations and global tourism trends.

Supported by strong regional market knowledge, diversified operations, established brand equity, and disciplined strategic execution, the Group remains committed to delivering resilient long-term growth whilst continuously enhancing its competitiveness within an increasingly dynamic and sustainability-focused global hospitality landscape.



EXTERNAL MACRO ENVIRONMENTAL FACTORS THAT IMPACT THE BUSINESS



- Political and policy stability across regions underpins tourism confidence and investor sentiment.
- Middle East tensions disrupting travel and airline connectivity.
- Government initiatives, visa policies, and regional infrastructure continue to support tourism growth.
- Taxation, labour, and FX changes affecting costs and profitability.



- Sri Lanka's gradual recovery supported tourism, but vulnerabilities persisted.
- Exchange rate volatility and global uncertainty affecting demand, costs, and profitability.
- Rising energy, food, labour, and financing costs continue to exert pressure on hospitality margins.
- Tourism and foreign exchange inflows remain key to the Group's operating environment.



- Shifting traveller preferences toward authentic, wellness-driven experiences shape guest expectations.
- Increased emphasis on health, hygiene, safety, and personalised experiences post-pandemic
- Rising expectations around well-being, flexibility, growth, and inclusion shape talent management
- Higher stakeholder expectations around sustainability and responsible tourism



- Increase usage of digital platforms and analytics is reshaping hospitality operations
- Growing cyber security and data privacy risks require stronger digital safeguards.
- Technological advances enable cost optimisation and improved service.
- Social media and online reviews significantly influence brand reputation and guest decisions.



- Climate-related disruptions continue to pose operational and infrastructure risks across destinations.
- Greater focus on energy, water, waste, biodiversity, and emissions management
- Rising sustainability and climate resilience expectations
- Coastal and sensitive locations require sustainable destination management and conservation initiatives



- Ongoing compliance with evolving multi-jurisdictional regulations remains critical
- Increased focus on sustainability disclosures, including SLFRS S1 and SLFRS S2
- Evolving data privacy, cybersecurity, and consumer protection requirements
- Compliance with licensing, operational, and environmental permits remains essential for uninterrupted operations.

OPERATING ENVIRONMENT

INDUSTRY COMPETITIVE LANSCAPE AND LONG TERM PROFITABILITY



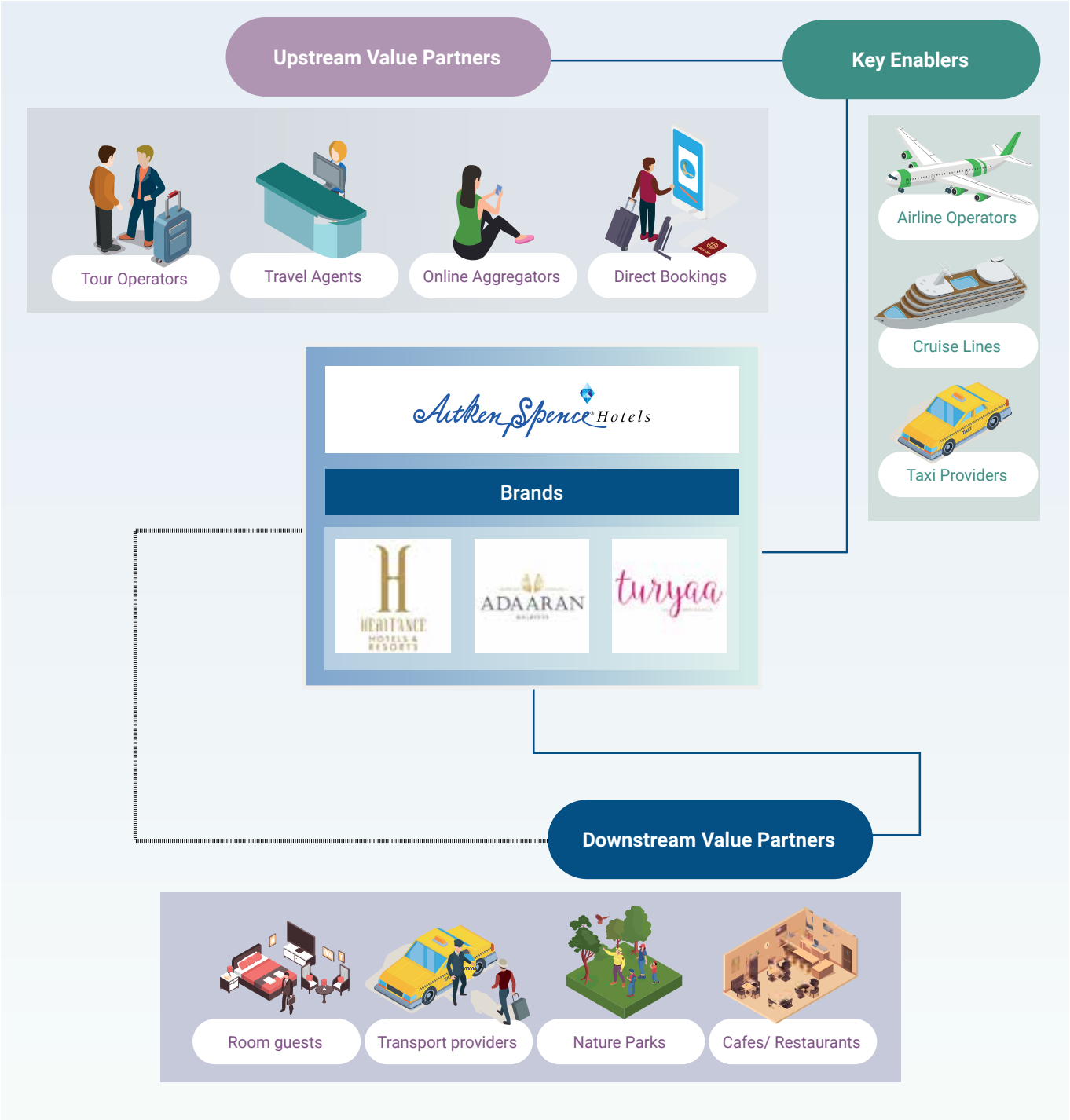
Given the increasingly dynamic and competitive nature of the global hospitality industry, the Group presents here a Porter's Five Forces analysis to better understand the external factors influencing its operating environment, competitive positioning, and long-term strategic resilience. The analysis provides insight into the competitive pressures, evolving customer expectations, supplier dynamics, and broader market forces that shape the Group's ability to create sustainable value across the regions in which it operates.

The insights derived from the Five Forces analysis are also reflected within the Our Strategy section of this Report, demonstrating how evolving competitive and market dynamics continue to influence and shape the Group's strategic pillars.

Force	Analysis	The Group's readiness
Industry Rivalry High	The hospitality industry remains highly competitive across Sri Lanka, the Maldives, Oman, and India, with competition arising from international hotel chains, boutique hotels, resorts, and alternative accommodation providers. Competition is driven by pricing, location, guest experience, service quality, brand reputation, digital visibility and differentiated offerings. Continuous refurbishment, service innovation and brand positioning remain important to sustaining competitiveness.	Strong and trusted hospitality brands with long-standing presence across Sri Lanka, the Maldives, Oman, and India, supported by continuous product enhancement and service excellence
Threat of New Entrants Moderate	While the hospitality sector offers growth potential, barriers to entry remain relatively high to hotels and resorts of the scale of Aitken Spence Hotels due to significant capital investment requirements, regulatory approvals, operational expertise, land availability, and the importance of brand recognition and distribution networks. However, increasing investor interest in tourism and lifestyle hospitality concepts may continue to attract new entrants over time.	Established market positioning, operational expertise, regional presence and strong brand recognition provide resilience against new market entrants
Bargaining Power of Suppliers Moderate	Suppliers of food and beverages, utilities, specialised hospitality products, technology systems, and skilled labour influence operational continuity and cost structures. Inflationary pressures, supply chain disruptions and labour shortages may increase supplier bargaining power in certain areas. Nevertheless, the Group's scale, diversified supplier relationships, and long-standing partnerships help moderate supplier dependency risks.	Long-standing supplier relationships, diversified sourcing networks and regional operational scale support the Group's supply chain stability and procurement flexibility.
Bargaining Power of Customers High	Guests have access to extensive choices across hospitality offerings and online booking platforms, increasing price transparency and customer bargaining power. Guest expectations continue to evolve towards personalised experiences, service excellence, digital convenience, sustainability and value for money. Online reviews and social media content also significantly influence customer decision-making and brand perception.	Strong guest loyalty, differentiated hospitality experiences and continued focus on service quality, digital engagement and value creation support customer retention and competitiveness.
Threat of Substitutes Moderate to High	Alternative accommodation platforms such as serviced apartments, villas, boutique stays and short-term rental platforms continue to increase competitive pressure. In addition, economic uncertainty and changing travel preferences may influence discretionary travel spending.	Established hospitality brands, distinctive resort experiences, strategic locations, safety standards and premium service offerings continue to differentiate the Group's value proposition.

OUR PRESENCE IN THE VALUE CHAIN

Operating within a highly interconnected hospitality ecosystem, Aitken Spence Hotel Holdings PLC creates value through a broad value chain spanning upstream partnerships and resources, core hotel and resort operations, and downstream guest, community, and economic outcomes. The Group's position within this value chain enables it to transform diverse inputs into distinctive hospitality experiences and sustainable long-term value for stakeholders across the regions in which it operates.



OUR PRESENCE IN THE VALUE CHAIN

Upstream activities	Midstream activities – Hotel operations	Downstream activities
Key inputs, partnerships, and enabling resources supporting our hotel operations	Our core hospitality operations and guest experience delivery through the management and operation of hotels and resorts across Sri Lanka, the Maldives, Oman, and India	Value delivery, stakeholder impact, and long-term outcomes
Property development and asset management ◆ Hotel ownership, property development, refurbishments and infrastructure enhancement ◆ Architectural design which is one of our core competitive advantages and engineering expertise ◆ Technology systems and operational infrastructure investments **Procurement and supply chain** ◆ Food and beverage suppliers ◆ Linen, amenities and guest consumables suppliers ◆ Energy, water and utility providers ◆ Cleaning, maintenance and facility management partners ◆ Local producers, fisheries, farmers artisans and SME suppliers **Human capital and talent pipeline** ◆ Recruitment partners and the Aitken Spence Institute of Hotel Management ◆ Internal training and development platforms – New learning Management System ◆ Leadership and succession development initiatives **Sales, distribution and travel ecosystem** ◆ Tour operators and destination management companies ◆ Online travel agents (OTAs) and booking platforms ◆ Airline partners and travel agencies ◆ Corporate and MICE partners **Financial, governance and sustainability enablers** ◆ Investors and lenders ◆ Regulatory authorities and tourism bodies ◆ ESG, sustainability and certification frameworks ◆ Insurance and risk management support	**Core hotel and resort operations** ◆ Accommodation and room operations ◆ Food and beverage operations ◆ Banquets, conferences, weddings and events ◆ Wellness, spa and recreation offerings ◆ Guest relations and concierge services ◆ Housekeeping, engineering and facilities management ◆ Digital booking, loyalty and guest engagement platforms **Hospitality brands and experiences** ◆ Heritance Hotels & Resorts ◆ Adaaran Resorts ◆ Turyaa Hotels **Sustainability and operational stewardship** ◆ Energy and water management ◆ Waste management and circularity initiatives ◆ Biodiversity conservation and ecosystem stewardship ◆ Community engagement and responsible tourism practices ◆ Health, safety and food hygiene management	**Guest experience and brand loyalty** ◆ Delivery of authentic hospitality experiences across properties ◆ Customer satisfaction and repeat patronage ◆ Brand differentiation and reputation enhancement **Economic value creation** ◆ Revenue generation and shareholder returns ◆ Foreign exchange earnings and tourism contribution to national economy ◆ Employment generation across regions of operation ◆ Local supplier and SME development **Community and social impact** ◆ Livelihood creation within local communities ◆ Cultural preservation and destination promotion ◆ Community engagement and empowerment initiatives **Environmental and sustainability outcomes** ◆ Reduced environmental footprint ◆ Increase environmental handprint ◆ Sustainable tourism promotion ◆ Climate resilience and resource stewardship initiatives **Strategic and long-term outcomes** ◆ Expansion of regional hospitality footprint ◆ Strengthened market positioning and brand equity ◆ Long-term operational resilience and sustainable value creation



OUR VALUE CREATION MODEL

At Aitken Spence Hotel Holdings PLC, value creation is driven by the integrated alignment of strategy, resources, and stakeholder engagement to deliver sustainable long-term outcomes. Guided by the Integrated Reporting (<IR>) Framework, we leverage our six capitals to support strong financial performance while creating positive social and environmental impact across our markets in Sri Lanka, the Maldives, Oman, and India.

CAPITAL INPUTS

FINANCIAL CAPITAL

EQUITY CAPITAL.

- Total equity capital - **Rs. 43.1 Bn**

DEBT CAPITAL

- Short-term borrowings - **Rs. 9.8 Bn**
- Long-term borrowing - **Rs. 44.9 Bn**

MANUFACTURED CAPITAL

Our 15 properties spread across 4 countries

- Total room inventory - **2,347**

Other property, plant and equipment in usage including fleets of vehicles

- Total PPE as at financial year end - **Rs. 66.2 Bn**
- Capital expenditure during the year - **Rs. 1,850 Mn**

HUMAN CAPITAL

The dynamic Spensonian team serving across Aitken Spence Hotels in four countries

- Total employees across countries - **3,471**
- New recruitments during the year - **1,431**

INTELLECTUAL CAPITAL

The tacit knowledge of our team, systems, processes and the Aitken Spence brand which underpin our performance.

- Intangible assets value - **Rs. 695 Mn**
- Number of ISO standards adhered to - **3**
- Investments in Digital Infrastructure - **Rs. 197 Mn**
- Average service of employees - **5.58 years**

SOCIAL AND RELATIONSHIP CAPITAL

Mutually beneficial relationships that we have nurtured with our stakeholders underpin our reputation, and our social licence to operate.

- Local and foreign guests
- Over 4,100 channel partners including travel agents, tour operators and country representatives
- A strong supplier network
- Relationships with the wider community

NATURAL CAPITAL

Essential natural resources that support and sustain our operations

- Land extent - **524 Ha**
- Total energy consumption - **459,592 GJ**
- Water usage - **1,025,187 m3**

ADEQUACY OF CAPITAL

- Debt capital available at reduced cost within the low interest rate environment
- Retained earnings expansion through higher profitability

- Satisfactory premises with ample amenities and other manufactured capital elements available to meet evolving guest experiences

- Challenged by attrition, but effectively managed through a healthy pool of internally developed talent supplemented by external hires

- Deep sector expertise and institutional knowledge across our international markets, supported by strong talent retention, continuous learning, and a growth-focused culture

- Strong brand loyalty of our guests, sound relationships with our channel partners and agents, suppliers and community

- Adequate access to natural resources while promoting their responsible use, alongside contributing to the achievement of Nationally Determined Contributions (NDCs 3.0)

OUR VALUES

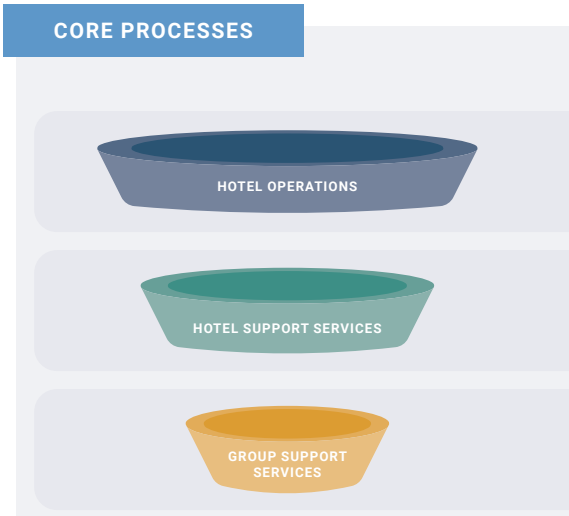
- Reliable
- Honest & Transparent
- Warm & Friendly
- Genuine
- Inspiring Confidence

ENABLED BY

A strong governance framework

(Pg 36)

CORE PROCESSES



KEY STRATEGIC PRIORITIES

GRI 2-6 GRI 2-27

ADEQUACY OF CAPITAL

OUR VISION

To achieve excellence in all our activities, establish high growth businesses in Sri Lanka and across new frontiers, and become a globally competitive market leader in the region.

MATERIAL THEMES

- Economic Performance & Resilience
- Operational Excellence & Customer Experience
- People & Workplace Wellbeing
- Environmental Stewardship
- Responsible Value Chain & Product Integrity
- Governance & Community Impact

Sustainability focus *(Pg 96-97)*

Robust risk management *(Pg 99 - 104)*

Stakeholder expectations *(Pg 76)*

HOTEL OPERATIONS

FOOD & BEVERAGES | FRONT OFFICE | HOUSE KEEPING

HOTEL SUPPORT SERVICES

FINANCE | MAINTENANCE | HR & ADMINISTRATION

GROUP SUPPORT SERVICES

RESERVATIONS | SALES AND MARKETING | ENGINEERING AND PROJECTS | CORPORATE FINANCE | CENTRAL PURCHASING

Inspired and Dedicated Team | Customer Centricity | Operational Excellence | Sustainability | Revenue Growth | Technology Integration

KEY OUTPUTS - LINKED TO CAPITALS

FINANCIAL CAPITAL

- PAT - **Rs. 5.02Bn**
- ROE - **11.64%**
- Earnings per share - **Rs. 9.16**
- Net asset value per share - **Rs. 88.13**

MANUFACTURED CAPITAL

- Return on assets - **9%**
- Asset turnover ratio - **49%**

HUMAN CAPITAL

- Revenue per employee - **Rs. 15.1Mn**
- Training investment per employee - **Rs. 10,374**
- Training hours per employee - **4.2**
- Employee retention rate - **70%**

INTELLECTUAL CAPITAL

- Unique experiences to enhance guest satisfaction

SOCIAL AND RELATIONSHIP CAPITAL

- 3,471 direct employment opportunities created
- Rs. 11.7 Mn investment in CSR
- Rs. 26.1 Bn in payments to suppliers

NATURAL CAPITAL

- Total emissions generated (Scope 1 and 2) - **38,396 tCO_2e**
- Waste generated - **1,658,985 kg**
- Renewable energy generated - **21,253 GJ**

KEY OUTCOMES - LINKED TO STAKEHOLDERS

Shareholder

Delivered sustainable earnings growth through a resilient operating model and disciplined execution, generating risk-aligned returns supported by strong governance and risk management.

Employees

Our employees are supported through competitive, market-aligned remuneration and provided with opportunities for continuous growth within an inclusive, safe, and well-being-focused work environment.

Customers

Guests continued to enjoy high-quality, responsibly curated experiences tailored to diverse segments across Sri Lanka and our international markets

Business Partners

Suppliers and business partners benefited from mutually rewarding engagements, supported by strong demand across our properties, timely payments, and adherence to agreed terms.

Communities

Advancing community development through targeted investments that support employment generation and stimulate local economic activity.

Government & Regulators

Regulatory compliance, tax contributions, and employment generation supporting national development and economic growth

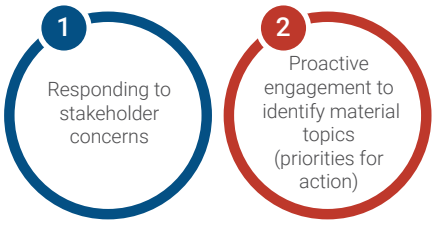
RESPONDING TO OUR STAKEHOLDERS

GRI 2-29

As a subsidiary of Aitken Spence PLC (Parent entity), Aitken Spence Hotels closely aligns its stakeholder engagement approach to that of the Parent entity. Accordingly, Aitken Spence Hotels adopts the following structured and transparent approach to identify, engage, and respond to stakeholders' evolving needs, ensuring that our business strategies align with their expectations and contribute to long-term shared value.

IDENTIFYING AND PRIORITISING STAKEHOLDERS

Two-pronged approach to stakeholder engagement



While both are essential, they serve distinct purposes. Responding to concerns ensures transparency and accountability, while proactive engagement helps shape strategic decisions based on well-founded insights. We remain committed to addressing stakeholder concerns; however, we also recognise the need for selective engagement - focusing on stakeholders whose perspectives are credible, materially relevant, and aligned with our strategic priorities.

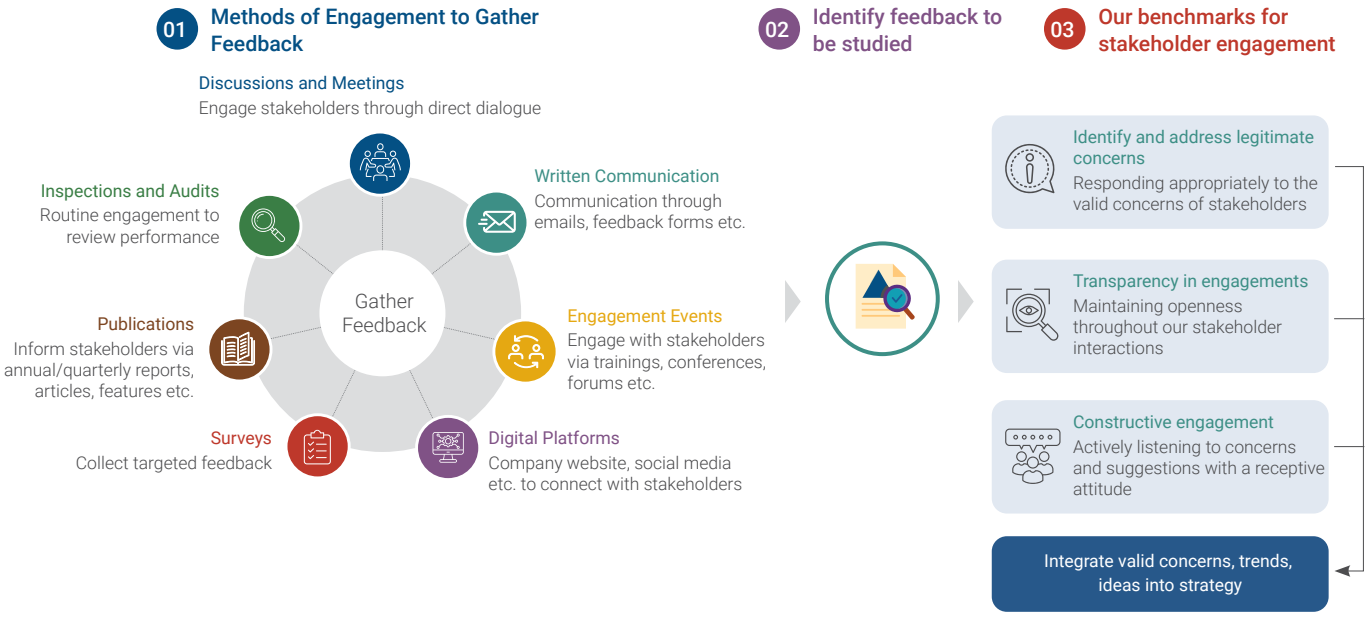
To ensure meaningful and effective engagement, we continuously assess our stakeholders based on;

- topic expertise,
- influence on the organisation,
- potential impacts,
- urgency and proximity.

STAKEHOLDER PRIORITISATION

Our stakeholders are prioritised based on their ability to influence Group's operations and their interest on Group's operations. Based on such prioritisation as depicted below, engagement mechanisms are deployed.





Shareholder

Shareholder Profile



5,770
Shareholders

98.64%
Local Shareholding

92.39%
Institutional Shareholding

Providing feedback | Receiving feedback

Maintaining two-way constructive communication

- Quarterly and annual financial results publications to the Colombo Stock Exchange
- Timely announcements made to the Colombo Stock Exchange on a range of topics
- Updates to the corporate website and social media sites
- Press Releases
- One-on-one meetings with current and prospect shareholders on a need basis
- Annual general meetings
- Extraordinary general meetings

Dedicated points of contact : Company Secretariat, Head of Finance

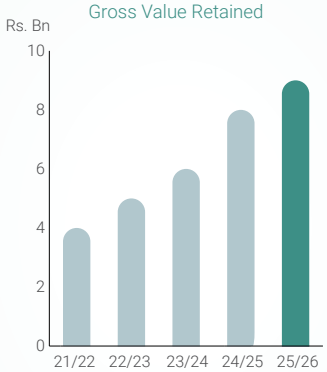
Key concerns raised	Response action	Integrating feedback into corporate strategy and decision-making
◆ Return on investment and profitability amidst external disruptions, market volatility, and adverse weather events ◆ Interest rate movements, inflation, and currency fluctuations impacting earnings and cost structures ◆ Geopolitical and market risks, including Middle East tensions and economic conditions in the Maldives affecting demand and margins ◆ Business continuity and operational resilience against natural disasters and external shocks ◆ Cost management and operational efficiency while maintaining service quality and profitability ◆ Sustainable growth prospects, expansion opportunities, and regional market positioning ◆ Governance, risk management, regulatory compliance, and ESG integration into long-term strategy ◆ Upholding ethical business conduct, transparency, and stakeholder trust	The Group responded to shareholder concerns through disciplined revenue optimisation, prudent cost management, and adaptive pricing strategies to sustain returns amidst external uncertainties. Business continuity and operational resilience measures were further strengthened, while governance, risk management, and compliance frameworks continued to be enhanced with guidance from the Parent entity. Continued focus was also placed on integrating sustainability practices, upholding ethical business conduct, and advancing strategic initiatives that support long-term growth and value creation.	Shareholder feedback is actively considered in shaping strategic priorities, capital allocation decisions, and long-term growth initiatives which has a direct impact on Group's profitability.

Strategic pillar linked:

Revenue Growth

Value Delivered to Shareholders

Gross Value Retained



Link to material matters:

Material theme: 2 Economic performance and resilience

2.1 Cost management

2.2 Financial performance and preserving liquidity

2.3 Property portfolio

Material theme: 7 Governance and community impact

7.1 Good governance

More information: Financial capital - page 130, Investor relations - page 325

RESPONDING TO OUR STAKEHOLDERS

GRI 2-25 GRI 2-26

Employees

Employees Profile



3,471
Total Staff Members

12%
Female Representation

5+
Different Nationalities

Providing feedback / Receiving feedback

Maintaining two-way constructive communication

- Aitken Spence Hotel Holdings PLC Intranet
- Regular one-on-one and team meetings
- Performance appraisals (bi-annual and annual)
- Grievance handling mechanisms
- Relationship with trade unions
- Employee culture surveys

Dedicated points of contact : Line supervisors, Head of HR

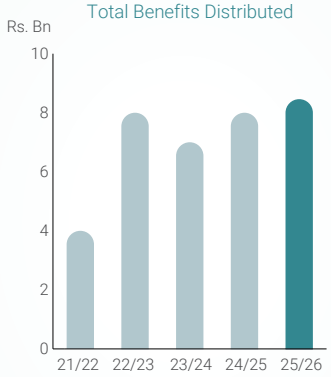
Key concerns raised	Response action	Integrating feedback into corporate strategy and decision-making
◆ Compensation and remuneration aligned with rising living costs and market benchmarks ◆ Career growth, training, development opportunities, and internal mobility ◆ Job security and workforce stability amidst external uncertainties and industry volatility ◆ Work-life balance and flexibility, particularly across operational roles ◆ Employee well-being, including physical, mental, and emotional health support ◆ Safe, secure, and healthy workplace conditions across all properties ◆ Fair, transparent, and performance-based recognition and reward mechanisms ◆ Inclusivity, diversity, and equal opportunity within the workplace ◆ Supportive leadership, employee engagement, and clear communication channels	The Group addressed employee concerns by ensuring market-aligned remuneration and targeted cost-of-living support, while strengthening learning and development pathways and internal career mobility. Well-being initiatives, safe working environments, and structured engagement mechanisms were enhanced to support employee welfare and work-life balance. Performance management and recognition frameworks were reinforced to ensure fairness and transparency, alongside continued efforts to foster an inclusive culture and strengthen leadership communication across all properties.	Employee feedback, particularly those gathered through the Culture Survey is integrated into strategic and operational decision-making, with insights directly shaping people initiatives, workplace practices, including training calendars to align with evolving development needs of our staff.

Strategic pillar linked:

Revenue Growth

Value Delivered to Employees

Total Benefits Distributed



Link to material matters

Material theme: 4 People and workplace well-being

4.1 Talent management

4.2 Health and safety

More information: Human capital - page 146

GRI 2-6

Customers

Customers Profile



1,170,224
Guest nights sold

Providing feedback / Receiving feedback

Maintaining two-way constructive communication

- Customer satisfaction surveys, feedback forms and QR Codes (Tent Cards)
- Feedback via channel partners and frontline staff
- Online reviews (e.g., TripAdvisor, Booking.com, Google)
- Aitken Spence Hotels website and social media platforms
- Brand blogs and digital content platforms
- One-on-one meetings with customers

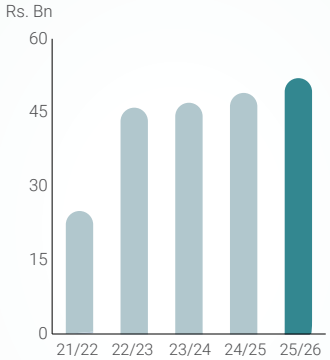
Dedicated points of contact : Front office staff, Hotline support staff

Key concerns raised	Response action	Integrating feedback into corporate strategy and decision-making
◆ Safety and security standards, particularly across regions affected by geopolitical uncertainties ◆ Flexible booking, cancellation, and refund arrangements amidst travel disruptions and changing travel conditions ◆ Competitive pricing and value for money in light of global economic pressures and rising travel costs ◆ Consistent service quality and hospitality standards across all properties and locations. ◆ Personalised services together with unique, authentic, and curated guest experiences ◆ High standards of health, hygiene, food safety, and overall guest well-being ◆ Seamless digital convenience, responsiveness, and issue resolution across booking and guest engagement platforms ◆ Sustainable and responsible hospitality practices aligned with evolving guest expectations	The Group strengthened guest safety measures and communication protocols, particularly in Oman, while maintaining flexible booking and cancellation arrangements to support evolving travel conditions. Pricing strategies were carefully managed to maintain competitiveness and value, alongside continued focus on service excellence, hygiene standards, and enhanced digital guest engagement and responsiveness.	Customer feedback is continuously analysed across multiple platforms to inform service enhancements, pricing strategies, and operational improvements. Insights gathered are integrated into decision-making processes, and even training and development initiatives - ensuring that guest expectations shape experience design, service delivery standards and digital engagement initiatives across Group.

Strategic pillar linked:

Revenue Growth | Technology Integration | Operational Excellence | Customer Centricity | Inspired and Dedicated Team | Sustainability

Value Delivered to Customers
Revenue from External Customers



Link to material matters

Material theme: 3 Operational excellence and customer experience

3.1 Service and operational excellence
3.2 Customer satisfaction
3.3 Brand and reputation

Material theme: 5 Environmental stewardship

5.1 Carbon footprint (energy, emissions)
5.2 Water and biodiversity
5.3 Effluents and waste
5.4 Raw material consumption

More information:
Social and relationship capital - page 161

RESPONDING TO OUR STAKEHOLDERS

Business Partners

Business Partners Profile



999 Tour Operators
1,421 Travel Agents
1,687 Corporate Clients
38 Country Representatives
1,778 Suppliers

Providing feedback | Receiving feedback

Maintaining two-way constructive communication

- Site visits and direct engagement
- Contracts and formal agreements
- Supplier performance evaluations
- Seminars, workshops, and knowledge-sharing sessions

Dedicated points of contact : Head of Sales and Marketing, Head of Procurement

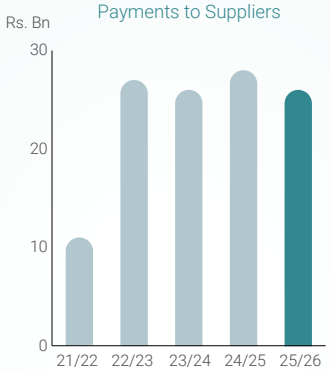
Key concerns raised	Response action	Integrating feedback into corporate strategy and decision-making
◆ Operational efficiency, coordination, and timely information flow across properties and functions ◆ Timely payments, efficient transaction processes, and ease of business dealings ◆ Transparent communication, fair commercial terms, and consistency in engagements ◆ Constructive collaboration and continuous feedback to enhance performance and service delivery ◆ Stable demand, long-term partnerships, and opportunities for mutual business growth. ◆ Fair pricing structures and sustainable commercial viability within partnerships ◆ Ethical business conduct, compliance, and adherence to applicable policies and regulatory requirements	The Group strengthened collaboration with suppliers and channel partners through regular engagement, striking alignment on operational requirements, service standards, and demand planning – particularly as the operating environment became challenging with the geopolitical crisis in the Middle East. This was supported by timely payments, transparent communication, and structured performance evaluations, enabling mutually beneficial relationships, improved coordination, and enhanced efficiency across the value chain.	Feedback from business partners is incorporated into operational and procurement strategies, driving improvements in service delivery, sourcing decisions, and partnership models.

Strategic pillar linked:

Operational Excellence

Value Delivered to Suppliers

Payments to Suppliers



Link to material matters

Material theme: 6 Responsible value chain and product integrity management

6.1 Product responsibility and responsible business

6.2 Procurement practices

More information: Social and relationship capital - page 161

Communities

Communities Profile



The wider communities that we operate in, across Sri Lanka, the Maldives, Oman and India

Providing feedback | Receiving feedback

Maintaining two-way constructive communication

- Direct engagement with communities / their representatives
- Community empowerment projects / initiatives

Dedicated points of contact : Head of Sustainability, General Managers of each property

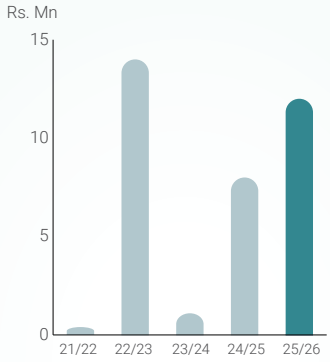
Key concerns raised	Response action	Integrating feedback into corporate strategy and decision-making
◆ Employment opportunities, local hiring, and fair employment practices within surrounding communities ◆ Livelihood development and support for local suppliers, artisans, SMEs, and service providers ◆ Responsible operations with minimal environmental and social impacts on surrounding communities and ecosystems ◆ Contribution towards local infrastructure development and socio-economic upliftment ◆ Preservation and promotion of local culture, heritage, and authentic community experiences	The Group actively engaged with local communities across all operating locations, prioritising local hiring and supplier partnerships to support livelihoods and regional economies. Community development initiatives, environmental stewardship programmes, and responsible operational practices were strengthened to minimise impacts while contributing positively to the areas in which we operate.	Community feedback is considered in shaping sustainability initiatives, local sourcing strategies, and development programmes, ensuring that operations remain socially responsible and aligned with community needs and expectations.

Strategic pillar linked:

Sustainability

Value Delivered to Community

Investment in Sustainability and Community Empowering Initiatives



Link to material matters

Material theme: 5 Environmental stewardship

5.1 Carbon footprint (energy, emissions)

5.2 Water and biodiversity

5.3 Effluents and waste

5.4 Raw material consumption

Material theme: 7 Governance and community impact

7.2 Local communities

More information: Social and relationship capital - page 161

RESPONDING TO OUR STAKEHOLDERS

Government and related institutes

Government and related institutes Profile



Rs. 10.6 Bn
Tax paid

Government ministries, regulatory authorities, tourism promotion agencies, local government bodies, environmental authorities and other public sector institutions across Sri Lanka, the Maldives, Oman, and India

Providing feedback | Receiving feedback

Maintaining two-way constructive communication

- Site visits and inspections by authorities
- Direct dialogue and consultations
- Regulatory reporting, disclosures, statutory filings and submission of returns
- Participation in industry forums and consultations

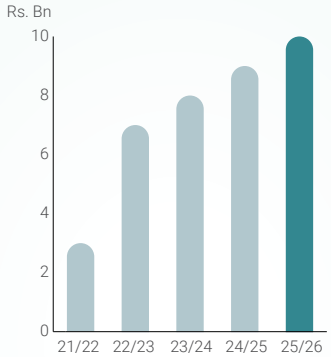
Dedicated points of contact : Company Secretary, Head of Finance, Head of Sustainability

Key concerns raised	Response action	Integrating feedback into corporate strategy and decision-making
◆ Timely settlement of taxes, levies, and other statutory obligations ◆ Compliance with applicable laws, regulations, and industry guidelines across all jurisdictions of operation ◆ Contribution towards employment generation, skills development, and workforce capacity building ◆ Responsible environmental and social practices aligned with national sustainability priorities ◆ Contribution towards tourism development, economic growth, and foreign exchange earnings ◆ Collaboration, industry engagement, and participation in policy dialogue and knowledge-sharing initiatives	Group maintained strict compliance with all applicable regulatory requirements and ensured the timely settlement of statutory obligations across its operations. Employment generation, local capability development, and responsible environmental practices were prioritised, while active participation in industry forums and engagement with authorities supported sector development and alignment with national priorities.	Insights from government and regulatory engagement are incorporated into strategic planning, ensuring alignment with regulatory expectations, national development priorities, and evolving policy frameworks across all operating markets.

Strategic pillar linked:

Sustainability

Value Delivered to Government
Total Tax Paid



Link to material matters

Material theme: 7 Governance and community impact

7.1 Good Governance

More information:
Social Financial Capital - page 130

DETERMINE MATERIAL ISSUES

GRI 3-1 GRI 3-2 GRI 3-3

MATERIAL MATTERS

At Aitken Spence Hotel Holdings PLC, the identification and prioritisation of material matters form a critical foundation of our strategic decision-making and long-term value creation. Our materiality process reflects a structured and inclusive approach, incorporating insights from key stakeholders alongside an assessment of the economic, environmental, and social impacts arising from our operations.

These material matters represent the most significant issues that influence our ability to create value over the short, medium, and long term. They directly inform the Group's strategic priorities, guide resource allocation, and shape the management of risks and opportunities across our operating markets.

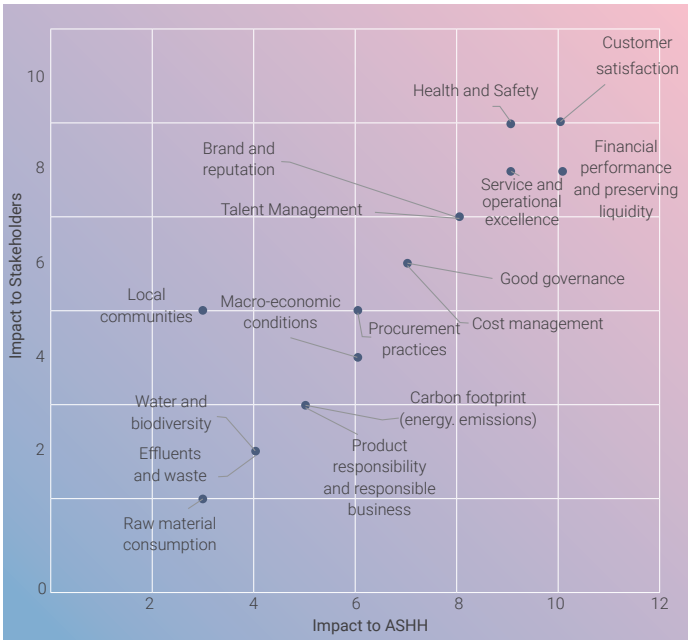
Aligned with the principles of Integrated Reporting, our material matters are intrinsically linked to the capitals we utilise and transform through our business model. They provide a clear line of sight between our operating environment, stakeholder expectations, and the outcomes we deliver, ensuring that our strategy remains responsive, resilient, and value-driven.

During the year, Group further enhanced its materiality approach by incorporating a dual materiality perspective, in line with the adoption of SLFRS S1 and SLFRS S2. This approach considers both the impacts of our operations on the economy, environment, and society, as well as sustainability-related risks and opportunities (including climate-related risks and opportunities – CRROs) that could influence our financial performance and position. Accordingly, matters identified through the impact materiality lens are assessed for their potential financial implications, ensuring a connected and comprehensive view of materiality.

Mapping of our material matters

This year, we have categorised our material matters under six broader material themes. Given below is an analysis such material matters.

Our Material Matters



ARRIVING AT OUR PRIORITISED MATERIAL MATTERS

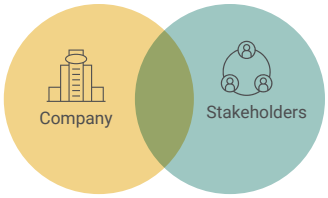
We adopt the following process in arriving at our material matters and prioritising them for required action.

1 Step 1: Identification of Material Issues

- Assessment of external environment
- Internal and external stakeholder engagement
- Evaluation of internal strengths and weaknesses
- Discussions with the management team

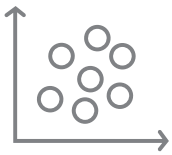
2 Step 2: Evaluation of Material Topics

Identified topics are ranked using a double materiality lens based on the impact and significance to the company and its stakeholders.



3 Step 3: Prioritisation

The topics are then mapped based on the overall ranking and prioritised for action. These topics are continuously assessed to ensure relevance.



DETERMINE MATERIAL ISSUES

Material matter		Reporting boundary	Strategic priorities	Relevant GRI topics and SASB indicators
1	Macro-economic conditions			
	Macro-economic conditions	External	Revenue Growth	-
2	Economic Performance and Resilience			
2.1	Cost Management	Internal	Technology Integration, Operational Excellence	-
2.2	Financial Performance and Preserving Liquidity	Internal	Revenue Growth	GRI 201: Economic Performance GRI 207: Tax
2.3	Property Portfolio	Internal	Revenue Growth, Customer Centricity, Operational Excellence,Sustainability	GRI 202: Market Presence SV-HL-000.A SV-HL-000.B SV-HL-000.C SV-HL-000.D
3	Operational Excellence and Customer Experience			
3.1	Service and Operational Excellence	Internal	Customer Centricity, Operational Excellence	-
3.2	Customer Satisfaction	Internal	Customer Centricity, Technology Integration	GRI 410: Security Practices
3.3	Brand and Reputation	External	Customer Centricity, Revenue Growth	GRI 206: Anti-competitive Behaviour GRI 415: Public Policy
4	People and Workplace Well-being			
4.1	Talent Management	Internal	Inspired and Dedicated Team	GRI 401: Employment GRI 402: Labour Management Relations GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity GRI 407: Freedom of Association and Collective Bargaining SV-HL-310a.1 SV-HL-310a.2 SV-HL-310a.3 SV-HL-310a.4
4.2	Health and Safety	Internal	Customer Centricity, Inspired and Dedicated Team	GRI 403: Occupational Health and Safety GRI 416: Customer Health and Safety

Key stakeholders impacted (Ranked in the order of severity of impact)	Value delivered through	SDGs linked	Management of MM
Shareholder, Customers, Employees	Financial Capital	-	Page 130
Shareholder	Financial Capital	-	Page 130
Shareholder, Employees, Business Partners	Financial Capital		Page 130
Customers, Employees	Manufactured Capital		Page 137
Customers, Employees	Social and Relationship Capital, Human Capital, Manufactured Capital	-	Page 161, 146, 137
Customers	Social and Relationship Capital	-	Page 161
Shareholder	Intellectual Capital	-	Page 181
Customers, Employees	Human Capital		Page 146
Customers, Employees	Human Capital, Manufactured Capital		Page 146, 137

DETERMINE MATERIAL ISSUES

Material matter		Reporting boundary	Strategic priorities	Relevant GRI topics and SASB indicators
5	Environmental Stewardship			
5.1	Carbon Footprint (Energy, Emissions)	Internal	Sustainability	GRI 302: Energy GRI 305: Emissions SV-HL-130a.1
5.2	Water and Biodiversity	Internal	Sustainability	GRI 303: Water & Effluents GRI 101: Biodiversity SV-HL-140a.1 SV-HL-160a.1 SV-HL-160a.2
5.3	Effluents and Waste	Internal	Sustainability	GRI 306: Waste
5.4	Raw Material Consumption	Internal	Sustainability	-
6	Responsible Value Chain and Product Integrity			
6.1	Product Responsibility and Responsible Business	Internal and External	Operational Excellence	GRI 418: Customer Privacy GRI 201: Economic Performance
6.2	Procurement Practices	Internal and External	Operational Excellence	GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment
7	Governance and Community Impact			
7.1	Good Governance	Internal	Sustainability	GRI 205: Anti-Corruption GRI 406: Non-Discrimination GRI 408: Child Labour GRI 409: Forced Labour GRI 410: Security practices GRI 415: Public Policy
7.2	Local Communities	External	Sustainability	GRI 203: Indirect Economic Impacts GRI 413: Local Communities

Key stakeholders impacted (Ranked in the order of severity of impact)	Value delivered through	SDGs linked	Management of MM
Shareholder, Communities	Natural Capital		Page 169
Shareholder, Communities	Natural Capital		Page 169
Shareholder, Communities	Natural Capital		Page 169
Shareholder, Communities	Natural Capital	-	Page 169
Customers, Government & Regulators, Business Partners	Social and Relationship Capital		Page 161
Business Partners	Intellectual Capital, Social and Relationship Capital		Page 161, 181
Shareholder, Government & Regulators	Intellectual Capital		Page 181
Shareholder	Social and Relationship Capital		Page 161

STRATEGY AND RESOURCE ALLOCATION

OUR STRATEGY

The Group's corporate strategy is formulated through a comprehensive assessment of operating challenges, including climate-related risks, and emerging opportunities, alongside insights derived from stakeholder engagement and our impact on society and the environment. Designed to remain adaptive, the strategy is continuously reviewed to ensure alignment with evolving market conditions, enabling timely recalibration of priorities, resource allocation, and execution in support of long-term objectives.



SHARPENING STRATEGIC FOCUS, AS WE PROGRESS

2023/24: Rebuilding and consolidation

Focused on stabilising operations and strengthening fundamentals following a challenging operating environment.

2024/25: Driving growth

Shifted towards growth by capitalising on domestic economic stabilisation and increased tourist arrivals from both traditional and emerging markets.

2025/26: Accelerated growth with recalibration

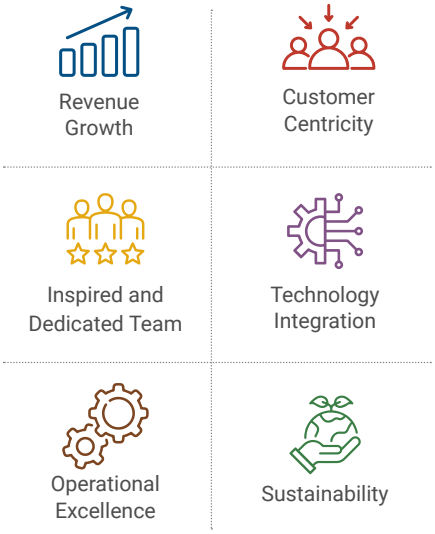
Advanced growth momentum supported by a strengthening economy and rising tourist inflows, with strategic recalibration in response to external disruptions, including Cyclone Ditwah and geopolitical tensions in the Middle East.

GOVERNANCE OF STRATEGY

Strategy development is driven internally, leveraging deep sector expertise, market intelligence, and insights into emerging hospitality trends. This process is supported by structured management review and subject to approval by the Board of Directors.

Progress against strategic priorities is monitored through periodic reviews and reporting to the Board, supported by robust management information systems (MIS) that enable timely performance tracking, course correction, and alignment with strategic objectives.

CORE STRATEGIC PILLARS OF AITKEN SPENCE HOTELS



Revenue Growth

Strategic drive: Leveraging our collection of existing properties and unique propositions to drive growth while also looking out for opportunities in new markets.

Key priority areas

- Market expansion and diversification
- Asset enhancement and value optimisation
- Demand stimulation and pricing agility
- Customer-centric flexibility
- F&B innovation and experience enhancement

Macro-economic conditions that drove the performance of this strategic pillar

PESTEL factors

Political
Economic

Porter's Five Forces Analysis

Competitive rivalry
Bargaining power of customers
Threat of substitutes

Resource Allocation

- Rs.1,850 Mn in capital expenditure enhancing our properties
- 4,145 channel partners and strengthening relationships with them
- Rs. 3.6 Bn spent on brand position and marketing
- 175,816 training hours to staff on guest service excellence

Capital trade-offs



Key strategic initiatives

- Pursued growth opportunities across new and emerging source markets to diversify demand
- Undertook selective investments to enhance property offerings through targeted refurbishments and renovations
- Implemented targeted promotions and dynamic pricing strategies during off-peak periods to sustain occupancy levels
- Maintained flexible booking and cancellation policies, while proactively managing room night cancellations arising from Middle East geopolitical tensions through re-targeting alternative markets and optimising inventory utilisation
- Introduced innovative dining concepts and enhanced culinary offerings to elevate guest experiences
- Expanded ancillary revenue streams by leveraging on-site facilities, including excursions, wellness, and recreational offerings

Key performance indicators

KPI	2023/24	2024/25	2025/26
YoY revenue growth	3%	3%	7%
YoY PAT growth	3,884%	92%	40%

Stakeholders impacted



Link to Material Matters

1. Macro-economic condition

2.2 Financial Performance and Preserving Liquidity

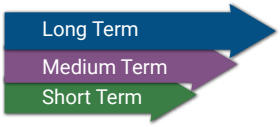
2.3 Property Portfolio

3.3 Brand and Reputation

Contribution to SDGs



WAY FORWARD



Short Term

- Optimise occupancy and yield through dynamic pricing, targeted promotions, and agile market reallocation, while sustaining demand through diversified source markets and flexible booking strategies

Medium Term

- Strengthen revenue streams through selective asset enhancements, expansion of ancillary offerings, and deeper penetration into high-growth markets, supported by stronger channel partnerships and brand positioning

Long Term

- Drive sustainable revenue growth through strategic portfolio expansion, development of differentiated hospitality experiences, and continued investment in digital, sustainability, and brand-led value propositions across key geographies

STRATEGY AND RESOURCE ALLOCATION

Customer-centricity

Strategic drive: Maintaining our reputation for excellence in service and cuisine by inculcating a customer-centric approach within our people.

Key priority areas

- Service excellence and consistency
- Talent development and capability building
- Customer-centric culture and mindset
- Personalised guest experiences
- Feedback-driven service improvement
- Digital engagement and responsiveness

Macro-economic conditions that drove the performance of this strategic pillar

PESTEL factors

Social

Technological

Porter's Five Forces Analysis

Bargaining power of customers

Resource Allocation

- Rs. 73 Mn investment in customer interface technologies
- 4 new customer experiences curated across all properties

Capital trade-offs



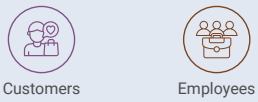
Key strategic initiatives

- Sustained service excellence through continuous quality assurance and service standards
- Strengthened talent capabilities through targeted training and structured learning programmes
- Strengthened customer-centric culture through ongoing engagement and behavioural alignment initiatives
- Enhanced guest personalisation using data-driven insights and feedback mechanisms
- Strengthened digital touchpoints to improve responsiveness and guest convenience
- Leveraged guest feedback across platforms to drive continuous service improvements
- Elevated dining and experiential offerings to enrich the overall guest journey
- Reinforced service recovery mechanisms to ensure timely and effective resolution of guest concerns

Key performance indicators

KPI	2023/24	2024/25	2025/26
Guest Satisfaction rate	92.22%	93.10%	93.77%

Stakeholders impacted



Link to Material Matters

2.3 Property Portfolio

3.1 Service and Operational Excellence

3.2 Customer Satisfaction

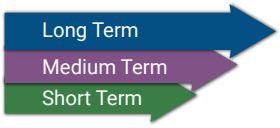
3.3 Brand and Reputation

4.2 Health and Safety

Contribution to SDGs



WAY FORWARD



Short Term

- Strengthen service consistency and responsiveness through enhanced staff training, service standards, and real-time feedback integration across all properties.

Medium Term

- Deepen personalisation and guest engagement through data-driven insights, expanded digital touchpoints, and continuous enhancement of curated guest experiences.

Long Term

- Sustain differentiation through a deeply embedded customer-centric culture, leveraging innovation, technology, and service excellence to deliver distinctive and memorable experiences across all markets.

Inspired and Dedicated Team

Strategic drive: Proactive engagement and value addition to employees to enhance the Group's competitive advantage and strengthen our ability to adapt, grow and succeed in the long term.

Key priority areas

- Talent attraction and retention
- Learning and capability development
- Employee engagement and well-being, with added emphasis amidst emerging external events such as Cyclone Ditwah and the effects of the Middle Eastern crisis
- Performance and reward management
- Leadership development and succession planning
- Diversity, equity and inclusion

Macro-economic conditions that drove the performance of this strategic pillar

PESTEL factors

Political
Economical
Social

Porter's Five Forces Analysis

Competitive rivalry
Threat of new entrants

Resource Allocation

- Rs. 8.4 Bn expenses made to employees
- Rs. 36.0 Mn invested in learning and development programmes
- 94 graduates afforded the opportunity to graduate from the Aitken Spence Institute of Hotel Management

Capital trade-offs



Key performance indicators

KPI	2023/24	2024/25	2025/26
Average benefits per employee - Rs. Mn	2.82	2.20	2.44
Employee retention ratio	48%	61%	70%

Stakeholders impacted

Employees

Link to Material Matters

4.1 Talent Management

4.2 Health and Safety

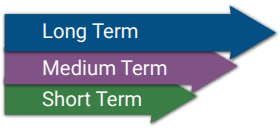
Contribution to SDGs



Key strategic initiatives

- Ensured competitive, market-aligned remuneration and benefits to attract and retain talent across all properties
- Strengthened learning and development through structured, role-based training and on-the-job exposure across key functions (F&B, housekeeping, front office)
- Expanded grassroots talent development through hotel schools and entry-level training pipelines to address industry skill gaps
- Implemented structured career progression pathways and internal mobility programmes to retain and groom high-potential employees
- Fostered an inclusive, people-centric culture with initiatives supporting work-life balance and employee well-being across geographies, strongly aligned to our Diversity, Equality and Inclusion commitments
- Enhanced leadership development and succession planning to build a strong internal pipeline for critical roles
- Strengthened employee engagement through regular feedback mechanisms and property-level initiatives to improve retention and morale

WAY FORWARD



Short Term

- Strengthen workforce stability through targeted retention initiatives, enhanced employee support mechanisms, and continued focus on well-being and safety amidst external disruptions.

Medium Term

- Build a resilient talent pipeline through expanded learning and development programmes, structured career pathways, and increased intake through hotel schools and grassroots training initiatives.

Long Term

- Sustain competitive advantage through a future-ready workforce, driven by strong leadership pipelines, an embedded culture of inclusivity and engagement, and continuous capability development aligned to evolving industry needs.

STRATEGY AND RESOURCE ALLOCATION

Technology Integration

Strategic drive: Integration of technology into our operations to drive improvements in systems and processes and deliver enhanced experiences to customers.

Key priority areas

- Digital customer experience enhancement
- Data-driven decision making and analytics
- Digital marketing and online presence
- Systems and process optimisation
- Revenue management and personalisation
- Technology-enabled service delivery

Macro-economic conditions that drove the performance of this strategic pillar

PESTEL factors
Technological

Porter's Five Forces Analysis
NA

Resource Allocation

- Rs. 197 Mn investment made in digital infrastructure

Capital trade-offs



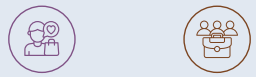
Key strategic initiatives

- Migrated core systems, including OPERA, to cloud-based platforms to enhance scalability, efficiency, and system integration
- Strengthened Customer Relationship Management (CRM) systems to enable seamless connectivity and improved service responsiveness
- Enhanced digital infrastructure to support better integration with agents and distribution channels
- Advanced digitisation and automation of processes through applications and system-driven workflows to improve operational efficiency
- Leveraged data analytics to monitor customer feedback and drive service improvements
- Strengthened digital marketing capabilities and online presence through targeted campaigns and social media engagement
- Upgraded website functionality and user experience to enhance direct customer engagement
- Utilised Guest Management System insights to deliver targeted promotions and personalised guest experiences

Key performance indicators

KPI	2023/24	2024/25	2025/26
Increase in overall traffic to the website	85%	12%	13%

Stakeholders impacted



Link to Material Matters

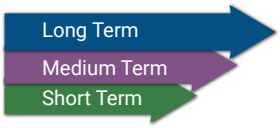
2.1 Cost Management

3.2 Customer Satisfaction

Contribution to SDGs



WAY FORWARD



Short Term

Enhance guest experience through improved digital interfaces, faster booking and check-in processes, and strengthened real-time customer support, while leveraging data analytics for targeted marketing and service improvements.

Medium Term

Drive operational efficiency through greater automation and system integration, while expanding digital sales channels and utilising data insights to optimise pricing, personalise offerings, and increase direct bookings and ancillary revenue.

Long Term

Establish a fully integrated, data-driven digital ecosystem that enables seamless guest journeys, predictive decision-making, and sustainable operations, positioning the Group as a technology-enabled hospitality leader.

Operational Excellence

Strategic drive: Driving growth and stability by adopting a proactive business approach which is capable of navigating market uncertainties.

Key priority areas

- Cost optimisation and margin enhancement
- Centralised sourcing and supply chain efficiency
- Local sourcing and sustainable procurement
- Process optimisation and operational efficiency
- Revenue optimisation and yield management
- Authentic guest experiences through local integration

Macro-economic conditions that drove the performance of this strategic pillar

PESTEL factors

Social

Technological

Porter's Five Forces Analysis

Bargaining power of suppliers

Resource Allocation

- Rs. 22.33 Bn payments made to local suppliers
- 4,145 Channel partners

Capital trade-offs

Financial Capital (Short Term) ↓

Financial Capital (Long Term) ↑

Social and Relationship Capital ↑

Key strategic initiatives

- Optimised mix of centralised and de-centralised procurement to leverage group-wide scale and improve cost efficiencies
- Strengthened supplier partnerships, with increased focus on local sourcing to enhance resilience and support communities
- Optimised operational processes across properties to improve productivity and cost control
- Enhanced revenue management practices through dynamic pricing and demand forecasting
- Streamlined F&B operations by incorporating locally sourced ingredients and standardising processes
- Leveraged digital tools and systems to improve operational visibility and decision-making
- Rationalised overheads and discretionary expenditure to protect margins amidst external pressures across all properties
- Strengthened cross-property synergies to share best practices and drive consistency in operations

Key performance indicators

KPI	2023/24	2024/25	2025/26
YoY increase in operating profit	14%	6%	5%
YoY increase in occupancy levels (Basis point)	20%	3%	-1%

Stakeholders impacted

Customers | Employees | Shareholder

Link to Material Matters

2.1 Cost Management

2.3 Property Portfolio

3.1 Service and Operational Excellence

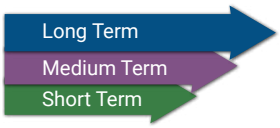
6.1 Product Responsibility and Responsible Business

6.2 Procurement Practices

Contribution to SDGs



WAY FORWARD



Short Term

- Strengthen cost discipline through tighter procurement controls, process efficiencies, and enhanced revenue management to protect margins amid ongoing market volatility.

Medium Term

- Scale centralised sourcing and deepen local supplier integration to improve supply chain resilience, optimise costs, and enhance operational consistency across properties and geographies.

Long Term

- Build a lean, technology-enabled operating model that drives sustained margin expansion, operational agility, and differentiated guest experiences anchored in authenticity and sustainability.

STRATEGY AND RESOURCE ALLOCATION

Sustainability

Strategic drive: Carrying out our operations responsibly to minimise harmful impacts to the environment and attain sustainable growth for all stakeholders.

Key priority areas

- Renewable energy adoption and energy efficiency
- Carbon footprint management and emissions tracking (including Scope 3)
- Water stewardship and circular resource management
- Waste reduction and elimination of single-use plastics
- Sustainable operations and eco-efficient infrastructure
- Responsible sourcing and supply chain sustainability
- Biodiversity conservation and ecosystem protection
- Community engagement and environmental stewardship

Macro-economic conditions that drove the performance of this strategic pillar

PESTEL factors

Environmental

Social

Technological

Legal

Porter's Five Forces Analysis

N/A

Resource Allocation

- Rs. 11.7 Mn Investment in environmental and community engagement initiatives

Capital trade-offs



Key strategic initiatives

- Strengthened sustainability governance with expanded focus on environmental risk, disaster recovery, and resilience.
- Established a dedicated Sustainability Council for Aitken Spence Hotel Holdings PLC.
- Progressed renewable energy adoption and diesel reduction initiatives in support of 2030 targets.
- Enhanced water stewardship through improved monitoring, low-flow systems, desalination, and rainwater harvesting.
- Advanced waste reduction efforts, including phased elimination of PET bottles and expanded on-site water bottling solutions.
- Strengthened biodiversity conservation through updated studies, camera traps, and habitat protection initiatives.
- Progressed the creation of a wildlife corridor around Heritance Kandalama to support ecological connectivity.
- Continued property-level environmental and community programmes tailored to local needs.
- Supported external research and conservation collaboration through access to selected properties and resources

Key performance indicators

KPI	2023/24	2024/25	2025/26
YoY Increase/(Decrease) in water consumption per guest night	(17%)	15%	4%
YoY Increase/(Decrease) in energy consumption per guest night	(20%)	(1%)	4%
YoY Increase/(Decrease) in carbon footprint per guest night	(33%)	8%	(2%)

Stakeholders impacted

Communities

Link to Material Matters

2.3 Property Portfolio

5.1 Carbon Footprint (Energy, Emissions)

5.2 Water and Biodiversity

5.3 Effluents and Waste

5.4 Raw Material Consumption

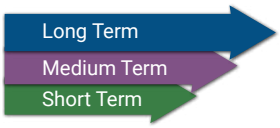
7.1 Good Governance

7.2 Local Communities

Contribution to SDGs



WAY FORWARD



Short Term

- Accelerate ongoing initiatives in renewable energy, water efficiency, and waste reduction, while strengthening data systems to support Scope 3 emissions tracking and SLFRS S2 reporting.

Medium Term

- Scale adoption of renewable energy solutions and circular resource management practices across properties, while embedding sustainability deeper into operations, procurement, and stakeholder engagement.

Long Term

- Progress towards net-zero ambitions by transitioning to low-carbon operations, achieving zero waste to landfill, and positioning sustainability as a core differentiator in delivering responsible and nature-integrated hospitality experiences.

More detailed strategies around the Group's climate related risks and opportunities are discussed in pages 105 to 124 under SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

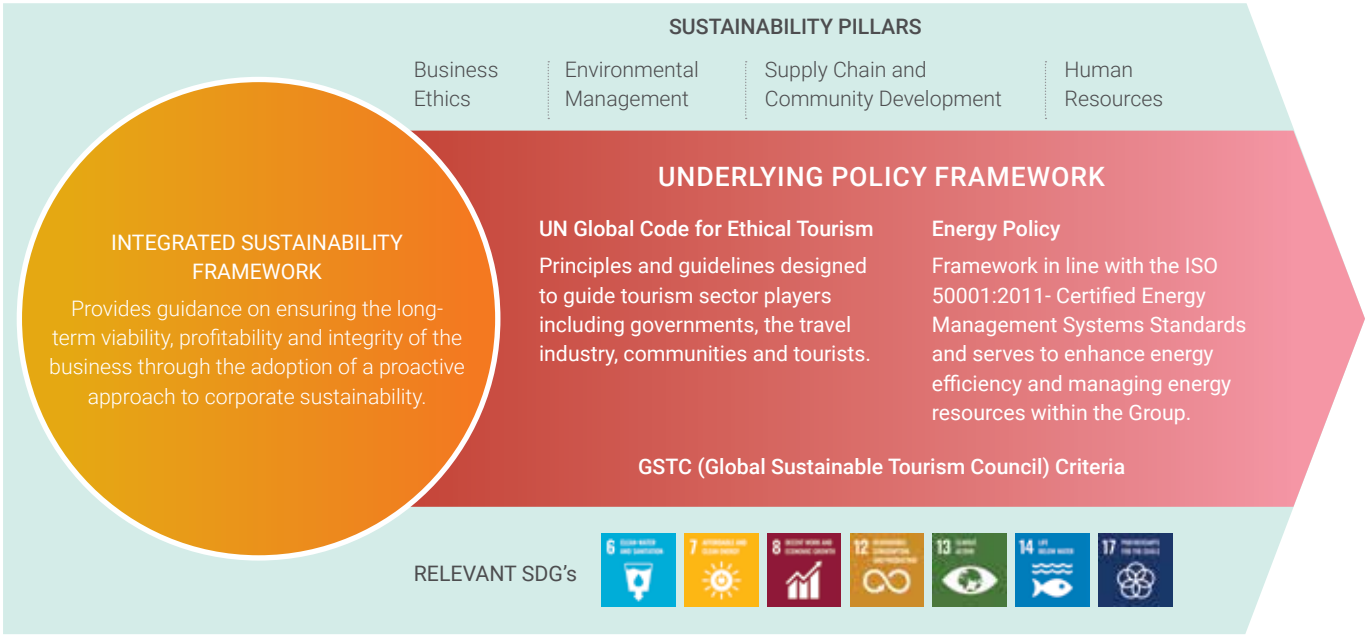
SUSTAINABILITY AND ESG AT AITKEN SPENCE HOTELS

GRI 2-9 GRI 2-12 GRI 2-13 GRI 2-14 GRI 2-23

The global hospitality industry today operates amidst an increasingly complex landscape shaped by climate-related realities, evolving geopolitical dynamics, changing stakeholder expectations, resource constraints, and growing sustainability imperatives. These developments continue to reshape the tourism sector globally, reinforcing the critical role hospitality operators must play in driving responsible growth, climate resilience, environmental stewardship, and inclusive socio-economic value creation.

As part of the Aitken Spence PLC Group, recognised as a pioneer in sustainable tourism in Sri Lanka, the Group remains deeply cognisant of the broader responsibility it holds towards the environment, communities, employees, guests, and the economies within which it operates. Accordingly, the Group continues to sharpen its focus on sustainability and ESG integration, proactively adapting its responses, priorities, and operational practices in line with evolving global realities and emerging stakeholder expectations.

The Group's approach to sustainability remains aligned with the Integrated Sustainability Framework of the parent entity and is guided by a well-established set of strategic sustainability pillars. This established framework continues to provide strong direction and consistency in shaping the Group's sustainability agenda, strengthening resilience, enhancing accountability, and enabling the Group to drive meaningful long-term impact across its operations spanning Sri Lanka, the Maldives, Oman, and India.



SUSTAINABILITY GOVERNANCE AND OPERATIONAL OVERSIGHT

The Board of Directors of Aitken Spence Hotel Holdings PLC holds the highest level of oversight on sustainability and ESG-related matters, setting the strategic direction and ensuring alignment between sustainability priorities and the Group's broader business objectives. Supporting this governance structure, oversight responsibilities are channelled through the Managing Director to the Head of Sustainability Operations, with regular environmental and sustainability performance updates submitted to strengthen transparency, accountability, and informed decision-making.

At the parent entity level, Aitken Spence PLC maintains a dedicated Sustainability Council comprising members with cross-sector sustainability expertise, including hospitality, providing strategic guidance and oversight on ESG-related priorities, emerging risks, and long-term sustainability direction.

At the operational level, property-based Sustainability Committees and Environmental Management Teams are responsible for implementing, monitoring, and continuously enhancing sustainability initiatives and ESG performance across the Group's properties. These teams play a key role in managing natural capital impacts, driving operational sustainability practices, and embedding ESG considerations into day-to-day decision-making.

Complementing this framework, the Group maintains a structured stakeholder engagement approach to identify emerging ESG issues, strengthen collaboration, and ensure responsiveness to evolving stakeholder expectations and sustainability priorities.

GRI 203-1 GRI 203-2

DELIVERING SUSTAINABILITY IMPACT – SCORECARD

Theme	Performance indicators	Performance		
		Metric	2025/26	2024/25
Economic				
Foreign Exchange Generation Contributing towards strengthening Sri Lanka's external sector through tourism-driven foreign currency inflows	Total foreign currency inflows facilitated through the Group's tourism and hospitality operations	Rs. Bn	9.2	9.9
Contributing to Government Revenue Supporting national development and fiscal stability through responsible tax compliance and statutory contributions	Total tax contributions made to the Government	Rs. Bn	10.6	8.5
Environmental				
Preserving Biodiversity and Natural Ecosystems Promoting the conservation and regeneration of biodiversity and surrounding natural ecosystems through responsible environmental stewardship across the Group's properties	Trees planted	No.	+500	+500
	Extent of natural areas preserved	Acres	211	211
	Restoration of coral trays	m2	61	61
	Investments in environmental sustainability	Rs. Mn	11.2	6.9
Promoting responsible consumption and sustainable practices Encouraging responsible consumption of natural resources and fostering sustainable practices among guests and employees in alignment with the Integrated Sustainability Framework of the Parent entity	YoY movement in energy intensity	%	Increase of 4%	Reduction of 1%
	YoY movement in water intensity	%	Increase of 4%	Increase of 15%
Social				
Uplifting livelihoods Enhancing livelihoods through direct and indirect employment generation, employee development, continuous learning, and career progression opportunities across the Group's operations	Investment in employee development through training and development	Rs. Mn	36.0	37.4
	Employee training hours	No.	175,816	137,945
	Employee promotions	No.	229	225
	Employee benefits paid	Rs. Bn	8.4	7.6
Community and social development Contributing towards the upliftment of surrounding communities through CSR initiatives, social investments, cultural preservation, and inclusive community engagement	Investments in community development initiatives	Rs. Mn	0.4	1.1
Developing local supply chains Supporting local economic development by prioritising local procurement and strengthening supply chains comprising SMEs, farmers, and regional suppliers	Payments to local suppliers	Rs. Bn	20.5	22.3
	New local suppliers onboarded	No.	151	266
	Local procurement achieved within total procurements	%	14	10
Governance				
Upholding strong governance and regulatory compliance Maintaining the highest standards of governance, ethical business conduct, and full compliance with applicable laws and regulatory requirements across all countries in which the Group operates	Significant incidents of non-compliance with applicable laws and regulations	No.	Nil	Nil
	Total penalties and fines paid relating to regulatory non-compliance	Rs. Mn	Nil	Nil

ECONOMIC VALUE-ADDED STATEMENT

GRI 201-1

	2025/26 Rs.'000	2024/25 Rs.'000	2023/24 Rs.'000	2022/23 Rs.'000	2021/22 Rs.'000
Net Profit Attributable to Shareholders	5,029,452	3,588,462	1,864,687	46,809	1,034,305
Add:					
Depreciation and Amortisation	5,533,249	5,263,736	5,125,872	5,385,799	3,433,486
Non Cash & Non operational adjustments	329,327	305,622	367,110	530,128	79,730
Total Interest on debt	3,192,606	4,323,130	5,666,668	5,809,973	2,278,833
Adjusted Profit After Tax	14,084,634	13,480,950	13,024,337	11,772,709	6,826,354
Total Investment Capital					
Total Equity	43,149,951	34,463,309	30,864,692	30,180,271	28,141,058
Add:					
Total Long Term Debt to banks	24,125,780	19,568,450	28,562,441	36,588,535	38,596,278
Total Short Term Debt to banks	8,849,005	15,474,415	11,311,701	14,060,753	10,591,516
Lease Liability	21,823,175	10,958,181	12,483,509	15,010,510	14,689,882
Cumulative Depreciation	45,290,803	39,602,298	36,434,294	35,369,760	29,439,940
Adjusted Investment Capital	143,238,714	120,066,653	119,656,637	131,209,829	121,458,674
Economic Value Added					
Weighted Average Cost of Capital	6.4%	7.3%	9.5%	10.9%	6.3%
Cost of Average Investment	9,138,630	8,746,892	11,336,024	14,355,860	7,700,513
Economic Value Added	4,946,004	4,734,058	1,688,313	(2,583,151)	(874,159)

6.4%

Weighted Average Cost of Capital

Rs. 9.13 Bn

Cost of Average Investment

Rs. 4.94 Bn

Economic Value Added

MANAGING RISKS AND OPPORTUNITIES

OUR APPROACH TO MANAGING RISKS AND OPPORTUNITIES

Effective risk management enables the Group to respond quickly to changing operating conditions across its markets, support sound decision-making during periods of uncertainty, and strengthen the resilience of its operating model. Given the diversity of the geographies in which the Group operates, our approach remains proactive, agile and focused on protecting long-term value.

Broader factors that shape our risks and opportunities landscape

RISKS

- Macroeconomic conditions, inflation, interest rates and foreign exchange movements across multiple jurisdictions influence travel demand, operating costs and profitability
- Changes in tourist sentiment, airline capacity, visa policies and route connectivity can affect arrivals, booking patterns and the pace of recovery in key source markets.
- The Group's footprint across Sri Lanka, the Maldives, Oman and India exposes it to varied regulatory regimes, tax structures, labour market conditions and compliance requirements
- Climate-related events, coastal vulnerability, water stress, biodiversity loss and extreme weather can disrupt operations, damage infrastructure and affect destination appeal
- Shifts in consumer behaviour, digital disruption, cybersecurity threats, social media influence and the growing use of AI continue to reshape guest expectations and business models
- Supply chain volatility, energy costs, food and beverage inflation, construction delays and talent availability remain important factors that can affect service delivery and expansion plans

OPPORTUNITIES

- Stronger occupancy and pricing during economic recovery
- Geographic diversification across Sri Lanka, Maldives, Oman and India
- Sustainability and resilience investments supporting brand differentiation
- AI and digital tools improving personalisation, productivity and direct engagement
- Energy optimisation, sourcing discipline and workforce development improving efficiency
- Growth in wellness, experiential, leisure and sustainable travel

OUR APPROACH

The Group's Enterprise Risk Management framework is designed to support strategic execution and operational resilience across all geographies that we function in, as we pursue our long-term aspirations and create sustainable value for stakeholders across economic cycles that emerge both across the globe, and in the geographies in specific. Our approach is embedded across the business and is intended to ensure that risks and opportunities are identified early, evaluated consistently and managed in a disciplined manner. The Group adopts a bottom-up/ cross-functional process through which risks emerging at property, functional and market level are escalated, prioritised and assessed in the context of their potential impact on performance, continuity and reputation. This process is supported by defined mitigation plans, clear accountability and periodic monitoring to assess whether actions remain adequate and relevant in a changing environment. Risk reviews are undertaken on a quarterly basis to validate completeness, reassess the significance of identified exposures and strengthen the robustness of mitigation measures, while oversight by the Board provides governance, challenge and strategic direction to the overall risk management process.

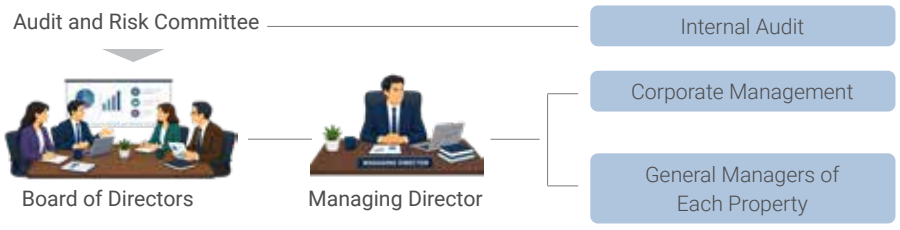
RISK GOVERNANCE

The ultimate responsibility for overseeing the Group's risk management framework rests with the Board of Directors of Aitken Spence Hotel Holdings PLC. In discharging these responsibilities, the Board is supported by the Board Audit and Risk Committee, which plays a key role in reviewing the adequacy and effectiveness of the Group's risk management and internal control processes.

The Board Audit and Risk Committee comprises 4 Directors as at 31st March 2026, of whom 3 are Independent Non-Executive Directors. The diversity of skills, experience, and professional expertise represented within the Committee ensures that it is well-equipped to oversee the broad spectrum of risks faced by the Group. This is particularly important given the dynamic operating environment in which the Group functions, characterised by intersecting economic, operational, environmental, geopolitical, and market-related risks across multiple geographies.

The Group's approach to risk management is based on the Three Lines of Defence model. The framework facilitates segregation of responsibilities, objective oversight by the Board and high levels of risk awareness by business owners.





MANAGING RISKS AND OPPORTUNITIES

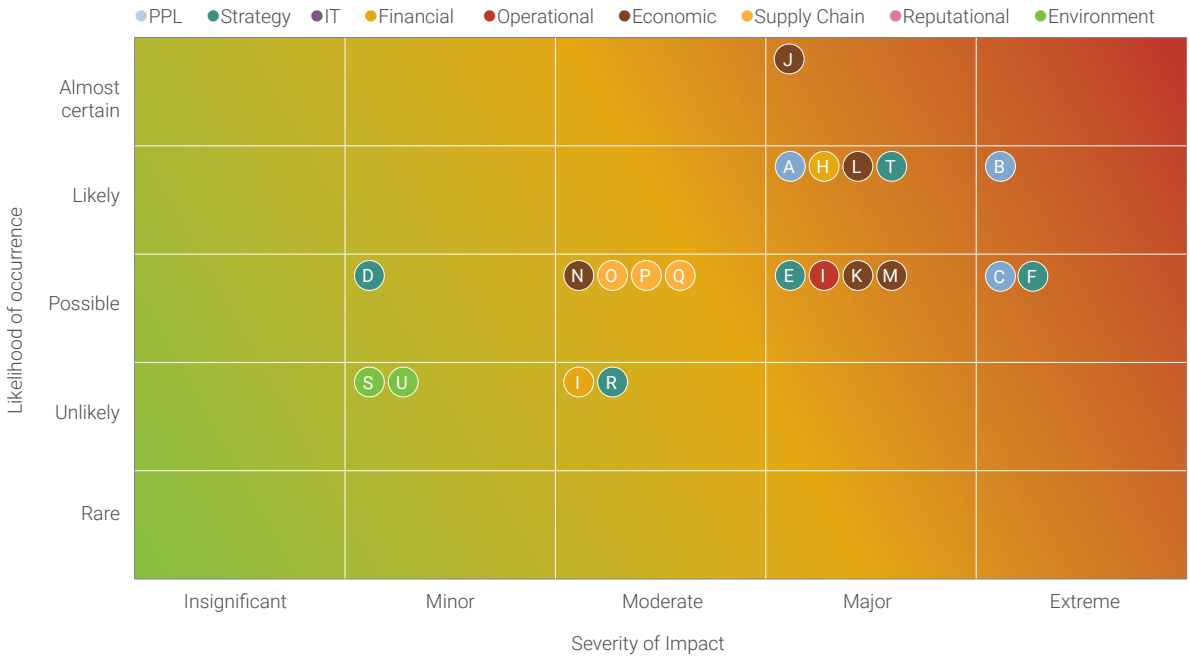
OVERVIEW OF RISKS

The Group adopts a structured approach to identifying and classifying risk to facilitate risk identification, measurement, monitoring, management and reporting as set out below.



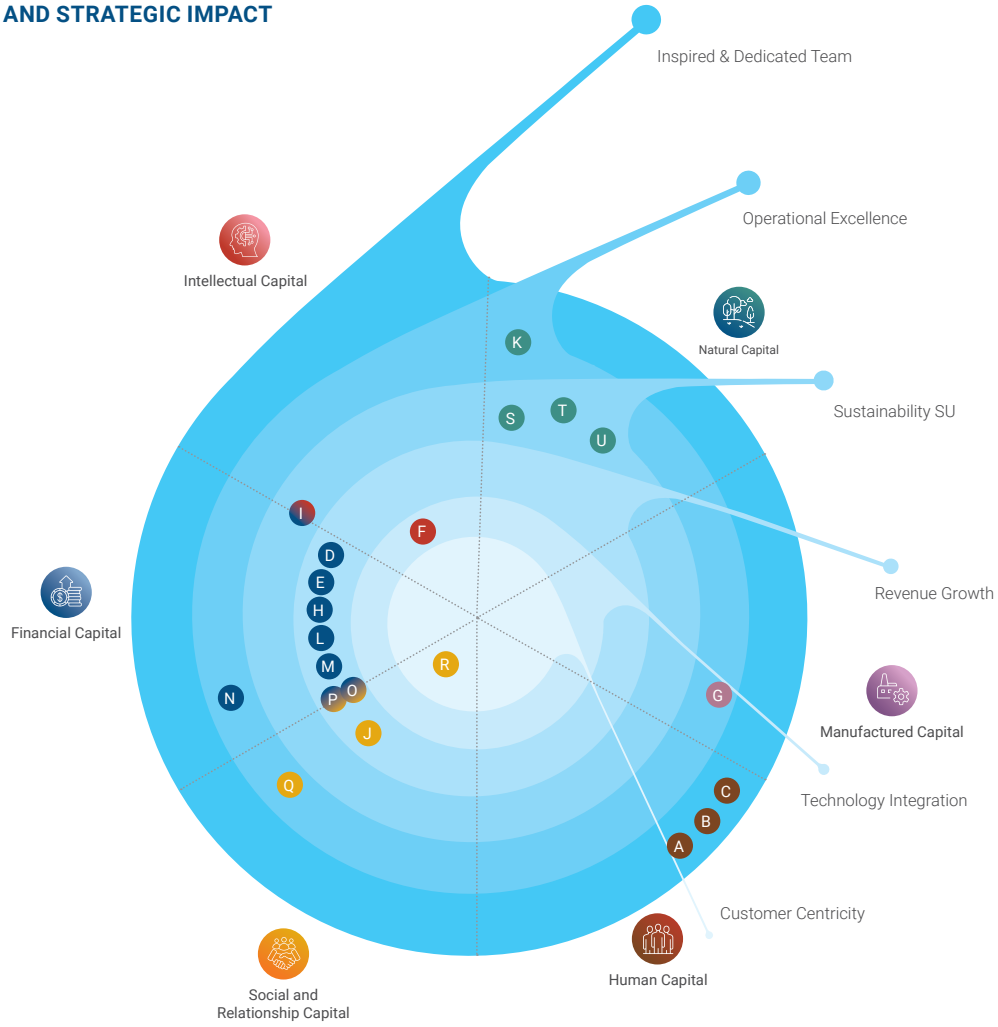
RISK ASSESSMENT

The risk heat map below provides a high-level view of the principle risks the Group is exposed to.



A. Employee Turnover Risk
B. Top Talent Attraction & Retention Risk
C. Health & Safety Risk
D. Dependency on Managed / JV Properties (Loss)
E. Market Adaptation Risk
F. Cybersecurity Risk
G. Construction Delays & Cost Overruns
H. Volatility in Exchange Rate
I. Regulatory Compliance Risk
J. Geopolitical
K. Global Energy/ Fuel Disruptions
L. Inflation in Source Markets
M. Inflation in Domestic Markets
N. Exchange Control Regulations
O. Cost of Air Travel
P. Airline Capacity
Q. Supply Chain Disruption Risk
R. Reputational Risk from social media
S. Climate Change Adaptation
T. Energy Management with rising energy cost
U. Costal Erosion

RISK CAPITAL AND STRATEGIC IMPACT



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MANAGING RISKS AND OPPORTUNITIES

Aitken Spence Hotel Holdings PLC – Managing Risks and Opportunities				
Risk Category	Risk Description	Assessment Impact	Assessment Likelihood	Mitigation Strategies
People	**Employee Turnover Risk** Shortages in staff impact service quality, resulting in negative customer reviews and loss of market position.	High	High	Implementation of structured incentive schemes for employees Succession planning supported by comprehensive talent development and management frameworks Ongoing engagement with regulatory authorities and industry bodies
	Top Talent Attraction & Retention Risk The loss of top talent disrupts service delivery, system continuity, and the quality of customer service.	High	High	Identification of growth opportunities and establishment of succession plans. Structured talent development and management initiatives (Heritance Rise, Heritance Lead, Beyond Basics, and Heritance Ascend). Enhancement of brand positioning and facilities to promote improved gender diversity within teams. A strategic shift in management mindset.
	Health & Safety Risk Safety incidents can damage reputation, create legal exposure, and erode guest confidence.	High	Moderate	Regular health and safety training, with strict adherence to sanitary protocols and audit requirements.
Strategic	**Dependency on Managed / JV Properties (Loss)** Substandard management performance may impede growth, constrain market expansion, and jeopardize business continuity.	High	Moderate	Ongoing monitoring and evaluation of management performance Systematic benchmarking against industry peers
	Market Adaptation Risk Failure to adapt to prevailing hospitality trends results in the loss of revenue and market share.	High	Moderate	Differentiation of key properties to address niche tourism trends and enhance margins. Strategic investment in new hospitality projects.
Information Technology	**Cybersecurity Risk** Cyber incidents may result in data breaches, financial losses, and operational disruptions.	High	Moderate	Implementation of cybersecurity policies and frameworks. Conduct of regular IT security audits. Engagement with professional security firms.
Financial Risks	**Construction Delays & Cost Overruns** Delays in expansion / renovations impacts guest experience	High	Low	Close monitoring of project timelines and costs. Steering Committee oversight for major projects. Digitisation for better tracking for proactive & effective measurements.
	Volatility in Exchange Rate Volatility in currency impact both financial performance and profitability.	High	Moderate	Hedge any exposures

● High ● Moderate ● Low

Risk Category	Risk Description	Assessment Impact	Assessment Likelihood	Mitigation Strategies
Operational Risk	**Regulatory Compliance Risk** Non-compliance may result in legal penalties, reputational damages, and operational disruptions.			Collaboration with local law firms Establishment of internal compliance monitoring groups Provision of employee training on legal compliance
Economic	**Geopolitical** Travel disruptions due to drop in Middle Eastern carriers and the drop in Long-haul travel has impacted all destinations of the group.			Expansion into new markets Promotions on regional travel Drive other revenue with value-added services
	Global Energy/ Fuel Disruptions Higher costs leading to increased prices, disruptions to guest transportation, and fuel shortages for generator operations during power outages, resulting in a negative guest experience.			Carrying excess fuel stocks Looking at alternative energy sources Efficient management of energy with various activities carried out at resort levels.
	Inflation in Source Markets Inflation in source markets reduces discretionary spending on vacations, including overseas travel, particularly long-haul flights, resulting in lower demand with lower room rates.			Change marketing strategies to develop alternative markets. Offer promotions in collaboration with 3rd parties,
	Inflation in Domestic Markets Inflation in the countries in which we operate results in higher operating costs, thereby adversely affecting profit margins.			Reduction of waste. Drive cost management.
	Exchange Control Regulations Limitations on holding, conversion, and repatriation of foreign exchange earnings may result in losses due to restrictions in managing currencies better.			Change/revisiting foreign exchange management strategies. Evaluate long term prospects.
Supply Chain	**Cost of Air Travel** Increasing cost on air tickets reduce demand for long haul flights.			Promote regional markets.
	Airline Capacity Limitations in commercial flights especially with the Middle East crisis will hinder expansion / growth			Work with airlines to increase capacity with short-hall destinations Offer exclusive packages on charter flights.
	Supply Chain Disruption Risk Short supplies with the current geopolitical crisis, impacts from adverse weather could restrict daily supplies to the properties			Extended relationships with the local supplies Dealing with a range of suppliers and avoiding concentration in suppliers
Reputation Risk	**Reputational Risk from Social Media** Negative online reviews could lead to loss of bookings, brand trust and thereby loss of business			Close tab on social media. Faster / effective responses to the clients

MANAGING RISKS AND OPPORTUNITIES

Risk Category	Risk Description	Assessment Impact	Assessment Likelihood	Mitigation Strategies
Environmental Risks	**Climate Change Adaptation** Impact on properties with chronic climate changes & extreme weather conditions			Remedial action with identified properties to mitigate damages.
	Energy Management Rising energy costs, scarcity along with current conflicts and the level of emissions along with usage are material for the group			Investments in solar energy at 4 properties and a potential expansions of the same to reduce costs as well as the level of emissions. Other Initiatives rolled out at properties in saving electricity
	Costal Erosion Impact on land bank of Maldivian and Sri Lanka Beach properties			Sand barge fillings Jetty Repairs along the coast

OVERVIEW OF OPPORTUNITIES

While effective risk management is essential, timely identification of opportunities is equally critical to value creation. In a dynamic environment, the Group proactively identifies and manages opportunities arising from change to strengthen resilience, enhance profitability, and support long-term growth.

