

# Connecting People and Cultures





# CONNECTING PEOPLE AND CULTURES

At John Keells Hotels, our journey has always been shaped by the people who walk alongside us: the guests seeking extraordinary experiences, the colleagues who bring passion to every destination, and the communities that welcome us with open arms. Staying true to our roots while embracing future-forward innovation, we have evolved into a collective of experiences that connect people and cultures across all our locations. This year, we focused on strengthening these connections even further. We expanded our loyalty program to deepen our relationships with guests and communities alike. By investing in the development of our team members, we empower them to deliver personalised, culturally rich experiences that reflect the unique character of each property. Sustainability remains a cornerstone of our operations as we prioritise eco-conscious initiatives that shape our future. Through these efforts, we are not only creating exceptional stays but also contributing to the long-term wellbeing of our environment and local cultures.

At John Keells Hotels, we are proud to be part of a shared journey, connecting people and cultures for a future built on trust and understanding.

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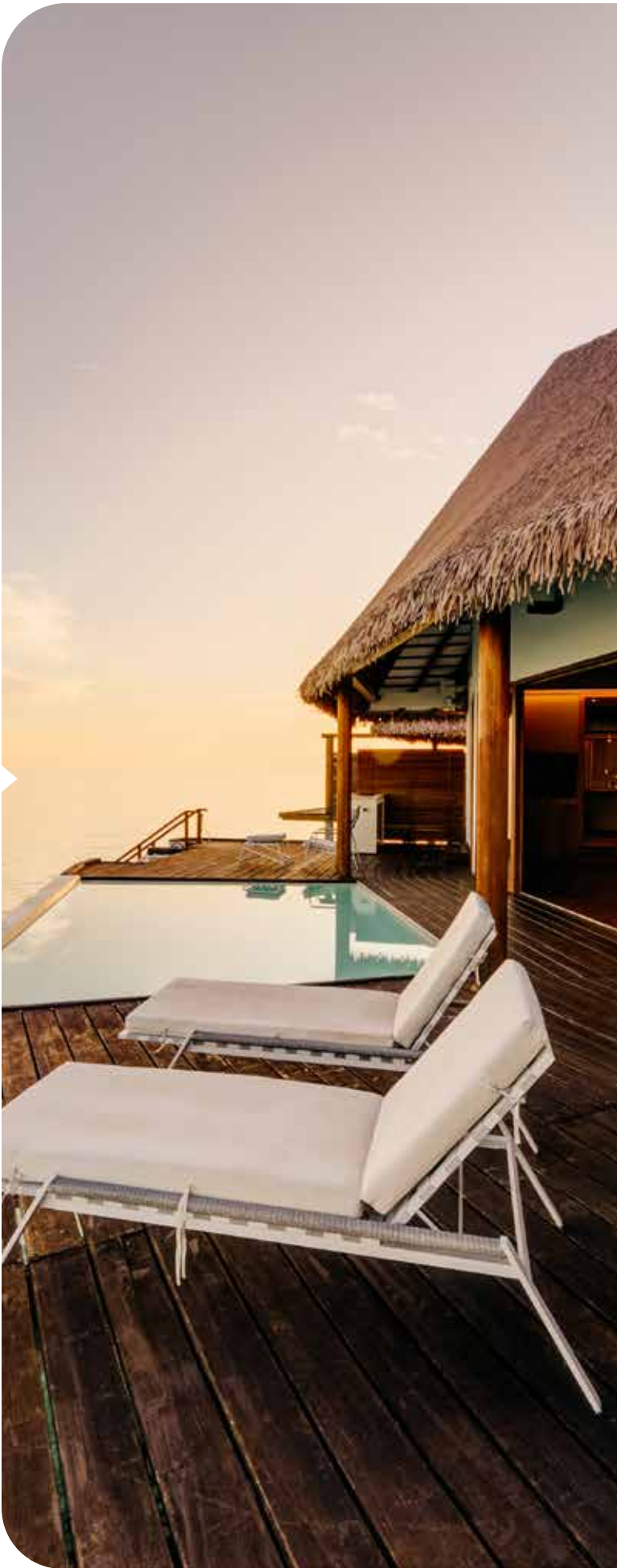
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#### OUR VISION

To bring the best of Sri Lanka to the world with style and elegance



#### OUR PURPOSE

Curate emotional experiences to inspire stories that connect



#### OUR VALUES

Greatness  
Trust  
Compassion  
Inclusivity  
Curiosity  
Wellbeing  
Agility



# ABOUT THIS REPORT

John Keells Hotels PLC's 10th Integrated Annual Report aims to deliver a concise and balanced account of the value created for key stakeholders in the financial year ending 31st March 2025. The Report outlines information about our value creation process, strategy, corporate governance, risk management, financial and non-financial performance, and material developments in the operating environment. The report also provides insights into how we plan to create value in the year ahead.



## Basis of Preparation

This Report covers the operations of John Keells Hotels PLC and its subsidiaries (collectively referred to as 'the Hotels Group'). The Group owns resorts in Sri Lanka and the Maldives, and its head office is based in Sri Lanka.

The Hotels Group adopts an annual reporting cycle, which builds on our previous Report published for the financial year ending 31st March 2024.

Both financial and non-financial information presented in this Report represent a consolidated view unless stated otherwise. The scope and boundary of our Integrated Report are given below.

## Integrated Reporting Boundary

### Financial and Non-Financial Reporting Boundary

Fully Owned Subsidiaries	Partially Owned Subsidiaries	Joint Ventures / Associates
Trinco Holiday Resorts (Pvt) Ltd John Keells Maldivian Resorts (Pte) Ltd Travel Club (Pte) Ltd <i>(100% by John Keells Maldivian Resorts (Pte) Ltd)</i> Fantasea World Investments (Pte) Ltd <i>(100% by John Keells Maldivian Resorts (Pte) Ltd)</i> Tranquility (Pte) Ltd <i>(100% by John Keells Maldivian Resorts (Pte) Ltd)</i> Cinnamon Holidays (Pvt) Ltd Rajawella Hotels Company Ltd Nuwara Eliya Holiday Resorts (Pvt) Ltd Wirawila Walk Inn Ltd Trinco Walk Inn Ltd Ahungalla Holiday Resorts (Pvt) Ltd	Ceylon Holiday Resorts Ltd Hikkaduwa Holiday Resorts (Pvt) Ltd <i>(100% by Ceylon Holiday Resorts Ltd)</i> Resort Hotels Ltd <i>(89.11% by Ceylon Holiday Resorts Ltd)</i> International Tourists & Hoteliers Ltd Beruwala Holiday Resorts (Pvt) Ltd <i>(100% by International Tourists &amp; Hoteliers Ltd)</i> Habarana Walk Inn Ltd Habarana Lodge Ltd Kandy Walk Inn Ltd Yala Village (Pvt) Ltd	Sentinel Realty (Pvt) Ltd Indra Hotels & Resorts Kandy (Pvt) Ltd
Shareholders	Colleagues	Customers
Business partners and Suppliers	Government and Regulatory Bodies	Community



# ABOUT THIS REPORT

## STANDARDS AND FRAMEWORKS APPLIED

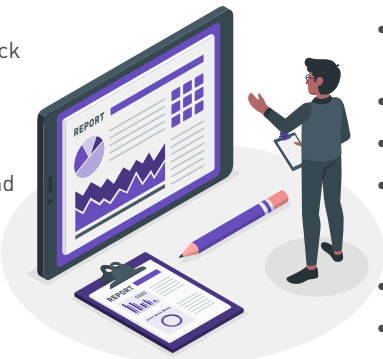
This Report has been prepared in alignment with the following mandatory and voluntary reporting frameworks and standards.

Financial Reporting

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
- The Companies Act No. 7 of 2007
- Listing Rules of the Colombo Stock Exchange
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 including directives and circulars.

Non-Financial Reporting

- ←IR→ Framework
- GRI Universal Standards
- Guidance on Environmental, Social and Governance (ESG) reporting issued by the Colombo Stock Exchange.
- Gender Parity Reporting Framework published by CA Sri Lanka
- TCFD Recommendations
- UN Sustainability Goals
- Code of Best Practice on Corporate Governance 2013, and 2017 and 2023 (to the extent of business exigency and as required by the Hotels Group)
- SASB Standard for Hotels and Lodging
- Benchmarks for environmental parameters - EarthCheck Pte Ltd - Australia



## FORWARD-LOOKING STATEMENTS

This report presents information about the Group’s future operations, financial position and performance to underscore its potential for future value creation. These statements are based on our current understanding, interpretation and expectation of internal and external events. However, since these relate

to future events, they are inherently uncertain in nature and lie beyond our control. Therefore, we recommend that users rely on the latest available information when assessing forward-looking statements, as actual events may differ substantially. The Board and the preparers of this Report assume no responsibility or liability for forward-looking statements.

## ASSURANCE

We adopt a combined assurance approach to ensure the integrity of the financial and non-financial information presented in this Report. Internal assurance is provided through management oversight, while external assurance on financial and sustainability reporting has been sought from Messrs. Ernst & Young, as described below. The sustainability reporting is audited on GRI standards.

Internal Assurance	External Assurance	
	Financial Statements	Sustainability Reporting
Independent assurance report on the Directors’ statement on internal controls	External auditors, Messrs. Ernst & Young	External auditors, Messrs. Ernst & Young
Sri Lanka Standard on Assurance Engagement SLSAE 3050 (Revised)	Sri Lanka Auditing Standards	Sri Lanka Standard on Assurance Engagements SLSAE 3000 (Revised)

## NAVIGATING OUR REPORT

Our Stakeholders

Shareholders

Colleagues

Customers

Business partners and suppliers

Government and regulatory bodies

Community

### Strategy



Grow with  
Intent



Drive Guest  
and Customer  
Personalisation



Cultivate the Best  
People and evolve  
the culture



Operate with  
Excellence



### FEEDBACK

We encourage your comments, feedback and queries and invite you to direct them to:

Rasika Pushpakumara  
Vice President, Finance – Cinnamon  
Hotels & Resorts,  
117, Sir Chittampalam A Gardiner  
Mawatha, Colombo 02

E-mail: [rasikapu@cinnamonhotels.com](mailto:rasikapu@cinnamonhotels.com)

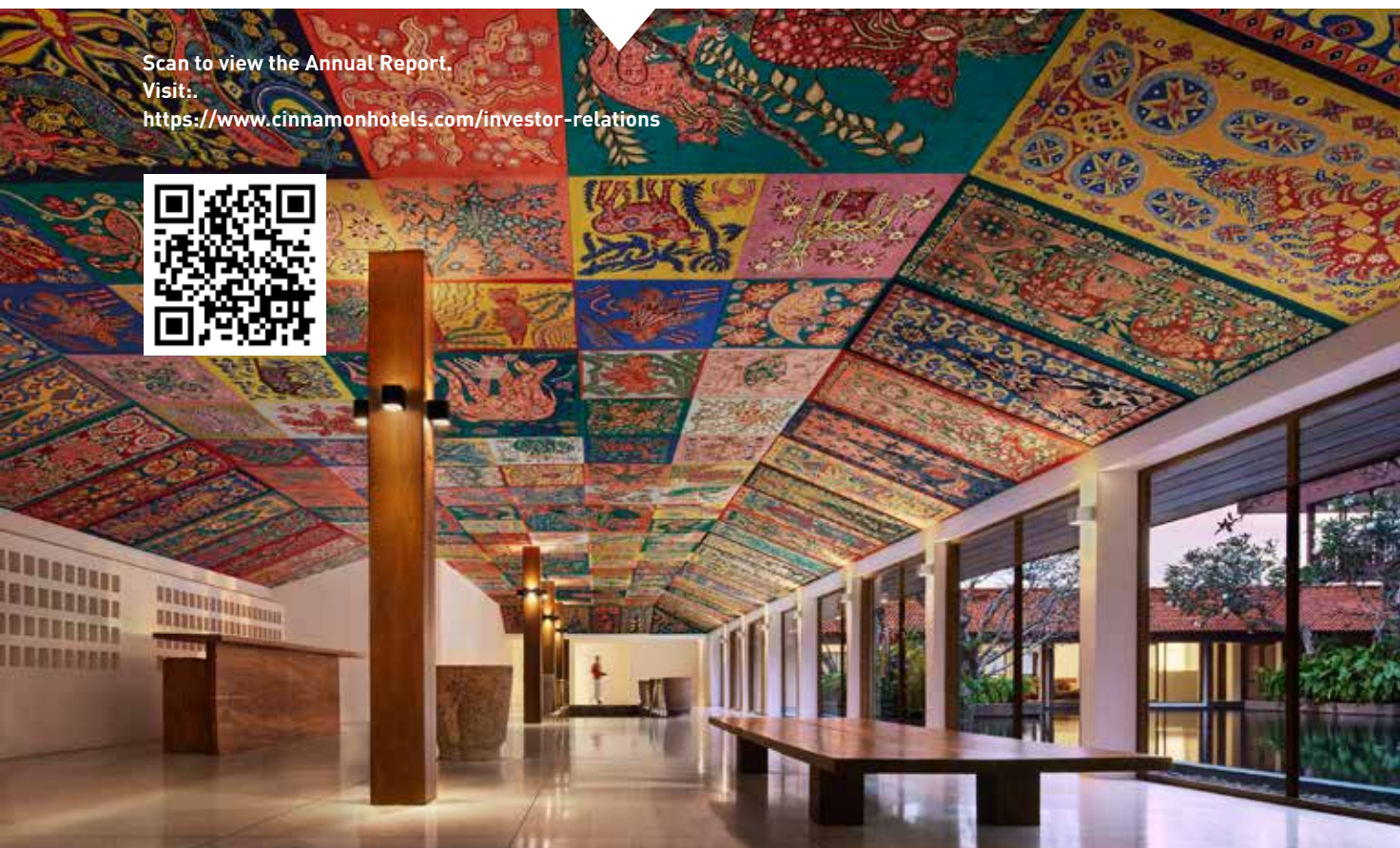
### STATEMENT OF BOARD RESPONSIBILITY

The Directors of John Keells Hotel PLC are responsible for ensuring the integrity of this Annual Report. We, the Board of Directors, hereby confirm that we have reviewed the Annual Report prepared by the Senior Management for the financial year 2024/25 in accordance with the Integrated Reporting  $\leftarrow$ IR $\rightarrow$  Framework. We are of the view that it addresses all relevant material matters and fairly represents the Group's integrated performance. We have authorised and approved the Annual Report 2024/25 for publication on 27 May 2025.

*Krishan Balendra*  
Chairperson  
Board of Directors

*[Signature]*  
Chairperson  
Audit Committee

Scan to view the Annual Report.  
Visit:  
<https://www.cinnamonhotels.com/investor-relations>





## OUR NETWORK

**13**  
HOTELS

**1,687**  
ROOMS

## OUR FINANCIAL PERFORMANCE

Rs. **29,318** Mn  
TOTAL REVENUE

Rs. **7,502** Mn  
EBITDA

Rs. **2,912** Mn  
EBIT

## OUR COMMITMENT

**80%** reduction  
SINGLE USE GUEST FACING PLASTIC  
REDUCTION

**30%**  
FEMALE REPRESENTATION

## OUR PEOPLE

**2,942**  
COLLEAGUES

**17.07%**  
FEMALE REPRESENTATION

# YEAR IN NUMBERS

## STRATEGY SCORECARD - GROUP



### PROSPERITY

KPI-Group	Measure	FY 2024/25	FY 2023/24	% Change
<b>Revenue measures and financial performance</b>				
Group net revenue	Rs.'000	29,318,227	30,739,251	(4.6)
Revenue Per Available Room (RevPAR) growth				
Sri Lanka	%	18	103	
Maldives	%	[3]	6	
EBITDA	Rs.'000	7,501,821	7,753,145	(3.2)
EBITDA margin	%	26	25	
EBIT	Rs.'000	2,912,239	2,858,106	1.9
Profit/(Loss) before tax	Rs.'000	302,007	(65,195)	563
<b>Finance position</b>				
Total assets	Rs.'000	77,662,795	79,899,540	(0.3)
Net debt (excluding lease liabilities)	Rs.'000	19,214,299	21,182,861	9.3
Net debt (including lease liabilities)	Rs.'000	36,360,266	40,572,101	10.4
Total shareholders' funds	Rs.'000	31,583,206	31,284,532	1
<b>Debt-to-equity ratio</b>				
Interest-bearing debt (excluding lease liabilities)/equity	Times	0.67	0.72	
<b>Data per issued share</b>				
Earnings/(loss) per share	Rs.	[0.16]	(0.30)	46.7
Net assets per share	Rs.	21.61	21.41	1
<b>Market/shareholder information</b>				
Market price of share as at 31 March	Rs.	20.20	18.60	8.6
Market capitalisation	Rs.'000	29,414,164	27,084,330	8.6



### PEOPLE

KPI-Group	Measure	FY 2024/25	FY 2023/24	% Change
Female participation in the workforce	%	17.07	15.90	1.17
Female representation in leadership	%	20.49	18.60	1.89
Investment in training	Rs. Mn	96	52	84.6
Average training hours/employee	Hours	75	63	19
Workplace injuries	No.	52	59	12



### PLANET

KPI-Group	Measure	FY 2024/25	FY 2023/24	% Change
Carbon footprint (scope 1 & 2)	tCO <sub>2</sub> e	29,781	19,802	(50.4)
Carbon footprint per guest night	tCO <sub>2</sub> e/GN	19.15	13.16	(45.5)
Water withdrawn	m <sup>3</sup>	671,545	720,545	6.8
Water withdrawn per guest night	Litres/GN	432	479	9.8
Total waste	MT	1,950	2,311	15.6
Waste disposed per guest night	Kg/GN	1.25	1.34	6.7

# CHAIRPERSON'S MESSAGE

## Dear Stakeholder,

On behalf of the Board, I am pleased to share with you the highlights of the Integrated Annual Report and Financial Statements of John Keells Hotels PLC for the financial year ended 31 March 2025.

Our strong performance during the year is a testament to the strength of our core values, the clarity of our strategic direction, and our commitment to people-focused leadership. These pillars continue to guide us as we remain steadfast in our pursuit of long-term, sustainable growth.

## OPERATING ENVIRONMENT

### Global

The UN World Tourism Barometer estimates that international tourist arrivals reached ~1.4 billion in 2024, representing 99 per cent of pre-pandemic levels and an 11 per cent increase over 2023, with 140 million additional trips recorded. Growth was underpinned by the release of the residual pent-up demand, improved air connectivity and the robust rebound of the Asian markets.

### Sri Lanka

The Sri Lankan economy demonstrated a stronger-than-anticipated recovery in 2024, underpinned by robust macroeconomic performance and improved fundamentals that support a sustained growth trajectory. Real GDP recorded a growth of 5 per cent, the highest annual growth rate since 2017, albeit off a lower base. This rebound was primarily driven by the industrial and tourism sectors, bolstered by ongoing structural and policy reforms implemented in tandem with continued fiscal discipline.

Inflation maintained its downward trajectory from 0.9 per cent in March 2024, with the country entering a period of deflation from September 2024 onwards. Inflation reached a low of negative 4.2 per cent in February

2025 before moderating to negative 2.6 per cent by March 2025. Interest rates remained below 10 per cent throughout the period, with a marginal decline across the year reflecting the impact of targeted and accommodative monetary policy measures. The external sector continued to demonstrate resilience, underpinned by a strengthening of official reserves driven by robust growth in exports, tourism earnings, and worker remittances. The combined impact of improved foreign exchange inflows and reserve accumulation contributed to the stabilisation of the Sri Lankan Rupee, which appreciated by ~10 per cent during calendar year 2024. However, a marginal depreciation of ~1 per cent was recorded in the fourth quarter of 2024/25, attributed to short-term market volatility.

The stable socio-economic environment in 2024, following a prolonged period of disruption starting from the Easter Sunday terror attacks in 2019, the pandemic, and the domestic macroeconomic crisis, paved the way for the recovery of the tourism sector. The resurgence of the tourism industry was also aided by robust performance from key source markets and growing confidence among travellers in choosing Sri Lanka as their destination. Sri Lanka's cumulative tourist arrivals for 2024 grew 38 per cent against 2023 and stood at 2.1 million, largely in line with the Sri Lanka Tourism Development Authority's (SLTDA) target, although still approximately 10 per cent below pre-pandemic levels. India emerged as the top source market with over 400,000 arrivals, recording a 38 per cent increase and constituting 20.3 per cent of total arrivals. Russia followed closely with ~200,000 arrivals, comprising 9.8 per cent of total arrivals. Additionally, arrivals from the United Kingdom and Germany also witnessed a resurgence.

### Maldives

In 2024, the Maldives recorded 2.05 million tourist arrivals, reflecting a 9 per cent increase over the 1.88 million

arrivals reported in 2023. Key source markets driving arrivals during 2024 were China, followed by Russia, the United Kingdom, Germany and Italy. The positive momentum continued into 2025, with over 820,000 tourist arrivals recorded between January and April 2025, a growth of 7.6 per cent compared to the same period in 2024, where arrivals from January to April 2024 stood at 772,370.

## A RESILIENT OUTCOME

The Sri Lankan Resorts segment recorded a strong growth in performance, driven by both an increase in occupancies and room rates across properties, on the back of an increase in tourist arrivals to the country. The beach resorts recorded a strong performance, especially in the second half of 2024/25. Revenue per available room (RevPAR) noted an improvement against the comparative period in line with the growth in occupancies and ARR. EBITDA and PBT growth were supported by an increase in revenue and a notable increase in margins, supported by the downward revision of electricity tariffs, strategic initiatives aimed at enhancing operational efficiency and strengthening product offerings undertaken across the properties.

The Maldivian Resorts segment was impacted by a marginal decrease in both ARR and occupancies for 2024/25. However, it is encouraging to witness an uptick in the second half of the year in tandem with peak arrivals during the winter season. Occupancies, although marginally lower, remained resilient despite the high level of competition in the market. It is encouraging to note that occupancies of the Maldivian Resorts segment outperformed the 71 per cent industry average occupancy across all resorts in the Maldives. The impact of the decline in revenue on profitability was further exacerbated by higher taxes and tariffs, particularly from the doubling of the green tax in the fourth quarter of 2024/25. The substantial bad



debt provision following the insolvency filing of a leading European tour operator also weighed on profitability. Performance in LKR terms was further impacted due to the strengthening of the Sri Lankan Rupee and the translation impact therefrom during the current financial year.

The Group reported a revenue of Rs. 29.32 billion in 2024/25, a marginal decline compared to Rs. 30.74 billion recorded in the previous year. Additionally, the Group recorded an EBITDA of Rs. 7.5 billion in 2024/25 as against Rs. 7.8 billion recorded in the comparative period. However, the PBT of the Group recorded was Rs. 302 million in 2024/25 compared to a loss of Rs. 65 million in the comparative year due to savings in interest and depreciation.

## FOSTERING HUMAN POTENTIAL THROUGH A CULTURE OF EMPOWERMENT

This year, our journey to unlock the full potential of our people took meaningful strides. We laid the foundation for future leadership by completing a new structure for succession planning and rolling out key development programs, marking a significant step in our talent pipeline.

Championing diversity remained central to our purpose. Through the EmpowHer campaign and thoughtful conversations with team members across the thirteen hotels, we gathered valuable insights to shape a more inclusive workplace. Leadership teams actively joined the dialogue to explore how we can further increase female participation in the year ahead.

Our values were not merely articulated—they were demonstrably upheld throughout the organisation. The Living Our Values initiative reinforced this commitment by integrating consistent messaging, structured weekly reflections, and a cohesive visual identity across all Cinnamon hotels, spanning

the entire employee journey. The Hall of Greatness was launched to celebrate those who exemplify our culture.

Recognising that wellbeing fuels performance, we also introduced a Colleague Assistance Program with Sri Lanka Sumithrayo, ensuring our people feel supported both at work and beyond.

## DRIVING OPERATIONAL EXCELLENCE

During the reporting period, the Group continued to harness technology alongside our rich blend of global and local expertise to build a more agile, efficient, and high-performing business model. All our properties transitioned to the Opera Cloud PMS system, which was a transformative step that has enhanced the way we manage and report on our operations. With Opera Cloud, our teams are better equipped to deliver seamless experiences while operating more efficiently than ever before. The Group is collaborating with Octave, the Data and Advanced Analytics Centre of Excellence, to develop use cases focusing on energy and targeted online marketing. The use cases are currently at a pilot stage and are expected to be rolled out in 2025/26. Furthermore, to enhance data-driven decision-making, a unified Data Lake House was implemented for the Commercial teams. This platform provides multiple dashboards and reporting views, enabling real-time access to insights and offering flexibility for teams to tailor dashboards to their specific needs.

## CULTIVATING A GREENER TOMORROW

We are committed to reducing our environmental footprint through energy efficiency, water conservation, waste reduction, and biodiversity protection and has embedded environmental stewardship across our operations, acknowledging our deep connection with natural ecosystems. From reducing our ecological footprint, reducing plastic

waste to championing biodiversity conservation, our efforts are guided by a long-term commitment to sustainability. We actively engage guests, team members, and local communities, fostering a shared responsibility for protecting the planet.

Our commitment is evident in conservation initiatives spanning both marine and terrestrial ecosystems. In the Maldives and Sri Lanka, we offer immersive guest experiences that cultivate appreciation for marine life while supporting ocean protection. Key initiatives include coral reef restoration at our Maldivian resorts, preserving reef systems vital to biodiversity, coastal resilience, and the tourism economy.

On land, the Cinnamon Rainforest Restoration Project in Sri Lanka is reforesting 59 acres in the wet zone to create a safe haven for endemic and endangered species. Using assisted natural regeneration, the project promotes native biodiversity by controlling invasive species and enhancing natural habitat recovery. Together, these efforts underscore our commitment to sustainability and environmental resilience. Further details are disclosed in the Sustainability Report.

## CREATING SPACES OF BELONGING

We prioritise employee well-being, community engagement, and inclusive development to create lasting social impact. We maintain a strong commitment to advancing social responsibility through a diverse range of targets that promote inclusion, empowerment, and community engagement. Efforts are directed toward fostering a more equitable workforce, supporting marginalised groups, and strengthening local communities through education, employment, and supplier development. Our progress against the various goals set for ourselves has been discussed on pages 65 - 108 of this report.

Strategy

Responsible Performance

Corporate Governance

Reporting Transparency

Supplementary Information

# CHAIRPERSON'S MESSAGE

## RECOGNITION

Our unwavering commitment to building a truly sustainable and responsible brand has continued to earn us both local and international recognition. Over the past year, we were proud to receive the Sustainability Reporting Award in the Tourism and Leisure category from the Association of Chartered Certified Accountants (ACCA) Sri Lanka for the third consecutive year, an acknowledgement of our transparency and dedication to responsible reporting. The 2023/24 Annual Report of John Keells Hotels PLC was also honoured with Silver in the Hotel Sector (Group Assets above LKR 10BN) at the TAGS Awards 2024, presented by the Institute of Chartered Accountants of Sri Lanka. Adding to our accolades, we were recognised with the 'Best Digital Integrated Campaign of the Year' at the Sri Lanka Tourism Awards 2024, and the 'Best Project Sustainability Award' at the Best Corporate Citizen Sustainability Awards 2024 by the Ceylon Chamber of Commerce. In the Maldives, Cinnamon Dhonveli Maldives received the prestigious HolidayCheck 2024 Award, the 'Quality Hotel' accolade at the TUI Global Hotel Awards 2025, the 2024 TTM Award for 'Best Surf Resort', the Tripadvisor Travellers' Choice 2024 Award, and was crowned 'Leading Surf Hotel/Resort' at the South Asian Travel Awards (SATA) 2024. Meanwhile, Cinnamon Velifushi Maldives earned the 'Agoda Customer Review Award', and Cinnamon Hakuraa Huraa Maldives was named among the 'Top 100 Hotels 2025' at the TUI Global Hotel Awards, alongside winning the 2024 Tripadvisor Travellers' Choice Award. These accolades are more than just recognition as they reflect the passion, innovation, and consistent efforts of our teams to deliver meaningful impact across sustainability, guest experience, and brand excellence.

## CORPORATE GOVERNANCE

Sound governance and ethical leadership remain cornerstones of our corporate philosophy. The Group adheres to its

Code of Business Conduct and Ethics, which is aligned with the principles of the Code of Best Practice on Corporate Governance 2023. I am pleased to report that there have been no material violations of the Code. Minor instances of non-compliance, identified through our internal monitoring mechanisms, have been addressed, and these instances are disclosed in this Report. We remain firmly committed to upholding the Group Code of Conduct and related policies, with a strong emphasis on ethical and lawful practices, and a zero-tolerance stance on corruption, bribery, and any form of harassment or discrimination in the workplace or in any work-related context.

We continue to align with the broader policies and codes of the John Keells Group. In keeping with the Group's governance framework and the revised Listing Rules of the Colombo Stock Exchange, we established dedicated Board sub-committees to enhance oversight, strengthen compliance, and support more effective execution of Board responsibilities. Previously overseen by the Parent Company, John Keells Holdings PLC, this transition to entity-specific governance allows for more focused subsidiary-level oversight while remaining fully aligned with the Group's core principles of transparency, accountability, and sound corporate governance. While our sub-committees now operate independently, the Parents' Board Committees will retain an overarching oversight role to ensure consistency across the Group.

Guided by the strategic direction of the John Keells Group, we implemented several governance initiatives during the year. These included aligning with the Group's data governance framework in compliance with the Personal Data Protection Act No. 09 of 2022 and strengthening financial governance through the introduction of a forensic data analytics platform for automated outlier detection. A comprehensive review of financial processes was also

**"Sri Lanka's strategic location, coupled with its diverse, cultural, natural, and wellness offerings, positions it as an increasingly competitive and experiential tourism destination within the South Asian region "**

undertaken to streamline workflows and simplify financial reporting. Further details and additional initiatives are detailed in the Corporate Governance Commentary of this Report.

## INTEGRATED REPORTING

This Report has been prepared in conformance with the Integrated Reporting Framework of the IFRS Foundation. The Board of Directors are responsible for ensuring the accuracy and integrity of this Annual Report. We confirm, to the best of our knowledge, the credibility, reliability, and integrity of the information presented, and in this regard, external assurance has also been sought from independent auditors, as applicable.

## FUTURE FOCUS

### Global Tourism

Looking ahead, international tourism is projected to grow by a further 3 per cent to 5 per cent in 2025 as per UN Tourism, supported by the continued recovery in Asia and the Pacific, sustained growth across other regions, favourable global economic conditions, and easing inflationary pressures.

Nevertheless, potential headwinds include elevated transport and accommodation costs, volatile oil prices,

geopolitical tensions, extreme weather patterns, and labour shortages. Further, sustainability remains at the forefront of the industry's agenda, with a rising emphasis on responsible travel, eco-conscious practices, and the exploration of emerging and less-travelled destinations.

### Sri Lanka Economy and Tourism

The emergence of strong macroeconomic fundamentals and a credible platform for broad-based growth marks a significant shift in Sri Lanka's economic landscape. The current deflationary environment is expected to gradually transition towards targeted inflation levels, supported by the Central Bank's independent and disciplined monetary policy, which allows interest rates to remain conducive to growth. Fiscal and monetary consolidation efforts are projected to continue, underpinned by the Government's commitment to reform and adherence to the IMF-EFF programme. The external outlook remains cautiously optimistic, supported by modest current account surpluses, manageable trade deficits, resilient services exports, and rising foreign exchange inflows. However, external risks persist, particularly from geopolitical tensions and shifts in global trade policies.

Tourism continues to be a key driver of Sri Lanka's macroeconomic recovery and long-term growth. As one of the country's highest foreign exchange earners and a key employment generator, the sector stands to benefit from supportive domestic policies and favourable global travel trends. Sri Lanka's strategic location, coupled with its diverse cultural, natural, and wellness offerings, positions it as an increasingly competitive and experiential tourism destination within the South Asian region.

The SLTDA anticipates the momentum in tourist arrivals to further accelerate as international airlines expand their frequencies and more charter flights

resume services. In line with 2024 performance, the SLTDA has projected two growth scenarios for tourist arrivals in 2025, taking into account both peak and off-peak travel trends. The conservative scenario anticipates average growth, with arrivals reaching 2.6 million arrivals, while the optimistic scenario reflects accelerated growth targeting 3.0 million arrivals for 2025.

We are confident that the positive trend in arrivals will continue, as also seen in the forward bookings for our hotel properties. Despite the strengthening of the Rupee, Sri Lanka remains an affordable tourist destination. This affordability, coupled with the wide-ranging value proposition of its diverse landscape, cultural heritage and unique offerings that appeal to a broader range of traveller demographics, continues to enhance its attractiveness as a destination.

A key opportunity for Sri Lanka lies in the robust economic expansion in India, which is expected to drive outbound travel, supported by the country's geographic proximity and increasing flight connectivity to Sri Lanka. Additionally, tourist arrivals from Middle Eastern markets continue to show encouraging growth momentum.

While a dedicated international marketing effort remains pending, various other initiatives are currently being implemented by the authorities to strengthen Sri Lanka's tourism brand and sustain global interest. Sri Lanka Tourism Promotion Bureau (SLTPB) has introduced 'Sri Lanka, A Story for Every Season', a campaign designed to position the country as a year-round travel destination, highlighting Sri Lanka's wildlife safaris, cultural heritage sites, adventure tourism, scenic landscapes, and spiritual experiences.

It is imperative that the authorities fast-track the construction of the new airport terminal. The Bandaranaike International Airport (BIA) expansion

project, which aims to boost annual passenger handling capacity from 6 million to 15 million, is gradually regaining momentum after facing significant delays. The expansion includes the new terminal building, arrival and departure piers, an elevated roadway, and a five-storey car park. As of early 2025, work has restarted on several components of the project, with overall completion now anticipated by 2027. Once finalised, the expansion is expected to significantly enhance Sri Lanka's international air connectivity, supporting the anticipated growth in tourist arrivals.

### Maldives Tourism

Looking ahead, several developments are expected to shape the trajectory of Maldivian tourism in the near to medium term. The Maldives has set an ambitious target of welcoming 2.5 million tourists in 2025, building upon the record-breaking ~2 million arrivals achieved in 2024. As of mid-May 2025, the country had already received over 900,000 visitors, marking an 8 per cent increase compared to the same period in the previous year. The continued diversification of source markets, with China, Russia, and the United Kingdom leading, has played a key role in driving this growth, and this momentum is expected to continue. While the Tourism Goods and Services Tax (TGST), which is set to increase from 16 per cent to 17 per cent with effect from 1 July 2025, may exert pressure on visitor spending and price sensitivity, particularly among

**“The Maldives has set an ambitious target of welcoming 2.5 million tourists in 2025, building upon the record-breaking 2 million arrivals achieved in 2024”**

# CHAIRPERSON'S MESSAGE

budget-conscious travellers, the overall outlook for tourism in the Maldives remains positive. While short-term challenges persist, including global macroeconomic uncertainties, the medium-term outlook for Maldivian tourism remains positive, supported by market diversification and sustained interest from both traditional and emerging source markets.

Significant infrastructure enhancements, most notably, the upcoming Velana International Airport expansion phase I, scheduled for completion in 3Q 2025, is expected to be a key catalyst for growth. Once operational, the expanded airport will increase capacity to handle 3.7 million passengers annually, significantly enhancing connectivity and facilitating higher tourist volumes.

## DIVIDENDS

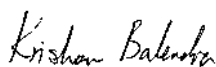
The Board of Directors has declared a final dividend of Rs. 0.10 per share for the financial year ended 31 March 2025. This will be paid on or before 25th June 2025.

## RETIREMENT AND APPOINTMENT OF DIRECTORS

Ms. Anarkali Moonesinghe resigned with effect from 1 April 2025 having completed eight years nine months on the Board. I wish to place on record our deep appreciation for the invaluable contribution made by Ms Moonesinghe during her tenure on the Board. As announced to the Colombo Stock Exchange Ms. Aruni Goonetilleke was appointed as an Independent Non-Executive Director with effect from 1 January 2025.

## ACKNOWLEDGEMENTS

I take this opportunity to thank my colleagues on the Board for their invaluable guidance and constant support. I also wish to convey my appreciation to our management team and staff for their untiring effort, commitment and drive. Finally, I wish to convey my sincere appreciation to all our stakeholders, including our tour partners, guests and shareholders, for their continued support.



K N J Balendra  
Chairperson

27 May 2025

## STRATEGY

# Connecting Vision and Purpose

In a rapidly changing world, clear vision and purposeful intent shape our journey. At John Keells Hotels, our strategy is based on a thorough understanding of global trends and guest expectations. We link our long-term ambitions with agile decision-making, ensuring that every step we take is aligned with a future that is innovative, inclusive, and sustainable.



# TRENDS SHAPING HOSPITALITY INDUSTRY

Over the past few years, the travel and tourism industry has demonstrated its enduring importance for millions globally. Despite the backdrop of short-term macro pressures and uncertainty, consumers continue to value and feel passionately about travel. As we look to 2025 and beyond, we are seeing the evolution of several trends and travel habits that are likely to strengthen in our industry over the coming years.

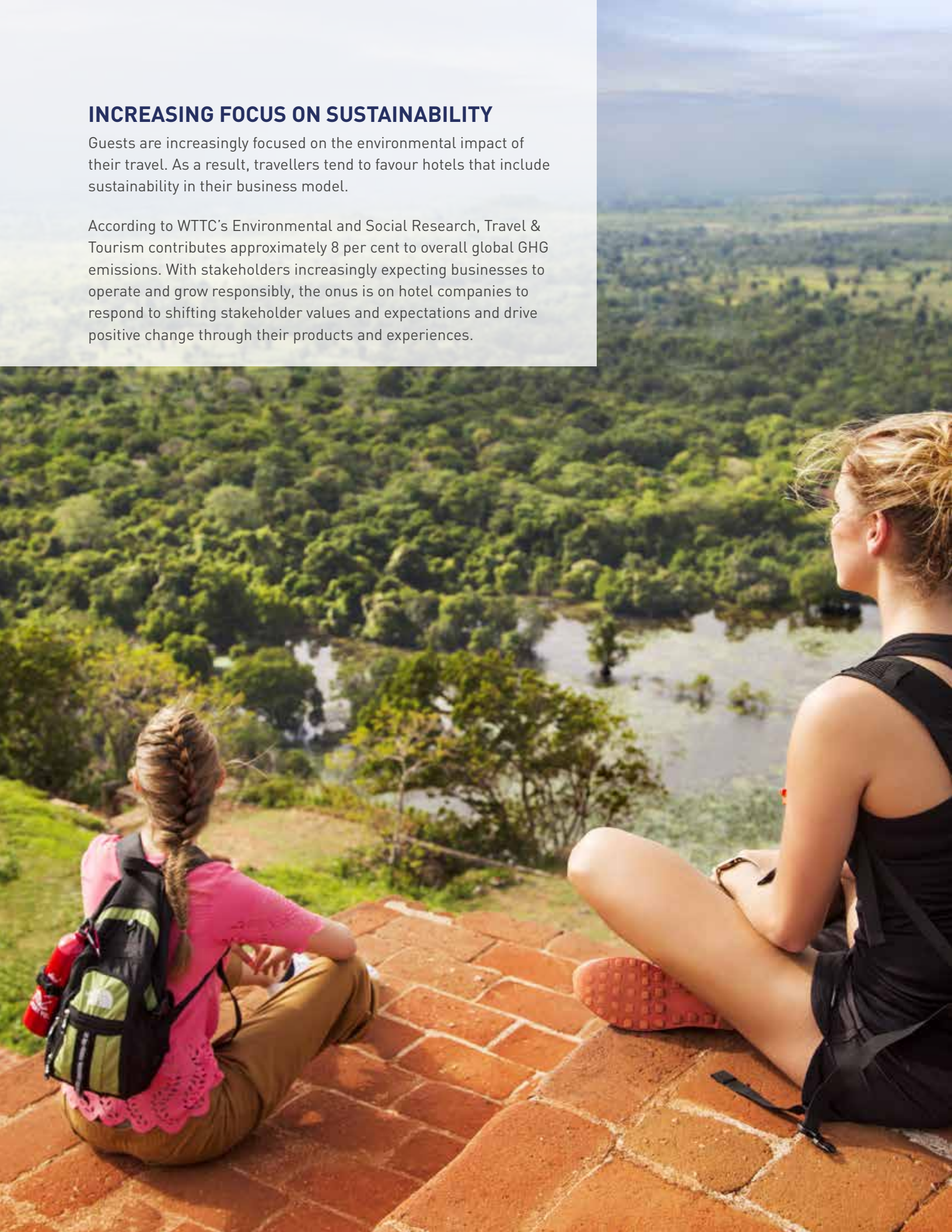
The success of Cinnamon Hotels and Resorts is rooted in its ability to recognise and respond to significant global trends within the hospitality industry. By leveraging its strengths, the Hotels Group is taking proactive steps to address the challenges of providing more sustainable and innovative hospitality services. The rebound of international tourism, a desire for automated and more personalised experiences, and the quest for increasingly sustainable hotels are three trends shaping the hospitality industry. We have shaped our strategy in response to the evolving trend.



## INCREASING FOCUS ON SUSTAINABILITY

Guests are increasingly focused on the environmental impact of their travel. As a result, travellers tend to favour hotels that include sustainability in their business model.

According to WTTC's Environmental and Social Research, Travel & Tourism contributes approximately 8 per cent to overall global GHG emissions. With stakeholders increasingly expecting businesses to operate and grow responsibly, the onus is on hotel companies to respond to shifting stakeholder values and expectations and drive positive change through their products and experiences.





## A DESIRE FOR AUTOMATED AND PERSONALISED

Technology is transforming the travel experience by inspiring guests for their next trip and personalising their in-room stay. Travellers increasingly depend on digital technology, such as social media, web searches, and online reviews, for inspiration and information. According to Skift Megatrend, artificial intelligence (AI) is reshaping the industry with automated, ultra-personalised travel planning.

Today's travellers are in search of new, authentic, and memorable experiences. Consequently, having a diverse portfolio of hotels that cater to specific needs and preferences is essential for hospitality groups.



## A REBOUND OF TOURISM ACTIVITIES

Tourist arrivals worldwide increased by 11 per cent year-on-year to reach 1.4 billion, which amounted to approximately 99% of 2019 levels. However, recovery was divergent with Europe, the Middle East and Africa surpassing pre-pandemic levels while America, Asia, and the Pacific remained below levels recorded in 2019.





