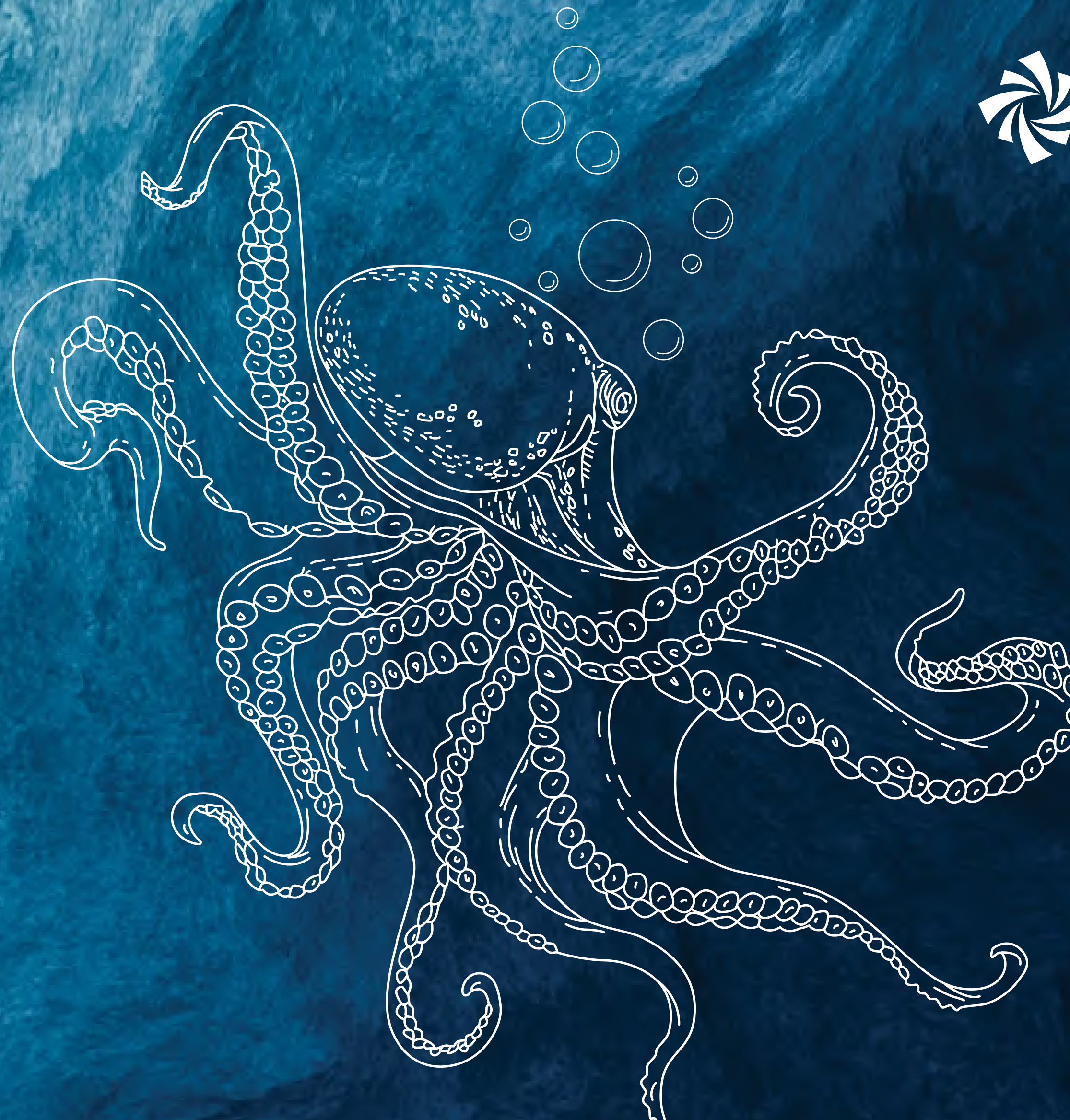
Annual Report
2024/25

teejay



GLOBAL PRESENCE, KNITTED LOCALLY

Global Presence, Knitted Locally

At Teejay, our strength lies in being globally positioned yet deeply rooted in local relevance – a philosophy akin to the intelligence of an octopus. Our presence reaches from Sri Lanka to India and beyond, with a multi-location model finely tuned to evolving market dynamics, customer needs, and sustainability.

Much like this extraordinary creature known for its intelligence, adaptability, and precision, our strategic focus reflects an agile, resilient, and synergistic approach to textile innovation and global collaboration. Diversifying beyond our Sri Lankan origins allows our narrative to resonate globally. As we mark 25 years, our determination amplifies: to unlock greater opportunities across the value chain and build relationships mirroring our pursuit of excellence, while paving the way for an ethical and sustainable apparel industry.

In our "Octopus Strategy", each arm represents a critical capability – manufacturing excellence, sustainability, compliance and traceability, customer-centricity, digital transformation, ESG, and talent – all working in harmony towards a unified vision. The central "head" signifies our strategic leadership, culture, and purpose, guiding decentralised excellence with centralised intelligence. Inspired by the promise of a new tomorrow, we move forward, leading with innovation, teamwork, integrity, and collaboration.

Multiple Independent Arms 8

Multi-location operations with empowered teams in Sri Lanka, India, and key markets

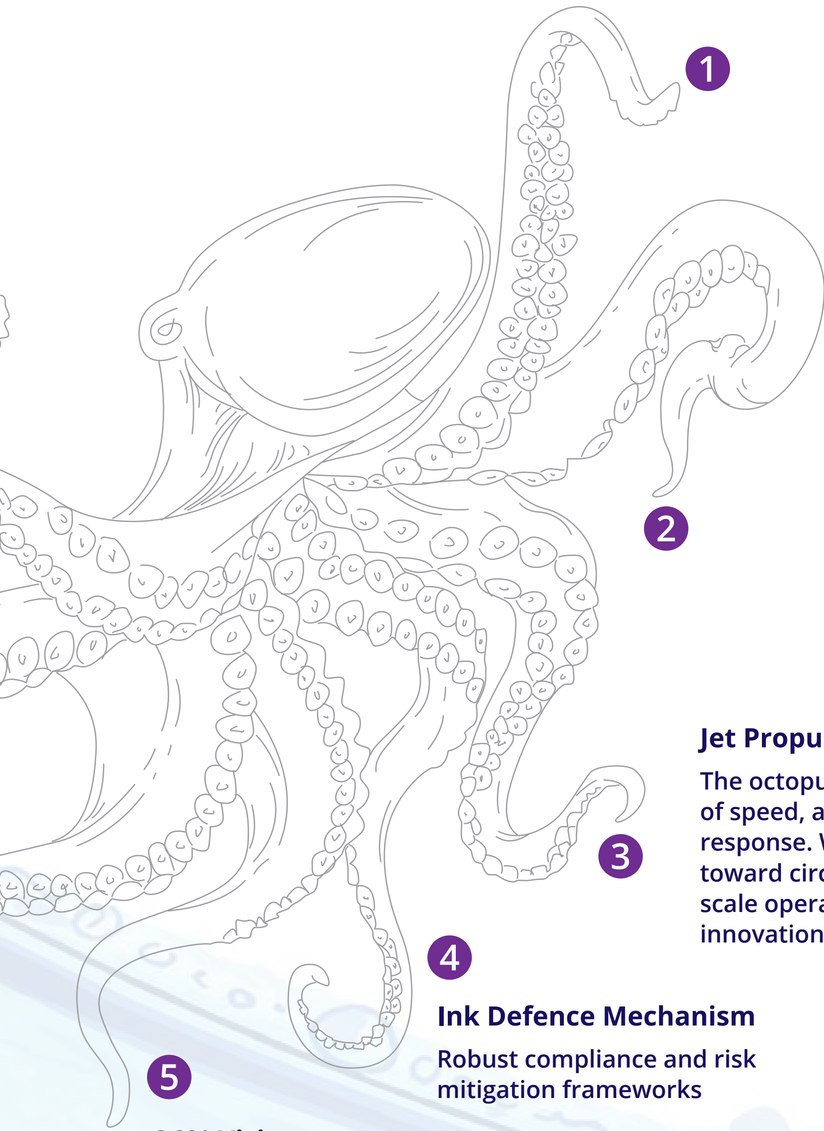
Centralised Intelligence 7

Unified strategic leadership and shared corporate purpose

Agility and Adaptability 6

Agility and flexibility in responding to rapidly evolving market trends and customer needs.

Teejay's operations are built for flexible production systems, capable of handling varying order sizes, customisations, and fibre blends.



1

Environmental Sensitivity

Highly attuned to its environment, the octopus thrives through sensitivity and so does Teejay. Guided by an ESG-first culture, we integrate environmental KPIs, water recycling, renewable energy, and climate goals into every decision we make.

2

Regeneration

Resilience and continuous innovation, even in challenging environments

Teejay embodies resilience through continuous innovation and the ability to recover, adapt, and thrive even in challenging environments. Every setback becomes a spark for reinvention, allowing us to grow stronger and deliver smarter.

3

Jet Propulsion Mobility

The octopus uses jet propulsion for sudden bursts of speed, and similarly, Teejay is built for rapid response. When opportunities arise such as shifts toward circularity, digital fashion, etc. We quickly scale operations, pivot investments, and fast-track innovation to stay ahead.

4

Ink Defence Mechanism

Robust compliance and risk mitigation frameworks

5

360° Vision

End-to-end traceability, transparency, and oversight across the value chain

Just as the octopus thrives in ever-shifting oceans, Teejay moves with intelligence, agility, and purpose, guided by a vision as fluid as it is focused. From above, our logo a twisted cloth, echoes the form of an octopus, symbolising the strength of many working as one. With three hearts, the octopus survives through balance and so do we: one heart beats for our people, one for our planet, and one for our partners. Our ink is not just defence, but expression woven into every fabric as a story of innovation, precision, and purpose. Together, we move forward, not just to keep pace, but to lead the way in shaping a sustainable, meaningful future for the textile world.

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Explore the interactive features within this PDF for a more engaging experience.

Disclaimer: The interactive elements in this document will best operate on desktop/laptop screens. Hand-held devices such as mobile phones and tablets may experience difficulty in presenting these attributes.

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OVERVIEW

ABOUT TEEJAY LANKA

WHO WE ARE

Established in 2000, Teejay Lanka PLC has knit 25 years of dedication into being Sri Lanka's sole multinational knit-fabric mill specialising in weft-knit manufacturing. We have been listed on the Colombo Stock Exchange (CSE) since 2011. Today, we are one of the largest knit-fabric provider, in South Asia, with expanded capabilities that include lace dyeing, yarn dyeing, and synthetic fabric production.

Energised by a vision to be the preferred fabric solutions provider for the world's leading brands, we have forged strategic business partnerships with leading pioneers, in the fabric and apparel industry to continually enhance our expertise. Our reach, born from a purposeful location strategy, extends to India, Egypt, Bangladesh, and Indonesia.

Our agility and market adaptability have been key to cultivating a formidable customer portfolio of world-renowned global brands. At our core, powered by over 3,400 passionate individuals, lies a shared spirit of innovation, integrity, collaboration, and teamwork – the very foundation of our corporate DNA. We are proud to have built a reputation that rests on our leadership in sustainability, social responsibility, service excellence, and the delivery of innovative solutions that meet the evolving needs of the consumer landscape, all contributing to our aspirational goal of becoming a USD 350 Mn. company by 2025/26.

OUR VISION

To be the preferred fabric solutions provider for branded clothing.

OUR MISSION

To achieve a revenue of USD 350 Mn. in the financial year 2025-26 by consistently delivering exceptional value and service to our customers, with world-class fabric solutions delivered through sustainable operations and best in class talent in multiple locations.

OUR VALUES

Innovate to lead

Innovation, Product, Process, and People.

Integrity

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

Collaboration

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

Teamwork

Continuous performance through camaraderie.

ABOUT TEEJAY LANKA

GRI 2-1, 2-2

TEEJAY AT A GLANCE

The Teejay Group is headquartered in Avissawella, Sri Lanka. Our manufacturing footprint extends from Sri Lanka to India and other strategic locations complemented by a state-of-the-art printing facility in Sri Lanka and other crucial support services in multiple locations across the globe.

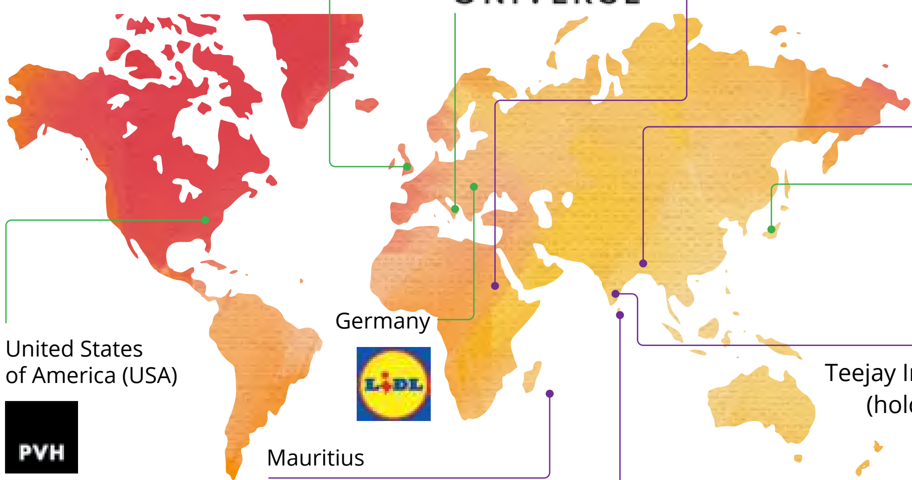
UK
MARKS & SPENCER

Italy
ONIVERSE

Nubian Threads Private Limited
Holding by TJM, 1% TJL
Capacity
1 to 3
Logistics

Bangladesh

Japan
UNIQLO



United States of America (USA)
PVH
VS&Co
NIKE

Germany
LIDL

Mauritius
Teejay Mauritius Private Limited
100%
Investment holding entity

India
Teejay India Private Limited (holding through Teejay Mauritius Limited)
99.99%
Weft-knit manufacturing
Employees
1,513
Capacity
55 MT/day

Sri Lanka
Teejay Lanka PLC
Parent
Weft-knit manufacturing
Employees
1,470
Capacity
45 MT/day

Teejay Lanka Prints (Private) Limited
100%
Cotton-based printing
Employees
229

- Our presence
- Our customers

teejay

Teejay Lanka PLC
- Teejay Lanka Prints (Private) Limited
- Teejay Mauritius Private Limited (Trading and Investment Holding)
  - Teejay India Private Limited
  - Nubian Threads Private Limited

A GROWING GLOBAL PRESENCE

Our multi-location strategy is underpinned by a strategically mapped global supplier network, which enables us to provide closer to needle point solutions for our customers across international markets.

We proudly count leading clientele in some of the largest consumer markets globally, spanning Europe, North America, and Asia, including the United States, United Kingdom, Italy, Germany, France, and Japan. Teejay is the trusted fabric supplier for top retail brands such as PVH, Oniverse, VS&Co., Nike, Uniqlo, Marks & Spencer & LIDL, and others.

ABOUT TEEJAY LANKA

GRI 2-6

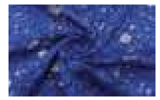
OUR PORTFOLIO

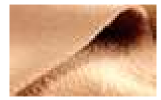
Teejay's portfolio of high-quality fabrics: Single Jersey, Interlock, Rib, Pique, Fleece, Lace, Jacquards, and Prints have earned the trust of leading global brands for crafting apparel such as intimates, sleepwear, activewear, outerwear, casualwear, and more.

Innovation-led Processes

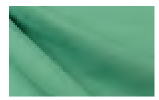
With "Innovating to lead" deeply ingrained in our values, we strategically invest in technological, procedural, and product advancements. Teejay's innovation centre, INSCOPE, acts as a hub for forward-thinking product development. Our approach to creating innovative products involves utilising our internal knowledge, partnering with external experts and institutions, and investing in Research and Development (R&D) to explore cutting-edge technologies in yarn, fibre, dyes, chemicals, and manufacturing techniques.

To stay at the forefront of evolving consumer demands and trends, our focus is on diversification. We have expanded our capabilities to include lace dyeing, incorporating new technical products and prioritising the development of synthetic, sustainable and functional fabrics. Our ongoing commitment is to innovate, adopt emerging technologies, pioneer sustainability and traceability, and integrate advanced fabric production methods across our operations.


Lace

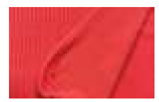

Fleece


Jacquards


Cotton


Man made Cellulosics


Prints


Synthetic

THE TEEJAY ADVANTAGE

Our journey towards becoming the favoured source for leading retail brands is navigated by our adaptability and propelled by our diverse capabilities, as we reach for goals that extend beyond the textile mill.

- Operational Excellence
- Quality and Reliability
- Innovation-led Processes
- Digital Transformation
- Sustainability-focus
- Industry-leading Compliance

For insights into our dedication to operational excellence and, quality and reliability, refer the Manufacturing Excellence section (pages 93 to 100).

Progress in developing our customer focus and innovation-led processes is available under Innovation in Fabrics and Textiles (pages 136 to 148).

Information about our sustainability-focus, along with performance against environmental and social metrics, is detailed in the Environmental (page 119) and Community (page 115) sections.

To learn more about our digitalisation initiatives, refer to Our Digitalisation Journey (pages 147 and 148).

Our processes and performance, which constitute Industry-leading compliance, are detailed in the relevant sections (pages 88).

ABOUT TEEJAY LANKA

2000
Incorporation of Textured Jersey Lanka.

2004
Onboarding of Pacific Textile Holdings.

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

2011
Textured Jersey Lanka listed on the Colombo Stock Exchange.

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

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

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

2019
Initiation of Teejay's Operational Excellence journey.

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

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

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

2024
Expanding Teejay Presence to Egypt, Indonesia and Bangladesh.

ABOUT TEEJAY LANKA

INDUSTRY – LEADING COMPLIANCE

Our manufacturing units, Teejay Lanka PLC and Teejay India Private Limited, are members of the US Cotton Trust Protocol.

Industry Affiliation

GRI 2-28

Additionally, Teejay Lanka PLC and Teejay Lanka Prints (Private) Limited hold membership in the Fabric and Apparel Accessory Manufacturers Association (FAAMA). Across the Group, we also actively engage with and are members of prominent organisations such as the American Chamber of Commerce in Sri Lanka (AMCHAM), the Joint Apparel Association Forum Sri Lanka (JAAFSL), the Fibre2Fashion B2B portal, and Emerging Textiles.

The industry certifications and accreditations we hold showcase Teejay's enduring commitment to producing superior products that uphold ethical business standards and contribute to responsible environmental stewardship.

SUSTAINABILITY-FOCUS

Our aim to be the preferred fabric solutions provider for leading apparel brands, establishes sustainability as a strategic priority for the Company. Through Teejay Group's sustainability roadmap, ABHIVARAH 2030, we champion climate action, responsibly manage our environmental footprint and aim to safeguard the planet for future generations. Coupled with efforts to develop and empower our local communities, our holistic approach integrates Environmental, Social, and Governance (ESG) factors, aligning with the Science-Based Target initiative (SBTi) and the UN's Sustainable Development Goals (SDGs).

Our Prioritised SDGs

Environment

6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

Social

1 NO POVERTY
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Governance

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SUSTAINABLE DEVELOPMENT GOALS

Global Recycled Standard
ISO 45001:2018
ISO 9001:2015
bluesign
Higg Index
regenagri
SCIENCE BASED TARGETS
ISO 50001:2018
OEKO-TEX® CONFIDENCE IN TEXTILES STANDARD 100
ZDHC
GOTS
ISO 14001:2015
ISO 14064
Sedex Member

ABOUT TEEJAY LANKA

OPERATIONAL EXCELLENCE

Our customer-centric approach integrates speed, service excellence, cost efficiency and sustainability, empowering our teams to achieve operational excellence across all functions. To ensure we are equipped to consistently meet customer needs and our business goals, we continuously invest in areas from ERP systems to modernising processes with digital innovation.

Digital Transformation

Our ongoing digital transformation journey is paving the way for future innovation and data-driven decision-making. This involves integrating automation and smart systems, increasing accessibility to real-time data, promoting collaboration and prioritising solutions for cybersecurity and business continuity. Consequently, digital advancements across all business functions are improving efficiency, accuracy and agility, contributing to a better customer value proposition and employee experience.

Quality and Reliability

Teejay has earned a reputation for quality and reliability through dedication to continuous improvement, stringent adherence to compliance, and a collaborative approach centred around our customers. Our investments in infrastructure, process enhancements, growing international presence, commitment to safety and pioneering sustainability initiatives all work together to guarantee reliable and on-time delivery of our products, even in challenging times. Our Group-wide Teejay Operating System (TOS) and Quality Management System (QMS) are fundamental to our dedication to quality.

AWARDS AND RECOGNITIONS FROM 2024 APRIL – MARCH 2025

Awarding Body/Event	Award Received
International Symposium on Green Industry Initiative for Sustainable Industrial Development (ISGSD 2024)	Gold Award – Transforming Textile Manufacturing Silver Award – Sound Chemical Management
National Business Excellence Awards – The National Chamber of Commerce	Winner – Excellence in Environmental Sustainability Winner – Excellence in CSR Runner Up – Excellence in Corporate Governance and Strategy
Ceylon National Chamber of Industries (CNCI)	Achiever Award for Industrial Excellence – Top 10 Award Achiever Award for Industrial Excellence – Bronze Award in National Level Manufacturing Sector; Extra Large Category
Lanka Monthly Digest (LMD)	Top 100 in Most Respected Entities
NCE Export Awards (Export Development Board)	Bronze Award in Extra Large Category of Textiles and Garments Sector
TAGS Awards (CA Sri Lanka)	Bronze Award for Manufacturing Sector Certificates of Recognition in Sustainability Reporting Certificates of Recognition in Integrated Reporting Certificates of Recognition in Corporate Governance Disclosure and Non-Financial Services
26th Presidential Export Awards (Sri Lanka Export Development Board)	Merit Award (Knitted Fabric Category)

25 YEARS OF KNITTING DREAMS INTO REALITY

In 2000, Teejay commenced operations with a clear vision: to become a name synonymous with the craftsmanship of exceptional textile solutions within the Sri Lankan textile industry. We have since grown to become not only the first multinational textile manufacturer in the country but also the pioneering force behind weft knit fabric and a reputed leader in textile manufacturing in South Asia.

PRIMACY OF INITIATIVES

At Teejay, initiative is at the heart of everything we do. As a pioneering textile manufacturer in South Asia, we lead with foresight, agility, and innovation—setting benchmarks rather than following them. Whether it's in sustainable manufacturing, digital transformation, or customer-centric solutions, Teejay takes proactive steps to stay ahead, driving positive change for our partners, our people, and the planet.

- First to revolutionised the spectrum of the single jersey jacquard from all the fibers
- First cotton longevity product
- First Mill in South Asia to offer a speed model for Victoria secrets Yoga programme
- First Sri Lankan mill to become the largest supplier for North America CK business – global
- First mill to offer the world's first recycle cotton product for North America CK business
- First BCI product for M&S from South Asia
- First mill to become the largest supplier for Intimissimi men's wear in South Asia
- First Sri Lankan mill to offer a localised end to end solution to NIKE using local yarn through collaborations with a local yarn supplier
- First to go Multinational – Trailblazer in incorporating technical expertise from both the East and the West
- First mill to collaborate with academia.
- First PLAN A accredited dye house in South Asia The first Textile mill to host the ERP system in Google Cloud.

FROM LOCAL ROOTS TO GLOBAL IMPACT

Our journey, from commencement, has been guided by a commitment to exceeding the expectations of our customers. Starting with a single plant in Sri Lanka, our growth has been matched by our expanding capabilities, extending our reach into India, across Asia, and beyond, allowing us to serve global markets while maintaining a strong local global presence with a global team of over 5000 customers. Our 25 years of dedication to excellence have yielded a presence, a global team of over 5,000 passionate individuals, and our proud contribution to both local and global economies.

Staying true to the belief that "innovation is the only way to win", we have consistently embraced the early adoption of technology and automation, and invested in building intellectual capital and robust processes to deliver products and services on par with global benchmarks. As the world continues to face formidable challenges, Teejay's response to the evolving needs of consumers showcases our agility, adaptability, resilience, and constant evolution. This has earned us recognition on the international stage and a customer portfolio of world-renowned leading brands from Europe, the USA, and Asia.

OUR PLEDGE FOR PEOPLE AND PLANET

Creating lasting positive change for people and the planet is not just a responsibility but a core value that defines who we are. We take a continuous improvement approach to minimising our environmental footprint, from adopting water-saving technologies to harnessing renewable energy. Simultaneously, we proactively undertake initiatives that pave the way for thriving communities and a healthier planet. This dedication has positioned us as

25 YEARS OF KNITTING DREAMS INTO REALITY

a leading example, championing ethical and sustainable business practices, which promote transparency and traceability across our value chain. Our pledge to deliver on multiple ambitious sustainability goals together with good governance propels our progress towards building a brighter future for generations to come.

DRIVEN BY OUR PEOPLE, POWERED BY PARTNERSHIPS

Our true strength lies in our people – the skilled and dedicated teams who bring their best to everything we do. With the support of our local and global industry partners, this strength has enabled us to forge lasting relationships with some of the biggest names in global fashion and retail. These partnerships extend beyond business; they are nurtured by shared values of integrity, collaboration, and innovation, allowing us to create products that embody these values in every thread and fibre.

KNITTING A LASTING LEGACY

Marking 25 years of transformation, we look ahead to a bright future. Teejay, as a forward-thinking organisation, remains focused on pushing the frontiers of textile manufacturing to deliver exceptional value to our customers while creating a lasting positive impact for our people, communities and the environment. This vision equips us to lead the textile industry into a new era. Our journey is a powerful example of the global impact a Sri Lankan company can achieve. With a quarter-century of achievements to build on, we eagerly anticipate what lies ahead. To the next chapter of Teejay – a future knitted with purpose, inspired by a legacy, and shaped by our steadfast commitment to excellence.

As we commemorate a quarter-century of progress, we take immense pride in our journey marked by unwavering dedication and a relentless pursuit of innovation in textile manufacturing. Over the past 25 years, we have continuously pushed the boundaries of possibility, shaping an era of transformation that has redefined the industry.

As we celebrate this milestone, we honour the partnerships that have fuelled our success, the innovation that has driven our growth, and our commitment to sustainability and impactful change. Together, we look ahead to the limitless possibilities of tomorrow.

This new chapter reflects not only our global presence but also our steadfast values and bold vision for the future.

Royal Blue
A timeless hue of trust, reliability, and unity–rooted in our values and vision for the future.

ABOUT THE REPORT

GRI 2-3, 2-4, 2-6

This report marks our 14th year of integrated reporting, covering Teejay's performance for the financial year that ended on 31 March 2025. It offers a holistic overview of our operations, encompassing our financial strength, governance practices, risk management strategies, and our dedication to environmental and social stewardship.

In addition to showcasing the achievements of Teejay's 25th year in business, this report sets out our vision for the future. It explores Teejay's proactive measures to remain competitive with emerging trends, including our location strategy, and how we address business impacts and changing stakeholder expectations. Furthermore, it chronicles our continuous sustainability efforts, as we refine our reporting to accurately reflect Teejay's performance and future potential.

Since Teejay Lanka's inception, we have used the United States Dollar as our functional currency. This accurately reflects the primary economic environment in which our Group operates, thereby providing a contextualised representation of our performance and progress towards achieving financial and growth objectives. To fulfil the listing requirements of the Colombo Stock Exchange (CSE), benchmark our performance within the Sri Lankan capital market, and offer insights into shareholder returns, the financial statements presented in this report are translated into Sri Lanka Rupees.

REPORTING SCOPE AND BOUNDARY

This report covers the consolidated operations of Teejay Lanka PLC and its subsidiaries (the Group) in Sri Lanka and India, for the financial year from 1 April 2024 to 31 March 2025, aligning with our annual reporting cycle for both financial and sustainability performance and excluding financials pertaining to Nubian threads Private Limited & Teejay's other strategic locations are not applicable to 204/25 as the new strategic locations have a negligible level of materiality level. It primarily focuses on the Group's overall performance and position, particularly within our core fabric manufacturing and printing operations. Unless otherwise stated, all non-financial and operational information relates to this same period and scope.

We confirm there have been no material restatements of financial or operational information, nor any significant changes to our Group structure or supply chain during this reporting period. Where applicable, any changes to the presentation of performance or progress are detailed in the relevant sections of this Report.

OUR COMMITMENT TO TRANSPARENCY

At Teejay, we believe in transparent and accountable corporate reporting. We achieve this by strictly following internationally recognised frameworks and all established local standards, ensuring our financial statements and sustainability disclosures are comparable, consistent and reliable.

TAGS – Bronze Award for Manufacturing Sector

- Certificates of Recognition in Sustainability Reporting
- Certificates of Recognition in Integrated Reporting
- Certificates of Recognition in Corporate Governance Disclosure and Non-Financial Services

Financial Statement Alignment

Our financial statements in this report comply with both the Sri Lanka Financial Reporting Standards (SLFRS) and the Sri Lanka Auditing Standards (SLAuSs).

Corporate Governance Overview

This report offers a comprehensive view of Teejay's corporate governance practices and performance. We align with the statutes, regulations, and guidance set forth by the Companies Act, the Colombo Stock Exchange (CSE),

ABOUT THE REPORT

GRI 2-3

the Securities and Exchange Commission of Sri Lanka (SEC), and The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

- Laws and regulations of Companies Act No. 07 of 2007
- Listing Rules of the Colombo Stock Exchange (revisions to date)
- Code of Best Practice on Corporate Governance (2023) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Code of Best Practice on Corporate Governance (2013) issued jointly by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC)
- Code of Best Practices on Related Party Transactions (2013) advocated by SEC, SEC Act No. 19 of 2021, including directives and circulars

Sustainability Reporting Framework

This report incorporates topic-specific standards from the Global Reporting Initiative (GRI) – GRI Standards, informed by our identified material topics. Teejay Lanka PLC has reported in accordance with these GRI Standards for the period 1 April 2023 to 31 March 2024. For a complete list of disclosures referenced, please see the GRI Content Index on page 298.

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

Benefits to Stakeholders

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

DEFINING MATERIALITY

Our corporate disclosures are guided by the principles of Double Materiality, specifically incorporating both Impact Materiality and Financial Materiality. This approach allows us to report on the impacts of our business operations on our broader stakeholder groups, while providing sustainability-related information relevant to primary report users.

The Sustainability Integration section on page 76, details how Teejay identifies and addresses double materiality.

We begin by identifying impact-based sustainability topics, which then lead to the identification of sustainability-related risks and opportunities (SRROs). This process also considers the dependencies of external factors on our Company. While our impacts are managed through our comprehensive ESG Management Framework, SRROs are managed by both the ESG Management Framework and the Enterprise Risk Management function. The in-depth Operational Review from page 87 to 148, further discusses the execution of Teejay's strategies for managing both our impacts and SRROs.

BEYOND THE PRECAUTIONARY PRINCIPLE

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

HOW THIS REPORT IS STRUCTURED

This report is structured to provide a cohesive picture of our operations.

The Overview (pages 3 to 20 offers background information on the report itself, describes the Group and the scope of its activities, and highlights our achievements and performance for the year.

The Strategic Review (pages 35 to 86 provides a summary of our financial performance within the context of the macroeconomic environment and Teejay's strategic approach to building a sustainable business with a long-term view of value creation.

ABOUT THE REPORT

GRI 2-3

The Operational Review (pages 87 to 148) offers a comprehensive view of Teejay's operational performance. This section considers material sustainability topics, stakeholder value, and business goals, incorporating the concept of capital accounting to ensure comparability, consistency, and connectivity. The following icons are used to indicate discussions surrounding our primary capitals.

Supply Chain (Page 88)
Manufacturing Excellence (Page 93)
Our People (Page 101)
Community Responsibility (Page 115)
Environmental Stewardship (Page 119)
Innovation (Page 136)
Customer Centricity (Page 136)

GRI 2-5

EXTERNAL ASSURANCE AND OVERSIGHT

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

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

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

AVAILABLE FROM

Teejay Lanka PLC
Annual Report 2024/25
Publication date: 5 June 2025

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

Feedback

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

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

OUR APPROACH TO SUSTAINABLE FABRICS

GRI 2-26

Shareholders, Business partners, Regulators

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

Raw material suppliers | **Chemical suppliers**

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

Our business

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

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

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

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

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

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

Apparel manufacturers | **Retailers**

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

End consumers

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

Logistics partners

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

OUR APPROACH TO SUSTAINABLE FABRICS

Teejay operates in the domain of Circular-Knit manufacturing in the textile and apparel industry. A strong and sustainable supply chain is central to our continued success. Therefore, we maintain long-standing industry links, pursue sectoral integration, and forge robust business partnerships across the value chain; all of which enable us to create outstanding value for a wide range of stakeholders.

Our multi-location strategy ensures we have an established presence in strategic locations globally; improving visibility, supporting diversification, and enhancing adaptability to complex market conditions. The strategy also supports value creation for external stakeholders through closer integration with upstream raw material producers and downstream customers.

Refer the manufacturing section for details of our manufacturing infrastructure and processes, empowered teams, and commitment to environmental stewardship and social development. The section also examines our work with suppliers and business partners to advance the industry and seek joint success.

The section on Innovation explores how innovation is enshrined in our DNA, what we are doing to transform our processes, and how we are delivering value to our customers.

CNCI – Achiever Award for Industrial Excellence, Bronze Award in National Level Manufacturing Sector; Extra-Large Category

CNCI – Achiever Award for Industrial Excellence, Top 10 Award

PERFORMANCE HIGHLIGHTS

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

Revenue
LKR 67.0 Bn.
10%

Gross profits
LKR 7.8 Bn.
55%

Profit after taxation
LKR 2.8 Bn.
152%

	Metric	2025	2024
Gross profit margin	%	11.7	8.3
Profit after taxation margin	%	4.2	1.8
Interest cover	No. of Times	5.1	2.0
Return on equity (ROE)	%	9.1	3.6
Return on assets (ROA)	%	5.0	1.9

	Metric	2025	2024
Current ratio	No. of Times	1.9	1.9
Debt/(Equity+Debt)	%	19	24
Earnings per share	LKR	3.88	1.55
Dividend per share	LKR	2.35	0.75
Dividend Payout	%	61	48

		Metric	Group 2025	Group 2024
Financial position	Total assets	LKR '000	55,854,572	55,032,700
	Total debts	LKR '000	7,472,205	9,323,724
	Current ratio	No. of Times	1.9	1.9
	Quick assets ratio	No. of Times	1.3	1.2
	Debt/(Equity+Debt)	%	19%	24%
	Total debt/Total assets	%	13%	17%
	Interest cover	No. of Times	5.09	2.02
	Net asset per share	LKR	43.70	42.04
	Inventory holding days	No. of Days	71	82
	Debtor days	No. of Days	53	50
	Creditor days	No. of Days	54	53
	Working capital days	No. of Days	70	79
	Total shareholders' funds	LKR '000s	31,529,498	30,130,164
	Number of shares in issue	No. of Shares	721,457,738	716,739,975
	Property, plant and equipment	LKR '000s	17,270,048	18,142,428
	Property, plant and equipment capex during the year	LKR '000s	2,164,126	2,301,706
Shareholder information	Earnings per share	LKR	3.88	1.55
	Market value per share (closing)	LKR	51.00	37.60
	Market capitalisation	LKR '000	36,794,345	26,949,423
	Dividend per share	LKR	2.35	0.75
	Dividend yield	%	4.6%	2.0%
	P/E ratio	No. of Times	13.2	24.3
	Number of shares in issue	No. of Shares	721,457,738	716,739,975
	Price to book value	No. of Times	1.17	0.89
	Earnings yield	%	7.6%	4.1%
	Dividend payout	%	60.6%	48.4%
	Dividend cover	No. of Times	1.65	2.06
	Book value per share	LKR	43.70	42.04
	Market capitalisation	LKR '000	36,794,345	26,949,423
	Dividend	LKR '000	1,695,425	537,555

PERFORMANCE HIGHLIGHTS

			Group		
		Metric	2024/25	2023/24	2022/23
Our people	Number of employees	No. of employees	3,465	3,165	3,212
	Salaries and wages	LKR '000	5,407,043	4,775,727	4,599,959
	Total training hours	Hours	37,497	32,354	40,401
	Average training hours/employee	Hours	10.82	10.22	12.58
	Investment in training	LKR '000	30,636	18,288	10,630
	Incidents of child labour	Nos.	Nil	Nil	Nil
	Incident of forced labour	Nos.	Nil	Nil	Nil
Community responsibility	Investment in CSR	LKR Mn.	16	12	25
	Number of persons Impacted	No. of persons	6,110	5,750	6,384

PERFORMANCE HIGHLIGHTS

GRI 302-3, 305-4

			Group		
		Metric	2024/25	2023/24	2022/23
Environmental stewardship	Yarn raw materials	MT	23,631.56	20,761.90	21,508.99
	Yarn recycles	%	5	7	12
	Greige raw materials	MT	25,061.52	20,306.19	21,228
	Greige recycle	%	–	0.43	3.88
	Direct energy consumption	GJ	782,039	898,004.22	827,761.41
	Energy intensity	GJ/Revenue LKR Mn.	11.67	14.79	9.85
	Indirect energy consumption	GJ	189,892	103,731.20	171,968.80
	Indirect energy intensity	GJ/Revenue LKR Mn.	2.83	1.71	2.05
	Total Energy	GJ	1,091,754	1,001,735.41	999,730.21
	Total Energy Intensity	GJ/Revenue LKR Mn.	16.29	16.49	11.90
	Renewable energy	GJ	148,624	101,137.96	25,923.74
	Renewable energy	%	14	10	3
	Water consumption	M^3	2,772,268	2,326,877	2,333,496

		Group		
	Metric	2024/25	2023/24	2022/23
Water intensity	M^3/Revenue LKR Mn.	41.35	38.31	27.77
Water discharged to the river	M^3	2,523,488	2,113,161	2,213,074
Environmental compliance	No	Nil	Nil	Nil
Water quality incidents of non-compliance with Standard	No	Nil	Nil	Nil
Total carbon footprint	tCO_2e	676,666	90,010.91	108,292
Direct scope 01	tCO_2e	70,282	69,142	69,397
Indirect scope 02	tCO_2e	37,814	20,869	38,463
Indirect scope 03	tCO_2e	568,570	Nil	Nil
Carbon footprint of Ozone depleting sources – fugitive emissions	CO_2e MT	252	457	432
Emission intensity	tCO_2e/ Revenue LKR Mn.	1.64	1.48	1.29
Total waste	MT	6,213.42	5,427.51	5,491.59

PERFORMANCE HIGHLIGHTS

		Metric	Group 2024/25	2023/24	2022/23
	Total waste reuse and recycle	MT	3,982.56	3,687.15	3,753.32
	Waste reuse and recycle	%	64	68	68
	Waste disposal through incineration/kg	MT	2,231	1,740	2,152
	Waste recycle or incinerated	%	9	8	10
	Waste to land re-fill	%	Nil	Nil	Nil
	Trees planted	No. of trees	20,150	28,500	3,650
Innovation in fabric and textiles	Investment in R & D	LKR '000	1,048,651	265,933	424,230
	New product approved	No. of products	410	340	300

		Metric	Group 2024/25	2023/24	2022/23
Sustainable manufacturing	Property, plant and equipment	LKR '000	17,270,048	18,142,428	20,258,577
	Capex during the year	LKR '000	1,826,919	1,878,338	3,334,414
	Total procurement spending (LKR)	LKR '000	25,672,860	22,243,170	32,226,497
	Total suppliers registered	Nos.	2,682	2,187	2,122
	Total number of suppliers on boarded	No. of suppliers	527	65	34
Customers	Strategic customer	No. of customers	7	7	8

LEADERSHIP

BOARD OF DIRECTORS

1 Ajit Gunewardene

Chairman, Independent Non-Executive Director

Mr Ajit Gunewardene is the Founder and CEO of Bluestone Capital Private Limited. He was the Deputy Chairman of John Keells Holdings PLC and was a member of the Board for over 24 years. In addition to this, he was the Chairman of Union Assurance PLC a leading life insurance provider in Sri Lanka and Nations Trust Bank.

He is currently the Founder, Chairman of Digital Mobility Solutions the leading ride-hailing service provider (PickMe) in the country. He is also the Chairman of Ingame Entertainment Ltd. which is a pioneer in esports in Sri Lanka. He was a member of the Council of the University of Colombo. He has also served as the Chairman of the Colombo Stock Exchange and a member of the Board of the BOI. Mr Gunewardene has a degree in Economics and brings over 40 years of management experience.

BOARD OF DIRECTORS

2 Ashroff Omar
Non–Executive Director

Group Chief Executive Officer of Brandix Apparel Limited, Mr Ashroff Omar, has been instrumental in redefining the Sri Lankan apparel industry for over four decades. He spearheads a company that develops, manufactures and markets end to end apparel solutions for world renowned brands. With a purpose to deliver Inspired Solutions through Inspired People, he is credited with pivoting Brandix into a globally recognised company with operational presence across nine countries including India, Bangladesh, Haiti and the United Kingdom.

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

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

3 Hasitha Premaratne
Non-Executive Director

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

An Independent Director at John Keells Hotels PLC, he serves as Chairman of the Audit Committee. Mr Premaratne is also an Independent Director at NDB Bank and chairs its Board Risk Committee. He is also a board member of the Apparel Impact Institute of the USA. He was formerly a Director at Bank of Ceylon, Sri Lanka's largest bank, chairing the board risk and nominations committees. He also served on the board of CIMA Sri Lanka and the Sri Lanka Accounting and Auditing Standards Monitoring Board and was a committee member at the Ceylon Chamber of Commerce.

Before joining Brandix, Mr Premaratne was the Head of Research at HNB Stockbrokers (Private) Limited and possesses extensive experience in the fields of capital markets, economics, strategic finance, management, and research. His lecturing experience spans 11 years, for CIMA (UK) and ACCA (UK) examinations, in Sri Lanka, India, Singapore, and the Philippines.

He holds an MBA in International Finance and a BSc in Computer Science. He is a Fellow Member of the Chartered Institute of Management Accountants (CIMA – UK), the Association of Chartered Certified Accountants (ACCA – UK), and the Institute of Certified Management Accountants (CMA – SL). He is also a Chartered Global Management Accountant (CGMA).

Mr Premaratne was the winner of the "Tutor of the Year Award" at the CIMA Global Financial Management Awards 2009, held in London in November 2009. He was the winner and gold medallist of the prestigious "CIMA Star of the Year" award in 2012 and the winner of the "Young CIMA Star of the Year" award in 2006. He was also the winner of the "Most Outstanding Royalist of the Year" award in 1997 and served as the Deputy Head Prefect of Royal College in 1998.

4 Masaru Okutomi
Non-Executive Director

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

BOARD OF DIRECTORS

5 KIT VAI TOU
Non-Executive Director

Mr Kit Vai Tou is an Executive Director, Chief Financial Officer and Company Secretary of Pacific Textiles Holdings Limited. Mr Tou is a Fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. He has extensive experience in factory operations, financial management, project management and ERP Systems.

6 Shrihan Perera
Independent Non-Executive Director

Mr Perera is an accomplished corporate leader with over 30 years of multifaceted experience in engineering, finance, and executive management across highly competitive and dynamic industries. He served as the Chief Executive Officer of Teejay Group from April 2018 to December 2019, playing a pivotal role in steering the Group's strategic direction. Prior to this, he was the Chief Executive Officer of Brandix Apparel Solutions Limited from January 2010 to March 2018, where he was instrumental in developing and executing business strategies across the company's intimate apparel operations in Sri Lanka and India.

Earlier in his career, Mr Perera held several key leadership roles at Unilever Sri Lanka, including Finance Director, Group Financial Controller & Treasurer, and Group Accounts Manager, where he built a strong foundation in financial management and corporate governance.

Mr Perera currently serves as an Independent Non-Executive Director on the Board of Teejay Lanka PLC and its subsidiaries, Fintrex Finance PLC, Colombo Fort Land and Building PLC and its subsidiaries including Lankem Ceylon PLC, EB Creasy PLC, Leisure, Plantation & Packaging Sector companies.

He holds a Bachelor of Science degree in Mechanical Engineering with Second Class Upper Honors' from the University of Moratuwa and is a Fellow of the Chartered Institute of Management Accountants (CIMA), UK, and a Chartered Global Management Accountant (CGMA).

7 William (Bill) C McRaith
Independent Non-Executive Director

Since Mr Bill McRaith's retirement from the corporate world, he has leveraged his manufacturing, supply chain, and Brand retail knowledge to support industry efforts on Climate, Social and Environmental Impact while enabling profitable growth and, preparing for future legislation. As such he acts as an advisor to Future-Proof Fashion and an Executive Advisor to O9 Solutions.

Between 2011 and 2021 Mr McRaith was the Chief Supply Chain Officer at PVH. Based at the company's New York headquarters, Mr McRaith oversaw the Company's global supply chain operations and was responsible for developing the global production structure, processes, manufacturing footprint and logistics network that serviced the needs of PVH's global retail and wholesale divisions.

Before PVH Mr McRaith served as Senior Vice President of Global Sourcing at Wal-Mart, managing Electronic, Hardware, Toys, Home furnishings and munitions supply chains. In this role Mr McRaith initiated Walmart's reshoring efforts.

Earlier in his career, Mr McRaith served as Executive Vice President of Manufacturing, Sourcing and Product Development for Victoria's Secret, Chief Supply Chain Officer Intimates at Limited Brands.

Mr McRaith Started his Career in apparel manufacturing in the UK, exclusively supplying M&S, before he moved to Panyu, China in 1990 to build apparel Supply Chains across Asia, Indian subcontinent, Latin America and most recently Ethiopia, for which PVH was awarded the US Secretary of State ACE award with the World Bank issuing a white paper identifying the efforts as the Blueprint for future "Green" Industrial parks.

Half of Mr McRaith's career has been as a Manufacturer/ Supplier and the balance providing supply chain leadership for Major retailers and Brands.

Mr McRaith is a native of Scotland and attended Kirkcaldy & Glenrothes Technical College where he received his IMS certificate. Mr McRaith was previously a member of the Board of Directors for the American Apparel and Footwear Association (AAFA). He currently serves on the F.I.T. International Trade & Marketing Advisory Board and is an Industry advisor to CreateMe.

Mr McRaith is an Honorary Professor of Glasgow Caledonian University. Also, an Instrument rated Pilot, flying both planes and helicopters.

After 33 years away from Scotland, Mr McRaith and his wife returned in 2021 to spend time with their children and six grandchildren.

LEADERSHIP TEAM

EXECUTIVE COMMITTEE

1 Pubudu De Silva

Group Chief Executive Officer – Teejay Group

Mr Pubudu De Silva is the Chief Executive Officer of Teejay Group, bringing over three decades of experience in the apparel and textile industry. Prior to becoming CEO, he held key leadership roles within Teejay, including Deputy CEO and Chief Operating Officer – Operations, and has been instrumental in steering the company through significant growth and transformation. His prior experience includes serving as Head of Planning at Slimline Pvt Ltd.

Mr De Silva's academic credentials include a Master of Business Administration from the University of Lincoln (UK), Master's in Manufacturing Management, and a Diploma in Business Administration from the University of Colombo. He has also undergone specialised training in Six Sigma Black Belt methodologies at the National Institute of Business Management, Sri Lanka, and completed the Leadership Development Programme (LDP®) at the Centre for Creative Leadership (CCL) in Singapore.

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

LEADERSHIP TEAM

2 Upul Nallaperuma

Chief Operating Officer – Teejay India Operations

Mr Nallaperuma brings over two decades of industry experience across multiple disciplines. He commenced his career at Teejay Lanka PLC in 2002 as a Management Trainee and transitioned to Teejay India in 2013 to embrace new and exciting challenges. His exceptional performance and dedication have led him to his current role as the Chief Operating Officer at Teejay India.

In his current capacity, Mr Nallaperuma oversees the overall operations of Teejay India, encompassing production functions, engineering, human resources, administration, planning, and merchandising. He has also provided leadership for the two Teejay India expansion projects.

Mr Nallaperuma has undergone extensive training in the Leadership Development Programme (LDP®) at the Centre for Creative Leadership (CCL) in Singapore. He holds a BSc in Engineering from the University of Moratuwa and a master's in manufacturing management from the University of Colombo.

3 Salman Nishtar

Group Chief Operating Officer – Marketing and Supply Chain

With over 17 years of experience in finance and strategic operations, Mr Nishtar brings a wealth of expertise and leadership to his role as Group Chief Operating Officer – Marketing & Supply chain at Teejay Group.

Mr Nishtar commenced his career at Ernst & Young Chartered Accountants in Sri Lanka, and subsequently held key leadership roles including Chief Financial Officer at American & Efird Bangladesh He also served as the Group Chief Financial Officer a Teejay for over a decade, where he was responsible for Finance, Investor Relations, Information Technology, and Commercial operations.

In his current role, Mr Nishtar oversees the Group's Marketing and Supply Chain functions, driving cross-functional collaboration and strategic alignment. As a member of the Executive Committee, he plays a critical role in shaping the Group's long-term strategy and annual planning.

Mr Nishtar is a qualified professional holding associate memberships with the Chartered Institute of Management Accountants (UK), the Institute of Chartered Accountants of Sri Lanka, and the Chartered Global Management Accountants (CGMA). He is also an alumnus of S. Thomas' College, Mount Lavinia.

CROSS FUNCTIONAL TEAM (CFT)

Renuja Selvanathan
Group Chief Financial Officer

Janaka Nanayakkara
Senior General Manager – Human Resources
(Retired w.e.f. 27 May 2024, Joined as Consultant w.e.f. 27 June 2024)

Sampath Kumarage
Senior General Manager –
Teejay Group Operations, Technical and Engineering.

Rodney De Rafayal
Senior General Manager – Marketing

Sarathsiri Mohottalage
General Manager Group Innovations and Product Development,
Head of Planning and Merchandising – Lanka Entities

Prasanna Bandara
Senior General Manager – Marketing

Princely Weerakoon
General Manager – Operations, Teejay Lanka

Harshana Fonseka
General Manager – Marketing

Ishara Pathirage
Deputy General Manager – Group Risk and Control

LEADERSHIP TEAM

Renuja Selvanathan

Group Chief Financial Officer

Ms Selvanathan is a dynamic and results-driven finance professional with over 13 years of multifaceted experience across corporate finance, investor relations, business transformation, and operational leadership. She began her career at a leading apparel manufacturer and has since taken on key roles across diverse sectors, including the BPO industry and a leading global telecommunications provider.

Currently, Ms Selvanathan serves in a strategic leadership capacity as the Chief Financial Officer of the Teejay Group, where she leads Investor Relations and serves as the Head of the ESG Steering Committee, driving the Company's environmental, social, and governance agenda in alignment with global sustainability standards. In addition to her finance responsibilities, she also heads the Information Technology (IT) function, championing digital transformation and aligning technology initiatives with business strategy.

Her broad expertise includes corporate treasury, stakeholder management, risk governance, and implementing enterprise-wide performance improvement programmes. Ms Selvanathan is recognised for her ability to lead cross-functional teams, drive strategic initiatives, and deliver measurable value across finance and operational domains.

She holds a Master of Business Administration from the Postgraduate Institute of Management (PIM) and a Bachelor of Business Administration with a specialisation in Finance from the University of Colombo. She is also a passed finalist of the Chartered Institute of Management Accountants (CIMA), United Kingdom.

Janaka Nanayakkara

Senior General Manager – Human Resources

(Retired w.e.f. 27 May 2024, Joined as Consultant w.e.f. 27 June 2024)

Mr Nanayakkara leads the Human Resources team at Teejay and holds the designation of Senior General Manager – Human Resources and is overlooking all functions of HR, Compliance, Health and Safety, and Admin in the Teejay Group.

He joined Teejay in April 2017 on retirement from the Sri Lanka Air Force (SLAF) after 29 years of distinguished service. He held the rank of Air Commodore at the time of retirement from the SLAF.

Mr Nanayakkara possesses a National Diploma in HR from IPM (SL) and an MBA from the Australian Institute of Business. He is an old boy of S. Thomas' College Mount Lavinia.

Sampath Kumarage

**Senior General Manager –
Teejay Group Operations, Technical and Engineering**

Mr Kumarage has total work experience of over 29 years in textile industry of which he has spent over 21 years in managerial positions. He is responsible for the entire production functions in Teejay Lanka, prior to joining the company he was a Deputy General manager at Hayley's Fabric PLC. He holds the National Diploma (NDT) in Textile and Clothing Technology from University of Moratuwa and Bachelor of Physical Science (BSc) – University of Ruhuna. He also holds the Master of Business (MBA) from the of Bedfordshire UK and further is trained in 3TP Senior Leaders Programme in Indian (Institute of Management Ahmedabad India) and has exposure from more than 20 countries in textile processing and application.

Rodney De Rafayal

Senior General Manager – Marketing

Mr Rafayal has been working in the apparel sector covering Textiles & Elastics for more than 18 years handling senior positions across Sales & Marketing/ Merchandising roles. He carries experience of handling customers covering in synthetic Warp knit & Woven fabric manufacturing mills and adds value to our customers. He joined Teejay in 2017 and is responsible for overlooking the TJI Merchandising & the Bangladesh business. He holds a Bachelor of Business Management double majored in Management & Marketing (Aus).

Sarathsiri Mohottalage

General Manager Group Innovations & Product Development, Head of Planning & Merchandising – Lanka Entities

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

LEADERSHIP TEAM

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

Returning to Teejay Group in 2021, Mr Mohottalage assumed duties, where he spearheads innovation and development initiatives that contribute significantly to the company's competitive edge. Addition to this he currently plays a pivotal role as head of Planning & Merchandising.

He holds a Bachelor of Science in Engineering from the University of Moratuwa, underscoring his strong technical grounding. Additionally, his partial qualification from the Chartered Institute of Management Accountants reflects his well-rounded expertise in strategic and financial management, enabling him to bridge engineering excellence with business acumen in his leadership approach.

Prasanna Bandara Dasanayaka

Senior General Manager – Marketing

Mr Dasanayaka has over 20 years of extensive experience in Marketing, Operations Management, Supply Chain Management, Planning and Production Control, Production Management, Engineering, and Customer Service. With over 15 years of dedicated contribution to the apparel and textile industry, his career began at MAS Holdings, followed by key leadership roles such as Head of North Sails Sri Lanka Operations, Head of Operations at Brandix Textiles Limited, and Senior General Manager at Teejay Lanka PLC.

Currently, Mr Dasanayaka oversees Oniverse Business in Europe, Digital and Growth Brands in the USA and EU markets, and M&S Business. In addition to this he's a member of the innovations and product development steering committee of the Teejay Group. He is instrumental in maintaining customer relations with all brands and is actively engaged in strategic leadership activities, including Long-Range Planning, implementing Sales and Operations Planning (S&OP) process and developing the overall marketing strategy for business growth.

As an Engineer by profession, Mr Dasanayaka holds a Master of Engineering in Manufacturing Systems Engineering from the University of Moratuwa and a Master of Business Administration from the University of Wolverhampton, UK. He also earned a BSc in Chemical and Process Engineering with Second-Class Honors from the University of Moratuwa, Sri Lanka. Further enhancing his expertise, he has received training in Lean Manufacturing, the Center for Creative Leadership, Cleaner Production Auditor's programme, and various other technical training related to textile technologies and exposure to multiple fashion exhibitions in the USA and EU.

Princely Weerakoon

General Manager – Operations, Teejay Lanka

Mr Weerakoon is an experienced and dynamic professional, specialised in the textile industry with over 15 years of extensive experience. He has risen through the ranks from a Management Trainee to his current senior management position, where he oversees the entire operations of the Teejay Lanka entity.

His tenure includes pivotal roles such as Senior Manager and Manager of Finishing, Knitting, and Warehouse departments. Mr Weerakoon's expertise in product development and handling advanced finishing machinery has been instrumental in driving operational efficiency and innovation.

He holds a National Diploma in Textile Engineering (NDT) from University of Moratuwa & holds a Bachelor's degree in Industrial Studies in Textile. He has completed his MBA from the University of Sri Jayewardenepura. Mr Weerakoon combines academic excellence with practical prowess, making him a key asset to the organisation.

LEADERSHIP TEAM

Harshana Fonseka

General Manager – Marketing

Mr Fonseka has over 15 years of experience in the fields of Finance, Strategy Formulation, Commercial Management, and Sales and Marketing of which 12 years are in the apparel and textile industry.

He commenced his career at Avery Dennison Lanka and continued to take up positions in Corporate Finance and Corporate Planning at Brandix Lanka Limited and as Head of Finance and Commercial (Sri Lankan entities) for Teejay Lanka PLC before moving to take responsibilities in Sales and Marketing for the Teejay Group. Currently he is responsible for Group Marketing (Nike, Emerging Brands and Value Brands) and Teejay Egypt operations.

Mr Fonseka holds a Master's degree in Business Administration (MBA) from the Cardiff Metropolitan University & he holds a Bachelor of Business Administration (BBA) from the University of Colombo specialising in Finance. He is an Associate Member of Chartered Management Accountants (ACMA UK) and an Associate member of Certified Practising Accountant of Australia (CPA Aus).

Ishara Pathirage

Deputy General Manager – Group Risk and Control

Ms Pathirage joined Teejay in 2021 as the Manager of Risk and Control. Prior to this, she completed a successful nine-year tenure at BDO Partners, where she advanced to the position of Associate Director in the Risk Advisory Services and Forensic Audit divisions. With over 11 years of managerial experience, Ms Pathirage has gained her expertise in risk advisory, business process reviews, internal audits and forensic audits, working with a diverse range of clients.

Her extensive experience enables her to deliver insightful advisory services, assessing risks and developing robust internal control mechanisms to safeguard business operations. Additionally, she spent four years in finance roles at Glaxo SmithKline (Pvt) Ltd and Textured Jersey Lanka (Pvt) Ltd before transitioning into risk and control. Her forensic audit experience, including collaboration with the Criminal Investigation Department (CID) and Financial Crimes Investigation Division (FCID), has further deepened her focus on strengthening business process controls and leveraging data analytics.

Ms Pathirage is a past pupil of Sirimavo Bandaranayake Vidyalaya, is also an Associate member of the Chartered Institute of Management Accountants (CIMA) – UK and holds an MBA from Cardiff Metropolitan University – UK.

ENTITY LEADERSHIP TEAM – LANKA ENTITIES

Sarathsiri Mohottalage
General Manager Group Innovations and Product Development, Head of Planning and Merchandising – Lanka Entities

Princely Weerakoon
General Manager – Operations

Siraj Ahamed
Deputy General Manager – Supply Chain

Ishara Pathirage
Deputy General Manager – Group Risk & Control

Tharindu Dissanayaka
Deputy General Manager – Human Resources

Krishantha Hemal Samarasinghe
Deputy General Manager – Dyeing

ENTITY LEADERSHIP TEAM

Mendaka Hettithanthri
Deputy General Manager – Engineering

Kanchana Dayabandara
Deputy General Manager – Marketing

Amila Tennakoon
Senior Manager – Finance

Chathuri Ekanayake
Senior Manager – Innovation

Dhammika Jayasinghe
Manager – Planning

Hirantha Bandara
Manager – Operations

INDIA ENTITY

Rodney De Rafayal
Senior General Manager – Marketing

Samantha Morawatta
General Manager – Operations

Nayanapriya Gunawardhana
Head of Product Development and Quality

Lalith Atapattu
Deputy General Manager – Planning

Janaka Jayasena
Deputy General Manager – Marketing

Swathi Patarlapalli
Deputy General Manager – Human Resources and Administration

ENTITY LEADERSHIP TEAM

Keshini Perera
Deputy General Manager – Legal, Corporate Communication and CSR

Rakitha Samarathunga
Senior Manager – Finance

Abhay Kumar Rai
Senior Manager – Engineering

Babu Pyla
Senior Manager – Planning

Ramarao Vasanthavada
Manager – Finishing

Hasangi Wijeratne
Manager – Business Analyst and Transformation Lead

STRATEGIC REVIEW

CHAIRMAN'S STATEMENT

Our expanded global footprint reflects our commitment to building a resilient, purpose-led organisation poised **to lead in a dynamic market landscape.**

The year 2024/25 marks a significant milestone in Teejay Lanka PLC's journey as we celebrate 25 years of growth, transformation, and resilience. From humble beginnings as a domestic fabric manufacturer, we have evolved into a globally recognised provider of textile solutions. Our continuous investments in technology, product innovation, sustainability, and a strong global presence have driven this transformation.

Despite global headwinds, including trade tariffs and geopolitical uncertainties, Teejay recorded a strong performance, driven by volume growth across all four quarters and improved capacity utilisation. Our strategic focus on productivity, cost efficiency, and operational excellence enabled us to record a remarkable improvement in profitability.

Our transformation journey yielded results across several dimensions, including process stabilisation, cost restructuring, and the introduction of high-value product lines tailored to changing consumer preferences. The progress achieved this year reflects our ability to deal with volatility and emerge stronger through disciplined execution.

STRATEGIC INITIATIVES DURING THE YEAR

GRI 2-22

Throughout 2024/25, Teejay Lanka PLC executed various strategic initiatives aimed at reinforcing the Company's operational strength, market relevance, and future growth. Internationally, our entry into Egypt and Indonesia was a purposeful step towards diversifying our market reach and capturing opportunities in high-potential markets. We further enhanced our presence in Bangladesh, reinforcing our role within a key apparel manufacturing hub.

In line with our nearshoring strategy, we adopted a more solution-driven product and marketing model, allowing us to respond faster to customer requirements and reduce lead times. Internally, we prioritised cost transformation initiatives through productivity enhancements and streamlined operational models, enabling the Company to run optimally even during periods of underutilisation. Our continued investments in renewable energy, including solar and biomass, and enhancements in emission control systems also demonstrate our commitment to aligning operational goals with long-term environmental, social, and governance (ESG) targets.

CHAIRMAN'S STATEMENT

Although we gained momentum during the year, we also had to manage a difficult and changing business environment. The industry was impacted by rising operational costs, pricing pressures, and shifting customer expectations, which tested our adaptability and resilience. Geopolitical tensions and changing tariff structures added further complexity to the global trade landscape.

In response, we accelerated our cost efficiency programmes, leaned on our diversified manufacturing base, and enhanced our ability to serve customers through more profitable product lines and value-added solutions. Our presence in India allowed us to benefit from the China Plus One strategy, tapping into emerging investment flows and new customer pipelines. Despite these external and internal pressures, our teams remained agile and focused, enabling the Company to maintain stability and deliver consistent results.

EXPANDING OUR GLOBAL FOOTPRINT

Expanding our global footprint was a key strategic priority for our Company during the financial year 2024/25. Our growing global footprint has not only enhanced our market reach but has also played an important role in mitigating risks arising from global macroeconomic shifts, including trade tariffs and geopolitical tensions.

As previously noted, we expanded our presence with successful entries into Egypt and Indonesia, while also strengthening operations in Bangladesh and India. These efforts diversified our revenue base and reinforced supply chain resilience. In addition, the expansion of our India operations has opened doors to more profitable customer segments and new investment opportunities.

COMMITMENT TO A SUSTAINABLE FUTURE

Sustainability remains at the heart of our business. During the year, we made significant progress across multiple sustainability dimensions, guided by our long-term vision under the ABHIVARAH 2030 roadmap. All three of our facilities – Teejay Lanka, Teejay Prints, and Teejay India – achieved a Higg FEM score of above 90%, with Teejay Lanka attaining a near perfect score of 99%, solidifying its position as one of the top performers within the Sustainable Apparel Coalition, alongside Teejay Prints achieving 91%, and Teejay India achieving a score of 97%, thereby affirming our leadership in environmental performance.

Furthermore, during the year under review, Teejay Lanka hosted the inaugural Knitting Sustainability Summit in Colombo in August 2024, in alignment with the ABHIVARAH 2030 vision. This was a first-of-its-kind zero carbon event in Sri Lanka's textile sector. Convening a diverse group of stakeholders, including industry experts, non-governmental organisations (NGOs), upstream suppliers, government institutions, and professionals from the textile and apparel sector, key discussions during the summit were based on the future of fashion, technological advancements, ESG integration, and sustainable chemical management.

We also achieved a significant milestone in our commitment to sustainable manufacturing by becoming an official Bluesign System Partner, underscoring our commitment to safe chemical usage and reduced environmental impact. Given that this certification process involved a comprehensive evaluation of Teejay's chemical inputs, production processes, and supply chain controls, it reflects our unwavering commitment to clean and responsible manufacturing practices.

In addition, Teejay's role as the Patron of the Sustainable Supply Chain Working Group under the United Nations (UN) Global Compact Network Sri Lanka further underscores the Company's leadership in ethical sourcing, circular economy practices, and sustainable manufacturing. It also aligns with our ABHIVARAH 2030 strategy and commitment to reducing Scope 3 emissions through responsible procurement and supply chain engagement.

DRIVING DIGITAL AND PRODUCT TRANSFORMATION

We have made significant progress in our journey of digital and product transformation during the year under review. As part of our strategic transformation, we continued to invest in digitalisation and technology upgrades, recognising its importance in improving productivity, efficiency, and agility. We implemented Industry 4.0 technologies, including Internet of Things (IoT)-enabled systems, which facilitate online monitoring, thereby providing insights for data-driven decision making across our operations. Additionally, our upgraded enterprise resource planning (ERP) system, powered by SAP, played a crucial role in building a unified, end-to-end digital foundation that enables streamlined processes and real-time insights.

On the product front, transformation and diversification played an important role in capturing new market opportunities and mitigating seasonal fluctuations. Moreover, we shifted our product portfolio towards synthetic-based offerings, in line with emerging global trends and customer expectations. Innovation played a central role in this transformation, as we developed new

CHAIRMAN'S STATEMENT

products and materials that not only catered to evolving customer demand but also supported cost restructuring and efficiency improvements. These efforts also aligned with our strategic priorities for 2024/25, which included product transformation and product excellence as key pillars.

STRENGTHENING GOVERNANCE AND RISK OVERSIGHT

During the year, the Group made significant progress in reinforcing its corporate governance framework and Board oversight mechanisms, reflecting our transparency, accountability, and long-term stakeholder value-creation. These enhancements were guided by evolving regulatory requirements, industry best practices, and emerging risk considerations, particularly regarding data privacy, disclosure obligations, and sustainability oversight.

In alignment with the revised Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka, the Board carried out a detailed evaluation of the Group's governance structure, enhancing its ability to provide strategic direction while ensuring independent and objective oversight of management decisions.

Our dedication to governance excellence was once again recognised, with Teejay maintaining its position as the top-ranked company in Transparency International Sri Lanka's Transparency in Corporate Reporting (TRAC) assessment for the second consecutive year. Although no new assessment was conducted during the period under review, our most recent ranking remains valid until further evaluation.

The Group also elevated its approach to sustainability governance, aligning sustainability disclosures with global best practices such as the IFRS S1 and S2 standards, which promote transparency in reporting sustainability-related financial information, and climate-related risks and opportunities. The Board further strengthened its ESG oversight through a comprehensive benchmarking exercise, undertaken in collaboration with a reputed advisory firm. This initiative involved detailed mapping of ESG risks and opportunities, conducting materiality assessments, and identifying sector-specific ESG focus areas. The insights gained now guide the Group-level sustainability strategy, performance targets, and future disclosure initiatives.

In response to growing regulatory scrutiny relating to data privacy, Teejay proactively prepared for compliance with the Personal Data Protection Act (PDPA) No. 9 of 2022. Key measures included the formulation of a Group-wide Data Protection Framework, the appointment of a dedicated Data Protection Officer (DPO), and the implementation of privacy policies, consent protocols, and internal control mechanisms aligned with PDPA requirements. To foster a culture of responsible data management, a comprehensive series of awareness and training initiatives was also rolled out across the organisation.

On the risk management front, Teejay significantly strengthened its enterprise risk management (ERM) framework to enhance strategic and operational resilience in alignment with long-term objectives. A bottom-up approach ensured that risk identification, prioritisation, and mitigation efforts were reviewed monthly for relevance and effectiveness. A major advancement was the integration of a dedicated ESG risk register, operating alongside the main enterprise risk register, which sharpened the Group's ability to assess and address sustainability-related, reputational, and compliance risks.

The ERM framework was systematically cascaded across all subsidiaries, with each entity evaluated for alignment with Group risk appetite, internal control effectiveness, and local risk management maturity. Additionally, a quarterly risk reporting mechanism was introduced for new global ventures, enhancing visibility, accountability, and proactive governance across the Group's expanding international operations.

A RESPONSIBLE CORPORATE CITIZEN

Teejay's contribution to national development continues to be significant. We contribute to national development by creating direct and indirect employment opportunities, supporting foreign exchange inflows, and strengthening Sri Lanka's fabric export industry. Our growing operations in India are creating local employment and strengthening regional supply chains.

We have placed great emphasis on ethical and legal business practices, with zero tolerance for corruption, bribery, and any form of harassment or discrimination in the workplace and beyond. In addition, we strongly believe in a gender-neutral approach when recruiting and promoting employees.

CHAIRMAN'S STATEMENT

FUTURE OUTLOOK

Looking ahead, Teejay Lanka PLC is taking clear and focused steps to achieve its long-term goal, anchored by the target to achieve a revenue of USD 300 Mn. in the upcoming years. The Company's future outlook is based on key factors such as innovation, digitalisation, ESG excellence, and market expansions, which are aimed at creating sustainable value for stakeholders. Leveraging our recently expanded presence in Asia, Africa, and key regional markets in Sri Lanka, Teejay is strategically positioned to benefit from evolving global sourcing patterns, including the momentum from the China Plus One strategy.

While the Company remains optimistic, it is mindful of upcoming challenges such as macroeconomic volatility, geopolitical risks, supply chain disruptions, and changing customer expectations. Nevertheless, we believe that our diversified footprint, innovation-led mindset, and stakeholder-centric approach will enable us to overcome these challenges and capitalise on new opportunities.

APPRECIATION

I would like to express my sincere appreciation to our employees, whose dedication and resilience continue to be our greatest strength, to our leadership team for their execution of strategy, and to my colleagues on the Board for their guidance and oversight.

I also extend my gratitude to our shareholders, customers, suppliers, and partners for their enduring trust and support; your confidence in Teejay inspires us to push boundaries and deliver long-term sustainable value.

As we step into our next chapter, we remain focused on building an agile, purpose-driven organisation ready to lead in a dynamic global landscape.

Ajit Gunewardene
Chairman, Independent Non-Executive Director
5 June 2025

CEO'S REVIEW

Teejay has strategically established a **strong presence in key global markets** including Egypt, Bangladesh, Indonesia and India.

As we close out Financial Year (FY) 2024/25, I am pleased to share the progress Teejay Group has made in what has been a year marked by both challenges and remarkable achievements. The global economy experienced a mix of growth and obstacles, but despite these challenges, the Group delivered a strong performance, continuing to build upon the foundation of resilience and strategic foresight. We are entering the new financial year with a renewed sense of optimism, armed with the different learnings of the past year and a commitment to maintaining a growth trajectory.

CEO'S REVIEW

RESILIENCE IN THE FACE OF GLOBAL UNCERTAINTY

The global economy in 2024/25 was characterised by a combination of growth and challenges. While inflationary pressures, geopolitical instability, and other macroeconomic uncertainties presented significant hurdles, key markets that Teejay depends on continued to perform positively. As a result, the Group was able to efficiently adapt to the evolving economic landscape, ensuring continued resilience and growth. This ability to navigate through complexities in major markets was essential in maintaining Teejay's upward trajectory during the year.

The United States economy experienced steady growth during the fiscal year and significant technological advancements, particularly in the shift towards online ordering and digital platforms. These developments contributed positively to overall economic activity. However, inflation remained a persistent concern throughout the year.

In the European Union (EU), the economy demonstrated further recovery however, inflation, which averaged above 2%, remains a concern. The ongoing effects of Brexit continued to present challenges in the region. On the other hand, Japan's economy grew during the fiscal year, supported by strong domestic demand and exports, with inflation remaining low at 1.5%.

Despite these global uncertainties, Teejay demonstrated remarkable resilience and adaptability throughout the fiscal year. Sales from our strategic customers showed significant growth, reflecting the Group's ability to effectively position itself for future opportunities. The year, which began with various challenges, was met with a strong focus on innovation, market expansion, and strengthening customer relationships. As a result, Teejay successfully navigated the evolving global environment, overcame obstacles, and ended the year on a positive note - delivering on the value and commitments made to its shareholders.

DELIVERING EXCEPTIONAL GROWTH ACROSS KEY METRICS

The financial performance of Teejay for FY 2024/25 demonstrates significant growth across key metrics, underscoring the Group's ability to navigate challenges while maintaining a positive growth trajectory.

The Group recorded an impressive Year-over-Year (YoY) Top line growth of 10% in Sri Lankan Rupees (LKR), reaching LKR 67 Bn. Net profit also increased by 152% YoY, to LKR 2.8 Bn. Although the first quarter of the year started slow, by the second Quarter onwards we have improved the Group profitability at a steady rate, indicating steady growth in revenue and profitability over the year. This remarkable performance was driven by several key factors: strategic expansion into new markets, strong relationships with key customers, continued innovation in product offerings, enhanced operational efficiency, and effective financial management. These efforts enabled Teejay to navigate global challenges while achieving substantial growth and positioning the Group for sustained success in the future.

POSITIONING FOR GROWTH AMID GLOBAL REALIGNMENT

Revenue growth is expected to stabilise in the low single digits in FY 2025/26, with non-luxury segments driving economic profit increases for the first time since 2010. This shift presents new opportunities for Teejay as demand in these segments grows, especially in the wake of global economic recovery and evolving consumer preferences.

The "China Plus One" strategy is becoming increasingly relevant, with production shifting from China to other parts of Asia. Due to recent challenges in Bangladesh, key customers are actively reducing their exposure in the region as part of ongoing supply chain de-risking efforts. As a result, production orders are currently shifting towards alternative manufacturing hubs, including Sri Lanka, India, and Vietnam. This shift presents Teejay with a strategic opportunity to capitalise on new market dynamics, expanding its footprint in these regions and moving closer to needlepoint both geographically and operationally—thereby strengthening its ability to meet the growing demand for reliable and efficient production solutions.

The Harmonised Tariff Schedule of the United States (HTSUS) may also have significant implications for the global fashion industry, particularly in terms of tariffs on cotton and synthetic materials. The Sri Lankan Government, along with industry associations such as the Fabric and Apparel Accessory Manufacturers Association (FAAMA) and the Joint Apparel Association Forum Sri Lanka (JAAF), is working closely with experts to mitigate these challenges. Following productive

CEO'S REVIEW

discussions with the US government and key officials, we are confident that favourable terms will be negotiated for Sri Lanka, providing a positive outlook for the country's textile and apparel industry.

