Annual Report 2025/26

NAWALOKA
HOSPITALS PLC
COLOMBO

Nurturing beyond cure: Stewarding the health of tomorrow

SINCE 1985
NAWALOKA
HOSPITALS PLC
COLOMBO

Nurturing beyond cure: Stewarding the health of tomorrow

Healthcare has always been measured in moments of treatment. A diagnosis made, a surgery performed, a discharge cleared. Nawaloka Hospitals PLC looks further to what keeps a patient well before illness takes hold, and to what a hospital owes its community, its environment, and its people, long before and long after any single course of treatment.

Forty-one years after Nawaloka first opened its doors, this remains our heartbeat. A hospital that treats today, while building responsibly for the Sri Lanka of tomorrow.

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A Purpose-Led Report

Reporting Scope, Boundary, and Cycle

We are pleased to present our 14th Integrated Annual Report, which sets out the performance of Nawaloka Hospitals PLC and its subsidiaries (hereinafter referred to as "Nawaloka") for the financial year ended 31 March 2026. The Report provides a comprehensive and cohesive view of our performance during the financial year under review.

The Report covers the activities of the Group: Nawaloka Hospitals PLC and its three subsidiaries, New Nawaloka Hospitals (Private) Ltd., New Nawaloka Medical Centre (Private) Ltd., and Nawaloka Laboratories (Private) Ltd., and equity-accounted investee Nawaloka College of Higher Studies (Private) Ltd., for the period 01 April 2025 to 31 March 2026.

An annual reporting cycle has been adopted, and the most recent prior report for the financial year ended 31 March 2025 is available on our website (www.nawaloka.com).

Reporting Principles

The following frameworks were used to prepare the Report, moving beyond regulatory compliance to incorporate international best practices into our reporting processes.

Integrated Reporting

- Integrated Reporting Framework of the IFRS Foundation
- SLFRS S1 and S2 Sustainability Disclosure Standards
- Sustainability Accounting Standards Board (SASB), Healthcare Delivery Sector

Corporate Governance

- Continuing Listing Rules (Section 7) of the Colombo Stock Exchange (CSE), Corporate Governance Rules (Section 9)
- Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Financial Reporting

- Sri Lanka Financial Reporting Standards, (LKAS/SLFRS)
- Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995

Reporting Structure

In response to evolving stakeholder expectations and Nawaloka's commitment to greater transparency, the Report follows by the principles and content elements of the International Integrated Reporting <IR> Framework issued by the International Integrated Reporting Council (IIRC). This approach enables a more holistic view of how strategy, governance, performance, and prospects sit within the context of the external environment.

External Audit and Assurance

The Group has obtained an independent opinion on the Financial Statements from its External Auditors, BDO Partners (Chartered Accountants).

Digital Format

Nawaloka Hospitals PLC presents its Annual Report in a comprehensive end-to-end HTML version and as an interactive PDF, offering enhanced accessibility and seamless navigation for all stakeholders. This reflects Nawaloka's broader commitment to embracing digital transformation and leveraging Artificial Intelligence to optimise its operations.

Scan to view the comprehensive end-to-end online HTML version.

Scan to view the Interactive PDF version.

Feedback

We welcome feedback from all stakeholders to continuously improve our reporting practices and enhance stakeholder engagement. Kindly share your comments and suggestions with us:

Chief Financial Officer

Nawaloka Hospitals PLC
No. 23, Deshamanya H K Dharmadasa Mawatha
Colombo 02, Sri Lanka
Email: cfo@nawaloka.com
Tel: +94 11 557 7111

About Nawaloka

We always strive to be on par with international standards of quality and diagnostic capabilities.

Who We Are

Nawaloka Hospitals PLC was established in 1985 as one of Sri Lanka's earliest private tertiary care hospitals, with a founding objective of introducing a more structured and accessible model of private healthcare to the country. Over four decades, the Group has grown into one of Sri Lanka's leading private multi-specialist healthcare providers, comprising a flagship hospital in Colombo, a portfolio of subsidiaries, and an islandwide laboratory and pharmacy network. Together, these operations serve an active customer base in excess of one million across laboratory testing, pharmacy, eChannelling, home nursing, and elite membership services.

The Group's market position, reflected in its long-standing reputation as a trusted private healthcare provider, has been built cumulatively over 41 years of continuous operation, supported by sustained consultant relationships and patient loyalty across generations. During the year under review, the Group's principal areas of focus were the continuation of its financial recovery and the expansion of artificial intelligence (AI) capabilities across clinical and administrative functions.

What We Do

The Group's core operations comprise advanced tertiary and specialised medical services, delivered through a flagship hospital equipped with twelve operating theatres spanning all major specialties, including hepatobiliary, renal transplant, and cardiac surgery. This is supported by a portfolio of specialised centres, including the Heart Centre, the AI-Powered Radiology Suite, the Bone Marrow Transplant Unit, the Fertility Centre, and dedicated dialysis and maternity units, alongside outpatient services spanning cosmetic treatment, physiotherapy, and home nursing.

The Group's islandwide laboratory and pharmacy network extends this service offering beyond the flagship hospital, comprising main laboratories, mini laboratories, and Company-Owned, Company-Operated (COCO) outlets. This is complemented by a growing digital services layer, including eChannelling, electronic medical records, a patient mobile application, and a hospital navigation tool currently under development to support patients in locating departments independently.

Strategic Direction

The Group's strategy for the financial year continued to be organised around five pillars: Clinical Excellence and Patient Experience, Financial Sustainability, People and Knowledge, Sustainability and Stewardship, and Medtech Integration. Within this framework, increasing emphasis has been placed on Medtech Integration, supporting the Group's positioning as Sri Lanka's first AI-enabled hospital, anchored by the introduction of South Asia's first AI-powered radiology suite and AI-assisted CT and MRI interpretation.

Key developments during the year included the Group's contribution to national medical tourism policy formulation, development of a hospital navigation application to improve patient wayfinding, expansion of comprehensive critical care services across multiple intensive care units, and a proposed reforestation initiative. The Group's consultant base, comprising over 700+ consultants practising daily with approximately 300 formally registered across specialties, continues to represent a significant point of differentiation within the private healthcare sector.

Vision

"To be the Hospital of Tomorrow"
to provide quality and safe healthcare to the people while maintaining leadership and excellence in the healthcare sector.

Mission

"Healing with Feeling"
to provide the best healthcare in accordance with international standards, in a cost-effective, timely, and professional manner.

Key Stakeholders

- Patients
- Consultants and Medical Practitioners
- Employees
- Corporate Clients and Healthcare Insurers
- Government and Regulators
- Shareholders and Investors
- Suppliers and Community

Engaged through structured surveys, forums, and focused meetings to co-create solutions across patient care, clinical practice, employee development, and regulatory alignment.

Strategy

1. Clinical Excellence and Patient Experience
2. Financial Sustainability
3. People and Knowledge
4. Sustainability and Stewardship
5. Medtech Integration

Values

1. Strengthen Safety and Quality
2. Drive Innovation, Technology, and Research
3. Empower Our People
4. Plan for a Sustainable Future
5. Achieve Financial Health

Key Highlights of 2025/26

A. Financial Turnaround	B. Market Confidence	C. Recognition	D. Community
• Revenue Rs. 13,243 Mn. up 20% YoY • Net profit Rs. 1,054 Mn. up 1770% YoY • Continued cost discipline on procurement, energy, and liquidity management	• Share price up from Rs. 5.30/- to Rs. 10.60/- by 100% • Market capitalisation grew from Rs. 7.47 Bn. to Rs. 14.94 Bn.	• ISO 9001:2015 Quality Management System certification renewed • SLAB ISO 15189:2022 laboratory accreditation held • Good Manufacturing Practices (GMP) certification issued by SLSI, covering food and beverage handling for patients and staff • South Asia's first AI-powered radiology suite commissioned, supporting the Group's positioning as the First AI Hospital in Sri Lanka • 100% compliance with the WHO Surgical Safety Checklist maintained across all operating theatres	• Free medical camps and health screenings held twice a month across Colombo, Kandy, Batticaloa, Kalapaluwawa, Battaramulla, Biyagama, Seeduwa, Malabe, and Kurunegala, among other locations • Emergency relief camps run for communities affected by flooding from Cyclone Ditwah (Seeduwa and Malabe, December 2025) • 100% biomedical waste segregation maintained • Continued to recycle non-hazardous waste generated across hospital operations • Reduction of single use plastics across cafeterias and patient service areas • Sustained investment in energy efficiency measures and rooftop solar generation to support long-term operating cost stability

Portfolio of Services

Nawaloka is known for its clinical depth, providing a wide range of specialised centres alongside integrated hospital, outpatient, and laboratory services. Advanced tertiary and specialised care remain at the core of our activities.

- Heart Centre
- AI-Powered Radiology
- Bone Marrow Transplant Unit
- Fertility Centre
- Dialysis Unit
- Laparoscopic Surgical unit
- Endoscopy Surgical unit
- Sleep Study Unit
- Maternity Unit
- Cosmetic Centre
- Physiotherapy Department
- Diagnostic Centre
- Home Nursing Services

Our Performance

Financial

For the year ended 31 March	2026 Rs.	2025 Rs.	Change %
Income Statement Data			
Revenue	13,242,883,041	11,012,689,270	20.25
Operating profit	1,734,235,945	1,008,243,743	72.01
Profit/(loss) before tax	1,570,269,910	336,642,651	366.45
Profit/(loss) after tax	1,054,432,513	56,381,099	1,770.19
Total comprehensive income/(expense) for the year	1,562,198,080	327,464,971	377.06
Gross profit	7,331,544,201	5,691,902,236	28.81
Gross profit margin (%)	55.36	51.68	7.12
Operating profit margin (%)	13.10	9.16	42.97
Net profit/(loss) margin (%)	7.96	0.51	1,461.23
Return on asset (ROA) (%)	7.62	5.04	51.22
Return on capital employed (ROCE) (%)	13.78	8.99	53.25
Return on equity (ROE) (%)	16.28	1.15	1,316.04
Interest cover (Times)	1.73	1.12	54.09
Financial Position			
Total assets	22,754,511,634	20,023,511,885	13.64
Total liabilities	16,279,450,148	15,110,648,486	7.73
Shareholders' equity	6,475,061,485	4,912,863,399	31.80
Debt/equity ratio	1.12	1.36	(17.79)
Net assets per share	4.59	3.49	31.63
Current ratio (Times)	0.62	0.32	93.39
Quick assets ratio (Times)	0.49	0.27	81.30
Shareholder Information			
Number of shares in issue	1,409,505,596	1,409,505,596	–
Earnings per share	0.75	0.04	1,770.22
Dividend per share	–	–	–

Non-Financial

Clinical Excellence

264
Rooms/Ward Beds

12
all specialties
Operating Theatres

8 + 1 CRRT
Dialysis Machines

61
ICU Beds

14,215
FY2025/26 total Clinical Ops
Surgeries Performed

458,683
FY2025/26 total eChannelling
Channel Appointments

24,607
FY2025/26 total
In-Patient Admissions

4.8
96.9%
Patient Satisfaction

Patient Experience

4
islandwide network
Main Labs

6
islandwide network
Mini Labs

20
company-owned, company-operated
Coco Units

700+
practising daily; 300+ formally registered
Consultants

Our People

2,005
as at 31 March 2026
Total Employees

67%
1,347 employees
Female Workforce

3:7
(M:F)
Gender Ratio

20%
of workforce
10+ Years' Service

7,697
FY2025/26
Training Hours

Rs. 2,116,675
FY2025/26
Training Investment

Great Place to Work
Certified

382
Qualified Nurses

Sustainability

9.9 Mn. kWh
FY2025/26
Energy Consumed

205,588 m^3
FY2025/26
Water Usage

200 KV
added
Rooftop Solar Installation

Rs. 17.18 Bn.
FY2025/26
Property, Plant, and Equipment

Awards and Accreditations

Best Management Practices Company Awards 2025

- Healthcare Sector Award: **Winner**
- Healthcare Sector Award (Private Western Medical Hospitals): **Winner**
- Healthcare Sector Award (Medical Laboratories): **Winner**
- Food and Beverage Sector Award (Café 77): **1st Runner-up**
- Corporate Social Responsibility (CSR Cluster): **2nd Runner-up**
- Women Leadership & Women-Focused Initiatives: **1st Runner-up**
- Environmental Governance: **Merit**
- Digital Literacy Cluster: **Merit**

CA Sri Lanka TAGS Awards 2025

- Health Sector Award: **Silver Winner**
- Corporate Governance Disclosure (Non-Financial Services): **Recognition**

GlobalHealth Asia Pacific Awards 2025

- Leading Hospital in AI and Innovation (Asia Pacific): **Winner**
- Wellness Centers and Beauty Parlors (Wellness Center): **Winner**
- Forty Outstanding Company (All Category): **Special Recognition**
- Great Place to Work

CPM Management Leadership Excellence Awards 2025

- Corporate Management: **Winner**
- Executive Management: **Winner**
- Executive Management – Industry Analysis: **Winner**
- Corporate Management – Industry Analysis: **1st Runner-up**

Best Corporate Citizen Sustainability Awards 2025 (Ceylon Chamber of Commerce)

- Health Sector Award: **Winner**

National Business Excellence Awards (NBEA) 2025

- Health Sector Award: **Runner-up**

Mindspark AI Hackathon 2025 (BCS Sri Lanka)

- Healthcare Data & AI Innovation: **1st Runner-up**

Strategic Report

Chairman's Message

"Every decision this year was measured against the same standard: does it strengthen the hospital our patients will depend on, not just this year, but for decades to come."

Dr Jayantha Dharmadasa
Chairman/Chief Executive Officer
31 August 2026

"Our progress towards becoming Sri Lanka's first AI-enabled hospital reflects a broader commitment that guided our decisions throughout the year: to put patients first while continuously strengthening the quality, accessibility and efficiency of care."

Overview

The financial year 2025/26 represents the second consecutive year in which Nawaloka Hospitals PLC has built on the foundation of financial recovery established in 2024/25. Having concluded the prior year's landmark debt settlement with Hatton National Bank PLC and returned the Group to profitability, the Board's focus during the year under review shifted towards consolidating that recovery while positioning the Group for its next phase of growth. This included continued investment in artificial intelligence (AI) and digital health capabilities, sustained discipline in financial management, and reinforcement of Nawaloka's long-standing reputation as one of Sri Lanka's most trusted private healthcare providers. I am pleased to present the Group's financial and non-financial performance for the year ended 31 March 2026.

Financial Performance

Revenue for the year grew by 20% year-on-year to Rs. 13.24 Bn. (FY2024/25 Rs. 11,013 Mn.), supported by continued growth in medical tourism and increased patient volumes. Net profit after tax for the year was Rs. 1,054 Mn. (FY2024/25 Rs. 56 Mn.), reflecting the continuation of the operational and financial discipline established in the prior year.

Balance Sheet and Capital Management

Following the settlement of the Group's facility with Hatton National Bank PLC, management maintained continued focus during FY2025/26 on liquidity management, cost control, and the ongoing strengthening of the balance sheet. This continued discipline provides the Group with a stronger platform from which to pursue its long-term strategic ambitions, while consistently delivering value to stakeholders.

Shareholder Value

Investor confidence in the Group continued to strengthen during the year, building on the appreciation recorded in FY2024/25. This year, the share price moved from Rs. 5.30 to Rs. 10.60, an increase of approximately 100%, with market capitalisation reaching approximately Rs. 14.94 Bn. This reflects sustained market confidence in the Group's financial recovery, strategic direction, and long-term growth potential.

Technology and Innovation

The Group's investment in artificial intelligence and digital health solutions remains central to its long-term, patient-focused growth strategy. During the year, this included the commissioning of South Asia's first AI-powered radiology suite, supporting the Group's positioning as Sri Lanka's first AI-enabled hospital. These investments are intended to support faster clinical and administrative decision-making, improve operational efficiency, and enable a more personalised standard of healthcare service. The Board views technology adoption as a key driver in Nawaloka's aspiration to be a technology-led leader within Sri Lanka's private healthcare sector.

Operating Environment

The year was shaped by a challenging macroeconomic environment, including inflationary pressure, foreign exchange volatility, rising healthcare input costs, evolving regulatory requirements, and continued competition for skilled medical professionals. At the same time, the Group benefited from growing demand for specialised healthcare, digital health services, and medical tourism. Management responded to these conditions through improved operational efficiency, strengthened procurement practices, and continued investment in technology-led patient services.

Governance and Stewardship

The Group's governance culture continues to be anchored in its "Do No Harm" approach, guiding decision-making across clinical, financial, and social dimensions to ensure patient safety, fairness and accountability. Priority areas during the financial year included the protection of patient confidentiality, strengthening of data security, maintenance of transparent decision-making, and the improvement of clinical quality controls, alongside continued attention to environmental and social responsibility. Oversight of these matters remains embedded within the Board's governance framework and its alignment with national and international standards.

During FY2025/26, the Group's Quality Management System certification (ISO 9001:2015) was renewed, and a Good Manufacturing Practices certification was obtained covering food and beverage handling for patients and staff. The Group was also shortlisted for the Business Excellence Award, reflecting continued external recognition of its operational and clinical standards.

Future Outlook

Over the next 12 months, the Group will prioritise the reorganisation and upgrading of its facilities to create a more convenient, accessible, and patient-friendly environment, including improvements to patient movement, service locations, and waiting areas. Over the following 24 months, the objective is to further align the Group's infrastructure, technology, clinical services, and operating standards with recognised international healthcare benchmarks. This represents a shift in emphasis from the recovery and financial stabilisation that characterised the prior year towards transformation, service excellence, technology adoption, and sustainable long-term growth.

Appreciation

I extend my sincere appreciation to the Board of Directors for their continued guidance, to our consultants for their clinical expertise, to our employees for their dedication and professionalism, and to our investors and partners for their continued confidence in the Group. I am, above all, grateful to our patients for the trust they continue to place in Nawaloka Hospitals PLC.

Deputy Chairman's Message

As Nawaloka Hospitals PLC, Colombo, steps into its 41st year, we carry both a deep sense of pride in what we've built and a clear-eyed focus on what lies ahead.

Mr Anisha Dharmadasa
Deputy Chairman – Executive Director
31 August 2026

Four decades in this business have taught us one simple truth: organisations that last aren't the ones with the strongest balance sheets, but the ones that create real value for their people, their communities, and their country.

Healthcare doesn't stand still, and neither can we. New technologies, tighter regulations, and more informed patients are reshaping the industry every year, so our job isn't just to keep up; it's to stay a step ahead. That means constantly raising our own standards of governance and clinical care, even as we bring in the innovations that make healthcare safer, faster, and more accessible for everyone we serve.

None of this happens without our people and the communities around us. We're investing in our staff so they can keep learning, growing, and reaching their full potential, because we know a truly successful organisation gives back far more than just business results. Every investment we put into healthcare, technology, and skills development is really an investment in Sri Lanka's future–creating opportunities today and building a stronger, more capable nation for the generations that follow.

I want to thank our Chairman, the Board of Directors, our medical professionals, employees, shareholders, and business partners and, above all, our patients for the trust and confidence they continue to place in Nawaloka Hospitals PLC, Colombo.

Director/General Manager's Review

"Our greatest achievement during the year was our ability to combine clinical excellence with innovation, ensuring safer, faster, and more compassionate treatment for every patient."

Vidya Jyothi Emeritus Professor Lal Gotabhaya Chandrasena
Director/General Manager
31 August 2026

Navigating macro-economic headwinds with steady resolve, we sharpened our focus to deliver a higher standard of healing for Sri Lanka, uniting our teams to transform every hospital visit into a reassuring journey of hope and recovery.

The year 2025/26 has been one of resilience, innovation, and strategic transformation for Nawaloka Hospitals PLC. Despite a challenging healthcare environment marked by rising costs, shortages of skilled professionals, supply-chain pressures, rapid technological change, and rising patient expectations, we remained steadfast in our commitment to delivering safe, compassionate, and high-quality treatment.

Our guiding philosophy continues to place the patient at the centre of every decision. Throughout the year, we strengthened clinical excellence through innovation, continuous quality improvement, responsible governance, and the careful development of our people, technology, and infrastructure.

Clinical activity continued to grow steadily across both inpatient and outpatient services, reflecting the confidence placed in Nawaloka Hospitals by our patients, consultants, insurers, corporate partners, and other stakeholders. Growth in inpatient admissions, surgical procedures, emergency services, diagnostic volumes, and specialist consultations demonstrated the strength of our multidisciplinary model. Channel appointments, outpatient services, and emergency activity remained important access points through which patients received timely specialist attention.

Improvements in patient flow, bed utilisation, and discharge planning contributed to greater operational efficiency. Better coordination between clinical, nursing, diagnostic, pharmacy, billing, and administrative teams supported a more organised patient journey, from admission and investigation through treatment, recovery, and discharge, while maintaining our focus on clinical safety, continuity of services, and the individual needs of every patient.

Strengthening patient outcomes remained a major priority. Evidence-based clinical pathways, multidisciplinary decision-making, and continuous quality improvement were further integrated into service delivery. Hospital-wide clinical audits, incident reporting, medication-safety initiatives, infection-prevention programmes, and multidisciplinary case reviews supported the identification of risks and the implementation of timely corrective and preventive actions.

The Quality Assurance Department continued to play an important role in strengthening these systems. Its proactive approach to clinical and operational auditing, incident review, patient-safety monitoring, and follow-up of corrective actions supported regulatory compliance and strengthened the organisation's readiness for internationally recognised accreditation standards. These efforts

reinforced a culture in which patient safety, accountability, and continuous learning are shared responsibilities across the Hospital.

Patient experience remains a defining measure of our success. During the year, we strengthened how patient feedback, complaints, compliments, response times, and service concerns are monitored and addressed. Greater attention was given to reducing avoidable delays, improving communication, and ensuring patients and their families receive clear information throughout their treatment journey.

Compliments received from patients and their families reaffirmed the value they place on the compassion, dignity, and professionalism of our teams, while concerns and complaints were reviewed through structured processes to support timely resolution and identify opportunities for wider service improvement. Patient satisfaction, willingness to recommend our services, and the quality of communication at each stage of treatment remain important indicators of our performance. This patient-centred approach reflects our enduring promise of "Healing with Feeling."

Innovation continued to transform the way healthcare is delivered at Nawaloka Hospitals PLC. AI-assisted imaging has improved diagnostic precision and reporting turnaround times, while predictive analytics and clinical decision-support tools now enable earlier identification of patient deterioration and more timely intervention.

Continued investment in advanced imaging, laboratory medicine, and specialised clinical equipment supported greater efficiency, diagnostic accuracy, and treatment planning. The introduction of minimally invasive technologies enabled eligible patients to benefit from treatment delivered with greater precision, improved safety, reduced physical impact, and faster recovery.

These investments were assessed not only for their technological value, but for their ability to deliver meaningful improvements in patient outcomes, service quality, and operational efficiency. This disciplined approach to innovation has reinforced Nawaloka Hospitals' position as one of Sri Lanka's leading tertiary healthcare institutions.

Clinical governance remained a cornerstone of our operations. The Medical Advisory Committee, Ethics Committee, Infection Control Committee, Therapeutics and Medication Management Committee, Risk Assessment Committee, and other multidisciplinary governance structures continued to review clinical performance, monitor outcomes, and promote adherence to evidence-based standards, regulatory requirements, institutional protocols, and ethical medical practice.

These governance mechanisms strengthen accountability and transparency while ensuring clinical concerns are reviewed through appropriate professional and multidisciplinary channels. They also support the development of policies, clinical guidelines, and risk-control measures across the organisation.

At Board level, the Sustainability, Strategy, and Innovation Committee (SSIC) assists the Board of Directors in overseeing the organisation's long-term strategic direction, sustainability agenda, innovation, initiatives and organisational resilience. The Committee helps ensure that clinical excellence, financial sustainability, environmental responsibility, and innovation are integrated into the organisation's strategic plans and major investment decisions.

This integrated approach is increasingly important in an environment where healthcare institutions must balance immediate patient needs with long-term financial, environmental, and operational responsibilities. Every major investment is evaluated for its contribution to patient benefit, service efficiency, and the organisation's sustainable development.

Education, research, and professional development also remained strategic priorities. Through continuing medical education programmes, nursing education, allied health training, and collaborative learning initiatives, we invested in strengthening the competencies of our healthcare professionals. These activities supported the consistent application of current clinical knowledge and prepared our workforce to meet the evolving demands of modern healthcare.

Building on the contribution of the Nawaloka Hospitals Research and Education Foundation and our healthcare education platforms, we continued to encourage professional learning, research awareness, and knowledge sharing. These initiatives contribute to the development of future healthcare professionals, support succession planning, and strengthen the broader national healthcare ecosystem.

Dedication, professionalism, and willingness to serve have made this year's achievements possible.

The healthcare sector nevertheless continues to face significant constraints. Shortages of skilled medical, nursing, and allied health professionals, rising operational costs, supply-chain pressures, and the rapid pace of technological change have affected healthcare organisations across the country. Affordability remains an important consideration for patients, while providers must continue to meet increasingly complex clinical, regulatory, and service expectations.

Despite these challenges, our consultant specialists, medical officers, nurses, allied health professionals, administrative teams, and support staff demonstrated remarkable commitment, adaptability, and professionalism. Their collective efforts enabled Nawaloka Hospitals to maintain uninterrupted, high-quality services while responding to changing operational conditions and patient needs.

As healthcare enters an era defined by precision, connectivity and increasingly intelligent clinical systems, our focus is to develop Nawaloka Hospitals into an increasingly integrated, data-driven and technology driven and technology-enabled centre of clinical excellence where advanced diagnostics, minimally invasive treatment, multi-disciplinary care and digital connectivity combine to deliver better outcomes for every patient. AI-assisted laparoscopic technologies and robotic applications for improved patient outcomes will be prioritised.

We will continue to expand minimally invasive surgical capabilities, and carefully evaluate AI-assisted laparoscopic technologies and future robotic applications where they offer measurable clinical value and improved outcomes for patients.

The Group also intends to strengthen specialised centres of excellence, enhance emergency, diagnostic, and surgical capacity, improve operational efficiency, and develop medical-tourism opportunities. International patient services will be supported through high-quality clinical delivery, efficient coordination, and an increasingly seamless patient journey.

Our future growth will be driven by responsible investment in people, technology, and infrastructure. Workforce development, clinical education, facility improvement, digital integration, and sustainable financial management will remain central to our plans. As these initiatives progress, our commitment to quality, patient safety, ethical medical practice, and clinical excellence will remain unwavering.

I extend my sincere appreciation to our Chairman, Deputy Chairman, and Board of Directors for their visionary leadership, continued guidance, and confidence. Their direction has been instrumental in strengthening Nawaloka Hospitals and positioning the organisation for sustainable future growth.

My heartfelt gratitude also goes to our consultant specialists, medical officers, nurses, allied health professionals, administrative teams, and every member of the Nawaloka family. Their dedication, professionalism, and willingness to serve have made this year's achievements possible.

I also thank our business partners and stakeholders for their continued support and most importantly, our patients and, their families for the trust and confidence they continue to place in Nawaloka Hospitals PLC. Together, we remain committed to shaping the future of healthcare in Sri Lanka through excellence, innovation, responsible leadership, and dedicated service.

Board of Directors

Dr Jayantha Dharmadasa

Chairman/CEO – Executive Director

Dr Jayantha Dharmadasa has been the Chairman of the Company since 2011 and was the Deputy Chairman from 1985. He is a businessman by profession and has over 47 years of experience in Executive Management, of which 41 years are in the healthcare industry.

He is also the CEO of the Company and a Fellow Member of the Institute of Certified Professional Managers (FCPM). He is the Chairman of Nawaloka Hospitals PLC, Nawaloka Construction Company (Pvt) Ltd., Nawaloka Holdings (Pvt) Ltd., Nawaloka Aviation (Pvt) Ltd., Nawaloka Laboratories (Private) Ltd., Nawaloka College of Higher Studies (Pvt) Ltd., Nawaloka Steel Industries (Pvt) Ltd., Nawaloka Guardian International (Pvt) Ltd., New Nawaloka Hospitals (Pvt) Ltd., and New Nawaloka Medical Centre (Pvt) Ltd. He also serves as the Director of Novanest Properties (Pvt) Ltd., Nawaloka Hospitals Center (Pvt) Ltd., Data Systems (Pvt) Ltd., Yiwu Trading (Pvt) Ltd., and Nawaloka Hospitals Research and Education Foundation.

Dr Dharmadasa holds an Honorary Doctorate from Swinburne University of Technology, Australia, and is the Honorary Consul General of the Republic of Singapore in Sri Lanka. He is also the Chairman of Cinestar Foundation, and was formerly the Chairman of the Outstanding Song Creators Association (OSCA), Vice President of Sri Lanka Cricket, a Director of Sri Lanka Telecom PLC, President of Sri Lanka Cricket, President of the Asian Cricket Council, Chairman of the National Film Corporation, and a Board member of the Sri Lanka Rupavahini Corporation.

Mr Anisha Dharmadasa

Deputy Chairman – Executive Director

Mr Anisha Dharmadasa has been a Director of the Company since 2000 and has 29 years of experience in Executive Management. He is the Deputy Chairman of Nawaloka Hospitals PLC and Nawaloka Construction Company (Pvt) Ltd.

Mr Dharmadasa is also a Director of Nawaloka Medical Centre (Pvt) Ltd., New Nawaloka Hospitals (Pvt) Ltd., New Nawaloka Medical Centre (Pvt) Ltd., Nawaloka Holdings (Pvt) Ltd., New Ashford International (Pvt) Ltd., Nawaloka Engineering (Pvt) Ltd., Nawaloka Petroleum (Pvt) Ltd., Nawaloka Guardian International (Pvt) Ltd., Quincy (Pvt) Ltd., Sasiri Polysacks (Pvt) Ltd., Nawaloka Laboratories (Private) Ltd., Nawaloka Graphic (Pvt) Ltd., Nawaloka ACG Aluminum Company (Pvt) Ltd., NCC Plantations (Pvt) Ltd., Nawata Group (Pvt) Ltd., Nawata Reliable Motors (Pvt) Ltd., Nawata Restaurant (Pvt) Ltd., Supreme Flora (Pvt) Ltd., NCC Edifice (Pvt) Ltd., M Branch (Pvt) Ltd., Nawaloka Institute of Healthcare (Pvt) Ltd., Novanest Properties (Pvt) Ltd., Nawaloka Hospitals Center (Pvt) Ltd., and Nawaloka Hospitals Research and Education Foundation. He is also the Chairman of Sikure Security Service (Pvt) Ltd. and Nixon Distribution Service (Pvt) Ltd.

Vidya Jyothi Emeritus Professor Lal Gotabhaya Chandrasena

Director/General Manager – Executive Director

Professor Lal Chandrasena has been a Director of Nawaloka Hospitals PLC since 2003. He is a Clinical Biochemist by profession and has 24 years of University Academic Service and 41 years of experience in Hospital and Healthcare Administration and Laboratory Sciences.

Professor Chandrasena is a Director of Nawaloka Hospitals Research and Education Foundation, Nawaloka Hospitals International (Pvt) Ltd., Nawaloka College of Higher Studies (Pvt) Ltd., Nawaloka Guardian International (Pvt) Ltd., Nawaloka Laboratories (Private) Ltd., and New Nawaloka Hospitals (Pvt) Ltd.

He is Emeritus Professor of Biochemistry and Clinical Chemistry, Faculty of Medicine, University of Kelaniya. He holds a Doctorate in Philosophy and a Bachelor of Science (Hons), both from the University of Liverpool (UK) and completed a Post-Doctoral Fellowship at Colorado State University, USA. He is a Fellow of the American Association for Clinical Chemistry, a Fellow of the Institute of Chemistry, Ceylon, a Chartered Chemist, a Fellow of the Royal Society of Chemistry FRS (UK) and a Fellow of the National Academy of Sciences of Sri Lanka (FNASSL).

Professor Chandrasena is a member of the Private Health Services Regulatory Council, Ministry of Health, and a Past President of the Association of Private Hospitals and Nursing Homes and the Association for Clinical Biochemistry, Sri Lanka. He is a Fellow Member of the Institute of Chartered Professional Managers of Sri Lanka and holds a Certificate in Hospital Administration from the Indian Institute of Management, Ahmedabad. He was awarded an Honorary Fellowship of the College of Chemical Pathologists of Sri Lanka, and was conferred the National Honour "Vidhya Jyothi" in 2017 by His Excellency the President of Sri Lanka.

Ms Ashani Givanthi Dharmadasa

Executive Directress

Ms Givanthi Dharmadasa has been a Directress of the Company since 2003 and has 26 years of experience in Executive Management.

She is also a Directress of Nawaloka Holdings (Pvt) Ltd., Nawaloka Air Services (Pvt) Ltd., Nawaloka Aviation (Pvt) Ltd., Waves Destinations (Pvt) Ltd., Nawaloka Construction (Pvt) Ltd., Redline Services (Pvt) Ltd., Redline Design & Printing (Pvt) Ltd., Redline International (Pvt) Ltd., Nawaloka Laboratories (Private) Ltd., Nawaloka Hospital Research and Education Foundation, JDC Printing Technologies (Pvt) Ltd., JDC Graphics Systems (Pvt) Ltd., Unifold (Pvt) Ltd., JDC Inks & Chemicals (Pvt) Ltd., Nawaloka Institute of Healthcare (Pvt) Ltd., New Tergo Services (Pvt) Ltd., Tergo Services (Pvt) Ltd., Tergo Pest Control Service (Pvt) Ltd., Novanest Properties (Pvt) Ltd., and Nawaloka Hospitals Center (Pvt) Ltd. Ms Dharmadasa is also the Deputy Chairperson of Redline Capital (Pvt) Ltd. and the Managing Partner of Redline Agriculture.

Deshabandu Tilak De Zoysa

Independent Non-Executive Director – FCMI (UK), FPRI (SL)

A well-known figure in the Sri Lankan business community, Tilak De Zoysa, FCMI (UK), FPRI (SL), is the Honorary Consul for Croatia and Global Ambassador for HelpAge International. He was conferred the title of "Deshabandu" by His Excellency the President of Sri Lanka in recognition of his services to the country. He was also the recipient of "The Order of the Rising Sun, Gold Rays with Neck Ribbon" conferred by His Majesty the Emperor of Japan, and received the LMD Lifetime Achievers' Award in 2017.

Mr De Zoysa is the Chairman of Associated CEAT (Pvt) Ltd., Jetwing Zinc Journey Lanka (Pvt) Ltd., Trinity Steel (Pvt) Ltd., CG Corp Global Sri Lanka, and Vice Chairman of CEAT Kelani Holdings (Pvt) Ltd. He also serves on the boards of several listed and private companies, including TAL Lanka Hotels PLC (Taj), TAL Hotels and Resorts Ltd. (Taj), Nawaloka Hospitals PLC, Associated Electrical Corporation Ltd., INOAC Polymer Lanka (Pvt) Ltd., Varun Beverages Lanka (Pvt) Ltd. (Pepsi), and is a member of the Kalutara Bodhi Trust.

Mr De Zoysa was formerly the Chairman of the Supervisory Board (AMW) and Advisor to the Al-Futtaim Group of Companies in Sri Lanka, and past Chairman of the Ceylon Chamber of Commerce, the National Chamber of Commerce of Sri Lanka, the Automobile Association of Ceylon, HelpAge Sri Lanka, HelpAge International (UK), and the Colombo YMBA. He served on the Board of Governors of the Sasakawa Memorial Sri Lanka Japan Cultural Centre Trust. He was also a member of the Monetary Board of Sri Lanka from 2003 to 2009.

Mr Tissa K Bandaranayake

Non-Executive Director – (FCA , BSc)

Mr Tissa K Bandaranayake has been a Director of the Company since 2009. He is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and holds a BSc from the University of Ceylon, with more than 50 years of commercial and professional experience.

He was with Ernst & Young, Sri Lanka, for 27 years until his retirement in April 2009 as Senior Audit Partner, managing a large portfolio of local and multinational clients across various industries. He was a Director of Brown & Co. PLC, Samson International PLC, Renuka Holdings PLC, and Overseas Realty (Ceylon) PLC prior to December 2024, and continues to serve as a Director of Harischandra Mills PLC. He also serves as an Advisor/Consultant to the Governance Committee of Noritake Lanka Porcelain (Pvt) Ltd.

Mr Bandaranayake is a past Chairman of the Audit Faculty of The Institute of Chartered Accountants of Sri Lanka and a past President of the Practicing Chartered Accountants' Forum. He served as the founder Chairman of the Quality Assurance Board of Sri Lanka, established by The Institute of Chartered Accountants of Sri Lanka, and is a past President of the National Stroke Association of Sri Lanka. He was a member of the Rotary International Finance Committee from 2013 to 2016 and served as Rotary District Governor for Sri Lanka in 1999–2000. In recognition of his contributions to the accountancy profession, the commercial sector, and the community, Mr Bandaranayake was admitted to the Hall of Fame of The Institute of Chartered Accountants of Sri Lanka in 2016.

Mr Victor R Ramanan

Non-Executive Director

Mr Victor Ramanan is a Sri Lankan-born British National residing in London and was educated in Sri Lanka and the UK. He is a versatile marketer and administrator with more than 35 years of hands-on experience working across the United Kingdom, Kuwait, Dubai, Bahrain, Germany, France, the USA, and Sri Lanka, spanning IT, HR, Marketing, and Business Development, of which more than 17 years have been in the Oil and Gas, Logistics, and Real Estate sectors.

Mr Ramanan presently serves as Deputy Chairman of Nawaloka College of Higher Studies (NCHS) and as a Director of Nawaloka Hospitals PLC.

Dr Maiya Gunasekera

Non-Executive Director

Dr Maiya Gunasekera completed his education at Royal College, Colombo 7, and passed out from the Colombo Medical College with Honours in 1976. He is further qualified as MS, FRCS (Eng), FRCS (Ed), FICS, FMAS, FIAGES, FISCP, and FCRS (Fellow, College of Robotic Surgeons), and is also a Fellow of the College of Surgeons of Sri Lanka. He presently practises as a Consultant Surgeon at Nawaloka Hospital, specialising in General Surgery, Laparoscopic Surgery, Gastroenterology Surgery, and Endoscopy.

Dr Gunasekera was awarded School Colours in Rugby Football and Basketball at Royal College, and represented Sri Lanka in Rugby Football at the 3rd and 4th Asian Games in 1972 and 1974, respectively, and at the Hong Kong Sevens Tournament in 1996 and 1997. In 1974, he was awarded the "Lesley Handunge Trophy" for the Most Outstanding Sportsman of the Universities of Peradeniya and Colombo combined.

He is Chairman of the National Sports Council, a member of the National Sports Selection Committee, and a life member of the CR and FC Rugby Club. He was the National Rugby Coach for the Hong Kong Sevens from 1993 to 1994, Manager of the National Rugby Team from 1995 to 1997, and President of the Sri Lanka Rugby Football Union from 1998 to 1999. He was Chef de Mission for the Commonwealth Games in Malaysia in 1998, and Chief National Rugby Selector from 2001 to 2004. He served two terms as Chairman of the National Sports Council, totalling over 12 years, and was a member of the Public Service Commission from 2014 to 2015. He has served as Surgeon to the SLRFU since 1984 and is a life member of both the SLRFU and the WPRFU.

Dr Mohan Rajakaruna
Non-Executive Director

Dr Mohan Rajakaruna is a distinguished cardiologist with extensive training and global recognition. He holds a Bachelor of Science degree from North Colombo Medical College and an MD from St. George's University, and completed fellowships at Coney Island Hospital and Maimonides Medical Centre, New York. Recognised for his excellence in internal medicine, cardiology, and interventional cardiology, Dr Rajakaruna has been committed to advancing cardiovascular treatment in Sri Lanka since 1999 as Senior Resident Cardiologist at Nawaloka Hospitals PLC. His unwavering dedication and expertise make him a leader in the field of cardiology.

Dr M T D Lakshan
Non-Executive Director

Dr M T D Lakshan is a distinguished figure in medicine and technology, with an exceptional academic background from Royal College, Colombo, and the University of Colombo. His achievements include first-class honours in MBBS, the Sumanawathi de Costa Jubilee Award, the Professor K Dharmadasa Gold Medal, and nine Distinctions and eight Gold Medals at the Final MBBS Examination. He went on to complete his Master's Degree with top honours, securing first place and the PR Anthonis Gold Medal.

He serves as a Consultant ENT and Head and Neck Surgeon at Nawaloka Hospitals PLC and as a Senior Lecturer at the University of Kelaniya. He holds qualifications including MBBS (Col), MS (Oto), DOHNS (Eng), FEB ORL-HNS (Europe), and FRCSEd ORL-HNS, and has established himself as a leader in his field.

His innovative work in telemedicine and healthcare IT solutions has transformed medical service delivery, and his keen interest in AI and its integration into patient treatment reflects his commitment to advancing healthcare practice. An excellent communicator well regarded by patients, Dr Lakshan combines technical expertise with a compassionate approach to treatment. His research in vertigo, tinnitus treatment, and Endoscopic Ear Surgery has resulted in numerous peer-reviewed publications and a book chapter on Paediatric ENT. His continued dedication to personal and professional growth through AI integration further cements his position as a visionary in modern medical practice, setting new standards in the convergence of medicine, technology, and patient treatment.

Mr Virann De Zoysa

Senior Independent Non-Executive Director(SID)

Mr Virann De Zoysa holds a Bachelor's degree in Finance and Accounting from Clarion University, USA, and an MBA from Edith Cowan University, Australia.

He began his career in Finance and Project Management at Parker Hunter Finance (PA) and Virtusa Inc., before joining Associated Motorways (Pvt) Ltd. in 2004. At AMW, he held senior leadership roles across Automotive Marketing, After-Sales, and Brand Management, rising to Director – Automotive and later Director – Manufacturing & Exports, overseeing the company's Tyre Manufacturing and Export operations.

He currently serves as Group CEO of Evolution Auto (Pvt) Limited, where he has led the introduction of electric mobility solutions across Sri Lanka's commercial and passenger vehicle sectors. Mr De Zoysa also serves as a Director of Arika Villas Dambulla, a boutique property in Sri Lanka's cultural triangle and chairman of Creative Minds Digital Solution (Pvt) Ltd.

He was the immediate past Chairman of the Ceylon Motor Traders Association (an affiliate of the Ceylon Chamber of Commerce), and an EXCO member of SLAMERP (Sri Lanka Association of Manufacturers & Exporters of Rubber Products) and PRISL (Plastics & Rubber Institute of Sri Lanka).

Dr Chamara Bandara

Independent Non-Executive Director

Dr Chamara Bandara holds a PhD in Business/ Management from the Management and Science University, Malaysia, and a Master of Business Administration from the University of Southern Queensland, Australia. He is a Chartered Accountant (Sri Lanka, and England and Wales) with over two decades of experience in business consultancy and other corporate services. Dr Bandara is the founder of SCB Corporate (Accounting Globally), Corporate Doctors (Pvt) Ltd., and Berry Technology (Pvt) Ltd., and previously gained experience across various industries including building construction and engineering, hospitality, and garments.

Dr Bandara is the current President of AAT Sri Lanka and serves as an Independent Non-Executive Director of Kapruka Holdings PLC. He was formerly the Country Representative of Faster Capital Global Incubator and a Council Member of Rajarata University of Sri Lanka. As founder President of the Young Chartered Accountants Forum of Sri Lanka (YCAF), he has focused on developing leadership and entrepreneurial skills among young Chartered Accountants. He has also served as Chairman of the Panel of Judges for the Federation of Chambers of Commerce and Industry of Sri Lanka in 2013, recognising and encouraging Sri Lankan entrepreneurs, and has judged the annual report awards competition organised by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), in addition to representing various committees of CA Sri Lanka.

Dr Ratnayake Mudalige Samantha Pushpakumara

Independent Non-Executive Director

Dr Ratnayake has over 26 years of management and learning-solutions experience across diverse sectors, including the Food and Agriculture Organisation of the United Nations (UN FAO), ICICI Bank India, the Sri Lanka Institute of Marketing (SLIM), and the Sri Lanka Foundation (SLF). He has served as senior faculty/lecturer at the Postgraduate Institute of Management (PIM) of the University of Sri Jayewardenepura, Sri Lanka, since 2016.

He holds a PhD in Management from the Infrastructure University of Malaysia, a Master of Business Administration from the Postgraduate Institute of Management of the University of Sri Jayewardenepura, Sri Lanka, and a Bachelor of Business Management (Human Resource Management Special) Degree from the University of Kelaniya, Sri Lanka, with experience across Management, Human Resource Management, and Marketing.

Dr Ratnayake is currently working as a senior lecturer at the Postgraduate Institute of Management of University of Jayewardenepura.

Dr Ratnayake contributes as Chairman, Council Member, and Co-Chair in a number of leading professional bodies and associations in Sri Lanka, including the Chartered Institute of Professional Managers of Sri Lanka, the Federation of Chambers of Commerce and Industries of Sri Lanka, the Sri Lanka Institute of Training and Development, the National Science Foundation of Sri Lanka, and the Sri Lanka Development Journalists' Forum, among others.

Mr Chamira Pramodha Wijetilleke

Independent Non-Executive Director

Mr Wijetilleke holds a Bachelor of Science Degree in Finance from the University of Houston, USA, and a Master of Business Administration from Western Sydney University, Australia. He gained experience in the Finance and Banking fields at ANZ Grindlays Bank and Standard Chartered Bank before moving to HSBC Sri Lanka in 2004, where he held the position of Head of Corporate Banking from 2010 to 2016.

He served as a full-time Consultant at N-able (Pvt) Ltd., a subsidiary of Hemas PLC, on banking technology and the digital transformation of fintechs based on emerging technology, and currently serves as CEO of Somerville Stock Brokers (Pvt) Limited.

Mr Wijetilleke is a career finance professional with over 30 years of leadership experience and international experience in banking, having worked in Jordan and Australia. He was responsible for running the largest corporate banking portfolio among all foreign banks in Sri Lanka.

Professor Priyankarage Prasad Manjula Jayaweera

Independent Non-Executive Director

Professor Prasad Jayaweera is a Commonwealth Academic Fellow with a PhD and a PhL (Licentiate in Philosophy) in Computer and Systems Sciences from Stockholm University, and a Bachelor of Science Honours degree in Computer Science from the University of Colombo. With extensive academic, research, and professional experience in Computer Science, Information Systems Engineering, and Science and Technology, he currently serves as the Founding Dean of the Faculty of Computing at the University of Sri Jayewardenepura. He was the university's first Chair Professor of Computer Science and currently holds the Chair Professorship in Information Systems Engineering and Informatics.

Prior to his current appointment, Professor Jayaweera served as a Senior Lecturer in the Department of Computer Science at the University of Ruhuna, and held postdoctoral research appointments at the University of Reading, the University of Namur, and Stockholm University. His research has been widely disseminated through numerous national and international conferences and peer-reviewed journals.

Professor Jayaweera has made significant contributions to academic publishing, serving as a founding member of the Editorial Board of the International Journal of Multidisciplinary Studies since 2014 and as a member of the Editorial Board of the Journal of the National Science Foundation of Sri Lanka since 2019. He has supervised numerous postgraduate research students, including PhD, MPhil, and MSc candidates, in Sri Lanka and Sweden.

Beyond academia, Professor Jayaweera has contributed his expertise to a wide range of national, public-sector, and corporate-sector initiatives. His services include membership in the National Foundation for Open-Source Health Software under the Health Information, Management Development and Planning Unit of the Ministry of Health, Sri Lanka. He has also served in various national-level advisory and professional capacities, contributing to the advancement of information technology, science, and innovation in Sri Lanka.

Executive Leadership Team

Dr Tissa Indrasiri Perera

Medical Superintendent

MBBS (SL), MSC (Med Admn) Pg : Diploma in Toxicology Certificate in Cardio Vascular Health (Australia) Certificate in Health Program Management

Dr Perera holds an MBBS from the University of Colombo (1984) and an MSc in Medical Administration from the Postgraduate Institute of Medicine, University of Colombo (2002). His postgraduate qualifications include a Diploma in Toxicology (2006), a Certificate in Cardiovascular Health from Monash University, Australia (2009), and a Certificate in Health Programme Management from the University of Colombo (2015).

Bringing deep clinical and administrative expertise, Dr Perera offers over 38 years of healthcare experience, including over 33 years in the Ministry of Health and over 8 years in the private healthcare sector. He has also undertaken international professional training in healthcare leadership, e-Health, green productivity for hospitals, and specialised clinical disciplines across Asia, Europe, and Australia.

Expectation of the Position and Contribution to Overall Hospital Management

As Medical Superintendent and Administrator, Dr Perera leads clinical services and Hospital operations. He oversees clinical governance, patient safety, quality assurance, regulatory compliance, accreditation, and operational performance.

Dr Perera collaborates with multidisciplinary teams, develops clinical policies and SOPs, supports medical staff development, manages clinical and medico-legal risks, and promotes effective patient flow and resource utilisation. He also champions digital transformation, innovation, continuous quality improvement, and organisational development, aligning clinical excellence with Nawaloka Hospitals PLC's strategic objectives while supporting internationally benchmarked, patient-centred healthcare, sustainable growth, and operational excellence.

Mr M T V De Silva

Group Chief Financial Officer

ACA (CA Sri Lanka), ACCA, FCPM, ACMA, FMAAT

Mr De Silva is a finance and strategy professional with over 21 years of experience in audit, financial management, corporate strategy, and business development across diverse industries. He is an Associate Member of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Institute of Certified Management Accountants of Sri Lanka (CMA Sri Lanka), a Member of the Association of Chartered Certified Accountants (ACCA), a Fellow Member of the Institute of Chartered Professional Managers of Sri Lanka (CPM Sri Lanka), and a Member of the The Sri Lanka Institute of Directors (SLID). He currently serves as Secretary of the Association of Accounting Technicians of Sri Lanka (AAT Sri Lanka), sitting on its Governing Council and Board of Directors, having previously led key committees at both AAT Sri Lanka and CA Sri Lanka.

Beginning his career in audit and assurance, Mr De Silva gained extensive commercial experience across healthcare, pharmaceuticals, construction, agriculture, retail, hospitality, manufacturing, information technology, banking, and plantations. His expertise spans strategic planning, corporate governance, restructuring, and performance improvement.

Expectation of the Position and Contribution to Overall Hospital Management

As Group Chief Financial Officer, Mr De Silva provides financial and strategic leadership focused on strengthening financial performance, corporate governance, operational effectiveness, and sustainable long-term value creation. Working closely with the Board and senior management, he brings strong financial discipline together with a commercial and operational perspective to support strategic decision-making and organisational growth.

His leadership in healthcare was recognised with the Gold Award for Managerial Leadership Excellence in the Healthcare Sector at the CPM Management Leadership Excellence Awards 2025, where he was also named Overall Runner-Up across all industry sectors.

Mr Sampath Tennakoon

Chief Financial Officer

BSc (Mgt), ACA (CA Sri Lanka), ACCA, MAAT, MSLID

Mr Tennakoon is an accomplished finance and business leader with over 18 years of progressive professional experience spanning financial leadership, corporate finance, operational strategy, business transformation, governance, and organisational performance.

He holds a Bachelor of Science in Management, specialising in Business Administration, from the University of Sri Jayewardenepura. His professional qualifications and memberships include ACCA, Associate Chartered Accountant (ACA) (CA Sri Lanka), Member of the Association of Accounting Technicians of Sri Lanka (MAAT), CMA, and Member of the Sri Lanka Institute of Directors (MSLID).

Mr Tennakoon possesses extensive expertise in local and international financial and regulatory reporting frameworks, including the Sri Lanka Accounting Standards (SLAS), Sri Lanka Auditing Standards (SLAuS), International Financial Reporting Standards (IFRS), and International Accounting Standards (IAS), and the compliance requirements of the Securities and Exchange Commission of Sri Lanka (SEC) and the Colombo Stock Exchange (CSE). His strong commercial acumen and analytical capabilities enable him to translate complex financial and operational information into practical, commercially sound, and actionable strategies.

Expectation of the Position and Contribution to Overall Hospital Management

As Chief Financial Officer, Mr Tennakoon aligns financial strategy with corporate goals alongside the Board, executive management, and operational teams. His leadership encompasses financial reporting, treasury management, strategic planning, and operational performance. He steers resource allocation, cost optimisation, capacity utilisation, digital transformation, restructuring, and business expansion towards organisational objectives.

Under his stewardship, the finance function has evolved into a trusted strategic partner, strengthening financial governance, disciplined capital management, and forward-looking decision support. His collaborative leadership, integrity, and prudent financial stewardship supports Nawaloka Hospitals PLC's financial and operational excellence, sustainable growth, and long-term value creation.

Mr Indika Prasath Balasuriya

Chief Information Officer

MSc in IT, MBCS, MCS (SL), MCPM

Mr Balasuriya is an accomplished IT strategist and digital transformation leader with over 28 years of experience spanning enterprise project management, ERP consultancy, application development, systems implementation, and workforce enablement. He holds an MSc in Information Technology from Keele University, UK, obtained in 2005, alongside qualifications from National Institute of Business Management (NIBM) and the British Computer Society (BCS) Professional Graduate Diploma. He is an active member of BCS, the Computer Society of Sri Lanka (CSSL), and the Institute of Chartered Professional Managers of Sri Lanka. His professional recognition includes being named a Digital Maestro by Dynamic CIO – India for three consecutive years, from 2018 to 2020, and induction into the CSSL National CIO List 2025.

Expectation of the Position and Contribution to Overall Hospital Management

Since joining Nawaloka Hospitals PLC in 2008, Mr Balasuriya has spearheaded the Hospital's digital transformation and technology strategy. As Chief Information Officer, he provides strategic leadership for the technology function, aligning digital initiatives with healthcare and business priorities.

His leadership has strengthened the Hospital Information System and enterprise applications, automated processes, upgraded IT infrastructure, and fortified cybersecurity resilience. By enabling advanced data analytics and management information, he has elevated patient services and operational performance. Mr Balasuriya continues to shape future-focused digital roadmaps, champion emerging technologies, support data-driven decision-making, and cultivate an innovative organisational culture.

Mr M Jayantha Thilakarathne

Head of Human Resources and Legal

LLB, LL.M, MPM (HR) Attorney at Law

Mr Thilakarathne brings over 25 years of executive leadership across national and multinational organisations. He holds a Bachelor of Laws (LLB) and Master of Laws (LLM) from the University of Colombo, a Master's Degree in Public Management (Human Resources), and a Postgraduate Diploma in Public Management from the Sri Lanka Institute of Development Administration (SLIDA). He is also a Chartered Member of the Chartered Institute of Personnel Management (CIPM), Sri Lanka. His expertise spans strategic human resource management, labour law, industrial relations, organisational transformation, corporate governance, and legal risk management. Before joining Nawaloka Hospitals PLC, he held senior leadership roles at Taj Hotels, Sri Lanka Telecom, and Maliban Biscuit Manufactories. He also serves on the boards of People's Bank and People's Leasing & Finance PLC, and is Chairman of People's Travels.

Expectation of the Position and Contribution to Overall Hospital Management

At Nawaloka Hospitals PLC, Mr Thilakarathne provides strategic leadership across human resources, legal affairs, corporate governance, and organisational development. He leads HR strategies aligned with the Hospital's objectives, while ensuring compliance with labour legislation, healthcare regulations, and governance standards. His responsibilities include workforce planning, talent acquisition, performance management, leadership development, succession planning, industrial relations, legal advisory services, policy development, compliance, and risk management. Through his extensive leadership and legal expertise, Mr Thilakarathne contributes significantly to strengthening organisational culture, ethical governance, regulatory compliance, workforce capability, and sustainable organisational growth.

Mrs Rasika Tilakarathne

Head of Marketing

MSC (AeU, Malaysia), MCIM (UK), MIPM (SL)

Mrs Tilakarathne is an accomplished marketing professional with 21 years of overall experience, including 9 years at Nawaloka Hospitals PLC. During her tenure, she has played a vital role in strengthening the Nawaloka brand, driving business growth, promoting specialised healthcare services, and building key relationships with corporate clients, insurers, and international partners.

She holds a Master of Science in Strategic Marketing from Asia e University, Malaysia, and is completing the research phase of her Master of Business Administration (MBA) at Cardiff University, United Kingdom. She is a member of the Chartered Institute of Marketing (CIM) and the Institute of Personnel Management (IPM), Sri Lanka. Additionally, her Lean Six Sigma certification enhances her expertise in process improvement, operational efficiency, and performance-driven management.

Expectation of the Position and Contribution to Overall Hospital Management

As Head of Marketing, Mrs Tilakarathne provides strategic leadership in strengthening the Nawaloka brand, enhancing patient engagement, expanding market reach, and supporting the Hospital's growth objectives. She contributes to identifying new market opportunities, developing service-specific marketing strategies, promoting specialised clinical services, and expanding corporate, insurance, international patient, and strategic partnerships.

Mrs Tilakarathne also supports Hospital management through market intelligence, strategic insights, stakeholder engagement, and the positioning of new services. Her priorities include advancing data-driven marketing and digital engagement, enhancing the patient journey, expanding preventive healthcare and medical tourism, strengthening institutional partnerships, and positioning Nawaloka Hospitals as a leading healthcare brand recognised for clinical excellence, trust, innovation, and patient-focused service.

Mrs Samantha Dhammi Hewawasam

Manager – Laboratory Services

Dip. Chemistry | SLMC Reg

Mrs Hewawasam is the Manager – Laboratory Services at Nawaloka Hospitals PLC, bringing over 35 years of experience in medical laboratory services. She is qualified in Laboratory Technology (Chemistry) and is registered as a Medical Laboratory Technologist with the Sri Lanka Medical Council (SLMC). In 2024, she completed the CEO Future Forward Healthcare Programme at the National University of Singapore, further strengthening her strategic healthcare leadership and management capabilities.

Mrs Hewawasam has extensive expertise in laboratory operations, quality management, service development, regulatory compliance, risk management, and continuous improvement. She provides strategic leadership in maintaining ISO 15189:2022 accreditation, quality assurance, Corrective and Preventive Action (CAPA), internal and external audits, proficiency testing, patient safety, and the implementation of national and international best practices.

Expectation of the Position and Contribution to Overall Hospital Management

Ms Dhammi leads a nationwide diagnostic network comprising a central reference laboratory, seven satellite laboratories, and 20 collection centres. She oversees approximately Rs. 2.4 billion in annual revenue, around 400 employees, and 40 visiting consultants.

Her contribution includes expanding laboratory services across the island, introducing new diagnostic services and emerging technologies, strengthening outreach programmes, and improving operational efficiency. She also oversees specimen collection, logistics, multidisciplinary diagnostics, and international referral testing partnerships. Through strong quality governance, standardisation, and continuous improvement, Ms Dhammi supports diagnostic accuracy, patient safety, timely clinical decision-making, improved patient outcomes, revenue growth, and the Hospital's reputation as a leading tertiary healthcare provider.

Deshabandu Dr M Allan Gerreyn

Food and Beverage Manager/Executive Chef

H M U HAWAII

With 23 years of dedicated service at Nawaloka Hospitals PLC, he has built extensive expertise in patient nutrition, food safety, hygiene management, and service quality within the healthcare environment. Throughout his career, he has maintained a strong focus on ensuring that nutrition remains an integral part of patient care and recovery.
His professional excellence has been recognised through the prestigious Five Crowns Award for Food Hygiene for five consecutive years, reflecting his commitment to maintaining rigorous international food safety and hygiene standards. He is also a two-time recipient of the Best Employee at Nawaloka Hospital award. In further recognition of his distinguished service and achievements, he was conferred the Deshabandu award, one of Sri Lanka's national honours.

Expectation of the Position and Contribution to Overall Hospital Management

During his 23-year tenure, he has significantly enhanced patient care through specialised nutrition, strict hygiene, staff development, and consistently high service standards. He oversees tailored meal programmes designed for conditions such as diabetes and cardiac disease, ensuring dietary plans directly support patient recovery pathways.

His rigorous focus on food safety has strengthened quality standards across all Hospital food operations. By actively training and empowering staff within a patient-centred environment, he maintains a steadfast commitment to culinary quality, safe practices, and personalised nutrition, driving overall patient satisfaction and elevating the overall patient experience at Nawaloka Hospitals PLC.

Mr Kanishka Warusavitarana

Senior Manager – Operations

Mr Warusavitarana is a highly experienced healthcare professional with 37 years of industry expertise and a strong foundation in finance and accounting. Since joining Nawaloka Hospitals in 1988, he has played an important role in the organisation's growth and operational development.

He is a Member of the Association of Accounting Technicians (AAT) of Sri Lanka and brings 9 years of prior experience from a leading chartered accountants' firm. Combining financial expertise with deep operational knowledge, Mr Warusavitarana possesses a comprehensive understanding of healthcare priorities, financial management, and operational requirements. His long-standing service and practical insights make him a valued senior leader.

Expectation of the Position and Contribution to Overall Hospital Management

As Senior Manager of Operations, Mr Warusavitarana ensures his unit operates at maximum capacity while achieving management's performance goals. Drawing on his institutional knowledge and financial acumen, he contributes to effective decision-making, efficient resource management, and operational improvement.

He collaborates with the management team to align operational workflows with organisational objectives. Additionally, he fosters a customer-friendly environment focused on efficient service delivery and positive patient experiences. Through his leadership, teamwork, and operational expertise, Mr Warusavitarana continuously supports the Hospital's operational efficiency, service standards, and overall performance.

Mr M D Ariyawansa

Senior Coordinating Officer

Mr Ariyawansa is a seasoned healthcare professional with a 40-year career marked by dedicated service and operational expertise at Nawaloka Hospitals PLC. Joining in 1985 as an Executive Officer, he has held key roles across diverse business units, developing an in-depth understanding of Hospital operations, stakeholder relations, and service coordination.

He holds a Diploma in Business Management from the National Institute of Business Management (NIBM) and a Certificate in Hospital Management from the Japan Overseas Health Administration Centre (JOHAC) in Yokohama, Japan. His qualifications and four decades of practical experience underpin his capabilities in healthcare administration and operational management.

Expectation of the Position and Contribution to Overall Hospital Management

In his current role as Senior Coordinating Officer, Mr Ariyawansa oversees the public relations functions of strategic business units, facilitating effective communication and coordination across the organisation. He plays an important role in coordinating Hospital service areas to support smooth day-to-day operations, efficient patient flow, and consistently high standards of customer service.

Working closely with departments across the Hospital, Mr Ariyawansa helps address operational requirements, strengthen cross-functional coordination, and maintain service efficiency. His extensive institutional knowledge, healthcare industry experience, and strategic insight contribute to operational effectiveness, service excellence, and the Hospital's long-term growth objectives.