Specific opportunities identified as relevant to Aitken Spence Hotel Holdings PLC

Competitive Differentiation	The Group's diverse property portfolio can be adapted to serve emerging niche travel markets on demand, helping to maximise room revenue.	◆ Inspired & Dedicated Team ◆ Revenue Growth ◆ Technology Integration ◆ Operational Excellence ◆ Customer Centricity
High-Value Locations	Most Group properties in Sri Lanka and the Maldives consistently feature among top destinations on travellers' radar.	◆ Revenue Growth ◆ Customer Centricity
Sustainable Finance Access	The Group's robust sustainability agenda creates a strong basis for securing capital through green and sustainable financing instruments.	◆ Sustainability
Sustainable Tourism solutions	There is significant potential to channel investment into developing and expanding sustainable tourism offerings.	◆ Sustainability
Alliance & Partnership Growth	Building on existing alliances while forging new collaborations presents key avenues for business growth.	◆ Revenue Growth ◆ Technology Integration ◆ Operational Excellence
Tech-Enabled Innovation	Adopting collaborative, technology-enabled approaches can streamline operations and enhance overall efficiency.	◆ Technology Integration ◆ Operational Excellence
Revenue Stream Diversification	Entering new geographic markets and sectors offers the potential to broaden revenue sources and attract new customer groups.	◆ Revenue Growth
CSR & Brand Enhancement	Embedding CSR practices within core business operations supports a positive societal impact while strengthening brand value.	◆ Customer Centricity ◆ Sustainability
Workforce & Talent Development	Investing in workforce development builds the skilled talent needed to drive innovation and adapt to changing market dynamics	◆ Inspired & Dedicated Team

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

GRI 201-2

1. STATEMENT OF COMPLIANCE

This report represents the Group's sustainability related financial disclosures for Aitken Spence Hotel Holdings PLC and its subsidiaries for the year ended 31 March 2026. These disclosures have been prepared in accordance with the Sri Lanka Sustainability Disclosure Standards (SLFRS S1 and SLFRS S2) as issued by the Institute of Chartered Accountants of Sri Lanka. Where applicable, the Group has applied the transitional provisions permitted under the Standards in the first year of adoption.







2. REPORTING ENTITY, VALUE CHAIN AND ORGANISATION BOUNDARY

Aitken Spence Hotel Holdings PLC operates across four countries, 15 owned, and 2 managed, resulting in a complex value chain with varying levels of exposure to sustainability related risks and opportunities. Key areas of dependency include energy availability and cost, workforce capability and availability, climate exposed physical assets, and third party suppliers and service providers across the segments of the operations.

While the Group's revenue base is geographically diversified, certain operations are more exposed to climate related and regulatory risks due to their location, asset intensity or reliance on natural resources. These exposure differences are reflected in the prioritisation of sustainability related risks and the allocation of mitigation actions across business segments. The Group continues to enhance its understanding of value chain impacts, particularly upstream and downstream dependencies, to improve the precision of future risk assessments and disclosures.

Region	The value chain	% of revenue
Sri Lanka	Aitken Spence's tourism value chain integrates hotel ownership and management, destination services, employees, suppliers, travel agents, and local communities to deliver end-to-end hospitality experiences for international and local travellers and tour operators.	25%
South Asian and Middle East		75%

Reporting Boundary

Reporting entity (excluding GHG emissions)

(SLFRS S1.20, B38)

The entities, assets and operations included in Aitken Spence Hotel Holdings PLC's sustainability report are consistent with the reporting entity applied in the Group's consolidated financial statements. Accordingly, the disclosures cover all subsidiaries and operations over which the Group has control, in line with financial consolidation principles.

Within this reporting boundary, the scope and emphasis of sustainability related disclosures are informed by the Group's materiality assessment, which considers both impact and financial materiality to identify relevant sustainability related risks and opportunities and prioritise areas of focus. Further details on the reporting boundary, changes in the Group structure and the materiality assessment methodology are provided in the About this Report and Determining Materiality sections. The reporting boundary applied to GHG emissions is defined separately and disclosed below.

Reporting boundary for GHG emissions

(SLFRS S2.29(a)(iii)(1), B26(a), B27)

The reporting boundary for greenhouse gas (GHG) emissions differs from the financial reporting boundary and is defined using an operational control approach, consistent with SLFRS S2 and the Greenhouse Gas Protocol. Scope 1 and Scope 2 emissions are reported for operations over which the Group has the authority to implement operating and environmental management policies, while Scope 3 emissions are reported for relevant material categories across the value chain, including activities outside the financial consolidation boundary.

This boundary has been applied consistently in setting the Group's science based emissions reduction targets, which have been validated by the Science Based Targets initiative (SBTi), confirming the appropriateness of the boundary for target setting purposes. GHG emissions are measured using emission factors aligned with the IPCC Sixth Assessment Report (AR6) and authoritative sources such as the latest UK DEFRA databases, publications of the Sri Lanka Sustainable Energy Authority and other relevant national sources. Where direct data are unavailable, reasonable estimates and proxy data are applied, with key assumptions disclosed where material.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

3. MATERIALITY ASSESSMENT

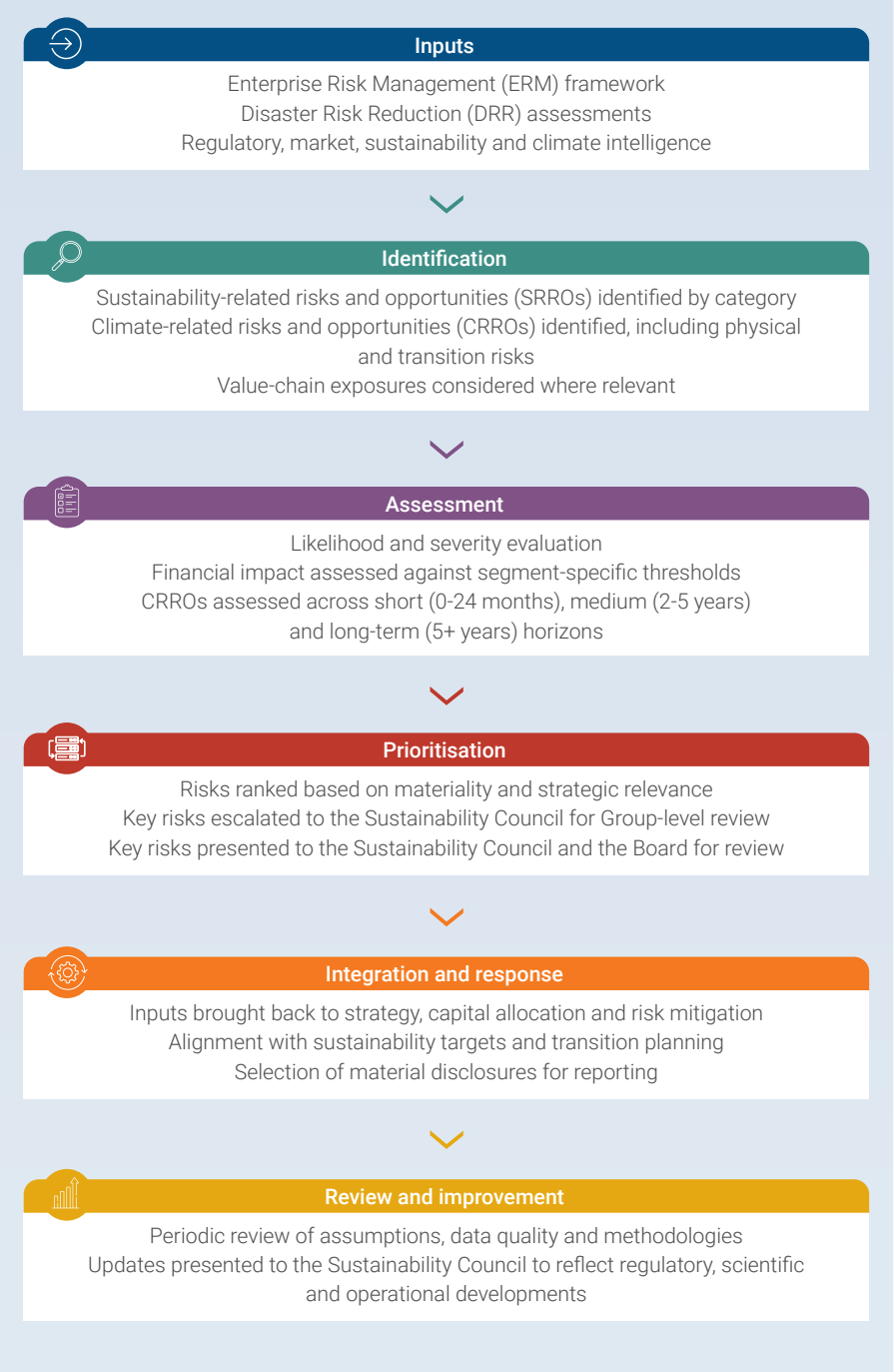
Basis of Materiality

Having determined the Group's material impacts on the economy, environment and society, Aitken Spence Hotel Holdings PLC applies financial materiality in accordance with Sri Lanka Financial Reporting Standards (SLFRS) when preparing its financial statements.

Information is material if its omission, misstatement or obscuring could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures. In applying this principle, the Group considers quantitative thresholds together with qualitative factors such as the nature of transactions, geographic diversity, regulation and investor expectations. This assessment guides recognition, measurement, presentation and disclosure.

Aitken Spence Hotel Holdings Group applies a structured and integrated process to identify, assess and prioritise sustainability related risks and opportunities across the Group. This process is informed by the Group's enterprise risk management (ERM) framework and builds on established disaster risk reduction (DRR) assessments that have been in place since the 2017/18 financial year. The Group's long standing sustainability governance systems, developed over nearly two decades, were further strengthened following the adoption of SLFRS Sustainability Disclosure Standards (SDS) in Sri Lanka.

Following the introduction of SLFRS SDS requirements, the Group established cross functional core teams comprising representatives from senior operational, sustainability, risk, finance and strategy functions. These teams were supported through structured capacity building programmes and workshops and were guided to leverage existing ERM and DRR assessments to identify and evaluate sustainability related and climate related risks within their respective operations and value chain activities.



Financial materiality thresholds

The determination of financial materiality is guided by thresholds established by Parent Group Finance, together with entity specific judgement applied by individual business segments. Financial impacts are considered material where they meet or exceed the following thresholds:

- Profit Before Tax (PBT):
  - An impact equivalent to 5% of average PBT, calculated using the current financial year's projected PBT at December of 2025 and the two immediately preceding financial years
  - For FY 2025/26, this threshold equates to approximately Rs. 250 Mn
- Total Assets:
  - An impact equivalent to 0.5% of total assets, measured using the 31 December 2025 balance sheet
  - Where land revaluations occur during the year, the balance sheet is adjusted to reflect the revaluation impact
  - As of 31 March 2026, this threshold equates to approximately Rs. 500 Mn

Functional currency

Given the geographic diversity of Aitken Spence Hotel Holdings PLC's operations, the Group conducts business and manages risks across multiple functional and transaction currencies. However, in line with SLFRS SDS requirements, all financial materiality assessments for sustainability related risks and opportunities are evaluated and consolidated using Sri Lankan Rupees (LKR), being the Group's functional and reporting currency.

Sources of guidance

In applying SLFRS S1 and SLFRS S2, Aitken Spence Hotel Holdings PLC has exercised judgement to identify sustainability-related information that is relevant to the decision-making of users of general-purpose financial reports and that faithfully represents the Group's sustainability-related risks and opportunities. In doing so, the Group has drawn on a combination of international and national guidance, scientific research and authoritative public data, to the extent that these sources support the objectives of SLFRS and do not conflict with its requirements. In particular, the Group has referred directly to SLFRS S1 and SLFRS S2 as primary sources of guidance, supplemented by relevant Sustainability Accounting Standards Board (SASB) Standard (Version 2023-12) namely; Hotels & Lodging Standard.

This process also includes climate science and scenario information published by the Intergovernmental Panel on Climate Change (IPCC), disaster risk and hazard data issued by the Disaster Management Centre (DMC) and other relevant public authorities in Sri Lanka, as well as sectoral, regulatory and policy information disclosed by ministries and statutory bodies. These external sources are considered alongside internal risk assessments, operational data and stakeholder inputs previously disclosed in the Group's reports, supporting a consistent and evidence-based evaluation of sustainability-related risks and opportunities in line with SLFRS requirements.

Assessment and prioritisation of material risks and opportunities

Identified climate-related risks and opportunities are assessed based on potential financial effects, likelihood and time horizon, including impacts on cash flows, income statement, balance sheet, and long-term resilience. Climate-related risks and opportunities are evaluated across short, medium and long-term horizons in line with SLFRS S2 and the Group's DRR strategies, informing strategic decision-making, capital allocation, risk mitigation and related disclosures.

These processes are reviewed periodically to reflect changes in the operating environment, regulatory developments, evolving climate science and stakeholder expectations, ensuring continued relevance and decision usefulness of disclosures.

Connected Information

Climate-related risks and opportunities at Aitken Spence Hotel Holdings are assessed in an integrated manner, enabling the Group to understand how different risks and opportunities are connected and how they collectively affect our prospects. For example, the parent Group's net zero ambitions respond to transition risks such as rising energy costs, disruptions to energy supplies, and regulatory changes, while also creating opportunities to improve efficiency, reduce long-term costs and strengthen market positioning through operational controls and investments in renewable energy. Similarly, the Group's disaster risk reduction (DRR) strategies address physical risks from extreme weather events, while supporting investments in resilience that enhance operational continuity and create long-term value.

These risks and opportunities are embedded within the Group's governance, strategy and risk management processes which will be discussed more in this report. In particular, the Spence IMPACT strategy sets the Group-level sustainability priorities, which are translated into sector-specific strategies and are further strengthened through the Group's enterprise risk management (ERM) framework. This approach links governance oversight with strategic actions, risk assessments and the metrics and targets used to monitor performance, ensuring sustainability considerations are integrated into decision-making, capital allocation and business planning.

The sustainability-related financial disclosures are intended to be read in conjunction with the Group's consolidated financial statements, which have been prepared in accordance with SLFRS / LKAS Accounting Standards. These disclosures cover the same reporting entity and reflect how climate-related risks and opportunities influence financial performance, position and cash flows over time.

Reporting period and time horizon

Aitken Spence Hotel Holdings PLC reports sustainability related information for the same reporting period as its financial statements and applies consistent short , medium and long term time horizons when assessing climate related risks and opportunities, including climate related impacts, transition pathways and adaptation responses. The Group defines the short term as 0–24 months, the medium term as 2–5 years, and the long term as beyond 5 years; these time horizons were approved by the Board at the recommendation of the Sustainability Council and are applied consistently across strategy, risk management and climate related projections.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Short term: 0 – 24 months	Medium term: 2 – 5 years	Long term: Beyond 5 years
Focus on immediate operational impacts and near-term strategic responses. Risks expected to materialise in the short term are treated as higher priority, given the limited time available to implement mitigation measures and strengthen resilience.	Focus on intermediate strategic planning and transition pathway assessments. Risks expected to materialise in the medium term are considered at moderate significance, as they are expected to allow more time to implement adaptation measures.	Addressing long-term climate- and sustainability-related impacts, focusing on strategic adaptation and future-proofing. Risks expected to materialise beyond five years are considered in this context and may require more fundamental changes to business models rather than operational adjustments. Given the extended timeframe, there is greater opportunity to plan and implement appropriate responses.

The sustainability disclosures cover the 12 month period ended 31 March 2026, consistent with the reporting period of the consolidated financial statements. The Group defines its assessment horizons based on the period over which climate related risks and opportunities could reasonably be expected to arise, consistent with the timelines applied in strategic planning and decision making.

Sustainability related financial disclosures are integrated into the Group's financial planning, risk management and capital allocation processes. Management considers sustainability related risks and opportunities over appropriate time horizons, aligned with the Group's strategic planning cycles, alongside the preparation of budgets, forecasts and long term strategic plans to assess their potential implications for cash flows, asset values, access to finance and cost of capital.

At the reporting date, no climate related risks or opportunities have resulted in material adjustments to the carrying values of assets or liabilities recognised in the consolidated financial statements. However, identified climate related risks, including physical risks arising from extreme weather events and transition risks associated with evolving policy and regulatory developments, are considered, where relevant, in impairment assessments, capital investment appraisals and business continuity planning.

As methodologies for quantifying financial effects continue to evolve, the Group expects sustainability related considerations to play an increasingly explicit role in financial estimates, assumptions and disclosures in future reporting periods.

Transitional reliefs and proportionality

(SLFRS S1.E1, E3–E5; SLFRS S2.C1, C3–C4)

This is the first year in which the Group has adopted the SLFRS Sustainability Disclosure Standards, namely SLFRS S1 and SLFRS S2, for the year ended 31 March 2026. Accordingly, the Group has applied SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures.

In first-time application, the Group used the transitional reliefs permitted under SLFRS S1 and SLFRS S2 to support a proportionate and practicable initial adoption.

SLFRS S1 – Transitional Reliefs

- For the purpose of applying the reliefs in paragraphs E3 and E5 of SLFRS S1, the Group set 1 April 2025 as the date of initial application, being the beginning of the annual reporting period ended 31 March 2026 in which it first applies SLFRS S1.
- Comparative information relief
  In accordance with SLFRS S1:E3, the Group has not presented comparative sustainability-related financial information for the reporting period immediately preceding the date of initial application.

  Further, consistent with the transition relief in SLFRS S1:E5 and in accordance with SLFRS S1:E6, the Group has not disclosed comparative information for climate-related risks and opportunities in its first annual reporting period of application.
- Climate-only disclosure transition relief
  In its first annual reporting period under SLFRS S1, the Group applies the transition relief in paragraph E5 and limits its disclosures to climate-related risks and opportunities in accordance with SLFRS S2.
- Use of reasonable and supportable information without undue cost or effort As permitted by SLFRS S1:37 and reinforced by SLFRS S1:B8, B9 and B10, the Group used reasonable and supportable information available at the reporting date when it assessed sustainability-related risks and opportunities.

SLFRS S2 – Transitional Reliefs

In the first year of applying SLFRS S2 – Climate-related Disclosures, Aitken Spence Hotel Holdings PLC used the transitional reliefs permitted under the Standard, as outlined below.

- Relief period for climate resilience disclosures (SLFRS S2:22)
  In accordance with paragraph 22 of SLFRS S2, the Group commenced climate-related disclosures while using the permitted two-year relief period to progressively enhance climate resilience disclosures, including the assessment of the resilience of its strategy under different climate-related scenarios. During this period, the Group focused on identifying material climate-related risks and opportunities and their current financial implications, and it will refine climate resilience disclosures further as methodologies, data and analytical capabilities develop.
- Comparative information relief (SLFRS S2:C3)
  In line with SLFRS S2:C3, the Group has not disclosed comparative climate-related information in the first annual reporting period in which it applies SLFRS S2. The climate-related disclosures therefore relate solely to the current reporting period.
- Transition relief on anticipated financial effects (SLFRS S2:15(b))
  In accordance with the transition relief available under SLFRS S2, the Group focused its disclosures on the current

financial effects of climate-related risks and opportunities in line with paragraph 15(a). The Standard permits entities to defer the disclosure of anticipated financial effects under paragraph 15(b) for a limited period following initial application. Accordingly, the Group has not disclosed anticipated financial effects in the current reporting period and will progressively incorporate those disclosures in subsequent reporting periods as data, methodologies and internal capabilities develop.

Significant Judgements, Uncertainties and Proportionality

In preparing these disclosures, the Group exercised significant judgement in identifying climate-related risks and opportunities, determining materiality and selecting appropriate metrics and methodologies. The Group applied proportionality by using reasonable and supportable information available without undue cost or effort while considering the scale, complexity and geographic diversity of its operations. Estimates and assumptions, including those related to climate impacts and greenhouse gas emissions, remain subject to uncertainty because of data limitations, evolving methodologies and forward-looking assumptions, and will be refined over time.

The Group's sustainability-related risk identification is supported by long-standing practices and institutional knowledge built over more than two decades of sustainability integration, reinforced by the Spence IMPACT framework and DRR efforts initiated in 2017 through the partnership with APAD-SL. These internal processes, external collaborations and knowledge networks inform the Group's assessment of sustainability-related risks and opportunities, although not all guidance sources are listed exhaustively in this report.

Review and improvement

Board Oversight

Board of Directors of Aitken Spence Hotel Holdings PLC holds ultimate authority and responsibility for climate- related risks, opportunities, and alignment with long-term risk appetite.

The Group Supervisory Board (GSB)

Primary governance body for operational decision-making, including two Board Directors of the Parent Company, Parent Group CFO, and Managing Directors from key sectors.

The Sustainability Council (SC)

Chaired by an Executive Board Director, meets bi-monthly for focused oversight, escalating critical issues to GSB and the Board of Directors.

Skills, Competencies, Expertise and Capacity Building

Effective oversight of sustainability-related risks and opportunities is supported by the Group's strong leadership capabilities, sector expertise and access to specialised knowledge. The Sustainability Council comprises senior leaders across key functions, bringing together sustainability, finance, risk and operational perspectives. This multidisciplinary approach enables climate-related matters to be evaluated in terms of environmental impact, financial materiality, operational feasibility and strategic relevance.

The Group continues to strengthen these competencies through structured capability-building, targeted briefings and engagement with external experts. Governance and management forums receive regular updates on regulatory developments, market trends and emerging sustainability issues, supporting informed and timely decision-making.

Through ongoing engagement with management and established reporting channels, the Board, GSB and Sustainability Council maintain visibility over climate-related developments and response priorities. This ensures continuous learning, reinforces accountability and aligns sustainability oversight with the Group's strategy, risk management practices and broader governance framework.

Continuous Capacity Building

Senior management and core teams receive capacity-building on emerging topics.
Example:

- Brief awareness session conducted for the Main Board on the SLFRS S1 and S2 standards
- Sustainability Council provided insights and awareness through the Council meetings and the Sustainability Strategy Townhall.
- Sustainability Council is consulted on the adoption of the SLFRS S1 and S2 standards through bi-monthly Council meetings

Top-Down Governance and Operational Synergy

Framework enabling direct connection between operational teams and the Head of Sustainability (Executive Board Director with cross-industrial expertise as well as local and global exposure) for real-time discussion of operational challenges and emerging opportunities.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Operational Management and Policy

Delegated Implementation	Integrated Policy Framework	Sector-Level Alignment
Responsibility for executing initiatives delegated to senior management across functions, and segmental sustainability teams while the strategic effort s are guided and coordinated by the Group's Sustainability Division.	Approach governed by an integrated policy framework and a tiered implementation framework which includes sustainability related due diligence procedures and impact assessments and DRR vulnerability assessments and mitigation strategies.	Operational experience and external partnerships enable consistent identification and management of risks across the organisation.

Inform, Address and Monitor

Inform

The Main Board and the Group Supervisory Board (GSB) are informed of sustainability related matters through structured management reporting, including inputs from sustainability teams, enterprise risk management (ERM) processes and sector level performance reviews. All members of the GSB are also members of the Sustainability Council (SC) and hence the GSB is party to points discussed at SC meetings that now happen every other month (previously happening on a monthly basis). Pertinent topics are escalated to the Main Board on requirement.

Address

Sustainability-related risks and opportunities are addressed through integration into strategy, business planning, capital allocation and operational management processes across the Group. This includes the application of the Spence IMPACT strategy, sectoral strategic priorities, transformation initiatives and operational improvement programmes. By embedding these considerations within mainstream planning processes, the Group is able to respond to emerging risks, strengthen resilience and capture opportunities linked to efficiency, innovation and long-term value creation.

At the management level, sector leadership teams are responsible for translating Group priorities into actions appropriate to their operating context, including risk mitigation initiatives, operational controls, resilience measures and targeted investments.

Material matters are reviewed by the Sustainability Council and elevated through the governance structure where broader strategic consideration or Board oversight is required.

The Board also considers significant trade-offs associated with major sustainability- and climate-related decisions, including investment timing, transition pathways, operating model changes and resilience-related capital expenditure. This helps ensure that short-term financial considerations are balanced against longer-term strategic resilience, regulatory expectations and stakeholder interests.

Monitor

The Group monitors sustainability-related performance through governance reviews, management reporting, metrics, targets and risk indicators used across its businesses. Monitoring covers both the effectiveness of response actions and the evolution of underlying risks and opportunities. Where performance trends, control gaps or changing external conditions warrant further attention, matters are escalated to the appropriate governance forum for review and action.

Remuneration

The Group currently does not link climate related performance directly to remuneration structures. The approach reflects the view that sustainability related priorities, including climate considerations, should be institutionalised as part of core management and operational practices, rather than treated as discrete performance incentives. Oversight and accountability for climate related matters are embedded within governance structures, as described in the Governance section.

More details of how SRROs and CRROs are considered in strategies, decisions on major transactions, risk management and the trade-off of capitals are discussed in the following sections of this report;

- Corporate Governance
- Sector Reviews
- Our Strategy
- Climate Strategy

Management Role Delegation

Implementation responsibility is delegated across management levels and sectors. Sector leadership teams are accountable for integrating sustainability-related considerations into day-to-day decision-making, while functional teams support execution through risk management, finance, operations, sustainability and technical expertise. This distributed model allows responses to be tailored to local operating realities while remaining aligned with the Group-level expectations and governance oversight.

Policies and Procedures

The Group's approach is guided by an integrated sustainability policy framework and supported by established processes, including enterprise risk management (ERM), sustainability impact assessments and disaster risk reduction (DRR) initiatives. These are reinforced by sector level practices, long standing operational experience and external partnerships developed over time, enabling consistent identification, assessment and management of sustainability related risks across the organisation.

5. RISK MANAGEMENT

Processes and Policies Relating to Climate related Risks

Identification

i. Inputs and Parameters Group Uses

Aitken Spence Hotel Holdings PLC identifies climate related risks through an integrated and structured process that draws on multiple internal and external inputs. These include sector level risk assessments, disaster risk reduction (DRR) vulnerability analyses, and the Group's enterprise risk management (ERM) processes. A standardised risk identification tool is applied across business segments to capture key risks and opportunities relevant to operations.

External inputs such as climate science (including IPCC guidance), national hazard data (e.g. Disaster Management Centre), regulatory developments, market trends, and stakeholder insights are also considered. These are complemented by operational data, past climate events and sector specific experience, ensuring that identified risks reflect the Group's diversified geographic and sectoral exposure.

ii. Preliminary Action for Climate Related Scenario Analysis

In the current reporting period, the Group has not yet completed a full quantitative climate resilience scenario analysis and continues to apply the transitional reliefs available under SLFRS S2. Nevertheless, climate-related scenario information already informs the Group's risk identification and assessment process. Management considers published climate projections and other credible external reference points as part of its effort to understand the plausibility, timing and direction of key climate-related risks affecting the Group's businesses. The Group intends to strengthen this work progressively as data quality, analytical tools and internal capabilities continue to mature.

At this stage, scenario-related inputs are used primarily as an analytical reference to support management judgement rather than as a standalone resilience-testing model. This approach provides a practical foundation for identifying material exposures while the Group develops more formal scenario-analysis capabilities for future reporting periods.

- the near-term (up to 2040),
- mid-term (2041–2060), and
- long-term (2081–2100).

Assessment

iii. How the Group Assesses Risks

- Once identified, climate-related risks are assessed using a consistent methodology that considers the nature of the risk, its likelihood of occurrence, the severity of potential impacts and the time horizon over which those impacts may arise. This methodology is aligned with the Group's broader risk management approach and supports comparability across sectors while allowing for differences in business model, asset exposure and operating context. Nature

  In our assessment, climate related risks are categorised using a structured classification framework to ensure consistency and alignment with SLFRS S2. Risks were classified as:

  Physical risks

  - Acute physical risks (event driven risks such as extreme weather events)
  - Chronic physical risks (long term shifts in climatic patterns)

  Transition risks

  - Policy, political or governance related transition risks/
  - Legal or compliance related transition risks
  - Technology related transition risks
  - Market related transition risks
  - Reputation related transition risks
  - Other risks or opportunities, where appropriate

This classification enables the Group to distinguish between different drivers of risk and ensures alignment with climate related disclosure requirements.

- Likelihood of occurrence

Each identified risk is first assessed based on its likelihood of occurrence, that is, the probability of the risk materialising. The likelihood of occurrence is assessed on a five-point scale, ranging from Negligible to Very High. This scale is intentionally kept concise to support clarity and uniform application across assessments. Please refer to the climate-related risk heat map to review the likelihood rating.

- Potential Impact

The potential impact of each risk is then evaluated across seven asset categories which are: inventory, equipment, buildings, people, data, business operations, and the supply chain. The potential impact of risks on each of these assets is assessed using a five-point scale, ranging from Negligible to Very High. An overall impact score is derived by calculating the average of the impact ratings across all asset categories. Please refer to the climate-related risk heat map to review the likelihood rating.

Prioritisation

- Prioritisation relative to other risks

Based on the guidelines discussed, the overall risk rating is calculated by multiplying the scores for the identified likelihood of occurrence and the potential impacts. The resulting score is then checked against the risk heat map to support prioritisation and decision-making. Risk levels are categorised as Low (1.0–3.0), Moderate (3.1–8.0), High (8.1–14.0) or Very High (14.1–25.0)This approach is aligned with the Group's Enterprise Risk Management (ERM) framework, ensuring consistency and comparability across all risk assessments.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Risk Heat Map

Probability

Almost certain	5	5	10	15	20	25
Likely	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Rare	1	1	2	3	4	5
	0	1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Extreme

Impact on assets

Priority is generally given to risks that:

- demonstrate high likelihood and/or significant impact
- have material implications for operations, financial performance or assets
- affect multiple parts of the value chain
- influence strategic decision making or capital allocation

Sectoral teams identify key risks for escalation, including those considered most relevant for the Group level governance review.

Guidance on the risk rating

Risk level	Risk score	Description
Low risk	1 to 3	The likelihood of occurrence is negligible or low, and the potential impact is minimal. Either the risk is unlikely to materialise or even if the risk materialises, it is expected to have only limited consequences. These risks are considered low priority and typically do not require immediate attention.
Moderate risk	3.1 to 8	The likelihood of occurrence or the potential impact may be moderate to high, but not both simultaneously. Either the risks are more likely to occur, but the impact is limited even if they do, or the risks are unlikely of occur, but the impacts could have more significant consequences if they do materialise. These risks are not typically the highest priority but should not be overlooked, particularly where potential impacts could result in notable financial or operational implications.
High risk	8.1 to 14	Both the likelihood of occurrence and the potential impact are moderate, which together can result in significant financial or operational implications. This category also includes risks that are highly likely to occur even if the impact is relatively moderate, as well as risks with lower probability but the potential for substantial damage if they materialise. These risks require timely attention and proactive management, as they represent higher priorities compared to lower-rated risks.
Ultra-high risk	14.1 to 25	The likelihood of occurrence is high or very high, and the potential impact is similarly significant. These risks present substantial financial and/or operational consequences and are considered top priority, requiring immediate attention and decisive action.

Consideration of time horizon in risk prioritisation

Time horizon in which the risk or opportunity can be reasonably expected to occur	Period	Description
Short-term	0 – 24 months	Higher priority as the team has less time to take action
Medium-term	2-5 years	Medium priority as the team has more time to take action
Long-term	Over 5 years	Lower priority as the team has more time to take action

Monitoring

Monitoring of Climate related Risks

Climate related risks are monitored on an ongoing basis through sector level reporting, ERM processes and periodic reviews within governance forums, including the Sustainability Council and the Group Supervisory Board.

Monitoring includes tracking key risk indicators, operational and financial impacts, and evolving external conditions. These processes are supported by DRR mechanisms, early warning systems and continuous engagement across management levels, enabling timely responses to emerging risks.

Changes in the Process

Changes Compared with Previous Period

During the current reporting period, the Group has further formalised and enhanced its climate related risk identification and assessment processes to align with SLFRS S1 and SLFRS S2 requirements. Enhancements include the introduction of structured risk identification tools, expanded financial impact assessments, and closer integration with ERM and strategic planning processes.

These processes continue to evolve as part of the Group's first year adoption and ongoing refinement of sustainability related disclosures.

Processes and Policies Relating to Climate related Opportunities

Identification, Assessment, Prioritisation and Monitoring of Opportunities

Climate related opportunities are identified and managed through the same integrated frameworks applied to risk management. Sector level assessments, sustainability reviews and strategic planning processes are used to identify opportunities linked to:

- climate resilient operations and infrastructure
- resource efficiency and cost optimisation
- diversification and innovation
- renewable energy and low carbon transition initiatives
- enhanced market positioning and access to capital

Scenario considerations, including regulatory, technological and market developments, inform the evaluation of opportunities. Opportunities are assessed based on their potential to enhance financial performance, strengthen resilience and support long term strategic objectives.

Monitoring is carried out through management reviews, strategic initiatives and governance oversight mechanisms to ensure alignment with Group priorities.

Alignment with the Overall ERM Process

The Group's climate-related risk and opportunity processes are aligned with our ERM framework, by leveraging existing risk registers, management reviews and sector-level controls to identify and assess material climate-related matters. This process supports consistent escalation, evaluation and incorporation of risks into financial, operational and strategic decision-making, while ensuring climate considerations are assessed in line with sustainability-related disclosure requirements.

This approach combines established risk insights with a structured, organisation-wide sustainability process, ensuring alignment with broader financial, operational and strategic risk considerations in accordance with SLFRS SDS requirements. Further details are provided in the Risk Management section of this report.

6. STRATEGY

The Group's strategy focuses on building long-term resilience, maintaining competitiveness and creating value in a business environment increasingly shaped by sustainability and climate-related factors. Guided by the Group's overall strategic direction, segmental strategies and broader business planning processes, including the Spence IMPACT sustainability strategy, our ongoing effort is to embed climate considerations into key decision-making areas such as operations, asset planning, capital allocation and growth, rather than being treated as standalone initiatives. The sections that follow outline the Group's key climate-related risks and opportunities and their potential implications for future strategy and financial performance, with further details on the Spence IMPACT strategy and sector actions provided elsewhere in this report.

Climate related risks (CRRs)

The Group has identified a range of climate-related risks relevant to its operations, assets, people and supply chains, which may affect long-term business resilience. In this first year of applying the standards, these risks have been assessed primarily on a qualitative basis, reflecting evolving methodologies for quantifying financial impacts, while current-period effects are addressed through existing financial controls. Over time, these risks are expected to influence operating costs, capital allocation, business continuity and strategic decisions.

Climate related risks are assessed across short , medium and long term time horizons, taking into account their likelihood, potential financial effects and strategic relevance. The key climate related risks identified include:

- **Climate-related risk 1**: Rising energy cost,
- **Climate-related risk 2**: Coastal erosion
- **Climate-related risk 3**: Extreme rainfall & Heavy winds

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Climate-related risk profile 1:

Rising Energy Cost	
Risk description:	Rising energy costs leading to increase operational expenditure across hotel properties through higher utility, fuel, and maintenance expenses, thereby placing pressure on profitability, cash flows, and overall operating margins.
Nature of the risk:	Policy, political/ geopolitical or governance related transition risk
Time horizon:	Short term (0 – 24 months) — Identified risks are considered reasonably likely to materialise within the short-term time horizon.
Business models and the value chain:	The Group's hotel operations are dependent on efficient energy usage, inventory management, and stable supply chain networks to support daily business activities and guest service delivery. Rising energy costs may increase operational, procurement, logistics, and inventory-related expenses across the portfolio, thereby placing pressure on operating margins, service efficiency, and overall business performance.
Impacts of the risk on the prospects of the business:	Rising energy costs may adversely affect hotel business operations by increasing utility, fuel, inventory storage, and supply chain-related expenses, leading to higher operating costs, pressure on margins, and greater cash flow volatility. Over time, sustained increases in energy prices could impact competitiveness and profitability, prompting greater focus on energy efficiency initiatives, operational optimization, supply chain resilience, and sustainable business practices to support long-term operational stability and growth.
Significance	Moderate risk
Anticipated effects on business model and value chain:	Looking ahead, rising energy costs may: ◆ increase hotel operating and utility expenses ◆ increase procurement, inventory storage, and transportation costs ◆ disrupt supply chain efficiency and supplier pricing stability ◆ place pressure on room margins, pricing competitiveness, and profitability ◆ require additional investments in energy-efficient technologies and operational optimization initiatives These impacts are expected to vary across the portfolio depending on property size, energy intensity, operating model, and reliance on imported goods and fuel-dependent supply chains where anticipated effects are highly probable in Sri Lanka.
Where the risk is concentrated:	Rising energy cost exposure is primarily concentrated in: ◆ hotel operations with high electricity, fuel, and utility consumption ◆ energy-intensive areas including air conditioning, laundry, kitchen operations, water heating, and transportation ◆ procurement and supply chain networks affected by fuel price increases and higher logistics costs ◆ inventory management and storage operations requiring continuous refrigeration and utility usage ◆ properties with higher dependence on imported goods, fuel-based utilities, and external service providers ◆ Higher exposure is observed in larger resort properties and operationally intensive hotels where energy consumption and supply chain dependency are significantly higher.
Strategy and decision making:	The Group is integrating climate considerations into strategy, risk management, and transition planning through energy efficiency investments, resilience measures, ESG compliance, and digital transformation. These actions reflect a mix of mitigation (energy transition) and adaptation (infrastructure resilience, cost management) responses. Strategic decisions balance near-term cost pressures with long-term resilience and competitiveness, including trade-offs between capital investment and operational risk reduction.
Response and action taken:	✔ Energy efficiency and renewable energy initiatives ✔ Monitoring of policy and regulatory developments ✔ Cost management integrated into operational planning - Please refer to the Sector Reviews and the Capital Reviews for more information.

Rising Energy Cost	
Resource allocation:	Resource allocation is being directed across: ◆ **Financial resources** - capital expenditure on energy transition, compliance, and system upgrades ◆ **Human resources** - strengthening ESG, risk management, and operational capabilities ◆ **Technological resources** - digital transformation and automation initiatives These actions are being implemented on an ongoing basis.
Current assessment of the risk	Resilience to the risk is currently assessed as moderate, supported by ongoing mitigation and adaptation initiatives, though exposure varies across segments. Scenario analysis has been conducted using climate, regulatory, market, and technology scenarios over short, medium, and long-term horizons.
Key assumptions:	Gradual policy tightening, continued increases in energy and insurance costs, and moderate likelihood of occurrence
Judgements and uncertainties	Significant judgement is involved in estimating probabilities, financial impacts, and timing due to uncertainties in regulatory developments, technology adoption, and market responses. Key uncertainties relate to cost escalation, insurance trends, compliance requirements, and supply chain availability, all of which may materially affect outcomes.
Metric	Energy Intensity per Guest Nights
Current year Financial effects	
	Climate-related impacts are already being experienced across several segments, primarily driven by rising energy cost. These include: ◆ Higher energy and fuel costs ◆ Transition cost to shift to low carbon solutions ◆ Potential costs from carbon-related regulation and environmental compliance ◆ Financial implications in the current year; Impact on P&L: Rs. 37.75 Mn↓ Impact on cashflows: Rs. 37.75 Mn↓ Impact on financial position: - Assets: Rs. 37.75 Mn↓ - Equity: Rs. 37.75 Mn↓ - Debt: Nil
Significant risk of material adjustment within the next annual reporting period to the carrying value of assets and liabilities	At the reporting date, management has not identified a specific material adjustment within the next annual reporting period to the carrying values of assets and liabilities arising solely from this risk. The Group will continue to monitor developments in this area.
Anticipated Financial effects	Refer transition relief for anticipated financial effects.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Climate-related risk profile 2:

Coastal erosion	
Risk description:	Coastal erosion leading to damage and gradual loss of beachfront assets, protective infrastructure, and surrounding landscapes across coastal hotel properties, thereby increasing maintenance, restoration, and adaptation costs while potentially affecting guest experience, property value, and long-term operational sustainability.
Nature of the risk:	Chronic physical risk (.e. a risk emanating from longer term shifts in climatic patterns)
Time horizon:	Short term (0 – 24 months) Identified risks are considered reasonably likely to materialise within the short-term time horizon.
Business models and the value chain:	The Group's hotel operations are dependent on the stability and sustainability of coastal environments to support guest experiences, asset integrity, and uninterrupted business operations. Coastal erosion may damage beachfront assets, protective infrastructure, and surrounding landscapes, potentially disrupting operations, increasing maintenance and adaptation costs, and placing pressure on service delivery, asset values, and the long-term resilience of the Group's business model and value chain.
Impacts of the risk on the prospects of the business:	Coastal erosion may adversely impact hotel operations through damage to beachfront assets and infrastructure, leading to higher maintenance and adaptation costs, operational disruptions, and pressure on profitability and asset values. Over time, continued coastal degradation may affect competitiveness and long-term business sustainability, increasing the need for resilient infrastructure and coastal protection measures.
Significance	Moderate risk
Anticipated effects on business model and value chain:	Looking ahead, increasing coastal degradation, higher adaptation and protection costs, and evolving guest expectations are likely to reshape the operating model and require a more resilient and climate-adaptive value chain. Risk is concentrated in beachfront properties, coastal infrastructure, and tourism operations dependent on shoreline stability and environmental sustainability.
Where the risk is concentrated:	The risk is primarily concentrated on coastal hotel operations and asset infrastructure, particularly beachfront properties and related business activities, driven by shoreline degradation and physical damage that may impact operational continuity, asset values, and guest experience.
Strategy and decision making:	The Group is integrating coastal and climate-related considerations into strategy and risk management through coastal protection measures, resilient infrastructure investments, and sustainable environmental practices to enhance long-term operational resilience. Strategic decisions balance near-term investment costs with long-term asset protection, operational continuity, and reduced exposure to erosion-related risks.
Response and action taken:	✔ Coastal protection and shoreline stabilization initiatives ✔ Monitoring of coastal and environmental developments ✔ Infrastructure resilience and maintenance integrated into operational planning Please refer to the Sector Reviews and the Capital Reviews for more information.
Resource allocation:	Resource allocation is being directed across: ◆ **Financial resources** - capital expenditure on coastal protection, shoreline stabilization, and resilient infrastructure improvements ◆ **Human resources** - strengthening environmental management, engineering, and risk management capabilities ◆ **Technological resources** - coastal monitoring, erosion assessment, and climate resilience initiatives These actions are being implemented on an ongoing basis.
Current assessment of the risk	Resilience to the risk is currently assessed as moderate, supported by ongoing coastal protection and adaptation initiatives, though exposure varies across coastal properties and locations. Scenario analysis has been conducted considering climate and environmental impacts over short, medium, and long-term horizons.
Key assumptions:	Continued coastal degradation, increasing adaptation and infrastructure protection costs, and moderate likelihood of occurrence.

Coastal erosion	
Judgements and uncertainties	Significant judgement is involved in estimating the extent, timing, and financial impact of coastal erosion due to uncertainties in climate patterns, sea level rise, and shoreline behaviour. Key uncertainties relate to the severity of coastal degradation, effectiveness of protection measures, infrastructure resilience, and future adaptation costs, all of which may materially affect outcomes.
Metric	Cost incurred to mitigate impact from coastal erosion
Financial effects:	
Current exposure for business model and value chain:	Physical risks such as coastal erosion and sea level rise are already impacting asset integrity, maintenance needs, and operational continuity, leading to service disruptions, increased insurance costs, and reduced efficiency in port and hotel operations. ◆ Financial implications in the current year; Impact on P&L: **Rs. 31.78 Mn**↓ Impact on cashflows: **Rs. 31.78 Mn**↓ Impact on financial position: - Assets: **Rs. 31.78 Mn**↓ - Equity: **Rs. 31.78 Mn**↓ - Debt: Nil
Significant risk of material adjustment within the next annual reporting period to the carrying value of assets and liabilities	At the reporting date, management has not identified a specific material adjustment within the next annual reporting period to the carrying values of assets and liabilities arising solely from this risk. The Group will continue to monitor developments in this area.
Anticipated Financial effects	Refer transition relief for anticipated financial effects.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Climate-related risk profile 3:

Extreme rainfall & Heavy winds	
Risk description:	Extreme rainfall and heavy winds leading to operational disruptions across hotel properties through property damage, utility interruptions, supply chain delays, and increased repair and maintenance expenses, thereby placing pressure on profitability, cash flows, and overall operational continuity.
Nature of the risk:	Acute physical risk
Time horizon:	Short term (0 – 24 months) Identified risks are considered reasonably likely to materialise within the short-term time horizon.
Business models and the value chain:	The Group operates asset-intensive tourism and logistics businesses where value is driven by physical infrastructure and operational continuity. Extreme rainfall and heavy winds primarily affect asset reliability, service continuity, and maintenance costs through potential property damage and operational disruptions.
Impacts of the risk on the prospects of the business:	Extreme rainfall and heavy winds can damage assets, disrupt operations, and increase maintenance and insurance costs, potentially affecting operational continuity, profitability, and long-term resilience of operations.
Significance	High Risk
Anticipated effects on business model and value chain:	Over the long term, increasing extreme rainfall and heavy winds may require enhanced resilient infrastructure, higher capital investment, and operational adjustments to maintain service continuity and protect critical assets.
Where the risk is concentrated:	Risk is concentrated in operational assets and infrastructure, including hotel properties, transport facilities, and storage areas, with particular exposure in low-lying and poorly drained locations vulnerable to flooding, structural damage, and service disruptions caused by extreme rainfall and heavy winds.
Strategy and decision making:	The Group's strategy is focused on strengthening operational resilience and adapting to increasing extreme rainfall and heavy wind events through infrastructure reinforcement, improved drainage systems, and enhanced operational flexibility. This approach is shaping decision-making by prioritising long-term resilience and service continuity over short-term cost efficiency, with capital allocation, asset design, and operational planning increasingly guided by climate risk exposure and disruption risk considerations.
Response and action taken:	The Group's response is primarily adaptation-led, including strengthening infrastructure to withstand extreme rainfall and heavy winds, enhancing drainage systems, and improving the resilience of operational assets, with relocation considered for high-risk locations. Operational adjustments such as scheduling flexibility and resource reallocation are also used to minimise disruption. ✔ Long-term risk identification through strategic planning cycles ✔ Capacity building and monitoring of weather-related risk indicators ✔ Governance oversight through Board and senior management forums Please refer to the Sector Reviews and the Capital Reviews for more information.
Resource allocation:	**Financial resources** are being directed toward capital expenditure for resilient infrastructure upgrades, drainage improvements, and feasibility studies for high-risk assets. **Human resources** include engineering and technical expertise, alongside coordination with relevant authorities for planning and response. **Technological inputs** focus on climate and hydrological assessments, infrastructure modelling, and resilience planning tools. Implementation is ongoing, with feasibility studies and technical reviews currently in progress.
Current assessment of the risk	Overall resilience is assessed as moderate, with higher vulnerability in exposed operational assets due to the frequency and intensity of extreme rainfall and heavy wind events, particularly affecting infrastructure reliability and service continuity.
Key assumptions:	Moderate likelihood of occurrence, increasing intensity of extreme rainfall and heavy wind events over time, and disruption durations estimated based on historical operational experience and site-specific conditions.

Extreme rainfall & Heavy winds	
Judgements and uncertainties	Significant judgement is applied in assessing the likelihood, timing, and operational impact of extreme rainfall and heavy wind events due to uncertainty in weather patterns, infrastructure resilience, and effectiveness of mitigation measures. Key uncertainties include the severity and frequency of events, duration of operational disruptions, adequacy of drainage and protective infrastructure, and the timing and cost of required upgrades or operational adjustments.
Metric	Maximum 24 - hour rainfall
Financial effects:	
Current exposure for business model and value chain:	◆ Changes in rainfall patterns observed ◆ Potential asset impairment risks in climate sensitive locations ◆ Financial implications in the current year; Impact on P&L: **Rs. 48.38 Mn**↓ Impact on cashflows: **Rs. 48.38 Mn**↓ Impact on financial position: - Assets: **Rs. 48.38 Mn**↓ - Equity: **Rs. 48.38 Mn**↓ - Debt: Nil
Significant risk of material adjustment within the next annual reporting period to the carrying value of assets and liabilities	At the reporting date, management has not identified a specific material adjustment within the next annual reporting period to the carrying values of assets and liabilities arising solely from this risk. The Group will continue to monitor developments in this area.
Anticipated Financial effects	Refer transition relief for anticipated financial effects.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Further detail on the Group's climate mitigation and adaptation approach is provided in the Climate Strategy section, while sector specific risk responses and management actions are described in the Sector Reviews section of this report.

Key opportunities identified

Positioning Aitken Spence Hotels as a climate-resilient, low-carbon, nature-positive hospitality leader	
Description of the opportunities:	These opportunities collectively reflect the Group's strategic shift toward building a climate-resilient, low-carbon and diversified business model. They encompass three interrelated pathways: (i) developing low-carbon and sustainability-driven products and services, including renewable energy, nature-based solutions, and carbon management initiatives, to capture emerging demand and strengthen market positioning; (ii) investing in climate-resilient infrastructure and modernisation, enhancing operational continuity, reducing exposure to physical risks, and improving long-term cost efficiency; and (iii) expanding into new markets and diversifying the portfolio, enabling the Group to reduce dependence on climate-sensitive business lines while unlocking new revenue streams and growth opportunities. Together, these initiatives support both risk mitigation and value creation by aligning the business with evolving regulatory, investor, and customer expectations.
Nature of the risk creating the opportunities:	Reputation related transition opportunity Market share, technology or reputation related opportunity
Time horizon:	Short term (0 – 24 months) — Identified opportunities are considered reasonably likely to materialise within the short-term time horizon
Business models and the value chain:	The Group's business is increasingly evolving toward a climate-resilient, low-carbon, nature-positive model, integrating sustainability across the value chain from responsible sourcing and resilient infrastructure to eco-friendly guest experiences and operations. This transition enhances brand differentiation, strengthens operational resilience, and supports premium, value-driven offerings aligned with evolving market expectations.
Impacts of the risk on the prospects of the business:	Positioning Aitken Spence Hotels as a climate-resilient, low-carbon, nature-positive leader enhances competitiveness, strengthens brand value, and supports access to new markets and sustainability-driven demand. While requiring upfront investment, these initiatives improve long-term revenue potential, strengthen operational resilience, and support more sustainable and future-ready growth prospects.
Relevance to segment:	High
Anticipated effects on business model and value chain:	Over the medium to long term, positioning Aitken Spence Hotels as a climate-resilient, low-carbon, nature-positive leader is expected to strengthen sustainability integration across the business model, enhancing eco-friendly offerings, resilient operations, and differentiated guest experiences. The value chain will increasingly emphasise sustainable sourcing, efficient resource use, and climate-adaptive infrastructure, improving operational resilience and long-term competitiveness.
Where the opportunities are concentrated:	Opportunities are predominantly concentrated in three areas: (i) physical assets and infrastructure, through climate-resilient investments; (ii) product and service innovation, including low-carbon offerings, sustainable packaging, and specialised solutions; and (iii) strategic diversification and market positioning, particularly in high-value, climate-aligned sectors and services. These are largely focused in high-impact segments such as logistics, plantations, and emerging sustainability-driven service lines.
Strategy and decision making:	Climate-related opportunities are embedded in positioning Aitken Spence Hotels as a climate-resilient, low-carbon, nature-positive leader, with a focus on sustainable differentiation, resilience-building, and value-added guest experiences. Strategic decisions increasingly prioritise investments in sustainable infrastructure, eco-friendly offerings, and operational efficiency, aligning capital allocation and planning with long-term sustainability, competitiveness, and growth objectives.

Positioning Aitken Spence Hotels as a climate-resilient, low-carbon, nature-positive hospitality leader	
Plans to integrate opportunities (Strategy, Risk Management, Transition Plans & Targets):	The Group is formalising integration through structured transition plans that combine direct mitigation (e.g., renewable energy expansion, resource efficiency, low-carbon products) and adaptation measures (e.g., climate-resilient infrastructure, diversified cropping and business models). These are supported by risk management processes that incorporate climate considerations into asset planning and portfolio decisions, alongside measurable targets that link diversification, emissions reduction, and revenue growth from sustainable segments.
Resource allocation:	**Financial resources:** The Group is progressively mobilising financial resources toward capital expenditure in resilience, diversification, and sustainability initiatives, while leveraging access to green financing where applicable. **Human resources:** Human capital is being strengthened through specialised teams and capability building in areas such as sustainability, innovation, and risk assessment. **Technological resources:** Technological investments, ranging from digitalisation and monitoring tools to renewable energy and controlled-environment systems, are enabling scalable and efficient implementation of these initiatives.
Progress	Please refer to the Capital Reports.
Key assumptions:	Moderate to high probability of climate impacts, gradual policy tightening, increasing market preference for sustainable products and services, and ongoing technological advancement.
Judgements and uncertainties	The assessment involves inherent uncertainties, particularly relating to the pace of climate change, regulatory evolution, market adoption of sustainable solutions, and technological scalability. Key judgements include assumptions on demand growth, cost recovery periods, and effectiveness of resilience investments. While these uncertainties may influence the timing and magnitude of impacts, the overall strategic direction remains robust under a range of plausible future scenarios.
Financial effects:	
Current influence on business model and value chain:	At present, the Group is in a transition phase, with early-stage integration of climate-related opportunities into core operations. This is evidenced by incremental investments in resilience, resource efficiency, low-carbon products, and diversification initiatives, which are beginning to enhance operational reliability, optimise resource use, and strengthen customer value propositions without fundamentally altering the core revenue model. Impact on P&L: **Rs. 15.75 Mn**↑ Impact on cashflows: **Rs. 15.75Mn**↑ Impact on financial position: - Assets: **Rs. 15.75 Mn**↑ - Equity: **Rs. 15.75 Mn**↑ - Debt: Nil
Significant risk of material adjustment within the next annual reporting period to the carrying value of assets and liabilities	The Group recognises that identified climate-related opportunities have the potential to create positive value to the organisation. However, as this is the first year of reporting and the assessment of future financial impacts, including scenario analysis, is still in progress, it would be premature to quantify the trade-off in capitals to explore these opportunities.
Anticipated financial effects:	Refer transition relief for anticipated financial effects.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

7. METRICS & TARGETS

Aitken Spence Hotel Holdings PLC uses a combination of quantitative and qualitative indicators to monitor climate related risks and opportunities in line with SLFRS S1 and SLFRS S2. These metrics are aligned with the Group's risk management processes, operational monitoring and strategic priorities.

Greenhouse Gas (GHG) Emissions

The Group measures and discloses Scope 1, Scope 2 and Scope 3 greenhouse gas emissions in accordance with internationally recognised methodologies and its SBTi validated targets. Group uses the GHG Protocol to calculate emissions while the emission factors are sourced from the IPCC and the DEFRA database as previously explained. Our emission disclosures are aligned with the GRI Standards (GRI 102) and the SLFRS S2 standard.

Basis for determining the organisational and operational boundaries is consistent with the operational control approach, as described earlier in this section, and is applied across all relevant Group entities and activities.

Methodology for measurement and disclosure of GHG emissions is aligned with established international frameworks, ensuring consistency, comparability and completeness of reported emissions.

- Emissions are calculated using the Greenhouse Gas Protocol as the primary framework, supported by emission factors and guidance from the IPCC, DEFRA, the Sustainable Energy Authority of Sri Lanka, and other relevant national and international sources.
- Scope 3 GHG emissions
- The Group has disclosed its Scope 3 greenhouse gas emissions in line with the GRI Universal Standards (GRI 102) and the Group's commitments to the SBTi. It should be noted that these disclosures remain subject to external verification in 2026. Any refinements arising from this process will be incorporated into the disclosures in 2026/2027 onwards.
- Scope 3 disclosures include Category 15 (Investments), comprising estimated emissions relating to joint ventures and other investees where the Group does not have operational control. These estimates are derived using reasonable and supportable assumptions based on available data and the scale and nature of the underlying operations, in accordance with the GHG Protocol, and will be progressively refined as data availability improves.

Emission factors and assumptions are derived from authoritative sources, with emission factors obtained from the IPCC and DEFRA databases, and Global Warming Potential (GWP) values applied in accordance with the IPCC Sixth Assessment Report (AR6).

Key assumptions reflect the use of the most relevant and available data for the Group's operating contexts and are subject to ongoing refinement as data quality improves.

A summary of the Group's emissions is provided below, while more detailed information on methodologies, assumptions and data sources is presented in the Natural Capital section, prepared in alignment with the GRI Universal Standards.

Summary of GHG Emissions

	Unit of Measure	2025/26	Supporting documents
Scope 1			
Mobile combustion	tCO_2e	916	Fuel bills, log entries
Stationary combustion	tCO_2e	26,180	Fuel bills, log entries
Total Scope 1 emissions	tCO_2e	27,096	
Scope 2			
Total Scope 2 emissions	tCO_2e	11,300	Electricity bills. Log entries
Total emissions (Scopes 1 and 2)	**tCO_2e**	**38,396**	
Fugitive emission	tCO_2e	1,634	Log entries
Non-biogenic emissions from biomass	tCO_2e	23	Log entries

NOx and SOx emissions are no longer applicable as the thermal power generation has ceased operations in line with our net zero pathway.

Climate related Physical Risks

Climate related physical risks have been identified and assessed through the Group's structured risk management processes, as described in the Risk Management section. These include both acute and chronic risks arising from climate variability and extreme weather events. The assessment of these risks involves considerable judgement, particularly in estimating the likelihood, timing and magnitude of impacts across diverse geographic locations and operations. It is to be expected that there would also be considerable uncertainty due to the evolving nature of climate patterns, limitations in historical data, and reliance on forward looking assumptions informed by external climate projections and internal operational experience. . The operations that currently identify vulnerabilities to climate related physical risks are mentioned in the risk profiles described above.

Climate related Transition Risks

Transition risks are identified through the Group's integrated risk assessment framework, including regulatory, market, technological and reputational drivers, as outlined in the Risk Management section. Judgements are applied in assessing the extent and timing of such risks, particularly in relation to policy developments, market responses and technological changes associated with the transition to a low carbon economy. These assessments involve inherent uncertainty due to the pace of regulatory change, evolving stakeholder expectations and variability in sector specific transition pathways. The operations that currently identify vulnerabilities to climate related transitional risks are mentioned in the risk profiles described above.

Climate-related Opportunities

Climate-related opportunities are assessed alongside risks through the Group's structured processes, as described in the Risk Management and Strategy sections. These include opportunities linked to diversification, renewable energy, resource efficiency and market positioning. Judgement is required in determining the potential scale and timing of benefits, including impacts on revenue growth, cost optimisation and access to capital. Uncertainty arises from external factors such as market adoption, regulatory support and technological advancements.

We are currently quantifying the percentage of business activities aligned with climate related opportunities, with disclosures to follow in future reports.

Capital Expenditure and Resource Allocation

Capital expenditure related to climate related risks and opportunities is considered through the Group's strategic planning and investment processes, as outlined in the Risk Management and section and in other sections of this report. Judgements are applied in allocating resources towards resilience, efficiency and climate aligned initiatives across sectors. Uncertainty arises in estimating the future financial returns, cost implications and risk mitigation benefits of such investments, particularly where outcomes depend on organisation priorities, evolving climate conditions, regulatory frameworks and market dynamics. Effective use of available resources requires robust monitoring, planning and investment processes. Given the Group's current stage of SLFRS S2 adoption, climate related metrics continue to evolve, with a focus on improving consistency, data quality and comparability across sectors.

Climate-related targets

The Group has established greenhouse gas (GHG) emissions reduction targets aligned with the GHG Protocol, Sri Lanka's NDCs and the Science Based Targets initiative (SBTi), supporting global efforts under the Paris Agreement.

- Metric: Absolute GHG emissions (tCO2e)
- Objective: Climate change mitigation through science-based decarbonisation
- Scope: Operations under operational control (primarily Scope 1 and Scope 2; Scope 3 under development)
- Base year: FY2020
- Time horizon: Medium-term targets to 2030
- Target type: Absolute reduction targets

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Our targets are validated by SBTi.

Our near-term targets	Progress
Aitken Spence Hotel Holdings PLC commits to increase active annual sourcing of renewable electricity to 12% by FY2030.	Signing of new Power Wheeling agreement for renewables in India.
Aitken Spence Hotel Holdings PLC further commits that approximately 46.4% of its suppliers by emissions covering purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations and business travel will have science-based targets by FY2030.	Commenced (aspirational targets)
Aitken Spence Hotel Holdings PLC further commits that 80% of its customers by emissions covering use of sold products will have science-based targets by FY2030.	Commenced (aspirational targets)
Aitken Spence Hotel Holdings PLC finally commits that 90% of its investments by emissions will have science-based targets by FY2030.	Commenced (aspirational targets)

Use of Carbon Credits, RECs, Removals and Internal Carbon Pricing

The Group's decarbonisation strategy prioritises direct emission reductions across operations and the value chain, in line with its SBTi validated near term targets. The use of carbon credits or offsets is not relied upon for the achievement of these targets.

As part of Parent Group's longer term transition towards net zero, the Group continues to evaluate emission removal initiatives, which may play a role in addressing residual emissions where appropriate.

In specific segments such as Power and Plantations, the Group is also exploring mechanisms to enhance the commercial viability of renewable energy and carbon related initiatives. This includes the potential generation of Renewable Energy Certificates (RECs) and associated environmental attributes from eligible projects.

Given current regulatory constraints, including limitations on power wheeling, the Group is assessing approaches to utilise such instruments for internal energy attribution purposes, with any surplus potentially being monetised. These initiatives are at a developmental stage and are intended as financing and value creation mechanisms, and not as substitutes for emission reductions or for achieving the Group's targets.

Industry Specific Metrics – SASB Index

The Group has considered the Sustainability Accounting Standards Board (SASB) Standards and has reported against Hotel & Lodging industry standard. relevant to the sector. Sector specific SASB disclosures, including relevant metrics and activity indicators, are presented within the respective capital reports of this report.

Linkages and Consistency

The metrics and targets disclosed above are:

- aligned with identified climate related risks and opportunities
- informed by the Group's structured risk assessment processes (CRRO/SRRO framework)
- integrated into enterprise risk management (ERM) and strategic planning
- consistent with disclosures in the Natural Capital and other sustainability sections

This ensures that metrics and targets provide a coherent, connected and decision useful view of the Group's climate related performance and progress in line with SLFRS requirements.

8. FORWARD LOOKING APPROACH

The Group will continue to enhance climate related risk identification, assessment and disclosure practices as data availability, analytical capabilities and regulatory expectations evolve. More detailed disclosures, including quantified financial effects and scenario analysis, will be introduced progressively in future reporting periods in line with SLFRS and SLFRS Sustainability Disclosure Standards.

Group recognises that sustainability related disclosures are inherently forward looking and subject to uncertainty. Management applies judgement in determining the level of information disclosed, balancing the need for decision useful insight with the limitations of available data and evolving methodologies.

As sustainability reporting practices continue to develop, Group is committed to enhancing transparency, incorporating greater quantification and providing clearer insight into how sustainability related risks and opportunities may influence future performance, strategy and financial outcomes.

MANAGEMENT DISCUSSION AND ANALYSIS



CONFIDENCE IN OUR PRECISION

Precision guides how we deliver consistently exceptional experiences at Aitken Spence Hotel Holdings. Every element is measured and aligned for reliable performance across diverse challenges. Our mastery of our art is shown in attention to detail, deliberate timing, and a systematic approach to bring about meaningful outcomes.

OPERATIONAL PERFORMANCE

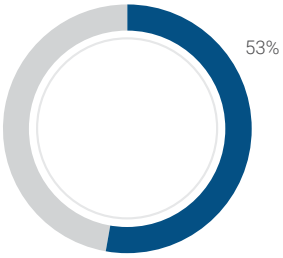
PERFORMANCE BY GEOGRAPHIC SECTOR

Cluster Overview

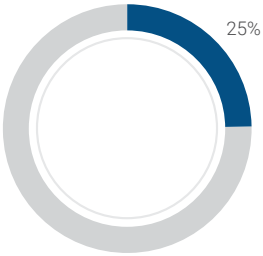
> Given the distinct presence and competitive advantages enjoyed by Aitken Spence Hotels across Sri Lanka and three other geographies, the performance of the Group's operations is analysed by geographic cluster. Accordingly, the 19 Sri Lankan properties, comprising both owned and managed hotels, are analysed under the Sri Lankan Cluster, while the 15 owned and managed properties located across the Maldives, Oman, and India are analysed under the South Asian and Middle Eastern Cluster. Each cluster is assessed across key salient performance aspects to highlight operational performance, financial outcomes, and the relative strengths of each geographic segment.

SRI LANKAN CLUSTER PERFORMANCE

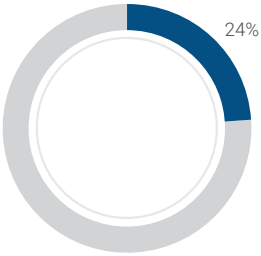
Contribution to Group Guest Room Nights



Contribution to Group Pre Tax Profitability



Contribution to Group Assets



A dedicated team powered by local insight

Our greatest strength lies in our people: a passionate and service driven team whose deep local knowledge, cultural understanding, and commitment to excellence bring authenticity and warmth to every guest interaction

A distinctive islandwide portfolio

A curated collection of exceptional properties set in some of the island's most scenic and culturally rich locations, each offering a unique sense of place

Authentic, place inspired experiences

We immerse guests in the heritage, culture, and traditions of each locale, delivering genuine experiences that reflect the soul of the destination



Timeless architectural excellence

Our properties include iconic architectural masterpieces designed by world renowned architect Mr. Geoffrey Bawa, seamlessly blending architecture, landscape, and nature to create environments of enduring beauty and relevance

Memorable guest journeys through gracious hospitality

Every stay is thoughtfully crafted and elevated through warm, intuitive, and attentive service, ensuring memorable experiences that consistently exceed guest expectations

A celebrated reputation for world-class cuisine

Known for culinary excellence, our diverse dining offerings celebrate both local flavours and international influences

A BALANCED PORTFOLIO FOR EVERY LEISURE PREFERENCE

An equitable mix of properties catering to vibrant escapes, tranquil retreats, and everything in between, allowing leisure seekers to choose experiences that align perfectly with their desired pace and mood

VALUE DELIVERED TO STAKEHOLDERS

Shareholders

Rs. 6.4 Bn
Total Equity

21%
Total Asset Growth

Rs. 17.8 Bn
Net Book Value of PPE

Customers

620,734
Guest Nights

93.52%
Guest Satisfaction Rate

Employees

1,901
Employees

Rs. 1.8 Bn
Payments to Employees

16%
Female Representation

Business Partners

2,790
Channel Partners

151
Newly Registered Suppliers

Rs. 8.2 Bn
Payments to Suppliers

Government & Regulators

Rs. 3.0 Bn
Contribution in taxes

Communities

32%
Local procurements

Rs. 8.8 Mn
Spent on CSR initiatives

Performance review

Financial performance
Revenue - Rs. 12.9 Bn
Profit After Tax - Rs. 734 Mn

Environmental footprint
Carbon footprint per guest night – 23.6 kgCO2e
Water consumption per guest night – 865.2 l
Energy consumption per guest night – 228.7 MJ

CHALLENGES

- Geo-political uncertainties impacting travel demand
- Intensifying competition from new market entrants
- Ageing property portfolio requiring capital-intensive refurbishments
- Talent constraints due to migration and reduced attractiveness of certain roles
- Rising input and operating costs (energy, utilities, and imports) impacting margins

OPPORTUNITIES

- Strengthening the Aitken Spence Hotels brand across key source markets
- Curating differentiated guest experiences within properties and surrounding destinations
- Building a strong talent pipeline through the Aitken Spence Institute of Hotel Management
- Leveraging digital platforms to enhance guest engagement and booking journeys
- Expanding partnerships with travel agents, tour operators, and digital channels

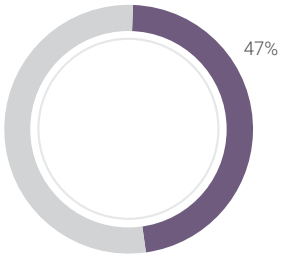
WAY FORWARD

- Capitalise on Sri Lanka's tourism recovery and growing global appeal
- Strengthen brand positioning and deepen channel partnerships
- Reposition selected properties through targeted refurbishments
- Accelerate digital adoption and data-driven guest engagement
- Advance sustainability initiatives in line with net-zero ambitions of the Parent entity

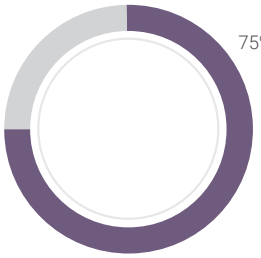
PERFORMANCE ANALYSIS

SOUTH ASIAN AND MIDDLE EAST CLUSTER PERFORMANCE

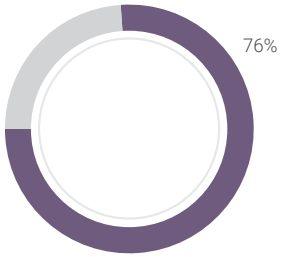
Contribution to Group Guest Room Nights



Contribution to Group Pre Tax Profitability



Contribution to Group Assets



Geographic diversification
Presence across three distinct markets – the Maldives, Oman and India

Established market presence
33 years, 19 years, and 18 years in the Maldives, India and Oman respectively, supported by deep local market insight

Segment diversity
Portfolio catering to a wide range of customer segments and travel preferences across business and leisure

People strength
A diverse and experienced workforce comprising both local and expatriate talent, bringing complementary skill sets and deep familiarity with operating environments across geographies



Brand strength
Strong recognition and loyalty associated with the Aitken Spence Hotels brand across regions

Channel partnerships
Well-established relationships with key travel agents, tour operators, and distribution partners

Operational expertise
Proven ability to manage diverse properties across multiple geographies with consistent service standards



Adaaran Prestige Vadoo
The resort boasts its own exotic reef teeming with vibrant marine life.
Maldives > Kandholi

A BALANCED PORTFOLIO FOR EVERY LEISURE PREFERENCE

An equitable mix of properties catering to vibrant escapes, tranquil retreats, and everything in between, allowing leisure seekers to choose experiences that align perfectly with their desired pace and mood

VALUE DELIVERED TO STAKEHOLDERS

Shareholders

Rs. 36.7 Bn
Total Equity

21%
Total Asset Growth

Rs. 48.4 Bn
Net Book Value of PPE

Customers

549,490
Guest Nights

93.77%
Guest Satisfaction Rate

Employees

1,570
Employees

Rs. 6.6 Bn
Payments to Employees

8%
Female Representation

Business Partners

1,355
Channel Partners

23
Newly Registered Suppliers

Rs. 17.9 Bn
Payments to Suppliers

Government & Regulators

Rs. 7.6 Bn
Contribution in taxes

Communities

9%
Local procurements

Rs. 2.9 Mn
Spent on CSR initiatives

Performance review

Financial performance
- Revenue - Rs. 39.4 Bn
- Profit After Tax - Rs. 4.2 Bn

Environmental footprint
- Carbon footprint per guest night – 45.2 kgCO2e
- Water consumption per guest night – 879 l
- Energy consumption per guest night – 578.1 MJ

CHALLENGES

- Geo-political tensions impacting guest nights and constraining growth momentum
- Country-level macroeconomic and political pressures affecting cost structures and operational stability
- Location-specific environmental risks, including exposure to natural hazards such as tsunamis in the Maldivian market
- Constraints in sourcing and retaining skilled talent

OPPORTUNITIES

- Leveraging extensive on-ground experience to curate differentiated and immersive guest experiences
- Potential for expansion and investment, supported by the strength of the Aitken Spence Hotels brand and its sub-brands
- Deepening engagement with local communities to create shared value and enhance authenticity of offerings
- Expanding reach across a more diversified mix of key source markets

WAY FORWARD

- Diversifying into new source markets to strengthen demand resilience and guest flow
- Accelerating the adoption of digital technologies to enhance operational efficiency and guest convenience
- Undertaking targeted renovations and upgrades to elevate property standards and guest experiences



STRENGTHENING RESILIENCE, ENABLING SUSTAINABLE GROWTH

Our financial capital ensures stability, supports ongoing operations and investments, and enables long-term value creation through disciplined financial management.

Financial Capital

Strength of Financial Capital

- Total Assets - Rs. 116.57 Bn
- Earnings - Rs. 5.02 Bn



Capitals inter-linkages

Human capital
10% YoY increase in benefits paid to employees

Manufactured capital
Rs. 1,850 Mn additions to Property, Plant and Equipment

Social and relationship capital
Rs. 11.7 Mn invested in community empowerment initiatives

Contribution to UN SDGs

Material themes linked

- Financial governance and regulatory compliance
- Sustainable economic performance and value distribution

Financial capital advancing our strategy

Revenue Growth
Drives revenue growth by funding expansion, refurbishment, market development, and service enhancements that strengthen competitiveness and unlock new income streams.

Customer Centricity
Enables customer centricity through sustained investment in guest-facing facilities, product quality, and service innovation that elevate the overall guest experience.

Inspired and Dedicated Team
Supports an inspired and dedicated team by enabling investment in fair rewards, employee well-being, development, and a stable operating environment that fosters motivation and commitment.

Technology Integration
Accelerates technology integration by providing the resources needed to adopt digital systems, modern platforms, and smart solutions that enhance both guest engagement and internal efficiency.

Operational Excellence
Underpins operational excellence by supporting maintenance, process optimisation, quality improvements, and infrastructure upgrades that drive efficiency, reliability, and consistency.

Sustainability
Advances sustainability by funding resource-efficient technologies, responsible operating practices, and long-term initiatives that reduce environmental impact while strengthening resilience.

Aitken Spence Hotel Holdings PLC (hereinafter referred to as "the Group" or ASHHPLC) delivered strong performance for the financial year ended 31 March 2026, despite many challenges due to macro factors. This performance reflects the Group's ability to respond swiftly to make use of the market opportunities and leverage its many years of expertise across sectors.

REVENUE ANALYSIS, EXPENSES AND PROFITABILITY

Revenue Analysis

In Rs. Mn - Group

For the year ended 31st March	2026	2025	Variance
Revenue	52,349	48,741	7%
Revenue taxes	(1,869)	(1,236)	51%
Net revenue	**50,480**	**47,505**	**6%**

Group revenue for the year was Rs. 52,349 Mn, reflecting a commendable increase of 7% compared to the previous financial year. Both the Sri Lanka and South Asia & Middle East sectors demonstrated strong growth in revenue, continuing the post-pandemic trend.

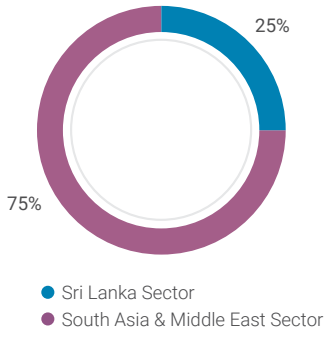
In Sri Lanka, the impact of Cyclone Ditwah, which struck the country in late November 2025 with effects extending into December, together with the repercussions of the Middle East conflict, including flight cancellations and travel restrictions, resulted in guest nights and event cancellations across the four geographies. Against such a backdrop, the increase in revenue during the year is particularly encouraging and reflects the Group's resilience and agility in navigating external disruptions. This performance was supported by the successful diversification of revenue streams, with greater emphasis placed on non-accommodation revenue sources and other value-added offerings designed to enhance the guest experience and drive ancillary income.

Revenue analysis by sector

In Rs. Mn - Group

For the year ended 31st March	2026	2025	Variance
- Sri Lanka	12,916	12,027	7%
- South Asia and Middle East	39,433	36,714	7%
Total	**52,349**	**48,741**	**7%**

Segmental Composition of Group Revenue
For the year ended 31st March 2026



Sri Lanka

Total revenue from the sector reached Rs. 12,916 Mn, an increase of 7% compared to the previous financial year. Sector contribution to overall revenue was 25% and largely static compared to last year. Tourist arrivals to Sri Lanka exceeded 2.3 Mn during the 12 months ending December 2025 as well as during the period in consideration. This growth was supported by a conducive operating environment in Sri Lanka, underpinned by a stabilising economy, policy support extended to the tourism sector, and the inherent resilience and agility of the Group's business model in swiftly capitalising on emerging opportunities. Average occupancy rate stood at 65% whereas Average Daily Rate (ADR) resulted in a marginal growth compared to the previous year. The impact of the Sri Lankan Rupee depreciation against the US Dollar further supported growth in revenue.

This performance was further supported by targeted sales and marketing initiatives across key source markets. These initiatives were implemented through multiple channels, including online travel agents, the Group's own website, and strategic partnerships with tour operator networks. Collectively, these measures contributed to increased guest numbers and further strengthened the Group's revenue streams.

South Asia and Middle East Sector

The South Asia and Middle East sector, encompassing operations in the Maldives, Oman, and India, recorded total revenue of Rs. 39,433 Mn. This represents a year-on-year increase of 7%, broadly consistent with the group revenue growth.

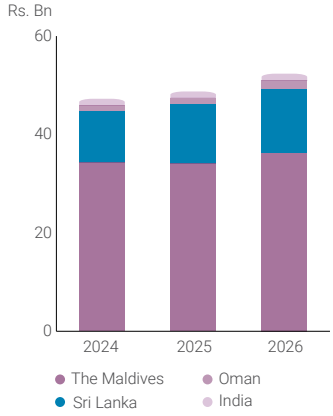
Collectively, these three geographies account for 75% of total Group revenue, providing diversification, stability, and resilience for growth.

Country-wise analysis of the South Asia and Middle East Sector

The Maldivian operations delivered strong performance, with highest revenue posting a 7% year-on-year revenue increase to Rs. 36,289 Mn.

Oman recorded impressive growth, with revenue increasing by 33% to Rs. 1,798 Mn, also driven by an average occupancy rate of 75%. India saw a moderate revenue increase of 3%, with an average occupancy of 76%.

Revenue by Country
For the year ended 31st of March



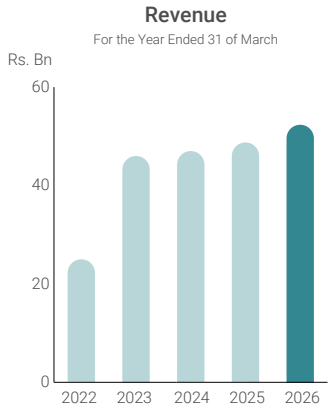
INTEGRATED CAPITAL PERFORMANCE REVIEW

Financial Capital

GRI 207-1

Group revenue growth trend

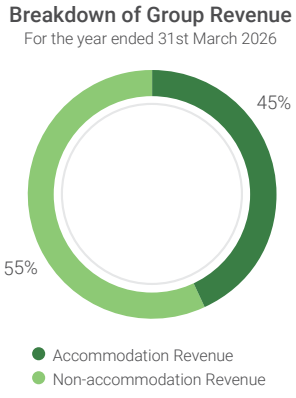
The five-year revenue trend presented below depicts the progressive increase the Group has maintained, supported my enabling macro-environmental factors and the agility of the Group's strategy and operations.



Disaggregation of revenue from contracts with customers

Group revenue from Accommodation for the year netted Rs. 23,645 Mn, a 12% increase compared to the previous year. Non accommodation revenue was Rs. 28,704 Mn with an increment of 4% compared to the previous year. The respective contribution by the two segments to total revenue is as depicted in the graph below, and the composition remained largely unchanged over the previous year.

We draw comfort from the diversity and relative stability of both accommodation and non-accommodation income streams, as they strengthen the resilience of our business model and support more balanced and sustainable revenue generation across varying market conditions.



Operating Expenses

In Rs. Mn - Group

For the year ended 31st March	2026	2025	Variance
Other expenses/(Income)	145	(73)	(298%)
Staff costs	8,459	7,676	10%
Depreciation	4,146	3,928	6%
Amortisation and impairment	1,387	1,336	4%
Other operating expenses - direct	12,392	11,811	5%
Other operating expenses - indirect	14,661	13,999	5%
Total operating expenses	**41,190**	**38,677**	**6%**

Being in the hospitality sector, managing expenses cannot simply be approached through cost-cutting measures alone. It requires a careful balance between maintaining operational efficiency and upholding the high standards expected of star-class hotels and resorts, as our foremost priority remains delivering a guest experience that is consistent with both the Group's brand identity and the distinct character of each property.

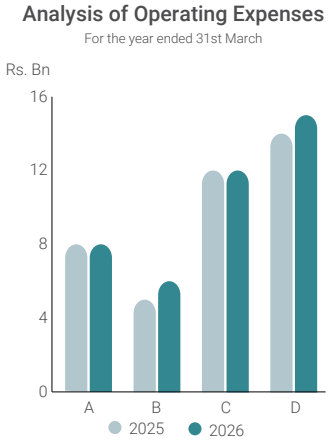
In this context, Aitken Spence Hotels has continued to demonstrate agility and innovation in managing its cost base. We are pleased to note that against a 7% increase in total revenue, the majority of the cost line increases were maintained at moderate levels. This was enabled through strategic reviews conducted across the entire value creation process, with costs being addressed through a balanced and disciplined approach, without compromising service quality or guest experience.

Composition of Operating Expenses

Among the Group's operating expense categories, staff costs and other indirect operating expenses constitute the most significant components, given their impact on overall operational performance. Staff costs amounted to Rs. 8,459 Mn during the year, representing an increase of 10% compared to the previous year. This increase was primarily attributable to the upward revision of minimum wages for non-executive employees in the Sri Lanka sector, together with revisions to employee benefits and remuneration structures across all sectors. These investments are consistent with the Group's people-centric human resources philosophy, which emphasises equitable remuneration, enhanced employee engagement, and the retention of skilled talent essential to sustaining the high standards of service associated with the Group's brands.

Other operating expenses - Indirect comprising costs that are critical to the sound operation of our properties-amounted to Rs. 14,661 Mn. The increase in this expense category compared to the previous year was contained at 5%, which is commendable compared to the higher revenue growth.

A further analysis of the composition and movement of expenses reflects the success of the Group's prudent cost management and containment efforts during the year. Notably, energy costs reduced by 14%, predominantly driven by the energy tariff reduction in Sri Lanka.



A Staff Costs
B Depreciation, Amortisation & Impairment
C Other Operating Expenses- Direct
D Other Operating Expenses- Indirect

Break-up of Other operating expenses – Indirect

In Rs. Mn - Group

For the year ended 31st March	2026	2025	Variance
Administration and establishment	5,064	4,737	7%
Repairs and maintenance	2,295	1,961	17%
Energy	2,714	3,152	(14%)
Selling and marketing	3,662	3,351	9%
Management fees	926	798	16%
Total	14,661	13,999	5%

Profit from Operations

The profit from operations for the year under review amounted to Rs. 9,291 Mn, reflecting a 5% increase over the previous year. Sri Lanka recorded a 10% growth in profit, reaching Rs. 2,373 Mn. Growth in the South Asia and Middle East sector moderated to 4%, with profit from operations reported at Rs. 6,917 Mn.