Teejay's operations felt the effects of tariff impositions; however, with a well-balanced portfolio diversified between EU and US markets the Group has effectively mitigated and spread out its exposure to risk across key global markets. Additionally, the proposed tariff rates across various regions where Teejay operates present challenges to the Group's cost management and pricing strategy, particularly in the US market. While the current tariff ruling is being challenged in court, Teejay is closely monitoring the situation and proactively adapting its operations and strategies to mitigate potential impacts.

Despite the challenges, Teejay is well-positioned to leverage its strategic flexibility. The Group's ability to efficiently transfer orders across its various manufacturing locations allows it to mitigate risks associated with tariff fluctuations. The Teejay Group, with multiple strategic locations, provides a unique advantage in optimising the supply chain and maintaining a competitive edge in the global market. This adaptability enables Teejay to continue servicing its US clients while also exploring new growth opportunities in different regions.

EXPANDING GLOBAL FOOTPRINT WITH STRATEGIC PRECISION

Teejay has strategically established a strong presence in key global markets, including Egypt, Bangladesh, Indonesia, and India. Our operations in Sri Lanka specialise in cotton, synthetic, and print capabilities, with a dedicated printing manufacturing facility for greater operational focus. In India, we operate across cotton, synthetic, print, and lace production lines, while Bangladesh serves as a marketing hub to support our regional strategies. This well-positioned geographic footprint is designed to effectively serve both the US and EU markets, ensuring Teejay's ability to meet the evolving demands of customers across diverse regions.

In FY 2024/25, Teejay successfully expanded its operations with new ventures in Egypt and Indonesia, where partner operations have now been fully established. The target of commercialising and operationalising these manufacturing locations has been successfully achieved, further strengthening the Group's global footprint. To ensure the success of these ventures, two dedicated teams have been allocated to oversee and drive operational excellence, ensuring that these new facilities contribute effectively to Teejay's continued growth and market expansion.

Teejay continues to focus on customer diversification as a key strategy for growth. We are actively nurturing relationships with new customers while strengthening ties with existing partners. This approach not only strengthens revenue streams but also reinforces Teejay's reputation as a reliable and adaptable partner, capable of serving a diverse range of markets.

To meet the evolving needs of our customers, Teejay is committed to product diversification and expanding our product capabilities. We are focusing on specialised product lines such as fleece, jacquard, finer gauges, acid printing, and the polo business. This product-focused expansion allows Teejay to offer innovative solutions that cater to diverse market demands, ensuring continued growth and competitive advantage in the textile industry.

STRATEGIC OUTLOOK: DRIVING SUSTAINABLE GROWTH

Teejay is actively continuing its transformational journey with a focused vision for the future. We have implemented a new three-year plan, aimed at driving sustained growth, improving profitability, and fostering stronger, more strategic partnerships with our key customers. This plan emphasises innovation, operational efficiency, and market expansion, positioning the Group to capitalise on emerging opportunities while solidifying its leadership in the global textile industry. Through this strategic roadmap, Teejay is committed to delivering long-term value to all stakeholders.

Teejay is committed to enhancing workforce effectiveness by investing in structured capability building and skills development programmes. These initiatives are designed to equip our employees with the necessary technical expertise and behavioural skills to thrive in a rapidly evolving business environment. By focusing on continuous learning and professional growth, Teejay aims to foster a culture of excellence, and ensure that our workforce is well-prepared to meet future challenges and drive the Company's continued success.

Teejay is dedicated to achieving operational excellence, focusing on cost reduction, efficiency, productivity and better resource utilisation. Strategic initiatives have been implemented to reduce manufacturing waste, optimise utility costs, and improve overall operational efficiency. These efforts not only drive operational improvements but also align with the Group's commitment to sustainable practices ensuring enhanced performance while maintaining environmental and social responsibility.

CEO'S REVIEW

Teejay has applied IFRS covering Scope 1, Scope 2, and Scope 3 emissions, as part of our commitment to environmental accountability. Additionally, we have successfully obtained independent assurance for our sustainability reporting for the third consecutive year, further strengthening our ESG framework, transparency, and dedication to responsible business practices.

We are making significant strides towards sustainability, with two key projects aimed at reducing our environmental impact and operational costs. The Group is investing in a 7 MW solar project, with roof renovations already underway, expected to be completed this year. This initiative, with an investment of USD 2.7 Mn., will contribute to reducing energy consumption and furthering our commitment to renewable energy. In parallel, Teejay is also investing on a project: fuel switch to Biomass aimed at reducing operational costs by 25-30%. This initiative, with an investment of USD 2.6 Mn., is expected to reach full stabilisation by April 2026, aligning with our long-term sustainability goals and further improving our operational efficiency. These efforts highlight Teejay's ongoing commitment to reducing its carbon footprint and investing in sustainable business practices.

Teejay continues to demonstrate its commitment to sustainability with outstanding performance in the Higg FEM 2024 assessment, which evaluates environmental and management systems, including energy usage, greenhouse gas (GHG) emissions, water, waste, wastewater, air emissions, and chemical management. All Teejay entities have achieved scores above 90%, with Teejay Lanka leading at 99%, followed by Teejay India at 97%, and TJP at 91%. For the third consecutive year, Teejay has led the industry in sustainable manufacturing, achieving the highest global score recorded for a manufacturing plant. Competing against 18,293 contestants worldwide, this accomplishment underscores Teejay's unwavering commitment to environmental responsibility and operational excellence.

Teejay integrates artificial intelligence (AI)-driven systems, such as CoPilot, to assist team members in their daily tasks, improving decision-making and operational efficiency. These systems run in the background, supporting employees to perform their roles more effectively and accurately. Robotic process automation (RPA) improved accuracy by automating repetitive tasks. This technology allows employees to focus on higher-value tasks, enhancing productivity.

Moreover, Internet of Things (IoT)-based systems such as the Smart Knitting Monitoring System and Utility Monitoring System effectively monitor utility consumption and optimise machine usage. These systems provide real-time data, enabling management to make informed decisions and improve operational efficiency.

By demonstrating exemplary transparency placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and any work-related situations, and adherence to best practices, Teejay Group reinforces its reputation as a responsible corporate entity that prioritises accountability and ethical conduct. Furthermore, we firmly embrace a gender-neutral approach in employee recruitment and promotion, reinforcing our dedication to fairness, diversity, and equal opportunity across the organisation.

The fashion industry faces a period of volatility and uncertainty in 2025, marked by economic slowdowns, increased consumer price sensitivity, intensifying climate change effects, and evolving global trade patterns. Despite these challenges, Teejay is strategically positioned to leverage new opportunities. By embracing agile adaptation and fostering strategic innovation, the Group is confident in its capability to navigate the changing market landscape and sustain long-term growth.

ACKNOWLEDGEMENTS

As we step into a landmark year for Teejay, celebrating 25 years of excellence, we reflect on a remarkable journey, from humble beginnings to becoming a leading player in the industry. I have been fortunate to witness this entire journey firsthand, from our very first delivery, through our 2011 listing on the Colombo Stock Exchange as a Public Limited Company, to the acquisitions of Teejay India and Teejay Prints in 2015, and our recent expansion into Egypt and Indonesia in 2024.

This milestone heralds a new chapter for Teejay, characterised by a refreshed identity and a renewed commitment to innovation and sustainable growth. We extend our deepest gratitude to all who have contributed to our success: our esteemed Board of Directors for their visionary leadership, our dedicated Leadership Team for their unwavering guidance, our exceptional employees for their steadfast commitment, our reliable suppliers, and our valued customers. Your continued trust and partnership are the foundation of our achievements, and we look forward to building upon this legacy together in the years ahead.

Pubudu De Silva
Group Chief Executive Officer
5 June 2025

OPERATING ENVIRONMENT

TODAY'S GLOBAL ECONOMIC CLIMATE AND THE STATE OF APPARELS

2024 concluded with a global GDP growth rate of 3.3%, representing a modest but steady recovery following widespread disruptions caused by the COVID-19 pandemic. Following two years of monetary policy tightening, central banks worldwide shifted direction and began to ease monetary policy. It was also a significant year for elections, which raised concerns about geopolitical volatility posing challenges for businesses and policymakers.

While China has been a major growth engine in the recent past, Asia's broader economic influence has begun to expand. The BRICS bloc reinforced its growing position as a major economic power, particularly in commodities trading, now accounting for a substantial 37.3% of global GDP based on purchasing power parity, with China and India notably contributing 19.05% and 8.23% respectively, compared to approximately 14.5% each for the US and EU.

Consumer demand has rebounded; however, this resurgence was not uniform across all regions.
While markets in the Asia-Pacific, notably China and India, showed growth, the European Union faces economic stagnation and the effects of energy crises. Environmental concerns are also pushing sustainability to the forefront, with regulators and consumers alike increasingly requiring businesses to assume environmental responsibility in their operations and supply chains.

The global apparel industry is a vital contributor to the world economy, projected to be worth approximately USD 1.84 Tn. in 2025. It accounts for 1.63% of global GDP and employs over 430 million. people worldwide. Clothing purchases have increased by 60% in the last two decades, contributing to the constant evolution of the textile and apparel sector.

REGIONAL DYNAMICS IN SOUTH ASIA

Within the South Asian region, India, Bangladesh, and Sri Lanka are key players in the apparel sector. However, regional dynamics are undergoing changes influenced by recent geopolitical developments and trade policies. The imposition of US tariffs on apparel imports from Bangladesh and Sri Lanka has altered sourcing preferences among global buyers. India, benefiting from comparatively lower tariffs, has become a more attractive sourcing destination for American retailers, which has intensified competition among manufacturers in the region.

Regional logistics are grappling with challenges like port congestions and bottlenecks, especially in major transshipment hubs, causing delays and requiring adjustments in supply chain planning. Additionally, ongoing geopolitical unrest in the Red Sea region threatens global shipping lanes, further straining supply chain stability and netting higher freight costs. This is particularly detrimental for countries like Sri Lanka, where apparel exports represent over half of merchandise exports and nearly half of total export value.

OPERATING ENVIRONMENT

Price volatility in raw materials, stemming from regional supply-demand imbalances, impacts cost structures. Manufacturers are adapting by using flexible procurement strategies and exploring local sourcing. Consumer spending patterns are also changing with a growing middle class and increased demand for quality apparel, creating opportunities in domestic markets alongside serving international clients.

SRI LANKA'S ECONOMIC RECOVERY AND A RESILIENT APPAREL SECTOR

In 2024, Sri Lanka's economy demonstrated a remarkable recovery, exceeding growth expectations with a 5% increase driven by strong performances in industry and services, notably construction and tourism-related sectors. Despite this positive growth and fiscal performance, significant challenges persist. While the economy is on a path to recovery, many Sri Lankans continue to face hardship, with household incomes, employment, and overall welfare remaining below pre-crisis levels. The labour market also continues to struggle, contributing to increased emigration as individuals seek opportunities abroad. Sustaining medium-term growth hinges on maintaining macroeconomic stability and implementing reforms that enhance trade, investment, and female labour force participation.

The country’s reliance on traditional markets like the US and EU exposes it to demand fluctuations and tariff changes. Historically, high energy costs have been a burden, and the strengthening of the Sri Lankan Rupee against the U.S. Dollar has made its exports less price-competitive compared to nations with weakening currencies like Bangladesh and Vietnam.

For Sri Lanka, the apparel industry is a cornerstone of the economy and serves as the largest foreign exchange earner. The sector is well-regarded for ethical manufacturing and sustainability, which is a significant draw for global buyers seeking responsible sourcing.

Demonstrating remarkable resilience, Sri Lanka's apparel exports have shown positive growth. In April 2025, exports increased by 15.14% year-on-year, fuelled by higher demand from major markets such as the US, the EU, and the UK, alongside a 21.18% rise in exports to other destinations. For the period from January to April 2025, total apparel exports reached USD 1.66 Bn., marking a 12.4% increase compared to the same period in 2024. These figures highlight the industry's ability to remain competitive in a challenging global environment.

However, the apparel industry in Sri Lanka is navigating multifaceted challenges, including the overarching global economic climate, political factors and internal structural issues. The industry also contends with an ongoing labour shortage due to factors like rural youth migration, international migration, and a cultural aversion to factory work, leading to rising wages and increased turnover, which affects training costs and productivity.

OUTLOOK ON A CHANGING WORLD

The current global economic outlook is overshadowed by intensifying downside risks, largely originating from tariffs imposed on imports by the U.S. Government. Concerns regarding escalating trade tensions and high policy uncertainty threaten to further dampen both short- and long-term growth, while diminished policy buffers threaten to weaken resilience to future volatility. Consequently, global headline inflation is expected to moderate to 4.3% in 2025. In response to these growing challenges and complex trade-offs, central banks will likely prioritise the fine-tuning of monetary policy to achieve price and financial stability.

Growth in the United States is projected to slow to 1.8% due to heightened policy uncertainty, trade tensions, and softer demand. Similarly, emerging market and developing economies are expected to see slower growth, down to 3.7% in 2025, with countries like China, significantly impacted by recent trade measures.

Adding to these pressures, the substantial tariffs placed on apparel imports from over 180 countries are particularly affecting the fashion industry and global supply chains. Key apparel-producing nations such as China (54%), Vietnam (46%), and Bangladesh (37%) face increased costs and greater planning uncertainties as a result of this development.

OPERATING ENVIRONMENT

Sri Lanka's economic growth is projected to moderate to 3.5% in 2025 – a slowdown reflecting lingering effects of the recent financial crisis and ongoing structural barriers to growth, occurring amidst global economic headwinds and significant uncertainty in trade policy. Sustained policy reforms are crucial to maintain macro-fiscal and financial stability, enhance competitiveness, increase productivity, and expand opportunities in the country's job market.

Efforts are underway to mitigate potential global challenges, and improve market access through Free Trade Agreements and initiatives such as the cumulation of Indonesian fabrics to gain duty-free access to the UK market, aiming for diversification. The Government is promoting textile clusters like the Eravur Industrial Zone to boost local fabric and dye production, shorten lead times, and enhance sustainability. With global buyers increasingly prioritising ethical sourcing, Sri Lanka's strong emphasis on sustainability provides a competitive advantage.

Geopolitical tensions

Ongoing global conflicts, such as the Israel-Gaza crisis and Red Sea spillover Russia-Ukraine war, and US-China trade friction, continue to affect the global apparel industry.

Industry impact

Supply chain disruption and related costs and delays, fluctuations in order volumes, reduced consumer-demand, accelerated sourcing shifts away from China.

Tariff implications

Import tariffs imposed by the US have directly affected apparel exports from Sri Lanka and other apparel and textile producing regions.

Industry impact

Order cancellations, reduced export-competitiveness, drop in export revenues, livelihood impacts to local economies.

Declining global demand

Consumer demand in some of the world's largest apparel destinations remains depressed, driven by economic uncertainty and inflation.

IIndustry impact

Reduced order volumes, extended buying cycles, capacity underutilisation, cashflow pressures.

LOCATION STRATEGY

OUR GLOBAL PRESENCE

The textile and apparel industry operates in a highly competitive, fast-moving global market. Deciding where to manufacture, source, and sell can be the difference between scaling profitably and being left behind.

Teejay's multi-location footing has turned obstacles into opportunities, ensuring resilience and efficiency across borders. Our ongoing strategic priority is the development and strengthening of Teejay multi-location footing, which has proven instrumental in overcoming global challenges.

> Textured Jersey was founded in 2000 – a collaboration with Textured Jersey UK, built on a multi-location foundation. Today, as Teejay Lanka PLC, we are not just realising a vision, but fulfilling a 25-year legacy.

Our strategic approach is driving a group-wide transformation from our headquarters in Sri Lanka. Establishing our presence in strategic locations globally, significantly enhances Teejay's agility and adaptability when navigating complex market conditions. Our progressive diversification is closely aligned with our marketing efforts to strengthen brand visibility and create a cohesive narrative – highlighting our multinational presence and reinforcing our competitive advantage. Furthermore, it ensures we attract, retain and develop top talent across key regions – vital for fostering innovation and optimising production capabilities. Leveraging this attractive value proposition, increases Teejay's appeal to a global customer base, enabling us to establish strategic vendor partnerships and penetrate new brands.

This -interknitted approach secures supply chain stability, maintains financial compliance, expands market reach, and bolsters sustainability initiatives, driving our overarching goals of operational excellence, sustainable growth and market leadership.

Market Access

- Nearshoring (US, EU) enables faster turnaround, lower shipping costs and better demand forecasting.
- Regional trade agreements reduce tariffs.

Speed to Market

- Closing the gap between needlepoints and end markets supports agility and rapid product cycles, meeting consumer demands faster with reduced inventory risks.

Supply Chain Optimisation

- Locating near sources (cottonsynthetics) cuts raw material costs and lead times.
- Strategic access to logistics improves response times and minimises transport, logistics and warehousing costs.

Sustainability Goals

- Nearshoring and local sourcing lowers our carbon footprint.
- Strategic location choices support our sustainability goals with greater transparency.

Cost Efficiency

- Strategic location planning optimises labour sourcing, costs and productivity.
- Certain regions offer lower operational costs (energy, water, real estate).

Risk Mitigation and Compliance

- Diversified locations mitigate geopolitical and trade disruption risks by preventing over-dependence on one location.
- Regional oversight helps align our operations with ESG requirements.

LOCATION STRATEGY

Unlocking Competitive Advantage through Strategic Locations

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

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

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

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

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

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

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

The strength of our global footprint

Sri Lanka (Avissawella)

Teejay Lanka PLC

Headquartered in Avissawella, Seethawaka Export Processing Zone & listed in the Colombo Stock Exchange Teejay Lanka's product capabilities include cotton and cellulosic blends (weft knitting/man-made cellulosic modal/synthetic nylon/polyester) and jacquards, with a daily production capacity of 45 tonnes. The plant has expanded its scope to include lace dyeing, yarn dyeing, and synthetic fabric production.

Teejay Lanka Prints (Private) Limited

Located in in Avissawella, Seethawaka Export Processing Zone, Teejay Prints is a fully-owned subsidiary of Teejay Lanka PLC. It is a leading cotton-based printing plant offering rotary screen and digital printing for woven and knitted fabrics. They provide custom finishes and ensure high standards through a fully equipped laboratory and quality assurance process. Teejay Prints has a daily capacity of 20,000 metres, with capabilities including discharge/super soft/reactive/digital/disperse printing.

LOCATION STRATEGY

India (Visakhapatnam)

Teejay India Private Limited

Operating since January 2009 within Adhistan Integrated Industrial Park, Visakhapatnam – Teejay India contributes to an integrated apparel supply chain. The facility leverages India's proximity to other apparel hubs for raw material sourcing. Product capabilities include cotton and cellulosic blends (weft knitting/synthetic nylon/polyester), fleece, lace, and discharge/pigment super soft/reactive printing, with a daily capacity of 55 tonnes – plans are underway to increase dyeing and finishing capacity.

Bangladesh

Our Sales office in Bangladesh represent a strategic expansion to strengthen market presence and tailor offerings to regional demands, capitalising on regional market dynamics and reinforcing our customer-centric approach.

Bangladesh's international trade agreements offer a competitive edge for textile exports, enhancing Teejay's market reach and supply chain efficiency. Teejay has observed strong fabric demand and profit growth in Bangladesh – indicating future growth potential in the region.

Teejay's operations in Bangladesh are part of its strategic expansion to strengthen market presence and tailor offerings to regional demands.

Mauritius

Teejay Mauritius Private Limited

Teejay Mauritius serves as an investment holding entity with a trading license. The country's textile industry benefits from the ability to leverage existing markets, free trade agreements and a favourable regulatory framework. Enhancing operational efficiency and market presence, Mauritius acts as a strategic gateway between Africa, the Middle East, and Europe, aiding market reach and logistics.

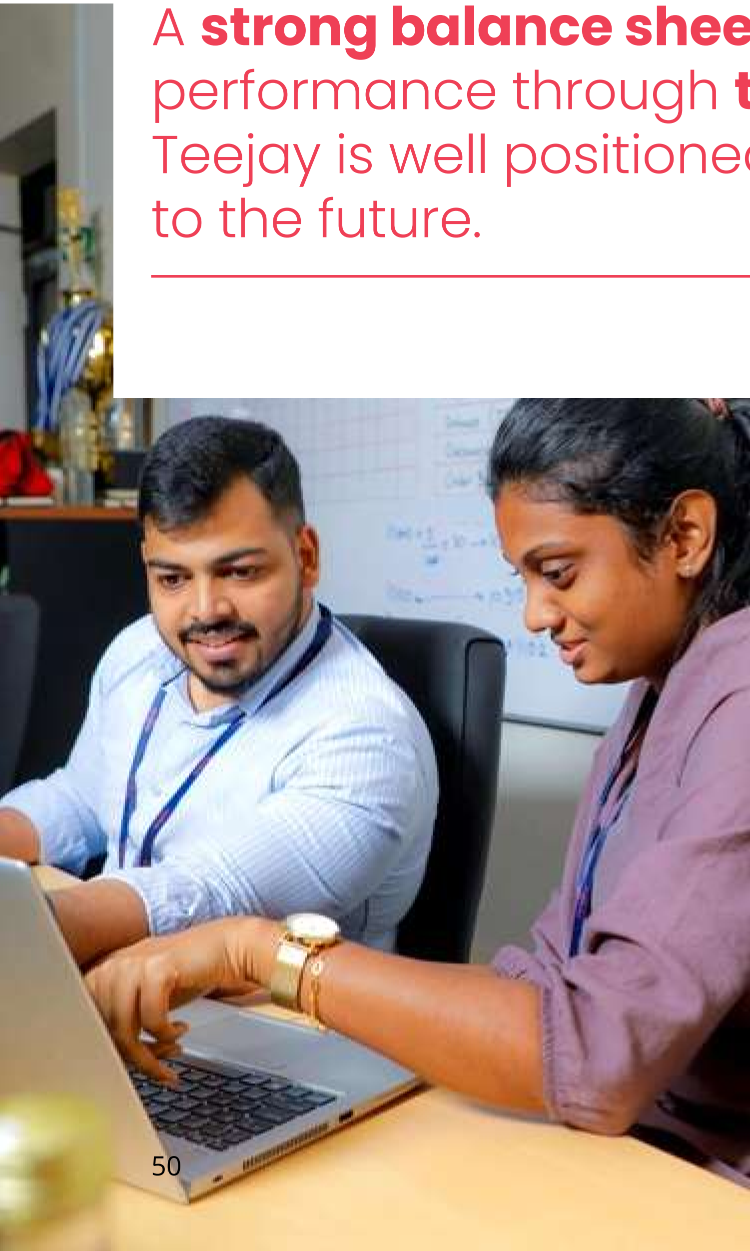
Egypt

Nubian Threads Private Limited

Egypt's geographical location serves as a strategic gateway between Africa, the Middle East, and Europe, potentially expanding Teejay's market reach and improving logistics. Teejay is exploring new investment opportunities in Egypt to diversify revenue streams and reduce reliance on single markets.

FINANCIAL CAPITAL

A **strong balance sheet** and proven performance through **transformation,** Teejay is well positioned to lead in to the future.



Teejay Lanka delivered exceptional financial performance for 2024/25, which marks a significant turnaround against the previous year's subdued performance. This year's success has been multiple years in the making. It demonstrates Teejay's excellent foundational positioning to capture market opportunities, deep resilience to weather economic headwinds, strong capabilities to compete in an advanced and highly technical industry, and strategic foresight to capitalise on future opportunities.

We delivered robust revenue growth of almost 10% year-on-year, supported by the stabilisation of yarn prices that had fluctuated significantly in previous periods. Our strategic focus on scaling synthetic manufacturing and product diversification yielded positive outcomes as we saw a sustained growth.

Our disciplined focus on operational efficiency and cost management supported a remarkable surge in the Group's profitability. Profit Before Tax (PBT) soared by nearly 160% to surpass LKR 4.0 Bn., and Profit After Tax (PAT) rose by 152% to LKR 2.79 Bn. We also achieved a record-breaking gross profit of LKR 7.8 Bn., reflecting 55% growth year-on-year, with our gross profit margin returning to a 5-year high of 12%. operating profit similarly reached a record LKR 4.56 Bn., up 106%, reflecting effective utilisation of production capacity, stringent cost-controls, and the initial benefits of an expanded multi-location strategy and footprint.

These results are a testament to our prudent capital allocation, leading to significant improvements in Return on Assets (ROA) to 5%, Return on Equity (ROE) to 9%, and Return on Capital Employed (ROCE) to 11.6%. Our strategic investments, including the installation of a number of new knitting, finishing, and dyeing machines; not only expanded existing capacity but also introduced capabilities in brand-new fabrics and finishes that sets us up strongly for the future.

Going into the new financial year, our financial position remains exceptionally strong. While cash and cash equivalents saw a planned reduction of 23% to LKR 5.58 Bn. due to strategic debt repayments and capital expenditure, our liquidity ratios remain robust. We successfully reduced our total debt to LKR 7.5 Bn., and strengthened our interest cover ratio to 5.10. We closed out the year with a gearing ratio below 25%, signifying a healthy and stable financial footing for future growth.

The growth in EPS, market value per share, and dividends per share reflects the company's solid financial position and upward growth trajectory. The increase in the dividend payout ratio underscores the company's dedication to delivering value to shareholders, further strengthening investor confidence. Looking ahead, the company is well-equipped to sustain its growth and generate substantial returns for its stakeholders.

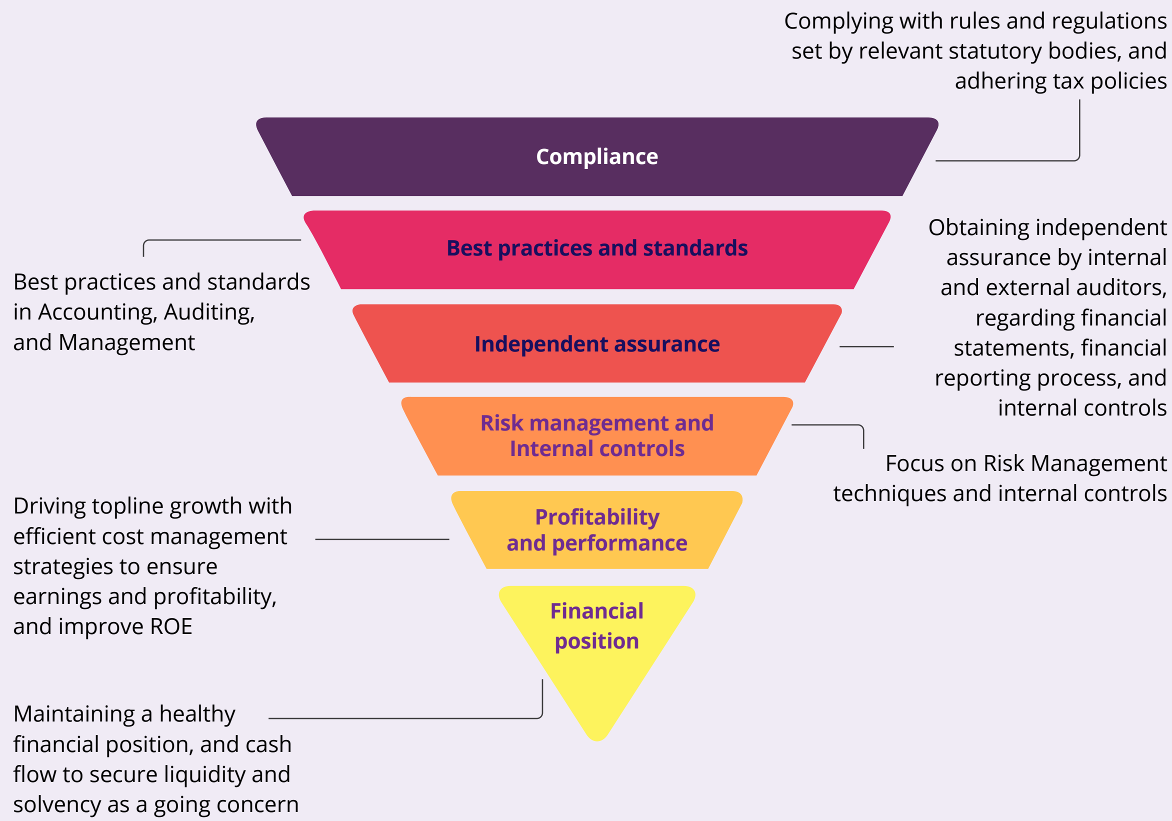
FINANCIAL CAPITAL

Adopting good governance practices enhances operational efficiency, improves transparency, and strengthens risk management. It supports informed decision-making through due diligence and ensures regulatory compliance, reducing legal risks and protecting the Company's reputation.

Gaining independent assurance from external auditors on the financial statements, Integrated Reporting Framework (IIRC), and GRI disclosures will further reinforce trust in the reporting standards

Renuja Selvanathan
Chief Financial Officer,
Teejay Lanka PLC

Our approach to financial capital management



FINANCIAL CAPITAL

APPROACH TO FINANCIAL CAPITAL MANAGEMENT

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

We maintain profitability through innovation and transformation, practice responsible and robust governance, and are actively working towards market leadership in our field.

Our commitment is built on our efforts to efficiently allocate funds, striving for operational excellence through agility, adaptability, and transformation. We prudently invest funds to ensure effective risk management, provide for long-term value creation, enhance capabilities, incorporate new technologies, and practice sound corporate governance, environmental stewardship, and social responsibility.

Agility and Adaptability through Transformation: We focus on modernisation; incorporating cutting-edge technological advancements, continuously improving our product and systems. The transformation journey that we have embarked on includes market, product, operational excellence, people and systems, leveraging digitalisation; to streamline operations, enhance decision-making, and ultimately maximise shareholder value.

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

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

Environmental and Social Responsibility: While minimising our environmental footprint and continuously investing in our workforce and communities, we recognise the growing importance of a broader sustainability imperative in the textile industry. We continue to lead the field with enhanced reporting standards, robust analysis of Sustainability-Related Risks and Opportunities (SRROs), and ongoing efforts to assess the potential financial impacts of climate change and incorporate them into financial planning and reporting.

We understand that impacts from our business operations, alongside dependencies on environmental and social resources, create SRROs for the Group. Therefore, we have taken steps to integrate our sustainability efforts of impact management and mitigation with the management of these SRROs through the Group's Risk Management function.

By integrating ESG considerations into our risk assessments and decision-making, we aim to mitigate potential sustainability-related risks and seize opportunities for long-term value creation. This alignment ensures our business operations are not only resilient but also sustainable, fostering stakeholder trust and enhancing our competitive advantage.

Our commitment to sustainability is further evidenced by our approach to double materiality and our standard of sustainability disclosure, which take into account the requirements of IFRS S1 and S2.

INVESTOR VALUE SNAPSHOT

Our commitment to delivering exceptional shareholder value is rooted in solid results and strategic financial stewardship. Our strong performance across a spectrum of indicators in 2024/25 provides a compelling investor proposition with exceptional value creation potential through sustained growth.

FINANCIAL CAPITAL

Revenue 2024/25

LKR 67 Bn.

2023/24: LKR 61 Bn.

Profitability

Gross profit 2024/25

LKR 8 Bn.

2023/24: LKR 5 Bn.

Net profit 2024/25

LKR 3 Bn.

2023/24: LKR 1 Bn.

Taxation 2024/25

LKR 1.25 Bn.

2023/24: LKR 0.46 Bn.

Investor ratios

Earnings per share 2024/25

LKR 3.87

2023/24: LKR 1.55

Dividend per share 2024/25

LKR 2.35

2023/24: LKR 0.75

PE ratio 2024/25

13.17

2023/24: 24.30

Liquidity

Current ratio 2024/25

1.94

2023/24: 1.88

Quick ratio 2024/25

1.29

2023/24: 1.17

Leverage

Debt/(Equity + Debt) 2024/25

19%

2023/24: 24%

Interest cover 2024/25

5.1

2023/24: 2.0

Economic value added

Economic value generated 2024/25

LKR 67,953 Mn.

2023/24: LKR 61,392 Mn.

Economic value distributed 2024/25

LKR 63,122 Mn.

2023/24: LKR 57, 715 Mn.

Economic value retained 2024/25

LKR 4,831 Mn.

2023/24: LKR 3, 677 Mn.

FINANCIAL CAPITAL

GRI 201-1

ECONOMIC VALUE ADDED (EVA)

Cost of production and OH 2024/25
LKR 54,001 Mn.
2023/24: LKR 49,723 Mn.

Employee: Salaries and benefits 2024/25
LKR 6,149 Mn.
2023/24: LKR 5,451 Mn.

Government – tax 2024/25
LKR 981 Mn.
2023/24: LKR 896 Mn.

Lenders of capital: Interest 2024/25
LKR 894 Mn.
2023/24: LKR 1,096 Mn

Community investment 2024/25
LKR 16 Mn.
2023/24: LKR 12 Mn

Shareholder: Dividend
LKR 1,082 Mn.
2023/24: LKR 538 Mn.

Distributed 2024/25
LKR 63,122 Mn.
2023/24: LKR 57, 715 Mn.

Generated 2024/25
LKR 67,953 Mn.
2023/24: LKR 61, 392 Mn.

Economic Value Added

Retained 2024/25
LKR 4,831 Mn.
2023/24: LKR 3, 677 Mn.

Revenue 2024/25
LKR 67,036 Mn.
2023/24: LKR 60,734 Mn.

Finance income 2024/25
LKR 390 Mn.
2023/24: LKR 455 Mn.

Other income 2024/25
LKR 526 Mn.
2023/24: LKR 203 Mn.

Depreciation 2024/25
LKR 3,120 Mn.
2023/24: LKR 3,105 Mn.

Gross value retained 2024/25
LKR 1,711 Mn.
2023/24: LKR 572 Mn.

FINANCIAL CAPITAL

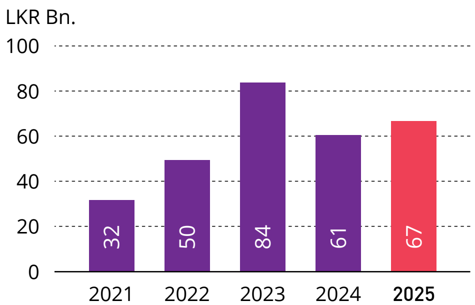
GRI 201-1

ECONOMIC VALUE ADDED STATEMENT

	2024/25				2023/24			
	Group LKR Mn.	%	Company LKR Mn.	%	Group LKR Mn.	%	Company LKR Mn.	%
Revenue from contracts with customers	67,036		38,895		60,734		38,579	
Finance income	390		353		455		501	
Other income	526		120		203		103	
Economic value generated (EVG)	67,953		39,369		61,392		39,183	
Distributed as follows;								
Cost of production and other OH	(54,001)		(31,365)		(49,723)		(30,799)	
Value added by operating activities	13,953		8,004		11,669		8,384	
Employees: Salaries, wages and other benefits	6,149	44	3,333	42	5,451	47	2,963	35.3
Government: taxes	981	7	962	12	896	8	869	10.4
Lenders of Capital: Interest	894	6	190	2	1,096	9	337	4.0
Community investments	16	0	16.15	0	12	0	12	0.1
Shareholder: Dividends	1,082	8	1,082	14	538	5	538	6.4
Economic value retained within business								
Depreciation	3,120	22	1,441	18	3,105	27	1,445	17.2
Gross value retained	1,711	12	979	12	572	5	2,222	26.5
Total distribution	13,953		8,004		11,669	100	8,384	100

FINANCIAL CAPITAL

REVENUE



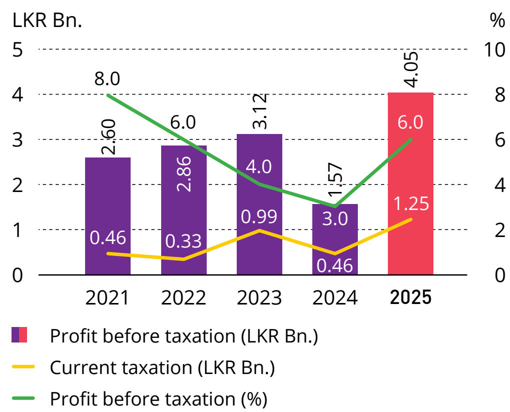
Group revenue grew by almost 10% YoY, supported by volume growth, product mix, customer mix. Yarn prices that surged in 2022/23 due to post-pandemic aftereffects and geopolitical supply chain instabilities, have now largely stabilised. Similarly, macroeconomic pressures that held sway in the previous year showed signs of abatement as the market signalled a positive swing in Q2 and sustained this momentum into the latter half of 2024/25.

Teejay's long-term strategic focus on expanding synthetic manufacturing capabilities and diversifying its product portfolio continued to deliver strong results. We achieved consistent growth in the higher-margin synthetic segment and generated revenue from newly developed products. These positive outcomes were driven by optimising our product and customer mix, prioritising customer-centric innovation and development, building relationships with new clients, and expanding our geographic footprint.

While the Group achieved sales and revenue growth during the year, erosion of consumer purchasing power and persistent inflation in some of our primary markets contributed to continuous price-pressure from customers; resulting in reductions to Average Selling Price (ASP). Similarly, the effects of Rupee-appreciation against the USD during the year, resulting in translation and transaction losses, had a negative effect on our overall revenue performance

With a stable revenue base exceeding LKR 17 Bn. over the past three quarters, Teejay is well-positioned to pursue margin enhancement, further diversification, and increased investment in R&D and innovation-particularly within the value-added product segment as we move into FY 2025/26.

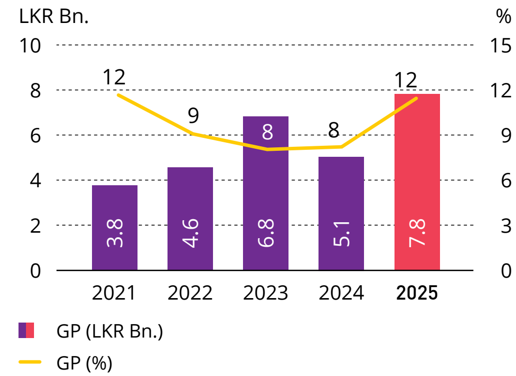
PROFITABILITY



We successfully executed a number of active measures that capitalised on conducive market conditions, allowing for improvement in the Group's sales-mix and profitability in 2024/25. The transformation journey we've embarked on has significantly influenced our cost structure across all aspects, including raw materials and capacity utilisation. Strategic business optimisations in inventory management, capacity utilisation, and operational efficiency have led to overall cost benefits. Additionally, a shift in product mix toward more profitable segments has further contributed to enhances in profitability during the year.

Profitability metrics surged to record highs in 2024/25, reversing the previous year's decline and regaining the Group's positive trajectory. Profit Before Tax (PBT) grew by almost 160% to surpass LKR 4.0 Bn., and Profit After Tax (PAT) rose by 151% to reach LKR 2.79 Bn.

GROSS PROFIT



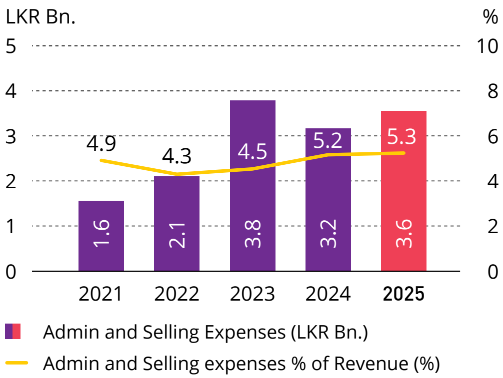
The Group achieved a remarkable gross profit of LKR 7.8 Bn., reflecting 53% growth year-on-year. This is a very strong performance for the Group, achieved through effective utilisation of production capacity and supported by stabilised yarn prices. We also achieved a gross profit margin of 12%, the highest level in five years. reflecting the impact of operational efficiency measures, successful cost-management, product transformation and product development strategies.

Our strategic focus on pursuing operational excellence played a role in reducing wastage, increasing overall efficiency, and achieving significant cost reductions through execution of critical projects. Similarly, our extended multinational presence and increased capacity utilisation allowed the Group to successfully leverage economies of scale, and achieve efficiency improvements that helped

FINANCIAL CAPITAL

control production costs. Beneficial electricity tariff reductions in Sri Lanka, and steadying of industrial electricity rates in India, also contributed to driving down operational costs across the Group.

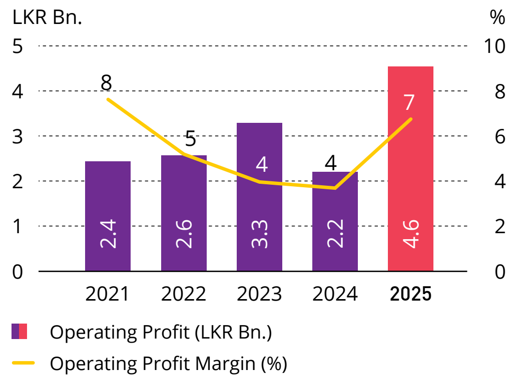
OPERATING EXPENSES



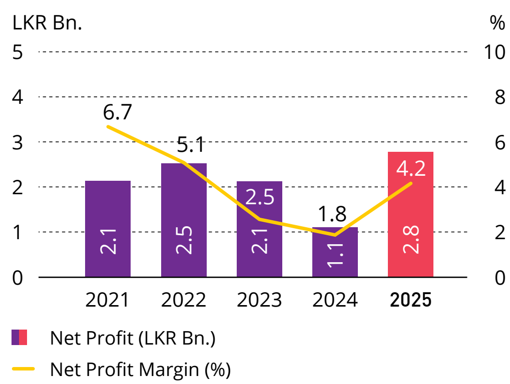
Administration and distribution expenses rose in line with revenue growth, driven by higher sales volumes, increased distribution costs, and greater investments in branding, promotional initiatives, market development, and the expansion of operational activities. Similarly, IT-related software expenses grew alongside the scaling of core business functions aimed at enhancing operational efficiency. The Group also encountered challenges due to the appreciation of the Rupee against the US Dollar and an increase in LKR-denominated expenditures , nevertheless the impact stemming from Indian Rupees (INR) negated the depreciation overall impact.

Despite these rising expenses, the Group's operating ratio (operating costs as a percentage of revenue) held steady at 5%. An achievement that was aided by reduced fuel cost costs and levelling out of domestic expenses as inflation slowed down and Sri Lanka's economy stabilised post-crisis.

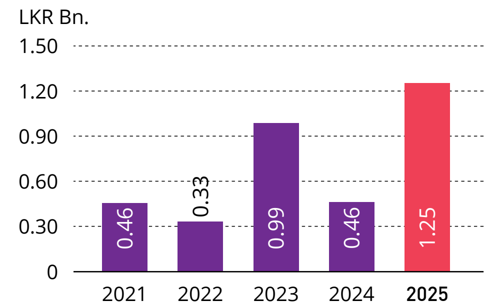
OPERATING PROFIT



The Group reported strong growth in operating profit, reaching a record high of LKR 4.56 Bn., up 105% from LKR 2.21 Bn. the previous year. Our operating profit margin, accordingly, regained ground to reach 7% – nearing pre-economic crisis levels. The Group's net profit, or profit after tax, also grew by 151% to reach LKR 2.79 Bn. in 2024/25.



TAX EXPENSE AND STRATEGY



Income Tax Expense increased to LKR 1.25 Bn., commensurate with revenue growth posted during the year under review.

Tax Strategy for Sri Lanka

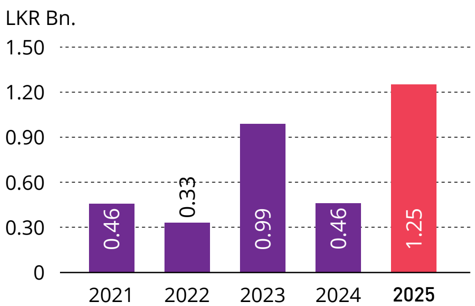
Teejay Lanka PLC's tax planning encompasses meticulous calculation and preparation of tax returns, covering Corporate Tax, VAT, SVAT, WHT, Stamp Duty, and other revenue taxes; ensuring strict adherence to legislative requirements and timely submission well before due dates. To enhance compliance and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

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

FINANCIAL CAPITAL

Tax Strategy for India

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

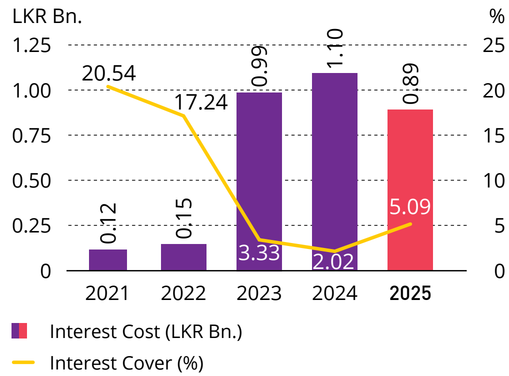


FINANCIAL POSITION

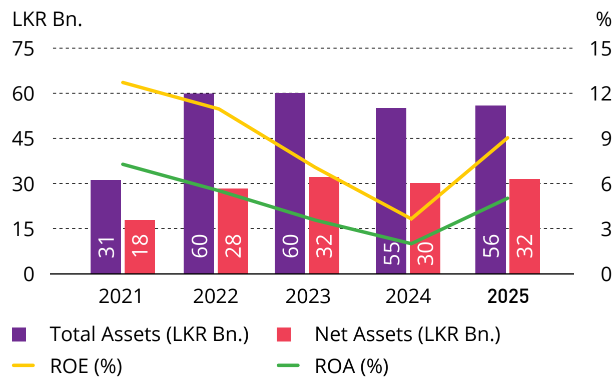
The resilience of our financial position was buoyed by the Group's exceptional operational performance in 2024/25, reflected in strengthening of our balance sheet and improvement across a number of financial health metrics.

Our Total Assets grew marginally to LKR 56 Bn. while Total Debt reduced to LKR 7.5 Bn. Strong cashflow generated by our core business continues to provide a robust foundation for the Group's financial position.

Interest costs continued to decline year-on-year, due to supportive monetary policies and resultant rate reductions; while boosted operating profits contributed to improvement of solvency and strengthening of our interest cover ratio to 5.10. When considered alongside our reduction in Total Debt, this provides Teejay a strong position from which to make strategic decisions for future growth.



CAPITAL EFFICIENCY

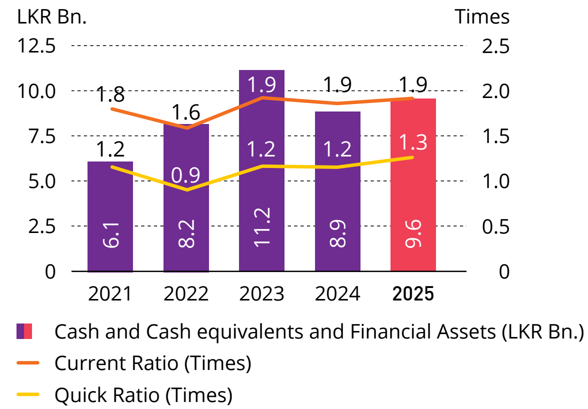


Strong performance during the year, buoyed by supportive policy measures, high capacity utilisation, and improved order volumes contributed to a significant improvement to the Group's ratios.

Teejay Lanka PLC had initially benefited from 14% Income Tax until 30 Sep 2022, thereafter the Corporate Tax rate was increase to 30%. Despite this, we continued to prudently allocate resources, manage asset utilisation, and leverage financial capacity to maximise the productivity of our capital base.

Return on Assets (ROA) and Return on Equity (ROE) ratios saw improvements in 2024/25, to 5% and 9% respectively. Return on Capital Employed (ROCE) also strengthened significantly to 12% from 5% the previous year.

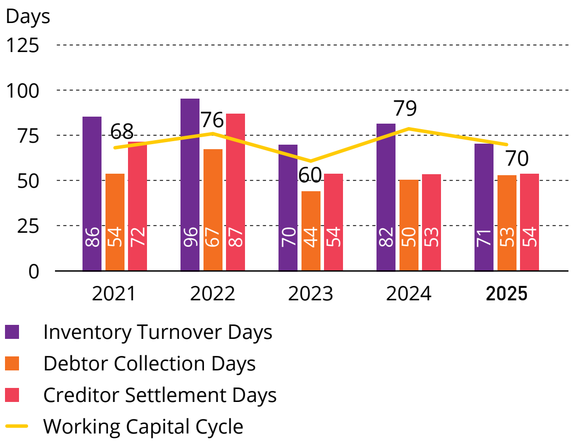
LIQUIDITY



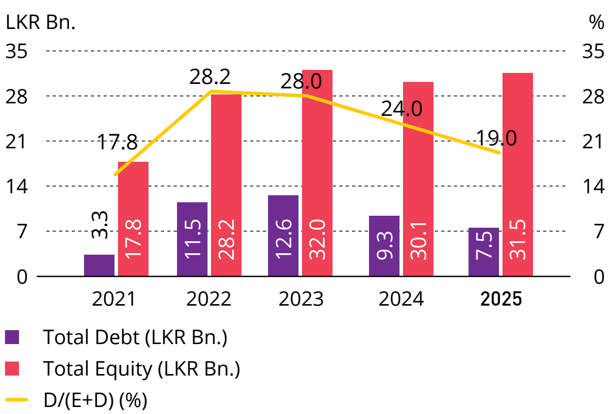
Cash and cash equivalent increase by 8% during the year under review to reach LKR 9.6 Bn. Strong operating cash flow was made possible through efficient management of working capital despite appreciation of the Sri Lankan Rupee.

Demonstrating stable operational liquidity and efficient management of working capital and treasury functions, the Group's current ratio remained robust, finishing 2024/25 at a healthy 1.94, up from 1.88 in the previous year. Likewise, the quick ratio exhibited a positive upward trend, reaching a 5-year high of 1.3 by year-end.

FINANCIAL CAPITAL

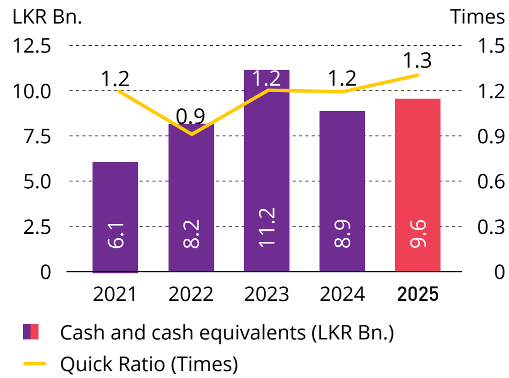


LEVERAGE



Our gearing ratio, also known as the debt-to-equity (D/E) ratio, maintained its stable trend from 2022, with no significant new borrowings during the year. We closed the 2024/25 period with a gearing ratio below 19%, reflecting a healthy and stable financial position achieved through timely debt repayments, effective capital allocation, and strong treasury management initiatives. With consistent cash inflows, Teejay is well-positioned to support future growth.

Cashflow Management



Investor Value Creation

Exceptional financial results and strong performance across a host of investor metrics, coupled with the Group's forward-thinking multi-location strategy, has strengthened our long-term value proposition for investors.

- We prioritised market growth by effectively leveraging the macro economic opportunities – enhancing our customer base by nurturing relationships with new and existing clients, and strengthening our supply chain agility and diversification with a growing presence in key regions like Egypt, Bangladesh, and Indonesia.
- Our focus on profitability growth saw refinement of Teejay's product portfolio, encompassing cotton, synthetics, prints, fleece, and jacquards, in order to cater to a broader spectrum of market demands. Investments in product innovation and R&D through INSCOPE continue to uplift our product capabilities and support diversification of our product mix.
- A strong emphasis on sustainability not only aligns our efforts with global expectations but also provides a competitive edge in terms of quality, cost, and complexity compared to other fabric manufacturers.
- We reinforced our foundational risk mitigation framework, ERM strategies, and governance structure; and improved incorporation of digitalisation through our operations and business processes.

We are working with external consultants and experts to identify, analyse, and incorporate within our risk register; the specific physical and transition risks related to climate change such as extreme weather events and potential carbon pricing regulations. These risks are also being assessed using internal scenario analysis to understand their potential financial implications. In order to suitably address these risks, we employ a number of strategies including business continuity planning, risk mitigation measures such as investing in insurance and physical protection for buildings and equipment, and informing our investment decisions based on both financial and environmental factors. In meeting our commitment to shareholders, for transparent and accurate financial reporting, we are working to align with the International Financial Reporting Standards (IFRS) S1 and S2 guidance.

Being among the market capitalisation leaders listed on the Colombo Stock Exchange, Teejay commenced reporting under IFRS S1 and S2 from the 2024 financial year, following the launch of this initiative last year and obtain assurance from the 3rd party.

We believe that aligning with these standards will enhance the objectivity, consistency, and comparability of our disclosures, offering shareholders a more comprehensive and contextual understanding of our performance and future outlook.

FINANCIAL CAPITAL

GRI 201-2

Financial implications of managing our sustainability related risks and opportunities

Impact topic	Sustainability related risk and opportunity	Commitments, governance and strategy	Mitigation activities	Page number	Financial impact of strategy and mitigation activities
Climate Change	Physical Risks of Climate Change Risks to operations arising from natural disasters and increased severity of extreme weather conditions such as floods – acute/event driven. In the longer run reduction in river water level due to drought and rising water cost – chronic.	Build climate resilience by adapting operations to a changing climate and severe weather patterns. Striving to build robust and multiple supply chain options. Implement strategies to reduce overall water consumption and minimise the use of groundwater sources.	Disaster Recovery Plans, BCPs put in place, drills and relevant insurance covers obtained. Implement water conservation strategies within manufacturing processes to enhance efficiency and sustainability. Engage in reforestation initiatives to restore ecological balance and enhance carbon sequestration.	119 to 135	Insurance premium for natural perils is LKR 51 Mn. LKR 0.1 Mn. invested for Fire Drills and Training. LKR 1.5 Mn. maintenance of Fire protection system and Fire Fighting equipment.
	Transition Risks of Climate Change Risks arising to operations in its efforts to transition to a low carbon operation.	Transitioning to a low-carbon business model through investment in suitable and appropriate technology and R&D efforts within manufacturing operations. Investment in Renewable energy projects considering both impact investing and financial payback. Phasing off non-renewable energy sources and shifting to national grid and renewable energy.	Investment in Renewable energy projects and promote the adoption of renewable energy technologies. SBTi Commitments. Write-offs and early retirement of existing assets due to regulatory/ voluntary commitments and policy changes. Phasing out non-renewable energy sources. Investments made in Energy Audits, Energy efficient equipment.	119 to 135	LKR 2 Mn. invested in tree plantation projects named "To Earth with Love Biodiversity Projects" LKR 4 Mn. invested for energy audit LKR 26 Mn. invested for Low Carbon Fuel LKR 7 Mn. invested for GHG Emission Analysis. LKR 776 Mn. is planning invest on renewable sources/Sustainable bio mas for energy generation in 2025/26 LKR 9 Mn. invested for Utility Monitoring Mechanism

FINANCIAL CAPITAL

Impact topic	Sustainability related risk and opportunity	Commitments, governance and strategy	Mitigation activities	Page number	Financial impact of strategy and mitigation activities
Energy Usage	Increased energy consumption and costs. Abrupt and unexpected shifts in energy costs.	Enhance equipment energy efficiency through strategic investments and sustainable procurement practices that prioritise financial viability, energy conservation, and emission reduction.	Investment in renewable energy sources Implementation of energy-saving technologies across operations. Promotion of energy conservation practices among employees.	119 to 135	LKR 792 Mn is planning to invest on renewable PV Solar Project. LKR 4 Mn. invested on IREC Purchase – 8,000 Mwh LKR 12 Mn. invested for LED lights installation.
Effluent Discharge	Risks of poor-quality effluent discharge	Enhance effluent treatment efficacy through Effluent Treatment plants, conducting continuous monitoring of discharge parameters, and ensuring compliance with environmental standards.	Investments in upgrading of Effluent Treatment plants, staff training on monitoring, risk audits, ensuring spare parts are maintained onsite for critical ETP parts	119 to 135	LKR 8.3 Mn. invested on Matter Microfiber Elimination Project. Investment made for water treatment and recycling system modification for LKR 2 Mn. LKR 2 Mn. invested for Water Online Monitoring System. LKR 0.4 Mn. paid for water audit and assessment. LKR 0.2 Mn. invested in IREA LAB Accreditation. LKR 1,347 Mn. invested on machineries and LKR 49 Mn. invested on ETP Clarifier.
Waste Management	Risk of environmental pollution and regulatory penalties resulting from excessive waste generation and improper disposal practices.	Implement comprehensive waste minimisation strategies and ensure consistent waste segregation practices across the Group. Promote responsible waste management and segregation.	Establish and implement waste reduction and segregation programs. Focused on waste reduction process routes in production.	119 to 135	LKR 155 Mn. incurred for Sludge, solid space required waste, bottom ash and chemical disposal. LKR 5.5 Mn. invested on sludge dryer modification. Investment made for circular economy initiative value enhancement of waste of LKR 1.5 Mn. Investment made for modification of waste storage location of LKR 18 Mn. Incurred LKR 0.6 Mn. for waste disposal activities under the waste to wealth.

FINANCIAL CAPITAL

Impact topic	Sustainability related risk and opportunity	Commitments, governance and strategy	Mitigation activities	Page number	Financial impact of strategy and mitigation activities
Occupational Health and safety	Employee injuries and illnesses leading to decreased productivity and potential legal expenses.	Foster a safe and healthy work environment by implementing a comprehensive Health and Safety Management System (HSMS), establishing effective monitoring mechanisms, providing regular staff training, and ensuring the availability and use of appropriate Personal Protective Equipment (PPE).	Conduct employee safety training programs (hazard identification, safe work procedures). Investments made in PPE for staff. Implementation of a robust safety management system with regular inspections and incident reporting. Regularly conducts safety audits and risk assessments.	101 to 114	Conducted LKR 1 Mn. Employee Safety Training Programs. Investment made for PPE's for Staff worth of LKR 19.4 Mn. Implemented safety management system worth of LKR 15 Mn for activities, maintenance and consumables. Conducted safety audits, assessments, and certification programs totaling LKR 12 Mn.
Staff Training and Retention	High employee turnover resulting in the loss of valuable knowledge and expertise	Attract, develop, and retain top talent by implementing structured job rotation programs, targeted progression planning, and succession planning for key employees, complemented by specialised training initiatives tailored to focused employee groups	Offer competitive compensation and benefits packages. Provide ongoing skills development opportunities (e.g., training programs, mentorship programs). Foster a positive and inclusive work environment with strong employer branding and employee engagement initiatives. The second intake of the Teejay Management Trainee Program commenced in June 2024. Identification of critical employees and development of succession plan.	101 to 114	LKR 30.6 Mn. Invested for staff training and mentorship program during the financial year. LKR 1.6 Mn. paid by the company for professional memberships and affiliations on behalf of employees. Allocated LKR 0.6 Mn. for continuous professional development training for staff. LKR 0.2 Mn. paid for leadership coaching. LKR 1.5 Mn. has been allocated for employee educational loans. Allocated of LKR 33 Mn. has been made for the annual excursion. LKR 85 Mn. has been allocated for Long Service Awards, recognising the dedication and contributions of employees.

FINANCIAL CAPITAL

Impact topic	Sustainability related risk and opportunity	Commitments, governance and strategy	Mitigation activities	Page number	Financial impact of strategy and mitigation activities
Business Ethics and Governance	Risks of corruption, discrimination, and data security breaches	Uphold the highest ethical standards and ensure robust governance practices through a zero-tolerance policy for misconduct, cascading accountability across all organisational levels. Implement a transparent whistleblower procedure supported by an active Whistleblower Committee to foster a culture of integrity and compliance. Strong cyber security framework	A comprehensive anti-corruption policy that includes clear reporting procedures and mechanisms in placed. A comprehensive whistleblowing policy, workplace anti abuse & harassment policy in placed and promptly investigate reported concerns. Investments in data security infrastructure (e.g firewalls, encryption) and employee training on cyber security best practices and personal data protection act No 9 of 2022. Appointment of Data Protection Officer (DPO).	150 to 184	Awareness session for LKR 0.1 Mn. for Anti-Corruption and whistleblowing workshop. LKR 10 Mn. annual subscription paid for advanced Firewall and encryption services. LKR 5 Mn. allocated for cutting-edge Advanced Email protection. LKR 7.7 Mn. incurred for Endpoint Security Anti Virus protection. LKR 7 Mn. paid for Secure Access Service Edge (SASE). Employee Training for LKR 0.4 Mn. for employee awareness of cyber threats
Gender diversity and non-discrimination	Non-diverse workforce resulting in inability to attract talent and meet customer requirements on gender diversity	Established clear Harassment Prevention Mechanisms Promote Women in Leadership	Develop and enforce an Abuse & Harassment Free Workplace Policy for the group. Encourage and support women in taking on leadership roles through mentorship and training programs (SheCan programme & Sheleads training series)	101 to 114	LKR 3.5 Mn. invested for gender diversity initiatives.

FINANCIAL CAPITAL

	Metric	Group 2025	Group 2024
P/E ratio	No. of times	13.2	24.3
Price to book value	No. of times	1.17	0.89
Return on equity (ROE)	%	9	4
Earnings Yield	%	7.6	4.1
Operating profit margin	%	6.8	3.6
Return on assets (ROA)	%	5.0	1.9
Interest cover	No. of times	5.1	2.0
Dividend yield	%	5	2.0
Dividend payout	%	61	48.4
Dividend cover	No. of times	1.6	2.1

INVESTOR RELATIONS

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

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

FINANCIAL CAPITAL

Engaging Our Investors

We follow processes for transparent, accurate, and timely communication with our valued investors, guided by our comprehensive **Investor Relations** programme. Teejay utilises a number of channels to engage investors and disseminate relevant corporate information.

- **Shareholder engagement**
  - Annual General Meetings (AGMs)
  - One-on-One Meetings: Institutional Investor interactions
- **Financial reporting and disclosures**
  - Publication of Integrated Annual Repots
  - Publication of Quarterly Interim Reports
  - Regulatory Filings/Announcements to the CSE
- **Direct communications**
  - Quarterly Earnings Calls
  - Investor Presentations
  - Press Release
- **Digital communications**
  - Corporate Website
  - Social Media
  - Email
- **ESG and sustainability**
  - Integrated Reporting
  - Press Release
  - Updates on social media

Investor relation

Shareholder engagement
- Annual General meetings (AGMs)
- One–on–one Meetings
- International investor interactions

Sustainability reporting
- Integrated reporting
- Press release
- Uploaded on social media

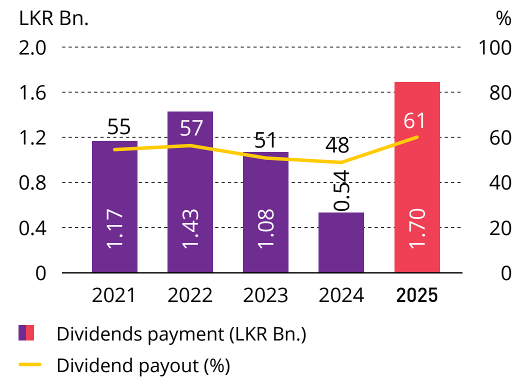
Direct communications
- Quarterly earnings calls
- Investor presentations

Digital communications
- Corporate website
- Social media
- Email

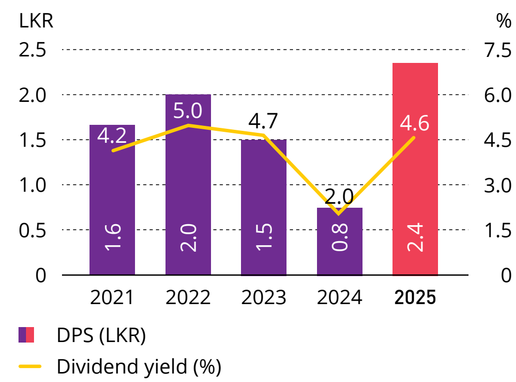
Financial reporting and disclosures
- Publication of integrated annual reports
- Publication of quarterly interim reports
- Regulatory findings/ Announcements to the CSE

CAPITAL MARKET PERFORMANCE

DIVIDEND AND DIVIDEND PAYOUT

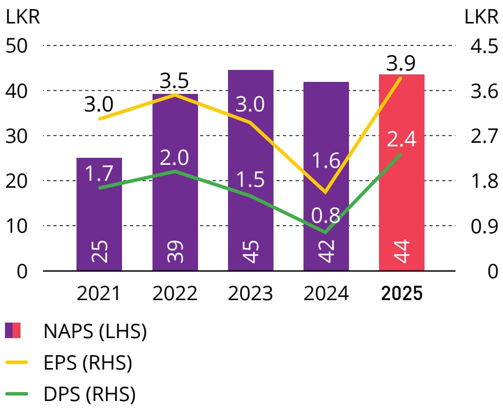


DIVIDEND YIELD VS DPS



FINANCIAL CAPITAL

NAPS, EPS, AND DPS



FUTURE OUTLOOK

Looking ahead, Teejay Lanka PLC is strategically positioned for sustained growth and enhanced value creation, given a conducive operating landscape with a resurgent economic and political environment in Sri Lanka, stabilising of the global economy, improved international tariff systems, and increasing customer confidence. However, ongoing geopolitical tension, continuance of out-migratory pressures on Sri Lanka's capital market, taxation issues related to deemed exports, and other potential issues would exert a negative effect on our financial outlook.

We are well set to take advantage of market opportunities through our proactive strategy, which focuses on market expansion through new customer relationships and expansion of our footprint into regions like Egypt, Indonesia, and Bangladesh to leverage a China+1 shift to other supplier regions. The Group has already found success in optimising a multinational presence to take advantage of economies of scale, enhance cost efficiencies through operational excellence, and implement waste reduction other and business-critical projects.

Innovation remains central to our strategy as we plan significant investments to expand synthetic capabilities and uplift our product portfolio with advanced fleece, jacquard fabrics, and finer gauges. We expect our customer-focused innovation channel – including initiatives like the Digital Fabric Library and deeper capabilities in novel fabrics and smart textiles, unlocked through R&D, to drive market leadership. Newly implemented strategies for digitalising our warehousing function, optimising capacity, and identification of optimum loading capacities, hold immense promise to increase efficiency and further reduce operational costs.

Investing in our people and capabilities remains a key priority as we look to the future. As we expand our presence in Bangladesh, Indonesia and Egypt, we are also introducing more flexible work arrangements and enhancing system connectivity through unified platforms to enrich the overall employee experience

Our strategic journey is integrated with a commitment to sustainable manufacturing, as we phase out fossil-fuel sources and accelerate investments in solar power infrastructure and set ambitious climate and environmental-management targets.

The next few years would also see Teejay continue to scale up digitalisation integration across our operations, including with sound business-cases for AI, IoT, and data analytics. With investments made in 2024/25, including a newly improved ERP system, we expect these improvements to enhance efficiency, unlock additional advantages in manufacturing, and ensure our long-term resilience and competitiveness.

We are exploring strong customer engagement through e-commerce platforms, and working to improve vendor partnering across the supply chain. These ventures, and onboarding of other advanced technologies such as 3D-modeling and immersive user-customisation and integration promise to upgrading our customer-experience offering as we directly involve them in our processes – from product conception to delivery.

FINANCIAL CAPITAL

VERTICAL ANALYSIS OF INCOME STATEMENT – GROUP

	2025		2024		2023	
Income Statement	LKR '000	%	LKR '000	%	LKR '000	%
Revenue	67,036,057	100	60,733,952	100	84,037,126	100
Cost of sales	(59,195,423)	(88)	(55,677,311)	(92)	(77,194,229)	(92)
Gross profit	7,840,634	12	5,056,641	8	6,842,897	8
Other net income	526,697	1	203,167	0	531,632	1
Distribution expenses	(571,350)	(1)	(579,776)	(1)	(610,340)	(1)
Administrative expenses	(2,986,828)	(4)	(2,589,737)	(4)	(3,185,376)	(4)
Net impairment reversal/(provision) on financial assets	(258,549)	0	122,903	0	(283,737)	0
Operating profit	4,550,604	7	2,213,198	4	3,295,076	4
Net finance income	(503,230)	(1)	(640,819)	(1)	(178,602)	0
Profit before taxation	4,047,374	6	1,572,379	3	3,116,474	4
Current taxation	(1,254,353)	(2)	(462,843)	(1)	(989,743)	(1)
Profit after taxation	2,793,021	4	1,109,536	2	2,126,731	3

FINANCIAL CAPITAL

HORIZONTAL ANALYSIS OF INCOME STATEMENT – GROUP

	2025		2024		2023	
Income Statement	LKR '000	%	LKR '000	%	LKR '000	%
Revenue	67,036,057	10	60,733,952	(28)	84,037,126	–
Cost of sales	(59,195,423)	6	(55,677,311)	(28)	(77,194,229)	–
Gross profit	7,840,634	55	5,056,641	(26)	6,842,897	–
Other income net	526,697	159	203,167	(62)	531,632	–
Distribution expenses	(571,350)	(1)	(579,776)	(5)	(610,340)	–
Administrative expenses	(2,986,828)	15	(2,589,737)	(19)	(3,185,376)	–
Net impairment reversal/(provision) on financial assets	(258,549)	(310)	122,903	(143)	(283,737)	–
Operating profit	4,550,604	106	2,213,198	(33)	3,295,076	–
Net finance income	(503,230)	(21)	(640,819)	259	(178,602)	–
Profit before taxation	4,047,374	157	1,572,379	(50)	3,116,474	–
Current taxation	(1,254,353)	171	(462,843)	(53)	(989,743)	–
Profit after taxation	2,793,021	152	1,109,536	(48)	2,126,731	–

FINANCIAL CAPITAL

VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION – GROUP

	2025		2024		2023	
	LKR '000	%	LKR '000	%	LKR '000	%
ASSETS						
Non-current assets						
Property, plant and equipment	17,270,048	31	18,142,428	33	20,258,577	34
Right-of-use assets	1,575,062	3	1,681,152	3	1,740,026	3
Deferred tax assets	1,947,104	3	2,239,540	4	1,856,016	3
Other non-current assets	1,476,202	3	2,033,857	4	2,103,132	4
Total non-current assets	22,268,416	40	24,096,977	44	25,957,751	43
Current assets						
Inventories	11,332,129	20	11,645,818	21	13,382,977	22
Trade and other receivables	11,920,512	21	9,773,644	18	9,025,553	15
Current tax receivables	730,058	1	614,466	1	496,702	1
Other financial assets	4,019,419	7	1,668,451	3	3,281,426	5
Cash and cash equivalents	5,584,038	10	7,233,344	13	7,913,808	13
Total current assets	33,586,156	60	30,935,723	56	34,100,466	57
Total assets	55,854,572	100	55,032,700	100	60,058,217	100
Equity						
Capital and reserves						
Stated capital	4,582,871	8	4,442,234	8	4,442,234	7
Exchange equalisation reserve	15,393,591	28	15,752,202	29	18,047,539	30
Share option scheme	186,667	0	181,691	0	153,491	0
Retained earnings	11,366,369	20	9,754,037	18	9,400,088	16
Total equity	31,529,498	56	30,130,164	55	32,043,352	53

FINANCIAL CAPITAL

	2025		2024		2023	
	LKR '000	%	LKR '000	%	LKR '000	%
LIABILITIES						
Non-current liabilities						
Borrowings	2,531,225	5	4,139,942	8	6,238,676	10
Lease liabilities	1,222,829	2	1,229,391	2	1,340,989	2
Deferred tax liabilities	2,150,800	4	2,213,454	4	2,363,673	4
Retirement benefit obligations	1,122,028	2	875,378	2	568,559	1
Total non-current liabilities	7,026,882	13	8,458,165	15	10,511,897	18
Current liabilities						
Trade and other payables	12,064,278	22	10,866,322	20	10,555,776	18
Current tax liabilities	212,640	0	281,655	1	489,789	1
Borrowings	4,940,980	9	5,183,782	9	6,343,276	11
Lease liabilities	80,294	0	112,612	0	114,127	0
Total current liabilities	17,298,192	31	16,444,371	30	17,502,968	29
Total liabilities	24,325,074	44	24,902,536	45	28,014,865	47
Total equity and liabilities	55,854,572	100	55,032,700	100	60,058,217	100

FINANCIAL CAPITAL

HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION – GROUP

	2025		2024		2023	
	LKR '000	%	LKR '000	%	LKR '000	%
ASSETS						
Non-current assets						
Property, plant and equipment	17,270,048	(5)	18,142,428	(10)	20,258,577	–
Right-of-use assets	1,575,062	(6)	1,681,152	(3)	1,740,026	–
Deferred tax assets	1,947,104	(13)	2,239,540	21	1,856,016	–
Other non-current assets	1,476,202	(27)	2,033,857	(3)	2,103,132	–
Total Non-current assets	22,268,416	(8)	24,096,977	(7)	25,957,751	–
Current assets						
Inventories	11,332,129	(3)	11,645,818	(13)	13,382,977	–
Trade and other receivables	11,920,512	22	9,773,644	8	9,025,553	–
Current tax receivables	730,058	19	614,466	24	496,702	–
Other financial assets	4,019,419	141	1,668,451	(49)	3,281,426	–
Cash and cash equivalents	5,584,038	(23)	7,233,344	(9)	7,913,808	–
Total Current assets	33,586,156	9	30,935,723	(9)	34,100,466	–
Total assets	55,854,572	1	55,032,700	(8)	60,058,217	–
Equity						
Capital and reserves						
Stated capital	4,582,871	3	4,442,234	0	4,442,234	–
Exchange equalisation reserve	15,393,591	(2)	15,752,202	(13)	18,047,539	–
Share option scheme	186,667	2	181,691	18	153,491	–
Retained earnings	11,366,369	17	9,754,037	4	9,400,088	–
Total equity	31,529,498	5	30,130,164	(6)	32,043,352	–

FINANCIAL CAPITAL

	2025		2024		2023	
	LKR '000	%	LKR '000	%	LKR '000	%
LIABILITIES						
Non-current liabilities						
Borrowings	2,531,225	(39)	4,139,942	(34)	6,238,676	–
Lease liabilities	1,222,829	(1)	1,229,391	(8)	1,340,989	–
Deferred tax liabilities	2,150,800	(3)	2,213,454	(6)	2,363,673	–
Retirement benefit obligations	1,122,028	28	875,378	54	568,559	–
Total non-current liabilities	7,026,882	(17)	8,458,165	(20)	10,511,897	–
Current liabilities						
Trade and other payables	12,064,278	11	10,866,322	3	10,555,776	–
Current tax liabilities	212,640	(25)	281,655	(42)	489,789	–
Borrowings	4,940,980	(5)	5,183,782	(18)	6,343,276	–
Lease liabilities	80,294	(29)	112,612	(1)	114,127	–
Total current liabilities	17,298,192	5	16,444,371	(6)	17,502,968	–
Total liabilities	24,325,074	(2)	24,902,536	(11)	28,014,865	–
Total equity and liabilities	55,854,572	1	55,032,700	(8)	60,058,217	–

FINANCIAL CAPITAL

QUARTERLY FINANCIAL INFORMATION

	Quarter 1 30 June 24 LKR '000	Quarter 2 30 September 24 LKR '000	Quarter 3 31 December 24 LKR '000	Quarter 4 31 March 2025 LKR '000
Revenue	15,392,521	17,280,011	17,115,663	17,247,862
Profit before tax	273,706	1,004,447	1,415,597	1,353,623
Tax	(115,405)	(248,365)	(437,301)	(465,196)
Profit after tax	158,301	756,082	978,296	900,084
Non-current assets	23,986,996	23,682,337	22,616,951	22,262,751
Current assets	32,621,138	31,997,676	33,797,379	33,896,641
Total assets	56,608,134	55,680,013	56,414,330	55,159,641
Equity	30,448,844	30,436,379	30,864,635	31,529,246
Non-current liability	9,695,691	8,257,699	7,298,748	6,999,419
Current liability	16,463,599	16,985,935	18,250,947	17,630,976
Total equity and liabilities	56,608,134	55,680,013	56,414,330	56,159,641
EPS	0.22	1.27	2.62	3.87
Net asset per share	42.20	42.19	42.78	43.70
Closing market price	40.5	40.50	52.40	51.00
Highest price	42.2	41.90	54.00	59.00
Lowest Price	36.6	37.00	40.00	45.00
Float adjusted market capitalisation	11,679,598,332	11,695,147,659	15,139,340,194	14,715,074,676
Share trading information				
Number of transactions	2,760	2,263	5,621	6,473
Number of shares traded	18,223,313	14,390,851	34,114,137	53,596,595
Value of shares traded	704,702,635	574,733,612	1,555,026,140	2,836,675,270

OUR TRANSFORMATIVE STRATEGY

As Teejay marks 25 years in business, we reaffirm our commitment to strategic growth, strengthening our core mission and competitive edge. We continue to invest in the potential and well-being of our team, while strengthening our social capital and prioritising sustainability in our operations. Our commitment to comprehensive sustainability reporting, which considers social and environmental impact alongside our dynamic operating context, has enabled us to accurately evaluate performance, and identify areas for improvement.