Executive Clinical Management Team

Dr Maiya Gunasekera

MBBS, FRCS (Eng.), FICS, FRCS (Ed.), MS (Surgery), FIAGES, FCS (Sri Lanka), FMAS, FISCP, FCRS (Fellow College of Robotic Surgeon), Consultant Surgeon/General Surgery/Gastroenteroscopy/Laparoscopy and Endoscopy Consultant-in-Charge of Surgical Service

Dr Duminda Pathirana

MBBS (Col.), DCH (Col.), MD (Col.), MRCP (UK), MRCP, CH (UK), FCCP Consultant Paediatrician

Professor Neville D Perera

MBBS (Col.), MS, FRCS (Eng.), FRCS (Edin.), Dip. Urol (London), Hon FCS (Sri Lanka), Hon FSLAUS, Dip. Laparospic Urology (Strasbourg), Dip. Pelvie Reconstruction (Milan), Senior Urological (Genito Urinary) Surgeon

Dr Rushika Lanerolle

MBBS, M.Phil, MD
Consultant Nephrologist

Dr Harindu Wijesinghe

MBBS, MD, MRCP (UK) Consultant Rheumatologist Specialist in Sports Medicine

Dr Riaz Moujood

MBBS, MD (Col.), MRCP (UK), FRCP (Edin.), Consultant Respiratory/Chest Physician Consultant-in-Charge Nawaloka Chest and Sleep Unit

Dr Mohan Rajakaruna

MD, FACC, FCCP (USA) Consultant Cardiologist

Dr P Prakash Priyadharshan

MBBS MD MRCP (UK), MRCPS (Glasgow), FRCP (Edin.), FRCP (London), FCCP, FEACVI, FSLCC, FESC Consultant Cardiologist (Special Interest – Cardiac Imaging)

Dr M T D Lakshan

MBBS MS DOHNS, FEB ORL-HNS, FRCSEd ORL-HNS Consultant ENT and Head and Neck Surgeon

Dr Punsith Gunewardene

MBBS (Colombo), MS (Colombo), FCSSL Consultant Neurosurgeon

Dr Hemant Digambar Waikar

MBBS, MD, DA, PDCC in Cardiothoracic and Vascular Anaesthesia and Neuroanaesthesia, Former Additional Professor of Cardiac Anaesthesia Sctimst, Trivandrum, Kerala, India

Dr Sandeep K Sharma

MD (Anesthesiology) Consultant Cardiac Anesthetist and Intensivist

Dr (Mrs) Usha Samarasinghe

MBBS, MD (Radiology)
Consultant Radiologist

Dr M C Shivanthan

MBBS (Colombo), MD (Colombo),
FRCP (Edin.) Consultant Physician

Dr Saman Perera

MBBS (Col.), MD (Radiology)
Consultant Radiologist

Dr Nalaka Gunawansa

MBBS, MS, MCh (Edinburgh), MSc (Liverpool),
FCSSL, FSVS, FACS Consultant Vascular and
Transplant Surgeon

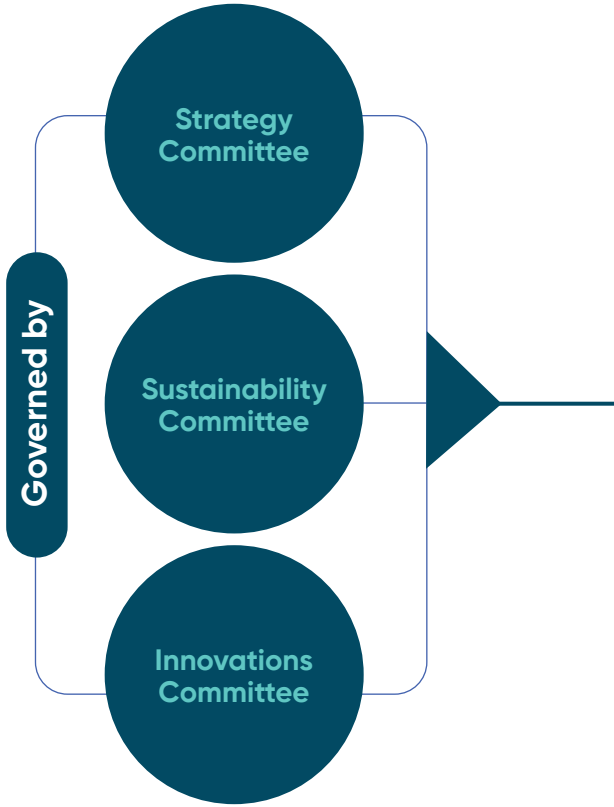
Business Strategy

Five pillars. Three governing committees. One strategy.

Sustainable growth without compromising the trust patients place in Nawaloka.

A robust, sustainable strategy anchors Nawaloka's standing as one of Sri Lanka's leading private healthcare providers, keeping the Group agile and high-performing while consistently delivering clinical excellence. Our growth is driven by strengthening operational capacity through the following:

- Targeted capital investment together with better occupancy and patient flow.
- Expanding across the full continuum of healthcare, from tertiary and specialised hospital services to outpatient, preventive, and early-diagnosis care across our subsidiaries.
- Deepening our position as a regional medical tourism hub through partnerships with global insurers, facilitators, and travel agencies.
- Growing our diagnostics business through Nawaloka Laboratories' islandwide network and technology-enabled centres such as the AI-Powered Radiology Suite.
- Sustaining the financial turnaround through continued discipline in operational and financial performance.



Clinical Excellence and Patient Experience

Clinical governance structures were strengthened during the year through continued adoption of global standards, including ISO certification and other internationally recognised frameworks. Within the Surgical Division, a second flexible urology endoscope was introduced, enabling two consultants to operate simultaneously, alongside a third-generation laparoscopic system and a new ultrasonic vessel sealer. The Continuous Renal Replacement Therapy (CRRT) machine, introduced in 2025, continues to support the Group's most critical dialysis cases. Continuous improvement was maintained through incident reporting, root-cause analysis, and risk management processes, supported by multidisciplinary centres of excellence in cardiology, oncology, orthopaedics, and neurology.

Financial Sustainability

The Group maintained a dual-market strategy targeting both domestic and international patients during the year, with continued patient flow from the Maldives, the Middle East, Europe, and Australia supported by facilitator and insurer partnerships. During the year, Nawaloka became the only hospital in Sri Lanka to contribute directly to a joint Ministry of Foreign Affairs and Parliamentary board paper aimed at institutionalising national policy support for medical tourism, representing an extension of the Group's engagement beyond individual facilitator partnerships.

People and Knowledge

The Group's approach to people development is grounded in the principle that consistent healthcare delivery depends on an empowered workforce. Continued investment was made in medical education, nursing development, and caregiver training aligned with National Vocational Qualification (NVQ) standards, with 7,697 training hours logged and approximately Rs. 2,116,675 invested during FY2025/26.

Sustainability and Stewardship

Community outreach initiatives were conducted at a frequency of approximately two Corporate Social Responsibility (CSR) medical camps per month during the year. These included free health screenings, blood pressure and blood glucose testing, and consultations, delivered at locations such as a special needs school in Kalapaluwawa, a public event at Diyatha Park in partnership with eChannelling, and two dedicated relief camps in Seeduwa and Malabe for communities affected by flooding caused by Cyclone Ditwah. A health screening programme for 500 Colombo Municipal Council sanitation staff, conducted alongside an Agrahara insurance awareness session, was among the larger initiatives undertaken during the year.

Medtech Integration

Digital transformation initiatives during the year supported more integrated patient journeys through telemedicine, electronic medical records, virtual consultations, and the Group's patient mobile application. The transition of medical documentation from paper-based to digital formats, including digital diagnosis cards and a Picture Archiving and Communication System (PACS), has enabled consultants to review diagnostic images and issue clinical instructions remotely, without being physically present at the hospital.

Value Creation Model

Nawaloka Hospitals PLC shapes the future of healthcare through exceptional clinical expertise, fast-expanding facilities, and service excellence. By balancing value with cost discipline, the Group delivers sustainable performance while advancing treatment that makes a difference.

Inputs

We rely on our skills and resources

Financial Capital

Page 71

Nawaloka's financial strength provides the foundation for sustainable healthcare delivery, disciplined growth, and long-term investment capacity.

- Net profit after tax: approx. Rs. 1,054 Mn. (highest in the Group's history)
- Revenue growth: approx. 20% year-on-year (YoY)
- Rs. 6.48 Bn. shareholders' equity
- Hatton National Bank facility settled in full; refinanced through Bank of Ceylon

Intellectual Capital

Page 94

Clinical protocols, digital innovation, and institutional knowledge enable safer, smarter care.

- AI-DOC digital front door launched
- Winner, GlobalHealth Asia Pacific Awards 2025 for Leading Hospital in AI and Innovation
- Laboratory turnaround time achievement: >95%
- Medication incident rate: 0.02%

Manufactured Capital

Page 75

Investment in hospitals, medical equipment, and digital infrastructure enables safe, reliable, and efficient healthcare delivery.

- 12 operating theatres
- 1,000+ fixed-price packages published online
- 10 pathology laboratories, ISO 15189:2022 certified
- Rs. 1,543.69 Mn. invested through the Equipment Management and Development programme

Natural Capital

Page 79

Environmental stewardship and resource efficiency sustain reliable healthcare delivery while reducing the environmental impact.

- Rooftop solar installation: 200 kVA
- Renewable energy roadmap: 25% by 2027
- Carbon intensity reduction: 12% of a 20% target
- Winner, Best Corporate Citizen Sustainability Award, Health Sector

Human Capital

Page 83

Our people enable safe clinical care, service excellence, and organisational resilience.

- Total employees: 2,005
- Female workforce: 67.2%
- Training investment: Rs. 2.12 Mn.
- Training hours delivered: 7,697
- Certified a Great Place to Work

Social and Relationship Capital

Page 89

Trust built with patients, consultants, corporate partners, insurers, regulators, suppliers, and communities extends Nawaloka's reach and reputation.

- Patient satisfaction score: 4.8/5
- 20,000+ Corporate Social Responsibility (CSR) beneficiaries reached annually
- 50%+ of pharmaceuticals sourced locally
- Only private hospital contributing directly to national medical tourism policy this year

Strategic Pillars

To deliver our purpose

Clinical Excellence and Patient Care Outcomes

Strengthened clinical governance, incident reporting, and root cause analysis, while investing in centres of excellence spanning cardiology, oncology, orthopaedics, and neurology.

Financial Sustainability

Pursued a dual-market strategy for domestic and international patients, settled the Hatton National Bank facility in full, and continued to invest in digital and clinical capability.

People and Knowledge

Continued to invest in medical education, structured training pipelines, and clearer HR communication to build a capable, engaged workforce.

Sustainability and Stewardship

Invested in energy-efficient technologies, expanded community health outreach, and strengthened ethical governance and transparent procurement.

Medtech Integration

Accelerated AI-assisted diagnostics, digital dashboards, and patient-facing digital tools to streamline the patient journey.

Outputs

Creating value

Financial Performance

- Revenue of Rs. 13.24 Bn., up approx. 20% YoY
- Net profit of Rs. 1,054 Mn. against Rs. 56 Mn. the prior year

Patient Growth and Access

- Patient satisfaction: 4.8/5, 96.9% recommendation rate
- Consultant base of 700+ practising daily
- Approx. 38,000 channelling appointments processed monthly
- 14,215 surgeries performed, FY2025/26

Workforce Development

- 7,697 training hours delivered
- Rs. 2.12 Mn. invested in training
- 20% of employees with 10+ years' service

Community and Environment

- 100% biomedical waste segregation maintained
- Approx. 20,000 CSR beneficiaries annually

Digital and Innovation

- South Asia's first AI-powered radiology suite commissioned
- Digital diagnosis cards and PACS enabling remote consultant review
- Real-time dashboards feeding department-level alerts

Outcomes

Benefiting all our stakeholders

Enhanced Trust and Reputation

Among domestic and international patients, with improved long-term health outcomes and a strengthened position in medical tourism.

Financial Resilience

Diversified income streams and sustained revenue growth across business units amid macroeconomic uncertainty.

A Motivated Workforce

Improved employee retention and satisfaction, a broader talent pipeline and stronger leadership development.

A Reduced Environmental Footprint

Improved public access to essential health services, alongside strengthened CSR credentials and public trust.

A Technology-Enabled Provider

A streamlined patient experience and improved operational agility and efficiency.

Materiality Matters

Identifying and evaluating material focus areas forms the bedrock of sound business and sustainability strategy, helping identify the issues that matter most to Nawaloka Hospitals PLC and its stakeholders.
The Group's approach recognises the inseparable link between impact and financial performance, evaluating two distinct yet interconnected lenses.

Impact Materiality

Impact materiality takes an inside-out view, evaluating Nawaloka's influence on patients, employees, communities, society, and the environment, including the effect of clinical operations on patient outcomes, community health access, workforce well-being, and environmental stewardship.

Financial Materiality

Financial materiality adopts an outside-in view, examining how external factors, such as regulatory change, healthcare demand, competitive pressure, and economic conditions, may present risks or opportunities that could affect the Group's future cash flows and long-term value creation.

Our Approach

A structured approach is used to identify and prioritise the matters that are most significant to Nawaloka Hospitals PLC and its stakeholders.

#	Stage	Purpose	Key Actions
1	**Identification**	Identify a wide range of potentially material matters relevant to our business and stakeholders.	• Review internal sources (strategy, risk registers, policies, performance data, prior reports) • Review external sources (regulatory developments, industry trends, media, benchmarking) • Stakeholder inputs and feedback • Develop a comprehensive list of potential matters
2	**Evaluation**	Analyse the significance of each matter from two key perspectives.	• Significance to stakeholders (impacts on people, society, and the environment) • Significance to Nawaloka (financial impact, strategic impact, risk exposure, reputation, operational impact) • Use a scoring methodology (for example, a 1 to 5 scale) • Consolidate and validate analysis results
3	**Prioritisation**	Prioritise matters based on their overall significance to determine material matters.	• Determine materiality thresholds (high, medium, low) • Identify and agree the final list of material matters • Group and refine related matters where appropriate

Our Materiality Matters

#	Material Topic	Stakeholders Most Impacted	Risk / Opportunity	Cause of the Impact	Nawaloka's Response
1	**Financial sustainability, liquidity, and affordability**	Shareholders and investors, patients, government and regulators	+ Opportunity	Net profit after tax reached approximately Rs. 1,054 Mn. in FY2025/26, the highest in the Group's history, alongside revenue growth of approximately 20%. Continued access to affordable financing and pricing directly affects the Group's capacity to invest in clinical capability.	Full settlement of the Hatton National Bank facility and refinancing through the Bank of Ceylon at a lower interest rate. More than 1,000 fixed-price packages combining hospital and consultant fees. Tailored packages for senior citizens, children, and corporate employees.
2	**Patient safety, clinical quality, and clinical governance**	Patients, consultants and medical practitioners, government and regulators	– Risk	Healthcare delivery depends on consistent adherence to clinical protocol across every operating theatre and department. Lapses in incident reporting, delayed root cause analysis, or inconsistent application of safety checklists could affect patient outcomes and expose the Group to regulatory and reputational risk.	Safety framework founded on ISO 9001:2015 and the WHO Surgical Safety Checklist. A 24-hour incident reporting portal followed by root cause analysis and monthly multidisciplinary safety review. Oversight from the Quality and Accreditation Department. WHO Surgical Safety Checklist compliance exceeded internal targets across all operating theatres in FY2025/26, and the medication incident rate held at 0.02%.
3	**Patient experience, trust, and access to healthcare**	Patients	+ Opportunity	Patient trust is built through how quickly a complaint is resolved, how clearly discharge and billing are explained, and how easily a patient can find their way around the Hospital. Recurring concerns raised by patients centred on discharge planning, Hospital navigation during peak hours, fair treatment of insurance claims, and waiting times.	Real-time QR code feedback embedded on every invoice. A Duty Officer WhatsApp channel to the Quality Assurance Department. A Hospital navigation application in development. A digital surgical booking platform targeted for the third quarter. Over 90% of feedback issues were resolved within 24 to 48 hours, and patient satisfaction reached 4.8/5 for FY2025/26.
4	**Medical infrastructure, capacity, and asset reliability**	Patients, consultants and medical practitioners	– Risk	Reliable healthcare delivery depends on adequate capacity, modern facilities, and dependable equipment. Equipment failure or insufficient capacity, particularly in high-dependency areas such as dialysis and critical care, could delay diagnosis and treatment and increase operating costs.	Approximately Rs. 1,543.69 Mn. was invested through the Equipment Management and Development Programme during FY2025/26, including a CRRT machine for critically ill patients, a capability available at only two to three other hospitals in the region, alongside preventive maintenance and calibration programmes.

#	Material Topic	Stakeholders Most Impacted	Risk / Opportunity	Cause of the Impact	Nawaloka's Response
5	**Digital transformation, cybersecurity, and patient-data protection**	Patients, employees, government and regulators	+ Opportunity	Growing reliance on digital diagnostics, booking, and payment tools improves efficiency and patient experience, but also increases the Group's exposure to cybersecurity threats and privacy breaches if systems and access controls are not tightly governed.	AI-DOC, an in-house digital front door built by the Hospital's Data and AI Unit. Hospital Information System governance controls covering access permissions, safeguards against unauthorised data alteration, and GRN price limits. The Hospital's Secured Data Certification. The Group won the GlobalHealth Asia Pacific Awards 2025 for Leading Hospital in AI and Innovation.
6	**Talent attraction, retention, and specialist availability**	Employees, consultants, and medical practitioners	– Risk	Quality healthcare delivery depends on access to skilled clinicians, nurses, and specialist expertise in a market where competition for clinical talent is increasing. Between 700+ consultants practise at the Hospital daily.	Certification as a Great Place to Work during FY2025/26. The Nursing Training School and Caregiver Academy offering NVQ-aligned pipelines. Training investment of Rs. 2.12 Mn. during the year.
7	**Employee capability, well-being, and occupational safety**	Employees	+ Opportunity	A skilled, engaged, and safe workforce of 2,157 employees, 67.2% of whom are female, is fundamental to consistent, high-quality patient care and to the Group's own resilience as an organisation.	7,697 training hours delivered during the year. Mandatory safety inductions, refresher training, and standardised protective equipment protocols coordinated through the Infection Control Unit and Quality and Accreditation Unit. The Great Place to Work certification.
8	**Consultant, supplier, and strategic-partner relationships**	Consultants and medical practitioners, suppliers and community, corporate clients and healthcare insurers	+ Opportunity	Service continuity and specialist capability depend on stable relationships with consultants who bring in equipment needs directly, and with suppliers who keep clinical operations running. Consultant feedback shaped several equipment decisions during the year, including a second flexible urology endoscope and a third-generation laparoscopic system.	ESG-based supplier scorecards and a dedicated supply chain manager assigned per supplier. Extended guaranteed purchasing agreements and multi-year contracts to smaller suppliers and SMEs. Local sourcing now exceeds 50% of procurement.

#	Material Topic	Stakeholders Most Impacted	Risk / Opportunity	Cause of the Impact	Nawaloka's Response
9	**Energy, emissions, and climate resilience**	Government and regulators, suppliers and community	– Risk	Round-the-clock hospital operations depend on continuous, reliable energy in a national grid with a significant hydroelectric component, exposing the Group to rainfall-driven supply variability, standby generator fuel costs, and rising ambient temperatures that increase cooling demand. Acute risks include extreme rainfall and urban flooding affecting basement plant, stores, and access routes, tested directly in December 2025 by Cyclone Ditwah, and lengthening dengue and leptospirosis transmission seasons that create episodic surges in emergency, outpatient, and laboratory demand. Gross Scope 1 and Scope 2 greenhouse gas emissions for FY2025/26 totaled 5,922.79 tCO_2-e (Scope 1: 1,828.49 tCO_2-e; Scope 2: 4,094.30 tCO_2-e), the Group's first year of formal measurement.	A 200 kVA rooftop solar installation, LED lighting, and variable frequency drives on air-conditioning plant. Standby generator capacity and surge planning across admissions, nursing, and laboratory functions with buffer stocks of critical consumables. A Hospital-wide carbon footprint reduction objective of 20%, with baseline measurement of energy, emissions, water, and waste directed by the Board for the year ending 31 March 2027. Climate risk assessed through the TCFD-aligned structure required under SLFRS S2.
10	**Water, clinical waste, and environmental management**	Suppliers and community, government and regulators	– Risk	Hospital operations are water-intensive, spanning clinical use, sterilisation through the Central Sterile Services Department, laundry, dietary services, and cooling, exposing the Group to drought periods and municipal supply variability. Clinical waste is subject to tightening regulatory standards from the Central Environmental Authority governing treatment, effluent discharge, and air emissions, with extended producer responsibility obligations emerging for packaging and single-use plastics.	An effluent treatment plant with reuse of treated water for non-clinical applications. Low-flow fixtures and leak detection. Monthly water consumption dashboards aligned to patient volumes and bed occupancy. Clinical waste segregation overseen by the Waste Management Committee in partnership with licensed external contractors. Green procurement standards addressing packaging and single-use items adopted under the Sustainability and Innovation Governance Framework of the Strategy, Sustainability, and Innovation Committee.

#	Material Topic	Stakeholders Most Impacted	Risk / Opportunity	Cause of the Impact	Nawaloka's Response
11	**Regulatory compliance, ethics, and responsible conduct** 	Government and regulators, patients	– Risk	Private healthcare providers operate in a heavily regulated environment where non-compliance can result in penalties, licence risk, and loss of stakeholder trust.	Renewed ISO 9001:2015 Quality Management System certification. Good Manufacturing Practices certification for food and beverage handling. Direct contribution to a joint Ministry of Foreign Affairs and Parliament board paper on medical tourism policy, the only Sri Lankan hospital to do so this year.
12	**Innovation and future healthcare capability** 	Patients, consultants and medical practitioners	+ Opportunity	Rising demand for AI-enabled diagnostics and digital health services requires the Group to continue adapting its clinical and digital capability to remain competitive and meet changing patient expectations.	AI-DOC and its associated chatbot. The GlobalHealth Asia Pacific Awards 2025 for Leading Hospital in AI and Innovation The Data and AI Unit's 1st Runner up placing at the MindSpark AI Hackathon organised by the British Computer Society. Continued supplier discussions on robotic-assisted surgery, building on established laparoscopic capability.

Future Outlook

The Group intends to continue strengthening the integration of materiality into strategy, risk management, stakeholder engagement, capital allocation, and performance monitoring. As the healthcare landscape evolves, Nawaloka will continue to review changes in patient expectations, clinical standards, regulation, workforce dynamics, technology, financial conditions and environmental considerations, to ensure that its material matters remain relevant to the Group's operating context and long-term strategic direction.

Stakeholder Engagement

Every stakeholder conversation this year became an action, a decision, or both.

Nawaloka Hospitals PLC has, over successive years, strengthened its stakeholder relationships through structured engagement, surveys, forums, and focused meetings. This continued during FY2025/26 through digital and in-person feedback surveys across OPD, in-patient, and diagnostic touchpoints; consultant forums and departmental review sessions; employee town halls; focused meetings with corporate clients and insurance providers; and consultations with government health authorities and accreditation bodies. This financial year, the Group extended the same structured approach to two further groups material to its long-term strategy: shareholders and investors, and suppliers and the wider community.

This approach continues to support the "trusted by many" ethos that has remained integral to the Nawaloka brand, while translating stakeholder feedback into tangible improvements across patient experience, clinical practice, employee development, corporate healthcare solutions, and regulatory alignment. The section below sets out the actions ('A') and decisions ('D') taken during the year in response to stakeholder feedback, and the outcomes and value created as a result, for each of the Group's seven priority stakeholder groups.

Patients

Our business is built on patients' trust and on the Group's ability to sustain long-term relationships with them.

Our Engagement Channels

- Digital and in-person satisfaction surveys across OPD, in-patient, and diagnostic touchpoints
- QR-code feedback embedded on every invoice, feeding a real-time departmental alert dashboard
- Voice feedback via the Duty Officer and WhatsApp messaging to the Quality Assurance Department
- Online complaint submission facility for patients and visitors
- Scheduled post-discharge follow-up, including telephone follow-up for high-risk patients
- Patient-centred events, including fertility reunions and dialysis milestone recognitions
- Multilingual communication in Sinhala, Tamil, and English

Board Oversight	Key Concerns	Our Response	The Result
• Board reviews clinical governance reports, incident and root-cause analysis outcomes, and patient safety indicators • Innovations Committee oversees technology intended to improve the patient journey, including the AI-powered radiology suite and hospital navigation application • Board monitors quality assurance performance against ISO 9001:2015, SLAB ISO 15189:2022, and GMP certification requirements	• Clear discharge planning and post-treatment instructions • Convenient navigation within the hospital, particularly during peak hours • Fair treatment of insurance claims • Shorter waiting times during peak outpatient and diagnostic periods • Price transparency and predictability, particularly for surgical and diagnostic procedures • Timely, multilingual communication	A Embedded QR-code feedback on all invoices, feeding a real-time departmental alert dashboard A Introduced patient-centred recognition events, including fertility reunions and dialysis milestones A Development of a hospital navigation application, intended to reduce reliance on security staff for directions A A new digital booking platform for surgical scheduling, targeted for Q3 A Introduced published, fixed-price packages covering over 1,000 procedures, combining hospital and consultant fees into a single disclosed rate available online ahead of treatment A Launched an AI-based chatbot enabling patients to describe symptoms in everyday language and receive guidance on relevant facilities and consultants	• Over 90% of feedback issues resolved within 24-48 hours through the digital dashboard system • Continued discharge planning and pharmacy coordination improvements, building on the prior year's engagement outcomes • Greater price certainty for patients ahead of surgical and diagnostic procedures • Greater independence in navigating the hospital, once the navigation application is deployed

Value Created

4.8/5

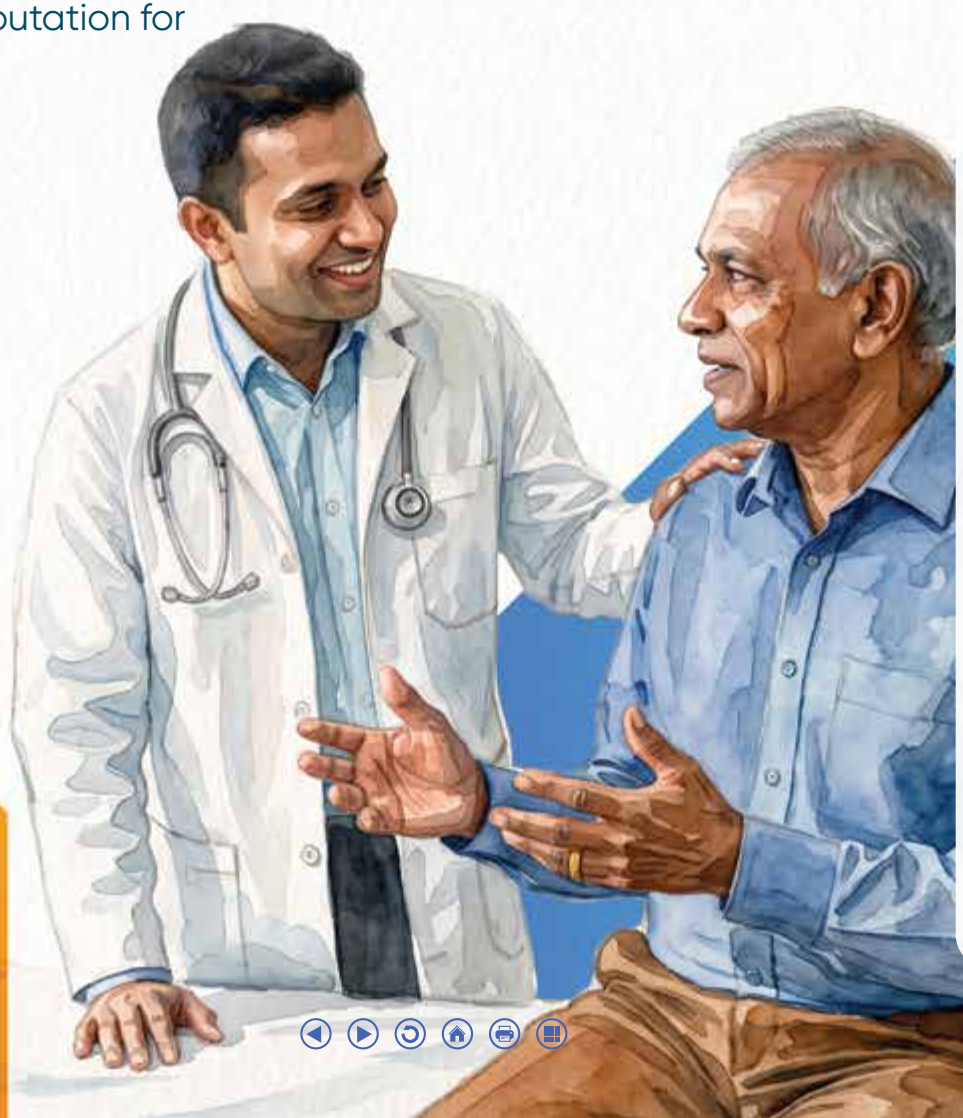
patient satisfaction score FY2025/26

Link to Strategic Pillars

Clinical Excellence | Financial Sustainability | People and Knowledge | Sustainability and Stewardship | **Medtech Integration**

Consultants and Medical Practitioners

Consultants enable the Group's continued clinical success and are central to its reputation for the quality of clinical service.



Our Engagement Channels

- Consultant forums and departmental review sessions
- QR-based feedback channel for facility and equipment needs
- Direct engagement with Heads of Department on equipment planning and case volumes

Board Oversight

- Board reviews clinical performance indicators and equipment investment proposals
- Innovations Committee evaluates and approves new clinical technology, including surgical and diagnostic equipment

Key Concerns

- Access to modern facilities and equipment
- Manageable case volumes and theatre availability
- Involvement in strategic clinical decisions
- Honest, accurate positioning of new clinical capabilities

Our Response

- (D) Acquired a second flexible urology endoscope, enabling two consultants to operate simultaneously
- (A) Invested in a third-generation laparoscopic system and a new ultrasonic vessel sealer
- (A) Continued deployment of the CRRT machine
- (A) Began evaluating robotic-assisted surgical technologies for selected specialties
- (A) Acquired a FibroScan for the Endoscopy Unit
- (A) Added two ambulances during the year
- (A) Invested on an AB Scan for the Lasik Unit

The Result

- Expanded surgical capacity and reduced equipment-related delays
- Continued confidence in the Group's clinical infrastructure investment

Value Created

700+

consultants practising daily; over 300 formally registered across specialties

Approximately 38,000

channelling appointments are processed monthly, among the highest single-hospital volumes in the market

Link to Strategic Pillars

Clinical Excellence | Financial Sustainability | People and Knowledge | Sustainability and Stewardship | Medtech Integration

Employees

Our workforce delivers consistent clinical quality and operational performance across the Group.

Our Engagement Channels

- Employee town halls and departmental audits
- Dedicated HR point-of-contact per department for recruitment, leave, and grievance matters
- HR analytics platforms tracking engagement, exit interviews, and performance data

Board Oversight

- Remuneration Committee reviews workforce remuneration arrangements against industry benchmarks
- Board monitors staff turnover, training investment, and workforce diversity indicators
- Sustainability Committee reviews progress on employee well-being and training initiatives

Key Concerns

- Career progression and fair remuneration
- Manageable workloads and predictable scheduling
- Access to training and professional development
- Job security amid competition from overseas opportunities

Our Response

- Delivered 7,697 training hours through the Nursing Training School and Caregiver Academy
- Invested Rs. 2,116,675 in employee training during the year
- Introduced digital rostering and flexible scheduling
- Continued NVQ-aligned caregiver training pipelines through the Nursing Training School and Caregiver Academy
- Assigned dedicated HR points-of-contact to each department
- Conducted training for clinical, nursing, and administrative staff on electronic medical records, AI-assisted tools, and digital work-flows
- Introduced a job-specific performance evaluation system to support continuous training and development
- Heart centre employees were invited to participate in a training in Singapore
- Appreciation programmes were introduced for high revenue generating departments
- Provided free cataract surgeries for employees' family members

The Result

- Clearer pathways for training, career progression, and internal communication

Value Created

20%

of workforce with 10+ years, service

Link to Strategic Pillars

Clinical Excellence | Financial Sustainability | **People and Knowledge** | Sustainability and Stewardship | Medtech Integration

Corporate Clients and Healthcare Insurers

Corporate partnerships and insurer relationships represent a growing share of patient volume and are central to the Group's positioning as a total-solution healthcare provider.

Our Engagement Channels

- Partnership review meetings and service design consultations
- On-site corporate wellness sessions
- Direct engagement with insurers on claims processes

Board Oversight

- Strategy Committee reviews corporate partnership and medical tourism agreements
- Board considers proposals for bundled service offerings and their financial impact

Key Concerns

- Structured, on-site wellness programmes for corporate staff
- Clarity and predictability in insurance claims processes, an area the Group has identified as a recurring source of patient frustration

Our Response

- A Delivered an on-site wellness session (dietician and dental) for Aitken Spence Group head office staff
- A Delivered a health screening and Agrahara insurance awareness session for Colombo Municipal Council staff
- A Continued internal development of bundled, cost-effective corporate healthcare packages, identified as a strategic priority for the coming year

The Result

- Strengthened relationships with corporate partners and continued growth in referral volumes

Value Created

500 staff

screened in a single Colombo Municipal Council partnership

Link to Strategic Pillars

Clinical Excellence | **Financial Sustainability** | People and Knowledge | Sustainability and Stewardship | Medtech Integration

Government and Regulators

Compliance with, and constructive engagement on, the regulatory environment safeguards the Group's licence to operate.

Our Engagement Channels

- Consultation with the Ministry of Health and the Ministry of Epidemiology on infection control and vaccination guidance
- Compliance management with the National Medicines Regulatory Authority and the Atomic Energy Authority, whose procurement and import approval processes the Group navigated during the year
- Alignment of marketing and promotional content with Sri Lanka Medical Council and Consumer Protection Authority requirements
- Direct contribution to a joint Ministry of Foreign Affairs and Parliament initiative on medical tourism policy
- Participation in the National Insurance Trust Fund (NITF) scheme, providing concessionary rates on rooms and laboratory services for public-sector employees, with reimbursement systems integrated directly with the Group
- Discounted service rates extended to government ministries and institutions for public servants
- Ongoing discussions with the Ministry of Health on placement of CT/MRI equipment in rural state hospitals under an operator and profit-sharing model, and a patient-referral arrangement for overflow OPD cases from state hospitals at reduced, government-reimbursed rates

Board Oversight

- Board reviews regulatory and legal compliance reports
- Risk and Sustainability Committee provides oversight and ensures ESG-related targets are integrated into strategic decision-making

Key Concerns

- Transparency and regulatory compliance
- Collaboration on national healthcare priorities, including medical tourism
- Consistent quality and safety standards

Our Response

- A Renewed ISO 9001:2015 Quality Management System certification
- A Obtained Good Manufacturing Practices (GMP) certification for food and beverage handling
- A Contributed directly to a Foreign Ministry and Parliament board paper on medical tourism policy

The Result

- Continued to demonstrate reliability as a compliant, engaged private healthcare partner

Value Created

The only Sri Lankan hospital contributing directly to National Medical Tourism policy formulation this year

Link to Strategic Pillars

Clinical Excellence | **Financial Sustainability** | People and Knowledge | **Sustainability and Stewardship** | Medtech Integration

Shareholders and Investors

Our shareholders and investors provide the equity capital that strengthens the Group's continued recovery and growth.

Our Engagement Channels

- Annual General Meeting and statutory financial disclosures
- Ongoing investor communication on financial performance and strategy
- Continued transparency on debt settlement and balance sheet management

Board Oversight	Key Concerns	Our Response	The Result
• Board and Audit Committee review financial performance and capital allocation decisions	• Durability of the financial recovery beyond a single reporting year • Progress on debt management following the prior year's settlement with Hatton National Bank PLC	A Maintained continued discipline in liquidity management and cost control, building on the prior year's settlement of the Group's facility with Hatton National Bank PLC A Settled the Hatton National Bank (HNB) credit facility in full during the year, while restructuring financing with Bank of Ceylon (BOC) at a more favourable interest rate A Delivered a net profit of approximately Rs. 1,081 Mn., the highest in the Group's recorded history, supported by approximately 20% revenue growth and positive operating profit and cash flow A Continued the Group's capital investment programme, including an approximately Rs. 1.9 Bn. investment in South Asia's first AI-powered radiology unit, capitalised in the current financial year A Received 26 industry awards during the year, including recognition for profitability and premium healthcare service delivery	• Continued to rebuild market confidence following the Group's return to profitability

Value Created

Rs. 5.30 → Rs. 10.60

Highest share price within last 3 years

Rs. 7.47 Bn. to Rs. 14.94 Bn. FY2025/26

Market capitalisation growth from

Rs. 1,054 Mn. FY2025/26

Net profit of approximately

Link to Strategic Pillars

Clinical Excellence | **Financial Sustainability** | People and Knowledge | Sustainability and Stewardship | Medtech Integration

Suppliers and Community

Supplier reliability and community trust extend the Group's operational resilience and its reputation beyond the hospital itself.

Our Engagement Channels

- ESG-based supplier scorecards
- Dedicated supply chain manager per supplier
- Approximately two free CSR medical camps conducted per month
- Community seminars and multilingual health awareness campaigns

Board Oversight

- Sustainability Committee oversees supplier ESG performance and CSR programme direction
- Board reviews community investment and environmental performance indicators

Key Concerns

- Stable, long-term purchasing commitments (suppliers)
- Reliable access to essential healthcare, particularly during emergencies (community)
- Predictable, continued CSR presence

Our Response

- A Conducted emergency relief camps in Seeduwa and Malabe for communities affected by Cyclone Ditwah flooding
- A Extended guaranteed purchasing agreements and multi-year contracts to smaller suppliers and SMEs
- A Continued to prioritise local sourcing of pharmaceuticals and consumables, now over 50% of procurement
- A Strengthened supplier payment processes through faster invoice turnaround and clear, upfront payment dates
- A Introduced proactive supplier communication, including payment status updates, invoice submission guidance and a structured feedback channel

The Result

- Strengthened relationships with corporate partners and continued growth in referral volumes

Value Created

20,000+

beneficiaries reached annually through CSR camps

50%+

of pharmaceuticals and consumables sourced locally

Future Outlook

Nawaloka Hospitals PLC will continue to strengthen this engagement process by relying further on the insights gathered through increased digitalisation and AI integration. The Group considers this ongoing dialogue essential not only to addressing immediate stakeholder concerns, but to building the enduring trust that underpins its long-term strategy across all five strategic pillars.

Link to Strategic Pillars

Clinical Excellence | Financial Sustainability | People and Knowledge | **Sustainability and Stewardship** | Medtech Integration

Building Skills for the Future

The Group's role extends beyond providing healthcare and generating employment. It contributes to building the human capability that Sri Lanka's healthcare sector will depend on in the years ahead.

As part of its long-term commitment to strengthening Sri Lanka's healthcare sector, Nawaloka Hospitals PLC continues to invest in the people, skills, and career opportunities that will support the next generation.

Nawaloka's workforce requirements extend well beyond traditional clinical roles, creating pathways for young people with a wide range of educational and technical backgrounds, from nursing and medicine through to biomedical engineering and facility management.

Recruitment and Employment Opportunities

The Group's workforce stood at 2,005 employees at the end of FY2025/26, spanning clinical, technical, administrative, and support functions across Nawaloka Hospitals PLC, Nawaloka Medical Centre, and New Nawaloka Hospitals. Continued recruitment across these functions created employment opportunities for individuals at different stages of their careers, from those entering the workforce for the first time to experienced professionals bringing specialist expertise. Close to half of the workforce, 48.7%, has between one and five years of service, reflecting a steady pipeline of new employees moving through the organisation alongside longer-serving staff. Recruitment itself is also evolving. The Hospital's HR and recruitment team has begun working with an AI-powered Applicant Tracking System, developed by the same Data and AI Unit behind AI-DOC, extending the Group's digital transformation into how it identifies and brings in new talent.

Nursing Career Opportunities

Nursing continues to represent one of the Group's largest professional groups, with 411 nurses forming a core part of the workforce. The Nursing Training School and Caregiver Academy, offering NVQ-aligned pipelines under the Tertiary and Vocational Education Commission framework, continued to give aspiring and qualified nursing professionals a structured route into private healthcare, with exposure to modern clinical practice, technology, and patient care standards. Training investment across the Group rose to Rs. 2.12 Mn. during the year, supporting 7,697 hours of training.

Medical Career Development

Over 600 consultants practise at Nawaloka daily, with over 300 formally registered across specialties, giving medical professionals the opportunity to work within a genuinely multidisciplinary environment spanning cardiology, oncology, orthopaedics, neurology, and beyond. International exposure remained part of this development pathway during the year. A team from the Heart Centre travelled to EVL Global 9.0 in Delhi, an international endovascular conference, and the knowledge gained there contributed directly to Sri Lanka's first ChEVAR procedure being performed successfully at Nawaloka. The team has since completed more than eight further endovascular procedures, and the Hospital has been invited to participate in EVL 10.0 in 2026, involving international collaboration with Singapore and Australia.

Technical and Biomedical Careers

The Group's continued investment in medical technology, including the Rs. 2,87.1 Mn. Equipment Management and Development programme and the Data and AI Unit behind AI-DOC, depends on technical and biomedical professionals capable of operating, maintaining, and advancing increasingly sophisticated clinical equipment. These roles represent a growing career pathway for technically qualified individuals entering the healthcare sector, extending beyond conventional biomedical engineering into data and digital disciplines.

Engineering and Facility Management Opportunities

Nawaloka's Hospital operations depend on a broad base of engineering and facilities expertise, spanning air conditioning and refrigeration, electrical systems, mechanical services, and general maintenance. These functions create employment and skills development opportunities for technically trained individuals whose work, while less visible than clinical roles, is essential to keeping the Hospital's infrastructure safe and reliable.

Creating Opportunities for the Next Generation

Taken together, the Nursing Training School, the Caregiver Academy, and the Group's continuing medical education and technical training programmes represent a deliberate pathway for young people to enter, learn, and grow within healthcare, medical, nursing, biomedical, engineering, and technical professions. Nawaloka regards this pipeline as part of its contribution to Sri Lanka's future healthcare capability and not only its current workforce.

Dedicated Digital Careers Portal

Nawaloka Hospitals also introduced a dedicated Careers Portal on its corporate website during the year, giving prospective candidates a more accessible, structured platform through which to explore vacancies and engage with the organisation.

Nawaloka measures its success not only by the business it builds today, but by the human capability and opportunity it helps create for the future, a commitment that will continue to shape how the Group recruits, trains, and develops its people in the years ahead.

Management Discussion and Analysis

Operating Environment

Global headwinds, a fragile recovery, and a nation in demographic transition. This year was already being shaped by that future.

Global Economic Environment

During the period under review, the global economy remained resilient despite persistent trade policy uncertainty, heightened geopolitical tensions, and uneven regional economic performance. According to the International Monetary Fund (IMF), global economic activity was stronger than previously anticipated, supported by resilient labour markets, robust private consumption, accommodative financial conditions, front-loading of trade ahead of tariff increases, and continued investment in digital technologies and artificial intelligence (AI). The IMF's latest World Economic Outlook estimates that global real GDP growth reached 3.0% in 2025, reflecting improved performance in several major economies despite ongoing global headwinds.

Growth performance continued to differ across regions. Advanced economies recorded growth of approximately 1.5%, while Emerging Market and Developing Economies (EMDEs) expanded by around 4.1%. Emerging and Developing Asia remained the strongest-performing region, supported primarily by sustained growth in India and China. Meanwhile, economic activity in sub-Saharan Africa continued to strengthen, although regional growth remained constrained by elevated borrowing costs, climate-related shocks, and external vulnerabilities. Growth in the Middle East and Central Asia was moderated by geopolitical tensions, while Latin America and the Caribbean and Emerging and Developing Europe experienced more modest expansions amid weaker external demand and continuing policy uncertainty.

Looking ahead, the IMF projects global real GDP growth to remain at 3.0% in 2026, with medium-term growth expected to remain below historical averages.

Sri Lankan Economy in 2025 and Outlook for 2026

Sri Lanka's economy continued its gradual recovery in 2025 following the severe economic crisis of 2022, supported by macroeconomic stabilisation policies, debt restructuring progress, fiscal consolidation, and the implementation of reforms under the IMF-supported Extended Fund Facility (EFF) programme. The main domestic challenge in 2025 was ensuring that economic recovery translated into sustainable long-term growth rather than a temporary rebound.

A major external risk emerging during 2025 and affecting the outlook for 2026 was the escalation of the US–Israel conflict with Iran and the wider instability in the Middle East. The IMF identified several transmission channels through which the conflict could affect Sri Lanka, including higher global oil prices, disruption to shipping routes, weaker tourism flows, reduced remittances, and exchange-rate pressures. Sri Lanka's vulnerability is particularly significant because petroleum imports represent a substantial external payment requirement. Higher fuel prices would also increase transportation and production costs, affecting inflation, household purchasing power, and business profitability. The Middle East accounts for a large share of Sri Lankan migrant employment and remittance inflows. Therefore, prolonged instability could affect foreign currency earnings and household incomes. In addition, regional air-route disruptions and increased security concerns could reduce tourism demand from some international markets. Since tourism was one of the strongest contributors to Sri Lanka's recovery, any decline in visitor arrivals could slow growth and reduce foreign exchange earnings.

Sri Lanka – Quarterly GDP Growth

In Step with Emerging Trends

Sri Lanka's private healthcare sector continued to evolve during the year under review, supported by improving macroeconomic stability, rising consumer confidence, and growing demand for high-quality, specialised healthcare services. Demographic changes, including an ageing population and the increasing prevalence of non-communicable diseases (NCDs), continued to drive demand for advanced diagnostics, cardiac treatment, oncology, nephrology, fertility services, orthopaedics, and preventive healthcare. At the same time, patients demonstrated a growing preference for personalised treatment pathways, shorter hospital stays, and digitally enabled healthcare experiences. These developments have reinforced the strategic importance of integrated, technology-driven healthcare providers capable of delivering safe, efficient, and patient-centred services.

Digital transformation accelerated across the healthcare ecosystem during the reporting period, moving beyond administrative automation towards more clinically integrated applications. AI-enabled diagnostic support, advanced medical imaging, predictive analytics, electronic medical records, teleconsultations, remote patient monitoring, and data-driven clinical decision-making have increasingly become part of mainstream healthcare delivery.

Medical tourism continued its gradual recovery, supported by Sri Lanka's internationally recognised clinical expertise, competitive treatment costs, and geographic proximity to regional markets. Demand from neighbouring countries, particularly the Maldives and Bangladesh, together with selected African and expatriate markets, remained an important source of growth for specialised medical services. Patients increasingly sought comprehensive treatment packages combining specialist services, diagnostics, rehabilitation, and concierge services, creating new opportunities for private healthcare providers with internationally benchmarked clinical capabilities and patient experience standards.

Recognising growing demand for sophisticated diagnostic services and fiscal constraints affecting public investment, the government approved a performance-based Public-Private Partnership (PPP) model for acquiring major diagnostic equipment, including CT scanners, MRI scanners, catheterisation laboratories, and automated laboratory analysers. The policy reflected a broader shift towards greater utilisation of private sector capacity to improve national healthcare delivery and reduce waiting times within the public health system.

Nawaloka is exploring collaborations with the Ministry of Health, including profit-sharing models for MRI and CT machines to be deployed in rural areas, and the diversion of patients from general hospitals to Nawaloka facilities for outpatient department services. A special discount scheme for public servants integrated through the National Insurance Trust Fund is also under discussion.

Sustainability and corporate governance also assumed greater strategic importance following the effective implementation of SLFRS S1 and SLFRS S2, which are aligned with the ISSB's global sustainability disclosure standards. These standards require organisations to integrate climate-related risks and opportunities, governance, strategy, enterprise risk management, and performance metrics into mainstream corporate reporting. For healthcare institutions, this has strengthened the focus on climate resilience, energy efficiency, responsible resource utilisation, healthcare waste management, ethical governance, and transparent stakeholder engagement as integral components of long-term value creation.

Against this backdrop, Nawaloka will continue its transition towards digitally connected, data-driven, and patient-centric models of treatment. By combining clinical excellence with technological innovation, strong governance, sustainability leadership, and internationally recognised quality standards, Nawaloka will be well positioned to meet evolving patient expectations while supporting Sri Lanka to strengthen its position as a regional healthcare destination.

Aligning with the Demographic Transition

Sri Lanka's demographic transition continues to reshape the country's healthcare landscape. Sri Lanka is experiencing one of the fastest rates of population ageing in South Asia. Approximately 17% of the population is now aged 60 years and above, and this proportion is projected to increase to 26% by 2050, driven by declining fertility, improving life expectancy, and changing population dynamics.

Population ageing continues to transform healthcare demand across both the public and private sectors. Older populations typically require more frequent healthcare interventions, long-term disease management, rehabilitation services, and coordinated multidisciplinary services. These demographic changes are increasing demand for specialist medical services, geriatric services, diagnostics, rehabilitation, and preventive healthcare, while placing greater emphasis on integrated models of treatment that improve quality of life and support healthy ageing.

NCDs remain the dominant contributor to Sri Lanka's disease burden. According to the Census of Population and Housing 2024, 19.2% of the population lives with at least one non-communicable disease, with prevalence increasing significantly after the age of 35 years. Cardiovascular diseases, hypertension, diabetes mellitus, chronic respiratory diseases, and chronic kidney diseases continue to account for a significant proportion of healthcare utilisation, highlighting the growing need for specialist services, preventive health programmes, and integrated chronic disease management.

Patient expectations are also evolving alongside these demographic and epidemiological changes. Individuals increasingly seek healthcare that is accessible, personalised, and technology-enabled, with growing preference for minimally invasive procedures, shorter hospital stays, digital appointment and consultation platforms, electronic health records, home-based services, and continuous remote patient monitoring. Preventive health screening, wellness programmes, and early intervention are becoming increasingly important as patients place greater emphasis on maintaining long-term health rather than treating illness alone.

Nawaloka continues to respond proactively to these changing patient demographics through ongoing investments in advanced medical technologies, digital health solutions, specialist clinical services, and patient-centred models of treatment.

Maintaining Competitiveness

Sri Lanka's private healthcare sector operated during FY2025/26 in a macroeconomic environment of greater economic stability, lower inflation, and a gradual recovery in consumer confidence. However, several challenges persisted. Healthcare inflation, and in particular increasing costs of imported pharmaceuticals, medical devices, and sophisticated equipment continued to exert pressure on operating costs. Competition for specialist medical professionals remained intense due to migration of healthcare workers, while hospitals continued investing in staff retention, technology, and quality accreditation. Regulatory oversight, data governance, and digital health standards also assumed greater importance as healthcare delivery became increasingly technology-driven.

Demand for specialised healthcare services continues to be driven by Sri Lanka's ageing population, the increasing prevalence of non-communicable diseases, growing health awareness, and greater emphasis on preventive services. Key areas demonstrating sustained growth include oncology, cardiovascular services, nephrology and dialysis, women's health, fertility services, advanced diagnostics, executive health screening, rehabilitation, home healthcare, and chronic disease management. Patients increasingly expect integrated, digitally enabled healthcare experiences characterised by convenience, transparency, and continuity of treatment.

To address these evolving expectations, Nawaloka is advancing towards digitalisation to improve customer convenience, facilitate online bookings, and reduce queues. Further, the Hospital has introduced an AI chatbot to assist patients with medical queries in layman's terms. The Hospital has further enhanced its digital ecosystem through electronic health records, teleconsultation services, remote patient monitoring, AI-assisted clinical decision support, and integrated patient engagement platforms. Additionally, Nawaloka continued to invest in modern infrastructure, advanced diagnostic and treatment technologies, and clinical innovation. Nawaloka made a Rs. 1.5 Bn. investment in radiology, establishing a state-of-the-art AI-powered radiology unit, which is a first in South Asia.

These initiatives improve operational efficiency while enhancing patient safety, clinical outcomes, and the overall patient experience. Simultaneously, the Hospital continues to strengthen cybersecurity, data governance, and privacy frameworks in line with evolving regulatory requirements and international best practices. These strategic initiatives are expected to support sustainable long-term growth, strengthen stakeholder confidence, improve patient outcomes, and further enhance the Hospital's contribution to Sri Lanka's healthcare system and its growing regional medical tourism industry.

Financial Capital

Financial sustainability secures operational stability while creating the foundation for disciplined, profitable growth. Strategic capital allocation and prudent debt management ensure long-term value creation across the Group.

Building on the recovery achieved in the previous financial year, Nawaloka Hospitals PLC continued to strengthen its financial position through FY2025/26. The Group's approach to financial capital is centred on funding safe and reliable healthcare delivery while creating the room needed to invest in clinical capability, digital transformation, and the well-being of its people. Guided by Board oversight and a disciplined approach to capital allocation, the Group continued to review its financial strategy against a changing operating environment, helping it move from recovery towards growth that is both profitable and diversified.

Material Topics Addressed	Stakeholders Impacted	Associated Risk Management Approaches
• Economic performance • Revenue diversification and affordability • Capital structure and financing	• Shareholders and investors • Corporate clients and healthcare insurers • Government and regulators • Patients • Employees	• Disciplined procurement and supplier diversification to manage currency and imported input cost exposure • Refinancing of the Hatton National Bank facility to reduce finance costs and strengthen liquidity • Transparent, fixed-price packages to balance affordability with revenue sustainability

Highlights

Rs. 1,054 Mn.	**20%**	**35%**	**Rs. 1,543.69 Mn.**
Net profit after tax	Revenue growth (year-on-year)	Insurance-funded admissions	Investment in medical equipment

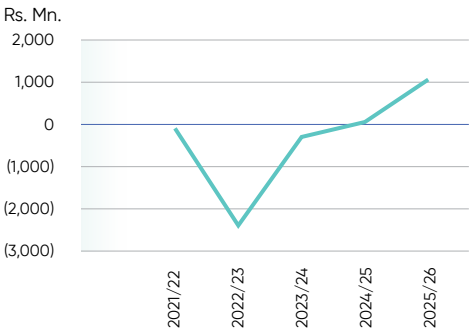
Economic Performance

Revenue and Profitability

Growth during the year came from three connected sources. The first was a payer mix that continued to diversify, with insurance-funded admissions rising to 35% of total admissions. This was supported by the continued roll-out of AI-DOC, the Group's extension of South Asia's first AI-powered Radiology Centre into a full digital front door, together with CRRT technology, the ELITE Medical Centre, and the International Patient Care Centre. The second was an expanding range of higher acuity clinical services, including interventional cardiology procedures such as TEVAR, EVAR, chimney EVAR, mirror flow diversion, and cerebral embolisation, and the Terumo Spectra Optia apheresis system supporting the Bone Marrow Transplant Unit, both of which strengthened the Hospital's position as a referral centre for complex care. The third was continued discipline in capital spending. Approximately Rs. 1,543.69 Mn. was invested in imaging, surgical, intensive care, and diagnostic capacity through the Equipment Management and Development programme, while the Hatton National Bank credit facility was fully settled during the year and refinanced through the Bank of Ceylon at a lower interest rate. This improved the Group's financial flexibility and reduced its finance costs without any material dilution to shareholders.

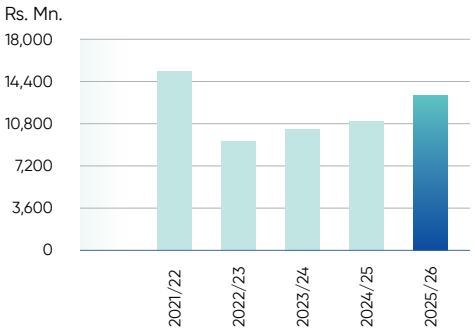
Net profit after tax reached approximately Rs. 1,054 Mn., the highest recorded in the Group's history, supported by revenue growth of approximately 20% and positive operating profit and cash flow for the year.

Net Profit After Tax



Net Asset Value per Share

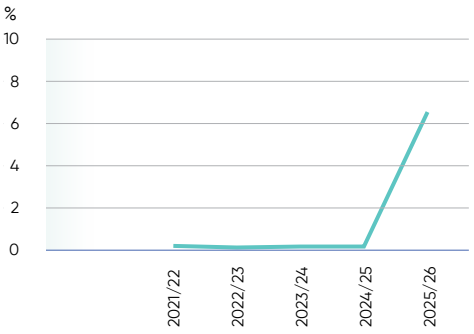
Revenue



Earnings Per Share

Operating Profit

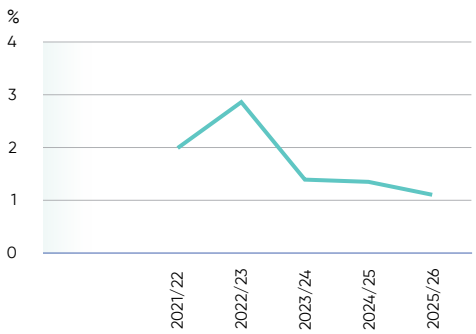
Return on Assets



Financing and Capital Structure

The settlement of the Hatton National Bank facility and its replacement through the Bank of Ceylon marked the most significant financing development of the year. Beyond the immediate reduction in finance costs, it gave the Group more room to plan its capital expenditure programme without the constraints that came with the previous facility.

Debt-to-Equity Ratio



Cost Discipline and Affordability

Cost discipline deepened further during the year. Unit-level targets, regular management reviews, and exception-based reporting gave management clearer visibility of revenue performance, cost pressures, capacity gaps, and underused assets, while closer monitoring of collections, insurer receivables, purchasing commitments, and stock levels reinforced working capital discipline. Pricing decisions continued to balance financial sustainability with patient affordability, a matter the Group's materiality identifies as significant given its direct impact on both patient access and revenue sustainability. More than 1,000 fixed-price packages combine hospital and consultant fees into a single disclosed rate, with tailored options for senior citizens, children, and corporate employees, supported by customer service teams who explain procedures and billing to patients directly.

International Patient Services and Medical Tourism

International patient services, delivered through the ELITE Medical Centre, the International Patient Care Centre, and the Surgical Hub, remained an important part of the Group's revenue diversification and a source of foreign exchange income. A dedicated International Patient Services Unit oversees the patient journey from the first consultation through to discharge and follow up, with support available in seven languages and amenities that include halal-certified dining and dedicated prayer spaces. During the year, Nawaloka Hospitals PLC became the only private healthcare provider in Sri Lanka to engage directly with the Ministry of Foreign Affairs and Parliament on a board paper aimed at formalising government support for medical tourism. A separate arrangement with the National Insurance Trust Fund (NITF) extended concessionary rates on rooms and laboratory services to public sector employees, with reimbursement handled directly with the Group.

Impact on Other Capitals

Manufactured Capital (Refer page 75)	Human Capital (Refer page 83)	Intellectual Capital (Refer page 94)	Social and Relationship Capital (Refer page 89)	Natural Capital (Refer page 79)
– Enables higher-value services: AI-DOC, cardiology, and apheresis – Improves imaging, surgical, and diagnostic capacity	– Higher clinical capability and productivity – Great Place to Work certification improves retention – Stronger outcomes support patient volumes and revenue	– Differentiates the clinical offering through AI-DOC – Improves diagnostic efficiency and turnaround	– Fixed-price packages build patient trust – Diversifying payer mix, 35% insurance funded – Medical tourism and the NITF scheme extend reach – Reliable supplier relationships and input costs	– Solar installation supports lower operating costs – Reduces exposure to future regulatory and compliance costs – Strengthens resilience against rising utility and energy costs

Growth Outlook

Diversifying the Revenue Base

The shift towards insurance-funded admissions and international patients continues to reduce the Group's reliance on any single revenue stream, supporting steadier income even as the broader economic environment remains uneven.

Clinical Excellence and Referral Status

Investment in interventional cardiology, apheresis, and transplant capability, together with AI-DOC, continues to position Nawaloka as a destination for complex cases that carry both clinical significance and stronger margins.

International Patient Services

Government engagement on medical tourism and the National Insurance Trust Fund arrangement point to a growing role for the Group in serving patients from beyond Sri Lanka as well as public sector employees at home.

Capital Discipline and Balance Sheet Strength

The move from the Hatton National Bank facility to the Bank of Ceylon, together with continued return-focused capital spending, has strengthened the Group's financial flexibility heading into a period of higher planned capital expenditure.

Community and Affordability Commitments

Fixed-price packages, tailored options for vulnerable groups, and continued community health outreach keep the Group's growth connected to its wider obligations to the communities it serves.

Risk and Opportunity

The Group's most significant financial exposures relate to currency movements and the cost of imported pharmaceuticals, medical equipment, and clinical consumables, together with the ongoing task of converting revenue into cash on time. The refinancing completed during the year addressed much of the near-term financing risk. Disciplined procurement and supplier diversification continue to manage currency risk, while rolling cash flow forecasts continue to manage liquidity risk.

The clearest opportunity lies in continuing to invest in specialised medical services, digital health, and diagnostic technology, building on the Equipment Management and Development programme, AI-DOC, and the expanded interventional cardiology portfolio. Each investment decision continues to be weighed against its financial viability, its clinical benefit, and the needs of patients, rather than approved on the basis of cost alone.

Future Outlook

Priorities for FY2026/27 centre on sustaining progress towards the Rs. 800 Mn. capital expenditure for medical equipment, further diversifying revenue through medical tourism and specialised services, and continuing to reduce debt following the settlement with Hatton National Bank and the refinancing through the Bank of Ceylon. Deepening collaboration with government, insurers, educational institutions, and corporate partners is expected to remain a priority for the coming year.

Short term (1 to 2 years)

- Sustain progress towards Rs. 800 Mn. capital expenditure for medical equipment
- Continue reducing debt

Medium term (3 to 5 years)

- Diversify revenue through medical tourism and specialised services

Long term (5+ years)

- Sustainable profitability
- Enhanced competitiveness
- Stronger returns on investment

Manufactured Capital

Cutting-edge diagnostic infrastructure and expanded surgical facilities enhance our clinical delivery. Strategic equipment investments allow our network to provide high-acuity treatment and outcomes-based healthcare.

Manufactured capital represents the hospitals, medical equipment, diagnostic systems, digital infrastructure, and utilities that enable Nawaloka Hospitals PLC to deliver safe, reliable healthcare. The Group's approach during FY2025/26 kept technology adoption practical and patient focused, extending South Asia's first artificial intelligence (AI)-powered Radiology Centre into a full digital front door through AI-DOC, while continuing to invest in the equipment, laboratories, and physical infrastructure that support day-to- day clinical care. Investment decisions continued to be prioritised by patient safety, clinical relevance, expected demand, regulatory compliance, and life-cycle cost, in support of the Hospital's 'Healing with Feeling' commitment.