# MACROECONOMIC OVERVIEW OF THE GLOBAL TOURISM INDUSTRY

## GLOBAL TOURISM RECOVERY

International tourism maintained its growth momentum, recovering to almost pre-pandemic levels in 2024. Tourist arrivals worldwide increased by 11 per cent year-on-year to reach 1.4 billion, which amounted to approximately 99 per cent of 2019 levels. However, recovery was divergent with Europe, the Middle East and Africa surpassing pre-pandemic levels while America, Asia, and the Pacific remained below levels recorded in 2019. Growth in international tourism continued to be underpinned by strong post-pandemic demand, robust performance from large source markets, ongoing recovery of destinations in Asia and the Pacific, increased air connectivity and enhanced visa facilitation.

A concurrent increase in international tourism receipts was also recorded, with tourism receipts rising by 3 per cent compared to 2023 levels to reach USD 1.6 trillion in 2024.

### Global Tourist arrivals – regional performance

Region	Year-on-Year growth in 2024	Growth compared to pre-pandemic levels (2019)
The Middle East	1%	32%
Africa	12%	7%
Europe	5%	1%
The Americas	7%	-3%
Asia and the Pacific	33%	-13%

According to the World Travel & Tourism Council, in 2024, Travel and tourism contributed 10 per cent of the world's economy, reaching \$ 10.9 trillion, an 8.5 per cent increase from 2023 and 6 per cent above the previous peak of 2019.

Jobs grew 6.2 per cent to 357 million, accounting for one in 10 jobs worldwide.

Global economic growth is expected to remain stable, albeit lacklustre, at 3.3 per cent in 2025 and 2026. This forecast is below the historical average (2000 – 2019) of 3.7 per cent.

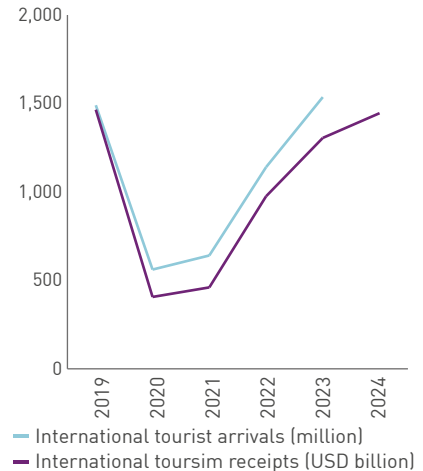
Against a backdrop of economic uncertainty, the World Travel & Tourism Council's (WTTC) latest research shows that global travel and tourism is projected to grow strongly this year, reaffirming its role as a cornerstone of major world economies. Travellers are expected to spend more than ever before.

According to WTTC's 2025 Economic Impact Research (EIR), international visitor spending is forecast to reach a historic \$2.1 trillion in 2025, surpassing the previous high of \$ 1.9 trillion in 2019 by \$164 billion.

In 2025, travel and tourism is expected to contribute an all-time high of \$ 11.7 trillion to the global economy, accounting for 10.3 per cent of global GDP.

The sector's jobs worldwide are expected to grow by 14 million in 2025, reaching 371 million globally, surpassing the U.S. population.

### International Tourism



Source: UNWTO

While the global picture in Travel & Tourism is strong, the recovery remains uneven. While some countries and regions produce record-breaking numbers, other large economies are plateauing."

The global hotel industry is positioned for growth, supported by strong long-term fundamentals, although it faces both long-term and short-term challenges.

The penetration of branded hotels has steadily increased as a long-term trend, and this growth is expected to continue as consumers seek trusted brands that meet their evolving expectations.

However, cost remains a significant barrier to establishing a scalable presence in the global hotel industry. This includes the expenses associated with building and maintaining properties, creating strong loyalty programs and technology platforms, and developing and marketing leading brands.

# HOW WE CREATE VALUE

Cinnamon Hotels & Resorts is committed to driving positive change and creating sustainable business by establishing long-term and sustainable partnerships with our key upstream and downstream stakeholders, suppliers, business partners, and guests. These strong relationships with our key stakeholders are crucial to the sustainable growth and competitiveness of Cinnamon. As a champion in responsible tourism, we embody a commitment to social responsibility. We are dedicated to working towards increasing diversity, equity, and inclusion within our company, enhancing worker engagement, and ensuring that we uphold and promote human rights throughout our company and the value chain.

**Our Inputs**

**HUMAN CAPITAL**

- **2,289** Colleagues in Sri Lanka
- **653** Colleagues in the Maldives
- **Rs 96 Mn** investment in training and development
- Cinnamon Academy
- DE&I approach and human rights policy

**FINANCIAL CAPITAL**

- **Rs 31.6 Bn** Shareholders' funds
- **Rs 21.2 Bn** Debt

**COMMERCIAL CAPITAL**

- **1,237 keys** across nine resorts in Sri Lanka
- **450 keys** across four resorts in the Maldives
- **Rs 32.6 Bn** PPE
- **119 Acres** of freehold land
- **135 Acres** of leasehold land
- Central purchase office in Colombo
- Corporate headquarters in Colombo

**DIGITAL ASSETS**

- **4** Digital platforms and systems
- [www.cinnamonhotels.com](http://www.cinnamonhotels.com)

**INTELLECTUAL CAPITAL**

- A globally recognised brand.
- Certifications and accreditations

**NATURAL CAPITAL**

- The rich biodiversity within our properties
- **276,079,380.98 MJ** energy consumed
- **671,545.13 m³** water consumed

**Value Transformation Process**

**What we do**

**We Curate Emotional Experiences to Inspire Stories that Connect**

**Why we do it**

**To Bring the Best of Sri Lanka to the World with Style and Elegance**

**How we make it Happen**

The Best People    Guest and Customer Personalisation    With Excellence    With Intent

**Built on a Foundation of**

Sound Corporate Governance    Values    Robust Risk Management    Responsible Practices

Greatness    Trust    Compassion    Agility    Curiosity    Wellbeing    Inclusivity

## Outputs



Occupancy

65%

Sri Lanka

84%

Maldives

775,232

Guest Nights

1  
New Property

1,949.71 tonnes

Waste

29,781 tCO<sub>2</sub>e

Scope 1 &amp; 2 emissions

Carbon Footprint

478,269.77 m<sup>3</sup>

Effluents



## Creating Sustainable Value for our Stakeholders



Investors



Colleagues



Guests



Suppliers

Channel  
Partners

Community

Government &  
Regulators

Preserving the Environment



## Outcomes

## GUESTS

- Net promoter score – **71.05**
- Global review index – **94.25**



## PEOPLE

## A safe and inspiring workforce

- Payments to colleagues – **Rs. 5,164 Mn (-3%)**
- Colleague satisfaction – **90.5%**
- Training hours per colleague in 2024/25 – **75 Hrs (+19%)**
- Female representation in the workforce – **17.07% (+1.17%)**



## PROSPERITY

## Investors

- Revenue – **Rs. 29,318 Mn (-5%)**
- EBITDA – **Rs. 7,502 Mn (-3%)**
- PBT – **Rs. 302 Mn (+563%)**



## Communities

- Investments in community engagement initiatives – **Rs. 10.4 Mn**
- No. of beneficiaries – **1,742 (+50%)**



## Suppliers

- Payments to suppliers – **Rs. 20,786 Mn**
- % of supplier base from local communities – **66.5%**
- Local suppliers assessed through the Supplier Impact Assessment – **290**



## PLANET

- Carbon footprint – [Scope 1 & 2 emissions] **29,781 tCO<sub>2</sub>e (-50%)**
- Energy intensity – **177 MJ/GN (+17.45%)**
- Water intensity – **431.72 L/GN (+10%)**
- Waste directed to landfills – **0.08 g/GN (+65%)**
- Plastic consumption – **9.27g/GN (+47%)**
- Conservation of terrestrial and marine eco-systems.

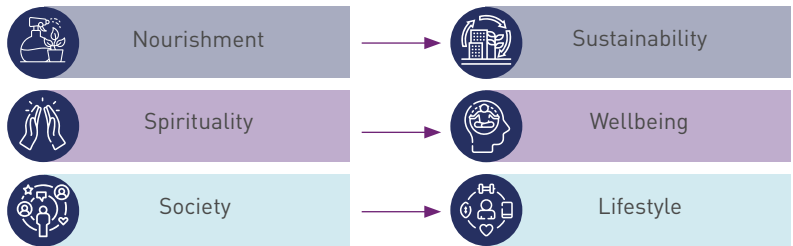


# DELIVERING VALUE THROUGH OUR BUSINESS MODEL

We bring to life the authentic stories of Sri Lanka and the Maldives through heartfelt hospitality and carefully curated, personalised experiences that celebrate the way of life, creativity, and traditional flavours of each destination we operate in. Shaped by our harmonious co-existence with nature and close collaboration with local communities, these experiences have transformed our properties into inspiring destinations for experience, education, entertainment, and enlightenment.



We are a truly Sri Lankan brand with aspirations to expand our global presence while bringing the warmth and charm of Sri Lankan hospitality to the world. Delivering luxury and personalised service, our brand is dedicated to telling the authentic stories of the destinations we call home. Our diverse portfolio of resorts offers tailored experiences to suit every discerning guest, ranging from travellers committed to sustainable luxury to those in search of truly unique and enriching experiences.



## What We do

**Curate Emotional Experiences to Inspire Stories that Connect**

## Our Ambition

**To bring the Best of Sri Lanka to the World with Style and Elegance**

“  
**WE ARE  
THE HEART  
OF EVERY  
DESTINATION  
WE ARE IN**  
”

We know every nook and corner that must be explored in every place we call home.

We celebrate the cuisine, culture and creativity of each locale we occupy.

We empower and uplift the communities we reside in.

We are the source of experience, education, entertainment, and enlightenment on wherever we exist.

## Signature Selection

Signature Selection, our premier tier of designer hotels, offers a thoughtfully curated, personalised guest experience that celebrates the rich cultural heritage of Sri Lanka.

Cinnamon Bentota Beach, our Signature Selection beach property in Bentota, Sri Lanka, delivers a luxurious, holistic value proposition where art and life seamlessly intertwine. Through unique experiences that celebrate the arts, charismatic indoor and garden spaces adorned with original artwork by local artists, a distinctive wellness proposition inspired by traditional healing rituals, and an authentic Sri Lankan culinary journey delivered through our signature restaurants, bars, and lounges, Cinnamon Bentota Beach embodies refined hospitality with a conscious commitment to sustainability.



### Kandy Myst by Cinnamon launched in February 2025

2025 saw the launch of Kandy Myst by Cinnamon, the latest addition to the Cinnamon resort portfolio. Aligned with the Group's asset-light investment strategy, this property was developed jointly with Indra Traders (Pvt) Ltd, with John Keells Hotels PLC maintaining a 40% stake.

With 215 modern rooms, this property caters to both the business and leisure sectors. Other amenities include a restaurant, lounge and skybar, as well as a gym and rooftop pool. Guests can also engage in a range of excursions to experience the history and natural beauty of Kandy. This property was certified LEED Gold for building design and construction, awarded by the US Green Building Council.

## OUR HOSPITALITY PROPOSITION



### People

We bring to life the real stories of our colleagues and communities, inviting guests to meaningfully connect with the authentic spirit of each locality we operate in.



### Culinary

Thoughtfully crafted menus that celebrate the rich flavours and time-honoured culinary traditions of Sri Lanka are complemented by restaurants that offer a diverse selection of international cuisines, offering guests a vibrant and varied dining experience.



### Destination

Operating in the world-renowned travel destinations of Sri Lanka and the Maldives, we leverage the allure of each destination to enrich our brand experience and elevate our value proposition.



### Nature

We responsibly share the natural beauty and biodiversity of Sri Lanka and the Maldives through our expert naturalists while actively engaging guests in our ongoing conservation efforts.

### Culture

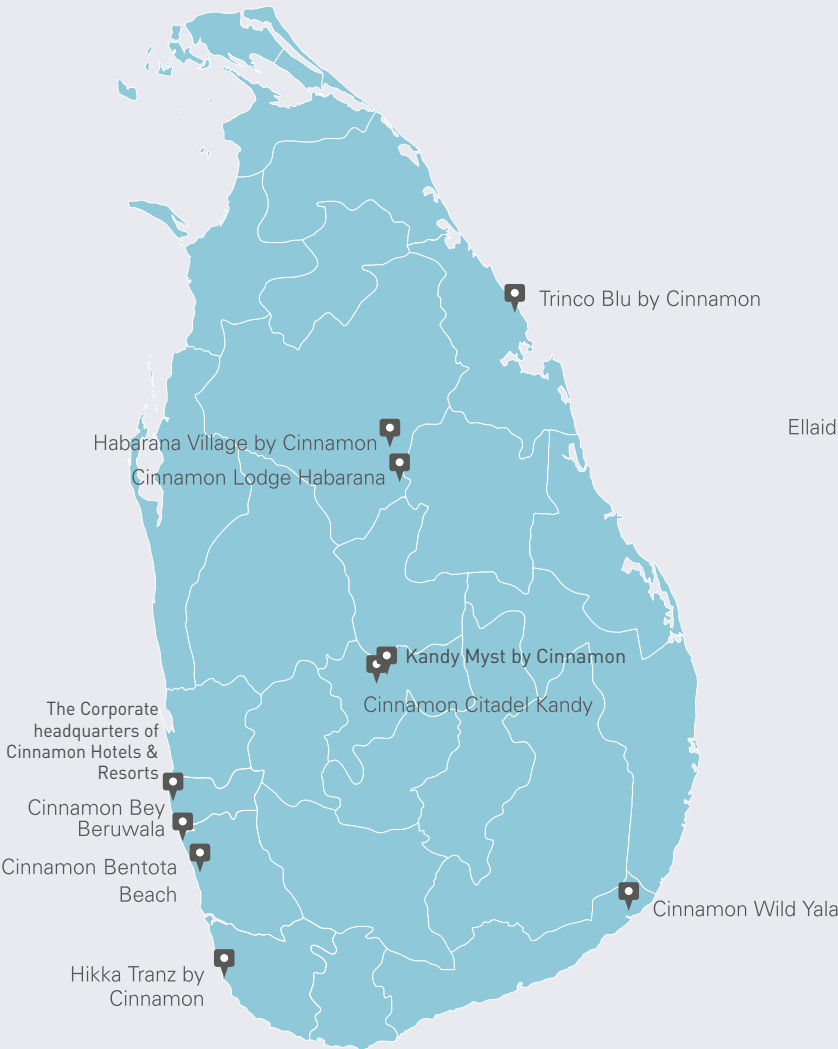
Through curated tours of historical sites, cultural experiences, local festivals, dance performances, and art exhibitions, we showcase Sri Lanka's rich history and cultural heritage, which dates back over 2,000 years.

# DELIVERING VALUE THROUGH OUR BUSINESS MODEL

## OUR PRESENCE

Our presence across Sri Lanka and the Maldives is presented below.

### Sri Lanka



9

Properties in Sri Lanka



1,237

No. of Keys Sri Lanka



1

New Openings

### The Maldives



4

Properties in the Maldives



450

No. of keys in the Maldives



## SRI LANKA BEACH PROPERTIES



### Cinnamon Bentota Beach - Signature Selection

Nestled between the Indian Ocean and the Bentota River, this iconic property was originally designed by the renowned Sri Lankan architect, Geoffrey Bawa.



### Cinnamon Bey Beruwala

Offers panoramic vistas and gastronomical adventures to satisfy the most discerning traveller.



### Cinnamon Wild Yala

Located near the Yala National Park, this resort offers luxury in the wilderness.



### Hikka Tranz by Cinnamon

An upbeat beach resort where guests can experience the sun, sea, sand and the unique party culture of Hikkaduwa.

## ROUND-TRIP PROPERTIES



### Cinnamon Lodge Habarana

A luxury experience within proximity of Sri Lanka's cultural triangle and national parks.



### Trinco Blu by Cinnamon

A retro chic resort in the seaport town of Trincomalee on the east coast of Sri Lanka.



### Cinnamon Citadel Kandy

Located along the Mahaweli river, this resort offers panoramic views and easy access to historical sites.



### Habarana Village by Cinnamon

Set in a tranquil village that pays homage to nature.

## NEW OPENINGS



### Kandy Myst by Cinnamon

Our latest property in Kandy offers guests a peaceful getaway right in the heart of the Kandy city.

## MALDIVES



### Cinnamon Velifushi Maldives

A luxurious island getaway situated in the Vaavu Atoll in Maldives.



### Cinnamon Hakuraa Huraa Maldives

A premium resort situated in the Meemu Atoll surrounded by one of the largest shallow lagoons in the Maldives.



### Ellaidhoo Maldives by Cinnamon

An island paradise located at the edge of the largest of 22 natural atolls.



### Cinnamon Dhonveli Maldives

A beautiful tropical island resort offering exclusive access to the classic Pasta Point surf break.

# DELIVERING VALUE THROUGH OUR BUSINESS MODEL

## ENHANCING VALUE IN 2024/25

### Bringing to the World

In January 2025, Cinnamon became the first Sri Lankan hospitality brand to join the prestigious Global Hotel Alliance (GHA), the world's largest alliance of independent hotel brands encompassing over 800 hotels across 40 renowned brands in 100 countries. Through this collaboration, Cinnamon gains access to a global platform that connects with over 30 million members from the GHA DISCOVERY loyalty programme. Following the official launch of Cinnamon DISCOVERY on 6th January 2025, over 4,000 members have enrolled, firmly placing Sri Lanka and Cinnamon on the international map as a destination of choice for discerning travellers worldwide.



## AN UNRIVALLED RANGE OF EXPERIENCES

### Value Enhancements at our Properties



#### Culinary

- Cinnamon Bey Beruwala
  - Fire Restaurant serving Mediterranean cuisine.
  - Tranquility Bar – beachfront garden bar serving an array of beverages, mocktails and premium spirits.
  - Noodles at Bey specialising in authentic Asian noodle dishes
- Cinnamon Lodge Habarana and Habarana Village by Cinnamon
  - A traditional Sri Lankan Rice & Curry Meal Experience.
- Hikka Tranz by Cinnamon
  - Il Tramonto offering a taste of Italy.



#### Nature

- Cinnamon Lodge Habarana and Habarana Village by Cinnamon
  - Night safari experience
- Cinnamon Wild Yala
  - Stargazing experience
- Ellaidhoo Maldives by Cinnamon
  - Coral cube adaptation programme



#### Culture

- Cinnamon Lodge Habarana
  - Sigiriya Virtual Reality experience

### DELIVERING GUEST EXPERIENCES THAT REFLECT OUR BRAND PROMISE

# 71.05

Net Promoter Score in 2024/25

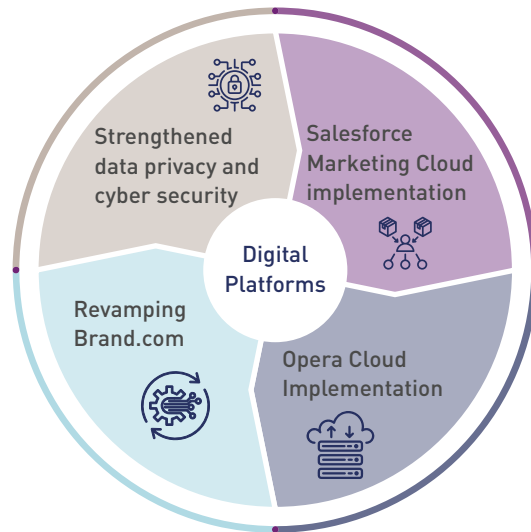
# 94.25%

Global Review Index in 2024/25



## DIGITAL EVOLUTION FOR OPERATIONAL EXCELLENCE

We continued to leverage digitalisation to enhance the guest experience while driving operational efficiency and productivity. The 2024/25 period saw the implementation of several digital initiatives, as described below.



### Strengthened Data Privacy and Cyber Security

A strong governance structure, a policy framework aligned with regulatory and international best practice alongside integrated architecture to ensure data privacy and prevent cyber threats underpins the Hotels Group's approach to cyber security and customer data protection. During the year under review, no instances of data breaches, breaches of customer privacy or instances of customer data loss were reported.

Please refer Corporate Governance on page 138 for more information.

### Opera Cloud Implementation

This state-of-the-art technology solution offers comprehensive and intuitive tools for managing our operations efficiently and seamlessly. This platform enables.

- The creation of unique guest profiles to deliver one-of-a-kind personalised experiences.
- Flexible, mobile capabilities enabling front desk staff to serve guests anywhere.
- Management of room inventory and pricing across distributor channels with real-time data.
- Operational efficiency through standardised operations and cross-functional collaboration.
- Seamless Integration across a wide range of platforms including IDEAS, Rategain, Synexis and Fornova.
- Advanced analytics and reporting tools offer valuable insights into guest preferences, revenue patterns, and operational performance, supporting informed decisions, optimised strategies, and the delivery of exceptional guest experiences.

### Salesforce Marketing Cloud Implementation

Salesforce Marketing Cloud enhances guest engagement through personalised data-driven strategies that comply with industry standards. The implementation of this platform has enhanced guest engagement by,

- Enabling structured interactions across the entire guest journey from booking confirmation to post-stay engagement.
- Omni-channel engagement across e-mail, WhatsApp, SMS and social media.
- Email templates covering key touchpoints to ensure consistency in communications.
- A preference centre for guests to manage their communication preferences.
- GDPR compliant data collection allowing targeted marketing efforts while maintaining transparency.
- Policies around consent gathering, data privacy and compliance to ensure that guests' information is protected and managed responsibly.

### Revamping Brand.com

The revamped Brand.com featured a range of new features that enhanced the user experience. These included,

- Real-time translation into 8 key languages.
- A dynamic booking widget.
- Swipe-based navigation.
- The 5-Picture Framework enabling the display of multiple rooms to enhance the booking experience and support informed decision making.
- Vimeo video hosting to improve website loading speed and enhance the visual experience.
- Booking Widget Room Configuration which accurately captures room selection details, including property choice, room count, and guest occupancy, ensuring precision rate plans.

# DELIVERING VALUE THROUGH OUR BUSINESS MODEL

## DELIVERING UNCOMPROMISED LUXURY

To ensure guest experiences are delivered seamlessly and consistently to Cinnamon standards across all our properties in Sri Lanka and the Maldives, we have implemented formal, documented systems. Every aspect of the guest journey, from reservation to checkout, is governed by comprehensive policies, standards, operational manuals, and SOPs benchmarked to global industry best practice and aligned with regulatory requirements and quality standards. These guide colleagues' actions across our properties, ensuring our brand vision of luxury and guest personalisation is translated to day-to-day operations.

Periodic audits are carried out across all activities to ensure compliance with internal quality standards while mystery audits are carried out by a third party to ensure alignment with international standards.

The Hotels Group utilises multiple engagement mechanisms to engage with guests, monitor satisfaction levels and identify issues and areas for improvement. Guest feedback is obtained at multiple stages of the guest journey through in-stay surveys, restaurant surveys, banquet surveys and post-stay surveys. Systems are also in place to capture guest feedback on OTA platforms daily. The Hotels Group conducts a semantic analysis of guest feedback, and high-priority areas for each property are reported to top management at the Customer Voice meeting held monthly. Following discussions and evaluations, action plans are developed and implemented to address key concerns.

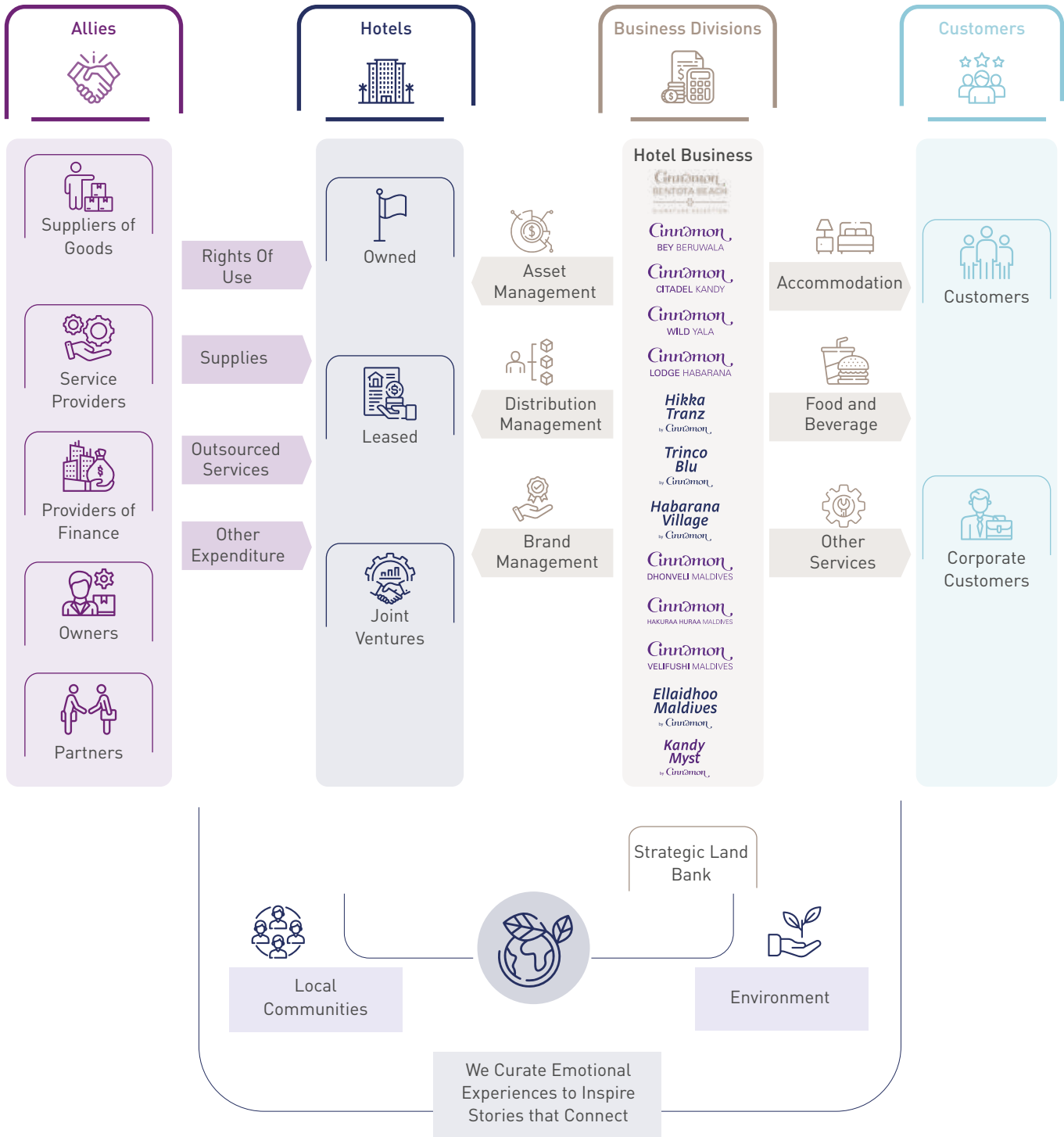
## INDUSTRY PARTNERSHIPS

We actively engage with numerous industry and professional bodies to contribute to the sustainable growth and development of the tourism sectors in Sri Lanka and the Maldives. These collaborations support knowledge sharing and support the adoption of best practice.

### Industry associations in which we hold membership

- Ceylon Chamber of Commerce
- Employers' Federation of Ceylon (EFC)
- Sri Lanka Institute of Tourism and Hotel Management
- Chef Guild of Lanka
- The Hotels Association of Sri Lanka (THASL)
- Ceylon Hotel School Graduate Association

## OUR BUSINESS MODEL



# DELIVERING VALUE THROUGH OUR BUSINESS MODEL

## GROUP STRUCTURE



JOHN KEELLS HOLDINGS PLC  
(Ultimate Parent Company)

John Keells Hotels PLC  
80.32%

Company Name		Effective Holding
<b>Fully Owned Subsidiaries</b>		
Trinco Holiday Resorts (Pvt) Ltd	Trinco Blu by Cinnamon	100%
John Keells Maldivian Resorts (Pte) Ltd	Investment in Maldivian Resorts	100%
Travel Club (Pte) Ltd (100% by John Keells Maldivian Resorts (Pte) Ltd)	Ellaidhoo Maldives by Cinnamon	100%
Fantasea World Investments (Pte) Ltd (100% by John Keells Maldivian Resorts (Pte) Ltd)	Cinnamon Hakuraa Huraa Maldives	100%
Tranquility (Pte) Ltd (100% by John Keells Maldivian Resorts (Pte) Ltd)	Cinnamon Dhonveli Maldives & Cinnamon Velifushi Maldives	100%
Cinnamon Holidays (Pvt) Ltd	Inbound and Outbound Tour Operation	100%
Rajawella Hotels Company Ltd		100%
Nuwara Eliya Holiday Resorts (Pvt) Ltd		100%
Wirawila Walk Inn Ltd	Strategic Land	100%
Trinco Walk Inn Ltd	Strategic Land	100%
Ahungalla Holiday Resorts (Pvt) Ltd	Strategic Land	100%
<b>Partially Owned Subsidiaries</b>		
Ceylon Holiday Resorts Ltd	Cinnamon Bentota Beach	99.39%
Hikkaduwa Holiday Resorts (Pvt) Ltd (100% by Ceylon Holiday Resorts Ltd)	Hikka Tranz by Cinnamon	99.39%
Resort Hotels Ltd (89.11% by Ceylon Holiday Resorts Ltd)	Strategic Land	99.46%
International Tourists & Hoteliers Ltd	Investment Holding Company	99.33%
Beruwala Holiday Resorts (Pvt) Ltd (100% by International Tourists & Hoteliers Ltd)	Cinnamon Bey Beruwala	99.33%
Habarana Walk Inn Ltd	Habarana Village by Cinnamon	98.77%
Habarana Lodge Ltd	Cinnamon Lodge Habarana	98.35%
Kandy Walk Inn Ltd	Cinnamon Citadel Kandy	98.39%
Yala Village (Pvt) Ltd	Cinnamon Wild Yala	93.78%
<b>Joint Venture</b>		
Sentinel Realty (Pvt) Ltd	Strategic Land	50%
<b>Associates</b>		
Indra Hotels & Resorts Kandy (Pvt) Ltd	Kandy Myst by Cinnamon	40%

RESPONSIBLE PERFORMANCE

# Connecting **Insight** and Impact

Performance becomes meaningful when insights drive action. At John Keells Hotels, data is more than just numbers; it reflects our journey, our guests, and our growth. We connect analysis with purpose, transforming performance metrics into tangible progress and establishing a foundation for decisions that create lasting value.



# OUR STRATEGY

## OUR LONG-TERM AMBITION IS THE HEADLINE OF OUR STRATEGY

We aim to be the local hotel brand that “brings the best of Sri Lanka to the world with Style and Elegance.”

Over the long term, with disciplined execution, our strategy drives the growth of our brand in Sri Lanka, the Maldives and other markets. It creates value for all our stakeholders and delivers sustained growth in profits and cash flows, which can be reinvested in our business and returned to shareholders.

Our strategic priorities and the behaviours that drive them have been designed to put the expanded brand portfolio we have built in recent years at the heart of our business, and our owners and guests at the heart of our thinking.

They recognise the crucial role of a well-invested loyalty programme and technology systems, and ensure we meet our growing responsibility to care for and invest in our people, and to make a positive difference to our communities and planet.

Our strategy is inspired by our purpose of curating emotional experiences, which is underpinned by our commitment to a culture of operating and growing in a responsible, ethical and inclusive manner.

During the year, we adopted the “Fit for Purpose” approach, which aims to enhance overall performance by focusing on increasing efficiency and adapting to market demands. The “Fit for Purpose” approach optimises operations to achieve optimal results, while allowing for growth and flexibility.

This approach aims to ensure that

- Our products and services are fit for purpose and meet the needs of customers.
- Streamlining operations, making them more efficient and effective
- Reducing waste and improving productivity.



## WHAT WE DO

Curate emotional experiences to inspire stories that connect

## WHY WE DO IT

To bring the best of Sri Lanka to the world with style and elegance

## HOW WE MAKE IT HAPPEN



### CULTIVATE

the best people and evolve the culture



### DRIVE

guest and customer personalisations



### OPERATE

with excellence



### GROW

with intent

## OUR VALUES



Greatness



Trust



Compassion



Agility



Curiosity



Wellbeing



Inclusivity

Our strategy is based on four imperatives that help us live out our Vision, which is to bring the best of Sri Lanka to the world with style and elegance. They represent the most material action areas we will focus on over time to operationalise our vision.

## FOUR STRATEGIC PRIORITIES WILL LEAD US TO OUR AMBITION



### CULTIVATE the best People and Evolve the Culture

Our colleagues form the core of our business, delivering and shaping guest experiences through service excellence and personalisation. We invest significantly in nurturing an engaged and skilled team, prioritising their wellbeing, and empowering them to perform at their best.

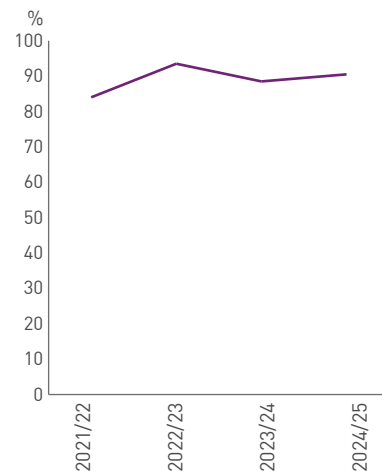
#### Progress made in 2024/25

- Delivered a holistic colleague wellbeing proposition through 'You Matter'.
- Established the Cinnamon Hospitality Academy in collaboration with Swiss Hotel Management Academy (SHMA), Sri Lanka's licensee for the École Hôtelière de Lausanne (EHL) to offer the globally recognised VET by EHL qualification.
- Provided opportunities for employee growth through the Cinnamon Online Academy and structured training programmes which included STEP, GMAP and LEAD.
- Ongoing investments to improve the standards of our 'Heart of the House'.
- Elevated women in hospitality through the EmpowHer initiative.
- Leveraged digitalisation to streamline HR operations and enhance engagement.

#### Performance highlights in 2024/25

- **Rs. 5,164Mn** payments to colleagues
- **Rs. 80Mn** invested in enhancing the 'Heart of the House'.
- **17.07%** female colleagues within our team.
- **Rs. 96Mn** invested in training and development.
- No reported incidents related to the violation of human rights.
- **52** work related accidents and incidents.

#### Colleague Satisfaction Score



#### Way forward in 2025/26

- Maintain a compelling colleague value proposition that encompasses all aspects of the colleague life cycle.
- Ongoing emphasis on building the competencies of our team.
- Embed success drivers and values into all processes to strengthen our service driven culture.

# OUR STRATEGY



## DRIVE Guest and Customer Personalisation

In the highly competitive hospitality industry, delivering exceptional experiences that exceed guest expectations is vital to fostering loyalty, securing positive guest referrals and driving repeat bookings. At Cinnamon, we strive to elevate exceptional guest experiences through thoughtfully curated, personalised offerings rooted in culture and nature that celebrate the uniqueness of each location we operate in.

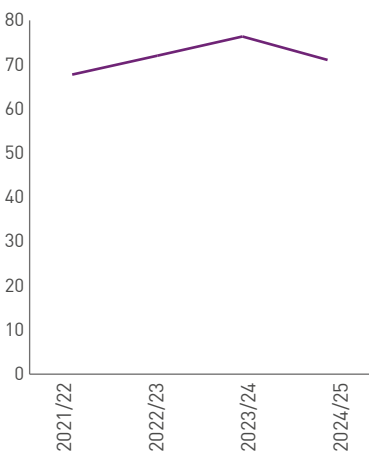
### Progress made in 2024/25

- Luxurious, personalised propositions that capture the charm of Sri Lankan heritage offered by the Signature Selection Bentota Beach.
- Unique experiential offerings across our resorts, which include responsible wildlife encounters organised by Nature Trails in Sri Lanka, cultural tours, river safaris, and snorkelling, diving and surfing experiences in the Maldives.
- Exceptional culinary offerings with opportunities for personalised private dining experiences.
- Investments in staff training to guide guests towards unique location-specific experiences.
- Leveraged technology and data analytics to enhance personalisation of guest experiences.
- Ongoing investments to enhance the sustainability of our operations to offer guests a more responsible and sustainable travel option.
- Maintained a structured and formal process to obtain guest feedback, monitor online reviews and address guest concerns and issues.

### Performance highlights in 2024/25

- Net promoter score **71.05**
- Global Review Index **94.25%**
- Occupancy rates
  - Sri Lanka **65% (-3%)**
  - Maldives **84% (-2%)**
- RevPAR Growth
  - Sri Lanka - **18%**
  - Maldives - **-3%**

Net Promoter Score



### Way forward in 2025/26

- Leverage the unique value proposition of Cinnamon Bentota Beach to strengthen our position in the luxury market segment.
- Utilise technology to enhance personalisation of guest experiences at our properties.
- Ongoing efforts to offer unique, carefully curated experiences that align with guest preferences and expectations.





## OPERATE with Excellence

Our commitment to operational excellence is multi-faceted and encompasses consistent service delivery aligned with Cinnamon brand standards, effective cost management and sustainable practices across our operations. Comprehensive policies, procedures, and SOPs aligned with international quality standards and best practice guide every aspect of service delivery ensuring that the Cinnamon brand standards are consistently upheld throughout the guest journey across all our properties. We also focus on optimising our cost structures and leveraging digitalisation to enhance operational efficiencies and drive personalisation of guest experiences. Managing our properties sustainably, creating value for our suppliers and communities while minimising our environmental impacts, also remains a key focus area in pursuing operational excellence.

### Progress made in 2024/25

- Ongoing focus on benchmarking our service standards to international best practice while aligning with numerous accreditations and certifications.
- Internal audits and mystery audits conducted by external parties across all aspects of our operations to ensure operational alignment with brand standards.
- Implemented Opera Cloud, an internationally recognised property management solution to improve operational efficiency, while enabling data analytics to enhance personalisation of guest experiences.
- Implemented Salesforce to support total account management.
- Ongoing efforts to enhance the sustainability of our operations (please refer Planet, page 80 for more details)
- Strategic efforts to optimise cost structures.
- Ongoing investments in the Farm to Fork initiative to localise supply chains, thereby creating employment opportunities for local communities while reducing our carbon footprint.
- Investments in impactful community engagement initiatives.

### Performance highlights in 2024/25

- Maintained the following certifications and accreditations for all properties,
  - ISO 22000:2018 Food Safety Management Systems
  - ISO 45001:2018 Occupational Health and Safety Management Systems
  - ISO 14001:2015 Environmental Management Systems
  - LEED certification
  - Travelife Gold certification
- Maintained LEED Platinum certification for Cinnamon Bentota Beach and LEED Gold certification for Cinnamon Bey Beruwala.
- Kandy Myst by Cinnamon received LEED Gold certification.
- **Rs. 20,786 Mn** payments to suppliers
- **Rs. 10.4Mn** invested in CSR initiatives.

### Way forward in 2025/26

- Continuously evolve our service standards to align with international best practice and guest expectations.
- Ongoing efforts to leverage digitalisation to enhance operational efficiencies.
- Strategic focus on enhancing the sustainability of our operations.
- Mutual value creation for suppliers.
- Maintain focus on engaging with our communities.

# OUR STRATEGY



## GROW with Intent

Ongoing strategic investments aim to capitalise on growth opportunities in Sri Lanka and the Maldives to drive sustainable long-term growth and value creation for stakeholders. This entails strengthening the global presence of the Cinnamon brand, optimising distribution channels to facilitate reach while maintaining profitability and expanding our footprint through an asset-light model.

### Progress made in 2024/25

- Launched Kandy Myst by Cinnamon in partnership with Indra Traders (Pvt) Ltd.
- Joined the Global Hotel Alliance (GHA), the world's largest alliance of independent hotel brands and gained access to the GHA DISCOVERY loyalty programme, a global platform that connects with over 30 million members worldwide.
- Revamped Brand.com, the Group's website to align with global standards to boost direct bookings.
- Maintained a balanced, multi-channel distribution strategy that included travel agents, online travel agents, direct bookings through Brand.com, and specialised travel agents to strengthen presence in new and existing markets.
- Strategically leveraged digital and social media platforms to enhance engagement and drive bookings in key markets.
- Partnered with bed banks in the UK and India while making progress in Germany.
- Promoted MICE in the UK.

### Performance highlights in 2024/25

- **-4.6%** in revenue
- **-3.2%** in EBITDA
- **+563%** in PBT
- **-0.3%** in total assets
- **+2%** in guest nights

### Way forward in 2025/26

- Strengthen the global presence of the Cinnamon brand and promote its value proposition of luxurious and personalised guest experiences that capture the heritage of each locality.
- Leverage the GHA membership to strengthen global brand visibility and drive bookings through cross brand channels.
- Strategic utilisation of digital and social media platforms to enhance brand engagement.
- Ongoing emphasis on optimising our distribution strategy to expand access to global markets.

# HOW WE DRIVE EBITDA

The growth of our business relies on two fundamental drivers: increasing revenue per available room (RevPAR) and expanding the number of rooms. RevPAR indicates room revenue per available room, and grows when guests stay more often or pay higher rates. To drive growth, we have a portfolio of thirteen hotels across two countries. Supported by a leading loyalty programme and powerful technology, our brand meets clear guest needs and generates returns.

Our focus is to grow RevPAR constantly ahead of our competitors. The investment in new technology to enhance our online visibility will increase revenue generated through Online Travel Agents (OTAs). The flow-through of revenue is another key performance indicator (KPI) that we monitor to ensure we bring operational efficiencies that drive growth in our EBITDA margin. During the year, we reported an EBITDA margin of 26%, which is one percentage point above last year.

## CAPITAL ALLOCATION AND DIVIDEND POLICY

Our priorities for the use of the cash flow that John Keells Hotels generates are consistent with previous years and comprise:

### 1. Reinvest in the business to drive growth

We continue to pursue strategic investments while maintaining strict control over routine capital expenditure. The routine capital expenditure plan is done during the Annual Plan, and prior approval is obtained for the capital expenditure plan of each resort. This plan is revisited based on the availability of cash.

### 2. Increasing shareholder returns

We aim to grow the ordinary dividend annually, while balancing the interests of all our stakeholders and ensuring our long-term success.

