A HERITAGE OF STRENGTH

DRIVING SUCCESS

Reflecting on a year of transformation, resilience, and strategic foresight in a dynamic landscape, we’re relying on our inherent strengths to steer us into new horizons and achieve our goals.

Chairperson's Message

(GRI 2-22)

On behalf of every Spensonian, I pay tribute to our late Chairman, Deshamanya D.H.S. Jayawardena, whose sagacity and visionary leadership were instrumental in transforming Aitken Spence into the diversified conglomerate it is today. Renowned for his legendary work ethic and business acumen, he led the Group with foresight and calculated risk-taking over the span of 22 years. From my earliest childhood, I was honoured to shadow this business icon on his many site inspections, team discussions, and business negotiations, which marked his journey as an entrepreneur. He guided Aitken Spence's transformation from a company primarily based in Sri Lanka and Maldives to a multinational enterprise with operations in twelve countries, spanning from East Africa, Asia, Middle East to the South Pacific. He was a believer in harnessing the transformative power of technology to drive higher productivity and efficiency. He was an early champion of sustainability, setting in place the framework to integrate environmental and social responsibility into our corporate strategy. With businesses across multiple sectors, he actively contributed to shaping Sri Lanka's economic development through infrastructure investments in key growth sectors. He leaves behind an enduring legacy of integrity, accountability and a commitment to the pursuit of excellence that will guide Aitken Spence for generations to come.

I step into the role of Chairperson with a profound respect for the 156-year legacy of the Group. I am humbled and honoured by the trust placed in me by the Nominations and Governance Committee, the Shareholders and the Board of Directors, to be a part of something truly unique - a company with an ethos of making diamonds from the rough. I step into this role with a clear purpose, armed with the many nuggets of wisdom imparted over the years by the late Chairman and the Group Leadership. I have every confidence in the exceptional capabilities of our multi-generational, multicultural team of Spensonians, ably guided by the Group Supervisory Board and the Management Council. My career within the Group, which began as an intern, led to my decade long tenure as an Executive Director, Joint Deputy Chairperson and Joint Managing Director, facilitating a seamless transition into my current position as Executive Chairperson of Aitken Spence PLC.

PERFORMANCE

I am pleased to announce that our Company reported a strong earnings growth of 61.3%, delivering a profit after tax of Rs. 7.2 billion. Profit before tax of Rs. 10.8 billion represented a year-on-year growth of 61.0%, supported by improved operating profits and reduced finance costs. Economic recovery in Sri Lanka, along with low inflation, favourable interest rates and the appreciation of the Sri Lankan Rupee against the U.S. Dollar provided a stable operating environment for business growth. The renewed vibrancy of the Sri Lankan tourism sector was a key contributor to improved operating profits as occupancy and room rates increased as a result of higher visitor arrivals. Export and import volumes also recorded healthy growth, albeit from a low base, as global and local demand improved as consumer and investor confidence stabilised.

Revenue for the year amounted to Rs. 95.1 billion, marking a marginal decline of 2.5% compared to the previous year. This decline was largely attributed to the reduced contribution from the power segment, following the cessation of operations at the thermal power plant. Furthermore, the apparel manufacturing segment underperformed, while the appreciation of the Sri Lankan Rupee adversely affected USD-linked revenues in the Tourism and Maritime and Freight Logistics sectors.

Critically, the Group's financial position demonstrated strengthened liquidity and a lower debt profile, enhancing its ability to withstand potential external shocks. The combination of reduced debt levels and lower interest rates enabled the Group to secure new borrowings in both USD and LKR on more favourable terms.

The Tourism sector was the highest contributor to both Group revenue and profit before tax, buoyed by strong growth in tourist arrivals, enabling the sector to record 59.5% growth in profit before tax for the year. The primary driver of profit

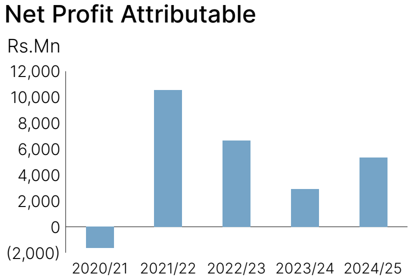
Chairperson's Message

growth was the strong performance of the Group's Sri Lankan hotels and destination management segment. Occupancy was particularly strong at the Group's beachfront properties in the southern region, a reflection of Sri Lanka's renewed appeal as a sought-after destination. The Sri Lankan hotel segment also benefited from lower interest rates and reduced operating costs, contributing to enhanced profitability. The Group's Tourism sector recorded a profit after tax growth of 92.3%, in line with the overall increase in tourist arrivals to Sri Lanka.

"OUR PEOPLE ARE THE FOUNDATION OF OUR SUCCESS. WHEN WE EMPOWER THEM TO LEAD THEMSELVES, WE UNLOCK THEIR POTENTIAL TO DRIVE LASTING, MEANINGFUL GROWTH THAT REFLECTS OUR VALUES, SERVES OUR COMMUNITIES, AND SHAPES A MORE SUSTAINABLE FUTURE."

The Sector achieved profitability growth by aligning with global sustainability trends and enhancing value-added experiences for high-end travellers. Strategic focus was placed on luxury and wellness offerings that integrated cultural and community-based elements, appealing to premium market segments. Operational expansion into new international markets was supported by robust destination management capabilities, which enabled efficient handling of large passenger volumes. Strategic airline partnerships further stimulated inbound demand and improved connectivity. Hospitality providers increased occupancy and revenue by offering immersive and experiential services tailored to evolving traveller preferences. The meetings, incentives, conferences, and exhibitions (MICE) segment rebounded through the successful hosting of high-profile corporate events. Brand elevation efforts included hosting influential industry gatherings and promoting domestic travel through curated packages, reinforcing the destination's appeal and resilience.