Material Topics Addressed	Stakeholders Impacted	Associated Risk Management Approaches
• Clinical asset reliability and capacity • Technology investment and digital infrastructure • Technology obsolescence and life cycle planning	• Patients • Consultants and medical practitioners • Employees • Government and regulators	• Preventive maintenance, calibration, and structured pilot programmes before new clinical tools are adopted more broadly, overseen by the Quality and Accreditation Department • Cybersecurity discipline through the Hospital's Secured Data Certification and ongoing Hospital Information System governance controls • Structured governance for the commissioning of new equipment, including clinical validation, regulatory compliance, and interoperability testing with hospital information systems

Highlights

1,000+
Fixed-price packages published online ahead of treatment

10
Pathology laboratories in the ISO 15189:2022 certified network

Award Winner
GlobalHealth Asia Pacific Award

Asset and Infrastructure

Digital Front Door and Patient Experience

AI-DOC, developed in-house by the Hospital's Data and AI Unit, closes a long-standing gap in the patient journey where symptom information was captured verbally and repeated at reception, at triage, and again in the consulting room. Patients now move through six steps: symptom selection, body area identification, patient information, follow-up questions, suggested laboratory tests, and payment, in Sinhala or English, using an interactive anatomical model to mark exactly where a symptom is felt. Returning patients are recognised automatically by contact number, and by the time a doctor sees the patient, a structured history and a suggested test panel are already waiting in the record. A further AI-powered chatbot interprets symptoms described in everyday language and directs patients towards the right facility or consultant.

Reducing friction in how patients pay, book, and understand pricing has become as central to this agenda as clinical diagnostics. Fixed-price packages, which covered approximately 75% of commonly used procedures in FY2024/25, have since expanded to more than 1,000 packages combining hospital and consultant fees into a single rate, published online ahead of treatment. Payment now runs through multiple digital channels including bank transfers, QR codes, Alipay, and WeChat Pay alongside a virtual cashier service, aimed at reducing the number of patients who need to queue at a physical counter.

Hospital Information System and Data Governance

Nawaloka's Hospital Information System connects Admission, OPD, the Emergency Treatment Unit, Pharmacy, Radiology, Electronic Medical Records, PACS, and Lab Analyzer services with patient-facing tools such as integrated billing, alongside back-end platforms including Procurement, Complaints Management, and Token Management. Real-time dashboards continued to give management visibility into cashiering efficiency, patient flow, and transaction volumes across departments. Governance controls introduced during the year covered access permissions, safeguards against unauthorised data alteration, and financial controls such as GRN price limits and restricted cost price editing.

Clinical Equipment and Technology Investment

Investment across the Hospital's centres of clinical expertise continued through the year, extending capability in cardiology, transplant medicine, dialysis, surgery, and diagnostics.

Centre	Investment
Heart Centre	Interventional portfolio extended to TEVAR, EVAR, chimney EVAR, mirror flow diversion, and cerebral embolisation; Cardiac ICU reinforced with a Maquet ICU ventilator
Bone Marrow Transplant Unit	Terumo Spectra Optia apheresis system supporting therapeutic plasma exchange, mononuclear cell collection, red blood cell exchange, and bone marrow processing
Dialysis Unit	Existing eight machines supplemented by a CRRT machine for critically ill patients, a capability available at only two or three other hospitals in the region
Laparoscopic Unit and Endoscopic Unit	Third laparoscopic system, second flexible urology system, new ultrasonic vessel sealer, Olympus HD Video Laparoscopy system, Olympus X1 Endoscopy system, Siemens C-arm X-ray system, and a BenQ electro hydraulic operating table

Centre	Investment
Sleep Study Unit	Somnomedics SOMNOscreen Plus PSG and Tele system, supporting in lab, ambulatory, and unattended home sleep testing
Cosmetic Centre	AI-based facial scanning system for clinical diagnostics, treatment mapping, and progress tracking
Physiotherapy Department	Four new modalities added: a Cosmogamma ultrasound therapy machine, an Enraf Nonius shortwave diathermy unit, an Enraf Nonius nerve, muscle, IFT, TENS and stimulator unit, and an Enraf Nonius 3 MHz ultrasound therapy unit

Nawaloka Laboratory Network

Nawaloka Laboratory is Sri Lanka's first diagnostic network certified to ISO 15189:2022, operating 10 pathology laboratories and more than 500 collection centres nationwide, with continuous 24-hour service availability. The Laboratory is staffed by close to 40 consultants and a broader team holding SLMC, BSc, MSc, MBA, and MPhil qualifications, organised into seven functional departments spanning accession and logistics, biochemistry and immunoassay, clinical pathology, microbiology and serology, haematology, molecular biology, and histopathology. Each department maintained turnaround time achievement above 95% throughout the year to March 2026. Quality improvements delivered during the year included integration of the OPD sample receiving portal with the Hospital Information System, a new real-time sample status dashboard, an upgraded patient feedback mechanism, and fingerprint-based access control for the Microbiology Department, alongside successful completion of the Laboratory's ISO 15189:2022 SLAB audit and SLAB renewal audit.

Impact on Other Capitals

Financial Capital
(Refer page 71)

- New equipment and digital systems support revenue diversification and higher acuity services
- Approximately Rs. 1,543.69 Mn. invested through the Equipment Management and Development programme

Human Capital
(Refer page 83)

- New equipment requires staff training in its safe and effective use
- Digital tools such as AI-DOC and the Hospital Information System reduce the administrative burden on clinical staff

Intellectual Capital
(Refer page 94)

- AI-DOC and AI-powered radiology strengthen the Hospital's diagnostic and digital capability
- Awards and recognition from GlobalHealth Asia Pacific and the Mindspark AI Hackathon validate the Hospital's innovation capability
- Stronger institutional knowledge supports clinical quality and efficiency

Social and Relationship Capital
(Refer page 89)

- Fixed-price packages and digital payment channels reduce friction for patients
- Reliable equipment and infrastructure support patient trust and safety

Natural Capital
(Refer page 79)

- Solar installation, LED lighting, and efficient HVAC reduce energy consumption and environmental impact
- Green building features support water and stormwater management

Growth Outlook

Connected Patient Journey

Converting this year's individual initiatives into a single, connected patient journey, spanning appointments, consent, diagnostics, records, payment, discharge, and follow up, is expected to be a central focus for FY2026/27.

Digital Infrastructure and Cybersecurity

Completing the substantial majority of open Hospital Information System change requests, alongside continued discipline through the Hospital's Secured Data Certification and ongoing governance controls, remains a priority.

Advanced Surgical and Diagnostic Capability

Building on its established laparoscopic capability, the Hospital continues supplier discussions on robotic-assisted surgery, alongside closer tracking of the digital payment and pricing transparency initiatives already underway.

Digital Literacy and Adoption

Further development of AI and digital literacy training for clinical and administrative staff continues, supporting the adoption of tools already introduced across the Hospital.

Risk and Opportunity

The reliability of hospitals, medical equipment, and supporting infrastructure is fundamental to safe and uninterrupted healthcare delivery. Equipment failures may delay diagnosis and treatment, increase operational costs, and affect patient outcomes. The Group manages this risk through preventive maintenance, routine calibration, manufacturer service agreements, condition monitoring, and timely replacement of ageing equipment. A related risk is that capital investment in infrastructure and technology may not generate the clinical and financial value expected if patient demand, specialist availability, or operational readiness fall short, which the Group addresses through business case evaluation, demand and capacity analysis, and post-investment performance review.

The clearest opportunity lies in continued advances in medical technology, digital health, and specialised clinical systems. Strategic investment in advanced diagnostic imaging, minimally invasive and robotic-assisted surgery, artificial intelligence, and digital patient services continues to improve diagnostic accuracy, reduce waiting times, and expand specialised healthcare capability, supported by workforce training and clinical integration to maximise patient outcomes.

Future Outlook

Priorities for FY2026/27 centre on completing the majority of open Hospital Information System change requests, finalising supplier discussions on robotic-assisted surgery, and building towards a single connected patient journey spanning appointments through to follow up.

Short term (1 to 2 years)

A fully connected Hospital Information System

Robotic-assisted surgery

Medium term (3 to 5 years)

One seamless patient journey, from appointment to follow up

Long term (5+ years)

A resilient, innovation-ready healthcare infrastructure

Sustained leadership in advanced diagnostic, surgical, and digital capability

Natural Capital

Environmental stewardship guides our operational practices through structured resource management. Our "Do No Harm" framework drives energy efficiency, water conservation, and verified ESG compliance across all facilities.

Natural capital represents the energy, water, materials, and environmental systems that Nawaloka Hospitals PLC depends on to sustain safe, uninterrupted healthcare delivery. Governance of this pillar continued to rest on the Group's "Do No Harm" principle during FY2025/26, translated operationally into strengthened data governance, disciplined resource use, and continued environmental investment.

Material Topics Addressed	Stakeholders Impacted	Associated Risk Management Approaches
• Energy security and emissions • Water stewardship and availability • Clinical waste and effluent management • Physical climate risk and resilience	• Government and regulators • Suppliers and community • Patients • Employees	• Renewable energy investment and energy efficiency measures to manage grid dependence and price volatility • Climate risk assessed through the Hospital's Enterprise Risk Management framework using the TCFD methodology • Clinical waste segregation and disposal overseen by the Waste Management Committee and an externally licensed contractor

Highlights

Award Winner
Best Corporate Citizen Sustainability Award, Health Sector

200 kVA
Rooftop solar installation

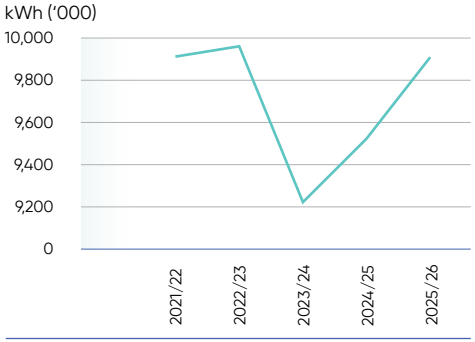
12%
Carbon intensity reduction achieved towards the 2026 target

Environmental Performance

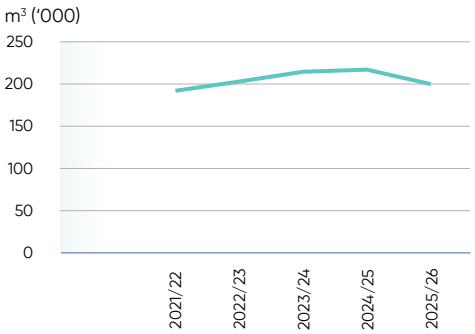
Energy and Water Stewardship

Nawaloka's environmental programme is built around energy efficiency, water stewardship, and structured waste management. LED lighting across patient wards and operating theatres, Variable Frequency Drives tuning HVAC performance, a 200 kVA rooftop solar installation, VRF air conditioning at the Specialist Centre, and motion sensor lighting in lift lobbies form the physical backbone of this programme, supported by staff awareness campaigns aimed at everyday energy habits. Water stewardship is supported by low-flow fixtures and sensor taps in clinical areas, monthly dashboard monitoring of consumption, and reuse of treated water from the Effluent Treatment Plant for irrigation and sanitation.

Energy Consumption



Water Consumption



Resource Efficiency and Circularity

Beyond energy and water, the Hospital pursued a broader resource efficiency effort spanning reduction, reuse, recycling, and reclamation across its operations.

Resource efficiency measure
LED lighting and energy-efficient air conditioning
Low-flow fixtures and water-saving devices
Structured waste segregation and recycling partnerships
Reconditioning of biomedical equipment
Substitution of single-use plastics with biodegradable alternatives

These measures were reinforced by paperless administrative systems, including digital medical records, electronic billing, and online communication, and procurement policies favouring eco-friendly, reusable supplies. Infrastructure upgrades incorporated green building principles, including natural lighting, energy-efficient ventilation, and eco-friendly construction materials, complemented by rain gardens, permeable pavements, and vertical gardens that support stormwater management and reduce urban heat around the site.

Climate Risk and Preparedness

Climate risk is assessed through the Hospital's Enterprise Risk Management framework using the TCFD methodology, covering exposures such as energy price volatility and extreme weather, and mitigated through solar power, energy-efficient technology and climate-resilient infrastructure, including automatic backup generators, adaptive HVAC for critical units, and reinforced storm drainage capacity. A renewable energy roadmap targeting 25% expansion in renewable integration by 2027 remains in progress, alongside a carbon intensity reduction programme that has achieved 12% of a 20% target by 2026.

This was tested directly in December 2025, when flooding caused by Cyclone Ditwah required the Hospital to mobilise clinical and operational resources in support of affected communities. Free medical camps in Malabe and Seeduwa provided blood sugar and blood pressure screening, doctor consultations, and medicine distribution, alongside guidance on the health risks that follow flooding.

Waste Management

Clinical waste segregation and disposal continue to be overseen by the Waste Management Committee, supported by an externally licensed clinical waste contractor and colour-coded segregation bins maintained across the Hospital. During the financial year, Nawaloka continued to work with municipal authorities on waste segregation and recycling beyond its own premises, extending the safe disposal of plastics, medical disposables, and e-waste into surrounding communities, and voluntarily disclosed carbon footprint metrics for its community engagement activities in line with Sri Lanka's Nationally Determined Contributions.

Impact on Other Capitals

Financial Capital (Refer page 71)	Manufactured Capital (Refer page 75)	Human Capital (Refer page 83)	Intellectual Capital (Refer page 94)	Social and Relationship Capital (Refer page 89)
– Energy-efficiency measures are expected to lower long-term operating costs - Upfront capital investment in solar and efficient equipment increases short-term expenditure	– Solar installation, LED lighting, Variable Frequency Drives, and VRF systems form part of the Hospital's physical infrastructure – Green building features are integrated into infrastructure upgrades	– Staff awareness campaigns support everyday energy habits – Environmental training and safety awareness require ongoing staff engagement	– TCFD-aligned climate risk assessment strengthens the Group's risk management capability – Third-party assurance of the Sustainability Report supports crediblenon-financial reporting	– Flood relief medical camps in response to Cyclone Ditwah supported affected communities – Municipal collaboration on waste segregation and recycling extends environmental benefits into surrounding communities

Growth Outlook

Measurable ESG Performance

Energy and water consumption, waste segregation compliance, community beneficiary numbers, and the value of subsidised services are all targeted for full quantification next year, consistent with the Board's stated intention to move this pillar from compliance reporting towards measurable ESG performance.

Environmental Commitments Already Under Way

Continued progress against the renewable energy roadmap targeting a 25% expansion by 2027 and the carbon intensity reduction programme targeting a 20% reduction by 2026, of which 12% had been achieved, remains a standing priority.

Partnerships Beyond Nawaloka's Premises

Deepening the partnerships that extend the Group's reach beyond its own premises, including continued collaboration with government, insurers, educational institutions, corporate partners, and community organisations, alongside a reforestation partnership with the Sri Lanka Air Force expected to move from discussion to implementation.

Risk and Opportunity

Continuous and reliable energy is essential for safe healthcare delivery. Dependence on the electricity grid and diesel generators exposes the Group to energy supply disruptions, fuel price volatility, and carbon emissions, managed through energy efficiency initiatives, renewable energy-projects, standby power systems, and preventive maintenance. Climate-related events such as flooding, extreme heat, and water shortages can disrupt healthcare services, damage facilities, and affect patient access, a risk the Group addresses through climate adaptation measures, flood protection, reliable water storage, and emergency response planning.

The clearest opportunity lies in improving resource efficiency and adopting low-carbon practices. Water reuse, responsible waste management, digital transformation, energy-efficient technologies, and sustainable procurement continue to reduce resource consumption and emissions, while strengthening the Group's long-term environmental and operational performance.

Future Outlook

Priorities for FY2026/27 follow three broad threads. The first is full quantification of the Group's environmental and social data. Energy and water consumption, waste-segregation compliance, community-beneficiary numbers, and the value of subsidised services are all targeted for full quantification next year, consistent with the Board's stated intention to move this pillar from compliance reporting towards measurable ESG performance.

The second is continued progress against environmental commitments already under way. The renewable-energy roadmap targeting 25% expansion by 2027 and the carbon-intensity reduction programme targeting a 20% reduction by 2026, of which 12% had been achieved.

The third is deepening the partnerships that extend the Group's reach beyond its own premises. Continued collaboration with government, insurers, educational institutions, corporate partners, and community organisations is a standing priority, alongside further development of the digital access channels intended to reduce barriers to treatment.

The reforestation partnership with the Sri Lanka Air Force is expected to move from discussion to implementation during the year, and would represent the Group's first large-scale reforestation initiative delivered in partnership with a state institution. Continued third-party assurance of the Sustainability Report against GRI Standards, and quarterly reporting from the ESG Working Group to the Board Risk and Sustainability Committee, are expected to remain the primary mechanisms through which this pillar's performance is monitored and disclosed.

Short term (1 to 2 years)

Full, quantified energy, water, and waste data with stronger environmental governance

Reliable baselines for community beneficiary numbers and subsidised service values

Medium term (3 to 5 years)

25% renewable energy integration

The carbon intensity reduction target achieved in full

Long term (5+ years)

A reforestation partnership delivered with the Sri Lanka Air Force

Deeper government, insurer, and community partnerships extending Nawaloka's environmental and health reach

Human Capital

Our people are the primary driver of high-quality healthcare. Continuous clinical education, structured leadership grooming, and holistic well-being initiatives foster an empowered, high-performing workforce.

Human capital remained the most material resource strengthening Nawaloka Hospitals PLC's performance during the year, shaping the Group's priorities across recruitment, training, engagement, and workplace safety. The most significant achievement of the year was the Group's certification as a Great Place to Work, a recognition that reflects a deliberate shift towards measuring the outcomes of people-focused investment rather than reporting on activity alone. Guided by Board oversight and a workforce strategy built around capability, retention, and well-being, the Group continued to strengthen the workforce that underpins safe, compassionate, and efficient healthcare delivery.

Material Topics Addressed	Stakeholders Impacted	Associated Risk Management Approaches
• Workforce capability and retention • Employee engagement and well-being • Leadership development and succession planning	• Employees • Consultants and medical practitioners • Patients • Government and regulators	• Targeted recruitment, redeployment, cross training, and structured workforce planning to address nurse and skilled staff shortages • Strengthened grievance handling procedures and confidential reporting channels • Mandatory safety inductions, refresher training, and standardised protective equipment protocols coordinated through the Infection Control Unit and Quality and Accreditation Unit

Highlights

2,005
Total workforce across the Group

Rs. 2.12 Mn.
Training investment up 6.7% year on year

7,697
Training hours delivered during the year

Certified
Great Place to Work during FY2025/26

Workforce by Category

Workforce category	2025/26
Doctors/Consultants	52
Nurses	382
Allied Health	756
Administrative	590
Support Staff	225
Total	2,005

Workforce by Employment Type

Employment type	2025/26
Permanent	1,706
Contract	187
Casual	112
Total	2,005

Workforce by Group Entity

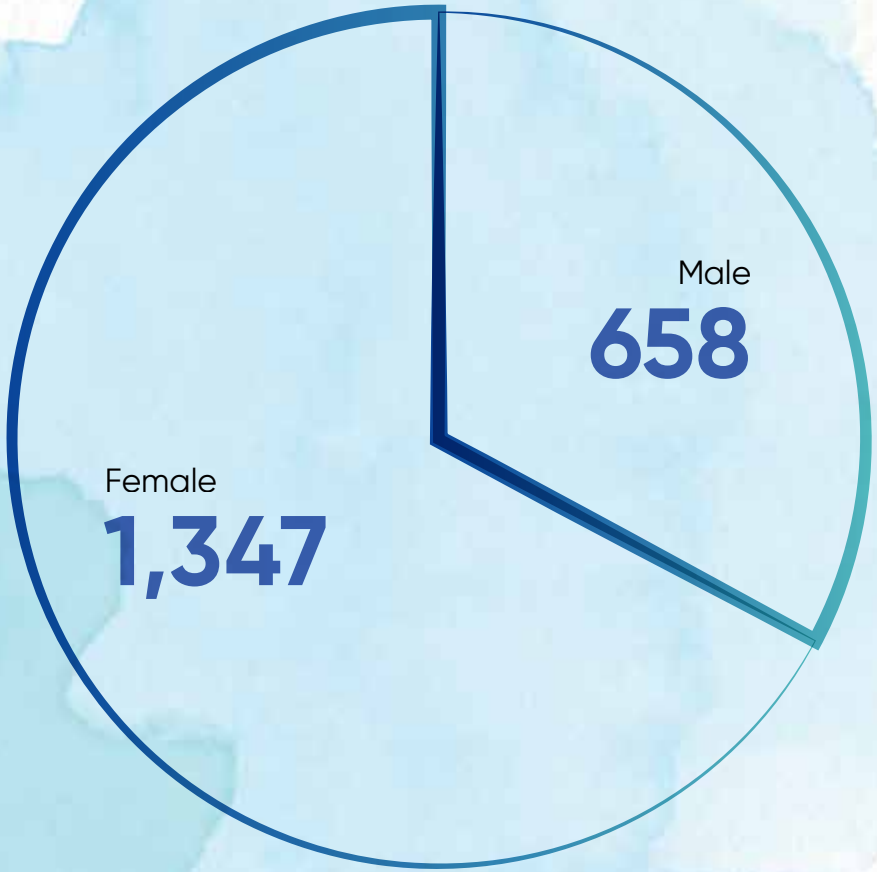
Group/Company	2025/26
Nawaloka Hospitals PLC	361
Nawaloka Medical Centre	881
New Nawaloka Hospitals	471
Nawaloka Laboratories	292
Total	2,005

Workforce Demographics

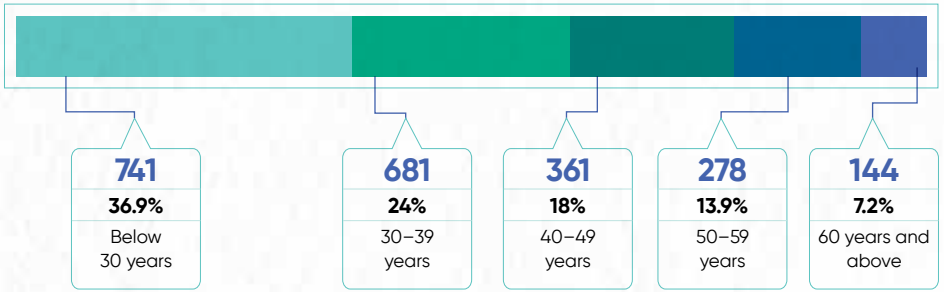
Total

2,005

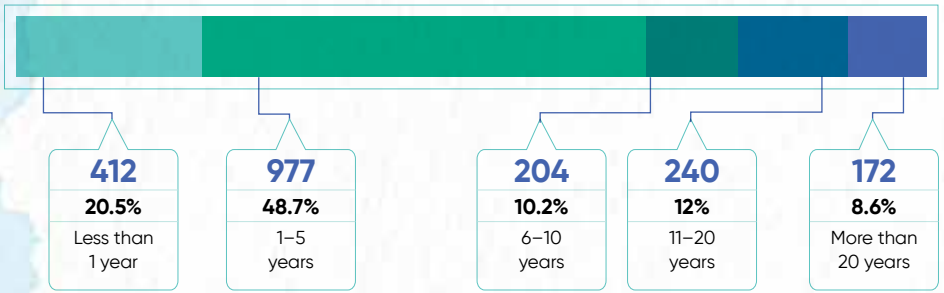
Gender Distribution



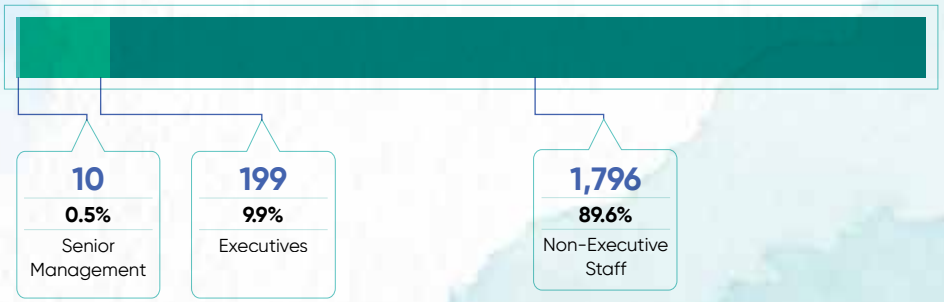
Age Distribution



Length of Service



Employee Level



Training and Development

Training hours declined marginally from 7,936 in FY2024/25 to 7,697 in FY2025/26, a reduction of 3%, while training investment increased from Rs. 1.98 Mn. to Rs. 2.12 Mn. over the same period, a rise of 6.7%, which points to a shift towards more targeted, higher-value training. The Nursing Training School and Caregiver Academy, offering NVQ-aligned curricula under the Tertiary and Vocational Education Commission framework, continued to operate throughout the year.

Training and Development	
Rs. 2.12 Mn. Total training investment	**7,697** Total training hours
2,855 Employees trained	**28** CME sessions
21 Clinical simulation sessions	**45** Technical training sessions
24 Data protection/privacy sessions	**10** Leadership development programmes

Employee Engagement, Well-being, and Workplace Culture

The Group's approach to its people during the year showed up in daily practice as much as in policy, from staff meetings and employee surveys to team-building activities and communication channels that gave employees a genuine voice. Health and safety received equal attention through safety training, workplace inspections, emergency drills, and infection control programmes, while medical support, counselling, welfare activities, improved hostel and meal facilities, and a stronger emphasis on work-life balance addressed employee well-being more broadly.

Recognition was built into the culture through appreciation letters, service awards, structured performance appraisals, and broader employee achievement programmes. Grievances were handled through clear reporting channels, HR discussions, thorough investigation, documented complaint follow up, and regular employee feedback surveys, with confidential handling procedures throughout.

These efforts were recognised externally when Nawaloka Hospitals PLC was certified as a Great Place to Work during the financial year, a milestone the Group regards as a foundation for continued investment in its people rather than an endpoint.

Leadership Development and Succession Planning

Leadership development rested on a structured framework of succession planning, talent mapping, and performance and potential assessment, complemented by leadership grooming tracks for unit heads and supervisors, mentoring relationships, second-in-command assignments in high-dependency units, and cross-functional exposure intended to broaden how future leaders think about the organisation. High-potential staff were retained through career coaching and, where warranted, accelerated promotion. Succession planning and talent development remain stated priorities for FY2026/27, with critical positions identified in advance and the employees best placed to fill them prepared deliberately through mentoring, coaching, and structured development plans.

Health and Safety

Health and safety during the year continued to rest on the Occupational Health and Safety framework established the previous year. This included mandatory safety inductions for new staff, regular refresher training, emergency drills and preparedness simulations, and standardised personal protective equipment protocols coordinated through the Infection Control Unit and Quality and Accreditation Unit.

Safety training, workplace inspections, emergency drills, infection control programmes, and incident reporting continued throughout the year as the practical expression of that framework.

Knowledge Preservation and Organisational Learning

The Group's institutional knowledge continued to be built and shared through clinical review, structured learning, documented protocol, digital infrastructure, and hands-on cross-training. Clinical audits, case discussions, incident reviews, and departmental meetings translated day-to-day patient care experience into lessons that could be applied more broadly, while induction programmes, internal training sessions, workshops, and career development initiatives gave that experience a formal home within the organisation's development pathways. This builds on the innovation framework established in FY2024/25, under which the Clinical Excellence Committee oversees a quarterly review process inviting staff to put forward clinical and workflow improvements, with the strongest contributions recognised through the Kaizen Awards.

Impact on Other Capitals

Financial Capital (Refer page 71)	Manufactured Capital (Refer page 75)	Intellectual Capital (Refer page 94)	Social and Relationship Capital (Refer page 89)	Natural Capital (Refer page 79)
– Training investment of Rs. 2.12 Mn. supports workforce capability – A more capable workforce supports cost discipline and productivity	– Cross-training supports the flexible use of clinical infrastructure across departments – Skilled use of medical equipment, IT systems, and facilities	– Knowledge preserved through clinical audits, case discussions, and cross-training – Kaizen Awards and the Clinical Excellence Committee recognise staff-driven innovation – Stronger institutional knowledge supports clinical quality and efficiency	– Great Place to Work certification strengthens the Group's reputation as an employer – Engaged, well-trained staff support patient trust and experience – Community and patient-facing roles benefit from stronger employee engagement	– Safety and infection control training supports compliance with environmental and safety standards

Growth Outlook

Technology and Digital Capability

Training on AI-supported tools, hospital information systems, and data analysis continues, anchored by structured onboarding to the AI-DOC platform and its lab-suggestion workflow, sharper awareness of patient confidentiality and cyber risk prevention, and closer familiarity within the HR and recruitment team with the AI-powered Applicant Tracking System, including how to interpret AI-generated candidate scores.

Clinical and Technical Depth

Competency-based training in intensive care, emergency medicine, theatre practice, infection prevention, patient safety, and the use of specialised equipment continues, alongside role-specific technical training for staff in the laboratory, engineering, IT, maintenance, finance, and administrative functions.

Organisational Capability

Leadership, communication, decision-making, and people management training for managers and supervisors continues, together with cross-training that enables employees move across functions and departments as needed, and succession planning and talent development that identify critical roles ahead of time and prepare the right people to fill them.

Risk and Opportunity

The availability of skilled healthcare professionals is critical to maintaining safe, high-quality patient care and supporting future service expansion. Competition for specialised clinical and technical talent, together with workforce shortages, may affect service continuity and organisational performance. Healthcare employees also operate in demanding environments where fatigue, occupational hazards, infection exposure, and psychosocial pressures can affect well-being and performance. The Group addresses these pressures through proactive workforce planning, competitive remuneration, targeted recruitment, succession planning, and occupational health and safety programmes that protect employees while supporting high standards of patient care.

The clearest opportunity lies in continuing to build a more capable and adaptable workforce as healthcare delivery, digital technologies, and clinical innovation advance. Continued investment in learning, leadership development, digital health competencies, and clinical technology training equips employees with the skills required for future healthcare delivery, improving productivity, supporting innovation, and strengthening long-term organisational resilience.

Future Outlook

Workforce capability priorities for FY2026/27 follow three concerns. The first is technology: training on AI-supported tools, hospital information systems, data analysis, digital reporting, cybersecurity, and the responsible use of new technology, anchored by structured onboarding to the AI-DOC platform and its lab-suggestion workflow, sharper awareness of patient confidentiality, data protection, secure system use, and cyber-risk prevention, and closer familiarity within the HR and recruitment team with the AI-powered Applicant Tracking System.

The second concerns clinical and technical depth, delivered through competency-based training in intensive care, emergency medicine, theatre practice, infection prevention, patient safety, clinical documentation, and the use of specialised equipment, alongside role-specific technical training for staff in the laboratory, engineering, IT, maintenance, finance, and administrative functions.

The third concerns the organisation itself: leadership, communication, decision-making, conflict-management and people-management training for managers and supervisors; cross-training that enables employees move across functions and departments as needed; and succession planning and talent development that identify critical roles ahead of time and prepare the right people to fill them.

Short term (1 to 2 years)

- Stronger trust
- Faster service recovery
- Better continuity

Medium term (3 to 5 years)

- Wider access
- Stronger partnerships
- Measurable social impact

Long term (5+ years)

- Long-term loyalty
- Reputation, resilience, and stakeholder value

Social and Relationship Capital

Strong stakeholder relationships build long-term institutional trust. Transparent billing practices, active civic partnerships, and community health initiatives ensure accessible, patient-centred services for diverse populations.

Social and relationship capital represents the trust Nawaloka Hospitals PLC has built with patients, consultants, corporate partners, insurers, regulators, suppliers, and the communities it serves. This trust is built and tested continuously, through how quickly a patient's complaint is resolved, how transparently an insurance claim is processed, and how reliably the Hospital shows up for a community after a disaster. FY2025/26 extended the Group's structured engagement approach to two further stakeholder groups material to its long-term strategy, shareholders, and investors, and suppliers and the wider community, alongside its established relationships with patients, consultants, employees, corporate clients, and the government.

Material Topics Addressed	Stakeholders Impacted	Associated Risk Management Approaches
• Patient trust and experience • Corporate and insurer partnerships • Community health access and outreach	• Patients • Consultants and medical practitioners • Corporate clients and healthcare insurers • Government and regulators • Suppliers and the community	• Real-time patient feedback through QR code dashboards and a Duty Officer WhatsApp channel, with issues resolved within 24 to 48 hours • Billing Ethics and Welfare Committee oversight of subsidies, sliding scale fees, and waivers for vulnerable patients • ESG-based supplier scorecards and multi-year purchasing commitments extended to smaller suppliers and SMEs

Highlights

4.8/5
Patient satisfaction score, FY2025/26

20,000+
Beneficiaries reached annually through CSR camps

50%+
Pharmaceuticals and consumables sourced locally

Stakeholder Relationships and Value Created

Patients

Patients continued to be reached through digital and in-person satisfaction surveys, QR code feedback embedded on every invoice feeding a real-time departmental alert dashboard, voice feedback through the Duty Officer and WhatsApp messaging to the Quality Assurance Department, online complaint submission, and scheduled post-discharge follow up including telephone calls for high-risk patients.

Recurring concerns centred on clear discharge planning, convenient hospital navigation during peak hours, fair treatment of insurance claims, shorter waiting times, and timely multilingual communication in Sinhala, Tamil, and English. In response, the Hospital began development of a navigation application intended to reduce reliance on security staff for directions, planned a new digital booking platform for surgical scheduling targeted for the third quarter, and introduced patient-centred recognition events including fertility reunions and dialysis milestone celebrations. Over 90% of feedback issues were resolved within 24 to 48 hours through the digital dashboard system, and the Hospital recorded a patient satisfaction score of 4.8/5 for FY2025/26.

Consultants and Medical Practitioners

Consultants engaged through forums, departmental review sessions, a QR-based feedback channel for facility and equipment needs, and direct discussion with Heads of Department on equipment planning and case volumes. Their concerns centred on access to modern facilities, manageable case volumes and theatre availability, involvement in strategic clinical decisions, and honest positioning of new clinical capabilities. The Hospital responded by acquiring a second flexible urology endoscope enabling two consultants to operate simultaneously, investing in a third-generation laparoscopic system and a new ultrasonic vessel sealer, continuing deployment of the CRRT machine available at only two to three hospitals in the region, and beginning a deliberately cautious evaluation of robotic-assisted surgical technologies for selected specialties. Between 700+ consultants practise at the Hospital daily, with over 300 formally registered across specialties.

Corporate Clients and Healthcare Insurers

Corporate partnerships and insurer relationships continued through partnership review meetings, on-site corporate wellness sessions, and direct engagement with insurers on claims processes, a recurring source of patient frustration the Group has identified for closer attention. On 16 October 2025, the Hospital delivered a health awareness session for Aitken Spence Group head office staff, led by a dietician and dental professionals and covering nutrition, oral health, and overall well-being, reaching more than 150 employees. Continued internal development of bundled, cost-effective corporate healthcare packages remains a strategic priority for the coming year.

Government and Regulators

Government engagement spanned consultation with the Ministry of Health and the Ministry of Epidemiology on infection control and vaccination guidance, compliance management with the National Medicines Regulatory Authority and the Atomic Energy Authority, and alignment of marketing content with the Sri Lanka Medical Council and Consumer Protection Authority requirements. The Hospital renewed its ISO 9001:2015 Quality Management System certification,

obtained Good Manufacturing Practices certification for food and beverage handling, and contributed directly to a joint Ministry of Foreign Affairs and Parliament board paper on medical tourism policy, the only Sri Lankan hospital to do so this year.

Suppliers and Community

Supplier relationships rested on ESG-based scorecards and a dedicated supply chain manager per supplier, while community engagement continued through free CSR medical camps and screening events held at intervals across the year, complemented by community seminars and multilingual health awareness campaigns. Suppliers sought stable, long-term purchasing commitments, and the community sought reliable access to essential healthcare, particularly during emergencies, alongside a predictable, continued CSR presence. The Hospital extended guaranteed purchasing agreements and multi-year contracts to smaller suppliers and SMEs, and continued to prioritise local sourcing, more than 50% of procurement.

CSR Medical Camps Held During FY2025/26

Date	Location/Partner	Reach	Services Provided
9 May 2025	CCCPDD School, Kalapaluwawa, Rajagiriya	50+	A camp for students with special needs, with emphasis on vision assessment alongside blood pressure monitoring, height and weight measurement, and doctor consultations
2 Aug 2025	Diyatha Park, Battaramulla (with eChannelling at the SLT-MOBITEL 5G launch event)	250+	Random blood sugar testing, blood pressure screening, height and weight measurement, and doctor consultations
15 Sep 2025	Biyagama Provisional Secretary Office (public day with the Mayor and Kaduwela electorate MPs)	350+	Random blood sugar testing, blood pressure screening, and doctor consultations
5 Oct 25	Sri Swarnabodhiraja Viharaya, Colombo 06 (with the Rotary Club of Colombo West, RI District 3220)	500+	Blood sugar testing, blood pressure monitoring, ECG, eye test (Snellen chart), height, weight and BMI measurement, body fat analysis, audiometry and doctor consultations
16 Oct 2025	Aitken Spence Head Office	150+	A health awareness session led by a dietician and dental professionals, covering nutrition, oral health, and employee well-being
Nov 2025	Mattakkuliya (flood relief, with the Rotary Club of Colombo West, RI District 3220)	105+ families	Distribution of 50 dry ration packs, 30 dinner packs and 25 lunch packs to flood-affected families
5 Dec 2025	Malabe (Cyclone Ditwah flood relief)	200+	Random blood sugar testing, blood pressure screening, height and weight measurement, doctor consultations, and free medicine distribution
12 Dec 2025	Seeduwa (Cyclone Ditwah flood relief)	250+	Random blood sugar testing, blood pressure screening, height and weight measurement, doctor consultations, and free medicine distribution
14 Jan 2026	Abinawaramaya Temple (with the Lions Club, Western Colombo)	300	Comprehensive screening: blood sugar, blood pressure, ECG, BMI, body fat analysis, audiogram, and vision acuity testing, with doctor consultations
01 Mar 2026	Abinawaramaya Temple (Hardyaloka 2.0)	500	Approximately 200 ECG tests, alongside blood sugar testing, blood pressure screening, height and weight measurement, and doctor consultations

Inclusive Access and Community Health

Access for financially and socially vulnerable patients continued to rest on subsidies of up to 50% on diagnostics and surgery for pensioners and referred patients, sliding scale fees, and instalment plans for patients in financial need, and full or partial waivers approved by a senior medical board in humanitarian cases, all overseen by the Billing Ethics and Welfare Committee. Mobile pharmacy services extended this reach into rural areas.

Impact on Other Capitals

Financial Capital (Refer page 71)	Manufactured Capital (Refer page 75)	Human Capital (Refer page 83)	Intellectual Capital (Refer page 94)	Natural Capital (Refer page 79)
– Corporate partnerships and insurer relationships represent a growing share of patient volume - Strong patient trust and satisfaction support repeat use and referral-driven revenue	– Consultant feedback on equipment needs shapes investment priorities, including the second flexible urology endoscope and the third-generation laparoscopic system	– Patient-centred recognition events and community outreach draw on staff time and clinical goodwill	– Patient feedback captured through the QR code dashboard drives continuous improvement in clinical and service protocols – ISO 9001:2015 and GMP certifications, renewed during the year, support the Group's quality management systems	– Community health camps and mobile pharmacy services extend healthcare access without requiring additional fixed infrastructure

Growth Outlook

Measurable Community Impact

Community beneficiary numbers and the value of subsidised services are targeted for full quantification next year, consistent with the Board's stated intention to move from activity reporting towards measurable outcomes.

Deeper Digital Engagement

The Group intends to rely further on insights gathered through increased digitalisation and AI integration, recognising this ongoing dialogue as essential to building the enduring trust that strengthens its long-term strategy.

Strategic Partnerships

Bundled corporate healthcare packages, continued engagement on national medical tourism policy, and the second theatre complex proposal under review are expected to shape stakeholder relationships over the coming year.

Risk and Opportunity

Patient trust is built slowly and can be eroded quickly, through unclear discharge planning, difficult Hospital navigation, disputed insurance claims, or delayed complaint resolution. Community and supplier trust carries a similar dynamic, built on the expectation of a predictable, continued CSR presence and stable long-term purchasing commitments. The Hospital manages these risks through real-time feedback channels, defined resolution timelines, and structured engagement with each stakeholder group, though the underlying risk that any one relationship can weaken faster than it was built remains present across the portfolio.

The clearest opportunity lies in converting structured stakeholder engagement into a genuine competitive advantage. Growing corporate and insurer partnerships, deeper government collaboration on national healthcare priorities such as medical tourism, and continued community trust in the Hospital's CSR presence extend Nawaloka's reach and reputation beyond what its clinical and financial performance alone would achieve.

Future Outlook

Specific commitments already under way are expected to reach completion during the year. The Hospital navigation application is expected to move into deployment, alongside the digital booking platform for surgical scheduling targeted for the third quarter. Bundled, cost-effective corporate healthcare packages, identified as a strategic priority, are expected to extend the Group's reach among corporate clients and insurers, and the proposal for a second theatre complex remains under review ahead of possible inclusion in next year's report.

Government and community engagement is expected to deepen further, building on the Group's contribution this year as the only private healthcare provider in Sri Lanka engaging directly on national medical tourism policy. Over the longer term, the Group's ambition is recognition as Sri Lanka's most trusted private healthcare provider, supported by continued investment in patient experience, community health access, and structured partnerships with consultants, corporate clients, insurers, suppliers, and the government.

Short term (1 to 2 years)

- Fully quantified community beneficiary and subsidised service data
- A functioning Hospital navigation app and digital surgical booking platform

Medium term (3 to 5 years)

- Bundled, cost-effective corporate healthcare packages rolled out in full
- Continued national engagement on medical tourism policy

Long term (5+ years)

- Deeper, AI-supported understanding of stakeholder needs across every relationship
- Recognition as Sri Lanka's most trusted private healthcare provider

Intellectual Capital

Proprietary digital platforms and integrated clinical protocols transform operational data into standard-setting healthcare innovations, elevating diagnostic accuracy and patient outcomes across the organisation.

Intellectual capital represents the clinical protocols, institutional knowledge, quality management systems, accreditations, digital platforms, and innovation practices that allow Nawaloka Hospitals PLC to convert professional expertise into consistent, safer healthcare. The year's clearest expression of this pillar was AI-DOC, the Hospital's own extension of South Asia's first AI-powered Radiology Centre into a full digital front door, recognised externally through the GlobalHealth Asia Pacific Awards 2025 for Leading Hospital in AI and Innovation. Investment decisions continued to be governed by clinical validation, regulatory compliance, and demonstrated patient benefit, in support of the Hospital's 'Healing with Feeling' commitment.

Material Topics Addressed	Stakeholders Impacted	Associated Risk Management Approaches
• Clinical governance and protocol standardisation • Digital integration and data protection • Accreditation and knowledge retention	• Patients • Consultants and medical Practitioners • Government and regulators • Employees	• Structured pilot programmes and clinical validation before new digital tools are adopted more broadly • Layered cybersecurity controls, access management, and the Hospital's Secured Data Certification • Documented clinical protocols, cross-functional training, and knowledge-sharing platforms that preserve institutional knowledge

Highlights

Award Winner	**1st Runner Up**	**>95%**
GlobalHealth Asia Pacific Award	MindSpark AI Hackathon	TAT

Knowledge and Innovation Performance

Integrated Clinical Protocols

Nawaloka Hospitals PLC integrates technology and clinical expertise into a unified framework for patient treatment. AI-supported diagnostics, real-time laboratory analytics, and Electronic Health Record-enabled decision support are combined into a single clinical protocol architecture, designed to improve diagnostic accuracy, reduce clinical error, and support patient-centred outcomes.

The diagram below illustrates the operation of this framework.

The Nawaloka integrated clinical protocol framework

AI-DOC
- Bilingual symptom capture
- Interactive body-area selection
- Suggested lab-test panel

EHR Platform
- Integration of diagnostics
- History and alerts

Consultant Review
- Evidence-based recommendations
- Accurate diagnosis, personalised plans

AI-Powered Radiology
- MRI, CT/Mammography
- Endoscopic surgical

Diagnostic Infrastructure
- Laboratories with auto-analysers
- Digital pathology

Outcome Tracking
- Real-time data fed to EHR
- Protocol refinement

The Hospital's Integrated Care Ecosystem, comprising a nationwide network of laboratories and mini-medical centres, continues to support continuity of service and diagnostic access beyond the main Hospital campus.

Protocol Evolution

New clinical tools are introduced through structured pilot programmes and adopted more broadly only following rigorous outcome assessment. Incident-reporting mechanisms, multidisciplinary safety reviews, and root cause analysis inform continuous protocol refinement, under the oversight of the Quality and Accreditation Department (QAD). During the financial year, compliance with the WHO Surgical Safety Checklist exceeded internal targets across all operating theatres, and the medication incident rate was maintained at an average of 0.02%.

AI-DOC, A Digital Front Door to Diagnosis

AI-DOC represents the most significant clinical-technology initiative introduced by Nawaloka Hospitals PLC in FY2025/26. The platform addresses a structural inefficiency in the patient journey: symptom information has traditionally been captured verbally and without standardisation, requiring repetition across multiple touchpoints between reception and consultation.

Developed in-house by the Hospital's Data and AI Unit, AI-DOC captures a structured symptom history in Sinhala and English prior to clinical consultation. The platform guides patients through six stages: symptom selection, body-area identification, patient information,

follow-up questions, suggested laboratory tests, and payment. An interactive anatomical model enables patients to indicate the location and side of a reported symptom, and returning patients are identified automatically by contact number.

The structured symptom history and associated laboratory-test recommendations generated by AI-DOC are available to the consulting clinician prior to the patient encounter, reducing pre-consultation processing time and providing a standardised information base for clinical assessment.

Nawaloka Hospitals Research and Education Foundation (NHREF)

The Nawaloka Hospitals Research and Education Foundation supports the Hospital's clinical and academic development through research collaboration, publication of clinical findings, and structured medical education, including Grand Ward Rounds, specialist courses, and professional development workshops.

Specialised Paediatric Blood Collection

Nawaloka Hospitals PLC provides a dedicated paediatric blood collection service, combining clinical accuracy with an environment designed for young patients. The service is delivered by phlebotomists trained specifically in paediatric technique, supported by comfort positioning, distraction methods, and topical numbing, alongside strict aseptic procedure and single-use equipment.

Infection Control

Infection prevention protocols at Nawaloka Hospitals PLC are embedded in both clinical practice and Hospital architecture. The illustration below presents the principal components of the infection control process.

Key elements of Nawaloka's infection control process

- Zoned isolation and sterilisation areas for high-risk patient groups
- Separate airflow systems for surgical and inpatient wings
- Non-slip, antimicrobial surfaces in critical care units
- Positive pressure environments in ICUs and operating theatres
- Natural lighting and ergonomic layouts to reduce fatigue
- Strict sterilisation protocols complying with international guidelines
- Continuous staff training on infection control
- Regular audits by the Quality and Accreditation Department
- Routine observations by supervising officers at different levels

Data Governance and Cybersecurity

Patient information and clinical knowledge sit among the Group's most valuable intellectual assets, and the Hospital Information System's governance framework was strengthened accordingly during the year. Controls introduced covered access permissions, safeguards against unauthorised data alteration, and financial controls such as GRN price limits and restricted cost price editing, underpinned by the discipline established through the Hospital's Secured Data Certification.

Clinical Governance and Quality Systems

Clinical governance continued to rest on standardised treatment protocols, multidisciplinary reviews, and clinical audits during the year. Compliance with the WHO Surgical Safety Checklist exceeded internal targets, and the medication incident rate held at 0.02%, both indicators of how consistently clinical protocols were followed across the Hospital. Nawaloka Laboratory, Sri Lanka's first diagnostic network

certified to ISO 15189:2022, maintained turnaround time achievement above 95% across all seven functional departments throughout the year, supported by quality improvements including integration of the OPD sample receiving portal with the Hospital Information System, a new real-time sample status dashboard, and an upgraded patient feedback mechanism.

Knowledge Capture and Continuous Improvement

Institutional knowledge continued to be captured and shared through the innovation framework established in FY2024/25, under which the Clinical Excellence Committee oversees a quarterly review process inviting staff to put forward clinical and workflow improvements, with the strongest contributions recognised through the Kaizen Awards. This structure gives the Hospital a standing mechanism for turning front-line experience into documented, organisation-wide practice, rather than leaving that knowledge with the individuals who first identified it.

Impact on Other Capitals

Financial Capital (Refer page 71)	Manufactured Capital (Refer page 75)	Human Capital (Refer page 83)	Social and Relationship Capital (Refer page 89)	Natural Capital (Refer page 79)
– AI-DOC and digital innovation support revenue diversification and international patient interest – Award recognition strengthens brand reputation, supporting pricing power and referral volume	– AI-DOC and the Hospital Information System depend on and extend the Hospital's digital infrastructure – Clinical protocols guide the safe adoption of new medical equipment	– The Clinical Excellence Committee and Kaizen Awards capture staff-driven innovation and improvement ideas – Digital literacy training builds staff capability to use new clinical and administrative tools	– AI-DOC and the chatbot make it easier for patients to navigate the Hospital and reach the right specialist – External accreditation and award recognition strengthen patient and stakeholder confidence	– Digital platforms and paperless administrative systems reduce reliance on paper-based processes

Growth Outlook

Connected, AI-Enabled Patient Journey

Converting this year's individual initiatives into a single, connected patient journey, spanning appointments, consent, diagnostics, records, payment, discharge, and follow up, is expected to be a central focus for FY2026/27.

Cybersecurity and Data Governance

Continued discipline through the Hospital's Secured Data Certification and ongoing Hospital Information System governance controls remains a standing priority as digital adoption widens.

Digital Literacy Across the Organisation

Further development of AI and digital literacy training for clinical and administrative staff continues, extending to closer familiarity within the HR and recruitment team with the AI-powered Applicant Tracking System and how to interpret AI-generated candidate scores.

Risk and Opportunity

Nawaloka Hospitals PLC's clinical governance rests on a safety framework founded on ISO 9001:2015 and the WHO Surgical Safety Checklist, with continuous monitoring and clear accountability mechanisms overseen by the Quality and Accreditation Department. Incidents are captured through a 24-hour incident reporting portal, followed by root cause analysis and monthly multidisciplinary safety reviews, with new clinical tools introduced only through structured pilot programmes and rigorous outcome assessment before wider adoption. This framework helped WHO Surgical Safety Checklist compliance exceed internal targets across all operating theatres during FY2025/26, though it also means the Group's exposure grows wherever protocol discipline lapses, whether through inconsistent incident reporting, delayed root cause analysis, or new tools adopted without proper pilot testing.

A related risk lies in the extent to which specialised healthcare delivery depends on a limited number of highly skilled clinicians and the judgement they carry that isn't fully captured in any protocol. The Group narrows this exposure through documented clinical protocols, cross- functional training, and structured knowledge sharing, but institutional knowledge remains only as strong as the discipline behind recording and transferring it.

The clearest opportunity is to extend this same governance discipline- structured piloting, rigorous outcome assessment, and QAD oversight – to the digital and AI tools the Group continues to adopt. Applied consistently, this approach enables Nawaloka to pursue automation, clinical analytics, and further AI capability while keeping every new tool accountable to patient safety and demonstrated benefit, the same standard already proven through the WHO Surgical Safety Checklist and the incident reporting portal, rather than treating digital innovation as a separate, less scrutinised track.

Future Outlook

Digital and AI literacy is expected to deepen across the organisation, extending beyond clinical teams to functions such as HR, where closer familiarity with the AI-powered Applicant Tracking System and how to interpret AI-generated candidate scores is already under way. As the Clinical Excellence Committee's quarterly review process and the Kaizen Awards continue to surface staff-driven improvements, the Group expects institutional knowledge to accumulate less around individual specialists and more within documented, organisation-wide practice, built for continuity.

Over the longer term, Nawaloka's ambition is to become a knowledge-driven organisation recognised regionally for clinical and digital innovation, sustaining the accreditation and quality standards, ISO 9001:2015, the WHO Surgical Safety Checklist, and ISO 15189:2022, that already anchor its safety framework, while extending the same rigour to whatever new technology the Hospital adopts next.

Short term (1 to 2 years)

- A fully connected, AI-enabled patient journey free of major system gaps
- Continued Secured Data Certification and strong Hospital Information System governance

Medium term (3 to 5 years)

- Digital and AI literacy fluent across clinical and administrative teams
- Expanded use of AI-powered tools beyond diagnostics into recruitment and operations

Long term (5+ years)

- A knowledge-driven organisation recognised regionally for clinical and digital innovation
- Sustained accreditation and quality leadership across Nawaloka's laboratory and clinical services

SLFRS S1 and S2 Sustainability Disclosures

Prepared in accordance with the Sri Lanka Sustainability Disclosure Standards SLFRS S1 and SLFRS S2

Basis of Preparation

Reporting Entity

The Sustainability Disclosures section of the Group's Annual Report 2025/26 has been prepared for Nawaloka Hospitals PLC and its subsidiaries, together referred to as the Group, and should be read in conjunction with the Group's consolidated financial statements.

Statement of Compliance

These Sustainability Disclosures have been prepared in accordance with the Sri Lanka Financial Reporting Standards SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures, being the Sri Lanka Sustainability Disclosure Standards issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). These Standards apply to the Group for the current annual reporting period as a Main Board – listed entity of the Colombo Stock Exchange (CSE).

Connectivity

This section contains the sustainability-related financial information of the Group for the financial year ended 31 March 2026. It aligns with the reporting period of the Group's consolidated financial statements.

This section makes references to other sections of the Annual Report, including Management Discussion and Analysis, Risk Management, and Corporate Governance, so as to present a cohesive view of how sustainability-related risks and opportunities could affect the Group's financial position, financial performance, and cash flows over the short, medium, and long term.

Quantification of Connections with the Financial Statements

In this first reporting period, the connections between climate-related matters and the consolidated Financial Statements are explained qualitatively. The Group does not yet maintain a measurement baseline for emissions, energy, water, and waste, and expenditure on measures with an environmental effect is included within the relevant financial statement line items rather than tracked separately as climate-related. Quantified connections cannot therefore be presented reliably at this time. Baseline measurement and separate expenditure tracking have been directed for the year ending 31 March 2027.

Functional and Presentation Currency

Sustainability-related financial information, where quantified, is presented in Sri Lanka Rupees, consistent with the functional and presentation currency of the consolidated financial statements. No quantitative sustainability-related financial amounts are presented in this first reporting period for the reasons set out under the sections Transition Reliefs and Measurement Uncertainty below.

Sources of Guidance

In preparing its sustainability-related financial information, the Group has referred to and considered the applicability of the disclosure topics and metrics of the Sustainability Accounting Standards Board (SASB) Health Care Delivery Standard (HC-DY) Version 2023-12, being the industry-based guidance relevant to a private hospital group. The disclosure topics identified as most relevant to the Group are Climate Change Impacts on Human Health and Infrastructure, Energy Management, Water Management, Waste Management, and Employee Health and Safety. These topics informed the identification of the climate-related risks and opportunities disclosed in the Strategy section and the selection of the metrics that the Group is bringing within its measurement baseline. The Group has also referred to the GRI Standards for Sustainability Reporting issued by the Global Reporting Initiative (GRI), which are identified as an external governance steering instrument in the Corporate Governance section.

Assumptions, Judgements, and Estimates

Key assumptions, judgements, and estimates applied in the preparation of this section are set out under the section Judgements and Uncertainties below.

Transition Reliefs

In preparing this section, the Group has applied the following transition reliefs available for the first annual reporting period:

- to disclose information on climate-related risks and opportunities only, deferring disclosure on other sustainability-related risks and opportunities to subsequent reporting periods;
- not to disclose comparative information in respect of climate-related risks and opportunities; and
- not to disclose Scope 3 greenhouse gas emissions.

In addition, the Group has not disclosed quantitative information about the anticipated financial effects of climate-related risks and opportunities, on the basis that it does not currently have the skills, capabilities, and resources to prepare estimates that would be reliable. Qualitative information is provided instead. The Group will reassess this position in each subsequent reporting period as its measurement capability develops.

The Group has also assessed the resilience of its strategy using an approach commensurate with its present skills, capabilities, and resources, as permitted by SLFRS S2. The assessment for this reporting period is qualitative and does not use published quantitative climate scenarios.

Events After the Reporting Period

There have been no events after the reporting period requiring adjustment to, or disclosure in, this section.

Judgements and Uncertainties

Judgements

The preparation and presentation of this section involves applying judgement to determine what information is relevant, reliable, and useful to disclose. This includes interpreting reporting requirements and making informed decisions in areas where the Standards allow flexibility. The table below summarises the key judgements applied.

Topic	Description
Identification of climate-related risks and opportunities (refer section Strategy)	The Group exercised judgement in identifying the climate-related risks and opportunities that could reasonably be expected to affect its prospects. In the absence of measured baseline data, the identification was based on the physical characteristics and location of the Group's facilities in Colombo, the resource intensity of hospital operations, observed operating experience during the year, the regulatory environment applicable to healthcare providers in Sri Lanka, and the industry-based disclosure topics of the SASB Health Care Delivery Standard. Judgement was also applied in determining that no other sustainability-related risk or opportunity required disclosure in this reporting period, having regard to the transition relief applied.
Time horizons (refer section Strategy)	The Group exercised judgement in defining short, medium, and long-term as up to one year, one to five years, and beyond five years, respectively. These horizons were selected to align with the Group's annual budget cycle, its strategic planning horizon, and equipment replacement cycles, and the economic life of hospital buildings and major infrastructure. The horizons are applied consistently throughout this section.
Scenario selection and resilience assessment (refer section Strategy)	Selecting the basis for the climate resilience assessment required judgement as to the approach commensurate with the Group's present skills, capabilities, and resources. The Group applied a qualitative assessment across two contrasting sets of conditions, being an orderly policy transition and a delayed transition with intensifying physical effects, rather than published quantitative scenarios. This judgement reflects the absence of measured emissions and resource data against which quantitative modelling could be performed.
Presentation of governance disclosures on an integrated basis (refer section Governance)	The Group exercised judgement in presenting a single governance disclosure covering both sustainability-related and climate-related risks and opportunities, on the basis that oversight of both is exercised through the same governance bodies and processes. This avoids duplication and is permitted by SLFRS S2.
Classification of the carbon reduction ambition (refer section Governance and Strategy)	The Strategy, Sustainability, and Innovation Committee has adopted an objective to reduce the Group's carbon footprint by 20%. The Group exercised judgement in presenting this as a strategic objective rather than as a target under SLFRS S2, on the basis that no measured base year exists against which progress could be reported. The objective will be formalised as a target once the measurement baseline has been established.

Measurement Uncertainty

In this section, Measurement uncertainty arises principally from the absence of a measured baseline, together with reliance on qualitative assessment and forward-looking information. The table below summarises the main sources of measurement uncertainty affecting the information disclosed.

Topic	Description
Greenhouse gas emissions (refer section Metrics and Targets)	The Group's Scope 1 and Scope 2 greenhouse gas emissions have been quantified for the reporting period using operational fuel purchase records, refrigerant top-up logs, and electricity consumption data applied against standard emission factors. Measurement uncertainty in Scope 1 emissions arises principally from relying on estimates for fugitive refrigerant losses and applying national default net calorific values and emission factors. Scope 3 greenhouse gas emissions have not been calculated for this reporting period.
Energy consumption (refer section Metrics and Targets)	Total energy consumption and grid electricity usage have been quantified and reported in gigajoules. Measurement uncertainty arises from the estimation of on-site solar generation, as solar output is not currently separately metered at all generation points for detailed reporting. Separate sub-metering configurations are being expanded as part of the baseline measurement programme.
Water withdrawal (refer section Metrics and Targets)	Water consumption is monitored operationally through monthly dashboards aligned to patient volumes and bed occupancy, but is not currently compiled into reportable withdrawal and consumption figures. Volumes of treated effluent reused for non-clinical purposes are not separately metered and are not quantified in this section. Data quality is expected to improve as metering coverage extends.
Waste (refer section Metrics and Targets)	Clinical and general waste is segregated and disposed of through licensed contractors, and contractor manifests are held. These have not been consolidated into tonnages by stream, and treatment route information is not presently obtained from all contractors. Consolidation of manifests and the inclusion of treatment route reporting in contractor terms form part of the baseline measurement programme.
Anticipated financial effects (refer section Strategy)	Disclosures on the anticipated financial effects of climate-related risks and opportunities are qualitative. Quantification would depend on the measurement baseline referred to above and on the design of policy mechanisms, including any future carbon pricing arrangements, which are not presently defined. Outcomes would be highly sensitive to the assumptions applied, and the Group considers that any quantified estimate prepared at this time would not be reliable.
Resilience assessment (refer section Strategy)	The resilience assessment relies on qualitative judgement about the future development of physical climate effects and policy responses, neither of which can be predicted with confidence. The assessment has not been calibrated against published climate scenarios or a defined temperature pathway, and the conclusions drawn should be read in that light. The Group intends to progress towards published scenarios and quantified analysis as measurement capability develops.
Flood exposure of facilities (refer section Strategy)	The number of inpatient beds located in designated flood-prone zones, being a metric under the SASB Health Care Delivery Standard, has not been determined. A formal flood zone determination for the Group's Colombo sites has not yet been commissioned, and statements regarding flood exposure in this section are based on operating experience rather than on a mapped assessment.

Governance

This section describes the governance processes, controls, and procedures used by the Company to monitor, manage, and oversee sustainability-related and climate-related risks and opportunities.

Board Oversight

The Board of Directors has ultimate responsibility for the oversight of sustainability-related and climate-related risks and opportunities, consistent with its established responsibility for the economic, social, and environmental performance of the Group. Sustainability oversight forms an integral part of the Board's stewardship of strategy, risk management, and internal control, and is not treated as an isolated function.

During the year under review, the Board considered the governance arrangements required for the adoption of SLFRS S1 and SLFRS S2 and resolved that oversight of sustainability-related and climate-related matters be exercised through the Company's existing governance structure, comprising the Board of Directors, Strategy, Sustainability, and Innovation Committee, Audit Committee, and the Risk Management Committee. The Board was of the view that embedding sustainability oversight within these established structures ensures that sustainability considerations are integrated into the same decision-making processes that govern the Company's strategy, capital allocation, and risk appetite, rather than being addressed through parallel arrangements.