This continuous evolution is driven by our unwavering focus on capacity expansion, product innovation, environmental sustainability, social responsibility, and robust governance and compliance. These elements are crucial in propelling us towards our immediate goal: achieving a USD 300 Mn. company valuation by FY 2025/26. With these strategic pillars guiding us, Teejay is progressing towards industry leadership in textile manufacturing.

Furthermore, this approach has empowered Teejay to effectively navigate external challenges and unlock further growth and success. Ultimately, by staying true to our founding mission and embedding adaptability and innovation into our corporate identity, we are strengthening our commitment to generating long-term value for all stakeholders.

Focus Area	Key Strategic Focus	Business Relevance	Progress in 2024/25
Sustainable Manufacturing	New product development Sustainable manufacturing Digitalisation	Innovate and expand product range. Elevate existing product value through sustainable sourcing and practices. Integrate technology for operational efficiency.	Investment in new machinery and technology improving the product capabilities and efficiency Commencing automation to optimise the production efficiency.
Innovation in Fabric and Textiles	Product transformation Market trends and customer needs Competitive landscape Business strategy and goals Sustainability and social responsibility Customer Centricity	Anticipate market trends and customer needs to identify emerging opportunities. Enhance competitive market standing. Optimise customer experience by addressing pain points and driving continuous improvement. Expand market reach and diversify offerings to capture new customer segments. Align with ethical values to serve the conscious consumer market.	Improving our sustainable product range. Streamlining innovation process for Blue Sky Initiatives. Expansion of synthetic and functional fabric portfolio. Material innovation and customer core creation.

OUR TRANSFORMATIVE STRATEGY

Focus Area	Key Strategic Focus	Business Relevance	Progress in 2024/25
People	Diversity, Equity and Inclusion (DEI)	Prioritise employee health and safety to maximise performance. Cultivate an inclusive workplace that promotes collaboration and synergy.	Concluding the phase 1 of female leadership development programme (SheLeads) Enhancing our skill up E learning platform. Introducing new training programme to build future ready capabilities such as Gen AI, Data Visualisation, and Advance training on AI.
Customers	Supply chain: product traceability Product innovation	Diversify and grow customer base. Optimise output to maximise production capacity. Expand and enhance product offerings.	International event participation Expansion into new product segment
Environment Stewardship	ESG governance Corporate Social Responsibility (CSR)	Improve waste and water management efficiency. Optimise material usage. Reduce Group carbon footprint through offsetting initiatives. Achieve 100% renewable energy transition. Contribute to sustainable community development. Enhance employee community well-being.	Commissioning of a Pipe Natural Gas (PNG) unit, reducing reliance on higher-emission fuels. Launch of a coal phase-out project valued at USD 2.645 Mn., coupled with the gradual replacement of Heavy Fuel Oil (HFO) with cleaner alternatives, thereby improving environmental and operational performance. Investment of USD 2.7 Mn. in a 7 MW rooftop solar project, significantly lowering Scope 2 emissions and dependence on grid electricity. Procurement of approximately 8,000 MWh of IREC certified renewable electricity from mini-hydro sources, diversifying the clean energy portfolio.

OUR TRANSFORMATIVE STRATEGY

OUR COM MITMENT TO SUSTAINABLE VALUE CREATION

GRI 2-23

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

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

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

SUSTAINABILITY PERFORMANCE AND RISK MANAGEMENT

- **Key Sustainability Performance Indicators (KSPIs):** Material topics form the basis for measuring our triple bottom line performance through KSPIs.
- **Enterprise Risk Management (ERM):** SRROs are integrated into the Group's ERM process, including risk ratings, mitigation strategies, and assigned ownership.
- **Monitoring and Reporting:** We conduct regular monitoring, analysis, and reporting of sustainability impacts and ESG risks/opportunities to inform senior management decision-making.
- **Risk Governance:** SRROs are incorporated into our Risk Register, ensuring effective management through our risk governance framework.

Our commitment to sustainability is reflected in our policies

- Anti-corruption
- Environmental stewardship
- Chemical management
- Energy and emissions management
- Water management
- Waste management
- Workplace, occupational health, and safety
- Training and development
- Anti-abuse and harassment
- Child labour
- Anti-forced labour
- Product quality
- Supply chain and procurement

OUR TRANSFORMATIVE STRATEGY

SUSTAINABILITY MANAGEMENT FRAMEWORK (SMF)

Step 1

Identify stakeholder concerns

Teejay identifies material sustainability impact topics through stakeholder assessments and internal ESG risk analysis, considering external dependencies. These findings, which include Sustainability-Related Risks and Opportunities (SRROs) for investors, inform the report's disclosures. Teejay pursues external verification of these ESG topics through a third party.

Step 2

Policy and framework

Our sustainability policy drives organisational processes and practices. The company has implemented key ESG policies which are regularly reviewed together with management approaches. The Group's risk and control division integrates SRROs into risk registers to manage risks through assigned ratings, mitigation, and ownership, as part of our risk governance process.

Step 3

Data tracking mechanism

Teejay utilises a Sustainability Performance Analyser (SPA), to track key ESG data. This tool captures relevant sustainability and risk indicators quarterly, providing management with actionable insights through user-friendly dashboards for both the Group and individual locations. The sustainability division utilises this data to address issues and continuously improve ESG performance and risk mitigation.

Step 4

Benchmarking and variance

We regularly benchmark our performance against competitors and industry best practices and standards to ensure realistic targets and achieve our sustainability goals.

Step 5

Sustainability initiatives

Teejay drives continuous sustainability improvement through departmental initiatives. We aim for operational efficiency, cost savings, and increased stakeholder engagement, while assessing SRROs and mitigating environmental, social, and governance risks, including Climate Change. Initiatives are strategically aligned with improving performance against KSPIs, which measure our material topics and track progress towards our targets.

Step 6

Reporting and external assurance

Teejay discloses sustainability performance through an annual report that follows GRI and IFRS S1/S2 Standards, to all stakeholders.

The International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC).

The company carries out detailed Scope 3 calculations in collaboration with RESET CARBON, Hong Kong, and undergoes third-party verification in accordance with ISO 14064-1:2018, conducted by the National Cleaner Production Centre (NCPC) Sri Lanka.

External assurance is obtained to ensure compliance with international reporting standards.

OUR TRANSFORMATIVE STRATEGY

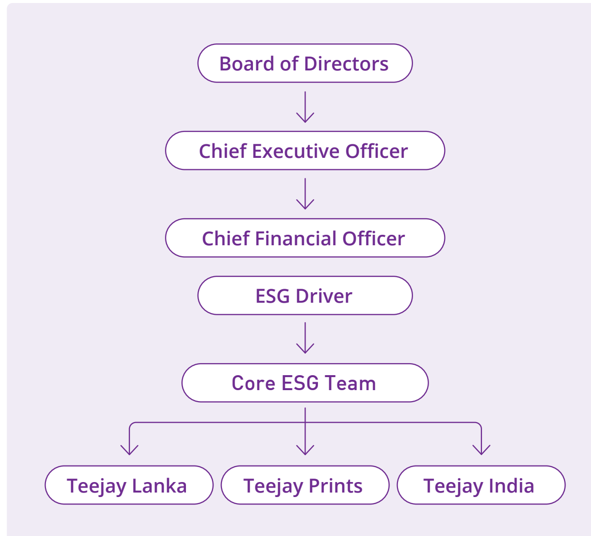
Teejay strives to ensure progress and reporting meet or exceed the requirements of the GRI Standards, IFRS S1 and S2 Standards and the UN Sustainable Development Goals (SDGs).

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

Managing Sustainability: Structure and Governance

Teejay's Senior Management Team annually reviews management approaches through the central sustainability division. Overall guidance for this division is provided by the Chief Financial Officer, in collaboration with the administration, OHS, CSR, corporate communications, and legal teams, ensuring effectiveness and applicability. Furthermore, a steering committee for ESG management strategies and formulates necessary policies and procedures.

The progress of our ESG initiatives is reviewed quarterly, with management-level actions taken to improve and strengthen ongoing work. This structure is complemented by the Group's enterprise risk and control division, which collaborates with the core ESG team to identify SRROs. These SRROs are then integrated into and managed within the Group's risk management process. Further details on the ERM function and its governance are available in the Risk Management section of this report.



PUTTING OUR POLICIES INTO PRACTICE

GRI 2-23, 2-24

All policies are implemented only after approval by the highest levels of executive management.

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

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

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

OUR APPROACH TO REMEDIATION

GRI 2-25, 2-26

Grievance Handling

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

OUR TRANSFORMATIVE STRATEGY

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

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

Whistle-blowing Policy

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

ETHICAL CONDUCT AND COMPLIANCE (PREVIOUSLY – PRECAUTIONARY PRINCIPLE AND COMPLIANCE WITH LAW & REGULATION)

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

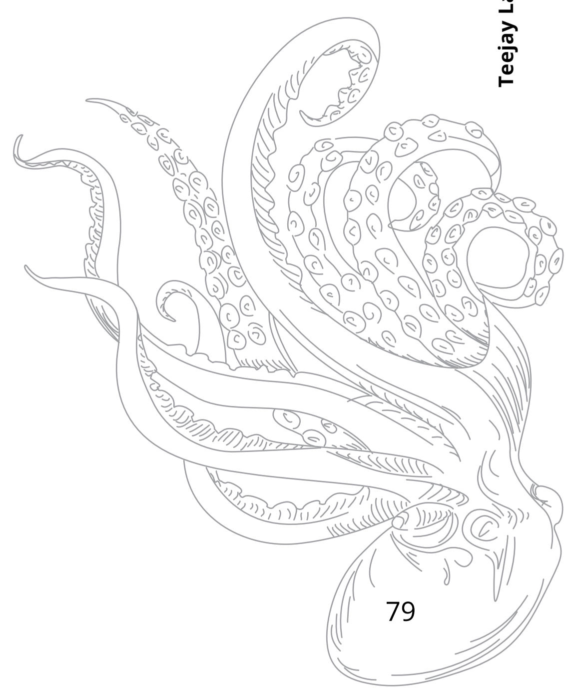
The precautionary principle underpins Teejay's operational decisions, with a strong emphasis on resource conservation, environmental impact management, pollution control, and addressing Climate Change. Teejay strives to surpass industry standards and global best practices to maintain a leadership position, operating in full compliance with all relevant local and international regulatory requirements and conventions. Demonstrating this commitment, the Group received no fines or sanctions for legal and regulatory non-compliance during the year, and there were no confirmed instances of corruption in the reporting period. All operations have been assessed for risk related to corruption. Communication and training provided in this regard.

NBEA – Runner Up, Excellence in Corporate Governance and Strategy

VALUING STAKEHOLDER ENGAGEMENT

GRI 2-29

Continuous stakeholder engagement is a key priority for Teejay, recognised as vital for both our sustainability strategy and our business growth and profitability. The process of stakeholder identification and mapping is carried out internally through established company protocols. We actively engage with our key stakeholders to identify their core concerns and ensure timely and effective resolution. Underpinning our focus on sustainability and ESG management is the understanding that clear communication and adherence to stakeholder requirements are paramount. Based on the interest and the power we identify the stakeholder engagement.



OUR TRANSFORMATIVE STRATEGY

Taking Action on Key Stakeholder Concerns

Customers

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

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

Employees

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

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

Business partners

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

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

Investors

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

Quarterly earnings calls

Government

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

Meetings

Community

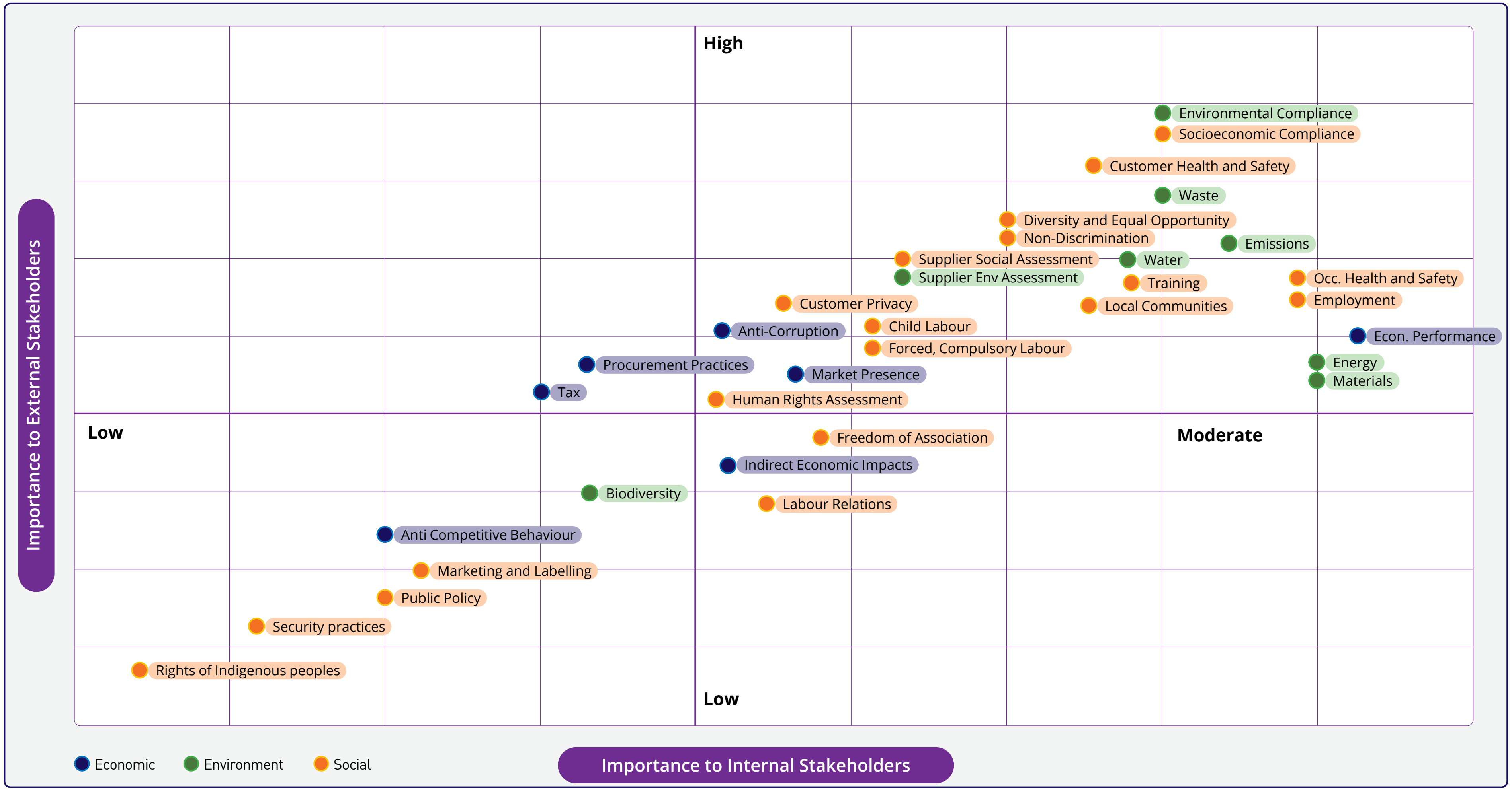
- Support for community needs
- To enhance sanitation infrastructure and water facilities, and promote hygiene education in nearby schools to uplift the communities

CSR initiatives

OUR TRANSFORMATIVE STRATEGY

OUR MATERIALITY ASSESSMENT METHODOLOGY

GRI 3-1



OUR TRANSFORMATIVE STRATEGY

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

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

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

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

OUR KEY MATERIAL TOPICS

GRI 3-2

Economic performance

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

Environmental stewardship

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

Labour practices and social responsibility

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

OUR TRANSFORMATIVE STRATEGY

MANAGING MATERIALITY

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

ECONOMIC PERFORMANCE

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

A full disclosure of Teejay's corporate governance practices is available on page 149.

Environmental Stewardship

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

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

Chemical Management Policy

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

Supply Chain and Procurement Policy

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

Energy and Emissions Management Policy

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

Water Management Policy

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

OUR TRANSFORMATIVE STRATEGY

Waste Management Policy

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

OUR WORKFORCE AND SOCIAL RESPONSIBILITY

GRI 2-30, 403-1

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

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

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

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

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

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

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

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

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

OUR TRANSFORMATIVE STRATEGY

OUR ESG MILESTONES

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

FY 2021/22

Established Group ESG Framework and ESG Goals

E

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

S

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

G

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

FY 2022/23

Teejay Group published the first GRI aligned Integrated Annual Report.

E

- Partnered with UN Global Compact
- Committed to Science Base Target initiatives (SBTi) Targets
- ZDHC Signatory supplier engagement
- Convened the inaugural chemical supplier symposium
- Revised the water, effluent and waste management policies
- Launching of the "To earth With Love" bio diversity initiations
- ZDHC Supplier to Zero Foundational certification
- Obtained the ISO 14064-1: 2018 Greenhouse gas (GHG) emissions certification

S

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

G

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

OUR TRANSFORMATIVE STRATEGY

FY 2023/24

Teejay Group published GRI and IFRS aligned Integrated annual Report.

E

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

S

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

G

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

FY 2024/25

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

E

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

S

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

G

- ERM grids aligned with SRROs

OPERATIONAL REVIEW

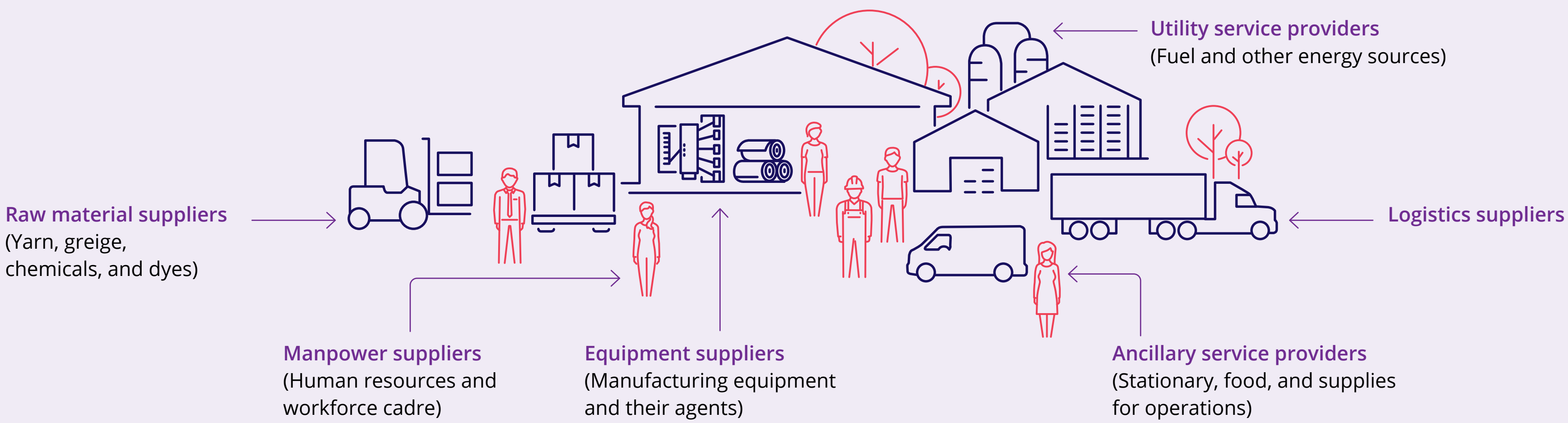
SUSTAINABLE MANUFACTURING

SUPPLY CHAIN

GRI 2-6

Our promise of delivering value begins with a supply chain that is sustainable but agile and ready to meet tomorrow's challenges.

Teejay takes pride in its pioneering achievement as the first Sri Lankan textile mill to obtain the US Trust Protocol certification.



SUSTAINABLE MANUFACTURING

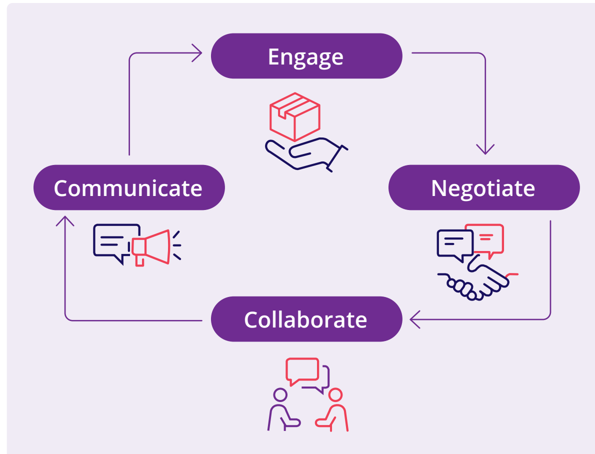
Teejay benefits from a robust value chain network, that includes numerous established suppliers who have grown alongside our operations over 25 years. We champion mutually beneficial relationships, compliance, innovation and traceability throughout our supply chain, all of which are essential for delivering sustainable, high-quality products to our global customer base. Our expanding global footprint necessitates a varied range of suppliers to ensure smooth business operations.

ENGAGING WITH OUR SUPPLIERS

IGRI 2-6, GRI 204-1, SASB CG-AA-000.A

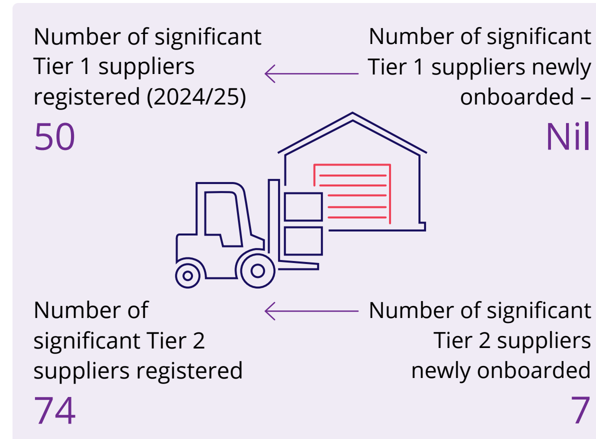
As a fabric solutions provider, our primary supplier interactions within the fabric and apparel supply chain involve two key tiers. Tier 1 suppliers, forming the majority of our supplier base, are those involved in supplying or processing raw materials into intermediate products such as yarn, greige and chemicals. These constitute a significant proportion of our raw materials consumption, with further details and metrics specific to the year, available in the Environment section on pages 119 to 135

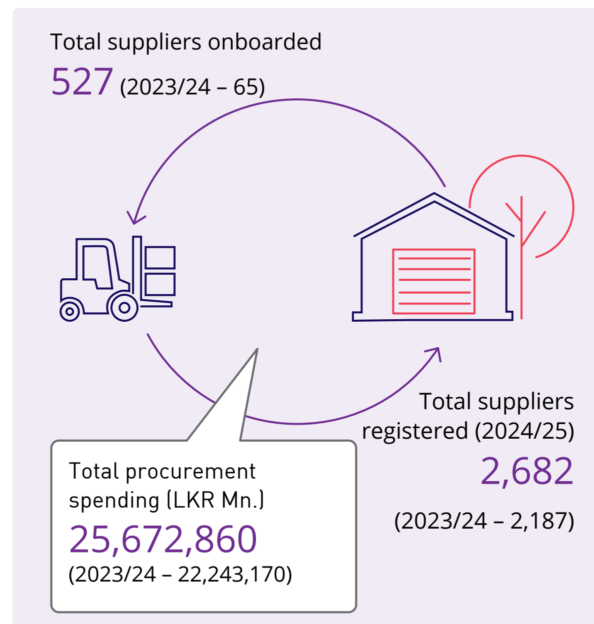
Our supplier network management strategy focuses on building long-term business continuity and optimising sourcing, while fostering collaborative innovation and problem-solving for mutual benefit. We offer our suppliers a value proposition that includes a collaborative environment, opportunities for vertical integration and expertise development, and direct connections to leading brands and brand partners.



Furthering our commitment to continuous learning in 2024/25, we initiated several projects aimed at improving mutually beneficial supplier relationships, with a focus on open collaboration. Training and awareness sessions to optimise the chemical compliance process, were conducted. Additionally, discussions are underway regarding the procurement of an online automation tool to streamline operations collaboratively with suppliers and internal teams. We also launched monthly supply chain performance reviews, refined payment methodologies to ensure timely supplier payments and conducted ad-hoc visits to strengthen these supplier partnerships.

During the year under review, we continued to expand and diversify our supplier and partner network, onboarding 527 new suppliers from strategic locations and business segments, bringing our total registered supplier base to 2,682. By strengthening our supply chain, we gain greater agility and reliability, allowing us to respond more effectively and promptly to market fluctuations. This also boosts efficiency through alternative sourcing avenues, improved cost-effectiveness and expanded customer reach.





SUSTAINABLE MANUFACTURING

Climate-Resilient Supply Chain

Proactive, risk-informed supply chain management is essential for Teejay as the fashion industry faces increasing physical risks from climate change. The global supply chain is already responding to more frequent extreme weather and climatic shifts impacting raw material production.

Acknowledging the potential for these risks to grow, Teejay is investing in mapping their impact on key raw materials, utilising internal and external expertise. We are also developing mitigation strategies to address potential raw material shortages and operational disruption. Our efforts to strengthen sustainability across the supply chain are explored in the next section.

STRENGTHENING SUPPLY CHAIN SUSTAINABILITY

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

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

Teejay's commitment to sustainable products and solutions is reflected in our use of certifications, accreditations, and international standards, which extend to the raw materials we utilise. We proudly stand as the first textile mill in Sri Lanka to have been certified under the US Trust Protocol.

- Global Recycled Standard (GRS)
- Global Organic Textile Standard (GOTS)
- Oeko-Tex Standard 100 (Oeko-Tex)
- Organic Content Standard (OCS)
- Zero Discharge of Hazardous Chemicals (ZDHC)
- Bluesign
- US Cotton Trust Protocol (USCTP)
- Re-Gen-Agri
- Better Cotton Initiative (BCI)
- Textile Genesis (Textile Genesis)
- Higg Index (Higg)

Sustainability at Teejay extends throughout our supply chain, guiding our interactions and expectations of all partners. We are committed to upholding the highest ethical and environmental standards, and we expect the same from our suppliers, ensuring compliance with the stringent requirements of leading international brands.

OUR JOURNEY TOWARDS CIRCULARITY AND TRACEABILITY

A core focus for Teejay is promoting circularity within our supply chain by collaborating with suppliers to produce and source recycled or post-consumer raw materials. Simultaneously, we work with our supply chain partners to ensure end-to-end traceability of these materials, allowing us to eliminate restricted substances and maintain ethical standards. Our traceability framework, Standard Operating Procedures (SOP), and supplier agreements are structured to guarantee compliance.

Since April 2023, comprehensive traceability documentation has been maintained for all purchases: ensuring full visibility into the origins of raw materials, which contributes to operational efficiency. Additionally, we actively engage with brands to integrate their preferred platforms, including Textile Genesis, CommonShare, General Intelligence (GI), TrusTrace, and Retraced.

Developments in 2024/25

- We launched a series of targeted initiatives to accelerate Development and Bulk lead times, enhancing our responsiveness to vendor and brand needs while reinforcing our commitment to compliance and end-to-end traceability.
- Teejay began transitioning to digital platforms for enhanced traceability and transparency.
- To ensure full traceability compliance, we have institutionalised regular supplier engagements and implemented a rigorous follow-up mechanism to drive traceability reporting.
- We are driving operational efficiency by targeting a definite time period. This approach ensures streamlined processing, timely documentation, and enhanced supply chain predictability.

The SAP report was implemented, contributing to: streamlining operations, effective tracking and management of materials and overall supply chain visibility.

SUSTAINABLE MANUFACTURING

OUR SUPPLIER EVALUATION PROCESS

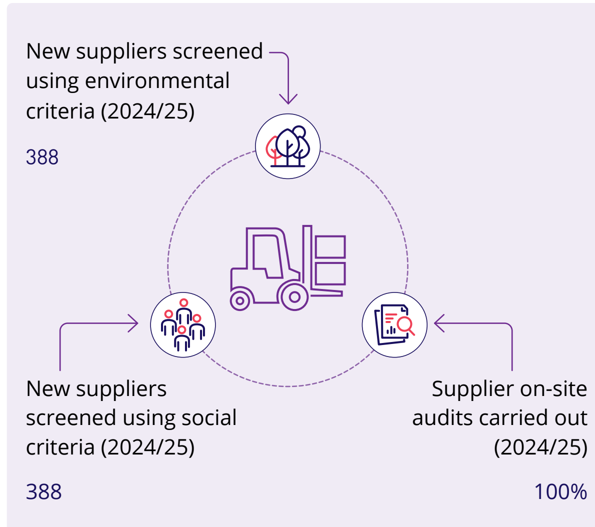
GRI 308-1, 408, GRI 414

Teejay employs a robust assessment framework for suppliers, considering sustainability-focused criteria including potential lifecycle impact of raw materials and responsible practices, alongside delivery and technical capabilities, and reputation and financial stability.

Upon identifying potential suppliers, we conduct audits and site visits to evaluate them against the aforementioned criteria. Further engagement and prospective partnerships are pursued if suppliers demonstrate the capacity to meet Teejay's standards. We determine "Significant suppliers" based on delivery performance and product quality. Our supplier ranking system considers factors such as flexibility, lead time, compliance, innovations and developments, and brand nominations.

Our Supplier Code of Conduct (SCC) is a vital element of our due diligence and compliance procedures, with all suppliers required to endorse the SCC upon registration. It outlines: ethical business practices, social responsibility and environmental stewardship. We monitor supplier performance and verify adherence to standards through self-assessments and routine on-site audits.

In 2024/25, a supplier onboarding process was introduced, supported by revised Standard Operating Procedures (SOP) and a new ESG assessment. This updated process streamlines the onboarding of new suppliers while ensuring alignment with our sustainability goals and the maintenance of a responsible supply chain.



Teejay actively promotes the adoption of the HIGG Facility Environmental Module (FEM) amongst our suppliers. We view this as a crucial set of standards for environmental stewardship and a key driver for achieving sustainability goals across our supply chain. We work closely with our partners to raise awareness and support its implementation.

Acknowledging our collective responsibility for climate action, we are also collaborating with suppliers to phase out non-renewable energy sources and explore alternatives that contribute to the energy transition.

Another key area of engagement with suppliers is responsible chemical use, aligned with the Zero Discharge of Hazardous Chemicals (ZDHC) guidance. Additionally, we actively encourage Bluesign certification, which guarantees the removal of harmful chemicals and other substances.

IFRS S2/ASB CG-AA-000.A

The integrity of our sustainable fabric solutions in achieving certifications such as Oeko-Tex, GOTS, GRS, BCI, Re-gen-agri and Bluesign relies on the critical compliance standards maintained by our suppliers.

	OEKO – TEX Standards %	Global Organic Textile Standard (GOTS)/Organic Content Standard (OCS) %	Global Recycling Standard (GRS) %	Better Cotton Initiative (BCI) %	Bluesign %
Significant Tier 2 suppliers certified	100	17	100	–	–
Significant Tier 1 suppliers certified	68	46	81	46	–
Raw material certified	–	–	–	–	81

SUSTAINABLE MANUFACTURING

MANAGING ENVIRONMENTAL AND SOCIAL RISKS TO PRIORITY RAW MATERIALS

IFRS S2/SASB CG-AA-440a. 1/a.3

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

DIGITAL TRANSFORMATION OF OUR SUPPLY CHAIN IN 2024/25

Supply Chain Management: Resilience to disruptions increased through real-time tracking of goods, shipments, and inventory via IoT and the cloud, and improved forecasting and demand planning with AI.

Procurement Processes: Workflows were automated, supplier selection was enhanced with data analytics, and cost control and compliance were strengthened with digital contract management and auditing tools.

Collaboration with Partners: Seamless communication and document sharing were enabled via integrated platforms, supporting co-innovation while reducing delays and errors with real-time updates and centralised data.

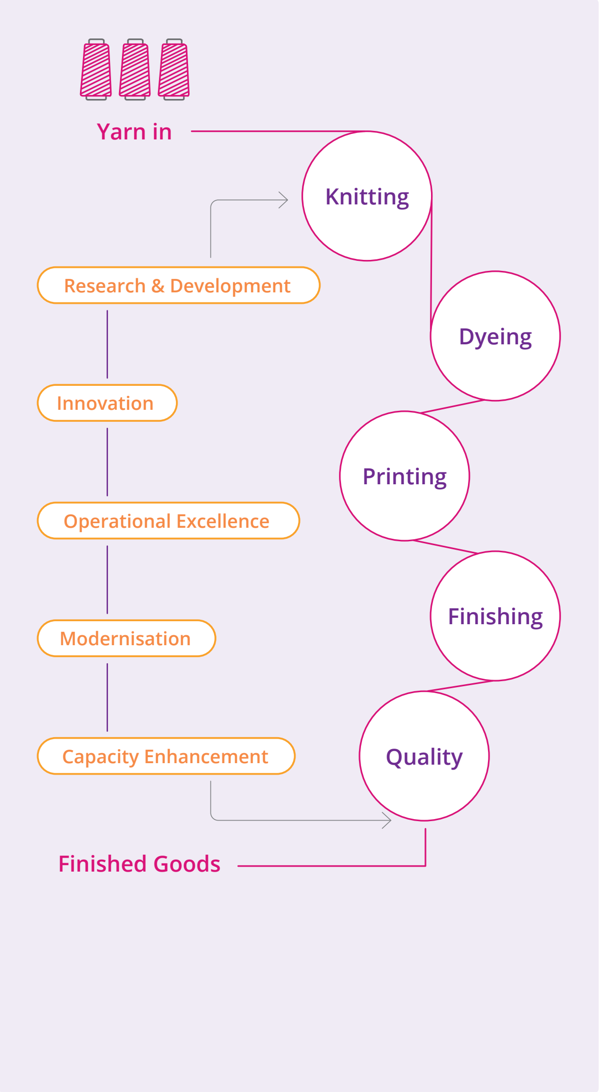
Traceability and Transparency: End-to-end visibility across the value chain was improved via blockchain, IoT, and ERP, enhancing product traceability for quality assurance, sustainability, and compliance, thereby strengthening consumer trust and regulatory reporting.

OUR FOCUS FOR 2025/26

A key focus will be on enhancing the ESG pillar to align more closely with Teejay's overarching ESG objectives. Plans are in place to conduct thorough supplier assessments to ensure adherence to all relevant supply chain compliance standards. Furthermore, we aim to deepen our supplier relationships through a supplier relationship management tool to streamline associated processes.

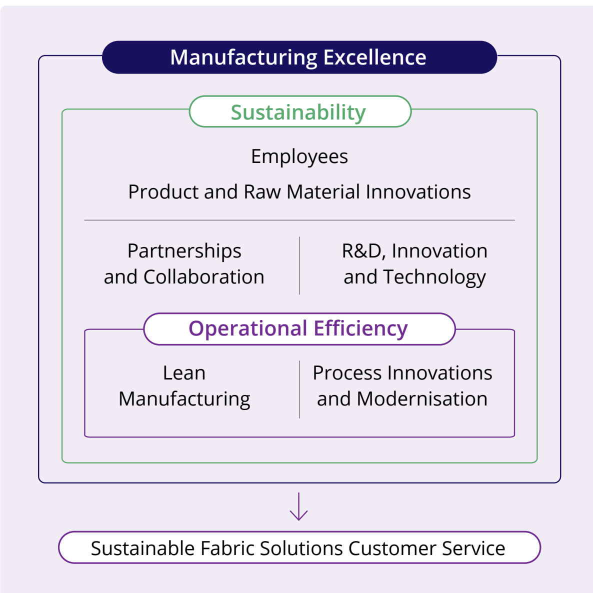
MANUFACTURING EXCELLENCE

The dynamic evolution of our operational framework builds a **robust production capability,** ensuring we deliver superior and sustainable textile solutions.



SUSTAINABLE MANUFACTURING

Manufacturing excellence is central to Teejay's strategic approach: driving operational efficiency across all facilities, keeping pace with technological advancements, fostering opportunity through partnerships and collaboration, and achieving sustainability through innovation. Through continuous improvement, strategic investments in infrastructure, technology, we empower our employees and strengthen manufacturing operations. Ultimately, this generates exceptional value for our customers in our industry, builds trust with our stakeholders, and lays the foundation for the long-term success of our business.



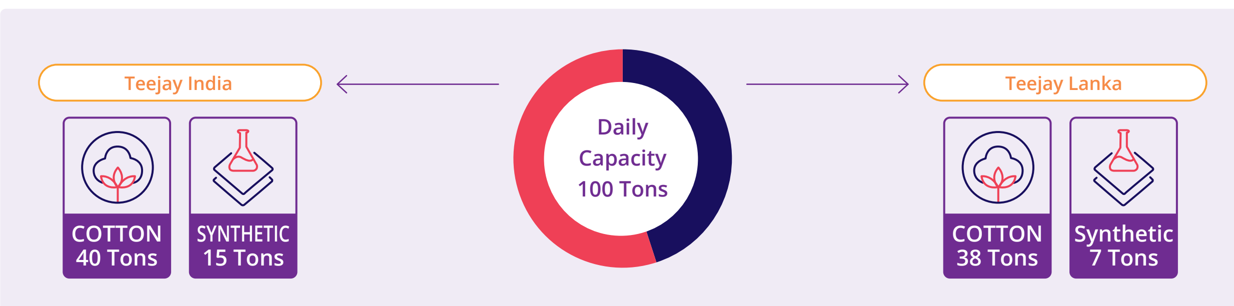
Meeting our sustainability targets in manufacturing necessitates, decarbonising our operations and embracing the energy transition. Our strategies and performance in this area are detailed in the Environmental Stewardship Impact section on page 119.

Our industry-leading product and raw material innovations, key aspects of achieving manufacturing excellence, are described in the Innovation in Fabrics section on page 136. The Manufacturing Excellence section on page 93 further discusses our efforts to align manufacturing and production processes with the evolving needs of customers and consumers within the industry.

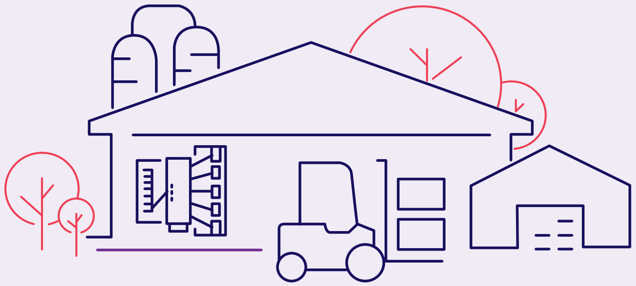
SUSTAINABLE MANUFACTURING

Overview of Our Facilities

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



SUSTAINABLE MANUFACTURING



Plant, machinery, and equipment

LKR 17.2 Bn.

(2023/24 – LKR 18.1 Bn.)

DRIVING MANUFACTURING EXCELLENCE

Lean Manufacturing at Teejay

To achieve optimal efficiency and maximise value throughout our production, Teejay has embraced Lean Manufacturing principles. The Teejay Operating System (TOS) and Quality Management System (QMS) provide the framework for integrating and implementing lean practices; techniques such as just-in-time inventory management, value stream mapping, 5S workplace organisation, and Kaizen.

Lean Manufacturing at Teejay drives faster production volumes by reducing waste, optimising workflows, and minimising bottlenecks, resulting in significant benefits: lower costs, higher productivity, improved quality, greater customer satisfaction, and an empowered, innovative workforce committed to continuous learning and improvement.

SUSTAINABLE MANUFACTURING

Smart Knitting Transformation: 100% Machine Integration with Real-Time Monitoring

As part of our continuous journey toward operational excellence and digital innovation, we are pleased to report that all our knitting machines are now fully integrated with the smart knitting network monitoring system, developed in collaboration with Xdoto. This strategic initiative represents a significant leap in our adoption of Industry 4.0 technologies, enabling us to transform traditional processes into intelligent, connected operations.

Through this implementation, each machine now transmits real-time data via Wi-Fi, providing comprehensive visibility into key operational parameters including machine utilisation, yarn and elastane breakages, stoppage causes, and production quality indicators. The system is supported by advanced dashboards, device history tracking, and automated reporting, allowing our teams to monitor performance and take prompt, informed action.

The impact has been highly encouraging:

Machine utilisation has risen from 58% to 73%, marking a substantial improvement in operational efficiency.

Average daily production has increased from 30,000 kg to 35,000 kg, directly contributing to our throughput and delivery capabilities.

The ability to monitor frequent breakages in real-time has improved product quality and reduced production disruptions.

Furthermore, integration with business-level ERP systems ensures that OEE (Overall Equipment Effectiveness) and key performance indicators (KPIs) are tracked automatically, enabling data-driven decision-making and greater accountability across operations.

This complete coverage of our knitting fleet with Xdoto's smart solution not only strengthens our production capabilities but also reinforces our commitment to digital transformation, sustainability, and continuous improvement. We will continue to invest in intelligent solutions that align with our long-term vision of building a future-ready, responsive, and efficient manufacturing platform.

LEVERAGING COLLABORATION AND DIGITAL TRANSFORMATION

Strategic collaborations and partnerships with technology leaders, innovators, and other key players in the fabric and apparel industry are essential to Teejay's pursuit of manufacturing excellence. We prioritise working with partners who bring complementary skills and technologies, enabling the integration of new advancements into our manufacturing processes and ensuring we remain competitive in a rapidly evolving industry.

This includes:

- **Technology expansion:** Forming partnerships with global industry experts to drive technological advancements.
- **Expanding global network:** Strategically pursuing opportunities to establish a presence closer to needle point hubs.

Teejay's Group-wide ERP system provides a centralised digital platform for managing customer orders from development to production, significantly improving traceability and resulting in substantial efficiency gains for both our teams and our customers.

New Developments in 2024/25

Teejay has several key initiatives in the pipeline to improve our technological advantage, expand production capabilities, and align with global trends in textile innovation.

- Invested on Jacuqard machinery

Infrastructure Investments

Digital transformation and technological improvements have revolutionised our production and resource management processes, becoming a key part of our annual manufacturing investments. During the reporting year Teejay has invested in new knitting, finishing and dyeing machines

SUSTAINABLE MANUFACTURING

Improved Fabric Quality and Efficiency:

- **Improved Surface Quality:** Sanding machines were introduced for improved fabric surface quality, minimising defects.
- **Precision Finishing:** We invested in shearing machines to streamline finishing, ensuring precision and improving the overall quality of knitted fabrics, while minimising reprocessing.
- **Superior Finishing:** The introduction of calendaring equipment adds gloss and smoothness for a more appealing fabric finish and better resource use.
- **Higher Quality Raw Materials:** Fibre washing tanks were introduced to remove impurities, leading to improved fabric quality and less manufacturing waste.
- **Sustainable Shrinkage Control:** A steam-based continuous tumble dryer was added to our production line to provide precise fabric shrinkage control. Operating without additional water resources, it contributes to a more sustainable production cycle.

Enhanced Fleece Production:

- **Expanding the fleece knitting capacity:** to optimise the market demand
- **Increased Brushing Capacity:** Installation of advanced brushing machines has increased our capacity to 900,000 metres per month, supported by additional fleece attachments and cylinders.

Greater Automation and Turnaround:

- **Intricate Design Capability:** Automated jacquard machines were installed to increase efficiency in production of intricate designs, reducing manual intervention.
- **Greater Efficiency at Final Production Stages:** New finishing and detaching machines were brought in to accelerate turnaround times for items like collars and cuffs.

Adoption of automation allows employees to concentrate on more value-added tasks, resulting in a measurable increase in output per worker and reduced operational delays. Improvements in fabric processing also ensure a more efficient use of our raw materials, leading to cost savings.

At Teejay, all investment proposals undergo thorough evaluation by a cross-functional team. This analysis incorporates demand planning insights and aligns with the Group's Long-Range Plan (LRP), focusing on long-term benefits and future-readiness. Additionally, we strategically allocate brands across facilities based on geographical advantages and technical capabilities, thereby optimising production for each customer.

OPERATIONAL EFFICIENCY

A key strategic imperative for enhancing operational efficiency at Teejay is the continuous improvement of our systems and processes, alongside an ongoing drive to modernise our manufacturing operations. This involves several key initiatives:

- **Enhanced Shop-floor Automation:** Internet of Things (IoT) devices have been installed across all knitting plant machines and utility points. This enables real-time data capture and performance tracking, allowing our engineering and production departments to optimise processes, minimise downtime, reduce costs, and improve overall efficiency.
- **Data-Driven Insights:** Microsoft Power BI and SAP Fiori are utilised to convert raw data into actionable insights. During 2024/25, SAP underwent upgrades, including tighter system controls, seamless integration with external platforms (such as vendor systems), and the deployment of SAP Fiori dashboards, many of which are now accessible on mobile devices for improved flexibility and real-time decision-making.
- **Advanced Quality Control and Waste Management:** Automated quality control systems, coupled with Artificial Intelligence (AI)-powered waste management solutions, enable early defect detection to reduce material waste and improve recycling efficiency.
- **Automation of Routine Tasks:** Utilisation of Robotic Process Automation (RPA) and Microsoft Power Automate provide greater control over our operations and production processes.

NCE Export Awards – Bronze Award in Extra Large Category of Textiles and Garments Sector

SUSTAINABLE MANUFACTURING

**Optimising Production:
Virtual Continuous Flow (VCF)**

Launched in November 2024, the Virtual Continuous Flow (VCF) initiative aims to optimise Work-In-Progress (WIP) management by maintaining a Days Cycle Time (DCT) of 4-5 days. This is achieved through daily updates, visual management, and prompt corrective actions to ensure smooth production operations.

Initial Planning Phase: Our focus was on optimising synthetic fabric processing. Early assessments led to strategic adjustments, notably aligning preparation machines with dyeing machines for a smoother workflow. Currently, three strategically selected preparation machines operate in sync with dye machines to maximise output.

SUSTAINABLE MANUFACTURING

The FastReact System

The FastReact system marks a significant transformation in our planning processes, transitioning from manual based calculation to an integrated, real-time digital platform. This upgrade enhances visibility across capacity, raw materials, and resource planning, enabling more accurate decision-making and operational efficiency.

By ensuring 100% accuracy in capacity allocation and aligning raw material availability with customer commitments, the tool supports over 98% accuracy in delivery timelines. Integrated with SAP HANA, FastReact creates a streamlined and responsive manufacturing environment, reinforcing Teejay's pursuit of operational excellence through strategic investments in manufacturing capital.

Structured WIP Control Mechanisms:

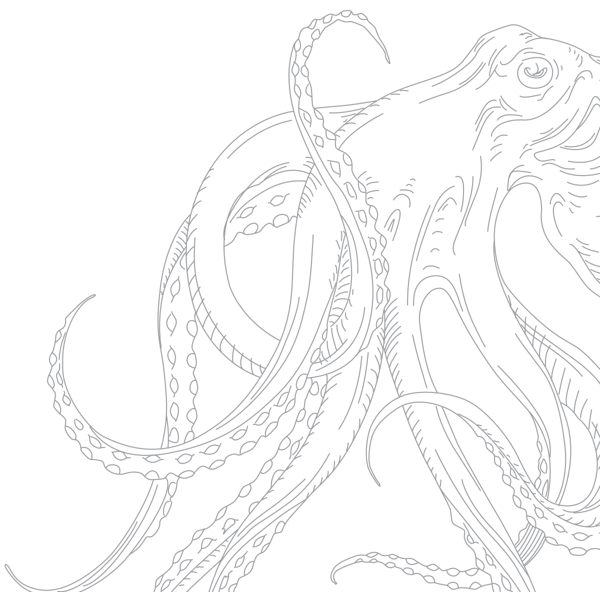
- **Set Goals:** Clearly defining WIP targets to maintain efficiency.
- **Control WIP:** Implementing structured monitoring and interventions to prevent bottlenecks.
- **Visual Management**: Labelling each WIP stage, tracking abnormalities, and ensuring visibility for quick action.
- **Tracking:** Utilising photos and a WIP tracking sheet to monitor progress at each stage.
- **Review:** Conducting regular meetings to assess WIP trends, identify bottlenecks, and implement corrective actions.
- **Monitor:** Continuously tracking DCT reductions to ensure efficiency gains.
- **Share Results:** Communicating process improvements and adjusting strategies accordingly.

Parallel Implementation: Implementing this strategy in the non-synthetic processing lane has also yielded significant results, a reduction in Turnover days from 10.6 to 6.8 days, with no drop in quality.

Next Steps: Building on our initial success, the next milestone is to achieve a TOD target of 5 days. Continuous improvement efforts, enhanced data tracking, and real-time process adjustments will be key enablers in achieving this ambitious goal.

OUR MANUFACTURING TARGETS FOR 2025/26

- Deliver ongoing business-driven system enhancements and change requests.
- Migrate to the latest SAP version for platform stability and scalability.
- Further enhance SAP Fiori applications to improve user experience and functionality.
- Expand IoT implementation and integrate suitable AI solutions to meet operational needs.
- Complete IoT rollout for Teejay India.
- Deploy SAP to our expanded locations.
- Extend RPA solutions across all functions and scale implementations to other group entities.



OUR PEOPLE

GRI 2-8

At Teejay, we understand that the **wellbeing of our teams** and people is fundamental to the sustainability of our products, our **manufacturing excellence**, and the overall success of our business.

Our ability to supply high-quality fabrics to world-leading brands relies on a strong, talented, and experienced workforce. With over 80% directly in manufacturing, our agile and efficient operations are underpinned by a safety culture that prioritises team wellbeing and operational excellence beyond compliance.

SDG'S IMPACTED THROUGH INITIATIVES:

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

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

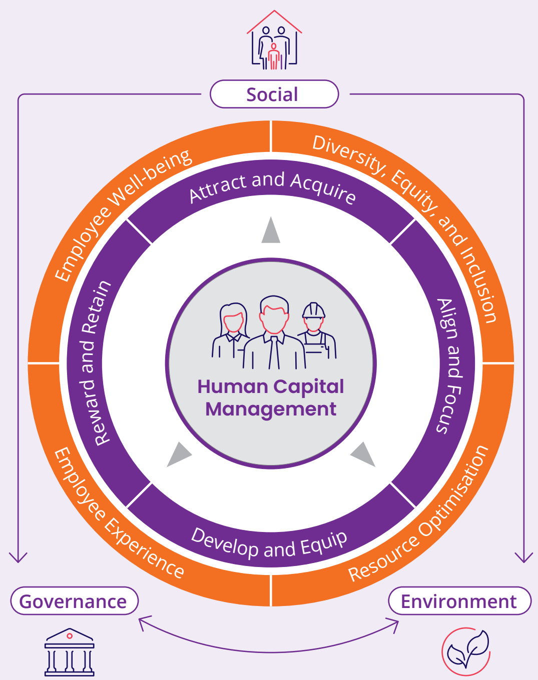
Reduced Inequalities
Consistent initiatives to achieve ABHIVARAH 2030 goals in terms of resource consumption and responsible discharge.

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

We prioritise stable, rewarding, and meaningful full-time employment across our operations, remunerating all staff at market rates in compliance with local regulations. Fixed-term contracts account for less than 0.5% of our workforce. While occasional sub-contracted casual labour is used due to seasonality and demand, primarily for fabric defect touch-ups in customer care, Teejay has successfully reduced its reliance on this flexible workforce in recent years through improved planning, forecasting, scheduling, and strong partner/customer coordination and is also working in the janitorial & security staff. In 2024/25, sub-contracted casual labour represented 155 individuals.

OUR PEOPLE

GRI 2-7



GRI 401-2

Teejay remains committed to attracting and retaining skilled employees, offering comprehensive compensation and benefits package. All direct employees, regardless of contract type, receive the full suite of available benefits. These benefits do not extend to subcontracted workers, who are also hired for janitorial and security services who are governed by separate contractual arrangements.

Our benefits include variable compensation opportunities such as incentives and annual performance-based bonuses, motivating employees to achieve exceptional results. Staff can also access enhanced benefits like meals, uniforms, medical insurance, company excursions, common transport, soft loans, support for children's education, and special gifts during cultural events and festivals.

Teejay's strategy for nurturing talent, building strong teams, and creating an equitable and engaging work environment enables the successful management of our Human Capital. Our industry-leading HR strategy has garnered Teejay numerous awards over the years.

WORKFORCE BY CONTRACT TYPE

Permanent	3,072	383
Fixed-term	3	7
Sub-contracted	123	32

Attracting and Retaining Talent

GRI 401-1

Teejay has become a premier textile brand in Sri Lanka by strategically balancing operational excellence with a work environment and culture that prioritises the employee experience. This enables us to attract, inspire, develop, and retain the best talent, positioning Teejay as a leader in innovation and integrity, and maintaining strong customer and stakeholder trust.

Our strategic approach to talent management has resulted in attrition rates, significantly below the industry average.

Sri Lanka

Teejay Lanka

1,510 (2024/25)

Male – 1,346 Female – 134

(2023/24) Male – 1,349 Female – 114 Total – 1,463

TJ Prints

186 (2024/25)

Male – 167 Female – 19

(2023/24) Male – 175 Female – 25 Total – 200

India

TJ India

1,769 (2024/25)

Male – 1,532 Female – 237

(2023/24) Male – 1,321 Female – 181 Total – 1,502

Total

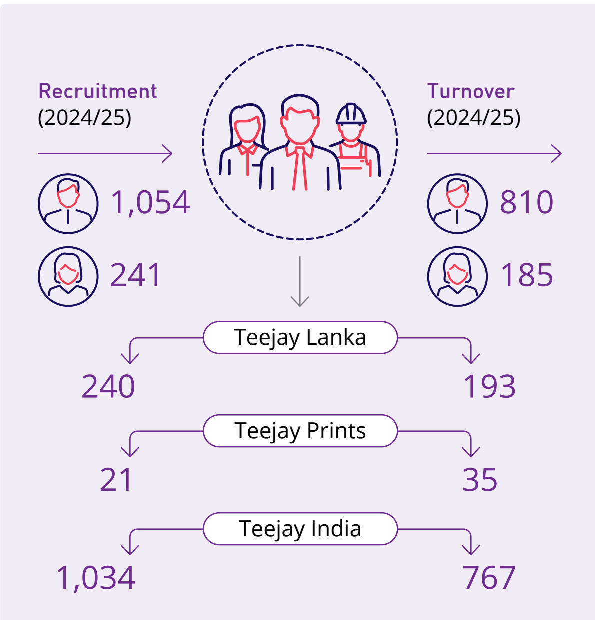
3,465 (2024/25)

Male – 3,075 Female – 390

(2023/24) Male – 2,845 Female – 320 Total – 3,165

OUR PEOPLE

GRI 401-1



Group also records a labour turnover ratio of 2.18% for the reporting year. Investing in our future workforce, Teejay collaborates with key educational institutions through Memorandums of Understanding (MOUs) with local universities and institutes, offering internships and technical training to undergraduates and enhancing our recruitment process. Moreover, robust succession planning ensures smooth leadership transitions.

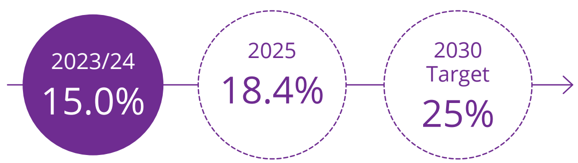
Teejay's dedication to talent development is clearly seen in the success of our management trainee programme, where participants have progressed to leadership positions. We believe in recognising potential, building future capabilities, and supporting career progression of our employees and we encourage our non-executive to evaluate executive roles. Additionally, this approach strengthens our talent pipeline, and reinforces employee engagement and long-term retention. Moreover, our "SheCan" programme actively champions female empowerment and is building a strong pipeline of qualified women for leadership roles.

Diversity and Equity at Teejay

GRI 405-1

Teejay recognises diversity and inclusion as cornerstones of a successful workforce and actively promotes a non-discriminatory work environment, regardless of ethnicity, age, religion, gender identity, sexual orientation, or ability.

Female representation in management



This commitment to inclusivity is deeply ingrained in our Group's culture, starting at leadership. We aim to create workplaces based on equal opportunity and meritocracy, ensuring fair and equitable treatment for all, with a particular focus on accessibility for traditionally underrepresented groups. The Company also prioritises fair compensation, with equal pay for equal work in our base salaries and remuneration packages.

While building an inclusive culture and implementing diversity policies can be challenging, we consider it vital for our long-term success.

Empowering Women in the Workplace

Recognising the historical gender imbalance in the textile sector, Teejay strategically launched the SheCan programme in 2015 to increase female representation within the Company and broader Group, starting from a base of 2% with an initial target of at least 10% by 2023/2024.

SheCan has implemented a focused array of initiatives across all operational levels to boost female participation. These efforts align with our overarching commitment to cultivate a more inclusive and diverse workforce and actively promote gender equality throughout the Group. Driven by the belief that talent is not gender-specific, the programme empowers women to challenge traditional norms and pursue leadership opportunities within Teejay.

We are actively working to enhance female representation across all our operations, regularly evaluating our programmes for effectiveness and continuously expanding opportunities for talented women to thrive. This includes fostering professional development, supporting work-life balance, and cultivating a supportive work environment. Our efforts are enabling women to make substantial contributions to both Teejay and the wider textile industry.

OUR PEOPLE

Looking ahead, our Group-wide aspiration is to achieve 15% female representation by 2028. A significant achievement of our HR strategy – aimed at attracting top talent, promoting diversity, and fostering positive work environments – has been reaching nearly 30% female representation within our executive ranks, a dynamic group of young talent who will be instrumental in our future success. Our commitment to gender diversity is further reflected in a targeted recruitment strategy designed to continue building a diverse workforce at both executive and management levels. We have also made considerable strides in increasing female representation in managerial roles, with a target of 25% female participation in management by 2030 through the active promotion of women in leadership.

Overall Female Representation in 2024/25

	Male	Female	Female representation (%)
C-Suite and Senior Management	30	7	18.91
Middle Management	103	23	18.02
Executives	264	109	29.2
Associates and Staff	2,678	251	8.6

Developing Talent

Teejay Lanka PLC is committed to continuously enhancing the employee value proposition (EVP) we offer by creating opportunities for growth, learning and career development. As part of this commitment, we plan to introduce cross-functional training and exposure programmes, enabling employees to broaden their skillsets, gain a deeper understanding of the business, and explore diverse career pathways within the organisation.

Training and Development (T&D)

GRI 404-1, 404-2

We prioritise continuous development in our employees, to equip them with the necessary skills for professional success, career progression, and personal growth.

New employees benefit from a comprehensive onboarding experience, typically lasting two to three days, to ensure a seamless integration into our workforce. Our programme provides an overview of the Company's operations and introduces key policies, including the code of conduct, Teejay's core values, the sustainability framework, the policy on workplace abuse and harassment prevention, the anti-corruption policy, and the whistleblower policy, which encourages reporting without fear of retaliation.

Human Capital Development Programs

FABRIC TECHNOCRAT

Programme for cadre staff on the overall manufacturing process and interdepartmental roles.

SLITA

Certificate and Diploma programmes in textile engineering for employees, focusing on cadre staff.

EDP

Executive Development Programme targeting executive cadre.

MDP

Tailored programmes for Assistant Manager and Manager roles.

OUR PEOPLE

GRI 404-2

	Teejay Lanka		Teejay Prints		Teejay India	
	Male	Female	Male	Female	Male	Female
Directors, Chief Officers (Directors, CEO, COO, CFO)	2	1	0	0	1	0
Senior Management (SGM, GM, DGM)	21	4	0	0	6	2
Middle Management (Senior Manager, Manager, Assistant Manager)	62	18	6	2	35	3
Executives (Senior Executive, Executive, Junior Executive, Management Trainees)	139	80	12	2	113	27
Non-executives (Staff, Associates, Non-executives)	1,152	31	149	15	1,377	205
Total	1,376	134	167	19	1,532	237

Type of Training	Number of Programmes	Number of Participants	Training Hours
Internal Training	34	2,199	23,132
External Training	92	1,042	14,365
Foreign Training	0	0	0
Total	126	3,241	37,497

Category	Average Training Hours
Directors, Chief Officers (Directors, CEO, COO, CFO)	4.5
Senior Management (SGM, GM, DGM)	13.2
Middle Management (Senior Manager, Manager, Assistant Manager)	17.0
Executives (Senior Executive, Executive, Junior Executive, Management Trainees)	8.8
Non-executives (Staff, Associates, Non-executives)	18.8

Breaking Silos training program

OUR PEOPLE

GRI 404-1

GENDER BREAKDOWN OF AVERAGE TRAINING HOURS

Average Training Hours

10.5 | 13.3

Recognising that targeted training is crucial for employee growth and the overall success of the Company, our Performance Management System (PMS) serves as a cornerstone for identifying specific training requirements. Training programmes align with competency ratings within the PMS, enabling us to precisely identify and address skill gaps through focused development initiatives. These initiatives fall into two key categories:

- **Boosting Current Performance:** Developing technical, functional, and behavioural skills to maximise effectiveness and efficiency in employees' current positions.
- **Developing Future Potential:** Equipping employees with additional skills, including managerial and leadership tools, necessary for successful career advancement.

Beyond insights provided by the PMS, Teejay employs a multi-faceted approach to identify training needs, which includes:

- **Strategic Departmental Alignment:** Training needs are informed by the strategic objectives of each department. Collaborative discussions between Cross-Functional Team (CFT) members and department heads ensure that individual development aligns with overarching departmental goals.
- **Proactive Talent Development:** Individual development plans and talent assessments drive career and succession planning, further informing training requirements.
- **Mandatory Compliance Training:** Statutory training programmes ensure compliance for specific roles.
- **Customer-Centric Insights:** Feedback and data gathered from customer satisfaction surveys, complaints, critical incident reports, and service/product quality metrics provide valuable insights into training needs.

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

Capability development of our non-executive staff, who play a crucial role in driving innovation and operational excellence, remains a key priority at Teejay. Our investment further strengthens their industry expertise and enhances our ability to remain competitive.

In 2024/25, we continued our partnership with SLITA to provide specialised training programmes in textile and apparel technology aligned with industry standards and emerging trends.

- 62 employees are currently enrolled in the SLITA Diploma in Textile and Apparel, covering areas including: quality control, production efficiency and advanced textile technologies.
- 39 employees completed the Certificate Course in Textile and Apparel.

Management Trainee Programme

Building on the success of our first Management Trainee (MT) intake, where all graduates have progressed to Senior Executive and Assistant Manager roles, we launched the second intake on 11th June 2024, following a rigorous multi-stage evaluation process.

The second cohort comprises 14 high-potential individuals (11 from Sri Lanka and 3 from India), with academic and professional backgrounds spanning Engineering, Physical Science, Finance, and General Management.

The MT programme provides a comprehensive understanding of Teejay's operations, beginning with a foundational 22-day customised certification course at the Sri Lanka Institute of Textile and Apparel (SLITA). Next, trainees gain hands-on experience in Sri Lanka and ongoing departmental placements at Teejay India (TJI), fostering cross-border learning and collaboration.

Using a rotational model over 18 months, trainees gain exposure to core production areas (Warehouse, Knitting, Dyeing, Finishing, Quality, Printing, Engineering, and Sustainability) as well as cross-functional departments (Marketing, Finance, HR, and Commercial).

Trainees undergo regular evaluations, with formal assessments conducted by subject matter experts after each key rotation. These are crucial for monitoring learning outcomes, performance, and readiness for future leadership positions.

Beyond technical expertise, the programme strongly emphasises leadership and personal growth:

- Each MT benefits from the guidance of a dedicated mentor, supporting their development and offering career advice.
- They actively participate in interactive sessions with senior leadership to gain insights into strategic decision-making processes.

OUR PEOPLE

- Technical, behavioural, and soft skills training sessions further enrich overall development.

To date, the second intake has shown commendable progress, with trainees exhibiting enthusiasm, adaptability, and dedication.

Succession Planning

Teejay employs a comprehensive two-pronged succession planning strategy to ensure smooth leadership transitions, mitigate potential talent gaps, and foster long-term organisational sustainability.

- Investing in Our Existing Workforce: Through development opportunities such as exposure visits, enhancing skillsets and preparing teams for future needs. We also utilise the nine-box assessment framework to identify high-potential employees and map first and second-level successors for critical roles. These successors then participate in targeted development plans to address any skill gaps and prepare them for leadership positions.
- Attracting New Talent: Initiatives like the Teejay Management Trainee Programme and Graduate Trainee Programme attract talented young individuals, bringing fresh perspectives and enriching our talent pool.

Management Conference

OUR PROGRESS IN 2024/25

Skill Up: Enhancing continuous, self-driven development and innovation, our "Skill Up" e-learning platform, now fully integrated into our learning culture since its launch in 2023/24, provides employees with modules for enhancing both technical and soft skill.

She Leads: Our flagship female leadership development programme, "She Leads," was successfully concluded, highlighting our strategic commitment to diversity, equity, and inclusion. The initiative provided structured development opportunities, one-on-one mentoring, and leadership exposure, preparing high-potential female professionals to confidently step into future leadership roles.

Digitalisation: In line with our focus on digitalisation and emerging technologies, we introduced several new training programmes to build future-ready capabilities: Gen AI in Action Workshop, Data Visualisation with Power BI, Industry Trends in the Digital Era, and advanced training in AI and nanotechnology.

Skill Matrix: We are in the process of implementing a skill matrix across functions. This valuable data-driven tool will help systematically identify existing competencies, skill gaps and development needs, allowing for more targeted learning and career progression opportunities. It will also support internal mobility, succession planning, and strategic workforce development.

Managing and Rewarding Performance

GRI 404-3

We foster continuous improvement through a comprehensive performance management system where contributions and growth potential of employees are assessed objectively against set Key Performance Indicators (KPIs) and a competency framework. All employees receive performance appraisals. Appraisals are conducted mid-year and year-end, or annually, wherein executive and above are given bi annual appraisals, while associates are provided annual performance appraisals.

For employees not meeting expectations, Teejay prioritises development. Corrective action plans are implemented with respect and support, identifying relevant training and development opportunities to improve skills and address performance gaps. Positive reinforcement is also offered to encourage progress.

High-achieving employees are recognised and rewarded through a variety of incentives, including bonuses, salary increases, and promotions. Annual increments for non-executive staff are primarily linked to performance. Promotion decisions take into account both current performance and future growth potential. Additionally, Teejay's production incentive scheme motivates workers to achieve their best output levels.

OUR PEOPLE

We recognise and appreciate the long-standing dedication of our employees. To celebrate milestones, staff completing 5 and 10 years of service are presented with long service awards, including a gold coin. In addition, our programmes: REACH Beyond, Value Star Awards, and Achievers Awards are opportunities to show our gratitude for employee accomplishments. The Company also acknowledges exceptional contributions through "Employee of the Month" and "Employee of the Year" awards.

Promoting Wellbeing and Engagement

A healthy work-life balance is crucial for the overall wellbeing of our employees. Therefore, Teejay strives to foster a supportive work environment and cultivate a strong sense of community within the Organisation. To build a positive workplace culture, we prioritise initiatives aimed at boosting employee satisfaction and retention. This includes strengthening communication channels that promote transparency, flexible work arrangements to empower our teams with greater autonomy, and an employee recognition programme to reward accomplishments and contributions. To facilitate personal growth, the Company offers scholarships for further education and provides exposure visits to broaden employees' skills and knowledge.

Employees are encouraged to test new approaches and share ideas through regular brainstorming and cross-functional projects. Channels are provided for submitting suggestions on process improvements, product innovations, and cost-saving, with promising ideas being evaluated and potentially implemented. We recognise innovative contributions through programmes like All Ideas Matters, Quality Circles, and Achievers Awards. Furthermore, exposure visits, training, and industry benchmarking inspire employees to adopt new technologies and best practices.

Acknowledging the prevailing economic challenges in Sri Lanka, Teejay has further enhanced employee welfare programmes. In addition to providing financial support to those facing illness or hardship due to natural disasters, the Group extended an economic relief allowance to assist employees navigating increasing financial pressures. Moreover, Teejay also offers financial assistance to employees for their children's higher education.

To support employee wellbeing and mental health, Teejay conducts regular workshops promoting healthy lifestyles and medical camps for preventive healthcare. The Joint Consultative Committee (JCC) at Teejay plays a vital role in maintaining positive labour relations by organising a variety of year-round activities that foster a positive and connected workforce. These activities include annual cricket tournaments and outings, family day celebrations, festive events such as Christmas carols and Bakthi Geetha, the "Teejay Lama Sithroo" art exhibitions, quizzes, Friday-night gatherings, and outbound team-building exercises. Furthermore, new employees are offered the opportunity to have coffee with the CEO.

> In 2024/25, an employee engagement survey was conducted in collaboration with the Brandix Corporate HR team. The insights gained have informed several enhancements to Teejay's People Strategy and workplace practices.

We are currently in the process of reviewing and updating our HR policies to align with the Personal Data Protection Act (PDPA) of Sri Lanka. As part of this initiative, we are strengthening our frameworks related to the collection, processing, storage, and protection of employee data, ensuring full compliance with the legal requirements and best practices in data privacy and security.

This policy alignment aims to enhance transparency, reinforce employee trust, and safeguard personal information across all HR functions. Additional awareness and training sessions are also being planned to educate employees on their rights and responsibilities under the new data protection regulations.

Parental Leave

GRI 401-3

Adhering to national labour regulations in Sri Lanka and India, the Company's policies and practices ensure female employees in Sri Lanka receive 84 working days of maternity leave, and female employees in India receive 26 weeks. All male employees are entitled to one day of paternity leave.

In addition, to support our employees who are feeding mothers, they are permitted to leave the premises at 2 pm using company-provided transport until their child reaches one year of age. Furthermore, payment for the maternity leave period is processed as a lump sum within 48 hours of providing proof of confinement.

During the 2024/25 reporting year, 5 female employees availed themselves of maternity leave. Notably, all employees who returned to work after their leave remained employed with Teejay Group at the end of the reporting year.

OUR PEOPLE

	2024/25		2023/24	
	Paternity	Maternity	Paternity	Maternity
Employees entitled to leave (Nos.)	30	8	37	4
Employees who took leave (Nos.)	30	8	37	4
Employees who returned to work (Nos.)	30	8	37	4
Return-to-work rate (%)	100	100	100	100

FAIRNESS AND COMPLIANCE

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

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

We are committed to addressing employee grievances promptly and effectively, fostering an industry-leading work environment for our teams. We offer a clear and fair process for employees to raise and resolve workplace concerns or complaints related to working conditions, management practices, or interpersonal issues. Our policy encourages employees to first discuss issues with their immediate supervisor. If unresolved, the grievance can be formally submitted in writing and escalated to the Head of HR. All grievances are handled confidentially, promptly, and without bias, ensuring that employees are heard and treated with respect. To further facilitate open communication, suggestion boxes have been installed in all relevant plants, providing workers, employees, and subcontractors with an accessible channel to raise any concerns with their supervisors.

Our whistleblower policy offers another confidential avenue for employees to report any concerns relating to health and safety, unethical behaviour, or violations of company policy. Teejay's Abuse and Harassment Free Workplace Policy empowers employees with a clear and accessible reporting process, outlining multiple options to suit their needs:

- **Informal Resolution Process:** Encourages early resolution to address offensive behaviour, verbally or in writing, to communicate clear boundaries and prevent recurrence.
- **Formal Resolution Process:** For more serious or persistent cases, employees can file a formal complaint with a supervisor, line manager, the HR Department, the CEO, or the designated JCC. To ensure fair and efficient investigations, formal complaints should be submitted in writing within a specific timeframe (10 days to 3 months of the incident), including details of the incident, the alleged offender's name, and any relevant evidence. All complaints are treated seriously, and false reports are not tolerated.

Our proactive abuse and harassment-free workplace policy has contributed to maintaining a record of zero reported incidents related to discrimination throughout the year in our Sri Lanka and India operations meanwhile only one sexual harassment case was reported and is being investigated and resolved with disciplinary action during the year.

Furthermore, Teejay enacts strict protocols to prevent the employment of anyone under the age of 18 and is vehemently opposed to any form of forced labour. No incidents of child or forced and compulsory labour during the year. Teejay also obtained self-declarations from its main suppliers affirming that their respective organisations are also free of child labour, forced labour, and compulsory labour.

Since 2021, all of Teejay's facilities have been conducting self-assessment and undergoing third-party verification of SLCP through the Higg Facility Social and Labour Module (FSLM), having now completed all three levels. We utilise the Higg FSLM to assess our management systems and approaches across several metrics. These ensure we actively involve our employees, prioritise their health and safety, uphold suitable working conditions, and provide fair and adequate compensation for our entire workforce.