Net Profit Attributable



The Maritime and Freight Logistics sector also continued to demonstrate its strategic importance, ranking as the second-highest contributor to Group profit before tax. Although the sector recorded a marginal decline of profit before tax of 7.2%, this was primarily due to increased interest costs associated with the financing of the newly integrated container warehouse, and a subdued performance in the freight and ship agency businesses. However, the strong contribution from our diversified regional presence, particularly in freight and GSA operations, helped mitigate these impacts, underscoring the sector's resilience.

Effective planning and service delivery enabled Qatar Airways Cargo to maximise capacity utilisation between Sri Lanka and Maldives, achieving a dominant market share in Sri Lankan export cargo. The Bangladesh segment recorded strong growth due to rising demand and efficient operations. The sector adapted to global disruptions by optimising capacity and collaborating with port authorities. Investments in digital technologies improved operational efficiency and customer service.

The Strategic Investments sector also recorded several positive developments during the year. This diverse segment comprises the printing and packaging, power generation, plantations and apparel segments.

The printing and packaging segment delivered a strong year-on-year performance, driven by increased demand from the recovering local FMCG sector. The performance driven culture of this segment was strengthened with process reengineering, improved marketing capabilities and strategic hiring of industry experts in core areas.

The power generation segment also contributed positively, supported by improved collections and the reversal of provisions made previously for long-outstanding receivables from the Ceylon Electricity Board. Additionally, the settlement of short-term working capital facilities helped reduce interest expenses and further strengthened the balance sheet. After the expiration of the power purchase agreement of Ace Power Embilipitiya (Pvt) Ltd, the company continued to operate the 100 MW Embilipitiya thermal power plant solely at the request of the Ceylon Electricity Board (CEB), to help address the country's power shortages, particularly during the period from 2016 to 2021. The Group has now decided to dispose of the power plant and will focus on investing in renewable energy in the future.

The plantations segment delivered a resilient performance despite ongoing challenges, including rising wage pressures and escalating input costs. This positive outcome was largely driven

Chairperson's Message

by the strong performance of the key crops and the berry initiatives. Notably, the berry project continued to exceed expectations, contributing significantly to profitability through enhanced yields, quality improvements, and growing market demand. The segment's ability to sustain performance amidst cost pressures reflects the success of its strategic diversification into niche markets and non-traditional products as well as productivity-enhancement efforts.

However, the gains from power generation, printing and packaging and plantations were offset by the significant underperformance of the apparel manufacturing segment, which is currently undergoing a strategic transition in its product portfolio. Initial costs associated with this transition, coupled with shifts in customer profiles and product mix that impact factory efficiency, weighed heavily on segment profitability. The appreciation of the Sri Lankan Rupee against the US Dollar, together with elevated capital expenditure, also contributed to increased interest expenses for the segment. It has reduced dependency on the US market and a single customer by expanding into India, EU and UK markets with multiple new clients.

The Services sector recorded a decline in profitability compared to the previous year, despite steady contributions from property development, insurance, and the commencement of operations at Port City BPO (Private) Ltd., which generated nearly 2,000 employment opportunities. Port City BPO, operating under the Colombo Port City Economic Commission, delivered a positive first-year performance within a supportive regulatory environment. However, the sector's overall performance was adversely affected by cost overruns in the elevator segment and exchange rate volatility, particularly the upward appreciation of the Sri Lankan rupee against the US dollar, which led to a loss in the money transfer business and weighed on the sector's profitability.

VALUE TO SHAREHOLDERS

I am pleased to report that the Group delivered a strong performance during the year, reflecting both improved profitability and strengthened financial fundamentals. Earnings per share increased to Rs. 13.13 from Rs. 7.21, while return on equity rose to 7.06% from 3.95%, indicating improved profitability and greater value delivered to shareholders.

Total equity attributable to shareholders increased by 4.6% to Rs. 77.2 billion, reinforcing the Group's capital base and capacity for long-term value creation. A continued focus on cost discipline and capital efficiency saw the Group's debt-to-equity ratio improve from 0.45 to 0.38, signaling a more robust and sustainable financial position.

We generated strong operating cash flows of Rs. 13.2 billion, supporting our investment priorities and dividend commitments. The Group also concluded the year with a significantly improved cash position, enhancing our financial flexibility going forward.

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

In recognition of this performance, the Board has recommended a dividend of Rs. 4.00 per share.

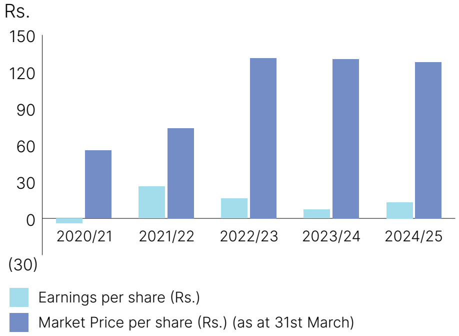
LEADERSHIP, GOVERNANCE AND RISK MANAGEMENT

Aitken Spence PLC and listed Group companies effected the changes necessary to comply with Listing Rule 9 of the Colombo Stock Exchange which came into effect during the year. This included changes to the composition of the Boards, Board Committees, Terms of Reference and Revision and transparent publishing of policies. The Group Supervisory Board, comprised of the executive directors and corporate management of the Company, has played a key role in carrying out the detailed reviews and ensuring that we delivered on strategic priorities and goals, assisting the Board with the discharge of their oversight responsibilities.