Responsibilities of the Governance Bodies

Governance Body	Sustainability-related Responsibilities
Board of Directors	Ultimate oversight of sustainability-related and climate-related risks and opportunities. Approval of the Policy on Environmental, Social, and Governance Sustainability and sustainability disclosures included in the Annual Report. Integration of sustainability considerations into the strategy and major capital decisions. The Board meets monthly, with sustainability matters tabled through the Strategy, Sustainability, and Innovation Committee reporting and Board papers.
Strategy, Sustainability, and Innovation Committee	Guides the long-term strategic direction of the Company by integrating sustainability, enterprise-wide innovation, and strategic planning, and assists the Board in discharging its responsibilities in relation to the Company's sustainability policies and practices. The Committee operates under a documented purpose, scope, vision, and mission, and its scope extends to all 17 departments and 81 sub-departments and units of the Hospital, encompassing administrative, clinical, diagnostic, and support functions. Its membership comprises Executive Directors, Independent Non-Executive Directors, the Director/General Manager, and members of senior management with designated strategy and sustainability monitoring responsibilities, supported by a dedicated Committee Coordinator. The Committee reviews the identification of sustainability-related risks and opportunities and the Company's responses, oversees the preparation of the disclosures required under SLFRS S1 and SLFRS S2, and reports to the Board.
Audit Committee	Oversight of the integrity and completeness of the sustainability-related disclosures and the internal control environment supporting their preparation, consistent with its established oversight of financial reporting. The Committee reviews the processes and data underlying the disclosures prior to recommending them to the Board.
Risk Management Committee	Identification, measurement, monitoring, and management of the risks applicable to a healthcare operator, including sustainability-related and climate-related risks such as energy security and cost, water dependency, clinical waste and environmental compliance, and the operational effects of extreme weather events and climate-sensitive disease patterns. The Committee meets on a monthly basis and presents regular reports to the Board outlining the key risks identified, evaluated, and addressed.

Mandates and Policies

The responsibilities stated above are reflected in the Company's governance instruments. The Board-approved Policy on Environmental, Social, and Governance Sustainability, established and published on the Company's website in accordance with Rule 9.2.1 of the Listing Rules of the Colombo Stock Exchange (CSE Listing Rules), sets out the Company's commitments in respect of environmental stewardship, social responsibility, and governance. The terms of reference of the Strategy, Sustainability, and Innovation Committee mandate the Committee to assist the Board in meeting its overall responsibilities in relation to the Company's sustainability policies and practices, and these terms were reviewed during the year to encompass oversight of the disclosures required by SLFRS S1 and SLFRS S2. The Audit Committee Charter integrates the requirements of the CSE Listing Rules, the Companies Act No. 07 of 2007, and other relevant reporting regulations, and the Committee's oversight of reporting integrity extends to the sustainability disclosures accompanying the financial statements. The Risk Management Framework is aligned with internationally recognised standards and incorporates the regulatory expectations of the Sri Lanka Medical Council, Private Health Services Regulatory Council, and the Central Environmental Authority (CEA). CEA directly governs the Company's environmental compliance obligations.

During the year, the Strategy, Sustainability, and Innovation Committee formalised a Sustainability and Innovation Governance Framework, under which its vision, mission, and strategic objectives are translated into departmental action through a structured goal-setting methodology encompassing goals, objectives, strategies, and tactics, applied in conjunction with the Balanced Scorecard. Under this framework, every department and unit of the Hospital falls within the Committee's scope and is required to align its operations with the Company's sustainability objectives through defined measures, including paperless workflows, energy and waste audits, green procurement standards, sustainability performance training, and dashboard-based monitoring. A departmental ownership register maintained by the Committee maps each governance area, including sustainability, environment, risk, clinical governance, quality, and compliance, to the responsible department and functional owner.

Skills and Competencies

The Board, through the Nominations and Governance Committee, determines whether appropriate skills and competencies are available or will be developed to oversee sustainability-related risks and opportunities. The Committee evaluates the combination of skills, knowledge, and experience of the Directors against the strategic demands of the Company. The Board's composition includes qualified finance professionals and senior medical professionals whose expertise bears directly on the Company's most significant sustainability matters - patient safety and clinical quality, environmental compliance in healthcare operations, and the resilience of healthcare delivery. The participation of Independent Non-Executive Directors in the Strategy, Sustainability, and Innovation Committee, alongside members of management with designated strategy and sustainability monitoring responsibilities, brings both independent challenge and functional expertise to the Committee's deliberations. Recognising that the Sri Lanka Sustainability Disclosure Standards introduce new competency requirements, briefings on sustainability reporting obligations were provided to the Board during the year as part of the periodic regulatory updates delivered at Board and Board Committee meetings. The Board will continue to draw on the implementation guidance and capacity-building programmes made available by CA Sri Lanka. Competency development extends beyond the Board. Under the Sustainability and Innovation Governance Framework of the Strategy, Sustainability, and Innovation Committee, training on sustainability key performance indicators is being rolled out across all departments of the Hospital.

How the Board is Informed

The Board is kept informed of sustainability-related and climate-related matters through several channels. The Executive Management makes regular presentations to the Board on matters including progress in the implementation of strategic goals, the Company's financial, social, and environmental performance, compliance, risk management, and changes and challenges presented by the operating environment. The Risk Management Committee reports monthly to the Board on the key risks identified, evaluated, and addressed, including sustainability-related and climate-related risks. The Strategy, Sustainability, and Innovation Committee reports to the Board on the Company's sustainability policies and practices and the preparation of these disclosures, drawing on dashboard-based monitoring of departmental performance against the Committee's sustainability objectives and on periodic stakeholder reviews. The Audit Committee reports to the Board on the integrity of the disclosure process.

Integration with Strategy, Major Decisions, and Risk Oversight

The Board takes sustainability-related and climate-related considerations into account when overseeing the Company's strategy, decisions on major transactions, and its risk management processes. Sustainability considerations, including energy efficiency, water conservation, and waste management, are embedded in the evaluation of capital expenditure proposals for plant, equipment, and facility upgrades, as reflected in the Company's investments in rooftop solar generation, variable frequency drive optimisation of air-conditioning systems, and effluent treatment and reuse. "Plan for a Sustainable Future" is one of the Company's five core values and informs the strategic direction overseen by the Board through the Strategy, Sustainability, and Innovation Committee. Under the Committee's Sustainability and Innovation Governance Framework, sustainability is further integrated into operational decision-making by way of green procurement standards, energy and waste audits, and the progressive transition to paperless clinical and administrative workflows, including electronic medical records, electronic prescriptions, and electronic consent. Climate-related and environmental risks are considered within the Board-approved risk appetite through the Risk Management Committee's monthly review cycle.

Oversight of Targets and Remuneration

The Board oversees the setting of targets and objectives relating to sustainability-related risks and opportunities and monitors progress through the Strategy, Sustainability, and Innovation Committee. During the year, the Committee adopted a set of strategic sustainability objectives under its Sustainability and Innovation Governance Framework, comprising the implementation of Environmental, Social, and Governance (ESG)-driven policies across the organisation, achievement of a digital transformation rate of 90% or above across departments, and a 20% reduction in the Hospital-wide carbon footprint. Progress against these objectives is monitored by the Committee through departmental dashboards and reported to the Board. As the current year is the Company's first annual reporting period under SLFRS S1 and SLFRS S2, the Board has directed management to establish baseline measurements of energy consumption, greenhouse gas emissions, water withdrawals, and waste generation for the year ending 31 March 2027. This information will provide the basis for quantifying and formalising the carbon footprint reduction objective as a measurable target for disclosure in accordance with SLFRS S2. Performance metrics related to sustainability are not currently included in the remuneration policies applicable to Executive Directors and Key Management Personnel. The Remuneration Committee will consider the integration of sustainability-linked performance measures as the Company's targets are formalised.

Management's Role

Executive responsibility for sustainability matters is vested in the Director/ General Manager, supported by the Management Committee, which is chaired by the Chairman and comprises the Deputy Chairman, Director/General Manager, Executive Directors, and department heads and meets weekly. The coordination of sustainability activities across the organisation is supported by a dedicated Strategy, Sustainability, and Innovation Committee Coordinator, who maintains the departmental ownership register and facilitates the flow of information between departments, the Committee, and the Board. Day-to-day environmental management covering energy, water, effluent treatment, and clinical waste is discharged through the Facility Management and Housekeeping departments and the Waste Management Committee. The Committee oversees segregation, storage, and audits of clinical waste in partnership with licensed external contractors, while environmental safety and compliance are monitored by the Quality and Accreditation Department.

Functional ownership of each governance area is documented in the departmental ownership register maintained under the framework of the Strategy, Sustainability, and Innovation Committee. Sustainability, environment, risk, clinical governance, quality, and compliance are each mapped to the responsible department and functional owner, and every department and unit of the Hospital has a nominated sustainability contact for the roll-out of the Company's sustainability initiatives, including paperless workflows, energy and waste audits, green procurement standards, sustainability performance training, and dashboard-based monitoring.

Management uses established monitoring mechanisms to support the Board's oversight. These include monthly water consumption dashboards aligned to patient volumes and bed occupancy, monitoring of energy consumption across facilities, waste audits conducted under the Waste Management Committee, and departmental sustainability dashboards maintained under the Sustainability and Innovation Governance Framework of the Strategy, Sustainability, and Innovation Committee. Data collected through these mechanisms is reported through the Management Committee and the Risk Management Committee to the Board. The internal audit function, which reports to the Audit Committee, provides independent assurance over the adequacy and effectiveness of internal controls, and its scope is being extended to cover the data collection processes supporting these disclosures.

Sustainability-related and climate-related risks identified at operational level are escalated to the Board through the Risk Management Committee in accordance with the Company's Three Lines of Defence approach. Based on this approach, business line management owns and manages risks, the Risk Management Committee provides oversight and regular risk reporting to the Board, and internal and external audit functions provide independent assurance.

Strategy

This section provides details of the climate-related risks and opportunities that could reasonably be expected to affect the Group's prospects, business model, strategy, and decision-making, and the Group's assessment of the resilience of the strategy. Consistent with the transition relief applied in this first annual reporting period, the disclosure focuses on climate-related risks and opportunities. Other sustainability-related risks and opportunities will be brought within the scope of the assessment in subsequent reporting periods.

Approach to Identification

The Group identified its climate-related risks and opportunities through a structured assessment conducted by management under the direction of the Strategy, Sustainability, and Innovation Committee. The assessment considered the physical characteristics and location of the Group's facilities in Colombo, the resource intensity of hospital operations, the regulatory environment applicable to healthcare providers in Sri Lanka, and the observed effects of climate variability on patterns of disease and the reliability of utilities.

In identifying matters reasonably expected to affect the Group's prospects, management referred to the industry-based disclosure topics of the SASB Health Care Delivery Standard (HC-DY), as required by SLFRS S2 for industry-based guidance. The disclosure topics most directly relevant to the Group's climate-related assessment are Climate Change Impacts on Human Health and Infrastructure, Energy Management, Waste Management, and Workforce Health and Safety. These topics informed both the identification of risks and opportunities presented below and the selection of accounting metrics that the Group is bringing within its measurement baseline.

The risks and opportunities identified have been assessed across the Group's own operations and, where relevant, its upstream supply of pharmaceuticals, consumables, medical devices, and utilities. Concentrations of exposure arise primarily from the Group's location in Colombo, its dependence on grid electricity and municipal water, and its reliance on imported medical supplies.

Time Horizons

The time horizons used in this assessment are aligned with the Group's planning, capital allocation, and asset replacement cycles, and with the operating life of Hospital buildings and major plant. They are applied consistently throughout these disclosures.

Time horizon	Period	Basis of alignment
Short term	Up to 1 year	The annual budget and operating plan cycle, and the period over which working capital and procurement commitments are managed.
Medium term	1 to 5 years	The Group's strategic planning horizon and the replacement cycle for medical equipment, information systems, and building services plant.
Long term	Beyond 5 years	The economic life of Hospital buildings and major infrastructure, and the horizon over which national climate policy commitments are expected to take effect.

The Group has classified climate-related risks as physical risks, comprising acute risks arising from extreme weather events and chronic risks arising from longer-term shifts in climatic conditions, and transition risks arising from the process of adjustment towards a lower-carbon economy. Climate-related opportunities are presented separately. The tables that follow present, for each climate-related risk (physical and transition) and opportunity, its effects on the Group during the reporting period, its anticipated effects, the time horizon over which those effects are expected to arise, the Group's mitigation and management response, and a qualitative assessment of the impact on the Group's financial position and financial performance.

Climate-related Physical Risks

Risk/Opportunity	Current effects	Anticipated effects	Time horizon	Mitigation and management strategies	Impact on financial position and financial performance (qualitative)
Acute Physical Risks					
Extreme rainfall, urban flooding, and monsoon inundation	Colombo experienced episodes of intense monsoon rainfall and localised urban flooding during the year. The effects on the Group were confined to short-duration disruption to access routes for patients, staff, and suppliers, and precautionary inspection of ground-floor and basement-level plant. There was no interruption to clinical services, and no damage to property, plant, or equipment.	Higher frequency and intensity of extreme rainfall events in the Western Province, with the potential for water ingress affecting basement-level plant rooms, stores, and record archives; disruption to patient access and ambulance routes; delays in the delivery of pharmaceuticals and consumables; deferral of elective admissions; and upward pressure on property insurance premiums and deductibles.	Short to long term	Business continuity and emergency preparedness procedures maintained by the Fire and Safety and Facility Management units. This includes standby power and pumping capacity, drainage maintenance, and periodic testing; assessment of the location of inpatient beds and critical plant relative to designated flood-prone zones, consistent with the disclosure topic on Climate Change Impacts on Human Health and Infrastructure of the SASB Health Care Delivery Standard (HC-DY); progressive relocation or protection of critical plant and records; and contingency arrangements with key suppliers.	**Operating costs:** upward pressure from resilience measures, maintenance, and insurance. **Revenue:** possible short-term reduction where elective procedures are deferred. **Asset carrying values:** no indicators of impairment were identified in the current period.
Climate-sensitive vector-borne and waterborne diseases	Sri Lanka continues to experience elevated dengue transmission associated with rainfall and temperature patterns, together with seasonal leptospirosis and waterborne illnesses. The Group experienced periods of elevated demand for emergency treatment, outpatient, laboratory, blood bank, and inpatient services during transmission peaks.	Lengthening transmission seasons and wider geographic distribution of climate-sensitive diseases may result in episodic surges in patient volumes, concentrated in the Emergency Treatment Unit, Outpatient Department, Laboratory, Blood Bank, and general wards. Associated pressure on bed availability, nursing rosters, consumables, and infection control resources.	Short to medium term	Surge capacity planning across admissions, nursing, and laboratory functions; Infection Control Unit oversight and heightened protocols during outbreak periods; blood bank and laboratory capacity management; flexible nursing rosters supported by the Home Nursing Service; buffer stocks of critical consumables maintained through Supplies and Stores; and vector control on Hospital premises through Housekeeping and Facility Management.	**Revenue:** periodic increases in admissions and diagnostic volumes. **Operating costs:** corresponding increases in consumables, overtime, and infection control expenditure. The net effect on margin is uncertain and depends on case mix, length of stay, and the extent to which surge demand displaces elective activity.

Risk/Opportunity	Current effects	Anticipated effects	Time horizon	Mitigation and management strategies	Impact on financial position and financial performance (qualitative)
Chronic Physical Risks					
Rising ambient temperatures and cooling demand	Sustained high ambient temperatures increase the load on air conditioning, ventilation, and medical refrigeration, which together represent a significant share of the Group's electricity consumption. Energy consumption is monitored across the Group's facilities.	A progressive increase in cooling requirements is raising electricity consumption per patient day, accelerating wear on chillers and air-handling plant, shortening replacement cycles, and giving rise to thermal comfort and heat stress considerations for clinical and support staff working in non-air-conditioned areas.	Medium to long term	Completed the transition to Light-Emitting Diode (LED) lighting and installed variable frequency drives on the air-conditioning plant. Rooftop solar generation offsets the daytime cooling load. Energy audits and departmental energy dashboards are maintained under the Sustainability and Innovation Governance Framework of the Strategy, Sustainability, and Innovation Committee. Efficiency upgrades to chiller and air-handling plant are planned at the time of replacement, along with building fabric measures.	**Operating costs:** sustained upward pressure on electricity costs. **Capital expenditure:** periodic investment in higher-efficiency plant. These costs are expected to be partly offset by on-site renewable generation and efficiency savings.
Water availability, reliability, and quality	Hospital operations are water-intensive, spanning clinical use, sterilisation through the Central Sterile Supply Department, laundry, dietary services, and cooling. Monthly water consumption dashboards aligned to patient volumes and bed occupancy are maintained, and treated effluent is reused for non-clinical applications.	Drought periods and catchment variability affect the reliability and tariff of municipal water supply, with the possibility of restrictions during acute shortages and deterioration in raw water quality requiring additional treatment before clinical and sterilisation use.	Medium to long term	An effluent treatment plant with the reuse of treated water for non-clinical purposes. Low-flow fixtures and leak detection. Consumption monitoring against occupancy, with variances investigated by Facility Management. On-site storage capacity to buffer short interruptions. Evaluation of rainwater harvesting. Water withdrawal and consumption are being brought within the measurement baseline.	**Operating costs:** moderate upward pressure on water and treatment costs. **Operational continuity:** constrained water supply would affect surgical and sterilisation throughput before it affected other services.

Risk/Opportunity	Current effects	Anticipated effects	Time horizon	Mitigation and management strategies	Impact on financial position and financial performance (qualitative)
Electricity supply reliability linked to hydrological variability	The national electricity generation mix retains a significant hydroelectric component. Variability in rainfall has historically contributed to supply constraints and tariff pressure. The Group maintains standby generation to ensure uninterrupted clinical services, and generator availability is tested under Facility Management.	More variable rainfall affects hydroelectric output, with consequential grid instability and tariff volatility, and greater reliance on standby diesel generation. Increased generator use raises both fuel costs and the Group's direct emissions, linking this physical risk to the transition risks presented below.	Short to medium term	Standby generator capacity, fuel reserves, and scheduled testing. Rooftop solar generation and demand-reduction measures lower the exposure to purchased electricity. Monitoring of generator running hours and fuel consumption as part of the emissions baseline exercise directed by the Board for the year ending 31 March 2027.	**Operating costs:** direct exposure to electricity tariff revisions and fuel price volatility. **Emissions profile:** adversely affected during periods of extended generator use, with consequential exposure to the policy and market risks described below.

Climate-related Transition Risks

Risk/Opportunity	Current effects	Anticipated effects	Time horizon	Mitigation and management strategies	Impact on financial position and financial performance (qualitative)
Policy and Legal					
National climate policy, carbon pricing, and emissions regulation	Sri Lanka's Nationally Determined Contributions and long-term carbon neutrality commitments are progressively being translated into sectoral policy. No direct carbon price presently applies to the Group's operations. The current effect is limited to compliance monitoring and preparation for measurement and reporting.	Introduction of carbon pricing mechanisms, energy performance requirements for commercial buildings, or mandatory emissions reporting and reduction obligations could increase the effective cost of grid electricity and fossil fuels used in standby generation and the transport fleet.	Medium to long term	Establishment of a greenhouse gas emissions baseline for the year ending 31 March 2027 as directed by the Board. The Hospital-wide carbon footprint reduction objective adopted by the Strategy, Sustainability, and Innovation Committee. Continued investment in on-site renewable generation and energy efficiency. Monitoring of policy and regulatory developments by the Compliance and Corporate Governance Department, reported through the Risk Management Committee.	**Operating costs:** potential future increase in energy-related costs. **Capital expenditure:** investment required to reduce exposure ahead of any pricing mechanism taking effect. Early measurement and reduction are expected to moderate this exposure.

Risk/Opportunity	Current effects	Anticipated effects	Time horizon	Mitigation and management strategies	Impact on financial position and financial performance (qualitative)
Environmental regulation of clinical waste, effluent, and emissions	The Group operates within the regulatory expectations of the Central Environmental Authority. Clinical waste is segregated, stored, and disposed of through licensed contractors, with audits conducted by the Waste Management Committee, and effluent is treated on site. Environmental safety and compliance are monitored by the Quality and Accreditation Department.	Tightening of standards governing healthcare waste treatment, effluent discharge, and air emissions; higher charges from licensed disposal contractors; extended producer responsibility obligations for packaging and single-use plastics; and more stringent conditions attached to environmental licences.	Short to medium term	Established waste segregation framework and periodic waste audits. Contracting only with licensed disposal contractors. Operation and monitoring of the effluent treatment plant. Green procurement standards adopted under the Sustainability and Innovation Governance Framework of the Strategy, Sustainability, and Innovation Committee focus on packaging and single-use items. Waste quantities and treatment routes are being brought within the measurement baseline, consistent with the disclosure topic on Waste Management of the SASB Health Care Delivery Standard (HC-DY).	**Operating costs:** moderate upward pressure on waste handling, effluent treatment, and compliance monitoring. A compliance failure would carry regulatory, financial, and reputational consequences disproportionate to the underlying cost of compliance.
Technology					
Refrigerant phase-down and transition to low-carbon plant	Air conditioning, chillers, and medical refrigeration rely on refrigerants subject to international phase-down commitments to which Sri Lanka is a party. The plant replacement programme is progressively introducing more efficient equipment as assets reach the end of their economic lives.	Restricted availability and rising costs of legacy refrigerants, and the possible need to replace or retrofit plant in advance of the end of its economic life. Comparable considerations arise in relation to medical gases with high global warming potential used in anaesthesia.	Medium to long term	Phased plant replacement incorporating refrigerant and efficiency criteria into specifications and capital appraisals. Refrigerant leak detection and planned servicing by the Biomedical Engineering and Facility Management units. Evaluation of lower global warming potential alternatives at the point of replacement. Review of anaesthetic gas selection and scavenging practices with the clinical leadership.	**Capital expenditure:** replacement expenditure potentially brought forward. **Asset lives:** possible shortening of the useful lives of the affected plant. **Operating costs:** higher refrigerant and servicing costs during the phase-down period.

Risk/Opportunity	Current effects	Anticipated effects	Time horizon	Mitigation and management strategies	Impact on financial position and financial performance (qualitative)
Market and Reputation					
Energy and supply chain cost pass-through	Electricity tariffs and the landed costs of imported pharmaceuticals, consumables, and medical devices are sensitive to fuel prices and exchange rates. Supplier pricing is monitored through the Supplies and Stores function.	Suppliers passing through their own decarbonisation and carbon compliance costs, the potential price premium for low-carbon or certified products, and the application of environmental criteria by suppliers, insurers, and payers as a condition of contracting.	Medium term	Green procurement standards adopted under the Sustainability and Innovation Governance Framework of the Strategy, Sustainability, and Innovation Committee. Structured supplier engagement on environmental performance. Inventory, sourcing, and contract management through Supplies and Stores. Organisation-wide cost management programmes.	**Operating costs:** upward pressure on procurement costs. **Margin:** effect depends on the extent to which increased input costs can be reflected in service tariffs without affecting affordability and patient volumes.
Stakeholder expectations, access to finance, and market positioning	Institutional investors, lenders, insurers, and corporate and international patients increasingly take account of environmental performance and disclosure. The present disclosure represents the Group's first reporting under the Sri Lanka Sustainability Disclosure Standards. The Group's gearing following investment in the Specialty Centre increases the relevance of financing terms.	Environmental performance and the credibility of disclosure may influence the cost and availability of debt finance and insurance, and the application of environmental criteria by corporate clients, insurers, and medical tourism intermediaries in provider selection. Absence of demonstrable progress would affect reputation and competitive position.	Short to medium term	Disclosure prepared in accordance with SLFRS S1 and SLFRS S2 and informed by the SASB Health Care Delivery Standard (HC-DY). Board-approved Policy on Environmental, Social, and Governance Sustainability. Quantified sustainability objectives adopted by the Strategy, Sustainability, and Innovation Committee, supported by the measurement baseline programme. Engagement with lenders on financing structures linked to sustainability performance.	**Cost of and access to capital:** the principal channel through which this risk would affect the Group, given current gearing. **Revenue:** potential effect on corporate, insurance-funded, and international patient segments.

Climate-related Opportunities

Risk/Opportunity	Current effects	Anticipated effects	Time horizon	Mitigation and management strategies	Impact on financial position and financial performance (qualitative)
Resource Efficiency					
Energy efficiency and on-site renewable generation	Rooftop solar generation, transition to LED lighting, and variable frequency drive optimisation of air conditioning plant are in operation and reducing purchased electricity relative to the level that would otherwise be required.	Expansion of solar generating capacity, efficiency upgrades to chiller and air-handling plant at replacement, and the introduction of building management controls, supported by periodic energy audits and departmental energy dashboards.	Short to medium term	Energy performance incorporated into capital appraisal criteria for plant and facility investment. Energy audits conducted under the Sustainability and Innovation Governance Framework of the Strategy, Sustainability, and Innovation Committee. Monitoring of consumption and generation through departmental dashboards reported to the Strategy, Sustainability, and Innovation Committee and the Board.	**Operating costs:** reduction in purchased electricity and moderation of exposure to tariff volatility. **Capital expenditure:** investment required in advance of the benefit, with returns realised over the life of the assets.
Water recovery and reuse	Treated effluent is reused for non-clinical applications and low-flow fixtures are installed, reducing withdrawal from municipal supply.	Extension of reuse to further non-clinical applications, evaluation of rainwater harvesting, and reduced dependence on municipal supply during periods of restriction.	Short to medium term	Continued operation and monitoring of the effluent treatment plant. Consumption monitoring against occupancy with variance investigation. Assessment of additional reuse and harvesting opportunities as part of the measurement baseline programme.	**Operating costs:** reduction in water and sewerage charges. **Operational continuity:** reduced vulnerability to supply restriction, supporting uninterrupted surgical and sterilisation throughput.
Digital transformation and paperless clinical workflows	Progressive introduction of electronic medical records, electronic prescriptions, and electronic consent is reducing reliance on paper-based processes across clinical and administrative departments.	Further reduction in paper, printing, and physical record storage requirements; expansion of telemedicine and remote consultation to reduce patient and staff travel; and the use of analytics to optimise energy and resource consumption at departmental level.	Short to medium term	Digital transformation objective adopted by the Strategy, Sustainability, and Innovation Committee and implemented through the IT department across all departments and units. Progress monitored through departmental dashboards.	**Operating costs:** reduction in consumables, printing, and physical record storage requirements, together with efficiency gains in clinical and administrative throughput. **Capital expenditure:** continued investment in information systems.

Risk/Opportunity	Current effects	Anticipated effects	Time horizon	Mitigation and management strategies	Impact on financial position and financial performance (qualitative)
Products and Services					
Climate-resilient healthcare service positioning	Continuity of clinical service during periods of monsoon disruption and elevated disease transmission supports the Group's reputation among patients, referring consultants, and corporate clients.	Differentiation as a provider able to maintain uninterrupted service during climate-related health events, and the capacity to meet growing demand associated with climate-sensitive conditions, supported by emergency, laboratory, and blood bank capabilities.	Medium to long term	Business continuity and surge capacity planning. Investment in the resilience of critical plant and access routes. Maintenance of emergency, laboratory, blood bank, and inpatient capacity capable of absorbing episodic demand.	**Revenue:** supportive of patient volumes and market position over time. **Operating costs:** resilience capability carries a standing cost that is incurred irrespective of whether events occur in a given period.
Capital and Markets					
Access to sustainable finance	The Group does not presently have sustainability-linked or green financing instruments in place.	Eligibility for green or sustainability-linked financing as measurement, targets, and reporting are formalised, with the potential to improve financing terms in the context of the Group's current gearing.	Medium term	Establishment of the emissions and resource measurement baseline and formalisation of reduction targets. Disclosure aligned with SLFRS S1, SLFRS S2, and the SASB Health Care Delivery Standard (HC-DY). Engagement with lenders and arrangers on eligible financing structures.	**Cost of capital:** potential improvement in financing terms. Realisation is contingent on the establishment of a credible baseline and verifiable performance against targets.

Effects on the Business Model and Value Chain

The Group's business model comprises the delivery of inpatient, outpatient, emergency, surgical, diagnostic, and pharmaceutical services from its Colombo facilities, together with the laboratory, radiology, and related operations conducted through its subsidiaries. The climate-related risks identified affect this model principally through the following three channels.

- Service continuity: Acute physical events, whether disruptions to access and utilities or episodic surges in climate-sensitive disease, directly affect the Group's capacity to admit and treat patients. Emergency, laboratory, blood bank, operating theatre, and sterilisation functions are the areas in which capacity constraints emerge first.
- Operating cost structure: The Group's facilities are energy- and water-intensive, and cooling, sterilisation, laundry, and medical refrigeration are structurally exposed to rising temperature, water availability, and the cost of electricity, fuel, and water. Waste handling costs are exposed to environmental regulation.
- Upstream supply: The Group relies on imported pharmaceuticals, consumables, and medical devices, as well as on utilities supplied by third parties. Climate-related costs incurred by suppliers and utilities are expected to be reflected in the prices charged to the Group over time.

The Group has not identified any climate-related risks that would require a fundamental change to its business model within the time horizons assessed. The effects identified are expected to manifest as pressure on operating costs, periodic constraints on service continuity, and changes in the pattern and composition of clinical demand, rather than as a challenge to the viability of the services provided.

Effects on Strategy and Decision-Making

Climate-related considerations are reflected in the Group's strategy and decision-making in the following respects. Energy and water performance are used as criteria in the appraisal of capital expenditure on building services plant, medical equipment, and facility upgrades, as evidenced by the installation of rooftop solar generation, transition to LED lighting, variable frequency drive optimisation of air conditioning, and the operation of effluent treatment and reuse. Green procurement standards adopted under the Sustainability and Innovation Governance Framework of the Strategy, Sustainability, and Innovation Committee apply to the sourcing of goods and services across all departments. The programme of digital transformation, encompassing electronic medical records, electronic prescriptions, and electronic consent, reduces the Group's paper, storage, and travel-related resource use while supporting clinical efficiency. Resilience of critical plant, access routes, and standby utilities is addressed through the Group's business continuity and emergency preparedness arrangements.

The Strategy, Sustainability, and Innovation Committee has adopted objectives comprising the implementation of environmental, social, and governance policies across the organisation, the achievement of a digital transformation rate of 90% or above across departments, and a 20% reduction in the Hospital-wide carbon footprint. The Board has directed management to establish baseline measurement of energy consumption, greenhouse gas emissions, water withdrawals, and waste generation during the year ending 31 March 2027, against which the carbon footprint reduction objective will be quantified and formalised as a measurable target. The Group's response to climate-related risks and opportunities is currently funded through its normal capital expenditure and operating budgets, and the Group has not raised financing specifically designated for climate-related purposes.

Effects on Financial Position, Financial Performance, and Cash Flows

During the reporting period, no climate-related risk resulted in a material effect on the Group's financial position, financial performance, or cash flows. No indicators of impairment attributable to climate-related matters were identified in respect of property, plant, and equipment, no climate-related provisions were recognised, and no changes were made to the estimated useful lives of assets on climate-related grounds. Expenditure incurred during the period in connection with energy efficiency, renewable generation, water reuse, and waste management is included within the relevant categories of property, plant, and equipment and operating expenditure and is not separately identified as climate-related expenditure.

Anticipated financial effects are assessed qualitatively in the tables above. In summary, the Group expects climate-related matters to bear principally on operating costs, through electricity, fuel, water, waste handling, insurance, and procurement, and on capital expenditure, through investment in efficient plant, resilience measures, and renewable generation. Effects on revenue are expected to be mixed, with episodic increases in demand associated with climate-sensitive disease offset in part

by the deferral of elective activity during periods of disruption. Effects on the cost of and access to capital are expected to become more significant over the medium term as lenders and insurers apply environmental criteria more consistently.

The Group has not disclosed quantitative information about the anticipated financial effects of climate-related risks and opportunities. At present, the Group does not have the skills, capabilities, and resources to prepare quantitative estimates that would be reliable, principally because the measurement baseline for energy, emissions, water, and waste is being established during the year ending 31 March 2027, and the policy mechanisms that would give rise to the most significant transition effects are not yet defined. This position will be reassessed in each subsequent reporting period as measurement capability develops, in accordance with SLFRS S2.

Climate Resilience

The Group assessed the resilience of its strategy and business model to climate-related changes, developments, and uncertainties using an approach commensurate with its present skills, capabilities, and resources as permitted by SLFRS S2 in this first reporting period. The assessment was qualitative and was conducted by management together with the Strategy, Sustainability, and Innovation Committee. It considered two contrasting sets of conditions: a scenario in which policy action is taken in an orderly manner, with emissions pricing and energy performance requirements introduced progressively, and physical effects remaining broadly consistent with observed trends; and a scenario in which policy action is delayed, physical effects intensify, and the frequency of extreme rainfall, heat, and climate-sensitive disease events increases materially.

Under the first set of conditions, the principal effects on the Group would be a sustained increase in energy-related operating costs and a requirement for continued investment in efficient plant and renewable generation. The Group considers that these effects can be absorbed within its existing planning and capital allocation processes and mitigated by the energy efficiency and renewable generation programme already in progress.

Under the second set of conditions, the more significant effects would arise from physical risks: repeated disruption to access and utilities, greater reliance on standby generation, more frequent and severe surges in climate-sensitive disease, and higher insurance costs. The Group considers that its emergency preparedness, standby utility capacity, and surge management arrangements provide a reasonable degree of resilience to episodic events, while recognising that a sustained increase in the frequency of such events would require further investment in the resilience of critical plant and service capacity. Neither set of conditions was assessed as calling into question the Group's ability to continue to deliver its existing services.

The Group did not use quantitative climate scenario analysis in the current period. As measurement capability develops, the Group intends to progress towards the use of published climate scenarios and quantified analysis of the resilience of its strategy, and disclose the scenarios used, key assumptions applied, and the time horizons covered.

Risk Management

This section describes the processes used by the Group to identify, assess, prioritise, and monitor climate-related risks and opportunities, and how those processes are integrated into the Group's overall Risk Management Framework.

Identification and Assessment

Climate-related risks and opportunities are identified and assessed within the Nawaloka Risk Management Framework, which is aligned with internationally recognised standards and incorporates the regulatory expectations of the Sri Lanka Medical Council, Private Health Services Regulatory Council, and the Central Environmental Authority. Inputs to the identification process comprise operational data and incident reporting from departments, including energy and water consumption monitoring, waste audits, and plant performance records; clinical and admissions data indicating changes in the pattern of climate-sensitive presentations; regulatory and policy developments monitored by the Compliance and Corporate Governance Department; and the industry-based disclosure topics of the SASB Health Care Delivery Standard (HC-DY), which were used to test the completeness of the matters identified.

Each item identified is assessed for the likelihood of occurrence and the magnitude of its effect on the Group's operations, financial position, and reputation, after taking account of the controls and mitigating measures in place. The two assessments are combined in the climate risk and opportunity matrix presented below to produce a net rating on the same high, moderate, and low scale applied to the Group's other principal risks. The assessment in the current period was based on qualitative judgement informed by observed operating experience rather than quantitative scenario modelling, consistent with the approach to climate resilience described above.

Climate-related Risk and Opportunity Matrix

The matrix applies a five-point likelihood scale and a five-point magnitude scale. For risks, magnitude denotes the severity of the adverse effect; for opportunities, magnitude denotes the scale of the potential benefit. The product of the two determines the net rating: low, moderate, or high.

Ref	Climate-related risk or opportunity	Category	Likelihood	Magnitude of effect	Net rating	Time horizon
Physical Risks						
P1	Extreme rainfall, urban flooding, and monsoon inundation	Acute	Likely	Major	**High**	Short to long term
P2	Climate-sensitive vector-borne and waterborne diseases	Acute	Almost certain	Moderate	**High**	Short to medium term
P3	Rising ambient temperatures and cooling demand	Chronic	Almost certain	Moderate	**High**	Medium to long term
P4	Water availability, reliability, and quality	Chronic	Possible	Major	**Moderate**	Medium to long term
P5	Electricity supply reliability linked to hydrological variability	Chronic	Likely	Moderate	**Moderate**	Short to medium term
Transition Risks						
T1	National climate policy, carbon pricing, and emissions regulation	Policy and legal	Possible	Moderate	**Moderate**	Medium to long term
T2	Environmental regulation of clinical waste, effluent, and emissions	Policy and legal	Likely	Moderate	**Moderate**	Short to medium term
T3	Refrigerant phase-down and transition to low-carbon plant	Technology	Likely	Minor	**Moderate**	Medium to long term
T4	Energy and supply chain cost pass-through	Market and reputation	Likely	Moderate	**Moderate**	Medium term
T5	Stakeholder expectations, access to finance, and market positioning	Market and reputation	Possible	Major	**Moderate**	Short to medium-term
Opportunities						
O1	Energy efficiency and on-site renewable generation	Resource efficiency	Almost certain	Moderate	**High**	Short to medium term
O2	Water recovery and reuse	Resource efficiency	Likely	Minor	**Moderate**	Short to medium term
O3	Digital transformation and paperless clinical workflows	Resource efficiency	Likely	Moderate	**Moderate**	Short to medium term
O4	Climate-resilient healthcare service positioning	Products and services	Possible	Moderate	**Moderate**	Medium to long term
O5	Access to sustainable finance	Capital and markets	Possible	Moderate	**Moderate**	Medium term

Likelihood	Insignificant	Minor	Moderate	Major	Severe
Almost certain			**P2 P3 O1**		
Likely		**T3 O2**	**P5 T2 T4 O3**	**P1**	
Possible			**T1 O4 O5**	**P4 T5**	
Unlikely					
Rare					

Magnitude of effect → | Net rating: High (shaded dark) Moderate (shaded mid) Low (unshaded) |
P = physical risk, T = transition risk, O = opportunity

Prioritisation and Monitoring

Climate-related risks are prioritised relative to other risks through their inclusion in the single enterprise risk register maintained under the Risk Management Framework, rather than through a separate climate risk process. Priority is determined by the net rating and the immediacy of the time horizon. Risks bearing on the continuity of clinical service and patient safety are accorded the highest priority, consistent with the Group's responsibility as a healthcare provider; on this basis, flooding, climate-sensitive disease, and cooling demand are the matters currently receiving the closest attention.

The Risk Management Committee meets monthly and reports regularly to the Board on the key risks identified, evaluated, and addressed, and climate-related risks are monitored within this cycle. Monitoring is supported by energy consumption data across facilities, monthly water consumption dashboards aligned with patient volumes and bed occupancy, waste audits conducted under the Waste Management Committee, plant and generator operating records maintained by Facility Management, and the departmental sustainability dashboards maintained under the Sustainability and Innovation Governance Framework of the Strategy, Sustainability, and Innovation Committee.

Integration into the Overall Risk Management Process

Climate-related risks are managed within the Group's Three Lines of Defence approach and are not subject to separate arrangements. Business line management holds primary ownership and control of the risks arising within its area of responsibility, and for climate-related risks, this encompasses the Facility Management, Housekeeping, Biomedical Engineering, Supplies and Stores, Quality and Accreditation, Medical Administration, and Nursing functions. The Risk Management Committee provides oversight and regular reporting to the Board, with new and emerging risks escalated through the Committee. Internal and external audit functions provide independent assurance. Because climate-related risks are recorded in the same register, assessed on the same rating scale, and escalated through the same committee structure as the Group's other principal risks, they are considered by the Board alongside those risks when it reviews the effectiveness of the Risk Management Framework and the Group's risk appetite.

Changes from the Previous Reporting Period

The current period is the first in which the Group has identified and assessed climate-related risks and opportunities as a distinct category. In previous periods, matters now identified as climate-related were addressed within the Group's operational, regulatory, environmental compliance, and business continuity risk categories rather than being separately classified. The processes used to identify, assess, prioritise, and monitor risks have not otherwise changed. The Group expects to extend the assessment to sustainability-related risks and opportunities beyond climate-related risks in subsequent reporting periods, and to develop the quantitative basis of assessment as the measurement baseline is established.

Metrics and Targets

This section presents the metrics the Group uses to measure and monitor its climate-related risks and opportunities, and its performance against them, together with the Group's climate-related targets. Consistent with the transition relief applied in this first annual reporting period, the disclosure focuses on climate-related metrics, with the Group's broader sustainability-related metrics to be developed in subsequent reporting periods. Scope 3 greenhouse gas emissions have not been disclosed in this first annual reporting period, in accordance with the relief available under SLFRS S2, and comparative information has not been presented.

Reporting Boundary

The metrics presented below relate to Nawaloka Hospitals PLC and its wholly-owned subsidiaries (New Nawaloka Hospitals (Pvt) Ltd, New Nawaloka Medical Centre (Pvt) Ltd, and Nawaloka Laboratories (Pvt) Ltd), consistent with the basis of consolidation applied in the Group's audited financial statements. The Group's associate, Nawaloka College of Higher Studies (Pvt) Ltd, in which the Company holds a 49.95% interest, is engaged in education services rather than healthcare delivery and is not consolidated for this purpose; its emissions are accordingly excluded from the metrics below and have not been separately quantified in this reporting period.

Greenhouse Gas Emissions

The Group's absolute gross greenhouse gas emissions for the reporting period, classified by scope, are given below.

Metric	Unit of measure	FY2025/26
Gross Scope 1 and Scope 2 greenhouse gas emissions	tCO_2-e	5,922.79
Scope 1 greenhouse gas emissions	tCO_2-e	1,828.49
Scope 2 greenhouse gas emissions	tCO_2-e	4,094.30
Scope 3 greenhouse gas emissions	tCO_2-e	Not disclosed

Greenhouse gas emissions have been measured in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, applying the operational control approach consistent with the basis of consolidation used in preparing the Group's financial statements.

Scope 1 greenhouse gas emissions comprise fuel used in the Group's standby generators, on-site incinerator, and vehicle fleet; refrigerant losses from air conditioning and chiller plants; and anaesthetic gases used in clinical practice. Activity data were drawn from fuel purchase and issue records, refrigerant top-up records maintained under the plant maintenance programme, and pharmacy procurement records for anaesthetic gases. Fuel emissions were calculated using net calorific values published in the Sri Lanka Energy Balance 2022 report and emission factors from the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories. Global warming potentials (GWP) for refrigerants and anaesthetic gases are drawn from the IPCC Sixth Assessment Report (AR6), on a 100-year time horizon (GWP-100).

One refrigerant used by the Group, R-22, is a hydrochlorofluorocarbon controlled under the Montreal Protocol as an ozone-depleting substance rather than one of the seven greenhouse gases recognised under the Kyoto Protocol. Consistent with Greenhouse Gas Protocol guidance, emissions associated with R-22, amounting to 79.97 tCO_2-e for the reporting period, are disclosed separately as a memorandum item and not included in the Scope 1 emissions figure above.

Scope 2 emissions were calculated from electricity consumption records maintained across the Group's facilities, applying the location-based method and Sri Lanka's national grid emission factor, published in the Sri Lanka Energy Balance 2022 report. As there is only one electricity grid in Sri Lanka and the Group has not entered into power purchase agreements, renewable energy certificates, or other contractual instruments for the purchase of electricity, no market-based figure is presented.

Scope 3 emissions have not been calculated for this reporting period. These emissions are intended to be brought within the Group's measurement baseline in subsequent reporting periods, consistent with the Board's direction described in the section Strategy above.

This is the Group's first year of formal greenhouse gas measurement, and no changes were made to the measurement approach, inputs, or assumptions during the reporting period.

Emission Factors and Global Warming Potentials Applied

The following Net Calorific Values (NCV) and emission factors were applied in the calculation of Scope 1 emissions from fuel combustion during the financial year.

Fuel	NCV	Source	CO_2 Emission Factor (kg/TJ)	CH_4 Emission Factor (kg/TJ)	N_2O Emission Factor (kg/TJ)	Source
Diesel	43,961,400 kJ/t	Sri Lanka Energy Balance 2022 report	74,100	3 (Stationary) 3.9 (Mobile)	0.6 (Stationary) 3.9 (Mobile)	2006 IPCC Guidelines for National Greenhouse Gas Inventories
Petrol	45,636,120 kJ/t		69,300	3 (Stationary) 25 (Mobile)	0.6 (Stationary) 8 (Mobile)	
Kerosene Oil	43,961,400 kJ/t		71,900	3	0.6	
LPG	44,380,080 kJ/t		63,100	1	0.1	

Refrigerants (GWP-100)

Gas	GWP	Source
R-134a	1,530	IPCC Sixth Assessment Report (AR6) WG-I Chapter 7 Supplementary Material
R-410A	2,255.5	
R-32	771	
R-22	1,960	

Anaesthetic and Medical Gases (GWP-100)

Gas	GWP	Source
Isoflurane	539	IPCC Sixth Assessment Report (AR6) WG-I Chapter 7 Supplementary Material
Sevoflurane	195	

Climate-related Physical Risks, Transition Risks, and Opportunities

The Group has not yet developed the asset-level data required to quantify the amount or percentage of its assets or business activities vulnerable to climate-related physical and transition risks, described in the section Strategy above, or aligned with the climate-related opportunities identified. The qualitative assessment of these risks and opportunities, including the Group's net rating of each under the climate-related risk and opportunity matrix, is presented in the Strategy and Risk Management sections of this disclosure. The Group intends to develop the quantitative basis for these metrics as its measurement capability matures.

Capital Deployment

During the reporting period, the Group's climate-related capital expenditure related principally to the continued operation and maintenance of its rooftop solar generation, variable frequency drive optimisation of air-conditioning plant, and the effluent treatment and reuse system referred to in the sections Governance and Strategy above. The Group has not separately quantified the total amount of capital expenditure, financing, or investment directed towards climate-related risks and opportunities for the reporting period, as this expenditure is presently recorded within the ordinary categories of property, plant, and equipment rather than tracked as a distinct climate-related category.

Internal Carbon Pricing

The Group does not apply an internal carbon price, whether as a shadow price for investment appraisal or as an internal charge on business activities, in its decision-making.

Remuneration

Consistent with the position described in the section Governance above, performance metrics related to sustainability are not currently included in the remuneration policies applicable to Executive Directors and Key Management Personnel, and no proportion of executive remuneration recognised during the reporting period is linked to climate-related considerations. The Remuneration Committee will consider the integration of sustainability-linked performance measures as the Group's targets are formalised.

Industry-based Metrics

The Group has referred to the disclosure topics of the SASB Health Care Delivery Standard (HC-DY) (Version 2023-12) in identifying its climate-related disclosure topics and metrics.

Sustainability Disclosure Topics and Metrics

Topic	Code	Metric	2025/26 Disclosure	Unit of measure
Energy Management	HC-DY-130a.1	(1) Total energy consumed	49,692.28	Gigajoules (GJ)
		(2) Percentage grid electricity	71.08	Percentage (%)
		(3) Percentage renewable	18.09	Percentage (%)
Patient Privacy and Electronic Health Records	HC-DY-230a.2	Description of policies and practices to secure customers' personal health data records and other personal data	Governed by Board-approved policies covering information privacy, confidentiality, and security; protection of records and information; authorisation to make entries to patient medical records; and copy-paste function in electronic medical records. As a matter of established practice, the Group does not disclose patient information, medical records, or other patient-related data to any third party, government institution, or member of the public, except pursuant to a valid court order. A Data Protection Policy and Data Usage Policy addressing Sri Lanka's Personal Data Protection Act No. 9 of 2022 have been drafted and are under review.	N/A
	HC-DY-230a.3	(1) Number of data breaches (2) Percentage involving (a) personal data only, and (b) personal health data (3) Number of customers affected in each category: (a) personal data only, and (b) personal health data	No data security or confidentiality incidents were recorded during the reporting period. No cybersecurity breaches, ransomware incidents, or unauthorised access incidents were reported during the year.	Number, Percentage (%)
	HC-DY-230a.4	Total amount of monetary losses as a result of legal proceedings associated with data security and privacy	None were recorded during the reporting period.	LKR
Access for Low-Income Patients	HC-DY-240a.1	Discussion of strategy to manage the mix of patient insurance status	Operating within Sri Lanka's mixed healthcare ecosystem, the Group's payer portfolio comprises private commercial insurance, corporate healthcare accounts, institutional funds, and self-paying patients. To mitigate out-of-pocket financial strain on low- and middle-income families, the Hospital expands its empanelment with national and international insurance providers to optimise claim settlement times and lower initial deposits. For underserved and low-income demographics facing financial barriers to private tertiary care, the Group deploys targeted affordability initiatives. These include subsidised clinical pricing at regional satellite centres, flexible diagnostic installment payment structures in partnership with local financial institutions, and dedicated corporate social responsibility (CSR) medical funds designed to offset surgical and critical-care costs for vetted, economically vulnerable patients. The Group's CSR programme conducted 10 free community medical camps during the reporting period, providing health screening and doctor consultations to underserved groups, including students with special needs.	N/A

Topic	Code	Metric	2025/26 Disclosure	Unit of measure
Management of Controlled Substances	HC-DY-260a.1	Description of policies and practices to manage the number of prescriptions issued for controlled substances	The Group maintains a related Board-approved policy for monitoring medication effects generally, reviewed monthly by the Therapeutic Committee, which is adjacent to controlled substances prescribing.	N/A
Pricing and Billing Transparency	HC-DY-270a.2	Discussion of how pricing information for services is made publicly available	The Group maintains a dual-structured approach to the public availability of its service pricing, balancing standardised transparency with individual clinical customisation. To ensure baseline price transparency, fixed-fee wellness screenings, specialised surgical packages, and promotional health bundles are published openly on the corporate website and communicated via mass media channels. Itemised schedules for specialised procedures, inpatient room configurations, advanced diagnostic imaging, and volatile pharmaceutical components are not hosted on public digital platforms. Due to the high degree of personalisation inherent in clinical care, fluctuating input costs, and individual specialist fee structures, granular consumer tariffs are managed through direct patient inquiry channels, localised billing counters, and pre-admission counseling.	N/A
Workforce Health and Safety	HC-DY-320a.1	Total recordable incident rate (TRIR) for (a) direct employees, and (b) contract employees	The Group maintains a Board-approved Staff Health and Safety Programme, including annual medical check-ups for all staff, a staff vaccination and immunisation programme, and a fully functional Infection Prevention and Control Committee chaired by the Director/General Manager. Occupational safety incidents recorded during the period were most often related to sharps and needle-stick injuries, consistent with typical exposure in a clinical setting; each incident was managed under the Group's post-exposure protocols.	N/A
Employee Recruitment, Development, and Retention	HC-DY-330a.1	(1) Voluntary and (2) involuntary turnover rate for: (a) physicians,	4.78%	Percentage (%)
		(b) non-physician health care practitioners, and (c) all other employees	Nurses: 19.90% Allied Health Staff: 28.86%	
	HC-DY-330a.2	Description of talent recruitment and retention efforts for health care practitioners	Staffing is governed by a Board-approved Staffing Strategy Policy, developed jointly by Hospital management, the Human Resources Department, and department leaders. The majority of staff are permanent employees, with contractual staff engaged to fill resource gaps and improve efficiency. Staffing levels are planned annually against Hospital services, bed capacity, and occupancy. Minimum staffing ratios are maintained, including one doctor per specialty available 24 hours a day, one nurse per patient in the Intensive Care Unit (ICU) and critical care units, and a nurse-to-bed ratio of 1:5 in non-critical inpatient units.	N/A

Topic	Code	Metric	2025/26 Disclosure	Unit of measure
Climate Change Impacts on Human Health and Infrastructure	HC-DY-450a.1	Description of policies and practices to address: (1) the physical risks because of an increased frequency and intensity of extreme weather events, (2) changes in the morbidity and mortality rates of illnesses and diseases associated with climate change, and (3) emergency preparedness and response	Addressed in the section Strategy of this disclosure, covering extreme rainfall, urban flooding, monsoon inundation, rising ambient temperatures, and climate-sensitive vector-borne and waterborne diseases across the Group's facility network.	N/A
Fraud and Unnecessary Procedures	HC-DY-510a.1	Total amount of monetary losses as a result of legal proceedings associated with medical fraud	No litigation proceedings relating to medical negligence or patient safety were instituted against the Group during the reporting period.	LKR

Activity Metrics

Activity metric	Code	2025/26 Disclosure	Unit of measure
Number of facilities and beds, by type	HC-DY-000.A	There were 236 licensed beds across 17 nursing sections/wards at the Group's main Hospital facility during the reporting period.	Number
Number of inpatient admissions and outpatient visits	HC-DY-000.B	There were 24,615 inpatient admissions and 34,807 outpatient channel visits during the reporting period.	Number

Climate-related Targets

The Strategy, Sustainability, and Innovation Committee has begun articulating a set of directional sustainability priorities to guide the Group's longer-term planning, including the phased implementation of environmental, social, and governance policies, a substantial expansion of digital transformation across departments, and a meaningful reduction in the Hospital-wide carbon footprint. These priorities reflect the Committee's current strategic direction and have not yet been formalised as quantitative targets.

No target disclosed in accordance with SLFRS S2 has been set for the reporting period. A quantified target requires a defined metric, a base period, and milestones against which progress can be tracked, none of which have yet been established. The Board has directed management to establish baseline measurement of energy consumption, greenhouse gas emissions, water withdrawals, and waste generation during the year ending 31 March 2027. Once this baseline is established, the Group intends to formalise its carbon reduction priority as a measurable target, including matters required under SLFRS S2, and to report progress against that target in subsequent reporting periods.

The Group is not currently required to meet any climate-related target by law or regulation.

Governance and Statutory Reports

Risk Management

By building risk ownership where risks arise, we empower front-line teams across every department to proactively identify, manage, and resolve operational threats at the point of origin, strengthening overall institutional resilience.

Risk management continues to be an important part of the governance and management of Nawaloka Hospitals PLC. As a healthcare institution, our foremost responsibility is the safety and wellbeing of our patients, while ensuring sound clinical practice, financial stability, operational continuity, information security, and the confidence of all our stakeholders.

During the year under review, the Hospital strengthened its risk management practices by placing greater emphasis on identifying risks at departmental level, assigning clear responsibility and integrating risk awareness into day-to-day management. The Risk Management Committee provided oversight to this process and ensured that significant matters were brought to the attention of Management and the Board where necessary.

The Nawaloka Risk Management Framework

During 2025/26, Nawaloka progressed towards a more structured and documented Risk Management Framework that brings together departmental risk identification, risk ownership, incident reporting,risk assessment, mitigating actions, and management oversight. This provides a consistent approach to understanding and managing clinical and non-clinical risks across the organisation.

Departmental risk registers have been developed to incorporate the fundamental regulatory requirements applicable to the Hospital, including those of the Sri Lanka Medical Council (SLMC), the Private Health Services Regulatory Council (PHSRC), the Central Environmental Authority (CEA) and the Sri Lanka Atomic Energy Regulatory Council (SLAERC). This enables regulatory and compliance requirements to be considered alongside clinical, operational and other institutional risks, supporting timely identification and corrective action where required.

Strengthening Risk Governance

Greater responsibility for risk identification and management was placed at departmental level. Heads of Departments, together with the Quality Assurance Department, commenced the process of identifying and documenting risks relevant to their respective areas. This has enabled the Hospital to develop a more practical understanding of risks at the point where they arise and to progressively strengthen preventive and corrective measures.

The Committee also initiated the appointment of Risk Champions within departments. Training for Risk Champions has been identified as an important next step to further improve awareness, reporting, and ownership of risks throughout the Hospital. Clinical risk management continued to be coordinated through the Medical Superintendent and Chief Nursing Officer, supported by clinical, nursing, and quality teams.

Highlights

IDENTIFY

Departmental risk registers and incident reporting

ASSESS AND ACT

Risk ownership, mitigation, and corrective action

MONITOR

Management, Committee, and Board oversight

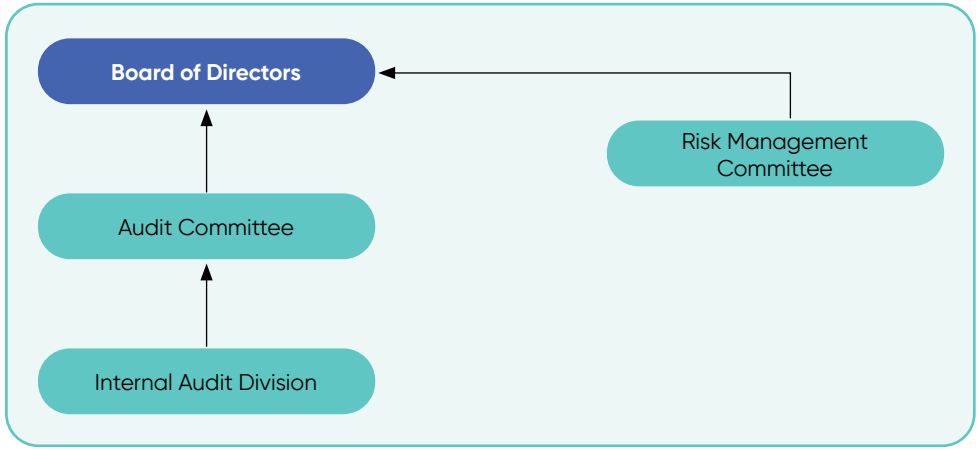
Risk Governance at Nawaloka

We recognise that robust risk governance is essential to embedding cohesive and adaptive risk management practices across our operations. Accountability for the effectiveness and adequacy of the Group's risk management framework rests with the Board of Directors. The Audit Committee and the Risk Management Committee assist the Board by providing structured oversight, independent review, and strategic guidance so that risk management remains rigorous and responsive to the evolving healthcare landscape.

The Audit Committee retains oversight and responsibility for matters relating to risk and internal controls, while the Risk Management Committee is entrusted with ensuring the effective execution of risk management processes across the organisation. The Risk Management Committee meets on a monthly basis and reports key risks identified, evaluated, and addressed to the Board.

This governance approach is complemented by strong bottom-up risk ownership at departmental level, enabling risks to be identified closer to the point at which they arise and then escalated through the appropriate management and governance channels.

Risk Governance



Risk Management Committee

The Risk Management Committee consists of members from the Board of Directors and working officers to ensure that risks applicable to a healthcare operator are considered on a timely basis. Collectively, the Committee is responsible for:

- Ensuring a comprehensive risk management framework.
- Putting in place risk measurement, monitoring and management processes.
- Supporting compliance with regulatory and internal prudential requirements.
- Reviewing significant and emerging risks and escalating material matters to Management and the Board.

Committee Members – 2025/26

Name	Areas of oversight
Prof. Lal Chandrasena – Chairman (DGM/ED)	Comprehensive Risk Management Framework
Mr Theja De Silva – (GCFO)	Risk measurement, monitoring, and management
Mr Sampath Thennakoon – (CFO)	Risk measurement, monitoring, and management
Mr Indika Balasuriya – (CIO)	Risk measurement, monitoring, and management
Dr Tissa Perera – Medical Superintendent	Compliance with regulatory and Internal prudential
Chief Nursing Officer	Compliance with regulatory and Internal prudential
Mr Kanishka Warusawitharana – (Senior Coordinating Officer)	Compliance with regulatory and Internal prudential

Risk Assurance

To support risk assurance, Nawaloka Hospitals applies a Three Lines of Defence approach. This promotes accountability while distinguishing responsibility between owning and managing risks, overseeing risks, and providing independent assurance.

Embedding these responsibilities into day-to-day operations helps the Group identify events that may affect its risk profile, strengthen controls, and support strategic imperatives.

Three Lines of Defence

1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Business line management	DGM/ED + Risk Management Committee	Internal and external audit
Primary risk ownership and control	Oversight	Independent assurance
Responsible for day-to-day risk management	Regular risk reporting and escalation to the Board	Assurance and oversight by internal audit
New and potential risks escalated through the Risk Management Committee	Ongoing monitoring and review of significant and emerging risks	External audit assurance on the financial statements

Key Developments During 2025/26

Focus area	Progress during the year
Departmental ownership	Heads of Departments, supported by Quality Assurance, commenced identifying and documenting risks relevant to their areas.
Risk champions	Appointment of departmental Risk Champions was initiated; training has been identified as the next step.
Incident integration	Incident reporting is being linked more closely with risk management to identify recurring concerns and support corrective and preventive action.
Regulatory integration	Departmental risk registers incorporate fundamental requirements of SLMC, PHSRC, CEA and SLAERC.
Emerging risk oversight	Greater attention is being directed to significant and emerging risks, risk indicators, and the effectiveness of mitigating actions.

Principal Risk Profile

Risk factors, potential impacts, and key mitigating actions

The following risk profile reflects the principal areas highlighted through the Hospital's 2025/26 risk management activities and the continuing risk themes relevant to its operations. Risk ownership rests with the departments where risks arise, supported by Management, the Risk Management Committee, Quality Assurance, and relevant assurance functions.

Risk Factor/Description	Potential Impact	Mitigating Actions
Competition Increased competition from new entrants with reputed brand names and capacity expansions by existing players.	• Decreased market share resulting in pressure on revenue and profitability margins. • Difficulties in building brand loyalty.	• Investing in customer value propositions to enhance patient healthcare experience, including retaining reputed consultants and skilled nurses, investing in technology and specialty services, service delivery, and affordable pricing. • Marketing and developing brand based on customer value proposition. • Identifying growth areas relating to both services and location. • Promotion of customer loyalty programme. • Rewarding frequent patronage.
Financial and liquidity risk Nawaloka Hospitals PLC has increased exposure to high levels of gearing following increased debt from funding of capital expenditure on the Specialty Centre and refurbishment projects. This has been exacerbated by cash flow constraints from impacts of the economic and political crisis.	• Possible constraints in meeting liability obligations.	• Restructure of long-term debt to support cash flows. • Strategy in place to improve business volumes, operational efficiencies, and margins.
Shortage of skilled healthcare professionals • Attracting and retaining consultants of high repute. • Shortage of technically skilled staff such as nurses, laboratory technicians, and pharmacists in the country could negatively affect the quality of care provided by the Hospital Group.	• Affects the ability to deliver quality patient care and services, impacting growth prospects, and ultimately, the sustainability of operations.	• Proactively identifying the next generation of consultants and attracting them prior to competitors. • Ensuring consultant satisfaction through a superior value proposition including provision of facilities, technology, and staff quality. • Maintaining competitive remuneration packages for skilled staff.
Clinical and Patient Safety Risk • Failure to deliver safe, high-quality care to our patients. Associated risks include reputation risk and legal risk.	• Customer dissatisfaction could lead to loss of reputation and loss of market share impacting revenue and profits	• Commitment to maintaining global standards of quality and safety of healthcare services through international accreditations. • Regular maintenance and upgrade of equipment. • Regular training and upskilling of employees.

Risk Factor/Description	Potential Impact	Mitigating Actions
Technological obsolescence	• Inability to acquire the latest technology and to maintain high technological standards as well as technological obsolescence. • Loss of competitive edge and market share impacting revenue and profits.	• Ongoing investments in the latest technology for specific areas. • Keeping abreast of current developments in medical technology and evaluating the possibilities of adopting them.
IT and Cyber Risk • Following the drive towards electronic health records and digitalisation. • Possibility of cybersecurity breaches and threat to compromising confidential patient information. • Possibility of system failures and breakdowns and negative impact on operations.	• Impact on customer privacy in the event of a potential data loss event. • Potential loss of information assets and the hospital loss in reputation.	• Well-defined cybersecurity incident response process. • Training employees and creating staff awareness on the importance of maintaining information security and handling of sensitive information. • Comprehensive IT and information systems security policy. Implementation and regular testing and verification of network protection technology.
Reputation Risk In the healthcare industry, trust and reputation are key factors distinguishing players within the same industry. Incidents including adverse events while performing clinical procedures, cyberattacks and breach in security and customer confidentiality could negatively affect Nawaloka Hospitals PLC's reputation and its relationships with its key stakeholders.	• Loss in market position and share. • Impact on profitability margins.	• Standard operating protocols. • Quality audits. • Accreditation and awards provide assurance to stakeholders regarding the quality of our offering. • Procedures to ensure responsible marketing communications. • Nurturing and maintaining strong relationships with key stakeholders and ensuring needs are satisfied.