Finance Expenses

In Rs. Mn - Group

For the year ended 31st March	2026	2025	Variance
Finance income	522	402	30%
Finance expenses	3,193	4,323	(26%)
Net financing expense	2,671	3,921	(32%)

A notable reduction was recorded in net financing expenses, with the total expense for the year decreasing by 32% compared to the prior year to Rs. 2,671 Mn. Finance income, representing returns from financial investments, amounted to Rs. 522 Mn, reflecting a healthy growth of 30%. This improvement was driven by the efficient deployment of investments into high-performing assets with higher yields.

Finance expenses of Rs. 3,193 Mn declined by 26% compared to the previous year, mainly due to a significant reduction of Rs. 1,250 Mn in interest-bearing bank liabilities. The low interest rates combined with the Group's prudent working capital management enabled this reduction, thereby positively contributing to enhance profitability.

Profitability and Taxes

In Rs. Mn - Group

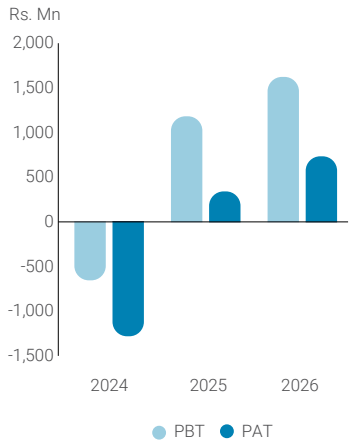
For the year ended 31st March	2026	2025	Variance
Profit before taxation	6,576	4,930	33%
Income tax expense	(1,547)	(1,341)	15%
Profit for the year	5,029	3,588	40%
Profit attributable to Equity holders of the parent company	3,096	2,290	35%

The Group reported a resultant pre-tax profit of Rs. 6,576 Mn, a growth of 33% compared to the previous year.

Both Sectors made material growth in respective post-tax profit, with a 115% growth in Sri Lanka and 32% growth in South Asia and Middle East.

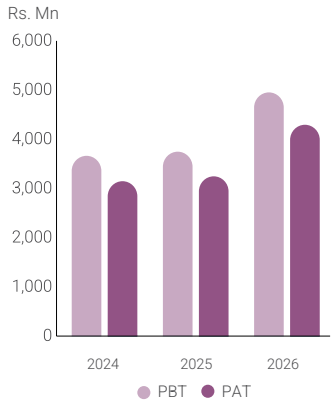
Profitability Trend - Sri Lankan Sector

For the year ended 31st March



Profitability Trend - South Asia and Middle East Sector

For the year ended 31st March



Tax Management at ASHH PLC

Total income tax expense for the year amounted to Rs. 1,547 Mn, comprising a current income tax charge of Rs. 1,342 Mn and a deferred tax expense of Rs. 205 Mn.

Additionally, the revenue taxes for the Group amounts to Rs. 1,869 Mn.

The Group operates across four countries and is subject to a wide range of direct and indirect taxes. These include corporate income tax, value added tax, customs duties, excise levies, stamp duties, employment-related taxes, goods and services tax, and other applicable fiscal obligations within the respective jurisdictions.

INTEGRATED CAPITAL PERFORMANCE REVIEW

Financial Capital

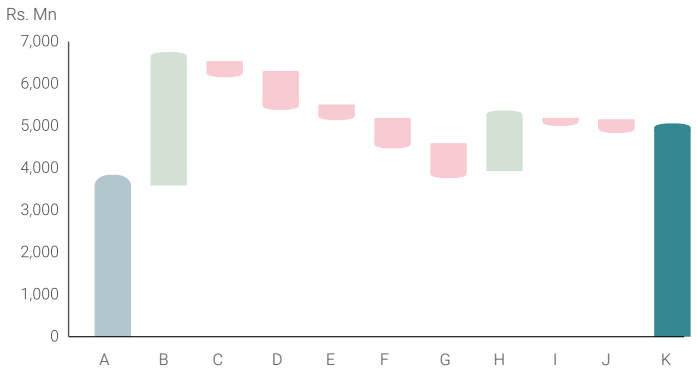
GRI 207-2 GRI 207-3

To ensure compliance with all applicable tax laws and regulatory requirements, the Group has established comprehensive tax governance frameworks and robust internal control processes. These are designed to support the accurate and timely filing of tax returns across all operating regions.

The Group also maintains ongoing engagement with relevant tax authorities to proactively address matters relating to the interpretation and application of new or revised tax legislation, thereby mitigating potential compliance risks. Where necessary, independent professional tax advisors are engaged for complex transactions and specialised tax matters to ensure adherence to statutory requirements and recognised best practices.

The Group also remained fully compliant with all applicable tax regulations throughout the year.

YoY Profit Reconciliation



A - PAT - 2024/25
B - Net revenue
C - Other income
D - Staff costs
E - Depreciation,Amortisation and impairment
F - Other operating expenses - direct
G - Other operating expenses - indirect
H - Net financing expense
I - Share of profit/(loss) of equity accounted investees (net of tax)
J - Income tax (expense)/reversal
K - PAT - 2025/26

BALANCE SHEET PERFORMANCE

Assets

In Rs. Mn - Group

As at 31st March	2026	2025	Variance
Total non-current assets	93,588	77,998	20%
Total current assets	22,986	18,102	27%
Assets classified as held for sale	-	36	(100%)
Total assets	**116,574**	**96,136**	**21%**

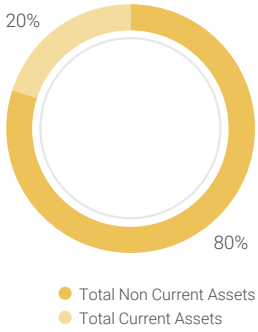
The Group's financial strength and stability continued to strengthen during the year, with total assets surpassing Rs. 116,574 Mn by the end of the financial year with a year-on-year increase of 21%.

Non-current assets comprised 80% of total assets, closing at Rs. 93,588 Mn. Property, plant and equipment, the Group's most significant asset category, increased by 5% to Rs. 66,223 Mn, owing to the investments made for product upgrades and maintenance of the Group's properties.

Current assets amounted to Rs. 22,986 Mn at year-end, reflecting a growth of 27%. Working capital requirements were supported primarily by increases in cash and cash equivalents (+69%), other financial assets (+11%), trade and other receivables (+26%), deposits and prepayments (+96%), and amounts due from the holding company (+29%).

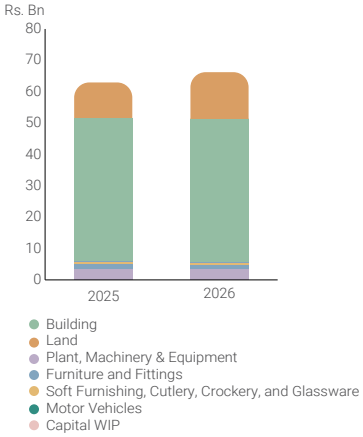
Tenor based classification of Group assets

For the year ended 31st March 2026



Composition of Property Plant & Equipment

As at 31st March



GRI 201-4

Balance Sheet Funding

In Rs. Mn - Group

As at 31st March	2026	2025	Variance	Contribution to Balance Sheet Funding
Total equity	43,150	34,463	25%	37%
Total non-current liabilities	50,069	33,302	50%	43%
Total current liabilities	23,356	28,370	(18%)	20%

Balance sheet funding remained strong and dynamic throughout the year.

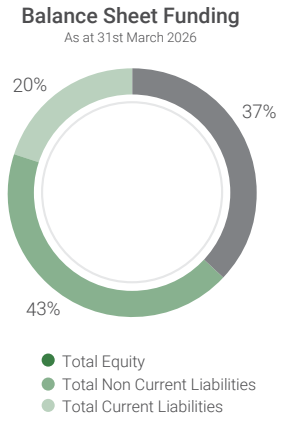
Total equity amounted to Rs. 43,150 Mn, reflecting a healthy growth of 25% compared to the previous year. This increase was driven by higher reserves and retained earnings, which grew by 31% and 29%,

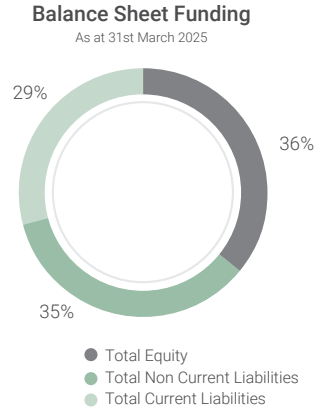
Non-current liabilities constitute the largest source of balance sheet funding, amounting to Rs. 50,069 Mn as at the end of the reporting period. The increase was predominantly attributable to a rise in interest-bearing lease liabilities. Interest - bearing lease liabilities increased by Rs. 10,865 Mn, arising mainly from the commencement of a new lease arrangement for ADS Resorts (Pvt) Ltd amounted to Rs. 11,746 Mn.

Current liabilities decreased by 18% compared to the previous year, to Rs. 23,356 Mn. This was mainly stemming from the drop in short-term interest-bearing bank liabilities by 61%, amounting to Rs. 5,807 Mn at year-end.

As a result, the Group's gearing ratio stood at 51.19% (2025: 46.30%), with an increase of 4.89 percentage points.

The Group's Treasury and Finance Teams demonstrated prudence and efficiency in deploying funds to finance the Group's assets and balance sheet requirements. Funding strategies were aligned with internal growth needs and prevailing macroeconomic conditions, ensuring adequate capitalisation and liquidity to meet operational cash flow requirements while achieving an optimal cost of funding. This disciplined approach supported the Group's overall profitability and financial resilience. Aitken Spence Hotel Holdings PLC did not receive financial assistance from the government during the year under review.





CASHFLOWS AND LIQUIDITY

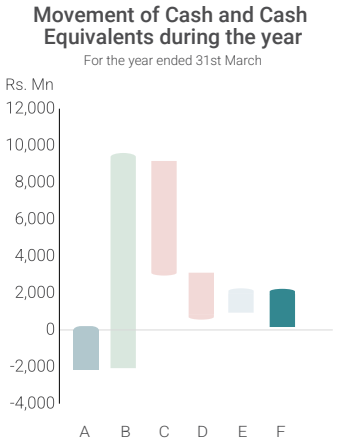
The Group continued to adopt a disciplined and proactive approach to liquidity and cash flow management, with a strong focus on optimising working capital through effective debt collection, prudent cash management, and the negotiation of favourable settlement terms with suppliers.

A summary of cash movements during the year is as follows.

In Rs. Mn - Group

A. Cash and cash equivalents at the beginning of the year	(1,860)
B. Net cash flow generated from operating activities	11,237
C. Net cash used in financing activities	(5,928)
D. Net cash used in investing activities	(2,255)
Net increase in cash and cash equivalents over the year	3,054
E. Effect of movement in exchange rates	597
F. Cash and cash equivalents at the end of the year*	1,791

* A detailed break-up of the Cash and cash equivalents at the end of the year is as follows.



INTEGRATED CAPITAL PERFORMANCE REVIEW

Financial Capital

In Rs. Mn - Group

Cash and cash equivalent position as at 31st March	2026	2025	Variance
Short term deposits less than 90 days	1,754	815	115%
Cash at bank and in hand	5,175	3,282	58%
Cash and cash equivalents in the statement of financial position	6,929	4,097	69%
Bank overdrafts and other short-term borrowings	(5,138)	(5,957)	(14%)
Cash and cash equivalents in the statement of cash flows	1,791	(1,860)	196%

RISKS, OPPORTUNITIES AND WAY FORWARD

Risks

- Interest rate volatility and financing cost pressures – Elevated or volatile interest rate environments across operating markets may increase borrowing costs, refinancing risks, and pressure cash flows, particularly for capital-intensive hotel operations and expansion projects
- Foreign exchange fluctuations and currency translation risks – Adverse exchange rate movements across the Sri Lankan Rupee, Maldivian Rufiyaa, Omani Rial, and Indian Rupee may impact earnings translation, imported operating costs, debt servicing obligations, and overall profitability
- Macroeconomic and geopolitical uncertainties – Global economic slowdowns, geopolitical conflicts, trade disruptions, and inflationary pressures may weaken international travel demand, elevate input costs, and disrupt investment confidence across the hospitality sector
- Climate-related events and operational disruptions – Extreme weather events, natural disasters, and evolving climate-related risks may result in property damage, business interruptions, higher insurance costs, and increased capital expenditure requirements for resilience-building initiatives

Opportunities

- Recovery in global and regional travel demand – The continued rebound in international tourism across Sri Lanka, the Maldives, Oman, and India presents opportunities for stronger occupancy levels, improved Average Room Rates, and enhanced foreign currency earnings for the Group
- Favourable exchange rate movements and foreign currency earnings – A geographically diversified revenue base with significant USD-linked and foreign currency income streams provides opportunities to strengthen margins and natural hedge positions against local currency depreciation in operating markets such as Sri Lanka
- Expansion of high-yield tourism segments – Growth in luxury travel, experiential tourism, wellness tourism, MICE, and destination weddings creates opportunities for the Group to diversify revenue streams and improve profitability through premium pricing strategies
- Strategic capital allocation and portfolio optimisation – Prudent deployment of capital towards refurbishment, asset enhancement, digitalisation, and expansion into high-growth markets enables the Group to strengthen long-term asset values, operational efficiency, and shareholder returns

Way Forward

The Group will continue to maintain a disciplined and forward-looking approach to financial capital management, with emphasis placed on preserving liquidity, strengthening cash flow generation, and optimising capital allocation across its geographically diversified portfolio. Efforts will remain focused on enhancing operational profitability through revenue diversification, prudent cost management, and strategic investments in high-yield market segments and property enhancements.

In parallel, the Group will closely monitor macroeconomic developments, interest rate movements, foreign exchange exposures, and geopolitical trends across its operating markets to proactively manage financial risks and safeguard resilience, as part of its strong risk management framework in place. Treasury strategies will continue to prioritise maintaining a balanced funding mix, efficient working capital management, and adequate foreign currency buffers to support operational and expansionary requirements.

The Group will also continue investing in digital transformation, sustainability initiatives, and climate resilience measures to enhance long-term value creation and operational adaptability.



OPTIMISING OUR PHYSICAL AND DIGITAL ASSETS

Our manufactured capital supports guest delivery, with continued investment in asset upkeep, efficiency, and digital enhancements to protect value and improve performance.

Manufactured Capital

Strength of Manufactured Capital

- 15 Owned properties, 4 Managed properties
- 2,676 - Total room inventory
- Rs. 66,223 Mn worth Property, plant and equipment
- Rs.197 Mn worth digital infrastructure

Capitals inter-linkages

Financial capital
15% YoY increase in additions to property, plant and equipment

Social and relationship capital
1% YoY increase in available room nights at any given point in time

Contribution to UN SDGs

Material themes linked

- Economic Performance and Resilience
- Operational excellence and customer experience



Manufactured capital advancing our strategy

Revenue Growth
Hotel portfolio, hospitality infrastructure, and guest-facing facilities supporting capacity expansion, enhanced guest experiences, and diversified revenue generation across markets

Customer Centricity
Comfortable spaces and integrated guest facilities enable seamless, personalised, and memorable guest experiences

Inspired and Dedicated Team
Well-designed operational environments, staff facilities, and supporting infrastructure contribute towards employee well-being, collaboration, and service excellence

Technology Integration
Digital infrastructure and technology-enabled systems strengthen operational connectivity, guest convenience, data-driven decision-making, and service efficiency across properties

Operational Excellence
Efficient property infrastructure, operational systems, and well-maintained facilities support consistency, productivity, safety, and high service standards across the Group

Sustainability
Investments in energy-efficient infrastructure, resource optimisation initiatives, and sustainable property enhancements support the Group's environmental stewardship and long-term resilience.

INTEGRATED CAPITAL PERFORMANCE REVIEW

Manufactured Capital

GRI 203-1 GRI 203-2

MANAGEMENT APPROACH

Aitken Spence Hotels manages its manufactured capital through a disciplined and structured approach that ensures optimal utilisation, sustained asset performance, and alignment with long-term strategic priorities. Investment decisions are guided by clearly defined evaluation criteria, balancing growth aspirations with prudent capital allocation to maximise returns while maintaining operational resilience.

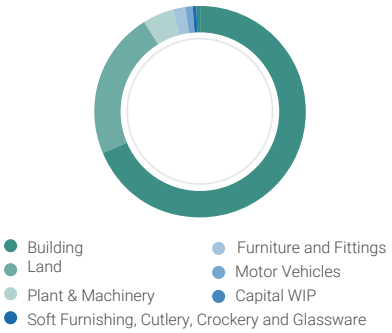
The Group places strong emphasis on lifecycle management of assets, ensuring that properties and infrastructure are maintained at optimal standards through planned maintenance schedules, periodic upgrades, and selective refurbishments. This approach enables the preservation of asset value while supporting consistent service delivery across all locations.

Digital infrastructure is managed as an integral component of manufactured capital, with ongoing enhancements to systems and platforms to improve operational efficiency, guest interface, and data-driven decision-making. Process optimisation and automation initiatives are continuously implemented to streamline operations, reduce inefficiencies, and enhance productivity.

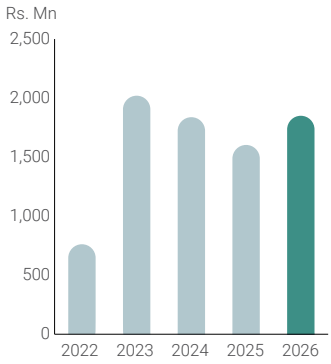
Performance of manufactured capital is regularly monitored through operational and customer-centric metrics, enabling timely interventions and continuous improvement. This structured approach ensures that the Group's asset base remains competitive, future-ready, and capable of supporting sustained value creation.



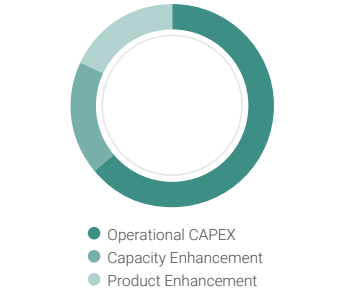
Composition of PPE
As at 31st March 2026



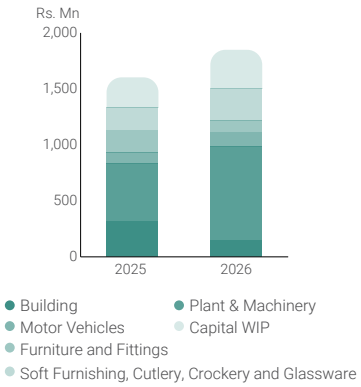
Capital Expenditure
For the year ended 31st March



Composition of Capital Expenditure
For the year ended 31st March 2026



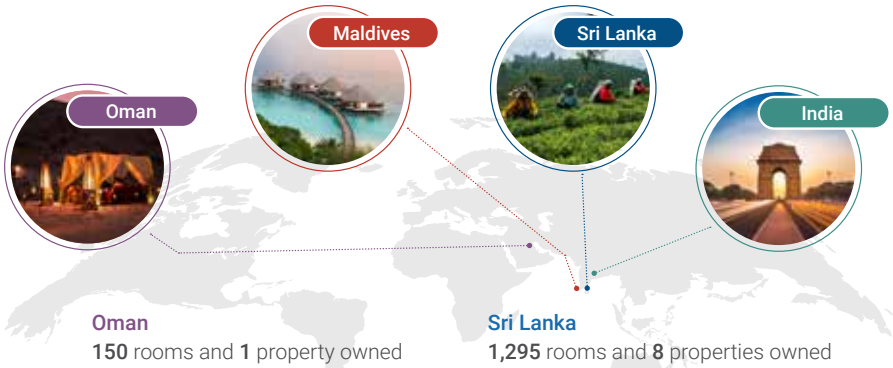
Breakdown of Capex
For the year ended 31st March



GRI 2-6

AITKEN SPENCE HOTELS – PROPERTIES COLLECTION

Our geographically diverse portfolio of properties offers guests a rich tapestry of authentic and differentiated experiences. Spanning four countries, our footprint enhances resilience by enabling the Group to navigate market volatility and shifting demand patterns within a competitive landscape. From architecturally iconic landmarks to luxury resorts, beachfront escapes, and urban retreats, each property embodies its own unique character, collectively strengthening our brand and enriching the guest experience.



Oman
150 rooms and **1** property owned
193 rooms and **2** properties managed

Maldives
762 rooms and **5** properties owned

Sri Lanka
1,295 rooms and **8** properties owned
136 rooms and **2** properties managed

India
140 rooms **1** property owned

Activity Metrics as per Sustainability Accounting Standards Board (SASB) Standards -

Hotels & Lodging - Industry Standard Version 2023-12

2025/26

Number of available room-nights (No.)	856,655
Average occupancy rate	69%
Total area of lodging facilities (m^2)	316,423

Number of lodging facilities and the percentage that are: (in No.)

- 19 of which 95% are managed
- owned and leased - 0%
- franchised - 0%

RevPAR
Rs. 60,993

Resilience through portfolio diversity

Sri Lanka





Our Sri Lankan portfolio is strategically dispersed across 08 districts, encompassing beachfront resorts, cultural destinations, and hillside retreats. With one in Kandalama, three in the central highlands and six properties along iconic coastal belts; the diversity of locations enables us to offer distinct experiences while mitigating concentration risk.

This geographic spread proved instrumental during Cyclone Ditwah, as the majority of our properties remained operational despite localized disruptions, allowing us to sustain business continuity and support recovery efforts.

OPERATIONAL RESILIENCE IN OVERSEAS MARKETS

In Oman, amid heightened geopolitical tensions in the Middle East, the country's positioning as a neutral and stable destination enabled our properties to maintain steady demand. While some room night cancellations were experienced, overall performance remained resilient, supported by continued traveller confidence in Oman as a safe passage destination.



INTEGRATED CAPITAL PERFORMANCE REVIEW

Manufactured Capital

AITKEN SPENCE HOTELS - PROPERTIES COLLECTION

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Heritance Ahungalla

Sri Lanka > Ahungalla



Welcome to Heritance Ahungalla, the country's first five-star beach resort nestled in the charm and tranquillity of the Southern Coast. Boasting of 152 rooms and the World's first infinity pool, the resort was designed by the legendary architect Deshmanya Geoffrey Bawa.

Offering breathtaking views of the Indian Ocean, the resort embodies a theme of peace and simplicity through hues of blue, complemented by modern luxury making it the ultimate beach getaway.

The resort also serves as a canvas for Sri Lanka's renowned artists with their arts and crafts adorning the walls and ceilings, thereby creating awareness of the country's inherent artistic talent and enriching the overall experience for our guests.

Heritance Kandalama

Sri Lanka > Dambulla



Envisioned and crafted by the renowned architect Deshamanya Geoffrey Bawa, Heritance Kandalama invites you to create lasting memories in the mountainside of Dambulla. This seven-storey property is set in 211 acres of protected forest and equipped with 152 rooms, offering panoramic views of the Dambulla Lake, Sigiriya rock and the hills behind.

Setting a precedent in eco-design, the hotel was the first in Asia to achieve Green Globe 21 certification and the first in the world to receive the esteemed LEED Green Building certification.

The hotel is celebrated for its eco-friendly design, blending modernist design principles with a deep reverence for local heritage and environmental sustainability. From engaging cultural experiences to authentic Sri Lankan cuisine, Heritance Kandalama opens doors to a world of tranquillity and new discoveries.

Sentido Heritance Negombo

Sri Lanka > Negombo



Escape to the golden shores of Negombo where modern elegance meets warm Sri Lankan hospitality. Located just minutes from Bandaranaike International Airport, Heritance Negombo is our 5-star beachfront haven catering to the modern traveller, featuring ocean-facing rooms, world-class dining, serene spa treatments, and a relaxing tropical pool.

Spanning 6.5 acres of beachfront land, the hotel draws inspiration from Negombo's violet sunsets, incorporating vibrant colours and brassware into its design. The resort features an outdoor dining area inspired by the city's popular street dining concept.

Whether it's a romantic getaway, a leisure trip, a family retreat, or a beachfront celebration, this 139-room city resort seamlessly blends innovation and grandeur, creating the ideal holiday that celebrates the spirit of Sri Lanka.

Heritance Ayurveda

Sri Lanka > Beruwala

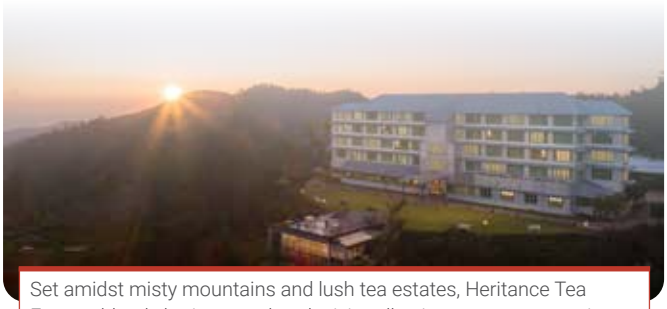


Heritance Ayurveda offers an authentic Ayurveda wellness experience without compromising on comfort. In addition to a plethora of treatments celebrating Sri Lankan Ayurveda practices, the resort promotes local ingredients and food preparation techniques for long-term wellness.

This 64-room hotel is located in Beruwala and is another masterpiece by Geoffrey Bawa, seamlessly blending architecture with nature, which is essential for the balance of the mind, body and soul. The resort also provides a rich cultural experience, with local residents showcasing their crafts and traditions making the property a favourite among wellness enthusiasts worldwide.

Heritance Tea Factory

Sri Lanka > Kandapola



Set amidst misty mountains and lush tea estates, Heritance Tea Factory blends heritage and exclusivity, allowing guests to experience a rustic tea country charm with contemporary comforts in the midst of the renowned Pekoe Trail.

Originally a 19th century tea factory, the place was transformed into a 50-room hotel that reflects the colonial heritage. Notably, this was the first tea factory in Sri Lanka to be converted into a hotel, earning a UNESCO Merit Award for its meticulous restoration.

Located at an elevation of over 2000m above sea level, guests can discover experiences steeped in history and nature. Guests have the opportunity to participate in tea plucking activities on the estate, explore a mini tea factory, and enjoy professional tea testing sessions. The vibrant tea menu caters to connoisseurs from around the world, making Heritance Tea Factory a true tea destination.

Hotel RIU Sri Lanka

Sri Lanka > Ahungalla



Hotel Riu Sri Lanka is located on a magnificent beach in Ahungalla, offering stunning India ocean views. As part of the international RIU chain of hotels, the hotel is the ideal place to enjoy a vacation together with family and friends to discover the all-inclusive 24-hour a-day services and amenities offered by the RIU Hotels and Resorts chain.

Whether you are a couple, family or a group of friends, this 501-room property caters to everyone, offering diverse menus, a mini club for kids and a wide range of entertainment options for adults, ensuring guests can enjoy a relaxing stay while immersing themselves in Sri Lanka's rich culture and natural beauty.

Turyaa Kalutara

Sri Lanka > Kalutara



Turyaa Kalutara is conveniently located just 37 km from the island's commercial hub, offering beautiful views and a chance to leave your cares behind. Sprawling across six acres of ocean front land adorned with lush green coconut palms, this 199-room resort celebrates the vibrancy of life.

Inspired by the Sri Lankan word for 'melody,' the resort is designed to create a harmonious blend of peace, comfort, celebration, and delight. Bright spaces inspire joy, while our diverse accommodation options, dining areas, entertainment venues, banquet facilities, and conference spaces ensure your comfort. The hotel is a seaside sanctuary where you can lay back and breathe in the magic, enjoying day after day of seamless leisure like a gentle melody.

Amethyst Resort

Sri Lanka > Passikudah



This unassuming resort spans ten acres of bay, featuring 38 rooms designed for a true escape from the mundane. True to its name, at Amethyst Resort, our vision is to provide you with an experience that brings peace of mind.

The expansive open spaces create a sense of calm and relaxation. Come and discover the East by embracing beach vibes as you unwind on one of Sri Lanka's longest shorelines and coastal gems.

INTEGRATED CAPITAL PERFORMANCE REVIEW

Manufactured Capital

Earl's Regency Hotel

Sri Lanka > Kandy



Earl's Regency offers a premier five-star getaway in the heart of the island's cultural capital, Kandy. Surrounded by history and tradition, this 116-room hotel epitomises elegance, blending royal charm with warm hospitality.

The hotel is perfect for an unforgettable vacation as it surpasses expectations through superior service, award-winning cuisine and a variety of accommodation options.

Rainforest Ecolodge

Sri Lanka > Deniyaya



Thoughtfully designed to preserve the environment and to simultaneously provide a measure of comfort, The Rainforest Ecolodge offers an unmatched experience — and not just because it's the first of its kind, but also because of its flexibility to record the splendour of nature, and simply to bask in it. Having earned the title of "The First Ecolodge" from the governing Sri Lanka Tourism Development Authority (SLTDA), the eco-friendly applications of design are implemented right on the borders of the great green forest, the myriad wildlife thrives in safety and its guests can relax in comfort.

Heritance Aarah

Maldives > Raa Atoll



Nestled in the picturesque Raa Atoll, just a 40-minute scenic seaplane ride from Malé, Heritance Aarah is our 150-villa resort, extending the Heritance Brand beyond the borders of Sri Lanka. The resort offers a premium all-inclusive experience featuring seven exceptional restaurants and five vibrant bars.

Reflecting our commitment to sustainability, we proudly hold the distinction of being the first LEED-certified building in the Maldives. True to the Heritance promise, we embrace local culture with a unique in-resort Maldivian village that celebrates the archipelago's rich history. From rejuvenating spas, gourmet dining and underwater marvels thrilling activities await at Heritance Aarah.

Adaaran Prestige Vadoo

Maldives > South Male Atoll



Set amidst lush foliage and pristine shores, this overwater resort features 50 villas, offering a secluded escape with breathtaking views of the Indian Ocean. The resort features bespoke amenities and personalised butler service, allowing guests to savour private moments on a magical holiday.

Strategically located at the gateway to the South Atolls, the resort boasts its own exotic reef teeming with vibrant marine life. We invite you to dive into your intimate getaway with direct sea access from your villa to swim alongside marine life and embark on unforgettable adventures in this ultimate island getaway

Adaaran Select Meedhupparu

Maldives > Raa Atoll

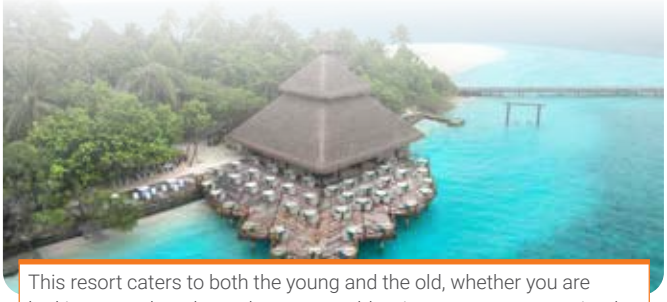


This is a premier five-star all-inclusive resort nestled in the serene Raa Atoll. Adorned with pristine beaches and swaying palm trees, the expansive island offers the perfect setting for your dream vacation.

The resort has a house-reef rich with marine life and diverse dive sites. Guests can enjoy exhilarating activities, dine to the heart's content and unwind to rejuvenate with the Premium All-Inclusive offering.

Adaaran Club Rannalhi

Maldives > South Male Atoll



This resort caters to both the young and the old, whether you are looking to explore the underwater world, enjoy water sports or simply unwind and relax amidst the tranquillity of the nature.

Situated at the tip of the South Male Atoll, the resort is enveloped by beautiful tropical surroundings. With 122 rooms and overwater villas, it's perfect for those seeking a quick escape from everyday life.

Adaaran Select Hudhuran Fushi

Maldives > Kaafu Atoll

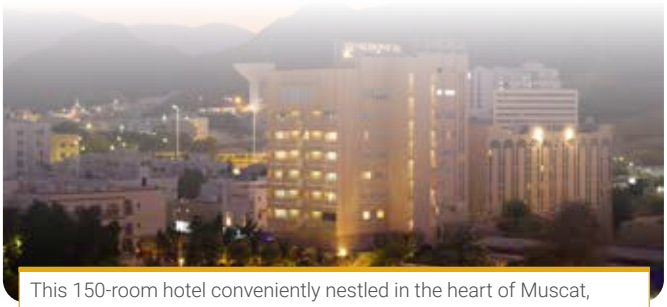


Adaaran Select Hudhuran Fushi is one of the Maldives' oldest islands offering a Premium All-Inclusive package designed for families, friend groups, and adventurous couples seeking an adventurous getaway.

Renowned as the "Surf island", this 202-villa resort features a fantastic left-breaking wave on one side and six other world-class waves accessible via a short boat ride, making the spot a global surf destination.

Al Falaj Hotel Muscat

Oman > Muscat



This 150-room hotel conveniently nestled in the heart of Muscat, is a true testament to the rich tapestry of Omani heritage. Weaving the timeless allure of tradition with the sophisticated demands of the contemporary traveller, the hotel seamlessly blends work and relaxation.

With newly refurbished rooms, spacious meeting venues, and attentive service, Al Falaj stands out as one of Oman's finest business hotels.

INTEGRATED CAPITAL PERFORMANCE REVIEW

Manufactured Capital

Desert Nights Resort

Oman > Al Wasil



Experience glamping in Oman at this unique 88-bed Bedouin-style tent camp nestled in the silky Wahiba Sands. The resort blends the authenticity of desert camps with luxurious amenities, surrounded by picturesque dunes and crystalline wadis.

The resort is the only luxury desert camp in Oman, creating a mystical atmosphere that transports guests to a bygone era, allowing them to sleep under the twinkling stars.

Best Western Sur

Oman > Sur



With 105 rooms, this three-star property sits on the eastern shores of the Arabian Peninsula, making it one of the first places in the region to witness the Middle Eastern sunrise. The hotel's proximity to the coast makes it an ideal location for those wanting to enjoy the beach while exploring Oman's fishing villages.

Located in the picturesque city of Sur, Best Western Sur is a perfect base for travellers wanting to explore Oman's maritime heritage. The city is famous for its old fishing village and traditional manufacturing of dhows, making it a must visit destination.

Turyaa Chennai

India > Chennai



The hotel is the only 5-star deluxe hotel conveniently located in the IT corridor of OMR, Chennai. Seamlessly blending business with leisure, the hotel has 140 rooms and caters to both tourists and business travellers.

The hotel offers personalised amenities and services, creating a trendy yet exclusive space for stays, high-powered business meetings, intimate weddings or family time.

Being located only 20 minutes from the Chennai International/ Domestic Airport and 15 minutes from the Chennai central business district is an added advantage to any traveller looking for comfortable and convenient hotel accommodation.

STRATEGIC ASSET MANAGEMENT APPROACH

The Group adopts a disciplined and forward-looking approach to managing its asset base, ensuring alignment with both immediate operational needs and long-term value creation. Asset allocation decisions are carefully balanced to support funding requirements, optimise utilisation, and maintain the quality and performance of our properties.

Balancing risk and return

At the core of our strategy is the optimisation of risk and return, achieved through prudent capital deployment, diversification of assets, and ongoing evaluation of asset performance. This approach enables the Group to preserve value while supporting sustainable growth across its portfolio.

DIGITAL INFRASTRUCTURE

Core enablers of our digital infrastructure

- IT systems and software applications
- Hardware, data centres, cloud and security infrastructure
- Digital platforms for guests and travel partners
- Process automation and workflow optimisation
- Data, analytics and insights

IT systems and software applications

Core systems, including cloud-enabled property management platforms such as OPERA, support seamless operations across the Group. These systems enhance reservation management, optimise pricing and occupancy, and enable efficient integration across functions, strengthening overall operational control and service delivery.

Hardware, data centres, cloud and security infrastructure

A robust digital backbone comprising modern hardware, secure data centres, and cloud-based infrastructure ensures system reliability, scalability, and data security. Ongoing investments in cybersecurity and network resilience safeguard business continuity and protect sensitive guest and operational data.

Digital platforms for guests and travel partners

Our digital platforms, including the brand website and social media channels, provide intuitive and engaging touchpoints for guests and travel partners. Continuous enhancements to website functionality, multilingual accessibility, and integration with digital marketing tools support direct bookings and seamless user journeys. In parallel, strengthened system connectivity enables smoother integration with travel agents, improving distribution efficiency and expanding market reach.

Process automation and workflow optimisation

The Group continues to digitise internal processes to enhance efficiency and reduce manual intervention. Property-level operations such as housekeeping and maintenance are supported through automated job order systems, replacing paper-based workflows and improving turnaround times and coordination across functions.

Data, analytics and insights

Data-driven decision-making is enabled through business intelligence tools and real-time dashboards that provide insights on occupancy, pricing, and operational performance. These analytics capabilities support revenue optimisation, informed strategic planning, and continuous improvement across the portfolio.

RISKS, OPPORTUNITIES AND WAY FORWARD

Risks

- **Ageing asset base -** Older properties may require continuous refurbishment to remain competitive and meet evolving guest expectations.
- **High capital intensity -** Ongoing investments in maintenance, upgrades, and sustainability initiatives place pressure on financial resources.
- **Climate and environmental exposure -** Coastal locations and nature-based properties are vulnerable to extreme weather, water stress, and environmental degradation.
- **Market-specific disruptions -** Operations across Sri Lanka, Maldives, Oman, and India expose Group to geopolitical and economic volatility in individual markets, particularly as seen during the financial year under review
- **Digital vulnerability -** Increased reliance on digital systems heightens exposure to cybersecurity threats, data breaches, and system downtime.
- **Technology obsolescence** - Rapid advancements in technology may render existing systems outdated, requiring continuous upgrades and investment.

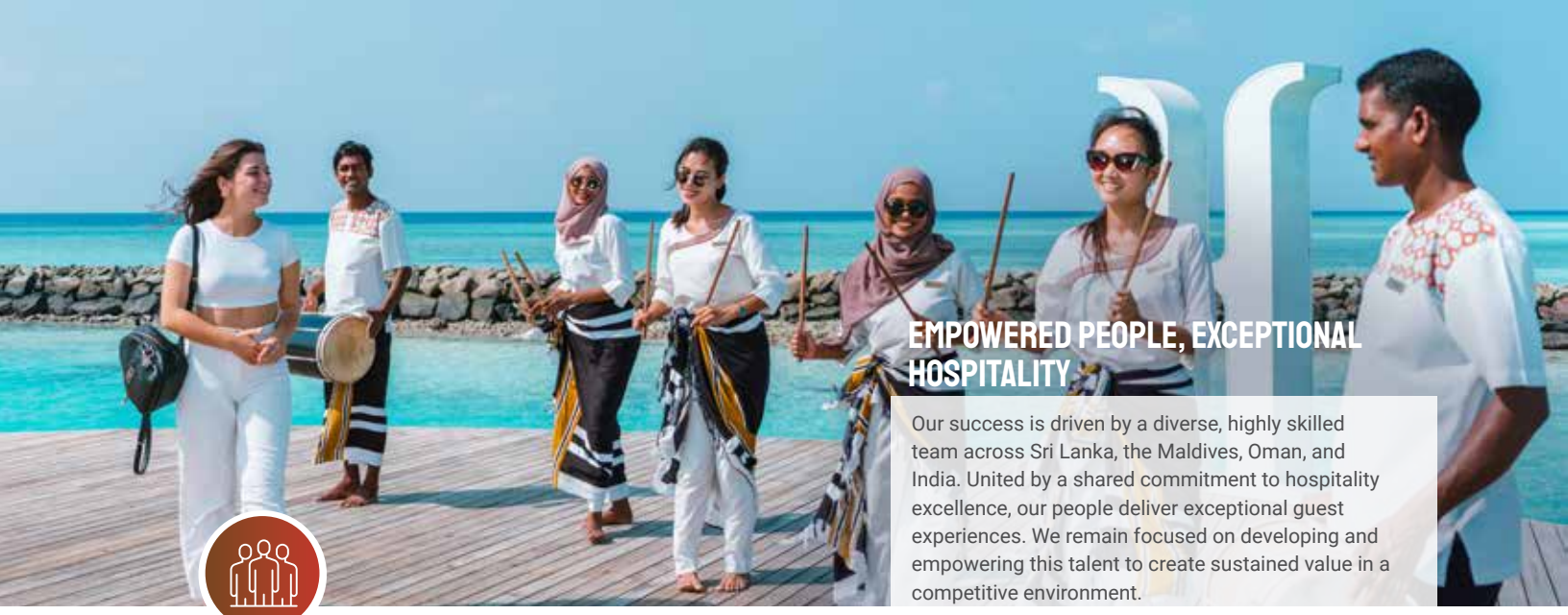
Opportunities

- **Iconic property portfolio** - Well-established and architecturally distinctive properties enhance brand positioning and attract premium clientele.
- **Geographic diversification** - Presence across multiple markets supports resilience by balancing demand fluctuations and external shocks.
- **Asset enhancement potential** - Targeted refurbishments and repositioning initiatives enable improved yields and enhanced guest experiences.
- **Asset-light expansion** - Management contracts and joint ventures support scalable growth with lower capital requirements.
- **Digital-led revenue growth** - Strengthened online platforms and analytics capabilities drive direct bookings and optimise pricing strategies.
- **Data-driven personalisation -** Leveraging guest data enables tailored experiences, improving satisfaction and loyalty.

Way Forward

Looking ahead, Group will continue to strengthen its asset growth strategy by expanding into new destinations through joint ventures and management contracts, while simultaneously enhancing its digital capabilities to support scalable growth. Investments in cloud-based systems, data analytics, and cybersecurity will be prioritised to improve operational resilience, enable data-driven decision-making, and elevate guest engagement.

As digital channels become increasingly central to hospitality, Group will focus on optimising direct booking platforms, deepening integration with global distribution networks, and leveraging technology to deliver personalised, seamless guest experiences. This balanced approach ensures that both physical and digital assets are aligned to drive sustainable growth, operational efficiency, and long-term value creation.



EMPOWERED PEOPLE, EXCEPTIONAL HOSPITALITY

Our success is driven by a diverse, highly skilled team across Sri Lanka, the Maldives, Oman, and India. United by a shared commitment to hospitality excellence, our people deliver exceptional guest experiences. We remain focused on developing and empowering this talent to create sustained value in a competitive environment.

Human Capital

GRI 2-7 GRI 2-8

Strength of Human Capital

- 3,471 employees across four countries
- 12% female representation

Capitals inter-linkages

Financial capital
8% YoY increase in revenue per employee

Financial capital
10% increase in benefits paid to employees

Intellectual capital
70% employees retained

Contribution to UN SDGs

Material themes linked

- People and workplace well-being
- Operational excellence and customer experience



Human capital advancing our strategy

Revenue Growth
Driven by skilled teams delivering superior guest experiences and service excellence across markets

Customer Centricity
Empowered employees enable personalised, responsive, and memorable guest interactions

Inspired and Dedicated Team
Continuous investment in our people strengthens engagement, capability, and organizational culture

Technology Integration
Ongoing learning and digital capability building support technology-enabled hospitality experiences

Operational Excellence
Experienced and agile teams drive efficiency, consistency, and high service standards across operations

Sustainability
Employees play a central role in embedding responsible and sustainable practices across Group

GRI 2-2

MANAGEMENT APPROACH

A strong governance framework ensures the effective management of human resources across the Company. As a subsidiary of Aitken Spence PLC, our HR practices are guided by the Group's established policies, comprehensive HR frameworks, and standardised procedures, ensuring consistency, rigour, and alignment with broader organisational objectives.

People are recognised as a key strategic pillar within our corporate strategy as "Inspired and Dedicated Team", ensuring focused oversight and the allocation of resources to continuously strengthen our human capital.

Our approach to managing human capital is grounded in full compliance with the labour laws and regulatory requirements of the four jurisdictions in which we operate, and is further enhanced by internal best practices that extend beyond statutory obligations.



HR GOVERNANCE



Group Supervisory Board (GSB)
*Group CHRO on invitation

Management Council (MC)
(GSB + Heads of Segments + Group CHRO)

Group HR

HR Business Partners –
Aitken Spence Hotels Corporate HR

HR Representatives at Hotels

GROUP CODE OF CONDUCT

The Group has established a clearly defined Code of Conduct and Ethics which provides guiding principles to all employees in conducting themselves with professionalism, accountability, and ethical integrity at every point of interaction with both internal and external stakeholders and action. The Code supports a culture of trust, fairness, respect, and responsible corporate behaviour, while ensuring that employees uphold the overarching values, standards, and reputation of the Aitken Spence Group.

Key Elements of Group Code of Conduct and Ethics

Ethical behaviour and professional conduct

- Ethics and Conduct
- Principles of Conduct
- Ethical Decision-Making Framework
- Fair-Dealing
- International Relationships

Workplace culture and employee well-being

- Healthy Work Environment
- Substance Abuse - Illegal Drugs and Controlled Substances
- Grievances
- Misconduct
- Disciplinary procedure
- Consult your manager

Integrity, conflicts, and personal accountability

- Conflict of Interest
- Corporate Gifts
- Entertainment
- Self-Dealing

Confidentiality, assets, and information protection

- Confidentiality
- Protection and Proper Use of Company Assets.

Regulatory and legal compliance

- Compliance with Laws, Rules and Regulations (including Insider Trading Laws)
- Speak-Up and ethical reporting
- Encouraging the reporting of any illegal or unethical behaviour

Continuous Revisions to Policies

With a bid to ensure the relevance of HR related policies, the same are reviewed annually as required and revised. New polices are also introduced in response to evolving working conditions/ trends.

INTEGRATED CAPITAL PERFORMANCE REVIEW

Human Capital

GRI 403-1 GRI 403-2 GRI 410-1

Policies revised during the year

- Insurance Policy
- Death Donation Policy
- Wedding Gift Policy

New policies introduced during the year

- Flex Time Work Policy
- Adoption Leave Policy

ADHERENCE TO LAWS AND REGULATIONS

Group functions in compliance with a number of laws and regulations across all four countries it is present in. Listed below are some such applicable laws in Sri Lanka.

- Shop and Office Employees Act of 1954
- Employees' Provident Fund Act
- Payment of Gratuity Act of Sri Lanka
- The Employment of Women, Young Persons, and Children Act
- National Minimum Wage of Workers Act, No. 3 of 2016
- Wages Boards Ordinance – Hotel and Catering Trade
- Termination of Employment of Workmen Act (TEWA)
- Occupational safety and welfare laws

There were zero incidents of discrimination or non-compliance with labour laws during the year.

There were no penalties or monetary losses due to non-compliance with or violation of labour laws and regulations.

OUR EMPLOYEE PROFILE

Total number of employees by contract and gender



Total male employees
3,042 (88%)

Total female employees
429 (12%)

Total employees
3,471

Total number of employees by contract type and region and gender and region



Sri Lanka	
Permanent	740
Contract	1,161
Casual	-
Total	**1,901**
Male	1,605
Female	296
Total	**1,901**



Maldives	
Permanent	717
Contract	607
Casual	-
Total	**1,324**
Male	1,224
Female	100
Total	**1,324**



Oman	
Permanent	105
Contract	-
Casual	-
Total	**105**
Male	90
Female	15
Total	**105**



India	
Permanent	141
Contract	-
Casual	-
Total	**141**
Male	123
Female	18
Total	**141**

OUR TEAM COMPOSITION/ PRACTICES

- All employees of the Company are engaged on a full-time basis, as such there are no employees engaged on a part-time basis.
- 49% of employees are employed on a permanent basis, whilst the remaining 51% is engaged on a contract basis.
- The Group continued to engage outsourced personnel in its operation , and 473 such personnel were deployed across the Group as at 31 March 2026.
- All (100%) security personnel have received briefings on the Group's human rights policies and procedures.
- There were zero incidents of child labour or forced labour during the reporting year.

GRI 401-1

Total number of employees by age and staff category

Age/ Staff category	Manager and above		Junior Executive and Above		Non-executive		Total number of staff
	No. of staff	%	No. of staff	%	No. of staff	%	
18-30 years	6	2.6	134	30.5	1,195	42.7	1,335
31-55 years	194	84.3	287	65.2	1,532	54.7	2,013
55 years and above	30	13.0	19	4.3	74	2.6	123
Total	230	100.00	440	100	2,801	100.00	3,471

Total number of employees by age and gender

Age/Gender	Male		Female		Total number of staff
	No. of staff	%	No. of staff	%	
18-30 years	1,092	82	243	18	1,335
31-55 years	1,829	91	184	9	2,013
55 years and above	121	98	2	2	123
Total	**3,042**		**429**		**3,471**

TALENT ATTRACTION, RETENTION AND TURNOVER

At Aitken Spence Hotel Holdings PLC, our ability to deliver exceptional hospitality experiences across Sri Lanka, the Maldives, Oman, and India is underpinned by our success in attracting, developing, and retaining the right talent. In a dynamic operating environment, particularly in the context of increasing global mobility and migration trends within the hospitality industry, securing and sustaining a skilled workforce remains both a strategic priority and an ongoing challenge. Our approach is therefore anchored in structured, transparent, and merit-based people practices that support long-term organisational growth and service excellence.

Employee movement

Key statistics
2025/26

1,431 Total recruitments
1,369 Resignations
07 Vacancies filled internally
70% Employee Retention

TALENT ATTRACTION

Recruitment across the Group is guided by a disciplined and forward-looking approach, aligned with current and future workforce requirements. In line with our commitment to employee growth and internal mobility, vacancies are first made available internally, enabling our people to pursue career progression opportunities across properties and geographies. Where required, positions are opened to external candidates, with talent sourced through recognised hospitality schools, universities, professional bodies, and vocational training institutes.

All candidates undergo a structured selection process, including interviews and role-specific assessments, ensuring alignment with the Group's service standards, values, and cultural ethos. Recruitment decisions are based strictly on merit and competence, supported by comprehensive pre-employment screening, reinforcing fairness, transparency, and objectivity throughout the hiring process.

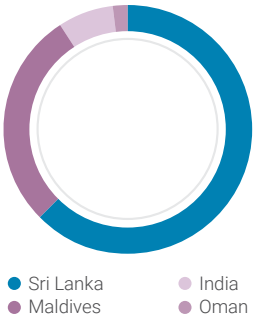
HERITANCE WELCOME INDUCTION PROGRAMME

New recruits at Aitken Spence Hotels participate in a structured induction programme called the Heritance Welcome in order to familiarise themselves with the day-to-day operations and ensure a smooth transition into the Spensonian Team.

The programme also provides insight into the Code of Conduct and Ethics, all related policies as well as essential administrative procedures.



Recruitment by Region



Recruitment by Region

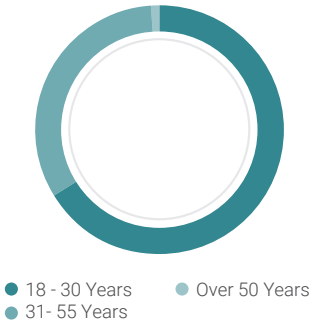
Sri Lanka	896	63%
Oman	27	2%
India	103	7%
Maldives	405	28%
Total	**1,431**	**100%**

INTEGRATED CAPITAL PERFORMANCE REVIEW

Human Capital

GRI 202-2

Recruitment by Age



Recruitment by Age

18-30 years	949	66%
31-55 years	468	33%
55 years and above	14	1%
Total	**1,431**	**100%**

We promote regional economic empowerment by making every effort to recruit employees from the surrounding communities.

Percentage of Managers hired from the local community (%)	2025/26
Sri Lanka	92%
Maldives	16%
Oman	-
India	-

TALENT RETENTION AND DEVELOPMENT

Recognising that our people are central to delivering consistent service excellence, Group places strong emphasis on nurturing and retaining talent. This includes creating clear pathways for career progression, fostering a culture of continuous learning, and providing opportunities for cross-functional and cross-location exposure within our international footprint.

All new recruits are subject to a structured probationary period, with confirmation based on formal performance evaluations, ensuring alignment with operational standards and expectations. Through ongoing engagement, recognition, and development initiatives, we strive to build an inspired and dedicated workforce that remains committed to the Group's long-term vision.

Core pillars of our attraction and retention strategies;

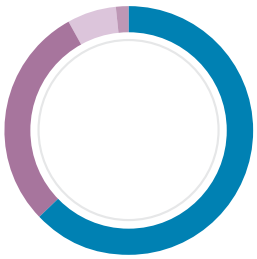
- Providing competitive remuneration and benefits in line with market conditions
- Creating pathways for career progression
- Mobilising talent and facilitating cross exposure in multiple countries
- Aligning individual career aspirations to organisational goals

EMPLOYEE TURNOVER

The hospitality sector continues to experience talent pressures, particularly due to migration and global demand for skilled professionals. While this presents challenges in employee retention, the Group actively monitors turnover trends and implements targeted interventions to enhance employee engagement, strengthen workplace culture, and improve retention outcomes.

By balancing internal talent development with strategic external hiring, Aitken Spence Hotels continues to build a resilient and capable workforce, well-positioned to support its growth ambitions and uphold its reputation for excellence in hospitality.

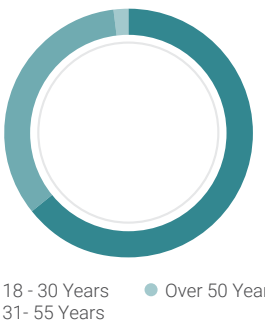
Turnover by Region



Turnover by Region

Sri Lanka	862	63%
Oman	21	2%
India	88	6%
Maldives	398	29%
Total	**1,369**	**100%**

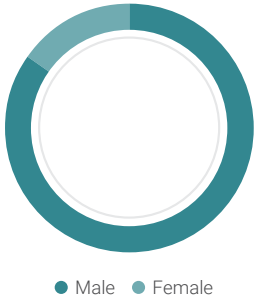
Turnover by Age



Turnover by Age

18-30 years	882	64%
31-55 years	461	34%
55 years and above	26	2%
Total	**1,369**	**100%**

Turnover by Gender



Turnover by Gender

Male	1,161	85%
Female	208	15%
Total	**1,369**	**100%**

Voluntary and involuntary turnover during the year

	Voluntary	Involuntary
Sri Lanka	455	407
Maldives	341	57
Oman	21	-
India	88	-
Total	**905**	**464**

GRI 202-1 GRI 401-2 GRI 404-3

PERFORMANCE MANAGEMENT

At Aitken Spence Hotels, performance management is a key enabler of a high-performance culture, supporting both individual growth and organisational success. All employees are evaluated against clearly defined Key Performance Indicators (KPIs), aligned with the Group's strategic priorities, ensuring that individual contributions meaningfully support business objectives.

The performance management cycle follows a structured and continuous approach, comprising three key stages: goal setting at the beginning of the year, a mid-year performance review, and a comprehensive annual evaluation. This process incorporates self-assessment alongside structured feedback from supervisors, fostering open dialogue, accountability, and continuous improvement.

Outcomes of the annual appraisal serve as the basis for performance-based rewards, including salary increments and bonuses, awarded in a fair and transparent manner without discrimination. Beyond remuneration, the process plays a vital role in identifying development needs, guiding training interventions, and supporting career progression discussions.

Through this disciplined approach, Aitken Spence Hotels continues to strengthen a performance-driven culture, empowering employees to excel, realise their potential.

At the executive level, the performance appraisal process is facilitated through a cloud-based Human Resources Information System (HRIS), which has been upgraded to enhance interactivity, accessibility, and user experience. For non-executive employees, performance appraisals are conducted through a structured manual process, ensuring consistency and alignment across all employee categories.

Remunerations, Rewards and Benefits

Our remuneration and rewards philosophy is designed to attract, retain, and motivate talent, recognising that our people are central to delivering exceptional hospitality experiences. Guided by the policies and frameworks of the Parent Company, our approach combines fairness, competitiveness, and transparency, ensuring that employees are rewarded in a manner that reflects both their individual contributions and market benchmarks.

The Group adopts a holistic total rewards approach, integrating both financial and non-financial elements. Employee compensation comprises fixed remuneration alongside performance-based incentives, reinforcing a strong performance-driven culture while maintaining pay equity across roles. Salary structures are regularly reviewed to ensure alignment with industry standards, evolving regulatory requirements, and broader socio-economic conditions, including rising costs of living.

In addition to competitive salaries, the Group offers a comprehensive suite of employee benefits designed to enhance overall well-being, support financial security, and improve quality of life. These benefits are structured to be inclusive, equitable, and responsive to employee needs, reflecting our commitment to creating a rewarding and supportive work environment.

- Total remuneration for employees includes a variable pay component linked to employee performance in addition to the guaranteed fixed pay component.
- Additionally, we ensure that entry-level compensation meets or exceeds the minimum wage requirements set by labour laws in the respective country of operation, irrespective of gender.

All employees across all our regions/ properties are paid the minimum statutory average hourly wage and 100% of our lodging facility employees earn minimum wage, across all our regions/ properties.

A full list of rewards and benefits offered to our permanent employees are as follows;.

Health & Nutrition
- Reimbursement of outdoor medical expenses
- Health insurance
- Critical illness cover of Rs. 1 Mn per event for all Spensonians
- Meal facility for hotel based employees
- Telemedicine facility
- Awareness programmes by medical professionals

Education
- Financial assistance for educational pursuits
- Annual subscriptions for professional memberships

Work Life Balance
- Semi-virtual mobility framework for remote working
- Enhanced parental leave (100 days - Maternity Leave & 5 days - Paternity Leave)
- Crèche Facilities
- Carried forward leave
- Club memberships

Leisure
- Free holiday vouchers at Aitken Spence Hotels
- Holiday bungalows for executives

Child & Elder Care
- Subsidised childcare facility for all staff

Welfare
- Aitken Spence Sports and Welfare Society
- Wedding gifts
- Donations on death of immediate family members
- Transport facilities/travel reimbursements

Loan Schemes
- Housing loans and Personal loans against PPF

INTEGRATED CAPITAL PERFORMANCE REVIEW

Human Capital

Special recognition

- Monetary reward as a token of appreciation to Executive level employees who complete 25 years of service receive

Ensuring the well-being of our employees affected by Cyclone Ditwah and the effects of the Middle East crisis

Cyclone Ditwah

58 of our employees were impacted by the cyclone, to varying degrees of severity. In response, the Group extended a range of relief measures to support their well-being and that of their families, while facilitating a swift return to normalcy.

- Immediate relief assistance to ensure livelihood
- Donations to revive
- Participating in community rehabilitation programs

Middle East Crisis

The ongoing crisis in the Middle East necessitated a careful assessment of its impact on our employees based in Oman, located in the Gulf. We are pleased to note that all employees remained safe, with their well-being continuously monitored throughout the period.

In light of the challenges arising from fuel rationing and related constraints in Sri Lanka and other countries, the Group facilitated flexible working arrangements, including remote working where feasible for support service staff, to support employees and ensure continuity of operations.

Changes to the benefits introduced during 2025/26

- Increased the entitlement of the Insurance coverage.
- Increased the value of the Death Donation
- Increased the value of the Wedding Gift

LEARNING AND DEVELOPMENT

Learning and development (L&D) is an integral part of our human capital strategy, particularly within the dynamic and highly competitive hospitality industry. Our approach is centred on continuously enhancing the capabilities of our workforce, equipping our people with the technical expertise, service orientation, and behavioural competencies required to consistently exceed guest expectations and drive organisational success.

Training Needs Identification and Planning

Training needs are identified annually through a comprehensive Training Needs Analysis (TNA), supported by multiple data-driven inputs to ensure relevance and impact. These include:

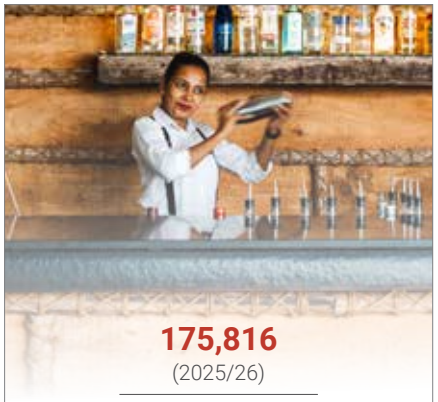
- A Group-wide online survey administered to General Managers, Heads of Departments, and Corporate Office leaders, capturing detailed insights across functions
- Focused group discussions conducted where deeper analysis is required
- Customer feedback derived from platforms such as ReveNet, Google Reviews, TripAdvisor, and Booking.com, enabling targeted improvements based on guest experience insights
- Observations and inputs from Learning & Development Managers across all properties

The integration of these inputs enables the development of structured and impactful training calendars aligned with operational priorities and service excellence standards.

Agile and responsive learning framework

To ensure continued relevance, training plans are reviewed and refreshed on a monthly basis. A structured monthly Learning and Development calendar is communicated to employees, while a retrospective review at the beginning of each month evaluates planned versus actual training delivery. Any identified gaps are promptly addressed and incorporated into subsequent schedules, ensuring consistency and continuity in learning interventions.

KEY L&D STATISTICS



175,816
(2025/26)

Total training hours
(2024/25: **137,945**)

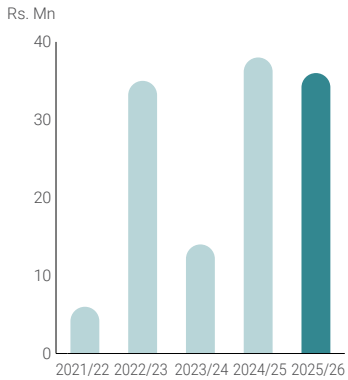
36 Mn
(2025/26)

Investment in training
(2024/25: **Rs. 37.4 Mn**)

4.2
(2025/26)

Average training hours per employee
(2024/25: **3.29**)

Investment in Training



Programmes for upgrading employee skills and transition

Training focus area/ scope covered	Number of participants	Number of programmes
Heritance LEAD Train the Trainer Program	2	45
Heritance Ascend Advance	22	2 programs with multiple development interventions
WSET Level 1 Wine Training Program	21	1
Leading from the Middle	35	1
Finance for Managers	40	2

Aitken Spence Hotels – Structured development interventions

The Group has in place, the following structured programmes which drive consistent performance development a wide range of target employee groups.

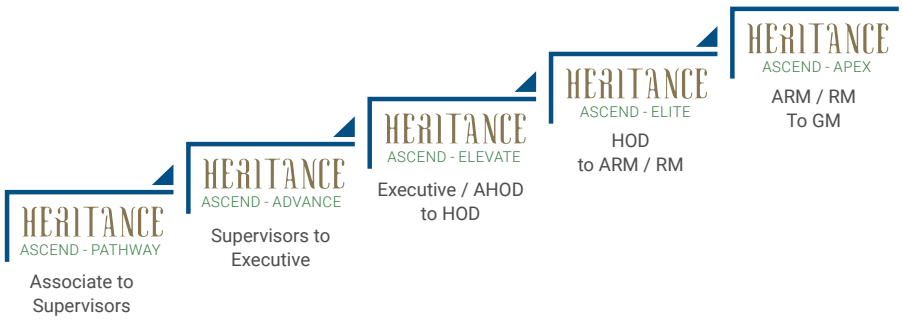
Development intervention	What it is about	Progress made in 2025/26
Heritance Rise	A Management Trainee Programme with a duration of 18-months. This is a five-phase development initiative delivered through the Group's L&D division, combining structured training, hands-on experience, and mentorship to equip high-potential candidates with the skills and competencies required for leadership roles in hospitality.	2 batches with 19 Management Trainees are undergoing training
Beyond Basics	A departmental training programme equipping employees with the skills and competencies required to excel in their roles, with a strong focus on service excellence and attention to detail to deliver memorable guest experiences.	46,405 employees across 8 departments covered
Heritance LEAD	A Departmental Trainer Development Programme, via which we strengthen technical training capacity by maintaining at least one trained instructor for every 20 employees across all departments.	63 Departmental Trainers trained 63 new Departmental Trainers added to the Trainer pool
Heritance Ascend- Career Progression	A structured talent development programme designed to identify high-potential employees and prepare them for leadership roles, supporting career progression and strengthening the Group's leadership pipeline.	29 high-potential employees were trained, for a total of 945 hours

INDIVIDUAL DEVELOPMENT AND SUCCESSION PLANNING

The Group adopts a targeted approach to talent development, with identified talent pools placed on individualised development plans tailored to their growth trajectories. These plans support capability building, leadership readiness, and career progression.

Succession planning remains an integral component of our talent strategy, ensuring the development of a strong internal pipeline to support business continuity and future leadership requirements across the Group. Heritance Ascend- Career Progression programme supports the talent pipeline development through the identification of high-potential talent and developing them accordingly.

The programme is a five tier talent development initiative designed to prepare identified employees to progress into roles at the next level.



INTEGRATED CAPITAL PERFORMANCE REVIEW

Human Capital

COMPLIANCE AND OPERATIONAL TRAINING

As a hospitality provider serving a large and diverse guest base, we place heightened emphasis on compliance and safety-related training. Regular programmes are conducted on fire safety, food safety, and first aid, delivered by both internal and external subject matter experts.

Structured training schedules are maintained to ensure that all employees, including new recruits, are equipped with the necessary knowledge and competencies to operate safely and in compliance with regulatory and operational standards.

DIGITAL LEARNING THROUGH THE LEARNING MANAGEMENT SYSTEM (LMS)

During the financial year, the Group successfully implemented a fully integrated Learning Management System (LMS), hosting over 100 training programmes at launch. The platform is universally accessible, with both desktop and mobile compatibility, enabling employees to engage in learning at their own pace and convenience.

The LMS serves as a central repository for key learning content, including the Group policies, Standard Operating Procedures (SOPs), compliance training, and other knowledge-based modules. Its flexible, on-demand nature aligns well with the evolving workforce demographic, particularly the growing GenZ segment.

The Group aims to deliver approximately 40–45% of its training through the LMS, complemented by in-person training to ensure a balanced and effective learning experience.

The Aitken Spence Institute of Hotel Management

The Aitken Spence Institute of Hotel Management (ASIHM) plays a pivotal role in addressing the growing demand for skilled talent within the hospitality sector. Operated in partnership with the TUI Care Foundation and the Sustainable Hospitality Alliance, the Group runs two hotel schools at Heritance Kandalama and Heritance Ahungalla, focused on providing structured hospitality training to underprivileged youth at the grassroots level.

The programme combines classroom learning with practical, on-site exposure across key functions including food and beverage, housekeeping, and culinary operations. During the year, the training approach was further refined to integrate on-site training earlier within the curriculum, enabling a more seamless transition into operational environments and minimising "shift shock" for trainees.

Graduates of the programme are equipped with industry-relevant skills and are eligible to pursue employment both within the Group and across the wider hospitality industry. As such, the initiative has a far-reaching impact beyond the Group, contributing to strengthening the overall talent pipeline of the hotel and leisure sector.

In addition to addressing industry skill gaps, the programme serves as a strong platform to advance inclusivity and socio-economic upliftment, creating meaningful career pathways while supporting the communities in which we operate.

Highlights

- 5th consecutive year in operations and collaboration with TUI Care Foundation and the Sustainable Hospitality Alliance
- 5 months of all-round impactful training
- 94 graduates in 2025/26
- 43,362 training hours spent in 2025/26
- Rs. 18 Mn investment in training linked to ASIHM
- 57% are female graduates

Cumulative impact over the three years

- 256 graduates since the programme's launch in 2023
- 98,060 training hours delivered
- Rs. 43 Mn invested in the programme
- 39% female representation among graduates
- 50% of graduates retained within the Group

Impact created

	Number of Graduates at Ahungalla		Number of Graduates at Kandalama		Total
	Male	Female	Male	Female	
2025/26	13	32	27	22	94
2024/25	27	15	30	18	90
2023/24	35	9	23	5	72
2022/23	28	4	-	-	42
2021/22	21	14	-	-	35

A winning proposition

During the financial year, the Aitken Spence Institute of Hotel Management graduated an all-female cohort, reflecting our strategic commitment to female empowerment. This initiative was recognised with the World's leading sustainable female empowerment initiative 2025 at World sustainable hospitality awards.



STRENGTH IN DIVERSITY

With a workforce of over 3,400 employees, our people remain a vital asset, enabling the Group to deliver on its strategic priorities and sustain its competitive advantage. As an equal opportunity employer, we are committed to fostering a fair and inclusive workplace, free from discrimination, ensuring that all employment decisions are made without regard to gender, age, religion, nationality, ethnicity, or any other form of bias.

Reflecting our presence across Sri Lanka, the Maldives, Oman, and India, our workforce is enriched by a wide spectrum of cultural, geographic, and religious backgrounds. This diversity strengthens our organisation by bringing together varied perspectives, experiences, and ideas, enhancing decision-making, encouraging innovation, and enabling us to deliver hospitality experiences that resonate across diverse markets.

Employees by Gender and Nationality across the Group

	Sri Lankan	Indian	Maldivian	Bangladeshi	Others
Male	2,433	133	437	5	34
Female	360	18	41	-	10

HERITANCE ENABLE

Creating opportunities for every ability

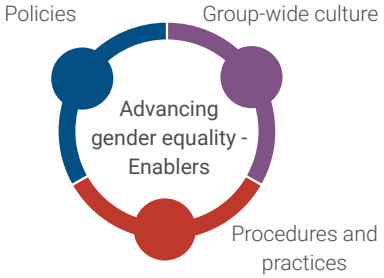
Now in its second year, the Heritance Enable continues to expand its impact by creating meaningful employment opportunities for persons with disabilities, transcending conventional barriers and fostering a truly inclusive workplace. Implemented in close collaboration with the Ceylon School for the Deaf and Blind in Ratmalana, the initiative reflects our ongoing commitment to enabling individuals of diverse abilities to participate, contribute, and thrive without discrimination.

Persons With Disabilities Employed	2025/26	2024/25
Hearing disability	1	2
Vision disability	1	1
Speech disability	4	3
Mobility and physical impairments	2	1

COMMITMENT TO GENDER EQUALITY

As part of the Aitken Spence Group, we are guided by established frameworks and mechanisms that promote fair gender representation across our operations. We are committed to fostering a diverse, equitable, and inclusive workplace, free from discrimination where all employees are treated with fairness and respect.

As an equal opportunity employer, we actively strive towards achieving gender balance within the organisation while also contributing to broader societal progress. This commitment is reinforced through robust policies, procedures/ practices that support equal access to opportunities, fair treatment, and an inclusive culture that empowers individuals to thrive.



INTEGRATED CAPITAL PERFORMANCE REVIEW

Human Capital

GRI 401-3 GRI 404-2 GRI 405-2 GRI 406-1

Policies in place

The following policies as established at the Aitken Spence PLC – Parent level effective within the Aitken Spence Hotel Holdings PLC, drive policy-driven support.

Equal Opportunity

- Diversity, equity & inclusion policy
- Gender equity policy

Inclusion

- Enhanced parental leave policy
- Semi-virtual mobility policy
- Flex-time work policy
- Adoption leave policy

Grievance Mechanisms

- Grievance handling policy
- Sexual harassment prevention policy

Procedures and practices in place

Our HR practices are designed to foster an inclusive and supportive work environment that enables individuals of all genders to thrive. Flexible working arrangements, guided by the Semi-Virtual Mobility Policy, support employees in balancing professional and personal commitments. We further strengthen female workforce participation through progressive benefits such as 100 days of paid maternity leave and access to childcare facilities, enabling continuity in careers post-childbirth. Recruitment practices are consciously designed to be gender-neutral, ensuring equal access to opportunities, while targeted initiatives aim to enhance female representation across all levels of the organisation.

Group-wide culture

We actively cultivate a culture that promotes inclusion, respect, and equal opportunity, while challenging traditional perceptions surrounding gender roles in the hospitality industry. Through awareness programmes, community engagement, and open dialogue, including interactions with potential employees and their families - we work to dispel misconceptions and encourage greater female participation. Continuous efforts to address unconscious bias and promote positive gender narratives across the organisation and wider community support our commitment to narrowing the gender gap and building a truly inclusive workplace.

Gender equality – Key statistics



	New recruits	Promotions	Exits	Average training hours per employee
	232 (16%)	32 (14%)	208 (15%)	7.4
	1,199 (84%)	197 (86%)	1,161 (85%)	3.8

Total number of employees by staff category and gender

Gender/ Staff category	Manager and above		Junior Executive and Above		Non-executive		Total number of staff
	No. of staff	%	No. of staff	%	No. of staff	%	
Male	194	84	321	73	2,527	90	3,042
Female	36	16	119	27	274	10	429
Total	230	100	440	100	2,801	100	3,471

Gender pay gap indicators

Ratio of gender based pay

Entry level - The basic salary levels for both men and women at entry level are at parity (ratio 1:1) and discrimination in any form is not tolerated.



1:1
Managers and above

1:0.8
Executives

1:0.9
Non-executives

PARENTAL LEAVE

Female employees are entitled to 84 days of paid maternity leave in accordance with the Shop and Office Employees Act of 1954 . Two hours of nursing time per day is allowed until the baby reaches 01 year of age.

Beyond statutory requirements, Group provides an additional 16 working days of paid maternity leave, bringing the total entitlement to 100 days. Male employees are granted 05 days of paternity leave.

	Male	Female
Employees who utilised parental leave	54	1
Number of employees who returned to work during the reporting period after parental leave ended	54	1
The total number of employees who returned to work after parental leave ended who were still employed 12 months after their return to work	53	1
Return to work rate	100%	100%
Retention rate	98%	100%

GRI 403-3 GRI 403-8

Employee Engagements

Fostering a culture of open dialogue and inclusivity, the Group has established a range of formal and informal engagement mechanisms to actively understand employee perspectives and address their concerns. These platforms enable continuous feedback, encourage the sharing of ideas, and ensure that employee voices are meaningfully considered in decision-making, contributing to a workplace where individuals feel valued, heard, and respected.

Employee engagement initiatives are carried out across three levels: at the property level across all four countries in which we operate, at the corporate level, and at the Aitken Spence PLC Group level. This multi-tiered approach ensures both local relevance and Group-wide alignment in addressing employee needs.

At the property level, engagement efforts are further strengthened through the involvement of local communities, reinforcing meaningful connections between our employees and the communities in which we operate.

Employee engagement initiatives are conducted across four predominant theme, and depicted below are the engagement initiatives Aitken Spence Hotels conducted under each of these themes.

Motivation

- Celebration of festivals
- Staff get together
- Quiz competitions
- Religious Activities

Inspiration

- Spensonian Convention
- Team Building Activities
- Beach Cleaning
- Blood Donation Campaigns

Visibility

- Talent Shows
- Sports Tournaments
- Celebrations of Dedicated Days

Recognition

- Selection of Diamond of the Month and Diamond of the Year
- Recognising Executives Completing 25 years of service

EMPLOYEE HEALTH, SAFETY AND WELL-BEING

At Aitken Spence Hotels, safeguarding the health, safety, and well-being of our employees and all stakeholders remains a fundamental priority. Guided by the Parent Company's Integrated Sustainability Policy, we are committed to maintaining safe, secure, and healthy workplaces across all our operations, covering 100% of our employees and stakeholders accessing our premises.

Governance and Safety Framework

Our approach to Occupational Health and Safety (OHS) is underpinned by robust governance structures and internationally aligned practices. As part of the Aitken Spence Group, we adopt the Hazard Identification, Risk Assessment and Control (HIRAC) framework to proactively identify risks and implement appropriate controls. These range from standard operating procedures for low-risk activities to more comprehensive systems aligned with ISO 45001 or equivalent standards for higher-risk environments.

In addition to complying with all applicable local regulations, including the Factories Ordinance and relevant OHS requirements, we align our practices with global best standards. Our health and safety protocols are further guided by Travelife certification requirements, covering areas such as safety training, fire preparedness, and the use of protective equipment. Complementing this, Group-wide SpenceSafe protocols, developed in line with local and international health guidelines, ensure the safety of both guests and employees through clearly defined precautionary measures.

INTEGRATED CAPITAL PERFORMANCE REVIEW

Human Capital

GRI 403-4 GRI 403-5 GRI 403-7 GRI 403-9 GRI 403-10

Risk Management and Continuous Improvement

Health and safety risks across our properties are systematically recorded, monitored, and classified based on severity viz., Minor, Moderate, Major, and Severe, enabling timely intervention and effective risk mitigation. All reported incidents are reviewed as part of a continuous improvement process, with learnings integrated into operational practices to prevent recurrence.

Where gaps in awareness or compliance are identified, targeted training programmes are strengthened to reinforce safe practices. This structured approach ensures that our safety systems remain responsive, adaptive, and continuously evolving.

Overall work-related injuries to employees	90
Rate of work related injuries:	
Work related ill-health	6
Work related high-consequence injuries	-
Rate of work related high-consequence injuries from overall injuries	-
Fatalities due to work related injuries	-
Fatalities due to work related ill-health	-
Rate of work related fatalities from overall injuries	-
No. of lost hours due to work related injuries	641

Training, Preparedness and Safety Culture

We place strong emphasis on building a safety-conscious culture through ongoing training and preparedness initiatives. Each property is supported by a Health and Safety Representative and a Steering Committee comprising elected employees, who are responsible for conducting internal audits, facilitating training, and promoting awareness.

Trained and certified first-aid teams are established at all hotel locations to act as first responders during emergencies. Regular fire drills, evacuation procedures, and compliance-based training programmes are conducted to ensure readiness in the event of disasters. Fire safety training is delivered with the support of internal experts, while first aid training is conducted in collaboration with the Sri Lanka Red Cross.

Employee Well-being

Beyond physical safety, we adopt a holistic approach to employee well-being, recognising the importance of mental and emotional health alongside physical wellness. We strive to create a supportive and enabling work environment that empowers employees to perform at their best.

Ongoing health and wellness initiatives are complemented by efforts to strengthen psychological support systems. In this regard, the Group has partnered with a professional counselling service provider, creating a safe and confidential space for employees to seek support, discuss challenges, and access guidance. Additionally, employees are provided access to counselling support, including initiatives aimed at mental health awareness and prevention (including the prevention of suicide), in collaboration with relevant external subject matter experts.

A Culture of Care

Through a combination of strong governance, proactive risk management, continuous training, and a people-centric approach to well-being, Aitken Spence Hotels remains committed to fostering a culture of care, ensuring that every employee operates in a safe, supportive, and resilient environment.



The organization maintained a zero non-compliance record with respect to health and safety regulations during the year, with no incidents of workplace-related ill health reported.

EMPLOYEES' RIGHT TO UNIONISE

The Group recognises and upholds employees' rights to freedom of speech, expression, and association. During the year, cordial and constructive relationships were maintained with trade unions, with no disruptions to operations arising from industrial action or disputes, as has been the case in prior years.

Employees are supported by a well-established grievance resolution framework, which enables concerns to be raised through multiple channels, including General Managers, the Head of Human Resources, and, where necessary, escalation to the Parent Union. The Group fosters an open and transparent culture, with management, up to Group Chief Human Resources Officer and senior leadership, remaining accessible and responsive to union engagement.

In addition, a minimum notice period of four weeks is observed for any significant changes to working conditions, ensuring that employees are provided with sufficient time to adapt and transition effectively.

- 183 employees across 3 properties represented by trade unions
- 12% of employees are covered by collective bargaining agreements

ENHANCING HR PROCESSES

The most notable enhancement within the HR function during the year was the implementation of a fully automated Learning Management System (LMS), further details of which are provided under the Learning and Development section.

In addition, the adoption of digital signatures in documentation, introduced in the previous year, continued to be expanded across Group, delivering tangible benefits in terms of time savings, reduced paper usage, and improved operational efficiency.

Additionally, the Group's HRIS system is currently undergoing a system upgrade and will be ready with enhanced capabilities during the next financial year.

INTEGRATED CAPITAL PERFORMANCE REVIEW

Human Capital

RISKS, OPPORTUNITIES AND WAY FORWARD

Risks

Shortage of skilled hospitality talent – The hotels and leisure industry faces a limited pool of trained and experienced personnel across key markets. This may impact service quality, operational efficiency, and consistency of guest experience we intend to deliver.

Employee migration and attrition – Ongoing migration trends (though with lesser intensity compared to few years ago), particularly from Sri Lanka, continue to drive higher attrition levels, resulting in loss of experienced talent and increased recruitment and training costs.

Changing workforce preferences (Gen Z dynamics) - Evolving workforce expectations, including reduced interest in certain operational roles such as housekeeping and shift-based work, pose challenges in workforce planning and role fulfilment.

Geopolitical and external disruptions - Events such as regional conflicts and global uncertainties may affect employee mobility, safety perceptions, and workforce stability, particularly in overseas locations such as Oman, making sourcing quality labour a challenge.

Opportunities

Strengthening internal talent pipelines - Investing in structured training, cross-exposure through our multiple properties, and leadership development programmes enables the Group to build capabilities internally and reduce reliance on external talent.

Strong employer branding and value proposition - Positioning the Group as an employer of choice across multiple geographies enhances its ability to attract diverse talent and retain high performers.

Leveraging diversity across markets - A multicultural workforce across Sri Lanka, the Maldives, Oman, and India provides opportunities to enrich service delivery, enhance cultural sensitivity, and strengthen global appeal.

Digitalisation of HR and learning - Adoption of digital platforms such as LMS and HR systems supports scalable training, continuous learning, and improved workforce management.

Inclusive employment practices - Initiatives such as employing persons with disabilities and community-based hiring strengthen social impact while expanding the available talent pool.

Way Forward

The Group will continue to address talent shortages through targeted partnerships with hospitality schools, vocational institutions, and local communities to build a sustainable talent pipeline. Efforts will be intensified to enhance the employee value proposition through competitive rewards, career progression pathways, and a supportive work environment, to improve attraction and retention, particularly among younger workforce segments.

In parallel, the Group will expand learning and development initiatives, leveraging digital platforms to upskill employees and ensure service excellence across all properties. The Group intends to standardise its training approach under the "Heritance Training Catalogue", ensuring consistency in learning delivery across all properties and geographies, while allowing for necessary localisation to meet specific operational needs.

A continued focus on employee well-being, engagement, and flexible work practices where feasible, will further strengthen workforce resilience. By fostering an inclusive, agile, and future-ready workforce, Aitken Spence Hotels will remain well-positioned to navigate evolving human capital challenges across its diverse operating markets.



CONNECTED RELATIONSHIPS, SHARED VALUE

At Aitken Spence Hotels, our social and relationship capital is built on trusted partnerships. Customers shape our offerings, channel partners connect us to global travellers, and suppliers, business partners, and host communities support the quality and reliability of our operations. Together, these relationships enable exceptional hospitality and sustainable growth.

Social and Relationship Capital

Strength of Social and Relationship Capital

- 1,170,224 Total guest nights
- 4,145 Channel partners
- 1,778 Registered suppliers
- Communities across four countries and their localities

Capitals inter-linkages

Financial capital
7% YoY revenue growth

Key strategic enabler

- Customer Centricity
- Sustainability

Contribution to UN SDGs

Material themes linked

- Operational excellence and customer experience
- Responsible value chain and product integrity
- Governance and community impact



Social and Relationship Capital advancing our strategy

Revenue Growth
Strong relationships with customers and channel partners drive demand, enhance market access, and support revenue optimisation, while supplier partnerships ensure consistent delivery of high-quality offerings.

Customer Centricity
Continuous engagement with customers and feedback from channel partners enable personalised experiences, improved service delivery, and stronger customer satisfaction and loyalty.

Inspired and Dedicated Team
Close collaboration with communities supports talent pipelines, while stakeholder interactions enrich employee awareness, engagement, and service orientation.

Technology Integration
Digital touchpoints with customers and channel partners enhance connectivity, improve responsiveness, and enable data-driven insights to strengthen engagement and decision-making

Operational Excellence
Reliable supplier networks and partner collaborations support efficient operations, cost optimisation, and consistent service standards across properties.

Sustainability
Engagement with communities and responsible sourcing from suppliers drive inclusive growth, environmental stewardship, and long-term social value creation.

INTEGRATED CAPITAL PERFORMANCE REVIEW

Social and Relationship Capital

OUR CUSTOMERS

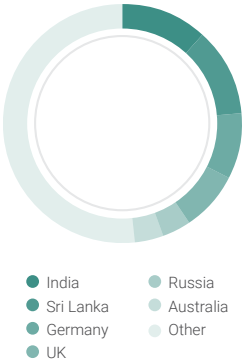
MANAGEMENT APPROACH

Aitken Spence Hotels manages customer relationships through a structured, policy-driven approach to ensure safe, secure, and high-quality guest experiences. Customer health and safety are prioritised through established protocols across food safety, hygiene, facility management, and emergency preparedness, aligned with internationally recognised standards. Customer privacy is safeguarded through strict data protection practices, aligned with the General Data Protection Regulation (GDPR) and applicable local data protection regulations, including Sri Lanka's Personal Data Protection framework. Secure systems and controlled access mechanisms are in place to prevent unauthorised use or breaches of personal information. Guest feedback is actively captured and used to drive continuous service improvements, strengthening trust, satisfaction, and long-term relationships.

Guest satisfaction score (Overall) - **93.77%**
Average occupancy rate - **69%**



Dispersion of Customers based on Source Markets



Impact of geopolitical tensions in the Middle East on customer relations

Geopolitical tensions in the Middle East resulted in a degree of room night cancellations during the year. The Group responded with flexibility and accommodation, reinforcing customer trust and goodwill. At the same time, Oman's positioning as a safe and neutral destination supported continued guest inflows, enabling the Group to maintain stable customer engagement in the region.