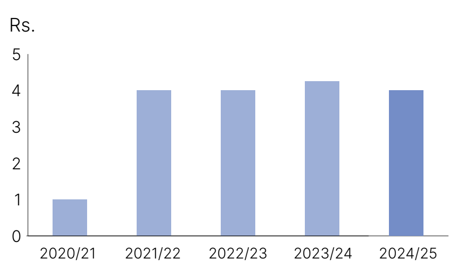
The balance of the Board was preserved with the appointment of Mr. M.R. Mihular, formerly Independent Non-Executive Director, to the post of Senior Independent Director, upon my appointment as the Chairperson of the Group. We also welcome to the Board Mr. P. Englisch, Mr. C.J. Sevilla and Dr. R. A Fernando as independent non-executive Directors, and we welcome back Mr. C.H. Gomez as a Non-Independent Non-Executive Director. Their valuable skills and experience in international finance and financial markets enhance the diversity and depth of expertise on the Board.

The Group strengthened oversight of risk management during the year to build a more risk aware culture within the Group and will continue to enhance the scope, capabilities and processes for risk management to navigate an increasingly volatile business landscape. The enduring success of the Group has been founded upon seizing opportunities for growth, transitioning from prudent risk taking to delivering value to multiple stakeholders across 12 different countries.

Earnings per Share vs Market Price per Share

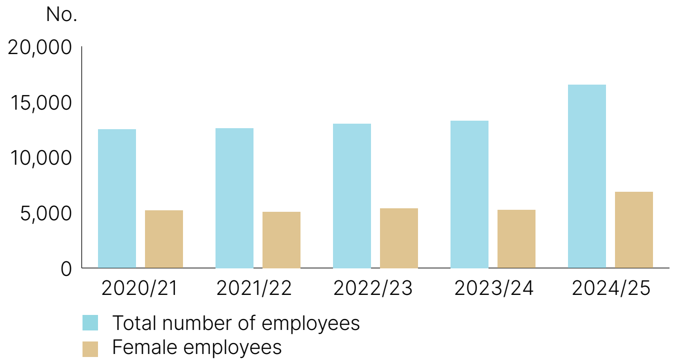


Dividends Per Share



Chairperson's Message

Employees and Female Representation



PURSUIT OF EXCELLENCE

Aitken Spence PLC entered the Hall of Fame at the Best Corporate Citizen Sustainability Awards, organised by the Ceylon Chamber of Commerce. We are honoured to be the overall winner for 2024, while also securing the Grand Slam Award for sustained excellence in sustainable business practices. Aitken Spence is the only Sri Lankan company ranked among the Top 10 Corporate Citizens for 19 consecutive years, demonstrating our commitment to environmental stewardship, social responsibility, and stakeholder value. Our operations were acknowledged by LMD Magazine, with the Group receiving 28 awards, placing Aitken Spence among Sri Lanka's Top 20 Most Awarded Companies. Internationally, we received recognition at the Global Best Employer Brand Awards by the World HRD Congress as a Best Employer Brand and for Workplace and People Development. These accolades validate our focus on sustainable development, operational excellence, and people-centric values, enhancing our reputation and stakeholder trust.

FROM TRADITION TO TRANSFORMATION: A CULTURE THAT EVOLVES

At the heart of our success lies our people, the driving force behind our progress and resilience. The Group harnesses the strengths of five generations, creating an inclusive, collaborative culture committed to excellence and innovation. This synergy blends experience with fresh perspectives, fostering a workplace where everyone feels valued and empowered. We invest in building a robust talent pipeline through succession planning, mentoring, and talent retention strategies. Our human resources agenda supports continuous learning, digital enablement, and employee engagement. Enhancing the employee experience remains a priority, with initiatives to listen, respond, and act on feedback. This culture of improvement and shared purpose enables our people to shape the Group's future, sustaining our legacy while moving forward with confidence.

DRIVING LONG-TERM VALUE THROUGH RESPONSIBLE GROWTH

The Aitken Spence Group is a signatory to the United Nations Global Compact (UNGC) and the Women's Empowerment Principles for over 20 years and reaffirms its commitment to upholding these principles. Together with the seven relevant Sustainable Development Goals, these principles underpin the Group's sustainability agenda and are integrated across our operations through a strong policy framework which influences our culture and business practices, shaping sustainable value creation processes.

I am pleased to confirm that the Board has reviewed and committed to the Science Based Targets initiative (SBTi), aiming for net-zero emissions by 2030. Our near-term targets, submitted to SBTi for validation, include the strategic phase-out of commercial thermal power generation and targeted reductions in transport emissions by 2030. The Group has decided to divest its 100 MW thermal power plant in Embilipitiya and will continue to expand its renewable energy portfolio.

Recognising the heightened risks posed by global geopolitical and economic uncertainties, the Group is actively advancing its supply chain resilience strategy. Key initiatives include reducing reliance on single-source suppliers and ensuring ESG principles are fully integrated across the supply chain, enabling the Group to adapt swiftly to disruptions and capitalise on emerging opportunities.

We also introduced strategic initiatives under our Disaster Risk Reduction and Business Continuity Management (DRR/BCM), as climate resilience becomes a key consideration on global risk maps. The Group's disaster impact map was compiled and shared publicly, as a service to assist organisations in assessing sustainability and climate-related risks, aligned with global reporting advancements.

The Group also continues to build awareness of the need for sustainable innovation, strategic collaboration and sharing of best practices, both internally and externally, to minimise our environmental footprint, and prioritise inclusive growth, human rights, and community empowerment. As acknowledged leaders in sustainability, we are committed to upholding our legacy of Responsible Stewardship, inspiring meaningful and transformative action and delivering change throughout our value chain.

OUTLOOK 2025

As of late May 2025, Sri Lanka, along with many other emerging economies, continues to feel the ripple effects of the United States' announcement of sweeping reciprocal tariffs on 2nd of April. While global markets have shown partial recovery, heightened volatility and uncertainty persist, posing risks to trade-dependent economies like Sri Lanka. Possible retaliatory measures by major trading partners further intensified concerns of a prolonged trade war, which could disrupt global supply chains and weaken demand in key export markets. For Sri Lanka, these developments raise the potential for reduced export earnings, foreign investment flows, and increased pressure on macroeconomic stability.