Net Risk Assessment High Moderate Low

Corporate Governance

Our Approach to Corporate Governance

Nawaloka Hospitals PLC is a company incorporated in Sri Lanka under the Companies Act No. 07 of 2007, and its shares are listed on the Colombo Stock Exchange (CSE). The Company's public shareholding is 34.22%, while it remains largely a family-owned business. Yet, in the belief that high standards of corporate governance are fundamental to the sustainability of the business, the Board of Directors has put in place a governance framework and structure that balances the interests of the Nawaloka Group and its stakeholders while strengthening the accountability of the Board and management.

Navigating the Report

This report is structured around the following governance principles:

1. Framework and Structure
2. An Effective Board
3. Responsible and Fair Remuneration
4. Board Accountability
5. Relationship with Shareholders

Details of compliance with the respective statutes and codes are presented in the Compliance Summary at the end of this report.

The Board bears ultimate responsibility for the performance of the Group and is accountable to the shareholders who appoint the Directors. To assist in the discharge of its duties, the Board has delegated specific functions requiring focused oversight to seven Board subcommittees. The terms of reference of the subcommittees clearly define their respective roles and responsibilities.

The Management Committee (MC), led by the Chairman and comprising the Deputy Chairman, Director/General Manager, Executive Directors, and department heads, formulates and oversees the execution of strategy within the policy framework established by the Board. The MC meets weekly and is supported by executive committees responsible for operational management of the Group. Regular reporting on key matters enables effective oversight by the Board and the MC.

1. Framework and Structure

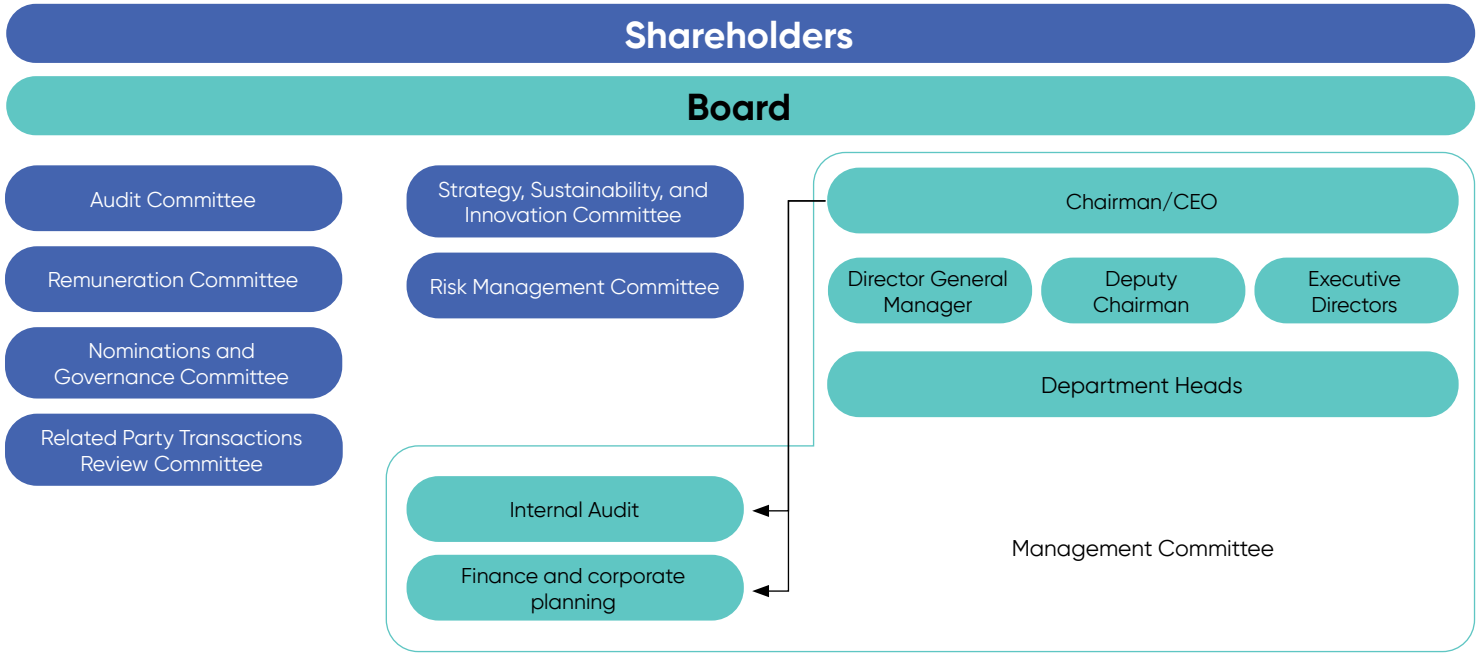
The Board bears responsibility for ensuring that the Company pursues its strategic goals in accordance with sound corporate governance principles, safeguarding its reputation, values, and assets while balancing the interests of stakeholders.

Effective control is maintained through the governance framework, which comprises an organisational structure, reporting mechanisms, internal controls, and compliance and risk management processes. The governance framework is guided by several external and internal steering instruments.

Governance Steering Instruments

External	Internal
Companies Act No. 07 of 2007	Articles of Association
Private Medical Institutions (Registration) Act No. 21 of 2006	Board and Subcommittee Charters
Listing Rules of the Colombo Stock Exchange (CSE Listing Rules)	Policy Framework
Rules and Regulations of the Securities and Exchange Commission of Sri Lanka (SEC)	Risk Management Framework
Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC), now part of the IFRS Foundation	
GRI Standards for Sustainability Reporting issued by the Global Reporting Initiative (GRI)	

Organisation Structure



2. An Effective Board

2.1 Board Composition

The Board comprised 15 members as at 31 March 2026, whose profiles are provided on pages 23 to 30.

Of the 15 Directors, 11 are Non-Executive Directors, of whom five are deemed independent. Non-Executive Directors are eminent professionals in their respective fields. The appointment of Mr Virann De Zoysa as Senior Independent Director further strengthens the independence of the Board. A sufficient balance of power minimises the likelihood of any one Director or a small group of Directors from dominating the Board's processes or decision-making. Although three Executive Directors – Dr H K Jayantha Dharmadasa (Chairman/CEO), Mr Anisha Dharmadasa (Deputy Chairman), and Ms Givanthi Dharmadasa – are related to each other, they act in the best interests of the Group with focus and purpose. The Board is diverse in terms of experience, age, and expertise, bringing varied perspectives to boardroom deliberations and exercising independent judgement on matters placed before it.

2.2 Directors' Independence

Directors exercise independent judgement, promoting constructive Board deliberations and objective evaluation of the performance of the Group.

2.2.1 Definition

Independence was determined against criteria set out in the CSE Listing Rules.

2.2.2 Assessment

The Board conducts an annual assessment of the independence of Directors based on annual declarations and other information submitted by the Directors.

2.2.3 Outcome

The Board is satisfied that there are no relationships or circumstances that are likely to affect, or appear to affect, the independence of Independent Directors during the period under review.

The Directors possess financial acumen and knowledge gained through experience from leading large enterprises. Two Directors on the Board are finance professionals.

2.3 Appointment, Re-Election, and Resignation

Directors are appointed by the shareholders at the Annual General Meeting (AGM), following a formal process and based on recommendations made by the Board of Directors, pursuant to the recommendations made by the Nominations and Governance Committee. Recommendations are based on the collective decision of the Board, taking into consideration the combined skills, knowledge, experience, and diversity of the Board, as well as any gaps identified in these areas.

In compliance with the Articles of Association, one-third of the Directors retire from office at each AGM and, upon recommendation by the Board, are eligible to stand for re-election by the shareholders at the AGM. Following the recommendation of the Nominations and Governance Committee and the Board, the Directors are re-elected by the shareholders at the AGM. The Managing Director, while holding that office, is not subject to retirement by rotation as specified in Article 74 of the Articles of Association of the Company.

2.3.1 Retirement, and Re-Election

I. Ms Ashani Givanthi Dharmadasa (Executive Director), Dr Mohan Rajakaruna, (Non-Executive Director), and Dr Munaweera Thanthreege Dilum Lakshan (Non-Executive Director) will retire by rotation in terms of Articles 74 and 75 of the Articles of Association of the Company at the forthcoming AGM and have offered themselves for re-appointment with the consent of the Board.

II. Dr Hewa Komanage Jayantha Dharmadasa, Vidya Jyothi Emeritus Professor Lal Gotabhaya Chandrasena, Deshabandu Tilak De Zoysa, Mr Tissa Kumara Bandaranayake, and Dr Indrajith Maithri De Zoysa Gunasekara, who have exceeded the age of 70 years and are eligible for reappointment in terms of Section 211 of the Companies Act No. 07 of 2007, have offered themselves for re-appointment as Directors of the Company.

Appointments are communicated to the CSE and shareholders through announcements published on the CSE website and press releases, each of which includes a brief profile of the Director.

Resignations or removals, if any, of Directors, and the reasons therefor, are promptly communicated to the CSE, along with a statement confirming whether there are any matters that need to be brought to the attention of shareholders.

The disclosures required under Rule 9.11.6(g) of the CSE Listing Rules are given below:

Name of Director and nature of reappointment	Dates of first appointment and last reappointment	Board subcommittees served on
Ms Ashani Givanthi Dharmadasa Retires by rotation in terms of Articles 74 and 75 of the Articles of Association of the Company	First appointment: 03 November 2003 Last reappointment: 30 October 2024	None
Dr Mohan Rajakaruna Retires by rotation in terms of Articles 74 and 75 of the Articles of Association of the Company	First appointment: 15 February 2024 Last reappointment: 30 October 2024	None
Dr Munaweera Thanthreege Dilum Lakshan Retires by rotation in terms of Articles 74 and 75 of the Articles of Association of the Company	First appointment: 15 February 2024 Last reappointment: 30 October 2024	Remuneration Committee
Dr Hewa Komanage Jayantha Dharmadasa Reappointment in terms of Section 211 of the Companies Act No. 07 of 2007	First appointment: 07 January 1982 Last reappointment: 30 September 2025	None
Vidya Jyothi Emeritus Professor Lal Gotabhaya Chandrasena Reappointment in terms of Section 211 of the Companies Act No. 07 of 2007	First appointment: 16 October 2003 Last reappointment: 30 September 2025	Related Party Transactions Review Committee
Deshabandu Tilak De Zoysa Reappointment in terms of Section 211 of the Companies Act No. 07 of 2007	First appointment: 16 October 2003 Last reappointment: 30 September 2025	• Audit Committee • Related Party Transactions Review Committee
Mr Tissa Kumara Bandaranayake Reappointment in terms of Section 211 of the Companies Act No. 07 of 2007	First appointment: 27 May 2009 Last reappointment: 30 September 2025	• Audit Committee • Related Party Transactions Review Committee
Dr Indrajith Maithri De Zoysa Gunasekara Reappointment in terms of Section 211 of the Companies Act No. 07 of 2007	First appointment: 25 May 2022 Last reappointment: 30 September 2025	Nominations and Governance Committee

2.4 Board Responsibilities

The Board provides ethical and effective leadership to the organisation and bears ultimate responsibility for the economic, social, and environmental performance of the Group. The Board determines the overall strategy and oversees its implementation. Key responsibilities of the Board are summarised below.

The Directors and Key Management Personnel are indemnified by the Company in respect of liabilities incurred in the discharge of their duties, in terms of Section 218 of the Companies Act No. 07 of 2007.

The Board seeks independent professional advice from external parties, when necessary, in the discharge of its duties.

2.5 Chairman/Chief Executive Officer and Senior Independent Director (SID)

The functions of the Chairman and the Chief Executive Officer (CEO) are vested in one person, namely Dr Jayantha Dharmadasa, as the Board is of the opinion that this is the most appropriate arrangement for the Group, taking into consideration the following:

I. His extensive exposure and experience in the operations of the Group, which make him well suited to serve as CEO.

II. His superior skills in mediating and communicating between the Board and shareholders. He also acts as the main channel of communication between the Board and Management.

The Board has appointed Mr Virann De Zoysa as the Senior Independent Director (SID), in compliance with Section 9 of the CSE Listing Rules on Corporate Governance, which requires the appointment of a SID when the roles of Chairman and CEO are not separate. The SID strengthens the independence and effectiveness of the Board by providing leadership and advice. The SID has made himself available to any of the other Directors for discussions on material matters.

Key Roles and Responsibilities:

Chairman/Chief Executive Officer	Senior Independent Director
• Leads the Board in accordance with good corporate governance principles and ensures that the Board acts in the best interests of the Group • Develops the Group's Strategy and ensures its implementation	• Supports executive leadership while monitoring their conduct
• Builds and maintains stakeholder trust and confidence • Establishes a Group organisational structure appropriate for the execution of the strategy	• Promotes high standards of corporate governance and compliance
• Ascertains the views of all Directors on issues under consideration • Monitors and reports on the performance of the Group and its compliance with applicable laws	• Be available to shareholders for discussions on matters of concern to them
• Ensures a balance of power is maintained between Executive Directors and Non-Executive Directors • Ensures proper succession planning for the corporate management team	• Be available to Directors for advice and discussions on material matters
• Ensures the Group operates within the approved risk appetite	

Key Board Responsibilities

- Ensuring the formulation and implementation of the business strategy.
- Meeting the obligations to shareholders, employees, and other stakeholders, while balancing their interests in a fair manner.
- Establishing systems of risk management, internal control, and compliance.
- Ensuring optimal resource allocation for sustainable value creation.
- Safeguarding assets and ensuring their legitimate use.
- Presenting a balanced and understandable assessment of the Group's position and prospects.
- Ensuring compliance with all laws, regulations, and ethical requirements.
- Ensuring effective succession planning and the continued ability of the Group to operate without any disruption.

2.6 Board Committees

The Board has appointed subcommittees to assist in the discharge of its duties and ensure compliance with the CSE Listing Rules. Areas of oversight and composition of these subcommittees are given below.

Board Committee	Areas of oversight	Composition	Further Information
Audit Committee	• Financial reporting • Internal controls • Internal audit • External audit	Dr Chamara Bandara – Chairman (INED) Mr Chamira Wijetilleke – Member (INED) Mr Virann De Zoysa – Member (SID) Deshabandu Tilak De Zoysa – Member (NED) Mr Tissa Bandaranayake – Member (NED)	Report of the Audit Committee at pages 151 to 153
Nominations and Governance Committee	• Appointment of Key Management Personnel/Directors • Succession planning • Effectiveness of the Board and its subcommittees	Dr Samantha Ratnayake – Chairman (INED) Professor Prasad Jayaweera – Member (INED) Dr Maithri (Maiya) Gunasekera – Member (NED)	Report of the Nominations and Governance Committee at pages 156 to 157
Remuneration Committee	• Remuneration policy for Key Management Personnel • Goals and targets for Key Management Personnel • Performance evaluation	Mr Virann De Zoysa – Chairman (SID) Dr Samantha Ratnayake – Member (INED) Dr M T D Lakshan – Member (NED)	Report of the Remuneration Committee on page 150
Related Party Transactions Review Committee	• Review of related party transactions	Mr Virann De Zoysa – Chairman (SID) Mr Chamira Wijetilleke – Member (INED) Mr Tissa Bandaranayake – Member (NED) Deshabandu Tilak De Zoysa – Member (NED) Vidya Jyothi Professor Lal Chandrasena – Member (ED)	Report of the Related Party Transactions Review Committee at pages 154 to 155
Risk Management Committee (Voluntary Committee)	• Development of contingency plans • Training and professional development • Information technology and cyber risks • Risk mitigation, including insurance where this is cost-effective	Vidya Jyothi Professor Lal Chandrasena - Chairman (Deputy General Manager/ED) Mr Anisha Dharmadasa - Member (ED) Ms Givanthi Dharmadasa - Member (ED)	–
Strategy, Sustainability, and Innovation Committee (Voluntary Committee)	• Assist the Board with its responsibilities for the organisation's mission, vision, and strategic direction • Assist the Board in meeting its overall responsibilities in relation to the Company's sustainability policies and practices.	Ms Givanthi Dharmadasa – Member (Chairperson/ED) Dr Samantha Ratnayake – Member (INED) Dr M T D Lakshan – Member (NED) Mr Viraan De Zoysa – Member (SID) Mr Sampath Thennakoon – Member (Chief Financial Officer) Mr Indika Balasuriya – Member (Chief Information Officer)	–

Note: **NED** – Non-Executive Director **INED** – Independent Non-Executive Director **ED** – Executive Director **SID** – Senior Independent Director

2.7 Meetings and Minutes

Board papers and the agenda are circulated in advance of the Board meetings, giving members sufficient time to review the documents. The Company Secretaries prepare the Board Agenda in consultation with the Chairman. Care is taken to ensure that the Board allocates sufficient time to consider matters critical to the Group's success, as well as compliance and administrative matters.

Board meetings are held on a monthly basis, with flexibility to arrange additional meetings when required. The Board met eleven times during the year. Minutes of each meeting are circulated to Directors and formally approved at the subsequent Board meeting(s). Directors' concerns regarding matters that are not resolved unanimously are recorded in the minutes.

2.8 Attendance at Meetings

Director	Status	Board	Audit Committee	Related Party Transactions Review Committee	Nominations and Governance Committee	Remuneration Committee
Dr Hewa Komanage Jayantha Dharmadasa	ED	11/11	N/A	N/A	N/A	N/A
Mr Anisha Givantha Dharmadasa	ED	11/11	N/A	N/A	N/A	N/A
Mr Virann Thusita De Zoysa	SID	11/11	7/10	4/4	N/A	4/4
Vidya Jyothi Professor Lal Gotabhaya Chandrasena	ED	11/11	N/A	4/4	N/A	N/A
Deshabandu Tilak de Zoysa	NED	11/11	6/10	3/4	N/A	N/A
Mr Tissa Kumara Bandaranayake	NED	11/11	10/10	4/4	N/A	N/A
Ms Ashani Givanthi Dharmadasa	ED	11/11	N/A	N/A	N/A	N/A
Mr Victor Rajamanner Ramanan	NED	02/11	N/A	N/A	N/A	N/A
Dr Indrajith Maithri De Zoysa Gunasekera	NED	11/11	N/A	N/A	3/4	N/A
Dr Mohan Rajakaruna	NED	09/11	N/A	N/A	N/A	N/A
Dr Munaweera Thantreege Dilum Lakshan	NED	11/11	N/A	N/A	N/A	4/4
Dr Dingiri Bandage Sunil Chamara Bandara	INED	09/11	09/10	N/A	N/A	N/A
Mr Chamira Pramodha Wijetilleke	INED	11/11	10/10	4/4	N/A	N/A
Dr Ratnayake Mudalige Samantha Pushpakumara	INED	11/11	N/A	N/A	4/4	4/4
Professor Priyankarage Prasad Manjula Jayaweera	INED	09/11	N/A	N/A	3/4	N/A

Note: **ED** – Executive Director **NED** – Non-Executive Director **INED** – Independent Non-Executive Director **SID** – Senior Independent Director **N/A** – Not Applicable

2.9 Other Business Commitments/ Directors' Interests/Conflicts of Interest

All Directors allocate sufficient time from their schedules to discharge their duties and responsibilities. Directors declare their business interests at the time of their appointment and annually thereafter.

Details are maintained in a Register by the Company Secretaries and are available for inspection in terms of the Companies Act No. 07 of 2007. Directors excuse themselves from meeting(s) when the Board considers any matters in which a conflict of interest may arise, thereby abstaining from participation and voting.

2.10 Related Party Transactions

The Related Party Transactions Review Committee considers all transactions that require approval in accordance with applicable regulations. Related party transactions are disclosed in Note 39 to the Financial Statements on page 238.

2.11 Company Secretaries

Secretarial services to the Board are provided by C G Corporate Consultants (Private) Limited. The Company Secretaries guide the Board on discharging its duties and responsibilities and keep Directors abreast of relevant changes in legislation and compliance with Section 7 (Continuing Listing Requirements) of the CSE Listing Rules. All Directors have access to the advice and services of the Company Secretaries, as necessary.

2.12 Induction and Training for Directors

Upon appointment, Directors are provided with an orientation pack containing all relevant external and internal regulatory documents, together with a tour of the hospital premises.

The Board of Directors recognises the need for continuous training and the expansion of knowledge and skills required to effectively discharge their duties and responsibilities. Directors also undertake training and professional development in their personal capacity, as they consider necessary.

2.13 Board Access to Information and Resources

Directors have unrestricted access to management and organisational information to clarify matters relevant to the effective discharge of their duties and responsibilities. Regular presentations are made by the Executive Management on matters including progress in the implementation of the strategic goals, financial, social, and environmental performance, compliance, risk management, and changes and challenges presented by the operating environment, thereby ensuring that the Board is apprised of developments impacting the Group.

Access to independent professional advice is coordinated through the Company Secretaries and is available to Directors at the Group's expense.

2.14 Executive Committees

These committees meet monthly and are responsible for delivering strategic goals. These cross-functional teams are managed through delegation and reporting obligations, and are key to enhancing employee engagement and empowerment.

2.15 Board Appraisal

The Board's performance is assessed annually against pre-set targets, covering self-evaluation of individual performance and collective performance of the Board as a whole. The assessment is conducted through the Nominations and Governance Committee.

2.16 Policies

In accordance with Rule 9.2.1 of the CSE Listing Rules, the Company established and maintains the following policies, which are published on the Company website:

1. Policy on matters relating to the Board of Directors
2. Policy on Board Committees
3. Policy on Corporate Governance, Nominations, and Re-election
4. Policy on Remuneration
5. Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees, including policies on trading in the Entity's listed securities
6. Policy on Risk Management and Internal Controls
7. Policy on Relations with Shareholders and Investors
8. Policy on Environmental, Social, and Governance Sustainability
9. Policy on Control and Management of Company Assets and Shareholder Investments
10. Policy on Corporate Disclosures
11. Policy on Whistleblowing
12. Policy on Anti-Bribery and Corruption

3. Responsible and Fair Remuneration

3.1 Remuneration Policy

The Nawaloka Group Remuneration Policy seeks to motivate and reward performance while meeting regulatory requirements, market expectations, and corporate values. The Remuneration Committee, comprising two Independent Non-Executive Directors, is responsible for making recommendations to the Board regarding the remuneration of the Executive Directors within agreed terms of reference and in accordance with the remuneration policies of the Company.

The Board as a whole determines the remuneration of Non-Executive Directors, who receive a fee for serving as Directors of the Board. The services of Human Resources professionals are sought when required by the Board and Remuneration Committee in discharging their responsibilities.

The remuneration of Executive Directors is determined by the Board of Directors as explained in the section Level and Composition of Remuneration.

3.2 Level and Composition of Remuneration

The remuneration packages of Executive Directors are designed to attract eminent professionals as Directors with the requisite skills and experience. Remuneration is structured, taking into consideration the performance and risk factors associated with the role and aligned to corporate and individual performance.

The remuneration of Executive Directors comprises two components: fixed remuneration and variable remuneration comprising an annual performance bonus. No special early termination clauses are included in the contract of employment of Executive Directors that would entitle them to extra compensation. However, such compensation, if any, would be determined by the Board of Directors.

Please refer to page 186 in the Notes to the Financial Statements for details of the total remuneration paid to Directors.

4. Board Accountability

4.1 Compliance

Directors are conscious of their duties to comply with applicable laws, regulations, regulatory guidelines, internal controls, and approved policies. The Group is compliant with all relevant legal and statutory requirements.

4.2 Risk Management and Internal Control

The Board is responsible for formulating and implementing effective risk management and internal control systems to safeguard shareholder interests and the assets of the Company. These systems cover all controls, including financial, operational, and compliance controls, and are monitored and regularly reviewed for effectiveness by the Board. The Internal Audit Department supports the Audit Committee by reviewing the adequacy and effectiveness of the internal control systems and reporting to the Audit Committee on a regular basis.

Role of the Risk Management Committee

The purpose of the Risk Management Committee is to assist the Board of Directors in the effective discharge of its primary responsibilities of identifying principal risks and implementing appropriate systems and risk assessment processes to manage such risks.

4.3 Accountability and Audit

Every effort has been made to present the Annual Report, Quarterly Financial Statements, and any other price-sensitive public reports with a balanced and understandable assessment of the Group's financial position, performance, and prospects, in compliance with the applicable legal and regulatory requirements, and voluntary codes and frameworks adopted. The Group's position and prospects are discussed in detail in the following sections of this Annual Report.

- Chairman's Message – pages 14 to 16
- Director/General Manager's Review – pages 19 to 22
- Risk Management – pages 124 to 128

The following reports provide further information:

- Annual Report of the Board of Directors on the Affairs of the Company – pages 145 to 149 (including the declaration that the Financial Statements of the Group have been prepared on the basis of a "going concern")
- Directors' Responsibility in Financial Reporting – page 158
- Independent Auditor's Report – page 165

4.4 External Auditor

The Audit Committee makes recommendations to the Board regarding the appointment, reappointment, or removal of the External Auditor in accordance with professional and ethical standards, and legislative and regulatory requirements. The Audit Committee monitors and reviews the External Auditor's independence and objectivity, and the effectiveness of the audit process, considering relevant professional, legislative, and regulatory requirements.

In the assignment of non-audit services to External Auditors, the Audit Committee ensures that the External Auditor possesses the necessary skills and experience for the assignment, and ascertains that their independence and objectivity in carrying out their duties and responsibilities will not be impaired.

On the recommendation of the Board, the shareholders approved the appointment of Messrs. BDO Partners (Chartered Accountants) as the External Auditors for the financial year 2025/2026 at the last AGM. In compliance with Section 163(3) of the Companies Act No. 07 of 2007, the External Auditors submit a statement annually confirming their independence in relation to the external audit.

4.5 Major or Material Transactions

During the year under review, there were no major transactions, as defined in Section 185 of the Companies Act No. 07 of 2007, that materially affected the net asset base of the Company.

4.6 Code of Business Conduct and Ethics

The Group is committed to conducting its business operations with honesty, integrity, and respect for the rights and interests of all stakeholders. The Group's Code of Business Conduct and Ethics articulates the standards of conduct expected of employees, and the key topics covered are given below.

i. Integrity
ii. Objectivity
iii. Professional competence and due care
iv. Confidentiality
v. Fair dealing
vi. Encourage the reporting of any illegal or unethical behaviour
vii. Conflict of Interest
viii. Bribery and corruption
ix. Entertainment and gifts
x. Integrity of financial statements
xi. Corporate opportunities
xii. Protection and proper use of Company assets
xiii. Compliance with rules and regulations

The Board is not aware of any material violations of the provisions of the Code of Business Conduct and Ethics by any Director or employee of the Group.

4.7 Clinical Governance

The Group is committed to the continuous improvement in the quality of services and safeguarding high standards of patient care. Obtaining Joint Commission International (JCI) accreditation is a reflection of this commitment, as the Group invests in technology and training, automation, and process streamlining to comply with the International Patient Safety Goals, as detailed in pages 94 - 98. The Quality Improvement and Patient Safety Committee monitors performance and ensures compliance with the Goals.

4.8 Quality Improvement and Patient Safety Committee

At Nawaloka, there is an ongoing process of improving the quality of customer service. Quality-related data is reviewed regularly by the Quality Improvement and Patient Safety Committee, an internal committee functioning as a subcommittee reporting to the Director/General Manager. The numerous accolades received in recognition of quality (listed below) are a testament to the Group's commitment to quality:

- The first hospital in Sri Lanka to be awarded the ISO9001: 2008 Sri Lanka Quality Award and the National Business Excellence Award
- ISO9001: 2015 Certification (awarded in 2016)
- National Productivity Award for 2015
- National Business Excellence Gold Award in the Healthcare Sector for 2018
- The Nawaloka laboratory is accredited and certified for the PHSR certificate for 2019
- JCI Standards in 2019

4.9 Digital Governance

Smart technology has been transforming the healthcare industry over the past few years. Nawaloka Hospitals PLC has invested in advanced technologies to enhance customer experience, improve operational efficiency, and reduce costs. Consequently, information technology (IT) governance has been a key focus area of the Board.

5. Relationship with Shareholders

The Board is conscious of its responsibilities towards stakeholders and is committed to fair disclosure, with an emphasis on integrity, timeliness, and relevance of the information provided.

5.1 Communication with Shareholders

Shareholders are engaged through multiple channels of communication, including the AGM (as detailed below), the Annual Report, interim Financial Statements, a dedicated investor relations page on the Company's website, and notification of key events through announcements on the CSE website.

Shareholders also have the opportunity to ask questions and make comments and suggestions to the Board through the Company Secretaries and Registrars, whose contact details are provided on page inner back cover of this report and on the Investor Relations page of the Company website. All significant issues and concerns of shareholders are always referred to the Board of Directors with the views of the Management.

5.2 Constructive Use of the Annual General Meeting

The AGM is the main mechanism through which the Board interacts with and accounts to shareholders, providing an opportunity for shareholders' views to be voiced. The Notice of Meeting, Annual Report, and Audited Financial Statements, and any other resolutions, together with the corresponding information that may be set before the shareholders at the AGM, are circulated to shareholders with a minimum of 21 days' notice prior to the AGM. Shareholders are encouraged to participate in the AGM and exercise their voting rights. The Company proposes a separate resolution for each item of business, giving shareholders the opportunity to vote separately on each issue. Voting procedures at the AGM are

circulated to shareholders in advance. The Company has an effective mechanism to record and count all proxy votes lodged for each resolution.

At the AGM, the Board provides an update to shareholders on the Group's performance, and shareholders have the opportunity to ask questions and vote on resolutions. The Board Chairman, Board members, particularly the Chairmen of the Board subcommittees at the request of the Board Chairman, and External Auditors, are present and available to answer questions. All concerns of the shareholders are recorded in the minutes of the meeting and addressed thereafter. The Board reviews the minutes of the meeting and ensures that the shareholders' issues are resolved systematically.

5.3 Corporate Governance

The Company has taken into account the corporate governance rules applicable to listed entities, as enumerated in Section 9 of the CSE Listing Rules.

Section 9 of the CSE Listing Rules sets out the Corporate Governance requirements of listed companies.

The Directors hereby confirm that the Company complied with the requirements of Section 9 (Corporate Governance) of the CSE Listing Rules as at 31 March 2026.

Compliance Summary

The Company's adherence to Section 9 (Corporate Governance) of the CSE Listing Rules.

	CSE Rule	Status of Compliance	Details/Reference
9.1	**Applicability of Corporate Governance Rules**		
9.1.3	A statement confirming compliance with Corporate Governance Rules.	Compliant	Corporate Governance Report
9.2	**Policies**		
9.2.1/9.2.2/ 9.2.3/9.2.4	Requirement pertaining to the establishment and disclosure of policies set out in the CSE Listing Rules.	Compliant	Corporate Governance Report
9.3	**Board Committees**		
9.3.1	Ensuring that the following Board committees are established and are functioning effectively. (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	Compliant	Corporate Governance Report
9.3.2	Comply with the composition, responsibilities, and disclosures required in respect of the above Board committees as set out in the CSE Listing Rules.	Compliant	–
9.3.3	The Chairperson of the Board of Directors shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Compliant	–

	CSE Rule	Status of Compliance	Details/Reference
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders**		
9.4.1	Maintain records of all resolutions and specified information pertaining to the resolutions considered at any General Meetings.	Compliant	The Company Secretaries maintain records of all resolutions and other requisite information.
9.4.2 (a)/(b)/ (c)/(d)	Communication and relations with shareholders and investors.	Compliant	The Company has established and maintains a policy on Shareholder Communication and Relations.
9.5	**Policy on matters relating to the Board of Directors**		
9.5.1	Establish and maintain a formal policy governing matters relating to the Board of Directors	Compliant	–
9.5.2	Confirm compliance with the requirements of the policy referred to in Rule 9.5.1 in the Annual Report.	Compliant	–
9.6	**Chairperson and CEO**		
9.6.1	The Chairperson 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.	Compliant	A SID has been appointed.
9.6.2	Where the Chairperson of a Listed Entity 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.	Compliant	–
9.6.3 (a)/(b)/ (c)/(d)	The Requirement for a SID	Compliant	Mr Virann De Zoysa was appointed as SID
9.6.3 (e)	A signed explanatory disclosure by the SID demonstrating the effectiveness of duties of the SID.	Compliant	A report from the SID is included.
9.6.4	Explanation for non-compliance with Rule 9.6.1 above in the Annual Report.	N/A	
9.7	**Fitness of Directors and CEOs**		
9.7.1/9.7.2/ 9.7.3/9.7.4/9.7.5	Requirement to meet the fit and proper criteria stipulated by the CSE Listing Rules and disclosure in Annual Report.	Compliant	Annual Report of the Board of Directors on the Affairs of the Company on page 145 – 149

	CSE Rule	Status of Compliance	Details/Reference
9.8 9.8.1/9.8.2	**Board Composition** Requirements pertaining to the minimum number of Directors and Independent Directors.	Compliant	The Board comprises 15 Directors, of whom five are independent.
9.8.3	Conformity to the criteria set by the CSE on determining the independence of the Directors.	Compliant	–
9.8.5 (a)/(b)/(c)	Requirements pertaining to self-declarations, annual determination of independence, and market announcements in the event of any impairment of independence.	Compliant	–
9.9 9.9 (a)/(b)/(c)/(d)/(e)	**Alternate Directors** Non-Executive Directors shall be appointed as alternate directors in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.	N/A	
9.10 9.10.1/9.10.2/9.10.3	**Disclosures relating to Directors** Requirement pertaining to the disclosure of the Directors.	Compliant	–
9.10.4	Disclosure of details pertaining to Directors in the Annual Report.	Compliant	Board of Directors on page 23 to 30
9.11 9.11.1/9.11.2/9.11.3	**Nominations and Governance Committee** Existence of a Nominations and Governance Committee, formal procedure for the appointment of new Directors and re-election of Directors to the Board, and written terms of reference for the Nominations and Governance Committee.	Compliant	Nominations and Governance Committee Report on page 156 to 157.
9.11.4	Composition of the Committee members and appointment of its chairperson.	Compliant	
9.11.5	The functions of the Committee are in accordance with the set criteria as per the CSE Listing Rules.	Compliant	
9.11.6	The Annual Report contains a report of the Nominations and Governance Committee signed by its Chairperson.	Compliant	Nominations and Governance Committee Report on page 156 to 157.

	CSE Rule	Status of Compliance	Details/Reference
9.12	**Remuneration Committee**		
9.12.2	A Remuneration Committee shall be established in accordance with the requirements of the CSE Listing Rules.	Compliant	Remuneration Committee Report on page 150.
9.12.3/ 9.12.4	Requirement pertaining to the remuneration of the Directors.	Compliant	
9.12.5	Remuneration Committee shall have a written terms of reference.	Compliant	
9.12.6	Composition of the Remuneration Committee	Compliant	
9.12.6 (2)	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee.	Compliant	
9.12.7	Functions of the Remuneration Committee	Compliant	
9.12.8 (a)	Disclosure of the Chairperson and members of the Remuneration Committee in the Annual Report.	Compliant	
9.12.8 (b)	A statement regarding the remuneration policy.	Compliant	Remuneration Committee Report on page 150.
9.12.8 (c)	Disclosure of the aggregate remuneration of the Executive and Non-Executive Directors.	Compliant	Note 39.1 in the Notes to the Financial Statements on page 238
9.13	**Audit Committee**		
9.13.1	Entities who do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee shall additionally perform the Risk Functions.	Compliant	–
9.13.2	The Audit Committee shall have written terms of reference.	Compliant	Audit Committee Report on page 151 to 153
9.13.3	Composition of the Audit Committee		
(1)	Comprise a minimum of three Directors, out of which a minimum of two or a majority of the members shall be Independent Directors.	Compliant	
(2)	Quorum for a meeting shall require that the majority of those in attendance to be Independent Directors.	Compliant	

	CSE Rule	Status of Compliance	Details/Reference
(3)	Minimum number of meetings and quarterly meetings prior to releasing the quarterly financial statements.	Compliant	
(4)	An Independent Director shall be appointed as the Chairperson of the Audit Committee	Compliant	Audit Committee Report on pages 151 to 153
(5)	The CEO and CFO shall attend the Audit Committee meetings by invitation, unless otherwise determined by the Audit Committee.	Compliant - Deputy Chairman and CFO attend	Audit Committee Report on pages 151 to 153
(6)	The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body.	Compliant	Audit Committee Report on pages 151 to 153
9.13.4 (1)	Functions of the Audit Committee Functions of the Audit Committee as set out in the CSE Listing Rules	Compliant	Audit Committee Report on pages 151 to 153
9.13.5	Disclosures in Annual Report Disclosure of stipulated information in the Audit Committee Report	Compliant	Audit Committee Report on pages 151 to 153
9.14 9.14.1	**Related Party Transactions Review Committee** Listed Entities shall have a Related Party Transactions Review Committee.	Compliant	
9.14.2 (1)	Composition A minimum of three Directors, out of which two shall be Independent Directors. An Independent Director shall be appointed as the Chairperson of the Committee.	Compliant	Related Party Transactions Review Committee Report on pages 154 – 155
(2)	If both parent and subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may function as the Related Party Transactions Review Committee of the subsidiary.	N/A	

	CSE Rule	Status of Compliance	Details/Reference
9.14.3	Functions of the Related Party Transactions Review Committee Functions of the Committee as set out in the CSE Listing Rules	Compliant	
9.14.4	General Requirements General requirements stipulated in Rules (1) to (4) of the CSE Listing Rules	Compliant	
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee Requirements pertaining to review of Related Party Transactions by the Related Party Transactions Review Committee set out in the CSE Listing Rules.	Compliant	
9.14.6	Shareholder Approval Requirements pertaining to shareholder approval set out in the CSE Listing Rules.	Compliant	
9.14.7	Disclosures Immediate Market Announcement to the CSE as set out in the CSE Listing Rules	Compliant	
9.14.8 (1)/(2)	Disclosures in the Annual Report Disclosure of Related Party Transactions in the Annual Report.	Compliant	Note 39.2 in the Notes to the Financial Statements
(3)	Related Party Transactions Review Committee Report in the Annual Report	Compliant	Related Party Transactions Review Committee Report on pages 154 to 155
(4)	A declaration by the Board of Directors in the Annual Report confirming that Rules pertaining to Related Party Transactions have been complied with.	Compliant	Corporate Governance Report
9.14.9	Acquisition and disposal of assets from/to related parties.	N/A	
9.16	**Additional Disclosures** Additional Disclosures by the Board of Directors in the Annual Report.	Compliant	Directors' Responsibility in Financial Reporting on pages 158 – 159

Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Nawaloka Hospitals PLC ("the Company") have pleasure in presenting to the members their Report, together with the Audited Financial Statements, for the year ended 31 March 2026.

The details set out herein provide the pertinent information required under the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange, and recommendations in adherence with best accounting practices.

1. Legal Form

Nawaloka Hospitals PLC is a public company with limited liability, incorporated in Sri Lanka on 1 July 1982 under the Companies Ordinance No. 51 of 1938, and re-registered on 07 September 2007 under the provisions of the Companies Act No. 7 of 2007, with Company Re-Registration No. PQ 78. Since 2004, the Company's shares have been listed on the Colombo Stock Exchange (CSE). This information is disclosed as required by Section 168 of the Companies Act No. 7 of 2007,

2. Principal Business Activities

The nature of the business of the Company and the Group is described below, as required by Section 168(1)(a) of the Companies Act No. 7 of 2007. There have been no material changes to the activities of the Company or any of its subsidiaries during the period under review, except as stated below.

2.1 Company

The principal activities of the Company are the provision of healthcare and hospital services.

2.2 Subsidiaries

New Nawaloka Hospitals (Private) Limited (PV 3426)

This is a private company with limited liability, incorporated in Sri Lanka under the provisions of the Companies Act No. 17 of 1982, and re-registered under the New Companies Act No. 7 of 2007. The Company is domiciled in Sri Lanka and is a wholly-owned subsidiary of Nawaloka Hospitals PLC.

New Nawaloka Medical Centre (Private) Limited (PV 14363)

This is a private company with limited liability, incorporated in Sri Lanka under the provisions of the Companies Act No. 17 of 1982, and re-registered under the present Companies Act No. 7 of 2007. The Company is domiciled in Sri Lanka and is a wholly-owned subsidiary of Nawaloka Hospitals PLC.

Nawaloka Laboratories (Private) Limited (PV 121462)

A private company with limited liability, incorporated in Sri Lanka in 2017 under the provisions of the New Companies Act No. 7 of 2007. The Company is domiciled in Sri Lanka and is also a wholly-owned subsidiary of Nawaloka Hospitals PLC.

3. Review of Business/Future Development

A review of the business of the Company and the Group, and its performance during the year, is contained in the Chairman's Review/Chief Executive Officer's Performance Review, and the Director/General Manager's Operational and Management Review on pages 14 and 22, respectively, of this report. These reviews form an integral part of this report and, together with the Financial Statements, describe in detail the state of affairs of the Company and the Group.

4. Financial Statements

The Financial Statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, are given on pages 170 to 245 of this report and have been prepared in conformity with the Sri Lanka Accounting Standards, and the requirements of Section 168(1)(b) of the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

5. Auditor's Report

The Financial Statements for the year ended 31 March 2026 were audited by Messrs. BDO Partners (Chartered Accountants), and the Independent Auditor's Report issued thereon appears on page 165 of this Annual Report, as required by Section 168(1)(c) of the Companies Act No. 7 of 2007.

6. Financial Results

	Group		Company	
	2025/26 Rs.	2024/25 Rs.	2025/26 Rs.	2024/25 Rs.
Profit before tax	**1,570,269,910**	336,642,651	**1,458,280,422**	784,776,398
Less: Tax	**(515,837,398)**	(280,261,552)	**(419,789,901)**	(182,955,983)
Net profit after tax	**1,054,432,513**	56,381,099	**1,038,490,522**	601,820,415
Profit attributable to equity holders of the Company	**1,054,432,513**	56,381,099	**1,038,490,522**	601,820,415
Earnings per share	**0.75**	0.04	**0.74**	0.43

7. Accounting Policies and Changes During the Year

The Accounting Policies adopted in the preparation of Financial Statements of the Company and the Group are given on pages 178 to 182 of this Annual Report, as required by Section 168(1)(d) of the Companies Act No. 07 of 2007. There have been no changes in the accounting policies adopted by the Company during the period under review other than the depreciation rates.

8. Entries in the Interests Register

The Interests Register is maintained by the Company, as required by Section 168(1)(e) of the Companies Act No. 07 of 2007.

9. Directors' Remuneration and Other Benefits

Directors' remuneration and other benefits are disclosed in Note 39.1 to the Financial Statements on page 238, as required by Section 168(1)(f) of the Companies Act No. 07 of 2007.

10. Donations

Total donations made by the Group during the year amounted to Rs. 4.9 Mn. and are disclosed as required by Section 168(1)(g) of the Companies Act No. 07 of 2007. This expenditure was incurred under the mandate conferred upon the Board by the Shareholders at the last Annual General Meeting.

11. Shareholders' Funds

The total Group Shareholders' Funds as at 31 March 2026 amounted to Rs. 6,475 Mn. The total Shareholders' Funds of the Company as at 31 March 2026 amounted to Rs. 3,067 Mn. The movements are shown in the Statement of Changes in Equity.

12. Interim Dividend

No interim dividend was declared or paid during the financial year. Furthermore, no dividend was declared for the 2025/2026 financial year.

13. Directorate

Name of Director	Executive/ Non-Executive Status	Status of Independence
Dr Hewa Komanage Jayantha Dharmadasa Chairman and Chief Executive Officer	Executive	
Mr Anisha Givantha Dharmadasa Deputy Chairman	Executive	
Ms Ashani Givanthi Dharmadasa	Executive	
Deshabandu Tilak de Zoysa	Non-Executive	
Vidya Jyothi Prof Lal Gotabaya Chandrasena	Executive	
Mr Tissa Kumara Bandaranayake	Non-Executive	
Mr Victor Rajamanner Ramanan	Non-Executive	
Dr Indrajith Maithri De Zoysa Gunasekera	Non-Executive	
Dr Mohan Rajakaruna	Non-Executive	
Dr Munaweera Thanthreege Dilum Lakshan	Non-Executive	
Mr Virann Thusita de Zoysa	Non-Executive	Senior Independent Director
Dr Ratnayake Mudalige Samantha Pushpakumara	Non-Executive	Independent
Prof Priyankarage Prasad Manjula Jayaweera	Non-Executive	Independent
Mr Chamira Pramodha Wijetilleke	Non-Executive	Independent
Dr Dingiri Bandage Sunil Chamara Bandara	Non-Executive	Independent

The Directors hereby confirm that the members of the Board and the Chief Executive Officer of the Company have satisfied the Fit and Proper Assessment Criteria stipulated in section 9.7 of the Listing Rules of the Colombo Stock Exchange for the year.

The qualifications and experience of each Director are given in the individual profiles of the Board of Directors on pages 23 to 30 of this Annual Report.

14. Appointments and Resignations

There were no appointments or resignations of Directors during the financial year under review.

15. Recommendations for Re-Election/Reappointment

In terms of Article 74 of the Articles of Association of the Company, the following Directors retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-election.

- Ms Ashani Givanthi Dharmadasa – Executive Director
- Dr Mohan Rajakaruna – Non-Executive Director
- Dr Munaweera Thanthreege Dilum Lakshan – Non-Executive Director

Further, Dr Hewa Komanage Jayantha Dharmadasa, Vidya Jyothi Professor Lal Chandrasena, Deshabandu Tilak de Zoysa, Mr Tissa K Bandaranayake, and Dr Maiya Gunasekera, who have exceeded the age of 70 years and, being eligible, for re-election in terms of Section 211 of the Companies Act No. 7 of 2007, have offered themselves for reappointment as Directors of the Company.

16. Senior Independent Director

Mr Virann De Zoysa, Dr Chamara Bandara, Mr Chamira Wijetilleke, Dr Samantha Ratnayake, and Professor Prasad Jayaweera are Independent Directors of the Company.

Mr Virann De Zoysa serves as Senior Independent Director of the Company in accordance with Rule 9.6.3(a) of the Listing Rules of the Colombo Stock Exchange.

17. Board Subcommittees

Several Board Subcommittees established by the Board continue to oversee matters relating to policy and governance. In accordance with the Listing Rules of the Colombo Stock Exchange, the composition of the mandatory subcommittees during the financial year under review is given below.

17.1 Audit Committee Members

Dr Chamara Bandara – Chairman (INED)

Mr Chamira Wijetilleke – Member (INED)

Mr Virann De Zoysa – Member (INED)

Deshabandu Tilak de Zoysa – Member (INED)

Mr Tissa Bandaranayake – Member (NED)

17.2 Remuneration Committee Members

Mr Virann De Zoysa – Chairman (INED)

Dr Samantha Ratnayake – Chairman (INED)

Dr M T D Lakshan – Member (NED)

17.3 Nominations and Governance Committee Members

Dr Samantha Ratnayake – Chairman (INED)

Professor Prasad Jayaweera – Member (INED)

Dr Maithri (Maiya) Gunasekera – Member (NED)

17.4 Related Party Transactions Review Committee

Mr Virann De Zoysa – Chairman (INED)

Mr Chamira Wijetilleke – Member (INED)

Mr Tissa Bandaranayake – Member (NED)

Deshabandu Tilak De Zoysa – Member (INED)

Vidya Jyothi Professor Lal Chandrasena – Member (ED)

Note: INED = Independent Non-Executive Director/ NED = Non-Executive Director/ED = Executive Director

18. Directors' Meetings

Details of meetings comprising the Board and its Subcommittees, namely, the Audit Committee, Remuneration Committee, Nominations and Governance Committee, Related Party Transactions Review Committee, and the Risk Management Committee, are presented on page 135 of this Annual Report.

19. Directors' Shareholding

The aggregate shareholding of the Directors for the year ended 31 March 2026 and the previous year is given below.

Name of Director	2025/26	2024/25
Dr H K J Dharmadasa	462,736,182	462,736,182
Deshabandu Tilak de Zoysa	218,000	218,000
Vidya Jyothi Professor Lal Chandrasena	601,198	601,198
Mr Anisha Dharmadasa	3,004,026	3,004,026
Ms A G Dharmadasa	5,066,686	5,066,686
Mr Tissa K Bandaranayake	NIL	NIL
Mr V R Ramanan	3,110,088	3,110,088
Dr Maiya Gunasekara	32,000	32,000
Dr Mohan Rajakaruna	NIL	NIL
Dr M T D Lakshan	NIL	NIL
Mr Virann De Zoysa	NIL	N/A
Dr Chamara Bandara	NIL	N/A
Mr Chamira Wijetilleke	NIL	N/A
Professor Prasad Jayaweera	NIL	N/A
Dr Samantha Ratnayake	NIL	N/A
	Ordinary	Ordinary

20. Related Party Transactions

The Directors have disclosed the transactions, if any, that could be classified as "Related Party transactions" in terms of LKAS 24 Related Party Disclosures, thereby complying with the Listing Rules of the Colombo Stock Exchange. Related Party Transactions are given in Note 39.2 to the Financial Statements.

The Related Party Transactions Review Committee, appointed by the Board, was tasked with reviewing Related Party Transactions, calling for supporting documents and/or justification of the terms and conditions of such transactions, and identifying and reporting on recurrent and non-recurrent transactions with related parties in line with the applicable Listing Rules of the Colombo Stock Exchange. The Directors have declared their interests to the Related Party Transactions Review Committee. The Directors have no direct or indirect interest in any other contract or proposed contract of the Company.

The Directors hereby confirm that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange in respect of Related Party Transactions entered into during the year.

21. Directors' Interests

The Interests Register is maintained by the Company as per the Companies Act No. 07 of 2007.

22. Capital Expenditure

Details of property, plant, and equipment and their movements in the Company and the Group during the year are presented in Note 16 to the Financial Statements on pages 190 and 197.

23. Stated Capital

The Stated Capital of the Company comprises 1,409,505,596 ordinary shares. There were no changes in the Stated Capital during the year under review.

	Group		Company	
	2023/24 Rs.	2022/23 Rs.	2023/24 Rs.	2022/23 Rs.
Issued and fully paid	–	–	–	–
At the beginning of the year	1,409,505,596	1,409,505,596	1,409,505,596	1,409,505,596
At the end of the year	1,409,505,596	1,409,505,596	1,409,505,596	1,409,505,596

24. Share Information

The composition of shareholders and information relating to share trading, net assets, and market value per share are given on pages 247 of this Annual Report.

25. Major Shareholders

The 20 largest shareholders of the Company as at 31 March 2026 are given on page 247 of this Annual Report.

26. Employment Policy

The Company's Employment Policy is totally non-discriminatory, providing equal opportunities to all employees irrespective of ethnicity, race, origin, religion, political opinion, gender, or marital status.

The Company applies an 'equal opportunity policy' in selection, training, development, and promotion opportunities, ensuring that all decisions are based on merit and qualifications.

Employees are always encouraged to discuss issues relating to operations and make suggestions to improve performance.

The number of persons employed by the Group as at 31 March 2026 was 2,157.

27. Group Revenue

Revenue of the Group was Rs. 13,243 Mn. The analysis thereof is given in Note 09 to the Financial Statements.

28. Stock Exchange Listing

The Company was listed on the Main Board of the Colombo Stock Exchange in 2004 and continues to be listed.

29. Going Concern

The Board firmly believes that the Company and its subsidiaries have sufficient resources to continue in operational existence for the foreseeable future. Therefore, the Financial Statements of the Group have been prepared on the basis of a "Going Concern".

30. Events Occurring After the Reporting Date

No significant events have occurred after the reporting date that would have a material effect on the Company or the Group and require adjustments to or disclosure in the Financial Statements.

31. Appointment of the Auditors

Messrs. BDO Partners (Chartered Accountants), who are willing to continue in office, are recommended for reappointment at a remuneration to be decided by the Board of Directors. The fees paid to the Auditors are disclosed in Note 11 to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of Auditors) with the Company or any of its subsidiaries, except as disclosed above. The Auditors also do not have any interest in the Company or its subsidiaries as required by Section 168 (1)(j) of the Companies Act No. 7 of 2007.

For and on behalf of the Board,

Dr Jayantha Dharmadasa
Chairman/Chief Executive Officer

Vidya Jyothi Professor Lal Chandrasena
Director/General Manager

By Order of the Board,

C G Corporate Consultants (Private) Limited
Company Secretaries of Nawaloka Hospitals PLC

31 August 2026

Remuneration Committee Report

Formation, Composition, and Structure

The Remuneration Committee is a subcommittee appointed by, and accountable to, the Board of Directors. It comprises two Independent Non-Executive Directors and one Non-Executive Director.

Name of member	Executive	Non-Executive	Independent
Mr Virann De Zoysa (Chairman)	–	✓	✓
Dr Samantha Ratnayake	–	✓	✓
Dr M T D Lakshan	–	✓	

Duties and Responsibilities

The Remuneration Committee reviews and recommends the policy on remuneration for the Executive Staff, and determines the specific remuneration packages for the Executive Directors, taking into account the following:

1. Determining the compensation of the Chairman and the Board of Directors, while ensuring that no Director or any of their Associates are involved in determining their own remuneration or any other benefits.
2. Establishing transparent procedures to determine the remuneration of Executives and Directors. In this context, the Remuneration Committee took into account:
   (a) Competition;
   (b) Qualifications and experience;
   (c) Market information;
   (d) Business performance; and
   (e) Industry standards, in declaring the overall remuneration policy of the Group.
3. Approving remuneration levels for each designation of senior management.
4. Maintaining competitive and attractive remuneration packages for senior managers, ensuring alignment with industry standards.
5. Deciding remuneration, increments, incentives, and bonuses through regular evaluation of performance against defined targets.
6. Giving directions regarding statutory payments made by the Company on behalf of its employees.

The aggregate remuneration of the Executive and Non-Executive Directors for the year ended 31 March 2026 is disclosed in Note 39.1 of the Notes to the Financial Statements in this Annual Report.

Challenges

A key challenge for the Group is attracting and retaining high-calibre executives in a highly competitive environment.

Meetings

The Committee met four times during the year under review. Attendance of the members at Remuneration Committee meetings is given below.

Name of member	Number of meetings attended (out of four)
Mr Virann De Zoysa	4/4
Dr Samantha Ratnayake	4/4
Dr M T D Lakshan	4/4

Evaluation of the Effectiveness of the Committee

The Board reviews and updates the Committee Charter annually. The minutes of meetings and other reports from the Remuneration Committee are submitted to the Board of Directors. In addition, plans are initiated for non-Committee members to evaluate the Committee on an annual basis by way of a checklist.

The Remuneration Committee wishes to highlight that, in this regard, the Company is in compliance with the provisions of the Listing Rules of the Colombo Stock Exchange.

Mr Virann De Zoysa
Chairman
Remuneration Committee
31 August 2026

Audit Committee Report

Nawaloka Hospitals PLC has established an Audit Committee in accordance with Section 9 (Corporate Governance) of the Listing Rules of the Colombo Stock Exchange (CSE Listing Rules). The functions, authority, and duties of the Audit Committee are clearly defined in its Charter. The Charter incorporates the requirements of the CSE Listing Rules, Companies Act No. 7 of 2007, Securities and Exchange Commission of Sri Lanka (SEC), and other relevant financial reporting regulations.

The Audit Committee is responsible for overseeing the Company's financial reporting system, with a view to safeguarding the interests of all stakeholders and ensuring its application across subsidiaries. This includes selecting and applying appropriate accounting policies for financial reporting and implementing sound internal control principles, thereby ensuring the integrity of the Financial Statements.

Composition

The Audit Committee is a subcommittee appointed by, and accountable to, the Board of Directors. It comprises three Independent Non-Executive Directors and two Non-Executive Directors.

Name of member	Non-Executive	Independent
Dr Chamara Bandara (Chairman)	✓	✓
Mr Chamira Wijetilleke	✓	✓
Mr Tissa Bandaranayake	✓	–
Deshabandu Tilak de Zoysa	✓	–
Mr Virann de Zoysa	✓	✓

The profiles of the members, detailing their background and professional experience, are presented on pages 23 to 30 of this Report.

The Company Secretary serves as the Secretary to the Committee.

Charter

The Company has an Audit Committee Charter, and the powers and responsibilities of the Audit Committee are governed by this Charter.

Broad Purpose

The Audit Committee assisted the Board with the following:

- Ensuring that the preparation, presentation, and adequacy of disclosures in the Financial Statements are in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS) and with the requirements in the Companies Act No. 7 of 2007, and other relevant financial reporting regulatory requirements.
- Reviewing the appropriateness of the procedures in place for the identification, evaluation, and management of business risks, while ensuring that the systems of internal control across all functions are adequate and operating effectively.
- Assessing the Company's ability to continue as a going concern in the foreseeable future and, in addition, ensuring compliance with all relevant statutory and regulatory requirements.
- Overseeing the independence and performance of the Company's External Auditors.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee are summarised below.

External Audit

- Examining any non-audit work performed by the Auditors, together with the related fees and other relevant criteria, to ensure that their objectivity and independence are not impaired.
- Reviewing the scope and performance of the audit and its effectiveness.
- Discussing the audit plan, key audit issues, their resolution, and management responses with the Auditors at appropriate stages of the audit, with or without the presence of management.
- Based on the above evaluation, recommending the reappointment or otherwise of the current Auditors for the financial year ending 31 March 2027.

Internal Controls and Internal Audit

- Reviewing the internal audit function that has been outsourced and following up on their recommendations.
- Ensuring that there are satisfactory arrangements for monitoring internal controls in keeping with delegated authorities.

Risk Management

- As required under Rule 9.13.5(2)(b) of the CSE Listing Rules, the Committee reviews the Risk Management Reports, risk heat map, risk register, and activities related to managing risks, especially the processes adopted with management to identify, assess, and mitigate risks through appropriate and timely action.
- Monitoring the policies and practices related to risk management.
- Obtaining statements of business risks, evaluating their severity, reviewing the processes in place for managing these risks, and identifying the persons responsible for risk management within specified time frames.

Financial Statements

- Reviewing the Company's quarterly unaudited and annual Audited Financial Statements and, if approved, making recommendations to the Board for their adoption and release.
- Assisting the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process, risk management, and the Company's processes for monitoring compliance with financial reporting requirements, information requirements under the Section 9 (Corporate Governance) of the CSE Listing Rules, the Companies Act No. 07 of 2007, and the Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, and other relevant financial reporting regulations.

Meetings

The Audit Committee met ten times during the year under review. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

Attendance of members at Audit Committee meetings is given below.

Name of member	Number of meetings attended (out of 10)
Dr Chamara Bandara (Chairman)	9/10
Mr Chamira Wijetilleke	10/10
Mr Tissa Bandaranayake	10/10
Deshabandu Tilak de Zoysa	6/10
Mr Virann de Zoysa	7/10

The meetings were attended by the Deputy Chairman, Director/General Manager, Chief Financial Officer and Accountant by invitation.

Functions and Disclosures

The Committee has authorised the Chairman of the Audit Committee to convene separate meetings on a regular basis with the Financial Managers, Head of IT, Internal Auditor, Sectional Heads, and the Company's External Auditors.

As required under Rule 9.13.5(2)(c) and (d) of the CSE Listing Rules, the Audit Committee has received confirmations from the Chief Financial Officer and Accountant that the Financial Statements have been prepared in accordance with the CSE Listing Rules, Sri Lanka Accounting Standards, the requirements of the Companies Act No. 07 of 2007, and the Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, and that they present a true and fair view of the Company's state of affairs as at the reporting date and its activities during the year under review.

The Committee, having given due consideration to the nature of the services provided by the External Auditors to Nawaloka Hospitals PLC and the fees charged by them, confirms that the External Auditors have not performed non-audit services for the Company and no conflict of interest arose during the year ended 31 March 2026. Therefore, the independence of the External Auditors has not been impaired.

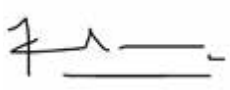
Messrs. BDO Partners have served as the External Auditors of the Company with effect from 30 September 2025, and the engagement of the present Audit Partner also commenced on 30 September 2025.

The fees paid to the Auditors are disclosed under Note 11 to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship with the Company or any of its subsidiaries other than that of Auditor. The Auditors also do not have any interest in the Company or its subsidiaries, in compliance with Section 168 (1)(j) of the Companies Act No. 7 of 2007.

The Committee also noted the arrangements made by the Auditors to maintain their independence.

The Audit Committee recommended to the Board of Directors that M/s. BDO Partners, Chartered Accountants, be reappointed as Auditors of the Company for the financial year ending 31 March 2027, subject to the approval of the shareholders at the Annual General Meeting. This recommendation was made upon confirmation obtained from the Auditors regarding their compliance with the independence guidance given in the Code of Ethics of The Institute of Chartered Accountants of Sri Lanka.



Dr Chamara Bandara
Chairman – Audit Committee
31 August 2026

Related Party Transactions Review Committee Report

Objective

The Related Party Transactions Review Committee (RPTRC) takes into account the interests of shareholders as a whole when the Company enters into Related Party Transactions. Further, the Committee adopts certain measures to prevent Directors, the Chief Executive Officer, or Substantial Shareholders from taking advantage of their positions.

Composition

The RPTRC is a subcommittee appointed by, and accountable to, the Board of Directors. It comprises two Independent Non-Executive Directors, two Non-Executive Directors, and one Executive Director.

Name of member	Executive	Non-Executive	Independent
Mr Virann De Zoysa (Chairman)		✓	✓
Mr Chamira Wijetilleke		✓	✓
Mr Tissa Bandaranayake		✓	
Deshabandu Tilak De Zoysa		✓	
Vidya Jyothi Professor Lal Chandrasena	✓		

There were no changes to the composition of the Committee during the financial year under review.

The Company Secretary serves as the Secretary to the Committee.

Functions

The RPTRC was formed to assist the Board in reviewing all Related Party Transactions carried out by the Group. The Committee has complied with the requirements on Related Party Transactions under the Listing Rules of the Colombo Stock Exchange (CSE Listing Rules).