CUSTOMER PROFILE

The uniqueness of the Group's customer profile is that it comprises both and leisure and business travellers. The Group's well diversified property propositions enable this unique mix of customers. Another aspect of dynamism of our customer profile is the key source markets which enable a healthy inflow of guests throughout the year.



Destinations	Key customer groups served
Sri Lanka	Leisure
The Maldives	Leisure
India	Business
Oman	Leisure and business

AITKEN SPENCE HOTELS – HOLISTIC CUSTOMER VALUE PROPOSITION

Flexibility



Offering flexibility in our cancellation policies and ensuring transparent pricing to maintain customer satisfaction.

Guest Experience



Curating unique propositions and experiences to provide guests with a truly authentic experience.

Engagement



Making available structured customer engagement mechanisms.

Customer Safety



Following stringent health and safety guidelines and protocols which safeguard the health and well-being of our guests.

CURATING REWARDING EXPERIENCES

The Group remained committed to curating rewarding and memorable experiences that cater to the evolving preferences of modern travellers. From distinctive culinary journeys and innovative restaurant concepts to wellness retreats, adventures, nature-based experiences, and curated sporting activities, the Group continued to offer a diverse range of engagements across its properties throughout the year. These were complemented by seamless digital touchpoints that enhance ease of access and booking, alongside expansion into new destinations, ensuring guests experience both convenience and discovery at every stage of their journey.

CULINARY EXCELLENCE

The Group continued to refine its food and beverage strategy during the year, with a stronger focus on quality over quantity. This included a shift from buffet offerings to à la carte dining at selected properties, enabling enhanced quality, reduced waste, and uncompromised guest satisfaction.

In Oman, buffet offerings were further elevated through the introduction of Japanese cuisine, responding to evolving guest preferences and enriching the dining experience.

The Group remains committed to continuously evaluating and evolving its culinary offerings to align with guest expectations and emerging trends.

The year also featured a number of celebrity chefs at the properties a highlight being Chef Mahmoud from Heritance Aarah headlining an Arabic themed dinner experience at Earl's Regency Kandy.



NEW RESTAURANT CONCEPTS

The Group introduced novel and immersive dining experiences, enhancing its culinary proposition. During the year, this included the launch of Iguana Cantina, Negombo's vibrant Mexican resto-bar at Sentido Heritance Negombo. These concepts are designed to elevate guest engagement while reinforcing



ADVENTURES

Adventure offerings were enhanced with the introduction of hot air ballooning at Heritance Kandalama, promoted as both a romantic and adventure-driven activity.



NATURE-BASED EXPERIENCES

Nature-based offerings were strengthened through the internationally acclaimed Pekoe Trail, with Heritance Tea Factory ideally positioned along Stage 21; the trail's most scenic path. This unique location enabled the property to offer experiences such as guided trail access combined with an experiential picnic breakfast and cooldown experience set against Sri Lanka's scenic tea country.



INTEGRATED CAPITAL PERFORMANCE REVIEW

Social and Relationship Capital

New destinations

The Group's expansion into new destinations during the previous financial year, through the management of The Rainforest EcoLodge located within a UNESCO World Heritage Site, was further strengthened during the year, with the property open for guests all year round. The property continued to enhance eco-centric experiences, reinforcing the Group's nature-led hospitality offering.



Sustaining Guest Connection

Aitken Spence Hotels continued to foster meaningful connections with its guests through a blend of creative engagement initiatives and enhanced digital interaction. A range of curated experiences, in addition to what was listed previously including themed celebrations, interactive campaigns, sustainability-driven activities, and family-focused events, were designed to enrich guest interaction and strengthen emotional connection with the Aitken Spence brand and its property brands.

This was further supported by ongoing enhancements to internal processes, enabling more seamless and responsive engagement throughout the guest journey.

The brand blogs across Aitken Spence Hotels, Heritance Hotels and Resorts, and Adaaran Resorts continued to deliver compelling content ranging from destination insights and curated experiences to wellness guidance and behind-the-scenes narratives, supporting informed travel decisions while deepening pre-arrival engagement.

In parallel, the Group strengthened its social media presence through consistent, experience-led storytelling. Content highlighting destinations, sustainability initiatives, guest experiences, and team stories was leveraged to enhance brand visibility and engagement across key platforms, contributing to a stronger and more connected digital footprint (more information – Intellectual Capital on page 181).

CUSTOMER FEEDBACK

Aitken Spence Hotels adopts a multi-channel approach to capture and review guest feedback through digital and physical touchpoints, enabling real-time insights and continuous service improvements across all properties.



ReviewPro

Aggregates real-time guest feedback from platforms such as TripAdvisor and Booking.com, enabling performance tracking, sentiment analysis, and timely responses, with a target score of at least 95% across all properties.



On-site Feedback Channels

Each property manages guest feedback through trained front office and guest relations teams, ensuring prompt resolution of concerns.



Tour Operator & Agent Insights

Feedback from travel agents and tour operators provides broader market insights, enabling refinement of offerings for diverse guest segments.



Social media platforms:

Social media platforms serve as key communication and feedback channels, with dedicated teams monitoring interactions to capture guest sentiment and identify service improvements.

Guest Satisfaction Scores of Aitken Spence Hotels

Summary of Key Properties	2025/26%	2024/25%
Heritance Ahungalla	94.0	96.0
Heritance Ayurveda	93.4	95.3
Heritance Kandalama	92.8	94.6
Heritance Negombo	91.8	95.6
Heritance Tea Factory	95.6	96.3
Turyaa Kalutara	87.4	90.6
Adaaran Club Rannalhi	96.0	95.2
Adaaran Select Hudhuran Fushi	95.4	94.8
Adaaran Select Meedhupparu	96.2	95.8
Adaaran Prestige Vadoo	95.8	97.4
Heritance Aarah	99.0	99.2
Al-Falaj Hotel	84.8	85.9
Turyaa Chennai	85.0	83.8

GRI 416-1 GRI 416-2 GRI 418-1

RECOGNITION FROM ONLINE TRAVEL AGENTS

tripadvisor Travellers' Choice Awards & Best of the Best Awards	**12** Properties
Booking.com Traveller Review Award	**15** Properties
HolidayCheck Agoda	**10** Properties

CUSTOMER SAFETY

Ensuring the safety and security of our guests remains a fundamental priority across all our operations. Aitken Spence Hotels has implemented comprehensive safety frameworks supported by trained personnel, secure access and surveillance systems, and well-established emergency response protocols. Dedicated first aid and crisis management teams are in place to respond swiftly and effectively to any situation, ensuring the health, safety, and well-being of guests at all times.

Key elements of customer safety

- **Co-existing with Fauna**

Coexisting with local fauna is an integral part of the guest experience as our properties are typically located in areas of high biodiversity. Guests are informed about safety measures to be taken within the premises or while exploring the surroundings.

- **Food Safety**

11 of our properties have obtained the ISO 22000: 2018 HACCP Certification, affirming compliance with global standards related to food safety. All properties comply with local operating license requirements and are subject to inspection from local tourism authorities and local government authorities.

- **Third Party Service Providers**

We ensure that all partners authorised to provide transportation, excursions, and experiences within our properties possess the necessary license to offer their services while regularly informing them about our commitment to maintaining high standards of customer safety.

CUSTOMER PRIVACY

Customer data is collected through multiple channels, including booking systems, POS systems, digital platforms, and direct communications. All such customer data is safeguarded through robust IT infrastructure and process controls.

Compliance

	Number of incidents
GRI 416: Customer health and safety - Incidents of non compliance concerning the health and safety impacts of products and services	Nil
GRI 417: Marketing and labelling - Incidents of non compliance concerning product and service information and labelling	Nil
GRI 417: Marketing and labelling - Incidents of non compliance concerning marketing communications	Nil
GRI 418: Customer Privacy - Substantiated complaints concerning breaches of customer privacy and losses of customer data	Nil

CHANNEL PARTNERS

Our channel partners comprise Online Travel Agencies (OTAs), Corporate Travel Management Companies, Destination Management Companies, tour operators, and digital platforms. These partnerships are managed through a focused strategy incorporating targeted promotions and dynamic pricing to optimise demand and inventory.

While OTAs currently contribute a smaller share of overall bookings, their importance continues to grow. Channel partners play a critical role in managing room inventory, particularly in markets such as Sri Lanka where supply exceeds demand. They also enhance value through curated travel packages and by leveraging broader ecosystem relationships, including airlines, to drive high-quality and incremental business across Sri Lanka and the Maldives.

Channel Partner Profile

Sri Lanka
167 tour operator contracts
1,216 registered local travel agents
1,400 registered corporate clients
7 country representations

The Maldives
714 tour operator contracts
60 registered local travel agents
31 country representation

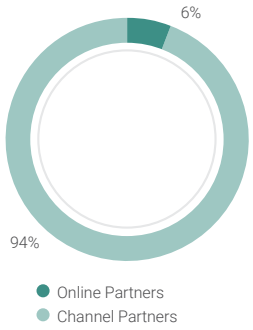
Oman
118 tour operator contracts
117 registered local travel agents
153 registered corporate clients

India
134 registered corporate clients

ONLINE PARTNER PROFILE

- Heritance brand website – owned and managed by Aitken Spence Hotels
- Online travel agents – Expedia, Booking.com, and Agoda

Contribution to Total Sale



KEY AREAS OF COLLABORATION DURING THE YEAR

- Maintained direct relationships with tour operators, minimising reliance on intermediaries
- Partnered with tour operators to position as a preferred choice in their marketing programmes
- Offered integrated travel packages across Sri Lanka and the Maldives
- Secured advance commitments from partners to ensure fulfilment of agreed volume

INTEGRATED CAPITAL PERFORMANCE REVIEW

Social and Relationship Capital

GRI 203-1 | GRI 203-2 | GRI 204-1 | GRI 408-1 | GRI 413-1 | GRI 413-2 | GRI 414-1 | GRI 414-2

SUPPLIERS

The Group maintains a diverse pool of registered suppliers, including local corporates, SMEs, and international partners, who are integral to the smooth functioning of our operations. The supplier management/ procurement approach focuses on building long-term relationships that create mutual value through market access, operational synergies, and reliable supply chains.



Payments to suppliers

Rs. 26.1 Bn

Sourcing approach

- Centralised procurement is adopted where feasible to drive efficiency and cost optimisation
- Perishable items such as fruits, vegetables, and seafood are sourced locally wherever possible, supporting local economies and ensuring freshness
- Emphasis on empowering local suppliers and strengthening regional supply networks

Supplier selection and registration

- Guided by a formal Procurement Policy covering quality, reliability, cost, and sustainability
- Suppliers undergo a structured screening process prior to onboarding
- Products are tested and approved before registration in the supplier database
- Supplier assessments include environmental and social criteria, including compliance with labour standards (e.g. child labour, forced labour)

Supplier engagement and monitoring

- Regular supplier visits to assess processes and alignment with required standards
- Comprehensive supply chain audits, including 360-degree evaluations
- Increased focus during the year on strengthening audit coverage and supplier due diligence
- Continuous engagement through supplier meetings and performance reviews

Procurement practices

- Exploration of bulk purchasing to optimise costs
- Negotiation of favourable commercial terms
- Ongoing market assessments to identify and onboard competitive suppliers

Summary of Key Properties	Procurement Expenditure to Local Suppliers
Heritance Ahungalla	30%
Heritance Ayurveda	45%
Heritance Kandalama	51%
Heritance Negombo	18%
Heritance Tea Factory	32%
Turyaa Kalutara	43%
Adaaran Club Rannalhi	47%
Adaaran Select HudhuranFushi	5%
Adaaran Select Meedhupparu	2%
Adaaran Prestige Vadoo	3%
Heritance Aarah	3%
Al-Falaj Hotel	3%
Turyaa Chennai	95%

COMPLIANCE

During the year, there were no negative environmental and social impacts in the supply chain were reported during the reporting year.

There were also no negative social impacts in the supply chain and actions taken.

The Group actively supports local economies by sourcing produce and seafood from nearby farmers and fishermen, while also promoting local artisans through curated retail and décor. Community engagement is further strengthened through initiatives such as health camps, educational support, and environmental programmes.

Community

Aitken Spence Hotels undertakes a range of community-focused initiatives aimed at uplifting local livelihoods and supporting inclusive development. These include vocational and hospitality training for youth from underprivileged and rural communities, creating pathways for sustainable employment.

Community engagement is further strengthened through collaborations and advocacy efforts linked to Sri Lanka's 1333 Suicide Prevention Hotline.

Core elements of driving community development

- Protection and conservation of the environment
- Employee welfare & development
- Disaster relief and emergency response
- Ethical business practices
- Sustainable tourism practices

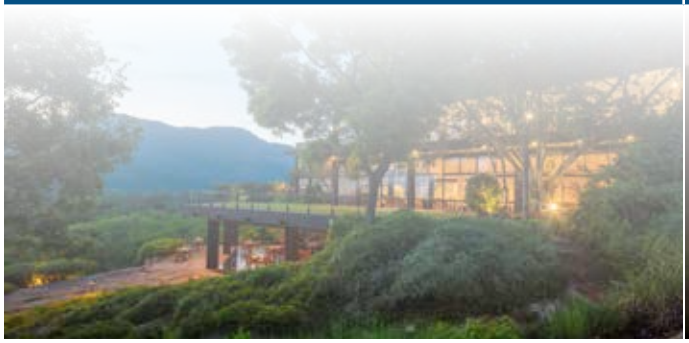
Total spend on community empowerment initiatives

Rs. 0.4 Mn.

OUR SIGNATURE INITIATIVES

Property-based initiatives

Heritance Kandalama



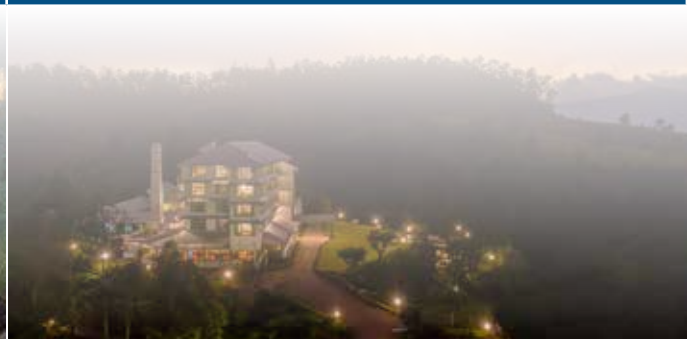
Community impact focus area:
Integrating local industry development into the Group's core operations by building strong supply chain linkages, supporting rural producers, and creating sustainable income streams across multiple sectors

Championing property:
Heritance Kandalama

Impact driven:

- Rs. 638+ Mn annually channelled into the local economy through procurement, wages, and partnerships
- Rs. 178 Mn spent on local sourcing from farmers, fishermen, and home-based producers
- Rs. 14 Mn invested in Gliricidia biomass supply, creating a renewable energy-based rural industry
- Rs. 662,900 paid to village-based cultural performers, sustaining traditional arts as viable livelihoods
- 49 students graduated with ~85% absorbed into the Group, strengthening the regional talent pipeline

Heritance Tea Factory



Community impact focus area
Embedding local producers and communities into the Group's operational model, ensuring tourism revenue directly supports rural industry and small-scale suppliers.

Championing property:
Heritance Tea Factory

Impact driven:

- Rs. 35 Mn annual spend on local suppliers, integrating SMEs into the hotel supply chain
- 32%+ of fresh produce sourced locally, creating consistent demand for small-scale farmers
- Operation of an on-site tea plantation and organic garden, supporting local agricultural value chains
- Tea-based guest experiences delivered by local staff, linking tourism directly to community livelihoods
- Active knowledge-sharing through industry forums and hosting tourism stakeholders, contributing to wider sector development

Entity-wide initiatives

1333 Bikeathon with CCC Foundation Partnered with the CCC Foundation to support a national initiative focused on promoting mental health awareness, bringing together communities, corporates, and wider stakeholders to drive meaningful social impact and foster collective well-being.	**The 'Travel Heals' campaign** Focused on the concept of the restorative power of travel through a rich series of content including interviews with mental health counsellors and standalone messages for positive reinforcement.

INTEGRATED CAPITAL PERFORMANCE REVIEW

Social and Relationship Capital

GRI 308-1 GRI 308-2 GRI 407-1

CONTINUED ON-GOING COMMUNITY EMPOWERMENT INITIATIVES

Aitken Spence Hotels continues to implement community-focused initiatives aimed at uplifting local livelihoods and promoting inclusive development across its operating locations.

Livelihood development and local sourcing
The Group supports local economies by sourcing fresh produce and seafood from nearby farmers and fishermen, enhancing income stability and encouraging quality improvements. Local artisans are also supported through the promotion of their crafts within hotel spaces, creating sustainable market linkages.

Skills development and employment pathways
Vocational training and hospitality skills development programmes are extended to youth from underprivileged, rural, and post-conflict communities, creating access to employment opportunities within the industry.

Community engagement initiatives
Health camps, school infrastructure support, and environmental clean-up programmes are regularly carried out at property level, addressing the specific needs of surrounding communities.

Employee-led volunteerism
Employee volunteerism remains central to these initiatives, with hotel teams actively involved in identifying community needs, designing initiatives, and driving implementation iin alignment with the Group's guidelines.

COMPLIANCE

During the year, there were no incidents of non-compliance with laws and regulations or significant negative impacts on the local communities through our operations.

RISKS, OPPORTUNITIES AND WAY FORWARD

Risks

Customers

- Service inconsistency risk – Variations in service quality may impact guest satisfaction and brand perception
- Data privacy risk – Potential breaches may erode customer trust

Channel Partners

- Over-reliance risk – Dependence on key partners may impact pricing power and margins
- Market volatility – Changes in travel demand may affect partner-driven bookings

Suppliers

- Supply chain disruptions – Volatility in availability and pricing of inputs
- Quality and compliance risk – Supplier misalignment with required standards

Communities

- Social impact risk – Inadequate engagement may affect community relationships
- Environmental pressure – Operational impact on local ecosystems

Opportunities

Customers

- Personalised experiences – Leveraging data to enhance guest engagement and loyalty
- Growing digital channels – Increased direct bookings and stronger customer relationships

Channel partners

- Expanded market reach – Access to diverse global customer segments
- Strategic partnerships – Ability to secure high-value and long-term business

Suppliers

- Local sourcing – Strengthening resilience while supporting community livelihoods
- Strategic procurement – Cost optimisation through scale and long-term partnerships

Communities

- Local economic development – Job creation and SME integration
- Strong community ties – Enhancing social licence to operate and brand reputation

Way Forward

The Group will continue to strengthen stakeholder relationships through a balanced approach focused on enhancing customer experience, deepening partner collaborations, strengthening supply chain resilience, and expanding community engagement. Emphasis will be placed on leveraging digital capabilities, promoting responsible sourcing, and delivering inclusive growth, ensuring sustainable value creation across all stakeholder groups.



ENVIRONMENTAL STEWARDSHIP, SUSTAINABLE VALUE

Our natural capital reflects Aitken Spence Hotels' commitment to protecting environmental resources through responsible management, biodiversity stewardship, and recognised sustainability practices that support resilience and long-term value.

Natural Capital

Strength of Natural Capital

- The natural habitats and environments surrounding our properties, from beaches, forests, lakes and lagoons to hill country landscapes
- 523.57 acres of land occupied by the Group across four countries
- Access to water and other natural resources essential to sustaining operations and delivering hospitality experiences



Capitals inter-linkages

Financial capital
Investments made in renewable energy generation

Intellectual capital
Enhanced corporate reputation as a responsible corporate citizen

Human capital
Employee volunteerism in environment-linked projects

Social and relationship capital
Increased connections with local communities in driving environment linked projects

Material environmental topics include Energy (GRI 302), Water (GRI 303), Biodiversity (GRI 101), Emissions (GRI 305), and Waste (GRI 306).

Contribution to UN SDGs



Material themes linked

- Environmental Stewardship
- Governance and Community Impact

Natural Capital advancing our strategy

Revenue Growth
Sustainable operations and environmentally responsible hospitality offerings strengthen our brand appeal and support long-term revenue growth.

Customer Centricity
Responsible environmental practices enhance guest comfort, well-being, and preference for sustainable hospitality experiences.

Inspired and Dedicated Team
Environmentally conscious workplaces foster employee pride, engagement, and a shared culture of sustainability, with an enhanced employer brand.

Technology Integration
Smart energy, water, and resource management technologies support efficient and sustainable operations across properties.

Operational Excellence
Efficient utilisation of energy, water, and other natural resources enhances operational resilience and cost efficiency.

Sustainability
Natural Capital remains central to preserving ecosystems, reducing environmental impact, and supporting the Group's long-term sustainability objectives

INTEGRATED CAPITAL PERFORMANCE REVIEW

Natural Capital

MANAGEMENT APPROACH

Aitken Spence Hotel Holdings PLC has integrated environmental stewardship to its long-term value creation, destination resilience and responsible growth. With heightened climate and ecological challenges, particularly as was seen during the financial year under review, with Cyclone Ditwah occurring as an acute physical climate risk, our environmental agenda reflects a deliberate commitment to reducing our environmental footprint, strengthening resource efficiency, and safeguarding the natural ecosystems that support our operations and enrich guest experiences.

"Our management approach is informed by an assessment of environmental impacts, risks and opportunities across our operations and value chain."

"Environmental data disclosed in this report has been compiled based on information collected from all operational properties within The Group, covering owned and managed assets unless otherwise stated."

"Where data limitations exist, reasonable estimates and assumptions have been applied, with such instances disclosed where material."

"There were no significant changes to the scope, boundaries, or measurement methods during the reporting period unless otherwise indicated."

Our approach extends beyond managing impacts within our properties to influencing practices across the value chain, recognising that meaningful progress requires shared responsibility and collaboration.

"Our management approach is informed by an assessment of environmental impacts, risks and opportunities across our operations and value chain."

Additionally, we contribute to UN SDGs through our actions and initiatives, and such contributions to the UN SDGs are prioritised based on material environmental impacts, particularly climate action (SDG 13), responsible consumption (SDG 12), and life below water and above land (SDGs 14 & 15)."



A structured approach to environmental management

"We adopt a precautionary approach in environmental decision-making, particularly in biodiversity-sensitive areas."

Guided by the parent entity's sustainability principles and supported by recognised national and international environmental certifications, our environmental strategy is backed by clear governance, disciplined management systems and measurable accountability. These frameworks provide structure to how we identify, manage and monitor material environmental impacts, while offering assurance to stakeholders regarding the integrity of our environmental practices and disclosures.

Implemented across the Group's properties, our Environmental Management System (EMS) provides a systematic approach to managing key focus areas including;

- Energy
- Water
- Waste
- Emissions and
- Responsible chemical use.

This enables us to track performance, drive continual improvement and promote more efficient use of natural resources while minimising adverse environmental impacts.

Managing impacts and advancing efficiency

Our environmental agenda is anchored in the responsible stewardship of resources and the pursuit of operational practices that support both ecological preservation and efficiency gains. Through annual environmental goal setting, we establish priorities, monitor progress and strengthen action across material environmental themes, supporting a culture of continuous improvement throughout Group.

Transparency and stakeholder accountability

"Environmental performance is tracked through defined KPIs and reviewed periodically at senior management and Board levels."

We recognise that effective environmental stewardship requires transparency and engagement. As such, we communicate environmental priorities, progress and performance regularly through multiple stakeholder channels, including sustainability disclosures, digital platforms and stakeholder engagements.

Organisational Governance Framework

Board of directors

Scope: Strategic oversight and accountability

- Sets the strategic direction for sustainability and environmental stewardship
- Ensures alignment of sustainability priorities with overall business strategy and long-term value creation
- Oversees progress on material environmental priorities through governance and reporting mechanisms

Group Head of Sustainability

Scope: Performance monitoring and coordination

- Receives regular reporting on environmental performance to support transparency and accountability
- Coordinates progress across key environmental focus areas and supports the Group-wide alignment

Sustainability Council

Scope: Guidance and sector-level stewardship

- Provides oversight and guidance on sustainability priorities across the Group
- Comprising members of the hospitality sector, the Council brings strategic insight and expertise to guide the management of natural capital and sustainability performance, risk and opportunity.

Property Sustainability Committees

Scope: Strategy implementation at property level

- Dedicated committees at each property develop and implement sustainability strategies tailored to operational contexts
- Support the effective management of natural capital priorities and continuous improvement initiatives

Environmental management teams

Scope: Operational execution

- Oversee day-to-day implementation of sustainability initiatives
- Drive progress in resource efficiency, environmental performance and compliance at each property

Policies guiding our actions	Standards and certifications	Stakeholder Engagement as an Enabler
◆ Group Integrated Sustainability Policy ◆ Energy Policy ◆ Environment Policy ◆ Community Engagement policy. ◆ UNWTO Globals code of ethics for tourism.	ISO 14001: 2015- Environmental Management (3 properties) ISO 50001: 2011-Energy Management (4 properties) Travelife Gold Certification (5 properties) Green Globe Certification (5 properties) Organic tea (1 Property) Green fin (3 Properties)	Stakeholder Engagement as an Enabler Engage • Partner • Respond Active engagement with stakeholders supports this governance structure by helping us: ◆ Align with stakeholder expectations ◆ Identify emerging sustainability issues ◆ Build collaborative partnerships ◆ Foster a culture of sustainability across the organisation

OUR ENVIRONMENTAL MANAGEMENT FRAMEWORK

Identification of our significant environmental impacts and agreeing on targets and action plans based on legal requirements, voluntary standards and our sustainability strategy.

Monitoring performance against targets and conducting audits on a continuous basis.



Appointing and providing training to environmental representatives while implementing programmes and establishing controls.

Carrying out management reviews to discuss areas for improvement and to take corrective action.

INTEGRATED CAPITAL PERFORMANCE REVIEW

Natural Capital

GRI 302-1



Energy

MANAGEMENT APPROACH

At Aitken Spence Hotels, energy management is a key focus of our environmental stewardship agenda. We meet our energy requirements primarily through electricity sourced from the national grid, alongside diesel, petrol, LPG, and renewable energy generated at 5 properties, enabling a diversified energy mix that supports operational continuity while progressively advancing lower-carbon energy solutions.

Our approach to energy management is guided by a focus on optimising consumption, improving efficiency and increasing the contribution of renewable energy where feasible. Through our Environmental Management System and property-level initiatives, we monitor energy use, identify efficiency opportunities and implement measures to reduce consumption intensity across operations. These efforts are supported by continuous awareness-building, operational controls and investments in technologies and practices that support prudent energy use.

During the year, energy consumption decreased by 1.47%, primarily driven by higher occupancy levels across our properties and the corresponding rise in operational activity. While this reflects increased business volumes, we remain focused on managing energy use efficiently and decoupling growth from environmental impact through ongoing efficiency improvements and responsible energy stewardship.



"Energy consumption is a key environmental impact, primarily driven by cooling, lighting, and water heating requirements across properties.

"Energy consumption is calculated in accordance with GRI 302 requirements, with fuel and electricity data converted into gigajoules (GJ) using standard conversion factors."

Conversion factors applied are based on internationally recognised sources, including national grid emission factors and standard calorific values."

"Renewable energy reported includes both on-site generation and procured renewable energy where applicable."

Key energy management initiatives taken during the year

- Conducted regular energy audits to better understand consumption patterns, identify improvement opportunities and support targeted efficiency measures.
- Continued guest and employee awareness initiatives to promote energy conservation through campaigns, communications and engagement programmes.
- Expanded the use of energy-efficient technologies, including LED lighting retrofits, high-efficiency HVAC systems and smart room controls such as key card energy management systems.
- Enhanced operational efficiency through technologies such as Building Management Systems (BMS), occupancy sensors, Variable Frequency Drives (VFDs) and heat recovery systems.
- Increased deployment of renewable and lower-carbon energy solutions, including solar photovoltaic (PV) installations and solar hot water systems across properties.
- Continued optimisation of lighting, cooling and ventilation systems to improve energy performance while maintaining guest comfort and operational effectiveness.

Total energy consumption during the year

Type	Unit	2025/26	2024/25	YoY movement
Renewable				
Solar	kWh	8,133	6,251	1,882
Windpower	kWh	2,073	20,32	41
Bio mass	kg	12,274	11,312	962
Non-renewable				
Diesel consumption in generators	litre	319,799	318,018	1,781
LPG	litre	26,027	24,793	1,234

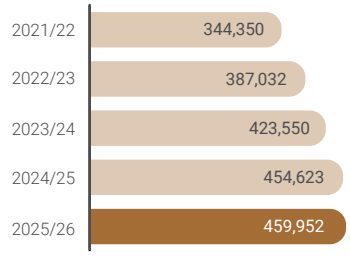
We are exploring advanced decarbonisation pathways, including electrification and renewable energy procurement mechanisms."

Energy consumption by location over the year

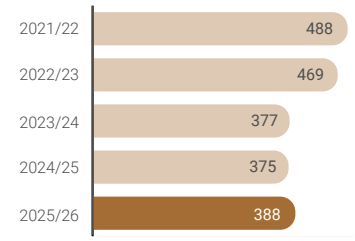
Location/ in GJ	2025/26	2024/25	YoY movement
Sri Lanka	143,535	140,391	3,144
Maldives	228,589	286,475	-57,886
Oman	16,915	16,089	826
India	12,414	11,668	746
Total	**465,772**	**466,723**	**-951**

GRI 302-3 GRI 302-4 GRI 302-5 GRI 305-1 GRI 305-2 GRI 305-4 GRI 305-5

Energy Consumption - GJ



Energy Consumption - Per Guest Night - MJ



Transitioning to renewable energy

Our target: 12% of our direct energy requirements to be fulfilled through renewable energy sources by 2030. This will contribute towards ensuring our Parent entity, Aitken Spence PLC to achieve its Net Zero Targets which were set in line with the Science Based Targets Initiative (SBTI)

Performance in 2025/26: 7% of our direct energy requirements fulfilled through renewable energy sources

Power Wheeling Agreement

As part of our renewable energy strategy, our property in India, Turyaa Chennai, has entered into a Power Wheeling Agreement with a renewable energy developer that owns and operates an offsite solar power plant. Through this arrangement, the property procures renewable energy generated by the solar facility through the grid, enabling a portion of its electricity consumption to be met through clean energy.

This initiative reduces dependence on conventionally generated grid electricity, supports the expansion of renewable energy capacity in the region, and advances our decarbonisation efforts in line with our broader environmental sustainability commitments and targets.

Floating Solar Project

Heritance Aarah, our premier resort in the Maldives, pioneered a floating solar project through the installation of photovoltaic (PV) panels on floating platforms on the ocean surrounding the island. Harnessing the Maldives' abundant solar resource, this initiative generates clean energy while reducing the resort's reliance on diesel-based power generation.

Beyond improving energy resilience at the property, the project supports the Maldives' broader transition towards renewable energy and contributes to climate change mitigation, reflecting our commitment to innovation in environmental stewardship.



Managing emissions is also a key component of the Group's environmental stewardship agenda and climate response. Our approach focuses on complying with applicable emissions regulations while reducing our carbon footprint through resource efficiency, cleaner technologies and lower-carbon operating practices.

We seek to proactively identify opportunities to improve energy efficiency, reduce fuel consumption and progressively increase the use of renewable energy across our operations, supported by ongoing monitoring and targeted emissions reduction initiatives.

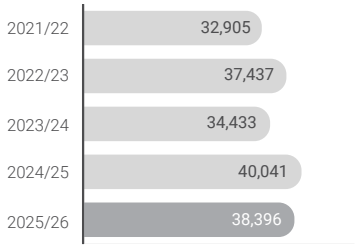
Recognising that emissions extend beyond direct operations, we also address value chain impacts, including transportation associated with guest and employee travel, shuttle services and logistics. Accordingly, we continue to promote transportation efficiency measures and support lower-carbon mobility solutions as part of our broader decarbonisation efforts.

Emissions

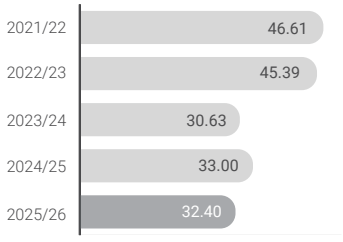
MANAGEMENT APPROACH

Our emissions inventory includes Scope 1 and Scope 2 emissions, with progressive inclusion of Scope 3 categories underway."

Carbon footprint - tCO2e



Carbon footprint per guest night - kg CO2e





INTEGRATED CAPITAL PERFORMANCE REVIEW

Natural Capital



Embedded within a culture of environmental responsibility, this approach supports the continual strengthening of our emissions performance and progress towards our climate commitments.

Depicted below are our emissions numbers on the basis of total carbon footprint and carbon foot print per guest night over the last five years. Carbon foot print data for the FY 2025/26 included only Scope 1 and Scope 2 emission data, considering the transitional relief offered under SLFRS S2 – Climate Related Disclosures on reporting on Scope 3 emissions. For comparability, we have presented the prior year emissions also to reflect Scope 1 and Scope 2 emissions only.

"Emissions are calculated using internationally recognised methodologies (IPCC/DEFRA)."

"We are working towards aligning our emissions reduction pathway with science-based targets."

"Greenhouse gas emissions are calculated in accordance with the GHG Protocol Corporate Standard and GRI 305 requirements."



32.4 kgCO2e
(2025/26)

GHG Emission Per guest night
(2024/25: **33.00** kgCO2e)

"Emission factors are derived from recognised sources such as the Intergovernmental Panel on Climate Change (IPCC), DEFRA, and relevant national authorities."

"Scope 1 emissions include direct fuel combustion, while Scope 2 emissions relate to purchased electricity. Scope 3 emissions are being progressively assessed."

"Global warming potentials (GWPs) applied are based on the latest IPCC assessment reports."

"Any recalculations of prior year emissions have been undertaken to ensure consistency and comparability



Water

WATER AND EFFLUENTS

47% of our operations are located in water-stressed regions, based on global assessment tools."

MANAGEMENT APPROACH

Water stewardship is also a integral part of the Group's environmental agenda, reflecting the importance of responsible water management to operational resilience, ecosystem preservation and sustainable value creation. Our operations draw water from a range of sources, including municipal supply, groundwater, harvested rainwater and, where relevant, seawater for operational applications, with no water source significantly affected by withdrawal for our consumption.

Guided by a focus on efficiency, conservation and responsible discharge, our approach seeks to

- reduce water withdrawal
- improve water productivity and
- mitigate water stress risks, particularly across geographies where water availability may be constrained.

Supported by ongoing monitoring, site-level assessments and targeted initiatives, we continue to advance water stewardship through efficiency improvements, recycling and reuse practices, and the responsible management of wastewater and effluents.

We have invested in initiatives such as rainwater harvesting, grey water recycling and sewage treatment systems to support circular water use and reduce dependence on freshwater sources. Wastewater from our properties is either pre-treated and purified on-site or directed to local wastewater treatment facilities, with discharge managed in accordance with applicable local requirements or the more stringent parameters of the International Finance Corporation Environmental, Health and Safety Guidelines, where relevant. Through regular monitoring of discharged water quality, we seek to minimise pollution risks while promoting responsible effluent management.

"No significant non-compliance incidents related to water discharge were recorded."

GRI 303-2 GRI 303-3 GRI 303-4 GRI 303-5 GRI 409-1

Key water and effluents management initiatives undertaken during the year

Water efficiency and conservation

- Conducted regular water audits and sub-metering to monitor consumption patterns and identify opportunities for efficiency improvements
- Continued deployment of water-efficient fixtures, including low-flow faucets, showerheads and dual-flush systems across properties
- Applied smart irrigation practices, including weather-responsive irrigation systems, scheduled watering and soil moisture monitoring to minimise water waste
- Expanded water-sensitive landscaping approaches to reduce irrigation demand

Water recycling and circular use

- Continued investments in rainwater harvesting systems to supplement water needs for non-potable uses
- Advanced grey water recycling initiatives, enabling treated water reuse for irrigation, flushing and cooling systems
- Operated sewage treatment plants and wastewater treatment systems to support treatment, reuse and responsible discharge

Effluents and water quality management

- Managed wastewater through on-site pre-treatment or approved external treatment facilities, in line with regulatory and applicable international standards
- Monitored discharged water quality regularly to minimise pollution risks and support responsible effluent management

Water stress risk management

- Continued site-level assessments and monitoring to identify and manage water stress risks across operating geographies
- Pursued initiatives aimed at reducing freshwater withdrawal and improving water resilience in water-sensitive locations

Awareness and engagement

- Promoted guest participation in water conservation through in-room messaging and awareness initiatives
- Conducted employee training and awareness programmes to reinforce responsible water-use practices across operations

Water withdrawal by source

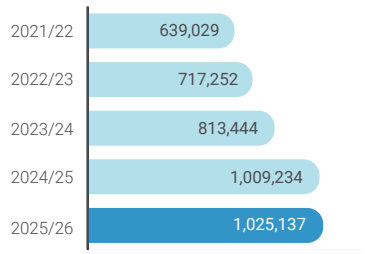
m^3	2025/26	2024/25	YoY movement
Ground water	243,310	150,264	93,046
Municipal water	370,173	463,298	-93,125
Surface water (Sea water)	408,819	389,540	19,276
Rainwater harvested	10,649	4,169	6,480
Total	**1,032,951**	**1,007,271**	**25,680**

"Water withdrawal, consumption and discharge data are reported in accordance with GRI 303 requirements."

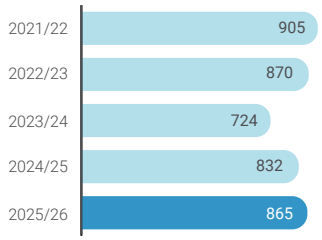
"Water stress classification is based on internationally recognised tools such as the World Resources Institute (WRI) Aqueduct."

"Water consumption is defined as water withdrawn minus water discharged back to the environment."

Water Consumption - m3



Water Consumption per Guest Night - Litres



Water recycled/ reused/ discharged

"All effluent discharge complies with applicable local regulatory standards or internationally recognised benchmarks such as IFC guidelines."



872l
(2025/26)

Water consumption per guest
(2024/25: **831l**)

Material consumption

Our key raw material inputs include food and beverage supplies, food packaging materials, linen, guest amenities, chemicals and other operational consumables essential to delivering quality hospitality experiences.

Our approach focuses on improving the efficiency of material use, reducing reliance on resource-intensive and single-use materials, and progressively embedding circularity considerations into procurement and operations. This is supported by responsible sourcing practices, supplier engagement and initiatives aimed at reducing material intensity, particularly in relation to plastics, packaging and paper consumption.

When selecting and engaging suppliers, we seek to uphold high standards of quality while encouraging alignment with ethical and sustainable business practices through due diligence processes, supplier assessments, contractual expectations and ongoing engagement. Complementing this, the automation and digitalisation of

INTEGRATED CAPITAL PERFORMANCE REVIEW

Natural Capital

internal processes continue to reduce paper consumption, supporting resource efficiency across the organisation.

Together, these efforts support a more responsible approach to material consumption while advancing our broader environmental sustainability objectives.

"Our waste strategy aligns with the waste hierarchy: prevention, reduction, reuse, recycling, recovery and disposal."

"No significant environmental incidents related to waste were reported."

Responsible sourcing and supplier screening

Our approach to managing raw material impacts is supported by responsible procurement and supplier engagement practices, including:

- Supplier screening and due diligence frameworks incorporating sustainability considerations
- Inclusion of ESG-related expectations and clauses in supplier contracts
- On-site supplier inspections and assessments, where relevant
- Ongoing supplier engagement and awareness-building on quality and sustainability benchmarks

Key initiatives to manage raw material consumption



Reducing single-use materials and plastics

- Continued efforts to reduce single-use plastics through biodegradable, compostable and reusable alternatives, including materials such as paper, bamboo and stainless steel
- Progressed the transition to plastic-free guest amenities, including refillable dispensers and lower-impact alternatives to single-use toiletry packaging
- Encouraged the use of reusable water bottles through water refill stations across properties
- Continued operation of glass water bottling plants across all Maldives resorts, supporting reduced plastic consumption

Sustainable packaging and consumables

- Worked with suppliers to minimise packaging waste through bulk sourcing, eco-friendly packaging materials and reduced plastic packaging alternatives
- Advanced the use of lower-impact consumables, including the transition to 100% biodegradable chemicals in India

Resource efficiency and circular practices

- Continued initiatives to reduce material intensity through improved resource use and operational efficiencies
- Expanded digitalisation and automation of internal processes to reduce paper consumption and support lower resource use

Focus areas going forward

Our continued focus remains on strengthening responsible sourcing, reducing material intensity, advancing circularity initiatives and working with suppliers and stakeholders to promote more sustainable consumption practices across the value chain.



Waste management

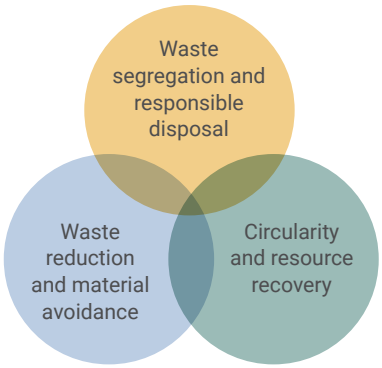
MANAGEMENT APPROACH

Anchored in the Group's 7R approach of Reduce, Reuse, Recycle, Recover, Rethink, Refuse and Repair, our approach seeks to progressively reduce waste to landfill while promoting more responsible patterns of consumption and disposal.

We focus on preventing waste at source, improving segregation, increasing reuse and recycling, and identifying opportunities to convert waste into resources wherever feasible. This includes managing diverse waste streams, including food, organic, recyclable and other operational waste, in line with applicable regulatory requirements and industry good practices.

Supported by ongoing monitoring and property-level initiatives, we track waste generation and diversion across key streams, enabling targeted interventions to improve performance. Our approach also extends beyond waste management to encompass broader resource efficiency measures, including the reduction of single-use materials, sustainable procurement practices and initiatives designed to avoid waste generation at source. Through these efforts, we continue to advance our aspiration towards zero landfill while strengthening circular resource management across the Group.

Key waste management initiatives undertaken during the year



Waste segregation and responsible disposal

- Strengthened segregation at source through clear signage, colour-coded bins and awareness materials to support proper sorting and responsible disposal.
- Continued monitoring of waste generation across key streams, including organic waste, recyclables and waste sent to landfill, to support improved diversion and resource recovery.
- Managed hazardous and regulated waste streams in compliance with applicable country-level requirements and responsible disposal practices.

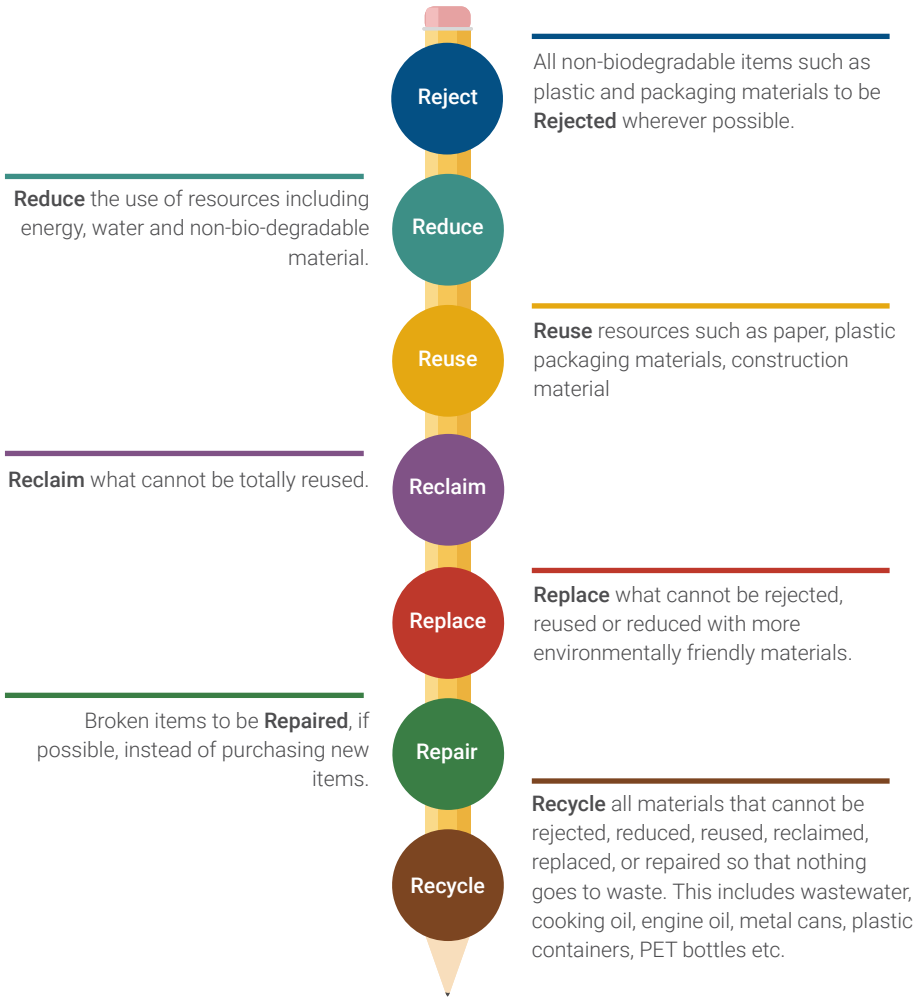
GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5

Circularity and resource recovery

- Continued implementation of the Group's 7R waste management approach, promoting waste avoidance, reuse, recycling and recovery across operations.
- Managed organic waste through composting initiatives and programmes such as Food for Waste, where suitable food waste is repurposed as animal feed through partnerships with local farms.
- Operated food waste composting systems, including initiatives in the Maldives that convert wet waste into eco-friendly fertiliser, supporting circular resource use.
- Advanced waste-to-resource initiatives that support closed-loop outcomes, including compost use in landscaping applications.

Waste reduction and material avoidance

- Continued efforts to reduce single-use plastics, including the elimination of guest-facing disposable items and expanded use of refillable and reusable alternatives.
- Advanced initiatives such as bulk amenities, linen reuse programmes and food waste tracking systems to reduce resource consumption and avoid waste generation.
- Supported waste avoidance through sustainable procurement practices, including the refusal of certain materials and extending the useful life of furniture and equipment through repair and reuse.



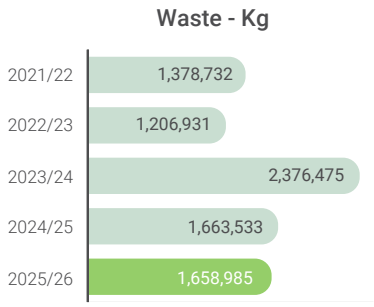
Waste performance and progress

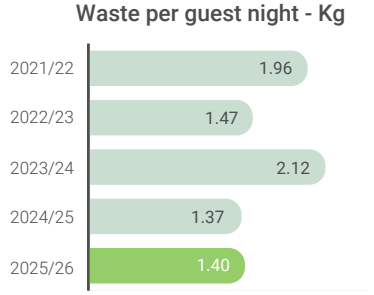
During the year, total waste generated amounted to 1,659 MT, with disposal managed through a combination of recycling, recovery, composting and other approved methods. Ongoing initiatives contributed to progress in reducing waste to landfill, improving diversion and advancing circular resource management across the Group.

m^3	2025/26	2024/25	YoY movement
Solid waste (hazardous)	9 Tones	14 Tones	-5 Tones
Solid waste (non-hazardous)	1650 Tonnes	1,725 Tones	-75 Tones
Waste oil (non hazardous)	1,400 L	3,761 L	-2,361 L
Total number and volume of significant spills or adverse	None	None	None

"Waste volumes are measured through a combination of direct weighing and estimation based on standard conversion factors where required."

"Waste diversion rates include recycling, composting and recovery methods."

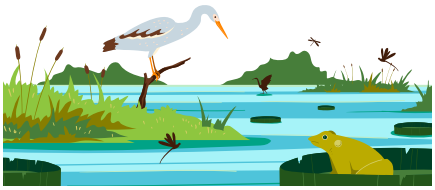




INTEGRATED CAPITAL PERFORMANCE REVIEW

Natural Capital

GRI 101-1 GRI 101-2 GRI 101-4 GRI 101-5



Biodiversity conservation

Management approach

With many of our properties located in ecologically sensitive and biodiversity-rich environments, including coastal, marine and forest ecosystems, protecting and enhancing biodiversity is both a responsibility and a strategic priority.

Biodiversity risks are assessed as part of environmental impact assessments for all properties.

Our approach focuses on operating in harmony with surrounding ecosystems through conservation-led practices embedded across property design, operations and environmental management. We seek to avoid or minimise impacts on habitats, support ecosystem preservation and contribute positively to biodiversity outcomes through long-term conservation initiatives, habitat protection and restoration efforts.

This approach is supported through biodiversity assessments, property-level initiatives and partnerships with research institutions, conservation organisations, government agencies and local communities, recognising that collaborative action is essential to effective ecosystem stewardship. Through these efforts, we seek to strengthen the resilience of natural ecosystems, support species conservation and contribute to the preservation of the environmental assets that enrich guest experiences and support long-term value creation.

Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

As at 31st March 2026, the Group operated across approximately 523.57 acres of land, with 87% of properties located in environmentally sensitive or high as biodiversity value areas.

Biodiversity conservation

Key biodiversity and ecosystem preservation initiatives undertaken during the year are s follows

Our operations interact with 7 known IUCN Red List species, with mitigation measures in place.

We aim to contribute to nature-positive outcomes through conservation and restoration initiatives.

Habitat protection and ecosystem stewardship

- Continued conservation initiatives to support forests, coastal ecosystems, mangroves and other ecologically significant habitats surrounding our properties
- Advanced long-standing biodiversity programmes across properties, including buffer zone protection, habitat stewardship and wildlife conservation efforts
- Continued biodiversity surveys and research initiatives to strengthen understanding of ecosystem health and inform conservation action
- Supported ecosystem-sensitive operational practices, including reduced use of pesticides and fertilisers and the planting of native species to enhance local habitats

Marine and coastal conservation

- Expanded marine conservation efforts, including coral restoration initiatives across our resorts in the Maldives
- Continued research and studies relating to seagrass beds and marine ecosystems, recognising their importance to biodiversity and ecological resilience
- Conducted beach clean-ups in collaboration with partners and authorities to support coastal ecosystem health

Coral restoration project

Across our resorts in the Maldives, we continue to engage in coral restoration in collaboration with dive centres and conservation partners. These initiatives include coral planting, regular monitoring and ecosystem studies aimed at supporting reef regeneration and strengthening understanding of coral ecosystem dynamics. Guest participation in selected initiatives also helps foster awareness and deeper engagement with marine conservation.

Partnerships and collaborative conservation

- Worked with NGOs, universities, government agencies and local communities to support conservation and ecosystem preservation efforts.
- Continued opening selected sites and initiatives to research collaborations and academic engagement.
- Supported local wildlife rehabilitation and community-linked environmental initiatives where relevant.



Heritance Kandalama
Sprawling lakeside setting reflects its enduring commitment to sustainable hospitality and environmental stewardship.
Sri Lanka > Dambulla

Our flagship initiative - Eco Park at Heritance Kandalama

A flagship expression of our biodiversity stewardship is the Eco Park at Heritance Kandalama, where 211 acres of land reserve are maintained adjacent to the thoughtfully designed hotel as a biodiversity corridor and conservation forest. Rich in flora and fauna and home to numerous endemic species, this protected landscape supports habitat connectivity and ecosystem preservation, with its success reflected in the free movement of wildlife, including elephants, between the reserve and the Kandalama tank.

Supporting the long-term integrity of this ecosystem, we also engage with owners of isolated land pockets in close proximity to the Eco Park to help preserve these areas as part of the broader biodiversity landscape.

The Eco Park integrates conservation with circular environmental practices, housing facilities such as a wildlife orphanage and rehabilitation centre for injured animals, composting pits, wet and solid waste recycling facilities, a wastewater recycling plant and a herbal garden. Extending its impact beyond the property, the hotel has also supported community tree-planting initiatives using saplings nurtured through its own nursery, contributing to habitat restoration and community engagement in conservation.

The Eco Park supports over 452 species of flora and fauna, including 4 endemic species, and has facilitated the planting of over 15,000 trees.

Biodiversity disclosures are aligned with GRI 101 requirements and are based on internal assessments and external studies where available.

Identification of biodiversity-sensitive areas is based on national designations and internationally recognised frameworks.

Where data on species or habitats is limited, Group adopts a precautionary approach to environmental management.







RISKS, OPPORTUNITIES AND WAY FORWARD

In our process of aligning to reporting requirements under SLFRS S1 and S 2 Sustainability reporting, and as a part of our own initiatives in strengthening our efforts around climate induced risks and opportunities, environmental risks are duly integrated into the Group's Enterprise Risk Management process (ERM).

Such environmental risks and opportunities are identified through ERM processes and sustainability assessments conducted across Group."

Climate related risks

CRR 1 - Rising energy cost

CRR 2 - Coastal erosion

CRR 3 - Extreme rainfall & Heavy winds

Climate-related risks and opportunities (CRROs) are assessed in line with evolving global frameworks and internal risk evaluation processes, in addition to the process explained above.

Climate related risks that require disclosure as per the provisions of SLFRS S1 and S1 Sustainability Reporting Standards for the Group are as follows. A detailed discussion on these risks are found in the SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2) Report available from pages 105 -124 of this report.

RISKS (OTHER)

- Water scarcity and resource stress – Growing pressure on freshwater availability in certain operating geographies like the Maldives, India and Oman compromises operational resilience and increase resource management challenges
- Climate and extreme weather events – Rising exposure to climate-related events, including storms, flooding, coastal impacts and changing weather patterns, could potentially affect assets, ecosystems and continuity of operations
- Biodiversity degradation – Loss of habitats and ecosystem health in destinations where we operate could affect both environmental integrity and the attractiveness of our properties
- Regulatory and compliance risks – Evolving environmental regulations, disclosure expectations and compliance requirements may require ongoing adaptation, investment and strengthened oversight
- Transition risks including carbon pricing, regulatory tightening and energy cost volatility may impact operations.

INTEGRATED CAPITAL PERFORMANCE REVIEW

Natural Capital

OPPORTUNITIES

- Renewable energy transition – Expanding the use of renewable energy presents opportunities to reduce emissions, improve efficiency and strengthen energy resilience
- Circular resource management – Advancing recycling, reuse and waste recovery initiatives can improve resource productivity while reducing environmental impacts
- Nature-positive stewardship – Biodiversity conservation and ecosystem restoration initiatives create opportunities to enhance destination value and strengthen environmental resilience
- Sustainable innovation and efficiencies – Continued investment in resource-efficient technologies and sustainable operating practices can generate long-term cost and environmental benefits
- Stakeholder and market differentiation – Strong environmental performance can strengthen brand positioning and respond to growing stakeholder expectations for sustainable hospitality
- Environmental performance increasingly supports revenue growth through eco-conscious travellers.

WAY FORWARD

Looking ahead, the Group will continue to strengthen its natural capital stewardship by advancing key priorities across climate, resource efficiency and ecosystem preservation. Focus areas include increasing the contribution of renewable energy to 12% target within the group, thereby support the Parent company's SBTi carbon neutral targets. We also aim to expand the maturity and coverage of Scope 3 emissions accounting, and further strengthen biodiversity-related metrics and impact measurement to support more informed conservation outcomes. We will also continue progressing circular resource management by improving waste diversion and recovery, including ambitions to exceed a 50% diversion target, while embedding greater resilience and innovation across our environmental agenda.





AN ENDURING ADVANTAGE

Our intellectual capital combines brand strength, institutional knowledge, and team expertise to support consistent service delivery, remain competitive, and responsive within a dynamic hospitality landscape.

Intellectual Capital

Strength of Intellectual Capital

Aitken Spence Hotels leverages a portfolio of brands to deliver clearly differentiated and unique guest experiences across segments

- Average employee tenure: 5.58 years
- 3 ISO certified processes
- Membership in professional associations driving sector participation

Capitals inter-linkages

Human Capital
Rs. 36.01 Mn investments in training and development, deepening employee tacit knowledge

Social and Relationship Capital
9% increase in spend in marketing and branding initiatives driving brand strength

Contribution to UN SDGs

Material themes linked

- Economic Performance and Resilience
- Operational Excellence and Customer Experience
- People and Workplace Well-being
- Environmental Stewardship
- Governance and Community Impact



Intellectual Capital advancing our strategy

Revenue Growth
Strong brand equity, market insight, and service innovation support customer acquisition, loyalty, and sustained revenue growth

Customer Centricity
Organisational knowledge, service standards, and guest insights enable personalised and consistently high-quality hospitality experiences

Inspired and Dedicated Team
Knowledge-sharing, continuous learning, and established organisational processes strengthen employee capability and engagement

Technology Integration
Digital systems, process innovation, and data-driven capabilities enhance our operational connectivity and guest experience delivery

Operational Excellence
Standardised processes, certifications, and institutional expertise support consistency, efficiency, and service reliability across operations

Sustainability
Knowledge-driven practices, recognised standards, and continuous innovation support responsible and sustainable business operations

INTEGRATED CAPITAL PERFORMANCE REVIEW

Intellectual Capital

MANAGEMENT APPROACH

Aitken Spence Hotels manages its intellectual capital through a focused approach to brand, people, and operational capability. Brand equity is strengthened through targeted marketing, digital engagement, and consistent visibility across key markets.

The Group's positioning is reinforced by industry recognition, reflecting established service standards across the portfolio. At the same time, knowledge is retained and shared through cross-property collaboration and the development of experienced teams.

Standardised systems and processes support operational consistency and efficiency, while ongoing engagement with industry bodies ensures alignment with evolving trends and best practises.



BRAND STRENGTH

Aitken Spence Hotels operates a portfolio of three distinct brands Heritance Hotels and Resorts, Adaaran Resorts, and Turyaa, each positioned to serve diverse traveller segments while collectively strengthening the Group's intellectual capital. Underpinned by the legacy and credibility of the Aitken Spence brand, this portfolio benefits from a strong foundation of trust, operational excellence, and a long-standing reputation in the hospitality industry.

HERITANCE HOTELS AND RESORTS

Brand proposition:
A brand built on destination-led experiences, design integrity, and consistently delivered hospitality in Sri Lanka and the Maldives.

Available in: Sri Lanka and the Maldives





ADAARAN RESORTS

Brand proposition:
A differentiated all-inclusive brand built on generous offerings, vibrant experiences, and dependable service across the Maldives.

Available in: The Maldives

TURYAA RESORTS

Brand proposition:
Brand proposition: Lively and welcoming spaces that appeal to the traveller seeking affordable stays, great food and service.

Available in: Sri Lanka and India



BRAND STRENGTH – MANAGEMENT APPROACH

Brand development is managed through a framework that aligns positioning, content, and market activation across all properties. Each brand is defined by a clear identity, with communication and campaigns tailored to specific source markets to drive visibility and demand.

Execution is supported through centralised planning and property-level delivery, ensuring consistency in brand standards, service quality, and guest experience. Brand performance is actively tracked through key indicators including reach, engagement, and demand generation across priority markets.

This approach enables the Group to address multiple market segments through distinct brand propositions, strengthen competitive positioning, and support sustainable growth across Sri Lanka and the Maldives.

KEY INITIATIVES

During the year, Aitken Spence Hotels strengthened brand equity through strategic partnerships, destination-led content, and targeted market activations. These initiatives focused on increasing visibility, expanding presence in key markets, and reinforcing the Group's positioning in the premium hospitality segment.

Key initiatives are outlined below:

Sri Lanka

- The CCC 1333 Bikeathon, aligned the brand with mental health awareness while showcasing Sri Lanka as riders journeyed across the country, delivering high-impact, multi-platform visibility.
- At Heritance Tea Factory, initiatives were aligned with the growing global profile of the Pekoe Trail, positioning the property as a key touchpoint along the route and strengthening its relevance within Sri Lanka's tea country.
- Enabled guests to personalise their stay with pre-bookable experiences, strengthening the experiential offering and improving conversion of ancillary services.
- Sponsorship of a UNESCO-endorsed publication reinforced the brand's role in promoting Sri Lanka's cultural heritage.



The Maldives

- In the Maldives, brand initiatives during the year focused on strengthening visibility within the travel, lifestyle, and experience-led segments through strategic collaborations, high-value partnerships, and targeted international media engagement.
- A notable milestone during the year was the collaboration with Indian luxury jewellery and lifestyle brand Outhouse Jewellery, positioning Heritance Aarah within a contemporary luxury and fashion-led conversation. Heritance Aarah served as Presenting Partner for the brand's Alchemy runway showcase in September 2025, creating visibility among affluent Indian consumers, fashion communities, and premium lifestyle audiences, while laying the foundation for extended collaborative activations in the following financial year.
- The Company entered a partnership with Crunchmoms, a Dubai-based platform focused on women, entrepreneurship, wellness, and modern lifestyles. Through sponsorship and participation at the annual summit, Heritance Hotels & Resorts and Aitken Spence Hotels engaged with a highly relevant audience segment comprising affluent, globally connected women, supporting brand familiarity within the GCC market.
- International media engagement remained a key focus area throughout the year, with the Company hosting editors, journalists, content creators, and freelance contributors representing leading global travel and lifestyle publications. These visits supported destination story telling, strengthened editorial visibility, and enhanced the positioning of the Maldives portfolio within premium travel conversations internationally.



Oman

- In Oman, brand visibility was sustained through continued engagement within the regional tourism and hospitality landscape, supported by the country's positioning as a stable and attractive destination. Efforts remained focused on maintaining brand presence and relevance within the market, leveraging ongoing demand and reinforcing the Group's positioning within the region.



India

- Turyaa Chennai's decade-long journey reflects the Group's ability to extend Sri Lankan hospitality into international markets and has built a trusted presence in Chennai's competitive hospitality landscape. The decade milestone also highlights the Group's emphasis on inclusive and responsible hospitality, demonstrated through initiatives such as the donation of 50 wheelchairs to Tamil Nadu railways

BRAND PRESENCE IN SOCIAL MEDIA PLATFORMS

With travellers increasingly relying on social media for travel inspiration and decision-making, Aitken Spence Hotels continued to invest strategically in strengthening its digital presence. Curated content, targeted campaigns, and thoughtfully selected influencer collaborations are leveraged to showcase the properties, experiences, and events across key platforms.

INTEGRATED CAPITAL PERFORMANCE REVIEW

Intellectual Capital

GRI 2-29 GRI 2-28

These are a few of the notable social media campaigns executed during the year under review:



Shenelle Rodrigo

Objective

To promote Heritance Tea Factory as a unique hotel in the hill country, with an emphasis on Carriage Dinner and Pekoe Trail experiences.

Impact

- Total views: 4,732,490
- International markets reach: 648,498 (targeted Australia, UK, Germany, India, Japan, France)
- Total post engagement for series: 1,145,633

Initiatives

- YouTube Documentary
- 2 Daily Stories
- 2 Cinematic Reels
- A 5-star review on Booking.com and Agoda
- High-quality Footage Captured

ORGANISATIONAL TACIT KNOWLEDGE

Organisational tacit knowledge is a core component of Aitken Spence Hotels' intellectual capital, encompassing the experience and insights embedded within our people and operations. It enables informed decision-making, consistent service delivery, and sustained competitive advantage across our markets.

Experienced workforce tenure – Long-serving employees contribute deep institutional knowledge, ensuring continuity, consistency, and the preservation of service excellence standards.

Average tenure of our employees in each market – Percentage of employees with over 5 years of service with Aitken Spence Hotels

Sri Lanka – 36%

The Maldives – 26%

Oman – 41%

India - 16%

Market insight – Strong understanding of local cultures, customer preferences, and operating environments across the four markets we have a presence in, and the respective localities within Sri Lanka enable the delivery of authentic and contextually relevant guest experiences.

Data-driven decision-making – Operational and guest data are leveraged to inform strategic and day-to-day decisions, enhancing responsiveness, efficiency, and performance outcomes.

Robust learning and development frameworks – Structured training and continuous learning initiatives support knowledge transfer, skill enhancement, and the evolution of service capabilities. As elaborated under Human Capital (pages 146-160), the Group made considerable investments in employee training and development.

Strong leadership expertise – An experienced Board of Directors at the helm bringing in diverse sector expertise and an able and talented leadership team provide strategic direction, industry insight, and the ability to navigate complex and dynamic operating environments.

Cross-property knowledge sharing – Best practices and operational insights are actively shared across properties, driving consistency and continuous improvement across the portfolio.

Customer and service insight – Deep understanding of guest behaviour and expectations enables personalised service delivery and strengthens customer satisfaction and loyalty.

REFINED SYSTEMS AND PROCESSES

The Group's operations are powered by robust, standardised systems aligned with globally recognised certifications, including ISO 22000, ISO 14001, ISO 50001, LEED, Travelife Gold, and Green Globe. These frameworks drive consistency, efficiency, and continuous improvement, ensuring high standards in quality, environmental management, energy efficiency, and sustainable operations across our portfolio.

Sustainable Tourism	Food Safety Management	Environmental Management
Travelife	ISO 22000	LEED Certification
Heritance Ahungalla Heritance Ayurveda Maha Gedara Heritance Kandalama Heritance Negombo Heritance Tea Factory RIU Ahungalla	All Hotel Properties	Heritance Kandalama (the World's first LEED certified hotel) Heritance Negombo Rainforest Ecolodge Heritance Aarah (the Maldives' first LEED certified property)
Green Globe Certification	Organic Certification of Sri Lanka Standards Institute (SLSI)	ISO 14001 Environmental impact control

Sustainable Tourism	Food Safety Management	Environmental Management
All Maldives Properties	Heritance Tea Factory	Heritance Kandalama (Longest standing ISO 14001 certification in Sri Lanka) Heritance Tea Factory
		Green Fins accredited members
		Dive Point, Adaaran Select Hudhuranfushi Dive Point, Adaaran Prestige Vadoo Dive Point, Adaaran Club Rannalhi

AWARDS AND ACCOLADES

During the year, the sector was the recipient of 66 awards and recognitions. The most notable are as follows:

- **Super Brands -** Heritance Hotels & Resorts earned the Super Brand Sri Lanka's choice 2025 for trusted hospitality leadership and authenticity.
- **Gold Award –** Hotel companies (Group Assets Above LKR 10Bn at the TAGS Awards, organised by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- **Silver Award -** Leisure & Connected Services at ACCA Sustainability Reporting Awards
- **Best Employer Brand Awards 2025** awarded by Employer Branding Institute – India
- **Gold Award -** Climate Adaptation and Resilience category – Heritance Kandalama ICRT Indian Subcontinent Responsible Tourism Awards 2025
- **Silver Award -** Climate Adaptation and Resilience category- Heritance Kandalama ICRT Global Responsible Tourism Awards 2025
- **Sri Lanka's Leading Wedding Venue –** Heritance Kandalama – World Travel Awards 2025
- **Sri Lanka's Leading Heritage Hotel –** Heritance Tea Factory – World Travel Awards 2025
- **Sri Lanka's Leading Lodge –** Rain Forest Ecolodge – World Travel Awards 2025
- **World's Leading Sustainable Female Empowerment Initiative -** World Sustainable Travel & Hospitality Awards 2025
- **TripAdvisor Best of the Best Travellers Choice Award -** All-Inclusive – Asia – Heritance Aarah
- **Best All-Inclusive Resort —** Heritance Aarah – Travel Trade Maldives 2025
- **Leading All-Inclusive Resort 2025 –** Heritance Aarah – SATA 2025
- **Best Fun & Friendly Resorts-** Adaaran Club Rannalhi– Travel Trade Maldives 2025
- **Best Surfing Resort –** Adaaran Select Hudhuran Fushi – Travel Trade Maldives 2025

INDUSTRY ENGAGEMENTS

Aitken Spence Hotels continued to actively engage with tourism authorities, industry bodies, and professional associations to support sector development and align with evolving industry trends. Participation in national tourism campaigns, sustainability forums, and industry platforms enabled the Group to contribute to destination promotion while strengthening its presence within the broader hospitality ecosystem.

In addition, knowledge-sharing initiatives, including hosting industry stakeholders and participating in forums and conferences, facilitated the exchange of best practices and insights. These engagements support continuous learning, enhance institutional knowledge, and reinforce the Group's role as an active contributor to the advancement of the tourism and hospitality sector.

The Group's memberships span tourism bodies, business chambers, sustainability organisations, and sector-specific associations, enabling alignment with industry standards, regulatory developments, and best practices.

Industry and Tourism Bodies

- UNWTO – Global Code of Ethics for Tourism (GCET)
- Sri Lanka Tourism Development Authority
- Maldives Association of Tourism Industry
- Ministry of Heritage and Tourism Oman
- Hotel Association of India
- South Indian Hotels and Restaurant Association (SHIRA)
- Federation of Hotel & Restaurant Associations of India (FHRAI)
- Pacific Asia Travel Association (Sri Lanka Chapter)
- SKAL International
- Sri Lanka Tourism Alliance

Business and Trade Chambers

- The Ceylon Chamber of Commerce
- Oman Chamber of Commerce & Industry
- The Madras Chamber of Commerce & Industry

INTEGRATED CAPITAL PERFORMANCE REVIEW

Intellectual Capital

Sustainability and Environmental Organisations

- Responsible Tourism Partnership
- Biodiversity Sri Lanka
- Environmental Management System Users and Promoters Association
- Field Ornithological Group of Sri Lanka

Sectoral and Supply Chain Associations

- Institute of Supply and Materials Management Sri Lanka
- Exporters' Association of Sri Lanka
- Lanka Fruits & Vegetables Producers, Processors and Exporters Association
- Sri Lanka Bottled Water Association

Labour and Regulatory Bodies

- Sri Lanka Bureau of Foreign Employment
- The Employers' Federation of Ceylon

RISKS, OPPORTUNITIES AND WAY FORWARD



Risks

Brand dilution risk – Inconsistent positioning or weak differentiation may impact brand equity in a competitive hospitality landscape.

Knowledge attrition – Loss of experienced personnel may erode institutional knowledge and service consistency.

Process rigidity – Over-standardisation and longer times taken to convert concepts to guest propositions may limit agility in responding to evolving guest expectations and market dynamics.

Reputation sensitivity – Service lapses or negative publicity may impact awards, recognitions, and overall brand perception.

Limited industry alignment – Insufficient engagement with industry bodies may reduce access to emerging trends and best practices.



Opportunities

Strong brand portfolio – Established brands provide a platform to expand into new markets and attract premium segments, in line with the Group's strategic plans.

Deep organisational knowledge – Institutional expertise enables consistent service delivery and differentiated guest experiences.

Continuous process improvement – Refined systems support operational efficiency, scalability, and quality assurance.

Recognition and credibility – Awards and accolades enhance trust, brand visibility, and competitive positioning.

Industry collaboration – Active engagements enable knowledge sharing, innovation, and alignment with global hospitality trends.



Way Forward

Looking ahead, the Group will continue to strengthen its intellectual capital by enhancing brand visibility through targeted digital engagement and collaborations with iconic personalities, while maintaining consistent brand positioning across markets. Focus will also be placed on retaining and transferring organisational knowledge, further refining systems and processes to enhance agility, and leveraging industry partnerships to stay aligned with evolving global trends. This integrated approach will support sustained differentiation, innovation, and long-term value creation.

GOVERNANCE OVERSIGHT AND ASSURANCE



CONFIDENCE IN OUR INTEGRITY

Integrity is at the core of everything we do. It guides how we make decisions, how we treat our people, and how we serve our guests. We believe that doing the right thing — consistently and without compromise — is not just good practice. It is who we are

REPORT OF THE SENIOR INDEPENDENT DIRECTOR

I was appointed by the Board as the Senior Independent Director (SID) in the financial year 2024/25 in compliance with Rule 9.6.3 of the Listing Rules of the Colombo Stock Exchange following the appointment of Ms. D.S.T. Jayawardena, an Executive Director as the Chairman/Chairperson of the Company.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The SID provides guidance to the Chairman/Chairperson on matters of governance of the Company. The SID is mandated to ensure highest standards of transparency and calls for a review of the effectiveness of the Board. In effectively fulfilling this duty the SID is required to meet with the Non-Executive Directors and Independent Directors, enabling discussions and communication on governance related matters. The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company should the need arise.

ACTIVITIES DURING THE YEAR 2025/26

As the Senior Independent Director, I have presided over a meeting of the Non-Executive Directors, held without the presence of the Chairman/Chairperson, in compliance with Rule 9.6.3(c) of the Listing Rules of the Colombo Stock Exchange. The meeting provided an opportunity to review matters relating to Board effectiveness, governance practices and the performance of the Chairman/Chairperson. The Non-Executive Directors expressed their appreciation of the Chairman/Chairperson's leadership and her ability to foster an environment that encourages open and constructive dialogue. The discussions were constructive and all matters were concluded by consensus without the need for a formal vote.

In compliance with Rule 9.6.3(b) of the Listing Rules of the Colombo Stock Exchange, a separate meeting was held with only the Independent Directors where matters relating to Board effectiveness and governance processes were discussed. The outcome of this meeting together with the views, suggestions and recommendations of the Independent Directors were informed to the Chairman/Chairperson and the Board.

I believe that I have met the obligations entrusted to me as the SID and have effectively discharged my duties and responsibilities towards the Chairman/Chairperson, the Board of Directors and the Shareholders of Aitken Spence Hotel Holdings PLC, in accordance with the Corporate Governance Rules.



M.R. Mihular
Senior Independent Director

05th June 2026

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee of Aitken Spence Hotel Holdings PLC assists the Board in discharging its oversight responsibilities relating to financial reporting, risk management, internal controls and compliance with applicable legal and regulatory requirements. The Committee operates in compliance with Section 9.13 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE COMMITTEE

An Independent Non-Executive Director who is a fellow of the Institute of Chartered Accountants of Sri Lanka is appointed as the Chairman of the Committee. Mr. D.D.M.A. Saparamadu – Group Chief Internal Auditor of Aitken Spence PLC acts as the Secretary of the Committee.

The Composition of the Audit and Risk Committee during the year under review is as follows

Committee Members	Nature of Directorship Held	Date of Appointment to the Committee
Mr. M.R. Mihular - Chairman	Independent Non-Executive Director	30.12.2024
Dr. R.A. Fernando	Independent Non-Executive Director	30.12.2024
Mr. P. Englisch	Independent Non-Executive Director	30.12.2024
Mr. J.M. S. Brito	Non-Executive Director	23.05.2019
Mr. R.N. Asirwatham*	Non-Executive Director	F/Y 2009/2010

** Deceased on 12.12.2025*

ROLE OF THE AUDIT AND RISK COMMITTEE

The primary responsibility of the Audit and Risk Committee is to support the Board independently overseeing the accuracy and integrity of financial statements, internal control systems, compliance with Group policies as well as legal and regulatory requirements, adherence to the risk management policy and make recommendations on the risk mitigation and the risk appetite to the Board.

COMMITTEE MEETINGS

The Audit and Risk Committee functioned throughout the financial year and held eleven meetings in semi virtual mode. Ms. D.S.T. Jayawardena, Chairman/Chairperson, Dr. M.P. Dissanayake, Former Managing Director, and Ms. N. Sivapragasam, Group Chief Financial Officer - Aitken Spence PLC attended the meetings by invitation. Additionally, senior officers of Group, as well as the partner from Messrs. KPMG, Chartered Accountants, responsible for the Group's external audit, attended the meetings when necessary. Attendance at the Audit and Risk Committee meetings during the year under review is as follows:

Audit and Risk Committee Members	Audit and Risk Committee Meetings											
	27.05.2025	20.06.2025	02.07.2025	01.08.2025	12.08.2025	12.11.2025	18.12.2025	14.01.2026	10.02.2026	23.02.2026	11.03.2026	Total Meetings Attended
Mr. M.R. Mihular - Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
Dr. R.A. Fernando	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
Mr. P. Englisch	✓	✓	✓	✓	✓	✓	✓	Ex.	✓	✓	✓	10/11
Mr. J.M. S. Brito	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
Mr. R.N. Asirwatham*	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	6/6

** Deceased on 12.12.2025*

Ex. - *Excused* **N/A** - *Not applicable, meeting was held subsequent to the cessation*

AUDIT AND RISK COMMITTEE REPORT

KEY RESPONSIBILITIES OF THE COMMITTEE

- Assisting the Board in carrying out its overall independent oversight functions in relation to the accuracy and integrity of the financial statements, internal control systems and compliance with Group policies, legal and regulatory requirements with a view to safeguard the interests of shareholders and other stakeholders. The scope of functions and responsibilities is adequately outlined in the Terms of Reference of the Committee, which have been approved by the Board and are regularly reviewed and updated.
- Ensuring the effectiveness of the internal controls systems, financial reporting, risk management, compliance with laws and regulations, as well as the adequacy and effectiveness of the governance processes within Group.
- Exercising its independent oversight on internal and external assurance functions and ensuring both internal and external auditor's independence, objectivity and the effectiveness of the audit process.
- Reviewing the internal audit reports and maintaining healthy relationships with the sector senior management to ensure that precautionary measures are taken to mitigate the risk that could arise due to reported control weaknesses, procedure violations, frauds and errors.
- Examining all matters relating to the Group's adopted accounting principles and policies and reviewing all material financial, operational and compliance controls.

ACTIVITIES DURING THE FINANCIAL YEAR 2025/2026

Risk Management and Internal Control

- Monitored the Group's risk management and internal control processes through detailed discussions with the Chief Internal Auditor, Executive Directors and Sector Senior Management.
- Assisted the Board in evaluating the adequacy, robustness and effectiveness of the Group's management of risk, in terms of identifying, managing and mitigating principal risks and emerging risks, in line with the risk management policy
- Ensured that Group adheres to and complies with all relevant laws, rules and regulations of the country, international laws and codes of ethics and standards of conduct required by regulatory authorities, professional bodies and trade associations.

Financial Reporting and Financial Control

- Reviewed the Group's quarterly and annual financial statements, focusing on the following aspects:
  - Adequacy of disclosures.
  - Uniformity and appropriateness of the accounting policies adopted.
  - Major judgemental areas to ensure compliance with the Companies Act No. 7 of 2007.
  - Adherence to applicable Sri Lanka Accounting Standards and other Accounting Standards of jurisdictions in which each subsidiary operates.
  - Compliance with the Listing Rules of the Colombo Stock Exchange.
  - Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.
  - Meeting requirements of other regulatory bodies applicable to Group.
- Discussed with the management any future accounting developments likely to affect the financial statements.
- Reviewed the budgets and strategic plans of Group to ensure that all forward-looking statements in the annual report accurately reflect the Group's position.
- Reviewed the integrity of the Group's published financial information and all significant financial judgements and estimates made by the management.

External Audit

- Reviewed and monitored the relationship with the External Auditors including overseeing their appointment, independence, remuneration, tenure, rotation of the engagement partner.
- Reviewed the non-audit services provided by the External Auditors to Group to ensure that their independence as Auditors has not been compromised.
- Assessed the effectiveness and the progress of the External Auditors and the audit process.
- Discussed the audited financial statements with External Auditors and ensured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements.
- Reviewed and discussed the management letter and instructed the management to take appropriate follow up actions on matters highlighted therein.

Internal Audit

- Reviewed and approved the annual audit plan after considering its depth and coverage.
- Reviewed the operation and effectiveness of Group Internal Audit function in terms of its independence, effectiveness, competency and resource adequacy.
- Continued to ensure the coordination between Group Internal Audit department and External Auditors.
- Reviewed and discussed the audit reports submitted by the internal audit department with the management responses on financial and operational audits, information security and risk assessments carried out in line with approved annual audit plan.

Reporting

- The Chairman of the Audit and Risk Committee reports to the Board at each meeting on the activities of the Committee. Minutes of the Audit and Risk Committee meetings are also tabled at the Board meetings.
- The annual report incorporates the Audit and Risk Committee report.
- The Chairman of the Audit and Risk Committee attends the Annual General Meeting.
- The Committee has obtained assurances from the Chairman/Chairperson, Chief Financial Officer and other senior management personnel that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

COMPLIANCE

The Committee is of the view that Group has complied with the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange, Securities and Exchange Commission Act, regulations and directions of Securities Exchange Commission, Colombo Stock Exchange and Sri Lanka Accounting Standards.

CONDUCT, ETHICS AND GOOD GOVERNANCE

The Audit and Risk Committee remains steadfast in its commitment to ensure that Group adheres to the highest ethical standards in business dealings. In this regard, Group has a code of ethics & professional conduct, robust policies such as the Whistleblowing Policy and an Anti-Bribery & Anti-Corruption Policy which mandates all staff members to be ethical, transparent and accountable and resort to whistleblowing if they suspect any wrongdoings or other improprieties.

RE-APPOINTMENT OF EXTERNAL AUDITORS – MESSRS. KPMG, CHARTERED ACCOUNTANTS

The Committee perused transactions with the External Auditors and ensured that there was no significant material transaction between the External Auditors and the companies in Group. Furthermore, the Committee was reassured that the External Auditors do not hold any shares in Group. The Committee also obtained written assurance from the External Auditors, 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 having considered that there were no significant material transactions between the External Auditors and Group companies, that there were no shares held by the External Auditors, the confirmation received from the External Auditors and the periodic rotation of the Audit Partner, noted that KPMG, Chartered Accountants are independent and are eligible for re-appointment as the External Auditors of the Group. The Committee further confirms that even though the External Auditor has been engaged from the inception of the Company, the Audit Partner overseeing the audit of the Company has been engaged for a period of two year.

Having noted the above, the Committee recommends to the Board that Messrs. KPMG, Chartered Accountants be re-appointed as the External Auditors of Group for the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

THE YEAR AHEAD

Looking ahead to the financial year 2026/2027, the Committee's key priorities will include overseeing of the Group's risk management and internal control processes, sustaining a strong culture of risk management across Group, continuing to monitor the impacts of climate change and taking a proactive approach in anticipating and preparing for any legislative or regulatory changes.



M.R. Mihular
Chairman
Audit and Risk Committee

05th June 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

GRI 2-15

The Related Party Transactions Review Committee of Aitken Spence Hotel Holdings PLC assists the Board in ensuring that all related party transactions are conducted in a transparent and fair manner, in the best interests of the Company and its shareholders. The Committee operates in compliance with Section 9.14 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE COMMITTEE

The Composition of the Remuneration Committee during the year under review is as follows:

Committee Members	Nature of Directorship Held	Date of Appointment to the Committee
Mr. M.R. Mihular - Chairman	Independent Non-Executive Director	30.12.2024
Dr. R.A. Fernando	Independent Non-Executive Director	30.12.2024
Mr. P. Englisch	Independent Non-Executive Director	30.12.2024
Mr. J.M. S. Brito	Non-Executive Director	23.05.2019
Mr. R.N. Asirwatham*	Non-Executive Director	F/Y 2009/2010

** Deceased on 12.12.2025*

Aitken Spence Corporate Services (Pvt) Limited, the Secretaries of the Company, functions as the Secretary to the Committee.

ROLE OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The role of the Related Party Transactions Review Committee is to advise the Board in relation to transactions with related parties as defined by Sri Lanka Accounting Standard - LKAS 24 and Listing Rules of the Colombo Stock Exchange. The Committee adheres to Rule 9.14 of the updated Listing Rules of the Colombo Stock Exchange, ensuring that the Company considers the interests of shareholders collectively when entering into related party transactions.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE MEETING ATTENDANCE

Related Party Transactions Review Committee	Related Party Transactions Review Committee Meetings			
	20.06.2025	19.12.2025	11.03.2026	Total Meetings Attended
Mr. M.R. Mihular - Chairman	✓	✓	✓	3/3
Dr. R.A. Fernando	✓	✓	✓	3/3
Mr. Peter Englisch	✓	✓	✓	3/3
Mr. J.M. S. Brito	✓	✓	✓	3/3
Mr. R.N. Asirwatham*	✓	N/A	N/A	1/1

** Deceased on 12.12.2025*

N/A - *Not applicable, meeting was held subsequent to the cessation*

Matters scheduled for consideration during the second quarter of the financial year 2025/26 were duly transacted by way of a circular resolution, with the unanimous approval of all members of the Committee.

HIGHLIGHTS DURING THE FINANCIAL YEAR 2025/2026

- Obtained quarterly disclosures from the Key Management Personnel and Group related companies in relation to proposed related party transactions and post quarter confirmations and the Committee reviewed all such disclosures at its quarterly meetings.
- Communicated Committee's activities to the Board by tabling the minutes of the Committee meetings, at the Board meetings.
- Fixed the thresholds at the first meeting of the financial year for related party transactions which require either shareholders' approval or immediate market disclosures, as the case may be for the financial year 2026/2027 based on the Audited Financial Statements of the previous financial year.

RESPONSIBILITIES OF THE COMMITTEE

The Committee's key focus is to review all proposed related party transactions prior to entering into or completion of the transaction according to the procedures laid down by Rule 9.14 of the Listing Rules of the Colombo Stock Exchange. The responsibilities of the Committee are as follows:

- Evaluate any proposed related party transactions on a quarterly basis and recommend to the management and the Board, the appropriate course of action

to be taken in order to be compliant with the regulations of the Listing Rules of the Colombo Stock Exchange,

- Review any post quarter confirmations on related party transactions,
- Review the threshold for related party transactions which require either shareholders' approval or immediate market disclosures, as the case may be,
- Review the criteria of Key Management Personnel,
- Regularly report to the Board on the Committee's activities.

KEY MANAGEMENT PERSONNEL

The Board of Directors of the Company, Directors, Vice Presidents and Assistant Vice Presidents of Subsidiary companies are construed as the Key Management Personnel of Aitken Spence to establish greater transparency and governance. Declarations from Key Management Personnel and from Group companies are obtained quarterly for the purpose of identifying related party transactions and to determine related party transactions which ensures the compliance with the disclosure requirements of the Listing Rules.