Chairperson's Message

Sri Lanka made significant progress in 2023 and 2024, recording a GDP growth of 5% in 2024, surpassing expectations. GDP growth is forecast at 3.5% for 2025 and 3.1% for 2026. However, we operate in an interconnected world and are relatively more vulnerable to shocks due to high dependency on imports and exports for the smooth functioning of the economy. Reciprocal tariffs imposed on Sri Lanka, among the highest, if continued could lead to a significant negative impact on the country's exports earnings. We support the government's efforts to positively and productively engage with the US to mitigate the impact on Sri Lanka through successful negotiations.

The Group is proactively assessing new investment opportunities and regional partnerships to expand our operations to new countries and new sectors. We are actively exploring a number of prospects in the Maritime and Freight Logistics sector in Bangladesh and in Sri Lanka. All potential investments will be subject to rigorous review and reassessment, in light of the evolving global and local dynamics prior to any resource commitment.

This year, we rebuilt resilience and strengthened our liquidity position placing us on a solid footing to navigate future uncertainties with greater confidence. The global landscape continues to shift with deepening geopolitical changes, and a period of stabilisation is essential to enable a more informed assessment of the country's outlook and a recalibration of the Group's medium and long-term strategic direction.

As we move forward, our focus remains on identifying opportunities that align with our strategic priorities and long-term sustainability goals. In particular, the commitments we have made towards achieving net zero emissions have opened new avenues for innovation, collaboration, and low-carbon transformation. We are actively exploring opportunities both locally and internationally that enable us to reduce emissions while enhancing our competitive advantage and long-term value creation. Sustainability is not just a compliance requirement; it is central to how we define future growth. We remain agile and vigilant, ready to act decisively when the right opportunities emerge.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to mark the extraordinary contributions of Mr. Bhathiya Bulumulla, a member of our Management Council, who joined Elpitiya Plantations PLC more than 25 years ago. His tragic passing earlier this year has resonated throughout the Group, but his exemplary service, innate sense of fair play, and relentless optimism leaves behind a fitting testimony that will shape and inspire our Group for years to come.

I am deeply honoured by the confidence placed in me to carry on the 156-year legacy of this prestigious conglomerate, which has shaped our country's economy. I look forward to leading the Aitken Spence Group, where I have had such an enriching and stimulating experience from the moment I stepped into the company as an intern. Joined by a diversely talented leadership team, with a combined experience of 570 years, we will foster creativity, innovation and service excellence in all we undertake. I look forward to implementing a long-term vision of transformation and sustainability to the unique tapestry of incredible entrepreneurial opportunities before us.

I wish to thank Mr. M. A. N. S. Perera for his contributions during his tenure on our board. I wish to extend my deep gratitude to an exceptional leader, Dr. Parakrama Dissanayake, Deputy Chairman and Managing Director; to Dr. Rohan Fernando and Ms. Nilanthi Sivapragasam (Members of the Group Supervisory Board), as well as the Members of Management Council, whose rich and diverse experience steered the Group through to deliver a profitable year. It is a testament to the continued support and effectiveness in implementing relevant strategies of the Group. I am also immensely grateful for the sound counsel, valuable insights and guidance imparted by the late Chairman, Deshamanya D. H. S. Jayawardena and the Members of the Board during the financial year under review.

My wholehearted gratitude to every Spensonian for your dedicated commitment, clearly evident in the resilient growth and profits delivered, as once again we weathered the challenges and hurdles of the year.

Thank you to our strategic business partners, principals, joint venture partners, bankers, suppliers and stakeholders for your continued support and unwavering confidence in us. We are extraordinarily privileged to have you by our side and your guidance has been invaluable.

Lastly, I must convey my deep appreciation to our shareholders and loyal customers. Your faith, loyalty, and trust in us have been the heart and soul of our success. Our stakeholders are the foundation upon which this Group is built, and I am excited to continue this journey with you, pushing the boundaries of excellence in our quest for creativity, innovation and service excellence.

Ms. D.S.T Jayawardena
Executive Chairperson

6th June 2025

Deputy Chairman and Managing Director's Message

(GRI 2-22)

Aitken Spence PLC delivered a robust performance, recording a 61.0% year-on-year growth in earnings and achieving a profit before tax of Rs. 10.8 billion for the year ended 31st March 2025. This outstanding result reflects the enduring spirit of our people, the agility of our strategic execution, and the strength of our long-standing partnerships. The return to political and economic stability in Sri Lanka supported a rebound in underlying demand, while the prevailing low interest rate environment eased funding costs. Our diversified presence across sectors and geographies continued to reinforce the Group's resilience, enabling us to pursue growth opportunities with confidence despite persistent global and local uncertainties.

SHAPING OUR FUTURE

Blessed with the capacity to dream bigger and the resources to make them a reality, the Aitken Spence Group continues to seek opportunities where our expertise can create value at scale by modernising existing industries or by finding solutions to support sustainable growth. Principles of social and environmental sustainability are core to our growth strategy as we seek to navigate a just transition to a low carbon economy. Additionally, careful oversight and deliberation by the Board has been the key to the selection and successful implementation of identified strategies while balancing the risks of many greenfield ventures over the years and we continue to rely on this critical strength to see us through the next decade as well.