The mandate of the Committee includes, inter alia, the following responsibilities:

- Ensuring that the Company maintains an up-to-date list of related parties, consistent with the definition in the CSE Listing Rules. To facilitate this process, in accordance with the Related Party Transaction Policy, declarations are obtained from all Key Management Personnel (KMP) of the Company for the purpose of identifying related parties.
- Reviewing, in advance, all proposed Related Party Transactions of the Company, except those explicitly exempted under the Rule 9.14.10 of the CSE Listing Rules.
- Updating the Board of Directors on Related Party Transactions with each of the related parties of the Group that exceed the threshold values and require urgent, specific action by the Company.
- Making immediate market disclosures on applicable Related Party Transactions, as required under Sections 8 and 9 of the CSE Listing rules.
- Making appropriate disclosures on Related Party Transactions in the Annual Report, as required under Section 9 of the Continuing Listing Requirements of the CSE Listing Rules as well as the Sri Lanka Accounting Standards.

In discharging its functions, the Committee primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and KMP, with a view to ensuring:

- there is compliance with the CSE Listing Rules,
- shareholder interests are protected, and
- fairness and transparency are maintained.

Meetings

The Committee met four times during the year under review. The attendance of members at RPTRC meetings is given below.

Name of member	Number of meetings attended (out of four)
Mr Virann De Zoysa (Chairman)	4/4
Mr Chamira Wijetilleke	4/4
Mr Tissa Bandaranayake	4/4
Deshabandu Tilak De Zoysa	3/4
Vidya Jyothi Professor Lal Chandrasena	4/4

Disclosures in Terms of the CSE Listing Rules

As required under Rule 9.14.8(3) of the CSE Listing Rules, all Related Party Transactions during the financial year 2025/26 were reviewed by the Committee at its meetings, and the Committee is of the opinion that such transactions were conducted on normal commercial terms and were not prejudicial to the interests of the Company or its minority shareholders. The Committee reviews the fairness and transparency of all Related Party Transactions entered into by the Company. The proceedings of the RPTRC are regularly reported to the Board of Directors.

The recurrent and non-recurrent Related Party Transactions for the year ended 31 March 2026 are disclosed in Note 39.2 to the Financial Statements, as required under Rule 9.14.8(1) and (2) of the CSE Listing Rules.

Mr Virann De Zoysa
Chairman – Related Party Transactions Review Committee

31 August 2026

Nominations and Governance Committee Report

Composition

The Nominations and Governance Committee is a subcommittee appointed by, and accountable to, the Board of Directors. It comprises two Independent Non-Executive Directors and one Non-Executive Director.

Name of member	Executive	Non-Executive	Independent
Dr Samantha Ratnayake (Chairman)	–	✓	✓
Professor Priyankarage Prasad Manjula Jayaweera	–	✓	✓
Dr Maithri (Maiya) Gunasekera	–	✓	–

The Nominations and Governance Committee operates under a documented policy and established procedures for nominating Directors to the Board.

The Company Secretary serves as the Secretary to the Committee.

Duties and Responsibilities

- Collaborated with the Board in reviewing the skills and competencies required for effective Board functioning.
- Prioritised Board balance and diversity by considering a broad range of factors—including experience, skills, age, gender, and other attributes—to foster a well-rounded mix of perspectives that enhance decision-making and Board performance. These considerations were integrated into the Director appointment process.
- Reviewed the Charter governing the appointment, reappointment, re-election, and election of Directors to the Board of the Company, as well as their succession planning and suggested amendments where necessary.
- Evaluated the performance of the Board, its committees, and individual Directors to ensure that their responsibilities were satisfactorily discharged.

Key Functions

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 judgements in order to attract the best talent to the Group. During the financial year 2025/26, the Committee performed the following functions:

- Ensured the diversity and effectiveness of the Board as well as Key Management Personnel (KMPs).
- Reviewed and recommended necessary appointments to the Board of the Company whenever necessary.
- Evaluated the eligibility of Directors who have offered themselves for reappointment and re-election to the Board, taking into account their performance and contribution to the overall discharge of the Board's responsibilities, and made the 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 were adequate to meet the required strategic demands of the Company.
- Ensured that newly appointed Directors were provided with an induction to the Company and the Group, together with an induction pack containing key governance documents.
- Ensured that all Directors, including Independent Non-Executive Directors, remained informed of regulatory updates, governance developments, and significant matters relevant to the Company and the Group, through periodic briefings at Board and Board Committee meetings from

the Chairperson, Managing Director, and senior management and through Board papers.

- Reviewed general disclosures of interests, statutory declarations, and fit and proper declarations submitted by Directors, and confirmed their eligibility in accordance with the Listing Rules of the Colombo Stock Exchange (CSE Listing Rules) and applicable governance requirements. Reviewed the independence declarations submitted by Independent Non-Executive Directors and confirmed their compliance with the criteria outlined in Rule 9.8.3 of the CSE Listing Rules.
- Reviewed key Company policies to ensure compliance with Rule 9.2 of the CSE Listing Rules.

Meetings

Discussions, decisions, and evaluations of the Committee are conducted through meetings and circular resolutions of the Committee.

The Committee met four times during the year under review. The Chairman of the Nominations and Governance Committee periodically updates the Board of Directors on the conduct, decisions, and discussions of the Committee.

Attendance of members at Nominations and Governance Committee meetings is given below.

Name of member	Number of meetings attended (out of four)
Dr Samantha Ratnayake	4/4
Professor Priyankarage Prasad Manjula Jayaweera	3/4
Dr Maithri (Maiya) Gunasekera	3/4

Reappointment, Re-Election, and Election of Directors

In terms of Articles 74 and 75 of the Articles of Association of the Company, Ms Ashani Givanthi Dharmadasa, Dr Mohan Rajakaruna, and Dr Munaweera Thantreege Dilum Lakshan retire by rotation at the forthcoming Annual General Meeting (AGM) and, being eligible, have offered themselves for re-election.

Dr Jayantha Dharmadasa, Vidya Jyothi Professor Lal Chandrasena, Deshabandu Tilak De Zoysa, Mr Tissa K Bandaranayake, and Dr Maithri Gunasekara, who have exceeded the age of 70 years and, being eligible for reappointment in terms of Section 211 of the Companies Act No. 07 of 2007, have offered themselves to be reappointed as Directors of the Company.

The details of Directors being re-elected and/or reappointed, as required by Rule 9.11.6(g) of the CSE Listing Rules, are provided in the Corporate Governance section of this Annual Report.

Having given due consideration to each Director's performance, the Committee believes that the Directors concerned are eligible for reappointment and re-election, as applicable, to continue as Directors of the Company, and has recommended their reappointment and re-election at the forthcoming AGM.

The members of the Nominations and Governance Committee did not participate in the decisions relating to their own reappointments.

In accordance with Rule 9.11.6(m) of the CSE Listing Rules, the Nominations and Governance Committee confirms that the Company is in compliance with the Corporate Governance requirements stipulated under the Listing Rules.

Dr Samantha Ratnayake
Chairman
Nominations and Governance Committee

31 August 2026

Directors' Responsibility in Financial Reporting

The responsibility of the Directors in relation to the Financial Statements is set out in the following statement.

The Board of Directors of Nawaloka Hospitals PLC is responsible, under Section 148 of the Companies Act No. 7 of 2007, for maintaining proper accounting records that disclose, with reasonable accuracy at all times, the performance and financial position of the Company and the Group. These records must enable the Board to ensure that the resulting Financial Statements comply with the requirements of the Companies Act No. 7 of 2007 and applicable regulations.

In preparing these Financial Statements, the Directors of the Company are required to comply with the requirements specified in Sections 150(1), 151, 152(1), 153(1), and 153(2) of the Companies Act No. 7 of 2007.

Accordingly, the Directors of the Company and the Group maintain proper books of accounts of all the transactions and prepare Financial Statements that give a true and fair view of the state of affairs of the Company as at the date of the Statement of Financial Position, and of the profit or loss for the year ending on that date.

Accordingly, the Directors confirm that:

1. Appropriate accounting policies have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained;
2. All applicable and relevant Accounting Standards have been followed; and
3. They have exercised due and proper judgement and used estimates that are reasonable and prudent.

The Financial Statements of the Company and the Group have been certified by the Company's Chief Financial Officer, as the person responsible for their preparation, as required by the Companies Act No. 07 of 2007. The Financial Statements of the Company and the Group have been signed by two Directors on 31 August 2026 as required under Sections 150(1)(c) and 152(1)(c) of the Companies Act No. 07 of 2007. Accordingly, the Board of Directors confirms that it has complied with all the requirements of the Companies Act No. 7 of 2007 and has also met all the requirements under Section 7 of the Listing Rules of the Colombo Stock Exchange.

The Directors have also taken reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. In this regard, the Directors have established adequate internal controls and an efficient system of monitoring their effectiveness, internal audit being one of them. The Board has been provided with additional assurance on the reliability of the Financial Statements through a process of independent and objective reviews conducted by the Audit Committee. The Report of the Audit Committee is presented on pages 151 and 153 of this Annual Report.

The Directors are of the opinion that the Company has adequate resources to continue in business for the foreseeable future and have applied the "Going Concern" basis in preparing these Financial Statements.

The Directors confidently state that they have discharged their responsibilities as set out in this Statement.

Compliance Report

The Directors confirm that, to the best of their knowledge, all taxes, duties, and levies payable by the Company, all contributions, levies, and taxes payable on behalf of and in respect of the employees of the Company, and other known statutory dues payable by the Company as at the date of the Statement of Financial Position have been paid or, where necessary, provided for in arriving at the financial results for the year under review.

The Directors confirm that:

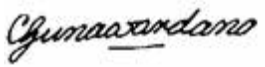
(a) The Company is in compliance with the requirements of the Companies Act No. 07 of 2007 as stated above.

(b) These Financial Statements have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007 and applicable Sri Lanka Accounting Standards, which have been applied consistently and supported by reasonable and prudent judgements and estimates.

(c) The Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange in respect of related party transactions entered into during the year under review.

By Order of the Board,

C G Corporate Consultants (Private) Limited



Charuni Gunawardana

Director

Company Secretaries of Nawaloka Hospitals PLC

31 August 2026

Chief Executive Officer/ Group Chief Financial Officer Statement of Responsibility

The Consolidated Financial Statements of Nawaloka Hospitals PLC (the Company), as at 31 March 2026 are prepared and presented in compliance with the following requirements:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Listing Rules of the Colombo Stock Exchange (CSE); and
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka.
- SLFRS S1 and S2 Sustainability Disclosure Standards

The disclosure and preparation format of the Financial Statements are in compliance with the rules of the Sri Lanka Accounting Standards issued by CA Sri Lanka and those financial outcomes are circulated amongst the shareholders on a quarterly basis.

Significant accounting policies are applied consistently by the Group and the significant estimates that involve high degree of judgement were discussed amongst the Internal and External Auditors.

We confirm that the Group has adequate resources to continue its operations and have applied "going concern" in preparing these Financial Statements.

We are responsible for establishing, implementing, and maintaining internal controls and procedures within the Company and all of its subsidiaries.

We ensure that effective internal controls and procedures are in place. Safeguard its assets, prevent and detect frauds as well as other irregularities. We have reviewed, evaluated, and updated the internal controls and procedures on an ongoing basis together with the Internal Audit department of which we are satisfied and that there were no significant deficiencies and weaknesses in the design or operation to the best of our knowledge.

The Financial Statements of the Group were audited by Messrs BDO, Chartered Accountants and their Report is given on pages 165 to 169. The Board Audit Committee (BAC) pre-approves the audit and any non-audit services provided by Messrs BDO, in order to ensure that the provision of such services do not impair BDO's independence and objectivity.

The BAC reviewed the Internal Audit Programmes and External Audit Plan, the efficiency of Internal Control Systems and procedures and also reviewed the adoption of significant accounting policies and their adherence to statutory and regulatory requirements, the details of which are given in the "Audit Committee Report" appearing on pages 151 to 153. To ensure independence, the External Auditors and the Internal Auditors have full and free access to the members of the BAC to discuss any matter of substance. However, there are inherent limitations that should be recognised in weighing the assurances provided in any system of internal control and accounting.

It is also declared and confirmed that the Group and the Company have complied the guidelines for listed companies where mandatory compliance is required.

We confirm that to the best of our knowledge the Company and the Group have complied with all applicable laws, regulations, and guidelines and there is no pending litigation of a material nature against the Company/Group.

Dr Jayantha Dharmadasa
Chairman/Chief Executive Officer

M T V De Silva
Group Chief Financial Officer
31 August 2026

Senior Independent Director's Statement

This report has been prepared in compliance with Section 9.6.3(e) of the Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance.

The appointment of a Senior Independent Director (SID) at Nawaloka Hospitals PLC is in accordance with Section 9.6.3(a)(i) of the CSE Listing Rules on Corporate Governance and the Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Board continues to maintain its position that the role of the Executive Chairperson is more appropriate for the Company and the Group in meeting stakeholder objectives at large.

Considering the above, the presence of the SID is important in ensuring that no one person has unfettered decision-making powers, and that matters discussed at the Board level are done so in an environment which facilitates independent thought by individual Directors. The SID also acts as the independent party to whom concerns could be voiced on a confidential basis.

The SID chaired meetings of the Non-Executive and Independent Directors, excluding the participation of Executive Directors, on 26 June 2025 and 30 June 2026.

The Non-Executive and Independent Directors are confident that the risk and compliance, broader assurance, and Corporate Governance frameworks have kept well abreast of these dynamics, leading to the Group's continued alignment with best practice in Corporate Governance.

The Non-Executive and Independent Directors thank the Chairperson-Chief Executive Officer, Deputy Chairperson, Director - General Manager, and members of the management team for their transparent and cooperative engagement with the Non-Executive and Independent Directors at all times.

Mr Virann De Zoysa
Senior Independent Director
31 August 2026

Financial Statements

Financial Calendar

Annual Report Publication Calendar

For the year 2025	For the year 2026
In September 2025	In September 2026

Annual General Meeting

For the year 2025	For the year 2026
In September 2025	In September 2026

	2026 submitted on	2027 to be submitted on
For the three months ended/ending	15 August 2025	15 August 2026
For the six months ended/ending	15 November 2025	15 November 2026
For the nine months ended/ending	15 February 2026	15 February 2027
For the year ended/ending	30 May 2026	30 May 2027

Independent Auditor's Report

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Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

TO THE SHAREHOLDERS OF NAWALOKA HOSPITALS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Nawaloka Hospitals PLC ("the Company") and the Consolidated Financial Statements of the Company and its subsidiaries ("the Group"), which comprise the Statement of Financial Position as at 31 March 2026, and the Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity, and 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 178 to 245.

In our opinion, the accompanying Financial Statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the Company's and the Group's Financial Statements of the current year. These matters were addressed in the context of our audit of the Company's and the Group's Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
1. Revenue Recognition (Refer to material accounting policies and explanatory Note 9 to the Financial Statements) The Company and the Group have recognised a revenue of Rs. 6,966 Mn. and Rs. 13,243 Mn., respectively, for the year ended 31 March 2026. Revenue is a key performance indicator used to evaluate the performance of the Company and the Group. Given the significance of the total value, the number of transactions, judgement involved in the timing of recognition and the allocation among the companies in the Group, the recognition of revenue was considered as a key area of focus.	Our audit procedures included, amongst others, the following procedures. • Evaluating the recognition of revenue based on the five step model prescribed by SLFRS 15 – Revenue from Contracts with Customers and confirming the accuracy of the timing and amount of revenue recognised for the year • On a sample basis, testing revenue and related discounts to ensure those have been recognised in the correct accounting period • Assessing the appropriateness of the recognition of revenue and related discounts including carrying out substantive testing procedures • Determining the revenue allocation among the Companies of the Group based on the Board approved revenue allocation policy for the Group. • Performing a cut-off testing to verify whether the revenue is recognised in the correct accounting period • Performing data analytic procedures to confirm the completeness and accuracy of information provided by the entity Assessing the adequacy of financial statement disclosures.
2. Management's assessment of the Group's ability to continue as a Going Concern (Refer accounting policies and explanatory Notes 2.5 and 46 to the Financial Statements) The Group has generated a profit of Rs. 1,054 Mn. during the year ended 31 March 2026 and as of that date, the Group's current liabilities exceeded its current assets by Rs. 2,152 Mn. Additionally, the Group reported accumulated losses of Rs. 76 Mn. as at 31 March 2026. Note 46 to the Financial Statements explains how the Directors have formed the judgement that use of the going concern basis is appropriate in preparing the Financial Statements. The Directors have considered the Group's existing cash resources and available unutilised borrowing facilities as at 31 March 2026 and concluded that such factors do not give rise to material uncertainty casting significant doubt on the Group's ability to continue as a going concern. In particular, the Directors have concluded that the Group's unutilised borrowing facilities and overdraft facilities totalling approximately Rs. 794 Mn. and Rs. 414 Mn., respectively, will remain available throughout the next twelve months from 31 March 2026 and the Group will be able to utilise these facilities to avoid any financial distress. We consider this as a key audit matter, as this assessment involves consideration of future events, many of which are outside the control of the Group and there is a risk that the Directors' judgement may be inappropriate and that there is a material uncertainty which requires additional disclosure in the Financial Statements.	Our audit procedures which included, amongst others, the following procedures. • Obtaining the representation from the Board of Directors of the Group about management's assessment of the Group's ability to continue as a going concern and enhanced strategies as disclosed in Note 46 to the Financial Statements • Obtaining the cash flow projections covering a period of not less than twelve months from the reporting period end date and challenging the reasonableness of the key assumptions • Inspecting the terms of the Group's available unutilised credit facilities to ensure that the Group can pay its debts as and when they fall due and payable for a minimum period of twelve months from the reporting date • Reviewing the financial performance and position of the Group for the subsequent period and analysing trends and variances in key financial metrics based on the management accounts • Assessing the adequacy of disclosures in the Financial Statements in relation to the use of the going concern assumption for the preparation of Financial Statements of the Group

Key audit matter	How our audit addressed the key audit matter
3. Accounting for Investment in Associate (Refer to accounting policies and explanatory Note 20 to the Financial Statements) The carrying amount of the Group's and the Company's equity-accounted investee amounts to Rs. 735 Mn. as at 31 March 2026. The Group and the Company have recognised a share of profit of Rs. 155 Mn. related to this equity accounted investee for the year ended 31 March 2026. As disclosed in Note 20 to these Financial Statements, a former director and present shareholder of the Company through a case filed in Commercial High Court Colombo has claimed the ownership of the shares of this equity accounted investee for which a judgment was delivered in favour of the former Director. The Company has appealed against the said judgement in the Supreme Court of Sri Lanka. Given the significance of the share of profit recognised for the year and the carrying amount of the equity accounted investee, as well as the complexity and the importance of the application of management judgement around the uncertainty over the ongoing litigation, we identified the accounting for investment in associate as a key audit matter.	Our audit procedures included, amongst others, the following procedures. • Inspecting the legal documents associated with the court proceedings including determinations issued up to the date and understanding the nature and background of the litigation • Making enquiries from the management including the Company's in-house legal team and obtaining written representations regarding their assessment of the litigation and their view over potential outcomes • Obtaining the legal opinion from the Group's external legal counsel on the appeal process and continuation of Director's rights • Evaluating the grounds of appeal based on the discussion with our in-house legal experts and corroborate the prevailing status via the journal entries of the judge • Assessing the appropriateness of the judgement applied by the management to its accounting treatment, including the application of the equity method of accounting Evaluating the adequacy of disclosures in the Financial Statements in line with Sri Lanka Accounting Standards.

Other Matter

The Financial Statements of the Group for the year ended 31 March 2025 were audited by another auditor who provided an unmodified opinion on 4 September 2025.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the Financial Statements and our Auditor's Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements and our knowledge obtained in the audit, or otherwise whether it appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group's 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 ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of the 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 it 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 4324.

BDO Partners

CHARTERED ACCOUNTANTS
Colombo
31 August 2026
HSR/cc

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue	9	**13,242,883,041**	11,012,689,270	**6,966,095,830**	5,782,777,543
Cost of services		**(5,911,338,840)**	(5,320,787,034)	**(3,057,379,032)**	(2,821,038,301)
Gross profit		**7,331,544,201**	5,691,902,236	**3,908,716,798**	2,961,739,242
Other income	10	**265,957,219**	177,315,238	**166,839,171**	92,349,154
Staff costs	11.1	**(2,227,591,733)**	(1,791,819,549)	**(706,281,679)**	(608,108,593)
Administrative expenses		**(3,397,088,397)**	(2,931,280,487)	**(1,397,151,802)**	(1,226,782,978)
Other operating expenses		**(120,930,482)**	(28,892,496)	**(68,560,394)**	(50,004,149)
Reversal of impairments on financial assets	22.1, 22.2 & 23.1	**(117,654,863)**	(108,981,199)	**(118,314,863)**	(106,266,372)
Profit from operations	11	**1,734,235,945**	1,008,243,743	**1,785,247,231**	1,062,926,304
Finance income	12	**25,070,735**	33,734,055	**21,110,965**	24,562,661
Finance costs	12	**(1,004,883,616)**	(928,371,514)	**(508,462,452)**	(525,748,934)
Net finance costs		**(979,812,881)**	(894,637,459)	**(487,351,487)**	(501,186,273)
Gain on loan settlement	30.5 & 25.2	**660,760,986**	–	**5,298,816**	–
Share of profits of equity accounted investee, net of tax	20.1	**155,085,862**	223,036,367	**155,085,862**	223,036,367
Profit before tax		**1,570,269,910**	336,642,651	**1,458,280,422**	784,776,398
Income tax (expense)	13.1	**(515,837,398)**	(280,261,552)	**(419,789,901)**	(182,955,983)
Profit for the year		**1,054,432,513**	56,381,099	**1,038,490,521**	601,820,415

For the year ended 31 March	Notes	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Other Comprehensive Income/(expense)					
Items that will not be reclassified to Profit or Loss					
Remeasurement of retirement benefit liability	28.2.c	**(17,785,111)**	(15,205,702)	**(13,143,013)**	(2,072,711)
Related tax on remeasurement of retirement benefit liabilities	13.2	**5,335,534**	4,561,711	**3,942,904**	621,813
Share of other comprehensive income of equity accounted investees, net of tax	20.1	**(2,114,875)**	(650,756)	**(2,114,875)**	(650,756)
Gain on revaluation of buildings	16	**746,185,742**	403,398,027	**204,802,604**	548,694
Related tax on revaluation gains	13.2	**(223,855,723)**	(121,019,408)	**(61,440,781)**	(164,608)
Other comprehensive income for the year, net of tax		**507,765,567**	271,083,872	**132,046,839**	(1,717,568)
Total comprehensive income for the year		**1,562,198,080**	327,464,971	**1,170,537,361**	600,102,847
Earnings Per Share					
Basic earnings per share (Rs.)	14.1	**0.75**	0.04	**0.74**	0.43
Diluted earnings per share (Rs.)	14.2	**0.75**	0.04	**0.74**	0.43

Figures in brackets indicate deductions.

The Accounting Policies and Notes to the Financial Statements on pages 178 to 245 form an integral part of these Consolidated Financial Statements.

Colombo
31 August 2026

Statement of Financial Position

As at 31 March	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Assets					
Non-current Assets					
Property, plant and equipment	16	**17,184,931,590**	15,937,600,270	**1,826,253,040**	1,813,038,823
Right of use assets	17.1	**537,056,019**	434,458,731	**294,861,556**	262,462,455
Investment property	18	**803,000,000**	–	**257,000,000**	–
Investment in subsidiaries	19	–	–	**945,933,066**	945,933,066
Investment in equity accounted investees	20	**735,236,486**	582,265,499	**735,236,486**	582,265,499
Total Non-Current assets		**19,260,224,095**	16,954,324,500	**4,059,284,148**	3,603,699,843
Current Assets					
Inventories	21	**730,313,292**	476,275,981	**389,484,445**	248,966,632
Trade and other receivables	22	**799,315,535**	873,100,273	**725,423,033**	741,731,474
Amounts due from related parties	23	**1,478,675,682**	1,100,663,709	**5,582,808,682**	4,640,561,597
Other investments	24	**153,886,286**	269,337,333	**153,886,286**	223,751,924
Cash and cash equivalents	25	**332,096,745**	349,810,089	**208,727,533**	266,835,093
Total current assets		**3,494,287,539**	3,069,187,385	**7,060,329,980**	6,121,846,720
Total assets		**22,754,511,634**	20,023,511,885	**11,119,614,129**	9,725,546,563
Equity and Liabilities					
Capital and Reserves					
Stated capital	26	**1,207,388,876**	1,207,388,876	**1,207,388,876**	1,207,388,876
Revaluation reserve	27	**5,344,028,833**	4,821,698,814	**563,207,967**	419,846,144
Accumulated (loss)/profit		**(76,356,224)**	(1,116,224,291)	**1,296,339,902**	269,164,365
Total equity		**6,475,061,485**	4,912,863,399	**3,066,936,745**	1,896,399,385
Non-current Liabilities					
Retirement benefit obligation	28.2	**442,996,406**	372,337,378	**267,891,208**	230,534,064
Deferred tax liabilities	29	**3,687,898,134**	3,576,897,530	**230,828,821**	243,774,008
Borrowings	30	**6,294,574,089**	1,523,866,208	**2,990,326,765**	1,523,866,208
Lease liabilities	31	**207,615,508**	166,012,801	**128,434,184**	121,368,557
Total non-current liabilities		**10,633,084,136**	5,639,113,917	**3,617,480,979**	2,119,542,837

As at 31 March	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Current Liabilities					
Trade creditors and other payables	32	**3,172,395,007**	3,001,965,348	**2,254,618,720**	2,057,649,285
Unclaimed dividends		**4,592,917**	4,592,917	**4,592,883**	4,592,883
Current tax liabilities	33	**559,826,481**	223,631,019	**444,285,013**	162,411,929
Amounts due to related companies	34	**175,708,390**	146,804,759	**622,874,602**	507,898,478
Borrowings	30	**945,026,479**	5,155,748,423	**645,680,154**	2,407,875,199
Lease liabilities	31	**100,675,520**	48,844,597	**58,773,579**	34,229,061
Bank overdrafts	25	**688,141,217**	889,947,506	**404,371,452**	534,947,506
Total current liabilities		**5,646,366,012**	9,471,534,569	**4,435,196,405**	5,709,604,341
Total liabilities		**16,279,450,148**	15,110,648,486	**8,052,677,384**	7,829,147,178
Total equity and liabilities		**22,754,511,634**	20,023,511,885	**11,119,614,129**	9,725,546,563
Net assets per share		**4.59**	3.49	**2.18**	1.35

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 178 to 245 are an integral part of these Consolidated Financial Statements.

It is certified that the Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act No. 07 of 2007.

Mr Theja Vimuktha De Silva
Group Chief Financial Officer

Mr Sampath Thennakoon
Company Chief Financial Officer

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 of Directors;

Dr H K Jayantha Dharmadasa
Chairman/Chief Executive Officer

Mr Anisha Dharmadasa
Deputy Chairman

Colombo, 31 August 2026

Statement of Changes in Equity

Group

Description	Notes	Stated capital Rs.	Revaluation reserve Rs.	Accumulated losses Rs.	Total equity Rs.
Balance as at 01 April 2024		1,207,388,876	4,539,320,195	(1,161,310,643)	4,585,398,428
Comprehensive income/(expense) for the year					
Profit for the year		–	–	56,381,099	56,381,099
Other comprehensive income/(expense), net of tax	28.2.c, 20.1 & 13.2	–	282,378,619	(11,294,747)	271,083,872
Balance as at 31 March 2025		1,207,388,876	4,821,698,814	(1,116,224,291)	4,912,863,399
Balance as at 01 April 2025		1,207,388,876	4,821,698,814	(1,116,224,291)	4,912,863,399
Comprehensive income/(expense) for the year					
Profit for the year		–	–	1,054,432,513	1,054,432,513
Other comprehensive income/(expense), net of tax	28.2.c, 20.1 & 13.2	–	522,330,019	(14,564,446)	507,765,573
Balance as at 31 March 2026		1,207,388,876	5,344,028,833	(76,356,224)	6,475,061,485

Company

For the year ended 31 March	Notes	Stated capital Rs.	Revaluation reserve Rs.	Accumulated profit Rs.	Total equity Rs.
Balance as at 01 April 2024		1,207,388,876	419,462,058	(330,554,396)	1,296,296,538
Comprehensive income/(expense) for the year					
Other comprehensive income/(expense)					
Profit for the year		–	–	601,820,415	601,820,415
Other comprehensive income/(expense), net of tax	28.2.c, 20.1 & 13.2	–	384,086	(2,101,654)	(1,717,568)
Balance as at 31 March 2025		1,207,388,876	419,846,144	269,164,365	1,896,399,385
Balance as at 01 April 2025		1,207,388,876	419,846,144	269,164,365	1,896,399,385
Comprehensive income/(expense) for the year					
Profit for the year		–	–	1,038,490,521	1,038,490,521
Other comprehensive income/(expense), net of tax	28.2.c, 20.1 & 13.2	–	143,361,823	(11,314,984)	132,046,839
Balance as at 31 March 2026		1,207,388,876	563,207,967	1,296,339,902	3,066,936,745

Figures in brackets indicate deductions.

The Accounting Policies and Notes to the Financial Statements on pages 178 to 245 form an integral part of these Consolidated Financial Statements.

Statement of Cash Flows

For the year ended 31 March	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cash Flows from Operating Activities					
Profit before tax		**1,570,269,910**	336,642,651	**1,458,280,422**	784,776,398
Adjustments for:					
Depreciation of property, plant and equipment	16	**894,284,814**	802,409,354	**176,215,107**	216,499,959
Unrealised foreign exchange loss on borrowings	30.1	**7,723,154**	(5,522,102)	**7,723,154**	(5,522,102)
Finance costs	12	**1,000,334,573**	927,892,296	**504,618,229**	525,748,934
Interest income	12	**(23,976,100)**	(28,950,033)	**(21,110,965)**	(22,287,966)
Depreciation of right-of-use assets	17.1	**116,362,292**	23,595,681	**85,157,559**	7,235,061
Profit on disposal of property, plant and equipment	16	**(14,813,249)**	(815,793)	**(16,150,000)**	(1,140,000)
Fair value gain in unit trust	10	**(2,103,975)**	(411,622)	**(2,103,975)**	(411,622)
Provision for retirement benefit obligation	28.2.b	**84,486,828**	75,493,884	**39,213,411**	40,182,590
Provision for impairment of trade receivable	22.1	**118,314,863**	40,290,677	**118,314,863**	38,158,775
Write-off of trade receivables	22.1	**(162,439,794)**	–	**(162,439,794)**	–
Provision for impairment of other debtors	22.2	**(660,000)**	13,053,579	**–**	12,393,579
Gain on loan settlement	30.1	**(497,050,789)**	–	**(5,019,250)**	–
Provision for impairment of prepayments	22.4	**–**	12,464,546	**–**	12,464,546
Provision for impairment of related party receivables	23.1	**–**	55,636,943	**–**	55,714,018
Write-off of related party receivables	23.1	**(155,672,144)**	–	**(155,672,144)**	–
Provision for slow moving inventories	21.1	**9,095,827**	1,889,824	**5,613,158**	197,349
Write back of trade and other payables	10	**(82,051,098)**	–	**(47,106,481)**	–
Profit on derecognition of right-of-use asset and lease liability		**(625,266)**	(3,299,982)	**–**	–
Share profit of equity accounted investee, net of tax	20.1	**(155,085,862)**	(223,036,367)	**(155,085,862)**	(223,036,367)
Operating profit before working capital changes		**2,706,393,984**	2,027,333,536	**1,830,447,432**	1,440,973,152
Changes in Working Capital					
(Increase) in inventories		**(263,133,137)**	(127,609,574)	**(146,130,971)**	(72,346,527)
Decrease/(increase) in receivables, deposits and advances		**118,569,784**	(268,316,257)	**60,433,372**	(199,940,544)
(Increase) in related party receivable		**(1,118,054,020)**	(517,793,944)	**(942,247,085)**	(625,112,204)
Increase in related party payable		**924,617,827**	138,076,597	**270,648,268**	263,064,305
Increase in trade and other payables		**250,551,463**	199,368,097	**244,075,920**	182,991,429
		2,618,945,901	1,451,058,459	**1,317,226,935**	989,629,611

For the year ended 31 March	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cash Generated from/(used in) Operating Activities					
Interest paid		**(1,530,318,070)**	(214,806,558)	**(590,092,046)**	(63,850,800)
Gratuity paid	28.2.a	**(31,612,905)**	(48,814,142)	**(14,999,280)**	(33,527,639)
Current tax paid	33	**(287,161,520)**	(53,999,997)	**(208,359,880)**	–
Net cash generated from operating activities		**769,853,406**	1,133,437,758	**503,775,729**	892,251,172
Cash Flows from Investing Activities					
Purchase of property, plant and equipment	16	**(2,199,724,161)**	(340,650,135)	**(241,626,730)**	(170,809,472)
Additions to right-of-use assets	17.1	**(53,225,227)**	(67,368,720)	**(37,021,660)**	(67,368,720)
Proceeds from sale of property, plant and equipment	16	**16,150,000**	1,140,000	**16,150,000**	1,140,000
Interest received	12	**12,181,378**	29,642,653	**9,092,042**	21,492,001
Net investment in short-term deposits	24.2	**129,349,745**	(29,777,012)	**83,988,537**	(29,272,232)
Net cash used in investing activities		**(2,095,268,265)**	(407,013,214)	**(169,417,811)**	(244,818,423)
Cash Flows from Financing Activities					
Proceeds from long-term borrowings	30.1	**7,690,719,709**	2,019,000,000	**3,684,366,568**	2,019,000,000
Repayment of commercial papers	30.3	**–**	(42,011,539)	**–**	(42,011,539)
Repayments of long-term borrowings	30.1	**(6,109,536,455)**	(2,685,540,031)	**(3,897,331,142)**	(2,685,540,031)
Repayments of lease rentals	31.2	**(71,675,450)**	(48,699,622)	**(48,924,855)**	(5,225,962)
Net cash generated from/(used in) financing activities		**1,509,507,804**	(757,251,192)	**(261,889,429)**	(713,777,532)
Net increase/(decrease) in cash and cash equivalents during the year		**184,092,945**	(30,826,648)	**72,468,494**	(66,344,783)
Cash and cash equivalents as at the beginning of the year		**(540,137,417)**	(509,310,769)	**(268,112,413)**	(201,767,630)
Cash and Cash equivalents as at the end of the year		**(356,044,472)**	(540,137,417)	**(195,643,919)**	(268,112,413)
Analysis of Cash and Cash Equivalents as at the end of the year					
Cash at bank and in hand	25	**332,096,745**	349,810,089	**208,727,533**	266,835,093
Bank overdraft	25	**(688,141,217)**	(889,947,506)	**(404,371,452)**	(534,947,506)
		(356,044,472)	(540,137,417)	**(195,643,919)**	(268,112,413)

Figures in brackets indicate deduction.

The Accounting Policies and Notes to the Financial Statements on pages 178 to 245 form an integral part of these Consolidated Financial Statements.

Notes to the Financial Statements

1. Reporting Entity

1.1 Corporate Information

Nawaloka Hospitals PLC ("the Company") is a quoted public company with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No. 07 of 2007 and the ordinary shares of the Company are listed on the Colombo Stock Exchange.

The registered office and the principal place of business of the Company are located at No. 23, Deshamanya H K Dharmadasa Mawatha, Colombo 02.

The Consolidated Financial Statements as at and for the year ended 31 March 2026, comprise the Company (Parent company) and its Subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Company does not have an identifiable parent of its own. The Company is the ultimate parent of the Group.

1.2 Principal Business Activities, Nature of Operations of the Group and ownership by the Company of its Subsidiaries and Associate

The principal business activities of the Company are to provide health and laboratory services, and the Group provides services as follows,

			Ownership as at	Ownership as at
Entity	Relationship	Principal business activity	31 March 2026	31 March 2025
New Nawaloka Hospitals (Pvt) Ltd	Subsidiary	Provide health care services	**100%**	100%
New Nawaloka Medical Centre (Pvt) Ltd	Subsidiary		**100%**	100%
Nawaloka Laboratories (Pvt) Ltd	Subsidiary	Providing clinical laboratory services	**100%**	100%
Nawaloka College of Higher Studies (Pvt) Ltd	Associate	Providing education services	**49.95%**	49.95%

1.3 Number of Employees

Company	361	(2025 – 350)
Group	2,005	(2025 – 1,996)

2. Basis of Preparation

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the Separate Financial Statements of the Company comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows together with the Material Accounting Policy Information and Notes to the Financial Statements.

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

2.2 Statement of Presentation

These Financial Statements have complied with the requirements of the Companies Act No. 07 of 2007 and appropriate disclosures as required by the listing rule of the Colombo Stock Exchange (CSE).

2.3 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements of the Group and the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

The Board of Directors acknowledges its responsibility for Financial Statements as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibility" and the certification on the Statement of Financial Position on pages 172 and 173, respectively.

2.4 Approval of Financial Statements by the Board of Directors

The Financial Statements of the Group and the Company for the year ended 31 March 2026 (including comparatives for 2025), were approved and authorised for issue by the Board of Directors in accordance with a Resolution of the Directors on 31 August 2026.

2.5 Going Concern

The Group's Financial Statements have been prepared under the assumption of a going concern, as the Board of Directors is confident that the Group possesses sufficient resources to continue its operations into the foreseeable future. This confidence is based on the directors' comprehensive assessment, which takes into account the possible effects on the Group's business operations, profitability, liquidity and capital. Refer to the Note 46 - Going Concern.

2.6 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 LKAS 1 on "Presentation of Financial Statements".

2.7 Comparative Information

The Financial Statements for the comparative periods comprise results for the 12 month period from 01 April 2025 to 31 March 2026. In this circumstance, the comparative information for the Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement and related notes are comparable with the current period.

3. Functional and Presentation Currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency. All financial information presented in Rupees has been rounded to the nearest Rupee.

4. Use of Judgements and Estimates

In preparing these Consolidated Financial Statements, Management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

4.1 Judgements

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the Consolidated Financial Statements is included in the following notes.

Note 17 – Leases: whether an arrangement contains a lease and lease classification

Note 6.1 – Consolidation: whether the Group has de facto control over an investee

4.2 Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ended 31 March 2026 is included in the following Notes:

Note 28 –	Measurement of defined benefit obligations: key actuarial assumptions
Note 29 –	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used
Note 16 –	Measurement of the useful lifetime of property, plant and equipment
Note 16 –	Valuation of building constructed on leasehold land
Note 40/41 –	Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
Note 46 –	Uncertainties involved in the use of going concern assumption

Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee. When measuring the fair value of an asset or a 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 as follows:

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2**: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a 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. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Valuation of buildings constructed on leasehold land	Fair value
Net defined benefit (asset) liability	Present value of the defined benefit obligation as explained in Note 28
Investment in unquoted shares	Fair value

6. Material Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in these Consolidated Financial Statements.

Set out below is an index of the material accounting policies, the details of which are available on the pages that follow.

6.1 Basis of Consolidation

Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet 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 it is an acquired set of activities and assets and not a business. The optional concentration test is met if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. 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.

6.2 Foreign Currency Translation

Transactions in foreign currencies are translated into the respective functional currencies of the Group's companies at the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate as at the reporting 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 items that are measured based on historical cost in a foreign currency are translated at the exchange rate prevailing at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

6.3 Impairment of Assets

6.3.1 Financial Instruments and Contract Assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances for trade receivable is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

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.

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).

Credit-impaired Financial Assets

At each reporting date, the Group/Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for 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.

6.3.2 Non-Financial Assets

The carrying amounts of the Group's and the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether such indication exists, and then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU 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 asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a pro rata basis.

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.

7. New Accounting Standard Amendments Issued but not Effective as at the Reporting Date

A number of new accounting standards are effective for annual periods beginning on or after 1 April 2026. However, the Group has not early adopted the following new or amended accounting standards in preparing these Consolidated Statements.

7.1 New standards, interpretations and amendments adopted from 01 January 2025

The Company applied certain standards and amendments for the first time, which are effective for annual periods beginning on or after 01 January 2025.

Accounting standard	Description	Effective date	Impact on the Financial Statements
Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of exchangeability	01 January 2025	There is no material impact from this amendment on the financial performance and financial position of the Group.
SLFRS S1 - General Requirements for Disclosure of Sustainability related Financial Information	To disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions	01 January 2025	The Group provides a separate report on these disclosures within the annual report.
SLFRS S2 Climate-related Disclosures	To disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions	01 January 2025	The Group provides a separate report on these disclosures within the annual report.

7.2 New standards and amendments issued but not yet effective or effective from 01 January 2026

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 01 January 2026 or at a later date.

The new and amended standards that are issued but are not yet effective at the date of issuance of these Financial Statements are disclosed below.

Accounting standard	Description	Effective date
SLFRS 17 – Insurance Contracts	Measure Insurance Contract Liability at a current fulfilment value and provide a more uniform measurement and presentation approach for all insurance contracts	01 January 2026
Amendments to SLFRS 9 and SLFRS 7	Classification and Measurement of financial instruments	01 January 2026
	Nature-dependent electricity contracts	
SLFRS 18 – Presentation of Financial Statements	Enhanced presentation requirements in the statement of profit or loss, establishes a consistent definition of operating profit, and strengthens disclosure requirements, particularly in relation to management-defined performance measures	01 January 2027
SLFRS 19 - Subsidiaries without Public Accountability: Disclosures	Reduced disclosure requirements for eligible subsidiaries that do not have public accountability, while continuing to apply full SLFRS recognition and measurement principles	01 January 2027

8. Operating Segments

Accounting Policy

An operating segment is a component of the Group/Company 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/Company's other components. All operating segments' operating results are reviewed regularly by the Group/Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

8.1 Basis for Segmentation

The Group has the following strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Hospital services	Provision of hospital services to inpatient and outpatient
Pharmaceutical	Sale of pharmaceuticals
Laboratories	Provision of laboratory services
Radiology services	Provision of radiographical services

Segment performance is evaluated based on operating profits or losses which in certain respect, are measured differently from operating profits or losses in the Consolidated Financial Statements. Income taxes are managed on a Group basis and are not allocated to operating segments.

8.2 Segment Information

The following table presents the income, profit, asset and liability information on the Group's strategic business divisions for the year ended 31 March 2026 and comparative figures for the year ended 31 March 2025.

	Hospital services		Pharmaceutical		Laboratories		Radiology services		Unallocated/eliminations		Total	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue	**5,594,136,063**	4,805,228,144	**3,515,720,343**	2,953,777,256	**2,689,052,463**	2,102,888,303	**1,444,133,655**	1,150,884,658	**(159,483)**	(89,091)	**13,242,883,041**	11,012,689,270
Other income	–	–	–	–	–	–	–	–	–	–	**265,957,219**	177,315,238
Total operating income	**5,594,136,063**	4,805,228,144	**3,515,720,343**	2,953,777,256	**2,689,052,463**	2,102,888,303	**1,444,133,655**	1,150,884,658	**(159,483)**	(89,091)	**13,508,840,260**	11,190,004,508
Share of profit of equity accounted investee											**155,085,862**	223,036,367
Depreciation and amortisation											**(1,010,647,106)**	(826,005,035)
Profit before tax											**1,570,269,910**	336,642,651
Income tax expenses for the year											**(515,837,398)**	(280,261,552)
Profit for the year, attributable to equity holders of the parent											**1,054,432,513**	56,381,099

9. Revenue

Accounting Policy

SLFRS 15 - Revenue from contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group recognises revenue when a customer obtains control of the goods or services. Judgement is used to determine the timing of transfer of control – at a point in time or over time.

9.1 Revenue Streams

The Group generates revenue primarily from health and laboratory services.

For the year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue from contracts with customers	**13,242,883,041**	11,012,689,270	**6,966,095,830**	5,782,777,543
	13,242,883,041	11,012,689,270	**6,966,095,830**	5,782,777,543

9.2 Disaggregation of Revenue from Contracts with Customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 8).

For the year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Major product/service lines				
Hospital revenue	**5,594,136,063**	4,805,228,144	**2,939,421,733**	2,536,365,745
Pharmacy revenue	**3,515,720,343**	2,953,777,256	**2,479,766,031**	2,055,771,845
Laboratory revenue	**2,689,052,463**	2,102,888,303	**301,047,292**	204,848,050
Radiology services	**1,444,133,655**	1,150,884,658	**1,246,020,256**	985,880,994
Deferred revenue	**(159,483)**	(89,091)	**(159,483)**	(89,091)
	13,242,883,041	11,012,689,270	**6,966,095,830**	5,782,777,543
Timing of revenue recognition				
Products transferred at a point in time	**3,515,720,343**	2,953,777,256	**2,479,766,031**	2,055,771,845
Products and services transferred over time	**9,727,162,698**	8,058,912,014	**4,486,329,798**	3,727,005,698
	13,242,883,041	11,012,689,270	**6,966,095,830**	5,782,777,543

9.3 Contract Balances

These refer to the Group's rights to consideration for work completed but not billed at the reporting date. Contract balances as at 31 March 2026 of the Group is Rs. 77,900,842/- (2025: Rs. 64,896,296/-) and for the Company is Rs. 39,014,673/- (2025: Rs. 27,640,259/-)

9.4 Performance Obligations and Revenue Recognition Policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms and related revenue recognition policies.

Type of product/service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Healthcare service	Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used.	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on provision of services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the price list at which the Group sells the services in separate transactions.
	The service revenues are presented net of related doctor fees and diagnostic charges in cases where the Group is not the primary obliger and does not have the pricing latitude.	
Sale of Goods	Pharmacy sales are recognised when the risk and reward of ownership are passed to the customer.	Revenue is recognised at a point in time and measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for rebates and loyalty points granted upon purchase and are stated net of returns and discounts wherever applicable.

10. Other Income

Accounting Policies

Other income is recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of property, plant and equipment and other non-current assets including investments have been accounted for in profit or loss.

For the year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
– Rental services	**6,770,101**	8,031,875	**38,580,888**	36,948,750
– Car park income	**53,840,480**	54,079,740	**–**	–
– Gain on fair value change in unit trust	**2,103,975**	411,622	**2,103,975**	411,622
– Other sundry income	**105,753,050**	103,088,367	**62,897,827**	46,260,923
– Write back of trade and other payables	**82,051,098**	–	**47,106,481**	–
– Gain on disposals of property, plant and equipment	**14,813,249**	815,793	**16,150,000**	1,140,000
– Gain from derecognition of right-of-use asset	**625,266**	3,299,982	**–**	–
– Recovery of impairments	**–**	7,587,859	**–**	7,587,859
	265,957,219	177,315,238	**166,839,171**	92,349,154

11. Profit from Operations

Accounting Policy

Operating profit is the result generated from the continuing principal, revenue-producing activities of the Group as well as other income and expenses related to operating activities. Profit from operations excludes net finance costs, and income taxes.

Expenses

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. Repairs and renewals are charged to Statement of Profit or Loss in the year in which the expenditure is incurred.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

The profit from operations has been arrived after charging all expense including the following:

For the year ended 31 March	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Staff costs	11.1	**2,227,591,733**	1,791,819,549	**706,281,679**	608,108,593
Emoluments paid to Directors		**33,107,677**	13,740,000	**33,107,677**	13,740,000
Auditor's remuneration – Audit and audit related services		**16,931,085**	9,600,000	**5,226,766**	3,850,000
Depreciation of property, plant and equipment		**894,284,814**	802,409,354	**176,215,107**	216,499,959
Provision for trade and other receivables		**117,654,863**	65,808,802	**118,314,863**	63,016,900
Provision for slow-moving and obsolete inventories		**(9,095,827)**	1,889,824	**(5,613,158)**	197,349
Loss for disposal of property, plant and equipment		**14,813,249**	324,207	**16,150,000**	–
Depreciation of right-of-use assets		**116,362,292**	23,595,681	**85,157,559**	7,235,061
Provision for statutory charges		**162,419,827**	–	–	–

11.1 Staff Costs

For the year ended 31 March	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Salaries and wages		**1,957,112,939**	1,555,309,202	**606,822,597**	514,373,227
Contribution to Employees' Provident Fund	28.1	**148,793,572**	128,813,171	**48,196,536**	42,842,221
Contribution to Employees' Trust Fund	28.1	**37,198,394**	32,203,292	**12,049,135**	10,710,555
Provision for retirement benefit liability	28.2.a,b,c	**84,486,828**	75,493,884	**39,213,411**	40,182,590
		2,227,591,733	1,791,819,549	706,281,679	608,108,593

12. Net Finance Costs

Accounting Policy

The Group's finance income and finance costs include:

- interest income
- interest expenses
- the foreign currency gain or losses on financial assets and financial liabilities

Interest income or expenses is recognised using the effective interest method.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial assets; or
- the amortised cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial assets. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For the year ended 31 March	Notes	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Finance Income					
Interest on fixed deposits		**23,064,387**	27,741,689	**20,199,252**	21,214,172
Foreign exchange gain		**1,094,635**	4,784,022	**–**	2,274,695
Other interest		**911,713**	1,208,344	**911,713**	1,073,794
		25,070,735	33,734,055	**21,110,965**	24,562,661
Finance Costs					
Overdraft interest		**89,666,318**	185,915,135	**38,302,365**	63,225,733
Foreign exchange loss		**4,499,668**	479,218	**3,794,849**	–
Interest on borrowings	30.1	**875,113,303**	712,346,276	**444,815,048**	461,158,689
Interest on royalty		**1,886,182**	–	**–**	–
Interest on commercial papers	30.3	**–**	739,448	**–**	739,448
Interest on corporate credit card		**49,375**	–	**49,375**	–
Interest on leases	31	**33,668,770**	28,891,617	**21,500,816**	625,064
		1,004,883,616	928,371,514	**508,462,452**	525,748,934
Net finance costs		**979,812,881**	894,637,459	**487,351,487**	501,186,273

13. Income Tax Expenses

Accounting Policy

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other Comprehensive Income.

The Group has determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore they are accounted for under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Refer Note 29 for detailed accounting policy.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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, and such reductions are reversed when there is the probability of future taxable profits.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Tax Exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

As per the Inland Revenue Amendment Act No. 45 of 2022, the Group is liable to pay income tax on its taxable profits at the following rates,

Company	Tax rate
Nawaloka Hospitals PLC	30% on the taxable profits (2025: 30% on the taxable profits)
New Nawaloka Hospitals (Pvt) Ltd	30% on the taxable profits (2025: 30% on the taxable profits)
New Nawaloka Medical Centre (Pvt) Ltd	30% on the taxable profits (2025: 30% on the taxable profits)
Nawaloka Laboratories (Pvt) Ltd	30% on the taxable profits (2025: 30% on the taxable profits)

13.1 Amount Recognised in Profit or Loss

For the year ended 31 March	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Current Tax Expense					
Tax on current year profit	13.4	**453,897,690**	169,170,009	**341,827,280**	162,411,929
Over provision during prior year		**169,459,293**	–	**148,405,684**	–
		623,356,983	169,170,009	**490,232,964**	162,411,929
Deferred Tax Expense					
(Reversal from)/charge to deferred taxation	29.1	**(107,519,585)**	111,091,543	**(70,443,064)**	20,544,054
		(107,519,585)	111,091,543	**(70,443,064)**	20,544,054
Tax expenses on continuing operations		**515,837,398**	280,261,552	**419,789,901**	182,955,983

13.2 Amount Recognised in Other Comprehensive Income

For the year ended 31 March	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Items that will not be Reclassified to Profit or Loss					
Deferred tax impact on retirement benefit obligation	29.1	**(5,335,534)**	(4,561,711)	**(3,942,904)**	(621,813)
Deferred tax impact on change in revaluation reserve	29.1	**223,855,722**	121,019,408	**61,440,781**	164,608
		218,520,188	116,457,697	**57,497,877**	(457,205)

13.3 Amounts Recognised Directly in Equity

There were no items recognised directly in equity during the year ended 31 March 2026.

13.4 Reconciliation Between the Accounting Profit and Tax Expense

For the year ended 31 March	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Accounting profit before tax		**1,570,269,910**	336,642,651	**1,458,280,423**	784,776,398
Share of profit from equity accounted investee		**(155,085,862)**	(223,036,367)	**(155,085,862)**	(223,036,367)
Other consolidation adjustments		**33,600,000**	33,600,000	**–**	–
Profit before tax		**1,448,784,048**	147,206,284	**1,303,194,561**	561,740,031
Aggregate disallowable expenses		**1,171,804,906**	996,560,508	**440,828,687**	356,739,727
Aggregate allowable expenses		**(1,525,263,617)**	(1,231,924,063)	**(604,598,980)**	(334,629,355)
Other sources of Income		**(22,085,511)**	(69,944,087)	**(19,420,091)**	(61,923,033)
Tax loss from business	13.5	**(485,905,575)**	(956,475,309)	**–**	–
Taxable profit from business		**1,491,945,408**	731,173,951	**1,120,004,177**	521,927,370
Other sources of income liable for tax		**22,085,511**	67,481,570	**19,420,091**	59,236,716
Tax loss claimed during the year	13.5	**(1,038,619)**	(234,755,493)	**–**	(39,790,990)
Taxable income		**1,512,992,300**	563,900,028	**1,139,424,268**	541,373,096
Income tax at 30%		**453,897,690**	169,170,009	**341,827,280**	162,411,929
Total income tax		**453,897,690**	169,170,009	**341,827,280**	162,411,929
Effective tax rate		**29%**	50%	**30%**	30%

13.5 Tax Losses Carried Forward

For the year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Reconciliation of Tax Losses				
Tax losses brought forward	4,630,077,056	3,983,300,822	–	118,377,148
Tax losses expired during the year	(937,141,440)	–	–	–
Adjustment due to finalisation of taxes of previous years	(307,054,027)	(74,943,582)	–	(78,586,158)
Tax loss claimed during the year	(1,038,619)	(234,755,493)	–	(39,790,990)
Tax loss for the year	485,905,575	956,475,309	–	–
Tax loss carried forward	3,870,748,545	4,630,077,056	–	–

14. Earnings Per Share

Accounting Policy

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.

14.1 Basic Earnings Per Share

The earnings per share is computed on the profit attributable to ordinary shareholders after tax and Non-Controlling Interest divided by the weighted average number of ordinary shares during the year.

For the year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit for the year	**1,054,432,513**	56,381,099	**1,038,490,522**	601,820,415
Weighted average number of ordinary shares in issue during the year	**1,409,505,596**	1,409,505,596	**1,409,505,596**	1,409,505,596
Earnings per share	**0.75**	0.04	**0.74**	0.43

14.2 Diluted Earnings Per Share

There was no dilution of ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is the same as basic earning per share as shown in Note 14.1.

15. Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation and amortisation.

Adjusted EBITDA is not a defined performance measure in Sri Lanka Accounting Standards. The group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosers by other entities.

Reconciliation of adjusted EBITDA to profit from continuing operations – Group

For the year ended 31 March	2026 Rs.	2025 Rs.
Profit for the year	**1,054,432,513**	56,381,099
Income tax expense	**515,837,398**	280,261,552
Profit before tax	**1,570,269,910**	336,642,651
Adjustments for:		
Net finance costs	**979,812,881**	894,637,459
Depreciation of property plant and equipments	**894,284,814**	802,409,354
Depreciation of right-of-use asset	**116,362,292**	23,595,681
Share of profit of equity-accounted investee, net of tax	**(155,085,862)**	(223,036,367)
Adjusted EBITDA	**3,405,644,035**	1,834,248,778

16. Property, Plant and Equipment

Accounting Policy

Recognition and Measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Revaluation

The Group applies the revaluation model for the entire class of buildings on leasehold property for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Buildings on leasehold land of the Group are revalued by independent professional valuers every three-five years or more frequently if the fair values are substantially different from carrying amounts to ensure that the carrying amounts do not differ from the fair values as at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognised in revaluation reserve in Equity through OCI or used to reverse a previous loss on revaluation of the same asset, which was charged to the statement of profit or loss and other comprehensive income. In this circumstance, the increase is recognised as income only to the extent of the previous written down value. Any decrease in the carrying amount is recognised as an expense in the statement of profit or loss and other comprehensive income or charged to revaluation reserve in equity through OCI, only to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any balance remaining in the Revaluation Reserve in respect of an asset, is transferred directly to retained earnings on retirement or disposal of the asset.

Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. 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. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Category of asset	Useful life
Buildings on leasehold land	Lower of land lease term or 60 years
Freehold Buildings	60 years
Fixtures and Fittings	10 years
Plant and Machinery	5 years
Hospital Equipment	10 years
Medical Equipment	10 years
Motor Vehicles	5 years
Furniture and Fittings	10 years
Computer Equipment	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work-in-progress

These are expenses of a capital nature directly incurred in the construction of buildings, awaiting capitalisation. These are stated in the Statement of Financial Position at cost less any accumulated impairment losses. Capital work-in-progress is transferred to the relevant asset when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management (i.e. available for use).

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the the asset) is included in the statement of profit or loss in the year the asset is derecognised.

Impairment/Reversal of Impairment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the statement of comprehensive income unless it reverses a previous revaluation surplus for the same asset.

16.1 Reconciliation of Carrying Amount

Group

	Freehold land Rs.	Buildings constructed on leasehold land Rs.	Fixture and fittings Rs.	Plant and machinery Rs.	Motor vehicles Rs.	Hospital equipment Rs.	Medical equipment Rs.	Computer equipment Rs.	Furniture fittings Rs.	Work in progress (WIP) Rs.	Total 2026 Rs.
Cost/Valuation											
Balance as at 01 April	42,188,000	14,433,952,680	647,311,981	54,001,945	556,125,451	722,554,355	5,602,455,004	446,395,877	269,365,119	76,310,823	**22,850,661,235**
Revaluation gain during the year	260,812,000	485,373,742	–	–	–	–	–	–	–	–	**746,185,742**
Additions during the year	500,000,000	–	28,138,743	–	40,878,902	30,006,765	1,543,687,985	32,431,577	3,705,810	20,874,378	**2,199,724,161**
Transfers from CWIP	–	97,185,201	–	–	–	–	–	–	–	(97,185,201)	**–**
Adjustment due to revaluation	–	(423,933,949)	–	–	–	–	–	–	–	–	**(423,933,949)**
Disposals during the year	–	–	(1,719,660)	–	(10,847,612)	–	–	–	–	–	**(12,567,272)**
Transfer made to the investment property	(803,000,000)	–	–	–	–	–	–	–	–	–	**(803,000,000)**
Balance as at 31 March	–	14,592,577,675	673,731,064	54,001,945	586,156,741	752,561,120	7,146,142,989	478,827,454	273,070,929	–	24,557,069,917

	Freehold land Rs.	Buildings constructed on leasehold land Rs.	Fixture and fittings Rs.	Plant and machinery Rs.	Motor vehicles Rs.	Hospital equipment Rs.	Medical equipment Rs.	Computer equipment Rs.	Furniture fittings Rs.	Work in progress (WIP) Rs.	Total 2026 Rs.
Accumulated Depreciation											
Balance as at 01 April	–	–	539,488,049	54,001,945	555,326,044	574,539,980	4,616,476,499	370,158,433	203,027,033	–	**6,913,017,983**
Charge for the year	–	423,933,949	32,920,775	–	2,226,571	35,419,321	349,626,896	31,224,166	18,933,137	–	**894,284,814**
Adjustment due to revaluation	–	(423,933,949)	–	–	–	–	–	–	–	–	**(423,933,949)**
Disposals during the year	–	–	(382,909)	–	(10,847,612)	–	–	–	–	–	**(11,230,521)**
Balance as at 31 March	–	–	572,025,915	54,001,945	546,705,003	609,959,301	4,966,103,395	401,382,599	221,960,170	–	**7,372,138,327**
Net Carrying Value											
As at 31 March 2026	–	14,592,577,675	101,705,149	–	39,451,738	142,601,819	2,180,039,594	77,444,856	51,110,759	–	**17,184,931,590**
As at 31 March 2025	42,188,000	14,433,952,675	107,823,956	–	799,407	148,014,375	985,978,514	76,194,437	66,338,085	76,310,821	**15,937,600,270**

Company

	Freehold land Rs.	Buildings constructed on leasehold land Rs.	Fixture and fittings Rs.	Plant and machinery Rs.	Motor vehicles Rs.	Hospital equipment Rs.	Medical equipment Rs.	Computer equipment Rs.	Furniture fittings Rs.	Work in progress (WIP) Rs.	Total 2026 Rs.
Cost/Valuation											
Balance as at 1 April	42,188,000	1,130,428,677	234,930,732	11,332,408	476,429,906	425,751,193	3,071,861,405	230,558,687	135,396,027	76,310,823	**5,835,187,858**
Revaluation gain during the year	214,812,000	(10,009,396)	–	–	–	–	–	–	–	–	**204,802,604**
Additions during the year	–	–	11,692,497	–	28,493,902	14,646,823	172,163,812	2,979,190	1,814,954	9,835,552	**241,626,730**
Transfers from CWIP	–	86,146,375	–	–	–	–	–	–	–	(86,146,375)	–
Adjustment due to revaluation	–	(57,111,557)	–	–	–	–	–	–	–	–	**(57,111,557)**
Disposals during the year	–	–	–	–	(10,847,612)	–	–	–	–	–	**(10,847,612)**
Transfer made to the investment property	(257,000,000)	–	–	–	–	–	–	–	–	–	**(257,000,000)**
Balance as at 31 March	–	1,149,454,100	246,623,229	11,332,408	494,076,196	440,398,016	3,244,025,217	233,537,877	137,210,981	–	**5,956,658,021**

	Freehold land Rs.	Buildings constructed on leasehold land Rs.	Fixture and fittings Rs.	Plant and machinery Rs.	Motor vehicles Rs.	Hospital equipment Rs.	Medical equipment Rs.	Computer equipment Rs.	Furniture fittings Rs.	Work in progress (WIP) Rs.	Total 2026 Rs.
Accumulated depreciation											
Balance as at 01 April	–	–	214,881,443	11,332,408	476,429,906	355,642,527	2,652,541,101	201,267,008	110,054,642	–	**4,022,149,047**
Charge for the year	–	57,111,557	4,926,297	–	15,613	13,145,761	82,173,918	12,269,044	6,572,917	–	**176,215,107**
Adjustment due to revaluation	–	(57,111,557)	–	–	–	–	–	–	–	–	**(57,111,557)**
Disposals during the year	–	–	–	–	(10,847,612)	–	–	–	–	–	**(10,847,612)**
Balance as at 31 March	–	–	219,807,740	11,332,408	465,597,907	368,788,288	2,734,715,019	213,536,052	116,627,559	–	**4,130,404,987**
Net Carrying Value											
As at 31 March 2026	–	1,149,454,100	26,815,489	–	28,478,289	71,609,728	509,310,198	20,001,825	20,583,422	–	**1,826,253,040**
As at 31 March 2025	42,188,000	1,130,428,677	20,049,289	–	–	70,108,666	419,320,304	29,291,679	25,341,385	76,310,823	**1,813,038,823**

16.2 Details of Building Under Property, Plant and Equipment Stated at Revaluation

The following buildings constructed on leasehold lands of the Group were revalued By Mr G W G Abeygunawardene FRICS, Chartered valuer as at 31 March 2026.