KEY FUNCTIONS PERFORMED

- Policies and Procedures:
  - Quarterly disclosures were obtained from the Key Management Personnel of any proposed related party transactions and confirmations of any post-quarter transactions. All such disclosures are tabled at each Related Party Transactions Review Committee meeting,
  - Quarterly disclosures were obtained from all Group companies of any proposed related party transactions and confirmations of any post-quarter transactions and all disclosures are tabled at each Related Party Transactions Review Committee Meeting,
  - Non-recurrent related party transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of Group as per the Audited Financial Statements of the previous year, if any, were communicated to the Committee through Group Company Secretaries,
  - Recurrent related party transactions exceeding 10% of the gross revenue of Group as per the Audited Financial Statements of the previous year, if any, were communicated to the Committee through Group Company Secretaries.
- Review of Related Party Transactions:
  - Reviewed all proposed related party transactions as well as post quarter confirmations,
  - Activities of the Committee were communicated to the Board by tabling the minutes of the Related Party Transactions Review Committee Meetings,
  - Reviewed thresholds for related party transactions which require either shareholders' approval or immediate market disclosure based on the Financial Statements for the year ended 31st March 2025.
  - Confirmed that there were no occurrence of events to be disclosed in terms of Section 9.14.7(1) and 9.14.8(1) of the Listing Rules of the Colombo Stock Exchange.

DECLARATION BY THE BOARD

The Annual Report of the Board of Directors embodies a declaration confirming the compliance with the requirements stipulated in Section 9.14.8(4) of the Listing Rules of the Colombo Stock Exchange.



M.R. Mihular
Chairman
Related Party Transactions Review Committee

05th June 2026

REMUNERATION COMMITTEE REPORT

The Remuneration Committee of Aitken Spence Hotel Holdings PLC assists the Board in establishing and reviewing remuneration policies and practices to ensure that they are aligned with the strategic objectives of the Company. The Committee operates in compliance with Section 9.12 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE COMMITTEE

The Composition of the Remuneration Committee during the year under review is as follows:

Committee Members	Nature of Directorship Held	Date of Appointment to the Committee
Mr. P. Englisch - Chairman	Independent Non-Executive Director	30.12.2024
Dr. R.A. Fernando	Independent Non-Executive Director	30.12.2024
Mr. J.M.S. Brito	Non-Executive Director	21.03.2023

INDEPENDENCE OF THE COMMITTEE

The Committee is composed of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director as at the end of the financial year 2025/2026. They are independent of management and are completely free from any business, personal or other relationships that may interfere with the exercise of their independent, unbiased judgement. The members of the Committee refrain from taking part in determining their own remuneration.

REMUNERATION COMMITTEE MEETING ATTENDANCE

The Committee met twice during the year under review. Ms. D.S.T. Jayawardena, Chairman/Chairperson together with Dr. M.P. Dissanayake, Former Managing Director and Mr. S.N. Muttiah, Group Chief Human Resource Officer - Aitken Spence PLC attended the meeting by invitation.

Remuneration Committee Members	Remuneration Committee Meetings			Total Meetings Attended
	1st Meeting		2nd Meeting	
	03.07.2025	04.07.2025	10.02.2026	
Mr. P. Englisch (Chairman)	✓	✓	Ex	1/2
Dr. R A Fernando	✓	✓	✓	2/2
Mr. J.M.S. Brito	✓	✓	✓	2/2

Ex. - Excused

THE REMUNERATION POLICY

Group follows a formal and transparent procedure to ascertain the remuneration packages for individual Directors, and Key Management Personnel (KMPs). The Committee recognises the importance of formulating remuneration packages that effectively motivate, attract and retain the Directors, and KMPs of the Company, taking into account the employment conditions of Group Companies and the relevant industries.

The Group remuneration policy which was reviewed by the Committee remained unchanged during the year under review.

KEY RESPONSIBILITIES OF THE COMMITTEE

- Determine remuneration policy for Directors, and Key Management Personnel.
- Decide individual remuneration packages, including termination compensation.
- Evaluate performance of Managing Directors and Executive Directors.
- Review Committee's Terms of Reference regularly to ensure industry best practices.

FUNCTIONS OF THE COMMITTEE

The Committee's decisions were determined based on the following principles and policies:

- Remuneration Policy
  - Evaluated Group Remuneration Policy against the current market trends and industrial norms.
  - Reviewed and ensured the implementation of Group Remuneration Policy.
  - Reviewed the policy of the remuneration package of the Directors and the Key Management Personnel.
  - Reviewed the specific application of Group Remuneration Policy to the Chairman/Chairperson, Deputy Chairman and Managing Director and Executive Directors and general application of the Group Remuneration Policy to the Key Management Personnel below the Directorate of the Company.
- Performance Based Remuneration
  - Evaluated the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Executives of the Strategic Business Units.

- Reviewed, monitored and evaluated performance of Key Management Personnel as well as their management development and succession planning.

- Performance Incentives
  - Evaluated the achievements as well as unaccomplished targets and results which are considered to determine performance-based incentives.
- Remuneration of Executive Directors
  - Evaluated the performance of the Executive Directors.

AGGREGATE REMUNERATION OF THE EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Aggregate remuneration paid to the Executive Directors and Non-Executive Directors for the financial year 2025/2026 has been disclosed under Note 44 to the Financial Statements of the Annual Report.



P. Englisch
Chairman
Remuneration Committee

05th June 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

GRI 2-10

The Nominations and Governance Committee of Aitken Spence Hotel Holdings PLC assists the Board in matters relating to Board composition, governance practices and compliance with applicable corporate governance requirements. The Committee operates in compliance with Section 9.11 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE COMMITTEE

The Composition of the Nominations and Governance Committee during the year under review is as follows:

Committee Members	Nature of Directorship Held	Date of Appointment to the Committee
Mr. P. Englisch - Chairman	Independent Non-Executive Director	30.12.2024
Dr. R.A. Fernando	Independent Non-Executive Director	30.12.2024
Mr. J.M. S. Brito	Non-Executive Director	21.03.2023*

** Appointed to the Nomination Committee*

Aitken Spence Corporate Services (Pvt) Limited, the Secretaries of the Company, functions as the Secretary to the Committee.

COMMITTEE MEETINGS

The Committee met twice during the year under review and has provisions to transact business through Circular Resolutions as and when basis.

The Terms of Reference of the Committee sets out the authority, composition, scope and responsibilities of the Committee taking into consideration the Corporate Governance requirements set out in the Listing Rules of the Colombo Stock Exchange.

RESPONSIBILITIES OF THE COMMITTEE

- Evaluation of the quality and composition of the Board of Aitken Spence Hotel Holdings PLC and the subsidiary companies.
- The Committee is responsible for ensuring that the Board of Aitken Spence Hotel Holdings PLC have the appropriate balance of skills, experience, independence, diversity, and expertise to effectively discharge their respective duties and responsibilities. Refer Composition of the Board on page 37 for further information in this connection.
- Evaluation of the performance of the Board, its committees and individual Directors to ensure that their responsibilities are satisfactorily discharged.
- Review the policy governing the appointment, re-appointment, re-election, and election of Directors to the Board, as well as succession planning, and recommend amendments where necessary.

KEY FUNCTIONS OF THE COMMITTEE

The Committee reviews and makes recommendations that are fair, free from any bias and not influenced by personal or business relationships, thereby enabling the Company to make sound and measured judgments in order to attract the best talent to Group. During the financial year 2025/2026 the Committee performed the following functions:

- Ensured the diversity and effectiveness of the Board of Aitken Spence Hotel Holdings PLC as well as the Key Management Personnel (KMPs),
- Valuated the eligibility of the Directors who have offered themselves for re-appointment and re- election to the Board considering the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities and made necessary recommendations to the Board,
- Evaluated the combination of varied skills, knowledge and experience of the Directors of the Company,
- Ascertained that the competencies of Directors are adequate to meet the required strategic demands of Group.
- Ensured that any significant issues concerning the Company were communicated to the Independent Directors and special board meetings convened as and when necessary to discuss important or critical matters with the Board.
- Updated the Board of Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations.
- Ensured that the Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange have been met.

INDEPENDENCE OF DIRECTORS

The Committee evaluated the independence of the current Board of Directors based on the declarations submitted by the respective Directors in accordance with the requirements of the revised Listing Rules of the Colombo Stock Exchange. The Committee determined that as at 31st March 2026 three out of nine Directors were Independent as per the criteria set out in the Listing Rules of the Colombo Stock Exchange for determining independence.

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

Mr. J.M.S. Brito, Mr. N.J. de S. Deva Aditya and Mr. M.R. Mihular retire from the Board at the conclusion of the forthcoming Annual General Meeting in terms of Section 210 and 211 of the Companies Act No. 7 of 2007

In terms of Article 83 and 84 of the Articles of Association of the Company Mr. P. Englisch retire by rotation.

The said Directors were last re-appointed/ elected at the Annual General Meeting held on 04th July 2025. All of the said Directors have offered themselves for re-appointment.

Having given due consideration to each Director's performance and the contribution made to achieve the objectives of the Board, the Committee recommended to the Board that Mr. J.M.S. Brito, Mr. N.J. de S. Deva Aditya and Mr. M.R. Mihular are eligible for re-appointment and recommended to re-elect Mr. P. Englisch to the Board at the Annual General Meeting to be held on 30th June 2026.

Mr. Englisch's directorships and other principal commitments are given in the profile on page 30. He serves on the Audit and Risk Committee, Nominations and Governance Committee, Related Party Transactions Review Committee, Remuneration Committee and the Investment Committee of the Company.

Either Mr. Englisch or his family members have no relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The members of the Nominations and Governance Committee did not participate in the decisions relating to their own reappointments.

The Committee affirms that the Company complies with the Corporate Governance Rules contained in Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The measures taken and the extent to which the Company has complied with the said Section and the Code are given on pages 50 to 60 and 47 of the Corporate Governance Report of this Annual Report.



P. Englisch
Chairman
Nominations and Governance Committee

05th June 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act No. 07 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the Financial Statements and other statutory reports. The responsibilities of the Directors, in relation to the Financial Statements of Aitken Spence Hotel Holdings PLC and the Consolidated Financial Statements of Group are set out in this Report.

The Directors confirm that the Financial Statements and other statutory reports of the Company and its Subsidiaries for the year ended 31st March 2026 incorporated in this Report have been prepared in accordance with the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken appropriate steps to ensure that the companies within Group maintain adequate and accurate records which reflect the true financial position of each such company and hence Group. The Directors have taken appropriate and reasonable steps to safeguard the assets of the Company and Group. The Directors have instituted appropriate systems of internal control in order to minimise and detect fraud, errors and other irregularities. The Directors in maintaining a sound system of internal control and in protecting the assets of the Company, have further adopted risk management strategies to identify and evaluate the risks which the Company could be exposed to and its impact to the Company.

The Directors having considered the Group's business plans, and a review of its current and future operations, are of the view that the Company and Group have adequate resources to continue in operation. The Directors have adopted the going concern basis in preparing the Financial Statements.

The Financial Statements presented in this Annual Report for the year ended 31st March 2026, have been prepared based on the Sri Lanka Accounting Standards (SLFRSs/ LKASs). The Directors have selected the appropriate accounting policies and such policies adopted by Group are disclosed and explained in the Financial Statements.

The Board of Directors confirm that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2026 and the Comprehensive Income Statements of the Company and Group for the Financial Year ended 31st March 2026 reflect a true and fair view of the Company and Group.

The Directors have provided the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary for the performance of their duties. The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Independent Auditors Report.

The Directors confirm that to the best of their knowledge all payments to employees, regulatory and statutory authorities due and payable by the Company and its Subsidiaries have been either duly paid or adequately provided for in the Financial Statements. The Directors further confirm that they promote the highest ethical, environmental and safety standards within Group. The Directors also ensure that the relevant national laws, international laws and codes of regulatory authorities, professional institutes and trade associations have been complied with by Group.

By order of the Board,
Aitken Spence Hotel Holdings PLC



Aitken Spence Corporate Services (Pvt) Limited
Secretaries

05th June 2026

ANNUAL REPORT OF THE BOARD OF DIRECTORS

GRI 415-1

The Board of Directors of Aitken Spence Hotel Holdings PLC has pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended 31st March 2026. The details set out herein provide the pertinent information as required under Section 168 of the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange, Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and the best accounting practices.

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of an investment holding company and hoteliering. The subsidiary companies are also engaged in the business of hoteliering. During the year there were no significant changes in the principal activities of the Company and the subsidiaries.

2. REVIEW OF OPERATIONS

A review of operational and financial performance, the future outlook of the Company and the Group are described in greater detail in the Chairperson's Statement, Managing Director's Review and the Management Discussion and Analysis of the Annual Report. These Reports together with the Audited Financial Statements of the Company and of the Group reflect the respective state of affairs of the Company and the Group. The Group consists of the subsidiaries and equity accounted investees of Aitken Spence Hotel Holdings PLC and details of the Group structure is given on pages 12 and 13 of the Annual Report.

3. ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Company and the Group prepared the Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRSs/ LKASs). The Board of Directors wish to confirm that there were no changes to the accounting policies used by the Company and the Group during the year. The significant accounting policies adopted in the preparation of the Financial Statements of the Company and the Group and the changes made during the year are given on pages 222 to 318.

4. SYNOPSIS OF THE INCOME STATEMENT OF THE COMPANY AND THE GROUP

For the year ended 31st March	2026	2025
Net profit before tax	6,576,232	4,929,560
Provision for taxation including deferred tax	(1,546,780)	(1,341,098)
Net profit after tax	5,029,452	3,588,462
Other comprehensive income for the year	3,821,048	176,448
Total comprehensive income for the year	8,850,500	3,764,910
Total comprehensive income attributable to non-controlling interest	2,769,571	1,372,518
Total comprehensive income attributable to equity shareholders	6,080,929	2,392,392
Transactions directly recognized in the equity statement	-	-
Balance brought forward from the previous year	20,183,037	17,805,495
Amount available for appropriations	26,263,966	20,197,887
Preference dividends	14,850	14,850
Total reserves and earnings	26,249,116	20,183,037
Stated capital	3,554,587	3,554,587

4.1. Group Revenue and Profits

Revenue generated by the Company during the year amounted to Rs. 1,481 Mn (2025- Rs. 1,386 Mn). The Group revenue was Rs. 52,349 Mn (2025 - Rs.48,741 Mn) which is a rise of 7% compared to the previous year. An analysis of Group revenue based on geographical and business segments is disclosed in notes 06 and 07 of the Financial Statements on pages 240 and 241. The profit after tax of the Group was Rs. 5,029 Mn (2025 - Rs. 3,588 Mn). The Group's profit attributable to the equity shareholders of the parent company for the year was Rs. 3,096 Mn (2025 - Rs. 2,290 Mn). The segmental profits/ losses are disclosed in note 06 of the Financial Statements on page 240.

4.2. Donations

During the year, no donations were made by the Company, the donations made by the Group during the year amounted to Rs. 4,276,397 (2025- Rs. 1,132,388).

There were no political donations.

4.3. Taxation

A detailed statement of the income tax rates applicable to the individual companies in the Group and a reconciliation of the accounting profits with the taxable profits are given in note 13 of the Financial Statements on pages 247 to 252. It is the policy of the Group to provide for deferred taxation on all known timing differences on the liability method. The deferred tax balances of the Group companies are given in notes 22 and 34 of the Financial Statements on pages 268 and 281. The deferred tax of the Company and the Group are calculated based on the tax rates that are specified in the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

4.4. Dividends

First and Final Dividend Payment:-

The Directors recommended a First and Final dividend payment of cents 28 per share for the year ended 31st March 2026. The Directors are satisfied that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act No. 7 of 2007 immediately after the payment of the First and Final dividend.

Preference Dividend:-

The Directors declared a preference dividend of cents 90 per share on the cumulative preference shares for the Financial Year ended 31st March 2026. The Directors are confident that the Company will meet the solvency test requirement under section 56(2) of the Companies Act No. 7 of 2007 immediately after the payment of the said preference dividend.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

5. SYNOPSIS OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND THE GROUP

5.1. Stated Capital and Reserves

As at 31st March 2026, the Company had issued 336,290,010 ordinary shares and 16,500,000 redeemable cumulative preference shares. The stated capital of the Company was Rs. 3,555 Mn. The Company's reserves as at 31st March 2026 were Rs. 7,334 Mn (2025- Rs. 6,572 Mn) whereas the total Group's reserves as at 31st March 2026 were Rs. 26,249 Mn (2025- Rs. 20,183 Mn). The movement in these reserves is shown in the Statement of Changes in Equity - Group on Pages 218 to 219.

5.2. Property, Plant and Equipment

The carrying value of property plant and equipment for the Company and the Group as at 31st March 2026 amounted to Rs. 2,975 Mn and Rs. 66,223 Mn respectively. The total expenditure on the acquisition of property, plant and equipment during the year in respect of new assets acquired by the Company and the Group amounted to Rs. 97 Mn and Rs. 1,850 Mn respectively.

5.3. Market Value of Freehold Properties

Land recognised as property, plant and equipment in the Financial Statements in the Group is recorded at either fair value or revalued amounts. Revaluation of land is performed with sufficient regularity so that the carrying value of the land does not differ materially to its market value. Revaluation was performed by professionally qualified independent valuers having appropriate experience in valuing properties in the locality of the land being revalued. If the fair value of land does not change other than by an insignificant amount at each reporting date the Group revalues such land every five years. Details of the revalued land, revaluation surplus, and the original cost are given in note 16.3.2 of the Financial Statements. The Group records all other assets at cost and check for any impairment of these assets when the Group identifies any trigger for impairment.

5.4. Contingent Liabilities

The details of contingent liabilities are disclosed in note 39 of the Financial Statements on page 288.

6. EVENTS OCCURRING AFTER THE REPORTING DATE

No event of material significance that requires adjustments to the Financial Statements has arisen other than that disclosed in note 47 to the Financial Statements on page 318.

7. GOING CONCERN

The Group has prepared the financial statements for the year ended 31st March 2026 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the financial statements for the year ended 31st March 2026, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis.

The management has formed judgment that the Company, its subsidiaries, associates, and joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

Based on the publicly available information at the date these financial statements were authorized for issue, management considered a number of severe but plausible scenarios with respect to possible impact of the downside economic scenarios and climate related matters.

Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Having presented the outlook of the Group to the Board, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

8. INFORMATION ON THE BOARD OF DIRECTORS AND THE BOARD SUB-COMMITTEES

8.1. Board of Directors

The names of the Directors who held office during the Financial Year 2025/2026 are given below. The brief profiles of the Board of Directors in office as at the date of this Report appearing on pages 27 to 30.

Executive Directors

- Ms. D.S.T. Jayawardena – Chairman/Chairperson
- Dr. M.P. Dissanayake - Managing Director (Resigned w.e.f. 31st March 2026)
- Mr. C.M.S. Jayawickrama – Managing Director (appointed as the Managing Director w.e.f. 01st April 2026)

Non-Independent Non-Executive Directors

- Mr. J.M.S. Brito
- Mr. N.J. de S. Deva Aditya
- Mr. C.H. Gomez (Appointed w.e.f. 01st April 2025)
- Mr. R.N. Asirwatham (Deceased on 12th December 2025)

Independent Non-Executive Directors

- Mr. M.R. Mihular
- Dr. R.A.Fernando
- Mr. P. Englisch

8.2. Changes to the Board during the year

All of the above Directors held office during the entire year, with the exception of the Late Mr. R.N. Asirwatham who passed away on

12th December 2025. The Late Mr. Asirwatham served as a main Board Director of Aitken Spence Hotel Holdings PLC since 2009. He also served as Chairman of the Audit Committee, Related Party Transactions Review Committee, Remuneration Committee and the Nomination and Governance Committee of the Company until 30th December 2024; nevertheless, he continued to serve in these Committees as a member until his demise on 12th December 2025.

Dr. M.P. Dissanayake who served as the Managing Director of the Company resigned from the Board with effect from 31st March 2026. Upon his resignation Mr. C.M.S. Jayawickrama who served as an Executive Director of the Company was appointed as the Managing Director of the Company with effect from 01st April 2026. Mr. C.H. Gomez was appointed as a Non Independent Non-Executive Director of the Company with effect from 01st April 2025.

The basis on which Directors are classified as Independent Non-Executive Directors is discussed on pages 37 and 53 of the Corporate Governance Report. All the Directors have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the year under review and as at the date of such confirmation.

8.3. Board Sub Committees

To support effective governance and facilitate focused oversight, the Board has established five sub committees four of which are mandatory committees constituted in compliance with the requirements of the Listing Rules.

Mandatory Board Sub Committees

- Nominations and Governance Committee
- Remuneration Committee
- Audit and Risk Committee
- Related Party Transactions Review Committee

Voluntary Board Sub Committees

- Investment Committee

The following Directors served as members of these sub committees during the year under review.

Committee	Composition
Audit and Risk Committee	Mr. M.R. Mihular - Chairman Dr. R.A. Fernando Mr. P. Englisch Mr. J.M.S. Brito Mr. R.N. Asirwatham (Deceased on 12th December 2025)
Remuneration Committee	Mr. P. Englisch - Chairman Dr. R.A. Fernando Mr. J.M.S. Brito
Nomination and Governance Committee	Mr. P. Englisch - Chairman Dr. R.A. Fernando Mr. J.M.S. Brito
Related Party Transactions Review Committee	Mr. M.R. Mihular - Chairman Dr. R.A. Fernando Mr. P. Englisch Mr. J.M.S. Brito Mr. R.N. Asirwatham (Deceased on 12th December 2025)
Investment Committee	Mr. M.R. Mihular - Chairman Mr. J.M.S. Brito Mr. N.J. de S. Deva Aditya Mr. P. Englisch Mr. C.H. Gomez

8.4. Recommendation for Appointments, Re-appointment and Re-election of Directors

Following the resignation of Dr. M.P. Dissanayake from the office of Managing Director and the directorate of the Company with effect from 31st March 2026, and pursuant to the recommendation of the Nominations and Governance Committee, the Board of Directors of Aitken Spence Hotel Holdings PLC appointed Mr. C.M.S. Jayawickrama, Executive Director of the Company, as the Managing Director of the Company with effect from 01st April 2026.

Upon the recommendation of the Nominations and Governance Committee, the Board resolved to recommend that Mr. J.M.S. Brito and Mr. N.J. de S. Deva Aditya who are over 70 years of age and vacate office in terms of Section 210(2) of the Companies Act, be re- appointed as Directors in terms of Section 211 of the Companies Act No. 7 of 2007, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Directors. Resolutions to this effect will be proposed at the forthcoming Annual General Meeting.

Upon the recommendation of the Nominations and Governance Committee, the Board resolved to recommend that, Mr. M.R. Mihular who is attaining the age of 70 years and vacate office in terms of Section 210 (2) of the Companies Act, be re-appointed as a Director in terms of Section 211 of the Companies Act No. 7 of 2007, specially declaring that

ANNUAL REPORT OF THE BOARD OF DIRECTORS

the age limit stipulated in Section 210 of the Companies Act shall not apply to Mr. M.R. Mihular. Resolutions to this effect will be proposed at the forthcoming Annual General Meeting.

Mr. M.R. Mihular, whose independence is deemed to have been impaired upon attaining the age of 70 years in terms of Rule 9.8.3(ix) of the Listing Rules of the Colombo Stock Exchange, has been recommended by the Nominations and Governance Committee for re-appointment as an Independent Non-Executive Director, notwithstanding that he would have attained the age of seventy (70) years at the time of the forthcoming Annual General Meeting, based on a justification and rationale which has been confirmed by the Board of Directors. A Resolution to this effect will be proposed to the public shareholders of the Company at the forthcoming Annual General Meeting for the affirmative vote.

Mr. P. Englisch who retires by rotation in terms of Article 83 and 84 of the Articles of Association of the Company being eligible offers himself for re-election. Upon the recommendation of the Nominations and Governance Committee, the Board resolved to recommend that he be re-elected as a Director of the Company.

8.5. Directors' Shareholding

The Directors' shareholdings are provided on page 329 of the Annual Report.

8.6. Interest Register

An Interest Register is maintained by the Company as per the Companies Act No. 07 of 2007. Any interest in transactions disclosed to the Board by a Director in accordance with Section 192 of the Companies Act No. 7 of 2007 is duly recorded in the Interest Register.

8.7. Directors' Remuneration

The Directors' remuneration and fees in respect of the Company and the Group for the financial year ended 31st March 2026 are disclosed on page 310 of the Financial Statements.

8.8. Related Party Transactions

Related Party Transactions of the Company and the Group are disclosed in note 45 to the Financial Statements. These are recurrent and non-recurrent related party transactions, which required disclosure in the Annual Report in accordance with the Sri Lanka Accounting Standard No. 24-Related Party Disclosures. However, there were no recurrent related party transactions which in aggregate value exceeded 10% of the consolidated revenue of the group as per the Audited Financial Statements as at 31st March 2025.

There were no non-recurrent related party transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Group as per the Audited Financial Statements as at 31st March 2025 which required additional disclosures in the Annual Report under Rule 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange.

The Key Management Personnel of the Group companies (including the Company) have disclosed on a quarterly basis, the proposed Related Party Transactions (if any) falling under the ambit of Rule 9.14.8(1) of the Listing Rules of the Colombo Stock Exchange which were to be entered into with the Company and or with another company within the Group and or with any other 'Related Party' as defined in the Sri Lanka Accounting Standards (as applicable). The disclosures so made were tabled at the quarterly meetings of the Related Party Transactions Review Committee, in compliance with the requirements of the above mentioned Rule.

The Directors declare that the Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2026.

8.9. Board of Directors of the Subsidiary

The names of Directors of the subsidiary companies who held office as at 31st March 2026 and Directors who ceased to hold office during the accounting period are set out on pages 333 to 335 of this Annual Report.

9. HUMAN RESOURCES

The human resources strategies applied and practiced by the Group in the regions we operate have translated into the creation of a dynamic and competent human resource team. The strategies adopted in motivating and retaining our employees are discussed in "Human Capital" on pages 146 to 160 of this Annual Report.

10. GOVERNANCE

The Directors declare that:

- the Group has not intentionally engaged in any activity which contravenes national and international laws. The Group rigidly adheres to relevant national and international rules, regulations, and codes of Professional Institutes and Associations, Industrial Associations, Chambers of Commerce and other regulatory bodies
- the Company complies with the Corporate Governance Rules contained in Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka. The measures taken and the extent to which the Company has complied with the said Section and the Code are given on pages 50 to 60 and page 47 of the Corporate Governance Report of this Annual Report.
- the Group applies high standards to protect and nurture the environment in which it operates and ensures strict adherence to all environmental laws and practices. The Group's efforts to conserve non-renewable resources, as well as its environmental objectives and

key initiatives, are described in the Natural Capital on pages 169 to 180.

- the Company has no restrictions with regard to shareholders carrying out appropriate analysis or obtaining independent advice regarding their investment in the Company and has made all endeavours to ensure the equitable treatment of shareholders.
- they have declared all material interests in contracts involving the Company and the Group and refrained from voting on matters in which they were materially interested.
- they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year concerned and as at the date of such confirmation.
- none of the Director or Close Family Members of the Director have had any material business relationships with other Directors of the Company.
- they have conducted an evaluation of Group's internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith.
- they have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.

11. RISK MANAGEMENT

The Board of Directors is responsible for the overall risk management of the Group. Risks are reviewed at each Board meeting, enabling the timely identification of emerging risks and the formulation of appropriate responses, with resources allocated as necessary. The Board is supported in this responsibility by the Audit and Risk Committee and the Aitken Spence Group Supervisory Board, both of which meet regularly to review, monitor, and assess the Group's risk profile and the effectiveness of mitigation measures. The Risk Management Report of the Group is on pages 99 to 104 of this Report.

12. INTERNAL CONTROLS

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Group are safeguarded and appropriate systems are in place to minimise and detect fraud, errors and other irregularities. The system ensures that the Group adopts procedures which result in financial and operational effectiveness and efficiency.

The Board of Directors' Statement on Internal Controls on pages 205 to 206, the Statement of Directors' Responsibilities on page 198 and the Audit and Risk Committee Report set out on pages 189 to 191 sof this Report provide further information in respect of the above.

13. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory financial obligations to the Government and to the employees have been either duly paid or adequately provided for in the Financial Statements. A confirmation of same is included in the Statement of Directors' Responsibilities on page 198 of this Annual Report.

14. INTEGRATED ANNUAL REPORT

The Board of Directors acknowledges its responsibility to ensure the integrity of the Annual Report and to ensure that it provides a balanced view of its performance addressing all material issues that may have an impact on the Group's capacity to create value. The Board is of the opinion that the Integrated Annual Report of Aitken Spence Hotel Holdings PLC for the Financial Year ended 31st March 2026 is presented in accordance with the GRI Universal Standards for Sustainability Reporting and the Guidelines set out in the International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework.

15. CORPORATE SUSTAINABILITY

The Board of Directors provides oversight and support for the Group's integrated sustainability policy, implementation framework and the Spence IMPACT strategy, driven by a dedicated network across the organisation. During the year, the Board reviewed progress of the Group's efforts to align with a net zero pathway and acknowledged the validation of the Group's near-term net-zero targets for 2030 by the Science Based Targets initiative (SBTi) providing recommendations on priorities for action. The Board will be reviewing performance against the targets, as well as long-term plans for the Group's net zero ambitions in due course.

The Group's achievements in Key Performance Indicators, along with the awards and accolades received during the year, underscore its ongoing commitment to aligning with global standards across multiple areas influencing growth. Comprehensive insights into the Group's sustainability initiatives can be found in the executive reviews and the management discussion and analysis.

16. SHAREHOLDER INFORMATION

There were 5,770 shareholders as at 31st March 2026. The distribution schedule of the number of shareholders and their shareholdings are detailed on page 327 of this Annual Report. The names of the twenty largest shareholders, together with their shareholdings as at 31st March 2026 are given on page 329 of this Annual Report. The percentage of the shares held by the public as at 31st March 2026 was 25.45% and the number of shareholders who held the public holding was 5,761. Information relating to Earnings Per Share and the Net Assets Per Share for the Company and the Group, the Dividend Per Share and the Market Price Per Share are given on pages 326 and 327 of this Annual Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

17. AUDITORS

The Independent Auditors' Report on the Financial Statements is given on pages 210 to 213 of this Annual Report. The retiring Auditors Messrs. KPMG, Chartered Accountants have expressed their willingness to continue in office and a resolution to re-appoint them as auditors and grant authority to the Board to determine their remuneration will be proposed at the Annual General Meeting of the Company. The fees payable to the Company auditors Messrs. KPMG, Chartered Accountants, was Rs. 1,647,000 (2025 – Rs. 1,525,000). In addition to the above, Rs. 2,882,008 (2025 – Rs. 2,630,360) was payable by the Company for permitted non audit related services including tax advisory services. In addition to above, Rs. 1,207,359 (2025 - nil) was payable by the Company to other auditors for non-audit related services including assurance services on Integrated Reporting. As Messrs. KPMG, Chartered Accountants the Auditors of the Company are also the auditors of certain subsidiaries and associate companies of the Group. The list of the subsidiaries and associate companies audited by them are included on pages 333 to 335 of this Annual Report.

The amount payable by the Group to Messrs. KPMG, Chartered Accountants as audit fees was Rs. 16,725,428 (2025 - Rs. 15,731,662) while a further Rs. 10,785,626 (2025 - Rs. 7,551,450) was payable for permitted non audit related services including tax advisory services.

In addition to the above, Rs. 4,876,943 (2025 – Rs. 4,714,329) was payable to other auditors for carrying out audits in subsidiaries and associates where the audits were conducted by them. The amount payable to such other auditors for non-audit related services including tax advisory services was Rs. 26,231,969 (2025 - Rs. 26,274,910). As far as the Directors are aware the auditors neither have any other relationship with the Company nor any of its subsidiaries and associates that would have an impact on their independence.



Ms. D S T Jayawardena
Chairman/Chairperson



Mr. C M S Jayawickrama
Managing Director



Aitken Spence Corporate Services (Private) Limited
Secretaries

05th June 2026

THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROL

GRI 2-1

The Board of Directors present this Statement on Internal Control in accordance with principle D.1.5. of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

RESPONSIBILITY

The Board acknowledges the responsibility for the adequacy and effectiveness of Group's system of Internal Controls, which is designed to provide assurance on the maintenance of proper accounting records and the reliability of financial information generated and safeguarding of the assets of Group.

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by Group. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the systems of internal control over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Board has delegated specific responsibilities to the following five sub-committees ensuring the effectiveness of Group's daily operations and to ensure that these daily operations are within the corporate objectives, strategies and annual budget ratified by the Board.

- Audit and Risk Committee
- Nominations and Governance Committee
- Remuneration Committee
- Related Party Transactions Review Committee
- Investment Committee

These committees are chaired by Independent Non-Executive Directors and have the authority to examine particular issues and report back to the Board with their recommendations.

INTERNAL AUDIT

The internal audit department of Group verifies compliance of operations with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance.

Audits are carried out on all strategic business units (SBUs), the frequency of which are determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of SBUs. The annual audit plan is reviewed and approved by the Audit and Risk Committee and the findings of the audits are submitted to the Audit and Risk Committee for review at their periodic meetings.

POLICIES, PROCEDURES AND BUDGETS

Policies and procedures to ensure the compliance with internal controls and relevant laws and regulations are set out in operations manuals, which are updated from time to time.

Annual budgets are approved by the respective Boards and the subsidiaries' performance are assessed against the budgets and explanations are provided for significant variances periodically to the respective Boards.

WHISTLE BLOWING POLICY

Group encourages a whistle-blowing policy which enables employees to bring irregularities in financial reporting, internal controls or other matters within Group to the notice of the higher management.

Proper arrangements are in place to facilitate fair and independent investigation for such matters, if any.

The prevalence and effectiveness of this policy is monitored by the Audit and Risk Committee from time to time.

GROUP CODE OF ETHICS & PROFESSIONAL CONDUCT

Group Code of Ethics and Professional Conduct which includes a strong set of corporate values and conduct, is circulated to Directors and all employees. The Board ensures that Directors and all employees strictly comply with the code in exercising their duties, communications, role modelling and in any other circumstance, so as to uphold the Group's integrity and image. Strict disciplinary actions are initiated for any violation of Group code of ethics and professional conduct.

CYBER SECURITY

The Board has taken necessary precautions to minimize the risk of a security breach. During the year under review, necessary steps have been rolled out to curtail the exposure to cyber-attacks by reducing the threat surface and any potentially exploitable vulnerabilities. These cybersecurity measures and controls are periodically reviewed and updated to ensure their continued effectiveness against evolving cyber threats.

GOING CONCERN

The statement of going concern is set out in the annual report of the Board Directors on page 200.

RISK MANAGEMENT

The Board has set up an ongoing process for identifying, monitoring and managing the principal and emerging risks faced by Group.

An overview of Group's risk management framework is set out on pages 99 to 104.

ANNUAL REPORT

The Board is responsible for the preparation of the annual report and confirm that the quarterly reports, annual financial statements and the annual review of operations of Group and its equity accounted investees that are incorporated in this annual report have been prepared and presented in a reliable manner based on a balanced and comprehensive assessment of the financial performance of Group.

THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROL

CONFIRMATION

Based on the above processes, the Board of Aitken Spence Hotel Holdings PLC confirms that the financial reporting system of Group has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes and has been done in accordance with Sri Lanka Accounting Standards and all relevant regulatory requirements.

Moreover, the Board has conducted an evaluation of Group's internal controls encompassing financial, operational and compliance controls, risk management and have obtained a reasonable assurance of their effectiveness and proper adherence.



Ms. D.S.T. Jayawardena
Chairman/Chairperson

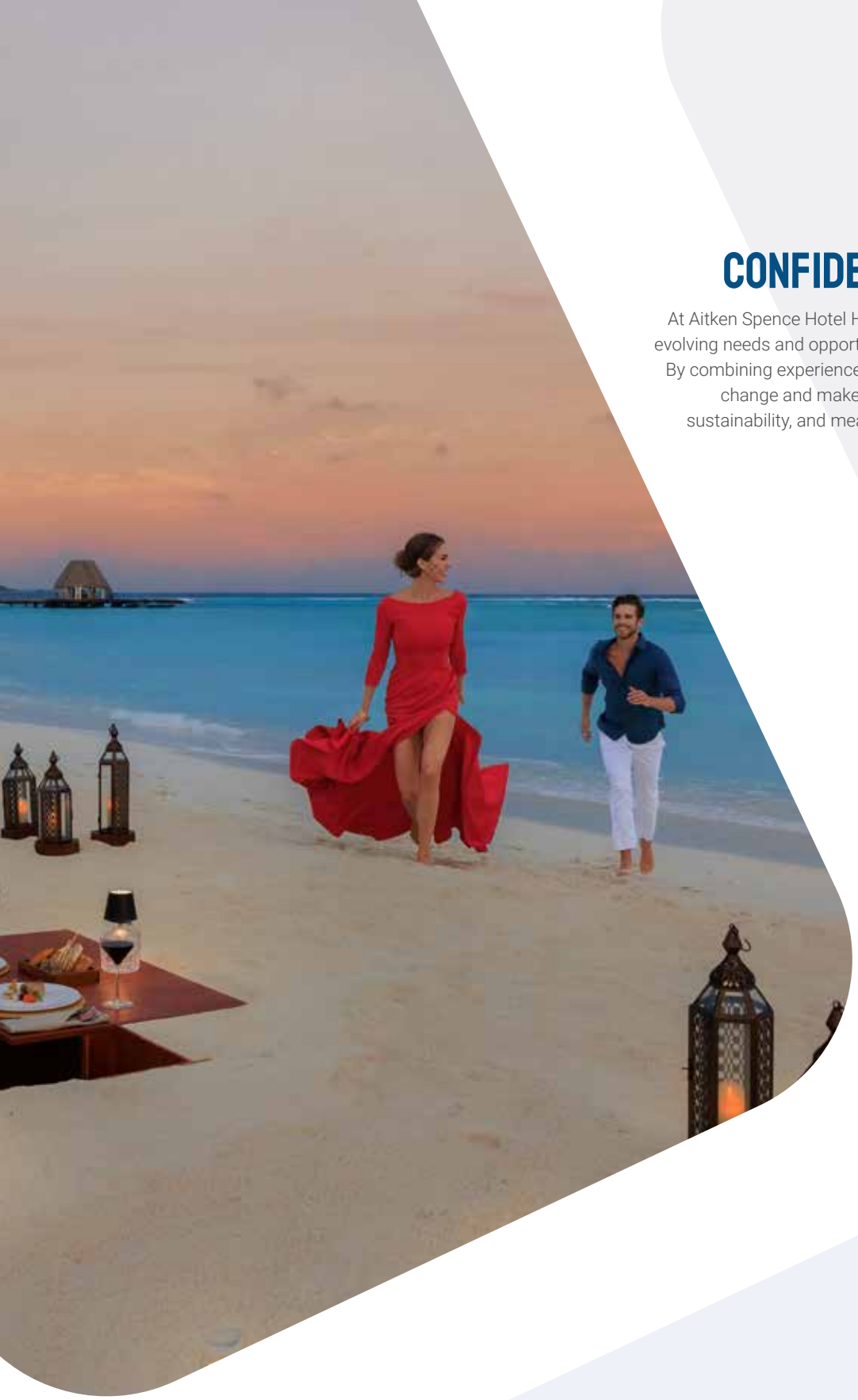


Mr. C.M.S. Jayawickrama
Managing Director



Mr. M.R.Mihular
Chairman
Audit and Risk Committee

05th June 2026



CONFIDENCE IN OUR INSIGHT

At Aitken Spence Hotel Holdings, insight drives how we respond to evolving needs and opportunities, and how we refine our operations. By combining experience, observation, and foresight, we anticipate change and make informed choices that reinforce direction, sustainability, and measured growth – creating confidence in an ever-shifting environment.

FINANCIAL REPORTS

FINANCIAL CALENDAR

FINANCIAL CALENDAR		
	2025/2026	2024/2025
INTERIM FINANCIAL STATEMENTS CALENDAR		
Interim Financial Statements for 1st quarter	Approved on 13th August 2025	Approved on 12th August 2024
Interim Financial Statements for 2nd quarter	Approved on 14th November 2025	Approved on 12th November 2024
Interim Financial Statements for 3rd quarter	Approved on 11th February 2026	Approved on 11th February 2025
Interim Financial Statements for 4th quarter	Approved on 28th May 2026	Approved on 29th May 2025
AUDITED FINANCIAL STATEMENTS CALENDAR		
Audited Financial Statements	Approved on 05th June 2026	Approved on 12th June 2025
DIVIDENDS		
First and final dividend for the year ended 31st March 2026	Recommended on 28th May 2026	-
ANNUAL GENERAL MEETING (AGM) CALENDAR		
Annual General Meeting	On 30th June 2026	On 04th July 2025

FINANCIAL HIGHLIGHTS

Q1 - 2025/2026 (Rs. '000)	
Revenue	10,294,707
Profit from operations	404,055
Loss for the quarter	(544,187)
Loss attributable to Equity holders	(351,125)
Loss per ordinary share (Rs.)	(1.04)
Net Assets per share (Rs.)	68.81

Q2 - 2025/2026 (Rs. '000)	
Revenue	10,117,178
Loss from operations	(14,278)
Loss for the quarter	(968,279)
Loss attributable to Equity holders	(622,200)
Loss per ordinary share (Rs.)	(1.85)
Net Assets per share (Rs.)	67.48

Q3 - 2025/2026 (Rs. '000)	
Revenue	14,210,028
Profit from operations	3,225,291
Profit for the quarter	2,160,621
Profit attributable to Equity holders	1,341,754
Earnings per ordinary share (Rs.)	3.99
Net Assets per share (Rs.)	72.78

Q4 - 2025/2026 (Rs. '000)	
Revenue	17,727,339
Profit from operations	5,675,507
Profit for the quarter	4,381,297
Profit attributable to Equity holders	2,728,013
Earnings per ordinary share (Rs.)	8.07
Net Assets per share (Rs.)	88.13

FY 2025/2026 (Rs. '000)			
Revenue	52,349,252	Profit attributable to Equity holders	3,096,442
Profit from operations	9,290,575	Earnings per ordinary share (Rs.)	9.16
Profit for the year	5,029,452	Net Assets per share (Rs.)	88.13

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INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF AITKEN SPENCE HOTEL HOLDINGS PLC

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Aitken Spence Hotel Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2026, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 214 to 318.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards ("SLAuSs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REVALUATION OF FREEHOLD LAND	
Refer the Note 16 to the financial statements	
RISK DESCRIPTION	**OUR RESPONSE**
As at the reporting date, freehold land carries at the fair value and classified as Property, Plant and Equipment. The Group has recorded a net gain on revaluation of Freehold Land amounting to Rs. 3,282 Mn as at 31st March 2026. Freehold lands are measured at revalued amounts in the statement of financial position. The Group has engaged independent professional valuers with appropriate expertise in valuing properties, in locations of properties being valued to determine the revalued amounts of the land in accordance with recognized industry standards We identify this as a key audit matter because of the significant judgement and estimates involved in assessing the fair value of the Freehold Land.	Our audit procedures included, • Assessing the objectivity, independence, competence, and qualification of the external valuers. • Assessing the key inputs used in the valuation by the independent external valuer against our expectations based on our experience, externally published market comparable and our knowledge of property market, consultation with internal valuation specialist. • Assessing the adequacy of the disclosure in the financial statements.

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W.K.D.C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA,
W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F. R. Ziyard ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

IMPAIRMENT ASSESSMENT OF GOODWILL, INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS IN EQUITY ACCOUNTED INVESTEES	
Refer Accounting Policies in Note 3.3 (d) and Note 3.5.3.1 and Financial Statements Note 18, Note 19 and Note 20.	
RISK DESCRIPTION	**OUR RESPONSE**
The Company hold investments in subsidiaries and investments in equity accounted investees amounting to Rs. 7,403 Mn and Rs. 1,147 Mn respectively as at 31 March 2026. Further the Group holds investments in equity accounted investees amounting to Rs. 267 Mn and goodwill amounting to Rs. 650 Mn as at 31 March 2026. The carrying amount of each investments in subsidiaries and investments in equity accounted investees have been tested for impairment as individual Cash Generating Units. The carrying amount of these investments could be materially misstated if inappropriate judgments and estimates were used by the Directors in calculating the recoverable amount for each cash generating unit ('CGU') and recoverable amounts of the identified CGUs have been determined based on the value-in-use calculation. Investments which have not generated adequate returns may be an indication of impairment. Due to the investments being material it will have a significant impact on financial performance of the Company/ Group. We have identified the impairment assessment of goodwill, investments in subsidiaries and investments in equity accounted investees as a key audit matter since that is based on forecasting and discounting cash flows, which are inherently judgmental.	Our audit procedures included, • Assessing the impairment indications of investments made in subsidiaries and equity accounted investees and assessing the reasonableness of the discounted cash flow models, key assumptions, principles and accuracy of the forecasts. • Comparing the actual results of the current year with management's assumptions and estimates in the discounted cash flow forecast for the previous year to assess the historical accuracy of the management's forecasting process. • Evaluating the discounted cash flow forecast prepared by management of the Group by comparing with the relevant data, including forecast revenue, cost of sales and other operating expenses, contained in the financial budget of subsidiaries and investment in equity accounted investees which was approved by management and taking into account our understanding, experience and knowledge. • Assessing the adequacy of disclosures in the financial statements.

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 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.

INDEPENDENT AUDITOR'S REPORT



RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as the 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, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company 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 use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the 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 related safeguards applied.

From the matters communicated with those charge with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3707.



CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
05th June 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Revenue	7	**52,349,252**	48,741,023	**1,481,452**	1,386,364
Revenue taxes		**(1,869,064)**	(1,236,485)	**(34,665)**	(28,128)
Net revenue		**50,480,188**	47,504,538	**1,446,787**	1,358,236
Other income/(expenses)	8	**(145,024)**	73,409	**196,139**	164,650
Staff costs		**(8,458,477)**	(7,676,644)	**(293,231)**	(265,141)
Depreciation		**(4,145,925)**	(3,928,122)	**(87,403)**	(73,196)
Amortisation and impairment		**(1,387,324)**	(1,335,614)	**(28,908)**	(17,510)
Other operating expenses - direct	9	**(12,391,455)**	(11,811,417)	**(379,556)**	(384,559)
Other operating expenses - indirect	10	**(14,661,408)**	(13,998,925)	**(607,147)**	(592,574)
Profit from operations	11	**9,290,575**	8,827,225	**246,681**	189,906
Finance income		**522,099**	402,121	**127,572**	127,982
Finance expenses		**(3,192,606)**	(4,323,130)	**(238,560)**	(256,138)
Net financing expense	12	**(2,670,507)**	(3,921,009)	**(110,988)**	(128,156)
Share of profit/(loss) of equity accounted investees (net of tax)	20	**(43,836)**	23,344	**-**	-
Profit before taxation		**6,576,232**	4,929,560	**135,693**	61,750
Income tax (expense)/reversal	13	**(1,546,780)**	(1,341,098)	**8,838**	(34,589)
Profit for the year		**5,029,452**	3,588,462	**144,531**	27,161
Attributable to:					
Equity holders of the parent company		**3,096,442**	2,290,361	**144,531**	27,161
Non - controlling interests		**1,933,010**	1,298,101	**-**	-
Profit for the year		**5,029,452**	3,588,462	**144,531**	27,161
Earnings per ordinary share - Basic/Diluted (Rs.)	14	**9.16**	6.77	**0.39**	0.04

Figures in brackets indicate deductions.

The notes on pages 222 to 318 form an integral part of these financial statements.

For the year ended 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Profit for the year		**5,029,452**	3,588,462	**144,531**	27,161
Other comprehensive income/(loss)					
Items that will never be reclassified to profit or loss					
Revaluation of freehold lands	16	**3,282,332**	-	**906,618**	-
Share of other comprehensive income of equity accounted investees (net of tax)	20	**17,749**	24,511	**-**	-
Actuarial losses on defined benefit obligations	35.4	**(5,827)**	(25,051)	**(3,107)**	(11,578)
Income tax on other comprehensive income	13.8	**(900,922)**	(7,984)	**(271,053)**	3,473
		2,393,332	(8,524)	**632,458**	(8,105)
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences of foreign operations		**1,470,325**	(494,289)	**-**	-
Net movement in cashflow hedge	42.5.1.3	**(42,609)**	679,261	**-**	-
		1,427,716	184,972	**-**	-
Other comprehensive income/(loss) for the year net of tax		**3,821,048**	176,448	**632,458**	(8,105)
Total comprehensive income for the year net of tax		**8,850,500**	3,764,910	**776,989**	19,056
Attributable to:					
Equity holders of the parent company		**6,080,929**	2,392,392	**776,989**	19,056
Non - controlling interests		**2,769,571**	1,372,518	**-**	-
Total comprehensive income for the year net of tax		**8,850,500**	3,764,910	**776,989**	19,056

Figures in brackets indicate deductions.

The notes on pages 222 to 318 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at		**31.03.2026**	31.03.2025	**31.03.2026**	31.03.2025
	Notes	**Rs. '000**	Rs. '000	**Rs. '000**	Rs. '000
ASSETS					
Non - current assets					
Property, plant and equipment	16	**66,222,890**	62,949,004	**2,974,933**	2,059,100
Right-of-use assets	17	**24,163,881**	12,877,703	**-**	-
Intangible assets	18	**694,526**	709,092	**1,526**	2,359
Investment in subsidiaries	19	**-**	-	**7,403,043**	7,403,043
Investment in equity accounted investees	20	**267,169**	111,040	**1,146,608**	992,673
Other financial assets	21	**1,787,456**	972,346	**1,524,624**	725,524
Deferred tax assets	22	**452,019**	379,087	**-**	-
		93,587,941	77,998,272	**13,050,734**	11,182,699
Current assets					
Inventories	23	**1,761,159**	1,494,129	**48,948**	33,821
Trade and other receivables	24	**4,452,396**	3,533,366	**130,178**	134,209
Amounts due from holding company	25	**1,995,734**	1,547,373	**-**	-
Amounts due from parent's group entities	26	**259,797**	1,179,532	**570,989**	1,229,699
Deposits and prepayments		**1,515,131**	772,877	**11,612**	8,578
Current tax receivable		**27,409**	14,864	**7,042**	4,090
Other financial assets	27	**6,045,309**	5,462,605	**295,287**	256,191
Cash and cash equivalents	28	**6,929,400**	4,096,583	**439,064**	75,302
		22,986,335	18,101,329	**1,503,120**	1,741,890
Assets classified as held for sale	29	**-**	36,112	**-**	-
Total assets		**116,574,276**	96,135,713	**14,553,854**	12,924,589
EQUITY AND LIABILITIES					
Total equity attributable to equity holders of the company					
Stated capital	30	**3,554,587**	3,554,587	**3,554,587**	3,554,587
Reserves	31	**12,622,144**	9,633,125	**1,323,810**	689,177
Retained earnings		**13,626,972**	10,549,912	**6,010,468**	5,882,962
		29,803,703	23,737,624	**10,888,865**	10,126,726
Non - controlling interests		**13,346,248**	10,725,685	**-**	-
Total equity		**43,149,951**	34,463,309	**10,888,865**	10,126,726

		Group		Company	
As at		**31.03.2026**	31.03.2025	**31.03.2026**	31.03.2025
	Notes	**Rs. '000**	Rs. '000	**Rs. '000**	Rs. '000
Non - current liabilities					
Interest - bearing liabilities - banks	32	**24,125,780**	19,568,450	**-**	-
Interest - bearing liabilities - leases	33	**20,781,322**	9,839,691	**-**	-
Deferred tax liabilities	34	**4,669,648**	3,478,676	**442,418**	180,203
Employee benefits	35	**491,981**	415,317	**72,950**	65,068
		50,068,731	33,302,134	**515,368**	245,271
Current liabilities					
Trade payables		**1,101,564**	1,581,123	**34,743**	30,030
Other provisions and payables	36	**7,683,976**	6,761,338	**170,735**	190,086
Amounts due to holding company		**3,771,490**	2,678,158	**2,742,246**	1,625,148
Amounts due to parent's group entities	37	**46,609**	122,735	**12,851**	7,666
Interest - bearing liabilities - banks	32	**3,710,692**	9,517,857	**-**	318,126
Interest - bearing liabilities - leases	33	**1,041,853**	1,118,490	**-**	-
Current tax payable		**861,097**	634,011	**-**	-
Bank overdrafts and other short term borrowings	28	**5,138,313**	5,956,558	**189,046**	381,536
		23,355,594	28,370,270	**3,149,621**	2,552,592
Total liabilities		**73,424,325**	61,672,404	**3,664,989**	2,797,863
Total equity and liabilities		**116,574,276**	96,135,713	**14,553,854**	12,924,589

The above Statements of Financial Position are to be read in conjunction with notes to the financial statements on pages 222 to 318.

I certify that the financial statements for the year ended 31st March 2026 are in compliance with the requirements of the Companies Act No. 07 of 2007.



Evan Ranasinghe
Head of Finance - Sri Lanka Hotels

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board:



Ms. D.S.T. Jayawardena
Chairman/Chairperson



Mr. C.M.S. Jayawickrama
Managing Director

05th June 2026
Colombo
Sri Lanka

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March

Group	Notes	Attributable to equity holders of the parent								Non - Controlling Interests	Total Equity
		Stated Capital	General Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Cashflow Hedge Reserve	Revaluation Reserve	Retained Earnings	Total		
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 st April 2024		3,554,587	22,929	73,525	8,479,077	(2,208,231)	3,148,179	8,290,016	21,360,082	9,504,610	30,864,692
Profit for the year		-	-	-	-	-	-	2,290,361	2,290,361	1,298,101	3,588,462
Other comprehensive income/(loss) for the year		-	-	24,047	(308,237)	407,557	(5,721)	(15,615)	102,031	74,417	176,448
Total comprehensive income/(loss) for the year		-	-	24,047	(308,237)	407,557	(5,721)	2,274,746	2,392,392	1,372,518	3,764,910
Preference dividends for 2023/2024	15	-	-	-	-	-	-	(14,850)	(14,850)	-	(14,850)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(151,443)	(151,443)
Balance as at 31st March 2025		**3,554,587**	**22,929**	**97,572**	**8,170,840**	**(1,800,674)**	**3,142,458**	**10,549,912**	**23,737,624**	**10,725,685**	**34,463,309**
Profit for the year		-	-	-	-	-	-	3,096,442	3,096,442	1,933,010	5,029,452
Other comprehensive income/(loss) for the year		-	-	19,895	959,744	(25,565)	2,034,945	(4,532)	2,984,487	836,561	3,821,048
Total comprehensive income/(loss) for the year		-	-	19,895	959,744	(25,565)	2,034,945	3,091,910	6,080,929	2,769,571	8,850,500
Preference dividends for 2024/2025	15	-	-	-	-	-	-	(14,850)	(14,850)	-	(14,850)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(149,008)	(149,008)
Balance as at 31st March 2026		**3,554,587**	**22,929**	**117,467**	**9,130,584**	**(1,826,239)**	**5,177,403**	**13,626,972**	**29,803,703**	**13,346,248**	**43,149,951**

Dividend per ordinary share - Nil (Note No.15). (2024/25-Nil)

Figures in brackets indicate deductions.

The notes on pages 222 to 318 form an integral part of these financial statements.

For the year ended 31st March

Company	Notes	Stated Capital	General Reserve	Revaluation Reserve	Retained Earnings	Total Equity
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 st April 2024		3,554,587	22,929	666,248	5,878,756	10,122,520
Profit for the year		-	-	-	27,161	27,161
Other comprehensive loss for the year		-	-	-	(8,105)	(8,105)
Total comprehensive income for the year		-	-	-	19,056	19,056
Preference dividends for 2023/2024	15				(14,850)	(14,850)
Balance as at 31st March 2025		**3,554,587**	**22,929**	**666,248**	**5,882,962**	**10,126,726**
Profit for the year		-	-	-	144,531	144,531
Other comprehensive income/(loss) for the year		-	-	634,633	(2,175)	632,458
Total comprehensive income for the year		-	-	634,633	142,356	776,989
Preference dividends for 2024/2025	15	-	-	-	(14,850)	(14,850)
Balance as at 31st March 2026		**3,554,587**	**22,929**	**1,300,881**	**6,010,468**	**10,888,865**

Dividend per ordinary share - Nil (Note No.15). (2024/25-Nil)

Figures in brackets indicate deductions.

The notes on pages 222 to 318 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Cash flow from operating activities					
Profits before taxation		**6,576,232**	4,929,560	**135,693**	61,750
Adjustments for					
Depreciation	11	**4,145,925**	3,928,122	**87,403**	73,196
Amortisation of right-of-use assets and intangible assets	11	**1,265,403**	1,239,352	**833**	139
Provision for impairment/(reversal of impairment) of trade debtors	11	**(48,923)**	218,704	**592**	1,915
Provision of impairment of non financial assets	11	**79,057**	81,816	**-**	-
Provision for impairment/(reversal of impairment) of inventories	11	**40,550**	14,504	**(212)**	1,954
Provision for impairment/(reversal of impairment) of financial assets	11	**2,314**	(58)	**6**	(1)
Provision for impairment in subsidiaries and equity accounted investees	11	**-**	-	**28,281**	15,418
Write off of Capital work-in progress	11	**51,543**	-	**-**	-
Interest expense	12	**3,192,606**	4,323,130	**238,560**	256,138
Interest income	12	**(522,099)**	(402,121)	**(127,572)**	(127,982)
(Gain)/loss on disposal of property, plant and equipment	8	**8,150**	29,383	**(2,317)**	279
Gain on disposal of assets classified as held for sale	8	**(2,514)**	-	**-**	-
Provision for retirement benefit obligations	35.3	**84,692**	65,184	**11,715**	11,014
Share of (profit)/loss of equity accounted investees (net of tax)	20	**43,836**	(23,344)	**-**	-
Effect of movement in exchange rates	8	**286,380**	30,475	**(28,999)**	2,995
Operating profit before working capital changes		**15,203,152**	14,434,707	**343,983**	296,815
(Increase)/decrease in inventories		**(307,580)**	(82,523)	**(14,916)**	4,633
(Increase)/decrease in trade and other receivables		**(910,693)**	(444,313)	**487**	3,831
(Increase)/decrease in amounts due from holding company		**(431,818)**	(468,594)	**-**	-
(Increase)/decrease in amount due from parent's group entities		**274,114**	207,260	**52,352**	248,108
(Increase)/decrease in deposits and prepayments		**(742,254)**	108,540	**(3,034)**	13,413
Increase/(decrease) in trade payables		**(479,559)**	77,128	**4,713**	(12,542)
Increase/(decrease) in other provisions and payables		**919,448**	982,680	**(19,350)**	18,211
Increase/(decrease) in amounts due to holding company		**1,015,650**	72,273	**1,088,693**	97
Increase/(decrease) in amount due to parent's group entities		**(76,126)**	47,358	**5,185**	7,666
Cash generated from operations		**14,464,334**	14,934,516	**1,458,113**	580,232
Interest expenses paid		**(2,340,187)**	(3,567,969)	**(210,155)**	(241,032)
Retirement benefit obligations paid	35	**(22,390)**	(39,190)	**(6,940)**	(18,257)
Income taxes paid		**(864,985)**	(583,954)	**-**	-
Net cash flow generated from operating activities		**11,236,772**	10,743,403	**1,241,018**	320,943

(carried forward to next page)

Figures in brackets indicate deductions.

For the year ended 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
(brought forward from previous page)					
Net cash flow generated from operating activities		**11,236,772**	10,743,403	**1,241,018**	320,943
Cash flow from investing activities					
Acquisition of property, plant and equipment	16	**(1,850,111)**	(1,603,119)	**(97,426)**	(221,361)
Acquisition of intangible assets	18	**(33,656)**	(17,367)	**-**	(2,498)
Proceeds from sale of property, plant and equipment		**21,604**	4,332	**3,125**	-
Proceeds received from disposal of assets classified as held for sale	29	**38,626**	-	**-**	-
Investment in equity accounted investees	20	**(182,216)**	-	**(182,216)**	-
Investment in debt securities	21	**(100,000)**	-	**(100,000)**	-
Proceeds from/(purchase of) term deposits		**(511,295)**	(1,472,474)	**(13,912)**	4,191
Interest received		**362,344**	394,850	**9,640**	17,032
Net cash used in investing activities		**(2,254,704)**	(2,693,778)	**(380,789)**	(202,636)
Cash flow from financing activities					
Repayment of interest bearing liabilities - banks	32	**(13,309,500)**	(18,921,240)	**(318,126)**	(217,205)
Proceeds from interest bearing liabilities - banks	32	**9,692,859**	14,201,283	**-**	-
Repayment of interest bearing liabilities - leases	33	**(2,147,401)**	(2,036,216)	**-**	-
Dividends paid to equity holders of the parent	15	**(14,850)**	(14,850)	**(14,850)**	(14,850)
Dividends paid to shareholders of non - controlling interests		**(149,008)**	(151,443)	**-**	-
Net cash used in financing activities		**(5,927,900)**	(6,922,466)	**(332,976)**	(232,055)
Net increase/(decrease) in cash and cash equivalents		**3,054,168**	1,127,159	**527,253**	(113,748)
Cash and cash equivalents at the beginning of the year		**(1,859,975)**	(3,321,462)	**(306,234)**	(189,491)
Effect of movement in exchange rates		**596,894**	334,328	**28,999**	(2,995)
Cash and cash equivalents at the end of the year	28	**1,791,087**	(1,859,975)	**250,018**	(306,234)
Analysis of cash and cash equivalents at the end of the year					
Cash at bank and in hand		**5,175,626**	3,281,700	**439,064**	75,302
Short term deposits		**1,753,774**	814,883	**-**	-
Bank overdrafts and other short term bank borrowings		**(5,138,313)**	(5,956,558)	**(189,046)**	(381,536)
Cash and cash equivalents at the end of the year	28	**1,791,087**	(1,859,975)	**250,018**	(306,234)

Figures in brackets indicate deductions.

The notes on pages 222 to 318 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Corporate information

Aitken Spence Hotel Holdings PLC (the 'Company') is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is located at No. 315, Vauxhall Street, Colombo 02.

The immediate parent of Aitken Spence Hotel Holdings PLC is Aitken Spence PLC and ultimate parent is Milford Exports (Ceylon) (Pvt) Ltd.

1.2. Consolidated Financial Statements

The consolidated financial statements of the Company as at and for the year ended 31st March 2026 comprise the financial statements of Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

1.3. Principal activities and nature of operations

The principal activities of the Company are that of an investment holding company and hoteliering, while the principal activities of the subsidiary companies are to engage in the business of hotel operation and auxiliary services (hoteliering). There was no change in the nature of the principal activities of the group entities during the year.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards (SLFRSs)
- Sri Lanka Accounting Standards (LKASs)
- Statements of Recommended Practices (SoRPs)
- Statement of Alternative Treatment (SoAT) and
- Financial Reporting Guidelines issued by the CA Sri Lanka.

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com.

These financial statements, except for information on cash flows and items measured at fair value as described in Note No. 2.7, have been prepared following the accrual basis of accounting.

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs regulations governing the preparation and presentation of the financial statements.

2.2. Statement of presentation

The Consolidated financial statements of the Group and the separated financial statements of the Company have been prepared in compliance with the requirement of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

2.3. Components of Financial Statements

The consolidated financial statements include the following components:

- a Statement of Profit or Loss and Other Comprehensive Income providing information on the financial performance of the Group and the Company for the year.
- a Statement of Financial Position providing information on the financial position of the Group and the Company as at the year end.
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review for the Group and the Company.
- a Statement of Cash Flow providing information to users on the ability of the of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows.
- notes to the financial statements comprising material accounting policies and other explanatory information.

2.4. Responsibility for financial statements

The Board of Directors of the Company acknowledges their responsibility for the financial statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for Financial Statements" and the "Certification on the Statement of Financial Position".

2.5. Reporting date

The financial statements of all companies in the Group are prepared for a common financial year, which ends on 31st March except for Jetan Travel Services Company Pvt Ltd, ADS Resorts Pvt Ltd, Unique Resorts Pvt Ltd and Cowrie Investment Pvt Ltd whose financial year ends on 31st December.

2.6. Approval of financial statements by Directors

The financial statements of the Group and the Company for the year ended 31st March 2026 were approved and authorised for issue by the Board of Directors on 05th June 2026.

2.7. Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position.

Item	Basis of Measurement	Note
Land	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	16.3
Financial assets classified as fair value through other comprehensive income	Measured at fair Value	21
Retirement benefit obligations	Measured at the present value of the defined benefit obligation	35
Interest bearing liabilities- leases	Measured at amortised cost using effective interest method	33

2.8. Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the Functional Currency), which is the Sri Lankan Rupees.

These financial statements are presented in Sri Lankan Rupees. All financial information presented has been rounded to the nearest thousand except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

Each entity in the Group determines its own functional currency and items included in the financial statements of these entities are measured using that Functional Currency.

There was no change in the Group's Presentation and Functional Currency during the year. The financial statements of the Group are presented in Sri Lankan Rupees (LKR) which is the functional currency of the Group entities other than for the companies listed below where the functional currency is either based on the country of incorporation of the respective company or elements that could influence in determining its functional currency.

Company	Country of Incorporation	Functional Currency
ADS Resorts Pvt Ltd	Maldives	USD
Unique Resorts Pvt Ltd	Maldives	USD
Jetan Travel Services Company Pvt Ltd	Maldives	USD
Cowrie Investment Pvt Ltd	Maldives	USD
Aitken Spence Resorts (Middle East) LLC	Oman	Oman Riyal
Aitken Spence Hotel Managements (South India) Pvt Ltd	India	Indian Rupees
Aitken Spence Hotel Services Pvt Ltd	India	Indian Rupees
P.R Holiday Homes Pvt Ltd	India	Indian Rupees
Perumbalam Resorts Pvt Ltd	India	Indian Rupees
Crest Star (B.V.I.) Ltd	British Virgin Island	USD
Aitken Spence Hotel Managements Asia (Pvt) Ltd	Sri Lanka	USD
Aitken Spence Hotels International (Pvt) Ltd	Sri Lanka	USD

2.9. Use of accounting judgements, estimates and assumptions

The preparation of the financial statements of the Group and the Company in conformity with SLFRSs/LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, income and expenses, accompany disclosures (including contingent liabilities). Those which management has assessed to have the most material effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

Items that have a significant effect on Judgements, estimates and assumptions and the respective notes that they are included in are as follows,

Item	Note
Going concern	2.12
Valuation of property, plant and equipment	16
Impairment of non-financial assets	3.3 (d)
Recognition of deferred tax assets	22
Measurement of fair value of unquoted investment	21
Measurement of loss rate to compute ECL Allowance for trade receivables	3.3 (d)
Measurement of defined benefit obligations: key actuarial assumptions	35
Measurement of contingent liabilities	3.13 & 39

2.10. Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 1.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.11. Offsetting

Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the "Material Accounting Policies" of the Company.

2.12. Going concern

The Group has prepared the financial statements for the year ended 31st March 2026 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the financial statements for the year ended 31st March 2026, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis.

The management has formed judgment that the Company, its subsidiaries, associates, and joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

Based on the publicly available information at the date these financial statements were authorised for issue, management considered a number of severe but plausible scenarios with respect to possible impact of the downside economic scenarios and climate related matters.

Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Having presented the outlook of the Group to the Board, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

3. MATERIAL ACCOUNTING POLICIES

There were no changes in material accounting policies used by the Group during the financial year.

3.1. Basis of consolidation

The Group's financial statements comprise of the consolidation of financial statements of the company its subsidiaries prepared in terms of Sri Lanka Accounting standard (SLFRS -10) - Consolidated Financial Statements and share of profit and loss and net assets of equity accounted investees prepared in terms of Sri Lanka Accounting standard (LKAS 28) - Investments in Associates and Joint Ventures.

3.1.1. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the recognised amount of any non-controlling interests in the acquiree plus if the business combination achieved in stages, the fair value of the pre-existing interest in the acquiree less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

3.1.2. Non-controlling interests

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading of "Non – controlling interest" in the Consolidated Income Statement. Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

The interest of the minority shareholders in the net assets employed of these companies are reflected under the heading of "Non – controlling interest" in the Consolidated Statement of Financial Position.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Adjustments to non-controlling interest arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3.1.3. Subsidiaries

Subsidiaries are those entities that are controlled by the Group. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect the amount of the investor's returns

When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decision about the relevant activities is made, who has the current ability to direct those activities and who receives returns from those activities.

When an investee's purpose and design are considered, it may be clear that an investee is controlled by means of equity instruments that give the holder proportionate voting rights, such as ordinary shares in the investee. In this case in the absence of any additional arrangements that alter decision making, the assessment of control focuses on which party, if any, is able to exercise voting rights sufficient to determine the investee's operating and financing policies. The investor that holds a majority of those voting rights, in the absence of any other factors, controls the investee.

Therefore, Group considers all relevant facts and circumstances in assessing whether it has power over an investee including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Entities that are subsidiaries of another entity which is a subsidiary of the Company are also treated as subsidiaries of the Company.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

3.1.4. Loss of control

When the Group loses control over a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value as at the date that control is lost. Subsequently, It is accounted for an equity accounted investee or as a FVOCI financial asset depending on the level of influence retained.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3.1.5. Investments in equity accounted investees (investments in associates and joint ventures)

Associates are those entities in which the Group has significant influence, but does not have control, over the financial and operating policies. A significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have the control or joint control over those policies. Significant influence is presumed to exist when the Group holds between 20% - 50% of the voting rights of another entity.

Joint ventures are arrangements in which the Group has joint control and have rights to the net assets of the arrangement. The Group has joint control in a venture when there is contractually agreed sharing of control of the venture and the decisions about the relevant activities of the venture require the unanimous consent of the parties sharing control.

The Group determines significant influence or joint control by taking into account similar considerations necessary to determine control over subsidiaries.

The Group's investment in associate and joint venture are treated as equity accounted investees and accounted for using the equity method and are recognised initially at cost, which includes transaction costs.

The carrying amount of the investment is increased or decreased to recognise the investor's share of net assets of the investee after the date of acquisition. The investor's share of Investee's profit or loss is recognised in the investor's profit or loss. Distributions received from an investee reduces the carrying amount of the investment. Adjustment to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in investee's other comprehensive income. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and not tested for impairment individually.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the Associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal the share of losses not recognised previously.

The statement of profit or loss reflects the Group's share of the results of operations of the associates or joint venture. Any changes in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in equity of the associate or joint venture the Group recognises its share of any changes when applicable in the statement of changes in equity.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

At each reporting date the Group determines whether there is objective evidence that the investment in associate or joint venture is impaired. If there is such evidence that the investment in associate or joint venture is impaired, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying values and then recognises the amount in share of losses of equity accounted investees or joint venture in the income statement.

The Group discontinues the use of the equity method from the date it ceases to have significant influence over an associate or joint control over the joint venture and accounts for the investment in accordance with the Group's accounting policy for financial instruments. Any difference between the carrying amount of the associate or the joint venture upon loss of significant influence or joint control and fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.1.6. Intra-group transactions

Transfer prices between Group entities are set on an arms-length basis in a manner similar to transactions with third parties.

3.1.7. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. Foreign currency

3.2.1. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to reporting currency using the exchange rate that was prevailing on the date the fair value was determined.

Foreign currency differences arising on retranslation generally are recognised in income statement. However, the following items are recognised in the other comprehensive income.

i. Differences arising on the retranslation of fair value through other comprehensive income equity investments which was recognised in other comprehensive income. Foreign currency gains and losses are reported on a net basis in the income statement.

ii. Gains and losses arising from translating the financial statements of foreign operations.

iii. Qualifying cash flows hedges to the extent that the hedge is effective.

3.2.2. Foreign operations

Group companies incorporated outside Sri Lanka or Sri Lankan companies where the reporting currency other than Sri Lankan Rupees are treated as foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the rate of exchange prevailing on the reporting date. The income and expenses of the foreign entities are translated at an exchange rate approximating the actual rate at the time of the transaction. For practical purposes this is presumed to be the average rate for each month.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest, in any other partial disposal of foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary items' receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised in other comprehensive income in the foreign currency translation reserve.

3.3. Financial instruments

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTES TO THE FINANCIAL STATEMENTS

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets –Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses:

Item	Basis of Measurement
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets.

In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(d) Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

Loss allowance for debt instruments is measured at 12-month ECL unless credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of the debt instrument has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

NOTES TO THE FINANCIAL STATEMENTS

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market to a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of writeoff based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Impairment Policy: Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of other assets, recognised in prior periods, is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Hedge accounting and cash flow hedge

'Hedging' is a process of using a financial instrument to mitigate all or some of the risk associated to a hedged item. 'Hedge accounting' changes the timing of recognising the gains and losses on either the hedged item or the hedging instrument so that both are recognised in profit or loss or other comprehensive income in the same accounting period in order to record the economic substance of the relationship between the hedged item and instrument.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on a prospective basis according to SLFRS 09 requirements.

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

Cash Flow Hedge

A hedge of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognises asset, liability or a highly probable forecast transaction that could affect the profit or loss is classified as a cash flow hedge.

When a non-derivative financial liability is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the non-derivative financial liability is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the non-derivative financial liability that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the non-derivative financial liability is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting (after taking into account any rebalancing of the hedging relationship) or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

3.4. Stated capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Preference Shares

Preference Share capital is classified as equity if it is non-redeemable or redeemable only at the Company's option and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in income statement as accrued.

3.5. Assets and bases of their valuation

3.5.1. Property, plant and equipment

3.5.1.1. Recognition and measurement

Items of property, plant and equipment other than land, are stated at costs less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition of its intended use. This also includes the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

All items of property, plant and equipment are recognised initially at cost.

The Group recognises land owned by them in the statement of financial position at their revalued amount. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land do not change other than by a significant amount at each reporting period, the Group will revalue such land every five years.

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Any surplus arising on the revaluation is recognised in other comprehensive income except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in income statement, in which case the credit to that extent is recognised in income statement. Any deficit on revaluation is recognised in the income statement except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in other comprehensive income. Therefore, revaluation increases and decreases cannot be offset, even within a class of assets.

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land owned by the Group based on market values, this is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The details of the land valuation are disclosed in Note No. 16.3.2 to the financial statements.

Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in income statement.

3.5.1.2. Significant components of property, plant and equipment

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment and depreciated separately based on their useful life.

3.5.1.3. Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the item will flow to the Group, and the cost of the item can be measured reliably. The costs of the day-to-day servicing and any other costs are recognised in the income statement as and when incurred.

3.5.1.4. Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier date that the asset is classified as held for sale or on the date that the asset is disposed of.

For assets acquired during the year, depreciation is charged for the full month in which the asset is available for use, regardless of the exact date of acquisition. This policy is consistently applied across all classes of depreciable assets in the Group.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

• Leasehold Premises	Over the remaining lease period
• Buildings	08- 50 years
• Plant and Equipment	10-20 years
• Kitchen Equipment	05 -15 years
• Office Equipment	03- 10 years
• Sports Equipment	05-10 years
• Motor Vehicles	04-06 years
• Motorboats	05 years
• Swimming Pool and Equipment	15- 30 years
• Furniture and Fittings	10- 20 years
• Crockery, Cutlery and Glassware	03-05 years
• Soft Furnishing	03-05 years

Depreciation is not provided on land and assets under construction.

The depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.5.2. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

• As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right of use assets and lease liabilities in 'Interest - bearing liabilities - leases' in the Statement of Financial Position.

Lease modifications

The Group shall account for a lease modification as a separate lease if both:

a. the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

b. the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group shall:

a) allocate the consideration in the modified contract

b) determine the lease term of the modified lease

c) remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group shall account for the remeasurement of the lease liability by:

a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.

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b) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

- **As a lessor**

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

3.5.3. Intangible assets

Initial recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets includes the purchase price, import duties, non-refundable purchase taxes and any directly attributable cost of preparing the asset for its intended use.

The cost of intangible assets acquired in a business combination is the fair value of the asset at the date of acquisition.

Subsequent costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Subsequent measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.5.3.1. Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets, the policy on measurement of goodwill is at initial recognition.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and impairment loss on such an investment is allocated to the carrying amount of the equity accounted investee.

3.5.3.2. Computer software

All computer software cost incurred, licensed for use by the Group, which does not form an integral part of related hardware, and which can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits are included under intangible assets and carried at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent measurement

Expenditure incurred on software is capitalised only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and this expenditure can be measured and attributed to the asset reliably.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are three years.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.5.4. Inventories

Inventories are measured at the lower of cost and net releasable value. The cost of inventories is based on a weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.5.5. Cash and cash equivalents

Cash and short-term deposits comprise of cash in hand and short-term, highly liquid investments that are readily convertible to a known amounts of cash with an original maturity of less than or equivalent to three months. Cash and short-term deposits are subject to insignificant risk of change in value.

Bank borrowings that are payable on demand or repayable within three months are treated as bank overdrafts and other short-term borrowings.

Cash and short-term deposits together with bank overdrafts and other short-term borrowings form an integral part of the Group's cash management activities and are included as a component of cash and cash equivalents for the purpose of preparing the statement of cash flows.

3.6. Liabilities and Provisions

3.6.1. Liabilities

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year of the reporting date. Non-current liabilities are those balances payable after one year from the reporting date.

All known liabilities are accounted for in the Statement of Financial Position.

3.6.2. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as a financial cost.

3.7. Employee benefits

3.7.1. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution plan, are recognised as an employee benefit expense in income statement in the periods during which services are rendered by employees.

3.7.1.1. Provident Fund and Trust Fund – Sri Lanka

All employees in Sri Lanka are members of the Employees' Provident Fund and Employees' Trust Fund, to which employers contribute 12% and 3% respectively of such employees' basic or consolidated wage or salary, cost of living and all other allowances.

3.7.1.2. Contribution to Retirement Pension Scheme - Maldives

All Maldivian employees of the Group are members of the Retirement Pension Scheme established in the Maldives. The Group contributes 7% of the pensionable wage of such employees to this scheme. Employers' obligations for contributions to pension scheme is recognised as an employee benefit expense in income statement in the periods during which services are rendered by employees.

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3.7.1.3. Employee Provident Fund - India

Group companies in India contribute a sum of 12% of the basic salaries of local employees and 12% of gross salary for foreign employees as provident fund benefits to the Employee Provident Organisation of India.

3.7.1.4. Defined Contribution Fund - Oman

Group companies in Oman contribute a sum of 13.5% of the Omani employee's gross salary and 1% from expat's employee's gross salary w.e.f. August 2024 in accordance with Social Security Insurance Law. Contributions to a defined contribution retirement plan are recognised as an expense in the statement of comprehensive income as incurred.

3.7.2. Defined Benefit Plans – Retiring Gratuities

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

3.7.2.1 Retiring Gratuity – Sri Lanka

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the Projected Unit Credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

The defined benefit plan is valued by a professionally qualified external actuary.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees. However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that related to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of defined benefit plans when the settlement occurs.

The liability is not externally funded.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in staff cost in income statement.

3.7.2.2. Defined Benefit Plans – Oman

Gratuity is provided as per the labour law of Sultanate of Oman due to expatriate employees upon termination/completion of employment which is computed based on one month's basic salary for each year of employment.

3.7.2.3. Defined Benefit Plans – India

A liability is provided for employees in India based on a valuation made by an independent actuary using unit credit method for payment of gratuity at the rate of 15/26 times the monthly qualifying salary for each year of service.

3.7.3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee and the obligation can be measured reliably.

3.8. Revenue and Income

Group revenue represents sales to customers outside the Group and excludes value added tax.

3.8.1. SLFRS 15- Revenue from contracts with Customers

SLFRS 15 established a comprehensive framework for determining how much and when revenue is recognised. Revenue is measured based on the consideration specified in a contract with a customer. Under SLFRS 15, the Group revenue is recognise when a customer obtains control of the goods or services – Determining the timing of the transfer of control – at a point in time or over time requires judgement.

Under SLFRS 15, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur.

The following specific criteria are used for the purpose of recognition of revenue:

- Apartment revenue is recognised for the rooms occupied on a daily basis. All revenues are recognised on an accrual basis over the time of the duration of the stay of the customer and matched with the related expenditure where they simultaneously receive and consume the benefits of the services rendered.
- Restaurant revenue includes the revenue recognised on the sale food and beverage. All revenue is accounted for at the time of sale.
- Bar revenue is accounted for at the time of sale.
- The spa is operated by a third party and invoices are raised together with the spa bills. Spa related revenue is recognised gross after completion of service / treatments.

- Transfers and excursions include the consideration earned from providing excursions to customers that represents sea plane and boat transfers services provided to customers who enter into contacts with Maldives Hotels. Revenue is recognised for at the time of rendering the service.
- Telephone, laundry, diving and windsurfing represent the services provided to customers which are implied as business practice in the industry. All revenue is recognised at the time of rendering the service.
- Management fee represents the fees for managing hotels that are computed based on the industry norms. All revenue is recognised at the time of provision of management services.

3.8.2. Other income

- Rent and shop income represents the rental income arising from renting space on the hotel premises. All revenue is recognised on a straight-line basis over the term of hire.
- Dividend income is recognised when the right to receive dividends is established, which is generally when the dividend is declared. Dividend income is included under other operating income.

3.9. Expenses

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income statement in arriving at the profit for the year.

3.10. Finance Income/ (Expenses)

Finance income comprises interest income on funds invested. Gains on the disposal of interest generating investment classified under financial assets measured at amortised cost is recognised under finance income.

Interest income is recognised as it accrues in the income statement, using the effective interest method.

Finance expenses comprise interest expenses on borrowings and interest on lease liabilities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the asset.

3.11. Income tax expenses

Income tax expense comprises both current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised directly in equity, in which case is recognised in the statement of comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

The Group determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, contingent liabilities and contingent assets.

3.11.1. Current taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

3.11.2. Companies incorporated in Sri Lanka

Provision for current tax for companies incorporated in Sri Lanka has been computed in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

3.11.3. Companies incorporated outside Sri Lanka

Provision for current tax for companies incorporated outside Sri Lanka have been computed in accordance to the relevant tax statutes as disclosed in Note No. 13.2 to the financial statements.

3.11.4. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investment in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

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Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Group statement of financial position and are not offset against each other.

3.11.5. Social Security Contribution Levy (SSCL)

Social Security Contribution Levy shall be paid by any person carrying on the business of providing a service, on the liable turnover specified in the second schedule of the Social Security Contribution Levy Act No 25 of 2022 and its amendments thereto, at the rate of 2.5%.

3.11.6. Transfer Pricing

As prescribed in the Inland Revenue Act No. 24 of 2017 and the Gazette notifications issued on transfer pricing, companies in the Group have complied with the arm's length principles relating to transfer pricing.

3.12. Statement of cash flows

The cash flow statement has been prepared using the "Indirect Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of Cash Flow', whereby operating activities, investing activities and financing activities are separately recognised.

Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.13. Capital commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control. Capital commitments and contingent liabilities of the Group are disclosed in Note No. 48 and 39 to the financial statements.

3.14. Events occurring after the reporting date.

All material post reporting date events have been considered and where appropriate adjustment to or disclosures have been made in the financial statements.

3.15. Earnings per share (EPS)

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.16. Segmental Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results are reviewed regularly by the Group's Chairman/Chairperson and Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.16.1. Primary and Secondary Segments

The Group is in the hospitality industry and cannot segment its products and services. The Group manages hotels in two principal geographical areas, namely Sri Lanka sector and South Asia & Middle East sector. In presenting segmental information segment revenue and assets are based on the geographical locations of the assets. The primary segment is considered to be the geographical segments based on the Group's management and internal reporting structure.

i) Segmental information analysed by geographical segments is disclosed in Note No. 06 to the financial statements.

ii) All transfers made between the hotels in the Group are based on normal market price.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market that is accessible by the Group for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The following new or amended standards and interpretations have been issued, but not yet effective, as at the reporting date of the Consolidated Financial Statements. These are not expected to result in material impact to the Group on adoption.

- **Sri Lanka Accounting Standard – SLFRS 18 on "Presentation and Disclosure in Financial Statements"**

SLFRS 18 is a new accounting standard for presentation and disclosure in Financial Statements with effect from 1 January 2027. SLFRS 18 will replace the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements" and applies to the Group effective from 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the Statement of Profit or Loss, namely operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit sub totals. Entities' net profit will not change.
- Management – defined Performance Measures (MPMs) are disclosed in a single note in the Financial Statements.
- Enhanced guidance is provided on how to group information in the Financial Statements.

In addition, all entities are required to use the operating profit subtotals as the starting point for the Statement of Cashflows when presenting operating cashflows under indirect method.

The Group is still in the process of assessing the impact of the new accounting standards, particularly with respect to the structure of the Group's Income Statement, the Statement of Cashflows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the Financial Statements including items currently labelled as 'other'.

- **Sri Lanka Accounting Standard – SLFRS 19 on "Subsidiaries without Public Accountability"**

SLFRS 19 is a new accounting standard for subsidiaries to apply the recognition, measurement, and presentation requirements of full SLFRS Standards while applying a reduced set of disclosure requirements in Financial Statements with effect from 1 January 2027. The Group does not expect this will result in a material impact on its Consolidated Financial Statements. However, this may have an impact on the separate Financial Statements of the subsidiaries of the Company as appropriate.