The Tourism sector continued to strengthen its market presence by developing new source markets and expanding its management portfolio in line with its asset-light strategy. A significant milestone during the year was the addition of the Rainforest Ecolodge a distinctive property offering a unique experiential stay rooted in sustainability and biodiversity. This addition reflects the Group's commitment to diversifying its tourism offerings while minimising capital intensity, enabling greater flexibility and scalability in operations. By focusing on nature-based, eco-conscious experiences, the sector aims to capture emerging travel trends and attract environmentally conscious travellers from both traditional and new markets.

The Maritime & Freight Logistics sector continued to be a strategic core contributor, with a presence in nine countries. Despite the appreciation of the Sri Lankan Rupee (LKR) against the US Dollar (USD) during the year, which impacted income from foreign currency-denominated operations, our strategic overseas expansion efforts delivered strong results, significantly boosting Group profitability, diversifying revenue streams, and strengthening resilience to domestic market fluctuations. We remain focused on expanding our presence in marine operations through targeted investments in port services, marine logistics, and associated infrastructure. These initiatives support our long-term goal of establishing a robust regional footprint in integrated maritime and freight solutions, underpinned by our proven expertise and growing operational capabilities.

Port City BPO (Pvt) Ltd, our joint venture with Iris Technology Ventures Sdn Bhd of Malaysia, achieved a significant milestone in its first full year of operations by creating nearly 2,000 employment opportunities and delivering a profitable performance. The venture is expected to expand further in the coming year. By catering to specialised client requirements across five countries, it also contributed to the country's foreign exchange inflows. This initiative has not only enhanced the Group's growth trajectory but also supported the broader objective of strengthening national economic resilience.

Elpitiya Plantations PLC, an equity-accounted investee under the Strategic Investments sector, has embarked on a new phase of innovation through its investment in a technology-driven agricultural solutions provider. This initiative is set to play a pivotal role in transforming the country's agriculture sector through sustainable innovation. The adoption of AI-powered imaging and drone-enabled targeted fertiliser application supports sustainable farming practices while enhancing resource efficiency and reducing labour intensity. The power generation segment also saw the operations and maintenance of its waste to energy plant being taken over by the Group resulting in considerable cost savings and operational efficiencies.

On sustainability, the Board approved the Group's near-term targets towards achieving net zero by 2030, from a 2019/2020 base year, which have now been submitted to the Science Based Target initiative (SBTi) for validation. I commend the Group's Sustainability Team

Deputy Chairman and Managing Director's Message

that has put this in place, working on developing pathways to net zero with the leadership of each segment and sector as well as getting the commitment from the Group Supervisory Board and the Board of Directors of Aitken Spence PLC. It is noteworthy that the Group's energy per unit of revenue reduced by 12.0% from 2023/2024 reflecting on the collective efforts to improve energy efficiency towards reducing emissions. The Group's concerted efforts to improve resource efficiency also resulted in a 18.7% decline in the water consumption per unit of revenue from 2023/2024.

GLOBAL HEADWINDS

Despite a challenging backdrop of economic and geopolitical disruptions, global growth reached 3.3% in 2024, marginally improving on the 3.2% recorded in 2023. Emerging and developing economies, led by India at 6.5%, outpaced advanced economies, which grew by 1.8%. However, global growth forecasts for 2025 and 2026 have been revised downwards to 2.8% and 3.0% respectively, following the introduction of reciprocal tariffs by the USA.

Trade volumes, which grew by 3.8% in 2024, are expected to moderate to 1.7% in 2025 before recovering to 2.5% in 2026. While oil prices declined significantly, offering some relief, rising non-fuel commodity prices, driven by climate-related disruptions to agriculture added inflationary pressure.

Encouragingly, trade tensions between the USA and China have eased through bilateral negotiations, and a recent ceasefire between India and Pakistan offers hope for improved regional stability. Nonetheless, persistent geopolitical tensions in South Asia continue to pose risks to investor confidence, regional trade, and supply chains.

It is important to note that the impacts of global climate change continue to intensify with increased frequency and intensity of extreme weather events as well as chronic impacts like global warming which has impacted harvests this year. The Aitken Spence Group continues to lead the way in sustainability, establishing sustainable practices across all sectors and steering towards a just transition balancing needs of people and environment with technology adoption.

POSITIVE PROGRESS

Sri Lanka witnessed encouraging macroeconomic progress in 2024, marked by a decline in inflation, which turned negative in September and broad-based growth across agriculture, industry, and services. The easing of inflation enabled a more accommodative monetary policy stance, resulting in a reduction in interest rates.

Improved foreign currency liquidity, supported by increased tourist arrivals, higher inward remittances, the disbursement of the IMF's third tranche, and a 7.2% growth in exports, contributed to greater economic stability. A sovereign credit rating upgrade towards the end of the year boosted investor sentiment, with gross official reserves improving from USD 4.4 billion in 2023 to USD 6.1 billion in 2024.

While the recovery in imports widened the trade deficit, export earnings showed notable gains, particularly in petroleum products, which exceeded USD 1.0 billion for the first time. The Central Bank's shift to a single policy rate framework based on the overnight policy rate enhanced monetary policy transparency and better aligned Sri Lanka with international practices, further supporting efforts to attract foreign investment.

The announcement of reciprocal tariffs by the USA triggered negative reactions across financial markets, with potential spillover effects for emerging economies including Sri Lanka. In response, Government authorities expressed their readiness to engage in dialogue with the United States to ensure fair trade practices. Against this backdrop of global trade uncertainty, Sri Lanka is actively seeking to diversify its export markets and is considering a Free Trade Agreement with China as part of its long-term trade strategy.