## CAPITAL EXPENDITURE

### Recurring capital expenditure

The recurrent capital expenditure is primarily used to maintain our hotel properties for both the front-of-house and back-of-house operations. During the year, we invested Rs. 1,113 Mn (2023/24 – Rs. 1,106 Mn) in capital expenditure. Examples of recurrent capital expenditure include investments in Opera Cloud, refurbishment of public spaces, and enhancement of back-of-house facilities.

### Strategic investments

During the year, the company invested Rs. 496 Mn (2023/24 – Rs. 582Mn) in Kandy Myst by Cinnamon, which is the latest property under our asset-light model.



# ENGAGING WITH OUR STAKEHOLDERS

**We continuously engage with key stakeholders globally and locally to build trusting relationships and provide better business intelligence that can spur ideas for products and services.**

Our Stakeholder Management Procedure is a continuous process at a strategic and local level. It provides a structured approach to consulting, involving, and collaborating with stakeholders. The procedure is complemented by the stakeholder engagement guidelines, which provide practical guidance for all teams engaging with different stakeholders.

Stakeholders were identified based on their level of influence, interest, and impact on our operations and sustainability priorities, through internal consultations, mapping exercises, and reviews of our value chain and regulatory landscape.

Our ongoing engagement with key stakeholders has enabled us to gain meaningful insights into their expectations, enabling informed decision-making and a balanced strategic approach. Our structured and transparent approach has deepened relationships, strengthened trust, and driven mutual value for all.



## SHAREHOLDERS

### Who they are

The individual and institutional shareholders of John Keells Hotels PLC.

### Why they are important

Our ability to maintain strong relationships with shareholders and institutional investors is fundamental to our ability to access capital markets.

### Key issues and concerns in 2024/25

Sustainable returns on investment, Sustainable growth and business continuity, Liquidity management, Robust risk management, Sound corporate governance and business ethics

### How we engage

The Company fosters clear communication with shareholders through various channels, including the AGM, EGM, Annual Report, Interim Financial Statements, press releases, social media, and announcements to the CSE.

### Examples of outcomes of engagement

Continued investor confidence in Hotels Group's performance, long-term viability and leadership, as demonstrated through feedback received and across AGM results.

### Link to material topics

Business conduct ethics, Corporate governance, Risk management, Transparency in disclosures

## OUR PEOPLE

### Who they are

Our people who work for Cinnamon Hotels & Resorts

### Why they are important

Our people are our greatest asset. They uphold our values and deliver our strategy through their passion and pride for our purpose.

### Key issues and concerns in 2024/25

Competitive remuneration and benefits, job security, opportunities for skill development and career progression, health and wellbeing, diversity and equity, engagement opportunities.

### How we engage

Employee engagement is encouraged at all levels, and the Hotels Group continues to work towards introducing innovative and effective ways of employee communication and awareness. Whilst employees have many opportunities to interact with senior management, the Hotels Group have created formal channels for such communication through feedback, without the risk of reprisal. The whistle-blower and securities trading policies remain in effect, supporting transparency. Further, any communication channels mentioned here are available to any of the employees of the Hotels Group through which employees can report suspected acts of corruption or breaches of anti-corruption policies. Such communication and feedback received by the management from the employees are recorded, irrespective of the level of anonymity, and subsequently discussed and followed up. Employee Communication Channels includes, Skip level meetings, Exit interviews, 360-degree evaluation, Cinnamon employee surveys, Quarterly town hall meeting, Chairperson-direct, Ombudsperson, continuous reiteration and the practice of the “open-door” policy, competitive remuneration and benefits, job security, opportunities for skill development and career progression, health and wellbeing, diversity and equity engagement opportunities.

### Examples of outcomes of engagement

In 2024/25, a colleague’s satisfaction score of 90.5% was reported. We are committed to continuously improving the standards of our Heart of the House and invested Rs. 80 million in 2024/25 to upgrade facilities.

### Link to Material Topics

Human rights, employee health and safety, diversity and equal opportunity, talent attraction and retention stakeholder relationship management.

## CUSTOMERS

### Who they are

They include B2C (individuals), B2B (corporate), travel agents, OTA, and tour operators.

### Why they are important

Customers and end users have commercial relationships with our resorts. The group designs and develops unrivalled experiences that reinvent hospitality for them.

### Key issues and concerns in 2024/25

Unique guest experiences, efficient and caring customer services, environmental and social responsibility, value for money, and customer data privacy

### How we engage

www.Cinnamonhotels.com, social media and public relations, campaigns and road shows.

### Examples of outcomes of engagement

During the year, we opened Kandy Myst by Cinnamon, our newest addition, designed to cater to guests looking for different spaces.

### Link to material topics

Privacy and data security, sustainable tourism, guest health and safety, product safety and quality, opportunities in clean-tech, GHG emissions and energy management, water management, waste management, biodiversity and stakeholder relationship management

## BUSINESS PARTNERS AND SUPPLIERS

### Who they are

Partners, joint ventures, asset owners, product suppliers and service suppliers

### Why they are important

We invite owners to invest in our properties and partner with us. Responsible supplier relationships are vital for Cinnamon in driving efficiency and effectiveness throughout our supply chains.

### Key issues and concerns in 2024/25

Ethical business practices, potential for growth, accuracy of orders and timely payments, circularity and sustainable packaging.

### How we engage

Dialogue and meetings, collaborations and alliances, supplier audits, supplier impact assessment and grievance channels

### Examples of outcomes of engagement

66.5% of the suppliers are from the local community.

57.1% of supplies are sourced from suppliers with sustainability certificates.

### Link to material topics

Supply chain management, supplier assessment and stakeholder relationship management

## GOVERNMENT AND REGULATORY BODIES

### Who they are

National, regional, and local authorities, public Institutions, and Industry associations.

### Why they are important

Our ability to promote and influence sustainable and responsible tourism

### Key issues and concerns in 2024/25

Sustainable growth of the tourism industry, job creation, compliance with laws and regulations, environmental conservation, and responsible business practices. There were no significant incidents of non-compliance with laws and regulations reported in the year in review.

# ENGAGING WITH OUR STAKEHOLDERS

## How we engage

Dialogue and meetings, collaborations and alliances, supplier audits, supplier impact assessment and grievance channels.

## Examples of outcomes of engagement

Engagement in policy processes.

## Link to material topics

Tax strategy, opportunities in clean tech, climate change adaptation, stakeholder relationship management

## Examples of outcomes of engagement

Our community and livelihood initiatives emphasise fostering the economic self-sufficiency of local community members and artisans. For more information, refer to page 106.

## Link to material topics

Community relations and empowerment, opportunities in clean-tech, GHG emissions and energy management, water management, waste management, biodiversity, stakeholder relationship management

## COMMUNITIES

### Who they are

Local communities around our properties.

### Why they are important

Our responsible business approach and the commitments we have made to create a better and more sustainable future for the communities in which we operate.

### Key issues and concerns in 2024/25

Community engagement and empowerment, reducing negative environmental impacts, responsible consumption of resources, preservation of local culture, and biodiversity conservation.

## How we engage

Neighbourhood associations, social entities, NGO, the academic and educational environment, and society at large.



# ENTERPRISE RISK MANAGEMENT

Cinnamon Hotels & Resorts continues to navigate a constantly shifting risk landscape and evolve amidst geopolitical unrest, a sluggish global economy, and persistent macroeconomic hurdles in the domestic markets. In addition, social and environmental concerns, such as rising labour migration rates and the impact of climate change, present ever-increasing risks to our operations. We are committed to closely monitor these developments and taking a proactive approach to identify both risks and opportunities. Through effective risk management strategies and responses, we aim to build resilience and create sustainable value for all our stakeholders.

The Hotels group's risk management process aims to identify, assess, and manage risk factors that could impact the performance of any part of the Hotel group's operations.

## RISK RESPONSIBILITIES

The Hotels group's Board of Directors is responsible for defining risk appetite for all main risk categories relevant to the company. The Board is assisted by the Audit Committee, which oversees risk and internal control matters. The John Keells Group Business Process Review (GBPR) Division and the outsourced Internal Auditors support the Audit Committee in performing its role of assurance through regular reviews and recommendations on the robustness of the internal control systems. Additionally, the sector risk management team is responsible for effectively implementing the risk management framework.

Risk management is an integral part of all our business activities. Each Resort is the risk owner and regularly performs risk assessments based on established procedures to identify, assess, and manage the risks that affect their business and analyse how these risks influence performance.

## FRAMEWORK AND PROCEDURES

The Hotels group has implemented a framework with clear policies and procedures to facilitate organisational risk management. This creates a stable environment for delivering on our strategic and operational objectives, as well as systematically identifying and capturing business opportunities.

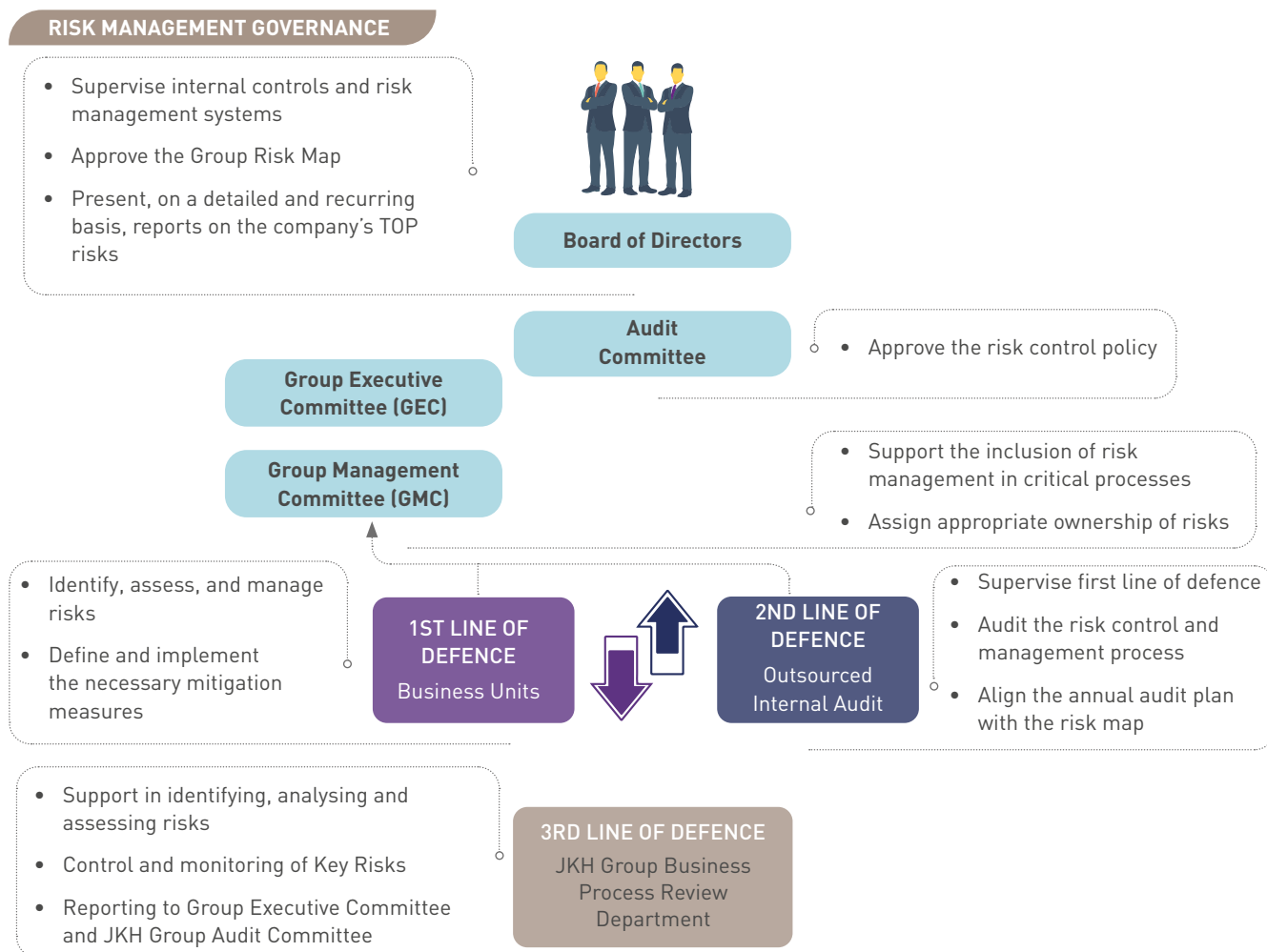
Enterprise risk management is integral to strategy formulation and applied across all functions. Risk management is governed by a standard framework designed by the John Keells Group (JK Group), ensuring that risk management practices are standardised across the Hotels Group. In addition, ongoing review, assessment, and guidance by the John Keells Group's Sustainability and Enterprise Risk Management (ERM) division ensure alignment with John Keells Holdings PLC's (Parent) Risk Management policies. The risk management process is carried out through an online Enterprise Risk, Audit, and Incident Management platform that maintains a live and dynamic risk register for the Hotels Group. The system provides a real-time and comprehensive assessment of the Hotel Group's risk profile, delivering metrics that support

the identification and management of material issues and principal risks faster and more proactively.

Once primary risks are managed, we continually monitor residual risks to ensure that they remain at an acceptable level and that events are adequately addressed and managed. The risk profile is reviewed and updated annually, with more frequent updates if new opportunities or risks are identified. The risk mitigation plan is reviewed and updated quarterly to reflect the current status of risks and action plans, and is communicated to the Group Executive Committee.

During the reporting period, all operations in all our properties were assessed for risks related to corruption through our enterprise risk management and audit frameworks.

# ENTERPRISE RISK MANAGEMENT



## PRINCIPAL RISKS AND UNCERTAINTIES

Risk appetite is broadly defined as the level of risk an entity deems acceptable in pursuing overall goals. The Hotels Group's Board of Directors is responsible for determining the Hotels Group's risk appetite.

We are monitoring a range of external and internal factors that affect the level of uncertainties

- Geopolitical tension and conflicts
- Macroeconomic pressures
- Labour and talent scarcity and costs

- Pace of digitalisation
- Increasing ESG regulation and stakeholder expectations relating to climate
- Opportunities for improving operational efficiency
- Aggressive brand and loyalty strategies by competitors

### Principal Risks

Our principal risks are articulated as uncertainties that will often present an opportunity and a threat at the same time:

### People Risks

- Human capital
- Health and safety
- Security
- Employee misconduct
- Human rights

### Planet Risks

- Climate risks
- Nature impacts and dependencies

### Profit Risks

- Geopolitical risk
- Macro-economic stability and the political environment
- Change in consumer preferences
- Risks relating to data protection and privacy
- Risks relating to cyber security
- Brand reputation impact
- Supply chain disruptions

- Liquidity risk
- Credit risk
- Financial covenant breach
- Interest rate risk

### RISK FACTORS AND RISK RESPONSES - PEOPLE, PLANET, AND PROFIT

#### People Risks

The success of the Hotels Group's business and transformation is dependent upon our people. Our people

processes, practices, and frameworks are built on the foundation of our seven values: Trust, Curiosity, Wellbeing, Inclusivity, Compassion, Agility and Greatness. Risk management processes are embedded in key business processes to detect potential internal and external risk exposures and to understand the causes of such in order to initiate effective risk-mitigating responses.

Risk Factors	Risk Responses	Material Topics
<b>Human Capital</b>		
We continue to face a competitive market and uncertainties regarding talent availability, recruitment, and retention. Given the tightness of the local job market, the Hotels Group is vulnerable to difficulties in attracting and retaining top talent. Our growth targets depend on having high-quality talent across our hotels.	<p>More focused Employer Value Proposition (EVP) that attracts, engages, and retains top talent by nurturing a culture of Cinnamon values focusing on all aspects of the colleague life cycle:</p> <p>Talent acquisition, employee engagement, learning and development ensure fair, transparent and performance-driven remuneration</p>	Employee retention and wellbeing
<b>Health and Safety</b>		
Hospitality is a people-centric industry. Creating a supportive and inclusive environment that prioritises the wellbeing of both guests and employees. Measures and protocols are implemented to ensure the wellbeing and protection of guests who visit a particular hotel or destination. Noncompliance with health and safety standards can disrupt operations and seriously impact a brand's reputation.	<p>Risk exposures are closely monitored and followed up across the group. The company has strict requirements for reporting incidents, accidents, and injuries and works continuously to improve its safety culture by systematically enforcing strict operating procedures.</p> <p>Our commitment to health and safety begins by prioritising the wellbeing of our people and creating a secure work environment. All our resorts have adhered to ISO 45001:2018 (Occupational Health and Safety Management System) since 2008, ensuring the highest standards. We introduced our new Health Safety Environment (HSE) strategy last year, and Cinnamon Care 2.0 is continuing its journey by updating our standards for care and cleanliness. Regular engagement with colleagues and Health and Safety Teams ensures their active involvement in health and safety matters.</p>	<p>Employee retention and wellbeing</p> <p>Guest health and safety</p>
<b>Security</b>		
The resorts, situated outside Colombo and within the Maldivian Atolls—remote from Malé, the capital—may be exposed to potential threats from criminal elements, activist groups, segments of the local population, and competitors. Such threats could adversely impact our operations, supply chain, and administrative offices, while also posing significant security risks to our personnel, working environment, physical assets, and corporate reputation.	<p>We continuously monitor security risk exposure and assess and manage regional and local threats to our personnel and sites.</p> <p>Risk exposures are mitigated through outsourced security services managed by the security manager of each property.</p>	Guest health and safety

# ENTERPRISE RISK MANAGEMENT

Risk Factors	Risk Responses	Material Topics
<b>Employee Misconduct</b>		
Failure to comply with the JK Group's Code of Conduct will damage our brand and reputation. It can also negatively affect our relationship with current and future business partners, resulting in both legal sanctions and financial loss. In positive terms, demonstrating a commitment to ethical business conduct and social responsibility can create competitive advantage and value for business partners, employees, and society at large.	At Cinnamon, we believe that a thriving workplace is built on trust, fairness, and integrity. Our commitment to these principles is embedded in every aspect of our HR policies, governance structures, and workplace practices. It all begins with a strong foundation - clear policies that guide how we work. Every employee, from day one, is introduced to our Code of Conduct, which outlines ethical expectations and reinforces our zero-tolerance approach to discrimination, harassment, or unethical behaviour. Through our gender parity and inclusion initiatives, we actively promote equal opportunities, ensuring fair representation at all levels of the organisation. Our HR policies are designed to foster a culture where employees - regardless of gender, background, or role - have access to growth and leadership opportunities.	Business conduct and ethics
<b>Human Rights</b>		
Hotels Group is exposed to human rights risks throughout the value chain, from sourcing and production to markets. An integral part of our approach to responsible business is to drive respect for and advance human rights in accordance with internationally recognised standards. Our Human Rights Policy sets out our commitment to respect the human rights of all individuals impacted by our business activities - our guests, our colleagues, workers in our supply chain and the communities in which we operate	We are dedicated to ensuring compliance with local and international labour regulations in our operations and supplier activities. Our governance framework and work practices maintain a zero-tolerance policy for sexual harassment, child labour, and forced labour, with stringent policies safeguarding human rights. Ongoing training programs raise awareness about fair work practices and human rights. Moreover, we uphold an open-door policy, encouraging transparent communication and fostering a culture of trust and respect among our team members. Additionally, our whistle-blowing policy provides a safe and confidential avenue for colleagues to report any concerns or violations they may encounter, ensuring accountability and upholding our commitment to ethical practices. At Cinnamon Hotels & Resorts, we prioritise the well-being and rights of our colleagues, promoting a workplace environment built on integrity, fairness, and accountability.	Human rights

## Planet Risks

Operating in Sri Lanka and the Maldives, we recognise our vulnerability to the impacts of climate change and biodiversity loss. We are committed to minimising our environmental footprint and increasing our handprint as extreme weather events, higher temperatures, disrupted supply chains, and evolving customer travel preferences directly affect our business operations.

We are focusing on further reducing greenhouse gas emissions and water withdrawal intensity within our hotels, minimising single-use plastics and organic waste across our operations, and actively engaging with suppliers to reduce greenhouse gas emissions. We also extend our efforts to mitigate biodiversity loss, particularly at sensitive sites near our properties.

Risk Factors	Risk Responses	Material Topics
<b>Climate</b>		
<p>The Hotels Group's footprint in Sri Lanka and the Maldives is subject to various current and emerging climate change risks. These include altered landscapes, more severe and frequent natural disasters, and disruptions to commodity prices and food supply chains. Such climatic occurrences directly impact tourism by influencing destination choices and travel timings or indirectly by affecting the quality of the experience through adverse perceptions post-disaster or concerns over destination safety.</p> <p>Beyond the effects on tourism, these climate risks also pose significant challenges to agriculture, affecting crop yields, livestock health, and the logistics of food production and distribution. These agricultural disruptions, in turn, directly affect the operations and supply chain, underscoring the interconnectedness of climate risks with the broader operational and strategic considerations of the Company.</p>	<p>Cinnamon Hotels &amp; Resorts have integrated sustainability into the overall strategy and recognised it as an operational priority and has set long-term environmental goals, which include a</p> <ul style="list-style-type: none"> <li>• Reduction in greenhouse gas emissions and a reduction in single-use plastics</li> <li>• Promoting biodiversity conservation</li> </ul> <p>The group is committed to establishing long-term goals focused on efficient resource utilisation and reducing emissions.</p> <ul style="list-style-type: none"> <li>• Setting up standards, training and monitoring a range of environmental indicators, including water, energy, waste, and carbon footprint</li> <li>• Consider long-term climate change impacts on evaluating expansion plans.</li> <li>• Promoting awareness among key stakeholders on sustainable operations</li> </ul> <p>Business Continuity Plans, including alternate working arrangements and emergency response plans in the event of natural disasters</p>	GHG emissions and energy management
<b>Nature Impacts and Dependencies</b>		
<p>The strategic locations of our properties are potentially exposed to multiple nature and ecosystem-related risks. It is crucial to be aware of the drivers that change nature, biodiversity, and ecosystems in order to manage and determine actions where nature change could negatively impact the Group's performance and operations.</p>	<p>The group's ambition is Zero Harm to the environment. The group assesses and monitors nature impacts and risks systematically, taking into account the value chain, the local state of nature, and the company's dependency on ecosystems. All our properties have conducted a bio diversity impact assessment.</p>	Biodiversity

## Profit Risks

The group's business is closely interlinked with the global economy, geopolitical events, local macroeconomic stability, and the political environment, as well as consumer behaviour patterns and global weather patterns. The execution of our strategy for sustainable, profitable growth depends on our ability to manage strategically important risks and opportunities relevant to our industry. The group is also exposed to various financial risks due to our foreign operations.



# ENTERPRISE RISK MANAGEMENT

Risk Factors	Risk Responses	Material Topics
<b>Geopolitical Risk</b>		
Operating in a globally interconnected world necessitates a proactive approach to mitigate the potential impacts of unforeseen geopolitical events. The spectrum of geopolitical risks include political shifts on both the global and domestic fronts, acts of war, terrorism, and various other disruptions. These may have wide-ranging consequences for our company, customers, suppliers, staff, and other business partners, including increased costs, loss, prohibition of cross-border activities, limitations on trade, closure of entire markets, and possible damage to stakeholder relationships. Geopolitical risk includes activities such as terrorism, political crises, wars and civil or military uprisings.	The Hotels group proactively implements marketing strategies to pursue other key feeder markets and expand geographical coverage. We have appointed Global Sales Offices to cover India, China, and Europe, with a focus on key markets and reducing our dependency on select markets.	Risk management
<b>Macro-economic Stability and the Political Environment</b>		
Macroeconomic instability in the domestic economy impacts both demand and supply factors.	<ul style="list-style-type: none"> <li>• Scenario testing and proactively identifying action plans to mitigate risks</li> <li>• The Hotels Group will leverage its brand, sales initiatives, and product and service offerings to capture demand recovery. Expansion will be achieved through an asset-light business model, which will preserve cash in the near to medium term.</li> <li>• The Hotels Group will continue to make efforts to enhance revenue across all sales channels while also strengthening its cost structure to boost overall profitability.</li> <li>• The Hotels Group has strengthened its focus on Projected Capital Expenditure (CAPEX) optimisation as aligned with our long-term plan. Funding of projected CAPEX will primarily come from the cash generated from operations and selective debt financing. We remain committed to cost optimisation and enhancing productivity across business units and across geographies to support our financial stability.</li> <li>• The senior management of our Hotels Group actively participates in the development and promotion of economic policies by engaging in consultative committees, trade associations, and policy-making bodies.</li> </ul>	Risk management

Risk Factors	Risk Responses	Material Topics
<b>Change in Consumer Preferences</b>		
<p>In a highly competitive industry with increasing demands for personalisation, we must at all times anticipate and respond to evolving guest expectations, preferences and loyalty while strengthening returns through the services, technology platforms and experiences our brands provide, including ever-increasing digitalisation of the guest journey.</p> <p>Traveller needs are evolving rapidly in response to technological and socio-economic developments. Not responding to these changes impacts customer satisfaction levels</p>	<ul style="list-style-type: none"> <li>To deliver a relevant experience for the group's customers amid a highly competitive, value-driven operating environment, the Company must continually implement initiatives to adapt aggressively.</li> <li>Greater focus on revenue management. Product and rate positioning was refined to correspond with the value proposition of each resort</li> <li>High level of guest engagement through satisfaction surveys, social media platforms and face-to-face interactions, including positioning staff with multilingual skills in guest interface areas</li> <li>Reassure employees and existing and potential guests of the Hotels Group's commitment to safety and well-being through a dedicated page on the Hotels Group website</li> </ul>	E5 Resource use and circular economy
<b>Risks relating to Data Protection and Privacy</b>		
Countries are increasingly regulating the use of personal data due to the increased digitisation of services, rapid adoption of Artificial Intelligence and public demands for greater rights over their information. With the Sri Lanka Personal Data Protection Act (SL PDPA) coming into effect this year, there will be serious financial and other penalties for non-compliance.	The Hotels Group has an established Data Protection Policy, along with an appointed Data Protection Officer (DPO), to ensure compliance with leading global regulations on Personal Data Protection including the European Union General Data Protection Regulation (EU GDPR). The Hotels Group has procedures in place for key areas such as personal data breach reporting and handling, data subject access requests and privacy impact assessments. All Staff are regularly trained on these.	Privacy and data security
<b>Risks relating to Cyber Security</b>		
Handling of large volumes of Personally Identifiable Information (PII) across multiple systems (PMS, POS, CRM, etc.). Increasing sophistication of cyberattacks targeting the hospitality sector. Remote work practices and third-party integrations and systems are expanding the threat surface. Compliance obligations with data protection and privacy regulations (e.g., GDPR, local PDPA guidelines).	<p>Continued investment in endpoint protection (Windows Defender), email threat protection, etc. Regular vulnerability assessments and internal audits are coordinated with the Group Information Security team.</p> <p>Implementation of multi-factor authentication (MFA) across critical systems. Ongoing user awareness training to reduce phishing and social engineering risks. Enhanced data loss prevention (DLP) and data masking mechanisms in systems handling PII. Engagement in periodic reviews with external consultants for independent assurance.</p>	Privacy and data security

# ENTERPRISE RISK MANAGEMENT

Risk Factors	Risk Responses	Material Topics
<b>Operational Resilience to Incidents or Disruption or Control Breakdown</b>		
The nature of our business continues to expose us to significant inherent operational risks, including factors related to safety, security, dependency on equipment, and operational finance controls	<p>All the properties have implemented a comprehensive schedule for preventive maintenance under the guidance of the Centre Engineering team. Service provider agreements are in place for critical equipment affecting operations.</p> <p>Additional provisions for backup generators and identified generator providers in each resort location.</p> <p>The Hotels group has a disaster recovery plan (DRP) in place that encompasses critical systems and incorporates redundancy to enhance risk mitigation. This includes regular testing, refinement and upgrading of key IT systems to ensure continuous operation in the event of an outage.</p>	Product safety and quality
<b>Risk of Increase in Fuel Prices and Electricity Tariff</b>		
Energy cost is a significant component of our operational costs. Rising fuel and energy prices, therefore, impact the margins and financial performance of the Hotels Group	<ul style="list-style-type: none"> <li>Monitoring market prices of fuel and exchange rates and planning in advance.</li> <li>The group continues to evaluate alternative renewable energy sources for each property.</li> <li>Engagement of energy experts to improve energy efficiency.</li> </ul>	Risk management
<b>Brand Reputation Impact</b>		
Events that could negatively affect the reputation and relationships with key stakeholders.	<ul style="list-style-type: none"> <li>Training and development of staff</li> <li>Carrying out compliance audits/brand audits</li> <li>Brand positioning, development, and marketing</li> <li>We have introduced a Crisis Communication plan and Spokesperson.</li> </ul>	Stakeholder relationship management
<b>Fraud and Anti-Corruption</b>		
Possibility for fraud and engaging in corruption can lead to financial losses as well as reputational damages to the entity	The Hotels Group group has zero tolerance for fraud and corruption, acknowledging that fraud is how other irregularities, including corruption, are perpetrated. Our zero-tolerance stance is systematically implemented and communicated throughout our organisation, as well as to business partners, through policy commitments, training, and awareness-raising initiatives. Our gift policy set the tone for zero tolerance.	Business conduct and ethics
<b>Supply Chain Disruptions</b>		
Disruptions in our supply chain can negatively impact the Hotels Group ability to maintain service levels and guest experiences.	The Hotels Group has a centralised purchasing function in Colombo and Male'. In addition, each property has developed a strong relationship with local suppliers.	Supplier assessment

Risk Factors	Risk Responses	Material Topics
<b>Liquidity Risk</b>		
Uncertainty about the effects of geopolitical uncertainty has adversely affected the Hotels Group financial results and growth. Hence, the immediate priority is to preserve cash flow and maintain its cash position and unutilised credit facilities to ensure sufficient liquidity in the future.	Hotels Group has access to sufficient sources of funding to meet currently foreseeable requirements.	Risk management
<b>Credit Risk</b>		
Credit risk represents exposure to customers defaulting payments	The Hotels Group has a well-established system for credit management, with defined exposure limits at the customer level.	Risk management
<b>Financial Covenant Breach</b>		
Possibility of breaching financial covenants imposed by Banks due to financial constraints	<p>The Hotels Group endeavour to maintain a strong financial position, ensuring covenants are complied through the following measures:</p> <ul style="list-style-type: none"> <li>• Close monitoring and forecasting of possible covenant breaches and informing financial institutions of potential breaches</li> <li>• Take preventive measures to seek waivers from banks</li> <li>• Pursue covenant amendments from banks</li> </ul>	Risk management
<b>Interest Rate Risk</b>		
Hotels Group is exposed to changes in interest rates primarily as a result of financing its business operations and managing its liquidity and will influence group's funding cost over time.	Interest rate risk is managed in relation to the expected impact an interest rate change will have on the Hotels Group financial performance. Hotels Group keeps part of the long-term debt portfolio in fixed interest rate agreements as a risk mitigation measure.	Risk management
However, the overall financial exposure to interest rate fluctuations is considered low.	<p>Funding cost and mitigated the interest rate risk through various diversification strategies to negate the effect of rate changes. These strategies generally include:</p> <ul style="list-style-type: none"> <li>• Paying more attention to the market trend in interest rates and managing the debt portfolio efficiently by the medium to long-term trend.</li> <li>• Increasing accelerated payment of high-interest debts</li> <li>• Diversifying the debt portfolio, i.e. sources and maturity of debt.</li> </ul>	



# DELIVERING ON THE RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Governance	
Recommended Disclosures	Our approach
Describe the Board’s oversight of climate-related risks and opportunities.	<p>The Board of Directors is responsible for managing the Hotels Group’s climate-related risks and opportunities, and these matters are consistently included in the Board’s agenda.</p> <p>Board oversight related to climate-related risks and opportunities includes identifying, monitoring, and mitigating the potential impacts of climate change within the context of the Hotels Group’s overall strategy. This includes assessing the vulnerability of our properties to physical and transition climate risks, including extreme weather events and rising sea levels, alongside the increasing stringency in environmental regulations and market emphasis on minimising climate impacts.</p>
Describe management’s role in assessing and managing risks and opportunities.	<ul style="list-style-type: none"> <li>Identify, monitor and manage climate-related risks and opportunities facing the Hotels Group. These include extreme weather events, rising sea levels, shifts in guest preferences towards more sustainable travel options, and regulatory developments related to greenhouse gas emissions, among others.</li> <li>Identify climate-related opportunities and develop strategies to capitalise on them. These include strengthening energy resilience by increasing reliance on renewable energy sources and implementing sustainable practices in response to growing guest preferences for more sustainable travel options.</li> <li>Integrate climate-related risks and opportunities into the overall business strategy of the Hotels Group.</li> <li>Engage with key stakeholders, including investors, guests, colleagues and local communities, to identify their climate-related concerns and communicate our approach to mitigating our climate risks and minimising our climate impacts.</li> <li>Monitor the Group’s progress towards achieving its climate-related goals and implement corrective action where necessary.</li> </ul>

Strategy		
Recommended Disclosures		
<ul style="list-style-type: none"> <li>Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.</li> <li>Describe the impact of climate-related risks and opportunities on the organisation’s business strategy and financial planning.</li> <li>Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</li> </ul>		
Our Approach		
	Risks/ Opportunities and their Potential Impact	Impact on Strategy and Financial Planning
Short-Term		
Risks	<ul style="list-style-type: none"> <li>Increased frequency and intensity of extreme weather events resulting in property damage and operational disruptions.</li> <li>Volatility in tourist arrivals due to the unpredictable weather patterns.</li> </ul>	<ul style="list-style-type: none"> <li>Obtained property insurance.</li> <li>Implemented a business continuity plan.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>Effectively managing environmental risks to reduce operational costs.</li> <li>Rising guest preference for more sustainable travel options.</li> </ul>	<ul style="list-style-type: none"> <li>Implemented a comprehensive sustainability strategy that includes carbon footprint reduction goals.</li> <li>Engaged guests in our conservation efforts.</li> </ul>

Medium Term		
Risks	<ul style="list-style-type: none"> <li>Increasing stringency in regulations that require investments to manage climate impacts and mitigate climate risks.</li> <li>Rising insurance costs due to increased climate-related risks.</li> </ul>	<ul style="list-style-type: none"> <li>Monitored developments while increasing reliance on renewable energy sources.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>Evolve our offerings to cater to guests seeking more environmentally friendly travel options.</li> <li>Collaboration with local communities and authorities on climate resilience projects.</li> </ul>	<ul style="list-style-type: none"> <li>Engaged guests in our conservation efforts.</li> <li>Impactful community initiatives that strengthened climate resilience.</li> </ul>
Long-term		
Risks	<ul style="list-style-type: none"> <li>Rising sea levels and coastal erosion threaten the integrity of property assets.</li> <li>Reputational risks arising from negative publicity related to environmental impacts.</li> </ul>	<ul style="list-style-type: none"> <li>Investments to safeguard our properties, particularly in the Maldives.</li> <li>Embedded sustainable practices into our business processes and across the value chain.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>Strengthen energy resilience, reduce our carbon footprint and lower energy costs through investments in renewable energy.</li> <li>Develop long-term climate adaptation strategies to ensure business continuity.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing emphasis on increasing investments in renewable energy solutions.</li> <li>Adapt our business continuity strategy to align with evolving climate conditions.</li> </ul>

The Hotels Group did not undertake a climate scenario analysis during the year under review.

Risk Management	
Recommended Disclosures	Our approach
Describe the organisation's processes for identifying and assessing climate-related risks	Identification and assessment of climate-related risks within the Hotels Group takes into consideration insights gained from a careful assessment of the available scientific data and stakeholder engagement. Risks considered include extreme weather events, rising sea levels and changes in temperature patterns. We then assess the vulnerability of our properties to these identified risks, considering factors such as location, building design and infrastructure.
Describe the organisation's processes for managing climate-related risks	<p>Having assessed the vulnerability of each property to each climate-related risk, mitigation strategies are developed depending on the severity of the impact. Mitigation strategies include,</p> <ul style="list-style-type: none"> <li>Strengthening energy resilience by diversifying energy sources to include renewable energy.</li> <li>Investing in adaptations to address rising sea levels in the Maldives.</li> <li>Emergency preparedness by establishing protocols and procedures to respond to climate-related emergencies. These include evacuation plans and backup power systems in the event of an extreme weather event, emergency response drills, and business continuity planning.</li> <li>Reviewed the risk grids quarterly and updated the Hotels Group's risk management strategies as required.</li> </ul>
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	We are in the process of incorporating climate-related risks into the Hotels Group's comprehensive risk management framework, aligning with the adoption of the SLFRS S1 and S2 Sustainability Standards.

# DELIVERING ON THE RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Metrics and Targets			
Recommended Disclosures	Our Approach		
<ul style="list-style-type: none"> <li>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</li> <li>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</li> </ul>	<b>GHG Emissions (tCO<sub>2</sub>e) in 2024/25</b>		
		2024/25	2023/24*
			y-o-y Change %
	Direct GHG emissions (Scope 1)	14,602.57	12,119.53
	Indirect GHG emissions (Scope 2)	15,178.64	7,682.48
	Total GHG emissions (tCO <sub>2</sub> e)	29,781.21	19,802.01
	GHG emissions per guest night (kgCO <sub>2</sub> e/GN)	19.15	13.16
*Verified carbon emission figures (ISO 14064 certified)			
Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets.	<p>The Hotels Group has established short-term and long-term targets for key climate-related impacts, including greenhouse gas emissions, freshwater withdrawal, and renewable energy reliance. Performance against these targets is actively monitored, and corrective action is implemented when required. Please refer page 80, for more information on our progress against established targets.</p>		

# LIVING OUR COMMITMENT TO SUSTAINABILITY

Sustainability is deeply embedded in our culture and underpins our value proposition for responsible, sustainable luxury travel. Strong governance and a strategy consistently applied across all our properties have enabled us to deliver long-term value to stakeholders while actively reducing our environmental footprint.

Our sustainability strategy outlines how we intend to advance environmental, social, and governance priorities across our operations. Formulated and launched in 2021, it clearly outlines specific objectives within each pillar aimed for achievement by the end of 2025. The strategy was developed with careful consideration of the

sustainability context in both Sri Lanka and the Maldives, as well as alignment with international standards, including the principles of the United Nations Global Compact (UNGC) and the United Nations Sustainable Development Goals (UNSDGs).

An overview of how sustainability is integrated and managed within our operations is set out below.

## Our sustainability governance structure



## Our sustainability policy architecture





# LIVING OUR COMMITMENT TO SUSTAINABILITY

## Our sustainability strategy

 <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>• Reduce energy consumption while increasing our dependency on renewable energy sources.</li> <li>• Reduce dependency on freshwater.</li> <li>• Elimination of single use plastic.</li> <li>• Alignment with circularity through reuse and recycle while minimising food waste.</li> <li>• Biodiversity species conservation while increasing forest cover.</li> </ul>	 <p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Creating a safe working environment.</li> <li>• Providing equal opportunities for career growth.</li> <li>• Uplifting living standards of our communities with a focus on women, children and persons with disabilities.</li> </ul>	 <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Adhere to high standards of corporate governance and transparency in business conduct.</li> <li>• Uphold ethical business practices and integrity in every interaction.</li> <li>• Comply with all relevant laws, regulations, industry standards and best practice.</li> <li>• Engage with key stakeholders to ensure accountability and responsible business conduct.</li> </ul>
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## MONITORING PROGRESS

Sustainability benchmarks for monitoring our carbon footprint, water withdrawal and landfill waste were established following a detailed assessment of our practices and those of similar regional hotels by EarthCheck Pte Ltd.

Performance against established goals at the property level is monitored monthly. Sustainability performance data are collected at each property using an internal system and collated by the JKH Centre Sustainability Team, who then report the data to property management for necessary action.

Tracking sustainability performance at the Group level is undertaken quarterly. Sustainability performance data are gathered through the Goodera online platform and consolidated by the JKH Centre Sustainability Team, who then report to the Cinnamon Executive Committee and the Board of Directors to facilitate oversight and informed decision-making.

The JKH Centre Sustainability Team conducts annual sustainability assurance audits at each property, and third-party audits are also performed for verification.