OUR PEOPLE

OCCUPATIONAL HEALTH AND SAFETY (OHS)

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6

GRI 403-7, 403-8, 403-9, 403-10

At Teejay, our commitment to safety goes beyond mere compliance; we drive a 'Safety Beyond Compliance' culture across all operations, embedding a shared responsibility for a safe working environment with a clinic and nurses available among all stakeholders – employees, contractors, suppliers, customers, visitors, and surrounding communities.

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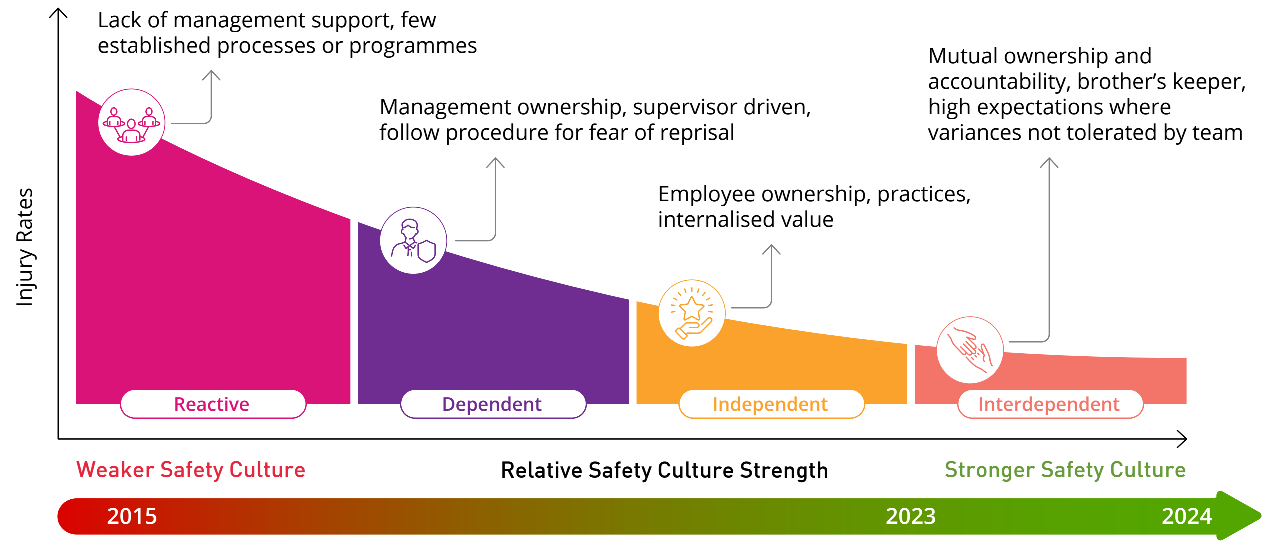
Safety Week



Our comprehensive Occupational Health and Safety Management System (OHSMS), certified against ISO 45001:2018, aligns with Sri Lankan labour regulations and International Labour Organisation (ILO) safety guidelines, covering all employees, outsourced workers, contractors, contractor personnel working on our premises, suppliers, customers, visitors and nearby community, as well as all processes and machinery. We are driving an OHS strategy that targets zero accidents by the end 2025.

A QR code-based mobile phone application is utilised for safety inspections of fire equipment and emergency eyewash stations. Additionally, our comprehensive machine safety programme ensures all workplace machinery operates safely, complemented by ergonomic workstation design and effective chemical handling procedures. We also implement behaviour-based safety programmes that encourage proactive hazard reporting and peer-to-peer accountability within our teams.

Early hazard identification allows us to mitigate risks effectively. Robust protocols are also in place to ensure a prompt and effective response to any emergency situation, safeguarding our employees and minimising potential damage. Furthermore, any changes in operations, equipment, or procedures are carefully reviewed through formal change management processes to assess new or evolving risks.

OUR PEOPLE

High standards of industrial hygiene are maintained to protect employees from occupational accidents and illnesses, with routine risk assessments and job hazard analyses (JHAs) conducted across all manufacturing processes and equipment. These assessments evaluate existing procedures, process changes, and equipment modifications, to identify the following hazards:

Hazard: Fire

Safety Measures:

- Regular fire risk assessments, audits, and inspections conducted.
- Mock drills and firefighting training held quarterly.
- Dedicated water pump house with 500 m³ water storage capacity maintained, equipped with jockey pump and additional electric and diesel-powered pumps.
- Over 400 fire extinguishers strategically located throughout the factory.
- Modern addressable fire alarm panel with 1,014 multi-sensors installed for smoke, flame, and heat detection.
- Fire No Objection Certificate (NOC) obtained from AP Fire Services Department.
- Third-party safety audits conducted by external certification bodies.
- 42 fire exits strategically positioned in multiple locations.
- Onsite evacuation plans clearly displayed in appropriate areas.
- Well-trained and highly skilled fire wardens appointed to cover three shifts.
- Three designated emergency assembly points established within the factory.

Hazard: Chemical

Safety Measures:

- Automatic chemical dispensing and fume extraction systems in use.
- Regular safety training provided.
- Appropriate PPE (goggles, gloves, and gas respirators) distributed.

Hazard: Electrical

Safety Measures:

- Engineering controls in place.
- Regular electrical safety training provided.
- Appropriate PPE distributed.

Hazard: Mechanical

Safety Measures:

- Machinery equipped with guards and emergency stop switches.

Hazard: Ergonomic

Safety Measures:

- Engineering modifications implemented to reduce ergonomic risks.
- Tow trucks, pallet trucks, and reach trucks available to minimise manual handling.
- Regular ergonomic training provided.

Hazard: Physical (e.g., Noise, Heat and Dust)

Safety Measures:

- Dust extraction systems in place.
- Dust masks and earplugs distributed to employees.
- Purchase of low-noise machinery.
- Isolation of high noise sources.
- Provision of industrial fans at work stations and water dispensers.
- Scheduling of frequent breaks.
- Regular safety training provided.

To continuously improve safety practices, we employ a dedicated internal audit team trained by external experts in addition to external audits. Risk assessments are conducted by qualified personnel holding recognised national and international certifications, including NIOSH-SL, NEBOSH-UK, Better Work-ILO, and Lead Auditor qualifications in the ISO 45001:2018 standard.

We provide comprehensive training, licensing, and certification programmes on the safe handling of chemicals and Personal Protective Equipment (PPE). An activity-based PPE matrix is employed across all departments, ensuring employees have the correct protective equipment for their tasks, reinforced by regular PPE awareness training. Additionally, shift executives, supervisors, CCTV operators, and safety wardens conduct frequent checks to ensure adherence to safety protocols.

We actively encourage all workers to participate in maintaining a safe working environment by soliciting suggestions for improvements to safety procedures and reporting any work-related incidents – including accidents, near misses, unsafe acts, and hazardous environments.

OUR PEOPLE

To enhance reporting efficiency and expedite resolutions, Teejay utilises a QR code system as well as an OHS committee WhatsApp group. Employees are also empowered to remove themselves from risky situations and report to management without fear – either by scanning a QR code or by reporting directly to the safety team verbally or via email.

The reporting process is designed to be simple and encouraged as a routine part of workplace safety. To ensure trust and transparency, workers are explicitly protected against any form of reprisal or retaliation for reporting concerns. Managers and supervisors are trained to handle reports respectfully and confidentially, and to take prompt corrective action.

Reported incidents are logged into the Incident and Injury Reporting Analysis (IIRA) system, where the IIRA team conducts thorough investigations to determine root causes. Based on these findings, corrective actions that may involve modifying procedures or machinery are implemented to prevent recurrence.

Teejay conducts annual medical surveillance of all team members. Individual reports are discussed privately with a qualified medical officer and shared solely with the factory's safety team. Our grievance handling process guarantees the confidentiality of employees regarding any matters, including health-related concerns.

Free medical consultations, and 24/7 access to our in-house medical centres, each staffed by qualified nurses and a medical officer visiting thrice weekly. Blood pressure testing, first aid, assistance with hospitalisation and return-to-work programmes are offered, in addition to an emergency vehicle available for any urgent needs. First aid boxes are readily accessible at operational points.

Medical services are available to all employees and outsourced workers, staff are encouraged to act as Health and Safety (H&S) ambassadors, raising any concerns with the dedicated H&S officer present at each location. The ultimate responsibility for H&S rests with the plant manager.

Teejay offers comprehensive healthcare that extends beyond the workplace. Employees can confidentially discuss any medical concerns with a consultant doctor, with this information shared only with authorised Safety Team officials to ensure complete privacy. To empower informed health choices, regular awareness programmes are provided, covering topics such as industrial hygiene, nutrition, STDs, diabetes prevention and control, and even health and safety risks in the home.

The Company meticulously tracks workplace injuries and reports them quarterly to senior management. In the event of a serious workplace injury or fatality, immediate reporting protocols are followed. We categorise workplace injuries based on recovery time: "recordable injuries" require less than six months for recovery, while "high consequence injuries" take longer than six months. There were zero incidents of high consequence injuries reported during 2024/25.

	2024/25	2023/24
Fatalities due to work-related injuries	–	–
Number of high consequence injuries (Recovery time more than 6 months)	–	–
Number of recordable injuries (Recovery time less than 6 months)	13	8
Rate of work-related injuries (incident rate)	0.38	0.25
Number of lost days as a result of employee injuries	120	45
Fire and safety expenses (USD)	152,735.66	101,174.59
Medical expenses (USD)	30,394.78	25,491.01
Fatalities due to work-related ill health	–	–
Cases of recordable work-related ill health	–	–
Main types of work-related ill health	–	–
Main types of work–related injuries	Cut injuries to sharp objects	Cut injuries to sharp objects

OUR PEOPLE

OCCUPATIONAL HEALTH AND SAFETY (OHS) TRAINING PROGRAMMES

GRI 403, 403-5

Essential Safety Skills

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

Health and Wellness Initiatives

- **STD and HIV Awareness:** Raises awareness of sexually transmitted diseases and HIV/AIDS.
- **Prevention of Diabetes:** Improves education on risk factors and preventative measures for diabetes.

Safety Culture Integration

- **Safety Induction for New Recruits:** Introduces new employees to Teejay's safety policies and procedures.
- **Weekly Toolbox Talks:** Regular safety briefings on specific hazards and safe work practices relevant to each department.
- **Pre-task Planning:** Meetings are routinely held to discuss specific hazards before work begins, especially for non–routine activities.
- Additional Training and Compliance
- **Job-Specific Training:** Tailored training programmes to address unique needs and risks associated with different job roles.
- **Refresher Training:** Regular updates to employees' safety knowledge and skills.
- **Recordkeeping:** Comprehensive documentation of all completed training programmes for compliance and future reference.

In 2024/25 new training sessions were introduced to increase safety awareness of topics such as bloodborne pathogens, heat stress prevention, and industrial hygiene.

Our facilities are equipped with comprehensive fire protection and detection systems. Throughout the year, we conduct regular training programmes to ensure employees are knowledgeable about health and safety measures.

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

In addition, regular drills and briefings keep employees vigilant about potential hazards, including fire, chemical, electrical, and ergonomic risks. Interactive elements such as safety quizzes and selecting a "Monthly Safety Champion" further promote our safety culture.

GUIDING PRINCIPLES AND POLICIES

Recruitment Policy

Teejay recognises that our employees are integral to our success, and attracting and retaining a highly motivated and qualified workforce is crucial for our continued growth. This policy provides a framework for the fair, transparent, and unbiased recruitment and selection of executive–grade employees, consistent with Teejay's values and relevant employment legislation.

Promotions Policy

A promotion at Teejay signifies an employee's advancement to a role with increased responsibilities, accompanied by appropriate salary adjustments and/or benefits. We believe in investing in our employees and rewarding strong performance. The Group ensures equal opportunities for all, basing promotions solely on merit, irrespective of ethnicity, religion, political opinion, gender identity, sexual orientation, age, marital status, or physical disability.

OUR PEOPLE

Anti Harassment policy

Teejay is committed to providing a safe and inclusive environment for all employees, free from discrimination and harassment of any kind, whether based on gender, sexual orientation, race, religion, nationality, age, social origin, marital status, disability, political affiliations, or opinion. The Teejay Group operates with a zero–tolerance policy towards all forms of abuse and harassment, including sexual harassment in the workplace. All incidents are treated seriously and promptly investigated. Any individual found to have engaged in abuse or harassment will face disciplinary action, up to and including dismissal.

OHS Policy

As Sri Lanka's leading fabric mill with a distinguished track record, Teejay Lanka PLC prioritises the health and safety of our employees and direct service providers. We maintain a clear OHS Policy that is communicated to all levels of employees and relevant stakeholders. We are committed to ensuring this policy is understood, implemented, and evaluated regularly to maintain its effectiveness and drive continuous improvement.

Child Labour Policy

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

Policy on Forced or Compulsory Labour

The Company has a zero–tolerance policy regarding forced labour. Management has implemented robust measures to ensure the prohibition of all forms of forced, bonded, indentured, or prison labour. Employees shall not be bound to employment by any terms other than those clearly stated in their employment contract. All applicants for employment at Teejay seek employment voluntarily and not under any form of coercion.

Policy on Equal Opportunity

Teejay Lanka PLC ensures that no employee shall be subjected to discrimination in recruitment, compensation, salary increments, promotion, access to training, working conditions, pregnancy termination, or retirement based on gender, race, caste, skin colour, national origin, religion, age, disability, HIV/AIDS status, marital status, family responsibilities, pregnancy, sexual orientation, political opinion, union membership, unconscious bias, disciplinary actions, or political affiliation. Employees are free to join unions or worker committees of their choosing.

Human Rights Policy

The Company recognises that human rights are fundamental rights inherent to all individuals, irrespective of nationality, residence, sex, sexual orientation, national or ethnic origin, colour, religion, language, or any other status. Teejay's Human Rights Policy applies to all employees, anyone conducting business for or with Teejay, and others acting on the Company's behalf. This policy extends to all locations where the Teejay Group operates and to all company–sponsored events.

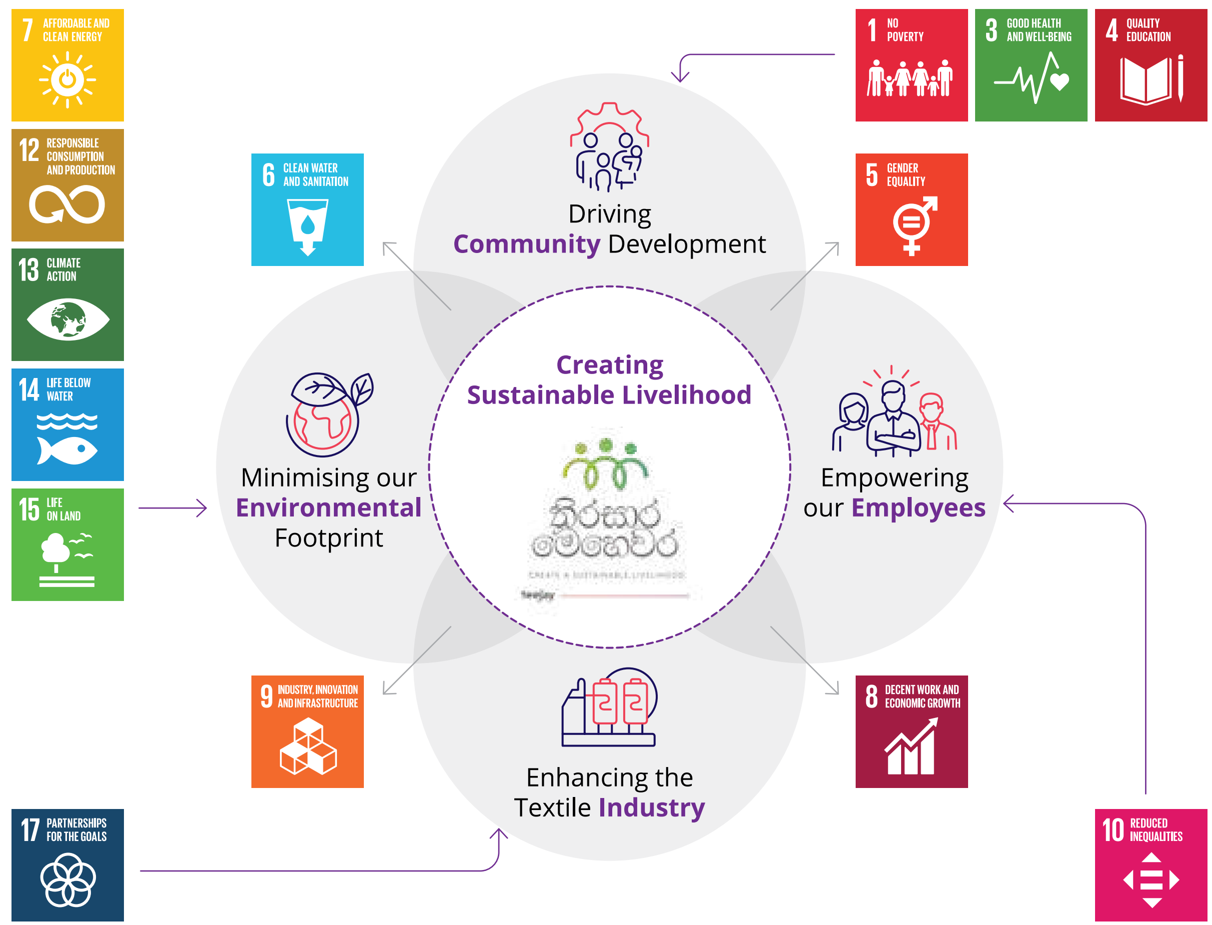
Employee engagement activities

COMMUNITY RESPONSIBILITY

For every thread of our success, **we weave a commitment** to elevate the industry and communities that enfold us.

Advancing societal well-being through impactful and sustainable Corporate Social Responsibility (CSR), is an initiative Teejay takes to heart. Our CSR platform, Thirasara Mehewara serves as a strategic vehicle to enhance the quality of life for current and future generations by improving access to essential resources. Our efforts begin with our employees, extends to the industry and value chain we operate within, embraces the communities around us, and nurtures the wider environment.

Our dedicated CSR Team works to strengthen partnerships, ensure long-term impact, and align our development efforts with UN SDG 4 (Quality Education) and SDG 6 (Clean Water and Sanitation) here in Sri Lanka.



COMMUNITY RESPONSIBILITY

GRI 413-1

CARING FOR OUR COMMUNITIES

Our primary manufacturing facilities are based in the Seethawaka Export Processing Zone (EPZ), situated within Sri Lanka's Western Province. Despite urbanisation and recent development in the region, many vulnerable communities still lack access to basic necessities. We are actively working to provide or improve access to clean water and sanitation facilities in rural schools across the Kegalle, Ratnapura and Colombo Districts. We also partner with other corporates and foundations to champion education and menstrual hygiene awareness, aiming to empower the women and youth of our nation.

Our Vision for Impact

Realising our vision is projected to positively impact almost 60,000 students by 2030.

Overall Goals for 2030

- Improve sanitation, hygiene, and education facilities for at least 10% of provincial schools in the Ratnapura District.
- Increase the impact of the Thirasara Mehewara by 250%.

- **Key Objectives:**

- Achieve basic sanitation access for schools in the three nearest villages by 2028/29.
- Improve literacy rates by 20% among primary school children in target communities by 2028/29.
- Reach gender parity in school attendance.

OUR CSR FRAMEWORK IN ACTION

Teejay's CSR Policy was formalised in 2018, outlining a structured approach to planning, monitoring, and reporting on community development initiatives. Projects require active involvement from our Engineering and HR Departments, contributing their specialist knowledge and resources and working in tandem to implement and oversee efforts. This integrated engagement draws upon our collaborative spirit and the skills of our internal volunteers to achieve maximise the positive impact for our operating communities

As part of our ongoing commitment to sustainable growth and ethical business practices in Sri Lanka, all new facility expansion projects and logistics operations are now required to undergo a thorough CSR and Environmental Impact Review before approval. This process ensures that all development aligns with our environmental stewardship goals, mitigates potential negative impacts on local ecosystems and communities, and contributes positively to long-term social and environmental outcomes.

Furthermore, Teejay has implemented an enhanced supplier evaluation framework that prioritises partnerships with vendors and service providers who demonstrate adherence to ethical labour practices, including fair wages, safe working conditions and non-discriminatory employment policies. Preference is also given to suppliers actively engaged in community investment initiatives, such as local hiring, education programmes, or environmental conservation efforts.

Thirasara Mehewara: A Snapshot for 2024/25

This year, our programme supported 5 schools, benefitting an estimated 4,600+ students with improved access to sanitation, hygiene, and education. We also sponsored or supported a number of educational, cultural, and community initiatives to enhance learning and health in the area.

Students reached
4,600+

Sanitation facilities
19
(constructed sanitation units in 5 schools)

Handwashing stations
6
(installed in new sanitation units)

Hygiene education programmes
5–6
(basic sanitary education seminars delivered in 5-6 schools)

Menstrual education programmes
5
(reached 900+ female students aged 12-18)

Schools supported
6
(rural village schools, 10-25 km from Teejay's main Avissawella facility)

Additional initiatives

- **Akura Book Donation Campaign:** supported 50 Grade 5 scholarship students through up-cycled books and stationery donations for underserved schools.

Teejay has also supported a number of philanthropic, cultural & religious events in the vicinity.

COMMUNITY RESPONSIBILITY

SCHOOL SELECTION PROCESS

Employee Suggestions

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

Zonal Collaboration

Relevant information is gathered from zonal education office.

Initial Assessment

All information is assessed to determine potential schools.

Physical Audit

Shortlisted schools are visited; existing sanitation conditions are assessed.

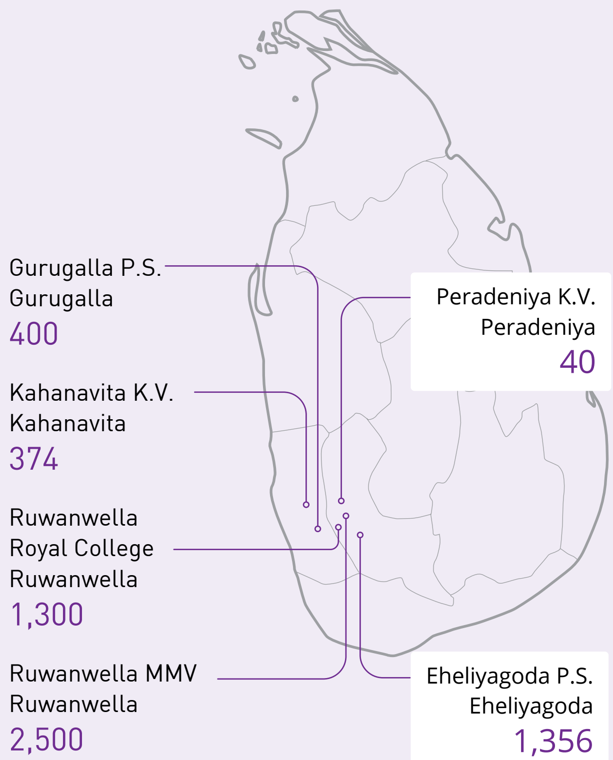
Final Selection

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

Approval

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

In 2024/25, we supported 07 schools, benefitting an estimated 4,243 students.



COMMUNITY RESPONSIBILITY

OUR COMMUNITY DEVELOPMENT PLANS FOR 2025

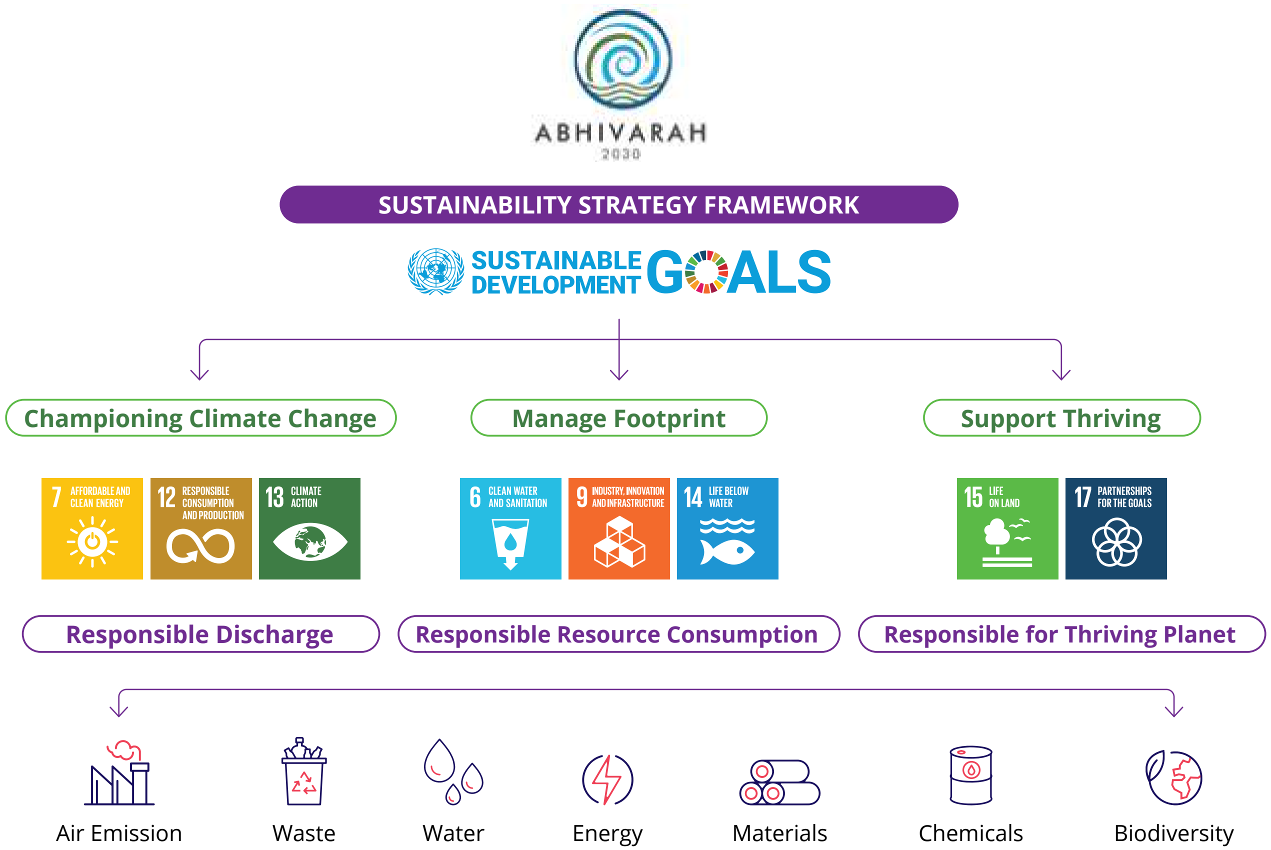
- **Sanitation Infrastructure Development:** Improving access to safe and adequate sanitation facilities in schools by constructing and upgrading toilets, handwashing stations, and water supply systems. Emphasis will be placed on gender-sensitive design and maintenance to support student health and dignity.
- **Girls' Education and Retention in Schools:** Supporting the continued education of girls by addressing structural and social barriers, including lack of privacy, inadequate menstrual hygiene facilities, and cultural stigmas. Interventions aim to create safe, inclusive, and supportive school environments that encourage long-term attendance and academic achievement.
- Health and Hygiene Awareness: Promoting positive health behaviours through structured hygiene education programmes targeting students, teachers, and parents. Topics will include personal hygiene, menstrual health, disease prevention, and the responsible use of sanitation facilities.

NBEA – Winner, Excellence in CSR

- **School Infrastructure Development:** Upgrading and maintaining essential school infrastructure—such as classrooms, water systems, and communal spaces—to create safe, accessible, and resilient learning environments. Infrastructure improvements will align with national standards and sustainability best practices.
- **Educational Upliftment:** Enhancing the quality of education through targeted interventions and the provision of learning materials. This focus area aims to improve student performance, reduce dropout rates, and foster a culture of academic excellence and lifelong learning.
- **Educational Equity Support:** Providing school supplies to students from vulnerable economic backgrounds to increase enrollment and attendance, enhance engagement, and reduce dropouts by easing financial burdens on families. Support will be coordinated via school needs assessments and local partnerships for effective targeting and community ownership.

ENVIRONMENT STEWARDSHIP

As a **pioneering manufacturer of sustainable fabric solutions,** Teejay is committed to operating in harmony with the natural environment. We take pride in responsible stewardship of natural capital, ensuring the well-being of our enterprise, people, and planet.



Our environmental strategy, Abhivarah 2030, prioritises responsible stewardship and management of water, energy, materials, chemicals, air emissions, waste, and biodiversity.

ENVIRONMENTAL STRATEGY: ABHIVARAH 2030

Abhivarah, meaning “environment”, embodies our commitment to a harmonious coexistence with nature. We believe in working diligently to conserve natural resources and ensuring their sustainability for future generations.

ENVIRONMENT STEWARDSHIP

This strategy serves as a roadmap toward a sustainable future, aligning with the Sustainable Development Goals (SDGs), the Science Based Targets initiative (SBTi), and the core principles upheld by the United Nations (UN). As a fabric manufacturer working with leading retail brands to close the loop and drive circularity in the fashion industry, our strategic pillars also align with the 10R concept of circularity, the Circular Economy Model, and are further strengthened by life cycle thinking. The framework emphasises our business imperatives and customer needs, and our corporate responsibility to people and the planet, through three core pillars.

Responsible Resource Consumption: Doing More with Less	Responsible Discharge: Waste to Wealth	Supporting a Thriving Planet: To Earth with Love
Focusing on optimising resource-use and minimising the environmental impact of our operations.	Taking up the challenge of reducing waste, implementing responsible waste management, incorporating circular thinking, and exploring innovative waste-to-value solutions.	Emphasising our commitment to preserving or restoring our planet's natural ecosystems and biodiversity.

OUR LANDMARK ENVIRONMENTAL SUSTAINABILITY INITIATIVES

Waste to Wealth	Responsible Resource Consumption	මිහිකතට ආදරයෙන් – To Earth with Love
Aligned with the 10R Concept, circular economy principles, and our journey toward fully unlocking the value of all waste streams, we work to minimise waste at the source, practice responsible waste management, and maximise waste that is value-enhanced, re-used, recycled, and diverted from landfills.	Encompasses an integrated approach - spanning emissions reduction, renewable energy investments, energy efficiency measures, and supply chain transformation.	Protecting and enhancing biodiversity, particularly through targeted conservation efforts along the Kelani and Godavari river catchments, which are vital water sources for our operations, employees, and communities.
Programmes actively engage waste management partners, educate employees and support staff, and raise awareness amongst the public. We also collaborate with our suppliers and customers to build a more sustainable and circular value chain.	Together, these initiatives are embedding climate responsibility within our business model and supporting the Company's progress toward achieving a net-zero ambition.	Collaborating with environmental organisations and local communities; our programmes focus on preserving endangered species, developing forest corridors, and promoting ecological balance.

ENVIRONMENT STEWARDSHIP

To advance our environmental sustainability strategy, we facilitate collaboration throughout our supply chain. Annual forums are held for Teejay to communicate and collectively problem-solve with chemical suppliers, yarn suppliers, and waste collectors. We assess the sustainability practices of our partners, ensuring alignment with our compliance requirements, as well as responsible sourcing and environmental stewardship commitments.

KNITTING SUSTAINABILITY SUMMIT 2024: A CATALYST FOR INDUSTRY-WIDE CHANGE

In August 2024, Teejay hosted the inaugural Knitting Sustainability Summit; a landmark event that is a core component of our Abhivarah 2030 vision.

The event brought together a diverse range of stakeholders, including industry experts, NGOs, upstream suppliers, and government institutions. It featured insightful discussions from prominent leaders and innovators and set up a powerful platform for knowledge-sharing and collaborative action, toward building a greener future for the textile and apparel sector. Panellists and presenters included experts from Sri Lanka's premier textile and apparel sector corporations, representatives of regulatory and advisory bodies, industry associations, and esteemed representatives of academia.

The 2024 summit engaged stakeholders to discuss and deliberate on three key industry-specific topics and brought together expertise on a variety of new and emerging topics.

- The future of fashion, technologies, and ESG integration
- Chemical management in the textile industry
- Technology integration for sustainable textile production

Demonstrating our unwavering commitment to environmental responsibility, the Knitting Sustainability Summit was certified as a ZeroCarbon event. A total of 6 tons of CO_2 emissions generated by the event were fully offset through the purchase of internationally registered carbon credits. These credits supported a verified project under the Clean Development Mechanism (CDM) in the Asia region, focused on the thermal oxidation of HFC-23 – a potent greenhouse gas. This activity, as an integral part of the CDM initiative, contributes to significant emissions reduction and advances global climate action.

MICROFIBER ELIMINATION PROJECT

As part of Teejay's commitment to environmental stewardship and innovation, the Company took a pioneering step in 2024/25 to address microfiber pollution, which is an emerging environmental challenge associated with the textile industry. The project saw Teejay become the first textile manufacturer in Sri Lanka to conduct MAP (Microfibre Analysis Protocol) testing with Matter UK with Matter UK, a globally recognised cleantech company focused on preventing microplastic and microfiber pollution at its source.

This strategic project, and continued analysis and development is aligned with Teejay's broader sustainability goals of promoting circularity and advancing responsible water and waste management. By working with Matter UK, Teejay is actively exploring solutions to eliminate microfibers at the sourcing and manufacturing stages preventing them from becoming pollutants in aquatic ecosystems and addressing the issue before they are released as unrecoverable waste.

Employee engagement is central to our approach, featuring regular awareness sessions, practical training on topics, and promotion of participation in employee-driven initiatives, such as our Nature Clubs. At the heart of these efforts are cross-functional teams, down to plant-level, who meet regularly, track progress diligently, and are an effective task-force for mainstreaming sustainable practices.

Crucially, we also have robust governance structures in place to ensure accountability. Monthly compliance meetings with leadership provide strategic direction, reinforcing senior management's role in driving sustainability. Continuous learning through incident investigations and data-driven decision-making, alongside cross-functional collaboration via Joint Consultative Committee (JCC) meetings, ensures that environmental responsibility is woven into every level of our organisation.

ENSURING DATA ACCURACY AND TRANSPARENCY

We are committed to collecting, verifying, and reporting reliable and accurate information on our sustainability performance. Data is meticulously collected and validated through the Company's newly upgraded SAP S/4 HANA ERP, and other digital platforms, which seamlessly integrate with a dedicated ESG Sustainability Performance Analyser (ESG-SPA) Tool.

This centralised system enables real-time monitoring of critical metrics, ranging from resource-use, to procurement volumes, material flows, and other traceability data-points. This rigorous approach ensures the highest levels of accuracy and accountability in our sustainability reporting, empowering stakeholders with trustworthy insights into our sustainability performance.

ENVIRONMENT STEWARDSHIP

ENVIRONMENTAL TARGETS

We operationalise our commitment to responsible environmental stewardship and track progress against our targets through a carefully structured Environment, Social, and Governance (ESG) framework that guides our sustainability initiatives.

- Achieve zero toxic chemical usage and discharge.
- Reduce water intensity by 50% by 2030, using 2022 as the base year.
- Reduce water intensity by 50%, by 2030.
- 100% waste value-enhancement, by 2030.
- 42% reduction in Scope 1 and 2 emissions by the year 2030, using 2022 as the base year.
- 25% reduction in Scope 3 emissions by 2050, using 2022 as the base year.
- Net-zero carbon emissions, by 2050.
- Plant 1 million trees to restore endangered natural habitats, by 2050.

ENVIRONMENTAL MANAGEMENT AND COMPLIANCE

Our commitment to environmental responsibility is woven into the fabric of our operations, guided by adherence to stringent international benchmarks.

We actively leverage tools like the Higg Facility Environmental Module (Higg FEM) to systematically measure and evaluate our environmental performance. Higg FEM is widely adopted in the apparel and textile industry, and its principles of quantifying sustainability impacts across areas like EMS, energy, water & effluent, waste, air emission and chemical are invaluable in standardising our environmental performance monitoring.

Higg FEM Achievement: Setting New Benchmarks in Environmental Performance

Teejay Group achieved a landmark in environmental stewardship in 2024, showcasing exceptional environmental performance across all facilities. For the first time, all three entities Teejay Lanka, Teejay Prints, and Teejay India scored above 90% on their Higg Facility Environmental Module (FEM) verification, demonstrating significant year-on-year improvements.

Notably, Teejay Lanka attained an outstanding 99%, solidifying its position among the industry's top global performers. Teejay India made a remarkable leap to 97%, while Teejay Prints achieved an impressive 91%. We utilise Higg FEM as a tool to assess environmental performance across critical metrics, standardise performance and compliance reporting across our facilities; while providing accurate, consistent, and comparable data to our stakeholders.

Our pursuit of excellence in environmental management and other disciplines is reflected in a number of ISO certifications maintained by our facilities. These globally recognised standards demonstrate our systematic approach to mainstreaming quality, prioritising health and safety, improving energy performance, reducing consumption, and lowering greenhouse gas emissions.

	2024	2023	2022	2021	2020
Teejay Lanka	99	97	91	90	77
Teejay India	97	83	79	71	44
Teejay Prints	91	78	68	61	31

Say no to Single use Plastic initiatives

ENVIRONMENT STEWARDSHIP

ISO STANDARDS IMPLEMENTED

	ISO 14001 – Environmental Management	ISO 14064-1 - GHG Emission Verification and Validation	ISO 9001 - Quality Management	ISO 45001 – Occupational Health and Safety	ISO 50001 – Energy Management
Teejay Lanka	✓	✓	✓	✓	✓
Teejay India		✓		✓	
Teejay Prints	✓	✓	✓	✓	

NBEA – Winner, Excellence in Environmental Sustainability

MATERIALS: SUSTAINABLE SOURCING AND CIRCULARITY

Led by Teejay's innovation engine, INSCOPE, we continue to collaborate with customers and suppliers to incorporate recycled raw materials our products – including pre and post-consumer recycled materials and up-cycled PET plastic waste. We promote sustainable sourcing practices across our operations, and prioritise organic, regenerative, or renewable raw materials and dyes in our products.

Teejay Lanka PLC was proud to be appointed as the patron company for the Sustainable Supply Chain Working Group organised by the UN Global Compact (UNGC) Sri Lanka. The focus of the working group aligns with our efforts to reinforce sustainable raw material sourcing, mainstream green procurement practices, and minimise environmental impact across our value chain.

The collaboration platform fosters stronger partnerships, inspires timely initiatives, and allows for better information-sharing and impact measurement paving the way for more resilient, sustainable, and future-ready businesses.

Teejay published a case study titled "Innovations in Sustainable Supply Chain Management" at the 2nd International Research Symposium on Sustainable Business (IRSSB 2024), hosted by Edith Cowan University, Sri Lanka. The case study explored Teejay's strategic transformation in chemical management – including our proactive engagement with initiatives like the ZDHC Roadmap to Zero Programme and adoption of Green Chemistry principles.

ENVIRONMENT STEWARDSHIP

GRI 301-1

PRIMARY RAW MATERIAL USE

	2024/25	2023/24	2022/23
Yarn (kg)	23,631,556	20,761,900	24,555,386
Greige (kg)	25,061,523	20,306,188	25,099,809
Dyes (kg)	1,035,649	751,415	1,010,946
Chemicals (kg)	12,404,759	10,003,876	13,649,716
Auxiliaries (kg)	3,095,091	2,870,054	2,915,875
Knitting Needles (units)	2,726,083	2,043,875	1,412,471
Packaging Materials (kg)	398,389	1,358,735	1,717,419
Consumable Goods and Spares (USD)	1,376,229	1,606,751	1,289,335
Prepared for Print (PFP) (kg)	1,899,576	1,728,609	2,601,181
Paper (bundles)	7,952	6,469	3,000

Teejay's strategic focus on stabilising raw material use while enhancing operational efficiency. The data reveals a balanced approach to sustaining production needs with an emphasis on managing chemical and dye usage alongside core materials like yarn and greige.

GRI 301-2

RECYCLED INPUT MATERIALS

	2024/25	2023/24	2022/23
Volume of recycled input materials used (recycled yarn) (kg)	1,223,518	1,494,664	2,571,404
% of recycled input materials used (e.g. recycled yarn) (%)	5	7	12

The downward trend in recycled input materials reflects broader market dynamics, including reduced customer demand for recycled yarns and limited availability of viable commercial solutions.

ZERO Plastic initiatives

ENVIRONMENT STEWARDSHIP

	GRS	GOTS	OCS	OEKO TEX–100	RegenAgri	OEKO TEX–STeP	CMiA	BCI	Cotton US Protocol	Eco Labelling Certification
Teejay Lanka	✓	✓	✓	✓	✓			✓	✓	✓
Teejay India	✓	✓	✓	✓	✓	✓	✓	✓		
Teejay Prints	✓	✓	✓	✓						

HOLISTIC APPROACH TO ADVANCING CIRCULARITY

We actively collaborate with key global customers and strategic supply chain partners to embed circularity principles across our organisation and product lifecycle from material sourcing and product design to chemical use, packaging, and post-consumer waste solutions.

Our focus on Product Sustainability and Circularity extends to our entire product portfolio, driven by a number of initiatives embedded in the Abhivarah 2030 strategy. **Our approach embeds circular design principles, prioritises strategic and innovative partnerships, incorporates resource efficiency and waste minimisation, and influences decision-making across all stages of product development from fibre selection to end-of-life considerations.**

CIRCULARITY DEVELOPMENTS IN 2024/25

- In 2024/25, we accelerated our focus on material recyclability, biodegradability, and chemical safety. Our product development team worked to expand use of recycled and regenerated fibres, including GRS-certified yarn, and began actively developing mono-material fabric blends that improve recyclability at the garment's end-of-life stage. We also scaled up product offerings that use responsibly sourced viscose, organic cotton, and recycled polyester.
- We initiated a textile recycling project with key yarn suppliers to support the development of recycled fibre-based fabric collections. The project emphasised mechanical recycling of pre and post-consumer textile waste, with a focus on ensuring recyclability, traceability, and alignment with international standards such as the Global Recycled Standard (GRS). This initiative is part of a broader engagement with yarn manufacturers to co-develop closed-loop circular models
- In terms of packaging material, we launched packaging recycling programmes with selected suppliers, particularly targeting yarn and accessories packaging. These efforts aim to shift toward returnable or recyclable packaging formats, reduce virgin material use, and ensure compatibility with existing recycling streams. Circular packaging pilots have been initiated and scaled based on environmental impact assessments.
- Other continuing innovations included repurposing of used chemical barrels into PVC fabric roll tubes, transforming internal waste into valuable production inputs, while reducing virgin material usage in production.
- Looking to partnerships across the industry and supply chain, Participant of the Sustainable Supply Chain Working Group of UN Global Compact Network Sri Lanka, the 2024 Knitting Summit, and other platforms are enabling greater collaboration across the value chain.

MAINSTREAMING CIRCULAR THINKING

Recognising global regulatory shifts, and developments in the textile industry, we are working to proactively embed upstream and downstream impacts into our product and sustainability strategies. Lifecycle Assessments (LCAs) are utilised when evaluating new innovations and technologies, to identify potential sustainability opportunities and trade-offs early in the development process.

Analytical processes are enhanced by ongoing and new investments in digital infrastructure; including real-time online monitoring systems for water, energy, and emissions, the Group's SAP S/4 HANA ERP system, and other digital platforms like AREL Orgotex. These tools are providing more accurate data on material flows, production inputs, and environmental impacts, enabling our teams to better evaluate product lifecycles and footprint before commercial scaling.

New products and innovations, including those pioneered by INSCOPE, are assessed not only for performance and feasibility but also their recyclability, composition compatibility, chemical compliance, and end-of-life recovery options.

All innovation pathways are supported by lifecycle thinking, undergo data-backed lifecycle assessments, and involve close engagement with supply chain partners; enabling our Company and the broader supply chain to

ENVIRONMENT STEWARDSHIP

address industry-level challenges through continuous R&D, incorporation of material science, and innovative sustainable design strategies.

STRATEGIES TO ADDRESS INDUSTRY CHALLENGES

Circular thinking is vital to the long-term sustainability of the textile and fabric industry. However, there remain several technical and structural challenges that limit the scalability of circular models. Gaps in infrastructure for textile waste collection, lack of harmonised recycling standards, and limited commercial-scale technologies for elastane recovery remain significant barriers, while changing market demands and evolving product performance expectations have also hampered progress.

Rising demand for synthetic blends, particularly those incorporating spandex (elastane) proves an ongoing challenge. Spandex is extremely difficult to separate and recycle due to its chemical structure and low melting point.

Industry shifts toward multi-layer textile structures and multi-fiber fabric constructions also presents unique challenges. These advanced fabric architectures pose significant complexity when considering mechanical or chemical recycling, particularly when different materials are laminated, bonded, or finished together.

- **In response to these limitations, Teejay has initiated innovation projects to develop multi-layer fabric constructions that meet both performance requirements and circularity criteria. These developments aim to improve recyclability through design-for-disassembly principles and the use of mono-material layers, wherever possible. The R&D team is also exploring re-engineered fabrics that meet customer quality specifications while being easier to recover or repurpose at the end of life.**
- **Material durability has also emerged as a critical pillar in our circular product strategy, as we place increased emphasis on extending product life through more durable textile solutions. This approach not only supports circularity through reuse and longevity but also helps reduce environmental impact by lowering the frequency of replacement cycles.**

ENERGY: CHAMPIONING THE ENERGY TRANSITION

GRI 302-1, 302-4

Teejay is dedicated to advancing the energy transition and enhancing energy efficiency through cutting-edge technologies and sustainable practices. With a well-defined Energy Management Policy guiding our efforts, and Energy Reduction Utilisation Plans in place, we are working toward clear targets for increased share of renewable energy and reduced energy-use, aligned with the Abhivarah 2030 Strategy.

This comprehensive approach to energy management also involves real-time monitoring systems that track machine-wise energy utilisation, allowing us to swiftly detect and address any abnormal peaks in energy consumption. This proactive approach not only improves operational efficiency but also plays a crucial role in reducing consumption and resulting carbon emissions. Our commitment to effective energy management is backed by ISO 50001 certification, ensuring compliance with global energy performance standards.

Energy highlights 2024/25

we saw total energy consumption increase marginally during the year, aligned with growth in production and sales volumes.

Successful progression of our renewable energy scale-up plans resulted in a net increase in the share of renewables in our energy mix – which now stands at 14%. Steady increase in biomass utilisation, and new iREC purchases contributed to these gains: as we closed the year with 19% of total electricity consumption sourced from IREC-certified renewable power. During the year under review, we also initiated projects for expansion of critical solar infrastructure, with an investment of LKR 2.7 Mn., which will add 7MW rooftop solar capacity to our energy footprint within the next years.

Our ongoing efforts to phase out use of fossil-fuels, led to an overall reduction in total energy from fossil fuels despite the increase in overall Group energy consumption. An exemplar has been the reduction in diesel usage by approximately 45% YoY. Teejay made an important investment of LKR 2.6 Mn. in coal phaseout plans during the year. We also commissioned the infrastructure for a Pipeline Natural Gas (PNG) unit, which would reduce reliance on higher-emission fuels. Coupled with plans in place to gradually replace Heavy Fuel Oil (HFO) with cleaner alternatives, we expect these future-looking investments to significantly reduce Teejay's dependence on fossil-fuels and transform our energy mix in the years ahead. Looking forward, we have plans in place for a number of energy efficiency improvements, including installation of high-efficiency 6 million calorie thermic boilers with improved thermal efficiency.

ENVIRONMENT STEWARDSHIP

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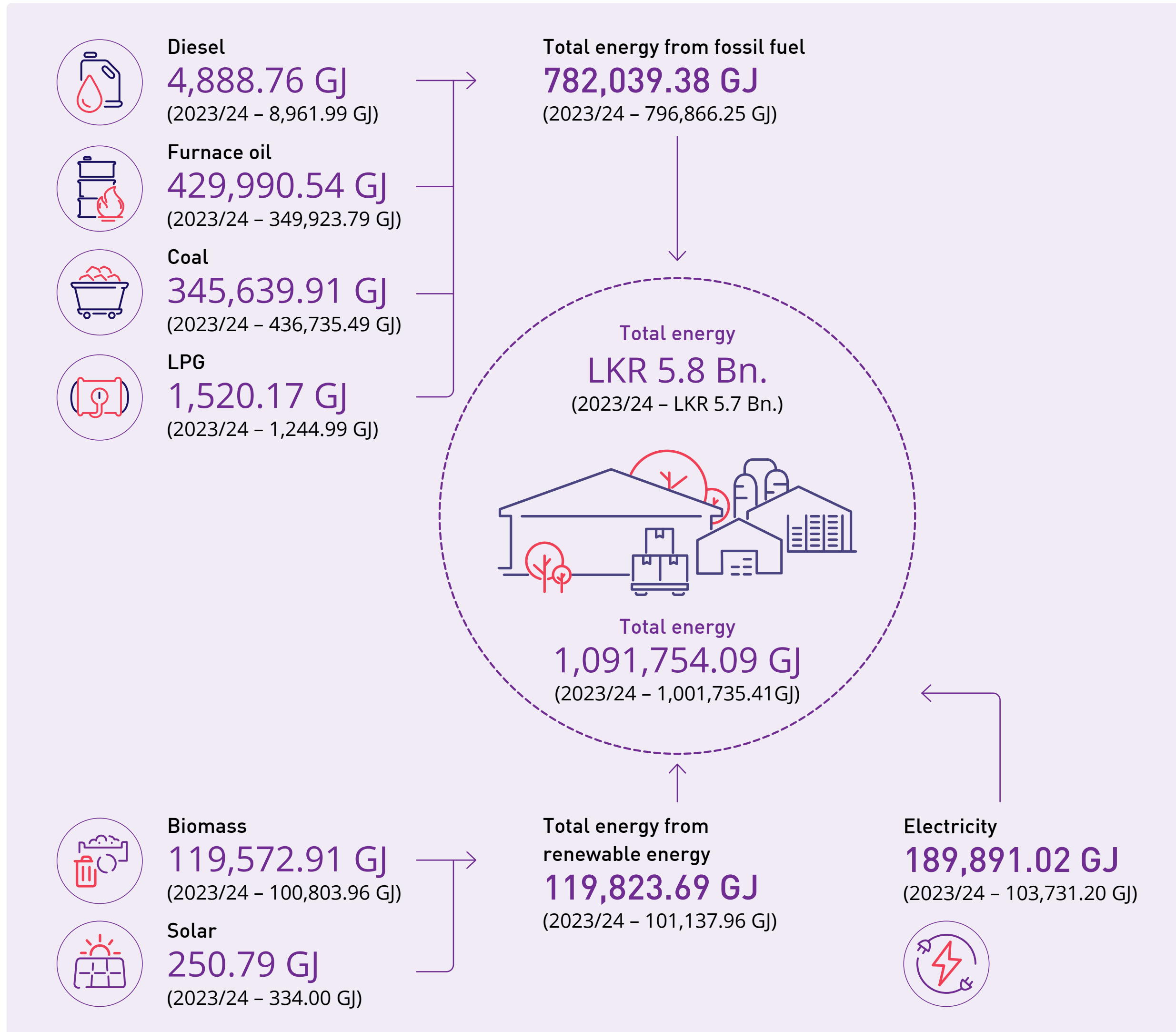


ENVIRONMENT STEWARDSHIP

Energy management best practices implemented in 2024/25

Energy management at Teejay is governed by a robust Energy Management System certified to ISO 50001:2018, enabling detailed tracking, analysis, and optimisation of energy consumption. A real-time energy monitoring platform facilitates the management of Significant Energy Users (SEUs) on a department-wise basis. Key energy optimisation initiatives implemented in 2024/25 include:

- Automation of chiller systems to dynamically adjust cooling based on real-time demand, complemented by the installation of Variable Frequency Drives (VFDs) on HVAC systems, ensuring energy use aligns with actual needs.
- Upgrades to production machinery, replacing high-liquor ratio dyeing machines with low-liquor alternatives, reducing energy and water consumption per cycle. Boiler system enhancements included burner modifications, advanced insulation, and condensate recovery to reduce thermal energy demand.
- Plant-wide compressed air optimisation project, which centralised air distribution, reduced nozzle sizes, and repaired leaks. The project resulted in a 30% reduction in compressed air usage, cutting daily energy consumption by approximately 134 kWh and 739 CFM, and allowing operation with only four compressors instead of seven.
- Introduction of sensor-based automation in the finishing section to ensure compressed air is used only during active fabric uncurling, eliminating around 16 kWh of wasted energy per idle hour across nine stenters.
- Optimisation of cooling systems in the new knitting area, with shutdown during non-productive hours. This shift saves an estimated 1,688 kWh daily.

Launch of Fast React: a digital tool that optimises production scheduling to better align energy use with operational demand.

EMISSIONS: DECARBONISING OUR OPERATIONS

GRI 305-1, 305-2

Teejay has committed to decarbonising our operations through concrete emission-reduction commitments aligned with the Science-Based Targets initiative (SBTi). These targets are embedded within the Abhivarah 2030 strategy, which ensures climate risks are systematically evaluated and addressed.

Working toward these targets, we have implemented advanced emission control devices across our facilities and diligently monitor emission levels through real-time systems. We also methodically monitor emission of ozone-depleting substances (ODS) as defined by the Montreal Protocol. The Group follows a rigorous programme for monitoring nitrogen oxides (NOx) and sulphur oxides (SOx) emissions, ensuring they consistently comply with regulatory tolerance levels. Annual stack emissions testing is conducted by accredited third-party laboratories to verify adherence to all relevant air quality regulations, including NOx, SOx, and other parameters.

OUR COMMITMENT TO CLIMATE ACTION

Teejay has formally committed to the Science-Based Targets initiative (SBTi), setting the following near-term targets that have been officially approved by the SBTi and are fully aligned with the 1.5°C pathway outlined in the Paris Agreement. These targets are integral to Teejay's Abhivarah 2030 strategy and guide the Group's transition to low-carbon operations and achieving Net Zero by 2050.

- 42% reduction in Scope 1 and 2 emissions by 2030 (using 2022 as the base year)
- 25% reduction in Scope 3 emissions by 2030 (using 2022 as the base year)

We have adopted a holistic and data-driven approach to climate risk management, with a strong focus on Scope 3 emissions, which constitute the largest share of the Group's overall carbon footprint. All 15 Scope 3 categories defined by the GHG Protocol are considered, with focused action on the 11 categories most relevant to Teejay's operations.

We carry out detailed Scope 3 calculations in collaboration with RESET CARBON - Hong Kong, and ensure third-party verification in accordance with ISO 14064-1:2018, which is conducted by the National Cleaner Production Centre (NCPC) Sri Lanka. This approach ensures transparency, credibility, and continuous improvement in its climate reporting and mitigation efforts.

ENVIRONMENT STEWARDSHIP

Our recent patronage of the UNGC Sustainable Supply Chains working group, and active membership in the UNGC Climate Taskforce, will allow Teejay to play a pivotal role in advancing sustainable practices not only within our own operations, but also across the industry.

Scope 1 (CO_2 MT)
70,281.58

Scope 3 (CO_2 MT)
568,570.49

Scope 2 (CO_2 MT)
37,814.3

Total (CO_2 MT)
676,666.38

Carbon footprint of Ozone depleting sources (CO_2e MT) – fugitive emissions
457

SBTI Categories	Ton CO_2 eq
Scope 1	70,281.58
Scope 2	37,814.30
Scope 3	568,570.49
Cat 1 – Purchase Goods and Services	258,937.47
Cat 2 – Capital Goods	1,276.25
Cat 3 – Fuel and Energy-Related Activities (not included in Scope 1 or 2)	27,923.43
Cat 4 – Upstream Transportation and Distribution	30,543.16
Cat 5 – Waste Generated in Operations	8,308.65
Cat 6 – Business Travel	133.05
Cat 7 – Employee Commuting	2,625.61
Cat 9 – Downstream Transportation and Distribution	26,588.00
Cat 10 – Processing of Sold Products	186,587.72
Cat 12 – End-of-Life Treatment of Sold Products	25,647.16
Total	676,666.38

DECARBONISATION STRATEGY UPDATES 2024/25

Teejay implements a comprehensive decarbonisation and energy transition plan, which includes renewable energy integration, fuel switching to lower-emission alternatives, and system-wide energy efficiency enhancements. Significant milestones during the reporting period include:

- Commissioning of a Pipe Natural Gas (PNG) unit, reducing reliance on higher-emission fuels.
- Launch of a coal phase-out project valued at USD 2.645 Mn., coupled with the gradual replacement of Heavy Fuel Oil (HFO) with cleaner alternatives, thereby improving environmental and operational performance.
- Investment of USD 2.7 Mn. in a 7 MW rooftop solar project, significantly lowering Scope 2 emissions and dependence on grid electricity.
- Procurement of approximately 8,000 MWh of IREC-certified renewable electricity from mini-hydro sources, diversifying the clean energy portfolio.

ENVIRONMENT STEWARDSHIP

Beyond direct operational emissions, Teejay is intensifying efforts to reduce Scope 3 emissions, particularly in Category 1: Purchased Goods and Services, which represent a significant portion of its overall carbon footprint. The company collaborates closely with yarn and chemical suppliers to promote sustainable sourcing, circularity, and the use of recycled and environmentally preferred materials throughout the supply chain.

WATER: STEWARDSHIP OF WATER RESOURCES

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

We recognise water as a critical resource for our manufacturing operations, and we are committed to the conservation of the water sources we utilise. The Company takes a multi-pronged approach to minimise water usage and ensure responsible treatment of effluent. We actively collaborate with industry partners and other institutions to explore innovative solutions for water-use reduction and effective effluent treatment management. We apply a dynamic production mix in comparison to the previous years.

Feasibility study is ongoing for water treatment and salt recovery for water recycling and reduction of water consumption.

Water intensity	2024/25	2023/24	2022/23
Water consumption per unit of revenue (Litres)	0.028	0.038	0.041

OUR APPROACH TO WATER STEWARDSHIP

Teejay adopts a proactive and science-informed approach to water stewardship as a key component of the Abhivarah 2030 sustainability strategy. With a clear target to reduce water intensity by 50% by 2030, the Company implements robust, data-driven measures to enhance water use efficiency, minimise freshwater dependence, and ensure compliance with environmental standards across all facilities.

Water plays a critical role in our manufacturing processes, particularly in dyeing - which accounts for the highest portion of water consumption. In addition to dyeing, water is also consumed in filter backwashing, effluent treatment, and domestic facilities such as canteens and wash rooms.

To ensure responsible water stewardship, Teejay sources water from non-water stressed regions, such as the Kelani River in Sri Lanka and regulated supplies from the Godavari River in India, aligning with national water management priorities. The company further applies water-efficient technologies and practices tailored to the unique context of each facility, including water reuse projects, rainwater harvesting systems, and domestic water optimisation initiatives.

IDENTIFYING WATER-RELATED IMPACTS AND INFORMING OUR WATER STEWARDSHIP STRATEGY

To optimise use, Teejay partnered with the National Cleaner Production Centre (NCPC) Sri Lanka to conduct a comprehensive water audit. The audit assessed all major water use points across facilities to identify high-consumption areas and potential efficiency improvements. The assessment scope covered manufacturing processes, utilities, and domestic water use, aligned with the company's 2030 sustainability roadmap timeframe.

TARGET-SETTING AND PROGRESS MONITORING

Teejay's water-related goals are included within the Abhivarah 2030 sustainability strategy. The goal-setting process factors local water stress conditions of each operational site in Sri Lanka and India, and ensures alignment with relevant public policy and regulatory frameworks governing sustainable water management. Recognising the complexity of water-use, we set separate, specific, targets for blue water consumption, rainwater harvesting, water reuse, recycling, and domestic water-use, as tracked under the Higg Facility Environmental Module (FEM).

Water consumption and discharge data are continuously monitored via real-time tracking systems and reported through the Higg Facility Environmental Module (FEM), providing accurate, accountable, and ongoing visibility to internal and external stakeholders.

COLLABORATION FOR COMPLIANCE

We actively engage suppliers and partners to promote sustainable water use across the value chain; encouraging circular water practices and water-efficient technologies within the supply chain, promoting responsible water stewardship among partners to reduce collective water-related impacts, supporting collaboration and knowledge sharing on best practices for water conservation and management, and maintaining continuous collaboration with local authorities and industrial park operators to ensure responsible water management and compliance with regulatory requirements.

ENVIRONMENT STEWARDSHIP

INPUT: RESPONSIBLE WATER-USE

In Sri Lanka, all water requirements for Teejay Lanka and Teejay Prints are fulfilled through third-party suppliers operating within the Board of Investment of Sri Lanka (BOI) Seethawaka Export Processing Zone (SEPZ). These suppliers source from non-water stressed regions, including the Kelani River, ensuring that Teejay's operations remain aligned with national priorities for sustainable water use and responsible resource management.

In India, water requirements at Teejay India are fully supplied by Adhistan Industrial Park, which sources from the Godavari River, under regulated access and supply agreements.

We continue to explore rainwater harvesting opportunities and have completed rainwater yield assessments of our facility rooftops. Future integration of harvested rainwater into operations will further contribute to long-term water conservation goals.

Water use highlights 2024/25

Water withdrawal in 2024/25 increased by 19% YoY, reflecting expansion in production volumes experienced during the year. All water withdrawal reported, is considered to be from freshwater sources (less than 1,000TDS), and from non-water-stressed areas.

(m^3)	2024/25	2023/24	2022/23	2021/22
TJL	1,390,250	1,224,238	1,178,162	1,275,254
TJP	160,245	152,044	149,681	176,802
TJI	1,221,773	950,595	1,005,653	810,675
Group water withdrawal	2,772,268	2,326,877	2,333,496	2,262,731

Increased water-use during the year was partly offset by a number of water-saving and water-use efficiency initiatives carried out based on findings of the water audit. New and ongoing initiatives include:

- Water reuse programmes such as recycling treated backwash water and recovering machine-cooling water.
- Leak prevention and repair programmes to minimise water-loss.
- Preliminary investigations to install rainwater harvesting systems.

In addition, our facilities carry out ongoing community responsibility initiatives, such as tree planting campaigns, aimed at enhancing ecosystem health and sustainability of key water catchment areas; including the Kelani and Godavari river-basins, which are vital to Teejay's operations.

TOTAL CAPACITY OF WATER STORAGE TANKS

TJL
3,944 m^3

TJP
450 m^3

TJI
5,000 m^3

Total
9,394 m^3

OUTPUT: STRINGENT STANDARDS FOR EFFLUENT DISCHARGE

Teejay employs a robust approach to wastewater management across all facilities to ensure responsible and compliant effluent discharge. Our wastewater management practices are compliant with national regulations and guidelines in our areas of operation.

We also benchmark performance against internally developed water quality standards and guidelines that are aligned with international best practices and sector-specific requirements. Teejay is fully committed to the Zero Discharge of Hazardous Chemicals (ZDHC) framework, integrating the ZDHC Chemical Management System (CMS) and Technical Industry Guidance (TIG) into our chemical and wastewater management practices. These standards are designed to ensure that effluent quality meets or exceeds environmental safety thresholds, even in the absence of local mandates.

ENVIRONMENT STEWARDSHIP

Advanced monitoring systems are installed at Wastewater Treatment Plants (WTP) and Effluent Treatment Plants (ETP), providing real-time data on critical parameters such as flow rates, volume, and tank levels. Plans are underway to expand this monitoring to include additional quality indicators like pH, temperature, colour, Chemical Oxygen Demand (COD), Total Dissolved Solids (TDS), and Total Suspended Solids (TSS), guaranteeing thorough oversight of the entire treatment process.

Regular monitoring is performed hourly by technicians and periodically by an internal IREA laboratory, supplemented by monthly verification from third-party accredited labs. Monthly third-party wastewater testing and biannual ZDHC-specific testing are conducted to ensure that hazardous chemical discharge is minimised and kept within strict regulatory limits. This commitment extends across all production facilities, with zero violations reported during the review period.

Effluent from industrial processes at Teejay Lanka and Teejay Prints is managed via a two-stage treatment process. Primary treatment onsite through dedicated Effluent Treatment Plants (ETPs). This pre-treated effluent is then transferred to the secondary biological treatment system operated by the Central Treatment Plant (CTP) of the Board of Investment (BOI) within the Seethawaka Export Processing Zone (SEPZ).

At Teejay India, located within the Adhistan Industrial Park, Visakhapatnam, no primary treatment is conducted onsite. Instead, all industrial effluent is directly routed to the Common Effluent Treatment Plant (CETP) managed by the park operator, ensuring that wastewater is treated in line with Indian environmental compliance requirements through centralised facilities.

(m^3)	2024/25	2023/24	2022/23	2021/22
TJL	1,234,528	1,088,460	1,046,120	1,128,553
TJP	128,276	121,635	128,124	141,441
TJI	1,160,684	903,066	1,038,830	759,775
Group water discharge	2,523,488	2,113,161	2,213,074	2,029,769

CHEMICALS: RESPONSIBLE MANAGEMENT

Teejay's reputation as an industry leader in environmental stewardship, is supported by strong transparency and traceability in all chemical-related activities. We are recognised globally for exemplary chemical management practices. Teejay is a ZDHC signatory supplier, featured on the Detox Live platform that monitors global chemical compliance, and as of 2024/25 – we are also a Bluesign system partner.

Teejay Achieves bluesign® System Partner Certification

The year 2024/25 saw Teejay becoming an official bluesign® system partner. This exemplary global certification demonstrates our successful integration of sustainable and environmentally responsible practices across the entire production process. This is the culmination of a multi-year process that involved comprehensive evaluation of Teejay's chemical inputs, production processes, and supply chain controls, showcasing the Company's dedication to responsible manufacturing.

ENVIRONMENT STEWARDSHIP

GRI 303-2, 416-1, 416-2

Chemical Management Highlights 2024/25

A major achievement in 2024/25 was maintaining 100% ZDHC MRSL conformance across the group; showcasing our strong commitment to responsible chemical management and supply chain transparency. Teejay Lanka notably improved its performance from 95% to 99.6% during the financial year, while Teejay Prints maintained 100% compliance and Teejay India sustained compliance over 95%.

	ZDHC Supplier to Zero – Progressive Level Certification	ZDHC Verified InCheck Level 1 Certification	bluesign® System Partnership
Teejay Lanka	✓		✓
Teejay India	✓		
Teejay Prints	✓		

- All three of manufacturing facilities – Teejay Lanka PLC, Teejay Lanka Prints (Pvt) Ltd, and Teejay India Private Ltd. – achieved ZDHC Progressive Level Certification during the year. Additionally, we also completed ZDHC verified InCheck certification for all three entities.
- Additionally, achievement of bluesign® certification and continued use of ZDHC tools further reflect our progress in aligning operations with global best practices.
- We also participated in the ZDHC Roadmap to Zero Programme's South Asia Regional Conference in 2024. Teejay's Manager – Group Sustainability, Ishara Perera, represented Teejay and shared insights on the Company's transformation journey titled "Achieving Business Sustainability through the ZDHC Roadmap to Zero Programme."
- At the Green Industry Symposium 2024, Teejay showcased its leadership in sustainable innovation by publishing two case studies under the themes of "Green Digital & Information Technologies and Sound Chemical Management".
- Looking ahead, we are looking to invest in zero liquid discharge (ZLD) infrastructure, and planned enhancements to our digital platforms for sustainability performance monitoring, all of which would further strengthen our chemical management processes.

OUR CHEMICAL MANAGEMENT PROCESS

Responsible Chemical Management is part of our Abhivarah-2030 strategy, to ensure environmental protection, worker safety, and regulatory compliance. Our chemical management process covers our entire production lifecycle: from input, throughout all industrial processes, and concluding with management of outputs. It includes standards and processes for procurement, storage, handling, disposal, and monitoring, throughout our operations; constituting a comprehensive system that guarantees safety, efficiency, transparency, and traceability at every stage. The entire chemical management system is integrated with, and controlled through, the Group's Enterprise Resource Planning (ERP) system and warehouse management protocols.

To safeguard customers and end-users, we enforce a Restricted Substance List (RSL) to exclude prohibited substances from products. Comprehensive product assessments and rigorous chemical residue testing are integrated into the production cycle to guarantee compliance with both customer-specific and regulatory chemical safety standards. The Company maintained a flawless compliance record during the reporting year, with regard to the health and safety impacts of our products and services.

Our maintenance of ZDHC standards reflects this compliance with the ZDHC Manufacturing Restricted Substances List (MRSL) and wastewater guidelines, which are critical components in minimising the use and discharge of hazardous chemicals across the production process. ZDHC verified InCheck certification ensures our chemical inventory is aligned with the ZDHC MRSL and that transparent reporting and traceability mechanisms are in place.

ENVIRONMENT STEWARDSHIP

In addition, we work to continuously assess and eliminate potentially hazardous substances - replacing them with safer, sustainable alternatives while adhering to local regulations and global standards to meet customer compliance requirements. Through green procurement policies, the company sources only environmentally friendly chemicals, collaborates with upstream and downstream suppliers to enhance sustainable practices, and ensures all purchases comply with stringent industry regulations.

WASTE: REDUCING WASTE AND UNLOCKING VALUE

GRI 306-1, 306-2

As part of our long-term sustainability vision, Abhivarah 2030, we have set ourselves a very ambitious target of achieving 100% waste value enhancement by 2030, through incorporation of circular economy principles and organisation-wide focus on transforming waste into valuable resources.

We operating in full compliance with the local regulations, with regard to waste management, in Sri Lanka and India, and actively work to minimise waste generation at source while also ensuring environmentally responsible disposal methods. To ensure proper waste management, we conduct comprehensive auditing of waste vendors, monitoring waste disposal until final processing by authorised disposers.

Our waste reduction efforts are embedded within our operational practices through detailed waste mapping at the department level, supported by department-wise and individual KPIs dedicated to continuous waste reduction.

This systematic approach enables effective tracking, management, and improvement of waste performance across all major business functions.

Additionally, we actively engage with local communities to enhance compliance with waste management regulations and improve sustainable waste collection standards. To further strengthen these efforts, we conduct regular waste collectors' forums to boost engagement and facilitate knowledge sharing.

Waste to wealth project

Teejay, in collaboration with Zero Trash and the Seethawaka Urban Council, launched the "Waste to Wealth" programme an initiative designed to recognise and empower unsung heroes involved in industrial and community waste management. The programme extended to janitorial staff from municipal councils and cleaning staff from a number of organisations who contribute to keeping the community clean and hygienic. First launched in Avissawella, targeting janitorial workers under the Seethawaka Urban Council, plans are in place to expand reach to the whole country.

Programme participants were engaged in practical awareness sessions to improve their knowledge of effective waste segregation and environmental hygiene. A field visit was organised to the Moratuwa Municipal Council, to witness successful waste management practices firsthand. In addition to knowledge-sharing, Teejay extended its support by distributing dry ration packs to support janitorial and cleaning staff.

Waste management highlights 2024/25

Due to improved waste management processes and new initiatives for recycling, we successfully increased the volume of non-hazardous waste diverted from disposal by around 13% YoY. This enabled us to achieve a total 97% of all non-hazardous waste value-enhanced, through recycling or re-use. Non-hazardous waste incineration was reduced by 43% year-over-year, with a shift toward more environmentally preferable disposal methods and ensured that we maintained zero-landfilling status during the year.

In 2024/25, we more than doubled the volume of hazardous waste diverted from disposal. However, around 97% continues to be directed to disposal as per industry standards, regulatory requirements, and waste management best practices. New and ongoing projects for waste management include:

- Fabric recycling projects, continued improvements to fabric segregation to maximise recycling and resource recovery, and a number of other landmark circular economy in collaboration with innovative partner organisations. These and other developments are highlighted under Circularity Developments in 2024/25.

Investment of approximately USD 62,400 to upgrade hazardous and non-hazardous waste storage facilities at Teejay Lanka, in line with regulatory requirements and operational improvements.

ENVIRONMENT STEWARDSHIP

GRI 306-3, 306-4, 306-5

	2024/25	2023/24	2022/23
Volume of waste diverted from disposal (MT)	3,982.56	3,687.15	3,753.32
Percentage of waste diverted from disposal (MT)	64%	68%	68%

Waste Data in Metric Tons (t)

Category	2024/25	2023/24
Reuse (Non-Hazardous)	1,526.97	1,537.52
Recycle (Non-Hazardous)	2,404.26	2,126.25
Incineration (Non-Hazardous)	120.25	211.74
Total Non-Hazardous Waste	4,051.47	3,875.51
Reuse (Hazardous)	0.00	0.97
Recycle (Hazardous)	51.34	22.42
Incineration (Hazardous)	2,110.61	1,528.62
Total Hazardous Waste	2,161.95	1,552.00

BIODIVERSITY CONSERVATION

We strive to maintain the balance of our natural ecosystems by integrating biodiversity conservation into Teejay's broader environmental stewardship strategy, and by engaging in community and environment-focused biodiversity conservation projects. Our Abhivarah 2030: To Earth with Love project, aims to instill a deep-rooted commitment to protecting the planet, at every level of our organisation.