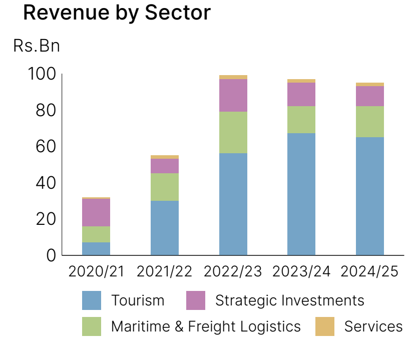
GATHERING MOMENTUM

Group Performance

The Aitken Spence Group recorded a commendable performance, delivering 61.0% growth in profit before tax and 61.3% growth in profit after tax while recording net asset growth of 4.6%. The Group's balance sheet position improved during the year, with the debt-to-equity ratio strengthening from 0.45 times to 0.38 times. This improvement was primarily driven by the settlement of long-term borrowings. Additionally, the receipt of significant outstanding payments from the Ceylon Electricity Board (CEB) enhanced cash flows and facilitated a reduction in short-term borrowings, further reinforcing the Group's overall liquidity position.

The Group's revenue declined marginally by 2.5% to Rs. 95.1 billion during the year. This reduction was primarily attributable to the non-operational status of the thermal power plant, which had contributed significantly in the previous year. In addition, the apparel manufacturing segment recorded lower revenue due to subdued demand and operational constraints. The appreciation of the Sri Lankan Rupee further impacted USD denominated revenue streams, particularly affecting the revenue recorded by the destination management segment, maritime and freight logistics sector and overseas operations. The combined effect of these factors led to a broad-based decline in revenue across several key business segments.

Revenue by Sector



Deputy Chairman and Managing Director's Message

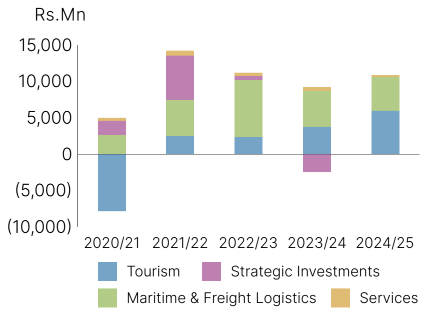
Although the year-on-year appreciation of the Rupee vis-a-vis the USD at the close of the year is a mere 1.3% the quarterly movements of the Rupee to USD had a significantly higher volatility. These fluctuations adversely impacted revenue, resulting in lower Rupee-denominated income and reduced conversion value of earnings from overseas operations. Despite flat revenue performance, the Group's operating profit increased by 11.7% year-on-year to Rs. 14.8 billion. This improvement was partly due to the exchange rate impact, which reduced USD-denominated costs, partially offsetting the effect it had on revenue. Additionally, effective cost management and lower foreign currency translation losses contributed to the growth in operating profit.

Finance income and finance expenses declined by 34.0% and 30.6% respectively, leading to a 29.3% reduction in net finance costs, which stood at Rs. 5.5 billion. This was primarily driven by the gradual decline in interest rates over the year.

The Group also recorded a 19.7% increase in the share of profit from equity-accounted investees, reaching Rs. 1.6 billion. These gains contributed to a rise in profit before tax, which reached Rs. 10.8 billion. Reflecting the improved profitability, tax expenses rose by 60.5% to Rs. 3.6 billion, resulting in a profit after tax of Rs. 7.2 billion. Consequently, earnings per share increased from Rs. 7.21 to Rs. 13.13, underscoring the Group's ability to navigate multiple challenges through agile decision-making and the benefit of certain favourable external conditions.

The highest contributor to profit before tax was the Tourism sector followed by the Maritime & Freight Logistics sector which accounted for 54.9% and 42.1% respectively. In the previous year, these two sectors contributed 40.7% and 53.6% respectively.

Profit before Taxation by Sector



A STRONG FINANCIAL POSITION

The Group's financial position remains strong with total assets amounting to Rs. 202.0 billion of which Rs.98.0 billion or 48.5% represented by property, plant and equipment. Total assets are primarily funded by Rs. 89.9 billion in equity and Rs. 65.4 billion in long term and short-term interest-bearing borrowings, which account for 32.4% of the total funding. Total Group bank borrowings declined by Rs. 2.1 billion, driven by scheduled loan repayments and the appreciation of the Sri Lankan Rupee, which positively impacted the value of dollar-denominated debt. The Group's equity position improved on account of increased retained earnings. The working capital cycle shortened, supported by faster collections particularly from the Ceylon Electricity Board (CEB) resulting in improved receivables management. While long-term foreign currency borrowings remained unchanged, there was a marginal increase in short-term foreign exchange borrowings within the hotels and apparels segments.

SECTOR PERFORMANCE

Tourism sector

The Tourism sector performance was boosted by strong growth in the Sri Lankan sector which enabled it to record an increase of 59.5% in profit before tax which amounted to Rs. 6.0 billion for the year under review. Sri Lankan hotels recorded higher occupancy and room rates coupled with lower interest rates which supported profitability. The destination management segment also recorded profit growth despite a marginal decrease in the passengers handled as cruise tourism moderated due to the Red Sea conflicts. The improved performance of the overseas hotels segment in USD terms translated into only a marginal gain in Sri Lanka Rupee terms, due to the appreciation of the Sri Lanka Rupee against the USD. Our hotels in the Maldives recorded a modest increase in occupancy levels during the year. However, heightened competitive pressures necessitated a slight reduction in average room rates to sustain market share. Hotels in India and Oman saw improvement in occupancy and average room rate though Turyaa Chennai recorded a decline in profitability with Al Falaj Oman continuing to report losses. Energy consumption per unit of revenue increased by 9.6%, while water consumption per unit of revenue improved significantly, recording a 28.5% reduction.

Maritime & Freight Logistics sector

The Maritime & Freight Logistics sector recorded profit before tax of Rs. 4.6 billion which was 7.2% below the amount recorded in the previous year as this sector was also adversely affected by the appreciation of the Sri Lanka Rupee and the drop in margin in certain segments due to stiff competition. The sector generally being a net finance income generator was adversely impacted due to lower interest rates deriving a reduced finance income while the finance cost witnessed a 61.5% increase owing to the funding obtained for the new warehouse complex constructed at Mabole.