	Environment	Social
2025 Goals	<ul style="list-style-type: none"> <li>• <b>50%</b> reduction of single-use guest-facing plastic from 2021 baseline.</li> <li>• Execution of biodiversity action plans at each resort in Sri Lanka and the Maldives.</li> <li>• Implementation of one biodiversity conservation plan per resort.</li> <li>• Implementation of one mid-scale conservation project per year.</li> <li>• Reduce carbon footprint by <b>1,300</b> tCO<sub>2</sub>e (scope 1 and 2), based on the 2018 base year.</li> <li>• <b>15%</b> of energy requirements to be met by renewable energy.</li> <li>• <b>100%</b> reduction of generated waste to be diverted away from landfills.</li> <li>• Reduce water consumption by <b>10</b> litres/EarthCheck guest night from 2018 baseline.</li> <li>• All resorts are required to comply with the Global Sustainable Tourism Council (GSTC) certification scheme, Travelife.</li> </ul>	<ul style="list-style-type: none"> <li>• Overall female representation to be improved to <b>20%</b>.</li> <li>• Female representation at leadership is to be improved to <b>21%</b>.</li> <li>• The number of PWD colleagues in the workforce is to be increased to <b>1%</b>.</li> <li>• <b>100%</b> of on-property associates to be trained in child protection.</li> <li>• Contribute <b>2,000</b> volunteer hours.</li> <li>• Impact <b>1,000</b> beneficiaries (direct and indirect), aligning with our CSR community engagement model.</li> </ul>

	Environment	Social
Progress in 2024/25	<ul style="list-style-type: none"> <li>• <b>58%</b> reduction in single-use guest-facing plastic</li> <li>• <b>0.61%</b> of our energy requirement is met through renewable energy sources.</li> <li>• A range of marine and land biodiversity conservation initiatives in Sri Lanka and the Maldives.</li> <li>• <b>93.35%</b> of waste generated is diverted from landfills.</li> <li>• <b>9,979</b> tCO<sub>2</sub>e (scope 1 and scope 2) increase in our carbon footprint.</li> <li>• <b>10%</b> reduction in water consumed.</li> <li>• Completed the Scope <b>3</b> emissions assessment for 2023/24</li> <li>• All resorts have obtained Travelife certification.</li> </ul> <p>Please refer to 'Planet' on page 80 for more information.</p>	<ul style="list-style-type: none"> <li>• <b>17.07%</b> female representation in the workforce</li> <li>• <b>20.49%</b> female representation at leadership levels.</li> <li>• <b>1,742</b> individuals positively impacted through CSR initiatives.</li> <li>• <b>0.39%</b> PWD colleague representation</li> <li>• <b>11,429</b> volunteer hours contributed.</li> <li>• <b>100%</b> of on-property associated staff trained in child protection.</li> </ul> <p>Please refer to 'People' on page 65 for more information.</p>
2030 goals	<ul style="list-style-type: none"> <li>• A biodiversity conservation plan at every property where RED list species have been identified.</li> <li>• Increase forest cover by <b>10,000</b> trees</li> <li>• <b>80%</b> reduction in single-use plastic consumption from the 2021 base year.</li> <li>• <b>30%</b> reduction of Scope 1 and 2 emissions by 2030.</li> <li>• Reduce freshwater use by <b>20%</b> of total water use</li> </ul>	<ul style="list-style-type: none"> <li>• <b>30%</b> female representation in the workforce</li> <li>• <b>25%</b> female representation at leadership levels.</li> <li>• <b>2%</b> PWD colleague representation</li> <li>• Complete <b>100,000</b> volunteer hours by 2030 from 2021 base year</li> <li>• <b>100%</b> of on-property associates trained in child protection.</li> </ul>

## AWARDS

<b>TUI Global Hotel Awards 2024</b> Ranked among Top 100 Hotels Cinnamon Hakuraa Huraa Maldives	<b>Top 100 Sustainable Hotels and Resorts of the World 2024</b> Recognised by Luxury Lifestyle Awards Trinco Blu by Cinnamon	<b>Green Industry Awards 2024</b> Recognition for commitment towards CSR Hikka Tranz by Cinnamon
<b>SATA Awards 2024</b> <b>GOLD Awards</b> <ul style="list-style-type: none"> <li>• Leading Surf Hotel/Resorts - Cinnamon Dhonveli Maldives</li> <li>• Leading Wildlife Lodge, tented camp - Cinnamon Wild Yala</li> <li>• Leading riverfront hotel/resort - Cinnamon Citadel Kandy</li> </ul>	<b>SL Tourism Awards 2024</b> <ul style="list-style-type: none"> <li>• Best Integrated Digital Campaign</li> <li>• Hospitality Award</li> <li>• Best Rate Guaranteed Campaign (in collaboration with eMarketingEye)</li> </ul>	<b>Annual Presidential Environmental Awards 2024</b> Merit Award Cinnamon Lodge Habarana
<b>Best Corporate Citizen Sustainability Awards 2024</b> The Best Project Sustainability Award The Cinnamon Rainforest Restoration Project	<b>TAGS Awards 2024</b> Silver Award in the Hotel Sector for Excellence in corporate reporting	<b>ACCA Sustainability Reporting Awards 2024</b> Winner in the Tourism Category for 2023/24

# LIVING OUR COMMITMENT TO SUSTAINABILITY

## CERTIFICATIONS

### LEED CERTIFICATION

#### LEED Platinum

- Cinnamon Bentota Beach

#### LEED Gold

- Cinnamon Bey Beruwala
- Kandy Myst by Cinnamon

### TRAVELIFE CERTIFICATION

#### Travelife Gold

- All properties

## PRIORITISING SAFETY AND WELLBEING

The safety and wellbeing of our guests, colleagues and stakeholders is of vital importance to the Hotels Group. Our internal safety and wellbeing standards and processes align with regulatory requirements and international best practice through accreditations including ISO 22000: 2018 Food Safety Management Systems, ISO 45001: 2018 Occupational Health and Safety and ISO 14001: 2015 Environment Management System. During the year under review, numerous initiatives were undertaken to strengthen food safety and wellbeing within our properties. A summary of key initiatives implemented is set out below.

### Training and development

- Development of a training matrix for all colleagues

A comprehensive training matrix was developed to outline essential food safety, occupational health and safety and environmental safety training requirements for all designations across executive and non-executive levels.

Clear guidelines were communicated to training managers at each property to ensure training programmes were effectively planned, organised and conducted according to the specific requirements of each designation.

- Training sessions for the Compliance Team

A range of refresher training programmes were conducted for executive level employees on food safety, occupational health and safety and environmental safety with emphasis on legal regulations and requirements. These included,

- Participation at the NIOSH Health & Safety Conference 2024.
- ISO 14001:2015 / ISO 45001:2018 Internal Auditor Training
- FSSC 22000 Version 6.0 Internal Auditor Trainings
- Industrial exposure visits to Fonterra Brand Lanka, Biyagama, Sri Lanka.
- Development of health and safety videos in local languages.

A series of educational videos were developed in the local language for all colleagues across all resorts in Sri Lanka. The new video series offered relatable practical scenarios and featured the well-known Sri Lankan folklore character Andare to enhance employee engagement and deliver a more impactful health and safety message.



### Revision and update of food supplier auditing SOP

Existing Food Supplier Auditing SOPs were revised and updated following a careful review of legal regulations, accreditation requirements and internal food safety standards. The revisions focused on strengthening auditing procedures, improving supplier accountability, and aligning food safety measures with industry best practices.

### Enhanced food safety external verification through the expansion of testing criteria

Additional external verification tests were introduced across all resorts as part of routine food safety assessments. These included, SWAB samples randomly collected from clean plates, and water glass surfaces to verify the effectiveness of dishwashing and glass cleaning processes.

A full chemical analysis test for drinking water including heavy metal analysis was also initiated on an annual basis to ensure drinking water complied with legal safety requirements and remained free from harmful chemical substances such as heavy metals.

All testing was conducted through accredited laboratories.

### Procurement of HSE tools and testing equipment for Compliance Teams

To strengthen food safety and hygiene practices, new tools and testing equipment was procured and made available to all Compliance teams across our resorts. This supported the enhancement of internal verification processes and daily food safety monitoring at the properties.

Equipment purchased included, probe thermometers, infrared (IR) thermometers and Dish-Temp dishwashing temperature monitoring disks. These devices enabled accurate temperature monitoring and strengthened compliance with food safety standards.

### Development of comprehensive General Standard Operating Procedures (GSOP) to enhance food safety and health and safety

Standardised guidelines were developed in line with industry best practice, covering food safety and hygiene, occupational health and safety, chemical safety and fire safety to enhance operational safety and efficiency.

This process involved the development of 33 GSOPs related to health and safety, addressing key safety concerns and preventive measures. An additional 20 GSOPs were developed, specifically focused on enhancing food preparation-related food safety through strict hygiene and safety protocols in food preparation areas. Furthermore, 8 specialised GSOPs were created exclusively for kitchen stewarding staff, providing clear guidance on maintaining hygiene, handling food contact surfaces, and sanitation compliance.

### Evaluating the impact of cold holding temperatures on microbial growth in perishable foods

The Hotels Group initiated a research project in collaboration with an external accredited laboratory and the Department of Food Science and Technology at the University of Peradeniya to evaluate the impact of cold holding temperatures on microbial growth in perishable food.

The study focused on the relationship between specific cold holding temperature ranges (0°C - 4°C, 6°C - 10°C, 11°C - 15°C) and the rate of microbial growth in perishable food categories such as meats, fish, dairy, and ready-to-eat items.

Key areas of exploration included:

- **Optimal Temperature Ranges:** Identifying precise temperature thresholds that minimise microbial growth.
- **Safety Implications:** Evaluating how deviations from recommended cold holding temperatures impact foodborne pathogen proliferation.
- **Shelf-Life Extension:** Assessing the potential to prolong shelf life and cold holding time through minor temperature adjustments.

Significant scientific insights were gained into safe cold holding practices, supporting the Hotels Group's commitment to food safety excellence and enhancing best practices in temperature control for perishable foods.

### Thermographic and insulation testing to enhance electrical safety

Comprehensive thermographic and electrical insulation tests were conducted across all properties in Sri Lanka to ensure high standards in electrical safety and prevent electrical hazards.

### Progress Towards FSSC 22000 Version 6.0 Certification for Cinnamon Hotels & Resorts

As part of the initiative to obtain GFSI (Global Food Safety Initiative) recognised FSSC 22000 Version 6.0 Food Safety Management System Certification for all Cinnamon Hotels & Resorts properties, internal GAP audits were conducted across all properties in Sri Lanka and the Maldives during the last financial year. These audits aimed to assess compliance with the certification requirements and identify gaps that needed to be addressed.

The Hotels Group's adheres with all regulatory requirements and voluntary codes concerning health and safety. During the year under review, no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services were recorded.

The Hotels Group also assessed all products and service categories for health and safety impacts. No material issues relating to customer health and safety were recorded during the year under review. Furthermore, no incidents of non-compliance with regulations and voluntary codes concerning the product and service information and labelling and marketing communications were reported during the year under review.

# MATERIAL TOPICS

Cinnamon undertook a materiality assessment during the year under review to identify and prioritise the issues most material to the Group and its stakeholders. Insights gained from,

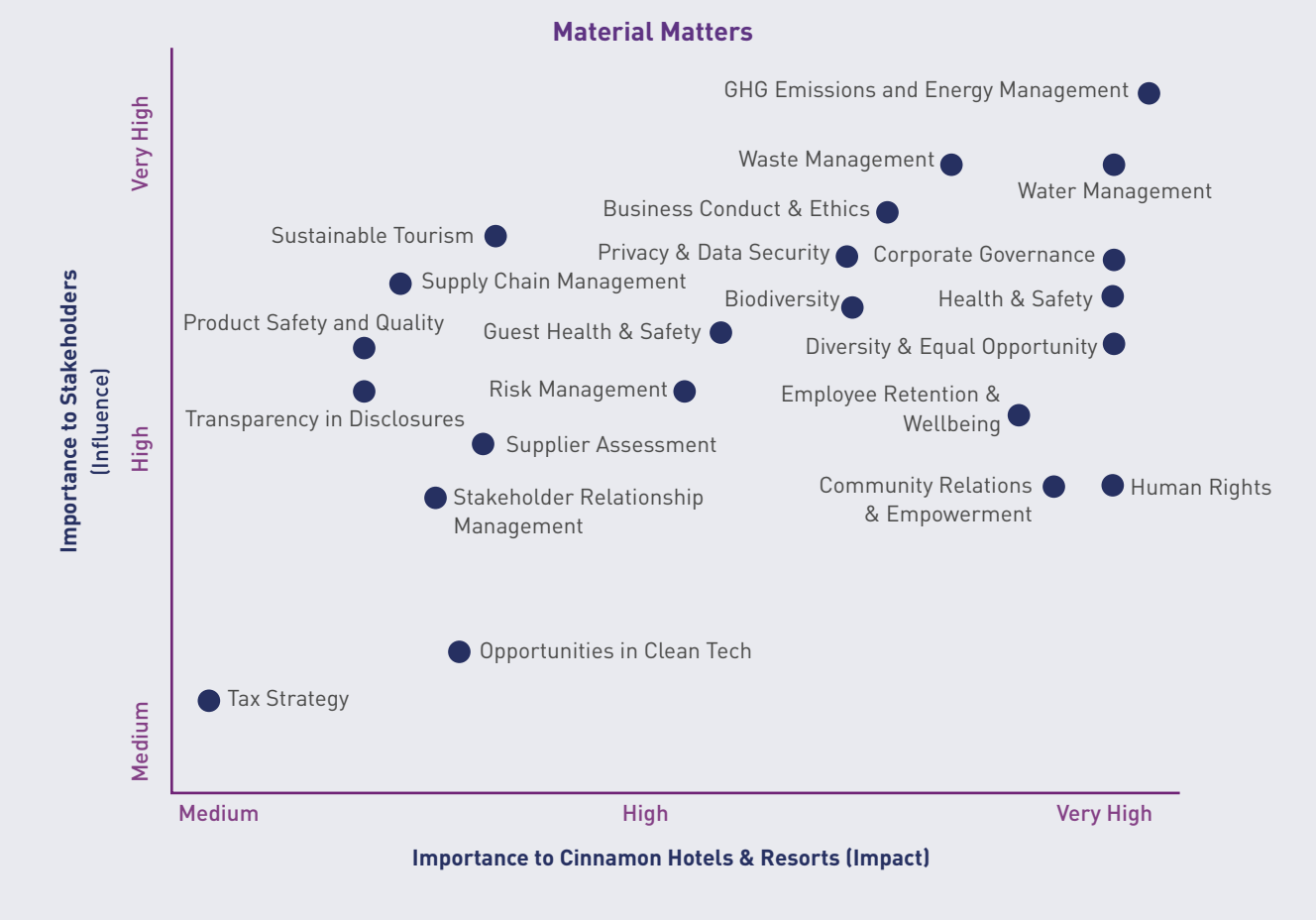
- A detailed analysis of its external environment, including an assessment of emerging risks and opportunities,
- A review of its business model,
- Ongoing engagement with key stakeholders,
- Value chain sustainability assessments and supplier audits,
- Developments in the hospitality sector,
- Requirements of global sustainability standards,

were considered when assessing the materiality of potential material topics.

### Key Improvements in 2024/25

- The Group adopted a double materiality lens to assess potential material topics considering both the impact on the Group as well as on external stakeholders and the environment.
- A quantitative approach was applied with scores assigned to each topic based on organisational materiality and impact materiality.

The results of the Group’s materiality assessment are given below.









The Group's material topics for 2024/25 are listed below.



Material Topics in 2024/25	Materiality Compared to Last Year	Corresponding GRI/SASB Topic/UN SDGs		Link to Strategy
GHG Emissions and Energy Management	No change	GRI 302: Energy GRI 305: Emissions SV-HL-130a.1	 	Operate
Waste Management	No change	GRI 306: Waste		Operate
Business Conduct Ethics	No change	GRI 205: Anti-corruption GRI 408: Child labour GRI 417: Marketing and labelling		Operate
Water Management	Decrease	GRI 303: Water and effluents SV-HL-140a.1		Operate
Biodiversity	No change	GRI 304: Biodiversity SV-HL-160a.1 SV-HL-160a.2	 	Operate
Employee Health and Safety	No change	GRI 403: Occupational health and safety		Cultivate
Corporate Governance	No change	GRI 418: Customer privacy GRI 201: Direct economic impacts		All four
Diversity and Equal Opportunity	No change	GRI 405: Diversity and equal opportunity	 	Cultivate
Sustainable Tourism	No change	GRI 203: Indirect economic impacts		Operate
Human Rights	No change	GRI 406: Non-discrimination	 	Cultivate
Supply Chain Management	No change	GRI 204: Procurement practices		Operate
Community Relations and Empowerment	No change	GRI 413: Local communities	   	Operate
Supplier Assessment	Increase	GRI 308: Supplier environmental assessment GRI 414: Supplier social assessment	 	Operate
Stakeholder Relationship Management	No change	GRI 102: General disclosures GRI 413: Local communities		Operate


# MATERIAL TOPICS

Material Topics in 2024/25	Materiality Compared to Last Year	Corresponding GRI/SASB Topic/UN SDGs	Link to Strategy
Talent Attraction and Retention	No change	GRI 401: Employment GRI 402: Labour / Management relations GRI 404: Training and education GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination GRI 407: Freedom of association and collective bargaining GRI 408: Child labour GRI 409 Forced or compulsory labour SV-HL-310a.1 SV-HL-310a.2 SV-HL-310a.3 SV-HL-310a.4	  Cultivate
Privacy and Data Security	Increase	GRI 418: Customer privacy	Drive
Guest Health and Safety	No change	GRI 416: Customer health and safety	Drive
Risk Management	No change		Operate
Climate Change Adaptation	New topic	SV-HL-450a.1	Operate
Product Safety and Quality	No change	GRI 416: Customer health and safety	Drive
Transparency in Disclosures	No change	 Operate	Operate
Tax Strategy	No change	GRI 207: Tax	Operate
Opportunities in Clean Tech	No change	GRI 302: Energy  Operate	Operate



For each of our material topics, we apply a structured management approach, including the establishment of policies and procedures, assignment of responsibilities, performance monitoring, and regular evaluation. These approaches are guided by stakeholder expectations, risk assessments, and our strategic sustainability objectives. Where applicable, grievance mechanisms and external assessments are used to support continuous improvement.



# ESG RISKS AND OPPORTUNITIES

Social Risks		
Theme	Risks / Opportunities	Sustainability Commitments
<b>Health and Safety</b> 	<b>Risks</b> <ul style="list-style-type: none"> <li>Health and safety violations lead to regulatory fines and/or legal action.</li> <li>Potential reputational damage arising from incidents that adversely affect guests or colleagues.</li> <li>Increased costs due to medical expenses and insurance claims.</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Enhance guest confidence and loyalty by maintaining strong safety protocols.</li> </ul>	<ul style="list-style-type: none"> <li>Implemented a range of initiatives to enhance health and safety (including food safety) at our properties (refer to page 56 for more information).</li> <li>Maintained industry-leading health and safety protocols and food safety measures in accordance with ISO 22000:2018, ISO 14001:2015 and ISO 45001:2018 at all properties.</li> <li>Conducted regular health and safety inspections, business continuity drills, risk assessments, and emergency response training for staff.</li> <li>Robust operational controls related to health and safety, including work permit systems, contractor declaration process and accident and incident reporting systems.</li> <li>Partnered with local authorities to ensure national and international health regulations compliance.</li> </ul>
<b>Guest Experience and Satisfaction</b> 	<b>Risks</b> <ul style="list-style-type: none"> <li>Negative guest experiences due to poor service, inadequate facilities, or poor maintenance can adversely impact our reputation.</li> <li>Social media and online reviews have made customer feedback more impactful, amplifying service-related issues.</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Offering personalised and sustainable guest experiences can enhance brand loyalty and attract travellers committed to sustainable tourism.</li> </ul>	<ul style="list-style-type: none"> <li>A holistic guest value proposition that prioritises sustainability.</li> <li>A robust framework of policies, procedures and assurance mechanisms to ensure Cinnamon brand standards are consistently maintained across the guest journey at all properties.</li> <li>Obtained feedback at multiple points of the guest journey to identify areas for improvement and respond swiftly to issues.</li> <li>Invested in innovative hospitality technologies, including AI-driven personalisation and digital concierge services to deliver personalised guest experiences and enhance guest satisfaction.</li> <li>Enhanced guest service-related training programmes to improve service quality and responsiveness to guest needs.</li> <li>Incorporated wellness and eco-focused amenities to align with evolving guest expectations.</li> </ul>

Governance Risks		
Theme	Risks / Opportunities	Sustainability Commitments
<b>Personal data Protection and Security</b> 	<b>Risks</b> <ul style="list-style-type: none"> <li>Loss of guest data in the event of a data breach.</li> <li>Cyber attacks such as ransomware, phishing, and malware can disrupt operations and lead to financial losses.</li> <li>Increasing stringency of global and local data protection regulations.</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Strong data protection measures can enhance guest trust and improve brand reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened cybersecurity governance through the appointment of a Data Protection Officer to implement a comprehensive data protection management programme.</li> <li>Implemented robust cybersecurity policies that complied with international data protection regulations, including GDPR.</li> <li>Conducted routine penetration testing and security audits to identify Hotels Group system vulnerabilities.</li> <li>Provided cybersecurity training to all employees, emphasising phishing awareness and secure data handling.</li> <li>Implemented encryption and access controls to protect sensitive guest information.</li> <li>Deployed AI-driven security tools for proactive threat detection and encryption of guest data.</li> </ul>


# ESG RISKS AND OPPORTUNITIES



Governance Risks		
Theme	Risks / Opportunities	Sustainability Commitments
<b>Protection of Human Rights</b> 	<b>Risks</b> <ul style="list-style-type: none"> <li>Risks associated with unfair and unethical labour practices.</li> <li>Potential legal and reputational consequences if cases of discrimination or human rights violations arise.</li> <li>Public pressure and investor scrutiny regarding employee rights and working conditions in hospitality.</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Ensuring inclusivity, accessibility, and non-discrimination can boost colleague morale and attract socially responsible guests</li> </ul>	<ul style="list-style-type: none"> <li>Developed and strictly enforced a human rights policy aligned with international labour standards.</li> <li>Conducted third-party audits to assess human rights compliance across all locations.</li> <li>Conducted regular human rights impact assessments to identify and address potential risks.</li> <li>Established grievance mechanisms for colleagues and guests to report human rights violations.</li> <li>Established communication modes for colleagues to report violations anonymously and securely.</li> <li>Partnered with organisations to strengthen human rights commitments.</li> <li>Provided training on diversity, equity, and inclusion to colleagues at all levels.</li> </ul>
<b>Ethical Marketing Practices</b> 	<b>Risks</b> <ul style="list-style-type: none"> <li>Misleading sustainability claims can lead to accusations of greenwashing, resulting in reputational damage and legal consequences.</li> <li>Guests and investors demand greater transparency in sustainability reporting.</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Impactful, verifiable sustainability initiatives can enhance credibility and differentiate our brand.</li> </ul>	<ul style="list-style-type: none"> <li>Strategically embedded sustainability into our business processes. This entailed robust governance, strategy implementation, monitoring and reporting alongside third-party verifications and certifications such as Travelife and Earth Check.</li> <li>Transparent and accurate reporting of sustainability initiatives aligned with global sustainability reporting frameworks such as GRI and SASB.</li> <li>Regularly monitored and updated sustainability commitments to reflect progress.</li> </ul>

Environmental Risks		
Theme	Risks / Opportunities	Sustainability Commitments
<b>Climate Change and Carbon Footprint</b> 	<b>Risks</b> <ul style="list-style-type: none"> <li>Climate implications related to increased energy consumption.</li> <li>Physical risks associated with climate change <ul style="list-style-type: none"> <li>Extreme weather events can impact hotel operations, leading to business disruptions.</li> <li>Rising sea levels may require adaptations to properties and business operations, particularly in the Maldives.</li> </ul> </li> <li>Transition risks related to climate change <ul style="list-style-type: none"> <li>Increasingly stringent emission reduction regulations.</li> <li>Increasing stakeholder focus on how climate impacts are managed.</li> </ul> </li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Strategic focus on managing climate change implications can strengthen business resilience and enhance reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Invested in renewable energy solutions.</li> <li>Installed energy-efficient solutions such as inverter HVAC systems and energy-efficient lighting.</li> <li>Short-term and long-term GHG emission targets.</li> <li>A robust carbon footprint monitoring mechanism that involves monthly, quarterly, and yearly monitoring of GHG emissions against Earth Check benchmarks.</li> <li>Climate risk adaptation programme and Business Continuity Planning (BCP)</li> <li>Partnered with future carbon offset programmes to neutralise emissions and support global climate initiatives.</li> </ul>
<b>Water Management</b> 	<b>Risks</b> <ul style="list-style-type: none"> <li>Excessive water consumption in hotel operations can strain local water resources, particularly in water-scarce regions.</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Sustainable water management strategies can reduce costs and ensure long-term water availability while mitigating climate change impacts.</li> </ul>	<ul style="list-style-type: none"> <li>Initiated water audits to understand the efficiency of current water reduction mechanisms implemented within our operations.</li> <li>Implemented community water projects in water-scarce regions to mitigate the impacts associated with water withdrawal.</li> <li>Water recycling and reuse for gardens and cistern tanks in nine resorts.</li> <li>Utilised tracking programs to monitor water usage across our properties.</li> </ul>



# ESG RISKS AND OPPORTUNITIES

Environmental Risks		
Theme	Risks / Opportunities	Sustainability Commitments
<b>Waste Management</b> 	<b>Risks</b> <ul style="list-style-type: none"> <li>Improper waste management can lead to environmental pollution, attracting regulatory fines and public criticism.</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Responsible waste management strategies can protect the environment and promote a more sustainable and circular economy.</li> </ul>	<ul style="list-style-type: none"> <li>Implemented responsible waste management strategies, leading to only 6.65% of waste directed to landfills.</li> <li>Ongoing emphasis on eliminating single-use plastics and introducing eco-friendly alternatives.</li> <li>Utilised tracking programmes to monitor waste across properties.</li> <li>Short-term and long-term waste reduction goals with a 3% reduction achieved in 2024/25.</li> </ul>

Economic & Industry Risks		
Theme	Risks / Opportunities	Sustainability Commitments
<b>Supply Chain</b> 	<b>Risks</b> <ul style="list-style-type: none"> <li>Global supply chain disruptions due to geopolitical tensions, pandemics, and natural disasters can affect hotel operations.</li> <li>Sourcing unsustainable or unethical products can lead to reputational damage and public criticism.</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Ensuring responsible sourcing practices can enhance the sustainability of our operations and build trust among guests.</li> <li>Strengthening relationships with reliable suppliers can help stabilise costs and ensure consistent quality</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing emphasis on enhancing the sustainability of our supply chain by prioritising ethical sourcing.</li> <li>Developed strategic partnerships with local suppliers to source fresh produce sustainably.</li> <li>Implemented sustainable procurement practices.</li> <li>Conducted supplier audits to verify adherence to environmental, social and ethical guidelines.</li> <li>Explored opportunities for local procurement to support community development and reduce our carbon footprint.</li> </ul>
<b>Financial Performance and Sustainable Investments</b> 	<b>Risks</b> <ul style="list-style-type: none"> <li>Rising operational costs due to inflation and volatility in energy prices.</li> <li>Investments to enhance the sustainability of operations.</li> <li>Market conditions may impact travel demand and occupancy rates, affecting financial performance.</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Hotels with strong ESG performance attract investors and long-term stakeholders.</li> <li>Sustainable investments in renewable energy and eco-friendly infrastructure have the potential to lead to long-term financial gains.</li> </ul>	<ul style="list-style-type: none"> <li>Leveraged green financing options to support eco-friendly renovations.</li> <li>Integrated ESG factors into financial decision-making to align with investor expectations and drive long-term value creation.</li> <li>Partnered with sustainable tourism organisations such as Earth Check to enhance brand value and attract ESG-conscious investors.</li> <li>All new construction and refurbishments must align with LEED certification requirements.</li> <li>Conducted feasibility studies to implement solar power generation in selected locations.</li> </ul>

# PEOPLE

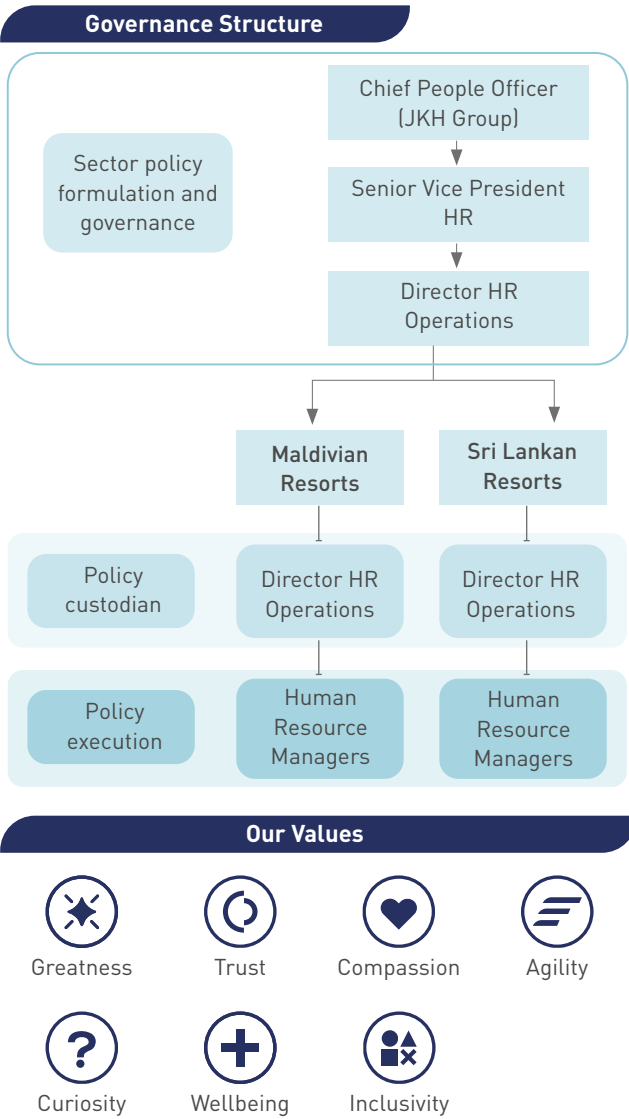
Our people are at the heart of our value creation process, enabling the delivery of luxurious and personalised guest experiences through service excellence. Our approach to fostering a culture where colleague wellbeing is at the forefront enables a positive work environment where every colleague feels valued, cared for and empowered to drive our strategic aspirations.



## GOVERNANCE

Our Human Capital governance framework is consistent with the policy framework of our parent entity, John Keells Holdings PLC and is aligned with industry best practice. It is built on trust, fairness, and integrity principles and is designed to create an equitable workplace where everyone can thrive. Our Code of Conduct clearly outlines the ethical expectations of our colleagues. During the year under review, we reviewed our HR policy framework. We revised it where necessary to ensure it effectively fulfilled the needs of our people while evolving to align with global best practices.

# PEOPLE



**HR Policy Framework**

- Recruitment and selection policy
- Reward and recognition policy
- Compensation and benefits policy
- Performance management policy
- Policy on equal opportunity and non-discrimination
- HIV AIDS workplace policy
- Policy against sexual harassment
- Code of conduct
- Flexi-hours policy
- Tele-working policy
- Part-time work policy
- Leave policy
- Diversity, equity and inclusion-related policies
- Gender policy
- Disciplinary procedure
- Whistleblowing policy
- Policy on ombudsperson
- Policy on support network
- Anti-fraud policy

**New Policies introduced in 2024/25**

- Reward and recognition policy
- Policy on HR audits

**Updated Policies in 2024/25**

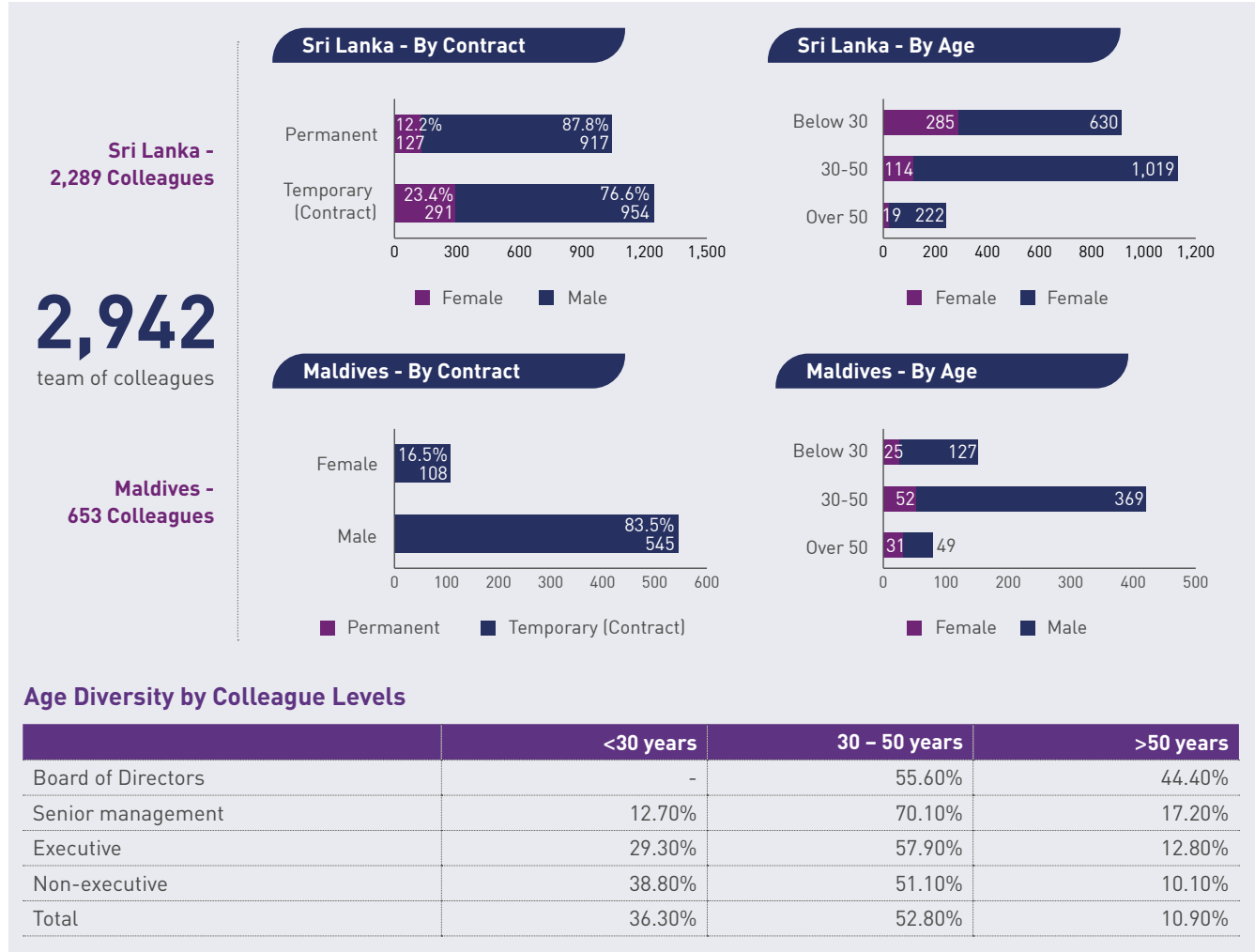
- Bereavement support policy
- Employment contract and confirmation policy
- Transfer policy
- Learning and development policy
- Exit interview policy
- Grievance handling policy
- Gift and entertainment policy

Our decentralised approach to HR has empowered our properties with greater autonomy and flexibility, enhancing engagement and increasing responsiveness to colleagues' needs. Moreover, by integrating digital solutions, we continue to streamline processes and eliminate inefficiencies, enabling greater engagement. Key implementations in 2024/25 include,

<p><b>Application Tracking System (ATS)</b></p> <p>To support efficiency and transparency in recruitments.</p>	<p><b>Digital Onboarding and Offboarding</b></p> <p>Streamlining processes for onboarding and exits.</p>	<p><b>Automated Documentation</b></p> <p>Automation of letters, forms, agreements and approvals.</p>	<p><b>Digitalised Personnel Files</b></p> <p>Streamlining workforce management.</p>	<p><b>HR Audit Efficiency and Automation</b></p> <p>Improving compliance while reducing manual work.</p>
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## OUR TEAM PROFILE

Our team comprises 2,942 colleagues across our operations in Sri Lanka and the Maldives.



Outsourced colleagues operating at our locations account for 11.42% (336 colleagues) of our team and provide various support services.



# PEOPLE

## 'YOU MATTER'

"Remember that you are enough just as you are"

At Cinnamon, wellbeing is more than a value - a commitment embedded in our culture. We believe that when our colleagues thrive, our business thrives, and since people are at the heart of every guest experience, their wellbeing is key. This belief and commitment led to the evolution of 'You Matter', a structured initiative designed to integrate wellbeing into our workplace culture, ensuring every colleague feels valued, supported and empowered.

### Employer Branding

Wellbeing as our Employer Brand, reinforcing wellbeing as a message

- Showcasing our people and culture - Sharing our wellbeing journey with the world.
- Authentic employer branding - Attracting talent who value a culture of care
- Recognising and celebrating our people

#### Key highlights in 2024/25

LifecatCinnamon Social Media Page  
Annual Reach - **59,600, 138.4%**  
Annual Target Achievement  
Annual Engagement - **8,179, 529.1%**  
Annual Target Achievement  
Frequency of Posting - **3** posts per week, **309** posts within 2024/25  
Followers - **14.1%** increase

### Experience

A seamless colleague experience because wellbeing starts from Day One

- Onboarding excellence
- Seamless digital HR
- People Connect (HR Internal Platform)
- Recognition (Hall of Greatness)

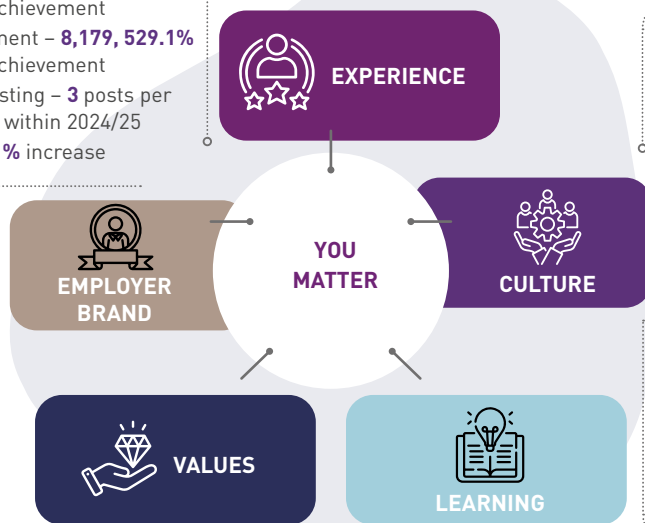
#### Key highlights in 2024/25

Personnel File Digitalisation Project - **17,000+** personnel files digitised across CH&R, with a tailored HR dashboard was developed. Resultantly, reduction in carbon emissions - from **0.82** kgCO<sub>2</sub>e to **0.05** kgCO<sub>2</sub>e per personnel file, leading to the elimination of over **8,339** kgCO<sub>2</sub>e in total emissions.

Digitalisation of Organisation Chart - As part of this streamlining process, we inactivated **8,012** outdated or redundant positions.

Digitalisation of Employee Confirmation Process - Managing an average of 120 confirmations monthly through our centralised system has significantly improved efficiency.

In 2024/25 we have recognised **15** Leaders of Quarter, and **87** High Flyers of the Month across Corporate Office and Resorts



### Culture

A culture that prioritises emotional, mental and physical wellbeing of our colleagues ensuring they feel valued and cared for

- Physical, emotional and mental wellbeing initiatives at Corporate and Business Unit levels.
- An inclusive and supporting workplace
- EmpowHer; elevating women in hospitality
- Heart of the House initiatives
- Parental leave and family benefits
- Insurance, medical and financial benefits

#### Key highlights in 2024/25

**Rs 2,333Mn** payments to Sri Lanka colleagues and **USD 9.5Mn** for Maldives colleagues  
**17.07%** female participation within our team  
**300+** female recruitments  
**76** colleagues availed parental leave benefits

### Values

Living our values through action, because a strong culture supports wellbeing

- Value driven activities
- Sports & recreation
- Engagement and celebration
- CSR and community impact

#### Key highlights in 2024/25

**+80%** colleague participation

### Learning and Growth

Wellbeing through development, because career growth fuels wellbeing

- Cinnamon Online Academy
- Cinnamon Hospitality Academy
- LEAD Management Training Programme
- Talent development programmes

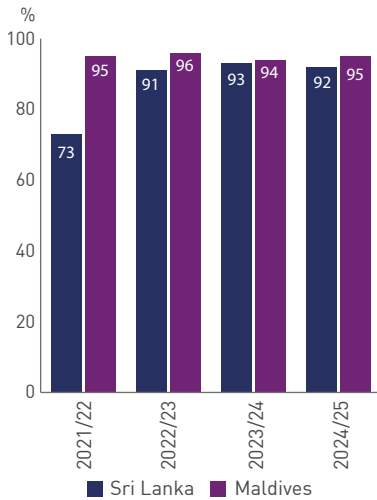
#### Key highlights in 2024/25

**Rs. 96Mn** invested in learning initiatives  
**100%** team members participated in learning initiatives  
**85** promotions through internal career development programmes  
**75** average training hours per colleague

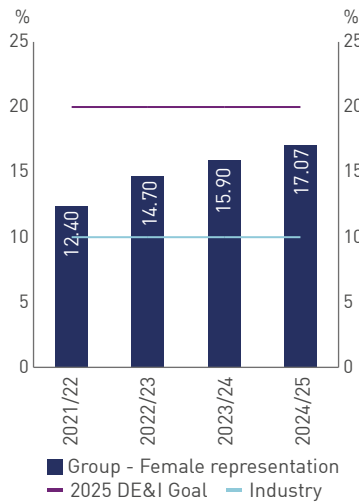


Our wellbeing focused colleague value proposition has improved colleague satisfaction and retention while driving progress on our People related 2025 goals.

### Colleague Satisfaction



### Overall Female Representation



## PRIORITISING COLLEAGUE WELLBEING

At Cinnamon, we adopt a holistic approach to caring for our people, creating value at every stage of the colleague journey. Through the pillars of 'Culture' and 'Values', we emphasise nurturing a work environment that prioritises colleagues' emotional, mental, and physical wellbeing while celebrating diversity and inclusivity. This approach inspires our team to perform at their best while enabling us to attract and retain top talent.

Financial wellbeing

Heart of the House

Physical wellbeing

Mental wellbeing

Recognising our team

Parental leave and family benefits

'Living our values'

Engaging with colleagues

## FINANCIAL WELLBEING

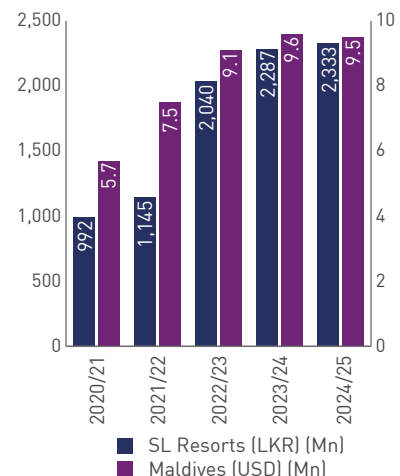
We facilitate the financial wellbeing of our colleagues by offering a competitive remuneration structure aligned with industry norms. Our Compensation and Benefits Policy ensures equitable pay for all colleagues.

As of the reporting period, the ratio of basic salary and total remuneration of women to men is 1:1 across comparable roles and job grades, with remuneration determined based on skill level, experience, and job responsibilities.

We also offer numerous benefits to all permanent colleagues, which include,

- Allowances and incentives – travel/ fuel allowance, vehicle loans, service charge, short-term incentives and profit-sharing schemes,
- Supportive benefits – childcare facilities, duty meals, colleague accommodation, mobile allowance, entertainment and laundry benefits,
- 100 days of parental leave,
- Exclusive discounts – room stays, business and entertainment.

### Payments to Colleagues



# PEOPLE

## 'HEART OF THE HOUSE'

Our 'Heart of the House' programme aims to create a work environment that inspires, motivates and promotes the overall wellbeing of our colleagues. This encompasses,



Safe and comfortable colleague accommodation that promotes rest and relaxation after work hours.