Maskeli Oya Reforestation

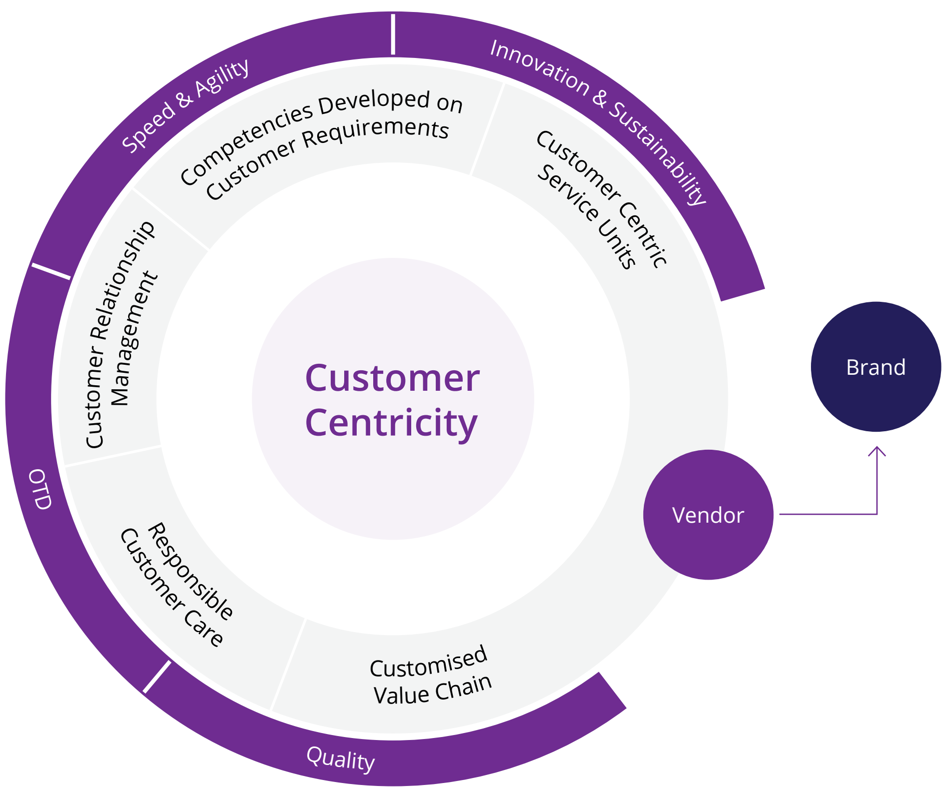
Biodiversity highlights 2024/25

- **Maskeli Oya Reforestation Initiative:** Teejay Lanka PLC, in collaboration with the Wildlife and Nature Protection Society (WNPS) PLANT initiative, focused on reforesting degraded areas to create a 9km forest corridor along the Maskeli Oya. The project aims to stabilise riverbanks, restore the riparian ecosystem, and safeguard biodiversity along this vital tributary of the Kelani River, Sri Lanka's fourth longest river. In 2024/25, the project planted 300 trees along the banks of the Maskeli Oya. To-date, over 2,650 trees have been planted in the Gouravilla segment, with strong engagement from surrounding local communities to ensure sustainability. Native montane forest tree species included Gal Weralu, Thel Keena, and Kenda; which also serve to protect endemic wildlife including the Sri Lanka Barbet and the Horton Plains Shrub Frog.
- **Countrywide Tree Planting Campaign:** Under our Abhivarah strategy, we launched a large-scale tree-planting effort in collaboration with the Sri Lanka Army and the Central Environmental Authority (CEA). The project was launched at an event held on 10 October 2024 at the Army Farm in Kohilawagurawatta. The campaign has set an ambitious target of planting 17,500 trees across Sri Lanka, in a phased approach aimed at reforestation and strengthening climate resilience. The first phase of the project included planting of over 3,500 Mango trees in Sri Lanka's northern areas of Iranamadu and Adiyapuliyankulam, and 15,000 local Cinnamon trees in Kohilawagurawatta.

INNOVATION IN FABRIC

CUSTOMER CENTRICITY AT OUR CORE

At Teejay, we are driven to achieve excellence in both the fabric we knit and the service we provide, keeping the customer firmly in our focus. We strive to build enduring relationships anchored by five fundamental pillars: speed, agility, innovation and sustainability, quality and delivery standards. This dedicated approach has solidified our position as a market leader on the international stage.



UNDERSTANDING OUR CUSTOMERS

Our diverse customer portfolio is segmented into four key areas: strategic brands, value brands, digital brands, and new business incubation.

Our Global Presence and Reach in 2023/24

Presence	Reach (%)
EU	23
USA	65
Asia (Bangladesh and Japan)	12

Customer roadshow

INNOVATION IN FABRIC

EVOLVING PRODUCT SEGMENTS

Teejay provides innovative fabric solutions for a range of apparel, including intimates, sleepwear, athleisure, female wellness items, loungewear, and sportswear. Innovation is central to our differentiation strategy. By consistently introducing unique, value-added products and solutions, we have created a distinctive niche within the global textile market.

INNOVATION IN FABRIC

OUR EVOLVING PRODUCT SEGMENTS

Fiber Expertise	Structural Varieties	Knit Versatilities	Eco Products	Value Added Process
Cellulose Fibers All types of Cotton, Modal, Viscose, Tencel, Refibra, Hemp, Bamboo, Linen **Synthetic Fibers** Polyester, Nylon, Metallic (Lurex), Acrylic with up to 40% + Spandex content **Other Natural Fibers** Silk, Wool, Sea Cell, Umorfil	**Jersey** 18GG, 20GG, 24GG, 28GG, 32GG, 36GG, 40GG, 40GG (Synthetic 48GG-52GG) **Rib** 16GG, 18GG, 22GG, 24GG, 26GG, 28GG including design options **Interlock** 22GG, 24GG, 28GG, 32GG to 36GG, 40GG **Jacquard – Jersey** 22GG, 28GG, 18GG Rib **Jacquard – Rib** 22GG, 18GG, 20GG, 24GG	**Single Jersey** **Rib** **Interlock** **Jersey Jacquard and Rib Jacquard** **Fleece Jersey**	**Cotton** Organic Cotton, BCI Cotton, Regenrjt, Bio Fusion, Recycle, Upcycle Cotton **Regenerated/Man Made** Refibra, Renewcell, MSC Rened, Eco Vera Viscose **Synthetic/Filament** Recycle Polyester, Recycle Spandex, Recycle Nylon, Bio-Based Synthetic (Nylon 10) **Chemical Treatments/Other** Bio base anti-bacterial treatment Natural non toxic colors, Bio based dyed material (Tea dye, Herbal dye) Undyed, (Nature-grown cotton) Non-toxic	**Printing Techniques** Rotary Pigment Rotary Discharge Digital Reactive Acid Print Disperse Print Peaching, Sueding and Brushing **Other Treatments** Wicking Moisture Management Odor Control Anti Bacterial

OUR CUSTOMER STRATEGY IN ACTION

At Teejay, dedication to customers begins with strong leadership alignment. The Chief Operating Officers (COOs) for Marketing and Customer Service collaboratively oversee customer-centric strategies, integrating them seamlessly across our operations. This ensures that the customer's voice shapes our actions at every level. Our marketing team actively manages the value chain at every stage, collaborating closely with brands, vendors, and supply chain partners. Dedicated service units cater to individual brands, while cross-functional teams drive both innovation and marketing efforts. Our goal is to gain a comprehensive understanding of specific customer needs and strive to exceed their expectations.

Progress is tracked using a stringent KPI framework, focused on optimising plant capacity utilisation based on our strategic goals, proactively developing new customer groups and collaborations, and evolving our products to meet changing market demands. Furthermore, we prioritise continuous enhancements to our service offerings. While on-time delivery (OTD) and exceptional quality remain critical core performance metrics, Teejay aims to consistently deliver superior value that goes beyond these fundamental requirements. We rely on

INNOVATION IN FABRIC

a data-driven approach to drive ongoing improvement and value creation. We conduct rigorous monthly and quarterly performance analyses, evaluating both product and customer profitability. Furthermore, we calculate our wallet share by analysing vendor-wise details.

Strong, lasting relationships are central to our B2B approach. We nurture these through annual visits to our strategic brands and targeted seasonal presentations that highlight Teejay's capabilities and address evolving customer needs. To further strengthen engagement and transparency, Teejay regularly hosts customer visits to our manufacturing facilities, where compliance audits are conducted by leading brands.

To thoroughly identify both customer and end-user needs, we employ several methods including store visits, market research, and consultations with industry experts for our respective teams. Additionally, annual customer surveys provide valuable insights into shifting market preferences and emerging customer needs, which inform necessary improvements and upgrades. Teejay also actively engages with customers through initiatives such as “Customer mill-week participation”, selection committee meetings, and hanger presentations.

DELIVERING QUALITY AND EFFICIENCY

Teejay's culture of continuous improvement (Kaizen) drives quality and process refinement, minimising inefficiencies throughout our production process. Our workforce, equipped with the latest technological skills and best practices, enhances productivity, while sustainable practices, aligned with customer values, ensure our long-term viability and strengthen customer relationships.

1. Planning for Efficiency: Teejay structures planning using Advanced Planning Systems (APS), Planvisage and SAP to optimise production schedules and resource allocation, ensuring reliable on-time delivery. Data-driven demand forecasting ensures production aligns closely with market needs, while agile planning methodologies provide the flexibility to adapt swiftly to evolving market trends.

2. Strategic Sourcing: Through strong supplier partnerships, integrating processes and maintaining excellent communication and coordination, we ensure a consistent flow of high-quality materials, maximum cost-efficiency and reduced lead times. Additionally, our commitment to ethical and sustainable sourcing practices not only aligns with global standards but also enhances our brand reputation and strengthens customer trust.

3. Manufacturing Excellence: Leveraging lean principles, minimises waste and optimises processes for maximum efficiency in our facilities. Teejay’s modernisation journey, prioritises continuously advancing automation and technology to improve precision and production speeds, while consistently maintaining superior quality. Robust quality control systems throughout the manufacturing process further guarantee adherence to the highest standards.

4. Reliable Delivery: Through Teejay's multi-location strategy, we are establishing our presence closer to needle points and nearshoring. Coupled with our streamlined logistics management systems, this increases cost-efficiency, minimises lead times and guarantees on-time delivery. Real-time tracking provides transparency and keeps our customers informed, while our customer-centric approach prioritises flexibility and clear communication throughout the delivery process.

PRIORITISING PRODUCT SAFETY AND COMPLIANCE

GRI 416-1, 418-1

At Teejay, we strive to mitigate all potential risks and ensure product safety through the responsible use of chemicals, sustainable sourcing, technology adoption, and rigorous testing throughout our production processes. Furthermore, we strictly adhere to the individual compliance standards set by each of our brand partners.

Our Certifications and Initiatives

Oeko-Tex Standard 100 Certification: Teejay has obtained the Oeko-Tex Standard 100 label, one of the world's most respected certifications for textiles. This signifies that not only the final product but all its components have been rigorously tested and proven free of harmful levels of toxic substances.

ZDHC's Roadmap to Zero: Teejay actively participates in the Zero Discharge of Hazardous Chemicals (ZDHC) Roadmap to Zero Programme. This leading industry initiative aims to eliminate harmful chemicals from the global textile supply chain, driving us towards more sustainable manufacturing practices that protect workers, consumers, and the environment.

Metal-free Policy: To safeguard the health and safety of customers and end-users, Teejay maintains a strict metal-free policy. We employ sophisticated metal detectors in brushing and final inspection machines for fleece fabrics. Additionally, stringent internal procedures manage metal contamination during knitting by carefully controlling and regulating all knitting machine needles. To further eliminate potential hazards, glass bottles are strictly prohibited in all production areas.

INNOVATION IN FABRIC

Stringent Compliance: To guarantee our production processes are free from harmful chemicals, Teejay complies with industry-leading standards such as: REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals), the ZDHC MRSL (Manufacturing Restricted Substances List), AFIRM (Apparel and Footwear International RSL Management), and all customer-specific RSLs (Restricted Substance Lists).

Safety Training: To reduce the risk of accidents and contamination, workers are trained in the safe handling, storage, and disposal of chemicals.

Minimising Hazardous Chemicals: To minimise health risks for both our workforce and consumers, hazardous chemicals are eliminated or replaced with safer alternatives where possible.

PARTNERING FOR SUSTAINABILITY

Teejay collaborates closely with customers to achieve shared objectives, gain a deeper understanding of their expectations, and consequently develop processes and products that align with both Teejay's and our customers' sustainability values.

Shared digital platforms facilitate real-time communication and data exchange, streamlining the decision-making process. The selection and sourcing of raw materials is also a collaborative effort, we are committed to transparency and traceability throughout the supply chain, aligning our entire production process with relevant sustainability standards.

Moreover, Teejay partners with customers to achieve specific targets, including initiatives focused on waste reduction, energy efficiency, and water conservation. By jointly setting and tracking performance metrics, customers can more accurately measure the impact of their sustainability efforts. We proactively educate customers on innovative sustainable practices, materials and technologies to empower informed decision-making, while also prioritising obtaining sustainability certifications for products that support their individual sustainability agendas. This collaborative approach enables both parties to distinguish themselves in the market as environmentally conscious partners, appealing to eco-conscious end-consumers.

SUSTAINABLE SOURCING

Our sustainable sourcing approach includes working with ethical and environmentally conscious suppliers, tracking raw material origins through traceability systems for assurance of sustainability standards, and prioritising certified organic or sustainable fibres such as those with GOTS, GRS, OCS, or OEKO-TEX credentials.

RIGOROUS TESTING

We ensure our textiles are free from harmful substances and meet all relevant safety standards through a multi-layered testing approach:

- **Chemical Safety:**
  - Regular chemical testing aligned with ZDHC guidelines and other regulatory RSLs.
  - MRSL testing to verify compliance with Department of Consumer Affairs (DCA) material regulations.
  - Quality checks on dyes, chemicals, and general substances to ensure batch consistency and raw material safety standards are met.
- **Performance Testing:**
  - Rigorous testing for durability, colourfastness, and other performance standards (which indirectly supports safety by preventing degradation and release harmful substances over time).
- **Independent Verification:**
  - Utilisation of independent laboratories for unbiased testing and verification of RSLs, MRSLs, and overall product performance.

During the 2024/25 financial year, Teejay received zero customer complaints relating to privacy breaches and complaints on 2,300 meters of fabrics regarding quality.

KEY INITIATIVES IN 2023/24

- **International event participation:** Teejay attended the Functional Fabric Fair 24 Portland Oregano, focusing on high-performance functional fabrics, trims, and accessories and a major international textile fair, the Premier Vision Fabric Fair in Paris.
- **Expansion into new product segments:** Improved capabilities in areas like finer gauges, and expansion into fleece manufacturing.

OUR GOALS FOR 2025/26

The Teejay Group serves a diverse range of market segments, over the next fiscal year, we will pursue a customer-centric strategy guided by our Long-Range Plan (LRP) aimed at achieving an ambitious revenue target of USD 300 Mn. by FY 25/26.

Furthermore, we aim to become the region's leading sourcing partner for synthetics by FY 25/26, positioning us to meet a broader spectrum of customer needs and market preferences.

INNOVATION

As a fabric manufacturer navigating the competitive global landscape of apparel, innovation is key to adaptability and agility. It drives customer acquisition, cutting-edge product development, operational excellence, and overall business success.

Innovation is fuelled by the capabilities of our employees across the globe, our robust processes, and continuous investment in technology and R&D. Our pervasive culture of innovation empowers us to consistently deliver multifaceted and unique solutions that anticipate and satisfy the rapidly evolving needs of our customers.

Intellectual Capital Strategy

Teejay's intellectual capital strategy empowers the Group to capitalise on growth opportunities, enabling diversification, facilitating efficient adaptation to market conditions and driving the transformation of our operations to keep us at the forefront of the industry. To proactively address customer and market needs, we utilise a Long-range Planning (LRP) tool alongside diversification strategies, supported by a strong emphasis on digitalisation and continuous product development. Our Research and Development (R&D) investments are strategically guided by data-driven insights, identified market demands, technological requirements and sustainability impact.

Actioning Our Intellectual Capital Strategy

Step 1. Assessment and Planning:

- Comprehensive evaluation of the Group's existing intellectual capital assets.
- Identification of any gaps or opportunities.
- Development of a strategic plan containing objectives, timelines, and responsibilities.

Step 2. Execution:

- Implementation of defined strategic initiatives through cross-functional and extended teams.
- Systematic monitoring of progress, with adjustments to ensure strategic alignment and efficacy.
- Cultivation of an ethos of innovation and continuous improvement.

Step 3. Evaluation and Improvement:

- Measurement of overall efficacy of the strategy using KPIs (patents, R&D productivity, market impact).
- Refinement through reviews and stakeholder feedback.
- Integration of emerging industry trends into the intellectual capital strategy – to sustain a competitive market position.
- Effective management of human, structural, relationship, and innovation capital.

Human Capital

Our collective knowledge, skills, and expertise are enhanced by training and development programmes. It also includes collaborations, knowledge-sharing, and implementation of knowledge management systems.

Structural Capital

Assets such as patents, trademarks, copyrights, proprietary manufacturing processes, systems, and databases are elements that contribute to Teejay's competitive advantage. It includes use of software tools, advancements in R&D infrastructure and the development or refinement of R&D processes.

Relationship Capital

This involves strengthening links with existing suppliers, customers, and business partners, as well as forming strategic alliances with firms, research institutions, and industry consortia to gain access to new technologies, markets, and business opportunities. It also includes building engagement systems to understand customer needs and preferences, where feedback influences R&D direction. Managing brand and reputation in the industry is achieved through innovation, research, marketing and participation in industry events.

Innovation Capital

Focuses on research and development, shifting emphasis to high-impact areas such as synthetic product development, sustainable materials, and advanced manufacturing techniques. It includes adopting a systematic approach for innovation pipeline management to steer schemes from idea generation to commercialisation.

Transformation Through Innovation

In 2024/25, to cater to current and future market expectations, Teejay prioritised the evolution of operations and products to include multifaceted solutions. Our efforts reflect our commitment to delivering value through innovation while meeting the sustainability and performance needs of modern consumers and global brands.

INNOVATION IN FABRIC

1. Technology Advancement

- **Research and Development (R&D):** The Group directs steady investment towards R&D in the exploration of new sustainable materials, manufacturing processes, and technologies, such as digital knitting platforms, product longevity engineering, cost conscious premium products and new value upgrading technology and bio-based fibres.
- **Digitalisation:** Setting the foundation for future innovation, we leverage automation and digital tools, including historical data analytic tools for enhanced process optimisation across our operations. Analytics for leveraged quality control and efficient resource allocation.

2. Market Demand and Consumer Trends

- **Customisation and Personalisation:** Consumers and global brands increasingly seek customisation to differentiate and enhance brand loyalty, requiring small-batch and made-to-order production with a focus on innovation, traceability, and consistent quality. Teejay meets these demands through agile manufacturing systems, direct to brand sales models, and tailor-made offerings.
- **Functional Apparel:** With the rising demand for functional apparel, consumers seek quality, durability, comfort, and specific performance features such as moisture-wicking and UV protection. Teejay has enhanced its capabilities in finer knitting technology and jacquards, while expanding into long-life premium fabrics and performance-enhancing knits. The Group closely monitors competitors' strategies and industry trends to identify emerging opportunities and threats, ensuring that its offerings remain at the forefront of innovation. Additionally, Teejay systematically gathers and analyses customer feedback and insights to continuously refine its product portfolio, ensuring alignment with consumers' evolving needs and preferences.
- **Sustainable Apparel:** We are expanding our portfolio to cater to the eco-conscious consumer with a preference for slow fashion. By methodically collecting and evaluating customer feedback, Teejay ensures that its sustainable offerings align with consumers' expectations for ethical and responsible choices. Furthermore, the Group's commitment to competitive analysis allows it to anticipate market shifts and stay ahead of industry trends, enabling the development of innovative, eco-friendly products that resonate with sustainability-conscious consumers.

3. Sustainability and Regulatory Driven Initiatives

- **Evolving Regulations:** Increasing regulations in regions like the US, UK, and EU (e.g., EU's Ecodesign for Sustainable Products Regulation, Corporate Sustainability Due Diligence Directive, Extended Producer Responsibility schemes) requires Teejay to meet the demand for low-impact products, designed for durability, recyclability and circularity.
- **Sustainable and Biodegradable Materials:** Brands increasingly demand sustainability at product level, in response Teejay focuses on attributes like recyclability, long-life capabilities, recycled polymer fabrics, bio-based synthetics, biodegradable blends, regenerative cotton and traceable organic cotton.
- **Sustainable Manufacturing:** We prioritise continuous improvement of manufacturing processes to reduce waste, energy, and water using green chemistry and closed-loop systems.
- **Life Cycle Assessment (LCAs):** To minimise the environmental impact of our textiles LCAs are conducted to measure gate-to-gate environmental impact, and to identify and implement improvements.

4. Our Culture of Innovation

- **Innovation in Product and Process:** Teejay has shifted its product focus to categories such as athleisure, activewear, and lounge/casual wear, delivering sustainable and functional fabrics to brand partners. This is underpinned by agile, tech-enabled processes that ensure speed, flexibility, and co-creation.
- **Manufacturing and Process Innovations:** The Group has introduced closed-loop systems and low-liquor dyeing to reduce water and chemical use, while refining existing technologies to produce long-lasting fabrics that meet evolving customer expectations.
- **Leadership and Vision:** Strong leadership drives Teejay's commitment to innovation, setting a clear vision that guides the transformation of its product portfolio and operations.
- **Cross-functional Collaboration:** Collaboration across departments such as R&D, marketing, and production encourages a holistic approach to product transformation and ensures customer-centric solutions.
- **Innovation Ecosystem:** Teejay continues to strengthen its innovation ecosystem by building strategic partnerships with universities, research institutions, and industry consortia, fostering knowledge exchange and accelerating innovation.

INNOVATION IN FABRIC

Product Development through INSCOPE

Product development and innovation at Teejay are spearheaded by INSCOPE, a central element of our broader Strategic Innovation Framework. INSCOPE actively drives advancements in both existing and new products, enabling Teejay to diversify into new markets and remain a key strategic partner for global brands. Going beyond textiles, the INSCOPE Innovation Hub cultivates cross-industry partnerships to explore and innovate new avenues for textile manufacturing.

The INSCOPE team's innovation efforts are strategically aligned with Teejay's five key product pillars.

Casual/Lounge Range: Inspired mercerised cotton, high pilling resistance blends, jacquard and interlock types, fleece, waffle, pique, premium fibre blends, sweat-engineered casual wear, and more.

Sleepwear: High pilling resistance blends, soft sleep rib, brushed ribs, cosy loose knits, and cellulosic jersey.

Sustainability Range: Bottle-coloured polyester, Regen Agri cotton, cotton alternative fibres, zero elastane stretch, natural dye nylon/cotton, and bio-based biodegradable fabrics.

Activewear: Single jersey jacquard, mesh, interlock, pique, active wellness range fabrics (e.g., Graphene/Coffee Wellness), compression yoga fabrics, and dual-face/sandwich knit interlock.

Intimates: Single jersey jacquard mesh, Lurex shine, superfine gauge single jersey/interlock, raw-cut intimates, cooling tech, microbial tech, flexible fit, and sheer intimates.

INSCOPE's core mission is to evaluate product value from the perspective of customers and end-users. They focus on delivering innovative product solutions, with a strong emphasis on sustainability, by leveraging new raw materials, technologies, and processes, while also creating clear end-use benefits such as product enhancements, value additions, and product transformation.

The INSCOPE Innovation Hub features a collaborative innovation space designed for cross-disciplinary teams, including design, R&D, and customer representatives, to co-create and incubate ideas. A dedicated design incubation zone is available for internal and customer teams to work together on concept development and prototyping. To fuel next-generation product development, the hub has a dedicated budget for research into new materials and chemical technologies.

The relevance, responsiveness and value creation of our innovation initiatives are rigorously assessed through customer satisfaction surveys with key vendors and strategic brand partners. This feedback is integral to our innovation KPIs and outcome-driven metrics, which are part of the overall innovation process and structure guided by INSCOPE.

Product transformation framework

Expanding Our Product Portfolio: Enhancing the existing product range with unique offerings through new technologies and diversified processes.

Boosting Product Value: Pinpointing underperforming, end-of-lifecycle products and proposing alternatives, while refining existing products to extend their market relevance.

Optimising Our Product Lifecycle: Adding value to existing core products and securing future business through seasonal valuation and trend forecasting, combined with cost efficiency measures.

Integrating Green Sustainability: Identifying and applying sustainability solutions, including raw material traceability and advanced testing like nanotechnology, across product lines.

Our Progress in 2024/25

- **Material innovation:** The company has turned out innovative materials with enhanced properties, including durability, flexibility, breathability, and environmental friendliness. Examples of such creations include graphene-based textiles, bio-based synthetics, recycled fibres, and moisture-wicking fabrics.
- **Functionality and performance:** Textiles are designed to meet specific functional requirements like thermal regulation, antimicrobial properties, and resistance to wear and tear.

INNOVATION IN FABRIC

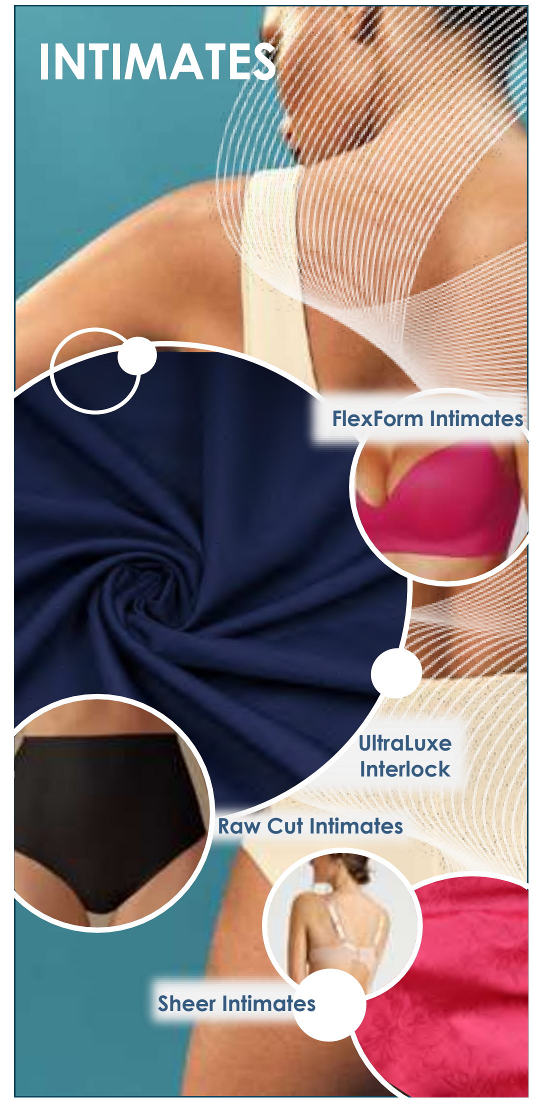
- Product Development
  - **Expansion of Synthetic and Functional Fabric Portfolio:** We prioritised high-margin, high-demand segments like Athleisure and Performance Wear by integrating features such as sustainable synthetics (bio-based, recycled, biodegradable, elastane-free, closed-loop). Our Loungewear offerings were enhanced for superior softness and thermal comfort.
  - **Investments in Advanced Technology:** We invested in finer gauge knitting, enabling lightweight, breathable, and premium-feel fabrics suitable for innerwear, elevated basics, and activewear. Advancements in fleece and jacquards have improved softness, stretch, and thermal regulation across casualwear and loungewear. Raw-cut engineering enhancements in activewear and intimates delivered tailored fits, reduced chafing, and minimised waste.
  - **Material Innovation:** We continued to develop innovative materials with enhanced properties, such as durability, flexibility, breathability, and environmental friendliness. Notable examples include graphene-based textiles, bio-based synthetics (like castor seed oil nylon), recycled fibers, and moisture-wicking fabrics.
  - **Customer Co-Creation:** A dedicated "Co-Innovation Strategy" was launched to collaborate with vendors and brands on developing fabrics aligned with sustainability and performance goals. This included support for design-for-recyclability and the implementation of speed development models.
  - **Functionality and Performance:** Our textiles are designed to meet specific functional requirements including thermal regulation, antimicrobial properties, and resistance to wear and tear, ensuring performance and comfort across product categories.
- Innovation Processes
  - **Streamlined R&D Process:** The INSCOPE Innovation Hub adopted a structured stage-gate model to manage the R&D pipeline, ensuring disciplined progress and efficient resource allocation from ideation to commercialisation.
  - **Digital Product Lifecycle Management (PLM):** PLM tools were integrated to streamline workflows, reduce time-to-market, enhance traceability, and leverage analytics for optimised resource use.
  - **Innovation KPIs and Outcome-Driven Metrics:** Teejay set clear targets for revenue from new products and established both quantitative and qualitative KPIs for research-to-product conversion. Customer satisfaction surveys were conducted to assess the relevance and value of our innovations.
  - **Innovation Blue Sky Initiative:** A dedicated team with specialised resources was established for long-term, research-based product engineering. This multidisciplinary team fosters diverse ideation and has formed strategic partnerships with research institutions (SLINTEC, University of Moratuwa, and University of Sri Jayewardenepura) to support advanced material science and textile innovation. Time-and-action-based KPIs guide all Blue Sky projects.
  - **Automation for Efficiency:** Teejay upgraded our digital fabric libraries and 3D sampling tools to accelerate design-to-market timelines.
- Product Sustainability
  - **Bio-based Materials:** We introduced PLA (Polylactic Acid) derived from renewable plant sugars for experimentation with bio-synthetics. We also expanded product ranges using castor seed oil nylon.
  - **Recycled Fibres:** The use of recycled polyester and recycled cotton was scaled up, targeting full circularity across product lines.
  - **Green Cotton:** Teejay actively participated in regenerative cotton farming initiatives and partnered to develop genetic traceability platforms.
  - **Undyed Fabric and Non-toxic Finishes:** We expanded undyed fabric ranges, eliminating water-intensive dye processes, and advanced our finishing processes toward Green Chemistry, minimising hazardous chemical use.
  - **Performance Upgrades:** Shrinkage control was optimised through new chemistries and brushing technologies, complemented by the use of less resource-intensive materials.

INNOVATION IN FABRIC

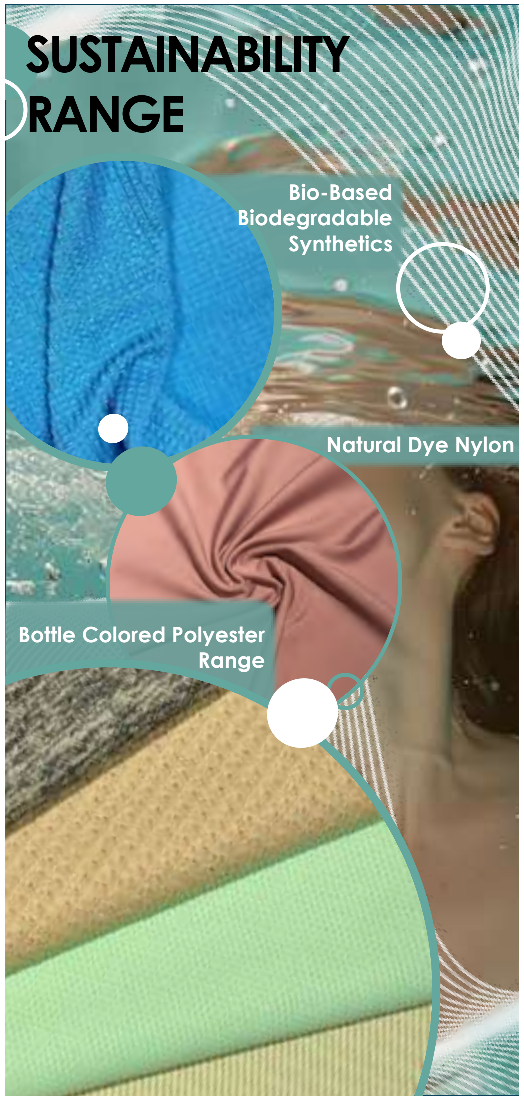
TEEJAY'S DIVERSE PRODUCT PORTFOLIO

GRI 2-6

At Teejay, we offer an extensive range of innovative textiles crafted to meet the diverse demands of our customers. From high-performance activewear fabrics that keep up with dynamic lifestyles, to luxurious intimates that prioritise comfort and support, our portfolio caters to every need. Our commitment to excellence, sustainability, and versatility ensures that every product from casual lounge and sleepwear to eco-friendly sustainable textiles delivers superior quality, comfort, and style.



INNOVATION IN FABRIC



DIGITAL TRANSFORMATION

The focus of our digital transformation strategy is to build a robust foundation for future innovation through scalable platforms and modernised IT governance. Our roadmap prioritises automation, enhancing efficiency and empowering teams to concentrate on higher-value activities. Simultaneously, we prioritise cybersecurity and information protection, employing advanced tools to safeguard our digital assets.

Teejay's IT department plays a vital role in advancing the Organisation's digital capabilities, acting as an enabler, catalyst and driver to ensure all SBUs and facilities have the necessary digital resources. Every potential digital investment is rigorously analysed to ensure a clear return on capital, ultimately delivering greater efficiency, agility, and data-driven decision-making across the organisation.

OUR PROGRESS IN 2024/25

- Automation initiatives in finance, HR, and supply chain have reduced manual workload and improved accuracy.
- Gaps in our existing systems were addressed, particularly within core applications such as SAP.
- Several key projects leveraging Microsoft CoPilot and other MS-driven systems were successfully delivered.
- Robotic Process Automation (RPA) was implemented across key functions to automate manual processes. Also, TJ embarked on Industry 4.0 journey by integrating Operational Technology (OT) with IT systems. Digital twins have been implemented to monitor factory efficiency by installing IoT devices on key factory machines.
- A new in-house Sales and Operations Planning (S&OP) tool was successfully developed, replacing manual processes to better support integrated demand, supply, and financial planning.
- We are on a journey to strengthen our initiatives on cybersecurity data protection to meet stakeholder privacy requirements.
- Microsoft SharePoint serves as our centralised platform for collaboration and document management, streamlining teamwork, enriching business processes, facilitating better progress tracking, and enabling secure information sharing across teams and departments.

The IT function, responsible for both infrastructure and enterprise applications, including our core ERP system (SAP), was central to navigating complexities associated with managing expenses, resistance to change, evolving technology landscapes and the necessity of upskilling our talent. To address these, training initiatives were implemented to develop internal capabilities in emerging technologies while also adopting cutting-edge solutions such as AI, Big Data and cloud computing. IT works closely with HR to ensure effective communication and management of knowledge regarding new systems across the Group.

INNOVATION IN FABRIC

DATA SECURITY AND BUSINESS CONTINUITY

The increasing complexity of digital threats in the business environment requires a reliable and secure Information and Communications Technology (ICT) infrastructure. Teejay proactively collaborates with strategic partners and customers to ensure the highest standards of data security. Our knowledge management strategy focuses on digitising information assets, with continuous efforts to consolidate and strengthen their digital safeguards. Additionally, our business continuity planning includes proactive measures to mitigate sustainability-related climate risks, such as flooding, aligning with IFRS S1 and S2 Standards.

Ongoing Initiatives

- Ongoing use of firewalls and endpoint protection, including antivirus, intrusion detection systems (IDS), intrusion prevention systems (IPS), SSL interception, and secure network configurations.
- Enforced Multi-Factor Authentication (MFA) across all critical systems to prevent unauthorised access.
- Regular security audits conducted by internal and third-party teams to identify and mitigate vulnerabilities.
- Encryption applied to sensitive data both at rest and in transit.

New Initiatives in 2024/25

- Rollout of a Zero Trust Security Model to limit access based on identity verification and continuous monitoring.
- Deployment of AI-based advanced threat detection tools for real-time threat detection and response.
- Updated cybersecurity awareness training for all staff to reduce phishing and insider threats.
- Introduction of new data classification policies and automated compliance tools for enhanced data governance.
- Redundant cloud storage and faster disaster recovery protocols for cloud backup and disaster recovery.

No major data breaches were reported during the 2024/25 period. Minor incidents, such as phishing attempts and misdirected emails, were reported but swiftly contained with no compromise of data integrity. One user concern regarding delayed access due to new MFA requirements was addressed with improved user support and guidance.

Our Focus for 2025/26 and Beyond

Implementation of an automated planning tool to enhance the efficiency and accuracy of our manufacturing process management is currently underway.

Furthermore, the implementation of a data warehouse solution is planned for the upcoming year, with the objective of supporting large-scale data management, enhancing data quality, and enabling more effective analytics and decision-making.

Each automation initiative undergoes an evaluation process to ensure measurable benefits: including identifying baseline performance metrics and comparing them post-implementation to quantify impact. This approach ensures that our digital initiatives align with business goals and deliver tangible value. In addition to cost and time savings, qualitative benefits such as improved accuracy, better compliance, and enhanced user experience are applicable.

GOVERNANCE REVIEW

CORPORATE GOVERNANCE

Corporate governance is a core element of Teejay's corporate philosophy. By adhering to strong governance practices, the Company consistently generates value for its stakeholders, enabling sustainable growth across the Group in the face of both stable and volatile socio-economic conditions.

The Group's corporate governance framework is characterised by a proactive approach, continuously adapting and improving its internal policies, controls, processes, systems, and structures. This ensures the Company upholds the highest ethical standards in its corporate conduct and maintains transparency in all transactions. The framework follows a consistent and systematic approach to govern each function within the Organisation. Regular evaluations and updates are conducted to align with emerging global best practices and meet the interests of stakeholders.

The Board actively reviewed and monitored the Group's strategic direction, business performance, and market positioning. Special focus was placed on responding to emerging macroeconomic challenges and aligning business plans with evolving stakeholder expectations. Strategic decisions were made in consultation with management to drive innovation, operational efficiency, and resilience.

With the increasing complexity of the business environment, the Board paid close attention to the Group's risk profile. Regular updates on key risks and mitigation measures were reviewed. Risk governance was further strengthened in line with revised **CSE Listing Rule 9.13,** with the Audit Committee continuing to perform risk oversight responsibilities. The Board also supported initiatives to enhance the Group's risk culture and controls.

Ensuring full compliance with regulatory requirements remained a top priority. The Board oversaw the alignment of the Company's governance practices with the revised section 09 of the CSE Listing rules, which became effective from **1 April 2024 while majority of the rules came into effect on 1 October 2024** and the CA Code of Best Practice on Corporate Governance 2023 and other applicable Listing Rules. This included reviews of governance structures, Board processes, and committee mandates.

Recognizing the growing importance of environmental, social, and governance (ESG) factors, the Board continued to integrate sustainability into strategic decision-making. ESG performance was periodically reviewed, and disclosures were enhanced in line with stakeholder and regulatory expectations. The Board also guided the development of sustainability initiatives to support long-term value creation.

GOVERNANCE STRUCTURE

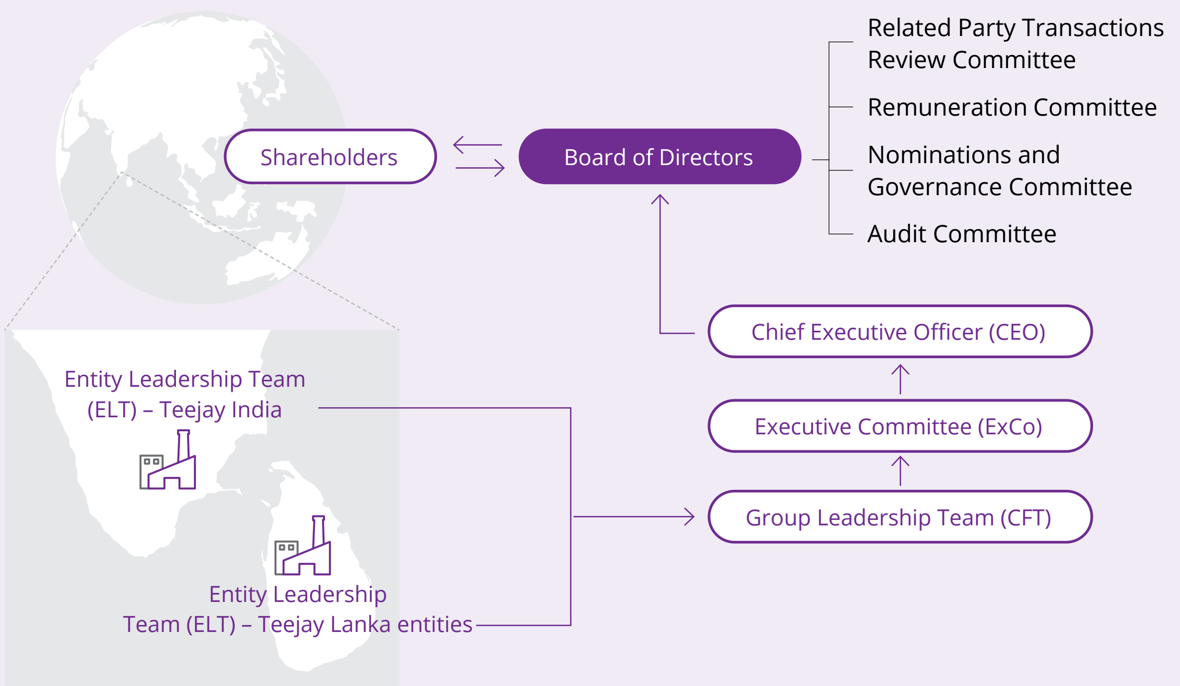
GRI 2-9

The Board of Directors of Teejay Lanka consists of seven (07) Non-Executive Directors, three (03) of whom are independent, demonstrating a commitment to balanced governance. The Board takes overall responsibility for the management of the company. Under the guidance of the Chairman, the Board plays a crucial role in providing strategic direction to realise the Company's vision and mission. The Board recognises its collective accountability in fulfilling its responsibilities to shareholders and other stakeholders, aiming to create value in an ethical and sustainable manner.

The Company's integrated framework, which encompasses the assurance structure, external regulatory mechanisms, and internal governance structure, is illustrated in the diagram below. This comprehensive framework ensures transparency, accountability, and adherence to regulations, enabling effective oversight and management of the Company's operations.

CORPORATE GOVERNANCE

GRI 2-9



Governance Mechanisms

- Teejay Values and Code of Conduct
- Long Range Plan (LRP) and Budgets
- Operational Excellence (S&OP/IIR)
- Policies, Processes, and Procedures
- Enterprise Risk Management

Assurance Mechanisms

- Risk Assurance
- Financial and Integrated Process Assurance
- Information Systems Assurance
- Customer/Brand Compliance and
- Statutory Audit
- Positive Assurance Framework

Legal and Regulatory Requirements

REGULATORY FRAMEWORK

- Companies Act No. 07 of 2007
- Continuing Listing Requirements of the Colombo Stock Exchange (CSE)
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars
- Code of Best Practices on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC)
- Shop and Office Employees Act No. 19 of 1954
- Factories Ordinance No. 45 of 1942
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Inland Revenue Act No. 24 of 2017
- Customs Ordinance No. 17 of 1869
- Exchange Control Act No. 12 of 2017
- Board of Investment (BOI) Regulations

VOLUNTARY STANDARDS, CODES, AND FRAMEWORKS

- Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) 2023
- Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC)
- Global Reporting Initiative (GRI) Standards
- Quality Standard Certifications obtained by companies
- Requirements of Environmental and Social Certifications
- Non-Financial Reporting Guidelines of CA Sri Lanka
- IFRS S1 and S2 Sustainability Reporting Standards
- Sustainability Accounting Standards Board (SASB) Disclosures

CORPORATE GOVERNANCE

INTERNAL DOCUMENTS AND POLICIES

- Articles of Association
- Policy on the matters relating to the Board of Directors
- Policy on Board Committees
- Board Charter
- Human Rights Policy
- Policy on Remuneration
- Policy on Corporate Governance, Nominations, and Re-election
- Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- Whistleblower Policy
- Health and Safety Policy
- Grievance Handling Policy
- Abuse and Harassment Free Workplace Policy
- Policy on Environmental, Social and Governance Sustainability
- Anti-corruption Policy
- Declaration of Conflict of Interest
- Risk Management & Internal Controls
- Control and Management of Company Assets and Shareholder Investments
- Corporate Disclosures
- Relations with Shareholders and Investors

BOARD SUBCOMMITTEES

In accordance with the Listing Rules, the Board has established four subcommittees to provide assistance and support. These committees include the Audit Committee, the Related Party Transactions Review Committee (RPTRC), the Remuneration Committee and the Nominations and Governance Committee. Given below is a summary of their roles and composition.

AUDIT COMMITTEE (AC)

Board committee and composition	Scope
Comprises two (02) Independent Non-Executive Directors (IND/NED) and one (01) Non-Executive Director (NED) Mr Shrihan B Perera (Chairman) – (IND/NED) Mr William (Bill) C McRaith – (IND/NED) Mr Hasitha Premaratne – (NED)	Overseeing the preparation, presentation, and review of quarterly and annual financial statements to ensure their quality, transparency, integrity, and accuracy, as well as compliance with applicable Sri Lanka auditing standards, the Companies Act, the SEC Act, and other relevant financial reporting related regulations and requirements, prior to the approval of the Board of Directors.
	Obtain and review assurance from the CEO, CFO and other relevant Key Management Personnel that the financial records are duly maintained and the financial statements present a true and fair view of the Company's and Group's financial position and performance.
	Review the risk policies adopted by the Company on an annual basis.
	Review the internal controls in place to prevent the leakage of material information to unauthorized persons.
	Evaluating the performance of the internal audit function.
	Accessing the adequacy and effectiveness of the risk management systems and internal control environment of the Group, and taking appropriate action for suggestions made by the Internal Auditors.
	Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels
	Providing recommendations to the Board regarding the appointment, reappointment, and removal of External Auditors, including their remuneration and terms of engagement, by evaluating their independence, qualifications, expertise, and resources.

CORPORATE GOVERNANCE

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

Board committee and composition	Scope
Comprises two (02) Independent Non-Executive Directors (IND/NED) and one (01) Non-Executive Director (NED) Mr Shrihan B Perera – (Chairman) – (IND/NED) Mr Ajit Gunewardene – (IND/NED) Mr Kit Vai Tou – (NED)	Exercising oversight to ensure compliance with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) and with the Listing Rules of the Colombo Stock Exchange (CSE) on behalf of the Board.
	Adopting best practices as recommended by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
	Reviewing related party transactions and ensuring their adherence to the above regulations, and communicating the same to the Board on a quarterly basis.

REMUNERATION COMMITTEE (RC)

Board committee and composition	Scope
Comprises two (02) Independent Non-Executive Directors (IND/NED) and one (01) Non-Executive Director (NED) Mr William (Bill) C McRaith (Chairman) – (IND/NED) Mr Shrihan B Perera – (IND/NED) Mr Hasitha Premaratne – (NED)	Review and recommend overall remuneration philosophy, strategy, policies and practice and performance-based pay plans for the Group.
	Determine and agree with the Board a framework for the remuneration of the Chairperson, CEO and Executive Directors based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration.
	Performance evaluation and talent management of Key Management Personnel.
	Ensure that stakeholder interests are aligned and that the Group is able to attract, motivate and retain talent
	Ratify the performance appraisals of the Company's Key Management Personnel (KMPs), as approved by the Group Executive Committee, and submit the corresponding recommendations to the Nominations and Governance Committee for onward recommendation to the Board. At its discretion, the Committee may invite external specialists to provide advice and information on relevant remuneration and Human Resource development practices.

CORPORATE GOVERNANCE

NOMINATIONS AND GOVERNANCE COMMITTEE (NGC)

Board committee and composition	Scope
Comprises two (02) Independent Non-Executive Directors (IND/NED) and one (01) Non-Executive Director (NED). Mr William (Bill) C McRaith – (Chairman) – (IND/NED) Mr Ajit Gunewardene – (IND/NED) Mr Mohamed Ashroff Omar – (NED)	Responsible for recommending to the Board, the appointment of Directors to the Board of Directors and Board Committees of the Company in accordance with the procedure in place to evaluate, select and appoint/re-appoint Directors.
	Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO.
	Develop succession plan for Board of Directors and Key Management Personnel.
	Periodically review and update the Corporate Governance Policies/Framework in line with the regulatory and legal developments.
	Responsible for overall Board governance.

MEETINGS AND ATTENDANCE

The Board of Directors (BOD) convenes on a quarterly basis, typically aligning with the committee meetings, which are often scheduled on the same day. The attendance records of Directors at both Board and subcommittee meetings are summarised below:

Director	Board Meeting	Audit Committee	Related Party Transactions Review Committee	Remuneration Committee	Nominations and Governance Committee
Mr Ajit Damon Gunewardene	✓		✓		✓
Mr William (Bill) C McRaith	✓	✓		✓	✓
Mr Shrihan B Perera	✓	✓	✓	✓	
Mr Mohamed Ashroff Omar	✓				✓
Mr Hasitha Premaratne	✓	✓		✓	
Mr Kit Vai Tou	✓		✓		
Mr Masaru Okutomi	✓				

CORPORATE GOVERNANCE

DIRECTORS' INFORMATION

Name of Director	Board seats held in other listed Sri Lankan Companies		Board seats held in other unlisted Sri Lankan Companies		Number of Companies
	Executive Capacity	Non-Executive Capacity	Name of Company		
Mr Ajit Gunewardene	N/A	Fintrex Finance PLC	Bluestone Capital (Private) Limited	Bluestone 1 (Private) Limited	10
			Bluestone 2 (Private) Limited	Bluestone 3 (Private) Limited	
			Bluestone 4 (Private) Limited	Digital Mobility Solutions (Private) Limited	
			Giga Foods (Private) Limited	Ingame Entertainment (Private) Limited	
			Agility Innovation (Private) Limited		
Mr Mohamed Ashroff Omar	–	John Keells Holdings PLC	Brandix Apparel Limited	Brandix Apparel Solutions Limited	44
			Brandix Corporate Campus (Private) Limited (previously known as Brandix College of Clothing Technology (Private) Limited)	Brandix Lanka Limited	
			Brandix Textiles Limited	Darian Investments (Private) Limited	
			Darius investments (Private) Limited	Disrupt Innovation (Private) Limited	
			Firoze (Private) Limited	Fortude (Private) Limited	
			Grafeio E (Private) Limited	Grafeio L (Private) Limited	
			Grafeio One (Private) Limited	Grafeio S (Private) Limited	
			Grafeio Two (Private) Limited	Inqube Global (Pvt) Ltd	
			Kuruwita Textiles Mills Limited	Mansram (Ceylon) (Private) Limited	
			Mast Lanka (Private) Limited	MKC Industries (Private) Limited	
			Moose Clothing Company (Pvt) Ltd	Phoenix Holding (Private) Limited	
			Phoenix Regal (Private) Limited	Phoenix Retail (Private) Limited	
			Phoenix Ventures (Private) Limited	Pick Pack Park (Private) Limited	

CORPORATE GOVERNANCE

Name of Director	Board seats held in other listed Sri Lankan Companies		Board seats held in other unlisted Sri Lankan Companies		Number of Companies
	Executive Capacity	Non-Executive Capacity	Name of Company		
			Proride (Private) Limited Raees Investments (Private) Limited Teejay Lanka Prints (Private) Limited Zuna Investments (Private) Limited Brandix International Limited BrandM Printing Ltd Leading Investment Holdings Limited Bindu Foundation Teejay India (Private) Limited	Quantum Clothing Lanka (Private) Limited SAM Innovators (Private) Limited Thor Development (Private) Limited Inqube Solutions (Pvt) Ltd BrandM Apparel Holding Ltd BrandM Trading (Pvt) Ltd Seeds Far East Limited M H Omar Foundation	
Mr Masaru Okutomi	–	–	–		–
Mr Kit Vai Tou	–	–	–		–
Mr Hasitha Premaratne	–	Bansei Royal Resorts Hikkaduwa PLC National Development Bank PLC John Keells Hotels PLC	Best Pacific Textiles Lanka (Pvt) Ltd Brandix Apparel Solutions Limited BrandM Printing Ltd Kuruwita Textile Mills Limited Ocean Lanka (Private) Limited Teejay India (Private) Limited	Brandix Apparel Limited BrandM Apparel Holdings Ltd BrandM Trading (Pvt) Ltd Leading Investment Holding Ltd Hyphen International (Pvt) Ltd	14

CORPORATE GOVERNANCE

Name of Director	**Board seats held in other listed Sri Lankan Companies**		**Board seats held in other unlisted Sri Lankan Companies**		Number of Companies
	Executive Capacity	Non-Executive Capacity	Name of Company		
Mr Shrihan B Perera		E B Creasy PLC	Teejay Lanka Prints (Private) Limited	Teejay India (Private) Limited	13
		Muller & Phipps PLC			
		Lankem Ceylon PLC			
		Lankem Development PLC			
		Laxapana PLC			
		Agarapathana Plantations PLC			
		Kotagala Plantations PLC			
		Marawila Resorts PLC			
		Beruwala Resorts PLC			
		Sigiriya Village Hotels PLC			
		Fintrex Finance PLC			
Mr William (Bill) C McRaith	–	–	–		–

CORPORATE GOVERNANCE

The report below is structured on the principles of corporate governance set out in the Code of Best Practices on Corporate Governance (2023) issued by CA Sri Lanka in April 2024 and the Listing Rules of the Colombo Stock Exchange.

A DIRECTORS	D ACCOUNTABLE AND AUDIT	G INTERNET OF THINGS (IOT) AND CYBERSECURITY
B DIRECTORS' REMUNERATION	E INSTITUTIONAL INVESTORS	H SUSTAINABILITY: ESG RISK AND OPPORTUNITIES
C RELATIONS WITH SHAREHOLDERS	F OTHER INVESTORS	I SPECIAL CONSIDERATIONS FOR LISTED ENTITIES

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
A	**DIRECTORS**		
A.1	The company should be headed by an effective Board, which should direct, lead and control the Company	✓	The profiles of the Board of Directors are given on pages 22 to 24.
A.1.1	Board Meetings	✓	The Board meets on a quarterly basis and the attendance of the meetings is given on page 154. The Board papers and related documents are circulated one week prior to the Board meetings.
A.1.2	Board Responsibilities	✓	The Board provides strategic leader ship to the Company, using a framework of effective controls to monitor and manage risks.
A.1.3	Compliance with the law and access to independent professional advice	✓	The Board collectively and the Directors individually shall act in accordance with the laws of the country as applicable to the Company. The Board of Directors ensures that procedures and processes are in place to ensure the Company complies with all applicable laws and regulations. Directors have the discretion to obtain independent professional advice as deemed necessary through the Board Secretary.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
A.1.4	Company/Board Secretary and availability of insurance cover for Board, Directors, and Key Management Personnel	✓	All the Directors have access to the services and advice of the Company Secretary, and the Company Secretary serves as the Board Secretary as well. The Company has obtained insurance coverage for the Board, Directors, and Key Management Personnel. The Board is responsible for the appointment and removal of the Company Secretary.
A.1.5	Independent judgement of the Directors	✓	Directors bring independent judgement to bear on the decisions taken by the Board on matters pertaining to strategy, performance, resource allocation, risk management, and business conduct.
A.1.6	Dedication of adequate time and effort	✓	All Directors of the Company dedicate adequate time and effort to fulfil their duties as Directors of the Company, in order to ensure that the duties and responsibilities owed to the Company are discharged reasonably.
A.1.7	Calls for Resolutions	✓	One-third of the Directors can call for a resolution to be presented to the Board if deemed necessary.
A.1.8	Training for new and existing Directors	✓	The Board reviews the training and development needs of the Directors regularly, and the Directors are provided with guidelines on general aspects of directorships and industry-specific matters.
A.2	**Chairman and Chief Executive Officer (CEO)**		
Principle A.2	Segregation of the roles of Chairman and CEO	✓	The positions and responsibilities of the Chairman and the CEO have been separated. The CEO is responsible for the implementation of the Group's strategic plan and driving performance.
A.2.1	Combine the posts of chairman and CEO	N/A	Not Applicable
A.3	**Chairman's Role**		
A.3.1	Effective discharge of Board functions.	✓	The Chairman facilitates the effective and ethical discharge of the Board's responsibilities while maintaining good corporate governance.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
A.4	Financial Acumen and Knowledge	✓	The Board's financial expertise is strengthened by two Directors with strong financial acumen, ensuring robust financial oversight and informed decision-making. Mr Shrihan B Perera – FCMA (UK), CGMA, BSc M.Eng UOM Chairman of the Audit Committee, Independent Non-Executive Director (IND/NED) Mr Hasitha Premaratne FCCA, FCMA (UK), CGMA Non-Executive Director (NED)
A.5	**Board Balance**		
A.5.1	Presence of Non-Executive Directors	✓	All seven (07) Directors are Non-Executive Directors.
A.5.2	Independent Non-Executive Directors	✓	Three (03) out of seven (07) Non-Executive Directors are independent.
A.5.3/A.5.5	Independence of Non-Executive Directors	✓	Independent Non-Executive Directors are, Mr Ajit Damon Gunewardene Mr Shrihan B Perera Mr William (Bill) C Mcraith The Board considers Non-Executive Directors' independence on an annual basis. Please refer pages 22 to 24 for the profiles of the Directors.
A.5.4	Annual declaration of independence of Directors	✓	Declarations citing their independence are obtained annually. Please refer pages 22 to 24 for the profiles of the Directors.
A.5.6	Alternate Directors	N/A	Not applicable
A.5.7 and A.5.8	Senior Independent Director and confidential discussions with Senior Independent Directors	N/A	This is not applicable as the Chairman and CEO are not the same.
A.5.9	Chairman's meetings with Non-Executive Directors	✓	All Board of Directors are Non-Executive Directors.
A.5.10	Recording of concerns in Board minutes	✓	There have not been any unresolved matters in the Board minutes.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
A.6	**Supply of Information**		
A.6.1	Management obligation to provide appropriate and timely information to the Board	✓	Board papers and Committee papers are provided 07 days prior to the Board meetings. Information provided to the Board includes Group performance to ensure that the Board is apprised of developments impacting the Group.
A.6.2	Adequate time for effective Board Meetings	✓	The minutes, agenda, and papers are circulated 07 days prior to the meeting to facilitate its effective conduct.
A.7	**Appointments to the Board**		
A.7.1	Nomination and Governance Committee	✓	Nomination and Governance Committee comprises of three (03) Non-Executive Directors. All new appointments comply with the provisions in the Articles of Association of the Company.
A.7.2	Assessment of Board composition by the Nomination and Governance Committee	✓	Board composition complies with the provisions in the Articles of Association . The current Board reflects a broad range of experience and professional expertise that align with Teejay's evolving strategic priorities. The Company will continue to make an intensive effort to attract qualified individuals from a wide range of demographic, experiential, and professional backgrounds, while upholding a strong culture of meritocracy.
A.7.3	Succession plans for the CEO and Key Management Personnel	✓	The Committee ensure that there is a succession plan for the Chief Executive Officer and for all Key Management Personnel and determine the training and development requirements for those identified for succession.
A.7.4	Disclosure of new appointments	✓	Disclosures are made at the time of new appointments.
A.7.5	Function of the Nomination and Governance Committee	✓	The Annual Report includes details of the Committee Chairman and members, as well as a description of the process followed for Board appointments. Please refer pages 203 and 204 of this report.
A.8	**Re-election**		
A.8.1 and A.8.2	Re-election of Directors	✓	This is done as per the Articles of Association. The provisions of the Company's Articles require a director appointed by the Board to hold office until the next Annual General Meeting (AGM) and seek re-election by the shareholders at that meeting.
A.8.3	Resignation	✓	In the event of resignation, a letter of resignation is provided by the Director.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
A.9	**Appraisal of Board Performance**		
A.9.1 and A.9.2	Appraisal of Board and its Committees	✓	The Board undertakes an annual self-evaluation of its performance and its committees' performance against predetermined targets set at the beginning of the year.
A.9.3	Evaluation at re-election	✓	The Board reviews the participation, contribution, and engagement of each Director at the re-election.
A.9.4	Disclosure on performance evaluation criteria	✓	The Board conducts an annual self-assessment of its performance against predetermined targets set at the beginning of the year.
A.10	**Disclosure of Information in respect of Directors**		
A.10.1	Profiles of the Board of Directors and other related information	✓	Name, qualification, brief profile, and nature of expertise are given in pages 22 to 24 of this Annual Report. Directors' shareholding information is given on page 297 of this Report. The number of Board meetings attended by the Directors is available on page 154 of this Report.
A.11	**Appraisal of Chief Executive Officer (CEO)**		
A.11.1 and A.11.2	Evaluation of the performance of the CEO	✓	The performance was evaluated in each quarter to ascertain whether targets were achieved, or achievements were reasonable in the prevailing circumstances.
B	**DIRECTORS' REMUNERATION**		
B.1	Remuneration Procedure	✓	Company has established a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. To avoid potential conflicts of interest, no director has been involved in deciding his/her own remuneration.
B.2.1	Establishment of a Remuneration Committee	✓	A Remuneration Committee is established.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
B.2.2	Composition of the Remuneration Committee	✓	The Remuneration Committee consists of two (02) Independent Non-Executive Directors and one (01) Non-Executive Director, and the Chairman of this Committee is appointed by the Board.
B.2.3, B.2.4, B.2.6,B.2.7, and B.2.8	Levels of remuneration	✓	The Remuneration Committee structures the remuneration package to attract, retain, and motivate Key Management Personnel.
B.2.5	Executive Directors' remuneration	N/A	There are no Executive Directors on the Board.
B.2.9	Executive share options	✓	An Executive Share Option Scheme (ESOS) is in operation to motivate and retain Key Management Personnel.
B.2.10	Designing schemes of related remuneration	✓	Please refer to the Report of the Remuneration Committee on pages 199 and 200.
B.2.11 and B.2.12	Early termination of Executive Directors	N/A	Termination is governed by their contracts of service/employment.
B.2.13 and B.2.14	Levels of remuneration of Non-Executive Directors and the CEO.	✓	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.
B.2.15	Disclosure of Remuneration Committee Members	✓	Details of the Remuneration Committee Chairman and members are given in pages 199 and 200 of this Annual Report.
B.3	**Disclosure of Remuneration**		
B.3.1	Remuneration Committee	✓	The Annual Report sets out the names of Directors comprising the Remuneration Committee, scope, number of meetings held, a statement of remuneration policy and set out the aggregate remuneration paid to Non-Executive Directors. Please refer pages 199 and 200 in this report.
B.3.2	Aggregate remuneration of the Senior Management Personnel	✓	The total of the Senior Management remuneration is reported in Note 35 to the Financial Statements on page 288.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
C	**RELATIONS WITH SHAREHOLDERS**		
C.1	**Constructive use of the AGM**		
C.1.1	Dispatch of Notice of AGM and related papers to shareholders	✓	The notice and the agenda of the AGM together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the meeting.
C.1.2	Separate resolutions for substantially separate issues	✓	A separate resolution is proposed at the AGM on each substantially separate item.
C.1.3	Votes and use of proxy	✓	The Company ensures that all proxy votes are properly recorded and counted.
C.1.4	Availability of all Sub-Committee Chairmen at the AGM	✓	The Chairman of the Board arranges for the Chairmen of the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee, Nominations and Governance Committee to answer queries at the AGM when necessary.
C.1.5	Procedure of Voting at General Meeting	✓	A summary of the procedure governing voting at the General Meeting is circulated to shareholders with every notice of the General Meeting.
C.2	**Communication with Shareholders**		
C.2.1 to C.2.7	Communication with shareholders	✓	The AGM and Extraordinary General Meeting (EGM), if any, are used as the mode of communication with the shareholders. Quarterly, annual financial information, and other announcements are shared through the CSE. Secretaries, as appropriate. The Chairman and the Directors answer all queries raised by the shareholders at the AGM. Details of contact persons are disclosed in the Annual Report. The Company Secretary maintains a record of all correspondence received and holds the responsibility to be contacted in relation to shareholders' matters. All the major issues and concerns relating to shareholders are brought to the attention of the Board.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
C.3	**Major and Material Transactions**		
C.3.1 to C.3.3	Disclosure of Major and Material Transactions	✓	During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007.
D	**ACCOUNTABILITY AND AUDIT**		
D.1	**Financial and Business Reporting**		
D.1.1 and D.1.2	Board's responsibility to present a balanced and understandable assessment of the Company's financial position, performance, and prospects	✓	The Company has presented balanced and understandable Financial Statements which give a true and fair view quarterly and annually. The Company has complied with the requirements of the Companies Act No. 07 of 2007 and the requirements of the Sri Lanka Accounting Standards and the SEC. Price-sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner.
D.1.3	CEO's and CFO's approval on Financial Statements prior to Board approval	✓	The Chief Executive Officer, Chief Financial Officer, and two other Directors have signed the Financial Statements on behalf of the Board. The Statement of Directors' Responsibility and the Auditor's Report for the reporting responsibility of auditors are given on pages 209 and 213 respectively.
D.1.4	The Directors' Report	✓	The Annual Report of the Board of Directors on the affairs of the Company is given on pages 205 to 208.
D.1.5	Statement of Directors' Responsibility, Statement on Internal Controls and Auditor's Report	✓	The Statement of Directors' Responsibilities for the Financial Statements is given on page 209. The Auditor's Report is available on page 213.
D.1.6	Management Discussion and Analysis	✓	Please refer to Management Discussion and Analysis on pages 36 to 88.
D.1.7	Summon an EGM to notify serious loss of capital	N/A	The reason for such an EGM has not arisen yet.
D.1.8	Disclosure of Related Party Transactions	✓	All Related Party Transactions, as defined in LKAS 24 on 'Related Party Transactions' are disclosed in Note 35 in the Financial Statements.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
D.2	**Risk Management and Internal Control**		
D.2.1 to D.2.1.2	Risk management framework and Assessment of principal risks facing the Company	✓	A robust assessment of risks involved in the Company has been carried out and the status reviewed at the Audit Committee meeting. Mitigating actions have been identified and progress has continuously been reviewed. Refer to pages 195 to 198 for Risk Management.
D.2.1.3 and D.2.1.4-2.1.8	Risk Committee	✓	Audit Committee performs the functions of the Risk Committee The Board's oversight on risk management aspects including identifying and assessing risks and managing exposures is given on pages 195 to 198 of this Report.
D.2.2 and D.2.2.1	Monitoring sound system of Internal Control	✓	The Board facilitates the Enterprise Risk Management (ERM) process and reviews controls through various processes. The Board shares collective responsibility for controls within the Organisation's control environment. Board oversight is achieved through the Risk and Control function.
D.2.2.2 and D.2.2.3	Internal Audit Function	✓	The Risk and Control Department plays a significant role in assessing the effectiveness and successful implementation of existing controls, and strengthening these and establishing new controls where necessary.
D.3	**Audit Committee**		
D.3.1	Composition of the Audit Committee	✓	The Audit Committee consists of two (02) Independent Non-Executive Directors and one (01) Non-Executive Director.
D.3.2	Terms of Reference of the Audit Committee and Duties of the Audit Committee	✓	The activities and operations of the Audit Committee are governed by the Audit Committee Charter of the Company which is periodically reviewed and approved by the Board. Please refer to the Audit Committee Report on page 196 for the duties.
D.3.3	Disclosures of the members of the Audit Committee	✓	The Audit Committee Report with required disclosures is given on page 195.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
D.4	**Risk Committee**		
D.2.1.5 and D.4.1	Composition of the Risk Committee	✓	Audit Committee performs the functions of the Risk Committee. The Audit Committee consists of two (02) Independent Non-Executive Directors and one (01) Non-Executive Director.
D.5	**Related Party Transactions Review Committee (RPTRC)**		
D.5.1	Related parties and transactions	✓	The Company is adhering to LKAS 24, and the transactions entered into with related parties during the year are disclosed in Note 35 to the Financial Statements.
D.5.2	Composition of RPTRC	✓	RPTRC consists of two (02) Independent Non-Executive Directors and one (01) Non-Executive Director.
D.5.3	Terms of Reference	✓	Please refer to the Related Party Transactions Review Committee Report on page 201.
D.6	**Code of Business Conduct and Ethics**		
D.6.1	Code of Business Conduct and Ethics	✓	The Directors and members of the Senior Management team are bound by a Code of Business Conduct and Ethics. The Company has introduced a declaration of conflict of interest. The employees of the Executive and above categories have signed confirming they have read the document and understand its contents.
D.6.2	Material and price-sensitive information	✓	Material and price-sensitive information are promptly identified and reported to the shareholders via the CSE.
D.6.3	Shares purchased by Directors and Key Management Personnel	✓	The Company has a policy and a process for monitoring and disclosing shares purchased by any Director and Key Management Personnel.
D.6.4	Complaints received from whistle-blowers	✓	The Company has a strong whistleblower policy in place. An internal Whistleblower reporting channel and an independent reporting channel to the Chairman of the Audit Committee is established. Please refer pages 195 to 198 for Audit Committee Report.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
D.6.5 to D.6.6	Code of Conduct Training and Annual Compliance Confirmation	✓	The Company conduct training on the Code of Business Conduct and Ethics as part of induction for new employees and require confirmation of compliance annually. The process for companywide dissemination of the policy, training arrangements, violations/ non compliances (if any) with actions taken will be reported to the Board on a regular basis.
D.6.7	Affirmation of Code in the Annual Report by the Chairman	✓	Please refer to the Chairman's Statement given on pages 36 to 39.
D.7	**Corporate Governance Disclosures**		
D.7.1	Disclosure of Corporate Governance	✓	The extent to which the Company adheres to established principles and practices of good Corporate Governance Disclosures from pages 158 to 170 of this Report.
SECTION II			
E	**INSTITUTIONAL INVESTORS**		
E.1	**Shareholder Voting**		
E.1.1	Dialogue with Shareholders	✓	All the investors are notified of the AGM and all their views, comments, and suggestions are encouraged.
E.2	**Evaluation of Governance Disclosures**		
E.2	Due weightage by institutional investors	✓	Key institutional investors are actively involved in appointing members to the Board
F	**OTHER INVESTORS**		
F.1	**Investing/Divesting Decision**		
F.1	Adequate analysis	✓	Provide sufficient information to investors through the Annual Report, Quarterly Financial Statements, and announcements to the CSE to assist investors with their investment and divestment decisions
F.2	**Shareholder Voting**		
F.2	Encouraging Shareholder participation	✓	All individual shareholders are sent AGM notices in advance, encouraging them to exercise their voting rights.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
SECTION III	**OTHER MATTERS**		
G	**INTERNET OF THINGS (IOT) AND CYBERSECURITY**		
G.1	Internal and External IT devices connected to the Business Model	✓	Connection of internal and external IT devices to the organisation network has been allowed with necessary access controls and firewalls to safeguard the security of the infrastructure and the integrity of information assets.
G.2	Chief Information Security Officer (CISO) and Cybersecurity Risk Management Policy	✓	The Head of Group ICT is responsible for managing policy which is already implemented. The risks are managed proactively.
G.3	Discussions on Cyber Risk Management	✓	Cybersecurity risks of the ICT infrastructure are primarily managed using access controls to physical and logical private networks and trusted relationships in the case of nodes that are granted access. All access is authenticated. Many security standards are implemented and maintained. Perpetual monitoring is in place with exception reporting and management. The Board allocates regular and adequate time on the Board meeting agenda for discussions about cyber-risk management.
G.4	Independent periodic review and assurance	✓	Independent periodic reviews are conducted internally as well as through professional firms.
G.5	Disclosure on Cybersecurity Risk Management	✓	Please refer to the Risk Management section on pages 185 to 194 in this Annual Report.
H	**SUSTAINABILITY: ESG RISK AND OPPORTUNITIES**		
H.1 to H.2	ESG Reporting	✓	The Company has included environmental, social, and governance factors in its business model.
H.3.1.1	The Environment	✓	The Company has adopted an integrated approach that takes into consideration the direct and indirect economic, social, health, and environmental implications of its decisions and activities, including pollution prevention, sustainable resource use, protection of the environment, and restoration of natural resources.
H.3.1.2	Social Factors	✓	The Company fosters relationships with the community and pursues sustainable development through an integrated approach.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
H.4	Governance	✓	The Company established a robust governance structure to create value, manage risks, and address all aspects of ESG.
H.5.1 to H.5.3	Annual Report Disclosure	✓	Details on how ESG risks and opportunities are recognized, managed, measured, and reported are presented in this report. Please refer to the Sustainability Report on pages 60 to 63.
H.5.4	Board's Role on ESG Factors	✓	The Board sets the tone at the top. During the year, in consultation with of the third party ESG experts assigned by the Board, the Risk & Control Division of Teejay along with the Sustainability and Finance divisions sought to augment its existing operational risks identified in its Risk Registers, with Sustainability Related Risks and Opportunities (SRROs) in alignment with the IFRS S1 and S2 reporting requirements.
I	**SPECIAL CONSIDERATIONS FOR LISTED ENTITIES**		
I.1	**Establishment and Maintenance of Policies**		
I.1.1 to I.1.4	Disclosure of Policies	✓	The details and existence of the policies highlighted in the code are mentioned on the company website and in this report. The Company will provide any such policy to shareholders upon receipt of a written request, as required.
I.2	**POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS**		
I.2.1 to I.2.2	Matters relating to the Board of Directors	✓	A policy addressing matters related to the Board of Directors is available and accessible.