Location	Extent	No of Buildings	Revalued amount – Buildings Rs.	Carrying Value after revaluation Rs.	Carrying Value if carried at cost Rs.
	Building (Sq. ft.)				
Nawaloka Hospitals PLC	90,984	1	1,149,454,100	1,149,454,100	589,327,036
New Nawaloka Hospitals (Pvt) Ltd.	112,826	1	1,255,132,800	1,255,132,800	1,091,526,860
New Nawaloka Medical Centre (Pvt) Ltd.	587,353	4	12,187,990,775	12,187,990,775	7,845,586,053

The leasehold properties with a land extent of 511.80 perches are located in No. 23, Deshamanya H K Dharmadasa Mawatha, Colombo 2.

16.3 Details of Freehold Lands Stated at Cost – Group/Company

Property	Extent (Perches)	Carrying value Rs.
Land situated at No. 15, Nelson lane, Kollupitiya, Colombo 03	20.2	42,188,000

16.4 Title Restriction on Property, Plant and Equipment

There are no restrictions that existed on the title of the property, plant and equipment of the Group as at the reporting date.

16.5 Acquisition of Property, Plant and Equipment During the Year

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 2,199 Mn. (2025 - Rs. 340 Mn.). Cash payments amounting to Rs. 2,199 Mn. (2025 - Rs. 340 Mn.). were made during the year.

16.6 Impairment of Property, Plant and Equipment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2026. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date in respect of property, plant and equipment.

16.7 Property, plant and equipment pledged as security

Refer Note 25.1 and 30.

16.8 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

16.9 Fully Depreciated Assets

Fully depreciated assets in property, plant and equipment still in use are detailed as follows:

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Fixture and fittings	**345,199,874**	303,980,078	**195,657,691**	170,310,042
Plant and machinery	**54,001,945**	18,231,945	**11,332,408**	11,332,408
Motor vehicles	**525,253,960**	550,154,810	**445,558,415**	476,857,845
Hospital equipment	**388,557,493**	362,926,263	**306,949,803**	284,802,481
Medical equipment	**3,514,448,242**	3,280,983,453	**2,452,015,063**	2,318,099,302
Computer equipment	**357,171,193**	302,051,209	**192,341,999**	160,634,972
Furniture and fittings	**88,866,632**	76,182,768	**72,680,759**	67,712,873
	5,273,499,340	4,894,510,526	**3,676,536,138**	3,489,749,923

16.10 Work-in-Progress

The Group had no capital work-in-progress (CWIP) as at 31 March 2026. The costs relating to the radiology enhancement project, physiotherapy unit, and maternity ward, amounting to Rs. 76 Mn., which were previously recorded under CWIP as at 31 March 2025, have been transferred/recognised accordingly during the year.

16.11 Compensation from Third Parties for Items of Property, Plant and Equipment

No impairment has been recognised for items of Property, Plant and Equipments during the year and no compensation was receivable from third parties during the year. (2025: Nil)

16.12 Measurement of Fair Values

Fair value hierarchy

The fair value of buildings constructed on leasehold lands was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Groups's buildings constructed on leasehold lands every 3-5 years.

Valuation techniques and significant unobservable inputs

The Group uses the revaluation model for measurement of buildings constructed on leasehold land. The buildings constructed on leasehold lands of the Group were revalued by Mr G W G Abeygunawardene FRICS, Chartered Valuer as at 31 March 2026.

The Depreciated Replacement Cost ("DRC method") has been used as the fair value of buildings constructed on leasehold land. The cost approach is based on the assumption that an informed buyer will pay no more for a property than the cost of building a brand - new property with similar utility. In determining the DRC, the current condition of the buildings and future usability have been considered. This approach involves the analysis of transactions relating to direct comparables where available. Where evidence of direct comparison is not available, consideration is given to properties in locations further afield making appropriate allowances for configuration, permitted use, size, etc.

The table below sets out the significant unobservable inputs used in measuring buildings constructed on leasehold lands categorised as Level 3 in the fair value hierarchy as at 31 March 2026.

Location and address of the property	Significant unobservable inputs	Range of estimates for unobservable inputs	Estimated fair value would increases (decreases) according to:	Sensitivity of fair value to significant unobservable input
No. 23, Deshamanya H K Dharmadasa Mawatha, Colombo 2	Building - Price per square feet	Rs. 1,900/- Rs. 27,450/-	Cost per square foot for Building increases, (decreases)	Positively correlated

16.13 Borrowing Costs

No Borrowing costs were capitalised during the year under Property, Plant and Equipment (2025: Nil)

17. Leases

Accounting policy

Leased Assets

At inception of a contract, the Group/Company 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/Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group/Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group/Company has the right to direct the use of the asset. The Group/Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group/Company has the right to direct the use of the asset if either:
- the Group/Company has the right to operate the asset; or
- the Group/Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 01 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group/Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(i) As a lessee

The Group/Company 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 on 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 amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements 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/Company's incremental borrowing rate. Generally, the Group/Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group/Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group/Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group/Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured 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/Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group/Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured 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.

17.1 Right-of Use-Assets

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cost				
Balance as at 01 April	**549,679,270**	804,384,781	**358,222,900**	130,386,037
New leases obtained during the year	**220,875,612**	262,498,309	**117,556,660**	227,836,863
Derecognition of right-of-use assets	**(9,853,879)**	(517,203,820)	**–**	–
Balance as at 31 March	**760,701,003**	549,679,270	**475,779,560**	358,222,900
Accumulated Amortisation				
Balance as at 01 April	**115,220,539**	596,147,120	**95,760,445**	88,525,384
Depreciation for the year	**116,362,292**	23,595,681	**85,157,559**	7,235,061
Derecognition of right-of-use assets	**(7,937,847)**	(504,522,262)	**–**	–
Balance as at 31 March	**223,644,984**	115,220,539	**180,918,004**	95,760,445
Net carrying value	**537,056,019**	434,458,731	**294,861,556**	262,462,455

During the year, the Group derecognised two lease contracts: one with a right-of-use asset carrying value of Rs. 1,313,687 located at Assessment No. 25, Union Lane, Colombo 02, on 31 July 2025, and another with a carrying value of Rs. 602,345 located at No. 20 3/2, Sir Chittampalam A. Gardiner Mawatha, Fort, Colombo, on 30 August 2025. These leases had corresponding liabilities of Rs. 1,716,201 and Rs. 825,097 respectively, resulting in a total gain on derecognition of Rs. 625,266/-, (2025 : 3,299,982/-)

Assets obtained on lease and balance term of leases as at 31 March 2026 are as follows:

(a) Nawaloka Hospitals PLC

Type of asset	Balance lease term
Land	3 - 66 Years
Buildings	1 Year
Motor vehicles	3 Years

(b) New Nawaloka Hospitals (Private) Limited

Type of asset	Balance lease term
Land	66 Years
Buildings	1 - 4 Years

(c) New Nawaloka Medical Centre (Private) Limited

Type of asset	Balance lease term
Land	76 Years
Buildings	1 - 6 Years

(d) New Nawaloka Laboratories Private Limited

Type of asset	Balance lease term
Buildings	1 - 4 Years
Motor vehicles	4 Years

18. Investment Property

Accounting policy

Recognition and measurement

Investment property is initially measured at cost. Investment property is subsequently measured at cost. When the use of a property changes such that it is reclassified as property, plant and equipment, its carrying value at the date of reclassification becomes its cost for subsequent accounting.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is disposed, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease.

18.1 Reconciliation of carrying amount

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 1 of April	–	–	–	–
Transfer during the year	803,000,000	–	257,000,000	–
Balance as at 31 March	803,000,000	–	257,000,000	–

18.2 Details of the Investment Property

Property		Extent (Perches)	Carrying Value Rs.
Land situated at No. 15, Nelson Lane, Kollupitiya, Colombo 03	Nawaloka Hospitals PLC	21.45	257,000,000
Land situated at No. 129, 3rd Lane, Angulana Station Road, Lakshapathiya, Moratuwa	New Nawaloka Hospitals (Pvt) Ltd	3A - 0R - 16.70P (1.2563 Ha)	546,000,000
			803,000,000

19. Investment in Subsidiaries

Accounting policy

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commenced until the date on which control ceases.

Investments in subsidiaries are recognised at cost of acquisition and thereafter it is carried at cost less any impairment losses in the separate financial statements of the Company. The net assets of each subsidiary are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognised to the extent of its net assets loss.

As at 31 March	Holding %	Number of Shares	Company 2026 Rs.	Company 2025 Rs.
New Nawaloka Hospitals (Pvt) Ltd.	100	6,500,000	**245,933,056**	245,933,056
New Nawaloka Medical Centre (Pvt) Ltd.	100	70,000,004	**700,000,000**	700,000,000
Nawaloka Laboratories (Pvt) Ltd.	100	1	**10**	10
			945,933,066	945,933,066

Assessment of Impairment

The Board of Directors has assessed the potential impairment of investment in subsidiaries as at 31 March 2026. Based on the internal assessment carried out by the Board, no impairment provision has been made in the Financial Statements as at the reporting date in respect of investment in subsidiaries.

20. Investment in Equity Accounted Investees

Accounting policy

An associate is an entity in which the Group has significant influence, but no control or joint control over the financial and operating policies significant influence is presumed to exist when the Group holds between 20 percent and 50 percent of the voting power of another entity.

The Group determines significant influence taking into account similar considerations necessary to determine control over subsidiaries. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to the initial recognition, the Consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted investee.

The aggregate of the Group's share of profit or loss of an associate 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.

The Financial Statements of the associate are prepared inline with the financial year of the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group discontinues the use of the equity method from the date that it ceases to have significant influence over an associate over the accounts for the investment in accordance with the Group's accounting policy for financial instruments. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The Company elected to apply the equity method in accounting for its interests in associates in the separate financial statements.

Company	Principal activities	Class of shares held	Number of Shares	Proportion of interest held by the Group/Company
Nawaloka College of Higher Studies (Pvt) Limited	Education services	Ordinary	5,049,500	49.995%

20.1 Share of the Equity Accounted Investee's Statement of Financial Position

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Opening balance as at 1 April 2025	**582,265,499**	359,879,888	**582,265,499**	359,879,888
Share of profits of equity accounted investee, net of tax	**155,085,862**	223,036,367	**155,085,862**	223,036,367
Share of other comprehensive income of equity accounted investees, net of tax	**(2,114,875)**	(650,756)	**(2,114,875)**	(650,756)
Closing balance as at 31 March 2026	**735,236,486**	582,265,499	**735,236,486**	582,265,499

20.2 Summary of Equity Accounted Investee's Statement of Financial Position

Equity accounted investee's statement of financial position

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Group interest (%)	**49.995**	49.995	49.995	49.995
Current assets	**1,922,083,198**	1,711,235,848	1,922,083,198	1,711,235,848
Non-current assets	**278,446,939**	254,549,016	278,446,939	254,549,016
Current liabilities	**(616,094,140)**	(725,035,828)	(616,094,140)	(725,035,828)
Non-current liabilities	**(113,817,416)**	(76,102,726)	(113,817,416)	(76,102,726)
Total net assets (100%)	**1,470,618,581**	1,164,646,310	1,470,618,581	1,164,646,310
Less: NCI				
Total net assets attributable to equity Holders	**1,470,618,581**	1,164,646,310	1,470,618,581	1,164,646,310
Group share of net assets	**735,236,487**	582,265,498	735,236,488	582,265,498
Share of net asset attributable to equity accounted investee	**735,236,487**	582,265,498	735,236,488	582,265,498
Equity accounted investee's statement of profit or loss and other comprehensive income				
Revenue	**809,523,190**	1,124,604,820	809,523,190	1,124,604,820
Profit before income tax	**401,523,463**	550,231,740	401,523,463	550,231,740
Income tax	**(91,321,025)**	(104,114,836)	(91,321,025)	(104,114,836)
Profit after tax	**310,202,438**	446,116,904	310,202,438	446,116,904
Profit attributable to equity holders	**310,202,438**	446,116,904	310,202,438	446,116,904
Share of profit of equity accounted investee, net of tax	**155,085,862**	223,036,367	155,085,862	223,036,367
Other comprehensive income for the year, net of tax	**(4,230,168)**	(1,301,641)	(4,230,168)	(1,301,641)
OCI attributable to equity holders	**(4,230,168)**	(1,301,641)	(4,230,168)	(1,301,641)
Share of other comprehensive income of equity accounted investee, net of tax	**(2,114,875)**	(650,756)	(2,114,875)	(650,756)
Share of total comprehensive income for the year, net of tax	**152,970,988**	222,385,610	152,970,988	222,385,610
Dividend received	–	–	–	–

20.3 Litigation update on the associate

A former director (the "Petitioner") of Nawaloka Hospitals PLC has filed two cases (C.H.C/59/2023/CO and C.H.C/65/2024/CO) at the Commercial High Court of Colombo seeking to make an order to

- Cancel 5,049,500 shares (wrongly and by an error) of Nawaloka College of Higher Studies (Private) Limited issued in favour of Nawaloka Hospitals PLC and register the same in the name of the Petitioner.
- Direct the Nawaloka College of Higher Studies (Private) Limited to pay Rs. 78 Mn. and the interest due to the Company.

The Case C.H.C/59/2023/CO was called, and the following final determination was issued on 17 December 2024 by the Commercial High Court of Colombo.

- The Petitioner is entitled to 5,049,500 shares and directed the share register of Nawaloka College of Higher Studies (Private) Limited to be amended accordingly.
- Directed the Nawaloka College of Higher Studies (Private) Limited to pay Rs. 78 Mn. and the interest due to the Company.

The Company filed an appeal dated 31st December 2024 and petition of appeal dated 31 January 2025 in the Supreme Court of Sri Lanka on this case. These appeals are yet to be listed.

The Case C.H.C/65/2024/CO was called, and on 23 July 2025, the Commercial High Court of Colombo delivered an interim order in favour of the Petitioner restraining Nawaloka College of Higher Studies (Private) Limited passing any special resolution unless the Petitioner is permitted to exercise the voting rights of 5,049,500 shares. The matter will be called on 04 September 2026 to consider a settlement.

However, the Company subsequently filed appeal against said order dated 23 July 2025 bearing Nos. SC/HC/LA/81/2025 and SC/HC/LA/82/2025 dated 07 August 2025 in the Supreme Court of Sri Lanka and these appeals will be mentioned on 03 September 2026.

Having considered the opinion of legal experts, the Board of Directors of Nawaloka Hospitals PLC determined that they are confident that the above matter/(s) would be resolved in favour of the Company and as a result no adjustments were made to the Financial Statements as at 31 March 2026. Accordingly, the Company/Group continued to recognise the investment in associate under equity method as at 31 March 2026.

In an unforeseen situation, if the final determination is delivered unfavourable to Nawaloka Hospitals PLC, the Company/Group will be required to derecognise the investment in the associate amounting to Rs. 735 Mn. as at 31 March 2026 and recognise a loan receivable of Rs. 78 Mn. plus interest (to be determined) in the Financial Statements as at 31 March 2026.

21. Inventories

Accounting policy

Inventories have been valued at lower of cost and net realisable value after making due allowance for obsolete and slow moving items. The First-In First-Out (FIFO) basis is adopted to arrive at the cost of inventories.

Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Pharmaceutical items	**627,023,690**	432,470,401	**371,476,862**	259,482,241
General stocks	**50,998,288**	12,172,717	**30,213,665**	7,303,631
Reagent stocks	**72,894,219**	61,331,595	**–**	–
	750,916,197	505,974,713	**401,690,527**	266,785,872
Provision for slow-moving inventories (Note 21.1)	**(20,602,905)**	(29,698,732)	**(12,206,082)**	(17,819,240)
	730,313,292	476,275,981	**389,484,445**	248,966,632

21.1 Provision for Slow Moving Inventories

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 April	**29,698,732**	27,808,908	**17,819,240**	17,621,891
(Reversal)/provision made during the year	**(9,095,827)**	1,889,824	**(5,613,158)**	197,349
Balance as at 31 March	**20,602,905**	29,698,732	**12,206,082**	17,819,240

22. Trade and Other Receivables

Accounting policy

See accounting policies in Note 35.

Write-off of receivables

The Company writes off trade and other receivable and due from related party balances when, after taking appropriate recovery actions, there is no reasonable expectation of recovery. Such write-offs are made upon obtaining the approval of the Board of Directors.

Amounts are written off against the related allowance for impairment previously recognised. Accordingly, where the receivable has been fully provided for, the write-off does not result in an additional charge to profit or loss at the date of write-off.

	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Financial Assets					
Trade Receivables					
– Key Management Personnel		**9,218,220**	18,411,332	**9,218,220**	18,411,332
– Other related companies		**227,809,662**	320,456,469	**227,809,662**	320,456,469
– Others		**594,203,938**	603,655,704	**586,173,859**	593,555,058
		831,231,821	942,523,505	**823,201,742**	932,422,859

	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Less: Provision for impairment	22.1	**(431,528,930)**	(475,653,861)	**(429,397,028)**	(473,521,959)
		399,702,891	466,869,644	**393,804,714**	458,900,900
Other debtors		**927,521,291**	878,809,763	**470,319,734**	402,433,818
Staff loans		**10,119,494**	8,625,372	**10,119,494**	8,625,372
Less: Provision for impairment of other debtors	22.2	**(678,423,955)**	(679,083,955)	**(278,435,526)**	(278,435,526)
		658,919,721	675,220,824	**595,808,416**	591,524,564
Non-Financial Assets					
Pre-payments		**105,220,016**	110,419,106	**105,220,016**	110,419,106
Other deposit and advances		**45,134,006**	74,176,823	**34,352,810**	26,504,284
Advance for import items		**14,227,313**	37,469,041	**14,227,313**	37,469,041
Provision for impairment of prepayments and deposit and advances	22.3 & 22.4	**(24,185,521)**	(24,185,521)	**(24,185,521)**	(24,185,521)
		140,395,814	197,879,449	**129,614,617**	150,206,910
		799,315,535	873,100,273	**725,423,033**	741,731,474

22.1 Provision for Impairment of Trade Receivables

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 April	**475,653,861**	435,363,184	**473,521,959**	435,363,184
Provision for the year	**118,314,863**	40,290,677	**118,314,863**	38,158,775
Written-off during the year	**(162,439,794)**	–	**(162,439,794)**	–
Balance as at 31 March	**431,528,930**	475,653,861	**429,397,028**	473,521,959

22.2 Provision for Impairment of Other Debtors

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 April	**679,083,955**	666,030,376	**278,435,526**	266,041,947
Provision for the year	**(660,000)**	13,053,579	–	12,393,579
Balance as at 31 March	**678,423,955**	679,083,955	**278,435,526**	278,435,526

22.3 Provision for Impairment of Deposit and Advances

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 April	**1,552,839**	**1,552,839**	**1,552,839**	**1,552,839**
Provision for the year	–	–	–	–
Balance as at 31 March	**1,552,839**	**1,552,839**	**1,552,839**	**1,552,839**

22.4 Provision for Impairment of Prepayments

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 April	**22,632,682**	10,168,136	**22,632,682**	10,168,136
Provision for the year	–	12,464,546	–	12,464,546
Balance as at 31 March	**22,632,682**	22,632,682	**22,632,682**	22,632,682

23. Amounts Due from Related Parties

See accounting policies in Note 35.

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Alcobronz (Pvt) Ltd	**11,000,000**	11,000,000	**11,000,000**	11,000,000
Battaramulla Medical Centre*	**35,489,063**	35,489,063	**35,489,063**	35,489,063
CAFÉ 77 (Pvt) Ltd	**6,121,921**	–	**17,749,200**	–
Kandana Medical Centre*	**9,768,324**	9,768,324	**9,768,324**	9,768,324
Kiribathgoda Medical Centre*	**74,995,837**	74,995,837	**74,995,837**	74,995,837
Karapitiya Medical Centre*	**9,850,554**	9,850,554	**9,850,554**	9,850,554
One Galle Face Medical Centre*	**56,967,243**	35,931,825	**56,967,243**	35,931,825
Panadura Medical Centre*	**68,140,344**	67,640,344	**68,140,344**	67,640,344
Redline (Pvt) Ltd	**23,402,990**	15,685,025	**18,717,965**	11,000,000
Kottawa Medical Centre*	**27,822,557**	27,822,557	**27,822,557**	27,822,557
Nawata (Pvt) Ltd	**92,822,844**	73,694,883	**88,270,644**	63,158,570
Nawaloka Aviation (Pvt) Ltd	**4,479,419**	4,479,419	**4,479,419**	4,479,419
Nawaloka ACG Aluminium Company (Pvt) Ltd	**96,300**	96,300	**96,300**	96,300
Nawaloka Institute of Healthcare (Pvt) Ltd	–	3,244,370	–	3,244,370
Nawaloka College of Higher Studies (Pvt) Ltd	**33,013,397**	33,013,397	**33,013,397**	33,013,397
Nawaloka Construction Company (Pvt) Ltd	**167,169,743**	101,651,389	**167,017,898**	101,651,389
Nawaloka Steel Industries (Pvt) Ltd	**398,617,205**	241,393,650	**231,066,965**	238,843,410
Nawaloka Guardian International (Pvt) Ltd	**332,995**	332,995	–	–
Nawaloka Engineering (Pvt) Ltd	**11,359,278**	5,271,824	**10,492,768**	4,405,314
New Ashford International (Pvt) Ltd	**3,162,900**	3,050,000	**3,162,900**	3,050,000
Nawaloka Polysacks Limited	–	22,429,200	–	22,429,200
Sasiri Polysacks (Pvt) Ltd	**322,902,770**	145,629,266	**317,852,770**	145,629,266
New Nawaloka Hospitals (Pvt) Ltd	–	–	**106,039,605**	202,345,821
New Nawaloka Medical Centre (Pvt) Ltd	–	–	**4,173,039,197**	3,353,923,303
M Branch (Pvt) Ltd	–	16,215,698	–	16,215,698
Nawaloaka Research and Educational Centre Foundation	–	8,800,000	–	8,800,000
Mart 77 (Pvt) Ltd	**750**	750	**750**	750
Healthways (Pvt) Ltd	**9,411,836**	9,411,836	**9,411,836**	9,411,836
Nawaloka Forwarding Agents (Pvt) Ltd	**35,000**	445,110,378	**35,000**	445,110,378
Yiwu Trading (Pvt) Ltd	**114,273,073**	34,483,574	**114,273,073**	34,483,574
JD Design Studio (Pvt) Ltd	**843,450**	75,000	**843,450**	75,000
Nawaloka Medical Centre (Pvt) Ltd	**29,317,155**	–	**23,333,042**	–
Nawaloka Petroleum (Pvt) Ltd	**15,873,395**	12,873,395	**15,873,395**	12,873,395
NovaNest Properties (Pvt) Ltd	**16,106,539**	–	**16,106,539**	–
Sasiri Flexipack (Pvt) Ltd	**121,472,300**	–	**121,472,300**	–
Nawaloka Hospitals Centre (Pvt) Ltd	**6,931,500**	–	**6,931,500**	–
	1,671,780,682	1,449,440,853	**5,773,313,835**	4,986,738,894
Provision for impairment (Note 23.1)	**(193,105,000)**	(348,777,144)	**(190,505,153)**	(346,177,297)
	1,478,675,682	1,100,663,709	**5,582,808,682**	4,640,561,597

*These medical centers are operated under the legal entity Nawaloka Medical Centers (Pvt) Ltd.

23.1 Provision for Impairment

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 April	**348,777,144**	293,140,201	**346,177,297**	290,463,279
Provision for the year	–	55,636,943	–	55,714,018
Write-off during the year	**(155,672,144)**	–	**(155,672,144)**	–
Balance as at 31 March	**193,105,000**	348,777,144	**190,505,153**	346,177,297

24. Other Investments

See accounting policies in Note 35.

The Group's other investments are summerised as follows:

	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Fair Value Through Other Comprehensive Income – FVOCI	24.1	–	–	–	–
Fair Value Through Profit or Loss	24.2	**17,611,918**	25,411,623	**17,611,918**	25,411,623
Amortised cost	24.3	**136,274,368**	243,925,710	**136,274,368**	198,340,301
		153,886,286	269,337,333	**153,886,286**	223,751,924
Non-current investments	24.1	–	–	–	–
Current investments	24.2 & 24.3	**153,886,286**	269,337,333	**153,886,286**	223,751,924
		153,886,286	269,337,333	**153,886,286**	223,751,924

Information about the Group's exposure to credit and market risk, and fair value measurement, is included in Note 36 and 37.

24.1 Fair Value through Other Comprehensive Income – FVOCI

The Group's financial instruments are summerised follows:

	Holding %	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Investment in Unquoted Shares					
Digital Health (Private) Limited – Cost	15	**14,805,000**	14,805,000	**14,805,000**	14,805,000
Allowance for impairment		**(14,805,000)**	(14,805,000)	**(14,805,000)**	(14,805,000)
		–	–	–	–

Digital Health (Private) Limited launched in 2016, has connected more than 1,500 doctors in over 80 hospitals through its digital health platform which is accessible via doc.lk, by dialing 990, or via the Doc990 app.

Digital Health (Private) Limited is a subsidiary of Dialog Axiata PLC and the balance infusion of equity by Asiri Hospital Holdings PLC, Nawaloka Hospitals PLC and Ceylon Hospitals PLC.

The Group invested in 15% of the shares of Digital Health (Private) Limited on 25 April 2018. The Group designated this investment as FVOCI because this investment represent, investment, that the Group intends to hold for the long term strategic purposes.

The Company has carried out a valuation of the investment in Digital Health (Private) Limited using the net assets basis This fair valuation has been classified as Level 3 as per the fair value measurement principles.

No strategic investments were disposed of during 2026, and there were no transfers of cumulative gains or losses within equity relating to these investments.

24.2 Fair Value through Profit or Loss – FVTPL

Investment in Unit Trust

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 April	**25,411,623**	–	**25,411,623**	–
Investments during the year	**110,096,319**	25,000,000	**110,096,319**	25,000,000
Withdrawals during the year	**(120,000,000)**	–	**(120,000,000)**	–
Gain on increase in Net Asset Value (NAV)	**2,103,976**	411,623	**2,103,976**	411,623
Carrying value as at 31 March	**17,611,918**	25,411,623	**17,611,918**	25,411,623

Investments in unit trusts are valued under level 2 by referring to prices published by the Unit Trust managers of NDB Wealth Money Fund.

24.3 Amortised Cost

Investment in Fixed Deposits

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Fixed deposits				
Hatton National Bank PLC	–	14,025,758	–	–
Commercial Bank of Ceylon PLC	–	79,140,280	–	79,140,280
Nations Trust Bank PLC	**68,365,092**	64,828,902	**68,365,092**	64,828,902
Bank of Ceylon PLC	**67,909,275**	85,930,770	**67,909,275**	54,371,119
	136,274,368	243,925,710	**136,274,368**	198,340,301

25. Cash and Cash Equivalents

Accounting policy

The accounting policy for cash and cash equivalents has been given in Note 35.

Cash and cash equivalents in the statement of financial position comprise cash at banks, cash in hand and fixed deposits with a maturity of three months or less.

Statement of Cash Flows

The Statement of Cash Flows has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Statement of Cash Flows.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

As at 31 March	Notes	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cash at Bank		**210,413,398**	174,755,351	**169,642,646**	132,857,263
Cash in hand		**121,683,347**	175,054,738	**39,084,886**	133,977,830
Cash and cash equivalents in the statement of financial position		**332,096,745**	349,810,089	**208,727,533**	266,835,093
Bank overdrafts used for cash management purposes	25.1	**(688,141,217)**	(889,947,506)	**(404,371,452)**	(534,947,506)
Cash and cash equivalents for the purpose of statement of cash flows		**(356,044,472)**	(540,137,417)	**(195,643,919)**	(268,112,413)

25.1 Bank Overdrafts Used for Cash Management Purposes

Company	Interest rate	Limit Rs.	31 March 2026 Rs.	31 March 2025 Rs.	Security
Nawaloka Hospitals PLC					
Commercial Bank of Ceylon PLC	AWPLR +1.5% p.a	25,000,000 (Decrease from 200,000,000)	–	199,297,117	Lien over savings account 7000049299
Nation Trust Bank PLC	Weekly AWPLR	55,000,000	–	55,388,459	Lien over cash security of Rs. 61,238,347.55 in the name of the Company.
Bank of Ceylon	Up to 90% - AEIR + 3.50% p.a. Above 90% AEIR + 4% p.a	10,000,000	404,371,452	49,982,739	Lien over fixed deposit No: 2864103 of Rs. 10,000,000
	Up to 90% - AEIR + 3.50% p.a. Above 90% AEIR + 4% p.a	50,000,000		–	Lien over fixed deposit No: 92501956 of Rs. 50,000,000
	AWPLR+2.5% p.a.	390,000,000		–	Primary Mortgage over the assignment of lease hold rights and interest of Property depicted in Lot A,B and C of Hospital Property.
Seylan Bank PLC	AWPLR +2.5% with a floor of 12% p.a	–	–	2,378,966	(i) Assignment over credit and debit card recievable of minimum of Rs. 40 Mn. per Month (ii) assignment of insurance receipt totailing Rs. 20 Mn. per month (iii) corporate guarantee from New Nawaloka Hospital (Pvt) Ltd for Rs. 2.1 Bn. (iv) A letter of undertaking from Bank of Ceylon for assignment of 100% daily collections of Credit/Debit card receivables amounting to Rs. 70,000,000 (Minimum per month).
Hatton National Bank PLC	AWPLR +1.5%	–	–	25,000,000	Secondary concurrent mortgage bond for Rs. 757 Mn. over Nawaloka Hospital premises (leasehold) at No 15, Sir James Peiris Mawatha, Colombo 02 and everything standing thereon with all fixtures, fittings, services and such other rights attached or appertaining thereto.
DFCC Bank PLC	AWPLR +3.25%	–	–	202,900,225	Joint and several guarantees of Directors – Dr H K J Dharmadasa and Mr Anisha Givantha Dharmadasa.
			404,371,452	534,947,506	

Company	Interest rate	Limit Rs.	31 March 2026 Rs.	31 March 2025 Rs.	Security
New Nawaloka Hospital (Pvt) Ltd.					
Bank of Ceylon	AWPLR +2.5%	**150,000,000**	**124,007,957**	–	Primary mortgage over the assignment of leasehold rights and interest of Lot D of hospital property.
Hatton National Bank PLC	AWPLR +2.5%	**50,000,000**	–	50,000,000	Secondary floating mortgage bond for Rs. 290 Mn. over Nawaloka Hospitals leasehold premises (Lot A) and everything standing thereon (inicluding buildings and/or the buildings which are to be constructed in the future together with any further developments, modifications or alterations thereto) with all fixtures, fittings, services and such other rights attached or appertaining thereto (the "Mortgaged Property").
Hatton National Bank PLC	AWPLR +1.75%	**100,000,000**	–	100,000,000	Secondary floating mortgage bond for Rs. 390 Mn. over Nawaloka Hospitals leasehold premises (Lot A) and everything standing thereon (inicluding buildings and/ or the buildings which are to be constructed in the future together with any further developments, modifications or alterations thereto) with all fixtures, fittings, services and such other rights attached or appertaining thereto (the "Mortgaged Property").
New Nawaloka Medical Center (Pvt) Ltd. – Note 32.3					
Hatton National Bank PLC	AWPLR +1.5% p.a.	200,000,000	–	200,000,000	Registered primary floating mortgage bond for Rs. 775 Mn. over leasehold property at Sir James peiris Mawatha , Colombo 2, and everything standing thereon (including the existing buildings and/or the buildings which are to be constructed in the future together with any further developments modification or alterations thereto) with all fixtures, fittings, services and such other rights attached or appertaining thereto.
Bank of Ceylon	AWPLR +2.5% p.a.	200,000,000	**159,001,133**	–	Primary mortgage over the assignment of leasehold rights and interest of Lot E of hospital property.
New Nawaloka Laboratories (Pvt) Ltd.					
Commercial Bank of Ceylon PLC	AWPLR +3%	5,000,000	**760,675**	5,000,000	Corporate Guarantee of Nawaloka Hospitals PLC
			688,141,217	889,947,506	

25.2 Settelemet of bank overdraft

On 27 May 2025, the Group restructured its bank overdraft facilities using new overdraft facilities obtained from the Bank of Ceylon. This include the settelemet of overdraft facility with Hatton National Bank amounting to Rs. 484,969,373/-, resulting in the recognition of bank overdraft settelement gain of Rs. 163,710,197/-.

The composition of loan restructure is as follows,

Company	Facility outstanding Rs.	Gain on loan settlements Rs.	Amount settled Rs.
Nawaloka Hospitals PLC	30,806,449	279,566	30,526,883
New Nawaloka Hospitals (Pvt) Ltd	256,137,101	85,410,329	170,726,772
New Nawaloka Medical Centre (Pvt) Ltd	361,736,021	78,020,302	283,715,718
	648,679,571	163,710,197	484,969,374

26. Stated Capital

Accounting policy

Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12.

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
1,409,505,596 Ordinary shares	**1,207,388,876**	1,207,388,876	**1,207,388,876**	1,207,388,876

The holders of ordinary shares are entitled to receive dividends declared from time to time and are entitled to vote per share at general meetings of the Company.

27. Revaluation Reserve

Nature and Purpose of Reserves

The revaluation reserve relates to revaluation of buildings on leasehold lands and represents the fair value changes of the buildings on leasehold lands as at the date of revaluation.

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 April	**4,821,698,814**	4,539,320,195	**419,846,144**	419,462,058
Revaluation gain for the year, net of tax	**522,330,019**	282,378,619	**143,361,823**	384,086
Balance as at 31 March	**5,344,028,833**	4,821,698,814	**563,207,967**	419,846,144

28. Employee Benefits

Accounting policy

Short-term Benefits

Short term employee benefit obligation is measured on an undiscounted basis and are expensed as the related services are provided.

Defined Benefit Plan

Employees' Provident Fund and Employees' Trust Fund is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

All the employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employer's contribution to the defined contribution plans are recognised as an expense in the statement of comprehensive income when incurred.

Defined Benefit Plan – Employee Benefits

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The valuation is performed annually by a qualified actuary using the projected unit credit method. When the valuation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vestimmediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans directly in the other comprehensive income and all expenses related to defined benefit plan in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates 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 a defined benefit plan when the settlement occurs.

Actuarial gains and losses

The re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in Other Comprehensive Income.

28.1 Contribution to Defined Contribution Plan

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Employees' Provident Fund				
Employers' contribution	**148,793,572**	142,592,471	**48,196,536**	42,842,221
Employees' contribution	**99,195,715**	95,061,647	**32,131,024**	28,561,481
Employees' Trust Fund	**37,198,394**	35,648,117	**12,049,135**	10,710,555

28.2 Present Value of Defined Benefit Obligations

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Present value of defined benefit obligations	**442,996,406**	372,337,378	**267,891,208**	230,534,064

28.2.a Movement in the Present Value of Defined Benefit Obligations (PV DBO)

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Liability for defined benefit obligation as at 01 April	**372,337,378**	330,451,934	**230,534,064**	221,806,402
Current service cost	**43,529,712**	35,013,524	**13,854,664**	13,011,306
Interest cost	**40,957,110**	40,480,360	**25,358,747**	27,171,284
Actuarial loss on PV DBO	**17,785,111**	15,205,702	**13,143,013**	2,072,711
Payments made during the year	**(31,612,905)**	(48,814,142)	**(14,999,280)**	(33,527,639)
Liability for defined benefit obligation as at 31 March	**442,996,406**	372,337,378	**267,891,208**	230,534,064

28.2.b Amounts Recognised in the Income Statement

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Current service cost	**43,529,712**	35,013,524	**13,854,664**	13,011,306
Interest cost	**40,957,110**	40,480,360	**25,358,747**	27,171,284
	84,486,822	75,493,884	**39,213,411**	40,182,590

28.2.c Amounts Recognised in Other Comprehensive Income

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Actuarial loss recognised during the year	**17,785,111**	15,205,702	**13,143,013**	2,072,711

Present value of defined benefit obligation as at 31 March 2026 is calculated based on an actuarial valuation carried out by Mr Piyal Gunathilaka, a qualified actuary.

As recommended by the Sri Lanka Accounting Standard (LKAS-19) "Employee Benefits" the projected Unit Credit (PUC) method has been used in this valuation.

The above liability is not externally funded.

28.2.d Actuarial Assumptions

	2026	2025
Retirement age	**60 Years**	**60 Years**
Discount rate	**10.80%**	11.00%
Salary increment rate	**10%**	10%
Staff turnover rate	**12.44%**	12.44%
Weighted average duration	**6.38 Years**	5.8 Years

Actuarial Assumptions

A long-term treasury bond rate 10.8% p.a (2025 - 11%) was used to discount future liabilities taking into consideration the remaining working life of employees.

In addition to the above, demographic assumptions such as mortality, withdrawal and disability and retirement age were considered for the actuarial valuation . GA 1983 Mortality Table issued by the Society of Actuaries Committee was used to estimate the gratuity liability of the Company.

28.2.e Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
1% Increase in discount rate	**(22,318,714)**	(18,600,174)	**(12,935,464)**	(11,317,456)
1% Decrease in discount rate	**24,855,397**	20,419,817	**14,261,693**	12,505,713
1% Increase in salary increment rate	**24,024,895**	20,348,152	**13,677,322**	12,079,701
1% Decrease in salary increment rate	**(21,984,944)**	(18,851,966)	**(12,647,320)**	(11,144,046)

28.3 Maturity Profile

The following payments are expected on account of employees benefit liability in future years.

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Within next 12 months	67,143,954	60,909,206	49,771,223	46,772,420
Between 1 to 2 years	102,352,973	50,981,190	48,584,062	35,768,820
Between 3 to 5 years	265,713,991	186,241,530	127,318,728	76,000,697
Between 6 to 10 years	324,867,066	323,107,057	200,089,929	182,762,338
	760,077,984	621,238,983	425,763,942	341,304,275

29. Deferred Tax Liability

Accounting policy

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 on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date and reflects uncertainty related to income taxes if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax assets	(564,526,286)	(344,722,353)	**(352,541,282)**	(280,839,578)
Deferred tax liabilities	4,252,424,420	3,921,619,883	**583,370,104**	524,613,586
Net deferred tax liabilities	3,687,898,134	3,576,897,530	230,828,821	243,774,008

29.1 Movement in Deferred Tax

For the year end 31 March 2026	Group						Company					
	Net balances as at 01 April Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Total Rs.	Deferred tax assets Rs.	Deferred tax liabilities Rs.	Net Balances as at 01 April Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Total Rs.	Deferred tax assets Rs.	Deferred tax liabilities Rs.
Deferred Tax Liabilities												
Property, plant and equipment	3,726,419,878	30,746,542	223,855,722	3,981,022,142	–	3,981,022,142	380,174,893	(56,989,510)	61,440,781	384,626,164	–	384,626,164
Investment in associate	79,863,188	30,422,285	–	110,285,473	–	110,285,473	79,863,188	30,422,285	–	110,285,473	–	110,285,473
Right-of-use assets	116,174,387	44,942,418	–	161,116,805	–	161,116,805	64,575,504	23,882,963	–	88,458,467	–	88,458,467
Deferred Tax Assets												
Defined benefit obligation	(111,701,213)	(15,862,174)	(5,335,534)	(132,898,921)	(132,898,921)	–	(69,160,219)	(7,264,239)	(3,942,904)	(80,367,362)	(80,367,362)	–
Provision for impairment of trade and other receivable	(160,491,872)	5,935,052	–	(154,556,820)	(154,556,820)	–	(159,654,301)	13,237,478	–	(146,416,823)	(146,416,823)	–
Provision for other receivable	–	(178,402,364)	–	(178,402,364)	(178,402,364)	–	–	(65,932,943)	–	(65,932,943)	(65,932,943)	–
Provision for slow moving inventory	(8,909,619)	2,728,747	–	(6,180,872)	(6,180,872)	–	(5,345,771)	1,683,946	–	(3,661,825)	(3,661,825)	–
Lease liability	(64,457,218)	(28,030,091)	–	(92,487,309)	(92,487,309)	–	(46,679,285)	(9,483,044)	–	(56,162,329)	(56,162,329)	–
Net tax liabilities/(assets)	3,576,897,531	(107,519,585)	218,520,188	3,687,898,134	(564,526,286)	4,252,424,420	243,774,009	(70,443,064)	57,497,877	230,828,822	(352,541,282)	583,370,104

For the Year end 31 March 2025	Group						Company					
	Net Balances as at 01 April Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Total Rs.	Deferred tax assets Rs.	Deferred Tax liabilities Rs.	Net Balances as at 01 April Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Total Rs.	Deferred tax assets Rs.	Deferred tax liabilities Rs.
Deferred Tax Liabilities												
Property, plant and equipment (Including revaluation reserve)	3,531,998,561	72,564,339	121,019,408	3,725,582,308	–	3,725,582,308	394,299,070	(14,288,785)	164,608	380,174,893	–	380,174,893
Investment in associates	46,407,733	33,455,455	–	79,863,188	–	79,863,188	46,407,733	33,455,455	–	79,863,188	–	79,863,188
Right-of-use assets	48,971,158	67,203,229	–	116,174,387	–	116,174,387	143,695	64,431,810	–	64,575,505	–	64,575,505
Deferred Tax Assets												
Defined benefit obligation	(99,135,581)	(8,003,922)	(4,561,711)	(111,701,214)	(111,701,214)	–	(66,541,921)	(1,996,485)	(621,813)	(69,160,219)	(69,160,219)	–
Provision for impairment of trade receivables	(145,228,219)	(14,426,083)	–	(159,654,302)	(159,654,302)	–	(145,228,220)	(14,426,082)	–	(159,654,302)	(159,654,302)	–
Provision for slow-moving inventories	(8,342,672)	(566,947)	–	(8,909,619)	(8,909,619)	–	(5,286,567)	(59,205)	–	(5,345,772)	(5,345,772)	–
Lease liability	(25,322,690)	(39,134,528)	–	(64,457,218)	(64,457,218)	–	(106,631)	(46,572,654)	–	(46,679,285)	(46,679,285)	–
Net tax liabilities/(assets)	3,349,348,290	111,091,543	116,457,697	3,576,897,530	(344,722,353)	3,921,619,883	223,687,159	20,544,054	(457,205)	243,774,008	(280,839,578)	524,613,586

29.2 Analysis of Recognised Deferred Tax (Assets)/Liabilities

	Group				Company			
	2026		2025		2026		2025	
	Taxable/(Deductible) Temporary Difference Rs.	Tax effect Rs.	Taxable/(Deductible) Temporary Difference Rs.	Tax effect Rs.	Taxable/(Deductible) Temporary Difference Rs.	Tax effect Rs.	Taxable/(Deductible) Temporary Difference Rs.	Tax effect Rs.
Property, plant and equipment (including revaluation reserve)	**13,270,073,806**	**3,981,022,142**	12,418,607,695	3,725,582,308	**1,282,087,212**	**384,626,163**	1,267,249,647	380,174,893
Investment in associate	**735,236,488**	**110,285,473**	532,421,255	79,863,188	**735,236,488**	**110,285,473**	532,421,255	79,863,188
Defined benefit obligation	**(442,996,406)**	**(132,898,922)**	(372,337,378)	(111,701,214)	**(267,891,208)**	**(80,367,362)**	(230,534,064)	(69,160,219)
Provision for impairment of trade and other receivables	**(490,187,979)**	**(147,056,394)**	(532,181,007)	(159,654,302)	**(488,056,077)**	**(146,416,823)**	(532,181,007)	(159,654,302)
Provision for impairment of other receivables	–	–	–	–	**(219,776,478)**	**(65,932,943)**	–	–
Provision for slow-moving inventories	**(20,602,905)**	**(6,180,872)**	(29,698,732)	(8,909,619)	**(12,206,082)**	**(3,661,825)**	(17,819,240)	(5,345,772)
Right-of-use asset	**537,056,020**	**161,116,806**	387,247,960	116,174,387	**294,861,556**	**88,458,467**	215,251,683	64,575,505
Lease liability	**(308,291,035)**	**(92,487,310)**	(214,857,398)	(64,457,218)	**(187,207,763)**	**(56,162,329)**	(155,597,618)	(46,679,285)
	13,280,287,990	3,873,800,923	121,892,023,405	3,576,897,530	1,137,047,649	230,828,821	1,078,790,656	243,774,008

29.3 Unrecognised Deferred Tax Asset

	Group			
	2026		2025	
	Deductible temporary difference Rs.	Tax effect Rs.	Deductible temporary difference Rs.	Tax effect Rs.
Accumulated tax losses	3,870,748,545	1,161,224,564	4,638,095,475	1,391,428,643
	3,870,748,545	1,161,224,564	4,638,095,475	1,391,428,643

The deferred tax asset has not been recognized in respect of the above because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

	Company			
	2026		2025	
	Deductible temporary difference Rs.	Tax effect Rs.	Deductible temporary difference Rs.	Tax effect Rs.
Accumulated tax losses	–	–	–	–
	–	–	–	–

The Group and Company has used the effective tax rate of 30% to calculate Deferred tax asset/liability on temporary difference as at 31 March 2026 (2025: 30%).

The Group assumes that investment in associate will primarily realise through dividends. As a result, deferred tax on related temporary difference is calculated at the effective tax rate of 15% (2025: 15%)

30. Borrowings

The accounting policies for borrowings has been given in Notes 12 and 35.

30.1 Borrowings from Financial Institutions

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
As at 01 April	**6,679,614,628**	6,639,330,488	**3,931,741,407**	4,142,644,851
Exchange losses	**7,723,154**	(5,522,102)	**7,723,154**	(5,522,102)
Loans obtained during the year	**7,690,719,709**	2,019,000,000	**3,684,366,568**	2,019,000,000
Interest charge for the year	**875,113,302**	712,346,276	**444,815,047**	461,158,689
Loan gain settlement	**(497,050,789)**	–	**(5,019,250)**	–
Loans paid during the year	**(7,516,519,437)**	(2,685,540,031)	**(4,427,620,006)**	(2,685,540,031)
Closing balance as at 31 March	7,239,600,568	6,679,614,631	3,636,006,920	3,931,741,407
Borrowings falling due within one year	**945,026,479**	5,155,748,423	**645,680,154**	2,407,875,199
Borrowings falling due after one year	**6,294,574,089**	1,523,866,208	**2,990,326,765**	1,523,866,208
	7,239,600,568	6,679,614,631	3,636,006,919	3,931,741,407
Borrowing Based on the Financial Institutions is as Follows:				
Amãna Bank PLC	–	365,500,000	–	365,500,000
Bank of Ceylon	**6,644,890,659**	997,429,069	**3,595,496,998**	997,429,069
Commercial Bank of Ceylon PLC	**40,509,921**	440,332,884	**40,509,921**	440,332,884
Seylan Bank PLC	–	1,580,000,012	–	1,580,000,012
Hatton National Bank PLC	**554,199,988**	3,296,352,666	–	548,479,442
	7,239,600,568	6,679,614,631	3,636,006,919	3,931,741,407

30.2 Amount Recognised in the Cash Flow Statement

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest repayment under operating activities	1,406,982,982	399,370,695	530,288,865	399,370,695
Repayments of loan capital under finance activities	6,109,536,455	2,286,169,336	3,897,331,142	2,286,169,336
	7,516,519,437	2,685,540,031	4,427,620,007	2,685,540,031

30.3 Commercial paper borrowings

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 April	–	41,272,091	–	41,272,091
Paid during the year	–	(42,011,539)	–	(42,011,539)
Interest accrued	–	739,448	–	739,448
Balance as at 31 March	–	–	–	–
Total borrowings falling due within one year	945,026,479	5,155,748,423	645,680,154	2,407,875,199
Total borrowings falling due after one year	6,294,574,089	1,523,866,208	2,990,326,765	1,523,866,208
	7,239,600,568	6,679,614,631	3,636,006,919	3,931,741,407

Above commercial paper borrowings are obtained at interest rates ranging from 9.25%-30%.

30.4 Details of loans obtained by the Group

Details of Loans obtained by the Group are set out below:

Financial Institution	Repayment Terms	Security	Principal	Annual Interest	Annual Repayment Rs.	Balance as at 31 March 2026 Rs.	Balance as at 31 March 2025 Rs.
Long-Term Loan							
Nawaloka Hospitals PLC							
Bank of Ceylon	Short term revolving facilities	Joint and several guarantees of Directors - Dr H K J Dharmadasa, Mrs Anishi Givanthi Dharmadasa and Mr Anisha Givantha Dharmadasa.	1,000,000,000	Money market loan rate	On demand	570,000,000	997,429,069
	24 monthly installments of Rs. 2,000,000/- 24 monthly installments of Rs. 10,000,000/- 12 monthly installments of Rs. 15,000,000/- 12 monthly installments of Rs. 20,000,000/- 24 monthly installments of Rs. 30,000,000/- 12 monthly installments of Rs. 54,167,000/- 12 monthly installments of Rs. 99,500,000/-	Primary mortgage over the assignment of leasehold rights and interest of the property depicted as Lot A, B and C in plan no 14342 dated 23 September 2019 made by Gamini B Dodanwela L.S. and bearing Asst. No 23, Deshamanya H K Dharmadasa Mawatha and No 115, Sir James Peiris Mawatha, Colombo 02. (Lessor – Colombo Municipal Council).	3,034,326,568	AWPLR+1.5% Floor Rate 11.5% p.a	20,000,000	3,025,496,998	–
Commercial Bank of Ceylon PLC	Rs. 400 Mn. Series of import loans, to be repaid in a Maximum 60 monthly installments	Primary mortgage bond over debit and credit card sales for Rs. 1,200,000,000/- to be executed over the card sales of the total hospital operations, Corporate Guarantee from New Nawaloka Hospitals (Pvt) Ltd for Rs. 500,000,000/- to be signed by the directors of the Company, Corporate Guarantee from New Nawaloka Medical Centre (Pvt) Ltd for Rs. 500,000,000/- to be singed by the directors of the Company,	400,000,000	AWPLR+1.5%	262,694,062	–	222,654,262
	21 monthly equal installment Rs. 2,042,000 and final installment Rs. 2,070,000		1,000,000,000	AWPLR+0.5%	38,826,000	–	38,826,000
	5 monthly installments of USD. 15,000/-, 7 monthly installments of USD. 20,000/-, 01 monthly installments of USD. 3,524/-		USD3,200,000	SOFR + 5%	146,066,055	40,509,921	178,852,622

Financial Institution	Repayment Terms	Security	Principal	Annual Interest	Annual Repayment Rs.	Balance as at 31 March 2026 Rs.	Balance as at 31 March 2025 Rs.
Long-Term Loan							
Hatton National Bank PLC	First 12 months Rs. 2.5 Mn. Next 29 months Rs. 4.9 Mn. and final month Rs. 2.9 Mn.	Secondary concurrent mortgage bond for Rs. 757 Mn. over Nawaloka Hospital PLC premises (leasehold) at No. 15, Sir James Peiris Mawatha, Colombo 02 and everything standing thereon.with all fixtures, fittings, services and such other rights attached or appertaining thereto.	175,000,000	AWPLR+2.5%	97,353,663	–	97,353,663
	First 12 months Rs. 1.9 Mn. Next 24 months Rs. 9.5 Mn. Next 12 months Rs. 12.5 Mn. Next 5 months Rs. 25 Mn. and final month Rs. 5.88 Mn.		550,000,000	AWPLR+2.5%	451,125,779	–	451,125,779
Amãna Bank PLC	Short-term revolving facilities	Mortgage for Rs. 500,000,000/- over stocks located at Deshamanya H.K. Dharmadasa Mawatha, Colombo 02.	379,500,000	AWPLR + 2%	405,500,000	–	365,500,000
Seylan Bank PLC	180 Days	(i) Assignment over credit and debit card receivables of minimum of Rs. 40 Mn. per Month (ii) assignment of insurance reciept totailing Rs. 20 Mn. per month (iii) corporate guarantee from New Nawaloka Hospital Pvt ltd for Rs. 2.1 Bn. (iv) A letter of undertaking from Bank of Ceylon for assignment of 100% daily collections of Credit/ Debit card receivables amounting to Rs. 70,000,000 (Minimum per month).	100,000,000	AWPLR+2.5%	100,000,000	–	100,000,000
	36 monthly installments of Rs. 13,333,333/- 24 monthly installments of Rs. 20,000,000/- 12 monthly installments of Rs. 25,000,000/- 23 monthly installments of Rs. 30,833,333/- and final installment of Rs. 30,833,353/-		2,000,000,000	AWPLR+1.5%	1,480,000,012	–	1,480,000,012
						3,636,006,919	3,931,741,407
New Nawaloka Hospitals (Pvt) Ltd.							
Bank of Ceylon	24 monthly installments of Rs. 833,000/- 24 monthly installments of Rs. 1,250,000/- 12 monthly installments of Rs. 2,083,000/-	Primary mortgage over the assignment of leasehold rights and interest of the property depicted as Lot D in Plan No. 14342 dated 23 September 2019 made by Gamini B Dodanwela L.S. and bearing Asst. No. 23, Deshamanya H.K. Dharmadasa Mawatha and No. 115, Sir James Peiris Mawatha, Colombo 02.	75,000,000	AWPLR+2% Floor rate 11.5% p.a	8,330,000	66,901,608	–

Financial Institution	Repayment Terms	Security	Principal	Annual Interest	Annual Repayment Rs.	Balance as at 31 March 2026 Rs.	Balance as at 31 March 2025 Rs.
Long-Term Loan							
Hatton National Bank PLC	48 equal monthly installments	Secondary mortgage bond for Rs. 290 Mn. over Nawaloka Hospital lease holding properly	200,000,000	AWPLR+1.75%	97,707,649	–	97,707,649
	To be repaid in 59 equal monthly installments of Rs. 8,330,000/- and final installment of Rs. 8,530,000/- together with interest.	a) Registered primary floating mortgage bond for Rs. 500.0 Mn. over immovable property situated at Angulana Station Road, Laxapathiya, depicted as Lot A in Survey Plan No. 8654 dated 20 December 2011 by G B Dodanwela (LS) and everything standing thereon (including the existing buildings and/or the buildings which are to be constructed in the future together with any further developments, modifications or alterations thereto) with all fixtures, fittings, services and such other rights attached or appertaining thereto (the "Mortgaged Property"). (to be executed). b) Joint and several personal guarantee of Mr Hewa Komanage Jayantha Dharmadasa (NIC 483122195V) and Mr Anisha Givantha Dharmadasa (NIC 771671446V) for Rs. 500 Mn.	500,000,000	10% p.a	83,300,000	416,700,000	–
	To be repaid in 60 equal monthly installments of Rupees two million seven hundred fifty thousand (Rs. 2,750,000/-) together with interest.	Joint and several personal guarantee of Mr Hewa Komanage Jayantha Dharmadasa (NIC 483122195V) and Mr Anisha Givantha Dharmadasa (NIC 771671446V) for Rs. 165 Mn. (Rupees one hundred sixty-five million).	165,000,000	10% p.a	27,500,000	137,499,988	–
						621,101,596	97,707,649

Financial Institution	Repayment Terms	Security	Principal	Annual interest	Annual repayment	Balance as at 31 March 2026 Rs.	Balance as at 31 March 2025 Rs.
New Nawaloka Medical Centre (Pvt) Ltd.							
Hatton National Bank PLC (a)	To be repaid over 07 years in 83 equal monthly installments Rs. 3.55 Mn. and final installment.	Registered primary floating mortgage bond for Rs. 775 Mn. over lease hold property at Sir James Peiris Mawatha and everything standing thereto.	300,000,000	AWPLR + 1.75%	267,073,101	–	267,073,101
Hatton National Bank PLC (b)	To be repaid over 07 years in 83 equal monthly installments Rs. 3.25 Mn. and final installment.	Same security pledged for facility 01.	275,000,000	AWPLR + 1.75%	258,916,124	–	258,916,124

Financial Institution	Repayment Terms	Security	Principal	Annual interest	Annual repayment	Balance as at 31 March 2026 Rs.	Balance as at 31 March 2025 Rs.
Hatton National Bank PLC (c)	First 12 months Rs. 3.45 Mn. Next 12 months Rs. 12.5 Mn. Next 18 months Rs. 26 Mn. and Final months Rs. 24.06 Mn.	Secondary mortagage bond of Rs. 1,535 Mn. over Nawaloka Hospital PLC premises leasehold property at Sir James Peiris Mw, Colombo and everything standing thereon (including the existing buildings and or the buildings which are to be constructed in the future together with any further developments modification or alterations thereto) with all fixtures fittings services and such other rights attached or appertaining thereto.	683,460,000	AWPLR + 1.75%	919,202,952	–	919,202,952
Hatton National Bank PLC (d)	First 12 months Rs. 3.45 Mn. Next 12 months Rs. 12.5 Mn. Next 24 months Rs. 26 Mn. and Final months Rs. 34.62 Mn.		850,020,000	AWPLR + 1.75%	1,204,973,399	–	1,204,973,399
Bank of Ceylon	24 monthly installments of Rs. 2,000,000/- 24 monthly installments of Rs. 10,000,000/- 36 monthly installments of Rs. 20,000,000/- 24 monthly installments of Rs. 30,000,000/- 12 monthly installments of Rs. 39,333,000/- 24 monthly installments of Rs. 10,000,000/- + Interest	Primary mortgage over the assignment of leasehold rights and interest of the property depicted as Lot E in plan No. 14342 dated 23 September 2019 made by Gamini B Dodanwela L.S. and bearing Asst. No. 23, Deshamanya H.K. Dharmadasa Mawatha and No 115, Sir James Peiris Mawatha, Colombo 02.	2,200,000,000	AWPLR+1.5% Floor rate 11.5% p.a	20,000,000	2,180,000,000	–
			1,000,000,000	AWPLR+2.5% Floor rate 11.5% p.a	207,570,670	802,492,053	–
	12 monthly installments of Rs. 3,333,333/- 60 monthly installments of Rs. 1,200,000/- 24 monthly installments of Rs. 10,000,000/- + Interest	Assignment over balance in following FD maintained at corporate branch under New Nawaloka Medical Centre (Pvt) Ltd: FD No. 94801583 amounting to LKR 80,000,000 (Rupees eighty million).	66,353,141	AWPLR+2.5% AER FD +3.% p.a	66,353,141	–	–
						2,982,492,053	2,650,165,576

30.5 Settlement of borrowings

On 27 May 2025, the Group restructured all its external borrowings, except for the USD-denominated loan obtained from Commercial Bank, using new loan facilities obtained from the Bank of Ceylon. This restructuring included the settelement of loan facility from Hatton National Bank amounting to Rs. 2,865,030,626/- and resulted in the recognition of a loan settlement gain of Rs. 497,050,789/-.

The composition of loan restructure is as follows,

Company	Facility outstanding Rs.	Gain on loan settlements Rs.	Amount settled Rs.
Nawaloka Hospitals PLC	558,492,364	5,019,250	553,473,114
New Nawaloka Hospitals (Pvt) Ltd	99,483,067	20,209,839	79,273,228
New Nawaloka Medical Centre (Pvt) Ltd	2,704,105,982	471,821,700	2,232,284,282
	3,362,081,412	497,050,789	2,865,030,623

31. Lease Liabilities

See Accounting Policies in Note 17.

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 of April	**214,857,398**	84,408,971	**155,597,618**	355,437
Leases obtained during the year	**167,650,385**	195,129,589	**80,535,000**	160,468,143
Interest charge for the year	**33,668,770**	28,891,617	**21,500,816**	625,064
Repayments during the year	**(105,344,220)**	(77,591,239)	**(70,425,671)**	(5,851,026)
Derecognition of lease liability	**(2,541,298)**	(15,981,540)	**–**	–
Balance as at 31 March	**308,291,035**	214,857,398	**187,207,763**	155,597,618
Classification of Lease Liabilities				
Current	**100,675,520**	48,844,597	**58,773,579**	34,229,061
Non current	**207,615,508**	166,012,801	**128,434,184**	121,368,557
	308,291,028	214,857,398	187,207,763	155,597,618
Maturity Analysis of Lease Liabilities				
Lease payable within one year	**100,675,520**	48,844,597	**58,773,579**	34,229,061
Lease payable between 1 to 5 years	**207,615,508**	160,537,801	**128,434,184**	121,368,557
Lease payable more than five years	**–**	5,475,000	**–**	–
	308,291,028	214,857,398	187,207,763	155,597,618
Maturity Analysis of Undiscounted Cash Flows				
Less than one year	**122,089,479**	195,710,205	**76,927,628**	49,716,085
One to five years	**248,697,660**	72,028,032	**143,485,866**	141,569,563
More than 5 years	**–**	5,475,000	**–**	–
Total	370,787,139	273,213,237	220,413,494	191,285,648

31.1 Amount Recognised in the Statements of Profit Loss and Other Comprehensive Income

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Depreciation of right-of-use assets	**(116,362,292)**	(23,595,681)	**(85,157,559)**	(7,235,059)
Interest costs	**(33,668,770)**	(28,891,617)	**(21,500,816)**	(625,064)
	(150,031,062)	(52,487,298)	(106,658,375)	(7,860,123)

31.2 Amount Recognised in the Cash Flow Statement

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest repayment under operating activities	**33,668,770**	28,891,617	**21,500,816**	625,064
Repayments of lease principal under finance activities	**71,675,450**	48,699,622	**48,924,855**	5,225,962

32. Trade and Other Payables

Accounting policy

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

Provisions are not recognised for future operating losses. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation and the provision is reviewed at end of each reporting period and adjusted to reflect the current best estimate.

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Financial Liabilities				
Trade payables				
– Related parties	**26,256,717**	33,801,052	**26,256,717**	33,801,052
– Other	**839,731,544**	1,091,642,243	**613,786,695**	879,698,819
	865,988,261	1,125,443,295	**640,043,412**	913,499,871
Doctors' payables	**44,134,388**	38,838,260	**44,134,388**	37,549,500
	910,122,649	1,164,281,555	**684,177,800**	951,049,371
Non-Financial Liabilities				
Other payables	**2,262,272,358**	1,837,683,793	**1,570,440,920**	1,106,599,914
	2,262,272,358	1,837,683,793	**1,570,440,920**	1,106,599,914
	3,172,395,007	3,001,965,348	**2,254,618,720**	2,057,649,285

33. Current Tax Liability/(Asset)

The accounting policy for income taxes has been given in Note 13.

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 April	**223,631,019**	108,461,007	**162,411,929**	–
Provision for the year	**453,897,690**	169,170,009	**341,827,280**	162,411,929
Under provision	**169,459,293**	–	**148,405,684**	–
Tax paid during the year	**(287,161,520)**	(53,999,997)	**(208,359,880)**	–
Balance as at 31 March	**559,826,481**	223,631,019	**444,285,013**	162,411,929

34. Amounts Due to Related Parties

The accounting policy for amount due to related parties has been given in Note 39.