- **Annual improvements to SLFRS Accounting Standards – Volume II**

The amendments apply for annual reporting periods beginning on or after 1 January 2026. These changes are not expected to have a significant impact on the Group's Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

6 OPERATING SEGMENTS

The Group manages hotels in two principal geographical areas namely, Sri Lanka and South Asia & Middle East. In presenting segmental information, segment revenue and segmental assets are presented based on the geographical location of the assets. The Group's primary segment is considered to be the geographical segments based on the Group's management and internal reporting structure.

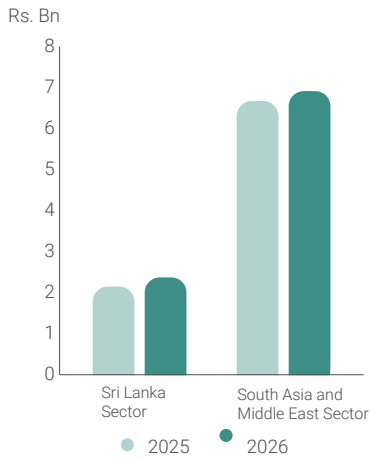
The following tables present revenue and profit information based on the Group's operating segments.

	Sri Lanka Sector						South Asia and Middle East Sector		Group	
	Resorts and Hotels		Others		Total					
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000	**Rs. '000**	Rs. '000	**Rs. '000**	Rs. '000	**Rs. '000**	Rs. '000
Geographical segmental analysis of Group revenue and profit										
For the year ended 31 st March										
- External revenue	**12,841,554**	11,966,829	**74,420**	60,317	**12,915,974**	12,027,146	**39,433,278**	36,713,877	**52,349,252**	48,741,023
- Intra group revenue	**15,099**	12,265	**1,432,680**	1,410,606	**1,447,779**	1,422,871	**129,227**	16,599	**1,577,006**	1,439,470
Total revenue	**12,856,653**	11,979,094	**1,507,100**	1,470,923	**14,363,753**	13,450,017	**39,562,505**	36,730,476	**53,926,258**	50,180,493
Less: Total Intra group revenue	**(15,099)**	(12,265)	**(1,432,680)**	(1,410,606)	**(1,447,779)**	(1,422,871)	**(129,227)**	(16,599)	**(1,577,006)**	(1,439,470)
Net segmental revenue (Revenue from external customers)	**12,841,554**	11,966,829	**74,420**	60,317	**12,915,974**	12,027,146	**39,433,278**	36,713,877	**52,349,252**	48,741,023
Profit/(losss) from operations	**2,658,094**	2,478,983	**(284,700)**	(328,119)	**2,373,394**	2,150,864	**6,917,181**	6,676,361	**9,290,575**	8,827,225
Finance income	**260,683**	173,746	**16,649**	27,812	**277,332**	201,558	**244,767**	200,563	**522,099**	402,121
Finance cost	**(838,624)**	(955,573)	**(144,890)**	(238,392)	**(983,514)**	(1,193,965)	**(2,209,092)**	(3,129,165)	**(3,192,606)**	(4,323,130)
Share of profit/(loss) of equity accounted investees	**(1,563)**	-	**(42,273)**	23,344	**(43,836)**	23,344	**-**	-	**(43,836)**	23,344
Profit/(loss) before taxation	**2,078,590**	1,697,156	**(455,214)**	(515,355)	**1,623,376**	1,181,801	**4,952,856**	3,747,759	**6,576,232**	4,929,560
Income tax expense	**(691,258)**	(647,177)	**(197,798)**	(193,627)	**(889,056)**	(840,804)	**(657,724)**	(500,294)	**(1,546,780)**	(1,341,098)
Profit/(loss) for the year	**1,387,332**	1,049,979	**(653,012)**	(708,982)	**734,320**	340,997	**4,295,132**	3,247,465	**5,029,452**	3,588,462
Capital expenditure	**599,234**	644,224	**776**	572	**600,010**	644,796	**1,283,757**	975,690	**1,883,767**	1,620,486
Depreciation, amortisation and impairment	**795,212**	759,706	**671**	837	**795,883**	760,543	**4,737,366**	4,503,193	**5,533,249**	5,263,736
Other non-cash expenses	**42,341**	45,054	**31,261**	75,165	**73,602**	120,219	**19,346**	193,052	**92,948**	313,271

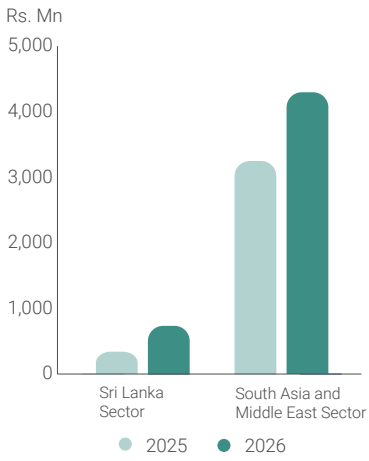
Net segmental revenue
For the year Ended 31st March



Operating Profit
For the year ended 31st March



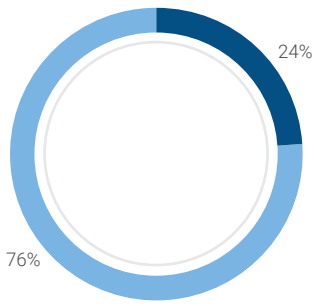
Profit for the year
For the year ended 31st March



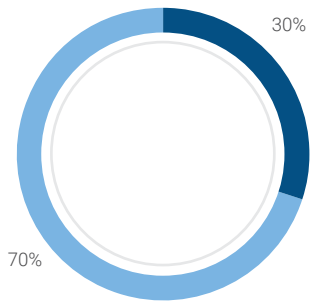
The following tables present assets, liabilities and net assets based on the Group's operating segments.

	Sri Lanka Sector						South Asia and Middle East Sector		Group	
	Resorts and Hotels		Others		Total					
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000	**Rs. '000**	Rs. '000	**Rs. '000**	Rs. '000	**Rs. '000**	Rs. '000
Geographical segmental analysis of Group assets and liabilities										
As at 31 st March										
Segmental non - current assets	**19,390,197**	15,896,228	**281,200**	276,484	**19,671,397**	16,172,712	**73,649,375**	61,714,520	**93,320,772**	77,887,232
Segmental current assets	**7,748,477**	6,584,281	**840,053**	788,682	**8,588,530**	7,372,963	**14,397,805**	10,728,366	**22,986,335**	18,101,329
Segmental assets classified as held for sale	**-**	-	**-**	-	**-**	-	**-**	36,112	**-**	36,112
Equity accounted investees	**180,117**	-	**87,052**	111,040	**267,169**	111,040	**-**	-	**267,169**	111,040
Total Assets	**27,318,791**	22,480,509	**1,208,305**	1,176,206	**28,527,096**	23,656,715	**88,047,180**	72,478,998	**116,574,276**	96,135,713
Segmental non - current liabilities	**13,002,462**	7,461,584	**19,797**	677,859	**13,022,259**	8,139,443	**37,046,472**	25,162,691	**50,068,731**	33,302,134
Segmental current liabilities	**7,128,866**	11,331,148	**1,971,323**	1,478,132	**9,100,189**	12,809,280	**14,255,405**	15,560,990	**23,355,594**	28,370,270
Total Liabilities	**20,131,328**	18,792,732	**1,991,120**	2,155,991	**22,122,448**	20,948,723	**51,301,877**	40,723,681	**73,424,325**	61,672,404
Net Assets	**7,187,463**	3,687,777	**(782,815)**	(979,785)	**6,404,648**	2,707,992	**36,745,303**	31,755,317	**43,149,951**	34,463,309

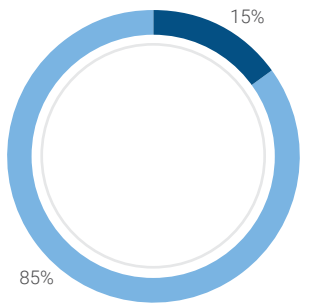
Segmental Analysis - Assets
As at 31st March 2026



Segmental Analysis - Liabilities
As at 31st March 2026



Segmental Analysis - Net Assets
As at 31st March 2026



7 REVENUE

7.1 Revenue breakdown

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Total revenue	**53,926,258**	50,180,493	**1,481,452**	1,386,364
Intra group revenue	**(1,577,006)**	(1,439,470)	**-**	-
Revenue excluding intra group revenue	**52,349,252**	48,741,023	**1,481,452**	1,386,364
Revenue tax	**(1,869,064)**	(1,236,485)	**(34,665)**	(28,128)
Net revenue	**50,480,188**	47,504,538	**1,446,787**	1,358,236

NOTES TO THE FINANCIAL STATEMENTS

7.2 Revenue streams

The companies in the Group are primarily involved in hoteliering and generate revenue from provision of accommodation, food, beverages and other related services to customers. Other sources of revenue include income from renting the hotel spaces to provide other value added services to customers.

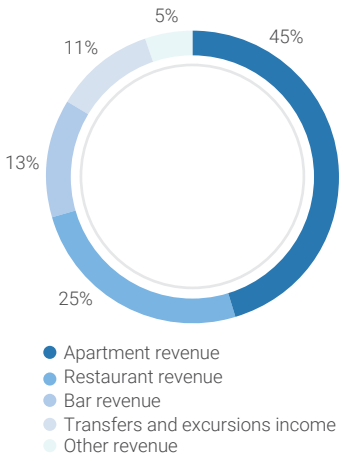
	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Revenue from contracts with customers	**51,822,099**	48,249,854	**1,477,732**	1,382,864
Other revenue				
- Rent and shop income	**527,153**	491,169	**3,720**	3,500
Total	**52,349,252**	48,741,023	**1,481,452**	1,386,364

7.3 Disaggregation of revenue from contracts with customers

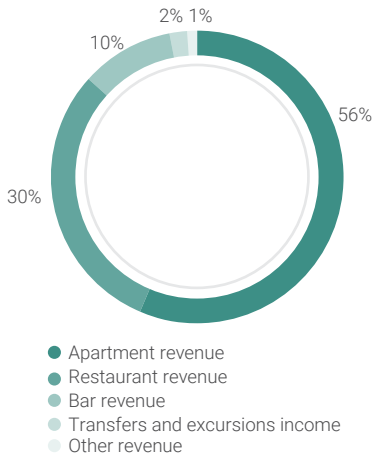
7.3.1 Type of service rendered

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Apartment revenue	**23,644,728**	21,080,336	**446,826**	389,537
Restaurant revenue	**12,919,733**	12,606,717	**833,999**	811,879
Bar revenue	**6,975,557**	6,908,012	**150,745**	143,909
Spa and ayurvedic related income	**1,055,089**	1,077,392	**32,110**	30,881
Transfers and excursions income	**5,970,207**	5,443,297	**312**	-
Telephone charges income	**319**	413	**4**	7
Diving and windsurfing income	**1,110,166**	1,024,768	**-**	-
Laundry revenue	**71,880**	48,602	**13,736**	6,651
Management fees income	**74,420**	60,317	**-**	-
	51,822,099	48,249,854	**1,477,732**	1,382,864
Rent and shop income	**527,153**	491,169	**3,720**	3,500
Total	**52,349,252**	48,741,023	**1,481,452**	1,386,364

Types of Revenue Rendered - Group
For the year ended 31st March 2026



Types of Revenue Rendered - Company
For the year ended 31st March 2026



7.3.2 Geographical markets

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
- Sri Lanka	**12,915,974**	12,027,146	**1,481,452**	1,386,364
- South Asia and Middle East	**39,433,278**	36,713,877	**-**	-
	52,349,252	48,741,023	**1,481,452**	1,386,364

7.3.3 Timing of Revenue Recognition

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
- Revenue recognised at a point in time	**28,177,371**	27,169,518	**1,030,906**	993,327
- Revenue recognised over time	**24,171,881**	21,571,505	**450,546**	393,037
	52,349,252	48,741,023	**1,481,452**	1,386,364

7.4 Performance obligations

Performance obligations of a hotel entity mainly include promises which are carried out on a contractually agreed upon task.

Performance obligations of the Group could be mainly summarised as detailed below:

Type of service	Nature and timing of the satisfaction of performance obligation	Significant payment terms
Provision of accommodation	The main obligation in the customer contract is to provide rooms for guests accommodation. This is represented in the apartment revenue reported in the financial statements. This revenue category is recognised when the rooms are occupied on a daily basis over the stay. Invoice is raised to customer on completion of the duration of the stay.	Due within 30 days from the date of invoice.
Provision of food and beverages	The following services are rendered under this performance obligation: 1. Provision of Bed and Breakfast (BB), Half Board (HB) and Full Board (FB) meal for guests occupying the hotels which is as per the contract entered into. Revenue is recognised at the time of the food sale and invoice to the customers on the completion of the stay.	Due within 30 days from the date of invoice.
	2. Provision of extra food and beverages revenue is recognised at the time of sale and invoice to the customers at the time of consumption.	Due at the time of service is rendered.

NOTES TO THE FINANCIAL STATEMENTS

Type of service	Nature and timing of the satisfaction of performance obligation	Significant payment terms
Transfers and excursions	This obligation is for customers entering into contract with hotels in the Maldives. Sea plane and boat transfers are provided to customers to reach the hotels and back as part of the contracts entered into. Revenue is recognised at the time of provision of service and invoiced to the customers at the time of the completion of the stay.	Due within 30 days from the date of invoice.
Provision of laundry, telephone, water sports , spa services etc.	These services are provided to customers as they are implied as business practices in the industry and create a valid expectation of the customer. Revenue is recognised at the time of provision of service and invoice is raised at the time of service is consumed.	Due at the time of service is rendered.
Management fees	This obligation is for hotels entering in to contracts with hotel management companies. Property management services, handling of employees' related activities, marketing and promotional activities and other related management services are mainly rendered under this performance obligation. Revenue is recognised over the period and invoiced on monthly basis.	Due twice a year on completion of first six months and on completion of year end audit.

Warranties and obligations to refunds and other similar obligations are handled on a case by case basis.

7.5 Allocating the transaction price to performance obligations

In allocating the transaction price to each performance obligation based on the amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring of promised services to the customers.

7.6 Contract Assets and Contract Liabilities

The contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date

The contract liabilities primarily relate to the advance consideration received from customers for future stay in hotels, for which revenue is recognized over the time.

However companies in the Group recognise considerations or payments received prior to transferring of services to customer against what is rightfully due at the time of transferring the services. These amounts have been recognised as contractual liabilities in the financial statements.

7.6.1 Contract balances

		Group		Company	
As at	Notes	**31.03.2026**	31.03.2025	**31.03.2026**	31.03.2025
		Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Trade receivables	24	**3,940,941**	3,014,869	**119,814**	133,574
Contract liabilities	7.6.2	**3,536,041**	3,240,694	**40,555**	41,276

7.6.2 Contract liabilities

	Group		Company	
For the year	**2025/2026**	2024/2025	**2025/2026**	2024/2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Contract liabilities balance as at 01 st April	**3,240,694**	2,418,761	**41,276**	19,737
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	**(2,808,432)**	(1,890,242)	**(2,191)**	(8,926)
Advances received from customers during the reporting period	**35,839,466**	34,892,714	**703,744**	469,264
Revenue recognised in the reporting period from performance obligations satisfied during current period	**(32,878,451)**	(31,982,006)	**(702,274)**	(438,799)
Write back of unutilised old reservation advances	**(43,382)**	(126,101)	**-**	-
Effect of movement in exchange rates	**186,146**	(72,432)	**-**	-
Contract liabilities balance as at 31st March (Note 36)	**3,536,041**	3,240,694	**40,555**	41,276

8 OTHER INCOME (NET)

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Recreation income	**19,668**	10,607	**486**	284
Dividends from Group subsidiaries and equity accounted investees	**-**	-	**161,005**	165,073
Profit/(loss) on disposal of property, plant and equipment	**(8,150)**	(29,383)	**2,317**	(279)
Profit on disposal of assets held for sale	**2,514**	-	**-**	-
Net foreign exchange gains/(losses)	**(286,380)**	(30,475)	**28,999**	(2,995)
Insurance claims received	**46,508**	63,440	**-**	-
Sundry income	**80,816**	59,220	**3,332**	2,567
Total	**(145,024)**	73,409	**196,139**	164,650

9 OTHER OPERATING EXPENSES - DIRECT

Other operating expenses - direct disclosed in the income statement refers to the cost of material and services other than staff costs, which are directly related to revenue.

10 OTHER OPERATING EXPENSES - INDIRECT

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Administration and establishment	**5,063,923**	4,736,973	**222,478**	226,142
Repairs and maintenance	**2,294,706**	1,960,791	**88,540**	78,698
Energy	**2,714,422**	3,151,903	**115,840**	130,115
Selling and marketing	**3,662,605**	3,351,178	**111,602**	104,213
Management fees	**925,752**	798,080	**68,687**	53,406
Total	**14,661,408**	13,998,925	**607,147**	592,574

NOTES TO THE FINANCIAL STATEMENTS

11 PROFIT FROM OPERATIONS

Profit from operations is stated after charging all expenses including the following

		Group		Company	
For the year ended 31st March	Notes	**2026**	2025	**2026**	2025
		Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Cost of inventories and services		**12,391,455**	11,811,417	**379,556**	384,559
Directors fees and emoluments		**Nil**	Nil	**Nil**	Nil
Auditors' remuneration					
- KPMG		**16,725**	15,732	**1,647**	1,525
- Other auditors		**4,877**	4,714	**-**	-
Fees paid to Auditors for non audit services					
- KPMG		**10,786**	7,551	**2,882**	2,630
- Other auditors		**26,232**	26,275	**1,207**	-
Depreciation of property, plant and equipment	16	**4,145,925**	3,928,122	**87,403**	73,196
Amortisation and impairment					
- Amortisation of right-of-use assets and intangible assets	17/18	**1,265,403**	1,239,352	**833**	139
- Impairment of investment in subsidiaries and equity accounted investees		**-**	-	**28,281**	15,418
- Impairment of non financial assets	18	**79,057**	81,816	**-**	-
- Impairment/(reversal of impairment) of inventories	23	**40,550**	14,504	**(212)**	1,954
- Impairment/(reversal of impairment) of financial assets		**2,314**	(58)	**6**	(1)
Donations		**4,276**	1,132	**-**	-
Defined contribution plan cost - EPF		**98,147**	88,566	**19,251**	18,754
Defined contribution plan cost - ETF		**26,155**	23,585	**4,816**	4,619
Defined contribution plan cost - India		**21,478**	19,584	**-**	-
Defined contribution plan cost - Oman		**21,510**	18,928	**-**	-
Defined contribution plan cost - Maldives		**78,757**	76,728	**-**	-
Defined benefit plan cost - retirement benefit	35.3	**84,692**	65,184	**11,715**	11,014
Impairment/(reversal of impairment) of trade debtors	42.4.1	**(48,923)**	218,704	**592**	1,915
Write off of Capital work-in progress	16	**51,543**	-	**-**	-
Legal expenses		**23,997**	15,729	**5,184**	2,126
Expenses relating to short-term leases and leases of low value assets	33.5	**446,571**	448,503	**-**	-

12 NET FINANCING EXPENSE

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Finance income				
Interest income on financial assets measured at amortised cost	**522,099**	402,121	**127,572**	127,982
	522,099	402,121	**127,572**	127,982
Finance expenses				
Interest expense on financial liabilities measured at amortised cost	**(2,590,217)**	(3,654,599)	**(238,560)**	(256,138)
Interest expense on lease liabilities	**(602,389)**	(668,531)	**-**	-
	(3,192,606)	(4,323,130)	**(238,560)**	(256,138)
Net Finance expense	**(2,670,507)**	(3,921,009)	**(110,988)**	(128,156)

13 INCOME TAX EXPENSE

The income tax provision of Aitken Spence Hotel Holding PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka is calculated in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

Aitken Spence Hotel Holdings PLC, being a Company engaged in the promotion of tourism is liable for tax at a standard rate of 30% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

Income tax expense for the year includes, Advance Income Tax (AIT) / Withholding Tax (WHT) of 15% deducted on the dividend distributions made by resident companies of the Group from their taxable profits.

The Group has adjusted any adjustments relating to income tax payable or receivable balances in respect of previous years.

The taxation details of the other companies in the Group are disclosed in Note 13.1, 13.2 and 13.3.

13.1 Sri Lankan operations

Companies incorporated in Sri Lanka and operating outside Sri Lanka

The business profits and income of Aitken Spence Hotel Management Asia (Pvt) Ltd and Aitken Spence Hotels International (Pvt) Ltd would be liable to tax at the concessionary tax rate of 15% and companies are entitled to deduct income tax paid in foreign jurisdictions as foreign tax credits Management fee income and dividend income received from Republic of Maldives is subject to 10% withholding tax at source as per the Income Tax Act of Republic of Maldives and the profits earned by the Company in Oman is taxed at 15%.

The business profits and income of Aitken Spence Hotel Management Asia (Pvt) Ltd and Aitken Spence Hotels International (Pvt) Ltd such income are exempt from income tax up to 31st March 2025, in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto as service rendered in or outside Sri Lanka to any person to be utilised outside Sri Lanka, where the payment for such services is received in foreign currency through a bank.

Companies liable to income tax at standard rate

The business profits and income of Hethersett Hotels Ltd , Aitken Spence Hotels Ltd, Kandalama Hotels (Pvt) Ltd, and Turyaa (Pvt) Ltd, being companies engaged in the promotion of tourism are liable for tax at a standard rate of 30% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The business profits and income of Neptune Ayurvedic Village (Pvt) Ltd arising from leasing out land, is liable for tax at a standard rate of 30% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

Companies exempt from income tax

The business profits of Ahungalla Resorts Ltd is exempt from income tax under section 17A of Inland Revenue (amendment) Act No. 8 of 2012 for a period of 12 years ending 2029/30.

13.2 Overseas operations

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to overseas companies.

The business profits of Jetan Travel Services Company Pvt Ltd, Cowrie Investment Pvt Ltd, ADS Resorts Pvt Ltd, Unique Resorts Pvt Ltd, Crest Star (BVI) Ltd, PR Holiday Homes Pvt Ltd, Perumbalam Resorts Pvt Ltd, Aitken Spence Hotel Services Pvt Ltd, Aitken Spence Hotel Managements South India Pvt Ltd and Aitken Spence Resorts [Middle East] LLC, being non resident companies in Sri Lanka and not deriving Income from Sri Lanka are out of the Scope of Income Taxation in Sri Lanka.

The business profits of Jetan Travel Services Company Pvt Ltd, Cowrie Investment Pvt Ltd, ADS Resorts Pvt Ltd and Unique Resorts Pvt Ltd which are incorporated in the Republic of Maldives are liable for corporate tax in Maldives at a rate of 15% as per Income Tax Act of Republic of Maldives.

Crest Star (BVI) Ltd, a company incorporated in the British Virgin Islands is exempt from Income Tax.

The business profits of PR Holiday Homes Pvt Ltd, Perumbalam Resorts Pvt Ltd and Aitken Spence Hotel Services Pvt Ltd; being Companies incorporated in India is liable for tax at a rate of 25.17% in India, when the Company commences commercial operations.

NOTES TO THE FINANCIAL STATEMENTS

The business profits of Aitken Spence Hotel Managements South India Pvt Ltd, being a Company incorporated in India is liable to an effective income tax rate of 25.17% as per the Indian tax law.

The business profits of Aitken Spence Resorts (Middle East) LLC, being a Company incorporated in Oman is liable for corporate tax rate of 15% as per the Oman tax law.

13.3 Associate and joint venture companies

The business profits and income of Browns Beach Hotels PLC arising from leasing of land to Negombo Beach Resorts (Pvt) Ltd to construct and operate a Hotel is liable for income tax at a standard rate of 30% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The business profits of Negombo Beach Resorts (Pvt) Ltd, is exempt from income tax under section 17 A of Inland Revenue (amendment) Act No. 08 of 2012 for a period of 12 years ending 2029/30.

The business profits and income of Amethyst Leisure (Pvt) Ltd, is liable for income tax at a standard rate of 30% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The business profits and income of Paradise Resorts Passikudah (Pvt) Ltd, being a Company engaged in the promotion of tourism is liable to income tax at a standard rate of 30% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The business profits and income of Aitken Spence Hotel Managements (Pvt) Ltd, arising from management of Sri Lankan hotels and exporting of goods to hotels in Maldives, is liable for income tax at a standard rate of 30% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The business profits and income of Aitken Spence Resources (Pvt) Ltd, being a company involved in the business as agents for recruitment and supply of human resources for employment in abroad, is liable for income tax at a standard rate of 30% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

13.4 Deferred tax expense

Deferred tax expense on companies resident in Sri Lanka are calculated based on the tax rates specified in the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The deferred tax expense associated with the revaluation of non-depreciable assets, such as land, takes into account the tax implications that would arise upon the sale of those assets. Furthermore, the Group recognises deferred tax expense for the taxes that are applicable to the undistributed profits of its subsidiary companies.

The Group applied deferred tax related to assets and liabilities arising from a Single Transaction where a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets has been recognised.

IFRIC interpretation 23 - uncertainty over income tax treatment

IFRIC 23 "Uncertainty over income tax treatments" provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there is an uncertainty over the income tax treatment. The Group has applied significant judgement in identifying uncertainties over income tax treatments for the year and the Group has determined that there were no uncertainties in tax treatments that has an impact on the income tax expense or warrants any disclosure.

13.5 Tax losses carried forward

As per section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto, any unclaimed tax losses incurred during the year from business or investment could be carried forward for further six years. Companies in the Group have evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognised accordingly. Deferred tax assets recognised on tax losses would be reviewed at each reporting date based on the taxable profit forecasts and would be reduced to the extent of recoverable amount.

13.6 In determining the arm's length price, the Group has complied with the transfer pricing regulations prescribed in the Inland Revenue Act and the Gazette notifications issued on transfer pricing.

13.7 Tax recognised in income statement

		Group		Company	
For the year ended 31st March		**2026**	2025	**2026**	2025
	Notes	**Rs. '000**	Rs. '000	**Rs. '000**	Rs. '000
Current tax expense					
Tax on current year profits	13.9	**1,275,405**	1,061,240	**-**	-
Changes in estimates related to prior years		**(5,764)**	(267)	**-**	-
Withholding tax on dividends paid by subsidiaries		**72,116**	112,439	**-**	-
		1,341,757	1,173,412	**-**	-
Deferred tax expense/(reversal)	13.10				
Impact of changes in tax rates	13.7.1	**-**	(18,039)	**-**	-
Origination/(reversal) of temporary differences		**205,023**	185,725	**(8,838)**	34,589
		205,023	167,686	**(8,838)**	34,589
Total		**1,546,780**	1,341,098	**(8,838)**	34,589
Effective tax rate (including deferred tax)		**23.5%**	27.2%	**(5.4%)**	44.8%
Effective tax rate (excluding deferred tax)		**20.4%**	23.8%	**0.0%**	0.0%

Income tax expense excludes, the Group's share of tax expense of the equity-accounted investees recognised in profit/(loss) of Rs. 8.9 Mn (2024/2025 - Rs. 12.5 Mn) which is included in 'share of profit of equity-accounted investees (net of tax)'.

13.7.1 Impact of changes in tax rates

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Related to deferred tax assets/liabilities at the beginning of the year	**-**	-	**-**	-
Related origination of temporary differences during the year	**-**	(18,039)	**-**	-
Total	**-**	(18,039)	**-**	-

During the year, there was no change in the income tax rates in the countries in which the Group operates.

For the year ended 31st March 2025, the impact of change in tax rates reflect the imposition of 15% income tax from 1st April 2025 on the foreign sourced income and the service providers rendering services in or outside Sri Lanka, to any person to be utilized outside Sri Lanka, earning in foreign currency. Such income was exempt up to 31st March 2025 and the deferred tax impact reflect the impact of substantially enacted tax rate change.

NOTES TO THE FINANCIAL STATEMENTS

13.8 Tax recognised in other comprehensive income

13.8.1 Group

For the year ended 31st March	2026 Before Tax	2026 Tax (expense)/ reversal	2026 Net of Tax	2025 Before Tax	2025 Tax (expense)/ reversal	2025 Net of Tax
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Items that will never be reclassified to profit or loss						
Revaluation of property, plant and equipment	**3,282,332**	**(904,386)**	**2,377,946**	-	(13,452)	(13,452)
Share of other comprehensive income of equity accounted investees (net of tax)	**17,749**	**-**	**17,749**	24,511	-	24,511
Actuarial losses arising from retirement benefit obligations	**(5,827)**	**3,464**	**(2,363)**	(25,051)	5,468	(19,583)
	3,294,254	**(900,922)**	**2,393,332**	(540)	(7,984)	(8,524)
Items that are or may be reclassified to profit or loss						
Foreign currency translation differences of foreign operations	**1,470,325**	**-**	**1,470,325**	(494,289)	-	(494,289)
Net movement in cash flow hedge	**(42,609)**	**-**	**(42,609)**	679,261	-	679,261
	1,427,716	**-**	**1,427,716**	184,972	-	184,972
Total	**4,721,970**	**(900,922)**	**3,821,048**	184,432	(7,984)	176,448

Tax recognised in other comprehensive income excludes, the Group's share of tax expense of the equity-accounted investees recognised in the other comprehensive income of Rs. 0.7 Mn (2024/2025 - Rs. 0.2 Mn) which has been included in 'share of other comprehensive income of equity-accounted investees (net of tax)'.

13.8.2 Company

For the year ended 31st March	2026 Before Tax	2026 Tax (expense)/ reversal	2026 Net of Tax	2025 Before Tax	2025 Tax reversal	2025 Net of Tax
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Items that will never be reclassified to profit or loss						
Revaluation of property, plant and equipment	**906,618**	**(271,985)**	**634,633**	-	-	-
Actuarial losses arising from retirement benefit obligations	**(3,107)**	**932**	**(2,175)**	(11,578)	3,473	(8,105)
Total	**903,511**	**(271,053)**	**632,458**	(11,578)	3,473	(8,105)

13.9 Reconciliation of accounting profit and current year tax

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Profit before tax	**6,576,232**	4,929,560	**135,693**	61,750
Consolidated adjustments	**43,836**	(23,344)	**-**	-
Profit after adjustments	**6,620,068**	4,906,216	**135,693**	61,750
Income not liable for income tax	**(401,961)**	(1,208,039)	**(12,348)**	(16,218)
Effect of revenue subject to tax at source	**1,085,390**	1,654,195	**-**	-
Adjusted profit	**7,303,497**	5,352,372	**123,345**	45,532
Non - taxable receipts / gains	**-**	-	**(161,005)**	(165,073)
Aggregate disallowed expenses	**5,307,029**	4,767,116	**157,583**	115,837
Capital allowances	**(4,435,800)**	(4,515,084)	**(82,412)**	(73,727)
Aggregate allowable deductions	**(549,312)**	(638,741)	**(50,964)**	(30,735)
Utilisation of tax losses	**(2,588,382)**	(1,781,946)	**(115,210)**	(111,759)
Current year tax losses not utilised	**2,030,530**	3,142,385	**128,663**	219,925
Taxable income	**7,067,562**	6,326,102	**-**	-
Income tax charged at;				
- Standard rate 30%	**528,828**	387,176	**-**	-
- Concessionary rates of 10%, 12%, 15% or 20%	**73,363**	-	**-**	-
- Varying rates on off - shore profits	**673,214**	674,064	**-**	-
Tax on current year profits	**1,275,405**	1,061,240	**-**	-
Changes in estimates related to prior years	**(5,764)**	(267)	**-**	-
Withholding tax on dividends paid by subsidiaries	**72,116**	112,439		
Current tax expense	**1,341,757**	1,173,412	**-**	-

13.10 Deferred tax expense/(reversal)

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Origination / (reversal) of temporary differences arising from:				
Accelerated depreciation for tax purposes on property, plant and equipment	**134,227**	199,037	**(1,817)**	6
Defined benefit obligations	**(11,432)**	(8,897)	**(1,433)**	2,173
Expected credit losses	**7,598**	(37,224)	**(179)**	(574)
Tax losses carried forward	**78,152**	(40,977)	**(11,681)**	15,843
Right-of-use assets	**(1,189)**	152	**-**	-
Unrealized exchange gain/(loss)	**3,469**	49,236	**6,209**	17,727
Lease liabilities	**531**	(935)	**-**	-
Obsolete stocks	**(6,333)**	(4,311)	**63**	(586)
Undistributed profits of consolidated entities	**-**	11,605	**-**	-
Total	**205,023**	167,686	**(8,838)**	34,589

NOTES TO THE FINANCIAL STATEMENTS

13.11 Tax losses carried forward

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Tax losses brought forward	**16,364,676**	15,383,149	**2,193,471**	2,085,181
Adjustments to tax losses brought forward and tax losses arising during the year	**961,363**	3,019,725	**(226,866)**	220,049
Utilisation of tax losses	**(2,588,382)**	(1,781,946)	**(115,210)**	(111,759)
Write off of unclaimable tax losess	**(1,126,574)**	(256,252)	**-**	-
Total	**13,611,083**	16,364,676	**1,851,395**	2,193,471

As specified above, some companies in the Group have carried forward tax losses which are available to be set off against the future tax profits of those companies. Deferred tax assets not accounted in respect of these losses as at 31.03.2026 amounted to Rs.1,586,319,383 (2024/2025 - Rs. 2,250,657,880) since utilization against future taxable profits are not probable. For Aitken Spence Hotel Holdings PLC, deferred tax assets unaccounted on losses as at 31.03.2026 amounted to Rs. 287,105,422. (2024/2025 - Rs. 401,409,494)

Tax losses for which no deferred tax asset was recognised expire as follows.

	Group			
For the year	**2025/2026**	**Expiry Date**	2024/2025	Expiry Date
	Rs. '000		Rs. '000	
Tax losses for which no deferred tax asset was recognised	**1,586,319**	**2026/27 - 2033/34**	2,250,658	2025/26 - 2032/33

	Company			
For the year	**2025/2026**	**Expiry Date**	2024/2025	Expiry Date
	Rs. '000		Rs. '000	
Tax losses for which no deferred tax asset was recognised	**287,105**	**2026/27 - 2031/32**	401,409	2025/26 - 2030/31

14 EARNINGS PER ORDINARY SHARE

Basic Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares of the parent outstanding during the year.

Diluted Earnings per Share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares of the parent outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year/ previous year.

The following reflects the net profit and share data used in the basic earnings per share computation.

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
Amounts used as numerator				
Profit for the year attributable to equity holders of the Parent Company (Rs.)	**3,096,442,770**	2,290,360,686	**144,531,724**	27,161,083
Dividends on preference shares (Rs.)	**(14,850,000)**	(14,850,000)	**(14,850,000)**	(14,850,000)
Net profit for the year attributable to ordinary shareholders of the Company (Rs.)	**3,081,592,770**	2,275,510,686	**129,681,724**	12,311,083
Number of ordinary shares used as the denominator				
Weighted Average number of ordinary shares in issue	**336,290,010**	336,290,010	**336,290,010**	336,290,010
Earnings per ordinary share - (Rs.)	**9.16**	6.77	**0.39**	0.04

There were no potentially dilutive ordinary shares outstanding at any time during the year, hence the dilutive earnings per share is equal to the basic earnings per share.

15 DIVIDENDS

	Group	
For the year ended 31st March	**2026**	2025
	Rs. '000	Rs. '000
Final dividends declared and paid		
Preference dividend paid for 2024/2025 (2025 paid for 2023/2024)	**14,850**	14,850
Final ordinary dividend paid	**-**	-
Ordinary dividend per Share - (Rs.)	**-**	-
Final dividends proposed		
Final ordinary dividends proposed	**94,161**	-
Preference dividends proposed	**14,850**	14,850

The Directors have recommended a first and final dividend of Rs. 0.28 per share for the year ended 31st March 2026 to be approved at the Annual General Meeting on 30th June 2026. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company will satisfy the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and will obtain a certificate from the auditors, prior to the payment of the first and final dividend on or before 20th July 2026.

In compliance with Sri Lanka Accounting Standard LKAS 10 - Events after the reporting period, the first and final dividend recommended is not recognised as a liability in the financial statements as at 31st March 2026.

16 PROPERTY, PLANT AND EQUIPMENT

16.1 Group

	Land (Freehold)	Buildings (Freehold)	Plant Machinery and Equipment	Motor Vehicles	Furniture and Fittings	Soft furnishing, Cutlery, Crockery and Glassware	Capital work-in progress	Total 2025/2026	Total 2024/2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost or revaluation									
Balance as at 01st April	11,353,837	66,992,627	14,519,655	962,431	5,586,998	3,009,999	125,755	**102,551,302**	102,617,722
Additions during the year	-	148,211	840,260	127,447	104,829	286,371	342,993	**1,850,111**	1,603,119
Surplus on revaluation	3,282,332	-	-	-	-	-	-	**3,282,332**	-
Transfers during the year	-	101,666	-	-	-	-	(101,666)	**-**	-
Disposal during the year	-	(63,118)	(101,945)	(34,885)	(22,317)	(113,710)	-	**(335,975)**	(350,367)
Write offs during the year	-	-	-	-	-	-	(51,543)	**(51,543)**	-
Reclassified to intangible assets	-	13,336	(66,634)	(4,812)	16,350	8,400	(6,439)	**(39,799)**	(6,095)
Effect of movement in exchange rates	291,662	2,959,114	588,731	50,996	231,858	132,098	2,806	**4,257,265**	(1,313,077)
Balance as at 31st March	**14,927,831**	**70,151,836**	**15,780,067**	**1,101,177**	**5,917,718**	**3,323,158**	**311,906**	**111,513,693**	102,551,302
Accumulated depreciation/ impairment									
Balance as at 01st April	-	21,286,197	11,182,172	758,726	4,013,673	2,361,530	-	**39,602,298**	36,434,294
Charge for the year	-	2,248,422	1,062,628	86,640	454,640	293,595	-	**4,145,925**	3,928,122
Disposal during the year	-	(63,118)	(94,481)	(34,885)	(17,987)	(99,667)		**(310,138)**	(316,776)
Reclassified to intangible assets	-	8,489	(57,093)	(3,721)	12,785	97	-	**(39,443)**	(6,095)
Effect of movement in exchange rates	-	1,092,753	477,539	42,701	162,629	116,539	-	**1,892,161**	(437,247)
Balance as at 31st March	**-**	**24,572,743**	**12,570,765**	**849,461**	**4,625,740**	**2,672,094**	-	**45,290,803**	39,602,298
Carrying value									
As at 31.03.2026	**14,927,831**	**45,579,093**	**3,209,302**	**251,716**	**1,291,978**	**651,064**	**311,906**	**66,222,890**	
As at 31.03.2025	11,353,837	45,706,430	3,337,483	203,705	1,573,325	648,469	125,755	**-**	62,949,004

16.1.1 The gross carrying amount of fully depreciated property, plant and equipment that are still in use for the Group as at 31st March 2026 was Rs. 20,630,930,239. (as at 31.03.2025 - Rs. 15,288,467,218)

16.1.2 The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign entities which are accounted for in United States Dollars, Oman Riyal, Indian Rupees and translated to the reporting currency at the closing rate.

16.1.3 The value of the property, plant and equipment pledged as security against borrowings are disclosed in Note 32.

16.1.4 Capital work in progress represents the amount of expenditure recognised under property, plant and equipment during the construction of capital assets.

16.1.5 In compliance with the accounting policy, land owned by Group companies are revalued by independent professional valuers at least once in every five years unless there is an indication of a significant change in the market rates. During the current financial year, lands of the Group have been revalued and details of the revalued lands are given in the Note 16.3.2 to the financial statements. Tax impact on revaluation of land is given in Note 13 to the financial statements.

16.1.6 On re-assessment of the fair value of the Group's assets, it has been identified that there is no impairment of property plant and equipment which requires provision in the financial statements.

16.1.7 There were no borrowing costs capitalised on interest-bearing liabilities - loans and interest - bearing liabilities - leases by the Group on qualifying assets during the financial years 2025/2026 and 2024/2025.

16.2 Company

	Land (Freehold)	Buildings (Freehold)	Plant Machinery and Equipment	Motor Vehicles	Furniture and Fittings	Soft furnishing, Cutlery, Crockery and Glassware	Capital work-in progress	Total 2025/2026	Total 2024/2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost or revaluation									
Balance as at 01st April	843,500	1,492,255	740,063	47	272,337	156,804	-	**3,505,006**	3,285,394
Additions during the year	-	25	18,748	14,839	962	16,519	46,333	**97,426**	221,361
Surplus on revaluation	906,618	-	-	-	-	-	-	**906,618**	-
Transfers during the year	-	42,693	-	-	-	-	(42,693)	**-**	-
Disposal during the year	-	-	(12,140)	-	(839)	(3,757)	-	**(16,736)**	(1,749)
Balance as at 31st March	**1,750,118**	**1,534,973**	**746,671**	**14,886**	**272,460**	**169,566**	**3,640**	**4,492,314**	3,505,006
Accumulated depreciation/impairment									
Balance as at 01st April	-	496,340	571,541	47	255,366	122,612	-	**1,445,906**	1,374,180
Charge for the year	-	28,027	35,995	2,968	5,286	15,127	-	**87,403**	73,196
Disposal during the year		-	(11,935)	-	(676)	(3,317)	-	**(15,928)**	(1,470)
Balance as at 31st March	**-**	**524,367**	**595,601**	**3,015**	**259,976**	**134,422**	**-**	**1,517,381**	1,445,906
Carrying value					-				
As at 31.03.2026	**1,750,118**	**1,010,606**	**151,070**	**11,871**	**12,484**	**35,144**	**3,640**	**2,974,933**	
As at 31.03.2025	843,500	995,915	168,522	-	16,971	34,192	-		2,059,100

16.2.1 The gross carrying amount of fully depreciated property plant and equipment that is still in use for the Company as at 31st March 2026 was Rs. 916,292,638. (as at 31.03.2025 - Rs. 831,552,082)

16.2.2 The value of the property, plant and equipment pledged as security against borrowings are disclosed in Note 32.

16.3 Freehold land

16.3.1 Total carrying amount of land

		Group	
As at	**Notes**	**31.03.2026**	31.03.2025
		Rs. '000	Rs. '000
Land carried at revalued amount	16.3.2	**14,927,831**	11,305,715
Land carried at cost (fair value)	16.3.3	**-**	48,122
		14,927,831	11,353,837

16.3.2 Land carried at revalued amounts

Company name	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs)	Land extent	Carrying amount as at 31.03.2026	Revaluation surplus	Carrying amount at cost
			Rs.		Rs. '000	Rs. '000	Rs. '000
Aitken Spence Hotel Holdings PLC (a)	"Heritance Ahungalla"						
	Galle Road, Ahungalla	31.03.2026	900,000	11 A 3 R 34.02 P	**1,722,618**	1,704,416	18,202
	Galle Road, Ahungalla	31.03.2026	700,000	0 A 0 R 39.26 P	**27,500**	22,293	5,207
Heritance (Pvt) Ltd (a)	Moragalla, Beruwala	31.03.2026	1,000,000	5 A 3 R 6.80 P	**926,800**	915,720	11,080
Meeraladuwa (Pvt) Ltd (a)	Meeraladuwa Island	31.03.2026	60,000 - 225,000	29 A 2 R 9.00 P	**354,950**	254,688	100,262
	Balapitiya						
Kandalama Hotels (Pvt) Ltd (a)	Kandalama, Dambulla	31.03.2026	625	169 A 2 R 22.00 P	**16,964**	9,580	7,384
	Kandalama, Dambulla (Purchased in 2022/2023)	31.03.2026	30,000	13 A 3 R 38.00 P	**66,840**	18,718	48,122
Neptune Ayurvedic Village (Pvt) Ltd (a)	Ayurvedic Village, Moragalla,	31.03.2026	350,000	0 A 0 R 19.30 P	**6,750**	2,686	4,064
	Beruwala						
Turyaa (Pvt) Ltd (a)	418, Parallel Road	31.03.2026	700,000 - 1,000,000	5 A 1R 37.90 P	**853,630**	833,865	19,765
	Kudawaskaduwa, Kalutara						
	49, Sea Beach Road, Kalutara	31.03.2026	1,000,000	0 A 1R 26.47 P	**66,470**	64,982	1,488
	Kudawaskaduwa, Kalutara	31.03.2026	600,000 - 1,000,000	1 A 3 R 33.20 P	**309,200**	252,421	56,779
	Kudawaskaduwa, Kalutara	31.03.2026	900,000	0 A 1 R 32.70 P	**65,430**	56,256	9,174
Ahungalla Resorts Ltd (a)	Galle Road, Ahungalla	31.03.2026	900,000	10 A 2 R 39.29 P	**1,547,325**	817,325	730,000
	Galle Road Ahungalla	31.03.2026	600,000	2 A 0 R 35.92 P	**213,552**	43,675	169,877
Aitken Spence Hotel Management South India Pvt Ltd (b)	144/7, Rajiv Gandhi Salai, Perungudi,Chennai, India	12.08.2025	16,000,000	0 A 3 R 14.40 P	**2,114,318**	1,387,044	727,274
P.R. Holiday Homes Pvt Ltd (c)	Cochin - Kerala, India	28.03.2026	360,000	13 A 2 R 10.05 P	**797,597**	637,457	160,140
Perumbalam Resorts Pvt Ltd (c)	Cochin - Kerala	28.03.2026	165,000	4 A 0 R 11.39 P	**106,846**	93,030	13,816
Aitken Spence Resorts (Middle East) LLC (d)	Al Hamriya, Sultanate of Oman	25.03.2026	7,000,000	5 A 0 R 7.87 P	**5,731,041**	171,926	5,559,115
Total					**14,927,831**	7,286,082	7,641,749

The above lands have been revalued on the basis of current market value by independent, qualified valuers who have recent experience in the location and category of property being valued.

(a) Valuation of the land was carried out by Mr. S. Sivaskantha , F.I.V [Sri Lanka]

(b) Valuation of the land carried out by Messers CBRE South Asia Private Limited [India]

(c) Valuation of the land carried out by Er. MAYA R, M. Tech, M.I.E., C. E(I), F.I.V., BEEE. [India]

(d) Valuation of the land carried out by Mr. Ishan Tulsian, F.C.A, A.C.S, L.L.B, Registered Valuer SFA (IBBI), Msc. In Applied Finance (Singapore), DIIT (ICAI), B.Com (H) for R. Tulsian Global [Oman]

16.3.3 Land carried at cost (fair value)

Company	Location	Acquisition date	Land extent	Carrying amount as at 31.03.2026	Carrying amount as at 31.03.2025
				Rs. '000	Rs. '000
Kandalama Hotels (Pvt) Ltd	Kandalama, Dambulla	17.11.2022	13A 3R 38.00P	**-**	48,122
				-	48,122

17 RIGHT - OF - USE ASSETS

17.1 Movement during the year

	Group			
	Right-of-use Land	Right-of-use Buildings	Total 2025/2026	Total 2024/2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Cost or valuation				
Balance as at 01st April	25,883,516	16,443	**25,899,959**	26,254,129
Impact on exchange rate fluctuation	1,673,062	-	**1,673,062**	(358,638)
Additions	11,745,632	-	**11,745,632**	4,468
Balance as at 31st March	**39,302,210**	**16,443**	**39,318,653**	25,899,959
Accumulated amortisation/impairment				
Balance as at 01st April	13,008,047	14,209	**13,022,256**	11,971,447
Impact on exchange rate fluctuation	885,595	-	**885,595**	(169,687)
Charge for the year	1,244,687	2,234	**1,246,921**	1,220,496
Balance as at 31st March	**15,138,329**	**16,443**	**15,154,772**	13,022,256
Carrying value				
As at 31 March 2026	**24,163,881**	**-**	**24,163,881**	
As at 31 March 2025	12,875,469	2,234		12,877,703

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18 INTANGIBLE ASSETS

18.1 Group

	Goodwill	Computer Software	Total 2025/2026	Total 2024/2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost or Valuation				
Balance as at 01st April	769,783	335,800	**1,105,583**	1,097,664
Effect of movement in exchange rates	48,937	23,769	**72,706**	(15,543)
Additions during the year	-	33,656	**33,656**	17,367
Reclassified from property, plant and equipment	-	39,799	**39,799**	6,095
Disposal	-	(168,674)	**(168,674)**	-
Balance as at 31st March	**818,720**	**264,350**	**1,083,070**	1,105,583
Accumulated amortisation / impairment				
Balance as at 01st April	81,405	315,086	**396,491**	293,076
Effect of movement in exchange rates	7,990	15,755	**23,745**	(3,352)
Amortisation for the year	-	18,482	**18,482**	18,856
Impairment for the year	79,057	-	**79,057**	81,816
Reclassified from property, plant and equipment	-	39,443	**39,443**	6,095
Disposal	-	(168,674)	**(168,674)**	-
Balance as at 31st March	**168,452**	**220,092**	**388,544**	396,491
Carrying value				
As at 31.03.2026	**650,268**	**44,258**	**694,526**	
As at 31.03.2025	688,378	20,714		709,092

The gross carrying amount of fully amortised intangible assets that are still in use for the Group as at 31st March 2026 was Rs. 134,080,535. (as at 31.03.2025 - Rs. 310,425,753)

There were no intangible assets pledged by the Group as security for facilities obtained from banks as at 31.03.2026. (2024/2025- nil)

Net carrying value of goodwill

This represents the goodwill arisen on business combination on acquisition of Alfalaj hotel by Aitken Spence Resorts (Middle East) LLC during 2015/16.

The recoverable amount of goodwill is determined based on value-in-use calculations. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. There is a considerable degree of judgement involved in preparing forecasts and assumptions including discount rates.

The key assumptions used are given below.

Business growth	-	Based on the long term average growth rate for each business unit. The volume growth has been budgeted on a reasonable and realistic basis for a period of five years. The weighted average growth rate used is consistent with the forecast included in industry reports. (2025/2026 - 4.6 %, 2024/2025 - 12.0%)
Inflation	-	Based on current inflation rate.
Discount rate	-	Risk free rate adjusted for the specific risk relating to the industry. [Pre-tax rate] (2025/2026 - 11.5%, 2024/2025 - 13.7%)
Margin	-	Based on past performance and budgeted expectations.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Therefore, Management has identified that a reasonable possible change in the two key assumptions namely, business growth rate and discount rate could cause the carrying amount to exceed the recoverable amount.

Group has provided for impairment up to the recoverable amount of goodwill. Any adverse movements in the key assumptions may lead to further impairment.

Impairment of goodwill

The recoverable amount of the Alfalaj hotel CGU was determined based on its value in use calculation, established by discounting the future cashflows to be generated from the continuing use of the CGU. The carrying amount of the CGU was identified to be higher than its recoverable amount of OMR 8.6 Mn. Hence an impairment loss of OMR 100,000 (equivalent to Rs. 79 Mn) has been recognised during the financial year 2025/2026 (2024/2025 - OMR 105,751). Total of impairment loss was allocated to goodwill and recognised in the income statement under amortisation and impairment losses of non-financial assets.

18.2 Company

	Computer Software	Total 2025/2026	Total 2024/2025
	Rs. '000	**Rs. '000**	Rs. '000
Cost or Valuation			
Balance as at 01st April	15,599	**15,599**	13,101
Additions during the year	-	**-**	2,498
Disposal during the year	(8,182)	**(8,182)**	-
Balance as at 31st March	**7,417**	**7,417**	15,599
Accumulated amortisation / impairment			
Balance as at 01st April	13,240	**13,240**	13,101
Charge for the year	833	**833**	139
Disposal during the year	(8,182)	**(8,182)**	-
Balance as at 31st March	**5,891**	**5,891**	13,240
Carrying value			
As at 31.03.2026	**1,526**	**1,526**	
As at 31.03.2025	-		2,359

The gross carrying amount of fully amortised intangible assets that are still in use for the Company as at 31st March 2026 was Rs. 4,920,902. (as at 31.03.2025 - Rs. 13,100,576)

There were no intangible assets pledged by the Company as security for facilities obtained from banks as at 31.03.2026. (2024/2025- nil)

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19 INVESTMENT IN SUBSIDIARIES

19.1 Investments in subsidiaries – unquoted

	Country of incorporation	Number of Shares	Company Holding	Group Holding	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Equity shares						
Aitken Spence Hotels Ltd	Sri Lanka	14,701,904	98.01%	98.01%	**149,750**	149,750
Crest Star (BVI) Ltd	British Virgin Island	3,415,000	100.00%	100.00%	**185,628**	185,628
Cowrie Investment Pvt Ltd	Maldives	52,740	60.00%	60.00%	**321,733**	321,733
Aitken Spence Resorts (Middle East) LLC	Oman	01	0.00%	51.00%	**-**	-
Hethersett Hotels Ltd	Sri Lanka	24,542,000	94.44%	94.44%	**161,421**	161,421
Neptune Ayurvedic Village (Pvt) Ltd	Sri Lanka	500,000	100.00%	100.00%	**5,000**	5,000
Aitken Spence Hotels International (Pvt) Ltd	Sri Lanka	10,744,582	39.00%	51.00%	**181,024**	181,024
Aitken Spence Hotel Managements Asia (Pvt) Ltd	Sri Lanka	5,125,500	51.00%	51.00%	**51,255**	51,255
Aitken Spence Hotel Managements South India Pvt Ltd	India	29,869,000	16.60%	59.13%	**744,325**	744,325
Turyaa (Pvt) Ltd	Sri Lanka	219,812,321	100.00%	100.00%	**2,802,879**	2,802,879
Ahungalla Resorts Ltd	Sri Lanka	78,369,024	60.00%	60.00%	**2,926,326**	2,926,326
Meeraladuwa (Pvt) Ltd	Sri Lanka	20,227,801	100.00%	100.00%	**202,278**	202,278
ADS Resorts Pvt Ltd	Maldives	01	0.00%	51.00%	**-**	-
Unique Resorts Pvt Ltd	Maldives	01	0.00%	51.00%	**-**	-
Nilaveli Resorts (Pvt) Ltd	Sri Lanka	01	100.00%	100.00%	**-**	-
Nilaveli Holidays (Pvt) Ltd	Sri Lanka	01	100.00%	100.00%	**-**	-
The Galle Heritage (Pvt) Ltd	Sri Lanka	01	100.00%	100.00%	**-**	-
					7,731,619	7,731,619
Provision for impairment of investment in Turyaa (Pvt) Ltd *					**(328,576)**	(328,576)
Net carrying amount of investments in subsidiaries – unquoted as at 31st March					**7,403,043**	7,403,043

* Impairment to the carrying value of investment in Turyaa (Pvt) Ltd was recognised based on the discounted future cash flows to the extent of the non recoverability amount of the investment.

The effects of changes in current economic conditions referring to macro environmental factors have been taken into effect in the cashflow forecasts and the discount rate used for the calculation. There is a considerable degree of judgement involved in preparing forecasts and assumptions including discount rates.

The key assumptions used for the investment impairment of the Company are given below.

- Discount factor : 9.0% to 10.5%
- Inflation : Based on the current inflation rate.
- Forecasted terminal growth rate for future period : 3%
- Margin : Based on past performance and budgeted expectations
- Business growth : Based on the long term average growth rate for each business unit. The volume growth has been budgeted on a reasonable and realistic basis for a period of five years.

19.2 Investments in sub subsidiaries / inter company shareholding- unquoted

	Country of incorporation	Number of Shares	Investor Holding	Group Holding	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Aitken Spence Hotels Ltd						
- Kandalama Hotels (Pvt) Ltd	Sri Lanka	10,216,216	63.00%	61.75%	**234,406**	234,406
- Heritance (Pvt) Ltd	Sri Lanka	2,125,627	100.00%	98.01%	**35,751**	35,751
					270,157	270,157
Crest Star (BVI) Ltd						
- Jetan Travel Services Company Pvt Ltd	Maldives	47,500	95.00%	95.00%	**545,476**	545,476
					545,476	545,476
Aitken Spence Hotels International (Pvt) Ltd						
- ADS Resorts Pvt Ltd	Maldives	1,274,999	100.00%	51.00%	**103,970**	103,970
- Unique Resorts Pvt Ltd	Maldives	6,374,999	100.00%	51.00%	**562,663**	562,663
- Aitken Spence Hotel Services Pvt Ltd	India	9,999	99.99%	51.00%	**271**	271
- Aitken Spence Hotel Managements South India Pvt Ltd	India	150,048,995	83.40%	59.13%	**3,390,956**	3,390,956
- Ace Resorts Pvt Ltd *	Maldives	-	0.00%	0.00%	**-**	37,008
- Aitken Spence Resorts (Middle East) LLC	Oman	13,195,726	100.00%	51.00%	**5,953,371**	5,422,461
					10,011,231	9,517,329
Aitken Spence Hotel Managements Asia (Pvt) Ltd						
- PR Holiday Homes Pvt Ltd	India	621,310	84.57%	43.13%	**178,144**	178,144
- Aitken Spence Hotels International (Pvt) Ltd	Sri Lanka	6,541,506	24.00%	51.00%	**3,520,434**	2,725,781
					3,698,578	2,903,925
PR Holiday Homes Pvt Ltd						
- Perumbalam Resorts Pvt Ltd	India	9,999	99.99%	43.12%	**218**	218
					218	218
Aitken Spence Hotel Services Pvt Ltd						
- Aitken Spence Hotel Managements South India Pvt Ltd	India	01	0.00%	59.13%	**-**	-
					-	-
Aitken Spence Hotel Managements South India Pvt Ltd						
- Perumbalam Resorts Pvt Ltd	India	01	0.01%	43.12%	**-**	-
					-	-
Unique Resorts Pvt Ltd						
- Ace Resorts Pvt Ltd *	India	-	0.00%	0.00%	**-**	-
					-	-

Kandalama Hotels (Pvt) Ltd and Heritance (Pvt) Ltd are subsidiaries of Aitken Spence Hotels Ltd.

Jetan Travel Services Company Pvt Ltd is a subsidiary of Crest Star (BVI) Ltd.

ADS Resorts Pvt Ltd, Unique Resorts Pvt Ltd, Aitken Spence Hotel Services Pvt Ltd, Aitken Spence Hotel Management South India Pvt Ltd and Aitken Spence Resorts (Middle East) LLC are subsidiaries of Aitken Spence Hotels International (Pvt) Ltd.

P.R Holiday Homes Pvt Ltd is a subsidiary of Aitken Spence Hotel Managements Asia (Pvt) Ltd.

Perumbalam Resorts Pvt Ltd is a subsidiary of P.R Holiday Homes Pvt Ltd.

* The net assets value of Ace Resorts Pvt Ltd was treated under assets classified as held for sale as at 31st March 2025 upon the decision

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made to liquidate the Company. The liquidation of this Company has been concluded as at year ended 31st March 2026. (Refer Note 29)

19.3 Non - controlling interests

The following subsidiaries have material non - controlling interests.

Name	Principle place of business/Country of incorporation	Operating Segment	Ownership interest held by non- controlling interests	
			As at 31.03.2026	As at 31.03.2025
Aitken Spence Hotels International (Pvt) Ltd	Sri Lanka	Sri Lanka Sector - Others	**49%**	49%
Aitken Spence Hotel Managements Asia (Pvt) Ltd	Sri Lanka	Sri Lanka Sector - Others	**49%**	49%
Ahungalla Resorts Ltd	Sri Lanka	Sri Lanka Sector - Others	**40%**	40%
Cowrie Investment Pvt Ltd	Republic of Maldives	South Asia and Middle East Sector	**40%**	40%
ADS Resorts Pvt Ltd	Republic of Maldives	South Asia and Middle East Sector	**49%**	49%
Unique Resorts Pvt Ltd	Republic of Maldives	South Asia and Middle East Sector	**49%**	49%
Aitken Spence Resorts (Middle East) LLC	Oman	South Asia and Middle East Sector	**49%**	49%
Aitken Spence Hotel Management South India Pvt Ltd	India	South Asia and Middle East Sector	**40.87%**	40.87%

Except for Ahungalla Resorts Ltd and Cowrie Investment Pvt Ltd, the non-controlling interest of other subsidiaries are held with the holding Company, Aitken Spence PLC.

The following table summarises the financial information relating to the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations.

For the year	Cowrie Investment Pvt Ltd		Ahungalla Resorts Ltd	
	2025/2026	2024/2025	2025/2026	2024/2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Net Revenue	**19,451,256**	18,341,562	**5,202,411**	5,052,145
Profit after tax	**1,842,532**	1,023,855	**192,160**	401,811
Profit attributable to NCI	**737,013**	409,542	**76,864**	160,724
Other comprehensive income/(loss)	**644,056**	(83,682)	**411,653**	679,233
Total comprehensive income	**2,486,588**	940,173	**603,813**	1,081,044
Total comprehensive income attributable to NCI	**994,635**	376,069	**241,525**	432,418
Current assets	**3,763,682**	2,721,016	**2,181,607**	1,870,270
Non- current assets	**34,826,982**	33,885,721	**8,795,199**	8,457,141
Current liabilities	**(5,405,714)**	(5,965,852)	**(1,732,483)**	(6,676,561)
Non- current liabilities	**(21,292,242)**	(20,933,595)	**(10,260,682)**	(5,465,706)
Net assets	**11,892,708**	9,707,290	**(1,016,359)**	(1,814,856)
Net assets attributable to NCI	**4,757,083**	3,882,916	**(406,544)**	(725,942)
Cash flow from operating activities	**3,576,453**	3,248,166	**1,788,936**	1,786,589
Cash flow from investing activities	**(625,653)**	(487,217)	**(105,643)**	(43,777)
Cash flow from financing activities	**(1,721,512)**	(2,502,416)	**(583,152)**	(1,187,592)
Effect of exchange rate changes on cash and cash equivalents	**(3,153)**	57,112	**-**	-
Net increase in cash and cash equivalents	**1,226,135**	315,645	**1,100,141**	555,220

20 INVESTMENT IN EQUITY ACCOUNTED INVESTEES

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Recognised in the statement of financial position				
- Interest in associates	267,169	111,040	1,146,608	992,673
Carrying amount as at 31st March	267,169	111,040	1,146,608	992,673
Recognised in the income statement				
- Interest in associates	(43,836)	23,344	-	-
Share of profit/(loss) of equity accounted investees (net of tax)	(43,836)	23,344	-	-
Recognised in the statement of profit or loss and other comprehensive income				
- Interest in associates	17,749	24,511	-	-
Share of other comprehensive income of equity accounted investees (net of tax)	17,749	24,511	-	-

20.1 Investment in associates

		Group		Company	
As at		31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Investment in associates - quoted	20.1.1	-	-	736,513	736,513
Investment in associates - unquoted	20.1.2	267,169	111,040	410,095	256,160
Total equity value of investment in associates as at 31st March		267,169	111,040	1,146,608	992,673

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20.1.1 Investment in associates - quoted

	Group				Company			
As at	No. of Shares	Group Holding	31.03.2026 Rs. '000	31.03.2025 Rs. '000	No. of Shares	Company Holding	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Browns Beach Hotels PLC								
(Consolidated with Negombo Beach Resorts (Pvt) Ltd)								
Net book value as at 01st April			-	-			906,602	906,602
Share of movement in equity value *			-	-			-	-
Equity value of investment as at 31st March			-	-			906,602	906,602
Provision for impairment of investment **			-	-			(170,089)	(170,089)
Equity value of investment as at 31st March - net of impairment	48,627,103	37.42%	-	-	47,455,750	36.62%	736,513	736,513
Market value of quoted investment as at 31st March			1,128,149	914,190			1,100,973	892,168

*As the Group's share of losses arising from Browns Beach Hotels PLC has exceeded its interest in equity accounted investee, the carrying amount has been reduced to nil and the recognition of further losses was discontinued since 2022/2023.

** Impairment to the carrying value of investment in Browns Beach Hotels PLC was recognised based on the discounted future cash flows to the extent of the non recoverability amount of the investment.

The effects of changes in current economic conditions referring to macro environmental factors have been taken into effect in the cashflow forecasts and the discount rate used for the calculation. There is a considerable degree of judgement involved in preparing forecasts and assumptions including discount rates.

The key assumptions used for the investment impairment of the Company are given below.

- Discount factor : 9.0% to 10.5%
- Inflation : Based on the current inflation rate
- Forecasted terminal growth rate for future period : 3%
- Margin : Based on past performance and budgeted expectations
- Business growth : Based on the long term average growth Rate for each business unit. The volume growth has been budgeted on a reasonable and realistic basis for a period of five years.

20.1.2 Investment in associates - unquoted

	Group				Company			
As at	No. of Shares	Group Holding	31.03.2026 Rs. '000	31.03.2025 Rs. '000	No. of Shares	Company Holding	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Amethyst Leisure (Pvt) Ltd								
(Consolidated with Paradise Resorts Passikudah (Pvt) Ltd)								
Net book value as at 1st April	218,345,163	27.89%	-	-	218,345,163	27.89%	332,848	332,848
Investments made during the year *	4,555,399,776	48.50%	182,216		4,555,399,776	48.50%	182,216	-
Share of movement in equity value			(2,098)	-			-	-
Equity value of investment as at 31st March			180,118	-			515,064	332,848
Provision for impairment of investment **			-	-			(332,848)	(304,567)
Equity value of investment as at 31st March - net of impairment	4,773,744,939	46.91%	180,118	-	4,773,744,939	46.91%	182,216	28,281
Aitken Spence Hotel Managements (Pvt) Ltd								
(Consolidated with Aitken Spence Resources (Pvt) Ltd)								
Net book value as at 1st April			227,879	227,879			227,879	227,879
Share of movement in equity value			(140,828)	(116,839)			-	-
Equity value of investment as at 31st March	3,862,353	49.00%	87,051	111,040	3,862,353	49.00%	227,879	227,879
Total equity value of investment of investments in associates - unquoted as at 31st March			267,169	111,040			410,095	256,160

* During the financial year ended 31st March 2026, Company has invested in 4,555,399,776 non voting shares of Amethyst Leisure (Pvt) Ltd amounting to Rs. 182.2 Mn.

** Impairment to the carrying value of invesment in Amethyst Leisure (Pvt) Ltd was recognised based on discounted future cash flows to the extent of the non recoverability amount of the investment.

The effects of changes in economic conditions referring to macro economic factors have been taken into effect in the cashflow forecasts and the discount rate used for the calculation. There is a considerable degree of judgement involved in preparing forecasts and assumptions including discount rates.

The key assumptions used for the investment impairment of the Company are given below.

- Discount factor : 9.0% to 10.5%
- Inflation : Based on current inflation rate.
- Forecasted terminal growth rate for future period : 3%
- Margin : Based on past performance and budgeted expectations
- Business growth : Based on the long term average growth rate for each business unit. The volume growth has been budgeted on a reasonable and realistic basis for a period of five years.

NOTES TO THE FINANCIAL STATEMENTS

20.2 Principle place of business and the group holding percentage of investment in associates

Name	Principle place of Business / Country of incorporation	Nature of relationship with the Group	Ownership interest % voting rights as at 31st March 2026	Fair Value of ownership interest (if listed) Rs.'000
Browns Beach Hotels PLC	Sri Lanka	Owns" Negombo Beach Resorts (Pvt) Ltd	**37.42%**	1,128,149
Negombo Beach Resorts (Pvt) Ltd (100% subsidiary of Browns Beach Hotels PLC)	Sri Lanka	Owns and Operates "Sentido Heritance Negombo"	**37.42%**	-
Amethyst Leisure (Pvt) Ltd	Sri Lanka	Owns Paradise Resorts Passikudah (Pvt) Ltd	**46.91%**	-
Paradise Resorts Passikudah (Pvt) Ltd (100% subsidiary of Amethyst Leisure (Pvt) Ltd)	Sri Lanka	Owns and Operates "Amethyst Resorts"	**46.91%**	-
Aitken Spence Hotel Managements (Pvt) Ltd	Sri Lanka	Provides Management Services to all Hotels in Sri Lanka	**49.00%**	-
Aitken Spence Resources (Pvt) Ltd (100% subsidiary of Aitken Spence Hotel Managements (Pvt) Ltd)	Sri Lanka	Provides Human Resources to overseas hotels	**49.00%**	-

20.3 Summarised financial information of investment in associates with material NCI

	Browns Beach Hotels PLC		Aitken Spence Hotel Managements (Pvt) Ltd	
For the year	(Consolidated with Negombo Beach Resorts (Pvt) Ltd)		(Consolidated with Aitken Spence Resources (Pvt) Ltd)	
	2025/2026	2024/2025	**2025/2026**	2024/2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Revenue	**1,827,495**	1,492,898	**1,481,871**	1,232,217
Profit/(loss) after tax	**114,013**	(153,909)	**(86,271)**	47,640
Other comprehensive income/(loss)		60,623	**37,314**	50,023
Total comprehensive income/(loss)	**114,013**	(93,286)	**(48,957)**	97,663
Attributable to NCI	**71,353**	(58,381)	**(24,968)**	49,808
Attributable to Investees Shareholders	**42,660**	(34,905)	**(23,989)**	47,855
Unrecognised losses due to negative net assets	**(42,660)**	34,905	**-**	-
Share of movement in equity value attributable to the Group	**-**	-	**(23,989)**	47,855
Current assets	**776,186**	623,597	**891,284**	419,971
Non - current assets	**5,263,180**	4,506,832	**456,522**	409,948
Current liabilities	**(1,138,895)**	(1,127,020)	**(1,254,420)**	(712,289)
Non- current liabilities	**(4,870,333)**	(4,753,139)	**(52,972)**	(53,812)
Net assets	**30,138**	(749,730)	**40,414**	63,818
Attributable to NCI	**-**	-	**(46,637)**	(47,222)
Attributable to investees shareholders	**-**	-	**87,051**	111,040
Groups interest in net assets of investee at the beginning of the year	**-**	-	**111,040**	63,185
Share of movement in equity value attributable to the Group	**-**	-	**(23,989)**	47,855
Group's interest in net assets of investee at the end of the year	**-**	-	**87,051**	111,040

21 OTHER FINANCIAL ASSETS - NON CURRENT

21.1 Unquoted equity securities, debt securities and unsecured loans

		Group		Company	
As at	Notes	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Financial assets at fair value through OCI					
- Unquoted equity securities	21.1.1	**262,832**	246,822	**-**	-
Financial assets at amortised cost					
- Unquoted debt securities and unsecured loans	21.1.2	**1,547,092**	725,524	**1,547,092**	725,524
Carrying amount as at 31st March		**1,809,924**	972,346	**1,547,092**	725,524
Current unquoted equity and debt securities	21.1.2	**(22,468)**	-	**(22,468)**	-
Non-current unquoted debt and equity securities		**1,787,456**	972,346	**1,524,624**	725,524

21.1.1 Unquoted equity securities

		Group		Company	
As at	No of shares as at 31.03.2026	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Investment in Floatels India (Pvt) Ltd					
Balance as at 01st April		**246,822**	250,254	**-**	-
Effect of movement in exchange rates		**16,010**	(3,432)	**-**	-
Balance as at 31st March	**716,037**	**262,832**	246,822	**-**	-

The balance reflects the recent sale price of remaining equity shares.

Valuation technique and significant unobservable inputs used for valuation are disclosed in Note No. 41.3.1.

The Group designated the investments in equity securities at FVOCI because these equity securities represent investments that the Group intended to hold for the long term for strategic purpose.

No Strategic investments were disposed of during 2025/2026, and there were no transfer of any cumulative gain or loss within equity relating to these investments.

21.1.2 Unquoted debt securities and unsecured loans

	Group		Company	
As at	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Unquoted debt securities - Secured Redeemable Debentures (SRD)				
Rainforest Ecolodge (Pvt) Ltd - Capital	**100,000**	-	**100,000**	-
Rainforest Ecolodge (Pvt) Ltd - Interest receivable	**2,656**	-	**2,656**	-
	102,656	-	**102,656**	-
Unsecured loans				
Negombo Beach Resorts (Pvt) Ltd (Shareholder loan) *	**725,524**	725,524	**725,524**	725,524
Negombo Beach Resorts (Pvt) Ltd (Unsecured term loan) **	**718,912**	-	**718,912**	-
	1,444,436	725,524	**1,444,436**	725,524
Carrying amount as at 31st March	**1,547,092**	725,524	**1,547,092**	725,524
Current portion of unquoted debt securities	**(10,468)**	-	**(10,468)**	-
Current portion of unsecured loans	**(12,000)**	-	**(12,000)**	-
Non-current unquoted debt securities and unsecured loans	**1,524,624**	725,524	**1,524,624**	725,524

NOTES TO THE FINANCIAL STATEMENTS

Unquoted debt securities - Secured Redeemable Debentures (SRD)

During the financial year ended 31st March 2026, Company has invested Rs.100 Mn in Secured Redeemable Debentures (SRD) issued by Rainforest Ecolodge (Pvt) Ltd. The SRDs are redeemable over a period of five years, with a one-year grace period on capital repayments. Interest linked to AWPLR. The SRDs are secured by mortgage bond over the land and premises.

Unsecured loans

* Unsecured loans are repayable in 7 years with a grace period of two years. Interest linked to AWPLR. Date of loan disbursement was 24th July 2017. The Board has approved converting the unsecured shareholder loan in to equity.

** Unsecured loans are repayable in 7 years. Interest linked to AWPLR. Both capital and interest to be serviced on a monthly basis. The existing short-term loan was converted into a long-term loan with effect from 31st March 2026.

22 DEFERRED TAX ASSETS

22.1 Movement in deferred tax assets

	Group		Company	
For the year	**2025/2026**	2024/2025	**2025/2026**	2024/2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Balance as at 01st April	**379,087**	359,966	**-**	-
Effect of movement in exchange rates	**21,098**	(5,990)	**-**	-
Reversal of temporary differences				
-Recognised in income statement	**(52,121)**	24,651	**-**	-
-Recognised in other comprehensive income	**103,955**	460	**-**	-
Balance as at 31st March	**452,019**	379,087	**-**	-

22.2 Composition of deferred tax assets

	Group		Company	
As at	**31.03.2026**	31.03.2025	**31.03.2026**	31.03.2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Deferred tax assets attributable to;				
Defined benefit obligations	**2,796**	5,995	**-**	-
Tax losses carried forward	**-**	674,718	**-**	-
Expected credit loss	**19,139**	30,247	**-**	-
Obsolete stocks	**1,806**	222	**-**	-
Accelerated depreciation for tax purposes on property, plant and equipment	**428,342**	(230,009)	**-**	-
Revaluation surplus on freehold land	**-**	(103,118)	**-**	-
Unrealized exchange gain	**(64)**	1,032	**-**	**-**
Net deferred tax assets	**452,019**	379,087	**-**	-

22.3 Movement in tax effect of temporary differences - Group - 2025/2026

	2025/2026				
	Balance as at 01.04.2025	Recognised in profit/ (loss)	Recognised in other comprehensive income	Exchange gains/(losses)	Balance as at 31.03.2026
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax assets					
Defined benefit obligations	**5,995**	**(4,141)**	**837**	**105**	**2,796**
Tax losses carried forward	**674,718**	**(674,718)**	**-**	**-**	**-**
Expected credit losses	**30,247**	**(12,744)**	**-**	**1,636**	**19,139**
Obsolete stocks	**222**	**1,553**	**-**	**31**	**1,806**
Unrealized exchange gain	**1,032**	**(1,170)**	**-**	**74**	**(64)**
	712,214	**(691,220)**	**837**	**1,846**	**23,677**
Deferred tax liabilities					
Accelerated depreciation for tax purposes on property, plant and equipment	**(230,009)**	**639,099**	**-**	**19,252**	**428,342**
Revaluation surplus on freehold land	**(103,118)**	**-**	**103,118**	**-**	**-**
	(333,127)	**639,099**	**103,118**	**19,252**	**428,342**
Net deferred tax assets	**379,087**	**(52,121)**	**103,955**	**21,098**	**452,019**

22.4 Movement in tax effect of temporary differences - Group - 2024/2025

	2024/2025				
	Balance as at 01.04.2024	Recognised in profit/ (loss)	Recognised in other comprehensive income	Exchange gains/(losses)	Balance as at 31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax assets					
Defined benefit obligations	3,036	3,138	(52)	(127)	5,995
Tax losses carried forward	704,758	(522)	-	(29,518)	674,718
Expected credit losses	7,403	22,854	-	(10)	30,247
Obsolete stocks	-	222	-	-	222
Unrealized exchange gain	-	1,032	-	-	1,032
	715,197	26,724	(52)	(29,655)	712,214
Deferred tax liabilities					
Accelerated depreciation for tax purposes on property, plant and equipment	(247,071)	(2,073)	-	19,135	(230,009)
Revaluation surplus on freehold land	(108,160)	-	512	4,530	(103,118)
	(355,231)	(2,073)	512	23,665	(333,127)
Net deferred tax assets	359,966	24,651	460	(5,990)	379,087

NOTES TO THE FINANCIAL STATEMENTS

23 INVENTORIES

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Food	**466,995**	385,983	**22,229**	18,503
Beverage	**329,626**	255,242	**7,215**	142
Maintenance	**550,235**	478,852	**7,418**	8,961
Stationery	**23,840**	26,639	**746**	1,013
House keeping	**228,090**	219,398	**4,061**	1,352
Ayurveda stocks	**5,302**	3,509	**-**	-
Fuel and others	**213,107**	139,228	**9,021**	5,804
	1,817,195	1,508,851	**50,690**	35,775
Provision of impairment of inventories	**(56,036)**	(14,722)	**(1,742)**	(1,954)
Total	**1,761,159**	1,494,129	**48,948**	33,821

There were no inventories pledged as security for overdraft facilities as at 31st March 2026. (as at 31st March 2025 - nil)

None of the inventories are pledged as security for loan facilities obtained by the Group or Company from banks as at 31st March 2026. (Group and Company 2024/2025 - nil)

24 TRADE AND OTHER RECEIVABLES

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables	**4,262,945**	3,367,313	**123,159**	136,327
Provision for impairment	**(322,004)**	(352,444)	**(3,345)**	(2,753)
Net trade receivables	**3,940,941**	3,014,869	**119,814**	133,574
Non trade receivables	**116,563**	210,395	**-**	209
Total recognised under financial instruments (Note No. 40.1)	**4,057,504**	3,225,264	**119,814**	133,783
Other taxes receivable	**126,092**	29,026	**-**	-
Other receivable	**268,800**	279,076	**10,364**	426
Total	**4,452,396**	3,533,366	**130,178**	134,209

No loans have been given to directors of the Company.

24.1 Credit and market risks, and impairment losses

Information about the Group's exposure to credit risk of trade receivables which discusses how the Group manages and measures credit quality of trade receivables, market risk and the impairment losses of trade receivables are disclosed in Note No. 42.

25 AMOUNTS DUE FROM HOLDING COMPANY

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term investments - Capital	**1,979,191**	1,536,710	**-**	-
Short term investments - Interest receivable	**16,543**	10,663		
Total	**1,995,734**	1,547,373	**-**	-

The above short term investments were made on normal market interest rates.

26 AMOUNTS DUE FROM PARENT'S GROUP ENTITIES

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Aitken Spence Travels (Pvt) Ltd	**258,575**	429,800	**55,554**	69,166
Aitken Spence Hotel Managements (Pvt) Ltd	**-**	62,634	**-**	-
Aitken Spence Exports (Pvt) Ltd	**268**	-	**-**	-
Negombo Beach Resorts (Pvt) Ltd	**-**	674,456	**-**	673,552
Turyaa (Pvt) Ltd	**-**	-	**368,149**	341,087
Meeraladuwa (Pvt) Ltd	**-**	-	**708**	618
Ahungalla Resorts Ltd	**-**	-	**146,338**	135,049
Hapag Lloyd Lanka (Pvt) Ltd	**240**	-	**240**	-
Elpitiya Plantations PLC	**220**	391	**-**	143
Aitken Spence Garments Ltd	**-**	81	**-**	-
Aitken Spence Cargo (Pvt) Ltd	**-**	25	**-**	-
Paradise Resorts Passikudah (Pvt) Ltd	**494**	12,145	**-**	10,084
Total	**259,797**	1,179,532	**570,989**	1,229,699

27 OTHER FINANCIAL ASSETS

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other financial assets - current (Note 21.1.2)	**22,468**	-	**22,468**	-
Bank deposits	**6,022,841**	5,462,605	**272,819**	256,191
Total	**6,045,309**	5,462,605	**295,287**	256,191

28 CASH AND CASH EQUIVALENTS

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term deposits less than 90 days	**1,753,774**	814,883	**-**	-
Cash at bank and in hand	**5,175,626**	3,281,700	**439,064**	75,302
Cash and cash equivalents in the statement of financial position	**6,929,400**	4,096,583	**439,064**	75,302
Bank overdrafts and other short term borrowings	**(5,138,313)**	(5,956,558)	**(189,046)**	(381,536)
Cash and cash equivalents in the statement of cash flows	**1,791,087**	(1,859,975)	**250,018**	(306,234)

NOTES TO THE FINANCIAL STATEMENTS

29 ASSETS CLASSIFIED AS HELD FOR SALE

	Group		Company	
As at	**31.03.2026**	31.03.2025	**31.03.2026**	31.03.2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Net assets of Group companies classified as held for sale	**-**	36,112	**-**	-
	-	36,112	**-**	-

The net assets value of Ace Resorts Pvt Ltd was treated under assets classified as held for sale as at 31st March 2025 upon the decision made to liquidate the Company. The liquidation of this Company has been concluded as at year ended 31st March 2026.

The breakdown of the net assets held for sale and profit on disposal on liquidation is as follows.

	Rs. '000
Other financial assets (Deposits more than 90 days)	**34,580**
Cash and cash equivalents	**2,483**
Other provisions and payables	**(798)**
Amount due to parent's group entities	**(153)**
Total net assets classified as held for sale	**36,112**
Proceeds received from disposal of assets classified as held for sale	**38,626**
Gain on disposal of assets classified as held for sale	**2,514**

30 STATED CAPITAL

		Company	
As at	No of shares as at	**31.03.2026**	31.03.2025
	31.03.2026	**Rs. '000**	Rs. '000
Issued and fully paid ordinary share capital	336,290,010	**3,389,587**	3,389,587
Preference share capital - redeemable cumulative	16,500,000	**165,000**	165,000
Total		**3,554,587**	3,554,587

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at the meeting of shareholders or one vote per share in case of a poll.

Preference shares do not carry the right to vote. All shares rank equally with regard to residual assets, except that preference shareholder participate only to the extent of the face value of shares adjusted for dividends in arrears.

Preference Share capital is classified as equity as redeemable only at the Company's option. Dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders.

Preference shareholder is entitled to dividends at 9% annually.(Cents 90 per share)

31 RESERVES

		Group		Company	
As at		31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revaluation reserve	31.1	**5,177,403**	3,142,458	**1,300,881**	666,248
General reserve	31.2	**22,929**	22,929	**22,929**	22,929
Cashflow hedge reserve	31.3	**(1,826,239)**	(1,800,674)	**-**	-
Fair value reserve	31.4	**117,467**	97,572	**-**	-
Foreign currency translation reserve	31.5	**9,130,584**	8,170,840	**-**	-
Total		**12,622,144**	9,633,125	**1,323,810**	689,177
Transaction movement					
Balance brought forward		**9,633,125**	9,515,479	**689,177**	689,177
Transfers to / (from) foreign currency translation reserve during the year		**959,744**	(308,237)	**-**	-
Transfer to / (from) cashflow hedge reserve		**(25,565)**	407,557	**-**	-
Movement in fair value reserve		**19,895**	24,047	**-**	-
Movement in revaluation reserve		**2,034,945**	(5,721)	**634,633**	-
Balance carried forward		**12,622,144**	9,633,125	**1,323,810**	689,177

31.1 Revaluation reserves

The revaluation reserve relates to property plant and equipment which has been revalued by the Group.

31.2 General reserves

The general reserve relates to retained earnings set aside by the Group.

31.3 Cashflow hedge reserve

This represents the reserve created to eliminate the exposure that arises from changes in cash flows of a financial liability due to exchange rate fluctuations.

31.4 Fair value reserve

This represents the cumulative net change in the fair value of equity securities designated at FVOCI until the investments are derecognised.