Transportation to ease challenges related to commuting.



A nutritious daily meal service considering various dietary preferences, food quality and hygiene.



Gym facilities to promote physical fitness and a balanced lifestyle.

We are committed to continuously improving the standards of our Heart of the House and undertook the following initiatives in 2024/25.

The upgrade of colleague accommodation focused on improving living conditions through the repair and replacement of essential furniture.

Hygiene standards were significantly improved by maintaining cleanliness, upgrading sanitary facilities, and ensuring the regular upkeep of shared spaces.

Safety was prioritised by ensuring clear emergency exits and maintaining adequate ventilation. Additionally, workplace equipment and accommodation were aligned with brand standards, with adequate storage, meeting spaces, and improved facilities for outsourced colleagues and recruits.

**>Rs. 80 Mn**

Total investment across 13 resorts in Sri Lanka and Maldives in 2024/25

## PHYSICAL WELLBEING

Colleague wellbeing forms the core of our colleague value proposition and encompasses physical and mental wellness. To safeguard colleagues' wellbeing at our properties, we have implemented a comprehensive occupational health and safety framework that covers all colleagues and outsourced personnel. Our health and safety framework aligns with all regulatory requirements and those set out in ISO 45001:2018 Occupational Health and Safety Management System certification. Cinnamon has implemented processes to identify work-related hazards routinely, and the results of these processes are used to continuously improve Cinnamon Hotels & Resorts' overall health and safety framework.

Colleagues are encouraged to report work-related hazards on an ongoing basis so they can be addressed promptly. Health and safety committees have also been established at all our properties to encourage the active participation of colleagues in developing, implementing and evolving the Cinnamon Hotels & Resorts' occupational health and safety management system. In the unfortunate event of a work-related incident, a formal process has been established to identify root causes and implement corrective measures. Occupational health and safety training has also been embedded into colleagues' training programmes to create a safer work environment and prevent accidents.

## Personal protective equipment for colleagues.

During the year under review, we conducted a comprehensive Personal Protective Equipment (PPE) analysis across all our properties. This involved benchmarking our operations to internationally recognised PPE standards. Based on this assessment, specific PPE requirements for each property were identified and procured from suppliers that comply with international and national safety standards. This ensured that the PPE provided to colleagues was of high quality and aligned with international PPE standards.

CH&R also provides its team access to numerous occupational health services, including,

### 1. Employee Health and Wellbeing Initiatives at Cinnamon Hotels & Resorts

As part of our ongoing commitment to fostering a safe, healthy, and supportive work environment, we have implemented a wide range of employee health and wellbeing services across our properties. These initiatives promote physical health, mental wellness, and work-life balance for all team members.

### 2. Occupational Health and Safety

- Routine medical examinations were conducted for all food handlers to ensure hygiene and health standards compliance.

- Annual medical check-ups are provided for employees aged 40 and above, supporting early detection and preventive care.
- Comprehensive workplace exposure monitoring - including temperature, noise, illumination, and dust levels - ensures a safe and compliant working environment.

### 3. Preventive Health and Awareness

- HIV awareness and prevention sessions are conducted to promote health education and reduce stigma.

- Breast cancer awareness programmes organised in alignment with global health observances.
- Vaccination drives are facilitated in coordination with local medical officers of health, including targeted initiatives such as typhoid vaccinations for direct food handlers.

The Cinnamon Hotels & Resorts also provides comprehensive insurance coverage for all colleagues, which includes,

- Workmen's compensation insurance (including work-from-home and commuting incidents)
- Personal accident insurance (financial support for death, injury, or disability)
- Surgical and hospitalisation medical insurance (includes maternity, dental, optical, chronic and critical care)
- Critical illness cover and parent insurance



Workmen's Compensation



Critical Illness



OPD, Indoor, Spectacles & Dental



Personal Accident



Global Medical Cover for Expatriate Colleagues



Parent Insurance



Fidelity Guarantee

#### Our Health and Safety Record in 2024/25

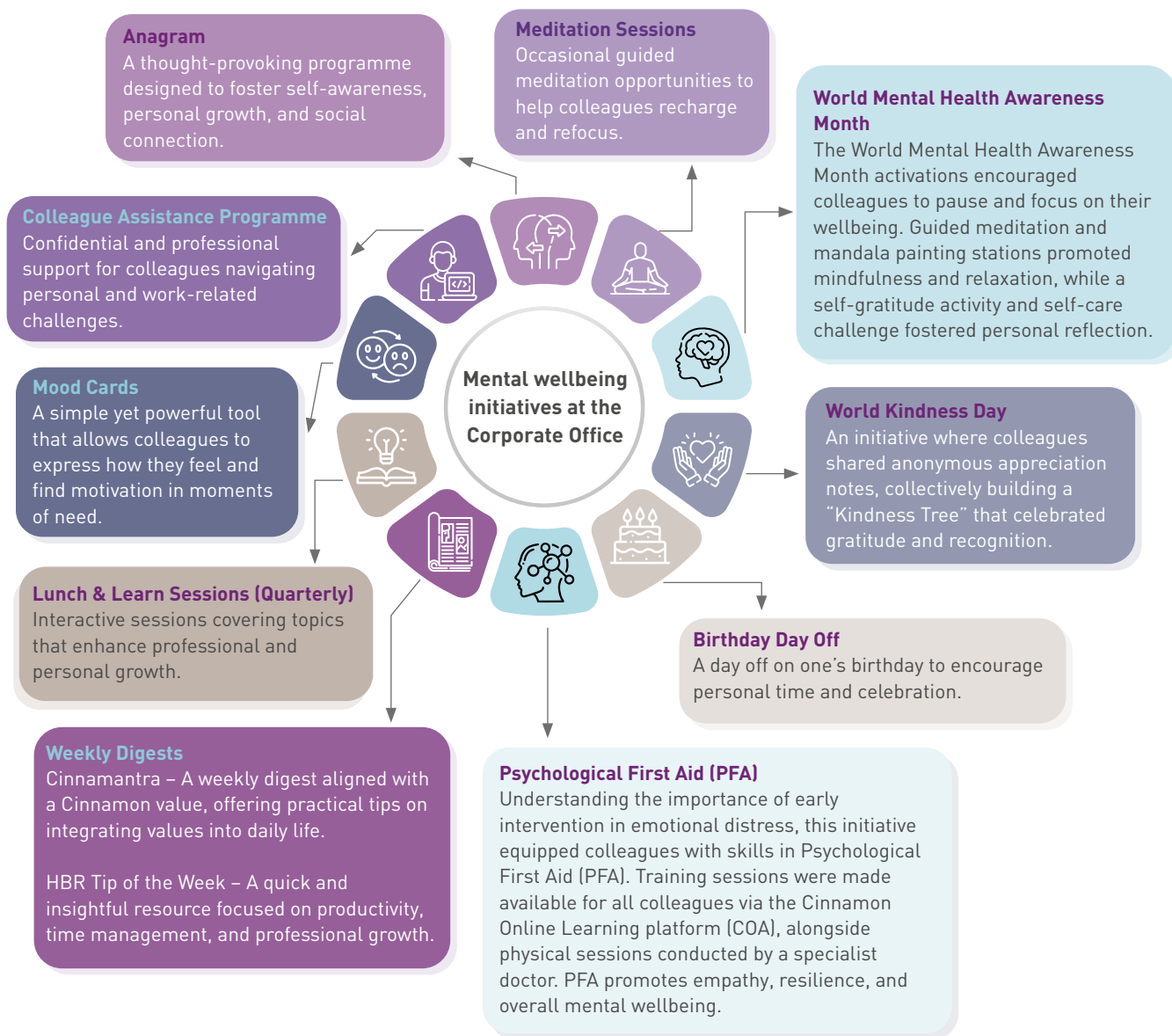
Work-related accidents and incidents	52
Work-related fatalities	-
Work-related ill-health	-
Number of lost days due to workplace-related injuries	425.5



# PEOPLE

## Supporting the Mental Wellbeing of our Team

Recognising the importance of mental wellness in creating a positive work environment, we have implemented numerous initiatives to support the mental wellbeing of our colleagues.



Within Business Units, we focused on implementing the:

**Colleague Assistance Programme (CAP)** – These sessions, facilitated by Sumithrayo focused on group counselling to build trust, with plans to incorporate individual sessions in the future. CAP addresses the "why" by acknowledging that emotional support is critical to fostering a productive and satisfied team. It operates "when" colleagues face challenges requiring guidance and ensures accessibility "how" through pre-scheduled appointments and confidentiality. This programme reflects Cinnamon's steadfast commitment to the holistic wellbeing of its people.

**Cinnamontra Weekly Digest** - This weekly digest aligned with a Cinnamon value, offering practical tips on integrating values into daily life is circulated to all BUs of Cinnamon Hotels & Resorts.

## RECOGNISING OUR TEAM

Recognising and celebrating the achievements of our colleagues is vital to fostering a supportive and engaging work culture at Cinnamon. Through internal and external platforms, we strive to highlight the contributions of colleagues who go above and beyond, reinforcing a culture of appreciation and excellence.

**Hall of Greatness is Cinnamon's standardised recognition platform to celebrate and spotlight exceptional colleagues across our Properties and Sectors, including Sri Lanka Resorts and Maldives. Rooted in our values, it shines a light on those who go above and beyond, championing excellence, teamwork, and the spirit of Cinnamon.**

## A SUPPORTIVE WORK ENVIRONMENT FOR NEW PARENTS

We offer parental leave to both mothers and fathers, recognising the importance of early parent-child bonding and the role of both parents in childcare. In line with the JK Group parental leave policy, Cinnamon offers both parents 100 days of paid leave on the birth or adoption of a child, with flexibility in how colleagues can utilise it. During the year under review, 76 colleagues availed parental leave benefits, with 47.37% returning to work. Total number of employees entitled for prenatal leave is 2,339 (male) and 466 (female).

Maternity Leave		
	Number	% of Total Workforce
Maternity leave availed	5	0.20%
Returned to work after maternity leave	2	0.10%
Resignations after maternity leave	1	0.00%
Retained within the organisation after 12 months of taking maternity leave	5	0.20%

Paternity Leave		
	Number	% of Total Workforce
Paternity leave availed	71	2.50%
Returned to work after paternity leave	34	1.20%
Resignation after paternity leave	13	0.50%
Retained within the organisation after 12 months of taking paternity leave	70	2.50%

## 'LIVING OUR VALUES'

The Group invests significant resources to align its corporate culture with its core values of Greatness, Trust, Compassion, Agility, Curiosity, Wellbeing and Inclusivity. During the year under review, we integrated our core values into every colleague's job description, ensuring that these principles guide daily decision-making and workplace behaviours. This was complemented by a property-level learning and development journey, reinforcing how our values translate into action across roles and teams. Also, Cinnamontra – a weekly digest aligned with a Cinnamon value, offering practical tips on integrating values into daily life.

Through our 'Hall of Greatness' recognition initiative, we celebrate colleagues who embody our core values in their daily activities, reinforcing the behaviours that define our culture. This involves the recognition of:

- Highflyer of the Month – Spotlighting individuals who make an exceptional monthly impact.
- Highflyer of the Year – Honouring top-performing colleagues who have consistently excelled throughout the year.
- Leader of the Quarter – Recognising leaders who inspire, support, and drive success every quarter.
- Leader of the Year – Celebrating the leader who has made the most significant impact across the organisation.

## ENGAGING WITH COLLEAGUES

Open communication is valued and encouraged at Cinnamon, and we have established numerous channels for colleagues to voice their opinions and views. These include monthly town hall meetings, the Cinnamon survey, conducted biannually, provides insights into team satisfaction. A colleague satisfaction score of 90.5% was reported in 2024/25.

Each Business Unit also organises numerous annual engagement events to foster a sense of community and camaraderie among colleagues. Opportunities are also created for team members to interact across sectors at least once a year. Key engagement events organised during the year under review included,

- Numerous sporting events, including the Cinnamon Premier League cricket tournament, Travel Trade Bowling Tournament, football, futsal, and carrom tournaments.
- International Women's Day and Men's Day
- Parental Day
- Sinhala and Tamil New Year
- Halloween and Secret Santa
- Year-end party
- Valentine's Day.



# PEOPLE

## DIVERSITY, EQUITY AND INCLUSION

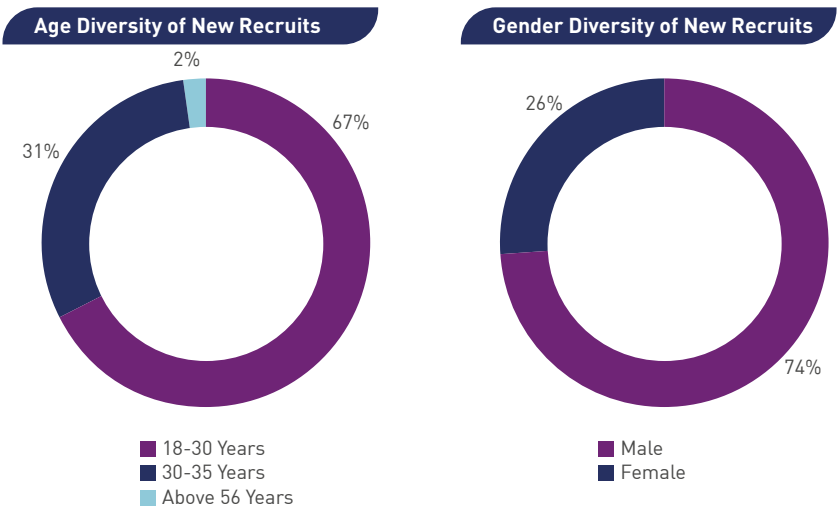
At Cinnamon, we recognise the value of diversity and the unique insights, perspectives and ideas it brings. We are committed to fostering a team where diversity in all its forms is valued and celebrated. Our commitment to diversity and inclusivity is driven from the top, reflected in 'inclusivity' as an organisational value and supported by a policy framework that actively promotes equal opportunities, zero tolerance to discrimination, harassment and unethical behaviour.

The Cinnamon Executive Committee is responsible for implementing strategies that foster a diverse and inclusive team. The Committee's DE&I goals are cascaded to the Business Unit heads to ensure alignment and implementation across the group's business units.

### Diversity in Recruitment

Our recruitment processes have been designed to promote a diverse talent pool and ensure fair representation at all levels of the organisation. This has contributed significantly to building a diverse team and leveraging their insights to enrich our guest experience.

During the year under review, over 1,200 recruits joined our team.



## EMPOWERING WOMEN

Acknowledging the under representation of women in the formal hotel sector in Sri Lanka, increasing female participation within our team is a key strategic priority for Cinnamon. Accordingly, we have established clear goals to increase the participation of women within our team as set out alongside and have implemented a range of strategic initiatives to foster an inclusive and empowering work environment where women can thrive.

### DE&I 2024/25

Overall female representation

**17.07%**

Female representation at leadership level

**20.49%**

Persons With Disabilities (PWDs) % in the workforce

**0.39%**

### EmpowHer Network

The EmpowHer Network embodies our commitment to fostering a work environment that empowers women and drives progress towards achieving our DE&I 2025 goals. Under this network, we have established EmpowHer teams across all our properties to engage with female colleagues to understand their concerns and perspectives. Guided by these insights, the EmpowHer teams develop and lead a year-round calendar of events tailored to address the specific concerns of our female team. EmpowHer Champions at both Business Unit and Corporate levels meet monthly to monitor performance on DE&I goals, identify areas for improvement and share best practices.

#### EmpowHer Recruitment Drive



The EmpowHer Recruitment Drive was conducted successfully across 05 districts in Sri Lanka and was designed to draw more women into the hospitality sector. The number of female participants at each location and the percentage of candidates shortlisted for positions within the Group is given below.

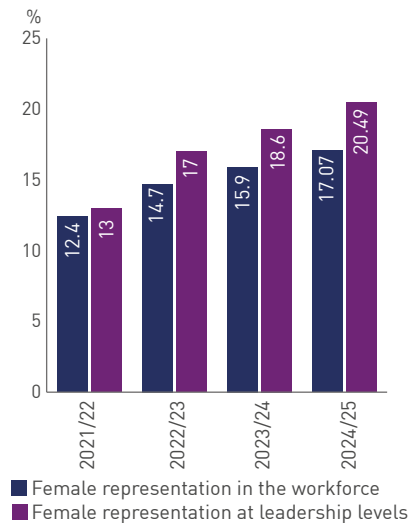
	No. of participants	% of Candidates Shortlisted
Cinnamon Bey Beruwala	140	18%
Cinnamon Lodge Habarana	65	5%
Cinnamon Citadel Kandy	135	30%
Trinco Blu by Cinnamon	70	40%

#### EmpowHer Initiatives



# PEOPLE

## Female Empowerment at Cinnamon



# 17.07%

Female representation at Cinnamon in 2024/25

Industry : **10%**

	Male	Female
Board of Directors	77.8%	22.2%
Senior management	70.9%	29.1%
Executive	73.2%	26.8%
Non-executive	84.2%	15.8%
Total	82.1%	17.9%

## PROTECTING HUMAN RIGHTS

Our people governance structure upholds the human rights of all colleagues through alignment with legal requirements, industry best practices, and multiple sustainability standards. Our HR policy framework includes policies against sexual harassment, child labour, and forced/compulsory labour. Cinnamon Hotels & Resorts' whistleblowing policy provides a channel for colleagues to report any concerns or violations without fear of reprisal. Our open-door policy encourages transparent communication of any issues or concerns.

Our policy framework also prevents discrimination across all aspects of human capital management. We have also implemented formal policies and procedures to address discrimination-related grievances and concerns.

No human rights violations, use of child labour, or forced/compulsory labour were reported during the year under review. Strong governance and a supportive organisational culture celebrating diversity have led to no incidents of discrimination being reported in 2024/25. Furthermore, no monetary losses due to legal

proceedings associated with labour law violations were incurred during the year.

We are also committed to upholding the rights of freedom of association and collective bargaining across all our operations. During the year under review, we maintained cordial relations with trade unions. Before making significant operational changes, we provide a minimum notice period of one month.

## Whistleblowing Policy

Our whistleblowing policy outlines clear guidelines and procedures for colleagues to raise concerns regarding unethical or improper conduct without reprisal. The Cinnamon Executive Committee is responsible for investigating any whistleblowing incidents and implementing appropriate action if necessary, while preserving the whistleblower's anonymity. JK Group-level whistle-blowing incidents are addressed through an independent ombudsman, which applies to Cinnamon colleagues. The JK Group's whistleblowing policy applies to all colleagues and third-party service providers, including consultants, interns, third-party contractors, freelancers, and agents.

## HUMAN RIGHTS PROTECTION 2025 GOAL

### Associates trained in child protection

2025 Goal

**100%**

Where we stand in 2024/25

**100%**

## TALENT ATTRACTION AND RETENTION

Our commitment to personalised guest experiences and service excellence relies on building and retaining a team of skilled and capable professionals. Attracting and retaining talent who go above and beyond in delivering outstanding service is a strategic priority at Cinnamon, particularly given skill shortages in the markets we operate in.



During the year under review, we established the Cinnamon Hospitality Academy, in collaboration with the Swiss Hotel Management Academy (SHMA)—Sri Lanka's licensee for the prestigious École Hôtelière de Lausanne (EHL)—to offer the globally recognised VET by EHL qualification. This meticulously crafted curriculum integrates theoretical knowledge with hands-on training to produce world-class customer service, culinary arts, operations management, and leadership professionals. While SHMA oversees educational qualifications, Cinnamon provides the academy infrastructure and practical training opportunities. This initiative serves as a talent pipeline for our resorts while also creating a highly skilled talent pool that elevates industry-wide competencies.



# 86

total number of students enrolled.

To support recruits, our Corporate Team has also established a formal onboarding process, 'A Great Start at Cinnamon,' which encompasses pre-onboarding, onboarding, and post-onboarding. Pre-onboarding includes an induction programme and a care package to help new team members integrate smoothly into Cinnamon Hotels & Resorts.

We have also implemented a structured framework to support individuals seeking part-time employment and offer hybrid working arrangements, supporting a healthy balance between work and life.

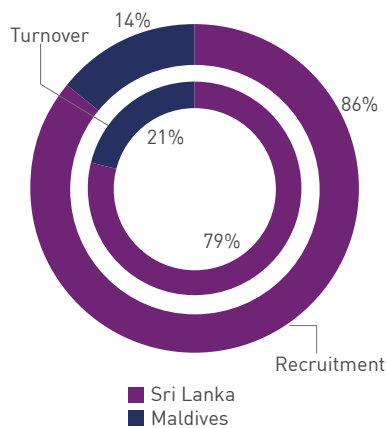
Strategic partnerships with NSBM Green University, Indian School of Hospitality (ISH) and Cornell University have

enabled access to skilled talent pools across all levels of the organisation.

During the year under review, 1,208 recruits joined our team while we bid farewell to 1,063 colleagues. Accordingly, Cinnamon colleagues' voluntary and involuntary turnover rates stood at 26.9% and 4.1%, respectively. A summary of team movements during the year under review is given below.

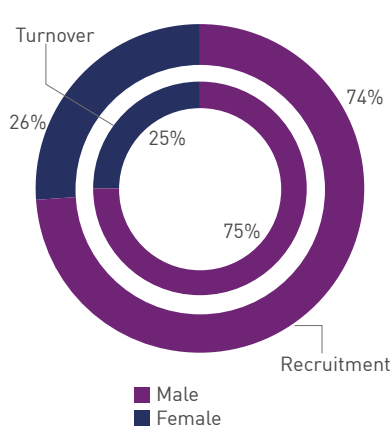
## Recruitment and Turnover

By Geographic Region



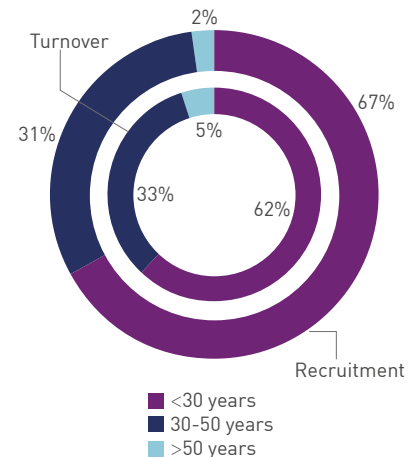
	Recruitment	Turnover
Sri Lanka	1,034	841
Maldives	174	222

By Gender



	Recruitment	Turnover
Male	895	795
Female	313	268

By Age



	Recruitment	Turnover
<30 years	815	656
30-50 years	368	350
>50 years	25	57



# PEOPLE



## LEARNING AND DEVELOPMENT

Learning and development initiatives at Cinnamon are designed to cultivate talent at all levels and create a dynamic and agile talent pool. The Cinnamon Hotels & Resorts’ strategic objectives and skill gaps identified during performance appraisals inform customised learning and development plans for all colleagues. Learning and development programmes are delivered through multiple channels, including in-person, external, and on-the-job training. Through the Cinnamon Online Academy, we have integrated the latest digital innovations to equip teams with the skills needed to thrive in an evolving industry.



The **Cinnamon Online Academy (COA)** is a purpose-built digital learning platform, designed to provide flexible, accessible learning programmes to all colleagues to support their professional and personal growth.

Key highlights in 2024/25 include,

- The addition of >100 new courses to enhance team skills for Associate and Supervisory level colleagues.
- Integrated the tracking of physical training participation.

The Cinnamon Online Academy also offers colleagues numerous engagement opportunities. During the year under review, these included,

**>200**

Total courses offered

**75**

Average hours of training per colleague in 2024/25

**88%**

Training coverage in 2024/25

**6**

Engagement activities in 2024/25

### April - International Earth Day

Collaborative video was created by the Cinnamon Garden team, actively engaging all members to highlight their efforts in environmental sustainability.

### May - International Families Day

Family photo challenge made available to all colleagues to share pictures of the families and loved ones on Cinnamon Online Academy.

### June - International Yoga Day

Video challenge to participate as teams in a yoga practice session. The videos were shared on COA showcasing teamwork and creativity.

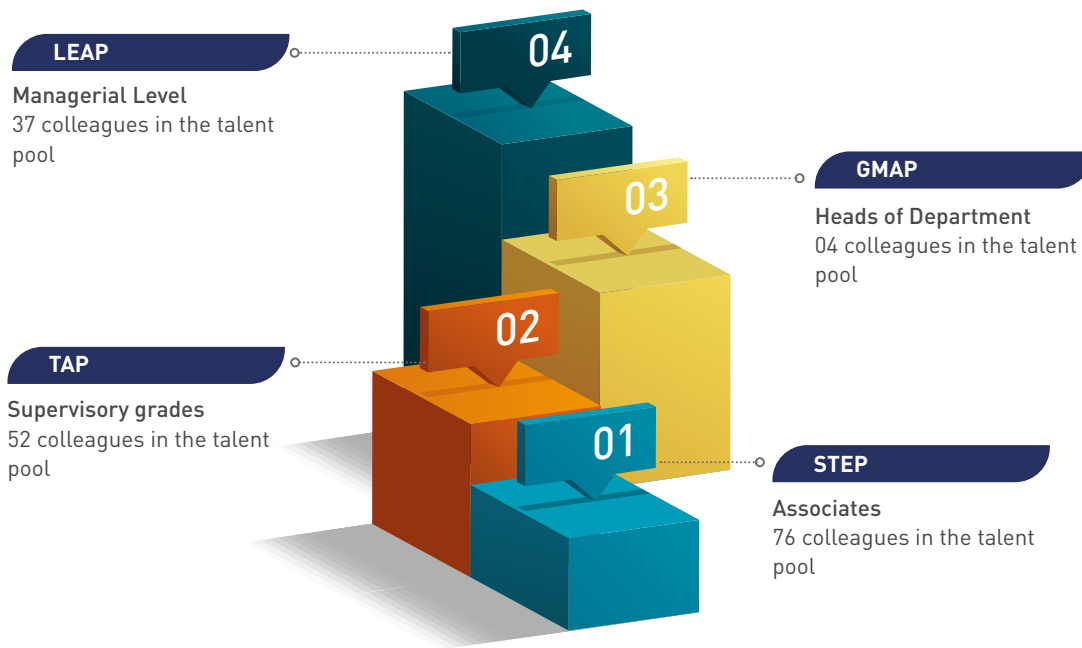
### July - Say No to Plastic

Beach cleanups at several locations closer to Cinnamon Properties were organised by COA under the theme “Say No to Plastic,” promoting environmental awareness and sustainability.

### September - Psychological First Aid Training

Physical training session and an online training course made available to all colleagues to equip them with a fundamental understanding of Psychological First Aid liaising with medical specialists.





#### Learning Partnerships



Rate of promotion out of talent pools	%
Leadership Acceleration Programme (LEAP)	89%
Graduate Management Acceleration Programme (GMAP)	89%
Management Acceleration Programme (MAP)	64%
Talent Acceleration Programme (TAP)	90%
Supervisory Talent Programme (STEP)	91%
LEAD (Learn, Edify, Ascent and Develop)	100%

#### Cinnamon LEAD Management Trainee Programme

This 18-month programme integrates theoretical and practical learning across the four stages of Learn, Edify, Ascent, and Develop and offers opportunities for skill building, cross-exposure, and specialised experiences in the Maldives. The latest cycle attracted 1,300 applications, and 9 top candidates were selected for intensive training in Front Office, Housekeeping, and Food and Beverage.

#### Managing performance

Our performance management process aligns colleagues' performance with the JK Group's strategic objectives while supporting their professional growth and career aspirations. Our balanced scorecard approach to performance

appraisal considers multiple performance dimensions, enabling a holistic evaluation of colleague performance.

At the beginning of each year, SMART performance goals are established for each colleague, considering both organisational goals and colleagues' skills and competencies and are mutually agreed upon. Performance is evaluated biannually and includes a self-assessment and a review by the line manager. Annual performance ratings are validated by a career committee comprising top management and an independent member. 360-degree feedback on performance is provided on an ongoing basis to support continuous development. A customised system has been implemented to assess the performance of non-executive

colleagues, enabling transparency and equity. All colleagues (100%) received a performance appraisal during the year under review.

#### WAY FORWARD

- Revamp the colleague value proposition across all aspects of the colleague life cycle by nurturing a culture that embodies the Cinnamon values.
- Ongoing emphasis on developing the skills and competencies of our team with specific focus on:
  - Developing a skill enhancement programme for the Culinary and F&B teams.
  - Enhancing the digital learning scope for L3 and L4 levels through the Cinnamon Online Academy.
  - Develop a core-skills framework to enhance leadership capabilities.
- Develop a leadership pipeline for business critical positions.
- Embed success drivers and values into all HR processes to strengthen our service driven culture.

Recognising our reliance on natural ecosystems, we consistently integrate environmental responsibility across our operations. From reducing the environmental impacts of our operations to promoting the conservation of biodiversity, our efforts reflect a long-term vision for sustainability that also includes actively engaging guests, colleagues and local communities in our efforts.

## Biodiversity Conservation

Conserving, restoring and preserving our ecosystems

- Preserving marine ecosystems
  - Coral reef restoration
  - Sea turtle conservation
- Preserving biodiversity on land
  - Cinnamon Rainforest project.
  - Conserving biodiversity within our properties.
  - Elephant conservation
  - Tree planting

### KEY HIGHLIGHTS IN 2024/25

**320** coral cubes established

**9,502** sea turtle hatchlings were released to the ocean.

**70** native species were introduced to the rainforest site.

**62** new faunal species were recorded at the rainforest site.

**2,870** trees planted through all our projects

## Energy & Emissions

Sustainable energy consumption and minimising our carbon footprint

- Renewable energy utilisation
- Energy optimisation through data analytics
- Comprehensive greenhouse gas (GHG) inventory including Scope 3 emissions

### KEY HIGHLIGHTS IN 2024/25

**0.61%** of energy requirements fulfilled through renewable energy sources.

**177.5 MJ/GN** energy intensity

**29,781.21 tCO<sub>2</sub>e** carbon footprint (scope 1 & 2)

**19.15 tCO<sub>2</sub>e/GN** emission intensity (scope 1 & 2)

## Water

Responsible water management

- Numerous initiatives to optimise water consumption within our properties.
- Rainwater harvesting

### KEY HIGHLIGHTS IN 2024/25

**671,545.13 m<sup>3</sup>** water withdrawn

**431.72 Litres/GN** water intensity

## Waste Management

Waste reduction and management

- In-house waste segregation to facilitate better waste management.
- Focus on reuse and recycling.
- Food waste reduction initiatives.

### KEY HIGHLIGHTS IN 2024/25

**6.65%** of waste sent to landfills

## Single-use Guest-Facing Plastic Reduction

Transitioning to sustainable alternatives

- Single-use guest-facing plastic reduction initiatives within our properties.
- Community engagement

### KEY HIGHLIGHTS IN 2024/25

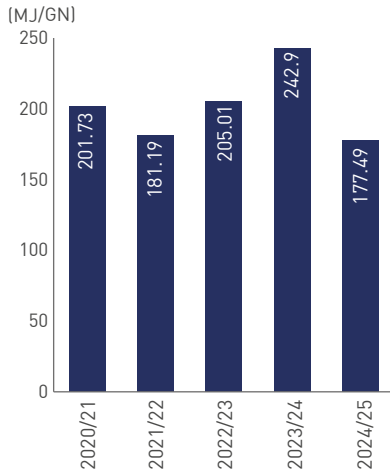
**58%** reduction in single use guest facing plastic since 2021/22 base year

**230** community members engaged in single-use plastic reduction.

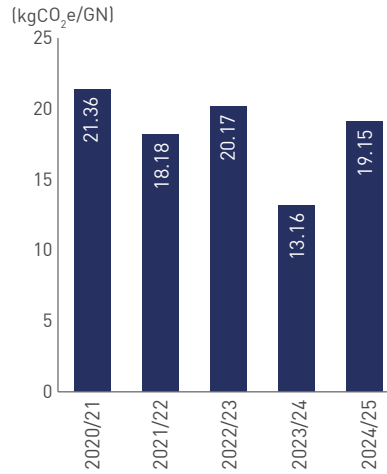
**3,042 kg** of plastic waste collected through beach clean-ups and ocean strainers.



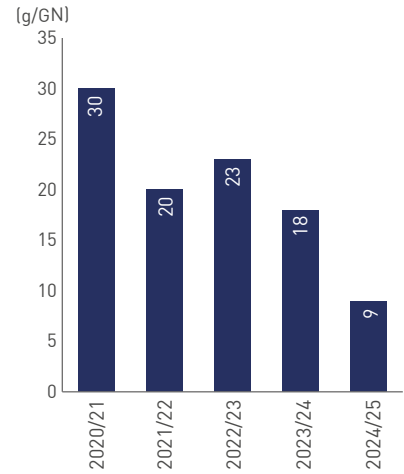
### Energy Intensity



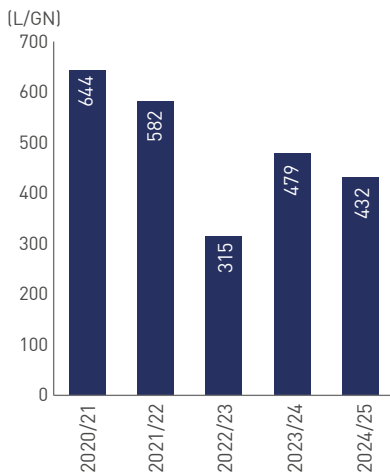
### Emissions Intensity



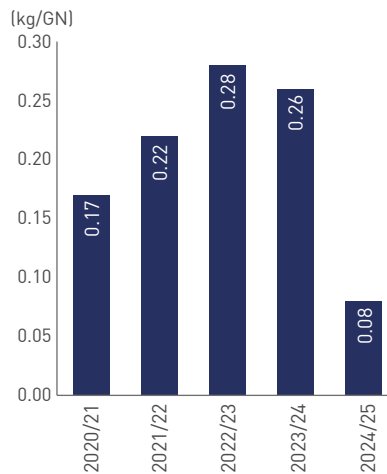
### Single-use Plastic Consumption



### Water Withdrawn



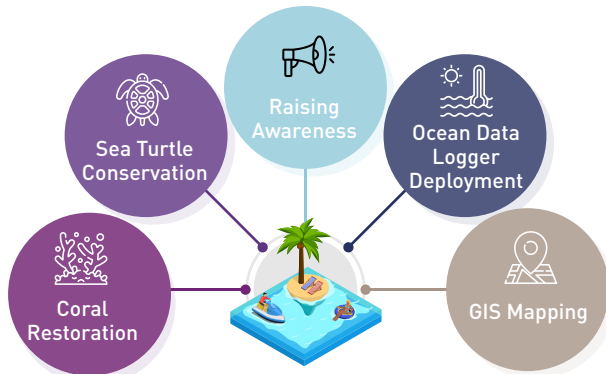
### Waste Sent to Landfill



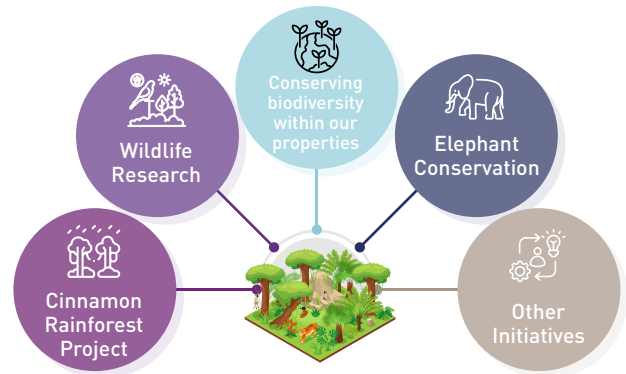
## PRESERVING BIODIVERSITY

Our commitment to offering responsible experiences that inspire guests to appreciate wildlife within their natural habitats is complemented by our biodiversity conservation efforts. Many of our resorts are located near nature reserves and ecologically rich environments; therefore, we actively prioritise protecting and conserving these habitats. We adopt a scientific approach to biodiversity conservation based on the expertise of Cinnamon Nature Trails and our in-house team of ecologists and marine biologists.

### Saving our Oceans



### Protecting Biodiversity on land



## SAVING OUR OCEANS

At our beachfront properties in the Maldives and Sri Lanka, we offer guests experiences that connect them with the vibrant marine life of the ocean, allowing them to fully appreciate the natural beauty that surrounds them. With this privilege comes a responsibility: to actively engage in conservation efforts that protect the ocean and its delicate ecosystems. We take this responsibility seriously and have implemented numerous initiatives to safeguard our marine environments.



### Coral Reef Restoration

Our Maldivian resorts are located in proximity to some of the nation's most exceptional coral reefs. Ellaidhoo Maldives by Cinnamon is home to Chaaya Reef, one of the Maldives' best house reefs while Cinnamon Hakuraa Huraa Maldives is adjacent to one of the longest stretches of reef in the Maldives. Coral reefs play a crucial ecological role, providing food, shelter, breeding grounds and protection for many marine species. They also act as natural breakwaters, absorbing wave energy and safeguarding the Maldives' low-lying islands from the implications of climate change, including coastal erosion, rising sea levels and extreme weather events. In addition to their ecological importance, coral reefs are central to the Maldivian economy, underpinning a significant portion of the tourism sector. However, these ecosystems are highly sensitive to environmental changes, particularly rising sea temperatures, and remain among the most vulnerable on the planet. Recognising both their environmental and economic value, we are committed to supporting coral reef conservation through dedicated initiatives.

### Coral Cube Adaptation Programme – Ellaidhoo Maldives by Cinnamon

This initiative involves the construction of artificial reefs using specially designed reef cubes. Each cube is 1ft by 1ft in size and is made from a blend of cement and recycled glass bottles from our bars and restaurants. These bottles are crushed into sand and mixed with concrete to form robust reef cubes. They are carefully designed to mimic the structure and function of natural reefs. Coral fragments, known as coral nubbins, are collected from the surrounding waters and attached to the reef cubes and strategically placed within the lagoon. Locations are chosen based on water flow, light exposure and protection from strong currents optimising the survival and growth of the corals. Over time these planted reef cubes encourage the development of new coral colonies, which contribute to the overall health of the reef ecosystem by providing habitats for various marine species including fish, invertebrates, and marine mammals that are essential to the region's biodiversity.

We have also expanded the programme to engage guests in our conservation efforts. For a contribution of USD 250, guests can purchase their own reef cubes, plant them within the lagoon and obtain updates on the growth and progress of their coral cubes including photographs and detailed information on its species and overall health.

**40** coral cubes  
established in 2024/25

**320** coral cubes  
established since inception  
in 2023

Home to **>50**  
**species of fish**  
and **20 species of**  
**invertebrates**

Provides protection  
to juvenile marine  
organisms from  
predators and other  
threats



Coral cubes adaptation project at Ellaidhoo Maldives by Cinnamon

### World Reef Awareness Day 2024 at Cinnamon Hakuraa Huraa Maldives

On World Reef Awareness Day 2024, Cinnamon Hakuraa Huraa Maldives organised an event focused on rebuilding and enhancing the coral garden located between the Water Bungalows and the Reception area. Live coral fragments were carefully attached to specially designed iron frames, creating a new habitat for marine life. This initiative actively engaged guests and colleagues in coral reef restoration.

### Water Quality Monitoring Project

In our Maldives Resorts we have placed data loggers, at 5 meters and 10 meters, within the reef areas of each resort to capture the vertical profile of water quality parameters including temperature, conductivity, sound velocity, and salinity. This approach allows us to understand how these parameters vary with depth and over time, provides a more detailed and accurate assessment of the reef's health. By continuously monitoring these indicators, we can identify trends, detect anomalies, and make informed decisions to protect and improve water quality around the coral reefs.

Schedules have been developed for the deployment and retrieval of data loggers to ensure collected data is consistent and provides reliable and comparable information from all resorts. All collected data is shared with the Maldives Marine Research Institute every two months contributing towards the scientific community's understanding of coral reef health and water quality in the Maldives.



Data loggers implementation for water quality monitoring

### Coral Restoration Project at Cinnamon Bey Beruwala

This project is implemented by the Pro-Green Lab of the University of Moratuwa with the aim of restoring and enhancing degraded coral reef ecosystems along the Beruwala coastal region in Sri Lanka. Coral fragments are carefully collected from the sea and nurtured under controlled conditions at the Pro-Green Lab, University of Moratuwa. Once the coral fragments reach an optimal size, they are transplanted into the designated restoration sites along the Beruwala coastal region to promote reef regeneration and biodiversity conservation. Phase 1 of the project was successfully completed in 2024/25 and encompassed water quality measurement, site selection for coral propagation, obtaining necessary approvals from the Department of Wildlife Conservation for coral cultivation, establishing coral tanks at the university premises, and assigning a researcher for continuous monitoring. Under phase 2 of the project, a coral nursery was established and is being maintained closer to the Barbeyrn Reef, Beruwala.



Save the Ocean: Coral restoration project at Cinnamon Bey Beruwala

### Ellaidhoo Maldives by Cinnamon

For the first time in its history, a sea turtle laid eggs on the beach of Ellaidhoo Maldives by Cinnamon. The nesting site was carefully protected to ensure the eggs remained safe from predators and human disturbances. Once the hatchlings emerged, they were allowed to return to the ocean safely.

### Hikka Tranz by Cinnamon

Hikka Tranz by Cinnamon collaborated with the Coast Guard and the Navy to establish a turtle hatchery to protect turtle populations and contribute to its conservation. In 2024/25, 14,023 turtle eggs were collected while 9,442 turtles were released.

### Trinco Blu by Cinnamon

Trinco Blu by Cinnamon, actively supported in situ conservation through the protection of turtle nesting sites. Our efforts focused on safeguarding these areas and ensuring the safety of turtle hatchlings. To date, a total of 60 young turtles have been successfully released into their natural habitat.





## Olive Ridley Project for conservation of Sea Turtles – Cinnamon Dhonveli Maldives

The World Turtle Day 2024 focused on 'Lets Shellebrate!', celebrating turtles and tortoises while promoting their conservation and raising awareness about the threats they face. To commemorate, we adopted 3 turtles (GR1803, GR1805 and HK5782) from The Olive Ridley Project, who are fondly known as Rehendi, Raivilla, and Raalhu to us.

While the adoption signifies our active commitment to protecting these three turtles, our donation enables the organisation to allocate funds toward rescuing and treating other injured turtles.