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adoption	Compliance Status
9.1	**Corporate Governance Rules**		
9.1.3	Compliance with Corporate Governance Rules	The Company is in compliance with the rules that are effective as of 1 April 2024.	✓
9.2	**Policies**		
9.2.1	Specified set of policies to be maintained together with the details relating to the implementation of such policies mentioned on the website	The details and existence of the policies highlighted in the rules are mentioned on the Company website and in this report Refer Corporate Governance Commentary on page 152.	✓
9.2.2	Disclosure of any waivers from compliance with the Internal Code of Business Conduct and Ethics or exemptions granted by the Company		
9.2.3 (i) and (ii)	List of policies to be disclosed along with any changes made to policies		
9.2.4	Policies to be made available on written request to shareholders		
9.3	**Board Committees**		
9.3.1 a/b/c/d	Maintenance of required Board Committees	The required Committees are maintained and meet the requirements of the listing rules.	✓
9.1.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees		
9.1.3	Chairperson of the Board to not serve as the Chairperson of the Board Committees referred to in 9.3.1		
9.4.	**Meeting procedures and the conduct of all General Meetings with shareholders**		
9.4.1	Maintenance of records relating to all resolutions considered at any General Meeting including requisite information. Making available copies of the same on request to the CSE and/or SEC	Records of all resolutions at any General Meeting shall be maintained.	✓
9.4.2 a/b/c/d	Communication and relations with shareholders and investors	Clear communication channels are established.	✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adoption	Compliance Status
9.5	**Policy on matters relating to the Board of Directors**		
9.5.1.a	Balanced representation between EDs and NEDs, covering Board composition, roles of the Chairperson and CEO, Board balance, and procedures for evaluating Board and CEO performance	A policy addressing matters related to the Board of Directors is available and accessible.	✓
9.5.1.b	Rationale for combining the roles of Chairperson and CEO, terms of reference of SID, and measures implemented to protect the interests of the SID in the event the Chairperson and CEO roles are combined		✓
9.5.1.c	Require diversity in Board composition for Board effectiveness		✓
9.5.1.d	The rationale and the maximum number of Directors		✓
9.5.1.e	Frequency of Board meetings		✓
9.5.1.f	Establish mechanisms to keep Directors informed of Listing Rules and the Company's status of compliance/non-compliance		✓
9.5.1.g	Minimum number of meetings (number and percentage) that a Director must attend		✓
9.5.1.h	Requirements relating to trading in securities of the Company and its listed group companies, including disclosure obligations		✓
9.5.1.i	Maximum number of directorships that may be held by Directors in listed companies		✓
9.5.1.j	Permit participation in Board and Committee meetings through audiovisual means, with such participation counting toward the quorum		✓
9.5.2	Confirmation of compliance with policy in the annual report, with reasons for non-compliance and proposed remedial action	Please refer to the Corporate Governance Report on pages 151 to 184.	✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adoption	Compliance Status
9.6	**Chairperson and CEO**		
9.6.1	Requirement for a SID if the positions of Chairperson and CEO are held by the same individual	Chairperson is an Independent Non-Executive Director and is independent to the CEO	✓
9.6.2	Market announcement on the Chairperson being an Executive Director and/or combination of the Chairperson-CEO Roles including the rationale		
9.6.3 (a) to (d)	The Requirement for a SID	Not Applicable	
9.6.4	Rationale for the appointment of a SID in the Annual Report	Not Applicable	
9.7	**Fitness of Directors and CEO**		
9.7.1	Ensure that Directors and the CEO are, at all times, fit and proper persons as required in terms of the Rules	Disclosures that the Directors and CEO satisfy the Fit and Proper Assessment Criteria stipulated by the CSE. Non-compliance/s by a Director and/or the CEO of the Company with the Fit and Proper Assessment Criteria set out in the Rules were not noted.	✓
9.7.2	Ensure nominees meet fit and proper criteria before shareholder approval or appointment as Director		
9.7.3	Assessment Criteria: Honesty, Integrity and Reputation, Competence and Capability and Financial Soundness	Annual Declaration obtained confirming compliance with Fit and Proper criteria	✓
9.7.4	Annual Declaration from Directors and CEO confirming compliance with Fit & Proper assessment criteria		
9.8.1	Minimum number of Board of Directors	Board consists of seven (07) Directors	✓
9..8.2 (a & b)	Minimum Number of Independent Directors	Board consists of three (03) Independent Directors	✓
9.8.3 (i) to (ix)	Requirements for meeting the criteria to be an Independent Director	All independent directors meet the independence criteria stipulated in the Listing Rules as at 1 April 2024.	✓
9.8.5 a/b/c	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'.	Independence declaration of all independent directors have been obtained, and their independence is confirmed.	✓
9.9 (a) to (e)	Alternate Director	Not Applicable	

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adoption	Compliance Status
9.10	**Disclosures relating to Directors**		
9.10.1	The maximum number of directorships its Board members shall be permitted to hold	This has been addressed in the policy on matters relating to Board of Directors.	✓
9.10.2 / 9.10.3	Market announcement upon the appointment of a new Director and any changes to the Board composition	Market announcement was published accordingly.	✓
9.10.4 (a) to (i)	Details in relation to the Board members	Details are provided under the director profiles and on page 22 Further, no Director or Close Family Members has any material business relationships with other Directors of the company.	✓
9.11	**Nominations and Governance Committee**		
9.11.1	Establishment of a Nominations and Governance Committee	Please refer Nominations and Governance Report on pages 203 and 204.	✓
9.11.2	Formal procedure for the appointment of new Directors and re-election of Directors to the Board	Please refer Nominations and Governance Report on pages 203 and 204.	✓
9.11.3	Written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	TOR defines scope, authority, duties and matters pertaining to the quorum of meetings	✓
9.11.4 (1) a-b	Composition of Nominations and Governance Committee	Comprise with three (03) Non-Executive Directors where two (02) are Independent Directors.	✓
9.11.4 (2)	Chairperson to be an Independent Director	Chairperson is an Independent Director	✓
9.11.4 (3)	Disclosure of names of the NGC Chairperson and members	Please refer Nominations and Governance Report on pages 203 and 204.	✓
9.11.5 (i) to (x)	Functions of Nominations and Governance Committee	Please refer Nominations and Governance Report on pages 203 and 204.	✓
9.11.6 (a) to (m)	Disclosures in Annual Report	Please refer Nominations and Governance Report on pages 203 and 204.	✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adoption	Compliance Status
9.12	**Remuneration Committee**		
9.12.2	Establishment of a Remuneration Committee	Please refer Remuneration Committee Report on pages 199 and 200.	✓
9.12.3	Rem.Committee to establish and maintain a formal and transparent procedure for developing policy on Executive Directors and individual Director's remuneration, ensuring that no Director is involved in fixing their own remuneration	No Executive Directors during the period under review.	
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure their independence	Remuneration Policy in place.	✓
9.12.5	Written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	TOR defines scope, authority, duties and matters pertaining to the quorum of meetings.	✓
9.12.6 (1)	Composition of Rem.Committee	Consists of three (03) Non-Executive Directors	✓
9.12.6 (2)	Chairperson of Rem.Com to be an ID	Chairperson is an Independent Director	✓
9.12.7	Functions of Rem.Com	Please refer Remuneration Committee Report on pages 199 to 200	✓
9.12.8	Disclosures in the annual report.	Please refer Remuneration Committee Report on pages 199 to 200	✓
9.13	**Audit Committee**		
9.13.1	Audit Committee (AC) to handle Risk functions where Company does not have separate Committees for Audit and Risk	Audit Committee handles the risk function of the Company	✓
9.13.2	Written terms of reference clearly defining its scope, authority and duties.	TOR defines scope, authority, duties and matters pertaining to the quorum of meetings	✓
9.13.3 (1) a-b	Composition of Audit Committee	Comprises of three (03) Non-Executive Directors	✓
9.13.3 (2)	The quorum for a meeting of the Audit Committee require a majority of those in attendance to be independent directors.	Please refer meeting attendance in page 195.	✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adoption	Compliance Status
9.13.3 (3)	AC to meet as often as required, provided it meets compulsorily on a quarterly basis, at minimum, prior to recommending the release of financials	Please refer meeting attendance in page 195.	✓
9.13.3 (4)/(6)	ID who is a member of a recognised professional accounting body to be appointed as Chairperson of the AC	Please refer Director's Profile on page 24.	✓
9.13.3 (5)	CEO and the Chief Financial Officer (CFO) to attend the Audit Committee meetings by invitation.	CEO and CFO attend AC meetings by invitation.	✓
9.13.4 – 9.13.5 (2) a to i	Disclosures in the Annual Report	Please refer to Audit Committee Report on page 195 to 198.	✓
9.14	**Related Party Transactions Review Committee**		
9.14.1	Establishment of a Related Party Transactions Review Committee (RPTRC)	Please refer to RPTRC Report on pages 201 and 202.	✓
9.14.2 (1)	Composition of RPTRC	Consists of three (03) Non Executive Directors	
9.14.3	Functions of the RPTRC	Please refer RPTRC Report on page 201 and 202	✓
9.14.4 (1) to (4)	General Requirements including requirement for RPTRC to meet at least once a quarter, access to all aspects of Related Party Transactions (RPTs), RPTRC to request Board to approve RPTs reviewed by it and requirements relating to Director's material personal interest in a matter being considered at a Board Meeting in relation to a RPT		✓
9.14.5	Review of Related Party Transactions by the RPTRC		✓
9.14.6	Shareholder approval for RPTs	During the year under review there was no requirement for Shareholder approval.	
9.14.7	Immediate disclosures	The Company has not been involved in any non-recurrent related party transactions which require immediate announcements to the CSE.	✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adoption	Compliance Status
9.14.8 (1)	Details and disclosures pertaining to Non-Recurrent RPTs in the Annual Report	Notes to the Financial Statement on pages 278 to 288.	✓
9.14.8 (2)	Details and disclosures pertaining to Recurrent RPTs in the Annual Report		✓
9.14.8 (3)	Report of the RPTRC	Please refer RPTRC report on page 201.	✓
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to RPTs, or a negative statement otherwise.	Please refer Director's responsibility statement on page 209.	✓
9.14.9 (1)/(2)	Shareholder approval for acquisition and disposal of substantial assets	During the year under review there was no requirement for Shareholder approval.	✓
9.14.9 (4)/(5)/(6)	RPTRC to obtain competent independent advice on acquisition and disposal of substantial asset	There were no acquisitions and disposals of substantial assets during the year 2024/25	✓
9.17	**Additional Disclosure**		
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved	Please refer pages 278 to 288.	✓
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Please refer pages 195 to 198.	✓
(iii)	Arrangements made for Directors to be made aware of laws, rules and regulations and any changes thereto particularly to Listing Rules and applicable capital market provisions	Please refer pages 203 and 204.	✓
(iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Company operates	There were no instances of non-compliance with laws/ regulations, nor were any fines or penalties imposed during the financial year 2024/25.	✓

CORPORATE GOVERNANCE

GRI GOVERNANCE DISCLOSURES

GRI Disclosure		Notes	Reference in this Report
	Governance structure and composition		
2-9-a	Governance structure including the Committees of the highest governance body	The Board of Directors led by the Chairman comprises seven (07) Non-Executive Directors of which three (3) are Independent. The Board has appointed four (04) subcommittees to assist the Board as required by the Listing Rules. The Board has delegated the Group ExCo to appoint the ESG Steering Committee. The Steering Committee works with the central Sustainability team and Plant level ESG Champions and an external consultant to review and strengthen the ESG Management Framework. ESG Management Framework put in place during the year incorporates a bottom-up approach of quarterly ESG Data being reported to the Steering Committee based on GRI Standard based KPIs of the Material Topics, and a top down approach of policies, processes, and investment decisions to improve the ESG performance and manage ESG risks.	Refer to the Governance Structure on page 151
2-9-b	The committees of the highest governance body that are responsible for decision-making on and overseeing the management of the Organisation's impacts on the economy, environment, and people	The Board has appointed four subcommittees – namely, the Audit Committee, RPTRC, Nominations and Governance Committee and the Remuneration Committee. The ESG Steering Committee which comprises the highest level representatives of the Group's functional units Finance, Administration, and Occupational Health and Safety, CSR, Corporate Communications and Legal; reports to the Group Executive Committee (ExCo) on the ESG developments on the path to strengthening the ESG framework. In the upcoming year, once the review is completed, the ESG Steering Committee shall report monthly to the ExCo and quarterly to the Board.	Refer to the Board subcommittees on pages 195 to 204.

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-9-c	Composition of the highest governance body and its Committees	The Board of Directors led by the Chairman comprises seven (07) Non-Executive Directors of which three (03) are independent. The Audit Committee comprises two (02) Independent Non-Executive Directors and one (01) Non-Executive Director. The Related Party Transactions Committee comprises two (02) Independent Non-Executive Directors and one (01) Non-Executive Director. The Remuneration Committee comprises two (02) Independent Non-Executive Directors and one (01) Non-Executive Director. The Nominations and Governance Committee comprises two (02) Independent Non-Executive Directors and one (01) Non-Executive Director. The ESG Steering Committee headed by the CFO. It comprises of Group Head of HR and Administration spearheading the Social pillar, Head of Engineering driving the Sustainability pillar and the Head of Group Risk and Control driving the Governance pillar. Additionally the core ESG Team comprises of Head of Corporate Communication, Business Analyst and the Factory Operational Heads from each factory. On a monthly basis, the ESG Steering Committee reports to the Group ExCo (Executive Committee) which is appointed by the Board.	Refer to the Board subcommittees on pages 195 to 204.

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-10	**Nomination and Selection of the Highest Governance Body**		
2-10-a and 2-10-b	Nomination and selection processes for the highest governance body and its committees and the criteria used for nominating and selecting	All new appointments to the Board and its composition comply with the provisions in the Articles of Association of the Company, and are followed by an immediate market announcement and public notice. Such appointments are subject to reappointment by shareholders at the next AGM, held immediately after appointment to the Board. New appointments or reappointments are communicated to the CSE by way of a market announcement. In case of re-election, Directors appointed by the Board are required to hold office until the next AGM and seek re-election by the shareholders at the Meeting.	Corporate Governance A.7.1, A.8.1, and A.8.2
		The Nomination Committee reviews the relevant Directors' eligibility for re-election with due consideration of his/her past record in terms of participation, engagement, and contribution towards the Board matters.	
		A Director appointed by the Board to fill a casual vacancy that may have arisen since the previous AGM is also entitled for re-election at the next AGM subject to the confirmation of the Nomination Committee.	
		The resignations of Directors are promptly informed to the CSE.	
2-11	**Chair of the Highest Governance Body**		
2-11-a and 2-11-b	Chair of the highest governance body and functions	Mr Ajit Damon Gunewardene – Chairman Independent Non-Executive Director	Refer to the Profiles of the Board of Directors on pages 22 to 24.

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-12	**Role of the highest governance body in overseeing the management of impacts**		
2-12-a, 2-12-b, and 2-12-c	Role of the highest governance body and Senior Executives	The Board provides strategic leadership to the Company, through a framework of effective controls to monitor and manage risks. The Board emphasises on enhancing value to all its stakeholders, delivering sustainable economic performance keeping in line with the highest standards of corporate governance, environmental stewardship, and social responsibility. Internally the ESG Steering Committee with the inputs from the External consultants and the ESG core team carried out a Materiality Assessment based on the Global Reporting Initiative (GRI) Standards. The key ESG topics that are likely to be of concern to stakeholders and were then prioritised based on impact and importance. During the year the Sustainability Performance Analyser (SPA) was used which is a comprehensive and consolidated ESG data tracking tool to capture, monitor, and track all relevant sustainability indicators, on a quarterly basis. The ESG Champions collate and update the SPA. The outcome of SPA is presented to the ExCo on a monthly basis. During the year Teejay sought to augment its existing operational risks identified in its Risk Registers, with Sustainability Related Risks and Opportunities (SRROs) in alignment with the IFRS S1 and S2 reporting requirements.	Corporate Governance A.1.2 Refer to the Board subcommittees on pages 195 to 204.
2-13	**Delegation of responsibility for managing impacts**		
2-13-a	Delegation of responsibility by the highest governance body for managing the Organisation's impacts on the economy, environment, and people	The ExCo is updated monthly on the impact of material topics affecting Environmental, Social and Governance pillars by the ESG Steering Committee. The ESG policies are reviewed and revised if necessary. The risk mitigation action plan identified by the ESG Champions are reviewed by the ESG Steering Committee and the ExCo is updated on any concerns for their feedback.	Corporate Governance H.1.2

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-13-b	The process and frequency of the management of the Organisation's impacts on the economy, environment, and people	The ESG Champions update the SPA tracker on a quarterly basis to monitor the performance of the sustainability indicators. The summary of the SPA is reviewed by the ESG Steering Committee. A monthly review of the ESG/Sustainability initiatives and the summary of the Sustainability Performance Analyser (SPA) is presented to the ExCo. Any material concerns will be reported to the Board on quarterly basis.	Corporate Governance H.1.5
2-14	**Role of the Highest Governance Body in Sustainability Reporting**		
2-14-a	Responsibility of the highest governance body in reviewing and approving the reported information	The Board has appointed external consultants to liaise with the ExCo to review the ESG framework and strengthen the process. The summary of the SPA, which gives the performance of the ESG KPIs is presented by the ESG Steering Committee to the ExCo.	Corporate Governance H.1.5
2-14-b	The reason, if the highest governance body is not responsible for reviewing and approving the reported information, including the Organisation's material topics.	The Board reviews and approves all reported information and material topics quarterly basis	Corporate Governance H.1.5
2-15	**Conflicts of Interest**		
	2-15-a and 2-15-b The processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated	The Directors and members of the Senior Management team are firmly committed to upholding the Code of Business Conduct and Ethics, which serves as a guiding framework for their actions. As a part of ensuring transparency and integrity, the Company has introduced a declaration of Conflict of Interest Declaration Policy. All employees in the Executive and above categories have diligently signed the document, signifying their understanding and compliance with its provisions.	Corporate Governance D.5.1

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-16	**Communication of Critical Concerns**		
2-16-a	Whether and how critical concerns are communicated to the highest governance body	Quarterly, the performance of the ESG KPIs are reported to the ExCo through the SPA tool via the ESG Steering Committee. The performance of the ESG KPIs, relevant ESG risks and concerns and any changes to the impact on material topics that could have a likely concern towards any key stakeholder shall be brought to the notice of ExCo.	Corporate Governance C.2.1 to C.2.7
2-16-b	The total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period	During the year, while impacts of 21 material topics were identified and actions taken to mitigate the same, there were no instances of critical risks and concerns relating to these ESG topics	Corporate Governance C.2.1 to C.2.7
2-17	**Collective Knowledge of the Highest Governance Body**		
2-17-a	Measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development	The Board reviews the training and development needs of the Directors regularly, and the Directors are provided with guidelines on general aspects of directorships and industry-specific matters. The Board has appointed an external consultant to help navigate the ESG Steering Committee to review and strengthen the ESG framework. Through regular discussions and awareness sessions, the ESG Steering Committee and the ESG Champions have expanded their knowledge pertaining to ESG.	Corporate Governance A.1.8 Refer to the Profiles of the Board of Directors on pages 22 to 24.
2-18	**Evaluation of the Performance of the Highest Governance Body**		
2-18-a, 2-18-b, and 2-19-c	The processes and frequency used to evaluate the performance of the highest governance body in overseeing the management of the Organisation's impacts on the economy, environment, and people	The Board conducts an annual self-assessment of its performance against predetermined targets set at the beginning of the year. The performance was evaluated quarterly to determine the achievement of targets or evaluate if the accomplishments were reasonable given the circumstances.	Corporate Governance A.9.4, A.11.1, and A.11.2

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-19	**Remuneration Policies**		
2-19-a	The remuneration policies for members of the highest governance body and Senior Executives	The remuneration of Directors and Key Management Personnel is recommended to the Board by the Remuneration Committee.	Corporate Governance B.1.4
2-19-b	The remuneration policies for members of the highest governance body and Senior Executives relating to their objectives and performance concerning the management of the Organisation	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their roles, taking into consideration market practices	Corporate Governance B.2.10
2-20	**Process to Determine Remuneration**		
2-20-a	The process for designing its remuneration policies and for determining remuneration	The Remuneration Committee reviews the remuneration policy of the Company. Performance based increments and variable pay policies are in place which are subject to review and the recommendations of the Remuneration Committee and the Board. Services of HR professionals are sought by the Remuneration Committee and Board when required	Refer to the Report of the Remuneration Committee on page 199.
2-20-b	The results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable.	There were no incidents which called for shareholder votes	Refer to the Report of the Remuneration Committee on page 199.
2-21	**Annual Total**		
2-21-a, 2-21-b, and 2-21-c	Annual total compensation ratio	Not disclosed due to the confidentiality of information	

RISK MANAGEMENT REPORT

The Teejay Group employs an Enterprise Risk Management (ERM) framework which contributes to our **strategic and operational resilience** as we pursue emerging opportunities.

A STRONG CULTURE OF RISK MANAGEMENT

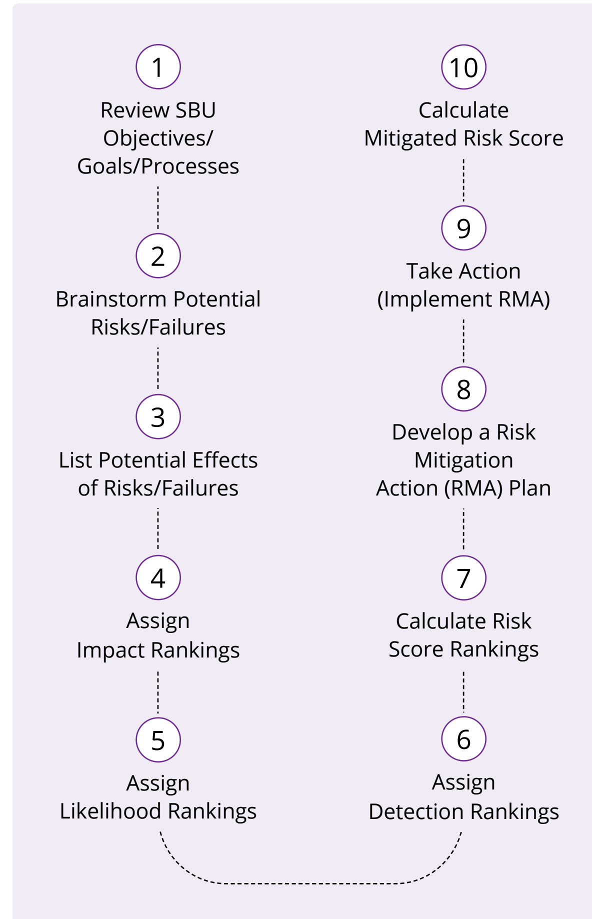
Teejay is dedicated to cultivating a strong risk culture that prioritises integrity and ethical conduct. A collaborative effort by our employees and external partners is essential for effective risk management across our Group and the supply chain within which we operate. Resolute leadership support strengthens the resilience of our teams, promoting informed decision-making throughout the Company, and safeguarding the long-term interests of both Teejay and our stakeholders.

To ensure new employees adapt quickly to Teejay's risk culture, we maintain continuous risk awareness initiatives. Furthermore, we embed risk management into our business processes through several key mechanisms: monthly Positive Assurance Framework (PAF) from each department, where the Head of Department confirms the proper functioning and adherence to internal controls designed to mitigate process risks; risk assessments for all new capital investment projects; a robust internal audit function; the ongoing modification of Standard Operating Procedures (SOPs) for each business process; and Key Performance Indicators (KPIs) built around the key risks identified within the business.

OUR INTEGRATED RISK MANAGEMENT FRAMEWORK

Teejay’s ERM framework provides the foundation for how all aspects of the Company address uncertainties and risks that have the potential to impact our business. This includes a formal process to identify, assess and mitigate potential risks, alongside methods for setting limits and determining a suitable risk appetite.

OUR ERM PROCESS



RISK MANAGEMENT REPORT

Our Process in Action

The Board of Directors at Teejay sets our risk appetite by considering our overall business strategy, changes in the operating environment, and other key factors. This involves a transparent and adaptable process that enables both the Board and Management to make informed strategic decisions while embracing calculated risks aligned with the Group's objectives. To ensure the Board and Audit Committee have the necessary information to make sound decisions and establish an appropriate risk appetite, Teejay employs both bottom-up and top-down approaches.

The Group's risk registers have been expanded to include Sustainability Related Risks and Opportunities (SRROs) in addition to operational risks, encompassing areas such as climate change.

1. **Monthly Risk Reviews (ELT):** Entity Leadership Teams identify potential events which are formally updated in the risk register.
2. **Risk Register:** All identified risks are documented with potential impact and mitigation plans. The risk register is reviewed by the Group's Cross-Functional Leadership Team (CFT) and the ExCo, enabling teams to anticipate near-term threats.
3. **Project-Based Risk Assessments:** Conducted for all new and major projects, to ensure alignment with the Company's risk tolerance, based on the nature of the project. Potential risk mitigation actions identified and implemented, considering the financial, operational, compliance and strategic aspects. Significant identified risks incorporated into the risk model.
4. **Risk Grid:** Each identified risk is rated based on likelihood, detectability, and impact on financials which creates an up-to-date risk grid. Key risks in the grid are discussed during the monthly Risk and Control review meeting held with the Chairman of the Audit Committee.
5. **Annual Audit Plan Integration:** Identified high-risk areas from ERM and Board discussions are included in the Annual Audit Plan. Internal Audits are then conducted to closely monitor and review the strength of internal controls mitigating these risks.

   Additionally, special reviews are conducted as needed to address any changes in risk exposure during the year. Identified issues are reported to the Audit Committee and are followed up until process owners implement the agreed remedial actions. Furthermore, the Chief Audit Executive regularly reports to the Audit Committee on any changes in focus areas or opportunities for improvement. To reinforce governance and assurance, a feedback reporting mechanism is also in place.
6. **Risk and Control Monthly touch-base with Audit Committee Chairman:** A monthly meeting is held with the Audit Committee Chairman to review the activities and progress of the Risk and Control Division. This meeting provides an opportunity to discuss key risk exposures, control effectiveness, ongoing initiatives, and any significant issues, unjustified restrictions or limitations requiring attention or escalation.
7. **Quarterly Reporting and Audit Oversight:** The Head of Risk and Control presents key insights from risk grids and internal audit reports to the Audit Committee and the Board to support informed oversight and governance. The Group's risk review programme, including internal audits executed as per the annual audit plan, has initial findings discussed at functional unit levels.
8. **Positive Assurance Framework:** Monthly through the positive assurance statements, the department heads acknowledge that the key process controls are in place and operating effectively. The Audit Committee also regularly evaluates the overall effectiveness of the risk review process and the internal control framework.

   During the reporting year, we set up a quarterly risk reporting system for our new global ventures – current and future risks associated with these ventures will be quantified once they are operational. Additionally, measurable sustainability risks, which can be tracked internally, have been integrated into our risk grids.

Refining Our Process

In 2024/25, our Enterprise Risk Management (ERM) Framework and processes were overhauled. A key development was the establishment of a dedicated ESG risk register including the SRROs, maintained alongside the enterprise risk register, to better focus on sustainability related exposures in line with evolving regulations and stakeholder expectations. This allows Teejay to assess reputational and compliance risks more holistically in strategic decision-making.

RISK MANAGEMENT REPORT

Furthermore, the ERM framework was effectively implemented across all subsidiaries. Each subsidiary was evaluated against consistent criteria, including alignment with Group risk appetite, the maturity of local risk practices, and the effectiveness of internal controls. This assessment revealed varying levels of ERM maturity, leading to tailored action plans for capacity building and process improvement where necessary. Teejay also introduced a quarterly risk reporting structure for new and ongoing global business ventures, enhancing visibility and accountability at a global level.

Additionally, risk awareness and culture were noticeably strengthened through targeted training and increased engagement across business units. This emphasis on risk ownership at all levels contributed to improved responsiveness and greater agility in decision-making throughout the organisation.

Key Risks Addressed in 2024/25

Supply Chain Disruptions and Logistical Volatility: We enhanced supplier diversification, reassessed logistics dependencies, updated business continuity plans (including freight mode contingencies), and leveraged our global location strategy to expand our global presence.

Macroeconomic Instability: The Risk and Control function proactively collaborated with Finance and Procurement to fortify hedging strategies, revalidate pricing models, and revise procurement terms.

New or amended trade regulations and customs procedures: Rapid compliance assessments were conducted and updated our regulatory risk monitoring tools to address changes, particularly in key sourcing and destination countries.

Data Protection, Technology and Cyber Threats: With the rise in digital transactions and remote operations, we prioritised cybersecurity by reviewing and tightening controls around data security, access protocols, and third-party digital interfaces.

We have duly considered the provisions of the Personal Data Protection Act No. 9 of 2022 and has ensured that our practices align with regulatory requirements related to data privacy and protection.

Environmental and Sustainability Pressures: In response to growing stakeholder expectations and IFRS S1 and S2 implementation, we integrated climate-related risks and broader ESG factors into our enterprise risk assessments, notably in procurement, logistics and reputational risk reviews. We are currently laying the groundwork to comply with IFRS, Scope 3, which will become a requirement in 2026.

Climate Change Risks (Physical): While our operations contribute to climate change and they are also impacted by physical risks like bad weather, floods, and droughts (potentially impacting water supply, commutes, and raw material sourcing). Our manufacturing operations were not disrupted by such events in the last year; however, Teejay is currently undertaking deeper financial analysis to understand potential future financial impacts.

Climate Change Risks (Energy Transition): Committed to decarbonisation, Teejay is investing in solar, transitioning to the increasingly renewable energy (approx. 30% renewable) and adopting energy-efficient technology (projects aiming for completion by the end of FY 2025/26). Given the absence of carbon pricing mechanisms and carbon taxes in Sri Lanka and India, the financial impact of this transition is not currently viewed as significant.

BUSINESS CONTINUITY

The Teejay Group's ERM framework has been significantly influenced by the Sri Lankan economic crisis and the COVID-19 pandemic. These events highlighted vulnerabilities in supply chains, liquidity, and workforce resilience, leading to a strategic review of risk management processes.

The economic crisis underscored the importance of strong financial risk management, particularly in working capital and supplier credit. Consequently, the ERM framework now includes enhanced monitoring of macroeconomic factors, currency fluctuations, and country-specific risks, with greater emphasis on contingency planning and scenario modelling for economic instability.

The pandemic highlighted the need for operational continuity, digital resilience, and crisis response planning. In response, Teejay strengthened its business continuity planning, integrated health-related risks, and established remote work capabilities, digital infrastructure resilience, and workforce safety protocols within the ERM framework.

Both crises reinforced the importance of agility, proactive communication, and cross-functional collaboration, leading to faster escalation protocols, more frequent risk updates, and stronger alignment between risk management and strategic decisions within the ERM governance.

These experiences have improved Teejay's preparedness for future disruptions and fostered a more resilient, adaptable, and forward-looking risk management culture.

RISK MANAGEMENT REPORT

ERM RISKS, RATINGS, AND MITIGATION ACTIVITIES

We proactively manage potential risks, categorised within a comprehensive risk universe. The following table outlines our assessment and ranking of these risks, in accordance with Teejay's ERM process, as well as our actions to address and/or mitigate them.

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
Socio-economic Risks	Domestic socio-economic crisis resulting in: – Poor economic growth – Increased inflation	Import restrictions due to FOREX shortage. Short supply of raw materials. Increased cost of living triggering employees to migrate overseas.	Prudent management of working capital liquidity. Build strong relationships with banks. Close monitoring of developments in the macroeconomic environment.	Risk Rating 2023/24 2024/25
	FOREX liquidity and depreciation risk Volatile tax policies and tax increases Interest rate risk	Increase in tax rates. Escalation of finance costs. Adverse impact on profitability.	Continuous monitoring of rate fluctuations and impact assessment.	Risk Rating 2023/24 2024/25
Geopolitical Risks	Global economic downturn resulting in declining consumer demand. Shift in traditional supply chain bases is a positive to the South Asian region. Red Sea crisis Reciprocal tariffs imposed by USA	Increased costs of production due to increase in input and energy costs. Increase in new customer inquiries. Increased sourcing lead time and increase in logistic costs. Decline in orders due to reduced customer demand.	Strengthen relationships with customers for increased visibility amidst market fluctuations. Closely monitor vessel route changes with shipping lines and freight agents. Increase safety stocks for critical raw materials. Expanding capacity in lower tariffs locations.	Risk Rating 2023/24 2024/25

RISK MANAGEMENT REPORT

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
Social and Stakeholder Risks	Talent attrition and retention	Increase in cost of recruitment. Loss of key talent. Increased cost of training or the inability to maintain quality standards due to untrained staff.	Strong emphasis on performance appraisals, rewarding and recognising key talent through performance recognition and reward schemes. The second intake of the Management Trainee Programme commenced in June 2024.	Risk Rating 2023/24 2024/25
	Industrial relations risk	Employee distress leading to plant closure.	Operation of JCC (Joint Consultative Committee), which is a requirement as per BOI regulations for formal communication and maintenance of highly effective engagement with employees.	Risk Rating 2023/24 2024/25
Health and Safety Risks	Risk of occupational injury	As a manufacturing organisation, employees and other stakeholders in direct physical contact with the plant are constantly exposed to occupational hazards and risk of injury.	Comprehensive Health and Safety protocols are in place in factories. Monthly Health and Safety steering committee meetings chaired by the CEO are held. Health and safety management system certifications are in place.	Risk Rating 2023/24 2024/25
Environmental Risk	Sustainable production	Legal implications due to non-compliance. Loss of key customers due to loss of end user confidence.	Compliance with certification and regulatory requirements. Strong commitment from the Senior management and the Board towards sustainable production. Extended the agreement with the international third-party consulting firm to align the ESG initiative with the IFRS S1 and S2 requirements. Maintaining a risk register for sustainability risks and reviewing it on a quarterly basis.	Risk Rating 2023/24 2024/25

RISK MANAGEMENT REPORT

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
	Risk of inappropriate disposal of waste	Reputational risk Risk to the society in general if the waste is not used for its intended purpose.	We take responsibility in disposing the waste exclusively to Waste Collectors with Environmental Protection Licence (EPL)/ Waste collector's licence where the end use of the waste is specifically mentioned. Use of and approved waste disposal party for incinerating hazardous waste. We hold a Scheduled Waste Management License (SWML) under the generator, collector, and transporter categories, issued and monitored by the CEA. This license guarantees compliant disposal and discharge practices	Risk Rating 2023/24 2024/25
	Risk of discharge of untreated effluent	Regulatory risk/ Penalty Reputational risk	Strong monitoring mechanisms in place to manage effluent discharge.	
	Risk of sourcing raw Materials that are not in line with Teejay's ESG commitments	Loss of Customers Reputational damage	Sourcing from accredited suppliers. Yarn sourced exclusively from suppliers who are aligned with the requirements of the Uyghur Forced Labour prevention act. A supplier review was carried out across the Group and retained suppliers who were willing to sign the supplier agreement. The Group also adopted the Zero Discharge of Hazardous Chemicals (ZDHC) Chemical Management System Framework and focusing on sourcing from Suppliers with ZDHC certification. Raw materials are checked for ZDHC MRSL Level 1 or above certification.	

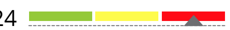
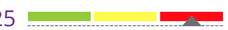
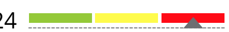
RISK MANAGEMENT REPORT

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
	Risk of excessive use of water in production	Non-compliance with BOI regulations. Financial penalty or business interruption	Dedicated budget to replace old machinery with efficient, low energy and water consuming machinery. Water re-cycling projects in place.	
Climate change Risk	Transition Risk - Risk of not reducing the carbon footprint to levels committed with the Customers. Costs to transition to the proposed lower emission technology	Risk of loss of customers due to non-alignment with their carbon footprint reduction milestones. Significant investment required to adopt/deploy new practices and processes	The cross-functional team encompassing representatives from all Divisions drives the ESG framework within Teejay. As a part of the Science Based Targets initiative (SBTi), ambition is to contribute to the worldwide effort to limit global warming to 1.5°C by 2030 and achieve net zero emissions by 2050. Use of biomass in Teejay India for steam generation. Teejay Lanka has completed the feasibility study to invest in solar power generation. HFO and Coal usage will be phased out in 2026.	Risk Rating 2023/24 2024/25
	Physical Risks-Possible droughts and floods due to adverse weather conditions.	Risk of reduced water supply for production during drought season and interruption to operations and logistics due to floods during rainy season Adverse climate conditions such as drought and increased global warming affecting the cotton crop which is the source of the main raw material. Adverse climate conditions affecting supply chain logistics.	Water re-cycling projects in place. Location strategy in place to satisfy customer requirements.	Risk Rating 2023/24 2024/25

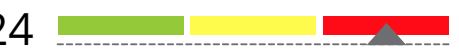
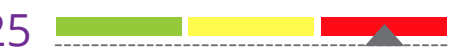
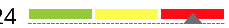
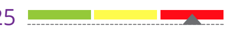
RISK MANAGEMENT REPORT

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
Information Technology Risks	Cyber security risk Risk of customer information and intellectual property leakage	Agile working policies introduced due to COVID-19 and continuing, increased the threat. Data breaches. Financial loss to the company.	Strong cyber security policies are in place to safeguard data.	Risk Rating 2023/24 2024/25
	IT systems failure risk	As a technology-driven manufacturing plant, a system failure could result in production loss days, resulting in customer claims and increased costs.	Access control and disaster recovery sites in operation to ensure continuous system availability.	Risk Rating 2023/24 2024/25
	Not complying with the requirements of the Personal Data Protection Act No.09 of 2022 regulations	Regulatory risk/ Penalty Reputational risk Data Breaches	Appointed a Data Protection Officer and continuous monitoring of data collection points and ensure compliance with set guidelines.	Risk Rating 2024/25
Operational Risks	Fire risk	Business interruption due to full or partial factory closure.	High alertness and preventive measures and procedures in areas where the equipment is working at high temperatures. Operation of fire alarm systems, fire hydrants, and extinguishing infrastructure in all three plants. Monthly group fire prevention steering committee review meeting chaired by the CEO. Regular maintenance of fire extinguishing equipment infrastructure according to schedule. Regular training of the fire crew, and conducting fire and evacuation drills involving all employees of Teejay Group.	Risk Rating 2023/24 2024/25

RISK MANAGEMENT REPORT

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
	Supply chain risk (RM and Utilities)	Potential delays due to recent instability in geopolitics. (Red sea, Ukraine-Russia war and India-Pakistan war) Fuel price hikes and shortages resulted in increased overheads. Yarn price fluctuations. Increased cost of raw materials due to FOREX volatility. High shipping charges.	Close monitoring of the material planning process. Partnering with alternate suppliers from strategic locations and collaborating with existing suppliers for dedicated supply channels.	Risk Rating 2023/24  2024/25 
	Inventory Risk	Inconsistent demand led to unrealised projected inventory usage, resulting in the accumulation of obsolete stocks.	Effective material planning.	Risk Rating 2023/24  2024/25 
	Fraud Risk	Financial loss to the Company. Potential increase in fraud risk due to pressure from the economic crisis.	In operating within a BOI zone, physical access is highly restricted. Close monitoring of logistics operations reduces the opportunity for inventory-related fraud. Continuous engagement in process improvements by strengthening internal controls. Strong whistle-blower policy in place.	Risk Rating 2023/24  2024/25 

RISK MANAGEMENT REPORT

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
Regulatory Risks	Local regulatory non-compliance Breach of Brand compliance commitments Risk of non-renewal of trade licences	Legal implications. Loss of strategic customers. Business interruption and plant closure.	Dedicated compliance teams ensure all regulatory requirements are met. Conducting periodic internal and external audits to confirm the same. Monthly group compliance meeting chaired by the CEO.	Risk Rating 2023/24  2024/25 
Reputational and Brand Image Risks	Quality failure Timely delivery failure	Loss of customers and investors due to loss of goodwill. Customer claims. Legal implications.	Strict compliance with statutory, regulatory, and external certification requirements. Customer care service division to monitor customer complaints. Quality control processes. Supplier due diligence and procurement committee.	Risk Rating 2023/24  2024/25 

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises of three Non-Executive Directors where two of them are independent. One of the Independent Directors, functions as the Chairman of Audit Committee and two of the Directors (including the Chairman) have recent and relevant financial management and accounting experience and professional accounting qualifications.

The Members of the Audit Committee are as follows ;

- Mr Shrihan B Perera (Chairman) – (IND/NED)
- Mr William (Bill) C McRaith – (IND/NED)
- Mr Hasitha Premaratne – (NED)

IND/NED – Independent Non-Executive Director

NED – Non-Executive Director

(Refer to pages 22 to 24 for a brief profile of each Director.)

The Committee's composition met the requirements of the rule 9.13.3 of Listing Rules of the Colombo Stock Exchange.

SECRETARY

Corporate Services (Private) Limited

CHARTER OF THE AUDIT COMMITTEE

The scope of functions and responsibilities of the Audit Committee of Teejay Lanka PLC are governed by the Audit Committee Charter which is in line with the directives of the CA Code of Best Practice on Corporate Governance 2023 issued by the Chartered Institute of Sri Lanka and Section 9.13 of the CSE Listing Rules.

The Charter is periodically reviewed and revised with the concurrence of Board of Directors. The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee. The latest revision to the Charter was approved in the month of May 2025.

MEETINGS

The Audit Committee met six times during the year. Invitations are extended to the Company CEO, CFO and the members of the CFT. Other members of the company and external auditors are invited on need basis.

The Audit Committee Chairman conveys the activities of the committee to the Board of Directors by presenting the minutes of the meetings during Board meetings, and verbally when deemed necessary. The Chairperson and Committee members maintained regular communication with the Company's management through various meetings and correspondence to oversee the auditing and control aspects in the Company. The Chairperson meets the Risk and Control Division to monitor and review the progress on a monthly basis.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

The Head of Risk and Control Division, Chief Executive Officer, Chief Financial Officer, Cross Functional Team Members, Board of Directors, External Auditors, and relevant Executives of the Company attended the meetings on a need basis.

Director	17 May 2024	4 June 2024	12 August 2024	7 November 2024	7 January 2025	20 February 2025
Mr Shrihan B Perera	✓	✓	✓	✓	✓	✓
Mr William (Bill) C McRaith	✓	✓	✓	✓	✓	✓
Mr Hasitha Premaratne	✓	✓	✓	✓	✓	✓

AUDIT COMMITTEE REPORT

ROLE OF THE AUDIT COMMITTEE

The Audit Committee is responsible for overseeing the Company's compliance with Sri Lanka Accounting Standards, all applicable financial reporting requirements, and regulatory obligations. This includes ensuring adherence to the reporting and disclosure requirements under the Colombo Stock Exchange (CSE) Listing Rules, particularly Section 9, as well as the Companies Act No. 07 of 2007, the Securities and Exchange Commission (SEC) Act, and other applicable financial regulations and frameworks.

Audit Committee provide oversight over the preparation and presentation of quarterly and annual financial statements, with a focus on ensuring transparency, reliability, and compliance with accounting principles, statutory requirements, review of key judgements applied in the preparation of the Consolidated Financial Statements, prior to submission to the Board of Directors.

The Audit Committee reviews the adequacy and effectiveness of internal controls, including measures in place to prevent the unauthorised disclosure of material information. It also oversees the processes established to ensure that the Company's internal control and risk management frameworks are robust and aligned with the requirements of the Sri Lanka Auditing Standards.

The Committee makes appropriate recommendations to the Board on external auditors' appointment, reappointment, or removal. It also approves the remuneration and terms of engagement.

The Committee also evaluates the independence, objectivity, and overall performance of the internal and external auditors, ensuring that audit activities are conducted without bias and in accordance with professional standards.

The Audit Committee reviews and evaluates the effectiveness of the Company's risk management processes, with particular focus on the adequacy of the overall control environment and controls implemented in areas of significant risk exposure. This includes oversight of the business continuity planning process to ensure operational resilience in the face of disruptions. The Committee also reviews the Entity's risk management policies to ensure they remain relevant, comprehensive, and aligned with the regulatory landscape. In instances where specific risks are assessed to exceed acceptable thresholds set by the Committee, prompt corrective action is recommended to mitigate potential impacts in accordance with the Company's internal policies and applicable regulatory requirements.

FINANCIAL REPORTING

The Audit Committee reviewed the financial reporting system adopted by the group in the preparation of its quarterly and annual financial statements to ensure that an accurate and effective financial reporting process is in place, consistent with the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards (SLFRSs/LKASs), applicable regulatory requirements, the appropriateness, key judgments made in preparation of financial statements and changes in accounting policies and material matters.

Each quarter, the CFO through the CEO presents the confirmed quarterly financials for the Audit Committee review and approval prior to publishing the figures in the CSE. Through this review the Audit Committee obtain assurance from the Chief Executive Officer and Chief Financial Officer confirming that the financial records have been properly maintained and that the financial statements present a true and fair view of the financial position and performance of the Company and the Group.

During the quarterly financial review, Committee provided their comments for company's earnings press releases, earnings guidance provided to analysts and rating agencies. The Committee obtained independent input from the External Auditors on the impact of any new Sri Lanka Accounting Standards that came into effect for the year under review and obtained satisfactory assurance that the necessary initiatives were taken to enable the Company to comply with the new standards.

RISK MANAGEMENT AND INTERNAL CONTROLS

Audit Committee facilitates and monitors Enterprise Risk Management process, the formulation of a Risk Based Audit Plan and the implementation of the same. The committee reviewed the key risks identified in Risks Models of all three entities including Sustainability-Related Risks and Opportunities (SSRO) developed at the beginning of the year together with the remedial actions. Thereafter it continued to review the changes to the risk profile presented each quarter and the implementation of the remedial actions at the Audit Committee meeting. The Audit Committee continued to monitor the Fire Risk

AUDIT COMMITTEE REPORT

Mitigation plans of the Group. Audit Committee engaged in reviewing and assessing the Company's system of internal controls for detecting accounting and financial reporting errors and misappropriation of assets, legal violations, and non-compliance with the corporate code of conduct. The COSO Enterprise Risk Reporting Process is presently being implemented within the Group.

The company undertook a comprehensive update of the Risk Registers for its operations in Bangladesh, Egypt, and Indonesia during the year. This exercise involved the identification of emerging risks, reassessment of existing risk exposures, and the implementation of appropriate mitigation strategies. These updates reinforce Company's commitment to maintaining a robust risk management framework and ensuring effective control environments across its key operational regions.

The Audit Committee also ensures the adequacy and the effectiveness of the internal control environment and the risk management system, monitoring of compliance with the standards, laws both financial and non-financial, regulations and performance of the Risk and Control function of the Organisation.

Formal assurances were obtained from the CEO and other key management personnel of the Company regarding the adequacy and effectiveness of the Entity's risk management and internal control systems and the controls over prevention of leakage of material information to unauthorised persons.

The Positive Assurance Framework confirmations obtained from the Senior Management monthly provide assurance regarding the efficacy and status of the internal control systems and risk management systems. Self-assurance on compliance with applicable laws and regulations is obtained via quarterly compliance statements submitted by the respective divisions.

The Committee also exercised oversight over the Company's governance initiatives undertaken during the year, ensuring alignment with the requirements of the Personal Data Protection Act No. 09 of 2022, the Anti-Corruption Act No. 09 of 2023, and in preparation for the draft Cyber Security Act requirements. The Company continued obtaining services of the external consultant to review and strengthen the ESG Management Framework and to align with IFRS S1, S2 and IFRS, Scope 3 compliance.

INTERNAL AUDITS

Internal audits of the Company are carried out by the Group Risk and Control Division and the Head of Risk and Control submitted the findings of the audits to the Audit Committee. Its primary role is to evaluate and enhance the effectiveness of risk management, internal controls, and governance processes across the Group.

Internal audit assurance is achieved through a systematic and disciplined approach, involving risk-based audit planning that focuses on areas of significant risk and strategic importance. The Internal Audit team conducts regular audits across key operational and financial functions, including compliance reviews, process assessments, and control testing. The function also performed follow-up reviews to ensure timely implementation of audit recommendations.

The Audit Committee regularly reviews the scope, findings, and outcomes of the internal audits, and monitors management's responsiveness to audit issues. Through this continuous assurance process, the Internal Audit function plays a vital role in strengthening the Group's internal control environment and supporting sustainable business performance.

Each month, the Chairman of the Audit Committee has a one-on-one session with the Head of Risk and Control on the following matters:

- Progress of the internal audit plan
- Discuss the significant findings of the current audits and provide feedback on further review if required
- Access to information to conduct the audits
- Availability of adequate resources to conduct audits

The Audit Committee, through its ongoing oversight and regular engagement with the Group Risk and Control Team, is satisfied that the succession planning undertaken by Management for the Head of Group Risk and Control was effective. The designated successor assumed the role seamlessly following the mid-year resignation of the incumbent, ensuring continuity in leadership of the Group's Risk and Control function and risk oversight.

EXTERNAL AUDITS

Written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Audit Committee meets the External Auditors each year for audit planning meeting where the scope of engagement is reviewed and post-audit to review the Management Letter and External Audit Report on the Audited Financial Statements for the year. This year, the planning meeting took place on 7 January 2025 and the

AUDIT COMMITTEE REPORT

final review meeting took place on 2 June 2025. There were no significant issues during the year under review. An independent firm of Accountants were engaged to conduct a special inventory review with full coverage of all inventory categories. The Audit Committee reviewed the results of the annual stock verification which was conducted at the end of the financial year which the Company undertakes every year.

The Audit Committee has reviewed the other services provided by the External Auditors to the Company to ensure that their independence and objectivity as External Auditors has not been impaired and evaluated the independence of the External Auditors based on their declaration of Independence which includes the number of years the assigned partner engages with the Company continuously and any disclosures on relationships with or interest in the Company or its subsidiaries and their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. A partner rotation of the External Auditors takes place once in seven years and the next rotation of partner is due in 2026/27.

The fees for audit services and the non-audit services were reviewed and provided direct access to the Chairman of Audit Committee to discuss audit findings.

APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee recommended the Board to continue with Messrs Deloitte as the External Auditor for the Company. The Audit Committee has recommended to the Board of Directors that Messrs Deloitte continued as External Auditors for the financial year ending 31 March 2025 and that the re-appointment be included in the agenda of the Annual General Meeting.

ETHICS AND GOOD GOVERNANCE

Integrity being a key pillar of our value system, Teejay aspires to do things the right way. Ethical and legal dealings are core principles for a sustainable business. Awareness of the Code of ethics emphasise on upholding ethical values of the Directors, top management, and staff members. The supplier code of conduct extends the Company's values and expectations in ethical business conduct to the suppliers that we deal with. The Whistle-Blower Policy guarantees anonymity of the Whistle-Blowers, Chairman of the Audit Committee is the independent direct reporting channel, and they are encouraged to report any violations of the code of conduct, anti-corruption policy and anti-harassment policy without the risk of reprisal. All appropriate procedures are in place to conduct independent investigations into incidents reported. A quarterly summary of the incidents reported and the current status is presented to the Audit Committee Chairman. Audit Committee Chairman is the nominated third party independent whistle blower reporting channel. There are no pending incidents reported during the financial year 2024/2025.

EVALUATION OF THE COMMITTEE

The effectiveness of the Committee shall be evaluated annually by each member of the Committee. The outcome of the evaluation was presented to the Board, and it was determined that the Committee was effective.

CONCLUSION

The Audit Committee is satisfied that the internal controls and Enterprise Risk Management processes in place to assess and manage risks are adequate. It is of the view that the internal controls and procedures in place provide a reasonable assurance that the assets of the Company are safeguarded, and the Financial Statements of the Company are compiled using reliable information. The Committee is also satisfied that the Company is in a position to continue as a going concern. The Audit Committee obtained assurance from the Management that the Company has complied with the revised Corporate Governance Rules under Section 9 introduced by Colombo Stock Exchange (CSE) within the implementation timelines. The Audit Committee has observed that based on the compliance reporting, the Company has complied with standards, laws and regulations during the period 2024-25 under review.

Mr Shrihan B Perera
FCMA (UK), CGMA, B.Sc M.Eng UOM
Chairman of the Audit Committee
5 June 2025

REMUNERATION COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

The Remuneration Committee comprises of three Non-Executive Directors where two of them are independent. One of the Independent Non-Executive Directors, functions as the Chairman of the Committee.

The Members of the Remuneration Committee are as follows.

- Mr William (Bill) C McRaith (Chairman) – (IND/NED)
- Mr Shrihan B Perera – (IND/NED)
- Mr Hasitha Premaratne – (NED)

IND/NED – Independent Non-Executive Director

NED – Non-Executive Director

(Refer to pages 22 to 24 for a brief profile of each Directors).

The Committee's composition met the requirements of the rule 9.12.6 of Listing Rules of the Colombo Stock Exchange.

INVITEES

The Chief Executive Officer (CEO) and external advisers are invited to attend all, or any part of the meeting as required.

OBJECTIVE AND SCOPE OF THE REMUNERATION COMMITTEE

- Maintain a competitive and attractive remuneration package for Directors and Key Management Personnel on par with industry standards.
- Ensure that remuneration for Non-Executive Directors is based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.
- Review the evaluation of the performance of the Key Management Personnel against pre-agreed goals/key performance indicators carried out by the Executive Committee Members (ExCo) and recommended rewards/promotions to the Board of Directors.
- Review the succession plans and the talent management process in respect of the Key Management Personnel of the Company.
- Evaluate strategic human resources policies applicable to the Group. Recommend to the Board on the company's framework of remunerating the Chief Executive Officer, executive and non-executive directors, and guidelines for fair and transparent procedures for remunerating senior management, including post-employment benefits as well as terminal benefits.

The Chief Executive will report to the Committee on significant group-wide changes in salary structures and terms and conditions affecting Key Management Personnel for their review.

MEETINGS

The Committee met two times during the financial year under review.

ATTENDANCE AT REMUNERATION COMMITTEE MEETINGS

Director	20 June 2024	29 January 2025
Mr William (Bill) C McRaith	✓	✓
Mr Shrihan B Perera	✓	✓
Mr Hasitha Premaratne	✓	✓

REMUNERATION POLICY

The remuneration policy is designed to attract, motivate and retain highly qualified, competent, and experienced workforce to achieve the goals and objectives of the Company and reward performance accordingly in the backdrop of industry norms to support the continued success of the business and creation of shareholder value.

PERFORMANCE APPRAISAL, REMUNERATION AND BENEFITS FOR EMPLOYEES

Performance against set goals are evaluated in an annual performance appraisal process. Rewards and recognition are based on performance achieved by each employee. A workflow-based Performance Appraisal system is in operation and is being used by all Executives to record and review performance.

REMUNERATION COMMITTEE REPORT

The remuneration package of employees consists of a fixed component of basic salary and allowances and a variable component of various incentives and annual performance-based bonus. The employees enjoy other benefits such as meals, medical insurance, company excursion, common transport, etc.

TASKS OF REMUNERATION COMMITTEE

- Review of remuneration of the Board and Key Management Personnel.
- Evaluate the performance of Key Management Personnel against predetermined targets and goals.
- Formulate guidelines, policies, and parameters for the compensation structures for all Executive staff of the Company and review the same frequently to ensure they are in par with the market/industry rates.
- Assess and recommend to the Board of Directors the promotions of the Key Management Personnel.
- Review of succession plans and the transition plan of key members of Leadership Team.

REMUNERATION OF BOARD OF DIRECTORS

No remuneration is paid to Non-Executive Directors other than the director fees paid based on their participation at Board meetings and other Committee meetings. Details of Directors emoluments are disclosed on page 245.

CONCLUSION

The Committee wishes to report that the Company has complied with the Listing Rules of the Colombo Stock Exchange (9.12 - Remuneration Committee). The Committee is of the view that the current performance appraisal, career development, rewards and recognition processes provide a reasonable assurance that the Company's human capital is valued and appreciated. The Committee is satisfied that the Company follows appropriate Human Resource management processes and remuneration policies designed to attract, grow, and retain employees with professional, managerial, and operational expertise who can assume leadership roles in the organisation to achieve strategic and operational objectives.

Mr William (Bill) C McRaith
Chairman
Remuneration Committee
5 June 2025

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

INTRODUCTION

The Related Party Transactions Review Committee was formed by the Board as a Board Committee.

COMPOSITION OF THE COMMITTEE

The Committee comprised of two Independent Non-Executive Directors and a Non-Executive Director during the period. The composition of the Committee fulfilled the requirements of the Listing Rules Section 9.14 of the Colombo Stock Exchange, throughout the financial year. The composition of the Related Party Transactions Review Committee is given below.

Members of the Related Party Transactions Review Committee are as follows.

Mr Shrihan B Perera – (Chairman) – (IND/NED)

Mr Ajit Gunewardene – (IND/NED)

Mr Kit Vai Tou – (NED)

IND/NED – Independent Non-Executive Director

NED – Non-Executive Director

(Refer to pages 22 to 24 for a brief profile of each Directors).

TERMS OF REFERENCE

The Related Party Transactions Review Committee has terms of reference, dealing with its authority and duties. The terms of reference covers aspects relating to matters prescribed in the Listing Rules of the Colombo Stock Exchange. Terms of reference of the Committee include the following:

- Review in advance all proposed Related Party Transactions of the Company except those explicitly exempted by the Code.
- Determine whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or shareholders of the Company.
- Ensure that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee in its ongoing dealings with the relevant related party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the related party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.
- If required, the Related Party Transactions Review Committee should obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration.

POLICIES AND PROCEDURES

The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction policy, the declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

MEETINGS

The Committee met on four occasions during the financial year 2024/25 and the members' attendance record is set out in the Conformance Report given below:

Director	22 May 2024	15 August 2024	8 November 2024	20 February 2025
Mr Shrihan B Perera	✓	✓	✓	✓
Mr Ajit Gunewardene	✓	✓	✓	✓
Mr Kit Vai Tou	✓	✓	✓	✓

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

RELATED PARTY TRANSACTIONS DURING THE YEAR

The activities and observations of the Committee are communicated to the Board. During the year, there were no non-recurrent or recurrent Related Party Transactions that exceeded the respective thresholds mentioned in the Listing Rules. Details of other Related Party Transactions entered in to by the Company during the year is disclosed in Note 35 to the Financial Statements.

COMMITTEE EVALUATION

The annual evaluation of the Committee was conducted by the Board during the year and the review concluded that the Committee continues to operate effectively.

DECLARATION

Related Party Transaction Review Committee has reviewed all the Related Party Transactions during the financial year at the quarterly meetings and communicated the comments/observations to the Board of Directors. The Board of Directors confirm that the Company has complied with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions (2013), issued by the Securities and Exchange Commission of Sri Lanka.

Further, no Director or close family member has any material business relationships with the Company or with other Directors of the Company. The activities and views of the Committee are communicated to the Board of Directors, through verbal briefings and by tabling the minutes of the Committee meetings.

Mr Shrihan B Perera
Chairman
FCMA (UK), CGMA, BSc M. Eng UOM
Chairman of the Related Party Transactions Review Committee

5 June 2025

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

The Nominations and Governance Committee comprises of three Non-Executive Directors where two of them are independent. One of the Independent Directors, functions as the Chairman of the Committee.

Director	Status	Date of Appointment
Mr William (Bill) C McRaith	Chairman (IND/NED)	1 April 2024
Mr Ajit Gunewardene	(IND/NED)	1 April 2024
Mr Mohamed Ashroff Omar	(NED)	1 April 2024

IND/NED – Independent Non-Executive Director

NED – Non-Executive Director

(Refer to pages 22 to 24 for a brief profile of each Director.)

The Committee's composition met the requirements of the rule 9.11.4 of Listing Rules of the Colombo Stock Exchange.

SECRETARY

Corporate Services (Private) Limited

INVITEES

The Chief Executive Officer attended these meetings on a need basis.

CHARTER OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The scope of functions and responsibilities of the Nominations and Governance Committee of Teejay Lanka PLC are governed by the Nominations and Governance Committee Charter which is in line with the Listing rules of the Colombo Stock Exchange – Section 9.11 Corporate Governance- Nominations and Governance Committee and directives of the CA Code of Best Practice on Corporate Governance 2023. Nominations and Governance Committee Charter is periodically reviewed and revised with the concurrence of Board of Directors. The terms of reference of the Committee are clearly defined in the Nominations and Governance Committee Charter. The latest revision to the Charter was made on 30th September 2024.

MEETINGS

The Nominations and Governance Committee met two times during the year.

ATTENDANCE AT NOMINATIONS AND GOVERNANCE COMMITTEE MEETINGS

Director	19 February 2025
Mr William (Bill) C McRaith	✓
Mr Ajit Gunewardene	✓
Mr Mohamed Ashroff Omar	✓

ROLE OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Company in accordance with the procedure in place to evaluate, select and appoint/re-appoint Directors.

Ensure every appointee undergoes an induction to the Group where they are apprised on the Company policies, Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations. Ensure that all Directors are updated with any such regulatory changes.

From time to time review the structure, size, composition and competencies (including the skills, knowledge and experience) of the board based on the needs of the Business and make recommendations to the Board with regard to any changes;

Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged.

The Committee continues to regularly evaluate candidates for the Board and for the position of CEO.

Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.

The Committee has the authority to seek external professional advice on matters within its purview, whenever required.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

A member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.

NEW APPOINTMENTS AND RE-ELECTION

Any new appointment to the Board and changes to the Committees shall be immediately disclosed to the CSE.

The provisions of the Company's Articles require a director appointed by the Board to hold office until the next Annual General Meeting (AGM) and seek re-election by the shareholders at that meeting.

BOARD DIVERSITY

The Governance Committee of Teejay PLC firmly believes that Board diversity is essential for effective governance and high-performing decision-making. The current Board comprises individuals with a broad range of experience and professional expertise aligned with Teejay's evolving strategic priorities. While there are currently no female members on the Board, the Committee is committed to enhancing diversity and will actively seek to attract qualified candidates from a wide range of demographic, experiential, and professional backgrounds. This will be pursued within a strong culture of meritocracy, with continued emphasis on maintaining diversity in terms of skills, experience, age, and gender.

CONCLUSION

The Committee received declarations from all Directors of the Company that they meet the criteria for determining independence in terms of the Listing Rules of the Colombo Stock Exchange. All Directors including independent directors were present during the Board Meetings conducted during the year where major issues were discussed. The independent directors were consulted from time to time on matters related to their expertise and relevance.

The Committee confirms that the Corporate Governance requirements stipulated under the Listing Rules Section 9 of the CSE have been met.

Mr William (Bill) C McRaith
Chairman of the Nominations and Governance Committee

5 June 2025

REPORT OF THE BOARD OF DIRECTORS

1. The Board of Directors of Teejay Lanka PLC ("the Company") has pleasure in presenting to the members their report together with the audited consolidated Financial Statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2025.

FORMATION

2. Teejay Lanka PLC is a public limited liability company incorporated as a limited liability company in Sri Lanka on 12 July 2000, and was subsequently listed on the main board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011.

   The Company owns 100% of issued stated capital of Teejay Lanka Prints (Private) Limited and Teejay Mauritius (Private) Limited. Teejay India (Private) Limited and Nubian Threads (Private) Limited are subsidiaries of the Teejay Mauritius (Private) Limited and considered to be sub subsidiaries of the Company. The Company is the ultimate parent of the Group.

   The Board of Directors approved these Financial Statements on 05 June 2025.

NATURE OF THE BUSINESS OF THE COMPANY

3. The nature of the business of the Company and its subsidiaries is given in Note 1 to the Financial Statements on page 223.

FINANCIAL STATEMENTS

4. The Financial Statements which include Statement of Financial Positions as at 31 March 2025, the Statement of Profit or Loss, the Statements of Comprehensive Income, the Statement of Changes in Equity, the Statements of Cash Flows and Notes to the Financial Statements of the Group and the Company for the year ended 31 March 2025 are set out on pages 217 to 222. All amounts are stated in Sri Lankan Rupees, unless otherwise stated.

INDEPENDENT AUDITOR'S REPORT

5. The Independent Auditor's Report on the Financial Statements is given on pages 213 to 216.

ACCOUNTING POLICIES

6. The Accounting Policies adopted by the Group and the Company have been consistently applied from previous year. The significant accounting policies including any new accounting standards adopted in the preparation of Financial Statements are given on pages 223 to 234.

REVIEW OF BUSINESS

7. The state of affairs of the Group and the Company as at 31 March 2025 and the financial performance for the year ended 31 March 2025 are set out in the statement of financial position on pages 219, statement of profit or loss on page 217 and statement of comprehensive income on page 218.

PROPERTY, PLANT AND EQUIPMENT

8. The movements in property, plant and equipment during the year are set out in Note 14 to the consolidated Financial Statements.

MARKET VALUE OF PROPERTIES

9. The Directors are of the opinion that the carrying amount of properties stated in Note 14 to the consolidated Financial Statements reflect their fair values.

SUBSIDIARIES

10. The Company's interest in subsidiaries as at 31 March 2025 is as follows:

Name of the subsidiary	Country of incorporation and operation	Shareholding %
Teejay Lanka Prints (Private) Limited	Sri Lanka	100
Teejay Mauritius (Private) Limited (TML)	Mauritius	100
Teejay India (Private) Limited (holding through TML)	India	99.99
Nubian Threads Private Limited (holding through TML)	Egypt	100

DIVIDENDS

11. The Company paid a final dividend of LKR 541,093,304 (USD 1,821,986) representing LKR 0.75 per share approved by the shareholders at the Annual General Meeting held on 28 June 2024 in respect of the year ended 31 March 2024.

    The Company declared and paid an interim dividend of LKR 541,093,304 (USD 1,845,286) representing LKR 0.75 per share for the year ended 31 March 2025.

    Further, the Board of Directors have recommended to propose the payment of LKR 1.60 per share as final dividend to the shareholders of the Company for the year ended 31 March 2025 subject to obtaining the approval of the shareholders at the forthcoming annual general meeting.

REPORT OF THE BOARD OF DIRECTORS

RESERVES

12. Total reserves and their composition are set out in the Statement of Changes in Equity on pages 220 and 221 of the consolidated Financial Statements.

STATED CAPITAL

13. The stated capital of the Company as at 31 March 2025 amounted to LKR 4,582,871,023 consisting of 721,457,738 ordinary shares.

SHAREHOLDING

14. As at 31 March 2025, there were 7,705 registered shareholders and the twenty largest shareholders of the Company with the corresponding shareholding percentages held are set out as follows:

	Number of shares	Percentage of holding %
Brandix Lanka Limited – Number 1 Account	234,227,644	32.47
Pacific Textured Jersey Holdings Limited	195,926,217	27.16
BBH – Fidelity Funds	45,051,547	6.24
Citibank Newyork S/A Norges Bank Account 2	21,500,716	2.98
JPMCB NA-Fidelity Asian Values Plc	18,466,155	2.56
Lynear Wealth Management/Mr Hanif Yusoof	15,723,716	2.18
J.B. Cocoshell (Private) Limited	13,082,945	1.81
Pemberton Asian Opportunities Fund	12,000,000	1.66
Mr R P Weerasooriya	8,735,939	1.21
Employee’s Provident Fund	6,979,333	0.97
Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	6,009,814	0.83
Union Assurance Plc – Universal Life Fund	5,646,385	0.78
Hatton National Bank Plc – Senfin Growth Fund	3,953,926	0.55
SSBT – Sunsuper Pty. Ltd. As Trustee For Sunsuper Superannuation Fund	3,783,148	0.52
GF Capital Global Limited	3,276,050	0.45
Deutsche Bank AG Trustee To Lynear Wealth Dynamic Opportunities Fund	2,783,733	0.39
Employees Trust Fund Board	2,677,561	0.37
Sam Innovators (Private) Limited	2,500,000	0.35
Rubber Investment Trust Ltd A/C No 01	2,203,548	0.31
Northern Trust Company S/A Hosking Global Fund Plc	2,183,089	0.30

As at 31 March 2025 the public shareholding was 39.99% (288,530,876 shares).

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS

15. The Board of Directors of the Company consists of seven Directors as at end of the financial year with wide financial and commercial knowledge and experience. The following were the Directors of the Company as at 31 March 2025:

Mr Ajit Damon Gunewardene
Chairman and Independent Non-Executive Director

Mr Mohamed Ashroff Omar
Non-Executive Director

Mr Hasitha Premaratne
Non-Executive Director

Mr Shrihan Blaise Perera
Independent Non-Executive Director

Mr William (Bill) C McRaith
Independent Non-Executive Director

Mr Kit Vai Tou
Non-Executive Director

Mr Masaru Okutomi
Non-Executive Director

DIRECTOR'S INTEREST IN TRANSACTIONS

16. The Directors of the Company have made general disclosures provided for in section 192 (2) of the Companies Act No. 07 of 2007. The Directors' interests in contracts and proposed contracts with the Company, both direct and indirect, are set out in Note 35 to the Financial Statements.

DIRECTOR'S REMUNERATION AND OTHER BENEFITS

17. The remuneration and other benefits of the Directors are given in Note 8 to the Financial Statements on page 245.

DIRECTOR'S INTEREST IN SHARES

18. As at 31 March 2025, Mr Ajit Damon Gunewardene held 713,723 shares and Mr Hasitha Premaratne held 40,000 shares of the Company.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

19. The Directors are responsible for the preparation of Financial Statements of the Company and Group to reflect a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Inland Revenue Act No. 24 of 2017 and amendments thereto and the Listing Rules of the Colombo Stock Exchange.

    The Statement of Directors' Responsibility for Financial Reporting is given on page 209.

INTEREST REGISTER

20. The Interest register is maintained by the Company as per the Companies Act No. 07 of 2007. All Directors have made declarations as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. The related entries were made in the interest register during the year under review.

RISK MANAGEMENT

21. The Board has instituted an effective and comprehensive system of internal controls covering financial, operations, compliance control and Risk Management required to carry on the business activities of the Company and its subsidiaries in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of the records. The key financial risks management disclosures are given in Note 3 to the Financial Statements on pages 235 to 239.

21. (a) The following confirmations have been carried out by the Board of Directors.

    (i) The Board has declared all material interests in contracts involving in the Entity and they have refrained from voting on matters in which they were materially interested;

    (ii) Conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so;

    (iii) Arrangements have been made to be aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;

    (iv) Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.

REPORT OF THE BOARD OF DIRECTORS

CORPORATE GOVERNANCE

22. The Directors place great emphasis on instituting and maintaining effective corporate governance practices and principles in respect of management and operations of the Group. Accordingly, systems and structures have been introduced and improved from time to time to enhance risk management measures and to improve accountability and transparency.

STATUTORY PAYMENTS

23. All statutory payments due to the Governments of Sri Lanka, India and Mauritius and on behalf of employees have been made or accrued for as at date of the Statement of Financial Position.

EMPLOYEE SHARE OPTION SCHEME

24. Consequent to the shareholders granting approval on 26 November 2015, the Company established an Employee Share Option Scheme (ESOS) for Executive Directors and/or Executives in management positions in the Company as may be decided by the Board or a Board committee appointed by the Board. This scheme was established on the recommendation of the Board having taken into consideration the benefits that will accrue to the Company by employees involved in the management of the Company participating in the equity of the Company and thereby in the profits of the Company. The maximum number of shares that were authorised to be issued to eligible employees under the ESOS was 27,090,851 shares representing 4.1% of the issued shares of the Company as at 1 April 2015.

    During the year ended 31 March 2025, 4,717,763 shares were exercised and issued to eligible employees under Grant 7 of the ESOS. Accordingly, as at 31 March 2025, a total of 25,507,905 shares have been issued to eligible employees under the ESOS out of the maximum number of 27,090,851 shares authorised to be granted as share options under the ESOS. The ESOS is valid till 25 November 2025.

    The Board hereby declares and confirms that the Company has not directly or indirectly provided funds for any employee under the ESOS.

ENVIRONMENTAL PROTECTION

25. After making adequate enquiries from management, the Directors are satisfied that the Company and its subsidiaries operate in a manner that minimises the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Company and its subsidiaries operates.

DONATIONS

26. The Company has made donations in cash amounting to USD 48,010 (LKR 14,046,777) during the year ended 31 March 2025 for charitable purposes (2024 – LKR 18,078,104).

GOING CONCERN

27. The Financial Statements are prepared on going concern principles. After making adequate enquiries from management, the Directors are satisfied that the Group has adequate resources to continue its operations in the foreseeable future.

EVENTS AFTER THE END OF REPORTING PERIOD

28. No events have occurred since the Statement of Financial Position date which would require adjustments to, or disclosure in, these Financial Statements.

INDEPENDENT AUDITORS

29. The Audit Committee of the Company has recommended the re-appointment of Messrs. Deloitte Partners, Chartered Accountants, as the auditors of the Company and a resolution relating to their re-appointment and authorising the Directors to fix their remuneration and to audit the Financial Statements for the accounting year ending 31 March 2026 will be proposed at the Annual General Meeting.

    The remuneration payable by the Company to the independent auditors for statutory audit and non-audit services are given in Note 8 to the Financial Statements.

    The Directors are satisfied that, based on written representations made by the independent auditors to the Board, the auditors did not have any relationship or any interest with the Company and subsidiaries that would impair their independence.

By Order of the Board

Mohamed Ashroff Omar
Director

Hasitha Premaratne
Director

Corporate Services (Private) Limited
Secretaries
05 June 2025

STATEMENT OF DIRECTORS RESPONSIBILITY FOR FINANCIAL REPORTING

The responsibility of the Directors in relation to the Financial Statements of the Group and the Company is set out in the following statement. The responsibility of the Independent Auditors in relation to the Financial Statements, prepared in accordance with the provisions of the Companies Act, No. 07 of 2007 ("the Act"), is set out in the Independent Auditor's Report on pages 213 to 216.

The Financial Statements comprise the:

- Statements of Income and Other Comprehensive Income, which present a true and fair view of the results of the Group and the Company for the year ended 31 March 2025; and
- Statement of Financial Position, which present a true and fair view of the state of affairs of the Group and the Company as at 31 March 2025, which comply with the requirements of the Act.

The Directors have ensured that, in preparing these Financial Statements:

- appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- all applicable Sri Lanka Accounting Standards (LKASs/ SLFRSs) adopted by the Institute of Chartered Accountants of Sri Lanka, as relevant, have been followed; and
- judgements and estimates have been made which are reasonable and prudent.

The Directors have also ensured that the Company and its subsidiaries have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have as part of their responsibility ensured that the Company and its subsidiaries maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Group and the Company, and to ensure that the Financial Statements presented comply with the requirements of the Act.

The Directors have also taken reasonable steps to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The management and the Directors of the Company and its subsidiaries meet periodically with the independent statutory auditors to review the manner in which the auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the independent statutory auditors have full and free access to the members of the Board to discuss any matter.

The Directors have ensured that the independent statutory auditors have been provided with every opportunity to take whatever steps and undertake whatever inspections that may be considered to be appropriate to enable them to give an independent audit opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the date of the statement of financial position have been paid, or where relevant provided for.

By Order of the Board

Corporate Services (Private) Limited

Secretaries

05 June 2025
Colombo

FINANCIAL REPORTS

FINANCIAL CALENDAR

Dividend Calendar	2024/25	2023/24
Final dividends for the previous year paid/payable	18 July 2024	11 September 2023
First interim dividend for the year paid/payable	20 March 2025	–

Annual General Meeting (AGM) Calendar	2024/25	2023/24
Annual Report and Accounts for the year signed	5 June 25	5 June 24
Annual General Meeting to be held	(14th AGM) 27 June 2025	(13th AGM) 28 June 2024

Interim Financial Statements Calendar – Submission to the Colombo Stock Exchange (CSE)	2024/25 Submitted on	2023/24 Submitted on
For the three months ended/ending 30 June (Unaudited)	8 August 2024	10 August 2023
For the six months ended/ending 30 September (Unaudited)	30 October 2024	1 November 2023
For the nine months ended/ending 31 December (Unaudited)	30 January 2025	1 February 2024
For the twelve months ended/ending 31 March (Unaudited)	15 May 2025	16 May 2024

Interim Financial Statements Calendar – Publication in the Newspapers	2024/25 Submitted on	2023/24 Submitted on
For the three months ended/ending 30 June (Unaudited)	9 August 2024	11 August 2023
For the six months ended/ending 30 September (Unaudited)	31 October 2024	2 November 2023
For the nine months ended/ending 31 December (Unaudited)	31 January 2025	2 February 2024
For the twelve months ended/ending 31 March (Unaudited)	16 May 2025	17 May 2024

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Teejay Lanka PLC (the Company) and the consolidated financial statements of the Company and its subsidiaries (the Group), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Key audit matters

The Company and Group:

Key audit matter	How our audit addressed the Key audit matter
Valuation of inventories *Refer to notes 2.12 and 20 of the consolidated financial statements for disclosures of related accounting policies and balances related to Inventories.* The Company and Group had inventories valued at lower of cost and net realisable values of LKR 7.1 Bn and LKR 11.3 Bn respectively as at 31 March 2025, which comprised raw materials, work in progress, finished goods, engineering spares and consumables. The total inventories represented approximately 18% in the Company's and 20.3% in Group's total assets. The Group estimates the write down required for slow moving and obsolete inventories of raw materials, work in progress, finished goods, engineering spares and consumables, based on the inventory residence periods and through physical verification in order to determine the Net Realisable Value (NRV) of items of inventory. In addition, the Group estimates written down required for finished goods inventories through subsequent realisable values. We focused on this area as inventories represent a significant balance to total assets and estimation of write down to net realisable value involves a high level of management judgement which could result in estimation uncertainty.	• We performed a recalculation of the inventory write down amounts made to individual inventory categories based on the system generated inventory ageing reports, which provided the residence periods in respect of inventory items, for which system reliance was placed. • We compared the residence periods and write down determined by management in the current year to those applied in prior years and checked the reasonableness of basis for write down to net realisable values using our understanding of industry practices. • Further, we checked the write down amounts considered by management for damaged and obsolete inventory, if any, that were physically identified during our stock count observation. We also compared the cost of items of finished goods inventories as at 31 March 2025 to their net realisable values subsequent to year end. • We reviewed the year-to-year movement in the amount considered for write down for each category of inventory considering subsequent write offs, reversals on re-use and amounts realised on disposals. Based on the procedures performed above, we found management's judgement in determining the amount of write down required for slow moving and obsolete inventory to be appropriate.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

We have audited the financial statements of Teejay Lanka PLC (the Company) and the consolidated financial statements of the Company and its subsidiaries (the Group) for the year ended 31 March 2025 presented in USD, the functional currency of the Company and prepared in accordance with Sri Lanka Accounting Standards (USD financial statements). The accompanying financial statements presented in Sri Lankan Rupees (LKR financial statements) have been derived from those USD financial statements on which we have expressed an unqualified opinion on 5 June 2025.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company and the consolidated financial statements of the Group, management is responsible for assessing the Company's/Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company/Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company and the consolidated financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Company and the consolidated financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company/ Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements of the Company and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Company and the consolidated financial statements of the Group financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act, No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3015.