The freight forwarding segment saw an improvement in revenue but due to the pressure on margins owing to competition and the increase in costs resulted in a decrease in profits. However, the freight forwarding operations carried out in Bangladesh saw a significant improvement in profitability due to volume growth. The ship agency business was also impacted by space restrictions out of Colombo due to principals giving space preference to more lucrative routes.

Deputy Chairman and Managing Director's Message

The overseas port management operations maintained its performance level during the year though the contribution to the Group was at a lower level due to the appreciation of the Sri Lanka Rupee. The integrated container segment recorded a significantly higher operational profit with its increased operational capacity with the commencement of commercial operation of its state-of-the-art warehouse facility at Mabole. However, the high interest cost on this investment resulted in lower profit before tax of the segment and the overall increase of finance cost of the sector. The CINEC campus continues to grow its offering and was ranked amongst the best education institutions in the country, in the audit of the non-state universities by the Ministry of Higher Education.

Profits from CINEC grew year-on-year with the introduction of new contemporary courses. The sector recorded an impressive 15.5% reduction in energy consumption per unit of revenue, along with a 14.6% reduction in water consumption per unit of revenue.

Strategic Investments sector

The Strategic Investments sector reported a loss of Rs. 36.0 million for the year, a marked improvement over the previous year's Rs. 2.5 billion loss. This positive change was driven by the power generation segment, which managed to write back Rs. 1.4 billion in provisions due to the settlement of long outstanding dues by CEB and the normalisation of payment cycles. The printing and packaging segment also contributed significantly, recording an impressive growth in profit before tax with a 40.3% increase in impressions and a 5.4% reduction in its direct material cost to revenue, coupled with lower interest rates.

However, the overall performance was weighed down by the apparel segment, which continued to face challenges. The segment's losses offset the gains made by the rest of the sector. Performance in apparel was significantly impacted by ongoing restructuring efforts, which, while necessary, affected near-term results. These initiatives are designed to strengthen the segment's customer value proposition and enhance its long-term competitiveness.

The waste-to-energy power plant recorded improved profitability during the year, with the operation and maintenance (O&M) of the plant being taken over by the company from its foreign O&M contractor. Profitability was also boosted by the normalisation of the cash cycle and reduced market interest rates, which combined to reduce overall interest costs.

The plantations segment faced challenges due to a wage increase during the year, leading to higher costs of production and an increase in retirement benefit provisions. The Net Sales Average (NSA) for tea performed relatively well in 2024 but moderated in 2025 with buyer patterns slowing down due to world uncertainties. The wage increase had a significant impact on Oil Palm operations, with the increase in cost of production being at a much higher rate than the increase in NSA the plantation has been able to secure.

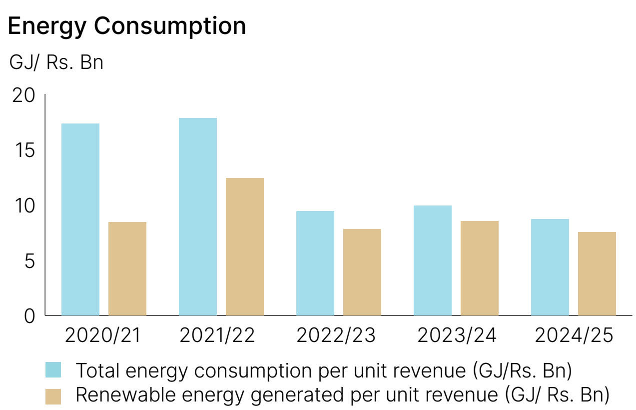
Despite these challenges, there is hope for the future. The berry cultivation activity has recorded the highest-ever profits during the year since the commencement of this project. The positive contributions from the printing and packaging and power segments, along with the ongoing restructuring efforts in the apparel segment, are designed to strengthen the sector's customer value proposition and enhance its long term competitiveness. The sector showed an impressive 26.7% reduction in energy consumption per unit of revenue, although water consumption per unit of revenue increased twofold.

Services sector

The insurance segment performed well during the year with an increase noted in the volume of business and the values of sums insured. The performance of the elevators segment was adversely affected during the year due to significant costs incurred on one of its key projects, which had not been anticipated. The profitability of the money transfer segment was also adversely impacted due to the lower gain recorded on foreign exchange. The Group's latest investment in BPO operations returned healthy profits for the year reflecting the potential of this venture. The declines in the performance of the elevators segment and the money transfer segment resulted in an overall 37.5% decline in the profit before tax of the sector. Energy consumption per unit of revenue rose by 14.0%, accompanied by a near twofold increase in water consumption across the sector.

EMPLOYEES

Employees have been key to nurturing the legacy bequeathed by previous generations of Spensonians, upholding values and traditions that differentiate the Aitken Spence Group. The Group



Deputy Chairman and Managing Director's Message

continues to focus on the importance of ensuring that employee value propositions are reviewed and aligned to the Group's long-term goals as we progress on the transformation journey. Accordingly, the Group's succession plan was updated to ensure leadership continuity. The Group also focused on development of senior leadership through the Aitken Spence School of Management. New resource pools were introduced to meet the growing needs of the Group. Efforts are underway to ensure that the employee experience is enhanced through transparent practices and digital transformation of routine processes. We continue to recognise exceptional contributions at the Global Best Employer Brand Awards, strengthening the Group's aspiration to be an Employer of Choice.