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Ironshield Defender Security	**19,940,608**	–	–	–
Nawaloka Construction (Pvt) Ltd	**813,630**	813,630	–	–
CAFÉ 77 (Pvt) Ltd	–	12,104,481	–	6,255,332
Nawaloka Institute of Health care (Pvt) Ltd	**458,912**	–	**458,912**	–
Nawaloka Medical Centre Pvt Ltd	**4,538,675**	4,525,675	–	–
Nawaloka Laboratories (Pvt) Ltd	–	–	**474,864,553**	372,379,028
Nawaloka Guardian International (Pvt) Ltd	**100,909,419**	97,388,400	**98,782,081**	97,388,400
Mart 77 (Pvt) Ltd	**354,376**	120,118	**76,286**	23,263
Nawaloka College of Professional Studies (Pvt) Ltd	**48,692,770**	31,852,455	**48,692,770**	31,852,455
	175,708,390	146,804,759	**622,874,602**	507,898,478

35. Financial Assets and Liabilities

Accounting policy

a. Financial Assets

Recognition and initial measurement

Trade receivable and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI (Fair value through OCI) – debt investment; FVOCI - equity investment; or FVTPL (Fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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. 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 the management.

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 – 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.

Financial assets – Subsequent measurement and gains and losses

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 Assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

b. Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: Trade and other payables, borrowings, amounts due to related parties, debentures and bank overdrafts.

Trade and other payables, borrowings, amounts due to related parties, debentures and bank overdrafts.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

c. Derecognition

Financial assets

The Group derecognised 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 entered 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 were not derecognised.

Financial liabilities

The Group derecognised a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognised a financial liability when its terms are modified and the cash flows of the modified liability were substantially different, in which case a new financial liability based on the modified terms was 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) was recognised in profit or loss.

d. Offsetting

Financial assets and financial liabilities were offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Classification of financial assets and financial liabilities

The following table provides a reconciliation between line item in the statement of financial position and categories of financial instruments.

31 March	Group				
	2026			2025	
	Amortised cost Rs.	FVTPL Rs.	Total Rs.	Amortised cost Rs.	Total Rs.
Financial Assets					
Trade and other receivables	658,919,721	–	658,919,721	675,220,824	675,220,824
Amounts due from related companies	1,478,675,682	–	1,478,675,682	1,100,663,709	1,100,663,709
Other investments	136,274,368	17,611,918	153,886,286	269,337,333	269,337,333
Cash and cash equivalents	332,096,745	–	332,096,745	349,810,089	349,810,089
Other long term investments	–	–	–	–	–
Total financial assets	2,605,966,516	17,611,918	2,623,578,433	2,395,031,955	2,395,031,955
Financial Liabilities					
Lease liabilities	308,291,028	–	308,291,028	214,857,398	214,857,398
Debentures	–	–	–	–	–
Borrowings	7,239,600,568	–	7,239,600,568	6,679,614,631	6,679,614,631
Trade creditors and other payables	910,122,649	–	910,122,649	1,164,281,555	1,164,281,555
Unclaimed dividends	–	–	–	4,592,917	4,592,917
Amounts due to related companies	175,708,390	–	175,708,390	146,804,759	146,804,759
Bank overdrafts	688,141,217	–	688,141,217	889,947,506	889,947,506
Total financial liabilities	9,321,863,852	–	9,321,863,852	9,100,098,766	9,100,098,766

31 March	Company				
	2026			2025	
	Amortised cost Rs.	FVTPL Rs.	Total Rs.	Amortised cost Rs.	Total Rs.
Financial Assets					
Trade and other receivables	**595,808,416**	–	**595,808,416**	591,524,565	**591,524,565**
Amounts due from related companies	**5,582,808,682**	–	**5,582,808,682**	4,640,561,597	**4,640,561,597**
Other investments	**136,274,368**	17,611,918	**153,886,286**	223,751,924	**223,751,924**
Cash and cash equivalents	**208,727,533**	–	**208,727,533**	266,835,093	**266,835,093**
Other long term investments	–	–	–	–	–
Total financial assets	6,523,618,999	17,611,918	6,541,230,916	5,722,673,178	5,722,673,178
Financial Liabilities					
Lease liabilities	**187,207,763**	–	**187,207,763**	155,597,618	**155,597,618**
Debentures	–	–	–	–	–
Borrowings	**3,636,006,919**	–	**3,636,006,919**	3,931,741,407	**3,931,741,407**
Trade creditors and other payables	**684,177,800**	–	**684,177,800**	951,049,371	**951,049,371**
Unclaimed dividends	**4,592,883**	–	**4,592,883**	4,592,883	**4,592,883**
Amounts due to related companies	**622,874,602**	–	**622,874,602**	507,898,484	**507,898,484**
Bank overdrafts	**404,371,452**	–	**404,371,452**	534,947,506	**534,947,506**
Total financial liabilities	5,539,231,419	–	5,539,231,419	6,085,827,269	6,085,827,269

36. Fair Value Measurement

Accounting policy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

'If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument or initial recognition is normally the transaction price- i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability not based on valuation techniques for which any unobservable inputs are judged to be insufficient in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, the difference is recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement. An analysis of the fair value measurement of financial and non-financial assets and liabilities are provided below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

When available, the Group measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

This category includes instruments valued using;

(a) quoted prices in active markets for similar instruments,
(b) quoted prices for identical or similar instruments in markets that are considered to be less active, or
(c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 March 2026	Group						
	Classification	Total Carrying Amount Rs.	Fair Value Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets Measured at Fair Value							
Investment in Unit Trust	FVTPL	17,611,918	17,611,918		17,611,918		17,611,918
Investment in unquoted shares	Fair value through OCI	–	–	–	–	–	–
Financial Assets Not Measured at Fair Value							
Cash and cash equivalents	Amortised cost	210,413,398	210,413,398	–	210,413,398	–	210,413,398
Trade and other receivables	Amortised cost	658,919,721	658,919,721	–	–	658,919,721	658,919,721
Receivable from related parties	Amortised cost	1,478,675,682	1,478,675,682	–	–	1,478,675,682	1,478,675,682
Investment in fixed deposits	Amortised cost	136,274,368	136,274,368	–	136,274,368	–	136,274,368
		2,484,283,169	2,484,283,169	–	346,687,766	2,137,595,403	2,484,283,169
Financial Liabilities Not Measured at Fair Value							
Lease liabilities	Other financial liabilities	308,291,028	308,291,028	–	–	308,291,028	308,291,028
Debentures	Other financial liabilities	–	–	–	–	–	–
Borrowings	Other financial liabilities	7,239,600,568	7,239,600,568	–	–	7,239,600,568	7,239,600,568
Trade and other payables	Other financial liabilities	910,122,649	910,122,649	–	–	910,122,649	910,122,649
Payable to related companies	Other financial liabilities	175,708,390	175,708,390	–	–	175,708,390	175,708,390
Unclaimed dividend	Other financial liabilities	–	–	–	–	–	–
Bank overdraft	Other financial liabilities	688,141,217	688,141,217	–	688,141,217	–	688,141,217
		9,321,863,852	9,321,863,852	–	688,141,217	8,633,722,635	9,321,863,852

31 March 2026	Company						
	Classification	Total Carrying Amount Rs.	Fair Value Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets Measured at Fair Value							
Investment in Unit Trust	FVTPL	17,611,918	17,611,918				
Investment in unquoted shares	Fair value through OCI	–	–	–	–	–	–
Financial Assets Not Measured at Fair Value							
Cash and cash equivalents	Amortised cost	169,642,646	169,642,646	–	169,642,646	–	169,642,646
Trade and other receivables	Amortised cost	595,808,416	595,808,416	–	–	595,808,416	595,808,416
Receivable from related parties	Amortised cost	5,582,808,682	5,582,808,682	–	–	5,582,808,682	5,582,808,682
Investment in fixed deposits	Amortised cost	136,274,368	136,274,368	–	–	136,274,368	136,274,368
		6,484,534,112	6,484,534,112	–	169,642,646	6,314,891,466	6,484,534,112
Financial Liabilities Not Measured at Fair Value							
Lease liabilities	Other financial liabilities	187,207,763	187,207,763	–	–	187,207,763	187,207,763
Debentures	Other financial liabilities	–	–	–	–	–	–
Borrowings	Other financial liabilities	3,636,006,919	3,636,006,919	–	–	3,636,006,919	3,636,006,919
Trade and other payables	Other financial liabilities	684,177,800	684,177,800	–	–	684,177,800	684,177,800
Payable to related companies	Other financial liabilities	622,874,602	622,874,602	–	–	622,874,602	622,874,602
Unclaimed dividend	Other financial liabilities	–	–	–	–	–	–
Bank overdraft	Other financial liabilities	404,371,452	404,371,452	–	404,371,452	–	404,371,452
		5,534,638,536	5,534,638,536	–	404,371,452	5,130,267,084	5,534,638,536

31 March 2025	Group						
	Classification	Total Carrying Amount Rs.	Fair Value Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets Measured at Fair Value							
Investment in unit trust	FVTPL	25,411,623	25,411,623		25,411,623		25,411,623
Investment in unquoted shares	Fair value through OCI	–	–	–	–	–	–
Financial Assets Not Measured at Fair Value							
Cash and cash equivalents	Amortised cost	174,755,351	174,755,351	–	174,755,351	–	174,755,351
Trade and other receivables	Amortised cost	675,220,824	675,220,824	–	–	675,220,824	675,220,824
Receivable from related parties	Amortised cost	1,100,663,709	1,100,663,709	–	–	1,100,663,709	1,100,663,709
Investment in fixed deposits	Amortised cost	243,925,710	243,925,710	–	243,925,710	-	243,925,710
		2,194,565,594	2,194,565,594	–	418,681,061	1,775,884,533	2,194,565,594
Financial Liabilities Not Measured at Fair Value							
Lease liabilities	Other financial liabilities	214,857,398	214,857,398	–	–	214,857,398	214,857,398
Debentures	Other financial liabilities	–	–	–	–	–	–
Borrowings	Other financial liabilities	6,679,614,631	6,679,614,631	–	–	6,679,614,631	6,679,614,631
Trade and other payables	Other financial liabilities	1,164,281,555	1,164,281,555	–	–	1,164,281,555	1,164,281,555
Payable to related companies	Other financial liabilities	146,804,759	146,804,759	–	–	146,804,759	146,804,759
Unclaimed dividend	Other financial liabilities	4,592,917	4,592,917	–	–	4,592,917	4,592,917
Bank overdraft	Other financial liabilities	889,947,506	889,947,506	–	889,947,506	–	889,947,506
		9,100,098,766	9,100,098,766	–	889,947,506	8,210,151,260	9,100,098,766

31 March 2025	Company						
	Classification	Total Carrying Amount Rs.	Fair Value Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets Measured at Fair Value							
Investment in unit trust		25,411,623	25,411,623	–	25,411,623	–	25,411,623
Investment in Unquoted Shares/FVOCI		–	–	–	–	–	–
Financial Assets Not Measured at Fair Value							
Cash and cash equivalents	Amortised cost	132,857,263	132,857,263	–	132,857,263	–	132,857,263
Trade and other receivables	Amortised cost	591,524,565	591,524,565	–	–	591,524,565	591,524,565
Receivable from related parties	Amortised cost	4,640,561,597	4,640,561,597	–	–	4,640,561,597	4,640,561,597
Investment in fixed deposits	Amortised cost	198,340,301	198,340,301	–	–	198,340,301	198,340,301
		5,563,283,726	5,563,283,726	–	132,857,263	5,430,426,463	5,563,283,726
Financial Liabilities Not Measured at Fair Value							
Lease liabilities	Other financial liabilities	155,597,618	155,597,618	–	–	155,597,618	155,597,618
Debentures	Other financial liabilities	–	–	–	–	–	–
Borrowings	Other financial liabilities	3,931,741,407	3,931,741,407	–	–	3,931,741,407	3,931,741,407
Trade and other payables	Other financial liabilities	951,049,371	951,049,371	–	–	951,049,371	951,049,371
Payable to related companies	Other financial liabilities	507,898,478	507,898,478	–	–	507,898,478	507,898,478
Unclaimed dividend	Other financial liabilities	4,592,883	4,592,883	–	–	4,592,883	4,592,883
Bank overdraft	Other financial liabilities	534,947,506	534,947,506	–	534,947,506	–	534,947,506
		6,085,827,263	6,085,827,263	–	534,947,506	5,550,879,757	6,085,827,263

** Classes of financial instruments that are not carried at fair value and of which carrying amounts are a reasonable approximation of fair value. This includes trade and other receivables, cash and cash equivalents, trade payable, other payables, amounts due to and due from related parties and bank overdraft. The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short-term nature.

37. Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

(a) Credit risk (Note 37.2)
(b) Liquidity risk (Note 37.3)
(c) Market risk (Note 37.4)
(d) Operational risk (Note 37.5)

37.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limit and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee monitors the process through which business risks are identified for action by the management and for the Board's attention and monitors the effectiveness of the Company's internal controls. The Audit Committee is assisted in its role by internal audit. Internal audit undertakes both regular and ad hoc reviews of controls and procedures, the results of which are reported to the Audit Committee.

37.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

As at 31 March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Impairment loss on trade receivable and amounts due from related companies	**118,314,863**	108,981,199	**118,314,863**	106,266,372
	118,314,863	108,981,199	**118,314,863**	106,266,372

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures and contractual agreements made for every high-value transactions. In addition, receivable balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to the credit risk is as follows:

31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Other investments	**153,886,286**	269,337,333	**153,886,286**	223,751,924
Trade and other receivables	**658,919,721**	673,667,985	**595,808,416**	589,971,725
Amount due from related parties	**1,478,675,682**	1,100,663,709	**5,582,808,682**	4,640,561,597
Cash and cash equivalents	**210,413,398**	174,755,351	**169,642,646**	132,857,263
	2,501,895,086	2,218,424,378	**6,502,146,029**	5,587,142,509

The exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows:

31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Local government	**52,376,808**	40,109,549	**52,376,808**	40,109,549
Insurance companies	**192,187,565**	263,918,363	**192,187,565**	263,918,363
Other corporate clients	**538,702,665**	547,249,506	**530,672,586**	547,249,506
Other	**47,964,788**	91,246,087	**47,964,788**	81,145,442
	831,231,826	942,523,505	**823,201,747**	932,422,860

The following table provides information about the exposure to credit risk and ECLs for trade receivable and contract assets as at 31 March 2025 and 2026.

As at 31 March 2026	Group			
	Weighted average loss rate	Gross carrying amount Rs.	Loss allowance Rs.	Credit impaired
Current and < 12 months	14%	199,753,151	61,555,586	No
Past due > 12 months	86%	631,478,670	369,973,343	No
		831,231,821	431,528,930	

As at 31 March 2026	Company			
	Weighted average loss rate	Gross carrying amount Rs.	Loss allowance Rs.	Credit impaired
Current and < 12 months	14%	196,506,386	61,555,586	No
Past due > 12 months	85%	626,695,356	367,841,441	No
		823,201,742	429,397,028	

As at 31 March 2025	Group			
	Weighted average loss rate	Gross carrying amount Rs.	Loss allowance Rs.	Credit impaired
Current and < 12 months	16%	555,402,188	88,532,544	No
Past due > 12 months	100%	387,121,317	387,121,317	No
		942,523,505	475,653,861	

As at 31 March 2025	Company			
	Weighted average loss rate	Gross carrying amount Rs.	Loss allowance Rs.	Credit impaired
Current and < 12 months	16%	547,433,443	88,532,544	No
Past due > 12 months	100%	384,989,417	384,989,417	No
		932,422,860	473,521,961	

Cash and cash equivalents with banks

The Group and Company held cash and cash equivalents of Rs. 210,413,398/- and Rs. 169,642,646/- at 31 March 2026 (2025: Rs. 174,755,351/- and Rs. 132,857,263/-) respectively. The Group has selected its banker by considering the credit rating of the rating agencies, the reputation in economy, efficiency in transaction processing by minimising the transaction cost.

The financial institutions in which the deposits and cash at bank existed are guaranteed by local and foreign credit agencies as -AA or better.

Amounts due from related parties

Provision for impairment on amounts due from related parties are assessed individually considering the financial status of these related parties.

37.3 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.

The Group maintains the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payable) over the succeeding 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. In addition, the Group maintains Rs. 880 Mn. secured overdraft facility that is the interest would be payable at market rate.

It is not expected that cash flows included in the maturity analysis would occur significantly earlier or at significantly different amount.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

31 March 2026	Group				
	Carrying amount Rs.	Contractual cash flows Rs.	Less than 1 year Rs.	1–5 years Rs.	More than 5 years Rs.
Non-Derivative Financial Liabilities					
Borrowings	7,239,600,568	7,239,600,568	945,026,479	1,384,000,000	4,910,574,089
Trade creditors and other payables	3,172,395,007	3,172,395,007	3,172,395,007	–	–
Lease liabilities	308,291,035	370,787,139	122,089,479	248,697,660	–
Payable to related companies	175,708,390	175,708,390	175,708,390	–	–
Bank overdrafts	688,141,217	688,141,217	688,141,217	–	–
	11,584,136,217	11,646,632,321	5,103,360,572	1,632,697,660	4,910,574,089

31 March 2025	Carrying amount Rs.	Contractual cash flows Rs.	Less than 1 year Rs.	1–5 years Rs.	More than 5 years Rs.
Non-Derivative Financial Liabilities					
Debentures	–	–	–	–	–
Borrowings	6,679,614,631	10,318,410,312	8,303,384,393	1,975,025,907	40,000,012
Trade creditors and other payables	1,164,281,555	1,164,281,555	1,164,281,555	–	–
Unclaimed dividends	4,592,917	4,592,917	4,592,917	–	–
Lease liabilities	214,857,398	282,757,486	72,028,031	205,254,455	5,475,000
Payable to related companies	146,804,759	146,804,759	146,804,759	–	–
Bank overdrafts	889,947,506	889,947,506	889,947,506	–	–
	9,100,098,766	11,136,578,550	4,621,752,073	4,548,023,526	1,966,802,951

31 March 2026	Company				
	Carrying amount Rs.	Contractual cash flows Rs.	Less than 1 year Rs.	1–5 years Rs.	More than 5 years Rs.
Non-Derivative Financial Liabilities					
Borrowings	3,636,006,919	3,636,006,919	634,509,721	964,000,000	2,037,497,198
Trade creditors and other payables	2,254,618,720	2,254,618,720	2,254,618,720	–	–
Unclaimed Dividends	4,592,883	4,592,883	4,592,883	–	–
Lease liabilities	187,207,763	308,291,035	122,089,479	248,697,660	–
Payable to Related Companies	622,874,602	622,874,602	622,874,602	–	–
Bank Overdrafts	404,371,452	404,371,452	404,371,452	–	–
	7,109,672,339	7,230,755,611	4,043,056,857	1,212,697,660	2,037,497,198

31 March 2025	Carrying amount Rs.	Contractual cash flows Rs.	Less than 1 year Rs.	1–5 years Rs.	More than 5 years Rs.
Non-Derivative Financial Liabilities					
Debentures	–	–	–	–	–
Borrowings	3,931,741,407	3,931,741,407	645,680,154	3,286,061,253	–
Trade creditors and other payables	951,049,371	951,049,371	951,049,371	–	–
Unclaimed dividends	4,592,917	4,592,917	4,592,917	–	–
Lease liabilities	155,597,618	191,285,648	49,716,085	141,569,563	–
Payable to related companies	507,898,484	507,898,484	507,898,484	–	–
Bank overdrafts	534,947,506	534,947,506	534,947,506	–	–
	6,085,827,303	6,121,515,333	2,693,884,517	3,427,630,816	–

The Group has used Overdraft of (Rs. 664,361,360/-) at the end of 2026.

Overdraft	2026		2025	
	Facility Available Rs.	Facility Utilised Rs.	Facility Available Rs.	Facility Utilised Rs.
Hatton National Bank PLC	–	–	375,000,000	375,000,000
DFCC Bank PLC	–	–	210,000,000	202,900,225
Commercial Bank of Ceylon PLC	30,000,000	760,675	205,000,000	204,297,117
Seylan Bank PLC	–	–	10,000,000	2,378,966
Nations Trust Bank PLC	55,000,000	–	55,000,000	55,388,459
Bank of Ceylon	800,000,000	663,600,685	50,000,000	49,982,739
	885,000,000	664,361,360	905,000,000	889,947,506

37.4 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk

The Group is exposed to currency risk on receipts, payments and borrowings that are denominated in a currency other than Sri Lankan Rupees.

In respect of monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is exposed to currency risk on borrowings and supplier payable balances that are denominated in a currency other than Sri Lankan Rupees (Rs.). The foreign currency in which the set transactions primarily denominated is United Stated Dollars (USD).

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

31 March	Group		Company	
	2026 USD	2025 USD	2026 USD	2025 USD
Interest bearing borrowings	**113,524**	603,524	**113,524**	603,524
Supplier payable balance	**5,033**	55,102	**–**	–
	118,558	658,626	**113,524**	603,524

The following significant exchange rates were applicable during the year;

31 March	Average rate		Reporting date spot rate	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
USD	**309.34**	297.92	**315.19**	296.35

Sensitivity analysis

A strengthening or weakening of the Sri Lankan Rupee, as indicated below, against the USD as at the reporting date would have increased/(decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group/Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Strengthening Rs. '000	Weakening Rs. '000
As at 31 March 2026		
USD (10% movement)	(3,737)	3,737
As at 31 March 2025		
USD (10% movement)	(19,518)	19,518

Interest Rate Risk

Interest rate is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises mainly from the borrowings. The fluctuation in the Average Weighted Prime Lending Rate (AWPLR) results in the effective interest rate of the borrowings usually without a corresponding change in the fair value. The Group analyses the interest rate exposure on a dynamic basis monitoring AWPLR.

The Monetary Board of Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) after the reporting date and this may impact the future profitability of the Group.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Group		Company	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Fixed-Rate Instruments				
Financial assets	153,886,286	269,337,333	153,886,286	223,751,924
Financial liabilities	340,976,380	125,681,062	41,627,528	41,627,528
	494,862,666	395,018,395	195,513,814	265,379,452
Variable-Rate Instruments				
Financial assets	–	–	–	–
Financial liabilities	7,886,469,689	7,528,290,041	3,999,106,280	4,425,416,822
	7,886,469,689	7,528,290,041	3,999,106,280	4,425,416,822

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax. A reasonably possible of +/- 1% is used, consistent with current trends in interest rates.

	Group		Company	
	+1% (100 Basis Points) Impact on Profit Rs. '000	-1% (100 Basis Points) Impact on Profit Rs. '000	+1% (100 Basis Points) Impact on Profit Rs. '000	-1% (100 Basis Points) Impact on Profit Rs. '000
31 March 2026				
Financial Liabilities				
Interest bearing loans and borrowings	78,865	(78,865)	39,991	(39,991)
31 March 2025				
Financial Liabilities				
Interest bearing loans and borrowings	75,283	(75,283)	44,254	(44,254)

37.5 Operational Risk

"Operational risk" is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks – e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and innovation. In all cases, Company policy requires compliance with all applicable legal and regulatory requirements.

The Board of Directors has established Board Integrated Risk Management Committee, which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- information technology and cyber risks; and
- risk mitigation, including insurance where this is cost-effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by internal audit. The results of Internal audit reviews are discussed with the Company Operational Risk Committee, with summaries submitted to the Audit Committee and senior management of the Company.

38. Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain development of the business. Capital consists of ordinary shares, retained earnings and revaluation reserve of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group's net debt to adjusted equity ratio at the reporting date was as follows:

	As at 31 March 2026	As at 31 March 2025
Total liabilities	**16,279,450,148**	15,110,648,486
Less: Cash and cash equivalents	**(332,096,745)**	(349,810,089)
Net debt	**15,947,353,403**	14,760,838,397
Total equity	**6,475,061,485**	4,912,863,399
Net debt to adjusted equity ratio	**2.46**	3.00

39. Related Party Transactions

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 "Related Party Disclosures", the details of which are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

39.1 Transactions with 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.

KMP of the Company

The Board of Directors of the Company has been classified as KMP of the Company.

KMP of the Group

a) Compensation of key management personnel

	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Short-term employee benefits	**71,642**	45,225	**71,642**	45,225
	71,642	45,225	**71,642**	45,225

b) Other transactions

	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Rendering of services	**35,732**	20,993	**31,768**	20,993
Receiving of services/ purchases of goods	–	–	–	–

Close family members (CFM) of Key Management Personnel

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMP's domestic partner and children, children of the KMP's domestic partner and dependents of the KMP or the KMP's domestic partner, CFM are related parties to the Group/Company.

39.2 Transactions with related parties

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2025 audited Financial Statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act, except for the matter disclosed below.

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of the Related Party Transactions entered for the Period of ended 31 March 2026 Rs.	%
Nawaloka Forwarding Agents Pvt Ltd	Common Directors	Settlement of the funding arrangement for Nawaloka Hospitals radiology enhancement project	445,110,378	23.47

Recurrent related party transactions

There were no recurrent related party transactions, except for below, which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2025 audited Financial Statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

New Nawaloka Hospitals (Pvt) Ltd and New Nawaloka Medical Centre (Pvt) Ltd which are fully owned subsidiaries of the Company are situated in the same premises and operated under the Nawaloka Hospitals brand name with the company and therefore revenue and the expenses could occur mutually. However the net transactions values of recurrent transactions and Non recurrent transactions do not exceed the 10% of the consolidated revenue or 10% of the Equity of the Company respectively.

Transactions with subsidiaries – Company

Name of the Company	New Nawaloka Hospitals (Pvt) Ltd		New Nawaloka Medical Centre (Pvt) Ltd		Nawaloka Laboratories (Pvt) Ltd	
Shareholding	100%		100%		100%	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs.'000	2026 Rs. '000	2025 Rs. '000
Opening balance due (to)/from subsidiaries	**202,346**	165,222	**3,353,923**	3,282,730	**(372,378)**	(241,445)
Provision of services	**(156,345)**	1,835,298	**2,496,153**	45,580	**(487,359)**	(131,058)
Cost of pharmaceutical and general stores items	**912,234**	806,310	**(7,903)**	857,198	**161**	125
Fund Transfer	**(852,196)**	(2,604,484)	**(1,669,135)**	(831,585)	**384,712**	–
Closing balance due (to)/from subsidiaries	**106,040**	202,346	**4,173,039**	3,353,923	**(503,311)**	(372,378)
Directors	Dr H K J Dharmadasa		Dr H K J Dharmadasa		Dr H K J Dharmadasa	
	Mr A G Dharmadasa		Mr A G Dharmadasa		Mr A G Dharmadasa	
	Prof L G Chandrasena				Prof L G Chandrasena	

Transactions with subsidiaries are carried out in the ordinary course of the business except the funding provided for New Nawaloka Medical Centre (Pvt) Ltd to invest on multi storied building with car park facilities.

New Nawaloka Medical Centre (Pvt) Ltd and New Nawaloka Hospitals (Pvt) Ltd are fully owned subsidiaries of Nawaloka Hospitals PLC. All three companies are located in the same premises and operational decisions as well as investment/expansion decisions are also executed as a single entity with common staff. As such, neither specific terms and conditions nor guarantees were agreed in relating to the funding of New Nawaloka Medical Centre (Pvt) Ltd to invest on multi storied building with car park facilities.

Outstanding balance relating to this transaction is included in the current account as disclosed in Note 39.2 to these Financial Statements and considered as repayable on demand. Current account balances at year end are unsecured, interest free and settlement occurs in cash.

Transactions with other related parties – Company

Name of the Company	Transfer to other debtor		Investment in associate		Rendering of services/ Sale of Goods		Receiving of services/ Purchase of Goods		Fund Transfer		Balance as at 31 March Due (To)/From	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Nawaloka Aviation (Pvt) Ltd	–	–	–	–	–	–	–	–	–	–	4,479	4,479
M Branch (Pvt)Ltd	–	–	–	–	–	–	–	–	(16,216)	–	–	16,216
Nawaloka Construction Co. (Pvt) Ltd	–	–	–	–	–	–	–	30,589	65,367	(16,481)	167,018	101,651
Nawaloka Engineering	–	–	–	–	–	–	175	517	5,912	(517)	10,493	4,405
Nawaloka ACG Aluminium Company (Pvt) Ltd	–	–	–	–	–	–	–	–	–	–	96	96
Nawaloka Medical Centers (Pvt) Ltd	–	–	–	–	–	–	–	15,473	44,868	971	306,367	261,499
Nawaloka Guardian International (Pvt) Ltd	–	–	–	–	–	–	(25,044)	7,590	23,651	(107,579)	(98,782)	(97,388)
Nawaloka College of Higher Studies (Pvt) Ltd	–	–	–	–	–	–	–	–	–	–	33,013	33,013
Nawaloka College of Professional Studies (Pvt) Ltd	–	–	–	–	–	–	–	(13,024)	(16,840)	(19,002)	(48,693)	(31,852)
Nawaloka Institute of Healthcare (Pvt) Ltd	–	–	–	–	–	–	(1,562)	(7,327)	(2,141)	(2,056)	(459)	3,244
Polysacks Sharjah U.A.E	–	–	–	–	–	–	–	–	(22,429)	–	–	22,429
Redline Services (Pvt) Ltd	–	–	–	–	–	–	–	9,000	7,718	2,000	18,718	11,000
Nawata Group (Pvt) Ltd	–	–	–	–	–	–	–	3,281	25,112	30,847	88,271	63,159
Nawaloka Steel Industries (Pvt) Ltd	–	–	–	–	–	–	–	1,214	(7,776)	(72,309)	231,067	238,843
Sasiri Polysacks (Pvt) Ltd	–	–	–	–	–	–	–	1,026	172,224	30,466	317,853	145,629
New Ashford International (Pvt) Ltd	–	–	–	–	–	–	–	–	113	–	3,163	3,050
Cafe 77 (Pvt) Ltd	–	–	–	–	13,455	(9,208)	4,467	42,094	6,082	(35,752)	17,749	(6,255)
Mart 77 (Pvt) Ltd	–	–	–	–	–	–	(53)	(23)	–	–	(76)	(23)
Alcobronz (Pvt) Ltd	–	–	–	–	–	–	–	–	–	–	11,000	11,000
Nawaloka Research and Education Foundation	–	–	–	–	–	–	–	–	(8,800)	–	–	8,800
Healthways (Pvt) Ltd	–	–	–	–	–	–	–	–	–	9,412	9,412	9,412
Nawaloka Forwarding Agents (Pvt) Ltd	–	–	–	–	–	–	–	–	(445,075)	445,110	35	445,110
Yiwu Trading (Pvt) Ltd	–	–	–	–	–	–	4,289	4,224	75,500	30,260	114,273	34,484
JD Design Studio (Pvt) Ltd	–	–	–	–	–	–	–	75	768	–	843	75
Nawaloka Petroleum (Pvt) Ltd	–	–	–	–	–	–	–	–	3,000	11,000	15,873	12,873
Novanest Properties Pvt Ltd	–	–	–	–	–	–	–	–	16,107	–	16,107	–
Sasiri Flexipack (Pvt) Ltd	–	–	–	–	–	–	–	–	121,472	–	121,472	–
Nawaloka Hospitals Centre (Pvt) Ltd	–	–	–	–	–	–	–	–	6,932	–	6,932	–

40. Commitments

There were no contract for capital expenditure of material amounts approved or contracted for as at the reporting date for the Company/Group.

41. Contingent Liabilities

Accounting policy

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in profit or loss.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

Use of Judgements and Estimates

Provisions and Contingencies

The Company receives legal claims against it in the normal course of business. The management has made judgment as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in the respective legal jurisdictions.

Pending Litigations against Company/Group

Based on the available information, the management is of the view that there are no material litigation or claims other than those disclosed below that could have material impact on the financial position on the Group. Accordingly, no provision has been made for following legal claims in the Financial Statements.

The Board of Directors of the Company having consulated the legal council have determined that no provision is required for the below cases outstanding against the Group as at 31 March 2026.

41.1 Commercial High Court of Colombo – Case 59/2023 CO and 65/2024 CO

A former director and shareholder of the Company (the "Petitioner") has instituted legal proceedings in the Commercial High Court of Colombo, seeking an order to cancel 5,049,500 shares of Nawaloka College of Higher Studies (Private) Limited issued in favour of the Company, alleging that such shares were issued erroneously.

In relation to Case No. 59/2023, the Commercial High Court of Colombo delivered its final order in favour of the Petitioner on 17 December 2024. Subsequently, the Company filed a Notice of Appeal dated 31 December 2024 and a Petition of appeal dated 31 January 2025 with the Supreme Court of Sri Lanka. The appeal is yet to be listed for hearing.

In relation to Case No. 65/2024/CO, the Commercial High Court of Colombo issued an interim order in favour of the Petitioner on 23 July 2025 and fixed the matter for main objections on 28 October 2025. Subsequently, the Company filed two appeal applications, bearing Nos. SC/HC/LA/81/2025 and SC/HC/LA/82/2025, in the Supreme Court of Sri Lanka on 7 August 2025. Both appeal applications are scheduled to be mentioned on 3 September 2026.

Based on the advice of its legal counsel, the Company remains confident that the above matters will be resolved in its favour. Accordingly, no adjustments have been recognised in the financial statements as at 31 March 2026.

41.2 District Court of Colombo – Case DMR 5339/19 and Civil Appellate High Court of Colombo – Case WP HCCA 87/2023 LA

The Plaintiffs instituted legal proceedings against the Company and another party, claiming damages of Rs. 102 Mn. on the grounds of alleged negligence. On 21 June 2022, the plaintiffs filed an application under the Civil Procedure Code seeking the production of specified documents for inspection. On 17 May 2023, the District Court allowed the application.

Being aggrieved by the order, the Company filed a leave-to-appeal application in the Civil Appellate High Court, which was dismissed on 05 February 2025. Subsequently, the Company filed a further appeal in the Supreme Court under Case No. SC/HCCA/LA/90/2025, which was scheduled to be mentioned on 6 October 2026.

Having considered the status and circumstances of the matter, the Company concluded that no provision was required in the financial statements for the year ended 31 March 2026.

41.3 District Court of Colombo – Case DMR 3969/19

Legal proceedings have been instituted against the Company alleging medical negligence in relation to the death of a patient, with damages claimed amounting to Rs. 107 Mn. The matter was previously scheduled for trial but was postponed on several occasions. The case is currently fixed for trial on 29 September 2026.

Having considered the status and circumstances of the matter, the Company concluded that no provision was required in the financial statements for the year ended 31 March 2026.

41.4 District Court of Colombo – Case DMR 1376/23

By a plaint dated 21 July 2023, the Plaintiff instituted legal proceedings against the Company, claiming damages of Rs. 100 Mn. for alleged physical and mental suffering arising from medical negligence, together with the costs of litigation. On 17 June 2026, the matter was taken up to fix a date for the pre-trial conference. As neither the Plaintiff nor a representative on the Plaintiff's behalf was present, the matter was fixed for the pre-trial conference on 29 September 2026.

Having considered the status and circumstances of the matter, the Company concluded that no provision was required in the financial statements for the year ended 31 March 2026.

41.5 District Court of Colombo – Case DMR 565/23

The Plaintiffs have instituted legal proceedings against the Company and other parties, claiming damages of Rs. 10 Mn. on the grounds of alleged negligence. When the matter was taken up for the return of summons on 21 August 2026, a proxy was filed on behalf of the Third Defendant, and further time was requested to file the answer. The matter is scheduled to be called on 20 November 2026.

Having considered the preliminary stage and current status of the matter, the Company concluded that no provision was required in the financial statements for the year ended 31 March 2026.

41.6 Labour Tribunal – Case No. 08/28/2024

An Applicant instituted proceedings against the Company before the Labour Tribunal, seeking the payment of gratuity forfeited by the Company. The Labour Tribunal delivered its order on 8 May 2026. Being aggrieved by the order, the Company filed an appeal in the Provincial High Court of Colombo under Case No. HCALT/21/2026. The appeal is yet to be listed for hearing.

Having considered the current status of the matter, the Company concluded that no provision was required in the financial statements for the year ended 31 March 2026.

42. Events after the Reporting Period

Accounting policy

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue.

No material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the Financial Statements.

43. Comparative Information

The Financial Statements for the comparative periods comprise results for the 12 month periods from 01 April 2024 to 31 March 2025. In this circumstance,the comparative information for the financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statements and related notes are comparable with the current period.

The previous year figures and phrases have been rearranged wherever necessary to conform to current year's presentation.

44. Reclassification of comparative information

The Group has reclassified the direct labor expenses of Nawaloka Laboratories (Private) Limited (wholly owned subsidiary of the Company) from "staff costs" to "cost of services" in order to ensure better classification of expenses as per LKAS 1. Further staff related expenses of Nawaloka Laboratories (Private) Limited, previously classified as "administrative expenses" has been reclassified in "staff costs" for better reflection of the function of such expenses.

The impact of these reclassifications on the Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2025 is as follows.

Statement of profit or loss and other comprehensive income (Extract)	For the year ended 31 March 2025 (Previously Reported) Rs.	Reclassification Rs.	For the year ended 31 March 2025 (Reclassified) Rs.
Cost of services	5,134,195,166	186,591,868	5,320,787,034
Staff costs	1,971,235,134	(179,415,585)	1,791,819,549
Administrative expenses	2,938,456,770	(7,176,283)	2,931,280,487

45. Directors Responsibility

The Board of Directors is responsible for the preparation and presentation of the Financial Statements in accordance with Sri Lanka Accounting Standards.

46. Going Concern

Group/Company

The Group has recorded a net profit of Rs. 1,054,432,513/- (2025: Rs. 56,381,099/-) for the year ended 31 March 2026. As at that date, accumulated losses amounted to Rs. 76,356,224/- (2025: Rs. 1,116,224,291/-), and current liabilities of the Group exceeded its current assets by Rs. 2,152,078,473/- as at the 31 March 2026. (2025: Rs. 6,402,347,185/-).

These conditions indicate the existence of circumstances that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Directors have assessed the Group's ability to continue as a going concern, taking into consideration the Group's financial performance and position, cash flow forecasts, available liquidity and financing arrangements.

In making this assessment, the Directors have considered the Group's existing cash resources and available unutilised borrowing facilities and overdraft facilities as at the date of the audit report. In particular, the Directors have concluded that the Group's unutilised borrowing facilities and overdraft facilities amounting to approximately Rs. 794 Mn., and Rs. 414 Mn. will remain available throughout the next twelve months from 31 March 2026, which the Directors expect to remain available during the forecast period. The Directors have also considered the contractual terms and repayment obligations relating to the Group's existing borrowings.

Borrowing Facilities

Bank	Facility available Rs.	Facility utilised Rs.	Facility unutilised Rs.
Commercial Bank	400,000,000	36,183,000	363,817,000
Bank of Ceylon	1,000,000,000	570,000,000	430,000,000
	1,400,000,000	**606,183,000**	**793,817,000**

Overdraft Facilities

Bank	Facility available Rs.	Facility utilised Rs.	Facility unutilised Rs.
Bank of Ceylon	200,000,000	79,363,969	120,636,031
Bank of Ceylon	450,000,000	334,866,894	115,133,106
Bank of Ceylon	150,000,000	–	150,000,000
Commercial Bank of Ceylon PLC	25,000,000	–	25,000,000
Commercial Bank of Ceylon PLC	5,000,000	2,223,173	2,776,827
	830,000,000	**416,454,036**	**413,545,964**

In addition, the Board's assessment considered the improvements to the financial performance of both the Group and the Company during the year. This is evident through the increasing gross profit, reduction in net current liability position, and the turnaround in profitability compared to the previous year.

- The Group plans to establish a dedicated Eye Theatre and expand ophthalmology services to increase surgical capacity and enhance specialised eye care.
- The Group plans to expand and modernise the existing Theatre Complex, increasing surgical capacity and supporting the introduction of more specialised and advanced procedures.
- The Group plans to establish a Comprehensive Orthopedic Centre integrating specialist consultations, diagnostics, surgical procedures, physiotherapy and rehabilitation services.
- The Group intends to strengthen its Mother and Baby Care services through the development of a dedicated unit providing integrated maternity, delivery, neonatal and postnatal care.
- The Group will continue to undertake facility enhancements and elderly care unit modifications to improve patient flow, clinical functionality, patient comfort and utilisation of existing infrastructure.
- The Group continues to invest in advanced medical technology and Artificial Intelligence, including AI-assisted diagnostics and advanced clinical and operational solutions, to enhance service quality and efficiency.

- The Group is evaluating the introduction of robotic-assisted surgery to strengthen its minimally invasive surgical capabilities and expand its portfolio of advanced procedures, subject to clinical, technical and financial feasibility.
- The Group plans to introduce a digital patient-flow and running-number system to improve queue management, reduce waiting times and enhance coordination across hospital services.
- The Group continues to focus on cost optimisation and working capital management through procurement efficiencies, inventory controls, improved receivable collections and disciplined expenditure management.
- The Group continues to pursue debt restructuring and liquidity management initiatives aimed at optimising financing costs, strengthening cash-flow management and supporting sustainable financial growth.

Based on the above assessment, including the Group's projected cash flows, available liquidity and financing arrangements, the Directors are satisfied that the Group has adequate resources to meet its obligations as they fall due and to continue its operations for at least twelve months from the reporting date. Accordingly, the Directors have concluded that, notwithstanding the above conditions, there are no material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

Supplementary Information

Investor Information

Investor Information

	31 March 2026
Highest price	15.2
Lowest price	9.7
Closing price	10.6

Composition of Shareholders

	No. of shareholders as at 31 March 2026	Total holdings Rs.	Percentage (%)	No. of shareholders as at 31 March 2025	Total holdings Rs.	Percentage (%)
Category						
Institutional	142	640,877,421	45.47	94	525,661,646	37.29
Individual	7,827	768,628,175	54.53	6,805	883,843,950	62.71
Total	7,969	1,409,505,596	100.00	6,899	1,409,505,596	100.00

Top 20 Shareholders of Nawaloka Hospitals PLC as at 31 March 2026

Name and address	Shareholding	Percentage (%)
Mr K A D D Perera	391,055,692	27.74
Nawaloka Construction Company (Private) Limited	380,778,880	27.02
Mr H K J Dharmadasa	282,736,182	20.06
Union Bank of Colombo PLC/Hewa Komanage Jayantha Dharmadasa	120,000,000	8.51
Union Bank of Colombo PLC/Nawaloka Construction Company (Pvt) Ltd	61,000,000	4.33
Seylan Bank Ltd/H K Jayantha Dharmadasa	60,000,000	4.26
Miss A G Dharmadasa	5,066,686	0.36
Mrs P Nanayakkara	5,066,666	0.36
Mr L Hettiarachchi	4,481,592	0.32
Mr V R Ramanan	3,110,088	0.22
Mr A G Dharmadasa	3,004,026	0.21
Nawaloka Hardware (Private) Limited	2,814,932	0.2
Mrs C S Dharmadasa	2,581,866	0.18
Mr K S Warusavitarana	2,472,197	0.18
Tranz Dominion, L L C	2,000,000	0.14
Seylan Bank PLC/Andaradeniya Estate (Pvt) Ltd	1,947,429	0.14
Mr M T Rajab Khan	1,448,000	0.1
Mr G C Goonetilleke	1,205,000	0.09
Mr B A A S Basnayaka	1,100,000	0.08
Mr P Brahmanage	1,000,000	0.07
Mrs H K S R Perera	1,000,000	0.07
Ranatunga Motors (Pvt) Ltd	1,000,000	0.07

Directors' Shareholding as at 31 March 2026

Name	No. of shares
Mr H K J Dharmadasa	282,736,182
Seylan Bank Ltd/H K Jayantha Dharmadasa	60,000,000
Union Bank of Colombo PLC/Hewa Komanage Jayantha Dharmadasa	120,000,000
Mr A G Dharmadasa	3,004,026
Miss A G Dharmadasa	5,066,686
Prof L G Chandrasena	601,198
Mr T De Zoysa	218,000
Mr V R Ramanan	3,110,088
Dr I M D Z Gunasekera	32,000
Mr T K Bandaranayake	0
Dr M Rajakaruna	0
Mr M T D Lakshan	0
Mr V T De Zoysa	0
Dr D B S C Bandara	0
Mr C P Wijetilleke	0
Dr R M S Pushpakumara	0
Prof P P M Jayaweera	0
Total	474,768,180

Range of Shareholders as at 31 March 2026

	No. of shareholders	No. of shares	Percentage (%)
1 to 1,000 Shares	4,240	1,244,574	0.09
1,001 to 10,000 Shares	2,478	9,909,349	0.71
10,001 to 100,000 Shares	1,109	32,864,142	2.33
100,001 to 1,000,000 Shares	123	33,618,295	2.39
Over 1,000,000 Shares	19	1,331,869,236	94.48
Total	7,969	1,409,505,596	100

Public Shareholding

As at 31 March	2025/26	2024/25
Shares held by the public	**482,433,208**	482,433,208
No. of public shareholders	**7,951**	6,883
Public holdings percentage (%)	**34.23**	34.22
Compliant under option 3-Float-adjusted market capitalisation (Rs. Mn.)	**5,114**	2,895

Ten-Year Financial Summary

Group		2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
Income Statement Data											
Revenue	Rs.	**13,242,883,041**	11,012,689,270	10,379,164,804	9,305,061,318	15,302,268,206	11,827,738,761	9,035,829,577	8,534,267,449	7,955,278,613	6,299,910,436
Cost of sale	Rs.	**(5,911,338,840)**	(5,320,787,034)	(4,762,524,128)	(4,669,970,410)	(7,461,332,040)	(6,285,289,880)	(4,248,181,070)	(4,143,850,942)	(3,551,349,412)	(2,997,276,079)
Gross profit	Rs.	**7,331,544,201**	5,691,902,236	5,616,640,676	4,635,090,908	7,840,936,166	5,542,448,881	4,787,648,507	4,390,416,507	4,403,929,201	3,302,634,357
Other operating income	Rs.	**265,957,219**	177,315,238	181,341,329	138,255,580	136,521,897	125,629,915	149,388,093	244,851,729	198,816,074	129,152,153
Profit/(loss) from operations	Rs.	**1,734,235,945**	1,008,243,743	1,024,615,844	(73,460,408)	1,660,285,220	1,503,505,332	1,179,734,344	802,357,905	1,174,203,124	728,625,298
Net profit/(loss) after taxation	Rs.	**1,054,432,513**	56,381,099	(304,747,263)	(2,438,455,495)	(96,588,317)	501,263,947	15,980,740	(587,153,161)	179,958,540	282,840,629
Balance Sheet Data											
Shareholders' fund	Rs.	**6,475,061,485**	4,912,863,399	4,585,398,428	4,923,500,887	6,682,364,430	4,098,914,447	3,430,129,485	3,441,663,445	4,258,504,794	4,513,462,017
Financial Ratios											
Gross profit ratio	%	**55.36**	53.38	54.00	50.00	51.00	47.00	53.00	51.00	55.00	52.00
Net profit ratio	%	**7.96**	0.51	(3.00)	(26.21)	(0.63)	4.24	0.18	(6.88)	2.00	4.00
Increase in revenue	%	**20.25**	6.10	12.00	(39.19)	29.38	30.90	6.00	7.00	26.00	8.00
Return on capital employed	%	**13.78**	8.99	22.00	(1.49)	24.85	13.67	11.47	7.00	10.55	5.43
Current asse tratio	Times	**0.62**	0.32	0.25	0.24	0.79	0.57	0.40	0.45	0.53	0.83
Quick asset ratio	Times	**0.49**	0.27	0.21	0.19	0.69	0.51	0.34	0.35	0.44	0.73
Return on assets		**0.08**	0.05	0.05	–	0.08	2.68	0.09	(4.00)	1.00	2.00
Debt/equity ratio		**1.12**	1.36	1.40	2.86	2.00	1.44	0.62	1.77	1.34	1.37
Earnings/(loss) per share (after share split)		**0.75**	0.04	(0.22)	(1.73)	(0.07)	0.36	0.01	(0.42)	0.13	0.17
Net asset per share (Rs) (after share split)		**4.59**	3.49	3.25	3.49	4.74	2.91	2.43	2.56	3.02	3.15
Dividend per share	Rs.	–	–	–	–	–	–	–	0.05	0.10	0.08
Dividend pay out ratio	%	–	–	–	–	–	–	–	–	0.59	0.55

Company		2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
Income Statement Data											
Revenue	Rs.	**6,966,095,830**	5,782,777,543	5,481,588,550	4,779,052,407	6,119,455,452	3,554,428,501	3,732,633,886	3,471,447,762	3,568,770,483	2,568,162,863
Cost of sale	Rs.	**(3,057,379,032)**	(2,821,038,301)	(2,542,988,522)	(2,424,266,002)	(3,152,249,596)	(1,572,724,022)	(1,710,637,789)	(1,805,766,151)	(1,532,151,922)	(1,359,482,350)
Gross profit	Rs.	**3,908,716,798**	2,961,739,242	2,938,600,028	2,354,786,405	2,967,205,856	1,981,704,479	2,021,996,097	1,665,681,611	2,036,618,561	1,208,680,513
Other operating income	Rs.	**166,839,171**	92,349,154	81,668,159	62,281,914	665,981,996	62,619,125	205,770,909	250,304,480	534,238,430	212,984,776
Profit/(loss) from operations	Rs.	**1,785,247,231**	1,062,926,304	1,320,347,905	511,201,695	1,253,104,236	526,624,258	772,251,090	(4,156,285)	993,606,987	19,979,747
Net profit/(loss) after taxation	Rs.	**1,038,490,522**	601,820,415	579,651,797	(654,726,222)	249,855,172	(302,931,556)	99,022,051	(251,631,403)	453,607,982	(373,558,926)
Balance Sheet Data											
Shareholders' fund	Rs.	**3,066,936,745**	1,896,399,385	1,296,296,538	739,533,830	1,315,277,067	700,641,397	1,023,216,365	934,921,037	1,274,086,896	1,043,158,707
Financial Ratios											
Gross profit ratio(%)	%	**56.11**	51.22	54.00	49.00	48.00	56.00	54.00	48.00	57.00	47.00
Net profit ratio (%)	%	**14.91**	10.41	11.00	(14.00)	4.00	(9.00)	3.00	(7.25)	13.00	(17.00)
Increase in revenue (%)	%	**20.46**	5.49	15.00	(21.90)	–	(4.77)	7.52	(2.73)	38.96	(9.00)
Return on capital employed (%)	%	**29.82**	31.80	102.00	69.12	95.00	11.14	16.64	0.08	19.83	(45.00)
Current asset ratio	Times	**1.59**	1.07	1.11	1.14	1.80	1.14	1.08	1.23	1.11	1.30
Quick asset ratio	Times	**1.50**	1.03	1.07	1.10	1.74	1.11	1.05	1.17	1.06	1.24
Return on assets		**0.16**	0.11	0.16	0.06	2.43	(2.70)	0.91	(2.74)	4.30	(5.00)
Debt/equity ratio		**1.19**	0.67	5.66	10.43	3.80	5.28	3.32	4.15	2.68	4.80
Earnings/(loss) per share (after share split)		**0.74**	0.43	0.41	(0.46)	0.18	(0.21)	0.07	(0.18)	0.32	(0.31)
Net asset per share (Rs) (after share split)	Rs.	**2.18**	1.35	0.92	0.52	0.93	0.50	0.73	0.66	0.90	0.69
Dividend per share	Rs.	–	–	–	–	–	–	–	0.05	0.10	0.08
Dividend pay out ratio	%	–	–	–	–	–	–	–	–	(0.32)	(0.88)

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Nawaloka Hospitals PLC will be held on Monday, 28 September 2026 as a virtual meeting (on a virtual platform as a Zoom video conference), which will be coordinated from the Auditorium of Nawaloka Hospitals PLC at No. 23, Deshamanya H K Dharmadasa Mawatha, Colombo 2, commencing at 10.00 am for the following purposes:

AGENDA

1. To receive and consider the Report of the Board of Directors on the Affairs of the Company and the Financial Statements for the year ended 31 March 2026 together with the Report of Auditors thereon.
2. To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to reappoint Dr Hewa Komanage Jayantha Dharmadasa (who has attained the age of 78 years) who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in Section 210 of the said Act, shall not apply to him.
3. To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to reappoint Vidya Jyothi Professor Lal Chandrasena (who has attained the age of 80 years) who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in Section 210 of the said Act, shall not apply to him.
4. To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to to reappoint Deshabandu Tilak De Zoysa (who has attained the age of 80 years) who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in Section 210 of the said Act, shall not apply to him.
5. To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to reappoint Mr Tissa K Bandaranayake (who has attained the age of 83 years) who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in Section 210 of the said Act, shall not apply to him.
6. To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to reappoint Dr Maithri (Maiya) Gunasekera (who has attained the age of 75 years) who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in Section 210 of the said Act, shall not apply to him.
7. To re-elect Ms Ashani Givanthi Dharmadasa as a Director in terms of Article 74, of the Articles of Association of the Company who retires by rotation and offers herself for re-election.
8. To re-elect Dr Mohan Rajakaruna as a Director in terms of Article 74, of the Articles of Association of the Company who retires by rotation and offers himself for re-election.
9. To re-elect Dr Munaweera Thantreege Dilum Lakshan as a Director in terms of Article 74, of the Articles of Association of the Company who retires by rotation and offers himself for re-election.
10. To reappoint Messrs BDO Partners (Chartered Accountants) as Auditors of the Company for the ensuing year and authorise the Board of Directors to determine their remuneration.

The Annual Report and Financial Statements of the Company for the year ended 31 March 2026 are available on the:

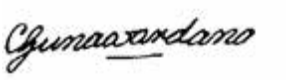
- Corporate website: https://www.nawaloka.com/index.php
- Colombo Stock Exchange website: https://www.cse.lk/home/company-info/NHL.N0000/financial

The Annual Report and Financial Statements of Nawaloka Hospitals PLC for 2025/26 can also be accessed by scanning the following QR code:

Should Members wish to obtain a printed copy of the Annual Report 2025/26, they may send a request to the Company by filling the Form of Request attached to the Form of Proxy. A printed copy of the Annual Report 2025/26 will be forwarded by the Company within eight (8) market days, subject to the prevailing circumstances at the time, from the date of receipt of the request.

For clarification on how to download and/ or access the Annual Report and Financial Statements, please contact:
Ms. Risini Polwattage on 0772106746 during normal office hours (8.30 am to 5.00 pm)

BY ORDER OF THE BOARD,



Charuni Gunawardana

Director - C G CORPORATE CONSULTANTS (PRIVATE) LIMITED

Company Secretaries for Nawaloka Hospitals PLC

Notes

(1) This Notice of Meeting and the submission of the Form of Proxy should be read in conjunction with the "Circulation of Annual Report to Shareholders" and "Guidelines and the Registration Process for the Virtual Annual General Meeting of the Company scheduled for 28 September 2026 ".

(2) Shareholders who wish to participate in the Virtual Annual General Meeting through Zoom are kindly requested to complete and forward the "Application Form for registration for the virtual Annual General Meeting", following the detailed instructions in the "Guidelines and the Registration Process for the Virtual Annual General Meeting".

(3) A member is entitled to appoint a Proxy to attend and vote on their behalf. A Proxy need not be a Member of the Company. A Form of Proxy accompanies this Notice of Meeting.

(4) The completed Form of Proxy together with the "Application Form" for registration to participate in the virtual Annual General Meeting via the Zoom video conferencing app must be emailed to cgc2@c-g-associates.com or it delivered by hand or posted to the Finance Department (10th Floor), No. 23, Deshamanya H K Dharmadasa Mawatha, Colombo 02, Sri Lanka, not later than 10.00 am on 26 September 2026 (48 hours prior to the meeting).

(5) A person representing a corporation is required to forward a certified copy of the resolution authorising him/her to act as the Representative of the Corporation. A Representative need not be a Member.

(6) A person representing a Shareholder as the Attorney (Power of Attorney) is required to forward the original or a certified copy of the said Power of Attorney.

(7) The Transfer Book of the Company will be kept open.

Form of Proxy

I/We ..... (NIC/PP No.) .....
of..... being a member/members of Nawaloka Hospitals PLC hereby appoint:

Dr H K J Dharmadasa	or failing him
Mr Anisha Dharmadasa	or failing him
Vidya Jyothi Professor Lal Chandrasena	or failing him
Deshabandu Tilak de Zoysa	or failing him
Mr Tissa K Bandaranayake	or failing him
Ms A G Dharmadasa	or failing her
Mr Victor R Ramanan	or failing him
Dr I Maithri de Z Gunasekera	or failing him
Dr Mohan Rajakaruna	or failing him
Dr M T D Lakshan	or failing him
Mr Virann De Zoysa	or failing him
Dr Chamara Bandara	or failing him
Mr Chamira Wijetilleke	or failing him
Dr Samantha Ratnayake	or failing him
Prof Manjula Jayaweera	or failing him

..... as *my/our Proxy **..... (NIC/PP No.) of ..... to vote as indicated hereunder for me*/us on my*/our behalf at the Annual General Meeting of the Company to be held on Monday, 28 September 2026 at 10.00 am as a virtual meeting (via Zoom video conferencing), which will be coordinated from the Auditorium of the Nawaloka Hospitals PLC at No. 23, Deshamanya H K Dharmadasa Mawatha, Colombo 2, and at any adjournment thereof and at every poll which may be taken in consequence thereof:

		For	Against
(i)	To receive and consider the Annual Report of the Board of Directors on the Affairs of the Company and the Financial Statements for the year ended 31 March 2026, together with the Report of Auditors thereon;		
(ii)	To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to reappoint Dr Hewa Komanage Jayantha Dharmadasa (who has attained the age of 78 years) who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in Section 210 of the said Act, shall not apply to him;		
(iii)	To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to reappoint Vidya Jyothi Professor Lal Chandrasena (who has attained the age of 80 years) who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in Section 210 of the said Act, shall not apply to him;		
(iv)	To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to reappoint Deshabandu Tilak De Zoysa (who has attained the age of 80 years) who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in Section 210 of the said Act, shall not apply to him;		
(v)	To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to reappoint Mr Tissa K Bandaranayake (who has attained the age of 83 years) who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in Section 210 of the said Act, shall not apply to him;		

	For	Against
(vi) To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to reappoint Dr Maiya Gunasekera (who has attained the age of 75 years) who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in Section 210 of the said Act, shall not apply to him;		
(vii) To re-elect Ms Ashani Givanthi Dharmadasa as a Director in terms of Article 74, of the Articles of Association of the Company who retires by rotation and offers herself for re-election.		
(viii) To re-elect Dr Mohan Rajakaruna as a Director in terms of Article 74, of the Articles of Association of the Company who retires by rotation and offers himself for re-election.		
(ix) To re-elect Dr Munaweera Thantreege Dilum Lakshan as a Director in terms of Article 74, of the Articles of Association of the Company who retires by rotation and offers himself for re-election.		
(x) To reappoint Messrs BDO Partners (Chartered Accountants) as Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.		

In witness *my/our hands this ..... day of ..... Two Thousand and Twenty Six.

.....
Signature of Shareholder/s

Note:

(a) *Please delete the inappropriate words.

(b) **If you wish your Proxy to speak at the meeting, you should interpolate the words "Speak and" in the place indicated and initial such interpolation.

INSTRUCTIONS AS TO COMPLETION

1. In terms of Article 40(a) of the Articles of Association of the Company, the instrument appointing a Proxy shall be in writing and
   (i) In the case of an individual, shall be signed by the appointer or his Attorney (if signed by the Attorney, the Company reserves the right to request to be furnished with a copy of the said Power of Attorney); and
   (ii) In the case of a corporation or company, shall be either under its common seal or signed by its Attorney or by an Officer on behalf of the Company. The Company may, but shall not be bound to, furnish evidence of the authority of any such Attorney or Officer.

   A Proxy need not be a Member of the Company.
2. Kindly perfect the Form of Proxy by filling it legibly with your full name and address, and it must be signed in the space provided.

   Please fill in the date of signature and indicate with an "X" in the space provided, as to how your proxy is to vote on each Resolution.

   If no indication is given, the Proxy, in his/her discretion may vote as he/she thinks fit.
3. In terms of Article 52 of the Articles of Association of the Company, in the case of joint holding of a share, the senior tenders a vote, whether in person or by proxy or by Attorney or by Representative, and that vote shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
4. In the case of a joint holding, only one member or his duly appointed Proxy may attend.
5. To be valid, the completed Form of Proxy together with the application form for registration to participate at the virtual Annual General Meeting via Zoom video conferencing app should be submitted to the Company no later than 10.00 am on 26 September 2026 via email to cgc2@c-g-associates.com or delivered by hand or by post to the Finance Department, 10th Floor, No. 23, Deshamanya H K Dharmadasa Mawatha, Colombo 02.

Notes

Corporate Information

Name of the Company

Nawaloka Hospitals PLC

Company Registration No.

PQ 78

Registered Office

No. 23, Deshamanya H K
Dharmadasa Mawatha
Colombo 02
Sri Lanka

Telephone

(+94 11) 254 4444-56
(+94 11) 230 5051-79
(+94 11) 557 7111

Telefax

(+94 11) 243 0393
Email: nawaloka@slt.lk
Website: www.nawaloka.com

Legal Form

A quoted public company with limited liability, incorporated in Sri Lanka under the Companies Ordinance of 1938 and re-registered under the Companies Act No. 07 of 2007.

Board of Directors

1. Dr Hewa Komanage Jayantha Dharmadasa (Chairman and CEO)
2. Mr Anisha Givantha Dharmadasa (Deputy Chairman)
3. Vidya Jyothi Professor Lal Gotabhaya Chandrasena (Director/General Manager)
4. Deshabandu Tilak de Zoysa
5. Mr Tissa Kumara Bandaranayake
6. Ms Ashani Givanthi Dharmadasa
7. Mr Victor Rajamanner Ramanan
8. Dr Indrajith Maithri De Zoysa Gunasekera
9. Dr Mohan Rajakaruna
10. Dr Munaweera Thantreege Dilum Lakshan
11. Mr Virann Thusita de Zoysa
12. Dr Dingiri Bandage Sunil Chamara Bandara
13. Mr Chamira Pramodha Wijetilleke
14. Dr Ratnayake Mudalige Samantha Pushpakumara
15. Prof Priyankarage Prasad Manjula Jayaweera

Secretaries to the Company

C G Corporate Consultants
(Private) Limited
No. 45, Visakha Road
Colombo 04

Auditors

BDO Partners
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02

Lawyer(s)

Mr Sanath Wijewardane
Attorney-at-Law & Notary Public
No. 28, Wilson Street
Colombo 12

Bankers

Bank of Ceylon
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Seylan Bank PLC
People's Bank
DFCC Bank PLC
Amana Bank

Subsidiaries

New Nawaloka Hospitals (Private) Limited
New Nawaloka Medical Centre (Private) Limited
Nawaloka Laboratories (Pvt) Ltd.

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