Deloitte Partners

CHARTERED ACCOUNTANTS

COLOMBO

5 June 2025

STATEMENT OF PROFIT OR LOSS

(All amounts in Sri Lanka Rupees '000)

		Group		Company	
Year ended 31 March	Notes	2025	2024	2025	2024
Revenue from contracts with customers	6	67,036,057	60,733,952	38,895,177	38,578,691
Cost of sales		(59,195,423)	(55,677,311)	(33,886,409)	(33,258,507)
Gross profit		7,840,634	5,056,641	5,008,768	5,320,184
Other income – net	7	526,697	203,167	120,249	103,277
Distribution expenses		(571,350)	(579,776)	(482,174)	(394,987)
Administrative expenses		(2,986,828)	(2,589,737)	(1,793,929)	(1,456,131)
Net impairment (provision)/reversal on financial assets	21 (a)	(258,549)	122,903	(70,813)	129,437
Results from operating activities	8	4,550,604	2,213,198	2,782,101	3,701,780
Finance income	10	390,331	454,693	353,383	501,108
Finance costs	10	(893,561)	(1,095,512)	(190,135)	(336,786)
Finance (costs)/income – net	10	(503,230)	(640,819)	163,248	164,322
Profit before tax		4,047,374	1,572,379	2,945,349	3,866,102
Income tax expense	11	(1,254,353)	(462,843)	(884,247)	(1,106,910)
Profit for the year		2,793,021	1,109,536	2,061,102	2,759,192
Attributable to:					
Equity holders of the parent		2,793,021	1,109,536		
Earnings per share					
Basic earnings per share (LKR)	12 (a)	3.876	1.548		
Diluted earnings per share (LKR)	12 (b)	3.876	1.547		

The Notes on pages 223 to 288 form an integral part of these Financial Statements.

Independent Auditor's Report is set out on pages 213 to 216.

STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Sri Lanka Rupees '000)

		Group		Company	
Year ended 31 March	Notes	2025	2024	2025	2024
Profit for the year		2,793,021	1,109,536	2,061,102	2,759,192
Other comprehensive income					
Items that will not be reclassified to profit or loss subsequently					
Actuarial loss on defined benefit obligations	26	(141,576)	(312,478)	(114,424)	(270,429)
Deferred tax credit attributable to remeasurement of defined benefit obligations	27	43,073	94,446	34,327	81,129
Items that maybe subsequently reclassified to profit or loss					
Currency translation difference		(358,611)	(2,295,337)	(335,475)	(2,139,761)
Other comprehensive loss for the year		(457,114)	(2,513,369)	(415,572)	(2,329,061)
Total comprehensive income/(loss) for the year		2,335,907	(1,403,833)	1,645,530	430,131
Attributable to:					
Equity holders of the parent		2,335,907	(1,403,833)		

The Notes on pages 223 to 288 form an integral part of these Financial Statements.

Independent Auditor's Report is set out on pages 213 to 216.

STATEMENT OF FINANCIAL POSITION

(All amounts in Sri Lanka Rupees '000)

		Group		Company	
As at 31 March	Notes	2025	2024	2025	2024
ASSETS					
Non-current assets					
Property, plant and equipment	14	17,270,048	18,142,428	7,520,928	7,021,499
Right-of-use assets	15	1,575,062	1,681,152	587,207	629,527
Capital work-in-progress	16	317,325	703,359	274,466	508,793
Intangible assets	17	433,904	606,388	327,012	442,191
Goodwill	17	97,114	98,268	Nil	Nil
Investments in subsidiaries	18	Nil	Nil	5,065,841	5,126,027
Deferred tax assets	27	1,947,104	2,239,540	Nil	Nil
Non-current receivables	21	627,859	625,842	1,067,424	1,324,794
		22,268,416	24,096,977	14,842,878	15,052,831
Current assets					
Inventories	20	11,332,129	11,645,818	7,147,983	7,559,901
Trade and other receivables	21	11,920,512	9,773,644	9,557,346	9,489,475
Current tax receivables		730,058	614,466	Nil	Nil
Other financial assets	22	4,019,419	1,668,451	3,245,207	1,180,819
Cash and cash equivalents	23	5,584,038	7,233,344	4,180,267	6,054,353
		33,586,156	30,935,723	24,130,803	24,284,548
Total assets		55,854,572	55,032,700	38,973,681	39,337,379
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	30	4,582,871	4,442,234	4,582,871	4,442,234
Share option scheme	33	186,667	181,691	186,667	181,691
Exchange equalisation reserve	31	15,393,591	15,752,202	13,058,023	13,393,498
Retained earnings	32	11,366,369	9,754,037	11,334,920	10,436,101
		31,529,498	30,130,164	29,162,481	28,453,524

		Group		Company	
As at 31 March	Notes	2025	2024	2025	2024
Non-current liabilities					
Borrowings	25	2,531,225	4,139,942	Nil	Nil
Lease liabilities	15	1,222,829	1,229,391	433,057	437,363
Deferred tax liabilities	27	2,150,800	2,213,454	581,272	700,937
Retirement benefit obligations	26	1,122,028	875,378	709,982	522,388
		7,026,882	8,458,165	1,724,311	1,660,688
Current liabilities					
Trade and other payables	24	12,064,278	10,866,322	6,260,404	5,901,919
Current tax liabilities		212,640	281,655	212,639	281,655
Borrowings	25	4,940,980	5,183,782	1,593,682	2,992,455
Lease liabilities	15	80,294	112,612	20,164	47,138
		17,298,192	16,444,371	8,086,889	9,223,167
Total liabilities		24,325,074	24,902,536	9,811,200	10,883,855
Total equity and liabilities		55,854,572	55,032,700	38,973,681	39,337,379

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved for issue by the Board of Directors on 5 June 2025.

These Financial Statements are in compliance with the requirements of the Companies Act No, 07 of 2007.

Renuja Selvanathan
Chief Financial Officer

Pubudu De Silva
Chief Executive Officer

Mohamed Ashroff Omar
Director

Hasitha Premaratne
Director

Signed on behalf of the Board on 5 June 2025.
The notes on pages 223 to 288 form an integral part of these financial statements.

Independent auditor's report is set out on pages 213 to 216.

STATEMENT OF CHANGES IN EQUITY – GROUP

(All amounts in Sri Lanka Rupees '000)

	Notes	Stated capital	Exchange equalisation reserve	Reserve for share option	Retained earnings	Total
Balance at 1 April 2023		4,442,234	18,047,539	153,491	9,400,088	32,043,352
Profit for the year		Nil	Nil	Nil	1,109,536	1,109,536
Other comprehensive loss for the year		Nil	(2,295,337)	Nil	(218,032)	(2,513,369)
Total comprehensive (loss)/income for the year		Nil	(2,295,337)	Nil	891,504	(1,403,833)
Transactions with owners:						
Final dividend paid – 2022/23	13	Nil	Nil	Nil	(537,555)	(537,555)
Share option scheme	33 (b)	Nil	Nil	28,200	Nil	28,200
		Nil	Nil	28,200	(537,555)	(509,355)
Balance at 31 March 2024		**4,442,234**	**15,752,202**	**181,691**	**9,754,037**	**30,130,164**
Balance at 1 April 2024		4,442,234	15,752,202	181,691	9,754,037	30,130,164
Profit for the year		Nil	Nil	Nil	2,793,021	2,793,021
Other comprehensive loss for the year		Nil	(358,611)	Nil	(98,503)	(457,114)
Total comprehensive (loss)/income for the year		Nil	(358,611)	Nil	2,694,518	2,335,907
Transactions with owners:						
Final dividend paid – 2023/24	13	Nil	Nil	Nil	(541,093)	(541,093)
Interim dividend paid – 2024/25	13	Nil	Nil	Nil	(541,093)	(541,093)
Share option scheme	33 (b)	Nil	Nil	4,976	Nil	4,976
		Nil	Nil	4,976	(1,082,186)	(1,077,210)
Shares issued under employee share scheme	30	140,637	Nil	Nil	Nil	140,637
Balance at 31 March 2025		**4,582,871**	**15,393,591**	**186,667**	**11,366,369**	**31,529,498**

The Notes on pages 223 to 288 form an integral part of these Financial Statements.

Independent Auditor's Report is set out on pages 213 to 216.

STATEMENT OF CHANGES IN EQUITY – COMPANY

(All amounts in Sri Lanka Rupees '000)

	Notes	Stated capital	Exchange equalisation reserve	Reserve for share option	Retained earnings	Total
Balance at 1 April 2023		4,442,234	15,533,259	153,491	8,403,764	28,532,748
Profit for the year		Nil	Nil	Nil	2,759,192	2,759,192
Other comprehensive loss for the year		Nil	(2,139,761)	Nil	(189,300)	(2,329,061)
Total comprehensive (loss)/income for the year		Nil	(2,139,761)	Nil	2,569,892	430,131
Transactions with owners:						
Final dividend paid – 2022/23	13	Nil	Nil	Nil	(537,555)	(537,555)
Share option scheme	33 (b)	Nil	Nil	28,200	Nil	28,200
		Nil	Nil	28,200	(537,555)	(509,355)
Balance at 31 March 2024		**4,442,234**	**13,393,498**	**181,691**	**10,436,101**	**28,453,524**
Balance at 1 April 2024		4,442,234	13,393,498	181,691	10,436,101	28,453,524
Profit for the year		Nil	Nil	Nil	2,061,102	2,061,102
Other comprehensive loss for the year		Nil	(335,475)	Nil	(80,097)	(415,572)
Total comprehensive (loss)/income for the year		Nil	(335,475)	Nil	1,981,005	1,645,530
Transactions with owners:						
Final dividend paid – 2023/24	13	Nil	Nil	Nil	(541,093)	(541,093)
Interim dividend paid – 2024/25	13	Nil	Nil	Nil	(541,093)	(541,093)
Share option scheme	33 (b)	Nil	Nil	4,976	Nil	4,976
		Nil	Nil	4,976	(1,082,186)	(1,077,210)
Shares issued under employee share scheme	30	140,637	Nil	Nil	Nil	140,637
Balance at 31 March 2025		**4,582,871**	**13,058,023**	**186,667**	**11,334,920**	**29,162,481**

The Notes on pages 223 to 288 form an integral part of these Financial Statements.

Independent Auditor's Report is set out on pages 213 to 216.

STATEMENT OF CASH FLOWS

(All amounts in Sri Lanka Rupees '000)

		Group		Company	
Year ended 31 March	Notes	2025	2024	2025	2024
Cash flows from operating activities					
Cash generated from operations	34	7,062,930	4,845,246	5,235,462	3,401,091
Finance income received	10	251,084	429,549	259,072	430,384
Finance cost paid		(765,820)	(953,620)	(161,096)	(296,361)
Retirement benefit obligations paid	26	(143,215)	(199,921)	(63,334)	(94,904)
Tax paid		(1,028,743)	(1,115,642)	(1,028,743)	(1,115,642)
Net cash generated from operating activities		5,376,236	3,005,612	4,241,361	2,324,568
Cash flows from investing activities					
Additions or expenses incurred on capital work-in-progress	16	(1,826,919)	(1,878,338)	(1,652,662)	(1,355,202)
Net (decrease)/increase in investment in financial assets		(2,382,083)	1,461,463	(2,088,357)	1,564,153
Net cash (used in)/ generated from investing activities		(4,209,002)	(416,875)	(3,741,019)	208,951

		Group		Company	
Year ended 31 March	Notes	2025	2024	2025	2024
Cash flows from financing activities					
Dividend paid	13	(1,082,186)	(537,555)	(1,082,186)	(537,555)
Issue of shares	30	140,637	Nil	140,637	Nil
Settlement of borrowings		(17,187,822)	(15,570,332)	(10,485,180)	(13,842,741)
Proceeds received from bank borrowings		15,449,166	13,527,586	9,125,864	13,107,417
Principal elements of lease payments	15	(124,347)	(142,164)	(62,490)	(81,783)
Net cash used in financing activities		(2,804,552)	(2,722,465)	(2,363,355)	(1,354,662)
Net (decrease)/increase in cash and cash equivalents		(1,637,318)	(133,728)	(1,863,013)	1,178,857
Cash and cash equivalents at beginning of year		7,217,674	7,351,402	6,039,598	4,860,741
Cash and cash equivalents at end of year	23	5,580,356	7,217,674	4,176,585	6,039,598

The Notes on pages 223 to 288 form an integral part of these Financial Statements.

Independent Auditor's Report is set out on pages 213 to 216.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

1. GENERAL INFORMATION

Teejay Lanka PLC is a public limited company incorporated in Sri Lanka on 12 July 2000, listed on the Main Board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011. The registered office of the Company is located at Block D8-D14, Seethawaka Export Processing Zone, Avissawella. The Company carries on the business of manufacturing and selling of weft knit fabrics.

The Company changed its name to Teejay Lanka PLC with effect from 15 September 2016.

These financial statements have been approved for issue by the Board of Directors on 5 June 2025.

The Company owns 100% of issued stated capital of Teejay Lanka Prints (private) Limited and Teejay Mauritius (private) Limited. Teejay India (private) Limited is a fully owned subsidiary of Teejay Mauritius (private) Limited (Previously known as Ocean Mauritius Limited) and Teejay Mauritius (Private) Limited owns 99% of issued stated capital of Nubian Threads (Private) Limited which was incorporated on 18 November 2024. The Company is the ultimate parent of the Group. The details of subsidiaries are given under Note 18 to these Financial Statements.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

These Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards (LKASs/SLFRSs) adopted by the Institute of Chartered Accountants of Sri Lanka. The principal Accounting Policies applied in the preparation of these consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). These Financial Statements have been prepared under the historical cost convention except for financial assets and financial liabilities which are measured at amortised cost/fair value.

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's and the Group's financial statements are disclosed in Note 4 to the financial statements.

The financial statements are prepared and presented in United States Dollars (US$), in accordance with and comply with Sri Lanka Accounting Standards. The financial statements are also presented in Sri Lanka Rupee (LKR) for local statutory requirements. The conversion to LKR is performed in accordance with the recommendations made in the Sri Lanka Accounting Standard (LKAS) 21: The Effects of Changes in Foreign Exchange Rates. The procedures followed are as follows:

(a) Assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the date of that statement of financial position.

(b) Income and expenses for each income statement (including comparatives) are translated at the exchange rates existing at the dates of the transactions or a rate that approximates the actual exchange rates; and

(c) All resulting exchange differences are recognised in other comprehensive income.

The preparation and the presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.1.1 Going concern

The financial statements are prepared on going concern principles. After making adequate enquiries from management, the Directors are satisfied that the Group and Company have adequate resources to continue their operations in the foreseeable future.

2.2 Changes in accounting policy and disclosures

(a) The Group and the Company have applied the following new and amended SLFRS Accounting Standards that are effective for the first time during the current year, for their annual reporting period commencing on 1 April 2024:

Amendments to LKAS 1 Classification of Liabilities as Current or Non-current

The Group and the Company has adopted the amendments to LKAS 1, published in January 2020, for the first time in the current year.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

2. Summary of material accounting policy information (Contd.)

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to LKAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants

The Group and the Company has adopted the amendments to LKAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

It also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

Amendments to SLFRS 16 Leases – Lease Liability in a Sale and Leaseback

The Group and the Company has adopted the amendments to SLFRS 16 for the first time in the current year.

The amendments to SLFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in SLFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in SLFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied SLFRS 16.

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

2. Summary of material accounting policy information (Contd.)

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The directors of the Company and its subsidiaries anticipate that the application of these amendments may not have an impact on the Group/Company's financial statements in future periods.

Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The directors of the Company and its subsidiaries anticipate that the application of these amendments may not have an impact on the Group's/Company's financial statements in future periods.

(b) New and revised SLFRS Accounting Standards in issue but not yet effective and not early adopted in 2024/25:

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:
- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the Company and its subsidiaries anticipates that the application of these amendments may have an impact on the Company's financial statements in future periods. However, the extent of such impact will be determined at the time of adoption.

Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:
- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows

These annual improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

The Directors of the Company and its subsidiaries anticipate that the application of these amendments may have an impact on the Group's and Company's financial statements in future periods.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

2.3 Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3.1.1 Changes in ownership interests in subsidiaries without change of control

Transaction with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3.1.2 Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3.2 Financial period

All companies in the Group have a common financial year, which ends on 31 March.

2.4 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

The financial statements are prepared and presented in United States Dollars (USD), the currency of the primary economic environment in which the entity and its subsidiaries operate. The Directors of the Company and its subsidiaries are of the opinion that the use of USD as the functional currency provides information about the Company and its subsidiaries that is useful and reflects the economic substance of the underlying events and circumstances relevant to the Company and its subsidiaries as:

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

2. Summary of material accounting policy information (Contd.)

(i) It is the currency mainly influences sales prices for goods and services which are denominated and settled in USD.

(ii) It is the currency mainly influences material costs of providing goods and services, the currency in which such costs are denominated and settled in USD.

Hence the Directors of the Company have decided to use United States Dollars as the functional currency from the date of incorporation.

Financial statements of the Company and the Group are translated to Sri Lanka Rupees for local statutory requirements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the income statement within "net finance income".

2.6 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation.

(a) Cost

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one year.

All property, plant and equipment are initially recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Cost of long term capital projects are carried forward in capital work-in-progress until they are available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

(b) Depreciation

Depreciation is calculated using the straight line method to allocate the cost of each asset, to their residual values over their estimated useful lives commencing from the date of acquisition, date available for use or date of commencement of use. On disposal of assets depreciation is calculated exclusive of the date on which disposal takes place.

The estimated useful lives of property, plant and equipment are as follows:

Buildings constructed on leasehold lands	23 to 50 years
Plant, machinery and equipment installation	10 years
Fixtures, fittings and factory equipment	8 years
Office equipment	5 years
Computer and communication equipment	4 years
Motor vehicles	4 years

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognised, even if during that period the item is idle.

(c) Borrowing costs

Interest costs on borrowings to finance the construction of qualifying assets are capitalised, during the period of time that is required to complete and prepare the asset for its intended use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/(losses) on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

2. Summary of material accounting policy information (Contd.)

(d) Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the statement of profit or loss.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of subsidiary acquired, in the case of bargain purchases, the difference is recognised directly in the statement of profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Unit [CGU], or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within equity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life.

Costs associated with maintaining computer software programmed are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

2.8 Investments

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

2.9 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

2. Summary of material accounting policy information (Contd.)

2.10 Accounting for leases – where the Company is the lessee

The Group and Company leases lands and warehouses.

Contracts may contain both lease and non-lease components. The Group and Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- variable lease payment that are based on an index or a rate.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the Group and Company's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

To determine the incremental borrowing rate, the Group and Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

'The Group and Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

2.11 Financial instruments

2.11.1 Financial Asset

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

2. Summary of material accounting policy information (Contd.)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at Amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's and Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.11.2 Financial liabilities

2.11.2.1 Classification and initial recognition

Financial liabilities are initially recognised at fair value, net of transaction costs.

The Group and Company classifies its financial liabilities as other financial liabilities, based on the purpose for which the financial liabilities were issued. Other financial liabilities mainly include trade and other payables and borrowings.

2.11.2.2 Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using effective interest method.

2.11.2.3 Derecognition

The Group and Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

2. Summary of material accounting policy information (Contd.)

2.11.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the Weighted Average Cost (WAC) method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The Group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2025 or 1 April 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjusts the historical loss rates based on expected changes.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within distribution expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against distribution expenses in the statement of comprehensive income.

2.14 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

2.15 Stated capital

The ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Account payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

2. Summary of material accounting policy information (Contd.)

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they incurred.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Employee benefits

(a) Defined benefit plan – Gratuity

A defined benefit plan is a pension plan that is not a defined contribution plan. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit plan of the Company and its subsidiary, Teejay Lanka Prints (Private) Limited, comprise the gratuity provided under the Act, No. 12 of 1983. The defined benefit plan of overseas subsidiary, Teejay India (Private) Limited, comprises the gratuity provided under the Act, No. 39 of 1972.

The liability recognised in the statement of financial position in respect of defined pension plans is the present value of the defined benefit obligation at the date of statement of financial position. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in statement of comprehensive income.

The assumptions based on which the results of the actuarial valuation was determined, are included in Note 26 to the financial statements.

(b) Defined contribution plans

For defined contribution plans, such as the Employees' Provident Fund and Employees' Trust Fund, the Company and its local subsidiary contributes 12% and 3% respectively, of the employees' basic or consolidated wage or salary. For defined contribution plan, the Provident Fund, the overseas subsidiary, Teejay India (Private) Limited, contributes 12%, of the employees' basic or consolidated wage or salary. The Group has no further payment obligations once the contributions have been paid. The Group and Company employees are members of these defined contribution plans.

(c) Short term employee benefits

The wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax.

(a) Current taxes

Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

2. Summary of material accounting policy information (Contd.)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

(b) Deferred income taxes

Deferred tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investment in subsidiaries, except for deferred income tax liability where the timing of the reversal of temporary difference is controlled by the Group and its probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiary only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Revenue recognition

Goods and services deliverable under contracts with customers are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own or together with other resources that are readily available to the customer and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

The Group determines the transaction price to which it expects to be entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis. Where the Group does not sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price, the Group maximises the use of external input; observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach.

Revenue from the sales which included bulk discount is recognised based on the price specified in the contract, net of the estimated rebates. Accumulated experience is used to estimate the rebates and its provision. Rebates are estimated using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Payment of the transaction price is due immediately when the products are delivered and accepted by the customer. It is the Group's policy to sell its products to the end customer with a right of return. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable. The revenue is recognised as follows:

Sale of goods and performance of services.

Sale are recognised upon delivery of products and customer acceptance, if any, or performance of services.

Interest income

Interest income is recognised using the effective interest method.

Royalty income

Royalty income was recognised on an accrual basis.

Other income

Other income is recognised on an accrual basis.

2.23 Expenditure recognition

(a) Operating expenses

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the period.

(b) Net financing costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested, and foreign exchange gains and losses that are recognised in the statement of profit or loss.

All interest and other costs incurred in connection with borrowings except for the acquisition or construction of qualifying assets as noted in 2.18 are expensed as incurred as part of net financing costs.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.25 Share based payments

The Company operates a number of equity settled, share based compensation plan, under which the Group receives services from employees as consideration for equity instruments (option) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

At the end each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non market vesting conditions and service conditions. The Company recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to stated capital.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group is exposed to a variety of financial risks. These include foreign exchange risks, credit risks, interest rate risks and liquidity risks. Based on the economic outlook and the Group's exposure to these risks, the Board approves various risk management strategies from time to time. The Group's overall risk management programme focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange risk	Future commercial transactions not denominated in United States Dollars (USD)	Cash flow forecasting	Monitoring market on an ongoing basis and booking of forward contracts when required
Market risk – interest rate	Borrowings and investments	Sensitivity analysis	Comparing and analysing market interest rates monthly
Credit risk	Cash and cash equivalents, short term deposits and trade and other receivables	Age analysis Credit ratings	Diversification of short term bank deposits, credit limits and credit monitoring
Liquidity risk	Trade and other liabilities and borrowings	Rolling cash flow forecast	Availability of committed credit facilities and adequate cash and cash equivalents with the Company and its subsidiaries

(a) Market risk

(i) Foreign exchange risk

The Group is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of the United States Dollar (USD) against the Sri Lankan Rupee (LKR) and Indian Rupee (INR). The Company's and its subsidiaries functional currency is USD in which most of the transactions are denominated. Foreign exchange risks arises from local expenses including salaries and wages and, assets and liabilities denominated in Sri Lanka Rupees (LKR) and Indian Rupees (INR). The foreign currency exposure is disclosed under Notes 21, 22, 23, 24 and 25.

At 31 March 2025, if LKR had strengthened by 1% against USD in the financial year, profit before tax would have decreased by LKR 20,777,625 (2024 – LKR 25,206,281). The analysis assumes that all other variables, in particular interest rates, remain constant.

At 31 March 2025, if INR had strengthened by 1% against USD in the financial year, profit before tax would have decreased by LKR 5,955,206 (2024 – LKR 12,011,749). The analysis assumes that all other variables, in particular interest rates, remain constant.

During the year ended 31 March 2025, the Group and Company recorded a net foreign exchange gain of LKR 139,246,917 and LKR 94,310,664 respectively (2024 – in Group an exchange gain of LKR 25,144,243 and in Company an exchange gain of LKR 70,723,530 respectively) on transaction and translation of LKR and INR denominated balances.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

3. Financial risk management (Contd.)

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in LKR, Euro, INR and GBP was as follows:

		Group		Company	
	Note	2025	2024	2025	2024
Trade and other receivables	21 (b)	1,761,826	1,322,130	1,161,274	983,302
Cash and cash equivalents	23 (a)	87,936	224,323	52,617	195,893
Other financial assets	22 (b)	395,724	70,028	69,742	70,027
Borrowings	25 (g)	(1,593,682)	(1,508,480)	(1,593,682)	(1,508,480)
Lease liabilities	15 (d)	(787,868)	(791,344)	Nil	(573)
Trade and other payables	24 (c)	(2,127,854)	(1,691,935)	(468,508)	(404,287)
Net exposure		(2,263,918)	(2,375,278)	(778,557)	(664,118)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates relates to primarily to the Company's and its subsidiaries term deposits and bank borrowings. The Group manages its interest rate risk by daily monitoring and managing cash flows, keeping borrowings to a minimum, negotiating favorable rates on borrowings and deposits.

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. The Group exposure to the risk of changes in market interest rates relates to primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by monitoring and managing cash flows, keeping borrowings to a minimum, negotiating favorable rates on borrowings and deposits.

(iii) Sensitivity analysis

If interest rates had been higher by 100 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2025 would have decreased by LKR 177,150,271 of Group and LKR 13,832,371 of Company (2024 – 94,644,572 of Group and LKR 31,884,650 of Company). This is mainly attributable to the Group's exposure to interest rates on variable rate of interest.

	For the year ended 31 March 2025		For the year ended 31 March 2024	
	Interest expense	Profit before tax	Interest expense	Profit before tax
Group				
Borrowings	177,150	3,870,224	94,645	1,477,734
Company				
Borrowings	13,832	2,931,517	31,884	3,864,218

(b) Credit risk

The credit risk arises from cash and cash equivalents and short term deposits with banks and financial institutions, as well as credit exposures to foreign customers, including outstanding receivables and committed transactions.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts as described in Notes 21, 22, and 23.

The credit risk of customers are assessed taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal limits approved by management. The compliance with credit limits are monitored regularly by management. There are no significant risk concentration of credit risk through exposure to individual customers.

Credit quality of the financial assets have been disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

3. Financial risk management (Contd.)

(c) Liquidity risk

The Group monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group

As at 31 March 2025	Notes	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
Liabilities						
Bank overdrafts	25	3,682	Nil	Nil	Nil	3,682
Amounts due to related companies	24	460,105	Nil	Nil	Nil	460,105
Trade and other payables (excluding statutory liabilities)	24	10,820,539	646,785	Nil	Nil	11,467,324
Borrowings	25	3,788,323	1,148,974	2,531,225	Nil	7,468,522
Lease liabilities		27,610	82,831	517,960	2,845,083	3,473,485
Total liabilities		15,100,259	1,878,590	3,049,185	2,845,083	22,873,117

As at 31 March 2024	Notes	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
Liabilities						
Bank overdrafts	25	15,670	Nil	Nil	Nil	15,670
Amounts due to related companies	24	432,280	Nil	Nil	Nil	432,280
Trade and other payables (excluding statutory liabilities)	24	9,750,447	577,988	Nil	Nil	10,328,435
Borrowings	25	3,625,417	1,542,695	4,139,942	Nil	9,308,054
Lease liabilities		28,158	87,336	591,748	3,166,460	3,873,702
Total liabilities		13,851,972	2,208,019	4,731,690	3,166,460	23,958,141

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

3. Financial risk management (Contd.)

Company

As at 31 March 2025	Notes	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
Liabilities						
Bank overdrafts	25	3,682	Nil	Nil	Nil	3,682
Amounts due to related companies	24	531,871	Nil	Nil	Nil	531,871
Trade and other payables (excluding statutory liabilities)	24	5,075,890	573,556	Nil	Nil	5,649,446
Bank borrowings	25	1,590,000	Nil	Nil	Nil	1,590,000
Lease liabilities		11,689	35,066	209,905	592,707	849,367
Total liabilities		7,213,132	608,622	209,905	592,707	8,624,366

As at 31 March 2024	Notes	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
Liabilities						
Bank overdrafts	25	14,755	Nil	Nil	Nil	14,755
Amounts due to related companies	24	550,908	Nil	Nil	Nil	550,908
Trade and other payables (excluding statutory liabilities)	24	4,748,982	555,194	Nil	Nil	5,304,176
Bank borrowings	25	2,977,700	Nil	Nil	Nil	2,977,700
Lease liabilities		13,076	39,228	212,399	671,632	936,335
Total liabilities		8,305,421	594,422	212,399	671,632	9,783,874

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

3. Financial risk management (Contd.)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group represents equity attributable to owners of the Group, comprising stated capital and reserves.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (current and non-current) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the statement of financial position, plus net debt.

The gearing ratios at 31 March were as follows:

		Group	
	Notes	2025	2024
Total borrowings	25	7,472,205	9,323,724
Lease liabilities	15	1,303,123	1,342,003
Less: Cash and cash equivalents and short term deposits	22 and 23	(9,603,457)	(8,901,795)
Net debt		(828,129)	1,763,932
Total equity		31,529,498	30,130,164
Total capital		31,529,498	31,894,096
Gearing ratio		N/A	6%

During 2024/2025, the Group's strategy, which was unchanged from the year ended 31 March 2024, was to maintain the net debts below 30% of the total capital. However, the Group is fully equity funded as of the statement of financial position date.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company and Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Impairment assessment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy stated in Note 2.7 to the financial statements and whenever events or change in circumstances indicate that this is necessary within the financial year. The recoverable amounts of cash-generating units have been determined based on Value In Use (VIU) calculations. These calculations require the use of estimates and are disclosed in Note 17 to the financial statements.

(b) Defined benefit plan – Gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

4. Critical accounting estimates, assumptions and judgements (Contd.)

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit plan. Other key assumptions for defined benefit plan are based in part on current market conditions. Additional information is disclosed in Note 26.

(c) Estimated useful lives of property, plant and equipment (PPE)

The Company reviews annually the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE balance.

(d) Impairment of property plant and equipment

The Company reviews property, plant and equipment for impairment in accordance with the Accounting Policy in Note 2.9. The recoverable amount of these assets have been determined based on higher of the assets' fair value less cost to sell and value in use. These calculations require the use of estimates and judgements.

Management believes that any reasonable possible change in the estimated future cash flows of exporting Montessori products which the recoverable amounts of the Company is based would not cause the Company's carrying amount to exceed its recoverable amount.

4.2 Critical judgements in applying the entity's accounting policies

(a) Critical judgements in determining the lease term – SLFRS 16

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of buildings and motor vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group and Company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Group and Company is typically reasonably certain to extend (or not terminate), and
- Otherwise, the Group and Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset;

Most extension options in buildings and motor vehicles leases have not been included in the lease liability, because the Group and Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group and Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(b) Macroeconomic developments and industry specific risk considerations

Sri Lanka has experienced notable macroeconomic challenges since early 2022, including currency depreciation, high inflation, and liquidity constraints, which significantly impacted businesses across sectors. However, as of the reporting date, many of these challenges have been addressed to a considerable extent. Debt restructuring efforts are either completed or in advanced stages, inflation has moderated, and business conditions have shown signs of stabilisation, with day-to-day life returning to a more normal footing.

Despite these improvements, certain residual risks and emerging sector-specific developments continue to impact the Company and its subsidiaries operating in Sri Lanka and India, particularly in the fabric manufacturing and export sector. The key areas considered in preparing these financial statements are summarised below:

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

4. Critical accounting estimates, assumptions and judgements (Contd.)

Credit risk management

The Group continues to be exposed to credit risk arising from its operating activities and financing activities, including trade receivables, deposits with financial institutions, foreign exchange transactions, and other financial instruments. In accordance with the SLFRS 9 framework, the estimation of Expected Credit Losses (ECL) is carried out based on both current and forward-looking economic conditions. Given the evolving macroeconomic environment, the Group has continued to assess ECL using a range of economic scenarios of varying severity and applies appropriate weightings to reflect a range of possible outcomes. The Group has reviewed the potential impact of the improved but still uncertain economic conditions on key inputs and assumptions used for ECL measurement, in line with available information. These assessments include ongoing reviews of financial assets across customer segments with similar risk characteristics, analysis of updated forward-looking scenarios, and recalibration of historical default rates. Bank balances are maintained with reputable financial institutions with high credit ratings assigned by recognised external agencies, and there has been no history of default. These balances are typically callable on demand, except in cases where regulatory or operational restrictions apply. Based on this, the Group has assessed that credit risk on bank balances is minimal, and the associated expected credit loss is not material to the financial statements.

Liquidity management

The impact of the economic environment on the Group's liquidity and funding risk profile continues to be closely monitored by management. In response to market conditions, the Group has regularly recalibrated stress testing scenarios to assess potential impacts on its liquidity position. Over the years, the Group renegotiated inventory purchase arrangements and improved payment terms with key vendors. Additionally, it divested selected financial assets to generate liquidity and selectively drew down on available credit facilities to maintain an adequate liquidity buffer. As a result of these proactive measures, the Group maintained a stable liquidity position throughout the year and reported a positive net current asset position as at the date of the statement of financial position.

Foreign exchange exposure

As the functional currency of the Company and its subsidiaries is the United States Dollar (USD), the Group's revenue and the majority of its input costs related to exports are naturally aligned with its reporting currency, reducing direct foreign exchange risk on core operations. However, the Group remains exposed to currency fluctuations on certain transactions and balances denominated in other currencies particularly those denominated in Sri Lankan Rupees (LKR) and Indian Rupees (INR), including local operating expenses, employee costs, statutory payments, and certain working capital items. While the exchange rates of the LKR and INR have shown relative stability during the financial year against USD, ongoing monitoring and evaluation of currency exposures continue to form part of the Group's financial risk management framework. Where appropriate, natural hedging and operational adjustments are employed to minimise the impact of exchange rate volatility on the Group's financial position and performance.

Inflationary impact and cost management

Although headline inflation has significantly declined compared to the peak levels observed during the height of the economic crisis, certain input costs remain elevated. The Group has continued to implement cost efficiency measures across its operations and regularly reviews pricing strategies to manage pressure on margins. These initiatives are part of the Group's broader focus on maintaining financial resilience amidst an evolving cost environment.

Supply chain and raw material management

The Group remains attentive to global supply chain conditions that may affect the availability and cost of raw materials. While overall conditions have stabilised in comparison to prior periods, challenges remain in certain product categories, including extended lead times and price volatility. The Group continues to manage its procurement strategy proactively to avoid disruption and ensure production continuity.

Capital and funding access

The Group has maintained access to adequate credit facilities through its established relationships with the financial institutions. The cost of borrowing has stabilised particularly following adjustments to the monetary policy environment in Sri Lanka. The Group actively monitors its capital structure and maintains flexibility to meet funding requirements as they arise.

Going concern

The Group and the Company have assessed all available information, including the improvement in macroeconomic conditions, internal forecasts, and financing arrangements, and have not identified any material uncertainties that may cast significant doubt on their ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

5. SEGMENT INFORMATION

(a) Description of segments and principal activities

Management examines the Group's performance both from a product and geographic perspective and has identified two reportable segments of its business:

1: Textile manufacturing – Sri Lanka and India:

The business of manufacturing and selling of weft knit fabrics to export and to indirect export are included in the textile manufacturing.

2: Fabric printing – Sri Lanka:

Rotary screen printing of knitted and woven fabrics to export and to indirect export are included in the fabric printing.

Management uses a measure of adjusted earnings before interest, tax, depreciation, and amortisation (EBITDA) to assess the performance of the operating segments. Information about segment revenue is disclosed in Note 6.

(b) Adjusted EBITDA

Adjusted EBITDA excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings arising from an isolated or non-recurring event. It also excludes the effects of equity settled share based payments. Interest income and finance costs are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash position of the Group.

	Group	
	2025	2024
Textile manufacturing – Sri Lanka	4,291,252	5,080,312
– India	2,966,457	578,848
	7,257,709	5,659,160
Fabric printing – Sri Lanka	141,419	(226,589)
– India	271,835	37,274
	413,254	(189,315)
Total adjusted EBITDA	7,670,963	5,469,845

Adjusted EBITDA reconciles to operating profit before income tax as follows:

	Group	
	2025	2024
Total adjusted EBITDA	7,670,963	5,469,845
Depreciation of property, plant and equipment	(2,826,700)	(3,010,681)
Amortisation of intangible assets	(199,153)	(145,303)
Depreciation on right-of-use assets	(94,506)	(100,663)
Net finance cost	(503,230)	(640,819)
Profit before income tax from continuing operations	4,047,374	1,572,379
Taxation:		
Textile manufacturing		
– Sri Lanka	(884,247)	(1,106,910)
– India	(382,771)	522,949
Fabric printing – Sri Lanka	12,665	121,118
– India	Nil	Nil
Profit after tax	2,793,021	1,109,536

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

5. Segment Information (Contd.)

(c) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The Group's deferred tax assets are not considered to be segment assets.

	Group	
As at 31 March	2025	2024
Textile manufacturing		
– Sri Lanka	38,973,681	39,337,379
– India	29,534,452	28,482,373
Fabric printing – Sri Lanka	2,972,825	3,257,977
Total segment assets	71,480,958	71,077,729
Inter segment eliminations	(17,573,490)	(18,284,569)
Unallocated:		
Deferred tax assets	1,947,104	2,239,540
Total assets as per the statement of financial position	55,854,572	55,032,700

(d) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's deferred tax liabilities are not considered to be segment liabilities.

	Group	
As at 31 March	2025	2024
Textile manufacturing		
– Sri Lanka	9,229,928	10,182,919
– India	18,416,391	18,273,636
Fabric printing – Sri Lanka	467,172	717,085
Total segment liabilities	28,113,491	29,173,640
Inter segment eliminations	(5,939,217)	(6,484,558)
Unallocated:		
Deferred tax liabilities	2,150,800	2,213,454
Total liabilities as per the statement of financial position	24,325,074	24,902,536

(e) Non-current assets additions

Segment non-current assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

	Group	
As at 31 March	2025	2024
Textile manufacturing		
– Sri Lanka	1,652,662	1,355,202
– India	159,046	417,934
Fabric printing – Sri Lanka	15,211	105,202
Total segment non-current asset addition	1,826,919	1,878,338

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group and the Company derives following types of revenue:

	Group		Company	
	2025	2024	2025	2024
Textile sector	64,447,693	57,654,280	38,895,177	38,578,691
Printing sector	2,588,364	3,079,672	Nil	Nil
Total revenue from continuing operations	67,036,057	60,733,952	38,895,177	38,578,691

(a) Segment revenue

Sales between segments are eliminated on consolidation. The revenue from external parties is measured in the same way as in the statement of profit or loss.

Year ended 31 March2025	Total segment revenue	Inter segment revenue	Revenue from external customers
Revenue			
Textile manufacturing			
– Sri Lanka	38,895,177	130,342	38,764,835
– India	27,669,338	2,029,244	25,640,094
– Mauritius	42,764	Nil	42,764
Fabric printing – Sri Lanka	1,674,378	1,625,530	48,848
Fabric printing – India	2,539,516	Nil	2,539,516
Total segment revenue	70,821,173	3,785,116	67,036,057

Year ended 31 March 2024	Total segment revenue	Inter segment revenue	Revenue from external customers
Revenue			
Textile manufacturing			
– Sri Lanka	38,578,691	1,041,660	37,537,031
– India	22,761,161	2,643,912	20,117,249
Fabric printing – Sri Lanka	2,530,044	920,230	1,609,814
Fabric printing – India	1,469,858	Nil	1,469,858
Total segment revenue	65,339,754	4,605,802	60,733,952

(b) Recognising revenue from major business activities

Textile sector

Timing of recognition:

The Group manufactures and sells of weft knit fabrics to foreign markets as well as to the local exporters. Sales are recognised at the point of fulfilling the performance obligations.

Measurement of revenue:

The fabrics are sold to the customers with a right to return faulty products. Revenue from sales is based on the transaction price specified in the sales contracts allocated to the performance obligations. No element of financing is deemed present as the sales are made with a credit term of 30 - 60 days, which is consistent with market practice.

Printing sector

Timing of recognition:

The Group prints rotary screen of knitted and woven fabrics to foreign markets as well as to the local exporters. Sales are recognised at the point of fulfilling the performance obligations.

Measurement of revenue:

The printed fabrics are sold to the customers with a right to return faulty products. Revenue from sales is based on the transaction price specified in the sales contracts allocated to the performance obligations. No element of financing is deemed present as the sales are made with a credit term of 30 - 60 days, which is consistent with market practice.

Further information about material accounting policies are provided in Note 2.22.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

7. OTHER INCOME – NET

	Group		Company	
	2025	2024	2025	2024
Scrap sales	223,499	184,802	94,838	78,013
Screen cost recovery	43,304	18,695	Nil	Nil
Net loss on write off of Capital work-in-progress/intangible assets	(9,421)	(8,963)	(9,421)	(8,963)
Other income	269,315	8,633	Nil	8,633
Steam coal cost recovery [Note 35 (v)]	Nil	Nil	34,832	25,594
	526,697	203,167	120,249	103,277

(a) Other income primarily comprises proceeds from the sale of scrap materials, including cardboard and polythene.

8. RESULTS FROM OPERATING ACTIVITIES

The following items have been charged/(credited) in arriving at operating profit.

		Group		Company	
	Notes	2025	2024	2025	2024
Directors' emoluments		10,725	10,814	8,325	8,411
Auditors' remuneration					
– audit		16,516	18,723	4,901	6,280
– non audit		4,676	2,612	3,856	2,507
		21,192	21,335	8,757	8,787
Depreciation on property, plant and equipment	14	2,826,700	3,010,681	1,255,021	1,283,639
Depreciation on right-of-use assets	15	94,506	100,663	42,833	56,207
Provision/(reversal of provision) for slow and non moving inventories	20	120,484	(492,066)	282,052	(734,269)
Impact of remeasurement of right-of-use assets	15	Nil	(151,698)	Nil	Nil
Provision/(reversal of provision) for impairment of trade receivables	21 (a)	258,549	(122,903)	70,813	(129,437)
Amortisation of intangible assets	17	199,153	145,303	143,507	104,805
Legal and professional fees		135,243	128,515	33,485	8,732
Research and development expenses		268,898	265,933	268,898	239,790
Repair and maintenance expenditure		1,010,323	855,839	624,839	478,502
Employee benefit expense	9	6,148,718	5,451,193	3,333,083	2,962,744

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

9. EMPLOYEE BENEFIT EXPENSE

		Group		Company	
	Notes	2025	2024	2025	2024
Salaries, wages and other fringe benefits		5,407,043	4,775,727	2,933,752	2,601,681
Defined contribution plans		490,455	443,220	270,038	247,952
Retirement benefit obligations	26	246,243	204,045	124,317	84,911
Share options granted to directors and employees	33 (b)	4,976	28,200	4,976	28,200
		6,148,718	5,451,193	3,333,083	2,962,744
Average number of persons employed by the Group and the Company during the year – full time		3,335	3,154	1,508	1,438

10. NET FINANCE (COST)/INCOME

		Group		Company	
	Notes	2025	2024	2025	2024
Finance income:					
Net foreign transaction and translation gains		139,247	25,144	94,311	70,724
Interest income on related party loan	35 (vi)	Nil	Nil	49,429	68,487
Interest income on short term deposits		251,084	429,549	209,643	361,897
Total finance income		390,331	454,693	353,383	501,108
Finance costs:					
– bank overdrafts		(21,758)	(12,424)	(2,825)	(12,407)
– short term bank borrowings		(303,836)	(333,687)	(158,271)	(283,954)
– Interest charge on lease liabilities	15	(127,741)	(141,892)	(29,039)	(40,425)
– term loan		(440,226)	(607,509)	Nil	Nil
Finance cost expensed		(893,561)	(1,095,512)	(190,135)	(336,786)
Net finance (cost)/ income		(503,230)	(640,819)	163,248	164,322

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

11. INCOME TAX EXPENSE

		Group		Company	
	Notes	2025	2024	2025	2024
Current income tax:					
Current income tax on profits for the year		1,002,407	907,130	1,002,407	907,130
Net over provision for income tax in respect of prior years		(21,718)	(11,333)	(40,510)	(38,363)
Total current tax:		980,689	895,797	961,897	868,767
Deferred tax:					
Origination/(reversal) of temporary differences	27	273,664	(432,954)	(77,650)	238,143
Income tax expense		1,254,353	462,843	884,247	1,106,910
Deferred tax released to other comprehensive income	27	(43,073)	(94,446)	(34,327)	(81,129)
Income tax charged to statement of comprehensive income		1,211,280	368,397	849,920	1,025,781

The tax on the Group's and Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits of the Group and Company as follows:

	Group		Company	
	2025	2024	2025	2024
Profit before tax	4,047,374	1,572,379	2,945,349	3,866,102
Tax calculated at effective tax rate of Group 31% (2024 – 30%) and Company 30% (2024 – 30%)	1,016,268	924,480	1,002,407	938,328
Interest income not subject to tax	(92,634)	(103,037)	(62,251)	(99,341)
Expenses not deductible for tax purposes	594,152	534,395	530,647	456,146
Impact on additional allowable expenses	(510,283)	(448,708)	(468,396)	(388,003)
Over provision for income tax in respect of prior years	(21,718)	(11,333)	(40,510)	(38,363)
Use of previously unrecognised tax losses	(5,096)	Nil	Nil	Nil
Adjustments due to the change of estimated deferred tax base in previous years	273,664	(432,954)	(77,650)	238,143
Tax charge	1,254,353	462,843	884,247	1,106,910

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

11. Income tax expense (Contd.)

Group tax expense is based on the taxable profit of individual companies within the Group. At present the tax laws of Sri Lanka do not provide for group taxation.

All the companies within the Group are liable for income tax as per the provisions of tax laws enacted in respective countries tax jurisdictions.

Provision for income tax for the year ended 31 March 2025 in respect of Teejay Lanka PLC Company and Teejay Lanka Prints (Private) Limited, a subsidiary of the Company, has been made in the financial statements, in terms of the changes to the Inland Revenue Act No. 24 of 2017, as passed in parliament on 09 December 2022. The Company and its subsidiary in Sri Lanka are liable for income tax at a rate of 30%.

Teejay India (Private) Limited is a unit established in Special Economic Zone in Andhra Pradesh, India and eligible for deduction of hundred percent of profits and gains derived for a period of five consecutive assessment years beginning with the assessment year in which the Company commenced its operations and fifty percent of profits and gains derived for the next five consecutive assessment years. Further, following these concessions, the Company is eligible for the deduction of fifty percent of profits generated from export revenue for five consecutive years provided fulfilment of certain conditions.

The first five years of the concession period commenced in 2009 and expired in 2013 and the second five years of the concession period commenced in 2014 and expired in 2018. After that Company enjoyed a tax concession of fifty percent of profits generated from export revenue for five consecutive years commenced in 2019 and expired in 2023. The Company is currently liable for income tax at a rate of 34.944%.

Teejay Mauritius (Private) Limited is liable for income tax at a rate of 15%.As at 31 March 2025, the company had accumulated tax losses of LKR 77,815,334 (2024 – LKR 140,312,935) available for set off against future taxable income and hence was not liable for tax for the year ended 31 March 2025.

Further information about deferred tax is provided in Note 27.

12. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

		Group		Company	
	Notes	2025	2024	2025	2024
Profit attributable to equity holders of the Company		2,793,021	1,109,536	2,061,102	2,759,192
Weighted average number of ordinary shares	30 (b)	720,527	716,740	720,527	716,740
Basic earnings per share – LKR		3.876	1.548	2.861	3.850
(b) Diluted					
Profit attributable to equity holders of the Company		2,793,021	1,109,536	2,061,102	2,759,192
Weighted average number of ordinary shares	12 (c)	720,527	717,430	720,527	717,430
Diluted earnings per share – LKR		3.876	1.547	2.861	3.846

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

12. Earnings per share (Contd.)

(c) Weighted average number of shares used as the denominator

	Group		Company	
	2025	2024	2025	2024
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	720,527	716,740	720,527	716,740
Adjustments for calculation of diluted earnings per share:				
Options	Nil	690	Nil	690
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	720,527	717,430	720,527	717,430

13. DIVIDEND PER SHARE

		Group and Company			
		2025		2024	
	Notes	Per share LKR	LKR	Per share LKR	LKR
Declared and paid during the year					
Cash basis					
Final Dividend	(a)	0.75	541,093	0.75	537,555
Interim Dividend	(b)	0.75	541,093	Nil	Nil
Total Dividend		1.50	1,082,186	0.75	537,555
Relevant year basis					
Final Dividend [Proposed/paid]	(a) & (c)	1.60	1,154,332	0.75	537,555
Interim Dividend	(b)	0.75	541,093	Nil	Nil
Total Dividend		2.35	1,695,425	0.75	537,555

(a) The Company declared and paid final dividends of LKR 541,093,304 representing LKR 0.75 per share on 05 June 2024 for the year ended 31 March 2024.

(b) The Company declared and paid an interim dividend of LKR 541,093,304 representing LKR 0.75 per share on 18 February 2025 for the year ended 31 March 2025.

(c) Further, the Board of Directors recommended to propose the payment of LKR 1,154,332,381 representing LKR 1.60 per share as final dividend to the shareholders of the Company for the year ended 31 March 2025 subject to obtaining the approval of the Shareholders at the forthcoming Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

14. PROPERTY, PLANT AND EQUIPMENT

Group	Notes	Buildings on leasehold land	Plant, machinery and equipment installation	Fixtures, fittings and factory equipment	Office equipment	Computer and communication equipment	Motor vehicles	Total
At 31 March 2023								
Cost		9,939,165	35,401,397	3,867,888	426,883	1,680,393	73,205	51,388,931
Accumulated depreciation		(3,638,898)	(23,043,941)	(2,584,402)	(412,521)	(1,386,845)	(63,747)	(31,130,354)
Net book amount		6,300,267	12,357,456	1,283,486	14,362	293,548	9,458	20,258,577
Year ended 31 March 2024								
Opening net book value		6,300,267	12,357,456	1,283,486	14,362	293,548	9,458	20,258,577
Transfers from capital work-in-progress	16	70,027	1,873,021	308,282	3,357	47,019	Nil	2,301,706
Adjustment – Cost		Nil	83,021	(56,023)	(27,238)	(46,521)	Nil	(46,761)
Adjustment – Accumulated depreciation		(15,947)	60,553	(69,359)	24,994	46,520	Nil	46,761
Disposal – cost		Nil	Nil	(27,292)	Nil	(882)	Nil	(28,174)
Disposal – accumulated depreciation		Nil	Nil	27,292	Nil	882	Nil	28,174
Depreciation charge	8	(293,669)	(2,306,243)	(280,799)	(5,981)	(114,679)	(9,310)	(3,010,681)
Effect of movement in foreign exchange rates		(436,536)	(866,461)	(86,146)	(750)	(17,133)	(148)	(1,407,174)
Closing net book amount		5,624,142	11,201,347	1,099,441	8,744	208,754	Nil	18,142,428
At 31 March 2024								
Cost		9,572,656	36,490,978	4,006,709	402,252	1,662,876	73,057	52,208,528
Accumulated depreciation		(3,948,514)	(25,289,631)	(2,907,268)	(393,508)	(1,454,122)	(73,057)	(34,066,100)
Net book amount		5,624,142	11,201,347	1,099,441	8,744	208,754	Nil	18,142,428
Year ended 31 March 2025								
Opening net book value		5,624,142	11,201,347	1,099,441	8,744	208,754	Nil	18,142,428
Transfers from capital work-in-progress	16	58,761	1,707,326	240,688	11,709	140,945	4,697	2,164,126
Write off – cost		Nil	(143,575)	Nil	Nil	Nil	(5,315)	(148,890)
Write off – accumulated depreciation		Nil	143,575	Nil	Nil	Nil	5,315	148,890
Depreciation charge	8	(287,860)	(2,164,810)	(271,003)	(3,809)	(98,928)	(290)	(2,826,700)
Effect of movement in foreign exchange rates		(64,924)	(129,304)	(12,762)	(141)	(2,654)	(21)	(209,806)
Closing net book amount		5,330,119	10,614,559	1,056,364	16,503	248,117	4,386	17,270,048
At 31 March 2025								
Cost		9,566,493	37,925,425	4,234,635	413,820	1,801,167	72,149	54,013,689
Accumulated depreciation		(4,236,374)	(27,310,866)	(3,178,271)	(397,317)	(1,553,050)	(67,763)	(36,743,641)
Net book amount		5,330,119	10,614,559	1,056,364	16,503	248,117	4,386	17,270,048

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

14. Property, plant and equipment (Contd.)

Company	Notes	Buildings on leasehold land	Plant, machinery and equipment installation	Fixtures, fittings and factory equipment	Office equipment	Computer and communication equipment	Motor vehicles	Total
At 31 March 2023								
Cost		3,694,205	16,013,549	3,365,675	79,789	1,080,017	45,270	24,278,505
Accumulated depreciation		(1,360,724)	(12,460,334)	(2,131,248)	(69,052)	(913,433)	(35,812)	(16,970,603)
Net book amount		2,333,481	3,553,215	1,234,427	10,737	166,584	9,458	7,307,902
Year ended 31 March 2024								
Opening net book value		2,333,481	3,553,215	1,234,427	10,737	166,584	9,458	7,307,902
Transfers from capital work-in-progress	16	22,260	1,174,001	305,083	3,261	28,936	Nil	1,533,541
Adjustment – Cost		Nil	83,021	(56,023)	(27,238)	(46,521)	Nil	(46,761)
Adjustment – Accumulated depreciation		(15,947)	60,553	(69,359)	24,994	46,520	Nil	46,761
Disposal – cost		Nil	Nil	(27,292)	Nil	(882)	Nil	(28,174)
Disposal – accumulated depreciation		Nil	Nil	27,292	Nil	882	Nil	28,174
Depreciation charge	8	(106,300)	(828,593)	(264,641)	(4,584)	(70,210)	(9,311)	(1,283,639)
Effect of movement in foreign exchange rates		(161,045)	(281,613)	(83,375)	(565)	(9,560)	(147)	(536,305)
Closing net book amount		2,072,449	3,760,584	1,066,112	6,605	115,749	Nil	7,021,499
At 31 March 2024								
Cost		3,555,420	16,988,958	3,504,068	55,247	1,051,990	45,123	25,200,806
Accumulated depreciation		(1,482,971)	(13,228,374)	(2,437,956)	(48,642)	(936,241)	(45,123)	(18,179,307)
Net book amount		2,072,449	3,760,584	1,066,112	6,605	115,749	Nil	7,021,499
Year ended 31 March 2025								
Opening net book value		2,072,449	3,760,584	1,066,112	6,605	115,749	Nil	7,021,499
Transfers from capital work-in-progress	16	58,761	1,411,906	237,868	8,748	122,436	Nil	1,839,719
Write off – cost		Nil	(74,131)	Nil	Nil	Nil	Nil	(74,131)
Write off – accumulated depreciation		Nil	74,131	Nil	Nil	Nil	Nil	74,131
Depreciation charge	8	(102,176)	(829,384)	(260,603)	(2,610)	(60,248)	Nil	(1,255,021)
Effect of movement in foreign exchange rates		(24,123)	(46,972)	(12,407)	(107)	(1,660)	Nil	(85,269)
Closing net book amount		2,004,911	4,296,134	1,030,970	12,636	176,277	Nil	7,520,928
At 31 March 2025								
Cost		3,590,058	18,279,761	3,729,529	63,888	1,172,766	45,123	26,881,125
Accumulated depreciation		(1,585,147)	(13,983,627)	(2,698,559)	(51,252)	(996,489)	(45,123)	(19,360,197)
Net book amount		2,004,911	4,296,134	1,030,970	12,636	176,277	Nil	7,520,928

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

14. Property, plant and equipment (Contd.)

(a) Property, plant and equipment of the Group and the Company include fully depreciated assets still in use, the cost of which as at 31 March 2025 amounted to LKR 24,838,651,256 and LKR 11,903,186,043 respectively (2024 Group – LKR 19,140,052,995 and Company – LKR 11,172,436,624).

(b) The Company has constructed nine buildings on four plots of lands leased from the Board of Investment of Sri Lanka at Seethawaka International Industrial Park. The remaining lease periods as of 31 March 2025 are 26,10,13 and 13 years respectively. The subsidiary company, Teejay Lanka Prints (Private) Limited, has constructed two buildings on two plots of lands leased from the Board of Investment of Sri Lanka at Seethawaka International Industrial Park. The remaining lease periods as of 31 March 2025 are 8 and 26 years respectively. The sub-subsidiary company, Teejay India (Private) Limited, has constructed a building on a land sub leased at Brandix India Apparel City park. The remaining lease period as of 31 March 2025 is 20 years.

(c) Depreciation expense of Group of LKR 2,717,229,620 (2024 – LKR 2,876,452,373) and LKR 109,470,009 (2024 – LKR 134,228,481) has been charged to cost of goods sold and administrative expenses respectively. Depreciation expense of the Company of LKR 1,196,219,749 (2024 – LKR 1,211,434,234) and LKR 58,801,428 (2024 – LKR 72,204,907) has been charged to cost of goods sold and administrative expenses respectively.

(d) Teejay India (Private) Limited has mortgaged the assets related to the expansion project as security for the loan obtained (Note 25).

15. LEASES

This note provides information for leases where the Group/Company is the lessee.

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

Right-of-use assets

		Group		Company	
	Notes	2025	2024	2025	2024
Leasehold land		1,575,062	1,681,152	587,207	629,527
		1,575,062	1,681,152	587,207	629,527
Lease liabilities					
Current lease liabilities		80,294	112,612	20,164	47,138
Non-current lease liabilities		1,222,829	1,229,391	433,057	437,363
		1,303,123	1,342,003	453,221	484,501
Movement relating to leases:					
Right-of use assets					
Right-of-use asset recognised as at 1 April – Land		1,681,152	1,740,026	629,527	716,426
Additions made during the year – Land and building		7,735	18,346	7,735	18,346
Depreciation charged during the year – Land and building	8	(94,506)	(100,663)	(42,833)	(56,207)
Impact of remeasurement of right-of-use assets	8	Nil	151,698	Nil	Nil
Effects of movement in foreign exchange rates		(19,319)	(128,255)	(7,222)	(49,038)
Right-of-use asset recognised as at 31 March		1,575,062	1,681,152	587,207	629,527

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

15. Leases (Contd.)

		Group		Company	
	Notes	2025	2024	2025	2024
Lease liabilities					
Lease liability recognised as at 1 April – Land		1,342,003	1,455,116	484,501	550,480
Additions made during the year – Land and buildings		7,735	18,346	7,735	18,346
Interest charged during the year	10	127,741	141,892	29,039	40,425
Rentals paid during the year		(124,347)	(142,164)	(62,490)	(81,783)
Effect of movement in foreign exchange rates		(50,009)	(131,187)	(5,564)	(42,967)
Lease liability recognised as at 31 March		1,303,123	1,342,003	453,221	484,501

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

		Group		Company	
	Notes	2025	2024	2025	2024
Leasehold land and buildings	8	94,506	100,663	42,833	56,207
		94,506	100,663	42,833	56,207
Impact of remeasurement	8	Nil	(151,698)	Nil	Nil
Interest charge on lease liabilities	10	127,741	141,892	29,039	40,425

(c) The total cash outflows for leases of Group and Company for the financial year ended 31 March 2025 were LKR 124,347,071 (2024 – LKR 142,164,422) and LKR 62,490,184 (2024 – LKR 81,782,786) respectively.

(d) The carrying amounts of lease liabilities are denominated in following currencies:

	Group		Company	
	2025	2024	2025	2024
US Dollars	515,255	550,659	453,221	483,928
LKR	Nil	574	Nil	573
INR	787,868	790,770	Nil	Nil
	1,303,123	1,342,003	453,221	484,501

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

16. CAPITAL WORK-IN-PROGRESS

		Group		Company	
	Notes	2025	2024	2025	2024
Balance at beginning of the year		703,359	1,835,964	508,793	1,199,100
Expenses incurred		1,826,919	1,878,338	1,652,662	1,355,202
Transferred to property, plant and equipment	14	(2,164,126)	(2,301,706)	(1,839,719)	(1,533,541)
Transferred to intangible assets	17	(32,985)	(638,311)	(32,985)	(462,672)
Write off of capital work-in-progress	7	(9,421)	Nil	(9,421)	Nil
Effect of movement in foreign exchange rates		(6,421)	(70,926)	(4,864)	(49,296)
Balance at end of the year		317,325	703,359	274,466	508,793

(a) Capital work in progress of Group and Company as of 31 March 2025 mainly comprises of Knitting machines amounting to LKR 136,558,789 and cost incurred on roof replacement amounting to LKR 58,371,066.

17. INTANGIBLE ASSETS

Group	Notes	Goodwill	Computer software	Total
At 31 March 2023				
Cost		105,829	988,360	1,094,189
Accumulated amortisation		Nil	(827,021)	(827,021)
Net book amount		105,829	161,339	267,168
Year ended 31 March 2024				
Opening net book amount		105,829	161,339	267,168
Transferred from capital work-in-progress	16	Nil	638,311	638,311
Write off – cost		Nil	(39,202)	(39,202)
Write off – accumulated amortisation		Nil	30,239	30,239
Amortisation charge	8	Nil	(145,303)	(145,303)
Effect of movement in foreign exchange rates		(7,561)	(38,996)	(46,557)
Closing net book amount		98,268	606,388	704,656
At 31 March 2024				
Cost		98,268	1,548,473	1,646,741
Accumulated amortisation		Nil	(942,085)	(942,085)
Net book amount		98,268	606,388	704,656

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

17. Intangible assets (Contd.)

Group	Notes	Goodwill	Computer software	Total
Year ended 31 March 2025				
Opening net book amount		98,268	606,388	704,656
Transferred from capital work-in-progress	16	Nil	32,985	32,985
Amortisation charge	8	Nil	(199,153)	(199,153)
Effect of movement in foreign exchange rates		(1,154)	(6,316)	(7,470)
Closing net book amount		97,114	433,904	531,018
At 31 March 2025				
Cost		97,114	1,575,142	1,672,256
Accumulated amortisation		Nil	(1,141,238)	(1,141,238)
Net book amount		97,114	433,904	531,018

Company	Notes	Computer software	Total
At 31 March 2023			
Cost		744,964	744,964
Accumulated amortisation		(623,175)	(623,175)
Net book amount		121,789	121,789
Year ended 31 March 2024			
Opening net book amount		121,789	121,789
Transferred from capital work-in-progress	16	462,672	462,672
Write off – cost		(39,202)	(39,202)
Write off – accumulated depreciation		30,239	30,239
Amortisation charge	8	(104,805)	(104,805)
Effect of movement in foreign exchange rates		(28,502)	(28,502)
Closing net book amount		442,191	442,191
At 31 March 2024			
Cost		1,139,932	1,139,932
Accumulated amortisation		(697,741)	(697,741)
Net book amount		442,191	442,191

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

17. Intangible assets (Contd.)

Company	Notes	Computer software	Total
Year ended 31 March 2025			
Opening net book amount		442,191	442,191
Transferred from capital work-in-progress	16	32,985	32,985
Amortisation charge	8	(143,507)	(143,507)
Effect of movement in foreign exchange rates		(4,657)	(4,657)
Closing net book amount		327,012	327,012
At 31 March 2025			
Cost		1,168,260	1,168,260
Accumulated amortisation		(841,248)	(841,248)
Net book amount		327,012	327,012

(a) Amortisation charge amounting to LKR 199,152,922 (2024 Group – LKR 145,302,777) and LKR 143,506,631 (2024 Company – LKR 104,804,913) relating to the computer software of Group and the Company respectively are included in cost of sales.

(b) Impairment tests for goodwill

Management reviews the business performance based on geography and type of business. Goodwill is monitored by management at the level of the operating segments identified in Note 5.

Summary of the goodwill allocation is presented below.

	Group	
As at 31 March	2025	2024
Teejay Lanka Prints (Private) Limited	27,716	28,046
Teejay Mauritius (Private) Limited	69,398	70,222
	97,114	98,268

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five- year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates.

For each of the CGUs with significant amount of goodwill the key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows.

- Sales volume is the average annual growth rate over the five-year forecast period. It is based on current industry trends and includes long term inflation forecasts for each company in which each business segment operates.
- Gross margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on current sales margin levels and sales mix, with adjustments made to reflect the expected future price rises in key raw materials.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

17. Intangible assets (Contd.)

Other operating costs are the fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these cost based on the current structure of the business, adjusting for inflationary increases and these do not reflect any future restructuring or cost saving measures. The amounts disclosed above are the average operating cost for the five year forecast period.

Annual capital expenditure is the expected cash costs of each segment for five-year forecast period.

Significant estimate: key assumptions used for value in use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2025 and 2024 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry in which each CGU operates.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	Teejay Lanka Prints (Private) Limited LKR '000	Teejay Mauritius (Private) Limited (Previously known as Ocean Mauritius Limited) LKR '000
2025		
Sales volume (% annual growth rate)	10	10
Budgeted gross margin (%)	15	13
Annual capital expenditure	233.6 Mn.	525.7 Mn.
Long-term growth rate (%)	0.5	0.5
Pre-tax discount rate (%)	18.28	8.94
2024		
Sales volume (% annual growth rate)	2	25
Budgeted gross margin (%)	10	12
Annual capital expenditure	Nil	325 Mn.
Long-term growth rate (%)	2	2
Pre-tax discount rate (%)	24.7	9.45

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

17. Intangible assets (Contd.)

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Sales price	Average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts for each territory. Average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts for each territory.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value in use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in specific industry. weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in specific industry.
Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2025	2024
Unquoted investments		
At the beginning of the year	5,126,027	5,520,444
Effect of movement in foreign exchange rates	(60,186)	(394,417)
At the end of the year	5,065,841	5,126,027

(a) Details of the company incorporated in Sri Lanka, in which the Company had control are set out below:

Name of company	Nature of business activities	Indirect holding	Direct holding
Teejay Lanka Prints (Private) Limited	Rotary screen printing of knitted and woven fabrics	Nil	100%

(b) Details of the companies incorporated outside Sri Lanka (domiciled in India, Mauritius and Egypt), in which the Group/Company had control directly/indirectly are set out below:

Name of company	Nature of business activities	Indirect holding	Direct holding
Teejay Mauritius (Private) Limited	Investment holding	Nil	100%
Teejay India (Private) Limited	Manufacturing of knitted fabrics	99.99%	Nil
Nubian Threads (Private) Limited*	Manufacturing of knitted fabrics	99%	1%

* Nubian Threads (Private) Limited was incorporated on 18 November 2024.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

19. FINANCIAL INSTRUMENTS BY CATEGORY

(a) Financial assets – at amortised cost

Due to the short-term nature of the financial assets, their fair value is considered to be the same as their amortised cost.

		Group		Company	
	Notes	2025	2024	2025	2024
Trade receivables	21	6,868,668	6,104,069	4,493,868	4,521,722
Other receivables (excluding advances)		544,473	408,486	258,843	204,196
Amounts due from related companies	21	4,058,411	2,746,523	4,970,814	5,120,121
Other financial assets	22	4,019,419	1,668,451	3,245,207	1,180,819
Cash and cash equivalents	23	5,584,038	7,233,344	4,180,267	6,054,353
		21,075,009	18,160,873	17,148,999	17,081,211

(b) Financial liabilities – at amortised cost

Due to the short-term nature of the current financial liabilities, their carrying amount is considered to be the same as their amortised cost.

For the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

		Group		Company	
	Notes	2025	2024	2025	2024
Trade payables	24	8,493,785	8,064,156	3,510,419	3,670,536
Accrued expenses	24	2,354,507	1,827,585	1,851,737	1,466,447
Other payables	24	619,032	436,694	287,290	167,193
Amount due to related companies	24	460,105	432,280	531,871	550,908
Short-term bank borrowings	25	4,937,298	4,093,355	1,590,000	2,977,700
Long-term bank borrowings	25	2,531,225	4,139,942	Nil	Nil
Buyers credit from bank	25	Nil	1,074,757	Nil	Nil
Bank overdrafts	25	3,682	15,670	3,682	14,755
Lease liabilities	15	1,303,123	1,342,003	453,221	484,501
		20,702,757	21,426,442	8,228,220	9,332,040

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

19. Financial instruments by category (Contd.)

(c) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired and past due but not impaired can be assessed by historical information about counterparty default rates of trade and related party receivables or external credit rating with reference to financial institutions:

Trade receivables and amount due from related parties:

	Group		Company	
	2025	2024	2025	2024
Export customers/overseas	2,994,848	3,592,512	620,048	2,237,961
Local customers	3,873,819	2,511,557	3,873,819	2,283,761
Related parties	3,920,616	2,585,979	4,253,225	3,385,826
	10,789,283	8,690,048	8,747,092	7,907,548

Counterparties without external credit rating:

	Group		Company	
	2025	2024	2025	2024
Group 1	10,576,218	6,427,128	7,260,602	7,447,690
Group 2	213,065	2,262,920	1,486,490	459,858
Group 3	Nil	Nil	Nil	Nil
Total unimpaired trade and related party receivables	10,789,283	8,690,048	8,747,092	7,907,548

Group 1 – customers/related parties (less than 3 months).

Group 2 – customers/related parties (more than 3 months) with no defaults in the past.

Group 3 – customers/related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.

Cash and cash equivalents:

	Group		Company	
	2025	2024	2025	2024
AAA	959,819	Nil	959,819	Nil
AA	Nil	95,301	Nil	Nil
A+	427,604	764,579	Nil	307,684
A	963,774	62,108	654,874	42,875
A-	1,159,801	4,859,977	967,048	4,290,229
AA-	2,048,221	1,447,344	1,592,312	1,412,369
BBB-	7,281	2,044	Nil	Nil
BB+	10,760	77	Nil	Nil
Cash in hand	6,778	1,914	6,214	1,196
	5,584,038	7,233,344	4,180,267	6,054,353

Other financial assets

	Group		Company	
	2025	2024	2025	2024
AA-	1,836,553	Nil	1,388,324	Nil
A	2,182,865	1,668,451	1,856,883	1,180,819
	4,019,419	1,668,451	3,245,207	1,180,819

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

20. INVENTORIES

	Group		Company	
	2025	2024	2025	2024
Raw materials	4,126,292	4,886,264	2,204,449	2,581,666
Work-in-progress	3,529,426	3,224,368	2,212,892	2,084,922
Finished goods	1,733,997	1,250,971	1,179,301	958,430
Engineering spares, needles and sinkers	782,557	722,043	445,359	418,406
Effluent chemicals, fuel and consumables	501,694	523,361	455,142	485,364
Goods in transit	658,163	1,038,811	650,840	1,031,113
	11,332,129	11,645,818	7,147,983	7,559,901

Inventories are stated after a provision for impairment of inventories and the total movement on the provision is as follows:

		Group		Company	
	Note	2025	2024	2025	2024
Balance at the beginning of the year		2,369,277	3,051,435	1,619,048	2,489,517
Provision/(reversal of provision) for slow and non moving inventories (Note 8)	8	120,484	(492,066)	282,052	(734,269)
Effect of movement in foreign exchange rates		(28,401)	(190,092)	(20,374)	(136,200)
Balance at the end of the year		2,461,360	2,369,277	1,880,726	1,619,048

21. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Notes	2025	2024	2025	2024
Non-current					
Loan given to related party	34 (x) (b)	Nil	Nil	439,565	698,952
Advances to subcontractors	(g)	627,859	625,842	627,859	625,842
		627,859	625,842	1,067,424	1,324,794
Current					
Trade receivables – external customers		7,296,237	6,219,562	4,631,917	4,567,786
Less – provision for impairment	(g)	(427,569)	(115,493)	(138,049)	(46,064)
		6,868,668	6,104,069	4,493,868	4,521,722
Trade receivable due from related companies	34 (viii) (a)	3,969,470	2,692,215	4,257,124	3,412,089
Less – provision for impairment	(a), 34 (viii) (a)	(48,854)	(106,236)	(3,899)	(26,263)
		3,920,616	2,585,979	4,253,225	3,385,826
Other receivables from related companies	34 (viii) (b)	137,795	160,544	15,244	270,025
Loan given to related party	34 (x)	Nil	Nil	262,780	765,317
		4,058,411	2,746,523	4,531,249	4,421,168
Prepayments		108,135	43,736	62,294	2,176
Other receivables	(d)	822,163	811,720	457,533	525,282
Statutory receivables		63,135	67,596	12,402	19,127
		7,862,101	7,027,121	5,026,097	5,068,307
		11,920,512	9,773,644	9,557,346	9,489,475
Total trade and other receivables		12,548,371	10,399,486	10,624,770	10,814,269

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

21. Trade and other receivables (Contd.)

(a) Impairment of trade receivables

The Group/Company apply the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2025 or 1 April 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjusts the historical loss rates based on expected changes.