## Raising Awareness

During the year under review, a Marine Biodiversity Unit was established at Ellaidhoo Maldives by Cinnamon. The Unit is led by our in-house marine biologist Tharushi Pitigala and serves as a center for learning, engaging guests, staff and local communities in meaningful marine conservation initiatives. These included,

- Daily discussions on a range of marine biology topics, including coral biology and morphology, sea turtles, reef fish, marine mammals, ocean plastic pollution, and the marine life that can be observed during night snorkelling.
- Provision of fish identification checklists to support guests' underwater exploration.
- Marine biodiversity snorkelling tours, artificial reef tours and artificial reef cleanup programmes.
- Guidebooks for marine fish, coral and invertebrate identification.
- Maintain a close watch on the marine biodiversity around the Resort.

## Other Marine Life Conservation Initiatives Implemented During 2024/25

- Ellaidhoo Maldives by Cinnamon celebrated Sea Turtle Day with a special children's craft programme. The marine biologist commenced the programme by educating the children about the different species of turtles, their habitats and the importance of protecting them. Thereafter, the children engaged in transforming coconut shells into beautiful sea turtles with paint.
- Ellaidhoo Maldives by Cinnamon's management team hosted a weekly cocktail party for in-house guests to highlight the Resort's conservation efforts and sustainability initiatives.
- The in-house marine biologist at Ellaidhoo Maldives by Cinnamon hosted an engaging presentation and fish identification programme for divers and snorkelers at the resort, providing guests with a deeper understanding of fish behaviour, coral ecosystems, conservation efforts and promoting responsible underwater exploration.
- The 'Love Letter to the Ocean' initiative at Ellaidhoo Maldives by Cinnamon, invited guests to express their love for the ocean and reef through written messages, pledges or artwork dedicated to marine conservation.
- Display boards were set up at Maldivian resorts to raise awareness about the importance of ecosystems, including reefs, seagrasses, and marine life. These boards provided educational information on conservation efforts, highlighting the need to protect and sustain marine biodiversity.



Marine Biodiversity Unit at Ellaidhoo Maldives by Cinnamon

## PROTECTING BIODIVERSITY ON LAND

### Cinnamon Rainforest Project

Initiated in 2022, the Cinnamon Rainforest Restoration Project is an effort to reforest 59 acres of land in Suduwelipotha, in the wet zone of the country, to create a habitat that could harbour unique species of flora and fauna that are restricted to the wet zone. Anthropogenically modified areas surround the restoration project site; therefore, a successful restoration initiative provides a safe haven for both endemic and endangered species scattered in the area.

The assisted natural regeneration methodology has been used for restoration. It involves providing human

support to accelerate plant natural regeneration. This involves suppressing invasive species, clearing weeds, introducing native species, and removing other stresses affecting plant growth. Introduced species primarily consist of pioneer species and early secondary successional species.

In June 2024, a team of independent ecologists conducted a scientific assessment and noted the following achievements compared to the baseline assessment conducted in 2021.

**15** local families provided direct employment.

**583** local and international volunteers in 2024/25



**Best Project Sustainability Award** at the Best Corporate Citizen Sustainability Awards 2024

#### Key Highlights

**70** native species introduced to the site.

**2,060** trees planted in 2024/25

**22,797** native trees have been planted since the project's inception in 2022.

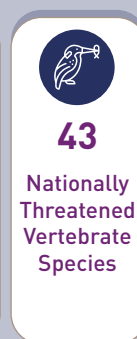


Pini Beraliya (*Doona ovalifolia*)

The successful introduction of Pini Beraliya (*Doona ovalifolia*), an endemic tree listed as extinct in the wild in 2020 by the IUCN, with four saplings being planted to commemorate the 4th year anniversary of our engagement.



- The rapid growth of pioneer trees has been observed playing a dual role of providing shade for newly planted trees while suppressing the growth of invasive species.
- A significant increase in shrub and herb layers indicates that effective plant succession is underway.
- Significant increase in invertebrate (butterflies, dragonflies, bees, spiders, beetles and moths) diversity. This is significant as invertebrates are the first colonisers of conducive habitats.



This project supports 15 local families through the establishment of community plant nurseries. Members of the local community have also been employed through the project for numerous field activities. Given active engagement of local communities from the commencement of the project, community commitment towards continuing efforts to restore this forest has been obtained, enabling the long-term sustainability of the project. This project also actively engages local and international volunteers, engaging a total of 583 local and foreign volunteers for land preparation, clearing of invasive plants, and tree planting during 2024/25.

## Conserving the biodiversity within our properties

Given the proximity to nature reserves and protected areas, our properties in Sri Lanka are rich in biodiversity. With the objective of developing conservation plans to protect the biodiversity within our properties, we initiated biodiversity assessments in 2021. Assessments at all properties were completed during the year under review. We developed action plans for biodiversity conservation at each property based on the findings. These assessments were conducted by in-house naturalists (Cinnamon Nature Trails) and a research team from the Open University of Sri Lanka.

### Biodiversity Conservation Goals

#### Short-term goal (2026)

Initiate projects focusing on species conservation at properties where RED list species have been identified.

Increase forest cover by **6,000 trees**.

#### Long-term goal (2030)

A biodiversity conservation plan at every property where RED list species have been identified.

Increase forest cover by **10,000 trees**

Below is the biodiversity presence within our properties in Sri Lanka and the Maldives and its conservation status.

Sri Lanka							
	Endemic	Critically Endangered	Endangered	Vulnerable	Near Threatened	Least Concerned	Not Evaluated
Dragonflies	2	0	0	2	6	15	1
Butterflies	4	0	0	12	15	100	0
Freshwater fish	3	0	0	0	1	21	18
Marine fish	0	0	0	0	0	15	0
Amphibians	4	1	0	0	2	16	0
Reptiles	11	0	7	6	10	51	2
Birds	15	5	3	15	27	247	0
Mammals	3	0	7	3	6	34	0
Total	42	6	17	38	67	499	21

Biodiversity assessments were also carried out at our Maldivian properties.

The Maldives							
	Endemic	Critically Endangered	Endangered	Vulnerable	Near Threatened	Least Concerned	Not Evaluated
Marine biodiversity	0	0	5	9	1	141	19



### Live and let live project

This project, in collaboration with the Centre for Conservation and Research and TUI Germany, aims to implement coexistence strategies in areas with frequent interactions with elephants.

Through this project, solar-powered electric fences were installed around homes and croplands, allowing wildlife to roam freely while minimising damage to property and resources. The project was inaugurated in Bandi Wewa village in the North Western Province, home to 108 farming families.

The Cinnamon Nature Trails team actively engages with the community, visiting the village monthly to conduct qualitative analyses to assess the project's effectiveness in addressing the elephant-human conflict.



Live and let live project in Cinnamon Lodge Habarana

### Elephant research at Cinnamon Lodge Habarana

The Cinnamon Lodge Nature Trails team actively engaged in elephant research, focusing on identifying and monitoring elephants in Minneriya and Kaudulla National Parks. This initiative includes providing individual identification (ID) records for elephants to track their movements and behavioural patterns. To date, 122 male and 92 female elephants have been successfully identified and tagged. The data collected through these efforts contribute valuable insights that support future elephant conservation initiatives by researchers and conservation scientists.



Elephant research at Cinnamon Lodge Habarana

### Supporting the Maldivian Government's 5 Million Tree Project

Our Maldivian properties engaged with the Ministry of Climate Change, Environment and Energy in the Maldives to support the Maldivian Government's nationwide effort to plant 5 million trees in the next 5 years. Accordingly,

- Ellaidhoo Maldives by Cinnamon planted >30 trees
- Cinnamon Velifushi Maldives planted >400 trees
- Cinnamon Hakuraa Huraa Maldives planted >250 trees
- Cinnamon Dhonveli Maldives planted >130 trees

### Programme on Snake conservation

In collaboration with the National Hikeologic Exploring, Sabaragamuwa Provincial Council and Ruk Rakaganno, an awareness program on snake conservation was conducted for over 100 students and government officers. The programme focused on promoting accurate identification of snake species within the community, educating the community on safe snake handling techniques and ensuring the proper release of snakes into their natural habitats.



Awareness program on Snake conservation

## Butterfly gardens at Cinnamon Lodge and Cinnamon Bentota Beach

- Cinnamon Lodge Habarana - Established in 2008, the butterfly garden at Cinnamon Lodge attracts over 37 butterfly species. The introduction of feeding and breeding plants in a demarcated area has led to the sighting of several threatened species, including the national butterfly of Sri Lanka, the Sri Lanka Birdwing (*Troides darsius*) and the endemic Sri Lanka Lesser Albatross (*Appias galena*).
- Cinnamon Bentota Beach—This project features 12 butterfly species, supported by the cultivation of over 100 butterfly-hosting plants.

## Zero fumigation initiative at Ellaidhoo Maldives by Cinnamon

Ellaidhoo Maldives by Cinnamon has implemented conventional targeted interventions to eliminate mosquito breeding habitats, minimising its reliance on synthetic pyrethroid applications. This has contributed to the preservation of vital pollinators, including butterflies, caterpillars, and honeybees, maintaining ecological balance and preserving the long-term health of the ecosystem.

## Biodiversity Awareness for Nearby Communities

- Our naturalists at Cinnamon Lodge Habarana provided training to
  - 37 jeep drivers enhancing their knowledge of the region's flora and fauna.

- Engaged with 42 villagers in Habarana, in partnership with the Tourism Development Board, educating them about the importance of ecosystems and promoting local biodiversity conservation.
- An engaging presentation on coral ecosystems and their conservation was conducted by Ellaidhoo Maldives by Cinnamon for students from Hangnameedhoo School.
- 'Environment needs conservation and conservation needs women' – an insightful presentation by the in-house marine biologist at Ellaidhoo Maldives by Cinnamon was delivered to female staff of the resort and the Rasdhoo Council in the Maldives.

	Hotel/Resort	Name of Protected Area	Proximity to Hotel/Resort	Biodiversity Value and the Law Applicable for Protection
Sri Lanka	Cinnamon Lodge Habarana	Minneriya National Park, Ritigala Strict Nature Reserve	Within a 20km radius	Wildlife and Forestry Flora and Fauna Protection Ordinance 1937, IUCN Category II National Park
	Habarana Village by Cinnamon	Kaudulla National Park	Within a 22km radius	Flora and Fauna Protection Ordinance 1937, IUCN Category II National Park
	Cinnamon Bey Beruwala	Hikkaduwa Marine National Park	45km	Maritime Flora and Fauna Protection Ordinance 1937, IUCN Category II - National Park
	Hikka Tranz by Cinnamon	Hikkaduwa Marine National Park	0.5km	Maritime Flora and Fauna Protection Ordinance 1937, IUCN Category II - National Park
	Cinnamon Bentota Beach	Hikkaduwa Marine National Park	40km	Wildlife and Forestry, Flora and Fauna Protection Ordinance 1937, IUCN, Category II National Park
	Cinnamon Wild Yala	Yala National Park Bundala National Park	Within 32km radius	Wildlife and Forestry Flora and Fauna Protection Ordinance 1937, IUCN Category II National Park
	Trinco Blu by Cinnamon	Pigeon Island Marine National Park	16km	Maritime Flora and Fauna Protection Ordinance 1937, IUCN Category II National Park
	Cinnamon Citadel Kandy	Udawatte Kele Sanctuary	6km	Wildlife and Forestry Flora and Fauna Protection Ordinance 1937 IUCN Category IV – Habitat/Species Management Area
	Kandy Myst by Cinnamon	Udawatte Kele Sanctuary	4km	Wildlife and Forestry Flora and Fauna Protection Ordinance 1937 IUCN Category IV – Habitat/Species Management Area
The Maldives	Cinnamon Dhonveli Maldives	Thamburudhoo thila	1km	Maritime - The Environment Protection and Preservation Act
	Cinnamon Hakuraa Huraa Maldives	Lhazikuraadhi	1km	Maritime - The Environment Protection and Preservation Act
	Ellaidhoo Maldives by Cinnamon	Orimas thila	1km	Maritime - The Environment Protection and Preservation Act



## REDUCING SINGLE-USE GUEST-FACING PLASTIC CONSUMPTION

Our ongoing commitment to reducing the consumption of single-use guest-facing plastic within our resorts has resulted in consistent reductions over the years, as shown below.

### Single use Plastic Reduction Goals

#### Short-term goal (2025)

50% reduction of guest facing plastic from 2021/22 base year.

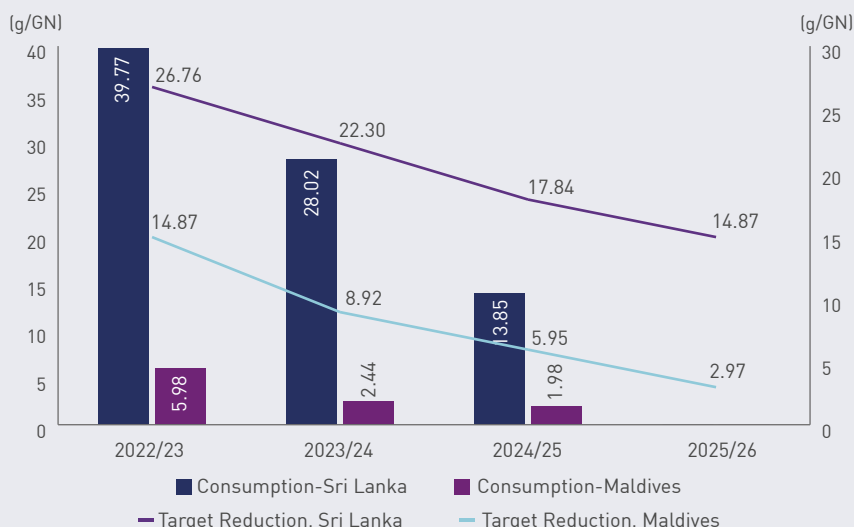
#### Long-term goal (2030)

80% reduction from 2021/22 base year

Where we stand in 2024/25

**58%**

### Pattern of Single Use Guest facing Plastic Consumption (g/GN)



Numerous eco-friendly alternatives have been introduced to replace single-use plastic-based consumables within our operations.

### Single Use Plastic Reduction Initiatives



Glass water bottles have replaced PET water bottles in all properties except Cinnamon Bey Beruwala, eliminating the use of PET bottles. This move helped us to move from 17.84 g/GN to 9.27 g/GN. This is a 58% reduction from the single use guest facing plastic consumed in our base year of 2021/22.

NORDAQ glass water bottles made with 80% recycled glass and 100% recycled aluminium caps are utilised at Cinnamon Bentota Beach through an in-house bottling plant. We utilise NORDAQ's patented water filtration system to purify tap water, removing unwanted flavours and impurities while preserving natural salts and minerals. The Maldivian resorts were the first of our properties to transition to reusable glass bottles as early as 2018 and also offer personalised water canisters to guests. Other reduction measures include transitioning to more sustainable amenities as depicted.

We extended our commitment to reducing single-use plastic consumption to local communities through numerous initiatives during the year under review.

## The Promise Project

During the year under review, under the PROMISE project, four properties were recognised for preventing waste leakage from land-based sources into the Lakshadweep Sea. Through support obtained from the SWITCH Asia Programme of the European Union, this project aimed to prevent waste leakage from land-based sources into the Lakshadweep Sea with a specific focus on tourism clusters in Sri Lanka, India and the Maldives. The programme commenced in 2020 and spanned four years. The National Cleaner Production Centre (NCPC) implemented it in Sri Lanka.

### Recognition under the PROMISE Project



- Hikka Tranz by Cinnamon – **Platinum certificate**
- Cinnamon Wild Yala – **Gold certificate**
- Cinnamon Bey Beruwala – **Gold certificate**
- Cinnamon Bentota Beach – **Gold certificate**

## Community based Initiatives to Reduce Plastic Consumption

### Good Water Project

Three ocean strainers were strategically placed near Hikka Tranz by Cinnamon, Cinnamon Bentota beach and Cinnamon Bey Beruwala minimise the influx of plastic waste into the ocean. This project was implemented in collaboration with the John Keells Center Sustainability Team, MAS Foundation for Change, and the Irrigation Department of Sri Lanka.

Amount of plastic waste extracted from strainers in 2024/25: **1,931.7kg**

Since inception in 2023: **2,291.7Kg**

### Supporting the Development of Sustainable Alternatives for Plastic

In collaboration with Plasticycle, we supported the progress of two emerging suppliers engaged in developing a compostable alternative for plastic cling wrap derived from seaweed and a compostable replacement for plastic bento boxes from compressed banana fibers. Both suppliers have developed prototypes and we are currently in the process of integrating these sustainable alternatives into our operations.



### 'Diriyata Athwelak' Project

In partnership with the Palugaswewa Divisional Secretariat, Cinnamon Lodge Habarana and Habarana Village by Cinnamon empowered 30 women to upcycle discarded plastics. They crafted beautiful ornaments from plastic waste which were available for sale to guests at our properties. Festive decorations crafted through this programme were also displayed throughout both resorts during the Christmas season and a message explaining the origin of the decorations were shared with guests.

### WasteWise School Initiative

Initiated by Cinnamon Citadel Kandy, this project aimed to raise awareness and promote responsible waste management practices among students.

Schools implemented: **Wimala Buddhi School and Kengalla Tamil School**

Students and teachers reached: **200**

Highlight: Students at Wimala Buddhi School collected non-recyclable plastic materials and packed them into PET bottles to create eco-bricks, a sustainable solution for producing reusable building blocks. The revenue generated was reinvested into the school's welfare association.

The school also adopted organic waste composting from garden waste and established a home garden on the school premises.

### Supporting the Development of Sustainable Alternatives for Plastic

For each beach bag sold through the 'From Broken to Beautiful' initiative, 4 aluminium water bottles were sponsored to school children and teachers residing in remote islands in the Maldives.

Aluminium water bottles donated in 2024/25: **306**

### Beach clean-up initiatives

Beach clean-up initiatives were organised by five properties during the year under review.

Property	Plastic waste collected
Cinnamon Bey Beruwala	405 kg
Cinnamon Bentota Beach	93 kg
Trinco Blu by Cinnamon	174 kg
Ellaidhoo Maldives by Cinnamon	57 kg
Cinnamon Hakuraa Huraa Maldives	37 kg

## Waste Management

Our waste management strategy is aligned with the 7R waste management principles and enables consistent reductions in waste directed to landfills. All waste generated from our operations is segregated as hazardous and non-hazardous waste. Non-hazardous waste, which accounts for 93% of total generated waste, is further categorised and segregated at waste segregation centres located at each property.

Segregated waste is then processed depending on the nature of the waste. The primary forms of waste generated from our operations and our efforts to divert it away from landfills are summarised below.

### Waste Reduction Goals

#### Short-term goal (2025)

#### Increase recycling and reuse

#### Long-term goal (2030)

90% waste diverted from landfills from 2021/22 base year

Where we stand in 2024/25

**93.35%**

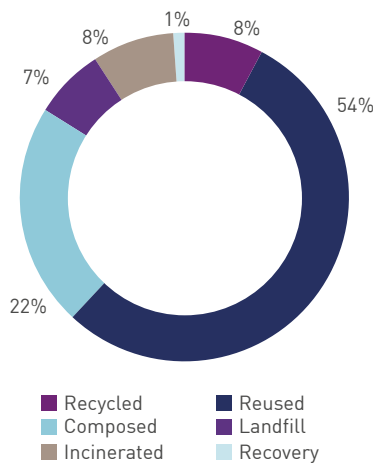
Types of Waste	Disposal mechanisms
Food waste	Food waste from all Sri Lankan resorts is diverted as animal feed to piggeries.  Through state-of-the-art food digesters installed at the Maldivian properties, leftover food, plate scrapings and all other forms of food is converted to a semi-liquid form that reduces the volume of waste directed to landfills while producing a resource that has the potential to enhance soil fertility and support agricultural practices.
Waste oil	Waste oil from all our properties is collected by an approved third party and processed into biodiesel.
Broken glass & Glass bottles	Collected for recycling through third-party waste collectors
Ceramic waste	Recycled to make specially designed reef cubes to support our coral reef restoration initiative in the Maldives  Mixed with cement and used as pavement blocks where possible.  Other innovative strategies to reuse ceramics to reduce the amount directed to landfill,
Other recyclable waste	Meticulous segregation takes place at each property, and disposal takes place through third-party waste collectors.  Third-party waste collectors comply with relevant laws and regulations. We monitor regulatory compliance and the responsible disposal of waste through regular on-site audits and life cycle assessments.
Hazardous Waste	Disposal through waste collectors who comply with relevant laws and regulations.  Sustainable disposal is ensured through life cycle assessments.

As demonstrated above, consistent efforts to dispose of waste sustainably have led to only 6.65 % of total waste generated being directed to landfills.

During the year under review, we delved deeper into our waste with the intention of increasing the types of waste reused and recycled. This analysis revealed that several types of waste, such as ceramic waste and mixed soiled waste, have no alternatives to disposal through waste-to-energy or landfill. Hence, we have re-evaluated our long-term waste management strategy while continuously exploring more sustainable disposal methods.

Waste Management			
	2024/25	2023/24	Annual Change %
Total waste generated (t)	1,949.71	2,311.00	16
Non-hazardous waste (t)	1,817.12	2,307.50	21
Hazardous waste (t)	132.59	4.90	
Non-hazardous waste (t)			
Reuse	1,060.65	827.52	(28)
Recycling	150.68	312.94	52
Composting	438.14	404.74	(8)
Recovery	9.77	34.20	71
Incineration	153.53	81.95	(87)
Landfill	114.33	351.50	67
Hazardous waste (t)			
Recycling	7.20	0.45	
Landfill	15.42	3.50	
Total waste disposed (t)	1,949.71	2,017.70	3

Waste Disposal



Minimising Food Waste

Significant efforts were made during the year under review to reduce food waste generated from our operations.

- Food waste mapping to identify sources and locations of food waste generation, enabling more accurate measurement of food waste and the implementation of mitigation strategies.
- Portion controls, re-thinking menu options and more innovative thinking from our culinary experts.
- Awareness campaigns for back-of-house colleagues to facilitate behavioural changes have yielded positive results.

- Zero waste days in our staff cafeterias to reduce plate waste from staff.
- Research and development initiatives in collaboration with SLIT and the University of Peradeniya to evaluate the effectiveness of current food waste management practices, identify methodologies for more effective food waste management, identify barriers and constraints for reducing food waste and to evaluate the social, economic and environmental impact of food waste generated.

Our current food waste stands at

**0.62 kg/GN**



Beach bag from broken umbrella

**'From broken to beautiful' – by Ellaidhoo Maldives by Cinnamon**

Broken umbrellas are upcycled to produce beach bags. The beach bags are available for purchase by hotel guests, and the proceeds are directed towards the purchase and distribution of reusable aluminium water bottles among school children in remote islands. 306 water bottles were distributed during the year.



Batik bags with upcycled hotel linen

**'Promoting a circular economy through garden waste composting' – Bentota Project**

A composting machine was procured to convert garden waste into compost. As part of this initiative, wood chips are processed and transformed into compressed biodegradable fertiliser bags. These fertiliser bags were distributed to guests and selected beneficiaries within the local community, encouraging home gardening and contributing to food security.



Garden waste composting project

**Hikka Batiks – by Hikka Tranz by Cinnamon**

A group of female batik artisans in the Hikkaduwa area upcycled discarded bed linen to produce batik tote bags, which were gifted to long-stay guests.



Garage Pub: A bar from discarded items

**'The Garage Pub – repurposed retreat' – Cinnamon Hakuraa Huraa Maldives.**

A bar dedicated to hotel staff was established using discarded items, including bikes, tires, hand dryers, minibars, TVs and other waste material such as carpets, wooden pieces and tiles.

Project highlights

- 85% of the materials sourced were discarded items
- 75% reduction in cost
- 14,600 kg of waste from the landfill was diverted
- Reduced greenhouse gas emissions by approximately 4.234 metric tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) (based on EPA's Waste Reduction Model)

## ENERGY AND EMISSIONS

We recognise that minimising our carbon footprint is closely linked to reducing our reliance on fossil fuels. Consequently, our energy strategy focuses on increasing the energy efficiency of our operations while integrating renewable energy sources into our energy mix.

### Emissions Reduction Goals

**Short-term goal (2025):**  
**2% energy reduction** from 24/25 consumption

**Long-term goal (2030):**  
**20% reduction**  
 of Scope 1 & 2 emissions by 2030 from 23/24 base year

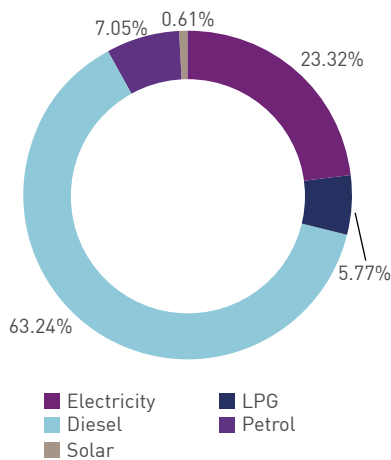
**Reduce carbon footprint:**  
**New base year set to 23/24**

**Energy reduction YoY**  
 Where we stand in 2024/25  
**14.53%**

## Energy

We primarily rely on electricity sourced from the national grid, LPG, diesel and petrol to fulfil our energy needs. During the year under review, our energy consumption reduced by 15% to 276,079,380.98 MJ compared with 2023/24 consumption levels. Numerous initiatives were implemented to improve energy efficiency, reducing energy intensity to 177 MJ/guest night in 2024/25 compared with 215 MJ/guest night in 2023/24.

### Energy Mix



### Energy Consumption

	Units*	2024/25	2023/24	Annual change %
<b>Non-renewable Sources</b>				
Purchased electricity	MJ	64,385,229.28	64,702,349.10	0.49
LPG	MJ	15,937,731.75	16,662,659.53	4.35
Diesel	MJ	174,606,164.23	222,422,462.45	21.50
Petrol	MJ	19,454,740.68	19,791,983.73	1.70
<b>Renewable Sources</b>				
Solar power	kWh	470,976.40	473,393.40	0.51
Total energy consumed	MJ	276,079,380.98	323,579,454.81	14.68
Total energy from grid electricity	MJ	64,385,229.28	64,702,349.10	0.49
Total energy from renewable sources	MJ	1,695,515.04	1,704,216.24	0.51
Energy intensity	MJ/GN	177.49	214.99	17.45

\*Conversion factors were aligned with IPCC regulations

Ongoing efforts to enhance the energy efficiency of our operations included,

#### Energy optimisation through data analytics

This initiative entailed leveraging data analytics to optimise energy efficiency across our operations. A pilot study was conducted at Cinnamon Bentota Beach to drive energy savings within the property's highest energy consuming systems which were the HVAC systems, kitchen operations and heat pumps.

#### Expanding renewable energy generation

Feasibility studies are underway to install solar panels across all resorts in Sri Lanka and the Maldives. Furthermore, the Group is also assessing the viability of installing floating solar panels at Cinnamon Hakura Huraa Maldives.

#### Digitalised maintenance management and energy optimisation platform

We initiated the implementation of a digital platform to streamline daily monitoring of high energy consuming equipment including HVAC systems, generators, refrigerators and key machinery, to enable real-time tracking of energy consumption, proactive maintenance and optimise energy efficiency.



Renewable energy to power peripheral lighting at Cinnamon Velifushi Maldives



13 solar panel units were installed to power peripheral lighting at Cinnamon Velifushi Maldives giving rise to an energy saving of 92 litres of diesel per month.

Ongoing measures to enhance energy efficiency



- Regular awareness sessions to reduce energy consumption by switching off lights and equipment when not in use, avoiding keeping devices on standby mode when not in use and unplugging charges when not in use among others were conducted for colleagues.
- Ensured spaces with air-conditioning are sealed and the doors and windows are tightly closed.
- Monitored ambient temperature and humidity levels and adjusted the temperature controls of the chillers to ensure optimum conditions were maintained.

## Emissions

We conducted a comprehensive GHG emissions inventory during the year under review, expanding our ongoing assessment of Scope 1 and Scope 2 GHG emissions and to include Scope 3 GHG emissions.

We collaborated with the Sri Lanka Climate Fund to measure and verify our emissions for the financial year of 2023/24. Our GHG emissions inventory was aligned with ISO 14064-1:2018 Greenhouse Gases and the Greenhouse Gas Protocol. We adopted the operational control approach, considering GHG emissions across our operations in Sri Lanka and the Maldives as well as administrative locations. As specified in the Sustainable Hospitality Alliance guidelines, guest travel was excluded from this assessment as it lies beyond our control and was considered only if travel was arranged by the Group.

This GHG emissions inventory serves as the new baseline for our future efforts, guiding continuous improvement and fostering transparency with our stakeholders.

Our carbon footprint increased by 50% during the year under review, given the more accurate accountability of all emission sources for Scope 1 and the inclusion of Scope 3 emissions. Emissions of ozone-depleting substances (ODS), nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions were negligible during the year under review.

### GHG Emissions Inventory

Scope 1	Includes emissions from energy generated within the premises. <ul style="list-style-type: none"> <li>• Emissions from fuel combustion for generators and boilers</li> <li>• Mobile emissions from lawn movers.</li> <li>• Combustion of charcoal and fuel gels.</li> <li>• The usage of certain chemicals in kitchen operations.</li> <li>• Vehicle fleet fuel consumption.</li> <li>• Refrigerant leaks and other fugitive emissions.</li> </ul>
Scope 2	• Emissions generated from purchased electricity.
Scope 3	Includes emissions from <ul style="list-style-type: none"> <li>• Business travel</li> <li>• Employee commuting</li> <li>• Supplier transportation.</li> <li>• Waste management</li> <li>• Other operational activities.</li> </ul>

### Verified carbon footprint of 2023/24 (base year)

	Total	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O
Scope 1 (Direct) emissions (tCO <sub>2</sub> e)	16,689.35	16,583.02	63.38	42.98
Scope 2 (Indirect) emissions (tCO <sub>2</sub> e)	7,682.48	7,682.48		
Scope 3 emissions (tCO <sub>2</sub> e)	7,262.90	7,262.90		
Total emissions (tCO <sub>2</sub> e)	31,634.73	31,528.40	63.38	42.98
Emission intensity (kg/GN)	21.02			

We have included, CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O in our Scope 1, Scope 2 and Scope 3 emissions calculations. Global Warming Potential (GWP) values were referenced from the IPCC Global Warming Potential Values document (2024, version 2.0).

As seen in the above graph, the breakdown of emission categories is typical of the hospitality industry, where energy-intensive operations, such as on-site energy generation for heating, cooling, lighting, and cooking, drive a higher proportion of direct and indirect emissions.

Improved accountability for all Scope 1 emission sources and the expansion of our Scope 3 GHG emission inventory has strengthened the accuracy and reliability of our carbon footprint disclosures, enhancing alignment with TCFD's principles of transparency. This GHG inventory now serves as the baseline for future efforts, guiding continuous improvement and supporting initiatives to achieve our emission reduction goals established in line with the Metrics and Targets pillar of the TCFD framework.

## WATER MANAGEMENT

Water plays a vital role in our hotel operations, supporting both guest and employee needs. It is essential for consumption, hygiene, and food preparation in our restaurants. Additionally, water is integral to various guest services, including laundry facilities and the swimming pools. Our landscaping and garden maintenance also require water for irrigation and to enhance the overall guest experience.

We withdraw water from multiple sources to meet operational needs. Water consumption decreased by 14% during the financial year 2024/25.

### Water Reduction Goals

#### Short-term goal (2025):

**2%** reduction in water consumption from 24/25 consumption

#### Long-term goal (2030):

Reduce freshwater use by **10%** of total water use by 2030

### Reduce water consumption YoY

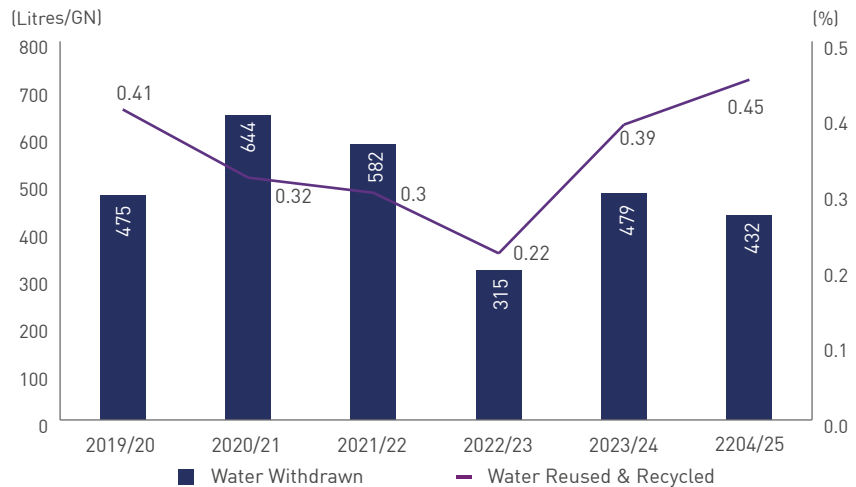
Where we stand in 2024/25

**10%**

Given the proximity of many of our resorts to biodiversity-rich areas, we place significant emphasis on promoting responsible and sustainable water consumption. Water stewardship initiatives implemented within our properties include water-saving fixtures such as low-flow faucets, showerheads, dual-flush toilets in all guest rooms and public washrooms, and sensor taps in public washrooms. We also communicate our commitment to guests through towel and linen cards in the rooms, requesting their understanding to conserve water. Our garden spaces are equipped with sprinkler systems

Water Withdrawal			
	2024/25	2023/24	Annual % Change
Surface water (m <sup>3</sup> )	830.00	1,961.00	58
Ground water (m <sup>3</sup> )	232,927.50	315,707.50	28
Pipe-borne water (m <sup>3</sup> )	250,159.60	244,404.30	(3)
Sea water (m <sup>3</sup> )	190,213.13	178,902.00	(6)
Rain water (m <sup>3</sup> )	2,230.04	451.00	394
Total water withdrawn (m <sup>3</sup> )	671,545.13	720,545.40	7
Total water consumed (m <sup>3</sup> )	134,309.03	156,894.00	14
Water intensity (L/GN)	431.72	478.75	10

### Water Usage Patterns



that utilise wastewater in properties with in-house treatment plants. We adhere to strict watering guidelines by irrigating only during specific times of the day, ensuring efficient water usage. The plants in all our properties are also native to the area, ensuring that the foliage is well adapted to the climate conditions of each area and does not require additional water. Moreover, water withdrawal and consumption is monitored closely and deviations are investigated. We also consistently raise awareness among staff to promote responsible consumption of water.



Inhouse waste water treatment plant at Cinnamon Lodge Habarana

# PLANET

We have also implemented rainwater harvesting initiatives for non-potable purposes.

Cinnamon Bey Beruwala is the first of our resorts in Sri Lanka to use reverse osmosis to purify rainwater for consumption purposes. The system was trialled during the year under review, and full-scale operations are expected to commence in the year ahead. This venture is projected to reduce freshwater withdrawal by 50 m<sup>3</sup> per month.

We also partnered with the Climate & Conservation Consortium to assess our impact on the environment and the community. The project was initiated at Cinnamon Bey Beruwala and Cinnamon Wild Yala and involves the assessment of existing water-related management practices, areas for improvement and the development of a strategic roadmap to enhance the efficiency of water usage. The project will be completed in the year ahead.

## Wastewater Management

Wastewater generated through our operations is treated in effluent treatment plants prior to reuse or responsible discharge. Six properties have in-house aerobic wastewater treatment plants, while Trinco Blu by Cinnamon and Cinnamon Bey Beruwala have also integrated Rotable Biological Contractors (RBC). We regularly monitor key water parameters, including Biological Oxygen Demand (BOD), nutrient volumes such as nitrogen and phosphorus levels, heavy metal presence and faecal coliform count, among others, to ensure compliance with regulatory requirements. No incidents of non-compliance with regulatory requirements set by the Central Environmental Authority were reported during the year under review.

Treated water is reused for flushing and garden irrigation where in-house treatment plants are available. At Trinco Blu by Cinnamon and Cinnamon Bey Beruwala treatment is through Integrating Rotatable Biological Contactors (RBC).

Treated water is also redirected to a man-made tank in Yala and a natural lagoon in Trincomalee to support recharging groundwater. These serve as a vital source of water for wildlife particularly during the dry season.

During the year under review, Cinnamon Lodge Habarana and Habaran Village by Cinnamon in partnership with the John Keells Foundation initiated a safe drinking water project at A/Madawala College, Habarana. This project was initiated to provide safe drinking water to the students and teachers of the school, with provisions for access to the surrounding community as well. An inactive Reverse Osmosis treatment facility present in the school was repaired and upgraded under the guidance of the Cinnamon Habarana Engineering team. The team will continue to maintain the treatment facility going forward.

Water Discharge			
	2024/25	2023/24	Annual Change %
Surface water (m <sup>3</sup> )	37,252.72	21,108.10	[76]
Groundwater (m <sup>3</sup> )	660.40	-	-
Sea water (m <sup>3</sup> )	113,476.45	147,414.70	23
Third party water (m <sup>3</sup> )	85,342.40	86,073.80	1
Total water discharged (m <sup>3</sup> )	478,269.77	513,318.60	7



Man-made tank in Yala where treated water is redirected to support recharging groundwater. It also serves as one of the few watering holes for wildlife during the harsh dry season

## PLANET PERFORMANCES

Energy Consumption		2024/25	2023/24
<b>Non-renewable sources</b>			
Purchased electricity (from CEB)	kWh	18,640,868.00	18,113,963.00
Liquid Petroleum Gas (LPG)	kg	178,842.00	320,251.00
Diesel	Liters	4,620,205.80	5,850,390.00
Petrol	Liters	578,479.77	576,955.00
<b>Renewable sources</b>			
Solar power	kWh	470,976.40	473,393.40
Total energy consumed	GJ	276,079.38	323,579.45
Total energy from grid electricity	%	23.32	53.00
Total energy from renewables	%	0.61	3.00
Energy Intensity	MJ/GN	177.49	214.99
<b>Water and Effluents</b>			
<b>Water withdrawn sources</b>			
Surface water- river, lakes, wetlands	m <sup>3</sup>	830.00	1,961.00
Ground water	m <sup>3</sup>	232,927.50	315,708.00
Rainwater harvested	m <sup>3</sup>	2,230.04	451.00
Municipal water supply	m <sup>3</sup>	250,159.60	244,404.00
Sea Water	m <sup>3</sup>	190,213.13	178,902.00
Total water withdrawn	m <sup>3</sup>	671,545.13	720,545.00
Water intensity (L/GN)	L/GN	431.72	478.75
<b>Water discharge by destination</b>			
Municipality sewerage, drainage lines	m <sup>3</sup>	85,342.40	86,073.80
Rivers, lakes, wetlands	m <sup>3</sup>	37,252.72	21,108.10
Sea	m <sup>3</sup>	113,476.45	147,414.70
Total water discharge	m <sup>3</sup>	478,269.77	513,318.60
Total water consumption from all areas	m <sup>3</sup>	134,309.03	156,894.00
Water recycled and reused	m <sup>3</sup>	301,728.53	279,830.10
% of water recycled and reused	%	44.93	38.80
<b>Green House Gas (GHG) Emissions</b>			
Total GHG emissions	tCO <sub>2</sub> e	29,781.21	19,802.01*
Direct (Scope 1) GHG emissions	tCO <sub>2</sub> e	14,602.57	12,119.53*
Energy indirect (Scope 2) GHG emissions	tCO <sub>2</sub> e	15,178.64	7,682.48*
GHG emissions intensity	kgCO <sub>2</sub> e/GN	19.15	13.16*
Increase of GHG emissions	tCO <sub>2</sub> e	9,979.20	-
<b>Waste</b>			
<b>Waste generated</b>			
Non-hazardous waste	Mt	1,927.09	2,307.50
Hazardous waste	Mt	22.62	4.90
Total waste generation	Mt	1,949.71	2,311.00
<b>Waste disposal (Non-hazardous)</b>			
Reuse	Mt	1,060.65	827.52
Recycling	Mt	150.68	312.94
Composting	Mt	438.14	404.74
Recovery	Mt	9.77	34.20
Incineration	Mt	153.53	81.95
Landfill	Mt	114.33	351.50
Total waste disposal	Mt	1,927.09	2,307.50
<b>Waste disposal (Hazardous)</b>			
Reuse	Mt	-	0.90
Recycling	Mt	7.20	0.45
Landfill	Mt	15.42	3.50

\* Calculated and verified emissions aligned to ISO 14064-1:2018



# PROSPERITY

## PROMOTING PROSPERITY THROUGH COMMUNITY EMPOWERMENT

Through strategic community engagement initiatives that empower women, support education and competency development, and promote local artisans, we strive to foster the prosperity of local communities, build sustainable futures and preserve our local heritage.





## COMMUNITY EMPOWERMENT

We are deeply committed to nurturing strong relationships with our local communities through initiatives that empower and support their development. Our community empowerment vision guides our strategic efforts to engage with local communities and broadly aligns with the four pillars presented below.

### Our Community Empowerment Vision

“Through strategic community engagement initiatives, we aim to empower communities to enjoy a better standard of living for tomorrow by fostering relevant skills, opportunities and the environment today.”

### Community Empowerment Pillars in 2024/25



We believe engaging with local communities should be a collective effort and actively involve our guests and colleagues in advancing our community empowerment goals. To support this, we consistently promote a culture of giving back by actively encouraging colleagues to volunteer their time to address pressing needs within the local communities and strengthen our overall impact.

#### Volunteerism Goals

##### Volunteer hours (2021 base year)

2030 Goal  
**10,000**

Where we stand in 2024/25  
**11,429**

#### Education

Initiatives under the ‘Education’ pillar strive to empower youth by providing access to higher education opportunities and enhancing English language proficiency, essential skills for gainful employment. We leverage our industry expertise to highlight hospitality industry employment pathways and support youth passionate about the field. We work closely with young people, offering opportunities for hands-on experience, enabling the development of practical skills needed to thrive in the industry. Furthermore, through partnerships with schools that foster the development of differently abled students, we aim to create livelihood opportunities for them and build a more inclusive workforce.