GOVERNANCE

Aitken Spence demonstrates a strong commitment to ethical conduct and sustainability. The Group enforces a zero-tolerance policy towards bribery and corruption, ensuring ethical behaviour across the value chain. Members of the Group Supervisory Board and Management Council, along with key personnel, have participated in training programmes led by experts on anti-bribery and anti-corruption measures. As one of the first signatories to the UN Global Compact from Sri Lanka, the Group continues to uphold its ten principles encompassing human rights, labour standards, environmental stewardship, and anti-corruption for over two decades. Recognised among the Top Ten Corporate Citizens of Sri Lanka for 19 consecutive years, Aitken Spence earned the title of 'Best Corporate Citizen 2024' and entered the Hall of Fame with the Grand Slam award for winning the title five times, at the honours awarded annually by the Ceylon Chamber of Commerce.

As part of the way forward in sustainability, key teams have carried out gap assessments and undergone training to comply with IFRS S1 and S2 mandated for implementation in Sri Lanka, reflecting the Group's dedication to aligning with global standards and enhancing the quality of sustainability and climate-related disclosures. Additionally, the establishment of a Sustainability Council underscores the commitment to improving governance and driving sustainability efforts.

BRANDING & CORPORATE COMMUNICATION

Our continued focus on strategic branding and transparent corporate communication has been instrumental in strengthening our market presence across the 12 geographies we serve. With over 50,000 customers, the trust placed in us reflects our unwavering commitment to integrity and long-term stakeholder engagement. This year, every company within our Group achieved positive Net Promoter Scores (NPS), a clear indication of strong customer loyalty and satisfaction.

We also made significant strides in expanding our digital media presence, enabling us to connect more effectively with stakeholders, particularly the younger generations and reinforce the values that define us. As we continue to explore new geographies and business segments, we remain committed to innovation, relevance, and excellence in everything we do.

SUPPLY CHAIN MANAGEMENT

In light of increasing global geopolitical and economic uncertainties, the Group is proactively strengthening its supply chain resilience strategy drawing on decades of operational expertise and a deep understanding of the regions in which we operate. Our initiatives are designed to enhance efficiency, sustainability, and adaptability across the entire supply chain, ensuring continuity and value creation even in the face of disruption.

With a robust network of over 14,000 suppliers across our operating geographies, our supply chain remains a critical enabler of the Group's strategic ambitions, including market expansion, geographic diversification, and our commitment to Net Zero Emissions. Building resilience and embedding sustainability across our supply chain are top priorities, supported by continuous process improvements and greater transparency. In recognition of our ongoing efforts, Aitken Spence was proud to receive the Supplier Relations Category Award at the Best Corporate Citizen Sustainability Awards 2024 for the second consecutive year a testament to our collaborative, responsible, and future-focused supplier engagement practices.

FUTURE OUTLOOK

Transformation of our business operations.

As part of our ongoing commitment to long-term value creation, we have accelerated our Group-wide transformation journey with a sharp focus on driving strategic agility, operational excellence, and future-readiness. Over the past year, we initiated a structured transformation framework that engages all business segments to align with our Group's vision.

A Transformation Steering Committee was established to provide oversight and hold the business segments accountable for progress, ensuring momentum and consistency across the Group. Through targeted diagnostics, capacity building, and data-driven planning, we are reimagining how we operate to enhance productivity, foster innovation, and unlock synergies across the organisation. Alongside process and performance improvements, we are also placing emphasis on the behavioural and cultural shifts required to embed a transformation mindset across all levels. These efforts are supported by strong governance mechanisms and cross-functional collaboration, ensuring that our transformation agenda is deeply rooted in the culture of Aitken Spence. As we move forward, we remain focused on leveraging these initiatives to build a more resilient, responsive, and forward-looking enterprise. Furthermore, we continue to explore investments in renewable energy and further expand the Maritime & Freight Logistics sector in Bangladesh.

Deputy Chairman and Managing Director's Message

TRIBUTE TO DESHAMANYA D.H.S. JAYAWARDENA

It is with deep sadness that we record the passing of our Chairman, Deshamanya D.H.S. Jayawardena during the year under review. He led the Board with wisdom, foresight, and unwavering dedication, leaving a lasting legacy within the organisation. His visionary leadership was pivotal in defining the Group's strategic direction, fostering long-term growth, and upholding the highest standards of governance. A true entrepreneur and an inspiring leader, it was both an honour and privilege to work alongside him and benefit from his guidance and perspective. On behalf of the Board, Management, and Spensonians, heartfelt condolences are extended to his family. His legacy will continue to inspire and guide the organisation in the years ahead.

ACKNOWLEDGEMENTS

I extend a warm welcome to Ms. Stasshani Jayawardena, our new Chairperson, who is no stranger to the Group, having served as Joint Deputy Chairperson, Joint Managing Director, and Executive Director during my tenure. I also welcome the four new Directors Mr. M. R. Mihular, Dr. R. A. Fernando, Mr. Peter Englisch and Mr. C. J. Sevilla who bring diverse expertise and insights to the Board.

We honour the memory of Mr. Bhathiya Bulumulla, Joint Managing Director and Chief Executive Officer of Elpitiya Plantations PLC, and who was also an integral part of the Management Council of Aitken Spence PLC. His steadfast leadership, humility, and quiet strength left a profound and lasting legacy within the Group. He will be deeply missed and warmly remembered by all who had the privilege of working with him.

I wish to thank every Spensonian for their contribution to the team effort that is enumerated in this report. I convey my appreciation of the support extended by our business partners, the patronage of our customers and the confidence of our shareholders. Special mention must be made of the valuable contributions made by the Board, the Group Supervisory Board and the Management Council in steering the Group through to deliver profitable and resilient growth. I look forward to the support of all stakeholders as we look to drive sustainable growth in the year ahead.

Dr. Parakrama Dissanayake
Deputy Chairman and Managing Director

6th June 2025
Colombo