On that basis, the loss allowance as at 31 March 2025 and 1 April 2024 was determined as follows for trade receivables:

	Group		Company	
	2025	2024	2025	2024
Loss allowance	476,423	221,729	141,948	72,327

2025 – Group	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.0228	0.0836	0.1430	0.7356	
Gross carrying amount – trade receivable	9,747,697	822,971	550,570	144,468	11,265,707
Loss allowance	222,634	68,811	78,714	106,264	476,423

2024 – Group	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.0059	0.0039	0.1365	0.9889	
Gross carrying amount – trade receivable	6,895,232	1,538,818	348,603	129,124	8,911,777
Loss allowance	40,417	6,047	47,573	127,691	221,729

2025 – Company	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.0018	0.0213	0.2696	0.4902	
Gross carrying amount – trade receivable	7,847,115	683,931	282,085	75,910	8,889,041
Loss allowance	14,125	14,568	76,045	37,210	141,948

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

21. Trade and other receivables (Contd.)

2024 – Company	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.0052	0.0070	0.0368	0.3769	
Gross carrying amount – trade receivable	7,010,217	822,674	75,079	71,905	7,979,875
Loss allowance	36,739	5,727	2,761	27,100	72,327

The closing loss allowances for trade receivables as at 31 March reconcile to the opening loss allowances as follows:

		Group		Company	
	Notes	2025	2024	2025	2024
Opening loss allowance as at 1 April					
– calculated under SLFRS 9		221,729	363,638	72,327	209,377
Increase/ (decrease) in loss allowance recognised in profit or loss during the year	8	258,549	(122,903)	70,813	(129,437)
Effect of exchange rate movements		(3,855)	(19,006)	(1,191)	(7,613)
At 31 March		476,423	221,729	141,948	72,327

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group/Company and a failure to make contractual payments for a period of greater than 60 days from the due date.

(b) The carrying amounts of trade and other receivables are denominated in following currencies:

	Group		Company	
	2025	2024	2025	2024
US Dollars	10,786,545	9,077,356	9,463,496	9,830,967
LKR	1,177,859	958,048	1,144,403	949,935
Euro	60,968	37,793	13,353	24,983
INR	519,148	317,905	Nil	Nil
GBP	630	8,384	630	8,384
SGD	3,221	Nil	2,888	Nil
	12,548,371	10,399,486	10,624,770	10,814,269

(c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group/Company does not hold any collateral as security.

(d) Other receivables of the Group mainly consist of advances to suppliers of LKR 286,033,497 (2024 – LKR 462,153,926) and refundable deposits of LKR 188,872,615 (2024 – LKR 224,656,209). Other receivables of the Company mainly consist of advances to suppliers amounting to LKR 172,934,063 (2024 – 343,853,106) and refundable deposits amounting to LKR 20,853,214 (2024 – LKR 16,846,076).

(e) The other classes within trade and other receivables do not contain impaired assets.

(f) Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different from their carrying amounts.

(g) Advances to subcontractors entirely consist of an amount of LKR 627,859,374 (2024 – LKR 625,842,000) granted by the Company to Lumiere Textiles (Private) Limited in line with the service agreement entered on 29 March 2022 covering a period of 5 years and the subsequent addendum dated on 18 September 2023 thereon made to the original service agreement. The advance granted is for the purpose of being utilised in rendering the services by the subcontractor in conversion of greige to finished fabric.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

22. OTHER FINANCIAL ASSETS – AT AMORTISED COST

	Group		Company	
	2025	2024	2025	2024
Short term deposits	4,019,419	1,668,451	3,245,207	1,180,819

The movement in the other financial assets during the year is as follows:

Other financial assets

	Group		Company	
	2025	2024	2025	2024
Balance at beginning of the year	1,668,451	3,281,426	1,180,819	2,860,590
Maturities of fixed deposits	(5,207,575)	(9,472,059)	(3,409,179)	(5,875,667)
Investment in the fixed deposits	7,589,658	8,010,596	5,497,536	4,311,514
Effective of exchange rate	(31,115)	(151,512)	(23,968)	(115,618)
Balance at end of the year	4,019,419	1,668,451	3,245,207	1,180,819

(a) The weighted average effective interest rate of the Group on short term deposits (USD) was 5.45% – 6.32% (year ended 31 March 2024 – 6.4% – 11%). The weighted average effective interest rate of the Company on short term deposits (USD) was 5.53% – 6.32% (year ended 31 March 2024 – 6.4% – 9.1%).

(b) The carrying amounts of other financial assets are denominated in following currencies:

	Group		Company	
	2025	2024	2025	2024
US Dollars	3,623,694	1,598,423	3,175,465	1,110,792
LKR	395,724	70,028	69,742	70,027
	4,019,419	1,668,451	3,245,207	1,180,819

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2025	2024	2025	2024
Cash at bank and in hand	5,584,038	7,233,344	4,180,267	6,054,353

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

		Group		Company	
	Notes	2025	2024	2025	2024
Cash and bank balances		5,584,038	7,233,344	4,180,267	6,054,353
Bank overdrafts	25	(3,682)	(15,670)	(3,682)	(14,755)
		5,580,356	7,217,674	4,176,585	6,039,598

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

23. Cash and cash equivalents (Contd.)

(a) The cash and cash equivalents are denominated in following currencies:

		Group		Company	
	Note	2025	2024	2025	2024
US Dollars		5,496,102	7,009,021	4,127,650	5,858,460
LKR		66,693	212,953	52,617	195,893
INR		21,243	11,370	Nil	Nil
		5,584,038	7,233,344	4,180,267	6,054,353

24. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2025	2024	2025	2024
Trade payables		8,493,785	8,064,156	3,510,419	3,670,536
Amounts due to related companies	35 (ix)	460,105	432,280	531,871	550,908
Accrued expenses	(a)	2,354,507	1,827,585	1,851,737	1,466,447
Other payables		619,032	436,694	287,290	167,193
Statutory payables	(b)	136,849	105,607	79,087	46,835
		12,064,278	10,866,322	6,260,404	5,901,919

(a) Accrued expenses of the Group mainly consist accrued employee bonus of LKR 497,375,933 (2024 – LKR 313,076,161), air freight expenses of LKR 332,288,915 (2024 – LKR 284,196,288) and bulk discount of LKR 340,128,950 (2024 – LKR 346,619,656). Accrued expenses of the Company mainly consist of accrued employee bonus of LKR 298,818,277 (2024 – LKR 299,014,368), air freight expenses of LKR 175,279,851 (2024 – LKR 106,160,332) and bulk discount of LKR 263,542,647 (2024 – LKR 323,388,439).

(b) Statutory payables of the Group mainly consist of EPF payable of LKR 60,030,315 (2024 – LKR 53,580,220), ETF payable of LKR 5,126,413 (2024 – LKR 6,998,978) and PAYE payable of LKR 45,871,054 (2024 – LKR 22,710,476). Statutory payables of the Company mainly consist of PAYE payable of LKR 43,427,596 (2024 – LKR 15,525,898), EPF payable of LKR 30,908,600 (2024 – LKR 26,405,612) and ETF payable of LKR 4,636,319 (2024 – LKR 3,960,827).

(c) The carrying amounts of trade and other payables are denominated in following currencies:

	Group		Company	
	2025	2024	2025	2024
US Dollars	9,936,424	9,174,387	5,791,896	5,497,632
LKR	491,704	152,401	434,577	13,992
INR	1,566,422	895,728	Nil	908
EUR	67,733	636,085	32,193	384,222
GBP	1,995	7,721	1,738	5,165
	12,064,278	10,866,322	6,260,404	5,901,919

(d) The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

25. BORROWINGS

	Notes	Group 2025	Group 2024	Company 2025	Company 2024
Current					
Bank overdrafts	23	3,682	15,670	3,682	14,755
Short-term bank borrowings		4,937,298	4,093,355	1,590,000	2,977,700
Buyers credit from bank	(a)	Nil	1,074,757	Nil	Nil
		4,940,980	5,183,782	1,593,682	2,992,455
Non-current					
Long-term bank borrowings		2,531,225	4,139,942	Nil	Nil
		2,531,225	4,139,942	Nil	Nil
Total borrowings		7,472,205	9,323,724	1,593,682	2,992,455

(a) The maturity of non-current borrowings is as follows:

	Group 2025	Group 2024	Company 2025	Company 2024
Between 1 to 2 years	1,531,966	1,616,657	Nil	Nil
Between 2 to 5 years	999,259	2,523,285	Nil	Nil
	2,531,225	4,139,942	Nil	Nil

The loan of USD 15 Mn consists of a loan obtained by Teejay India (Private) Limited, a sub subsidiary of the Company, from the Standard Chartered Bank in relation to the expansion project. The loan has a grace period which was ended in 2024 November and repayment was commenced November 2024 with a repayment period 03 years and final payment due in February 2028. Teejay India (Private) Limited has mortgaged the assets related to the expansion project as a security for the loan obtained.

(b) The interest rate exposure of the borrowings of the Group are as follows:

	Group 2025	Group 2024	Company 2025	Company 2024
Total borrowings:				
– at fixed rates	Nil	Nil	1,088,479	Nil
– at floating rate	7,472,204	9,323,724	505,203	2,992,455
	7,472,204	9,323,724	1,593,682	2,992,455

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

25. Borrowings (Contd)

(c) Weighted average effective interest rates:

	Group		Company	
	2025	2024	2025	2024
– Bank borrowings	SOFR + 2 % – 3.25% & Fixed rate 10 %	LIBOR + 2.25% - 3.25% & SOFR + 2.5% & Fixed rate 10%	AWPR – 0.1% & Fixed rate 9%	SOFR + 2.5% & Fixed rate 10 %
– Bank overdrafts	SLFR+1% p.a.	Floating rate 7% – 9.75%	SLFR+1% p.a.	Floating rate 7%

(d) The bank overdrafts of the Company as at 31 March 2025 and 2024 represent book overdrawn situations amounting to LKR 3,682,126 and LKR 14,755,426 respectively.

(e) Teejay India (Private) Limited bank borrowings are secured by the letter of comfort given by Teejay Lanka PLC and mortgaged the assets related to the expansion project as a security for the loan obtained. All other bank borrowings are on a clean basis.

(f) The exposure of the Group's/Company's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	Group		Company	
	2025	2024	2025	2024
6 months or less	7,472,204	9,323,724	1,593,682	2,992,455

(g) The carrying amounts of borrowings are denominated in following currencies:

	Group		Company	
	2025	2024	2025	2024
US Dollars	5,878,522	7,815,244	Nil	1,483,975
LKR	1,593,682	1,508,480	1,593,682	1,508,480
	7,472,204	9,323,724	1,593,682	2,992,455

(h) For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either:

- the interest payable on those borrowings is close to current market rates, or
- the borrowings are of a short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

26. RETIREMENT BENEFIT OBLIGATIONS – GRATUITY

GRI 201-3

	Group		Company	
	2025	2024	2025	2024
Statement of financial position obligations for:				
Gratuity benefits	1,122,028	875,378	709,982	522,388
Statement of comprehensive income charge:				
Gratuity benefits	246,243	204,045	124,317	84,911
Other comprehensive income:				
Remeasurement losses	141,576	312,478	114,424	270,429

(a) The movement in the defined benefit obligation over the year is as follows:

	Group		Company	
	2025	2024	2025	2024
At the beginning of the year	875,378	568,559	522,388	246,452
Current service cost	150,330	123,643	56,198	30,675
Interest cost	95,913	80,402	68,119	54,236
Remeasurement losses	141,576	312,478	114,424	270,429
Benefits paid	(143,215)	(199,921)	(63,334)	(94,904)
Effect of movement in foreign exchange rates	2,046	(9,783)	12,187	15,500
At the end of the year	1,122,028	875,378	709,982	522,388

(b) The amounts recognised in the statements of profit or loss are as follows:

	Group		Company	
	2025	2024	2025	2024
Current service cost	150,330	123,643	56,198	30,675
Interest cost	95,913	80,402	68,119	54,236
Total included in employee benefit expense (Note – 9)	246,243	204,045	124,317	84,911

As stated in paragraph 2.20 (a) under summary of material accounting policies, an actuarial valuation of Teejay Lanka PLC and Teejay Lanka Prints (Private) Limited, subsidiary of the Company, was carried out by an independent actuary, Messrs. Piyal S Goonetilleke and Associates, using the Projected Unit Credit method to calculate the liability for gratuity as at 31 March 2025. An actuarial valuation of the Teejay India (Private) Limited defined benefit obligations was carried out by an independent firm, KP Actuaries and Consultants, using the Projected Unit Credit method to calculate the liability for gratuity as at 31 March 2025. The provision for gratuity is not externally funded.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

26. Retirement benefit obligations – Gratuity (Contd)

(c) The principal actuarial assumptions used in the calculation were as follows:

	Group		Company	
	2025	2024	2025	2024
Discount rate	6.55%-11.62%	7.15%-13.09%	11.62%	13.09%
Future salary increases				
– non executive staff	7.50%-12.50% p.a.	7.50%-12.50% p.a.	12.50% p.a.	12.50% p.a.
– executive staff	7.50%-12.50% p.a.	7.50%-12.50% p.a.	12.50% p.a.	12.50% p.a.
Staff turnover factor				
– non executive staff	Age-related	Age-related	Age-related	Age-related
– executive staff	Age-related	Age-related	Age-related	Age-related

In addition to the above, demographic assumptions such as mortality, disability and retirement age were considered for the actuarial valuation. GA 1983 Mortality Table was taken as the basis for the mortality assumption.

(d) The sensitivity of the gratuity to changes in the weighted principal assumptions is:

Group –2025	Impact on retirement benefit obligations		
	Change in assumption (%)	Increase in assumption (%)	Decrease in assumption (%)
Discount rate	1	Decrease by 4.2 to 13.18	Increase by 4.6 to 15.72
Future salary increase	1	Increase by 4.1 to 16.00	Decrease by 3.9 to 13.62
Staff turnover factor	1	Increase by 1.54 to 2.6	Decrease by 2.23 to 3.8

Group – 2024	Impact on retirement benefit obligations		
	Change in assumption (%)	Increase in assumption (%)	Decrease in assumption (%)
Discount rate	1	Decrease by 3 to 12.05	Increase by 3.2 to 14.30
Future salary increase	1	Increase by 3.1 to 13.93	Decrease by 3 to 11.98
Staff turnover factor	1	Increase by 0.2 to 1.32	Decrease by 0.4 to 0.82

Company –2025	Impact on retirement benefit obligations		
	Change in assumption (%)	Increase in assumption (%)	Decrease in assumption (%)
Discount rate	1	Decrease by 13.18	Increase by 15.72
Future salary increase	1	Increase by 16.00	Decrease by 13.62
Staff turnover factor	1	Increase by 1.54	Decrease by 2.23

Company – 2024	Impact on retirement benefit obligations		
	Change in assumption (%)	Increase in assumption (%)	Decrease in assumption (%)
Discount rate	1	Decrease by 12.05	Increase by 14.30
Future salary increase	1	Increase by 13.93	Decrease by 11.98
Staff turnover factor	1	Increase by 1.32	Decrease by 0.82

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

26. Retirement benefit obligations – Gratuity (Contd)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligations to significant actuarial assumptions the same method (present value of the retirement benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied.

(e) Maturity profile of the retirement benefit obligations:

The weighted average duration of the defined benefit obligation of Group and Company is 15 years. The expected maturity analysis of undiscounted retirement obligation:

	Group		Company	
	2025	2024	2025	2024
Less than 1 year	86,761	10,946	10,322	9,529
Between 1-2 years	125,992	119,590	70,321	41,975
Between 2-5 years	710,233	423,457	387,139	182,576
Over 5 years	783,670	957,489	586,343	645,746
Total	1,706,656	1,511,482	1,054,125	879,826

27. DEFERRED INCOME TAX (ASSETS)/LIABILITIES

Deferred tax liabilities/(assets) of the Group are calculated on all temporary differences and deductible temporary differences under the liability method using tax rates of 2025 30%-34.94% (2024 – 30%-34%).

		Group		Company	
	Note	2025	2024	2025	2024
At the beginning of the year		(26,086)	507,657	700,937	595,372
Charged/(credited) to statement of comprehensive income	11	273,664	(432,954)	(77,650)	238,143
Tax release relating to components of other comprehensive income	11	(43,073)	(94,446)	(34,327)	(81,129)
Effect of movement in foreign exchange rates		(809)	(6,343)	(7,688)	(51,449)
At end of the year		203,696	(26,086)	581,272	700,937

A summary of deferred tax (assets)/liabilities of the Group and Company are as follows:

	Group		Company	
	2025	2024	2025	2024
Deferred tax assets	(1,947,104)	(2,239,540)	(912,110)	(740,680)
Deferred tax liabilities	2,150,800	2,213,454	1,493,382	1,441,617
Deferred tax (assets)/ liabilities (net)	203,696	(26,086)	581,272	700,937

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

27. Deferred income tax liabilities (Contd)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
	2025	2024	2025	2024
Deferred tax assets:				
– Deferred tax assets to be recovered after more than 12 months	(1,947,104)	(2,239,540)	(912,110)	(740,680)
Deferred tax liabilities:				
– Deferred tax liabilities to be recovered after more than 12 months	1,998,570	2,004,013	1,367,292	1,259,199
– Deferred tax liabilities to be recovered within 12 months	152,230	209,441	126,090	182,418
	2,150,800	2,213,454	1,493,382	1,441,617
Deferred tax (assets)/ liabilities (net)	203,696	(26,086)	581,272	700,937

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Group

Deferred tax liabilities	Accelerated tax depreciation	Total
At 31 March 2023	2,363,673	2,363,673
Charged to statement of profit or loss	19,779	19,779
Effect of movement in foreign exchange rates	(169,998)	(169,998)
At 31 March 2024	2,213,454	2,213,454
Credited to statement of profit or loss	(36,844)	(36,844)
Effect of movement in foreign exchange rates	(25,810)	(25,810)
At 31 March 2025	2,150,800	2,150,800

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

27. Deferred income tax liabilities (Contd)

Deferred tax assets	Retirement benefit obligations	Provision for impairment of inventory	Provision for impairment of trade receivables	Tax losses	Provision for bonus and others	Total
At 31 March 2023	(178,889)	(825,490)	(132,982)	(620,294)	(98,361)	(1,856,016)
(Credited)/charged to statement of profit or loss	(16,976)	262,838	46,595	(733,404)	(11,786)	(452,733)
Credited directly to other comprehensive income	(94,446)	Nil	Nil	Nil	Nil	(94,446)
Effect of movement in foreign exchange rates	19,104	44,063	6,857	85,936	7,695	163,655
At 31 March 2024	(271,207)	(518,589)	(79,530)	(1,267,762)	(102,452)	(2,239,540)
(Credited)/charged to statement of profit or loss	(41,368)	(93,085)	(89,541)	577,074	(42,572)	310,508
Credited directly to other comprehensive income	(43,073)	Nil	Nil	Nil	Nil	(43,073)
Effect of movement in foreign exchange rates	3,593	6,539	1,367	12,093	1,409	25,001
At 31 March 2025	(352,055)	(605,135)	(167,704)	(678,595)	(143,615)	(1,947,104)

Company

Deferred tax liabilities	Accelerated tax depreciation	Total
At 31 March 2023	1,574,711	1,574,711
Credited to statement of profit or loss	(21,824)	(21,824)
Effect of movement in foreign exchange rates	(111,270)	(111,270)
At 31 March 2024	1,441,617	1,441,617
Charged to statement of profit or loss	69,025	69,025
Effect of movement in foreign exchange rates	(17,260)	(17,260)
At 31 March 2025	1,493,382	1,493,382

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

27. Deferred income tax liabilities (Contd)

Deferred tax assets	Retirement benefit obligations	Provision for impairment of inventory	Provision for impairment of trade receivables	Provision for bonus	Total
At 31 March 2023	(73,936)	(764,857)	(62,813)	(77,733)	(979,339)
Credited to statement of profit or loss	(12,233)	251,948	38,831	(18,579)	259,967
Credited directly to other comprehensive income	(81,129)	Nil	Nil	Nil	(81,129)
Effect of movement in foreign exchange rates	10,581	40,348	2,284	6,608	59,821
At 31 March 2024	(156,717)	(472,561)	(21,698)	(89,704)	(740,680)
Credited to statement of profit or loss	(24,074)	(100,358)	(21,244)	(999)	(146,675)
Credited directly to other comprehensive income	(34,327)	Nil	Nil	Nil	(34,327)
Effect of movement in foreign exchange rates	2,123	6,034	358	1,057	9,572
At 31 March 2025	**(212,995)**	**(566,885)**	**(42,584)**	**(89,646)**	**(912,110)**

Deferred tax liabilities amounting to LKR 472,518,600 for the Group and LKR 176,162,100 for the Company, attributable to right-of-use assets, are presented net of the related deferred tax assets on corresponding lease liabilities, which amounted to LKR 24,455,049 for the Group and LKR 6,179,117 for the Company. These net amounts are included within the deferred tax liabilities arising from accelerated tax depreciation on property, plant, and equipment.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

28. CONTINGENCIES

Other than those disclosed below, there were no material contingent liabilities against the Group outstanding as at the financial position date.

(a) Teejay India (Private) Limited, a fully owned subsidiary of Teejay Lanka PLC, which is incorporated in India, has been issued with tax assessments by the Department of Income Tax in India disputing that the comparable and methods applied by the subsidiary to determine arm's length principles were not in line with the Transfer Pricing Regulations enacted in India. These tax assessments represent the additional total income proposed by the Tax Authority to the total income of the Company and not the tax impact of these assessments. The tax impact is estimated to be LKR 1,577,717,161. The Company has appealed against these assessments in the Disputed Resolution Panel/Income Tax Appellate Tribunal (ITAT).

(b) During the year ended 31 March 2023, Teejay Lanka PLC has been issued with tax assessments by the Department of Inland Revenue of Sri Lanka to a value of LKR 274,676,271 applicable for the year of assessment 2018/19 disputing that the Company is not eligible for the concessionary rate of 14% applicable for indirect/deemed exports. Further, the Department of Inland of Revenue of Sri Lanka disputed that deemed interest income required to be recognised in relation to the other receivables from the related parties as of 31 March 2019. The Company has appealed against these assessments in the Tax Appeal Commission. Management has submitted the written appeal on 13 June 2023 and currently at Tax Appeal Commission.

During the year ended 31 March 2024, Teejay Lanka PLC has been issued with tax assessments by the Department of Inland Revenue of Sri Lanka to a value of LKR 616,802,522 applicable for the year of assessment 2019/20 disputing that the Company is not eligible for the concessionary rate of 14% applicable for indirect/ deemed exports. Further, the Department of Inland of Revenue of Sri Lanka disputed that deemed interest income required to be recognised in relation to the other receivable from the related parties as of 31 March 2020. The Company has requested for an administrative Review made under Section 139(1) of the Inland Revenue Act No 24 of 2017 and decision on the request for an administrative review has not yet been confirmed by the Commissioner General of Inland Revenue.

29. COMMITMENTS

Capital commitments

Capital expenditure contracted at the end of the reporting period, but not yet incurred is as follows:

		Group		Company	
	Notes	2025	2024	2025	2024
Property, plant and equipment		566,521	300,900	552,208	296,407
Intangible assets	(a)	66,618	Nil	66,618	Nil
		633,139	300,900	618,826	296,407

(a) The Company has provided letters of financial support to Teejay India (Private) Limited expressing its commitment to extend financial assistance as and when required. Note 25 (e).

Operating commitments

There were no material operating commitments outstanding as at the statement of financial position date.

Financial commitments

There were no material financial commitments outstanding as at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

30. STATED CAPITAL

	No. of Shares	Amount (LKR)
At 31 March 2023 and 2024	716,739,975	4,442,234
Issue of shares	4,717,763	140,637
At 31 March 2025	721,457,738	4,582,871

(a) All issued shares are fully paid.

(b) For the purpose of calculation of basic earnings per share, the weighted average number of shares have been considered based on the date of issue of shares.

(c) Ordinary shares have a par value of LKR 37.60 Ordinary shareholders entitle to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

(d) On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

(e) Information relating to the share based payments, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 33.

31. EXCHANGE EQUALISATION RESERVE

The exchange equalisation reserve are the statement of financial position date represents all exchange differences resulting from the translation of assets, liabilities, income, expenses and equity items as explained in Note 2.1 to the accounting policies.

32. RETAINED EARNINGS

	Notes	Group	Company
At 1 April 2023		9,400,088	8,403,764
Profit for the year		1,109,536	2,759,192
Remeasurement of retirement benefit obligations	26	(312,478)	(270,429)
Deferred tax attributable to remeasurement of retirement benefit obligations	27	94,446	81,129
Dividends	13	(537,555)	(537,555)
At 31 March 2024		9,754,037	10,436,101
At 1 April 2024		9,754,037	10,436,101
Profit for the year		2,793,021	2,061,102
Remeasurement of retirement benefit obligations	26	(141,576)	(114,424)
Deferred tax attributable to remeasurement of retirement benefit obligations	27	43,073	34,327
Dividends	13	(1,082,186)	(1,082,186)
At 31 March 2025		11,366,369	11,334,920

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

33. SHARE-BASED PAYMENTS

The Employee Share Option Scheme established in 2015 ("ESOS") is designed to provide long-term incentives for executive directors and executive management personnel to deliver long-term shareholder returns. Under the plan, allocation of share options to eligible employees will be based on criteria determined by the board of directors. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of share options that will be granted from and out of the maximum number of shares authorised to be granted as share options under the ESOS will be determined from time to time by the Board of Directors. In this regard, the Board may consider the Company's total return to shareholders, including share price growth, dividends and capital returns, ranking within a peer group of companies that are listed on the Colombo Stock Exchange over an identified period of time.

The exercise price of options is based on the volume weighted average price at which the Company's shares are traded on the Colombo Stock Exchange, taking into consideration all share transactions of such shares during the thirty Market days immediately preceding the date on which share options are granted to eligible employees under the ESOS.

When a share option is exercised, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the plan:

	2025		2024	
	Average exercise price as per share option	Number of options (thousands)	Average exercise price as per share option	Number of options (thousands)
At the beginning of the year	29.81	6,301	Nil	Nil
Granted	Nil	Nil	29.81	6,301
Exercised [see Note (b) below]	29.81	(4,718)	Nil	Nil
Expired	(29.81)	(1,583)	Nil	Nil
At the end of year	29.81	Nil	29.81	6,301
Vested and exercisable at 31 March	Nil	Nil	Nil	Nil

(a) Fair value of share options granted

The fair value of the options amounting to LKR 4,976,396 (2024 – LKR 28,199,575) was recognised as an employee benefits expenses and credited to reserve.

The fair value at the grant date is independently determined using the Black Scholes Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

33. Share-based payments (Contd.)

(b) expenses arising from share-based payment transactions:

	Notes	Group 2025	Group 2024	Company 2025	Company 2024
Options issued under employee share option plan	9	4,976	28,200	4,976	28,200

(b) As at 31 March 2025, a total of 25,507,905 shares have been issued to eligible employees under the ESOS out of the maximum number of 27,090,851 shares authorised to be granted as share options under the ESOS. Out of the said shares issued under the ESOS, 4,717,763 shares were issued to eligible employees in the financial year 2024/2025 (i.e., in June 2024), upon eligible employees exercising their rights to purchase share options under grant 7 made under the ESOS in July 2023. The exercise price per share, of these shares were LKR 29.81. No share options were granted under the ESOS during the financial year 2024/2025. As at 31 March 2025, a balance of 1,582,946 shares are available to be granted to eligible employees, as share options under the ESOS, as may be determined by the Board.

The directors of the Company hereby declare that the Company has not, directly or indirectly, provided funds for the ESOS.

34. CASH GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	Notes	Group 2025	Group 2024	Company 2025	Company 2024
Profit before tax		4,047,374	1,572,379	2,945,349	3,866,102
Adjustments for:					
Depreciation on property, plant and equipment	14	2,826,700	3,010,681	1,255,021	1,283,639
Depreciation on right-of-use assets	15 (b)	94,506	100,663	42,833	56,207
Impact of remeasurement of right-of-use assets	15 (b)	Nil	(151,698)	Nil	Nil
Amortisation of intangible assets	17	199,153	145,303	143,507	104,805
Provision/(reversal of provision) for slow and non-moving inventories	20	120,484	(492,066)	282,052	(734,269)
Provision/(reversal of provision) for impairment trade receivables	21 (a)	258,549	(122,903)	70,813	(129,437)
Interest income	10	(251,084)	(429,549)	(259,072)	(430,384)
Interest expense	10	893,561	1,095,512	190,135	336,786
Loss on write off capital work in progress/intangible assets	7	9,421	8,963	9,421	8,963
ESOP Expense	33 (b)	4,976	28,200	4,976	28,200
Retirement benefit obligations	26	246,243	204,045	124,317	84,911
Effect of movement in foreign exchange rates		(234,125)	(1,306,972)	(178,758)	(1,206,468)
Changes in working capital:					
– inventories		193,205	2,229,225	129,866	1,357,265
– trade and other receivables		(2,407,434)	(1,251,030)	118,686	(1,508,302)
– trade and other payables		1,061,401	204,493	356,315	283,073
Cash generated from operations		7,062,930	4,845,246	5,235,462	3,401,091

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

35. DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY AND RELATED PARTY TRANSACTIONS

The Directors of the Company are also Directors of following companies with which the Company had transactions in the ordinary course of business during the year.

	Ajit Damon Gunewardene	Mohamed Ashroff Omar	Hasitha Premaratne	Shrihan Blaise Perera	William Charles McRaith	Kit Vai Tou	Masaru Okutomi
Pacific Textiles Limited	–	–	–	–	–	✓	✓
Brandix Lanka (Private) Limited	–	✓	✓	–	–	–	–
Brandix Apparel (Private) Limited	–	✓	✓	–	–	–	–
Teejay Lanka Prints (Private) Limited	–	✓	–	✓	–	–	–
Teejay India (Private) Limited	–	✓	✓	✓	–	–	–
Teejay Mauritius (Private) Limited	–	✓	✓	✓	–	–	–
Fortude (Private) Limited	–	✓	–	–	–	–	–
Brandix Apparel Solutions (Private) Limited	–	✓	✓	–	–	–	–
Brandix India Apparel City (Private) Limited	–	✓	✓	–	–	–	–
Adhishtan Investments India (Private) Limited	–	✓	–	–	–	–	–
BrandM Apparel Haiti Limited	–	✓	–	–	–	–	–
Brandix Apparel India (Private) Limited	–	✓	✓	–	–	–	–
Inqube Global (Private) Limited	–	✓	✓	–	–	–	–
Digital Mobility Solutions Lanka (Private) Limited	✓	–	–	–	–	–	–
Brandix Intimate India (Private) Limited	–	✓	–	–	–	–	–
Brandix Intimate Apparel Limited	–	✓	✓	–	–	–	–
Brandix Apparel India (Private) Limited	–	✓	✓	–	–	–	–
Brandix Casuallwear Bangladesh Limited	–	✓	–	–	–	–	–
Clover Global Private Limited	–	✓	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

The Directors of the Company are also Directors of following companies with which the Company had transactions in the ordinary course of business during the year.

(i) Sale of goods and services:

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
Sale of goods:		2025	2024	2025	2024	2025	2024	2025	2024
Brandix Apparel (Pvt) Ltd	Affiliate	16,233,236	12,240,948	6,858,715	4,528,906	24.2%	20.2%	17.63%	11.7%
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	17,329	776,996	Nil	Nil	0.04%	2.0%
Teejay India (Private) Limited	Sub-subsidiary	Nil	Nil	96,619	264,664	Nil	Nil	0.25%	0.7%
BrandM Apparel Haiti Limited	Affiliate	44,614	546,514	1,912	452,302	0.1%	0.9%	0.00%	1.2%
Brandix Apparel India (Private) Limited	Affiliate	8,069,972	7,802,667	794,597	569,297	12.0%	12.8%	2.04%	1.5%
Inqube Global (Private) Limited	Affiliate	4,041	40,086	4,041	40,086	0.0%	0.1%	0.01%	0.1%
Brandix Intimate India (Private) Limited	Affiliate	387,645	378,818	226,331	284,032	0.6%	0.6%	0.58%	0.7%
Clover Global Private Limited	Affiliate	10,794	Nil	10,794	Nil	0.0%	Nil	0.03%	Nil
Teejay Mauritius Private Limited	Affiliate	Nil	Nil	16,395	Nil	Nil	Nil	0.04%	Nil
		24,750,302	21,009,033	8,026,733	6,916,283	36.9%	34.6%	20.6%	17.9%

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(ii) (a) Purchase of goods and services:

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
		2025	2024	2025	2024	2025	2024	2025	2024
Pacific Textiles Limited	Shareholder	11,856	56,208	Nil	30,392	0.0%	0.1%	Nil	0.1%
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	1,665,387	979,087	Nil	Nil	4.28%	2.5%
Teejay India (Private) Limited	Sub-Subsidiary	Nil	Nil	2,292,947	2,395,153	Nil	Nil	5.90%	6.2%
Lanka Indian Oil Company PLC	Affiliate	Nil	56,459	Nil	54,412	Nil	0.1%	Nil	0.1%
Teejay Mauritius Private Limited	Subsidiary	Nil	Nil	23,399	1,000	Nil	Nil	0.06%	0.0%
		11,856	112,667	3,981,733	3,460,044	0.0%	0.2%	10.2%	9.0%

(b) Advance granted for future fabric purchases

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
		2025	2024	2025	2024	2025	2024	2025	2024
Teejay Mauritius (Private) Limited	Subsidiary	Nil	Nil	4,860,194	2,094,199	Nil	Nil	12.50%	5.4%
		Nil	Nil	4,860,194	2,094,199	Nil	Nil	12.50%	5.4%

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(c) Advance recovered

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2025	2024	2025	2024	2025	2024	2025	2024
Teejay Mauritius (Private) Limited	Subsidiary	Nil	Nil	4,085,381	Nil	Nil	Nil	10.45%	Nil
		Nil	Nil	4,085,381	Nil	Nil	Nil	10.45%	Nil

The amount of LKR 2,685,836,000 receivable from Teejay Mauritius (Private) Limited, a subsidiary of the Company, represents an advance paid to import fabric through Teejay Mauritius (Private) Limited by the Company. The Company, as approved by the Board of Investment (BoI) of Sri Lanka via its letter dated 14 March 2023, is expected to import fabric through Teejay Mauritius (Private) Limited to sell to apparel manufacturers as either indirect exports or as direct exports. The Company has entered into an agreement with Teejay Mauritius (Private) Limited on 18 January 2024 to formalise this arrangement. Consequent to this agreement, Teejay Mauritius (Private) Limited is expected to place orders with Teejay India (Private) Limited, a sub subsidiary of the Company, or with third party fabric manufacturers, to fulfil the orders placed by the Company time to time.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(iii) Purchase of administrative and other services:

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
		2025	2024	2025	2024	2025	2024	2025	2024
Brandix Lanka (Private) Limited	Shareholder	5,790	20,017	Nil	2,481	0.01%	0.03%	0.00%	0.01%
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	96,558	1,353	Nil	Nil	0.25%	0.00%
Teejay India (Private) Limited	Sub-Subsidiary	Nil	Nil	87,599	40,047	Nil	Nil	0.23%	0.10%
Fortude (Private) Limited	Affiliate	Nil	779	Nil	Nil	Nil	0.00%	Nil	Nil
Brandix Apparel (Private) Limited	Affiliate	172,929	137,887	115,351	113,618	0.26%	0.23%	0.30%	0.29%
Brandix Apparel Solutions (Private) Limited	Affiliate	1,460	1,169	1,238	783	0.00%	0.00%	0.00%	0.00%
Brandix Apparel India (Private) Limited	Affiliate	Nil	346	Nil	Nil	Nil	0.00%	Nil	Nil
Brandix India Apparel City (Private) Limited	Affiliate	1,149,457	1,010,086	Nil	Nil	1.71%	1.66%	Nil	Nil
Adhishtan Investments India (Private) Limited	Affiliate	26,710	25,524	Nil	Nil	0.04%	0.04%	Nil	Nil
Digital Mobility Solutions Lanka (Private) Limited	Affiliate	2,033	1,819	2,033	1,819	0.01%	0.00%	0.01%	0.00%
BrandM Apparel Haiti Limited	Affiliate	13,055	4,577	13,055	4,577	0.02%	0.01%	0.03%	0.01%
Brandix Casuallwear Bangladesh Limited	Affiliate	Nil	6,980	Nil	Nil	Nil	0.01%	Nil	Nil
		1,371,434	1,209,184	315,834	164,678	2.04%	1.99%	0.81%	0.43%

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(iv) Reimbursement of Expenses:

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
		2025	2024	2025	2024	2025	2024	2025	2024
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	70,219	127,628	Nil	Nil	0.18%	0.33%
Brandix Apparel (Private) Limited	Affiliate	1,870	5,076	1,870	5,076	0.00%	0.01%	0.00%	0.01%
Teejay India (Private) Limited	Sub-Subsidiary	Nil	Nil	115,839	15,506	Nil	Nil	0.30%	0.04%
Pacific Textiles Limited	Shareholder	3,836	7,283	3,836	7,282	0.01%	0.01%	0.01%	0.02%
BrandM Apparel Haiti Limited	Affiliate	763	Nil	763	Nil	0.00%	0.00%	0.00%	Nil
		6,469	12,359	192,527	155,492	0%	0.00%	0.49%	0.40%

(v) Steam coal sales – (net) (Note 7)

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
		2025	2024	2025	2024	2025	2024	2025	2024
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	34,832	25,594	Nil	Nil	0.09%	0.07%

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(vi) Interest income on related party loan – (Note 10)

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
		2025	2024	2025	2024	2025	2024	2025	2024
Teejay Mauritius (Private) Limited	Subsidiary	Nil	Nil	49,429	68,487	Nil	Nil	0.13%	0.18%

(vii) Warehouse rent expenses

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
		2025	2024	2025	2024	2025	2024	2025	2024
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	16,252	9,719	Nil	Nil	0.04%	0.03%

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

Outstanding balances arising from sale/purchase of goods/services:

		Group		Company	
(a) Trade receivables	Relationship	2025	2024	2025	2024
Brandix Apparel (Private) Limited	Affiliate	2,526,961	1,493,642	1,283,988	898,156
Brandix Apparel India (Private) Limited	Affiliate	1,401,994	958,584	106,863	142,253
BrandM Apparel Haiti Limited	Affiliate	Nil	128,868	Nil	110,327
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	19,852	91,486
Inqube Global (Private) Limited	Affiliate	118	1,286	118	1,286
Brandix Intimate India Private Limited	Affiliate	40,055	109,478	31,132	81,665
Teejay India (Private) Limited	Sub-subsidiary	Nil	Nil	128,993	165,906
Teejay Mauritius (Private) Limited	Subsidiary	Nil	Nil	2,685,836	1,921,010
Brandix India Apparel City (Private) Limited	Affiliate	Nil	357	Nil	Nil
Clover Group International Limited	Affiliate	342	Nil	342	Nil
		3,969,470	2,692,215	4,257,124	3,412,089
Less – provision for impairment of amounts due from related companies		(48,854)	(106,236)	(3,899)	(26,263)
Total amount due from related companies		3,920,616	2,585,979	4,253,225	3,385,826

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

Movement of loss allowance during the year is as follows:

	Group		Company	
	2025	2024	2025	2024
At the beginning of the year	106,236	96,331	26,263	11,920
(Decrease)/increase in provision for impairment from related companies	(56,497)	17,798	(22,163)	16,108
Effect of movement in foreign exchange rates	(885)	(7,893)	(201)	(1,765)
At the end of the year	48,854	106,236	3,899	26,263

(b) Other receivables

		Group		Company	
	Relationship	2025	2024	2025	2024
Adhishtan Investments India (Private) Limited	Affiliate	11,506	6,102	Nil	Nil
Brandix India Apparel City (Private) Limited	Affiliate	111,045	114,861	Nil	Nil
Teejay India (Private) Limited	Sub-Subsidiary	Nil	Nil	Nil	246,907
Digital Mobility Solutions Lanka (Private) Limited	Affiliate	410	415	410	415
Lanka Indian Oil Company PLC	Affiliate	Nil	18,671	Nil	2,208
Pacific Textiles Limited	Shareholder	14,834	18,917	14,834	18,917
BrandM Apparel Haiti Limited	Affiliate	Nil	1,578	Nil	1,578
		137,795	160,544	15,244	270,025

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(ix) Payables to related parties:

		Group		Company	
	Relationship	2025	2024	2025	2024
Pacific Textiles Limited	Shareholder	Nil	1,093	Nil	Nil
Teejay India (Private) Limited	Sub-Subsidiary	Nil	Nil	206,353	326,222
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	268,523	97,592
Brandix Lanka (Private) Limited	Shareholder	2,433	8,066	Nil	3,781
Brandix Apparel (Private) Limited	Affiliate	69,148	145,872	53,754	121,984
Adhishtan Investments India (Private) Limited	Affiliate	949	6,564	Nil	Nil
Brandix Apparel Solutions (Private) Limited	Affiliate	Nil	506	Nil	386
Brandix India Apparel City (Private) Limited	Affiliate	376,445	270,179	Nil	Nil
Brandix Casuallwear Bangladesh Limited	Affiliate	7,889	Nil	Nil	Nil
Teejay Mauritius (Private) Limited	Subsidiary	Nil	Nil	Nil	943
BrandM Apparel Haiti Ltd	Affiliate	3,241	Nil	3,241	Nil
		460,105	432,280	531,871	550,908

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(x) Loan given to related company (Note 21):

		Group		Company	
	Relationship	2025	2024	2025	2024
Non-current					
Teejay Mauritius (Private) Limited	Subsidiary	Nil	Nil	439,565	698,952
Current					
Teejay Mauritius (Private) Limited	Subsidiary	Nil	Nil	262,780	765,317
		Nil	Nil	702,345	1,464,269

The loan granted is unsecured, interest is charged at 5% per annum, and it is repayable in twenty quarterly instalments. As of the financial year end on 31st March 2025, nine instalments have been settled.

(xi) Key Management compensation:

Key management includes the Board of Directors (Executive and Non-Executive) and Chief Executive Officer. (In 2024 the Board of Director's (Executive and Non-Executive) and all members of Company's Senior Management). The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2025	2024	2025	2024
Salaries and other benefits	44,148	277,022	41,748	227,575
Post-employment benefits	1,418	8,959	1,418	6,470
	45,566	285,981	43,166	234,045

36. EVENTS AFTER THE END OF REPORTING PERIOD

No events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, these financial statements.

SUPPLEMENTARY INFORMATION

ASSURANCE STATEMENT ON INTEGRATED REPORTING

EY
Shape the future with confidence

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Independent practitioner's assurance report to the Board of Directors of Teejay Lanka PLC on the Integrated Annual Report 2024/25

SCOPE

We have been engaged by Teejay Lanka PLC to perform a "limited assurance engagement," as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Teejay Lanka PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in Teejay Lanka PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY TEEJAY LANKA PLC

In preparing the Subject Matter, Teejay Lanka PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

TEEJAY LANKA PLC'S RESPONSIBILITIES

Teejay Lanka PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ASSURANCE STATEMENT ON INTEGRATED REPORTING

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ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with Teejay Lanka PLC on 04 March 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing

ASSURANCE STATEMENT ON INTEGRATED REPORTING

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procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Teejay Lanka PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

Ernst + Young

05 June 2025

Colombo

ASSURANCE STATEMENT ON SUSTAINABILITY REPORTING

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Independent practitioner's assurance report to the Board of Directors Teejay Lanka PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024/25

SCOPE

We have been engaged by Teejay Lanka PLC to perform a "limited assurance engagement," as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Teejay Lanka PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Teejay Lanka PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY TEEJAY LANKA PLC

In preparing the Subject Matter, Teejay Lanka PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

TEEJAY LANKA PLC'S RESPONSIBILITIES

Teejay Lanka PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for

ASSURANCE STATEMENT ON SUSTAINABILITY REPORTING

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this engagement as agreed with the Teejay Lanka PLC on 04 March 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social management data/ information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Teejay Lanka PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

Ernst + Young

5 June 2025

Colombo

TEN YEAR FINANCIAL SUMMARY – GROUP

All Amounts in Sri Lanka Rupees Thousands	2025	2024	2023	2022	2021	2,020	2019	2018	2017	2016
Income Statement										
Revenue	67,036,057	60,733,952	84,037,126	49,587,964	31,780,287	33,276,977	31,746,592	24,647,488	22,137,641	17,820,179
Cost of Sales	(59,195,423)	(55,677,311)	(77,194,229)	(45,010,323)	(27,990,328)	(29,047,934)	(28,060,534)	(21,736,289)	(19,061,926)	(14,825,317)
Gross Profit	7,840,634	5,056,641	6,842,897	4,577,641	3,789,959	4,229,042	3,686,058	2,911,199	3,075,715	2,994,862
Operating Profit	4,550,604	2,213,198	3,295,076	2,573,103	2,441,402	2,728,431	2,344,649	1,810,842	1,992,405	2,167,608
Profit before taxation	4,047,374	1,572,379	3,116,474	2,863,720	2599,336	2,811,964	2,257,062	1,817,716	2,011,370	2,228,947
Current taxation	(1,254,353)	(462,843)	(989,743)	(332466)	(459,739)	(428,180)	(398,345)	(221,602)	(52,195)	(58,280)
Profit after taxation	2,793,021	1,109,536	2,126,731	2,531,250	2,139,602	2,383,784	1,858,717	1,596,114	1,959,175	2,170,667
Assets										
Non-current assets										
Property, plant and equipment	17,270,048	18,142,428	20,258,577	14,715,246	8,710,818	8,777,251	8,408,235	7,534,180	6,960,885	5,954,224
Right-of-use assets	1,575,062	1,681,152	1,740,026	1,341,498	899,016	910,400	–	–	–	–
Deferred tax assets	1,947,104	2,239,540	1,856,016	431,633	273,228	256,258	111,021	125,070	242,289	91,800
Other non-current assets	1,476,202	2,033,857	2,103,132	5,508,121	616,442	729,534	507,218	777,931	694,476	664,337
Non-current assets	22,268,416	24,096,977	25,957,751	21,996,498	10,499,504	10,673,443	9,026,474	8,437,181	7,788,112	6,710,361
Current assets	33,586,156	30,935,723	34,100,466	37,897,277	20,599,835	16,289,050	13,359,457	11,127,755	8,981,687	8,266,947
Total assets	55,854,572	55,032,700	60,058,217	59,893,775	31,099,339	26,962,493	22,385,931	19,564,936	16,769,799	14,977,308
Equity										
Capital and reserves										
Stated capital	4,582,871	4,442,234	4,442,234	4,442,234	4,248,787	4,056,683	4,056,683	4,056,683	3,942,686	3,853,024
Exchange equalisation reserve and Hedging reserve	15,393,591	13,393,498	18,047,539	15,219,684	6,225,275	5263,128	4,171,784	2577,679	2,446,006	2,090,184
Share option scheme	186,667	181,691	153,491	153,491	153,491	96,760	96,760	85,505	63,746	42,283
Retained earnings	11,366,369	10,436,101	9,400,088	8410,460	7,136,671	6,231,783	5,600,028	4,971,882	4,724,786	4,150,852
Total equity	31,529,246	30,130,164	32,043,352	28,225,869	17,764,224	15,648,643	13,925,255	11,701,422	11,177,224	10,136,343

TEN YEAR FINANCIAL SUMMARY – GROUP

All Amounts in Sri Lanka Rupees Thousands	2025	2024	2023	2022	2021	2,020	2019	2018	2017	2016
Liabilities										
Non-current liabilities										
Borrowings	2,351,225	4,139,942	6,238,676	5,581,171	197,620	412,192	801,182	1,106,784	567,429	141,680
Lease liabilities	1,222,829	1,229,391	1,340,989	930,430	654,657	627,993	–	–	–	–
Deferred tax liabilities	2,150,800	2,213,454	2,363,673	918,784	626,990	647,880	538,266	318,004	247,932	240,227
Retirement benefit obligations	1,122,028	875,378	568,559	424,817	520,422	377,583	251,932	207,666	208,120	190,931
	7,026,882	8,458,165	10,511,897	7,855,202	1,999,689	2,065,648	1,591,380	1,632,454	1,023,481	572,838
Current liabilities	17,298,192	16,444,371	18,195,538	23,812,704	11,335,426	9248,491	6,869,296	6,231,060	4,569,094	4,268,127
Total liabilities	24,325,074	24,902,536	28,707,435	31,667,906	13,335,115	11,314,139	8,460,676	7,863,514	5,592,575	4,840,965
Total equity and liabilities	55,854,572	55,032,700	60,058,217	59,893,775	31,099,339	26,962,493	22,385,931	19,564,936	16,769,799	14,977,308
Net Cash generated from operating activities	5,376,236	2,854,100	7,667,218	4,766,105	2,343,764	3,848,633	3,585,008	3,010,383	1,697,896	3,768,007
Net Cash used in investing activities	(4,209,002)	265,363	(4,793,694)	(6,105,085)	(1,427,656)	(1,875,661)	(576,668)	(1,222,713)	(1,052,446)	(1,786,985)
Net cash used in financing activities	(2,804,552)	(2,722,465)	(1,687,464)	3,300,578	(1,814,757)	(1,136,433)	(1,479,124)	(540,849)	(74,790)	(1,211,660)
Net (decrease)/increase in cash and cash equivalents	(1,637,318)	(133,728)	1,186,060	1,961,598	(898,649)	836,539	1,529,216	1,246,821	570,660	769,362
Cash and cash equivalents at beginning of year	7,217,674	7,351,402	6,165,342	4,203,744	5,102,393	4,265,854	2,736,638	1,489,817	919,157	149,795
Cash and cash equivalents at end of year	5,580,356	7,217,674	7,351,402	6,165,342	4,203,744	5,102,393	4,265,854	2,736,638	1,489,817	919,157

TEN YEAR FINANCIAL SUMMARY – GROUP

All Amounts in Sri Lanka Rupees Thousands	2025	2024	2023	2022	2021	2,020	2019	2018	2017	2016
Ratios and Statistics										
Annual growth in turnover	10.4	(27.7)	69.5	56.0	(4.5)	4.8	28.8	11.3	24.2	30.3
Gross profit margin (%)	11.7	8.3	8.1	9.2	11.9	12.7	11.6	11.8	13.9	16.8
Net profit margin (%)	4.2	1.8	2.5	5.1	6.7	7.2	5.9	6.5	8.8	12.2
Earnings per share	3.9	1.5	2.9	3.5	3.0	3.4	2.7	2.3	2.8	3.2
Net Assets Per Share at year end	43.7	42.0	44.7	39.4	25.2	22.3	19.8	16.7	16.0	14.6
Dividend per share	2.35	0.75	1.50	2.00	1.66	2.40	1.75	1.95	2.30	1.60
Dividend payout (%)	60.7	48.4	50.6	56.6	54.7	70.7	73.6	70.1	80.2	49.3
Debt to equity (%)	24	35	39	41	19	25	21	24	21	18
Dividend yield	4.6	2.0	4.7	5.0	4.2	10.3	5.8	6.1	6.2	5.0
Return on equity (ROE)	9.1	3.6	7.1	11.0	12.8	16.1	14.5	14.0	18.4	25.3
Return on assets (ROA)	5.0	1.9	3.5	5.6	7.4	9.7	8.9	8.8	12.3	18.3
Current ratio	1.9	1.9	1.9	1.6	1.8	1.8	1.9	1.8	2.0	1.9
Quick Ratio	1.3	1.2	1.2	1.3	1.4	1.2	1.3	1.1	1.0	0.9

SHAREHOLDER INFORMATION

SHAREHOLDING AS OF 31 MARCH 2025

Number of Shares held	Residents			Non-Residents			Total		
	Number of Shareholders	No. of Shares	%	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
1 – 1,000	4,898	1,759,067	0.24	15	7,849	0.00	4,913	1,766,916	0.24
1,001 – 10,000	1863	7,314,502	1.01	28	173,460	0.02	1,891	7,487,962	1.04
10,001 – 100,000	661	22,769,413	3.16	22	913,534	0.13	683	23,682,947	3.28
100,001 – 1,000,000	167	54,800,961	7.60	18	6,886,170	0.95	185	61,687,131	8.55
1,000,001 and Over	23	316,129,988	43.82	11	310,702,794	43.07	34	626,832,782	86.88
Total	7,612	402,773,931	55.83	94	318,683,807	44.17	7,706	721,457,738	100.00

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Total		
	Number of Shareholders	Number of Shares	%
Individuals	7,355	73,171,523	10.14
Institutions	352	648,286,215	89.86
Total	7,707	721,457,738	100.00

SHARE TRADING INFORMATION

	2024/25		2023/24	
Highest (LKR)	59.00	18 February 2025	40.00	18 March 2024
Lowest (LKR)	36.60	5 April 2024	28.70	23 May 2023
Closing (LKR)	51.00	31 March 2025	37.60	31 March 2024
Number of Transactions	17,117		10,384	
Number of Shares Traded	120,324,896		67,787,624	
Value of Shares Traded (LKR)	5,671,137,657		2,348,936,274	

SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDER LIST AS AT 31 MARCH 2025

Name	Shares	%
Brandix Lanka Ltd. – Number 1 Account	234,227,644	32.47
Pacific Textured Jersey Holdings Limited	195,926,217	27.16
BBH – Fidelity Funds	45,051,547	6.24
Citibank Newyork S/A Norges Bank Account 2	21,500,716	2.98
JPMCB Na-Fidelity Asian Values PLC	18,466,155	2.56
Lynear Wealth Management/Mr Hanif Yusoof	15,723,716	2.18
J B Cocoshell (Pvt) Ltd.	13,082,945	1.81
Pemberton Asian Opportunities Fund	12,000,000	1.66
Mr Rajinda Priyanjith Weerasooriya	8,735,939	1.21
Employee's Provident Fund	6,979,333	0.97
Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	6,009,814	0.83
Union Assurance PLC – Universal Life Fund	5,646,385	0.78
Hatton National Bank PLC – Senfin Growth Fund	3,953,926	0.55
SSBT-Sunsuper Pty. Ltd. As Trustee For Sunsuper Superannuation Fund	3,783,148	0.52
GF Capital Global Limited	3,276,050	0.45
Deutsche Bank Ag Trustee To Lynear Wealth Dynamic Opportunities Fund	2,783,733	0.39
Employees Trust Fund Board	2,677,561	0.37
Sam Innovators (Pvt) Ltd.	2,500,000	0.35
Rubber Investment Trust Ltd. A/C No. 01	2,203,548	0.31
Northern Trust Company S/A Hosking Global Fund PLC	2,183,089	0.30

PUBLIC SHAREHOLDINGS

	31 March 2025		31 March 2024	
	No. of Shares	%	No. of Shares	%
No. of Shares	288,530,876	39.66	284,245,783	39.66

DIRECTOR'S SHAREHOLDING

	31 March 2025		31 March 2024	
Director's Shareholding	No. of Shares	%	No. of Shares	%
Ajit Damon Gunewardene	713,723	0.10	713,723	0.10
M A Hasitha Premaratne	40,000	0.01	40,000	0.01

CEO'S SHAREHOLDING

	31 March 2025		31 March 2024	
	No. of Shares	%	No. of Shares	%
P H Pubudu Karunathilake de Silva	499,695	0.07	499,695	0.07

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025.				
GRI 1 used			GRI 1: Foundation 2021				
Applicable GRI Sector Standard (s)			N/A				
GRI Standard/ Other Source	Disclosure		Location	Omission			GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation	
General Disclosures							
GRI 2: General Disclosures 2021	**2-1**	Organisational details	Page 5				
	2-2	Entities included in the organisation's sustainability reporting	Page 5				
	2-3	Reporting period, frequency and contact point	Page 12, 14				
	2-4	Restatements of information	Page 12				
	2-5	External assurance	Page 14				
	2-6	Activities, value chain and other business relationships	Page 6, 12, 88, 145				
	2-7	Employees	Page 101, 102	Full breakdown of data as required by GRI not included.	Information unavailable/ incomplete	Information unavailable in time for report publication.	
	2-8	Workers who are not employees	Page 101				
	2-9	Governance structure and composition	Page 150, 151, 178, 179				
	2-10	Nomination and selection of the highest governance body	Page 180				
	2-11	Chair of the highest governance body	Page 180				
	2-12	Role of the highest governance body in overseeing the management of impacts	Page 181				

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025.				
GRI 1 used			GRI 1: Foundation 2021				
Applicable GRI Sector Standard (s)			N/A				
GRI Standard/ Other Source	Disclosure		Location	Omission			GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation	
	2-13	Delegation of responsibility for managing impacts	Page 181, 182				
	2-14	Role of the highest governance body in sustainability reporting	Page 182				
	2-15	Conflicts of interest	Page 182				
	2-16	Communication of critical concerns	Page 183				
	2-17	Collective knowledge of the highest governance body	Page 183				
	2-18	Evaluation of the performance of the highest governance body	Page 183				
	2-19	Remuneration policies	Page 183, 184				
	2-20	Process to determine remuneration	Page 184				
	2-21	Annual total compensation ratio	Page 184	Entire disclosure omitted	Confidentiality constraints		
	2-22	Statement on sustainable development strategy	Page 36				
	2-23	Policy commitments	Page 76, 78				
	2-24	Embedding policy commitments	Page 78				
	2-25	Processes to remediate negative impacts	Page 78				
	2-26	Mechanisms for seeking advice and raising concerns	Page 15, 78				

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Reason Omitted	Explanation	
	2-27	Compliance with laws and regulations	Page 79			
	2-28	Membership associations	Page 8			
	2-29	Approach to stakeholder engagement	Page 79			
	2-30	Collective bargaining agreements	Page 84, 109			
Material Topics						
GRI 3: Material Topics 2021	**3-1**	Process to determine material topics	Page 81			
	3-2	List of material topics	Page 82			
Economic Performance						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 201: Economic Performance 2016	**201-1**	Direct economic value generated and distributed	Page 54, 55			
	201-2	Financial implications and other risks and opportunities due to climate change	Page 60			
	201-3	Defined benefit plan obligations and other retirement plans	Page 268			

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Reason Omitted	Explanation	
Anti-corruption						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 205: Anti-corruption 2016	**205-1**	Operations assessed for risks related to corruption	Page 79 Corporate Website (www.teejay.com)			
	205-2	Communication and training about anti-corruption policies and procedures	Page 79 Corporate Website (www.teejay.com)			
	205-3	Confirmed incidents of corruption and actions taken	Page 79			
Materials						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 301: Materials 2016	**301-1**	Materials used by weight or volume	Page 124			
	301-2	Recycled input materials used	Page 124			
Energy						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 302: Energy 2016	**302-1**	Energy consumption within the organisation	Page 126			
	302-3	Energy intensity	Page 19			
	302-4	Reduction of energy consumption	Page 126			

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation	
Water and Effluents						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 303: Water and Effluents 2018	**303-1**	Interactions with water as a shared resource	Page 130			
	303-2	Management of water discharge-related impacts	Page 130, 132			
	303-3	Water withdrawal	Page 130			
	303-4	Water discharge	Page 130			
	303-5	Water consumption	Page 130			
Emissions						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 305: Emissions 2016	**305-1**	Direct (Scope 1) GHG emissions	Page 128			
	305-2	Energy indirect (Scope 2) GHG emissions	Page 128			

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason / Explanation	
Waste						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 306: Waste 2020	**306-1**	Waste generation and significant waste-related impacts	Page 134			
	306-2	Management of significant waste-related impacts	Page 134			
	306-3	Waste generated	Page 135			
	306-4	Waste diverted from disposal	Page 135			
	306-5	Waste directed to disposal	Page 135			
Environmental Compliance						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf. See also GRI 2-27 in this Index.			

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025.				
GRI 1 used			GRI 1: Foundation 2021				
Applicable GRI Sector Standard (s)			N/A				
GRI Standard/ Other Source	Disclosure		Location	Omission			GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation	
Supplier Environmental Assessment							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 308: Supplier Environmental Assessment 2016	**308-1**	New suppliers that were screened using environmental criteria	Page 90, 91				
	308-2	Negative environmental impacts in the supply chain and actions taken	Page 90	Disclosures 308-2.b-e omitted	Information unavailable/ incomplete	Teejay intends to report on this in the near future	
Employment							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 401: Employment 2016	**401-1**	New employee hires and employee turnover	Page 102, 103, 104	Full breakdown of data as required by GRI not included.	Information unavailable/ incomplete	Information unavailable in time for report publication.	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 102				
	401-3	Parental leave	Page 108	401-3.d omitted	Information unavailable/ incomplete	Information unavailable in time for report publication.	

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025.				
GRI 1 used			GRI 1: Foundation 2021				
Applicable GRI Sector Standard (s)			N/A				
GRI Standard/ Other Source	Disclosure		Location	Omission			GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation	
Occupational Health and Safety							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 403: Occupational Health and Safety 2018	**403-1**	Occupational health and safety management system	Page 84, 110				
	403-2	Hazard identification, risk assessment, and incident investigation	Page 110				
	403-3	Occupational health services	Page 110				
	403-4	Worker participation, consultation, and communication on occupational health and safety	Page 110				
	403-5	Worker training on occupational health and safety	Page 110				
	403-6	Promotion of worker health	Page 110				
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 110				
	403-8	Workers covered by an occupational health and safety management system	Page 110				
	403-9	Work-related injuries	Page 110				
	403-10	Work-related ill health	Page 110				

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025.				
GRI 1 used			GRI 1: Foundation 2021				
Applicable GRI Sector Standard (s)			N/A				
GRI Standard/ Other Source	Disclosure		Location	Omission			GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation	
Training and Education							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 404: Training and Education 2016	**404-1**	Average hours of training per year per employee	Page 106				
	404-2	Programs for upgrading employee skills and transition assistance programs	Page 104				
	404-3	Percentage of employees receiving regular performance and career development reviews	Page 107				
Diversity and Equal Opportunity							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 405: Diversity and Equal Opportunity 2016	**405-1**	Diversity of governance bodies and employees	Page 103	Disclosure partially covered	Information unavailable/ incomplete	Teejay intends to report on this in the near future	
	405-2	Ratio of basic salary and remuneration of women to men		Full disclosure omitted	Information unavailable/ incomplete	Teejay intends to report on this in the near future	

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation	
Non-discrimination						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 406: Non-discrimination 2016	**406-1**	Incidents of discrimination and corrective actions taken	Page 109			
Child Labor						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 408: Child Labor 2016	**408-1**	Operations and suppliers at significant risk for incidents of child labour	Page 90, 109			
Forced or Compulsory Labor						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 409: Forced or Compulsory Labor 2016	**409-1**	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 90, 109			

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025.				
GRI 1 used			GRI 1: Foundation 2021				
Applicable GRI Sector Standard (s)			N/A				
GRI Standard/ Other Source	Disclosure		Location	Omission			GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation	
Local Communities							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 413: Local Communities 2016	**413-1**	Operations with local community engagement, impact assessments, and development programmes	Page 116	Disclosure partially covered	Information unavailable/ incomplete	Teejay intends to report on this in the near future	
Supplier Social Assessment							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 414: Supplier Social Assessment 2016	**414-1**	New suppliers that were screened using social criteria	Page 90, 91				
	414-2	Negative social impacts in the supply chain and actions taken	Page 90, 91	Disclosures 4140.b-e omitted	Information unavailable/ incomplete	Teejay intends to report on this in the near future	

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason / Explanation	
Customer Health and Safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 416: Customer Health and Safety 2016	**416-1**	Assessment of the health and safety impacts of product and service categories	Page 132, 139			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 133, 139			
Customer Privacy						
GRI 3: Material Topics 2021	3-3	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 418: Customer Privacy 2016	**418-1**	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 139			
Socio-economic Compliance						
GRI 3: Material Topics 2021	3-3	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf. See also GRI 2-27 in this Index.			

GLOSSARY OF FINANCIAL TERMS

A

ACCOUNTING POLICIES
Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

ACCRUAL BASIS
Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

ACTUARIAL GAIN/LOSS ON DEFINED BENEFIT PLAN
Gain or loss arising from the difference between estimates and actual experience in an entity's defined benefit plan.

ASSETS TURNOVER
Revenue divided by average total assets.

C

CAPITAL EMPLOYED
Total assets less interest free liabilities.

CAPITAL RESERVES
Profits of a company that, for various reasons, are not regarded as distributable to shareholders as dividends. These include gains on revaluation of capital assets.

CASH AND CASH EQUIVALENT
Short-term highly liquid assets those are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CONTINGENCIES
A condition or situation existing at the reporting date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

CURRENT RATIO
Current assets divided by current liabilities.

D

DEBT TO EQUITY RATIO
Interest bearing borrowings divided by equity plus Debts.

DEFERRED TAXATION
Sum set aside for tax in the accounts of an entity that will become liable in a period other than that under review.

DISCOUNT RATE
A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

DIVIDEND COVER
Profit attributable to equity holders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT RATIO
Dividends per share divided by earnings per share.

DIVIDEND YIELD
Dividend per share divided by the Closing Market Price

DIVIDEND PER SHARE (DPS)
Dividend Paid divided by the number of ordinary shares in issue and ranking for dividend.

E

EARNINGS PER SHARE
Profits attributable to ordinary shareholders divided by the number of ordinary shares in issue and ranking for dividend.

EBIT
Earnings before interest and tax (Includes other operating income).

EBITDA
Earnings before interest, tax, depreciation and amortization.

EFFECTIVE RATE OF TAXATION
Income tax including Deferred tax over Profit before tax.

EQUITY
Shareholders' funds.

EARNINGS YIELD
Earnings Per Share divided by Market Value per share

GLOSSARY OF FINANCIAL TERMS

F

FAIR VALUE
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FINANCIAL INSTRUMENT
A financial instrument is any contract that gives rise to both a financial assets in one entity and a financial liability or equity instrument in another entity.

G

GROSS PROFIT MARGIN
Gross profit (revenue minus cost of goods sold) as a percentage of total revenue.

GROSS DIVIDEND
Portion of profits, inclusive of tax withheld, distributed to shareholders.

I

INTEREST COVER
Earnings before interest, tax, divided by finance expenses.

M

MARKET CAPITALISATION
Number of Shares in issue at the end of the period multiplied by the share price at the end of the period.

N

NET ASSETS PER SHARE
Shareholders' funds divided by the number of ordinary shares issued.

NET ASSETS
Total assets minus long term and current liabilities.

NET PROFIT RATIO
Profit after tax attributable to equity holders of the Company divided by total revenue.

NET WORKING CAPITAL
Current assets minus current liabilities.

O

OPERATING PROFIT MARGIN
Operating Profit divided by turnover.

P

PROFIT BEFORE TAX MARGIN
Profit Before Tax divided by turnover.

PROFIT AFTER TAX MARGIN
Profit after tax divided by turnover.

PRICE TO BOOK VALUE
Closing Market Value per share divided by Net Asset Per Share.

PRICE EARNINGS RATIO
Market price of a share divided by earnings per share.

PUBLIC HOLDING
Percentage of shares held by the public calculated as per the Colombo Stock Exchange Listing Rules as at the date of the Report.

Q

QUICK ASSET RATIO
Current Assets other than inventory divided by Current liabilities.

R

RELATED PARTIES
Parties who could control or significantly influence the financial and operating policies of the business.

REVENUE RESERVES
Reserves considered as being available for distributions and investments.

RETURN ON ASSETS (ROA)
Net Profit of the year divided by Average Total Assets.

RETURN ON EQUITY (ROE)
Net profit of the year divided by Average Equity.

RETURN ON CAPITAL EMPLOYED (ROCE)
Earnings before interest and tax as a percentage of average shareholders' funds plus total debt.

S

SHAREHOLDERS' FUNDS
Total of issued and fully paid up capital and reserves.

T

TOTAL ASSETS
Non-current assets plus current assets.

TOTAL DEBT
Long term loans plus short term loans and overdrafts.

TOTAL DEBT/TOTAL ASSETS
Total Debt divided by Total Assets.

V

VALUE ADDITIONS
The quantum of wealth generated by the activities of the group and its application.

W

WORKING CAPITAL
Capital required to finance the day to day operations (current assets minus current liabilities).

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Teejay Lanka PLC will be held online via a virtual platform on Friday, 27 June 2025, at 3.00pm for the following purposes:

AGENDA

1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the financial year ended 31 March 2025 together with the Report of the Auditors thereon.
2. To re-appoint Deloitte Partners, Chartered Accountants, as the Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed upon with them by the Board of Directors and to audit the Financial Statements of the Company for the ensuing year.
3. To declare a final dividend of LKR 1.60 per share for the financial year ended 31 March 2025 as recommended by the Board.
4. To propose the following resolution as an ordinary resolution for the reappointment of Mr M A Omar who has reached the age of 70 years.

   "IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No.07 of 2007 shall not apply to Mr M A Omar who has reached the age of 70 years prior to this Annual General Meeting and that he be reappointed as a director of the Company".
5. To authorise Directors to determine contributions to charities.

By order of the Board

CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

TEEJAY LANKA PLC
At Colombo, on this 3 June 2025.

Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company. A completed form of proxy must be deposited at the registered office of the Company, at No. Block D8 – D14, Seethawaka, Export Processing, Zone, Avissawella or e-mailed to corporateservices@corporateservices.lk **not less than 48 hours before the time appointed for the holding of the meeting.**

Meeting Guidelines

(A) The meeting is to be held on line with the guidelines given by the Colombo Stock Exchange.

(B) The Annual General Meeting will be held in the manner set out below:

(i) The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio and visual means via Zoom. In order for us to forward the access information necessary for participation at the meeting, which shall include the meeting identification number, access password, and access telephone number, please forward the duly completed registration form including your e-mail address and contact telephone number to the registered address of the Company **not less than 48 hours** before the time appointed for the holding of the meeting, so that the login information could be forwarded to the e-mail addresses so provided.

(ii) In terms of circular no. 4 of 2022 from the Colombo Stock Exchange, the Company will not be sending printed copies of the Annual Reports to the shareholders. A shareholder who requires a hardcopy of the Annual Report must forward the duly completed Request Form to the secretaries.

The Annual Report, Notice of Meeting, Form of Proxy and Registration Form and the Form of Request will be published on the website of the Colombo Stock Exchange (https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=TJL.N0000) and the website of the Company (www.teejay.com).

(iii) Proxy forms are forwarded to the shareholders together with the Notice of Meeting and Registration form. Proxy forms have been uploaded to the Company's website (www.teejay.com) and should be duly completed as per the instructions given therein and sent to the registered address of the Company or e-mailed to corporateservices@corporateservices.lk .**not less than 48 hours** before the time appointed for the holding of the meeting and the proxy so appointed shall participate at the meeting through audio or audio visual means only.

(iv) The shareholders who are unable to participate at the Annual General Meeting via Zoom could send their queries, if any, to email address corporateservices@corporateservices.lk at any time before the meeting time and the responses to the same will be included in the minutes of the meeting.

(v) Voting in respect of the items in specified in the agenda to be passed will be registered by using the audio or audio and visual means (Zoom) or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.

(vi) Shareholders can use the "Q&A Forum" to communicate your questions/concerns as and when required.

(vii) For any questions please contact Riyas Ahmed of Teejay Lanka PLC on +94 76 603 6366 during office hours.

FORM OF PROXY

*I/We...

.... of ....
being a shareholder/shareholders of Teejay Lanka PLC do hereby appoint.

1. Mr A D Ajit Gunewardene or failing him,
2. Mr Mohamed Ashroff Omar or failing him,
3. Mr M Okutomi or failing him,
4. Mr Hasitha Premaratne or failing him,
5. Mr Kit Vai Tou or failing him,
6. Mr William (Bill) C McRaith or failing him,
7. Mr Shrihan B Perera or failing him

....of...

as *my/our Proxy to attend and vote/speak at the Annual General Meeting of the Company to be held online via a virtual platform on 27 June 2025 at 3.00pm held and at any adjournment thereof.

	For	Against	Abstain
1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company For the financial year ended 31 March 2025 together with the Report of the Auditors thereon.			
2. To re-appoint Messrs Deloitte Partners as the auditors of the Company and to audit the financial statements for the ensuing Year and authorize the Directors to fix their remuneration.			
3. To declare a final dividend of LKR 1.60 per share as recommended by the Board			
4. To re-appoint as a Director Mr M A Omar in terms of section 210 of the Companies Act No. 07 of 2007			
5. To authorize the Directors to determine contributions to charities			

Signed this .... day of 2025

....
Signature/s

Note: Instructions as to completion are noted on the reverse hereof.

Instructions as to completion

1. Kindly perfect the Form of Proxy after filling in legibly your full name, address and sign in the space provided. Please fill in the date of signature.
2. Please return the completed Form of Proxy to the Company after crossing out one or the other of the alternative words indicated by the asterisks on the body of the Form and by indicating with an "X" in the space provided against each resolution, the manner in which you wish your vote to be cast.
3. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him.
4. In the case of a Corporate Member, the Form must be completed under its Common Seal, or signed by its attorney or by an officer on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any such attorney or officer.
5. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
6. The completed Form of Proxy should be deposited at the Registered Office of the Company, Block D8 – D14, Seethawaka Export Processing Zone, Avissawella not less than forty eight (48) hours before the appointed time for meeting
7. If there is any doubt as to the manner in which the proxy should vote by reason of the manner in which instructions in 2 above have been carried out, the proxy holder will vote as she/he thinks fit.
8. A shareholder appointing a proxy (other than a director of the Company) to attend the meeting should indicate the proxy holder's National Identity Card (NIC) number on the Form of Proxy and should instruct the proxy holder to bring his/her National Identity Card to the Meeting.

CORPORATE INFORMATION

NAME
Teejay Lanka PLC

LEGAL FORM
A public quoted Company with limited liability, incorporated on 12 July 2000.

COMPANY REGISTRATION NO.
PV 7617 PB/PQ

STOCK EXCHANGE LISTING
The issued Ordinary Shares of the Company was listed on the Main Board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011.

REGISTERED OFFICE
Block D8 – D14,
Seethawaka Export Processing Zone,
Avissawella.

DIRECTORS
Mr Ajit Damon Gunewardene – Chairman
Mr Mohamed Ashroff Omar
Mr Hasitha Premaratne
Mr Shrihan Blaise Perera
Mr William (Bill) C McRaith
Mr Masaru Okutomi
Mr Kit Vai Tou

SECRETARIES
Corporate Services (Private) Limited
216, de Saram Place,
Colombo 10.
Sri Lanka

AUDITORS
Deloitte Partners
No. 100, Braybrook Place,
Colombo 02,
Sri Lanka

ATTORNEYS
F J & G de Saram
Attorneys-at-Law
216, de Saram Place,
Colombo 10,
Sri Lanka

BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
ICICI Bank Limited
Deutsche Bank AG
Canara Bank
Bank of China
Commercial Bank of Ceylon PLC
People's Bank
Bank of Ceylon
Nations Trust Bank PLC
National Development Bank PLC
Hatton National Bank
DFCC Bank PLC

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