Supporting the higher education of talented individuals

Positively impacted young people **35**

Elevating English language proficiency

Scholarships awarded **236**

Showcasing opportunities in hospitality

Students and teachers that visited our properties **470**

Empowering the differently abled

No. of individuals assisted **21**

# PROSPERITY

## Supporting the higher education of talented individuals

In collaboration with the John Keells Foundation, we offered financial support to deserving students in the Tissamaharama, Hikkaduwa, Bentota, Kandy, Habarana, and Trincomalee areas to pursue secondary and tertiary education. Scholarships were awarded based on academic merit, financial need, and potential for success, with the aim of assisting talented individuals to overcome financial barriers to accessing higher education opportunities.

Positively impacted young people - **35**

## Elevating English language proficiency

Through this ongoing initiative, we aim to empower individuals by offering opportunities to elevate their English language proficiency and support them in pursuing improved educational and career pathways. This programme was conducted in collaboration with the John Keells Foundation.

Scholarships awarded in 2024/25 - **236**

## Showcasing opportunities in hospitality

Many properties within the Hotels Group actively engaged with students and young people, providing them with practical insights into hotel operations, promoting sustainable tourism and highlighting career prospects within the hospitality sector.

Number of teachers/students that visited our properties in 2024/25 - **470**

## Empowering the differently abled

Cinnamon Citadel Kandy worked closely with the Senkadagala Special School in Dodamwala to provide its students with livelihood and skill development opportunities. These opportunities included,

- Hiring for kitchen operations
- Cross exposures
- Beekeeping training, donation, and establishment of bee boxes at the school.
- Regular cultural performances and art exhibitions.
- Vesak Bathi Gee and Christmas Carol performances during the festive seasons.

Cinnamon Citadel Kandy engaged guests in their efforts to empower these students, raising Rs. 2.5 Mn for the development of school infrastructure. The HR team at the property was trained in sign language to enable effective communication with students, fostering an inclusive environment.

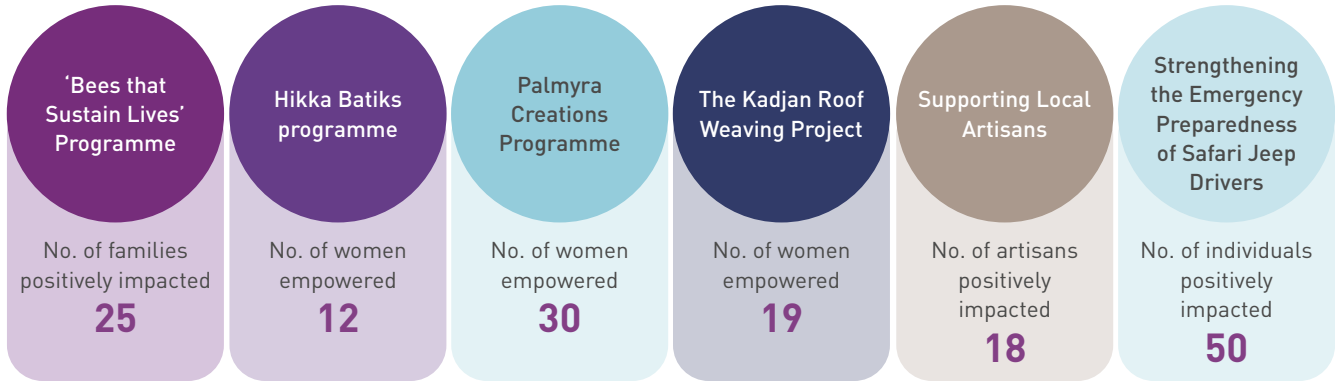
Number of differently abled students positively impacted in 2024/25 - **21**

## COMMUNITY AND LIVELIHOOD

Our community and livelihood initiatives emphasise fostering the economic self-sufficiency of local community members and artisans. By providing platforms for them to showcase their talent and expand their market reach, we contribute to community upliftment while preserving traditional crafts and techniques integral to our nation's cultural heritage.

Empowering Livelihoods

Empowering Community Artisans



'Bees that Sustain Lives'

25 Families supported

The 'Bees that sustain lives' programme continued to make significant progress during the year under review. Initiated in 2023 in collaboration with the John Keells Foundation, Habarana Village by Cinnamon, Cinnamon Lodge Habarana and Cinnamon Citadel Kandy, aimed to create economic opportunities for local communities in the Habarana and Kandy areas through beekeeping.

Thirty individuals received beekeeping training; among them, 25 selected individuals were given essential beekeeping equipment at the programme's initiation. To support their beekeeping journey, the participants were provided with comprehensive training in beekeeping techniques, food safety, hygiene practices when handling bees' honey, and bee boxes and other essential beekeeping equipment.

We also partnered with Ruk Rakaganno to enhance market access and improve the bees' honey extraction process for participating families.

Promoting beekeeping activities within our communities also offers significant benefits for biodiversity, as bees are essential pollinators that facilitate the reproduction of numerous plant species. Therefore, besides promoting entrepreneurship and creating economic opportunities for our communities, this initiative contributes significantly to sustaining plant diversity and enhancing the overall health and resilience of surrounding ecosystems.

Hikka Batiks Programme

12 artisan women supported.

388 batik items were produced

Rs. 214,150 revenue generated for the artisan women in 2024/25

The Hikka Batiks programme continued to empower a group of 12 artisan women in the Hikkaduwa area by facilitating market access for their batik tote bags crafted from repurposed hotel linen. The project was initiated by the John Keells Foundation

in 2019 and advanced by the Hikka Tranz by Cinnamon team when, in 2023, they undertook to provide discarded hotel linen free of charge to the artisans, train them in upcycling the discarded linen into batik tote bags, and purchase the finished bags to gift to long-stay guests.

The artisan women were also provided additional market exposure through weekly Batik pop-up markets at the hotel premises.

Palmyra Creations

30 artisan women were assisted.

Recognising the potential of the palmyra artisans in the local community, Trinco Blu by Cinnamon launched a retail outlet within the hotel premises to promote their talent and create livelihood-enhancing opportunities. Local female artisans working with the Palmyra Development Board were given a platform to showcase and offer their creations to guests. These included baskets, chairs, packing boxes, hats, mats, brooms, flowerpots and wall hangers.

# PROSPERITY

## The Kadjan Roof Weaving Initiative

**19** artisan women were supported.

This initiative empowers 19 women on the Hangnaameedhoo Island in the Maldives by engaging them in the sustainable practice of collecting

dried coconut leaves from the resort premises and skilfully weaving them into roofing covers. These handcrafted covers provide practical roofing solutions for public areas, including the reception, restaurants, and the dive centre, while also honouring and

preserving the rich cultural heritage of the Maldives. By integrating traditional craftsmanship into practical applications, the programme fosters economic opportunities for women while promoting environmental sustainability.

## Empowering Community Artisans

We are deeply committed to promoting and supporting local artisans by sustaining and uplifting local talent and creating livelihood opportunities for them. To this end, we have dedicated spaces at our properties for local artists to showcase their skills and talents and make their creative products accessible to hotel guests.



The 'Art Gallery' at Cinnamon Bentota Beach provides a space for local artisans to showcase wood carvings and batik making.



At Cinnamon Bey Beruwala is a space dedicated for artisans to showcase pencil art, wood carvings and leather product manufacturing.



The weekly batik pop-up market at Hikka Tranz by Cinnamon provides 08 female artisans opportunities to showcase their products.

Through weekly cultural shows and fire shows, a group of local traditional dancers can showcase their talents in low country dancing.

## Strengthening the Emergency Preparedness of Safari Jeep Drivers

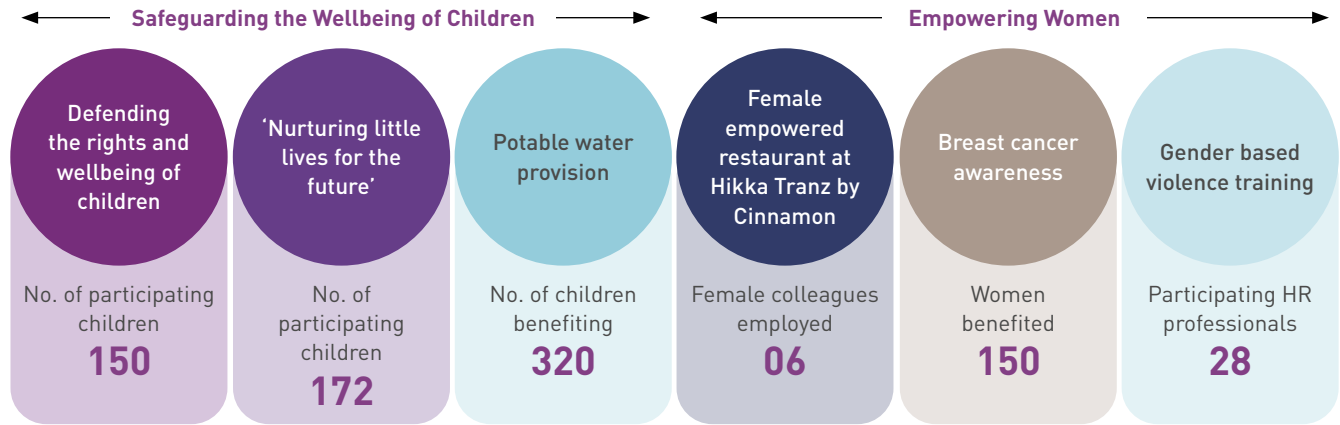
**35** Drivers in Habarana and  
**15** Drivers in Yala  
were positively impacted

To enhance health and safety awareness, improve emergency preparedness, and safeguard the well-being of the community and our guests, we offered health and safety, fire safety, and first aid training to a

group of safari jeep drivers in the Yala and Habarana areas. The programme was conducted in partnership with Cinnamon Nature Trails, the Red Cross, and the local fire brigades. Portable first aid kits with essential medical supplies and fire extinguishers were provided to participating drivers to strengthen their emergency responsiveness.

## SOCIAL HEALTH AND COHESION

This pillar emphasises empowering women and safeguarding the well-being of children.



### Defending the Rights and Wellbeing of Children

**150** children engaged through  
**2** interactive puppet shows

In 2023, we implemented a comprehensive three-year plan to help colleagues and community members identify and prevent child abuse and neglect. The initial phase involved raising awareness among colleagues through targeted training sessions conducted in collaboration

with LEADS Sri Lanka and the John Keells Foundation, equipping them with the knowledge and skills necessary to recognise and address instances of child abuse.

In 2024/25, this programme was extended to the broader community through interactive awareness sessions for children. A puppet show was developed to educate children about

personal safety, empower them with knowledge and strategies to protect themselves, and encourage them to seek help when needed. The show also served to engage the community in raising awareness and fostering open discussion about child protection issues. During the year under review, two sessions were conducted in Colombo and Kandy, engaging 150 children and community members.

### 'Nurturing Little Lives for the Future'

**172** children assisted through  
**2** health camps

In partnership with the Hikkaduwa Urban Council, Medical Officer of Health, Hikkaduwa, and Public Health Inspectors, Hikka Tranz by Cinnamon

conducted two health camps for pre-school children in the Hikkaduwa area. Qualified medical professionals assessed the children's growth and development, and medical advice was offered to address deficiencies.

### Potable Water Provision

**320** children positively impacted

Cinnamon Lodge Habarana and Habarana Village by Cinnamon, in collaboration with the John Keells Foundation, donated a reverse osmosis water filtration plant to Madawala Maha Vidyalaya, Habarana, during the year under review, to ensure access to clean drinking water.

### IL Tramonto – Female Empowered Italian Restaurant at Hikka Tranz by Cinnamon

**06** female colleagues employed

In November 2024, Hikka Tranz by Cinnamon opened a female-empowered Italian restaurant serving authentic Italian dishes. The restaurant

is operated by only female colleagues, consisting of 4 female chefs and two hostesses. The restaurant has been very successful, generating an average revenue of Rs. 1.7 million per month, and receiving positive guest reviews and feedback.



# PROSPERITY

## Breast Cancer Awareness

**150** Women benefited

In partnership with the Indira Cancer Trust, Cinnamon Wild Yala, and Cinnamon Citadel Kandy conducted breast cancer awareness sessions for female community members and colleagues.

## Gender Based Violence Training

**28** HR professionals participated from across the Group.

Under the theme 'Stand up, Speak out, End the cycle of violence,' the Group conducted a series of policy awareness

sessions for HR professionals across the Group to ensure a safe work environment for women and foster inclusivity. Training was conducted in collaboration with the John Keells Foundation.

Other significant community engagement projects conducted by the Group and the voluntary engagement of colleagues are summarised below.

	Property	Significant Community Engagement Initiatives	Number of Volunteer Hours
Sri Lanka	Cinnamon Bey Beruwala	<ul style="list-style-type: none"> <li>Regular beach clean-ups</li> <li>Established an ocean strainer in the Beruwala Canal to prevent plastic waste from entering the ocean.</li> <li>Contributed to the Cinnamon Rainforest Initiative through tree planting.</li> <li>Donations were made to the Albert House Elders' Home.</li> </ul>	1,252
	Trinco Blu by Cinnamon	<ul style="list-style-type: none"> <li>Regular beach clean-ups</li> <li>Pigeon Island beach clean-up campaign</li> <li>Mother's Day Celebration at 'Sanasuma' Elders Home</li> </ul>	1,219.6
	Cinnamon Bentota Beach	<ul style="list-style-type: none"> <li>Regular beach clean-ups</li> <li>Dambadola Ella clean-up</li> <li>Contributed to the Cinnamon Rainforest Initiative through tree planting.</li> <li>Breast cancer awareness programmes</li> <li>Gift donation and engagement event at Child Development Centre, Bentota</li> </ul>	1,389
	Cinnamon Citadel Kandy	<ul style="list-style-type: none"> <li>Regular Mahaveli Riverbank clean-ups</li> <li>Linen donation to Doluwa Ayurvedic Hospital</li> <li>Contributed to the Cinnamon Rainforest Initiative through tree planting.</li> <li>Painted classrooms at the Wimalabuddi School, Kandy.</li> <li>Conducted the Laksa Exhibition to promote and develop local artisans.</li> </ul>	1,229
	Cinnamon Lodge Habarana and Habarana Village by Cinnamon	<ul style="list-style-type: none"> <li>Tampita Temple painting activity</li> <li>Tree planting initiatives.</li> <li>Stationery and book donations to school children.</li> <li>Boat rider training at Horiwila.</li> </ul>	926.5
	Hikka Tranz by Cinnamon	<ul style="list-style-type: none"> <li>Regular beach clean-ups.</li> <li>Mawakada canal clean-up</li> <li>Tree planting programmes</li> </ul>	586
	Cinnamon Wild Yala	<ul style="list-style-type: none"> <li>Breast cancer awareness sessions for the community and staff.</li> <li>Hotel exposure visit for Zonal Home Science teachers.</li> <li>Regular beach clean-up campaigns</li> </ul>	594

	Property	Significant Community Engagement Initiatives	Number of Volunteer Hours
The Maldives	Cinnamon Dhonveli Maldives	<ul style="list-style-type: none"> <li>Regular island and beach clean-up campaigns</li> <li>Hotel exposure for teachers of the Hura School on Teachers' Day.</li> <li>Breast cancer awareness for the local community</li> <li>Linen donations to Military Island</li> </ul>	878.9
	Ellaidhoo Maldives by Cinnamon	<ul style="list-style-type: none"> <li>Regular beach and island clean-ups</li> <li>Coral replanting programme</li> </ul>	1,218.5
	Cinnamon Hakuraa Huraa Maldives	<ul style="list-style-type: none"> <li>Donation of medical PPE, including 1,320 boxes of disposable gloves, to M. Kolhufushi Council Health Centre.</li> <li>Regular beach clean-up campaigns</li> <li>Donation of 150 aluminium water bottles to Omadhoo School</li> </ul>	1,084.5
	Cinnamon Velifushi Maldives	<ul style="list-style-type: none"> <li>Hosted a study tour for a group of Travel and Tourism students from the Keyodhoo School in the Wow Atoll.</li> <li>Supported the maintenance of the football ground on Feydhoo Island.</li> <li>Donation of aluminium water bottles and linen to Felidhoo Police Station and School.</li> </ul>	1,051



Colleagues engaging in CSR activities

# PROSPERITY

## SUSTAINABLE SUPPLY CHAIN

Our emphasis on sourcing from certified suppliers and empowering communities through local procurement has enabled us to deliver sustainably sourced offerings to guests while fostering economic inclusion and reducing our carbon footprint.



We are committed to sustainable and responsible sourcing that prioritises the development of local suppliers within the immediate vicinity of our properties. Supplier selection at Cinnamon takes place in accordance with the Procurement Policy, ensuring transparency and impartiality. Selection criteria include social and environmental considerations, ensuring supplier alignment with our sustainability priorities. There has been no significant change to our supply chain in the year in review.

### Our Supply Chain

Our emphasis on local sourcing has enabled us to source 66.5% of supplies from neighbouring communities. We are dedicated to empowering our local communities, prioritising female entrepreneurs and organisations that employ women and differently abled individuals.

During the year under review, 233 suppliers were screened using environmental and social criteria. 7.8% new suppliers were screened

using the same criteria. No suppliers were identified for having any negative environmental or social impacts. To support our commitment to sustainable sourcing, we strive to engage with certified suppliers and ensure adherence to sustainability standards.

**21%** female owned businesses

**27%** with **>50%** female representation in the workforce

**7.7%** employing differently abled persons

Supplies obtained from suppliers certified by Regenerative Organic or TÜV Compostable.

**5.5%**

Supplies sourced from Fair Trade certified suppliers.

**8.1%**

Supplies sourced from suppliers certified by ISO 14001.

**18.8%**

Supplies sourced from suppliers certified by Responsibly fishing.

**3.0%**

Supplies sourced from suppliers certified by Responsibly harvested.

**6.4%**

Supplies sourced from suppliers who are animal welfare approved.

**2.5%**

### Supplier Impact Assessment

During the year under review, we initiated the Supplier Impact Assessment in Sri Lanka and the Maldives, which involved evaluating suppliers' social and environmental footprints as well as their contributions to our Scope 3 emissions. 233 suppliers in Sri Lanka and the Maldives were evaluated on key areas including energy consumption, environmental management practices, waste management, compliance with employee health and wellbeing regulations and country-specific sustainability requirements.

Through the Supplier Impact Assessment, suppliers' existing sustainability and health and safety practices were assessed, areas for improvement were identified, and guidance was provided to align supplier practices with industry best practices. This enabled suppliers to contribute positively to our shared goals while enhancing their resilience.

The Supplier Impact Assessment also enabled us to identify small-scale vendors and suppliers who may benefit from additional support. In the coming year, we plan to host annual supplier workshops that will address specific areas identified in the assessment.

Utilising the insight gained from the Supplier Impact Assessment, we also re-evaluated our Procurement Policy and incorporated more sustainability-sensitive criteria. This has enabled our purchasing decisions to better reflect our commitment to environmental stewardship and social responsibility and contribute towards a more sustainable and ethical supply chain.

### 'Empowering Local Suppliers for a Sustainable Future'

As part of our ongoing efforts to support the development of local suppliers, significant resources were invested in enhancing food safety and promoting sustainable business practices among them. Support was extended to 112 local suppliers through comprehensive

food safety audits, capacity building and ongoing engagement, resulting in significant reductions in food safety violations and stock returns. In recognition of our efforts, Cinnamon was awarded the JKH Chairperson's Award for Sustainability in 2024.



**JKH Chairman's Award for Sustainability in 2024**

### Onboarding evaluation and compliance audits for food suppliers

During the year under review, a comprehensive framework for supplier selection and continuous quality monitoring for outsourced food ingredients and finished products was implemented. Supplier selection criteria were developed in accordance with the Good Manufacturing and Hygiene Practices guidelines, and a scoring system was used to ascertain acceptance or rejection.



# PROSPERITY

Supplier audits were also conducted for the Group's existing local supplier base. Areas for improvement identified through the audits were communicated to suppliers, and a plan for remediation was agreed upon. Follow-up audits were then conducted to assess progress against the plan.

The number of suppliers audited in Sri Lanka and the Maldives is given below.

Hotel Name	Number of suppliers audited
Cinnamon Bentota Beach	15
Cinnamon Bey Beruwala	16
Cinnamon Citadel Kandy	13
Cinnamon Lodge Habarana & Habarana Village by Cinnamon	11
Hikka Tranz by Cinnamon	20
Trinco Blu by Cinnamon	14
Cinnamon Wild Yala	13
Maldivian Resorts	10
Total	112

To enhance the effectiveness and efficiency of the third-party food supplier auditing process, Cinnamon entered into formal agreements with three reputed auditing bodies. These agreements enabled external verification of food suppliers' compliance with food safety regulations, industry best practice and Cinnamon's internal food safety standards.

## Capacity Building of Local Food Suppliers

Supplier awareness sessions were conducted for all food suppliers providing raw materials, including meat, fish, fruits, and vegetables, to Cinnamon properties to enhance food safety and ensure compliance with local food regulations. These sessions involved the active participation of the area Public Health Inspectors and focused on food

regulations, personal hygiene, food allergy management, and the overall importance of food safety. Each supplier was also provided a Food Safety Handbook, developed by the Cinnamon Food Safety team. The Food Safety Handbook was written in the local language and contained essential information on food safety practices, legal requirements, and Cinnamon food safety standards, serving as an ongoing reference for suppliers. Through these sessions, supplier knowledge regarding food safety was strengthened, improving compliance with food safety regulations and the overall quality of raw materials supplied to our properties.

## Greenhouse Project at Cinnamon Lodge Habarana

Through the Greenhouse Project at Cinnamon Lodge Habarana utilises modern agricultural practices, including vertical farming and hydroponics, to cultivate a diverse range of vegetables and herbs. Seeds are carefully cultivated under controlled greenhouse environments and nurtured under optimal conditions to deliver fresh, high-quality produce for our culinary creations. Given that the produce is grown on-site, thus eliminating the need for transportation, reducing our Scope 3 emissions.

**192 kg** of fresh produce  
harvested in 2024/25.

**Rs 220,000** revenue generated  
for the FY 2024/25



Produce at the greenhouse - Cinnamon Lodge Habarana



# GRI INDEX

Statement of use	John Keells Hotels PLC has reported in accordance with the GRI Standards for the period 01 April 2024 to 31 March 2025
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organisational details	5, IBC			
	2-2 Entities included in the organisation’s sustainability reporting	5			
	2-3 Reporting period, frequency and contact point	5,7			
	2-4 Restatements of information	5			
	2-5 External assurance	6, 120 -121			
	2-6 Activities, value chain and other business relationships	24-26, 107 -108			
	2-7 Employees	67			
	2-8 Workers who are not employees	67			
	2-9 Governance structure and composition	140			
	2-10 Nomination and selection of the highest governance body	143,146			
	2-11 Chair of the highest governance body	143			
	2-12 Role of the highest governance body in overseeing the management of impacts	142			
	2-13 Delegation of responsibility for managing impacts	53, 140, 169			
	2-14 Role of the highest governance body in sustainability reporting	173 -174			
	2-15 Conflicts of interest	143			
	2-16 Communication of critical concerns	179 - 180			
	2-17 Collective knowledge of the highest governance body	145			
	2-18 Evaluation of the performance of the highest governance body	148			
	2-19 Remuneration policies	148			

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Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	2-20 Process to determine remuneration	148			
	2-21 Annual total compensation ratio		2 -21	Confidentiality constraints	This information was not disclosed due to the confidentiality of the process.
	2-22 Statement on sustainable development strategy	10 -14			
	2-23 Policy commitments	53			
	2-24 Embedding policy commitments	54			
	2-25 Processes to remediate negative impacts	76			
	2-26 Mechanisms for seeking advice and raising concerns	76			
	2-27 Compliance with laws and regulations	39			
	2-28 Membership associations	28			
	2-29 Approach to stakeholder engagement	38 - 40			
	2-30 Collective bargaining agreements	76			
<b>Material Topics</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	58			
	3-2 List of material topics	59 - 60			
	3-3 Management of material topics	60			
<b>Economic Performance</b>					
GRI 201: Economic Performance 2016	3-3 Management of material topics	60			
	201-1 Direct economic value generated and distributed	295			
	201-2 Financial implications and other risks and opportunities due to climate change	45, 50 - 52			
	201-3 Defined benefit plan obligations and other retirement plans	273 - 274			
	201-4 Financial assistance received from government		201 -4	Not applicable	The company did not receive any financial assistance from the government throughout the year.

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Indirect Economic Impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	98 - 105			
	203-2 Significant indirect economic impacts	98 -105			
Procurement Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	106			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	41			
	205-2 Communication and training about anti-corruption policies and procedures	177			
	205-3 Confirmed incidents of corruption and actions taken	184			
Anti-Competitive Behaviour					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	184			

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Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 207: Tax 2019	207-1 Approach to tax	170			
	207-2 Tax governance, control, and risk management	170-171			
	207-3 Stakeholder engagement and management of concerns related to tax	242 -248			
	207-4 Country-by-country reporting			Not applicable	
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	58			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	93			
	302-2 Energy consumption outside of the organisation	94			
	302-3 Energy intensity	93			
	302-4 Reduction of energy consumption	93			
	302-5 Reductions in energy requirements of products and services			Information not available	We will capture this in the next year
Water and Effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	58			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	95			
	303-2 Management of water discharge-related impacts	96			
	303-3 Water withdrawal	95			
	303-4 Water discharge	96			
	303-5 Water consumption	95			

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	59			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	88			
	304-2 Significant impacts of activities, products and services on biodiversity	82 - 88			
	304-3 Habitats protected or restored	86			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	85 - 86			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	58			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	94			
	305-2 Energy indirect (Scope 2) GHG emissions	94			
	305-3 Other indirect (Scope 3) GHG emissions	94			
	305-4 GHG emissions intensity	94			
	305-5 Reduction of GHG emissions	81			
	305-6 Emissions of ozone-depleting substances (ODS)	94			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	94			



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Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	58			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	91			
	306-2 Management of significant waste-related impacts	89 - 92			
	306-3 Waste generated	91			
	306-4 Waste diverted from disposal	91-92			
	306-5 Waste directed to disposal	91 - 92			
Supplier Environmental Assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	107			
	308-2 Negative environmental impacts in the supply chain and actions taken	107			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	77			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	69			
	401-3 Parental leave	73			
Labour/Management Relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	76			

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Occupational Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	70			
	403-2 Hazard identification, risk assessment, and incident investigation	70			
	403-3 Occupational health services	70 - 71			
	403-4 Worker participation, consultation, and communication on occupational health and safety	70 - 71			
	403-5 Worker training on occupational health and safety	56, 70, 72			
	403-6 Promotion of worker health	70 -72			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	70 - 71			
	403-8 Workers covered by an occupational health and safety management system	70			
	403-9 Work-related injuries	71			
	403-10 Work-related ill health	71			
Training and Education					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	68		Incomplete information	We will capture this next year
	404-2 Programs for upgrading employee skills and transition assistance programs	79			
	404-3 Percentage of employees receiving regular performance and career development reviews	79			

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Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Diversity and Equal Opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	59			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	67, 145			
	405-2 Ratio of basic salary and remuneration of women to men	69			
Non-Discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	76			
Freedom of Association and Collective Bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	76			
Child Labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	76			
Forced or Compulsory Labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	76			

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Local Communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	98 - 105			
	413-2 Operations with significant actual and potential negative impacts on local communities	98 - 105			
Supplier Social Assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	59			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	107			
	414-2 Negative social impacts in the supply chain and actions taken	107			
Customer Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	57			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	57			
Customer Privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	27			

Year in Brief

Strategy

Responsible Performance

Corporate Governance

Reporting Transparently

Supplementary Information

# SASB DISCLOSURES

## Hotels and Lodging Standard – Sustainability Disclosure Topics and Accounting Metrics

Topic	Metric	Unit of measure	Code	Disclosure / pg reference
Energy management	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	Gigajoules (GJ), Percentage (%)	SV-HL-130a.1	93
Water management	(1) Total water withdrawn (2) Total water consumed; percentage of each in regions with high or extremely high baseline water stress.	Thousand cubic metres (m³), Percentage (%)	SV-HL-140a.1	95 50% of water withdrawn from water stressed areas
Ecological impacts	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat.	Number	SV-HL-160a.1	88
	Description of environmental management policies and practices to pre-serve ecosystem services	n/a	SV-HL-160a.2	81-88 53
Labour practices	(1) Voluntary turnover (2) Involuntary turnover rate for lodging facility employees.	Percentage (%)	SV-HL-310a.1	This information was not documented during the financial year 24/25
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	Presentation currency	SV-HL-310a.2	No monetary losses were reported for legal proceedings associated with labour law violations during the financial year 2024/25.
	(1) Average hourly wage (2) Percentage of lodging facility employees earning minimum wage, by region	Presentation currency, Percentage (%)		100% employees are getting minimum wage defined by respective laws and regulations.
	Description of policies and programmes to prevent worker harassment	n/a	SV-HL-310a.4	65-79
Climate change adaptation	Number of lodging facilities located in 100- year flood zones	Number	SV-HL-450a.1	In 2024, 9 lodging facilities were in areas with coastal flood risk

Activity Metrics			
Number of available room-nights	Number	SV-HL-000.A	Approximately 1,691 rooms per day
Average occupancy rate	Rate	SV-HL-000.B	Approximately 75.5%
Total area of lodging facilities	Square metres (m²)	SV-HL-000.C	Approximately 0.18 million square meters
Number of lodging facilities and the percentage that are (1) managed, (2) owned and leased, (3) franchised	Number, Percentage (%)	SV-HL-000.D	Owned and leased: 12 (100%)





**“Rooted in nature, growing with purpose.”**



# INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF JOHN KEELLS HOTELS PLC ON THE SUSTAINABILITY REPORTING CRITERIA PRESENTED IN THE INTEGRATED ANNUAL REPORT FY 2024/25



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## SCOPE

We have been engaged by John Keells Hotels 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 John Keells Hotels PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in John Keells Hotels 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 JOHN KEELLS HOTELS PLC

In preparing the Subject Matter, John Keells Hotels 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.

## JOHN KEELLS HOTELS PLC'S RESPONSIBILITIES

John Keells Hotels PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

## ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other

Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with John Keells Hotels PLC on 12 May 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

## OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

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 organisation 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 organisation'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 John Keells Hotels PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

*Ernst + Young*

26 May 2025  
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H I Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudlan ACMA, Ms. P S Paragavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

# OPERATING ENVIRONMENT

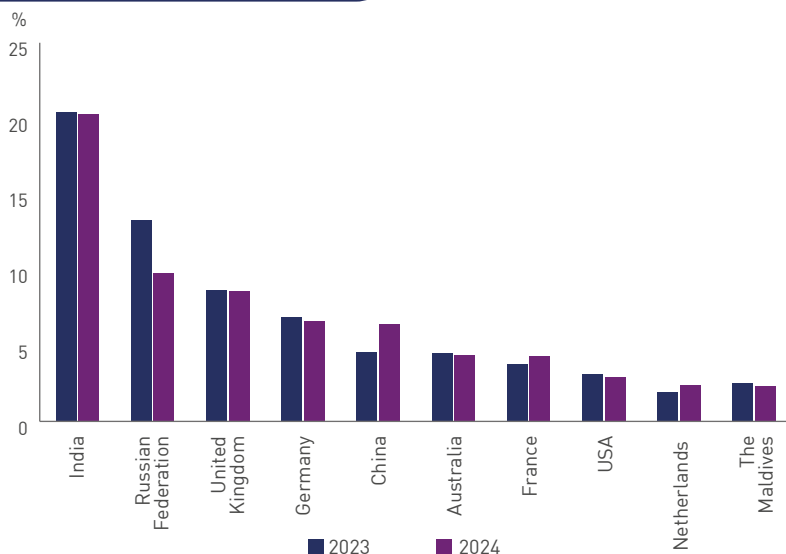
## SRI LANKA TOURISM

### Sri Lankan Tourism Sector Performance

Sri Lanka's tourism industry recorded robust growth with tourist arrivals increasing by 38.07 per cent to 2.05 million in 2024. Growth was driven primarily by easing global travel restrictions, strong performance from large source markets, and growing confidence among travellers who chose Sri Lanka as their travel destination.

India continued to be the leading source market, contributing 416,974 arrivals, representing a notable YoY growth of 38 per cent. Russia ranked second with 201,920 arrivals, showing a more modest growth of 2 per cent. The United Kingdom secured the third position, with 178,339 arrivals, reflecting a strong YoY increase of 37 per cent.

#### Top 10 Source Markets - Sri Lanka



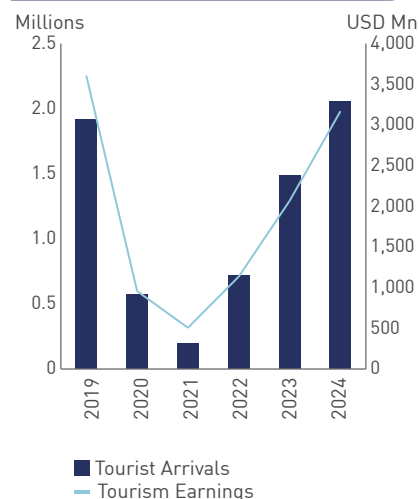
	2024	2023
Average duration of stay	8.42 nights	8.44 nights
Foreign exchange receipts per tourist per day	USD 181.15	USD 164.4
No. of rooms	55,455	53,229
No. of rooms at classified tourist hotels	17,182	16,686

Source: SLTDA

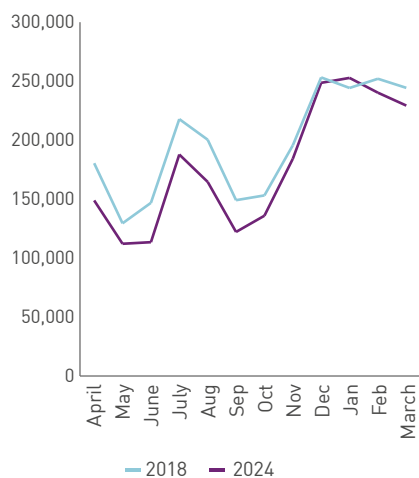
While this growth is encouraging, the total number of arrivals fell short of the government's 2024 target of 2.3 million. Furthermore, tourist arrivals decreased by 280,331 compared to 2018 levels.

In January 2025, Sri Lanka's tourist arrivals surpassed the monthly arrivals reported in 2018 for the first time, with an additional 8,522 visitors, bringing the total to 252,761.

#### Tourism Sector - Sri Lanka



#### Tourists Arrivals - 2024 Vs 2018



### Sri Lanka's Economic Recovery

Sri Lanka's economy continued on a path of recovery in 2024, underpinned by stabilising macroeconomic indicators and gradual improvement across key sectors. The successful completion of the international bond restructuring and broader economic revival and stability led to an upgrade of Sri Lanka's sovereign rating by international rating agencies, boosting international investor and creditor confidence.

- **GDP** - The nation's GDP expanded by 5.0 per cent in 2024, following two consecutive years of negative growth driven by a broad-based recovery across multiple sectors.
- **Inflation** continued to demonstrate a disinflationary trend underpinned by effective monetary and fiscal policy measures and conducive global energy prices. The year-over-year (y-o-y) headline inflation, measured by the Colombo Consumer Price Index (CCPI), was recorded at -1.7 per cent by the end of 2024, compared to 4.0 per cent by the end of 2023. Meanwhile, the annual average CCPI-based headline inflation in 2024 decelerated to 1.2 per cent from 17.4 per cent recorded in 2023.
- **Interest rates** - Accommodative monetary policy led to continued reductions in market interest rates, reducing the cost of borrowing and contributing to an increase in lending to the private sector.
- **External sector performance** - The external sector demonstrated greater stability in 2024, supported by the near completion of the country's external debt restructuring programme and the continuation of the IMF-EFF programme. While recovery in merchandise imports led to a widening of the trade deficit, significant increases in tourism earnings and workers' remittances contributed to an external current account surplus in 2024 for the second consecutive year. Earnings from tourism in 2024 were estimated at USD 3.2 bn, compared to USD 2.1 bn in 2023, reporting a y-o-y growth of 53.2 per cent. The peak in tourist arrivals was recorded in 2018, with 2.3 million tourists arrivals generating USD 4.4 bn in earnings. Increased foreign exchange inflows also contributed to an improved gross official reserve position to USD 6.1bn as at end-2024 (end-2023: USD 4.4 bn) and a 10.7 per cent appreciation of the Sri Lankan Rupee against the US Dollar to SLR 292.58/USD. The

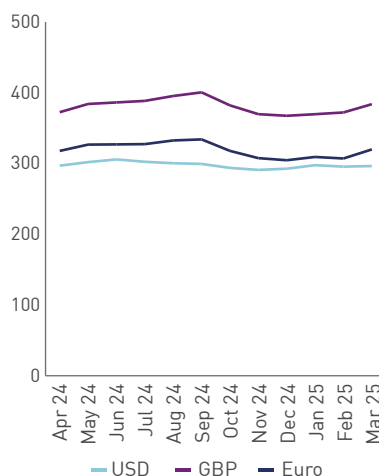
nation's gross official reserve position improved further to USD 6.5 bn as at end-March 2025, while the Sri Lankan Rupee recorded a 1.3 per cent depreciation against the US Dollar to Rs. 296.35/USD as of the same date.

- **Fiscal developments** - Fiscal reforms implemented under the IMF-EFF programme led to improved fiscal performance, as evidenced by improved revenue collection and a positive primary balance.

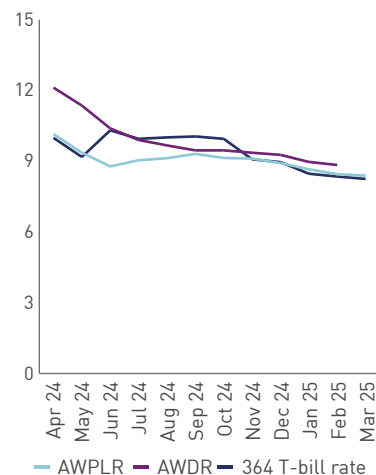
#### Inflation



#### Exchange Rate



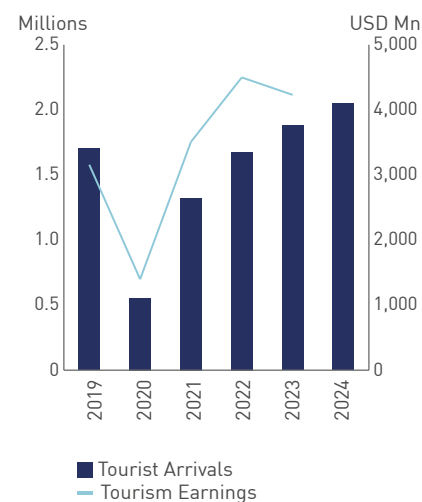
#### Interest Rates



#### MALDIVES TOURISM

Tourist arrivals to the Maldives increased by 8.9 per cent year-on-year to reach an all-time high of 2.05 million visitors in 2024. Arrivals from China led the market, accounting for 12.9 per cent of total arrivals, followed by Russia, the UK, Germany and Italy.

#### Tourism Sector - Maldives





# OPERATING ENVIRONMENT

Top 10 Source Markets - The Maldives



## Maldivian Economic Performance

The Maldivian economy recorded robust growth in 2024, driven primarily by tourism, which represents 21 per cent of the GDP. However, widening fiscal and current account deficits, rising external debt servicing requirements and a vulnerable foreign exchange reserve position have exerted pressure on the nation's macroeconomic stability. To mitigate these challenges, the Maldivian government proposed a fiscal and economic reform agenda in February 2024. It has since begun its phased implementation to address fiscal vulnerabilities and promote sustainable growth. In line with its reform agenda, the government revised several tourism-related taxes during the year under review, as presented below.

	2024	2023
Average duration of stay	7.7 nights	7.6 nights
No. of beds in operations rooms	61,562	61,739
Occupancy rate	57.4%	59.1%

Source: Ministry of Tourism, Maldives, Maldives Monetary Authority

Tax Category	Effective Date	Revision in 2024/25	
Tourism Goods and Services Tax	1st July 2025	Revised upward to 17% from 16%	
Departure tax (DPT) and Airport Development Tax	1st December 2024	<b>Travel Class</b>	<b>Tax Change</b>
		Economy class	Maldivians - US\$12 (unchanged) Foreigners - US\$50 (from US\$30)
		Business class	Increased to US\$120 from US\$60
		First class	Increased to US\$240 from US\$90
		Private jet passengers	Increased to US\$480 from US\$120
Green tax	1st January 2025	<b>Type of Accommodation</b>	<b>Tax Change</b>
		Tourist resorts, integrated resorts, resort hotels, tourist vessels, and hotels and guesthouses located on uninhabited islands, as well as hotels and guesthouses with more than 50 rooms situated on inhabited islands.	Increased to US\$ 12 from US\$ 6 per night
		Guesthouses with 50 rooms or fewer on inhabited islands	Increased to US\$ 6 from US\$ 3 per night

### A Snapshot of Key Economic Indicators - The Maldives

- GDP growth in 2024 – **5.5%**
- Headline Inflation
  - December 2024 – **4.8%**
  - February 2025 – **5.1%**
- External reserve position as at end-2024 – USD 673.2 Mn (+14%)
- Fiscal deficit as a **% of GDP**
  - End-2024 – **-12.5%**
  - February 2025 – **-7.8%**
- Current account deficit as a percentage of GDP
  - December 2024 – **-20.4%**
  - February 2025 – **-12.5%**
- Debt to GDP ratio as at end-2024 – **134.2%**

### OUTLOOK

Economic growth is expected to remain positive over the medium term, driven by tourism. Real GDP growth is projected to be 5.7 per cent in 2025, followed by 5.3 per cent in 2026, and 4.7 per cent in 2027. This will be supported by the expected completion of the new terminal at Velana International Airport by mid-2025, which is projected to lead to further increases in tourist arrivals. However, substantial fiscal and external imbalances present rising liquidity and solvency concerns.

# MANAGEMENT DISCUSSION AND ANALYSIS

## SRI LANKAN RESORT CLUSTER

### Performance review

The Sri Lankan Resort Cluster recorded a strong performance in 2024/25, underpinned by the significant recovery in international tourist arrivals to Sri Lanka and the Cluster's strategic efforts to drive performance. Revenue grew by 8.3 per cent, supported by an 18 per cent increase in RevPAR. Beach Resorts saw a healthy recovery in occupancy rates and RevPAR, with several properties surpassing pre-pandemic levels to reach record highs. Round-Trip Resorts also reported a recovery, with occupancy rates and RevPAR increasing to above industry levels during the second half of the financial year under review.