31.5 Foreign currency translation reserve

The foreign currency translation reserve comprise of all foreign exchange difference arising from the translation of the financial statements of foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

32 INTEREST BEARING LIABILITIES - BANKS

32.1 Movement in interest bearing liabilities - banks

	Group		Company	
For the year	2025/2026	2024/2025	2025/2026	2024/2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Loan Capital				
Balance as at 01st April	**28,967,307**	34,141,619	**318,126**	535,331
Effect of movement in exchange rates	**2,190,998**	(458,022)	**-**	-
Loans received during the year	**9,692,859**	14,201,283	**-**	-
Transaction cost	**2,697**	3,667	**-**	-
Loan repayments during the year	**(13,309,500)**	(18,921,240)	**(318,126)**	(217,205)
	27,544,361	28,967,307	**-**	318,126
Loan Interest				
Balance as at 01st April	**119,000**	113,828	**-**	-
Effect of movement in exchange rates	**6,649**	63	**-**	-
Interest accrued during the period	**1,934,142**	2,833,305	**17,322**	51,403
Interest paid during the period	**(1,767,680)**	(2,828,196)	**(17,322)**	(51,403)
	292,111	119,000	**-**	-
Total balance as at 31st March	**27,836,472**	29,086,307	**-**	318,126
Current portion of interest bearing liabilities - banks	**(3,710,692)**	(9,517,857)	**-**	(318,126)
Non current portion of interest bearing liabilities - banks	**24,125,780**	19,568,450	**-**	-

32.2 Analysed by currency equivalent in Rupees

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Equivalent	Equivalent	Equivalent	Equivalent
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lanka rupees	**872,909**	1,245,035	**-**	318,126
United States dollars	**21,939,948**	18,527,465	**-**	-
Euro	**3,854,089**	7,982,974	**-**	-
Oman riyal	**1,170,228**	1,332,141	**-**	-
Transaction cost to be amortised	**(702)**	(1,308)	**-**	-
Total	**27,836,472**	29,086,307	**-**	318,126

32.3 Analysed by repayment period

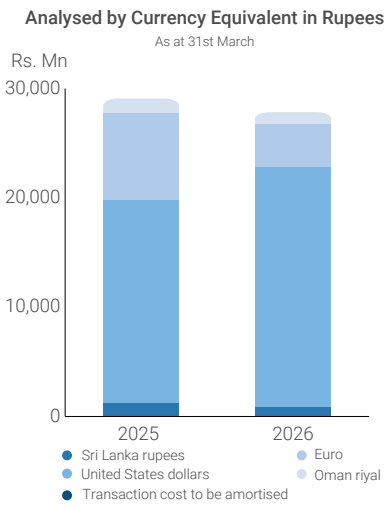
	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Payable within one year	**3,710,692**	9,517,857	**-**	318,126
Payable between one and two years	**2,954,770**	5,938,505	**-**	-
Payable between two and five years	**11,720,858**	5,904,038	**-**	-
Payable after five years	**9,450,152**	7,725,907	**-**	-
Total	**27,836,472**	29,086,307	**-**	318,126

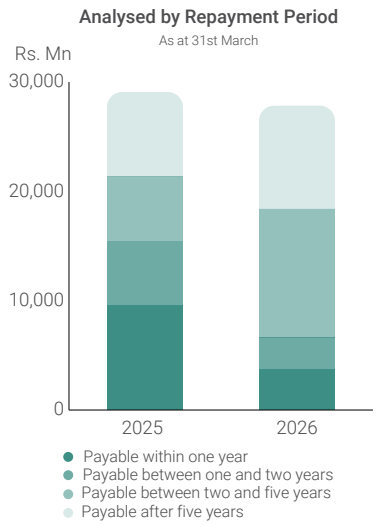
32.4 Analysed by interest rate

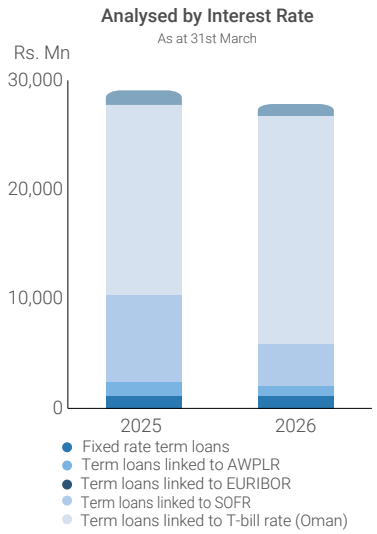
	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed rate term loans	**1,147,316**	1,152,263	**-**	-
Term loans linked to AWPLR	**872,909**	1,245,035	**-**	318,126
Term loans linked to EURIBOR	**3,854,089**	7,982,974	**-**	-
Term loans linked to SOFR	**20,792,632**	17,375,202	**-**	-
Term loans linked to T-bill rate (Oman)	**1,170,228**	1,332,141	**-**	-
Transaction cost to be amortised	**(702)**	(1,308)	**-**	-
Total	**27,836,472**	29,086,307	**-**	318,126

32.5 Analysed by lending institution

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Commercial Bank of Ceylon	**9,738,234**	9,588,935	**-**	-
Hongkong and Shanghai Banking Corporation	**-**	5,423,434	**-**	-
ABANCA Corporación Bancaria	**3,854,089**	3,989,433	**-**	-
National Development Bank	**3,568,186**	3,508,147	**-**	-
Hatton National Bank	**1,147,316**	1,711,345	**-**	-
People's Bank	**724,805**	1,587,516	**-**	-
DFCC Bank	**872,909**	926,909	**-**	-
Commercial Bank of Maldives	**713,637**	701,629	**-**	-
Habib Bank	**-**	318,126	**-**	318,126
Bank of Ceylon	**4,534,775**	-	**-**	-
Seylan Bank PLC	**1,512,995**	-	**-**	-
Sohar International Bank SAOG	**1,170,228**	1,332,141	**-**	-
Transaction cost to be amortised	**(702)**	(1,308)	**-**	-
Total	**27,836,472**	29,086,307	**-**	318,126







NOTES TO THE FINANCIAL STATEMENTS

32.6 Detailed analysis of Interest bearing liabilities - banks

32.6.1 Detailed analysis of Interest bearing liabilities - banks - Group

Bank / financial institution	Loan No	Currency	Linked interest basis	Assets pledged and collaterals
Commercial Bank of Ceylon	Loan No. 1	USD	SOFR	Concurrent primary mortgage bond for USD 59 Mn over hotel island
Hongkong and Shanghai Banking Corporation	Loan No. 1	EUR	EURIBOR	Corporate Guarantee from Aitken Spence PLC and primary mortgage over the hotel property
	Loan No. 2	USD	SOFR	Corporate Guarantee from Aitken Spence PLC and primary mortgage over the hotel property
ABANCA Corporación Bancaria	Loan No. 1	EUR	EURIBOR	Corporate Guarantee from RIUSA II SA
	Loan No. 2	EUR	EURIBOR	Corporate Guarantee from RIUSA II SA
National Development Bank	Loan No. 1	USD	SOFR	Concurrent primary mortgage bond for USD 59 Mn over hotel island
Hatton National Bank	Loan No. 1	USD	Fixed rate	Third party letter of set-off and lien over deposits owned by another Group's subsidiary
	Loan No. 2	USD	SOFR	Corporate Guarantee from Aitken Spence Hotels International (Pvt) Ltd and mortgage agreement over the head lease of the hotel property
People's Bank	Loan No. 1	USD	SOFR	Corporate Guarantee from Aitken Spence Hotel Holdings PLC and negative pledge over the shares of Aitken Spence Hotels International (Pvt) Ltd
DFCC Bank	Loan No. 1	LKR	AWPLR	Corporate Guarantee from Aitken Spence Hotel Holdings PLC
Commercial Bank of Maldives	Loan No. 1	USD	SOFR	Concurrent primary mortgage bond for USD 59 Mn over hotel island
Habib Bank	Loan No. 1	LKR	AWPLR	Corporate Guarantee from Aitken Spence PLC
Bank of Ceylon	Loan No. 1	USD	SOFR	Primary mortgage over the hotel property
	Loan No. 2	USD	SOFR	Primary mortgage over the hotel property

	Repayment Terms	Maturity	31.03.2026	31.03.2025
			Rs. '000	Rs. '000
	30 quarterly instalments remaining	Jun - 2033	9,738,234	9,588,935
			9,738,234	9,588,935
	Fully settled during the financial year.	Jun - 2025	-	3,993,541
	Fully settled during the financial year.	Jul - 2025	-	1,429,893
			-	5,423,434
	Restructured during the financial year.	Mar- 2026	-	3,989,433
	18 quarterly instalments commencing July 2026, with a 59% bullet repayment at maturity	Jan - 2031	**3,854,089**	-
			3,854,089	3,989,433
	30 quarterly instalments remaining	Jun - 2033	**3,568,186**	3,508,147
			3,568,186	3,508,147
	76 monthly instalments remaining	Jul - 2032	**1,147,316**	1,152,263
	Fully settled during the financial year.	Mar - 2026	-	559,082
			1,147,316	1,711,345
	3 quarterly instalments remaining	Oct - 2026	**724,805**	1,587,516
			724,805	1,587,516
	42 monthly instalments remaining	Sep - 2029	**872,909**	926,909
			872,909	926,909
	30 quarterly instalments remaining	Jun - 2033	**713,637**	701,629
			713,637	701,629
	Fully settled during the financial year	Mar - 2026	-	318,126
			-	318,126
	112 monthly instalments remaining	Jul - 2035	**4,218,095**	-
	120 monthly instalments commencing June 2026	May - 2036	**316,680**	-
			4,534,775	-

NOTES TO THE FINANCIAL STATEMENTS

Bank / financial institution	Loan No	Currency	Linked interest basis	Assets pledged and collaterals
Seylan Bank PLC	Loan No. 1	USD	SOFR	Corporate Guarantee from Aitken Spence Hotels International (Pvt) Ltd
Sohar International Bank SAOG	Loan No. 1	OMR	Central Bank of Oman T-Bill rate	Corporate Guarantee from Aitken Spence PLC and primary mortgage over the hotel property
Transaction cost to be amortised				
Total				

32.6.2 Detailed analysis of Interest bearing liabilities - banks - Company

Bank / financial institution	Loan No	Currency	Linked interest basis	Assets pledged and collaterals
Habib Bank	Loan No. 1	LKR	AWPLR	Corporate Guarantee from Aitken Spence PLC

32.7 Collaterals provided for Interest bearing liabilities - banks

	As at 31.03.2026		As at 31.03.2025	
As at	**Pledged value**	Exposure	**Pledged value**	Exposure
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Property, plant and equipment	**28,048,841**	**18,554,832**	34,987,144	13,806,269
Right-of-use assets	**3,888,466**	**-**	8,424,884	-
Current assets	**1,147,316**	**1,147,316**	1,152,263	1,152,263
Corporate Guarantees**	**3,110,709**	**3,110,709**	5,219,201	5,219,201
Total	**36,195,332**	**22,812,857**	49,783,492	20,177,733

**Outstanding exposure as at reporting date has been stated as the pledged value.

	Repayment Terms	Maturity	31.03.2026	31.03.2025
			Rs. '000	Rs. '000
	72 monthly instalments commencing July 2026	Jun - 2032	**1,512,995**	-
			1,512,995	-
	11 quarterly instalments remaining	May - 2028	**1,170,228**	1,332,141
			1,170,228	1,332,141
			27,837,174	29,087,615
			(702)	(1,308)
			27,836,472	29,086,307

	Repayment Terms	Maturity	31.03.2026	31.03.2025
			Rs. '000	Rs. '000
	Fully settled during the financial year	Mar - 2026	-	318,126
			-	318,126

NOTES TO THE FINANCIAL STATEMENTS

33 INTEREST BEARING LIABILITIES - LEASES

33.1 Movement of lease liabilities

	Group		Company	
For the year	2025/2026	2024/2025	2025/2026	2024/2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April	**10,958,181**	12,483,509	**-**	-
Impact on exchange rate fluctuation	**664,374**	(162,111)	**-**	-
Additions	**11,745,632**	4,468	**-**	-
Interest expense charged to income statement	**602,389**	668,531	**-**	-
Payment of lease liabilities	**(2,147,401)**	(2,036,216)	**-**	-
Balance as at 31st March	**21,823,175**	10,958,181	**-**	-
Current portion of interest bearing liabilities - leases	**(1,041,853)**	(1,118,490)	**-**	-
Non current portion of interest bearing liabilities - leases	**20,781,322**	9,839,691	**-**	-

33.2 Analysed by capital repayment

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Payable within one year	**1,041,853**	1,118,490	**-**	-
Payable between one and two years	**1,113,063**	178,689	**-**	-
Payable between two and five years	**3,817,018**	612,587	**-**	-
Payable after five years	**15,851,241**	9,048,415	**-**	-
Total	**21,823,175**	10,958,181	**-**	-

33.3 Analysed by currency equivalent in Rupees

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
United States dollars	**21,794,809**	10,928,044	**-**	-
Sri Lankan rupees	**28,366**	30,137	**-**	-
Total	**21,823,175**	10,958,181	**-**	-

33.4 Details of lease liabilities recognised due to ROU assets

Company name	Nature of the leasing activities	Location of the leased property	Unexpired lease period as at 31.03.2026 (No of years)
Aitken Spence Hotels Ltd	Lease Land	Moragalla - Sri Lanka	17
	Lease building for Neptune Ayurvedic centre	Moragalla - Sri Lanka	2
Hethersett Hotels Ltd	Lease Land	Nuwara Eliya - Sri Lanka	69
Kandalama Hotels (Pvt) Ltd	Lease Land	Dambulla - Sri Lanka	17
Unique Resorts Pvt Ltd	Lease Land	South Male' Atoll - Maldives	19
Jetan Travel Services Company Pvt Ltd	Lease Land	South Male' Atoll - Maldives	17
ADS Resorts Pvt Ltd	Lease Land	North Male' Atoll - Maldives	10
Cowrie Investment Pvt Ltd	Meedhupparu island - Lease Land	Raa Atoll - Maldives	22
	Heritance Aarah island - Lease Land	Raa Atoll - Maldives	39

All above lease contracts entered on lands and buildings are for the business purpose only.

The Group has not earned any income from sub leasing of right of use assets for the year ended 31st March 2026.

Further, Group has not entered in to any sale and lease back transaction as at 31st March 2026.
There were no any restrictions imposed by lease arrangements, any variable lease payments, extension options or any leases not yet commenced to which the leases was committed as at 31st March 2026.

33.5 Amounts recognised in profit or loss

	Group	
For the year ended 31st March	**2026**	2025
	Rs. '000	Rs. '000
Amortisation charge of right-of-use assets (Note 17.1)	**1,246,921**	1,220,496
Interest on lease liabilities	**602,389**	668,531
Expenses relating to short term leases and low value assets	**446,571**	448,503

33.6 Amounts recognised in the Statement of cash flows

	Group	
For the year ended 31st March	**2026**	2025
	Rs. '000	Rs. '000
Total cash out flow for leases	**(2,147,401)**	(2,036,216)

34 DEFERRED TAX LIABILITIES

34.1 Movement in deferred tax liabilities

	Group		Company	
For the year	**2025/2026**	2024/2025	**2025/2026**	2024/2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Balance as at 01st April	**3,478,676**	3,290,299	**180,203**	149,087
Effect of movement of exchange rates	**33,193**	(12,404)	**-**	-
Origination of temporary differences				
- recognised in income statement	**152,902**	192,337	**(8,838)**	34,589
- recognised in other comprehensive income	**1,004,877**	8,444	**271,053**	(3,473)
Balance as at 31st March	**4,669,648**	3,478,676	**442,418**	180,203

NOTES TO THE FINANCIAL STATEMENTS

34.2 Composition of deferred tax liabilities

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax liabilities attributable to;				
Accelerated depreciation for tax purposes on property, plant and equipment	**4,390,926**	3,583,437	**210,556**	212,373
Revaluation surplus on freehold land	**1,865,002**	855,167	**518,240**	246,255
Unrealised exchange gain	**18,438**	16,131	**5,347**	(862)
Undistributed profits of consolidated entities	**41,437**	41,437	**-**	-
Right-of-use assets	**8,294**	9,483	**-**	-
Defined benefit obligations	**(92,744)**	(74,708)	**(21,885)**	(19,520)
Carried forward tax losses	**(1,509,844)**	(911,679)	**(268,312)**	(256,631)
Expected credit loss	**(34,420)**	(27,462)	**(1,005)**	(826)
Lease liability	**(8,510)**	(9,041)	**-**	-
Obsolete stocks	**(8,931)**	(4,089)	**(523)**	(586)
Net deferred tax liabilities	**4,669,648**	3,478,676	**442,418**	180,203

34.3 Movement in tax effect of temporary differences - Group - 2025/2026

	2025/2026				
	Balance as at 01st April 2025	Recognised in profit / (loss)	Recognised in Other Comprehensive Income	Exchange gains/(losses)	Balance as at 31st March 2026
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax liabilities					
Accelerated depreciation for tax purposes on property, plant and equipment	**3,583,437**	**773,326**	**-**	**34,163**	**4,390,926**
Revaluation surplus on freehold land	**855,167**	**-**	**1,007,504**	**2,331**	**1,865,002**
Unrealised exchange gain	**16,131**	**2,300**	**-**	**7**	**18,438**
Undistributed profits of consolidated entities	**41,437**	**-**	**-**	**-**	**41,437**
Right-of-use assets	**9,483**	**(1,189)**	**-**	**-**	**8,294**
Total liabilities	**4,505,655**	**774,437**	**1,007,504**	**36,501**	**6,324,097**
Deferred tax assets					
Defined benefit obligations	**(74,708)**	**(15,572)**	**(2,627)**	**163**	**(92,744)**
Tax losses carried forward	**(911,679)**	**(596,567)**	**-**	**(1,598)**	**(1,509,844)**
Expected credit loss	**(27,462)**	**(5,147)**	**-**	**(1,811)**	**(34,420)**
Lease liability	**(9,041)**	**531**	**-**	**-**	**(8,510)**
Obsolete stocks	**(4,089)**	**(4,780)**	**-**	**(62)**	**(8,931)**
Total assets	**(1,026,979)**	**(621,535)**	**(2,627)**	**(3,308)**	**(1,654,449)**
Net deferred tax liabilities	**3,478,676**	**152,902**	**1,004,877**	**33,193**	**4,669,648**

34.4 Movement in tax effect of temporary differences - Group - 2024/2025

	2024/2025				
	Balance as at 01st April 2024	Recognised in profit / (loss)	Recognised in Other Comprehensive Income	Exchange gains/(losses)	Balance as at 31st March 2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax liabilities					
Accelerated depreciation for tax purposes on property, plant and equipment	3,395,860	196,964	-	(9,387)	3,583,437
Revaluation surplus on freehold land	843,902	-	13,964	(2,699)	855,167
Unrealised exchange gain	(34,137)	50,268	-	-	16,131
Undistributed profits of consolidated entities	29,832	11,605	-	-	41,437
Right-of-use assets	9,331	152	-	-	9,483
Total liabilities	4,244,788	258,989	13,964	(12,086)	4,505,655
Deferred tax assets					
Defined benefit obligations	(63,429)	(5,759)	(5,520)	-	(74,708)
Tax losses carried forward	(870,015)	(41,499)	-	(165)	(911,679)
Expected credit loss	(12,939)	(14,370)	-	(153)	(27,462)
Lease liability	(8,106)	(935)	-	-	(9,041)
Obsolete stocks	-	(4,089)	-	-	(4,089)
Total assets	(954,489)	(66,652)	(5,520)	(318)	(1,026,979)
Net deferred tax liabilities	3,290,299	192,337	8,444	(12,404)	3,478,676

34.5 Movement in tax effect of temporary differences - Company

	2025/2026				2024/2025		
	Balance as at 31st March 2026	**Recognised in profit / (loss)**	**Recognised in Other Comprehensive Income**	**Balance as at 31st March 2025**	Recognised in profit / (loss)	Recognised in Other Comprehensive Income	Balance as at 01st April 2024
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**	Rs. '000	Rs. '000	Rs. '000
Deferred tax liabilities							
Accelerated depreciation for tax purposes on property, plant and equipment	**210,556**	**(1,817)**	**-**	**212,373**	6	-	212,367
Revaluation surplus on freehold land	**518,240**	**-**	**271,985**	**246,255**	-	-	246,255
Total liabilities	**728,796**	**(1,817)**	**271,985**	**458,628**	6	-	458,622
Deferred tax assets							
Defined benefit obligations	**(21,885)**	**(1,433)**	**(932)**	**(19,520)**	2,173	(3,473)	(18,220)
Tax losses carried forward	**(268,312)**	**(11,681)**	**-**	**(256,631)**	15,843	-	(272,474)
Expected credit loss	**(1,005)**	**(179)**	**-**	**(826)**	(574)	-	(252)
Unrealised exchange gain	**5,347**	**6,209**	**-**	**(862)**	17,727	-	(18,589)
Obsolete stocks	**(523)**	**63**	**-**	**(586)**	(586)	-	-
Total assets	**(286,378)**	**(7,021)**	**(932)**	**(278,425)**	34,583	(3,473)	(309,535)
Net deferred tax liabilities	**442,418**	**(8,838)**	**271,053**	**180,203**	34,589	(3,473)	149,087

NOTES TO THE FINANCIAL STATEMENTS

35 EMPLOYEE BENEFITS

35.1 Retirement benefit obligations

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Retirement benefit obligations				
Present value of unfunded obligations	**491,981**	415,317	**72,950**	65,068
Recognised liability for defined benefit obligations	**491,981**	415,317	**72,950**	65,068

35.2 Movement in present value of the defined benefit obligations

	Group		Company	
For the year	2025/2026	2024/2025	2025/2026	2024/2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Defined benefit obligations as at 01st April	**415,317**	366,966	**65,068**	60,733
Charge for the year (Note 35.3)	**84,692**	65,184	**11,715**	11,014
Acturial losses (Note 35.4)	**5,827**	25,051	**3,107**	11,578
Benefits paid	**(22,390)**	(39,190)	**(6,940)**	(18,257)
Effect of movement in exchange rates	**8,535**	(2,694)	**-**	-
Defined benefit obligations as at 31st March	**491,981**	415,317	**72,950**	65,068

35.3 Expenses recognised in income statement

	Group		Company	
For the year ended 31st March	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
- Current service cost	**54,681**	37,518	**4,557**	3,726
- Interest cost	**30,011**	27,666	**7,158**	7,288
Total	**84,692**	65,184	**11,715**	11,014

35.4 Losses/(gains) recognised in other comprehensive income

	Group		Company	
For the year ended 31st March	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Acturial losses /(gains) on retirement benefit obligations;				
- Due to changes in financial assumptions	**4,593**	7,829	**3,063**	2,585
- Due to experience adjustment	**969**	17,267	**(43)**	9,164
- Due to changes in demographic assumptions	**265**	(45)	**87**	(171)
Total	**5,827**	25,051	**3,107**	11,578

35.5 The provision for retirement benefits obligations as at 31st March 2026 is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd, using "Projected Unit Credit" (PUC) method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits".

The actuarial present value of the promised retirement benefits as at 31st March 2026 amounted to Rs. 491,980,615. (Company - Rs. 72,950,397)

The liability is not externally funded.

35.6 The principal actuarial assumptions

The principal actuarial assumptions used in determining the cost are given below;

	2025/2026	2024/2025
Financial assumptions		
Discount rate *	**10%**	11%
Salary increment rate **		
- Executive staff	**10% p.a. in July every year**	15% in July 2025 with 10% p.a from 2026
- Non - executive staff and other staff		

* A long term treasury bond rate 10 % p.a. (2024/25 – 11% p.a.) has been used to discount future liabilities taking into consideration the remaining working life of eligible employees.

** Based on the actual salary increment rates of the Group over the past few years and the future economic outlook of the country, an increase in the long term salary increment rate is factored into the valuation for the current year.

It is also assumed that the company will continue in business as a going concern.

	2025/2026	2024/2025
Demographic assumptions		
- Mortality	A 1967/1970 mortality table,issued by the Institute of Actuaries, London	
- Disability	10% of mortality rates	
- Retirement age	60 years	

- Staff turnover rate	Executive staff	Non- Executive staff	Other Staff
* 18 - 24 years	19%	19%	40%
* 25 - 29 years	19%	19%	38%
* 30 - 34 years	19%	19%	32%
* 35 - 39 years	17%	19%	28%
* 40 - 44 years	15%	10%	25%
* 45 - 49 years	12%	10%	21%
* 50 - 54 years	9%	8%	17%
* 55 - 59 years	0%	0%	0%

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35.7 Sensitivity analysis

The following table demonstrate the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2025/2026.

The sensitivity of the comprehensive income and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss for the year and employment benefit obligations as at 31st March 2026 is as follows.

	Group		Company	
	Effect on comprehensive income (reduction)/increase	Effect on employment benefit liability (reduction)/increase	Effect on comprehensive income (reduction)/increase	Effect on employment benefit liability (reduction)/increase
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Increase /(decrease) in discount rate				
-1%	(23,059)	23,059	(3,317)	3,317
+1%	21,222	(21,222)	3,060	(3,060)
Increase /(decrease) in salary escalation rate				
-1%	22,276	(22,276)	3,222	(3,222)
+1%	(23,793)	23,793	(3,435)	3,435

35.8 Maturity analysis of the payment

The following payment are expected on defined benefit obligations in future years.

	Group		Company	
As at	**31.03.2026**	31.03.2025	**31.03.2026**	31.03.2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Within next 12 months	**75,047**	65,665	**9,396**	8,864
Between 1-2 years	**117,419**	93,260	**19,948**	13,685
Between 2-5 years	**149,426**	116,493	**24,146**	22,216
Beyond five years	**150,089**	139,899	**19,460**	20,303
Total	**491,981**	415,317	**72,950**	65,068

35.9 Weighted average duration (years) of defined benefit obligation

	Group		Company	
As at	**31.03.2026**	31.03.2025	**31.03.2026**	31.03.2025
Weighted average duration of defined benefit obligation (no of years)	**5.38**	5.00	**4.80**	5.00

36 OTHER PROVISIONS AND PAYABLES

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Accrued payables	**1,424,003**	1,323,070	**25,696**	88,030
Contract liabilities	**3,536,041**	3,240,694	**40,555**	41,276
Total recognised under financial instruments (Note 40.1)	**4,960,044**	4,563,764	**66,251**	129,306
Unclaimed dividends	**33,538**	31,118	**26,056**	26,056
Taxes and other miscellaneous payables and provisions	**2,690,394**	2,166,456	**78,428**	34,724
Total	**7,683,976**	6,761,338	**170,735**	190,086

37 AMOUNTS DUE TO PARENT'S GROUP ENTITIES

	Group		Company	
As at	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Aitken Spence Exports (Pvt) Ltd	**-**	125	**-**	-
Elpitiya Plantations PLC	**-**	98	**-**	-
Aitken Spence Printing and Packaging (Pvt) Ltd	**-**	2	**-**	-
Aitken Spence Hotel Managements (Pvt) Ltd	**40,567**	119,244	**12,120**	7,666
Aitken Spence International Pte. Ltd	**4,866**	2,611	**-**	-
Aitken Spence Cargo (Pvt) Ltd	**1,056**	166	**731**	-
Ace Cargo (Pvt) Ltd	**-**	55	**-**	-
Negombo Beach Resorts (Pvt) Ltd	**-**	19	**-**	-
Aitken Spence Elevators (Pvt) Ltd	**387**	376	**-**	-
Aitken Spence Shipping Ltd	**9**	-	**-**	-
Global Parcel Delivery (Pvt) Ltd	**24**	39	**-**	-
Total	**46,909**	122,735	**12,851**	7,666

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38 FOREIGN CURRENCY TRANSLATION

The principle exchange rates used for translation of assets and liabilities as at the reporting date are as follows:

As at	31.03.2026	31.03.2025
US Dollar	**315.54**	296.32
Indian Rupee	**3.32**	3.46
UK Pound	**416.37**	383.78
Oman Riyal	**818.72**	769.78
Euro	**361.74**	319.86

39 CONTINGENT LIABILITIES

The contingent liability as at 31st March 2026 on guarantees given by Aitken Spence Hotel Holdings PLC to third parties on facilities obtained by subsidiaries amounted to Rs. 9,277,708,859 (as at 31.03.2025 - Rs. 6,300,668,859). Liability as at 31st March 2026 on guarantees given by subsidiaries to third parties amounted to Rs. 5,903,967,000 (as at 31.03.2025 - Rs. 7,037,600,000).

40 FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The following tables shows the carrying amounts and fair values of financial assets and financial liabilities of the Group and the Company.

40.1 Accounting classifications of financial instruments

40.1.1 Accounting classifications of financial instruments - Group

As at 31st March 2026	Notes	Financial Assets at Fair value through OCI	Financial Assets at Amortised cost (a)	Financial Liabilities at Amortised cost (a)	Total Carrying amount
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Other financial assets					
- Unquoted equity securities	21.1.1	**262,832**	-	-	**262,832**
- Unquoted debt securities and unsecured loans	21.1.2	-	**1,547,092**	-	**1,547,092**
- Bank deposits	27	-	**6,022,841**	-	**6,022,841**
Trade and other receivables	24	-	**4,057,504**	-	**4,057,504**
Amount due from holding company	25	-	**1,995,734**	-	**1,995,734**
Amount due from parent's group entities	26	-	**259,797**	-	**259,797**
Cash and cash equivalents	28	-	**6,929,400**	-	**6,929,400**
Total financial assets		**262,832**	**20,812,368**	-	**21,075,200**
Financial liabilities					
Interest bearing liabilities - banks	32	-	-	**27,836,472**	**27,836,472**
Interest bearing liabilities - leases	33	-	-	**21,823,175**	**21,823,175**
Trade payables		-	-	**1,101,564**	**1,101,564**
Other provisions and payables	36	-	-	**4,960,044**	**4,960,044**
Amount due to holding company		-	-	**3,771,490**	**3,771,490**
Amount due to parent's group entities	37	-	-	**46,609**	**46,609**
Bank overdrafts and other short term borrowings	28	-	-	**5,138,313**	**5,138,313**
Total financial liabilities		-	-	**64,677,667**	**64,677,667**

As at 31st March 2025	Notes	Financial Assets at Fair value through OCI	Financial Assets at Amortised cost (a)	Financial Liabilities at Amortised cost (a)	Total Carrying amount
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Other financial assets					
- Unquoted equity securities	21.1.1	246,822	-	-	246,822
- Unquoted debt securities and unsecured loans	21.1.2	-	725,524	-	725,524
- Bank deposits	27	-	5,462,605	-	5,462,605
Trade and other receivables	24	-	3,225,264	-	3,225,264
Amount due from holding company	25	-	1,547,373	-	1,547,373
Amount due from parent's group entities	26	-	1,179,532	-	1,179,532
Cash and cash equivalents	28	-	4,096,583	-	4,096,583
Total financial assets		246,822	16,236,881	-	16,483,703
Financial liabilities					
Interest bearing liabilities - banks	32	-	-	29,086,307	29,086,307
Interest bearing liabilities - leases	33	-	-	10,958,181	10,958,181
Trade payables		-	-	1,581,123	1,581,123
Other provisions and payables	36	-	-	4,563,764	4,563,764
Amount due to holding company		-	-	2,678,158	2,678,158
Amount due to parent's group entities	37	-	-	122,735	122,735
Bank overdrafts and other short term borrowings	28	-	-	5,956,558	5,956,558
Total financial liabilities		-	-	54,946,826	54,946,826

NOTES TO THE FINANCIAL STATEMENTS

40.1.2 Accounting classifications of financial instruments - Company

As at 31st March 2026	Notes	Financial Assets at Fair value through OCI	Financial Assets at Amortised cost (a)	Financial Liabilities at Amortised cost (a)	Total Carrying amount
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Other financial assets					
- Unquoted debt securities and unsecured loans	21.1.2	-	**1,547,092**	-	**1,547,092**
- Bank deposits	27	-	**272,819**	-	**272,819**
Trade and other receivables	24	-	**119,814**	-	**119,814**
Amount due from parent's group entities	26	-	**570,989**	-	**570,989**
Cash and cash equivalents	28	-	**439,064**	-	**439,064**
Total financial assets		-	**2,949,778**	-	**2,949,778**
Financial liabilities					
Interest bearing liabilities - banks	32	-	-	-	-
Trade payables		-	-	**34,743**	**34,743**
Other provisions and payables	36	-	-	**66,251**	**66,251**
Amount due to holding company		-	-	**2,742,246**	**2,742,246**
Amounts due to parent's group entities	37	-	-	**12,851**	**12,851**
Bank overdrafts and other short term borrowings	28	-	-	**189,046**	**189,046**
Total financial liabilities		-	-	**3,045,137**	**3,045,137**

As at 31st March 2025	Notes	Financial Assets at Fair value through OCI	Financial Assets at Amortised cost (a)	Financial Liabilities at Amortised cost (a)	Total Carrying amount
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Other financial assets					
- Unquoted debt securities and unsecured loans	21.1.2	-	725,524	-	725,524
- Bank deposits	27	-	256,191	-	256,191
Trade and other receivables	24	-	133,783	-	133,783
Amount due from parent's group entities	26	-	1,229,699	-	1,229,699
Cash and cash equivalents	28	-	75,302	-	75,302
Total financial assets		-	2,420,499	-	2,420,499
Financial liabilities					
Interest bearing liabilities - banks	32	-	-	318,126	318,126
Trade payables		-	-	30,030	30,030
Other provisions and payables	36	-	-	129,306	129,306
Amount due to holding company		-	-	1,625,148	1,625,148
Amounts due to parent's group entities	37	-	-	7,666	7,666
Bank overdrafts and other short term borrowings	28	-	-	381,536	381,536
Total financial liabilities		-	-	2,491,812	2,491,812

(a) Carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values.

40.2 Fair value of financial instruments

The fair value of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position as at the reporting dates are as follows:

As at 31st March 2026	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets				
Other financial assets				
- Unquoted equity securities	262,832	262,832	-	-
- Unquoted debt securities and unsecured loans	1,547,092	1,547,092	1,547,092	1,547,092
- Bank deposits	6,022,841	6,022,841	272,819	272,819
Trade and other receivables	4,057,504	4,057,504	119,814	119,814
Amount due from holding company	1,995,734	1,995,734	-	-
Amount due from parent's group entities	259,797	259,797	570,989	570,989
Cash and cash equivalents	6,929,400	6,929,400	439,064	439,064
Total financial assets	21,075,200	21,075,200	2,949,778	2,949,778
Financial liabilities				
Interest bearing liabilities - banks	27,836,472	27,836,472	-	-
Interest bearing liabilities - leases	21,823,175	21,823,175	-	-
Trade payables	1,101,564	1,101,564	34,743	34,743
Other provisions and payables	4,960,044	4,960,044	66,251	66,251
Amount due to holding company	3,771,490	3,771,490	2,742,246	2,742,246
Amount due to parent's group entities	46,609	46,609	12,851	12,851
Bank overdrafts and other short term borrowings	5,138,313	5,138,313	189,046	189,046
Total financial liabilities	64,677,667	64,677,667	3,045,137	3,045,137

As at 31st March 2025	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets				
Other financial assets				
- Unquoted equity securities	246,822	246,822	-	-
- Unquoted debt securities and unsecured loans	725,524	725,524	725,524	725,524
- Bank deposits	5,462,605	5,462,605	256,191	256,191
Trade and other receivables	3,225,264	3,225,264	133,783	133,783
Amount due from holding company	1,547,373	1,547,373	-	-
Amount due from parent's group entities	1,179,532	1,179,532	1,229,699	1,229,699
Cash and cash equivalents	4,096,583	4,096,583	75,302	75,302
Total financial assets	16,483,703	16,483,703	2,420,499	2,420,499
Financial liabilities				
Interest bearing liabilities - banks	29,086,307	29,086,307	318,126	318,126
Interest bearing liabilities - leases	10,958,181	10,958,181	-	-
Trade payables	1,581,123	1,581,123	30,030	30,030
Other provisions and payables	4,563,764	4,563,764	129,306	129,306
Amount due to holding company	2,678,158	2,678,158	1,625,148	1,625,148
Amount due to parent's group entities	122,735	122,735	7,666	7,666
Bank overdrafts and other short term borrowings	5,956,558	5,956,558	381,536	381,536
Total financial liabilities	54,946,826	54,946,826	2,491,812	2,491,812

(a) Carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values.

NOTES TO THE FINANCIAL STATEMENTS

40.3 Methods and assumptions used to estimate the fair values

A number of Group's accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following valuation techniques.

40.3.1 Property plant and equipment

The fair value of freehold land is determined based on market values.

The market value of land is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.

40.3.2 Financial Assets measured at fair value through other comprehensive income

Investments in equity instruments - quoted and unquoted

The fair value of investments in quoted equity shares for which there is an active share market is determined using the closing market prices. Investments in non quoted shares are determined based on present value of future cash flows discounted at the market interest rates at the reporting date.

Investments in debt instruments - unquoted

Investments in debt instrument- unquoted which consist of debentures is considered as a loan and impaired using Z score method. A template has been formulated for this purpose taking into consideration of probability of default based on last year audited accounts. However if a primary mortgage bond is being provided against the debentures, the loss given default (probability of default) would be considered as zero and impairment is made. For other forms of guarantees such as personal guarantees etc. the loss given default would vary between 45%-100%.

40.3.3 Trade and other receivables

Fair value of trade receivables is determined at amount estimated to be realised after making provision for impairment based on expected credit loss model.

For impairment purposes a loss rate has been established taking into consideration forward looking factors that affect customer default rates. Forward looking macro economic data such as GDP is incorporated in calculating the probability of default. The credit loss derived using the provision matrix is adjusted based on the future adjusted PD factors.

The Group uses an allowance matrix to measure ECLs of trade receivables, which comprise a very large number of small balances.

Fair value of other receivables are determined based on the amount estimated to be reasonably realised. If there are any receivables for more than one year, the balance over one year disclosed based on present value.

40.3.4 Bank Deposits

Fair value of bank deposits is determined at amount estimated to be realised after making provision for impairment based on the duration of the deposit and credit rating of the financial institution in which the deposit is held and the corresponding probability of default. Twelve months expected credit loss (ECL) basis is considered for impairment on bank deposits. External credit ratings of the counterparties and probability of default (PD) rates corresponding rating scale published by rating agencies are used in ECL calculation. PD rates are recalibrated using asset correlation formula and forward-looking adjustments are incorporated in arriving at final loss rates. Credit ratings of counterparties are carefully monitored and subsequent deterioration of the credit quality would trigger remeasurement of loss allowances using Lifetime ECL method.

40.3.5 Financial liabilities at amortised cost

Fair value of interest bearing borrowings, trade and other payable and short term bank borrowings are determined based on the amount estimated to be reasonably incurred in the foreseeable future less impairment.

41 FAIR VALUE MEASUREMENT

41.1 DETERMINATION OF FAIR VALUE HIERARCHY

The Group and the Company use the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques: The different levels have been defined as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

(ii) Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly (Level 2)

(iii) Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data [Inputs that are unobservable that reflect management own assumptions] (Level 3)

The following table provides the fair value measurement hierarchy of the Group's and Company's assets and liabilities.

41.1.1 Fair value measurement hierarchy -2025/2026

		Group				Company			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Recurring fair value measurements									
Assets measured at fair value									
Property, plant and equipment									
- Freehold land	16.3.2/16.2	-	-	14,927,831	14,927,831	-	-	1,750,118	1,750,118
Other financial assets									
- Unquoted equity securities	21.1.1	-	-	262,832	262,832	-	-	-	-
		-	-	15,190,663	15,190,663	-	-	1,750,118	1,750,118
Assets for which fair values are disclosed									
Investment in equity accounted investees - quoted	20.1.1	1,128,149	-	-	1,128,149	1,100,973	-	-	1,100,973
		1,128,149	-	-	1,128,149	1,100,973	-	-	1,100,973

NOTES TO THE FINANCIAL STATEMENTS

41.1.2 Fair value measurement hierarchy -2024/2025

		Group				Company			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets measured at fair value									
Property, plant and equipment									
- Freehold land	16.3.2/16.2	-	-	11,305,715	11,305,715	-	-	843,500	843,500
Other financial assets									
- Unquoted equity securities	21.1.1	-	-	246,822	246,822	-	-	-	-
		-	-	11,552,537	11,552,537	-	-	843,500	843,500
Assets for which fair values are disclosed									
Investment in equity accounted investees - quoted	20.1.1	914,190	-	-	914,190	892,168	-	-	892,168
		914,190	-	-	914,190	892,168	-	-	892,168

41.2 Reconciliation of fair value measurement of "Level 3" Financial Instruments

Freehold land

The reconciliation of property, plant and equipment (land) is given in Note 16.1 and 16.2 to the financial statements.

Unquoted equity securities (Note 21.1.1)

	Group		Company	
For the year	**2025/2026**	2024/2025	**2025/2026**	2024/2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Balance as at 01st April	**246,822**	250,254	**-**	-
Effect of movement in exchange rates	**16,010**	(3,432)	**-**	-
Balance as at 31st March	**262,832**	246,822	**-**	-

41.2.1 Transfers between levels of fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

41.3 Valuation techniques and significant unobservable inputs

41.3.1 Assets and liabilities measured at fair value - Recurring

Assets	Valuation Technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Property plant and equipment			
- Freehold land	Market comparable method - This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market price of similar assists making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land (Note 16.3.2)	Estimated fair value would increase (decrease) if price per perch increases / (decreases)
Other financial assets			
- Unquoted equity securities	Market return on a comparable investment	Valuation based on the recent and agreed sale price of shares (INR 55/- per share)	Not applicable

42 FINANCIAL RISK MANAGEMENT

42.1 Overview

Please refer the comprehensive risk management report on pages 295 to 309 of the annual report for a detailed description of the Group's risk management structure, process and procedures.

The Group has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

Financial instruments used by the Group in its business activities contain multiple variables that are affected by various market and environmental conditions. Such variations are generally not within the control of the users, and therefore cause fluctuations in the values of financial instruments. Fluctuations in value could result in a situation undesirable to the Group and expose it to risk. These risks need to be managed, as unmanaged risks can lead to unplanned outcomes where the Group could fall short of its financial and budgetary objectives. The Group has adopted a financial risk management strategy aimed at minimising the risks associated with the use of financial instruments by establishing several policies and guidelines that are followed by the companies in the Group. These policies and guidelines are reviewed from time to time and updated to reflect current requirements in accordance with the developments in the operating environment.

This part of the report covers the financial impact that could arise from market risk, credit risk and liquidity risk, the most important elements of the financial risk that the Group is subject to.

NOTES TO THE FINANCIAL STATEMENTS

42.2 Risk management framework

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is supported by the Board of management and the Audit and Risk committee in managing all risks affecting the Group. The Group Audit and Risk committee is assisted in its oversight role by Group's internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures the results of which is reported to the Audit and Risk committee. Central Treasury Department of the Holding Company also implement and carries out specific risk management policies laid down and approved by the management. Central Treasury in close co-corporation with the Group's operating units identifies, evaluates and formulates principle for risk management covering specific areas such as foreign exchange risk and interest rate risk.

42.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and through the use of other financial instruments.

42.3.1 Credit risk exposure

The Group's maximum exposure to credit risk as at the year end based on the carrying value of financial assets in the statement of financial position is given below. The maximum credit risk of the Group and the Company is limited to the carrying value of these financial assets as at the reporting date.

	Group				Company			
As at	**31.03.2026**		31.03.2025		**31.03.2026**		31.03.2025	
	Rs. '000	**Concentration %**	Rs. '000	Concentration %	**Rs. '000**	**Concentration %**	Rs. '000	Concentration %
Financial assets								
Financial assets at fair value through OCI								
Other financial assets - unquoted equity shares	**262,832**	**1%**	246,822	1%	**-**	**-**	-	-
Financial assets at amortised cost								
Other financial assets - unquoted debt securities and unsecured loans	**1,547,092**	**7%**	725,524	4%	**1,547,092**	**52%**	725,524	30%
Bank deposits	**6,022,841**	**29%**	5,462,605	33%	**272,819**	**9%**	256,191	10%
Trade and other receivables	**4,057,504**	**19%**	3,225,264	20%	**119,814**	**4%**	133,783	6%
Amount due from holding company	**1,995,734**	**9%**	1,547,373	10%	**-**	**-**	-	-
Amount due from parent's group entities	**259,797**	**1%**	1,179,532	7%	**570,989**	**20%**	1,229,699	51%
Cash and cash equivalents	**6,929,400**	**34%**	4,096,583	25%	**439,064**	**15%**	75,302	3%
Total credit exposure	**21,075,200**	**100%**	16,483,703	100%	**2,949,778**	**100%**	2,420,499	100%

The Board of Directors has provided the policy direction for the Central Treasury Department of the Holding Company to manage the risk arising from investments made in financial institutions. The Group's transactions are carried out only with a limited number of institutions all of which have stable credit ratings from internationally recognised rating providers. The Group's exposures and credit ratings of counterparties are continuously monitored and the investment portfolio is diversified amongst several institutions to minimise the unsystematic risk.

42.3.2 Expected credit loss assessment

The Group adopted Expected Credit Loss (ECL) approach to impairment of its financial assets. This enables better credit risk reporting of financial instruments by carrying reasonably quantified default risk adjusted value of assets in the balance sheet and minimising the timing difference in recognition of future default loss.

ECL measurement approach that is best suited for each class of asset is determined based on underlying risk characteristics of the asset. Subsequent to selection between general and simplified approaches to measurement, the Group assesses financial assets using data that is determined to be predictive of default risk, including but not limited to external ratings, historical payment patterns, audited financial statements, cash flow projections. Group companies apply experienced credit judgement taking in to account qualitative and quantitative factors that are indicative of the risk of default. Scalar macroeconomic factor adjustments such as GDP forecast, also incorporated to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected recovery period.

The Group re-evaluated its approach to measurement of ECL in the light of the current economic crisis in Sri Lanka, as the consequent unexpected deterioration in credit quality of investment portfolios (financial institutions) and trade receivables (non-financial institutions), will have a significant impact on the ECL measurement. The Group considered all reasonable and supportable information available without undue cost or effort at the reporting date as well as practical expedients made available. Economic Factor Adjustment (EFA) and Probability of Default (PD) updated to reflect the impact of adverse economic condition in measuring ECL while Loss Given Default (LGD) was used without modification. The Group also assessed it financial instruments for Significant Increase in Credit Risk (SICR) with available, reasonable and supportable information including economic support and relief measures provided to counterparties.

42.4 Credit Exposure on receivables

42.4.1 Trade receivables

Trade receivables consist of recoverable from a large number of customers spread across geographies. 88% of the Group's trade receivables are due for settlement within 90 days as at the end of the financial year (2024/2025: 91%) . The credit policy for each business segment varies based on the countries the Group operates. The credit policies that best suit their respective business environment are developed for each business segment and the responsibility rests with the heads of finance and the senior management teams.

Group companies formulate their credit policies subsequent to analysing credit profiles of customers. In this regard factors such as the credit history, legal status, market share, geographical locations of operations, and industry information are considered. References from bankers or credit information databases are obtained when it is considered necessary. Each group company has identified credit limits for their customers. In the event a customer does not meet the criteria or the stipulated benchmark on a transaction, then the business is carried out with such customers only up to the value of the collaterals or advances obtained.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics of the Group's customer base, including the default risk, business relationships with due attention given to past performances, stability in the industry and creditworthiness, as these factors may have an influence on credit risk.

In monitoring customer credit risk customers are grouped according to their business volumes and consider separately for granting credit limits. Some customers are graded as "high risk" based on the credit worthiness established through past experience. Such customers are monitored carefully and future sales are made on a prepayment basis.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness. The Group's review includes obtaining bank guarantees (collaterals) and references. As at the reporting date value of collaterals obtained from customers amounted to Rs. 35 Mn. Credit limits are established for each customer and these limits are reviewed frequently. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

As at 31 March 2026, the Group has not pledged any trade receivables as security for interest-bearing liabilities obtained from banks (2024/2025: Nil).

NOTES TO THE FINANCIAL STATEMENTS

The Group's maximum exposure to credit risk on trade receivables as at the year end based on the carrying value in the statement of financial position is given below:

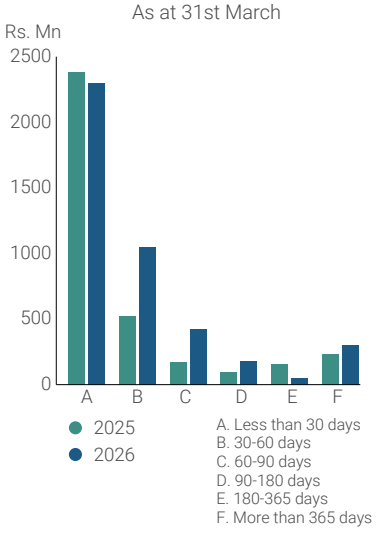
	Note	Group		Company	
As at		**31.03.2026 Rs.'000**	31.03.2025 Rs.'000	**31.03.2026 Rs.'000**	31.03.2025 Rs.'000
Trade receivables	24	**4,262,945**	3,367,313	**123,159**	136,327
Provision of impairment		**(322,004)**	(352,444)	**(3,345)**	(2,753)
Total		**3,940,941**	3,014,869	**119,814**	133,574

The movement in the allowance for impairment in respect of trade receivables during the year was:

	Group		Company	
For the year	**2025/2026 Rs.'000**	2024/2025 Rs.'000	**2025/2026 Rs.'000**	2024/2025 Rs.'000
Balance as at 01st April	**352,444**	138,774	**2,753**	838
Impairment provision - recognised for the year	**(48,923)**	218,704	**592**	1,915
Effect of movement in exchange rate	**18,483**	(5,034)	**-**	-
Balance as at 31st March	**322,004**	352,444	**3,345**	2,753

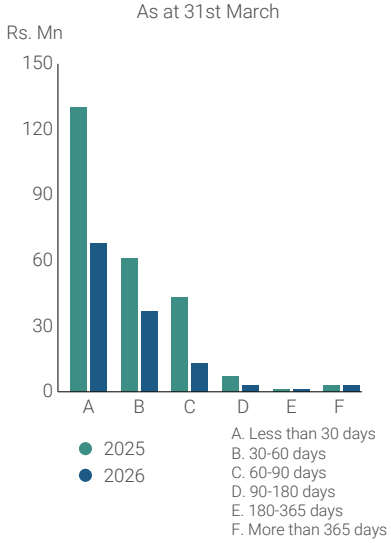
Trade Receivables Settlement Profile - Group

As at 31st March



Trade Receivables Settlement Profile - Company

As at 31st March



Trade receivable settlement profile

	Group		Company	
As at	**31.03.2026 Rs.'000**	31.03.2025 Rs.'000	**31.03.2026 Rs.'000**	31.03.2025 Rs.'000
Less than 30 days	**2,300,508**	2,380,973	**68,012**	129,842
30-60 days	**1,047,616**	520,470	**36,747**	60,697
60-90 days	**423,483**	172,639	**12,804**	43,445
90-180 days	**181,252**	99,307	**3,282**	6,886
180-365 days	**45,817**	154,656	**521**	989
more than 365 days	**301,134**	230,711	**3,395**	2,747
Advances received	**(36,865)**	(191,443)	**(1,602)**	(108,279)
Total gross trade receivables	**4,262,945**	3,367,313	**123,159**	136,327
Impairment provision on trade receivables				
- Life time ECL - credit impaired	**(301,134)**	(230,711)	**(3,395)**	(2,747)
- Life time ECL - not credit impaired	**(20,870)**	(121,733)	**50**	(6)
Carrying value of net trade receivables	**3,940,941**	3,014,869	**119,814**	133,574

42.4.2 Short term bank deposits

The Group has a number of bank deposits in Sri Lankan rupees and other currencies. These deposits have been placed in several banks in order to minimise the credit risk in accordance with the policy directions provided by the Board. In order to further minimise the credit risk, the Group's exposure and credit ratings of banks are regularly monitored and a diversified investment portfolio is maintained. In the event of any weakening of credit metrics of a bank the Group may decide to liquidate its investments and move to an institution with a higher credit rating.

The value of deposits and balances with banks pledged by the Group as security for interest-bearing loans obtained from banks amounted to Rs.1,147 Mn (2024/2025 - Rs.1,152 Mn).

The Group's maximum exposure to credit risk on term deposits as at the year end based on the carrying value in the statement of financial position is given below.

	Group		Company	
As at	**31.03.2026 Rs.'000**	31.03.2025 Rs.'000	**31.03.2026 Rs.'000**	31.03.2025 Rs.'000
Short term bank deposits - Gross carrying amount	**6,025,280**	5,462,779	**272,825**	256,191
Impairment of short term bank deposits (12 - month ECL)	**(2,439)**	(174)	**(6)**	-
Total net carrying amount	**6,022,841**	5,462,605	**272,819**	256,191

Short term bank deposits analysed by currency equivalent in Rupees

	Group				Company			
As at	**31.03.2026**		31.03.2025		**31.03.2026**		31.03.2025	
	Rs. '000	**Allocation %**	Rs. '000	Allocation %	**Rs. '000**	**Allocation %**	Rs. '000	Allocation %
USD	**5,613,240**	**93%**	4,720,895	86%	**-**	**-**	-	-
MVR	**409,550**	**7%**	741,659	14%	**-**	**-**	-	-
LKR	**51**	**0%**	51	0%	**272,819**	**100%**	256,191	100%
Total	**6,022,841**	**100%**	5,462,605	100%	**272,819**	**100%**	256,191	100%

NOTES TO THE FINANCIAL STATEMENTS

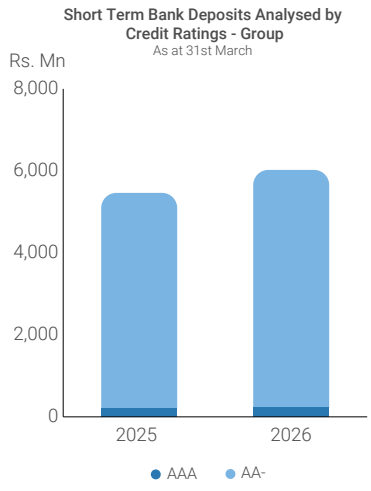
Short term bank deposits analysed by banks

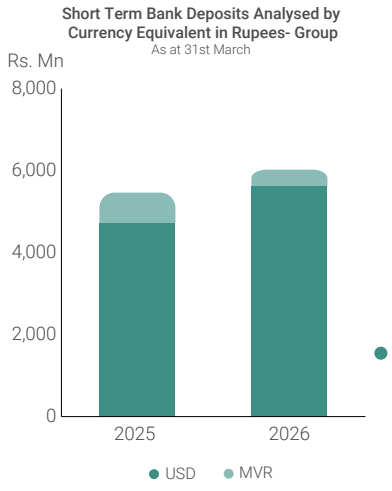
	Group				Company			
As at	31.03.2026		31.03.2025		31.03.2026		31.03.2025	
	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %
Government owned banking institutions	**3,237,173**	**54%**	3,730,094	68%	**-**	**-**	-	-
Commercial banks *	**2,785,668**	**46%**	1,732,511	32%	**272,819**	**100%**	256,191	100%
Total	**6,022,841**	**100%**	5,462,605	100%	**272,819**	**100%**	256,191	100%

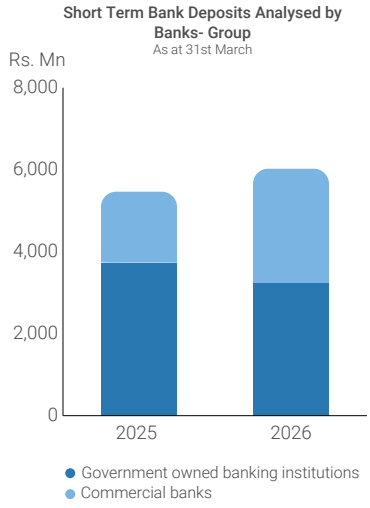
* Commercial banks - Investments made with other commercial banks consist of fixed deposits and term deposits held with private commercial banks.

Short term bank deposits analysed by credit ratings

	Group				Company			
As at	31.03.2026		31.03.2025		31.03.2026		31.03.2025	
	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %
Fitch ratings								
AAA	**232,776**	**4%**	210,658	4%	**-**	**-**	-	-
AA-	**5,790,065**	**96%**	5,251,947	0%	**272,819**	**100%**	256,191	100%
Total	**6,022,841**	**100%**	5,462,605	100%	**272,819**	**100%**	256,191	100%







42.4.3 Cash and cash equivalents

The Group limits its exposure to credit risk by investing only in liquid instruments with reputed banking Institutions. The Group also use broad investment portfolio and limit investments with a single counterparty.

Composition of Cash and cash equivalents

	Group				Company			
As at	31.03.2026		31.03.2025		31.03.2026		31.03.2025	
	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %
Cash at bank	**4,761,196**	**69%**	2,729,035	67%	**437,694**	**100%**	72,606	96%
Short term deposits less than 90 days	**1,753,774**	**25%**	814,883	20%	**-**	**-**	-	-
Cash in hand and funds in transit	**414,430**	**6%**	552,665	13%	**1,370**	**0%**	2,696	4%
Total cash and cash equivalents	**6,929,400**	**100%**	4,096,583	100%	**439,064**	**100%**	75,302	100%

The Group limits its exposure to credit risk by investing only in liquid instruments with reputed banking Institutions. The Group also use broad investment portfolio and limit investments with a single counterparty.

Cash and cash equivalents analysed by credit ratings

	Group				Company			
As at	31.03.2026		31.03.2025		31.03.2026		31.03.2025	
	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %
Fitch ratings								
AAA	**708,951**	**11%**	621,624	18%	**41,257**	**9%**	7,626	11%
AA	**1,263**	**0%**	-	-	**1,263**	**0%**	-	-
AA-	**5,685,948**	**88%**	2,729,844	77%	**391,990**	**90%**	64,980	89%
A+	**2,439**	**0%**	-	-	**-**	**-**	-	-
A	**27,005**	**0%**	17,366	0%	**3,184**	**1%**	-	0%
CCC	**89,364**	**1%**	175,084	5%	**-**	**-**	-	-
Cash and short term deposits at bank (less than 90 days)	**6,514,970**	**100%**	3,543,918	100%	**437,694**	**100%**	72,606	100%
Cash in hand and funds in transit adjustment	**414,430**		552,665		**1,370**		2,696	
Total cash and cash equivalents	**6,929,400**		4,096,583		**439,064**		75,302	

NOTES TO THE FINANCIAL STATEMENTS

42.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquid assets of a company consist of cash and assets which can be converted to cash in a short period of time to settle liabilities as they arise. Liquidity is an important factor in the operations of a business as it is an essential requirement for the successful operation of an entity.

A shortage of liquidity would have a negative impact on stakeholder confidence in a business entity and hampers its operations. The Group has ensured that it maintains sufficient liquidity reserves to meet all its operational and investment requirements by closely monitoring and forecasting future funding needs and securing funding sources for both regular and emergency requirements. Shortening the working capital cycle is one of the main practises preferred in ensuring that there is sufficient liquidity at a given time. Adequate short-term working capital facilities provided by banks are available to all the Group companies which are utilised in the event of a requirement. These facilities are available at favourable rates and have been mostly provided without collateral. The Group maintains a constant dialogue with the banking sector institutions to ensure that there are sufficient working capital facilities available whenever required and closely monitors their utilisation.

The Group has implemented procurement and vendor evaluation policies to prevent payment of excessive prices to suppliers and to obtain favourable credit periods in order to ensure a strong working capital position.

The Group continuously prepares and monitors rolling cash flow forecasts and access the liquidity requirements of each operating unit to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets.

Surplus cash held by the operating units over and above balance required for working capital management are invested in interest bearing time deposits or with treasury department of the parent company. At the reporting date, the Group held term deposits that are expected to readily generate cash inflows for managing liquidity risk of liabilities as at the reporting date.

The Group considered that Cash flow scrutiny is paramount in the days and months ahead and has adopted a disciplined approach across the Group for preserving and increasing liquidity, particularly on account of the impact of prevailing macro economic conditions.

Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31st March 2026 based on contractual undiscounted payments.

As at 31st March 2026	Contractual undiscounted cash flows							
	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities								
Interest bearing liabilities- banks	27,836,472	-	1,288,142	3,787,694	4,411,277	14,682,712	10,306,004	34,475,829
Interest bearing liabilities- leases	21,823,175	-	596,204	1,790,146	2,386,503	7,160,589	24,933,659	36,867,101
Trade payables	1,101,564	1,101,564	-	-	-	-	-	1,101,564
Other provisions and payables	4,960,044	4,960,044	-	-	-	-	-	4,960,044
Amount due to holding company	3,771,490	3,771,490	-	-	-	-	-	3,771,490
Amount due to parent's group entities	46,609	46,609	-	-	-	-	-	46,609
Bank overdrafts and other short term borrowings	5,138,313	5,138,313	-	-	-	-	-	5,138,313
	64,677,667	**15,018,020**	**1,884,346**	**5,577,840**	**6,797,780**	**21,843,301**	**35,239,663**	**86,360,950**

The table below summarises the maturity profile of the Group's financial liabilities at 31st March 2025 based on contractual undiscounted payments.

As at 31st March 2025	Contractual undiscounted cash flows							
	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities								
Interest bearing liabilities- banks	29,086,307	-	2,861,612	8,334,556	7,166,331	8,258,170	8,125,096	34,745,765
Interest bearing liabilities- leases	10,958,181	-	504,680	1,197,114	732,764	2,199,273	17,004,099	21,637,930
Trade payables	1,581,123	1,581,123	-	-	-	-	-	1,581,123
Amount due to holding company	2,678,158	2,678,158	-	-	-	-	-	2,678,158
Amount due to parent's group entities	122,735	122,735	-	-	-	-	-	122,735
Bank overdrafts and other short term borrowings	5,956,558	5,956,558	-	-	-	-	-	5,956,558
	54,946,826	14,902,338	3,366,292	9,531,670	7,899,095	10,457,443	25,129,195	71,286,033

Maturity analysis - Company

The table below summarises the maturity profile of the Company's financial liabilities at 31st March 2026 based on contractual undiscounted payments.

As at 31st March 2026	Contractual undiscounted cash flows							
	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities								
Trade payables	34,743	34,743	-	-	-	-	-	34,743
Other provisions and payables	66,251	66,251	-	-	-	-	-	66,251
Amount due to holding company	2,742,246	2,742,246	-	-	-	-	-	2,742,246
Amount due to parent's group entities	12,851	12,851	-	-	-	-	-	12,851
Bank overdrafts and other short term borrowings	189,046	189,046	-	-	-	-	-	189,046
	3,045,137	**3,045,137**	**-**	**-**	**-**	**-**	**-**	**3,045,137**

NOTES TO THE FINANCIAL STATEMENTS

The table below summarises the maturity profile of the Company's financial liabilities at 31st March 2025 based on contractual undiscounted payments.

As at 31st March 2025	Contractual undiscounted cash flows							
	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities								
Interest bearing liabilities- banks	318,126	-	84,828	245,881	-	-	-	330,709
Trade payables	30,030	30,030	-	-	-	-	-	30,030
Other provisions and payables	129,306	129,306	-	-	-	-	-	129,306
Amount due to holding company	1,625,148	1,625,148	-	-	-	-	-	1,625,148
Amount due to parent's group entities	7,666	7,666	-	-	-	-	-	7,666
Bank overdrafts and other short term borrowings	381,536	381,536	-	-	-	-	-	381,536
	2,491,812	2,173,686	84,828	245,881	-	-	-	2,504,395

42.5 Market risk

Fluctuations of those market driven variables that affect cashflows arising from financial instruments can result in the actual outcome being different to expected cashflows thereby creating the market risk. Variables such as interest rates and exchange rates can move in directions different to those originally expected and the consequent cashflows could be different to the originally anticipated cashflows

Market risk could result in the revenues and expenses of the Group being adversely affected and impacting the profit attributable to shareholders. In order to identify, manage and minimise the market risk, the Group has put into practice a number of policies and procedures.

Market prices comprise of the following risks:

- Currency risk (foreign exchange risk)
- Interest rate risk
- Equity price risk

42.5.1 Currency risk

The currency risk arises when a financial transaction is denominated in a currency other than that of the reporting currency of an entity. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

Transaction exposure arises where there are contracted cashflows (receivables and payables) of which the values are subject to unanticipated changes in exchange rates due to contracts being denominated in a foreign currency. Translation exposure occurs due to the fluctuations in foreign exchange rates and arises to the extent to which financial reporting is affected by exchange rate movements when the reporting currency is different to those currencies in which revenues, expenses, assets and liabilities are denominated.

Foreign currency sensitivity

As the Group transacts in many foreign currencies other than the Sri Lankan rupee which is the reporting currency, it is exposed to currency risk on revenue generation, expenses, investments and borrowings. The Group has significant investments in the Maldives, India, Oman where the net assets are exposed to foreign currency translation risk. Revenue generations and expenses incurred in foreign currency are exposed to foreign currency transaction risk.

The Group has investment in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed, primarily through borrowings denominated in the relevant foreign currencies. The total interest bearing borrowings of the Group denominated in USD amounted to Rs. 21,939.9 Mn. (as at 31.03.2025 - Rs. 18,527.4 Mn) The total interest bearing borrowings of the Group denominated in EURO amounted to Rs. 3,854.1 Mn. (as at 31.03.2025 - Rs. 7,982.9 Mn) All overseas investments is mostly financed through USD denominated borrowings. The translation exposure resulting from USD borrowings has been minimised to a high degree through these investments. However for purposes of disclosure the exposure for currency risk is only provided on Group's foreign currency denominated financial instruments.

The Group actively evaluates the possibility of employing hedge accounting to mitigate the exposure to currency risk by designating an effective relationship between foreign currency denominated transaction with assets or liabilities. Hedge accounting enables to minimise the timing differences in recognising foreign currency translation impact to the income statement or other comprehensive income statement and to effectively capture the economic substance of the transaction.

The USD/LKR exchange rate depreciated steadily throughout financial year 2025/26, with the rupee losing approximately 6.5% of its value against the US dollar. The rate opened around LKR 296 in April 2025 and the movement was broadly orderly, with the rate consolidating within the LKR 302-310 band for an extended period during the second half of the year. Two periods of accelerated depreciation were noted: a sharp adjustment to around LKR 308 in mid-November 2025, followed by a more pronounced weakening during the final weeks of March 2026, culminating in a year-end closing rate of LKR 315.54.

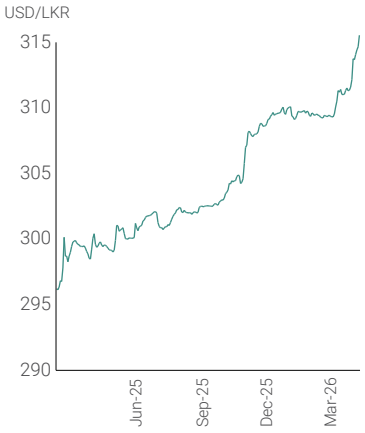
Significant movement in exchange rates during the year ended 31st March 2026

	Lowest Level		Highest Level		Spread	Year end rate
	Rate	Date	Rate	Date		
USD/LKR	296.14	02.04.2025	315.54	31.03.2026	19.40	315.54
EUR/LKR	319.71	02.04.2025	371.65	28.01.2026	51.94	361.74

The Group's primary foreign currency exposures are to the US Dollar and the Euro. Other foreign currency exposures, predominantly related to foreign operations, are not considered material. To assess the impact of currency risk on financial instruments, a reasonable movement in the USD/LKR and EUR/LKR exchange rates is estimated based on observable market trends. Reflecting the exchange rate volatility experienced during the financial year, a 5% threshold is applied in the current year's sensitivity analysis.

The sensitivity analysis relates only to assets and liabilities depicted in Financial Statements as at the end of the financial year.





NOTES TO THE FINANCIAL STATEMENTS

42.5.1.1 Effect on profit before tax

	Group			Company		
	USD denominated net financial assets/ (liabilities) in USD '000	EURO denominated net financial assets/ (liabilities) in EURO '000	GBP denominated net financial assets/ (liabilities) in GBP '000	USD denominated net financial assets/ (liabilities) in USD '000	EURO denominated net financial assets/ (liabilities) in EURO '000	GBP denominated net financial assets/ (liabilities) in GBP '000
As at 31st March 2026						
Foreign currency exposure	**(2,395)**	**(9,035)**	**77**	**1,557**	**147**	**37**
LKR depreciated by 5% (In Rs. '000)	**(37,786)**	**(163,418)**	**1,603**	**24,565**	**2,659**	**770**
LKR appreciated by 5% (In Rs. '000)	**37,786**	**163,418**	**(1,603)**	**(24,565)**	**(2,659)**	**(770)**
As at 31st March 2025						
Foreign currency exposure	8,730	(23,139)	101	1,397	190	57
LKR depreciated by 5% (In Rs. '000)	129,342	(342,830)	1,492	20,703	2,822	847
LKR appreciated by 5% (In Rs. '000)	(129,342)	342,830	(1,492)	(20,703)	(2,822)	(847)

42.5.1.2 Effect on equity

	Group	Company
	in USD '000	in USD '000
As at 31st March 2026		
Foreign currency exposure	**195,445**	-
LKR depreciated by 5% (In Rs. '000)	**3,083,536**	-
LKR appreciated by 5% (In Rs. '000)	**(3,083,536)**	-
As at 31st March 2025		
Foreign currency exposure	146,179	-
LKR depreciated by 5% (In Rs. '000)	2,165,339	-
LKR appreciated by 5% (In Rs. '000)	(2,165,339)	-

42.5.1.3 Cash Flow Hedge

A subsidiary company in the Group designated a hedge relationship between its highly probable foreign currency denominated sales and its foreign currency denominated borrowings.

The risk management objective of the cash flow hedge is to hedge the risk of variation in the foreign currency exchange rates associated with foreign currency denominated forecast sales. The risk management strategy is to use the foreign currency variability (gains / losses) arising from revaluation of the foreign currency borrowing attributable to change in the spot foreign exchange rates to off-set the variability, due to foreign exchange rate movements, on LKR conversion of foreign currency denominated forecast sales.

The effective portion of the gain or loss on the hedging instrument is recognised in the Other Comprehensive Income Statement (OCI) and any ineffective portion is recognised immediately in the Income Statement.

The amount recognised in Other Comprehensive Income is transferred to the Income Statement when the hedge transaction occurs (when the forecasted revenue is realised). If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to the Income Statement.

Cash Flow Hedge relationship

Cash flow hedge reserve reflects the effective portion of the gain or loss on the hedging instrument. The portion of cash flow hedging reserve as at 31st March 2026 represents the foreign currency variability arising from revaluation of the foreign currency borrowings attributable to change in the spot exchange rate that is expected be set of from the variability of exchange rates form highly probable Foreign currency denominated sales (Named "All Inclusive" apartment revenue) expected to occur from 1st quarter of 2017/18 up to the tenor of refinanced borrowings.

Hedging instrument - Foreign currency borrowing, the designated risk component historically covered on average 85% of the item as a whole

Hedged item – Highly probable foreign currency denominated sales (Named "All Inclusive" apartment revenue) expected to occur from April 2017 to March 2032.

During the year, the effective portion of the hedging instrument being a loss of Rs. 42.6 Mn (2024/2025 - gain of Rs. 679 Mn) was recognised in the Other Comprehensive Income statement (OCI) and the ineffective portion is recognised in the income statement under net foreign exchange gain/(loss) in other operating income of the subsidiary financial statements. The ineffective portion of the current financial year was Nil (2024/2025 - Nil).

In respect of the cash flow hedge instrument, Group recognized Rs. 1,826.24 Mn (2024/2025 - Rs. 1,800.67 Mn) under cash flow hedge reserve being the Group's portion of the fair value loss recognised by the subsidiary.

Cash flow hedge reserve

	Group		Company	
For the year	**2025/2026**	2024/2025	**2025/2026**	2024/2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April	**(1,800,674)**	(2,208,231)	**-**	-
Net movement in cash flow hedge reserve	**(25,565)**	407,557	**-**	-
Balance as at 31st March	**(1,826,239)**	(1,800,674)	**-**	-

42.5.2 Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's investment portfolio consists of a range of financial instruments with both fixed and variable interest rates such as treasury bills and treasury bonds which are subject to interest rate risk. Liabilities with variable interest rates such as AWPLR, SOFR and EURIBOR linked borrowings would expose the Group to cashflow risk as the amount of interest paid would change depending on the changes in market interest rates. Investments with fixed interest rates would expose the Group to variations in fair values during the marking to market of portfolios. Suitable strategies are used by the Central Treasury Department of the Holding Company to manage the interest rate risks in portfolio investments. The use of long-term interest rate forecasts to determine the most suitable duration of investments with the objective of overcoming the re-investment risk as well as to minimise any adverse impact in marking to market of the portfolio is one of the often used strategies. Interest rate swaps could be used when there is a need to hedge the risks on debt instruments with variable rates. Close monitoring of market trends is carried out to improve the accuracy of such decisions.

The Group treasury department of the parent company monitors the interest rate environment on a continuous basis to advise the sector finance managers on the most suitable strategy with regard to borrowings. The Group usually negotiates long term borrowings during the periods in which interest rates are low in order to extend the favourable impact to future reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

Significant movement in interest rates during the year ended 31st March 2026

	Lowest Level		Highest Level		Basis points	%
	Rate %	Period	Rate %	Period		
LKR Interest rate - AWPLR (Weekly)	7.88	Jul-25	9.35	Feb-26 - Mar-26	147	9.28
USD Interest rate - Term SOFR (3 Month)	3.63	Feb-26	4.33	May-25	70	3.68

The Average Weighted Prime Lending Rate (AWPLR) recorded a net increase of 85 basis points over the financial year 2025-26, opening at 8.43% in April 2025 and closing at 9.28% by end-March 2026. The year was characterised by two distinct phases. During the first half, the rate eased steadily, reaching a year-low of 7.88% in mid-July 2025. This was followed by a sustained reversal from November 2025 onwards, with the rate breaching the 9% threshold by January 2026 and remaining elevated for the remainder of the year, touching a peak of 9.35% in February and March 2026.

The 3-Month Term SOFR during FY 2025-26 began with an upward trend, reaching a peak near 4.33% in May 2025. From August onward, the rate entered a sustained decline, before settling into a relatively tight range in the final quarter.

Interest rate sensitivity

At the reporting date, the interest rate sensitivity analysis for the Group and Company's interest-bearing financial instruments is presented below. This analysis illustrates the potential impact on profit due to probable interest rate movements, assuming all other variables remain constant. To assess interest rate risk on financial instruments, a reasonable movement in interest rates is estimated based on observable market trends. Given the volatility in domestic interest rates, a fluctuation of 250 basis points has been applied to LKR-denominated financial liabilities for the sensitivity analysis. For USD-denominated financial liabilities, a sensitivity threshold of 100 basis points has been considered.

	Group			Company		
Financial year 2025/2026	Exposure (Rs.'000)	Increase/decrease in basis points	Effect on Profit before Tax (Rs.'000)	Exposure (Rs.'000)	Increase/decrease in basis points	Effect on Profit before Tax (Rs.'000)
Sri Lanka rupee borrowings (Interest linked to AWPLR)	**872,909**	**+250**	**21,823**	**-**	**+250**	**-**
USD loans (SOFR)	**20,792,632**	**+ 100**	**207,926**	**-**	**+ 100**	**-**
Sri Lanka rupee borrowings	**872,909**	**-250**	**(21,823)**	**-**	**-250**	**-**
USD loans (SOFR)	**20,792,632**	**-100**	**(207,926)**	**-**	**-100**	**-**

	Group			Company		
Financial year 2024/2025	Exposure (Rs.'000)	Increase/decrease in basis points	Effect on Profit before Tax (Rs.'000)	Exposure (Rs.'000)	Increase/decrease in basis points	Effect on Profit before Tax (Rs.'000)
Sri Lanka rupee borrowings (Interest linked to AWPLR)	1,245,035	+250	31,126	318,126	+250	7,953
USD loans (SOFR)	17,375,202	+ 100	173,752	-	+ 100	-
Sri Lanka rupee borrowings	1,245,035	-250	(31,126)	318,126	-250	(7,953)
USD loans (SOFR)	17,375,202	-100	(173,752)	-	-100	-

Constant monitoring of market interest rates is carried out to ensure appropriate steps are taken to maximise the return on financial management and to minimise the cost of borrowings. Group very strongly negotiates with banks and obtains best possible interest rates for the Group's borrowings. Listed below are steps adopted by the Group to minimise the effect of interest rate risks:

1 Entering into loans with interest rate caps and fixed rates.

2 Re - negotiating with banks on interest rates when ever there are favourable fluctuations in the market rates.

42.5.3 Equity prices

The Group has adopted the policy that its investment in subsidiaries, joint ventures and associate companies are recorded at cost as per LKAS 27 and 28 standards and therefore are scoped out from the Sri Lanka Accounting Standards, SLFRS 9 - Financial Instruments. Investments made by the Group which do not belong to the above categories are classified as financial assets and recorded at fair value in financial statements.

At the reporting date the carrying values of equity investments are as follows;

- Unquoted equity securities: Rs. 262.83 Mn (as at 31.03.2025; Rs. 246.82 Mn)

A sensitivity analysis of the above has not been carried out as the Group's exposure to such is not material.

43 FINANCIAL 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 the capital

The capital of the company consist of the following:

Equity Capital

- Ordinary share capital
- Preference share capital

Debt

- Long term borrowings

	Group		Company	
As at	**31.03.2026**	31.03.2025	**31.03.2026**	31.03.2025
Debt to Equity ratio (times)	**0.57**	0.58	**0.02**	0.02

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated based on the long term interest bearing debt and preference shares divided by total equity capital. Total debt consist of total non current borrowings and preference share capital excluding lease liabilities and total equity consist of total equity including minority interest excluding preference shares capital. The following factors are also objectively taken into consideration in managing capital of the Group.

1. Maintain sufficient capital to meet minimum regulatory requirements. (Companies Act)
2. Maintain strong equity base as opposed to debt capital
3. Group's future developments, investments and business strategies
4. Sustaining the financial health of the Group to withstand economic cycles
5. Maintaining stakeholder confidence in the Group and ability to pay higher returns to shareholders

When capital is not available in adequate quantities or at a reasonable cost, it can have an adverse impact on the performance of the Group. The management being conscious of these factors, has implemented the capital management policy to ensure the long-term sustainability and competitiveness of the Group. Ensuring that there is no idle capital which will act as a drag on the returns generated is another factor that is considered. Excessive capital invested in a business will have a dampening impact on the performance while insufficient level of capital will prevent an organisation from achieving its long-term objectives.

Sourcing of debt is carried out after careful and detailed analysis of lender proposals. Important factors such as the tenure of the loans, interest rates, capital repayment terms including grace periods and repayment amounts and other terms and conditions including covenants are taken into consideration when deciding. Minimising the weighted average cost of capital is one of the key considerations in determining sourcing options. The Group's debt is denominated in Sri Lankan rupees as well as foreign currencies such as US dollar, Euro, and Oman Riyal. Foreign currency denominated loans have been taken mainly by the companies with foreign exchange earnings in order to take advantage of the relatively low interest rates.

The Group's treasury department of the parent company plays an active role in ensuring that the cost of capital is maintained at the optimum level and the financial and other covenants linked to the sourcing arrangements are acceptable.

NOTES TO THE FINANCIAL STATEMENTS

Adequate financial reserves

The long-term financial health of the Group has been ensured by maintaining sufficient reserves of financial capital which can be drawn upon when there is a requirement. Probable future risks that could result in negative financial outcomes are identified and required mitigation measures are taken. The Group has implemented sound cashflow planning procedures ensuring that the receivables are collected in an efficient manner thereby shortening the cash cycle. A special emphasis is placed on minimising operating costs through critical evaluation and justification of all cost elements.

Financial capital management policy

The fundamental objective of the financial capital management policy of the Group is maximising the return on limited available capital whilst safeguarding the investments that have already been made. Ensuring that there is adequate financial capital for the Group to expand its operations while continuing with its regular business operations, requires the management to consider multiple facets of the operation and take into account the behaviour of a number of parameters, both internal and external, that affect the operating conditions. The rapid pace of change in the operating environment has a profound influence on many factors affecting the use of financial capital. A thorough understanding derived from years of experience in a business sector is vital to ensure successful management of capital.

The Group's financial capital management policy fundamentally stems from various decisions the Board has taken regarding capital investments and the optimum utilisation of cash resources. This policy reflects the current thinking of the Board on present and future industry, market and economic risks and conditions. Potential investments and divestments are discussed at length by the Group directors and various aspects of risk and return parameters are considered prior to making capital investment decisions. A vital role in the implementation of the financial capital management policy is played by the Group treasury and the corporate finance division.

The management information necessary to base policy decisions such as key performance indicators and value drivers of the sectors highlighting financial performances are generated by the corporate finance division. Some of the important parameters which guide the capital management policy include the tolerance for gearing, interest risk appetite and the view on the exchange rate movement. The underlying variables such as the market borrowing and lending rates, exchange rates, inflation and other macroeconomic indicators are constantly monitored by the Group treasury department of the parent company and recommendations regarding the appropriate policy changes are made to the management.

It is vital for the Group's long-term survival and growth to have a sound financial capital management policy as decisions taken at the present time will have implications for the future. The Group's financial capital management policy, therefore, is constantly evolving and attempts to link its future strategy to present day financing decisions while being based on a solid foundation of optimisation of resources.

44 DIRECTOR'S FEES

The Directors of the Group for the year ended 31st March 2026 is nil. (2024/2025 - Rs. nil)

45 RELATED PARTY TRANSACTIONS

Aitken Spence Hotels Holdings Group carries out transactions in the ordinary course of business with parties who are defined as related parties as per Sri Lanka Accounting Standard LKAS 24 - Related Party Disclosures, which are transacted at normal business terms. The pricing policy applicable to such transactions are comparable with those that would have been charged from unrelated companies.

The immediate parent of Aitken Spence Hotel Holdings PLC is Aitken Spence PLC and ultimate parent is Milford Exports (Ceylon) (Pvt) Ltd. Relationships with subsidiaries and equity accounted investees are explained in Note 19 and Note 20.The names of key management personnel of Aitken Spence Hotel Holdings PLC, who hold positions in subsidiaries and equity accounted investees are stated in the Group Companies and Directorate on pages 333 to 335 to the annual report. The other companies in which key management personnel of Aitken Spence Hotel Holdings PLC hold positions are listed in the Corporate Governance section on page 61 to the annual report.

Terms and conditions of transactions with related parties

All related party transactions are carried out in the normal course of business and transacted at normal business terms. The sales to and purchases from related parties are made on terms equivalent to those that would have been charged from un-related companies. All related party outstanding balances at the year-end are unsecured and are to be settled in cash. Details of transactions carried out by the Group with related parties and outstanding balances with the related parties are given in Note No. 45.1.1 to 45.1.5

45.1 Details of transactions carried out with related companies

Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Group		Company	
				Transaction Value	Outstanding As at 31.03.2026	Transaction Value	Outstanding As at 31.03.2026
				Rs. '000	Rs. '000	Rs. '000	Rs. '000
45.1.1 Transactions with parent company							
Aitken Spence PLC	Parent Company	Interest income earned	Market terms	101,042	-	-	-
		Interest expense paid	Market terms	256,016	-	197,103	-
		Lease rent paid	Contractual payment	3,631	-	-	-
		Corporate guarantee fees paid	Market terms	38,042	-	19,597	-
		Royalty paid	Percentage of revenue	56,991	-	-	-
		Fees paid for services	Market terms	333,573	**(3,786,761)**	53,525	**(47,876)**
		Payment made on allocation of expenses	Market terms	9,543	-	1,680	-
		Sale of goods and services	Market terms	19,543	**15,271**	42	-
		Net borrowings/withdrawals of short term funds	Market terms	1,508,904	**1,995,734**	1,111,274	**(2,694,370)**
45.1.2 Transactions with subsidiaries							
Aitken Spence Hotel Management Asia (Pvt) Ltd	Subsidiary	Sale of goods & services and Re-imbursement of expenses	Market terms	-	-	53	-
Turyaa (Pvt) Ltd	Subsidiary	Purchase of goods and services and reimbursement of expenses	Market terms	-	-	7,200	-
		Sale of goods and services	Market terms	-	-	470	**470**
		Interest income earned	Market terms	-	-	26,838	**367,679**
Ahungalla Resorts Ltd	Subsidiary	Interest income earned	Market terms	-	-	12,425	**146,338**
Kandalama Hotels (Pvt) Ltd	Subsidiary	Purchase of goods and services	Market terms	-	-	1,603	-
Hethersett Hotels Ltd	Subsidiary	Purchase of goods and services	Market terms	-	-	48	-
		Sale of goods and services and reimbursement of expenses	Market terms	-	-	2	-

				Group		Company	
Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Transaction Value	Outstanding As at 31.03.2026	Transaction Value	Outstanding As at 31.03.2026
				Rs. '000	Rs. '000	Rs. '000	Rs. '000
Meeraladuwa (Pvt) Ltd	Subsidiary	Short term advances	Short term	-	-	90	**708**
45.1.3 Transactions with equity accounted investees							
Paradise Resorts Passikudah (Pvt) Ltd	Associate	Sale of goods and services and reimbursement of expenses	Market terms	4,040	**494**	-	-
		Purchase of goods and services	Market terms	110	-	-	-
		Interest income earned	Market terms	560	-	560	-
Negombo Beach Resorts (Pvt) Ltd	Associate	Interest income earned	Market terms	72,721	-	72,721	-
		Net investments of short term funds	Market terms	150,000	-	150,000	-
		Net investment in unsecured term loan	Market terms	-	**718,912**	-	**718,912**
		Net investments of shareholder loan	Market terms	-	**725,524**	-	**725,524**
		Sale of goods and services	Market terms	8,183	-	-	-
		Purchase of goods and services and reimbursement of expenses	Market terms	758	-	-	-
Aitken Spence Hotel Managements (Pvt) Ltd	Associate	Management fees paid for managing Sri Lankan hotels	Percentage of revenue and profits	559,595	-	81,050	-
		Central purchasing and merchandising unit handling charges	Market terms	172,725	-	24,256	-
		Online reservations handling charges	Market terms	76,000	-	6,841	-
		Allocation of expenses	Market terms	249,065	**(40,567)**	42,777	**(12,120)**
		Provision of restaurant services	Market terms	220	-	116	-
		Purchase of hotel supplies to Maldivian hotels	Market terms	378,753	-	-	-
		Sale of goods and services	Market terms	32,288	-	2,794	-
45.1.4 Transactions with parent's group entities							
Aitken Spence Travels (Pvt) Ltd	Subsidiary of the Parent Company	Sale of Hotel rooms in the ordinary course of business	Market terms	4,076,243	**258,575**	467,057	**55,554**
		Purchase of air tickets for overseas travel	Market terms	12,401	-	190	-

Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Group		Company	
				Transaction Value	Outstanding As at 31.03.2026	Transaction Value	Outstanding As at 31.03.2026
				Rs. '000	Rs. '000	Rs. '000	Rs. '000
Aitken Spence Overseas Travel Services (Pvt) Ltd	Subsidiary of the Parent Company	Purchase of air tickets for overseas travel	Market terms	439	-	-	-
Aitken Spence Exports (Pvt) Ltd	Subsidiary of the Parent Company	Purchase of mineral water	Market terms	27,647	-	7,920	-
		Reimbursement of expenses received	Market terms	6,751	**268**	-	-
Aitken Spence Printing and Packaging (Pvt) Ltd	Subsidiary of the Parent Company	Printing and typesetting hotel promotional literature and annual reports	Market terms	2,166	-	1,191	-
		Sale of Hotel rooms in the ordinary course of business	Market terms	2,058	-	-	-
Aitken Spence Elevators (Pvt) Ltd	Subsidiary of the Parent Company	Repairs and maintenance of hotel elevators	Market terms	16,648	**(387)**	3,035	-
		Sale of Hotel rooms in the ordinary course of business	Market terms	6,268	-	-	-
Aitken Spence Industrial Solutions (Pvt) Ltd	Subsidiary of the Parent Company	Repairs and maintenance of hotel elevators	Market terms	1,026	-	-	-
Global Parcel Delivery (Pvt) Ltd	Subsidiary of the Parent Company	Courier services	Market terms	1,914	**(24)**	194	-
Hapag Lloyd Lanka (Pvt) Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	548	**240**	334	**240**
Aitken Spence International Pte. Ltd	Subsidiary of the Parent Company	Purchase of goods and services	Market terms	69,674	**(4,866)**	-	-

				Group		Company	
Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Transaction Value	Outstanding As at 31.03.2026	Transaction Value	Outstanding As at 31.03.2026
				Rs. '000	Rs. '000	Rs. '000	Rs. '000
Aitken Spence Garments Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	174	-	174	-
Ace Apparels (Pvt) Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	96	-	96	-
Aitken Spence Property Developments (Pvt) Ltd	Subsidiary of the Parent Company	Purchase of services	Market terms	4,543	-	-	-
		Sale of goods and services	Market terms	666	-	-	-
Aitken Spence Shipping Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	795	**(9)**	173	-
Aitken Spence Cargo (Pvt) Ltd	Subsidiary of the Parent Company	Clearing of imported items	Market terms	84,986	**(1,056)**	12,575	**(731)**
		Sale of goods and services	Market terms	30,211	-	126	-
Aitken Spence Ports International (Pvt) Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	510	-	-	-
Aitken Spence International Consulting (Pvt) Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	67	-	-	-
Aitken Spence Agriculture (Pvt) Ltd	Subsidiary of the Parent Company	Purchase of vegetables	Market terms	190	-	-	-
DBS Logistics Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	52	-	-	-

Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Group		Company	
				Transaction Value	Outstanding As at 31.03.2026	Transaction Value	Outstanding As at 31.03.2026
				Rs. '000	Rs. '000	Rs. '000	Rs. '000
Elpitiya Plantations PLC	Associate of the Parent Company	Purchase of tea leaves	Market terms	11,600	-	2,566	-
		Sale of goods and services	Market terms	449	**220**	-	-

45.1.5 Transactions with other related companies

Distilleries Company of Sri Lanka PLC	Other related company	Purchase of beverages	Market terms	58,291	**(3,115)**	16,383	**(1,087)**
DCSL Breweries Lanka Limited	Other related company	Sale of goods and services	Market terms	215	-	-	-
Stassen Exports (Pvt) Limited	Other related company	Purchase of food items	Market terms	60,080	**(3,047)**	311	-
Lanka Milk Foods (CWE) PLC	Other related company	Purchase of milk powder	Market terms	32,484	**(330)**	8,861	-
Lanka Diaries (Pvt) Ltd	Other related company	Purchase of food items	Market terms	10,718	-	2,900	-
		Sale of goods and services	Market terms	1,629	**140**	560	**140**
Periceyl (Pvt) Ltd	Other related company	Purchase of beverages	Market terms	40,974	**(3,403)**	15,507	**(1,299)**
Pattipola Livestock Company Ltd	Other related company	Purchase of food items	Market terms	5,705	-	-	-
Continental Insurance Lanka Limited	Other related company	Provision of insurance services	Market terms	86,943	-	22,637	-
Stassen Foods (Pvt) Limited	Other related company	Purchase of food items	Market terms	960,666	**(22,160)**	41,942	**(1,461)**
		Sale of goods and services	Market terms	405	-	-	-

				Group		Company	
Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Transaction Value	Outstanding As at 31.03.2026	Transaction Value	Outstanding As at 31.03.2026
				Rs. '000	Rs. '000	Rs. '000	Rs. '000
Ambewela Products (Pvt) Ltd	Other related company	Purchase of milk products	Market terms	8,308	(78)	3,938	-
Formula World (Pvt) Ltd	Other related company	Provision of vehicle maintenance services	Market terms	1,980	(47)	-	-
Melsta Hospitals Ragama (Pvt) Ltd	Other related company	Purchase of services	Market terms	145	-	-	-
Melsta Hospitals Colombo North (Pvt) Ltd	Other related company	Sale of goods and services	Market terms	67	-	-	-
Bairaha Farms PLC	Other related company	Purchase of food items	Market terms	23,105	(1,209)	16,865	(1,209)
Stassen Natural Foods (Pvt) Limited	Other related company	Purchase of food items	Market terms	2,535	-	-	-
International Distillers Ltd	Other related company	Purchase of beverages	Market terms	819	(42)	394	-

45.1.6 The Company and the subsidiaries in the ordinary course of business have for the sale of hotel rooms, contracted with certain tour operators, for whom Aitken Spence Travels (Pvt) Ltd, has contracted with for provision of hotel services. The total revenue generated by such company and the balance outstanding as at 31st March 2026 is disclosed above.

45.1.7 The Company and the Subsidiaries in the ordinary course of business have generated revenues amounting to Rs. 37,751,563 (Company - Rs. 9,338,930) from sale of hotel packages to Aitken Spence PLC and its Subsidiaries (excluding Hotel Companies). Balances outstanding from these companies as at 31st March 2026 is reflected in Note No. 26 - Amounts due from parent's group entities.

45.2 Non recurrent transactions with related Parties

There were no non recurrent transactions carried out with related parties during the year where the aggregate value of transaction exceeds 10% of equity or 5% of total assets which ever is lower.

45.3 Recurrent transactions with related parties

			Group		
Name of the Related Party	Relationship	The rationale for entering into the transaction	Value of the related party transactions entered into during the financial year ending 31st March 2026	Value of the related party transactions as a % of Revenue	Terms and conditions of the related party transaction
			Rs. '000	Rs. '000	
Aitken Spence Travels (Pvt)Ltd	Subsidiary of Parent Company	Sale of Hotel rooms in the ordinary course of business	**4,076,243**	7.79%	Market Terms
Stassen Foods (Pvt) Ltd	Other related Company	Purchase of goods in the ordinary course of business	**960,666**	1.84%	Market Terms
Aitken Spence Hotel Managements (Pvt) Ltd	Associate	Management fees paid for managing Sri Lankan hotels	**556,992**	1.06%	Percentage of revenue and profits
		Purchase of hotel supplies to maldivian hotels	**378,753**	0.72%	Market terms

There were no recurrent transactions carried out with related parties during the year where the aggregate value of transaction exceeds 10% of consolidated gross revenue of the Group.

45.4 Transactions with Key Management Personnel (KMP)

Aitken Spence Hotel Holdings PLC, considers its Board of Directors as the key management personnel of the Company. The Board of Directors, Vice Presidents and Assistant Vice Presidents of subsidiary companies are considered as key management personnel of Group Companies.

There were no loans given to Directors of the company during the financial year or as at the year end. There were no transactions other than employment benefits disclosed below carried out during the year with Key management personnel and their close family members which require disclosure per LKAS - 24 - Related Party Disclosures .

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Short term employment benefits	**72,205**	57,870	**-**	-
Post employment benefits	**-**	10,391	**-**	10,391
Total	**72,205**	68,261	**-**	10,391

NOTES TO THE FINANCIAL STATEMENTS

46 ACQUISITION OF NON CONTROLLING SHARES

Aitken Spence Hotel Holdings PLC made an offer to the minority shareholders of Aitken Spence Hotels Ltd on 8th June 1999, to purchase their shares at Rs. 31 per share. (subsequently revised to Rs. 20/- per share). The Company as at 31 st March 2026 held 98.01% of the equity share capital of Aitken Spence Hotels Ltd.

47 EVENTS AFTER REPORTING DATE

The board declared a preference dividend of cents 90 per share on the cumulative preference shares for the financial year ended 31st March 2026.

Final Dividend

The Board of Directors of the Company has approved an final ordinary dividend of Rs. 0.28 per share for the year 2025/2026. Details of the dividend is disclosed in note 15 to the financial statements.

There has been no other material events occuring after the reporting date that requires adjustment to or disclosure in the financial statements.

48 CAPITAL EXPENDITURE COMMITMENTS

The following commitments for capital expenditure approved by the Directors as at 31st March have not been provided for in the financial statements.

	Group		Company	
For the year ended 31st March	**2026**	2025	**2026**	2025
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Approximate amount approved but not contracted for	**5,931,199**	5,740,886	**74,937**	285,331
Approximate amount contracted for but not accounted	**1,738,789**	219,944	**11,914**	9,542
Total	**7,669,988**	5,960,830	**86,851**	294,873

The above includes Rs. 7,630 Mn (2024/2025 - Rs. 5,863 Mn) for the acquisition of property, plant and equipment, Rs. 40 Mn (2024/2025 - Rs. 98 Mn) for the acquisition of intangible assets for the Group and Rs. 87 Mn (2024/2025 - Rs. 293 Mn) for the acquisition of property, plant and equipment, Rs. Nil (2024/2025 - Rs. 2 Mn) for the acquisition of intangible assets for the Company.

49 AVERAGE NUMBER OF EMPLOYEES

The average number of employees of the Group (excluding equity-accounted investees) as at 31st March 2026 was 3,471. (as at 31.03.2025 - 3,485) The number of employees of the Company as at 31st March 2026 was 245. (as at 31.03.2025 - 249)

50 DIRECTORS RESPONSIBILITY

The Board of Directors of the Company are responsible for the preparation of financial statements.

51 COMPARATIVE INFORMATION

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for better presentation.

QUARTERLY STATISTICS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended	30th June 2025	30th September 2025	31st December 2025	31st March 2026
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Net revenue	9,868,220	9,664,041	13,726,706	**17,221,221**
Other income/(expense)	(83,407)	(118,188)	81,665	**(25,094)**
Staff costs	(2,018,718)	(2,091,337)	(2,100,541)	**(2,247,881)**
Depreciation	(969,610)	(978,303)	(982,902)	**(1,215,110)**
Amortisation and impairment	(328,281)	(332,479)	(372,614)	**(353,950)**
Other operating expenses - direct	(2,756,762)	(2,838,420)	(3,290,318)	**(3,505,955)**
Other operating expenses - indirect	(3,307,387)	(3,319,592)	(3,836,705)	**(4,197,724)**
Profit from operations	404,055	(14,278)	3,225,291	**5,675,507**
Finance income	117,674	134,553	124,809	**145,063**
Finance expenses	(825,865)	(835,585)	(801,216)	**(729,940)**
Share of profit/(loss) of equity accounted investees net of tax	(32,579)	(29,314)	(16,344)	**34,401**
ncome tax expense	(207,472)	(223,655)	(371,919)	**(743,734)**
Net Profit /(loss) for the period	(544,187)	(968,279)	2,160,621	**4,381,297**
Profit attributable equity holders of the parent company	(351,125)	(622,200)	1,341,754	**2,728,013**
Non - controlling interests	(193,062)	(346,079)	818,867	**1,653,284**
Net Profit /(loss) for the period	(544,187)	(968,279)	2,160,621	**4,381,297**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	30th June 2025	30th September 2025	31st December 2025	31st March 2026
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets				
Non current assets	77,796,757	77,195,705	77,946,240	**93,587,941**
Current assets	15,746,178	17,290,326	20,909,606	**22,986,335**
Assets classified as held for sale	36,112	36,112	36,112	-
Total assets	93,579,047	94,522,143	98,891,958	**116,574,276**
Equity and liabilities				
Equity	23,306,452	22,857,046	24,640,978	**29,803,703**
Non - controlling interest	10,422,176	10,047,040	11,098,428	**13,346,248**
Total equity	33,728,628	32,904,086	35,739,406	**43,149,951**
Non current liabilities	35,551,639	34,852,044	34,856,815	**50,068,731**
Current liabilities	24,298,780	26,766,013	28,295,737	**23,355,594**
Total liabilities	59,850,419	61,618,057	63,152,552	**73,424,325**
Total equity & liabilities	93,579,047	94,522,143	98,891,958	**116,574,276**

QUARTERLY STATISTICS

Share Information - Group

As at		30th June 2025	30th September 2025	31st December 2025	31st March 2026
Earnings / (loss) per ordinary share	(Rs.)	(1.04)	(1.85)	3.99	**8.07**
Net asset value per share	(Rs.)	68.81	67.48	72.78	**88.13**
Market price per share					
- Highest	(Rs.)	84.00	124.00	128.25	**122.75**
- Lowest	(Rs.)	73.00	77.00	100.00	**83.80**
- Last traded price	(Rs.)	82.00	121.00	113.00	**92.00**
- Closing price	(Rs.)	82.00	120.50	113.25	**91.60**
Percentage of shares held by public		25.45%	25.45%	25.45%	**25.45%**
Number of public shareholders		4,647	5,019	5,301	**5,761**
Float adjusted market capitalisation	(Rs.)	7,016,748,610	10,311,197,653	9,690,927,641	**7,838,313,218**

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME IN USD

For the year ended 31st March	2026	2025
	USD '000	USD '000
Revenue	**165,904**	164,488
Revenue tax	**(5,923)**	(4,173)
Net revenue	**159,981**	160,315
Other income/(expense)	**(460)**	248
Staff costs	**(26,806)**	(25,907)
Depreciation	**(13,139)**	(13,256)
Amortisation and impairment	**(4,397)**	(4,507)
Other operating expenses - direct	**(39,271)**	(39,860)
Other operating expenses - indirect	**(46,464)**	(47,243)
Profit from operations	**29,444**	29,790
Finance income	**1,655**	1,357
Finance expenses	**(10,118)**	(14,589)
Net finance expense	**(8,463)**	(13,232)
Share of profit/(loss) of equity accounted investees (net of tax)	**(139)**	79
Profit before income tax	**20,842**	16,637
Income tax expense	**(4,902)**	(4,526)
Profit for the year	**15,940**	12,111
Attributable to:		
Equity holders of the parent	**9,813**	7,729
Non - controlling interest	**6,127**	4,382
Profit for the year	**15,940**	12,111
Earnings per ordinary share - Basic/Diluted (USD)	**0.03**	0.02
Exchange rate used for translation	**315.54**	296.32

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME IN USD

For the year ended 31st March	2026	2025
	USD '000	USD '000
Profit for the year	**15,940**	12,111
Other comprehensive income/(loss)		
Items that will never be reclassified to profit or loss		
Revaluation of freehold lands	**10,402**	-
Share of other comprehensive income of equity accounted investees (net of tax)	**56**	83
Actuarial losses on defined benefit obligations	**(18)**	(85)
Income tax on other comprehensive income	**(2,855)**	(27)
	7,585	(29)
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences of foreign operations	**4,660**	(1,668)
Net movement in cashflow hedge	**(135)**	2,292
	4,525	624
Other comprehensive income for the year net of tax	**12,110**	595
Total comprehensive income for the period net of tax	**28,050**	12,706
Attributable to:		
Equity holders of the parent company	**19,272**	8,074
Non - controlling interests	**8,778**	4,632
Total comprehensive income for the period net of tax	**28,050**	12,706
Exchange rate used for translation	**315.54**	296.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN USD

As at	31.03.2026	31.03.2025
	USD '000	USD '000
ASSETS		
Non-current assets		
Property, plant & equipment	**209,872**	212,436
Right -of-use assets	**76,579**	43,459
Intangible assets	**2,201**	2,393
Investment in equity accounted investees	**847**	375
Other financial assets	**5,665**	3,281
Deferred tax assets	**1,433**	1,279
	296,597	263,223
Current assets		
Inventories	**5,581**	5,042
Trade and other receivables	**14,110**	11,924
Amounts due from holding company	**6,325**	5,222
Amount due from parent's group entities	**823**	3,981
Deposits and prepayments	**4,802**	2,608
Current tax receivable	**87**	50
Other financial assets	**19,159**	18,435
Cash and cash equivalents	**21,960**	13,825
	72,847	61,087
Assets classified as held for sale	**-**	122
Total assets	**369,444**	324,432
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Stated capital	**11,265**	11,996
Reserves	**40,002**	32,509
Retained earnings	**43,186**	35,603
	94,453	80,108
Non -controlling interests	**42,297**	36,196
Total equity	**136,750**	116,304
Non-current liabilities		
Interest - bearing liabilities - banks	**76,459**	66,038
Interest - bearing liabilities - leases	**65,860**	33,206
Deferred tax liabilities	**14,799**	11,740
Employee benefits	**1,559**	1,402
	158,677	112,386
Current liabilities		
Trade payables	**3,491**	5,336
Other provisions and payables	**24,352**	22,818
Amounts due to holding company	**11,952**	9,038
Amounts due to parent's group entities	**148**	414
Interest - bearing liabilities - banks	**11,760**	32,120
Interest - bearing liabilities - leases	**3,302**	3,775
Current tax payable	**2,729**	2,140
	74,017	95,742
Total liabilities	**232,694**	208,128
Total equity and liabilities	**369,444**	324,432
Exchange rate used for translation	**315.54**	296.32

CONFIDENCE IN OUR EXCELLENCE

Excellence defines the Aitken Spence Hotel Holdings standard across every endeavour. Each decision, action, and initiative we take builds upon a legacy of utmost care, inimitable skill and attention to create lasting value. Confidence is reflected in our ability to look back at achievements, and to look forward to growing opportunities.



SUPPLEMENTARY INFORMATION

INVESTOR INFORMATION

1. STOCK EXCHANGE LISTING

Aitken Spence Hotel Holdings PLC is a public quoted company, the issued ordinary shares of which have been listed with the Colombo Stock Exchange.

Company Name	Aitken Spence Hotel Holdings PLC
Stock Symbol	AHUN.N0000
ISIN	LK0003N00000
Security Type in Issue	Quoted Ordinary Shares
Listed Exchange	The Colombo Stock Exchange (CSE)
Market Sector	Consumer Services Sector

02. MARKET CAPITALISATION

As at 31st March	2026	2025	2024	2023	2022
Market Capitalization (Rs. Bn)	**30.94**	26.94	22.26	20.04	11.94
Stated Capital & Reserves (Rs. Bn)	**30.10**	23.74	21.36	21.04	19.87
Total Market Capitalisation of CSE (Rs. Bn)	**7,522**	5,606	4,535	3,904	3,827
Percentage of total market capitalisation (%)	**0.41**	0.48	0.49	0.54	0.52

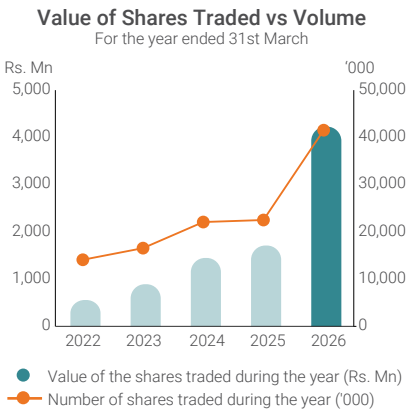
The float adjusted market capitalisation as at 31st March 2026 was Rs. 7,838,313,218 with reference to the rule no.7.6 (iv) of the listing rules of the Colombo Stock Exchange.

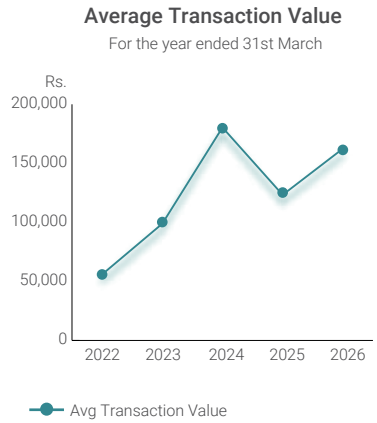
As the float adjusted market capitalization is more than Rs. 7.5 Bn, Aitken Spence Hotel Holdings PLC complies under option 2 with the minimum public holding requirement.



03. SHARE TRADING INFORMATION

For the Year ended 31st March	2026	2025	2024	2023	2022
Value of the shares traded during the year (Rs. Mn)	**4,227**	1,711	1,448	892	558
Number of shares traded during the year ('000)	**41,520**	22,510	22,082	16,557	14,096
Number of Transactions	**26,031**	13,876	8,028	9,022	9,983

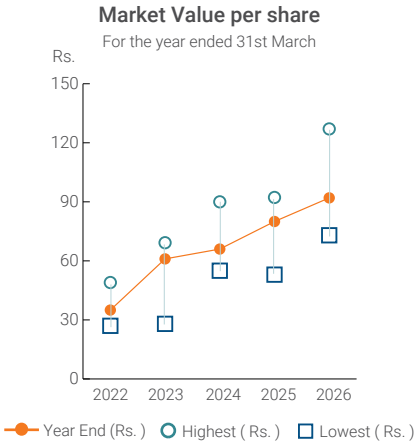


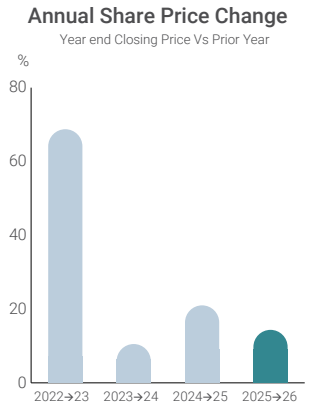


INVESTOR INFORMATION

04. MARKET VALUE PER SHARE

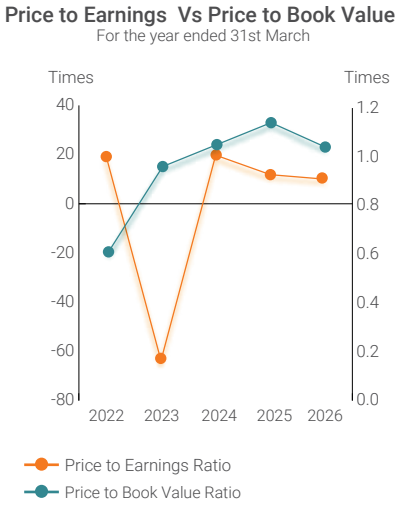
For the year ended 31st March	2026	2025	2024	2023	2022
Highest (Rs.)	**128.25**	92.00	90.00	68.00	49.40
Lowest (Rs.)	**73.00**	53.00	55.00	28.00	27.00
Year End (Rs.)	**92.00**	80.10	66.20	60.50	35.00
Closing Price (Rs.)	**91.60**	80.10	66.20	59.90	35.50

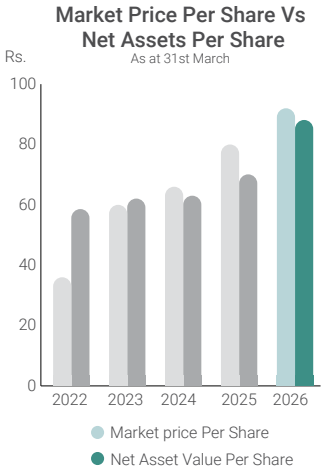




05. RATIOS

	2025/26	2024/25	2023/24	2022/23	2021/22
Earnings / (Loss) Per Share (Rs.)	**9.16**	6.77	3.35	(0.94)	1.85
Price to Earnings Ratio (Times)	**10.00**	11.83	19.76	(63.72)	19.19
Price to Book Value Ratio (Times)	**1.04**	1.14	1.05	0.96	0.61
Net Asset Value Per Share as at 31st March (Rs.)	**88.13**	70.10	63.03	62.08	58.60

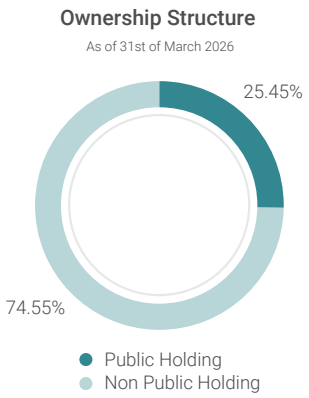




06. SHAREHOLDER COMPOSITION

The percentage of public holding as at 31st March 2026 was 25.45% and was represented by 5,761 shareholders. (31st March 2025 - 25.45%, represented by 4,449 shareholders)

	%	No of Shares
Public Holding	**25.45**	85,571,105
Non Public Holding	**74.55**	250,718,905
	100.00	336,290,010



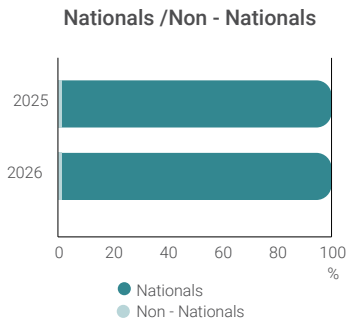
07. DISTRIBUTION OF SHAREHOLDERS

There were 5,770 registered ordinary shareholdres as at 31st March 2026 distributed as follows:

Range	31.03.2026			31.03.2025		
	No.of Shareholders	No. of Shares	%	No.of Shareholders	No. of Shares	%
1 to 1,000 shares	**3,982**	**1,058,236**	**0.31**	2,868	807,926	0.24
1,001 to 10,000 shares	**1,315**	**4,375,513**	**1.30**	1,166	3,999,512	1.19
10,001 to 100,000 shares	**374**	**12,056,535**	**3.59**	329	10,052,458	2.99
100,001 to 1,000,000 shares	**86**	**23,168,272**	**6.89**	82	22,188,982	6.60
1,000,001 & Above	**13**	**295,631,454**	**87.91**	14	299,241,132	88.98
	5,770	**336,290,010**	**100.00**	4,459	336,290,010	100.00

NATIONALS /NON - NATIONALS

	31.03.2026		31.03.2025	
	No. of Shares	%	No. of Shares	%
Nationals	**331,730,926**	**98.68**	331,864,011	98.68
Non - Nationals	**4,559,084**	**1.32**	4,425,999	1.32
	336,290,010	**100.00**	336,290,010	100.00



INSTITUTIONS/INDIVIDUALS

	31.03.2026		31.03.2025	
	No. of Shares	%	No. of Shares	%
Aitken Spence PLC & Subsidiaries	**250,530,518**	**74.50**	250,507,418	74.49
Other Institutions	**60,157,699**	**17.89**	59,783,607	17.78
Individuals	**25,601,793**	**7.61**	25,998,985	7.73
	336,290,010	**100.00**	336,290,010	100.00



08 DIVIDENDS

There was no dividend paid to ordinary shareholders of the Company for the year 2025/26. (The last dividend was paid in financial year 2018/19). The Directors have recommended a first and final dividend of Rs. 0.28 per share for the year ended 31st March 2026 to be approved at the Annual General Meeting on 30th June 2026.

INVESTOR INFORMATION

09. GROUP EFFECTIVE HOLDING IN SUBSIDIARIES AND ASSOCIATE COMPANIES

As at 31st March	2026	2025
Crest Star (B.V.I) Limited (British Virgin Islands)	**100.00%**	100.00%
Turyaa (Private) Limited	**100.00%**	100.00%
Neptune Ayurvedic Village (Private) Limited	**100.00%**	100.00%
Nilaveli Holidays (Private) Limited	**100.00%**	100.00%
Nilaveli Resorts (Private) Limited	**100.00%**	100.00%
The Galle Heritage (Private) Limited	**100.00%**	100.00%
Meeraladuwa (Private) Limited	**100.00%**	100.00%
Aitken Spence Hotels Limited	**98.01%**	98.01%
Heritance (Private) Limited	**98.01%**	98.01%
Jetan Travel Services Company Private Limited (Maldives)	**95.00%**	95.00%
Hethersett Hotels Limited	**94.44%**	94.44%
Kandalama Hotels (Private) Limited	**61.75%**	61.75%
Cowrie Investment Private Limited (Maldives)	**60.00%**	60.00%
Ahungalla Resorts Limited	**60.00%**	60.00%
Aitken Spence Hotel Management (South India) (Private) Limited (India)	**59.13%**	59.13%
Aitken Spence Hotel Managements Asia (Private) Limited	**51.00%**	51.00%
Aitken Spence Hotels International (Private) Limited	**51.00%**	51.00%
A.D.S Resorts Private Limited (Maldives)	**51.00%**	51.00%
Unique Resorts Private Limited (Maldives)	**51.00%**	51.00%
Aitken Spence Hotel Services Private Limited (India)	**51.00%**	51.00%
Aitken Spence Resorts (Middle East) LLC (Oman)	**51.00%**	51.00%
Aitken Spence Hotel Managements (Private) Limited	**49.00%**	49.00%
Aitken Spence Resources (Private) Limited	**49.00%**	49.00%
PR Holiday Homes Private Limited (India)	**43.13%**	43.13%
Perumbalam Resorts Private Limited (India)	**43.12%**	43.12%
Browns Beach Hotels PLC	**37.42%**	37.42%
Negombo Beach Resorts (Private) Limited	**37.42%**	37.42%
Amethyst Leisure (Private) Limited	**46.91%**	27.89%
Paradise Resorts Passikudah (Private) Limited	**46.91%**	27.89%

* Ace Resorts Private Limited (Maldives), which has been liquidated, is excluded from the table above.

10 SHAREHOLDING OF DIRECTORS TOGETHER WITH THEIR SPOUSES IN AITKEN SPENCE HOTEL HOLDINGS PLC

As at 31st March	2026	2025
Ms. D.S.T. Jayawardena	**16,000**	16,000
Mr. C.M.S. Jayawickrama	**-**	-
Mr. J.M.S. Brito	**172,387**	172,387
Mr. N.J. de Silva Deva Aditya	**-**	-
Dr. R.A. Fernando	**-**	-
Mr. Mihular	**-**	-
Mr. P. Englisch	**-**	-
Mr. C. H. Gomez	**-**	-
Mr. R.N. Asirwatham *	**-**	1,000
Dr. M.P. Dissanayake **	**-**	-
Total	**188,387**	189,387

* Demised on 12.12.2025

** Resigned w.e.f 31.03.2026

11 TWENTY LARGEST SHAREHOLDERS

Shareholder	As at 31.03.2026	
	No. of Shares	%
Aitken Spence PLC- A/C No. 1	**239,472,667**	**71.21**
Employee's Provident Fund	**31,501,601**	**9.37**
Ace Cargo (Private) Limited	**4,423,601**	**1.32**
Aitken Spence Hotel Managements (Private) Limited	**3,530,639**	**1.05**
Hatton National Bank PLC - Capital Alliance Quantitative Equity Fund	**2,965,583**	**0.88**
Aitken Spence Aviation (Private) Limited	**2,604,140**	**0.77**
Mrs. S. Balendra	**2,589,265**	**0.77**
Mrs. K Fernando	**1,685,230**	**0.50**
Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	**1,544,807**	**0.46**
Commercial Bank of Ceylon PLC / Metrocorp (Pvt) Ltd	**1,499,570**	**0.45**
Seylan Bank PLC / JN Lanka Holdings Company (Pvt) Ltd	**1,380,644**	**0.41**
SSBT - Sunsuper Pty. Ltd. as Trustee for Sunsuper Superannuation Fund	**1,307,090**	**0.39**
Bank of Ceylon A/C NDB Wealth Growth Fund	**1,126,617**	**0.34**
Mr. S.R. Perera	**1,000,000**	**0.30**
Invenco Capital (Private) Limited Account No. 03	**993,517**	**0.30**
Hatton National Bank PLC A/C No. 4 (HNB Retirement Pension Fund)	**863,870**	**0.26**
Bansei Securities Capital (Pvt) Ltd / I.S.P. Perera	**862,000**	**0.26**
Invenco Capital Private Limited	**713,885**	**0.21**
Mr. D.C. Fernando	**631,500**	**0.19**
Cargo Boat Development Company PLC	**600,000**	**0.18**
Total	**301,296,226**	**89.59**

INVESTOR INFORMATION

12 HISTORY OF MOVEMENT IN ORDINARY SHARE CAPITAL

Year	Issue	Number of Shares
	Shares in issue at the time of listing	1,281,612
1979/80	Initial Public Offer	500,000
1980/81	Private Placement	300,000
1980/81	Rights Issue	368,743
1981/82	Rights Issue	1,839,063
1982/83	Rights Issue	1,429,806
1983/84	Rights Issue	791,792
1984/85	Rights Issue	822,790
1994/95	Bonus Issue	2,444,602
1994/95	Share swap to acquire Aitken Spence Hotels Ltd	9,699,199
1994/95	Share swap to acquire Brown's Beach Hotels Ltd	638,020
1994/95	Share swap to acquire M. P. S. Hotels Ltd	473,557
1999/00	Bonus Issue	3,431,531
1999/00	Rights Issue	14,412,429
2010/11	Rights Issue (1 for 4)	9,608,286
	Share Split (7 for 1)	288,248,580
	Total as at 31st March 2026	**336,290,010**

13 HISTORY OF MOVEMENT IN PREFERENCE SHARE CAPITAL

Year	Issue	Number of Shares
1981/82	12% Cum. Redeemable Preference Shares	200,000
1982/83	Redemption	(40,000)
1983/84	Redemption	(40,000)
1984/85	Redemption	(40,000)
1985/86	Redemption	(40,000)
1990/91	Redemption	(40,000)
1996/97	9% Cum Redeemable Preference Shares	16,500,000
	Total as at 31st March 2026	**16,500,000**

DECADE AT A GLANCE

Year ended 31st March	2026 Rs.'000	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000
OPERATING RESULTS										
Revenue	52,349,252	48,741,023	47,258,528	46,059,884	24,570,780	5,728,379	19,019,241	19,570,589	18,250,581	16,055,386
Profit/(loss) from operations	9,290,575	8,827,225	8,310,261	7,310,886	4,280,099	(5,188,495)	1,563,667	2,734,959	3,013,834	2,298,164
Profit/(loss) before taxation	6,576,232	4,929,560	3,006,151	1,644,950	1,946,659	(7,606,620)	(433,023)	1,904,325	2,189,891	1,549,562
Taxation	(1,546,780)	(1,341,098)	(1,141,464)	(1,598,141)	(912,354)	353,405	(462,701)	(707,161)	(606,496)	(535,823)
Profit/(loss) after taxation	5,029,452	3,588,462	1,864,687	46,809	1,034,305	(7,253,215)	(895,724)	1,197,164	1,583,395	1,013,739
Profit/(loss) attributable to equity holders of the Parent Company	3,096,442	2,290,361	1,140,112	(287,893)	623,542	(4,669,045)	(624,953)	810,581	1,169,314	675,873
SHAREHOLDERS' FUNDS										
Stated capital	3,554,587	3,554,587	3,554,587	3,554,587	3,554,587	3,554,587	3,554,587	3,554,587	3,554,587	3,554,587
Reserves and retained earnings	26,249,116	20,183,037	17,805,495	17,486,669	16,316,664	12,401,869	17,008,313	17,784,234	16,216,628	15,607,239
Shareholders' funds	29,803,703	23,737,624	21,360,082	21,041,256	19,871,251	15,956,456	20,562,900	21,338,821	19,771,215	19,161,826
LIABILITIES										
Non-current interest bearing liabilities	44,907,102	29,408,141	39,666,679	50,176,589	52,079,329	38,138,710	33,500,094	23,405,292	18,154,051	14,450,707
Amount due to holding company	3,771,490	2,678,158	2,531,875	1,313,017	1,201,857	168,765	134,293	110,020	834,985	348,329
Current liabilities	19,584,104	25,692,112	20,369,066	22,951,987	18,587,850	12,630,068	10,364,198	8,329,080	9,987,503	8,801,945
Other non current liabilities	5,161,629	3,893,993	3,657,265	3,329,700	1,629,636	1,267,974	1,201,019	2,462,557	1,722,855	1,144,318
Total Liabilities	73,424,325	61,672,404	66,224,885	77,771,293	73,498,672	52,205,517	45,199,604	34,306,949	30,699,394	24,745,299
NON-CONTROLLING INTEREST	13,346,248	10,725,685	9,504,610	9,139,015	8,269,807	6,006,264	8,587,530	9,256,614	8,122,788	8,270,862
TOTAL EQUITY AND LIABILITIES	116,574,276	96,135,713	97,089,577	107,951,564	101,639,730	74,168,237	74,350,034	64,902,384	58,593,397	52,177,987
ASSETS										
Property, plant and equipment	66,222,890	62,949,004	66,183,428	72,644,868	67,363,789	52,766,644	52,554,379	49,918,218	41,404,788	37,687,160
Right-of-use assets	24,163,881	12,877,703	14,282,682	16,888,712	16,379,328	11,964,320	11,172,389	-	-	-
Leasehold property		-	-	-	-	-	-	2,214,518	2,023,903	2,042,460
Prepaid operating leases		-	-	-	-	-	-	1,924,329	1,772,172	1,791,169
Intangible assets	694,526	709,092	804,588	889,049	821,411	581,137	580,627	472,879	416,053	404,612
Investments in equity accounted investees	267,169	111,040	63,185	93,040	461,073	631,527	910,478	1,249,902	1,158,581	1,294,427
Other financial assets	1,787,456	972,346	975,778	998,018	283,123	772,508	764,245	778,986	763,780	126,650
Deferred tax assets	452,019	379,087	359,966	486,592	648,820	717,802	295,849	160,942	143,906	157,760
Current assets	22,986,335	18,101,329	14,419,950	15,951,285	14,095,217	5,655,205	7,046,542	8,182,610	10,910,214	8,673,749
Assets classified as held for sale	-	36,112	-	-	1,586,969	1,079,094	1,025,525	-	-	-
Total Assets	116,574,276	96,135,713	97,089,577	107,951,564	101,639,730	74,168,237	74,350,034	64,902,384	58,593,397	52,177,987
CASH FLOW										
From operating activities	11,236,772	10,743,403	7,772,452	8,494,454	6,793,956	(807,340)	3,303,771	2,858,941	2,801,992	2,587,485
From investing activities	(2,254,704)	(2,693,778)	(960,863)	(435,840)	(3,736,595)	(1,287,929)	(3,214,760)	(6,272,236)	(3,050,809)	(2,279,588)
From financing activities	(5,927,900)	(6,922,466)	(7,518,264)	(9,333,868)	(2,516,246)	(414,643)	(1,437,348)	767,316	3,266,138	120,782
Net cash inflow/(outflow)	3,054,168	1,127,159	(706,596)	(1,275,254)	541,115	(2,509,912)	(1,348,337)	(2,645,979)	3,017,321	428,679
KEY INDICATORS										
Earnings/(loss) per ordinary share (Rs.)	9.16	6.77	3.35	-0.94	1.85	(13.93)	(1.90)	2.37	3.43	1.97
Net Assets value per ordinary share (Rs.)	88.13	70.10	63.03	62.08	58.60	46.96	60.66	62.96	58.30	56.49
Closing price per share (Rs.)	91.60	80.10	66.20	59.90	35.50	30.20	15.10	23.70	33.50	35.20
Dividend per share (Rs.)	-	-	-	-	-	-	-	1.00	1.25	0.75
Dividend cover (Times)	-	-	-	-	-	-	-	2.37	2.75	2.62
Price to earnings ratio (Times)	10.00	11.83	19.76	(63.72)	19.19	(2.17)	(7.94)	10.02	9.76	17.91
Gearing (debt/(debt+equity)) %	51.19	46.30	56.47	62.65	65.13	63.73	53.73	43.65	39.78	34.90
Interest cover (Times)	3.07	2.13	1.54	1.35	1.95	(2.32)	0.94	3.18	3.45	3.31
Return on average shareholders' funds (%)	11.64	10.23	5.42	1.81	3.51	(25.89)	-3.08	3.90	5.98	3.55

REAL ESTATE HOLDINGS OF THE GROUP

Description of the Property	Property							
	No of Rooms	Location	Building in Sq m	No of Buildings	Land Extent Acres		Net Book Value as at 31.03.2026 (Rs.'000)	
					Freehold	Leasehold	Freehold	Buildings
Aitken Spence Hotel Holdings PLC Heritance Ahungalla	152	Ahungalla	23,568	3	12.21	-	1,750,118	1,010,607
Meeraladuwa (Pvt) Ltd Meeraladuwa Island	-	Balapitiya	-	-	29.56	-	354,950	-
Kandalama Hotels (Pvt) Ltd Heritance Kandalama	152	Dambulla	43,721	3	183.61	50.00	83,804	514,262
Hethersett Hotels Ltd Heritance Tea Factory	50	Nuwara Eliya	6,145	4	-	25.00		144,048
Aitken Spence Hotels Ltd Heritance Ayurveda	64	Beruwala	12,581	3	-	6.44		358,131
Heritance (Pvt) Ltd	-	Beruwala	-	-	5.79	-	926,800	-
Neptune Ayurvedic Village (Pvt) Ltd	-	Beruwala	1,162	-	0.12	-	6,750	39,723
Turyaa (Pvt) Ltd Turyaa Kalutara	199	Kalutara	28,415	23	8.35	-	1,294,730	1,470,261
Ahungalla Resorts Ltd Hotel RIU Sri Lanka	501	Ahungalla	55,925	11	12.97	-	1,760,877	6,646,512
Jetan Travel Services Company Pvt Ltd Adaaran Club Rannalhi	122	Maldives	9,112	43	-	11.69		345,871
Cowrie Investment Pvt Ltd								
Adaaran Select Meedhuparu	238	Maldives	27,459	122	-	44.45		3,781,994
Heritance Aarah	150	Maldives	24,044	244	-	26.90		20,439,357
ADS Resorts Pvt Ltd Adaaran Select Hudhuranfushi	202	Maldives	28,858	211	-	78.00		-
Unique Resorts Pvt Ltd Adaaran Prestige Vadoo	50	Maldives	5,264	53	-	4.48		2,244,577
Aitken Spence Hotel Managements (South India) Pvt Ltd Turyaa Chennai	140	Chennai/India	11,787	1	0.84	-	2,114,318	3,261,223
Perumbalam Resorts Pvt Ltd	-	Chennai/India		-	4.06	-	106,846	-
P.R Holiday Homes Pvt Ltd	-	Chennai/India		-	14.05	-	797,597	1,709
Aitken Spence Resorts (Middle East) LLC Al Falaj Hotel	150	Oman	16,408	3	5.05	-	5,731,041	5,320,818

GROUP COMPANIES AND DIRECTORATE

SUBSIDIARIES

A.D.S Resorts Private Limited *

Owns the Adaaran Select Hudhuran Fushi resort in the Republic of Maldives.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama (Managing Director),
- M. Mahdy,
- Ms. D.R. Alexander (Appointed w.e.f. 01.04.2025),
- M.D.B.J. Gunatilake (Appointed w.e.f. 01.04.2025).

Aitken Spence Hotel Managements (South India) Private Limited

Owns the 140 roomed hotel property "Turyaa" in Chennai in the Republic of India.

Directors:
- C.M.S. Jayawickrama,
- A. Miglani,
- K.A. Kodippilige,
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Aitken Spence Hotel Managements Asia (Private) Limited *

Manages resorts in the Sultanate of Oman and in the Republic of Maldives.

Directors:
- Ms. D.S.T. Jayawardena,
- Dr. R.M. Fernando,
- Ms. N. Sivapragasam,
- Ms. D.R. Alexander (Appointed w.e.f. 04.05.2026),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Aitken Spence Hotels International (Private) Limited *

Overseas investment company of the Hotels sector and provides international marketing services to the resorts in the Sultanate of Oman and in the Republic of Maldives.

Directors:
- Ms. D.S.T. Jayawardena,
- C.M.S. Jayawickrama,
- Ms. D.R. Alexander (Appointed w.e.f. 01.04.2025),
- S.N. De Silva (Appointed w.e.f. 04.05.2026),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Aitken Spence Hotel Services Private Limited

Incorporated to operate as the local marketing company of hotels in the Republic of India. The Company did not carry out any operations during the year.

Directors:
- C.M.S. Jayawickrama,
- K.A. Kodippilige.

Aitken Spence Hotels Limited *

Holding company of Kandalama Hotels (Private) Limited and Heritance (Private) Limited. Owns the Heritance Ayurveda resort in Beruwela.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- Ms. D.R. Alexander,
- B.G.D.L.P. Wijerathne,
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Aitken Spence Resorts (Middle East) LLC

Owning Company of the Al Falaj hotel in Muscat, Sultanate of Oman.

Authorised Managers:
- Ms. D.S.T. Jayawardena,
- Dr. R.M. Fernando,
- C.M.S. Jayawickrama,
- K.J.A. Perera,
- S.N. de Silva,
- Ms. N. Sivapragasam,
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Ahungalla Resorts Limited *

A joint venture company between Aitken Spence Hotel Holdings PLC and RIUSA II SA and owns the RIU Hotel in Sri Lanka in Ahungalla.

Directors:
- Ms. D.S.T. Jayawardena,
- J.T. Riu (Managing Director),
- L. Riu Guell,
- C.M.S. Jayawickrama,
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Cowrie Investment Private Limited *

Owns the Heritance Aarah and Adaaran Select Meedhupparu Resorts in the Republic of Maldives.

Directors:
- Ms. D.S.T. Jayawardena (Appointed as Chairman and Managing Director w.e.f. 01.04.2026),
- I.M. Didi,
- M. Salih,
- C.M.S. Jayawickrama,
- Dr. M.P. Dissanayake (Chairman and Managing Director) (Resigned w.e.f. 31.03.2026).

Crest Star (B.V.I.) Limited

The holding company of Jetan Travel Services Company Private Limited.

Directors:
- Ms. D.S.T. Jayawardena,
- C.M.S. Jayawickrama,
- Ms. D.R. Alexander (Appointed w.e.f. 04.05.2026),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Heritance (Private) Limited *

Owns a land in Beruwela for a proposed hotel project.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- Ms. D.R. Alexander (Appointed w.e.f. 04.05.2026),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Hethersett Hotels Limited *

Owns the Heritance Tea Factory hotel in Kandapola.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- Ms. D.R. Alexandar,
- B.G.D.L.P. Wijerathne,
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

GROUP COMPANIES AND DIRECTORATE

Jetan Travel Services Company Private Limited *

Owns the Adaaran Club Rannalhi resort in the Republic of Maldives.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama (Managing Director),
- H. Mohamed,
- M. Mahdy.

Kandalama Hotels (Private) Limited *

Owns the Heritance Kandalama hotel.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- Ms. D.R. Alexander (Appointed w.e.f. 01.04.2025),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Meeraladuwa (Private) Limited *

Owns land in the island of Meeraladuwa in Balapitiya.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- Ms. D.R. Alexander (Appointed w.e.f. 01.04.2025),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Neptune Ayurvedic Village (Private) Limited *

Leases the company owned land and building to Aitken Spence Hotels Limited.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- Ms. D.R. Alexander (Appointed w.e.f. 04.05.2026),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Nilaveli Holidays (Private) Limited *

Incorporated to operate a future hotel project.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- Ms. D.R. Alexander (Appointed w.e.f. 01.04.2025),
- N.L.T. Perera (Appointed w.e.f. 04.05.2026),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Nilaveli Resorts (Private) Limited *

Incorporated to operate a future hotel project.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- Ms. D.R. Alexander,
- N.L.T. Perera (Appointed w.e.f. 04.05.2026),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Perumbalam Resorts Private Limited

A fully owned subsidiary of PR Holiday Homes Private Limited in the Republic of India.

Directors:
- C.M.S. Jayawickrama,
- K.K.M. Rawther,
- K.K. Kabeer,
- K.A. Kodippilige,
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

PR Holiday Homes Private Limited

Owns a land in Cochin, in the Republic of India for a future hotel project.

Directors:
- C.M.S. Jayawickrama,
- K.K.M. Rawther,
- K.K. Kabeer,
- K.A. Kodippilige,
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

The Galle Heritage (Private) Limited *

Will operate a boutique property in the Galle Fort.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- Ms. D.R. Alexander (Appointed w.e.f. 04.05.2026),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Turyaa (Private) Limited *

Owns the 199 roomed hotel property Turyaa in Kalutara.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- Ms. D.R. Alexander (Appointed w.e.f. 04.05.2026),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Unique Resorts Private Limited *

Owns the Adaaran Prestige Vadoo resort in the Republic of Maldives.

Directors:
- Ms. D.S.T. Jayawardena (Chaiperson),
- C.M.S. Jayawickrama (Managing Director),
- M.D.B.J. Gunatilake,
- Ms. D.R. Alexander (Appointed w.e.f. 01.04.2025).

* The companies' financial statements are audited by KPMG

ASSOCIATES

Aitken Spence Hotel Managements (Private) Limited *

Manages resorts in Sri Lanka.

Directors:

- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama (Managing Director),
- Ms. D.R. Alexander (Appointed w.e.f. 01.04.2025),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Aitken Spence Resources (Private) Limited *

The Company did not carry out any operations during the year.

Directors:

- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- Ms. D.R. Alexander.

Amethyst Leisure (Private) Limited *

(Formerly known as Amethyst Leisure Limited - Status Changed w.e.f. 20.08.2024)

The holding Company of Paradise Resort Pasikudah (Private) Limited.

Directors:

- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- Ms. V.J. Senaratne,
- B.G.D.L.P. Wijerathne.

Browns Beach Hotels PLC *

Owns the property leased out to Negombo Beach Resorts (Private) Limited.

Directors:

- Ms. D.S.T. Jayawardena (Chairman/ Chairperson)
- C.R. Stanislaus,
- N.J. de Silva Deva Aditya,
- M.R. Mihular,
- Dr. R.A. Fernando,
- P. Englisch,
- C.M.S. Jayawickrama,
- J.M.S. Brito,
- R.N. Asirwatham,(Deceased on 12.12.2025),
- Dr. M.P. Dissanayake (Resigned w.e.f. 31.03.2026).

Negombo Beach Resorts (Private) Limited *

Owns the Sentido Heritance Negombo.

Directors:

- Ms. D.S.T. Jayawardena,
- C.M.S. Jayawickrama,
- C.R. Stanislaus,
- Ms. D.R. Alexander (Appointed w.e.f. 01.11.2025).

Paradise Resort Pasikudah (Private) Limited *

Owning Company of Amethyst resort, Pasikudah.

Directors:

- Ms. D.S.T. Jayawardena (Chairperson),
- Ms. V.J. Senaratne,
- C.M.S. Jayawickrama,
- B.G.D.L.P. Wijerathne.

* The companies' financial statements are audited by KPMG

COMPANIES LIQUIDATED

Ace Resorts Private Limited *

Liquidated on 08.04.2026

CORPORATE INFORMATION

GRI 2-1

NAME
Aitken Spence Hotel Holdings PLC

LEGAL FORM
A Public Quoted Company with limited liability, incorporated in Sri Lanka on March 14, 1978

COMPANY REGISTRATION NUMBER
PQ 97

REGISTERED OFFICE
No. 315, Vauxhall Street Colombo 2, Sri Lanka

DIRECTORS
Ms. D.S.T. Jayawardena - *Chairman/ Chairperson*

Mr. C.M.S. Jayawickrama - *Managing Director* (Appointed as the Managing Director w.e.f. 01st April 2026)

Mr. J.M.S. Brito

Mr. N.J. de Silva Deva Aditya

Dr. R.A. Fernando

Mr. M.R. Mihular

Mr. P. Englisch

Mr. C.H. Gomez
(Appointed w.e.f. 01st April 2025)

Mr. R.N. Asirwatham
(Deceased on 12th December 2025)

Dr. M.P. Dissanayake - *Managing Director*
(Resigned w.e.f. 31st March 2026)

MANDATORY BOARD SUB COMMITTEES
Nominations and Governance Committee
Mr. P. Englisch - Chairman
Dr. R.A. Fernando
Mr. J.M.S. Brito

Remuneration Committee
Mr. P. Englisch - Chairman
Dr. R.A. Fernando
Mr. J.M.S. Brito

Audit and Risk Committee
Mr. M.R. Mihular - Chairman
Dr. R.A. Fernando
Mr. P. Englisch
Mr. J.M.S. Brito

Related Party Transactions Review Committee
Mr. M.R. Mihular - Chairman
Dr. R.A. Fernando
Mr. P. Englisch
Mr. J.M.S. Brito

VOLUNTARY BOARD SUB COMMITTEE
Investment Committee
Mr. M.R. Mihular - Chairman
Mr. J.M.S. Brito
Mr. N.J. de S. Deva Aditya
Mr. P. Englisch
Mr. C.H. Gomez

SECRETARIES
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No. 341/5, Kotte Road,
Rajagiriya.
T: (+94 11) 2356456
F: (+94 11) 2440396
E: registrars@cse.lk
Web: www.cds.lk

AUDITORS
KPMG
Chartered Accountants
32A, Sir Mohamed Macan Markar Mawatha,
P.O Box 186,
Colombo 03,
Sri Lanka

BANKERS
Hatton National Bank PLC
People's Bank
Bank of Ceylon
Bank of Ceylon - Maldives Operations
Hongkong and Shanghai Banking Corporation Ltd
Union Bank of Colombo PLC
Nations Trust Bank PLC
DFCC Bank PLC
Deutsche Bank AG
Commercial Bank of Ceylon PLC
Sampath Bank PLC
Seylan Bank PLC
Habib Bank Limited
National Development Bank PLC
ABANCA CorporaciÓn Bancaria, S.A.
Bank of Maldives
Sohar International Bank SAOG
Commercial Bank of Maldives (Pvt) Limited
Bank Muscat SAOG

HOLDING COMPANY
Aitken Spence PLC

CONTACT DETAILS
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INDEPENDENT ASSURANCE REPORT

GRI 2-5

Deloitte.

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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF THE DIRECTORS OF AITKEN SPENCE HOTEL HOLDINGS PLC ON THE INFORMATION PRESENTED WITH REFERENCE TO THE GRI, SLFRS S1 and S2, SASB, AND THE INTEGRATED REPORTING <IR> FRAMEWORK IN THE INTERGRATED ANNUAL REPORT – 2025/26

SCOPE

We have been engaged by the management of Aitken Spence Hotel Holdings PLC ("the Company") to perform an independent limited assurance engagement, as defined by the Sri Lanka Standards on Assurance Engagements, on the information presented with reference to the GRI (Global Reporting Initiative), SLFRS S1 and S2, SASB (Sustainability Accounting Standards Board) Standards, and the Integrated Reporting <IR> Framework ("Information") in its Integrated Annual Report for the year ended 31 March 2026 (the "Report").

MANAGEMENT'S RESPONSIBILITY

Management of the Company is responsible for preparation and presentation of the information with reference to the GRI, SLFRS S1 and S2, SASB standards, and the Integrated Reporting <IR> framework. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the information that is free from material misstatement, whether due to fraud or error.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements of the Code of Ethics is issued by the Institute of Chartered Accountants of Sri Lanka which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. The firm applies Sri Lanka Standards on Quality Management (SLSQM) 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

OUR RESPONSIBILITY

Our responsibility is to express a conclusion on the information presented in Report with reference to the GRI, SLFRS S1 and S2, SASB standards, and the Integrated Reporting <IR> framework. We conducted our limited assurance engagement in accordance with the Sri Lanka Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information ("SLSAE 3000") issued by the Institute of Chartered Accountants of Sri Lanka. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the information is free from material misstatement.

A limited assurance engagement undertaken in accordance with SLSAE 3000 involves assessing the risks of material misstatement of the information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the information.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and were included,

- Comparing the content of the Report against the GRI, SLFRS S1 and S2, SASB standards, and the Integrated Reporting <IR> framework.

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

INDEPENDENT ASSURANCE REPORT

Deloitte.

- Inquiring relevant organization's personnel to understand the process for collection, analysis, aggregation, and presentation of data.
- Cross checking the non-financial data /information presented in the Report with the supporting documents and schedules maintained by the Company.
- Checking the calculations performed by the organization on a sample basis through recalculation.

CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information, as defined above, for the year ended 31 March 2026, is not presented, in all material respects, with reference to the GRI, SLFRS S1 and S2, SASB standards, and the Integrated Reporting <IR> Framework.

DISCLOSURES COVERED BY OUR LIMITED ASSURANCE ENGAGEMENT

The selected Sustainability Related Disclosures pertaining to sustainability standards (Notwithstanding the <IR> Framework) covered by our Limited assurance engagement are:

Sustainability Related Disclosures	Aitken Spence Hotel Holdings PLC's sections	Page Number
SASB Standards – Hotel and Lodging	SASB Content Index	346
GRI Standards	GRI Content Index	339 to 345
SLFRS S1. Paragraph 26 – 27	Governance	109 to 110
SLFRS S1. Paragraph 43 – 44	Risk management	111 to 113
SLFRS S2. Paragraph 05 – 06	Governance	109 to 110
SLFRS S2. Paragraph 08 – 21	Strategy	113 to 121
SLFRS S2. Paragraph 24 – 26	Risk management	111 to 113
SLFRS S2. Paragraph 27 – 37	Metrics & Targets	122 to 124

OTHER MATTER

Our assurance is not extending to the prospective/comparative information, or any other information presented in the Report other than based on the GRI, SLFRS S1 and S2, SASB standards and the Integrated Reporting <IR> framework. Further, we do not provide any assurance on the assumptions and achievability of prospective information presented in the Report including forward-looking statements and growth-related projections.



Deloitte Partners Sri Lanka
Chartered Accountants

Colombo
4th June 2026

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement Omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organisational details	Page 222, 336			
	2-2 Entities included in the organisation's sustainability reporting	Page 4			
	2-3 Reporting period, frequency and contact point	Page 4			
	2-4 Restatements of information	Page 4			
	2-5 External assurance	Page 5, 337			
	2-6 Activities, value chain and other business relationships	Page 8, 74, 80, 139			
	2-7 Employees	Page 146			
	2-8 Workers who are not employees	Page 146			
	2-9 Governance structure and composition	Page 28, 37, 96			
	2-10 Nomination and selection of the highest governance body	Page 39, 196			
	2-11 Chair of the highest governance body	Page 38			
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 96			
	2-13 Delegation of responsibility for managing impacts	Page 96			
	2-14 Role of the highest governance body in sustainability reporting	Page 96			
	2-15 Conflicts of interest	Page 44, 192			
	2-16 Communication of critical concerns	Page 38			
	2-17 Collective knowledge of the highest governance body	Page 39			
	2-18 Evaluation of the performance of the highest governance body	Page 40			
	2-19 Remuneration policies	Page 40, 41			
	2-20 Process to determine remuneration	Page 40, 41			
	2-21 Annual total compensation ratio		2-21	Confidentiality constraints	Compensation related information is considered confidential within the organisation
	2-22 Statement on sustainable development strategy	Page 20			
	2-23 Policy commitments	Page 46, 96			
	2-24 Embedding policy commitments	Page 38, 46			
	2-25 Processes to remediate negative impacts	Page 78			
	2-26 Mechanisms for seeking advice and raising concerns	Page 78, 205			
	2-27 Compliance with laws and regulations	Page 74			
	2-28 Membership associations	Page 185			
	2-29 Approach to stakeholder engagement	Page 76			
	2-30 Collective bargaining agreements	Page 159			

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement Omitted	Reason	Explanation
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 83			
	3-2 List of material topics	Page 83			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 98			
	201-2 Financial implications and other risks and opportunities due to climate change	Page 105			
	201-3 Defined benefit plan obligations and other retirement plans	Page 23			
	201-4 Financial assistance received from government	Page 135			
Market presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Page 151			
	202-2 Proportion of senior management hired from the local community	Page 150			
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Page 97, 138, 166			
	203-2 Significant indirect economic impacts	Page 97, 138, 166			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 166			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 46			
	205-2 Communication and training about anti-corruption policies and procedures	Page 46			
	205-3 Confirmed incidents of corruption and actions taken	Page 46			

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement Omitted	Reason	Explanation
Anti-competitive behaviour					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Page 46			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 207: Tax 2019	207-1 Approach to tax	Page 133			
	207-2 Tax governance, control, and risk management	Page 134			
	207-3 Stakeholder engagement and management of concerns related to tax	Page 134			
	207-4 Country-by-country reporting		207-4,b	Not applicable	We provide consolidated financial disclosures for locations outside Sri Lanka keeping with the accounting standards followed by the Company.
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Page 172			
	302-2 Energy consumption outside of the organisation		302-2	Information unavailable/ incomplete	Too many variables to standardise
	302-3 Energy intensity	Page 173			
	302-4 Reduction of energy consumption	Page 173			
	302-5 Reductions in energy requirements of products and services	Page 173			
Water and Effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 174			
	303-2 Management of water discharge-related impacts	Page 175			
	303-3 Water withdrawal	Page 175			
	303-4 Water discharge	Page 175			
	303-5 Water consumption	Page 175			

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement Omitted	Reason	Explanation
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	Page 178			
	101-2 Management of biodiversity impacts	Page 178			
	101-3 Access and benefit-sharing		101-3	Information unavailable.	The Group has not identified any material access and benefit-sharing arrangements during the reporting period.
	101-4 Identification of biodiversity impacts	Page 178			
	101-5 Locations with biodiversity impacts	Page 178			
	101-6 Direct drivers of biodiversity loss		101-6		Quantification of direct drivers of biodiversity loss has not been completed across the portfolio.
	101-7 Changes to the state of biodiversity		101-7	Information incomplete.	Biodiversity baseline and trend monitoring data are currently incomplete
	101-8 Ecosystem services		101-8	Information unavailable.	Ecosystem services dependency and impact assessments have not yet been undertaken at Group level
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 173			
	305-2 Energy indirect (Scope 2) GHG emissions	Page 173			
	305-3 Other indirect (Scope 3) GHG emissions		305-3	Information unavailable/ incomplete	Too many variables to standardise
	305-4 GHG emissions intensity	Page 173			
	305-5 Reduction of GHG emissions	Page 173			
	305-6 Emissions of ozone-depleting substances (ODS)		305-6	Information unavailable/ incomplete	Too many variables to standardise
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7	Information unavailable/ incomplete	Too many variables to standardise

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement Omitted	Reason	Explanation
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 177			
	306-2 Management of significant waste-related impacts	Page 177			
	306-3 Waste generated	Page 177			
	306-4 Waste diverted from disposal	Page 177			
	306-5 Waste directed to disposal	Page 177			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 168			
	308-2 Negative environmental impacts in the supply chain and actions taken	Page 168			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 149			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 151			
	401-3 Parental leave	Page 156			
Labour/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Page 159			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 148			
	403-2 Hazard identification, risk assessment, and incident investigation	Page 148			
	403-3 Occupational health services	Page 157			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 158			
	403-5 Worker training on occupational health and safety	Page 158			
	403-6 Promotion of worker health	Page 159			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 158			
	403-8 Workers covered by an occupational health and safety management system	Page 157			
	403-9 Work-related injuries	Page 158			
	403-10 Work-related ill health	Page 158			

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement Omitted	Reason	Explanation
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		404-1, a	Information unavailable/ incomplete	Granular data not recorded
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 156			
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 151			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 37			
	405-2 Ratio of basic salary and remuneration of women to men	Page 156			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 156			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 168			
Child labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Page 166			
Forced or compulsory labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Page 175			
Security practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement Omitted	Reason	Explanation
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Page 148			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 166			
	413-2 Operations with significant actual and potential negative impacts on local communities	Page 166			
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Page 166			
	414-2 Negative social impacts in the supply chain and actions taken	Page 166			
Public policy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 415: Public Policy 2016	415-1 Political contributions	Page 199			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Page 165			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 165			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 165			

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) DISCLOSURES

Topic	Accounting Metric	Unit of measure	Code	
1. Energy Management	Total energy consumed	Gigajoules (GJ)	SV-HL-130a.1	465,772
	Total energy consumed - Non-renewable sources;			-
	Petrol			
	Diesel			319,779
	Furnace Oil			-
	LPG			26,027
	Kerosene			-
	Total energy consumed - Renewable sources;			
	Biomass/fuel wood			12,274
	Solar energy			2,073
	Wind energy			8,133
	Percentage grid electricity	Percentage (%)		21%
	Percentage renewable			5%
2. Water Management	Total water withdrawn	Thousand cubic metres (m^3), Percentage (%)	SV-HL-140a.1	1,032,951
	Total water consumed			Sri Lanka, Oman and India - 100% (624,132 m^3) Maldives - An estimated 60% of the surface water withdrawn (245,291m^3) is released back into the ocean. Since this quantity is estimated, we consider all water withdrawn is consumed in our data consolidation.
3. Ecological Impacts	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat	Number	SV-HL-160a.1	None of the owned properties Please refer to the Natural Capital report for details (Page 169 - 180)
	Description of environmental management policies and practices to preserve ecosystem services	N/A	SV-HL-160a.2	Please refer to the Natural Capital report for details (Pages 169 - 180)
4. Labour Practices	(1) Voluntary turnover rate for lodging facility employees	Rate	SV-HL-310a.1	27%
	(2) Involuntary turnover rate for lodging facility employees			14%
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	Presentation currency	SV-HL-310a.2	None
	(1) Average hourly wage	Presentation currency	SV-HL-310a.3	Not reported due to reasons of confidentiality
	(2) Percentage of lodging facility employees earning minimum wage, by region	Percentage (%)		100% of employees earned above the local stipulated minimum wage in regions of operation
	Description of policies and programmes to prevent worker harassment	N/A	SV-HL-310a.4	Human Captial report for details (GRI 2-26, 3-3, 414-1) (Pages 146 - 160)
5. Climate Change Adaptation	Number of lodging facilities located in 100-year flood zones	Number	SV-HL-450a.1	2
ACTIVITY METRICS				
	Number of available room-nights	Number	SV-HL-000.A	856,655
	Average occupancy rate	Rate	SV-HL-000.B	69%
	Total area of lodging facilities	Square metres (m^2)	SV-HL-000.C	316,423
	Number of lodging facilities and the percentage that are: Managed	Number, Percentage (%)	SV-HL-000.D	19, of which 95% are managed
	Number of lodging facilities and the percentage that are: Owned and leased			0
	Number of lodging facilities and the percentage that are: Franchised			0

GLOSSARY OF FINANCIAL TERMS

A

Accounting Policies - The 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 Gains and Losses - Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

Amortisation - The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Asset Held for Sale - The carrying amount of the asset value which will be recovered through a sale transaction rather than through continuing use.

Average Weighted Prime Lending Rate (AWPLR) - Reflects rates applicable on loans and advances granted by commercial banks to their most creditworthy customers.

B

Basis Point - One hundredth of a percentage point. i.e.1/100

C

Capital Employed - Total shareholders' funds plus debt.

Capital Reserves - Reserves identified for specific purposes and considered not of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity available for distribution.

Cash Equivalents - High liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of change in value.

Collateral - Monetary or non-monetary asset pledged or received as security in lieu of a loan or credit terms obtained or provided.

Contingent Liabilities - A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

Contract Liability - An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amounts due) from the customer.

Credit Risk - Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance to the agreed terms and conditions.

Current Ratio - Current assets divided by current liabilities.

Current Service Cost - Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

D

Debt/Equity Ratio - Ratio between long-term interest-bearing liabilities and total equity. It shows the extent to which the firm is financed by debt.

Deferred Income Tax - The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

Derivatives - Financial contracts whose values are derived from the values of underlying assets.

Dividend Cover - Net profit attributable to the ordinary shareholders divided by the total dividend.

Dividend Pay Out Ratio - The percentage of earnings paid to shareholders in dividends.

Dividend Yield Ratio - Dividend per share as a percentage of the market price. A measure of return on investment.

Dividends Per Share (DPS) - Dividends paid and proposed, divided by the number of issued shares, which ranked for those dividends.

E

Earnings Per Share (EPS) - Net profit for the period attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

EBIT - Earnings before interest and tax.

EBITDA - Earnings before interest, taxes, depreciation and amortisation.

Effective Rate of Taxation - Income tax over profit before tax.

Enterprise Value (EV) - Market capitalisation plus net debt/(net cash).

EPS Growth - Percentage of increase in the EPS over the previous year.

Equity - The value of an asset after all the liabilities or debts have been paid.

EURIBOR - The Euro Interbank Offered Rate (EURIBOR) is a daily reference rate. It is the average interest rates at which Eurozone banks borrow unsecured funds from counter-parties in the Euro interbank market.

F

Fair Value - The price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Through OCI (FVOCI) - Financial instruments that are held for trading and measured at fair value through other comprehensive income.

Fair Value Through Profit and Loss - A financial asset/liability acquired/incurred principally for the purpose selling or repurchasing it in the near term.

Financial Assets - Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial Instruments- Any contract that gives rise to financial assets of one entity and financial liability or equity instrument of another entity.

GLOSSARY OF FINANCIAL TERMS

Financial Liability - Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

G

Gearing - Proportion of total interest-bearing liabilities to capital employed. Refer Debt to equity.

I

Impairment - This occurs when recoverable amount of an asset is less than it is carrying amount.

Intangible Assets - An identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services for rental to others or for administrative purposes.

Interest Cover- This indicates the ability of an entity to cover long term and short-term interest expenses with EBIT. (Profit before Interest & Taxation + Share of Equity Accounted investees divided by total Interest charged for the year).

K

Key Management Personnel (KMP) - KMP are those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

L

LIBOR - The London Inter Bank Offer Rate is an interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market.

Liquidity Risk - The risk of an entity having constraints to settle its financial liabilities.

M

Market Capitalisation- The number of ordinary shares in issue multiplied by the market price per share.

Materiality - The relative significance of a transaction or an event, the omission or misstatement of which could influence the decisions of users of Financial Statements.

N

Net Assets Per Share - Shareholders' funds divided by the number of ordinary shares in issue as at the Reporting date.

Non-Controlling Interest - Part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned, directly or indirectly, through Subsidiaries, by the Parent company.

O

Other Comprehensive Income - An entry that is generally found in the shareholders' equity section of the Statement of Financial Position.

P

Price Earnings Ratio (PER) - Market price per share divided by the earnings per share.

Price to Book Value Ratio (PBV) - Market price per share divided by net assets per share.

Probability of Default (PD) - Estimate of likelihood that a borrower will be unable to meet debt obligations.

R

Related Parties - A person or entity that is related to the entity that is preparing its Financial Statements.

Return on Capital Employed (ROCE) - Profit before finance expense and tax as a percentage of average capital employed.

Return on Equity - Profit attributable to shareholders as a percentage of average shareholders' funds.

Revenue Reserves - Reserves considered as being available for distributions and investments.

Right-of-use Asset (ROU) - ROU asset is an asset that represents a lessee's right to use an underlying asset over the lease term.

S

Segmental Analysis - Analysis of financial information by segments of an entity specifically, the different geographical areas in which it operates.

SASB - The Sustainability Accounting Standards Board (SASB) develops industry-specific standards for companies to disclose financially material sustainability information to investors.

SBTi - The Science Based Targets initiative (SBTi) is an accelerator movement that encourages companies to set greenhouse gas emission reduction targets in line with the latest climate science to meet the goals of the Paris Agreement.

Shareholder's Funds - The sum of Share capital, Capital Reserves and Revenue Reserves.

SOFR - The Secured Overnight Financing Rate (SOFR) is a reference rate that has been established as the preferred alternative rate for the USD London Interbank Offered Rate (LIBOR). SOFR is commonly used for US dollar denominated derivatives, loans, and other financial transactions in place of LIBOR. SOFR is calculated by the New York Federal Reserve based on transaction data from the overnight repurchase (repo) market.

T

Total Equity - Total of share capital, reserves, retained earnings and non-controlling interest.

V

Value Added - The wealth created by the operation of the company. The value is distributed among the stakeholders and the balance retained within the business.

W

Working Capital - Capital required to finance day-to-day operations, computed as the excess of current assets cover current liabilities.

NOTICE OF MEETING

Notice is hereby given that the Forty Ninth (49th) Annual General Meeting of Aitken Spence Hotel Holdings PLC will be held at the Institute of Chartered Accountants of Sri Lanka, No. 30A, Malalasekera Mawatha, Colombo 07 on Tuesday 30th June 2026 at 11.00 a.m., for the following purposes:-

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements for the year ended 31st March 2026 and the Report of the Auditors thereon.
2. To declare a first and final dividend as recommended by the Board of Directors.
3. To re-appoint Mr. J.M.S. Brito who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. J.M.S. Brito who is 79 years of age and that he be re-appointed a Director of the Company."
4. To re-appoint Mr. N.J. de Silva Deva Aditya who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. N.J. de Silva Deva Aditya who is 78 years of age and that he be re-appointed a Director of the Company."
5. To re-appoint Mr. M.R. Mihular who has attained the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. M.R. Mihular who has attained the age of 70 years and that he be re-appointed a Director of the Company."
6. To re-appoint Mr. M.R. Mihular who has attained the age of 70 years, as an Independent Director by passing the following Resolution as an Ordinary Resolution of the Public Shareholders* of the Company under Rule 9.8.3(ix)(c) of the Listing Rules of the Colombo Stock Exchange:

   "IT IS HEREBY RESOLVED that Mr. M.R. Mihular, who has attained the age of seventy (70) years on 18th June 2026 and who, in terms of Section 9.8.3(ix) of the Listing Rules of the Colombo Stock Exchange, would thereby be deemed to have impaired independence, be and is hereby nevertheless re-appointed as an Independent Director of the Company, as recommended by the Nominations and Governance Committee based on the justification and rationale set out in the Annexure to the Notice of Meeting and as confirmed by the Board of Directors."
7. To re-elect Mr. P. Englisch who retires in terms of Article 83 and 84 of the Articles of Association, as a Director.
8. To authorise the Directors to determine contributions to charities.
9. To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.
10. To consider any other business of which due notice has been given.

By Order of the Board

Aitken Spence Hotel Holdings PLC



Aitken Spence Corporate Services (Pvt) Limited

Secretaries

05th June 2026

** The term "Public Shareholder" shall refer to the meaning ascribed thereto in terms of the Listing Rules of the Colombo Stock Exchange.*

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend, speak and vote in his/her stead and a Form of Proxy is enclosed for this purpose. A Proxy need not be a member of the Company.
2. Members intending to participate through proxies are encouraged to vote by Proxy, through the appointment of a member of the Board of Directors, to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting, in the Form of Proxy.
3. The completed Form of Proxy should be sent to reach the Company Secretaries via e-mail to dilshani.yapa@aitkenspence.lk or facsimile on +94 112445406 or by post to the registered address of the Company, No. 315, Vauxhall Street, Colombo 02, not less than forty eight (48) hours before the time fixed for the meeting.
4. Should the first and final dividend recommended be approved by the Shareholders at the Annual General Meeting:

   a. it is proposed to dispatch the dividends by 20th July 2026;

   b. for the shareholders who have provided accurate dividend disposal instructions with bank account details to the Central Depository Systems (Private) Limited, dividends of such shareholders will be credited directly to the specified bank accounts by 07th July 2026.

   In accordance with the Listing Rules of the Colombo Stock Exchange, the shares of the Company will trade ex-dividend with effect from 01st July 2026
5. Members intending to participate through proxies are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company Secretaries, via e-mail to dilshani.yapa@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, not less than five (5) days before the date of the meeting. This is in order to enable the Company Secretaries to compile the queries and forward same to the attention of the Board of Directors so that such queries could be addressed at the meeting.
6. The Annual Report of the Company for the financial year 2025/26 will be available for perusal on the Company website www.aitkenspencehotels.com and the Colombo Stock Exchange website www.cse.lk.

NOTICE OF MEETING

Annexure

JUSTIFICATION AND RATIONALE FOR THE RE-APPOINTMENT OF MR. M.R. MIHULAR AS AN INDEPENDENT DIRECTOR OF AITKEN SPENCE HOTEL HOLDINGS PLC

Mr. M.R. Mihular was appointed to the Board of Aitken Spence Hotel Holdings PLC as an Independent Non-Executive Director with effect from 02nd December 2024. Mr. Mihular will attain the age of seventy (70) years on 18th June 2026 and in terms of Section 9.8.3(ix) of the Listing Rules of the Colombo Stock Exchange, his independence would be deemed impaired upon reaching this age threshold.

However, pursuant to the proviso to Section 9.8.3(ix) of the Listing Rules, the Nominations and Governance Committee of Aitken Spence Hotel Holdings PLC having followed a due and comprehensive evaluation of the justification and rationale given below, has unanimously resolved and recommended to the Board the re-appointment of Mr. Mihular as an Independent Non-Executive Director notwithstanding that he would have attained the age of seventy (70) years at the time of the forthcoming Annual General Meeting:

1. Professional Qualifications and Technical Expertise

   Mr. Mihular is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants (CIMA), UK. These qualifications, together with his lifelong professional standing, provide the Board with deep expertise in financial reporting, audit, risk management, governance and regulatory compliance, areas that are critical to the effective functioning of a listed entity.

2. Extensive Leadership and Governance Experience

   Mr. Mihular served as the Managing Partner of KPMG Sri Lanka & Maldives for a period of ten years from 1st April 2012 to 31st March 2022 and as Chairman of KPMG's Middle East & South Asia (MESA) Regional Cluster from October 2018 to September 2021. He has also held senior regional and global leadership roles within KPMG, including serving as Chief Operating Officer of the MESA regional office, a member of the KPMG EMA Board, and the Global Council of KPMG International.

   These roles demonstrate his exposure to complex organisations, global best practices and strategic decision-making at the highest levels.

3. Contribution to Accounting, Ethics and International Standards

   Mr. Mihular has made significant contributions to the development of international accounting and ethical standards, having served as:

   - A Board Member of the International Accounting Standards Committee (IASC),
   - A member of the Standing Interpretations Committee,
   - A member of the IFRS Advisory Council of the IASB, and
   - A member of the International Ethics Standards Board for Accountants (IESBA) from 2012 to 2018.

   This background equips him with a strong understanding of transparency, integrity and ethical governance, which is particularly valuable in safeguarding shareholder interests.

4. Demonstrated Independence of Judgment

   Mr. Mihular currently serves as Chairman and Independent Non-Executive Director on several listed and unlisted entities and as a Member of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka. His appointments across diverse sectors reflect the confidence placed in his objectivity, sound judgment and independence by both regulators and corporate boards.

   The Committee is satisfied that Mr. Mihular does not have any relationships, interests or circumstances that would impair his ability to exercise independent judgment or act in the best interests of the Company and its shareholders.

5. Value to the Board and Succession Considerations

   Mr. Mihular's continued presence on the Board ensures mentorship to both Board members and senior management. Given the increasing regulatory, financial and governance complexity faced by listed entities, the Committee is of the view that his experience and counsel remain highly relevant and beneficial at this time.

   Further the Committee noted that it would be extremely difficult for the Company to find a replacement in the short term that would suit the Calibre of Mr. Mihular and hence it is necessary that his re-appointment is recommended to the Board and to the shareholders.

   As recommended by the Nominations and Governance Committee above, the Board unanimously confirmed the re-appointment of Mr. M.R. Mihular as an Independent Non-Executive Director of Aitken Spence Hotel Holdings PLC, notwithstanding that he would have attained the age of seventy (70) years at the forthcoming Annual General Meeting. The Board is satisfied that Mr. Mihular would continue to bring exceptional value to the Board, exercises independent judgment and upholds the highest standards of corporate governance in full alignment with the intent of the Listing Rules of the Colombo Stock Exchange.

   The profile of Mr. M.R. Mihular is given on pages 29 of this Report.

NOTES

NOTES

FORM OF PROXY

I/We.....

.....of .....

..... being a member/members of Aitken Spence Hotel Holdings PLC hereby appoint .....

..... of ..... (whom failing),

Don Stasshani Therese Jayawardena	(whom failing),
Chrisanthus Mohan Susith Jayawickrama	(whom failing),
Joseph Michael Suresh Brito	(whom failing),
Niranjan Joseph de Silva Deva Aditya	(whom failing),
Ravindra Ajith Fernando,	(whom failing),
Mohamed Reyaz Mihular	(whom failing),
Peter Englisch	(whom failing),
Charles Humbert Gomez	

as my/our proxy to represent me/us, to speak and to vote on my/our behalf at the Annual General Meeting of the Company to be held on the 30th June 2026, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/We the undersigned hereby authorize my/our proxy to vote on my/our behalf in accordance with the preference indicated below:

Resolution	For	Against
To declare a first and final dividend as recommended by the Directors		
To re-appoint Mr. J.M.S. Brito who is over the age of 70 years		
To re-appoint Mr. N.J. de Silva Deva Aditya who is over the age of 70 years		
To re-appoint Mr. M.R. Mihular who has attained the age of 70 years		
To re-appoint Mr. M.R. Mihular who has attained the age of 70 years, as an Independent Director *(The above resolution to be voted on if the relevant shareholder falls within the definition of a "Public Shareholder" in terms of the Listing Rules of the Colombo Stock Exchange)*		
To re-elect Mr. P. Englisch who retires in terms of Article 83 and 84 of the Articles of Association		
To authorise the Directors to determine contributions to charities		
To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration		

Signed this..... day of June Two Thousand and Twenty Six.

.....

Shareholder's Signature/(s)

.....

Shareholder's NIC / Folio No.

.....

Proxyholder's NIC No.

Note: Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.
2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.
3. In the case of a Company/Corporation, the Form of Proxy shall be executed in the manner specified in its Articles of Association/ Constitutional documents (as applicable).
4. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his/her appointor.
5. Duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to dilshani.yapa@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, not less than forty eight (48) hours before the time fixed for the meeting.

Please provide the following details (mandatory):

NIC/PP/Company Registration No. of the Shareholder/s : .....

Folio No. : .....

E-mail address of the Shareholder/(s) or proxyholder (other than a Director appointed as proxy) : .....

Mobile No. : .....

Fixed line : .....

INVESTOR FEEDBACK FORM

Name (Optional) : .....

Address (Optional) : .....

Number of shares held (Optional) : .....

Please rate the following areas (where applicable) on a scale of 1 to 5 where 1 is the lowest to 5 being the highest

	Lowest				Highest
	1	2	3	4	5
1. Business Development					
a) Quality and presentation of the Annual Report	☐	☐	☐	☐	☐
b) Usefulness of the information in the interim Financial Statements	☐	☐	☐	☐	☐
c) Likelihood of the financial information in the Annual Report to influence investment decisions	☐	☐	☐	☐	☐
d) Likelihood of the environmental information in the Annual Report to influence investment decisions	☐	☐	☐	☐	☐
e) Likelihood of the social information in the Annual Report to influence investment decisions	☐	☐	☐	☐	☐
f) Satisfaction with the risk management strategies of the Company	☐	☐	☐	☐	☐
2. Corporate Communication					
a) Quality of Group communications appearing in traditional media (newspapers, radio, television)	☐	☐	☐	☐	☐
b) Quality of Group communications appearing in emerging and new media (social media, web).	☐	☐	☐	☐	☐
c) Satisfaction with the frequency and volume of Group communications appearing in mass media channels (newspapers, radio, television)	☐	☐	☐	☐	☐
d) Accessibility and availability of information related to the Group in mass media channels	☐	☐	☐	☐	☐
e) Quality of service and information provided at stakeholder contact channels (web, general line, front office/ reception)	☐	☐	☐	☐	☐
f) Satisfaction with the contact channels available for queries and feedback	☐	☐	☐	☐	☐
3. Human Resources					
a) Satisfaction with the conduct of employees	☐	☐	☐	☐	☐
b) Competency of employees based on your recent interactions	☐	☐	☐	☐	☐
c) Access to HR related information	☐	☐	☐	☐	☐
4. Sustainability					
a) Satisfaction with the strategies developed for economic sustainability	☐	☐	☐	☐	☐
b) Satisfaction with the commitment of the Group towards environmental conservation	☐	☐	☐	☐	☐
c) Satisfaction with the commitment of the Group towards social empowerment and community development	☐	☐	☐	☐	☐
d) Ethical conduct of the Group in business activities	☐	☐	☐	☐	☐

INVESTOR FEEDBACK FORM

Please tick more than one where applicable:

5. What areas of the following business activities are you interested in receiving more information regarding via Group communications?	
a) Sustainability initiatives	☐
b) Reporting processes	☐
c) Internal operations	☐
d) New business initiatives	☐

6. What channels of communication are preferred when receiving Group related information?	
a) Web	☐
b) Newspapers	☐
c) Electronic media	☐
d) Social media	☐
e) Mobile	☐

7. Out of the following, what areas of sustainability do you feel Aitken Spence Hotels should focus more on?	
a) Energy	☐
b) Water	☐
c) Biodiversity	☐
d) Waste management	☐
e) Resource efficiency	☐
f) GHG emission reduction	☐
g) Social empowerment	☐
h) Infrastructure development	☐
i) Education	☐

The completed Feedback Form could be e-mailed to info@aitkenspence.lk or posted to the registered address of the Company at No. 315, Vauxhall Street, Colombo 02, Sri Lanka.

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Autken Spence® Hotels