Strategic emphasis was placed on enhancing the guest value proposition through carefully curated guest experiences that celebrated the heritage of each locality. The Cluster leveraged Cinnamon Bentota Beach – Signature Selection to deliver an elevated, personalised guest experience set in luxurious accommodations. Other properties within the Cluster continued to offer holistic, personalised value propositions that encompassed service excellence, luxury accommodation, culinary experiences that celebrated Sri Lankan cuisine and unique experiential offerings rooted in nature and culture. This led to consistent guest satisfaction as reflected in NPS scores of all properties.

The Cluster's balanced distribution strategy, maintaining a healthy mix among online travel agents (OTAs), travel agents, metasearch engines and its corporate website, continued to deliver success, facilitating reach while maintaining profitability. Significant benefits were realised from the Group's membership in the Global Hotel Alliance and its participation in its DISCOVERY loyalty programme from January 2025. The newly revamped and relaunched corporate website, Brand.com, supported an increase in direct sales, boosting profitability. The Cluster also connected with bed banks in key markets, including the United Kingdom and India, with progress also being made in Germany, while strategies were also implemented to promote MICE in the United Kingdom.

Stringent cost management alongside downward revisions to energy tariffs supported improved margins in 2024/25. Accordingly, the Cluster's gross profit (GP) margin improved to 61 per cent (2023/24: 58 per cent), while EBITDA increased by 51 per cent to Rs. 1,500 Mn during the year under review. The decline in interest rates led to reduced finance costs and supported an 216 per cent expansion in pre-tax profits to Rs. 472 Mn.

The Group's focus on leveraging technology to drive personalised guest experiences and enhance operational efficiencies continued into 2024/25. All properties in the Sri Lankan Resort Cluster migrated to Opera Cloud, a state-of-the-art property management solution, enabling the integration of data analytics to enhance guest experiences, streamline processes and support its membership in the GHA. Additionally, multiple digital platforms and systems, including Salesforce, were also implemented to enhance the guest experience while supporting operational efficiency.

To enhance the competencies of aspiring hospitality professionals and build a talent pipeline trained to international standards, the Group partnered with the Swiss Hotel Management Academy (SHMA)—Sri Lanka's licensee for the prestigious École Hôtelière de Lausanne (EHL) to establish the Cinnamon Hospitality Academy and offer the globally recognised VET by EHL qualification.

### Sri Lanka – The World has recognised us

- Wanderlust Reader travel awards – MOST DESIRABLE ISLAND (WORLD)
- CEO World – Sri Lanka ranked 5TH IN BEST COUNTRY TO VISIT IN YOUR LIFE TIME
- TimeOut – Sri Lanka revealed as BEST PLACE FOR SOLO FEMALE TRAVEL
- Taste Atlas -SRI LANKAN RICE AND CURRY RANKED 6TH IN THE TOP 100 RICE DISHES IN THE WORLD
- Condé Nast Reader's Choice Awards – Sri Lanka listed as the 7TH FRIENDLIEST COUNTRY IN THE WORLD
- Nat Geo – Sri Lanka's Pekoe Trail featured in TOP 20 TRAVEL EXPERIENCE IN 2024

### Awards

- **SATA Awards**  
Cinnamon Wild Yala - Sri Lanka's Leading Wildlife Resort  
Cinnamon Citadel Kandy - Leading Riverfront Resort
- **Travel Life – Gold Award**  
Cinnamon Bentota Beach,  
Cinnamon Citadel Kandy, Trinco Blu by Cinnamon
- The PROMISE (Preventing Marine Litter in the Lakshadweep Sea) 2024 - Cinnamon Wild Yala, Cinnamon Bey Beruwala, Hikka Tranz by Cinnamon

Outlook

The outlook for the Sri Lankan tourism industry is positive with the GoSL aiming to welcome 3 Mn visitors in 2025, a 46 per cent increase over 2024. Recovery in international travel, improved air connectivity and a stable economic and political environment are expected to support the increase in tourist arrivals.

Our strategic efforts to strengthen our global brand presence, participation in the GHA, and a balanced distribution strategy place us in a strong position to capitalise on this growth potential. We will continue to evolve our offerings in line with shifts in guest expectations to deliver personalised and location-specific guest experiences while leveraging Cinnamon Bentota Beach to elevate our guest value proposition. Digitalisation will remain a key priority in driving guest personalisation and enhancing operational efficiencies.

Portfolio expansion

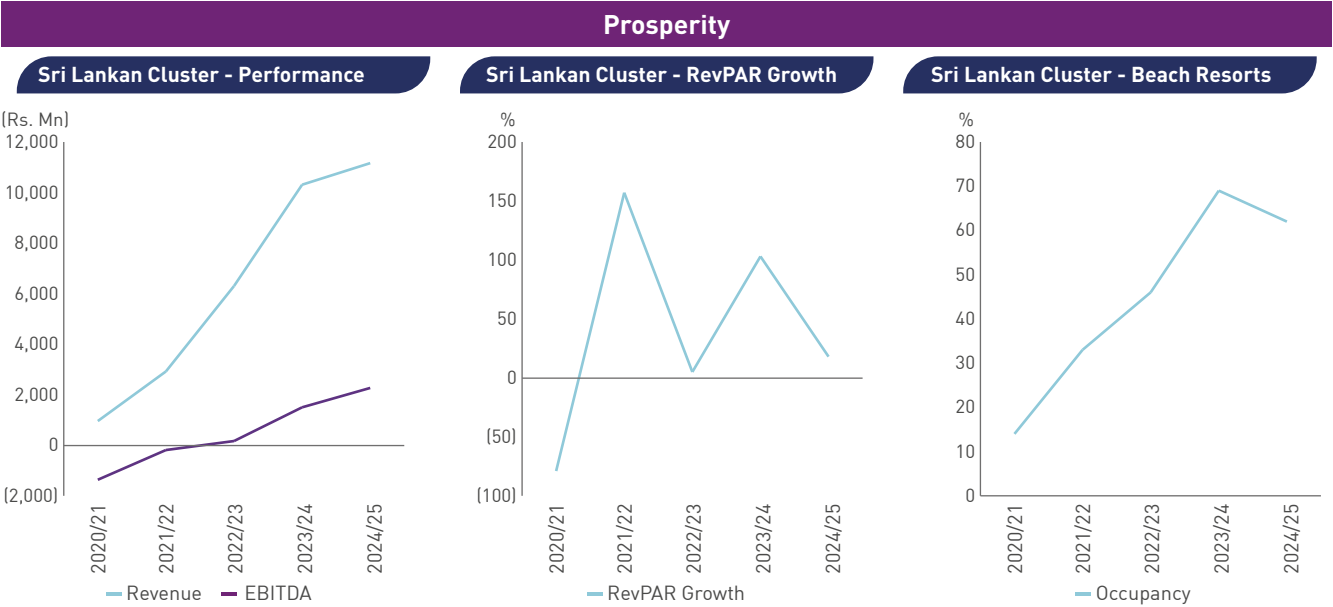
Kandy Myst by Cinnamon commenced operations in February 2025. Aligned with the Group's asset light investment model, this property was developed jointly with Indra Traders (Pvt) Ltd with the Group maintaining a 40% stake. The property features 215 modern rooms and caters to both the business and leisure segments. Other amenities include a rooftop bar, pool and ample parking within the hotel premises.

Opportunities

- Strong recovery in international tourist arrivals to Sri Lanka.
- Stable macro-economic environment.
- Stable inflation and reductions in energy tariffs and food prices.
- Digitalisation to enhance guest experiences and drive operational efficiency.

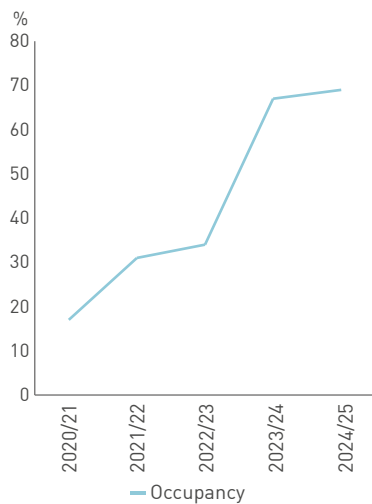
Risks

- Changes in government policy.
- Geopolitical conflicts.
- Implications of climate change.
- Shortage in skilled talent.

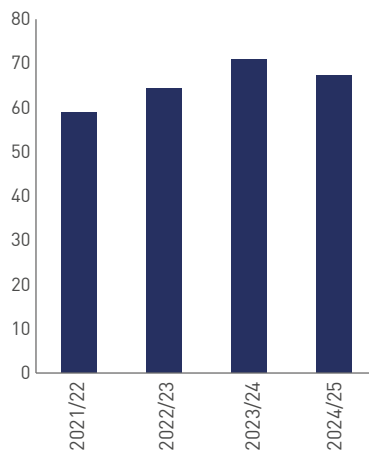


# MANAGEMENT DISCUSSION AND ANALYSIS

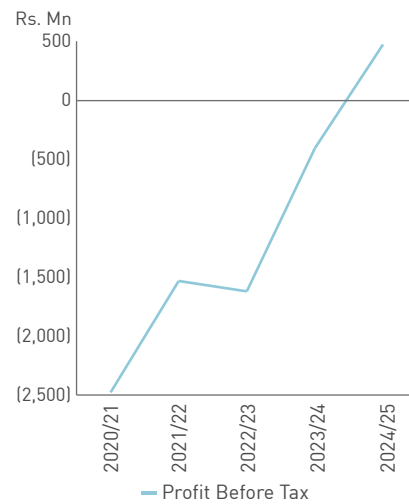
Sri Lankan Cluster - Round-Trip Resorts



Sri Lankan Cluster - Net Promoter Score



Sri Lankan Cluster - Profit Before Tax



## Value Created for Communities

**Rs. 8.8 Mn**

Investments in CSR activities

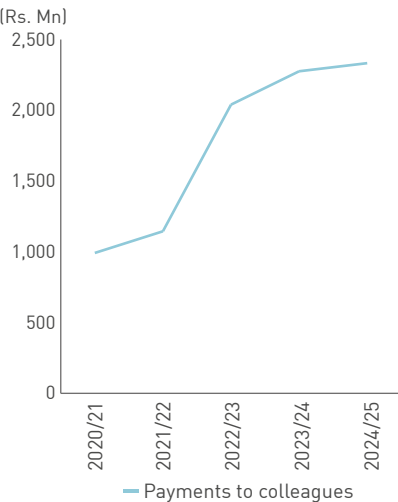
**1,049**

No. of beneficiaries

## People

A team of **2,289** colleagues  
**18.26%** female representation

Sri Lankan Cluster - Value creation -for colleagues



## Planet



**81,592,656.56 MJ**

Energy



**481,332.00 M<sup>3</sup>**

Water



**950,629.94 kg**

Waste



**13,204,513.53 g**

Plastic elimination



## MALDIVIAN RESORT CLUSTER

### Performance review

Revenue for the Maldives Resort Cluster declined by 5 per cent to USD 60.9 million, impacted by heightened competition, shifting geopolitical conditions, changes in government policy, and the June 2024 insolvency of one of Europe's largest travel agencies. Despite these headwinds, the Cluster continued to leverage its unique value propositions to capitalise on strong international tourist arrivals. Nevertheless, these challenges adversely affected overall performance during the year under review. The Cluster EBITDA decreased by 11 per cent to USD 17.5 Mn during the financial year 2024/25.

The Maldivian Resort Cluster comprises four resorts, each uniquely positioned to serve distinct niche market segments. Cinnamon Dhonveli strategically leverages Pasta Point, well-known for its exceptional left-hand waves, to attract over 20 per cent of surfers visiting the Maldives, while Ellaidhoo Maldives by Cinnamon is home to Chaya Reef, one of the Maldives' best house reefs, and is popular among diving and snorkelling enthusiasts. Cinnamon Velifushi features beautiful Italian architecture and offers luxurious offerings to honeymooners and anniversary celebrants. Cinnamon Hakuraa Huraa is uniquely positioned beside one of the longest stretches of reef in the Maldives and is a sought-after destination among guests arriving from the UK, China, Germany, and the EU.

Given the unique positioning of each resort, the Cluster adopts a customised distribution strategy to maintain pricing and positioning. Cinnamon Dhonveli and Cinnamon Velifushi have fostered exclusive partnerships with tour operators that specialise in the surfer and Italian markets, respectively, while Cinnamon Hakuraa Huraa and Ellaidhoo Maldives by Cinnamon adopt a mixed distribution strategy comprising travel agents, tour operators, and destination management companies. Online tour operators (OTAs) and direct bookings through Brand.com are also important channels for guest reservations across all four resorts. The Group's partnership with the Global Hotel Alliance and its Discovery loyalty programme in February 2025 has also gained traction.

2024 saw the insolvency of one of Europe's largest travel agents based in Germany, which resulted in recognising a one-off impairment of USD 1.18 Mn during the year under review. While revenue was also impacted during the first half of the year, this was largely mitigated by strengthening relationships with other travel agents operating in the European market.

Given the challenging operating conditions, strong emphasis was placed on managing costs, with an emphasis on enhancing efficiency and productivity. Investments were made in training and development to support colleague productivity, while maintenance and machinery upgrades focused on optimising capacity. Investments were also made to enhance the heart of the house conditions and health and safety within our properties. Digitalisation remained a key enabler in driving operational excellence, with all resorts migrating to Opera Cloud, a state-of-the-art property management solution, during the year under review.

#### Awards

- **SATA Awards**  
Cinnamon Dhonveli Maldives – Leading surf resort
- **TUI Global hotel awards**  
Cinnamon Dhonveli Maldives – Quality Hotel
- **Holiday Check**  
Cinnamon Dhonveli Maldives

#### Opportunities

- Consistent positioning as a preferred tourist destination.
- Government focus on strengthening the tourism industry.
- Digitalisation to enhance guest experiences and drive operational efficiency.

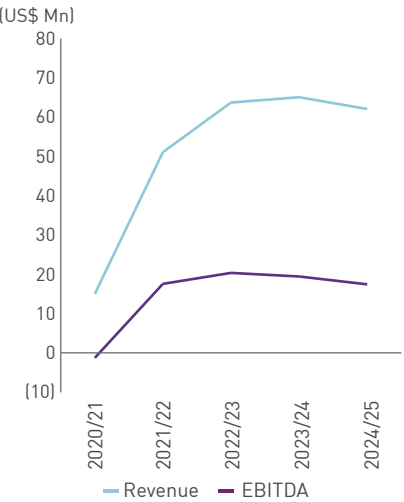
#### Risks

- The Maldivian Government's fiscal challenges.
- Changes in government policy –
  - 1% increase in GST.
  - 100% increase in Green tax.
  - Mandatory dollar conversion.
- Geopolitical dynamics.
- Intensifying competition.
- Implications of climate change.
- Shortage in skilled talent.

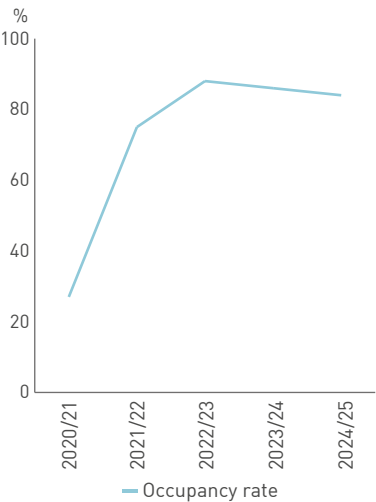
# MANAGEMENT DISCUSSION AND ANALYSIS

## Prosperity

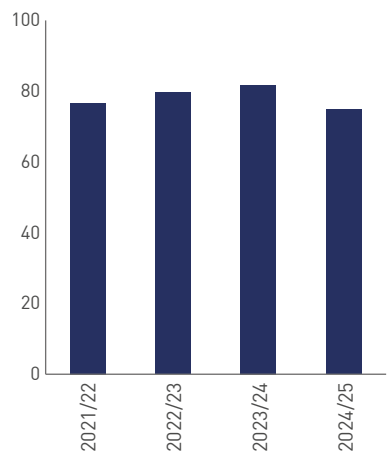
### Maldivian Cluster - Performance



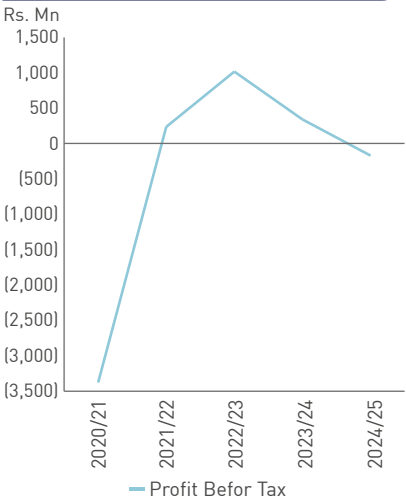
### Maldivian Cluster - Occupancy



### Maldivian Cluster - Net Promoter Score



### Maldivian Cluster - Profit Before Tax



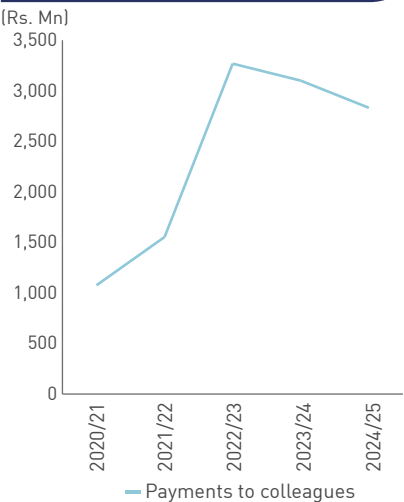
Rs. **1.6** Mn  
Investments in CSR activities

**693**  
No. of beneficiaries

## People

A team of **653** colleagues  
**16.5%** female representation

### Maldivian Cluster - Value creation for colleagues



## Planet



**194,486,724.42 MJ**  
Energy



**190,213.13 M<sup>3</sup>**  
Water



**999,080.69 kg**  
Waste



**1,196,770.50 g**  
Plastic elimination

# FINANCE REVIEW

## REVENUE

### Sri Lanka

RevPAR (Revenue Per Available Room) grew by 18 per cent (2023/24 – 103%) during the year.

In the first two quarters, occupancy in the Sri Lanka resort sector experienced a setback compared to the same period last year. This decline was primarily driven by reduced demand from the Russian market, which saw 16,382 fewer arrivals than in the same period last year. Additionally, the new visa issuance system introduced by the government, along with increased visa fees, further impacted tourist arrivals. The presidential election held in September also affected occupancy in the local market. For the full year, Sri Lanka's resort sector achieved revenue growth of 8.4%, indicating the ongoing recovery of the country's tourism industry.

	2024/25	2023/24	Change %
Revenue (LKR 000's)	11,163,836	10,309,933	8.4
Exchange rate	298.02	318.12	-6.3
Revenue (US\$ 000's)	37,460	32,409	15.6

### Maldives

The Maldives resorts sector reported a revenue of Rs.18,518 Mn, a decrease of 11 per cent YoY. The drop in revenue is primarily due to a 3 per cent drop in RevPAR. Increased price competition in the atolls where we operate, Guest house occupancies reduced YoY and the bankruptcy of a key European tour operator in the first quarter, has significantly contributed to this revenue decline.

### Group

The group reported revenue of Rs. 29.3 Bn, reflecting an 5 per cent decline, driven by a decline in revenue in the Maldives resorts sector and a 6.3 per cent appreciation of the LKR.

## EBITDA

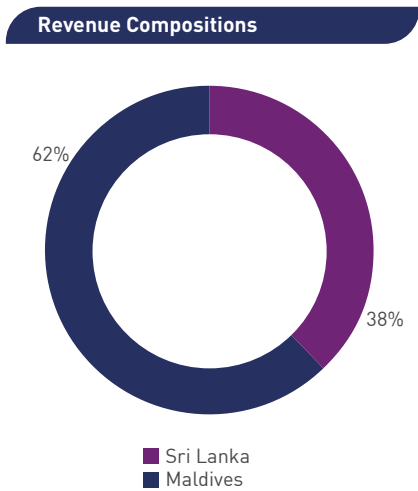
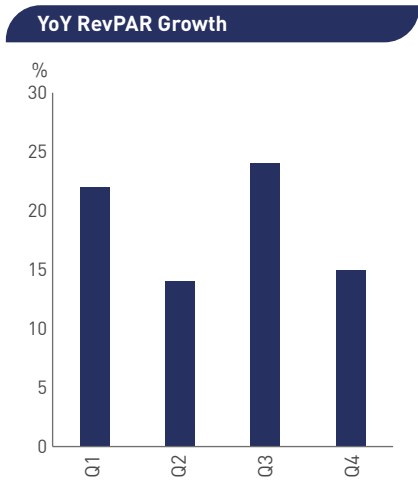
The Group reported an EBITDA of Rs. 7,502 Mn in FY 2024/25, a decrease of Rs. 251 Mn from EBITDA of Rs. 7,753 Mn in FY 2023/24.

The EBITDA margin improved to 26 per cent this year, up from 25 per cent last year. This increase was primarily driven by a significant rise in the EBITDA margin of the Sri Lanka resorts, which increased from 15 per cent in the previous year to 20 per cent this year.

The EBITDA of the Sri Lanka resorts cluster increased by Rs. 768 Mn from Rs. 1,500 Mn in 2023/24, surging by 51 per cent to Rs. 2,268 Mn. The surge in EBITDA of the Sri Lanka cluster is primarily due to the increased revenue in the backdrop of increased tourist arrivals to Sri Lanka. The low food inflation, cost-saving strategies, and initiatives to reduce food wastage contributed to a growth in the gross profit margin from 69 per cent (2023/24) to 72 per cent during the year. The Government of Sri Lanka reduced electricity tariff rates twice during the year, resulting in a substantial reduction in electricity costs.

In the Maldives, EBITDA decreased from Rs. 6,253 Mn in the last year to Rs. 5,234 Mn in 2024/25. The drop in EBITDA of the Maldives cluster is mainly attributable to the appreciation of the Rupee against US\$ and the provision for impairment losses

on trade receivables. The gross profit margin increased to 65 per cent from 64 per cent last year, owing to cost management initiatives stemming from the "Fit for Purpose" approach.



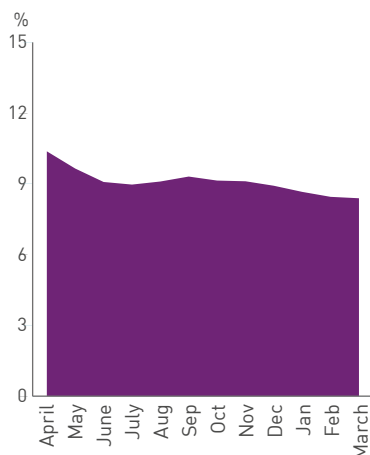
## FINANCE COSTS

### Sri Lanka

With the improvement in YoY operations, the decrease in utilisation of overdraft facilities, coupled with the gradual reduction in interest rates, the Sri Lanka Resorts Sector was able to reduce its finance costs by 21 per cent YoY to Rs. 763Mn.

# FINANCE REVIEW

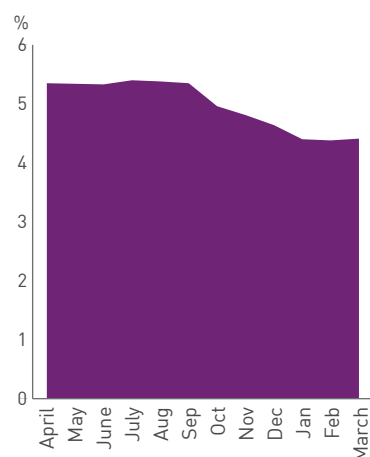
## Interest Rate - Sri Lanka



## Maldives

Finance costs decreased by 6 per cent year-over-year, primarily driven by the repayment of long-term borrowings and a decline in average SOFR rates, which fell from 5.35 per cent to 4.41 per cent during the year, as shown in the graph.

## Monthly SOFR



## Fair Value Gain on Investment Properties

	Value as at 31.03.2025 (Rs. 000's)	Value as at 31.03.2024 (Rs. 000's)	Change (Rs. 000's)
Investment Property	2,145,675	2,070,528	75,147

The Group employed a Chartered Valuer to conduct a valuation of the investment property portfolio as of 31 December 2024. Accordingly, a net gain of Rs. 74.6 Mn (2023/24 – Rs. 98.3 Mn) from fair value remeasurement was recognised in the income statement.

## Fair value gain on land and buildings

The Group employed a Chartered Valuer to value land and buildings in Sri Lanka. All properties were valued using the income approach and comparable market approach. A net gain from the revaluation of land and buildings in the Group of Rs. 982 Mn in 2025 (2024 - Rs. 1,149 Mn) was recognised in OCI.

## Taxation

The group's effective tax rate (ETR) for the year was 174 per cent (2023/24 – 573% as per LYs AR). These ETRs do not correspond to the primary tax rates for the respective companies in Sri Lanka and the Maldives. The higher ETR is primarily due to the timing differences arising from the tax laws in Sri Lanka and the Maldives. John Keells Hotels PLC pursues an approach to tax that is consistent with its business strategy and its overall business conduct principles. The approach seeks to ensure full compliance with all tax filing, payment and reporting obligations.

## Net Debt

The positive cash flow generated from operations and debt servicing payments during the year resulted in a decline in the group's net debt position. The group's net debt position reduced by Rs. 1,969 Mn.

	2025 (Rs. 000's)	2024 (Rs. 000's)
Short-term investments	120,658	29,499
Cash in hand and at bank	1,828,129	1,111,714
Total liquid assets	1,948,787	1,141,213
Interest-bearing loans and borrowings	8,001,401	12,442,700
Short-term borrowings	1,900,000	550,00
Bank overdrafts	11,261,685	9,331,374
Total liabilities	21,163,086	22,324,074
Net debt	19,214,299	21,182,861

## Expansion through Asset-Light Business Model – Kandy Myst by Cinnamon

The newly established property, Kandy Myst by Cinnamon, commenced operations in February 2025. The property features 215 keys, with John Keells Hotels PLC holding a 40 per cent equity stake. During the year, the company invested Rs. 496 Mn, and the total investment is Rs. 1,775 Mn.

## Assets

The Group's total assets amounted to Rs. 77,663 Mn, a decrease from Rs. 79,899 Mn reported as of 31 March 2024. The decrease in assets is mainly attributable to the exchange difference in the translation of foreign operations (Rs. 1,698 Mn), depreciation of property, plant, and equipment (Rs. 2,364 Mn), and depreciation of right-of-use assets by Rs. 2,213 Mn. Additionally, the Group invested Rs. 1,113 Mn in property, plant, and equipment, with the majority of the investment being made in Sri Lanka. The Maldivian cluster accounted for 64 per cent of the Group's total assets, a slight decrease from 67 per cent in 2023/24.

## Liabilities

The Group reported total liabilities of Rs. 46,080 Mn at the end of 2024/25, a decrease of Rs. 2,535Mn from Rs. 48,615Mn at the end of 2023/24. This is primarily due to the repayment of term loans and the impact of exchange rates on overseas operations. The Maldives sector, which represented 71 per cent (2023/24: 73 per cent) of total liabilities at the end of FY 2024/25, experienced a decrease in total liabilities due to debt service payments and the impact of exchange rates on the conversion of overseas operations. Meanwhile, the Sri Lankan sector's total liabilities increased by approximately Rs. 516 Mn due to the use of overdraft facilities.

## Off-Balance Sheet Arrangements

As of 31 March 2025, the Group had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material impact on the Group's financial condition, revenues, expenses, results of operations, liquidity, capital expenditures, or capital resources.

## Contingent Liabilities

Contingent liabilities include income assessments up to Rs. 69 Mn. See note 45 to the Group Financial Statements for further details.

## Management's Outlook

In 2025, John Keells Hotels PLC remains confident in sustained growth, driven by rising global travel activities and strategic initiatives in key markets. Our hotel performance remains solid, with on-the-book values in the first quarter of 2025 remaining on target.

## Strategic priorities

### Integrating Sustainability

Sustainability remains core to our strategy. We are advancing people development, environmental conservation and strong corporate governance to drive responsible and long-term growth. Sustainable business practices are embedded across our operations, reinforcing our commitment to ESG excellence.

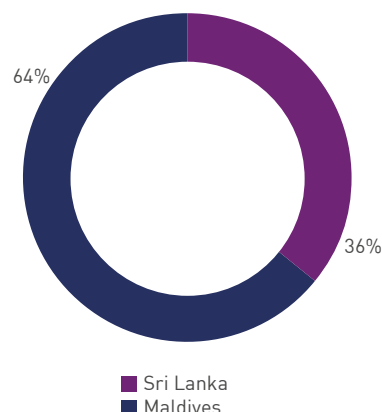
### Growing Direct/online Channel Performances

We will focus on growing traffic to our website ([www.cinnamonhotels.com](http://www.cinnamonhotels.com)) and promoting Cinnamon Discovery, our new loyalty programme.

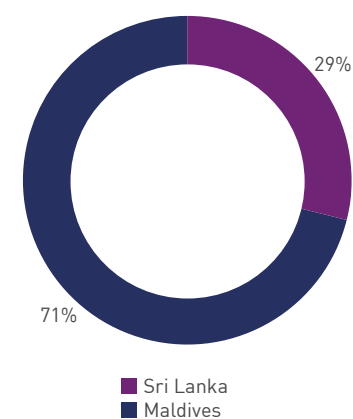
### Maximising Profitability

We are enhancing profitability through an asset-light model, direct sales channels and maintaining an optimum debt level. Strengthened financial discipline has lowered interest costs, improving financial flexibility for high-return growth initiatives.

### Total Assets



### Total Liabilities





# INVESTOR INFORMATION

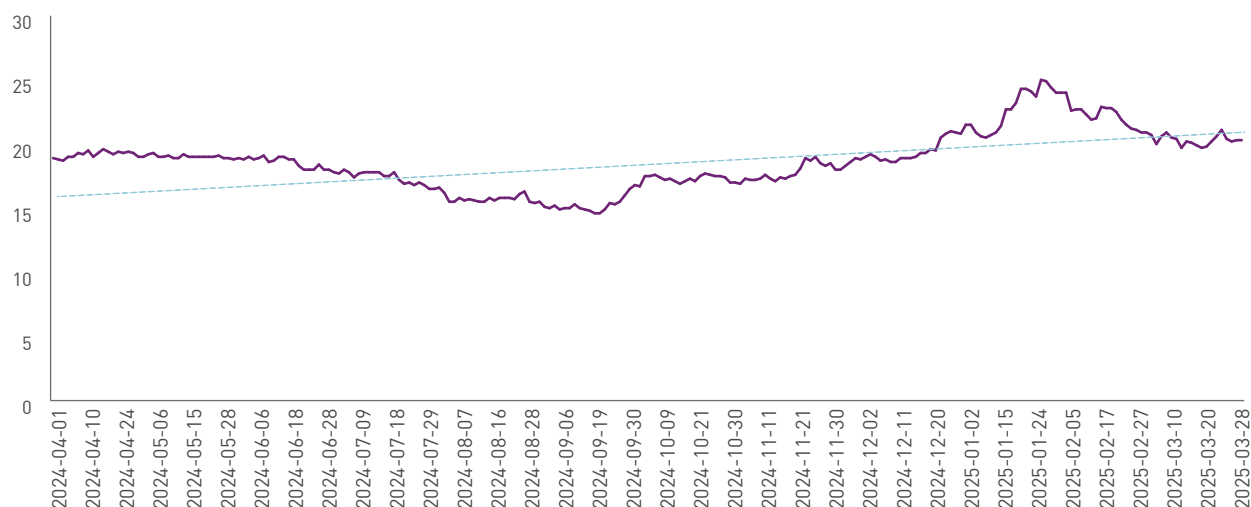
## John Keells Hotels PLC aims to be an attractive investment for shareholders and to provide competitive returns.

We are committed to serving all our shareholders and potential investors by providing accurate, comprehensive, and timely information. Our policy is equal treatment of all stakeholders, including analysts, banks, institutional investors, and private shareholders. All information that may be important and relevant for Sri Lankan and international markets are provided in the form of releases to the Colombo Stock Exchange (CSE).

### COMMON SHARE DATA

	Q1	Q2	Q3	Q4
Basic earnings per share (Rs.)	[0.86]	[0.63]	0.24	[0.16]
Average number of shares outstanding	1,456,146,780	1,456,146,780	1,456,146,780	1,456,146,780
Closing share price (Rs.)	17.80	17.50	20.60	20.20
Market capitalisation (Rs.)	25,919,412,684	25,482,568,650	29,996,623,668	29,414,164,956

### Share Trading Price



### DISTRIBUTION OF SHAREHOLDERS

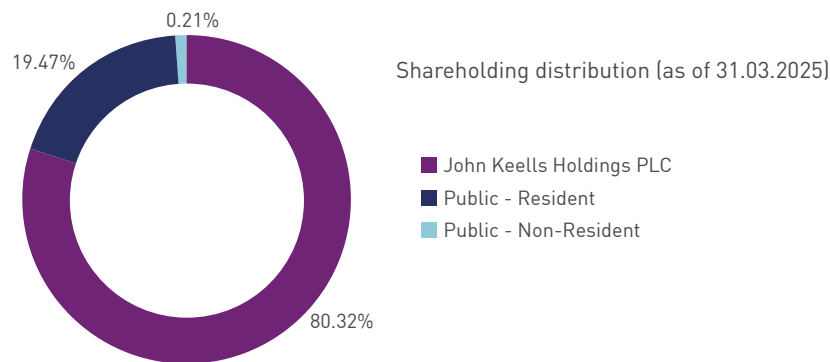
There were 8,120 registered shareholders as at 31 March 2025 (6,755 as at 31 March 2024) distributed as follows:

No. of shares held	As at 31 March 2025				As at 31 March 2024			
	No. of Shareholders	%	No. of Shares held	%	No. of Shareholders	%	No. of Shares held	%
1 to 1,000	4,735	58.31	1,590,536	0.11	4,028	59.63	1,344,756	0.09
1,001 to 10,000	2,336	28.77	9,121,485	0.63	1,892	28.01	7,371,546	0.51
10,001 to 100,000	865	10.65	27,495,970	1.89	666	9.86	20,402,201	1.40
100,001 to 1,000,000	158	1.95	50,897,238	3.50	135	2.00	43,510,389	2.99
Over 1,000,000	26	0.32	1,367,041,551	93.87	34	0.50	1,383,517,888	95.01
Total	8,120	100.00	1,456,146,780	100.00	6,755	100.00	1,456,146,780	100.00

## COMPOSITION OF SHAREHOLDERS

No. of shares held	As at 31 March 2025			As at 31 March 2024		
	No. of Shareholders	No. of Shares held	%	No. of Shareholders	No. of Shares held	%
John Keells Holdings PLC	1	1,169,598,478	80.32	1	1,169,598,478	80.32
<b>Public - Resident</b>						
Institutions	282	193,431,577	13.28	246	192,305,913	13.21
Individuals	7,774	90,064,932	6.19	6,442	73,618,504	5.06
<b>Public - Non-Resident</b>						
Institutions	7	2,038,385	0.14	8	12,826,774	0.88
Individuals	56	1,013,408	0.07	58	7,797,111	0.53
<b>Total</b>	<b>8,120</b>	<b>1,456,146,780</b>	<b>100.00</b>	<b>6,755</b>	<b>1,456,146,780</b>	<b>100.00</b>

The percentage of the shares of the Company held by the Public as at 31 March 2025 was 19.68% (31 March 2024 - 19.68%).



## DIRECTORS AND SPOUSES SHAREHOLDINGS

As at 31 March	No. of shares held	
	2025	2024
K N J Balendra - Chairperson	Nil	Nil
J G A Cooray	Nil	Nil
S Rajendra	Nil	Nil
M R Svensson	Nil	Nil
M H Singhawansa	Nil	Nil
H Premaratne	Nil	Nil
A K Moonesinghe*	Nil	Nil
K A Gunasekera	Nil	Nil
A Goonetilleke**	Nil	N/A

\* Resigned w.e.f. 01.04.2025

\*\*Appointed w.e.f. 01.01.2025

# INVESTOR INFORMATION

## MARKET INFORMATION ON ORDINARY SHARES OF THE COMPANY

	2024/25	Date	2023/24	Date
<b>Share Information</b>				
Highest price (Rs.)	25.50	27-01-2025	24.70	01-06-2023
Lowest price (Rs.)	14.50	11-09-2024	15.60	04-07-2023
As at period end (Rs.)	20.20	31-03-2025	18.60	31-03-2024
<b>Trading Statistics</b>				
Number of transactions	28,607		12,473	
Number of shares traded	124,271,395		78,539,668	
Shares traded as a % of total shares in issue	8.53		5.39	
Value of all shares traded (Rs.)	2,413,202,293		1,555,517,754	
Average daily turnover (Rs.)	10,097,081		6,508,442	
Market capitalisation (Rs.)	29,414,164,956		27,084,330,108	
Float Adjusted Market Capitalisation (Rs.)	5,788,275,700		5,329,798,417	

## TOP TWENTY-FIVE SHAREHOLDERS OF THE COMPANY

	31 March 2025		31 March 2024	
	No. of Shares	%	No. of Shares	%
John Keells Holdings PLC	1,169,598,478	80.32	1,169,598,478	80.32
Employees' Provident Fund	78,474,454	5.39	78,474,454	5.39
Sri Lanka Insurance Corporation Ltd. - Life Fund	47,159,333	3.24	49,375,841	3.39
Hatton National Bank PLC - Capital Alliance Quantitative Equity Fund	12,103,392	0.83	12,103,392	0.83
Mr. K.D.H. Perera	7,534,139	0.52	3,742,643	0.26
People's Leasing & Finance PLC/L.P.Hapangama	7,104,001	0.49	5,833,593	0.4
DFCC Bank PLC A/C 1	5,258,686	0.36	2,500,000	0.17
People's Leasing & Finance PLC/Mr.D.M.P.Disanayake	4,567,034	0.31	1,307,539	0.09
Invenco Capital Private Ltd	4,547,102	0.31	4,643,327	0.32
DFCC Bank PLC A/C 2	3,500,000	0.24	-	-
Mercantile Fortunes (Pvt) Ltd	3,251,197	0.22	3,800,000	0.26
Miss N.T.M.S. Cooray	2,526,345	0.17	2,526,345	0.17
Mr. R. T. Jinasena	2,516,765	0.17	2,516,765	0.17
Mr. K. D. A. Perera	2,195,027	0.15	2,195,027	0.15
Mr. S.R. Perera	2,087,676	0.14	2,087,676	0.14
Merrill J Fernando & Sons (Pvt) Ltd	1,911,573	0.13	1,911,573	0.13
Mr. H.N. Esufally Husein Nuruddin	1,526,946	0.1	1,636,983	0.11
Miss S.S.P.Kandambi	1,400,000	0.1	-	-
People's Leasing & Finance PLC/L.H.L.M.P.Haradasa	1,354,091	0.09	1,139,558	0.08
Mr. A.A.V. Amerasinghe	1,287,800	0.09	1,287,800	0.09
People's Leasing & Finance PLC/Mrs. C.M.Dissanayake	1,261,905	0.09	597,048	0.04
MR. C.N.H. Liyanage	1,250,000	0.09	1,250,000	0.09
Mrs. R.P.Jinasena Ruvani Peiris	1,222,815	0.08	-	-
Bank of Ceylon-No 2 A/C (BOC PTF)	1,160,983	0.08	1,660,983	0.11
Mrs. B.I. Esufally	1,137,001	0.08	1,006,551	0.07
Total	1,365,936,743	93.79	1,351,195,576	92.79

CORPORATE GOVERNANCE

# Connecting Principles and Progress

Governance embodies the combination of integrity and foresight. At John Keells Hotels, our leadership is driven by strong principles and a clear vision for the future. We align accountability with innovation, ensuring that every policy, practice, and decision brings us closer to building a legacy of trust and responsible growth.



# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE

Executive Summary

Governance Framework

Corporate Governance Highlights for 2024/25

Roles and Responsibilities of the Board

Composition of the Board

Board Sub-Committees

- Audit Committee Report
- Report of the Human Resources and Compensation Committee
- Report of the Nominations and Governance Committee
- Report of the Related Party Transactions Review Committee
- Project Risk Assessment Committee Report

General and Shareholders' Meeting

## INTEGRATED GOVERNANCE SYSTEMS AND PROCEDURES

Strategy formulation and decision-making process

Human resource governance

Integrated risk management

Information Technology (IT) governance

Tax governance

Sustainability governance

Stakeholder management and effective communication

## ASSURANCE MECHANISM

Code of Business Conduct & Ethics

Board Sub Committees

Chairperson Direct

Key Internal Policies

Ombudsperson

Employee Participation in Assurance

Internal Controls

External Assurance

## GOVERNANCE OUTLOOK AND EMERGING CHALLENGES

## COMPLIANCE SUMMARY

Statement of Compliance pertaining to the Companies Act No. 7 of 2007

Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

Statement of Compliance under Section 9 of the Listing Rules of the CSE on Corporate Governance

Code of Best Practice of Corporate Governance 2023 Issued by CA Sri Lanka





## EXECUTIVE SUMMARY

John Keells Hotels PLC (the Company) and its subsidiaries (Hotels Group) maintain a robust corporate governance framework that promotes structured, sustainable, and transparent growth while ensuring full compliance with all regulatory requirements. This framework is also aligned with the corporate governance framework of the parent company, John Keells Holdings PLC (JKH), to ensure consistency, efficiency, and the adoption of best practices across the John Keells Group (JK Group). The governance philosophy of the Company is embedded across all business units to ensure the

consistent creation of long-term value for stakeholders, regardless of external challenges.

The framework is supported by comprehensive internal policies and proactive compliance mechanisms, which are continuously refined to align with global best practices and evolving stakeholder expectations. It is built on the core principles of accountability, integrity, participation, and transparency. Our governance report details the Board's contributions to value creation, providing a clear narrative and comprehensive compliance disclosures.

This report highlights key governance elements, oversight mechanisms, emerging governance challenges, and the Company's commitment to fulfilling mandatory legal obligations and voluntarily adopting recognised governance standards.

The company's governance foundation is further strengthened by Cinnamon Hotels & Resorts' (CH&R) values, which are greatness, compassion, agility, wellbeing, inclusion, trust, and curiosity. These values shape our culture and decision-making processes.

### Mandatory Regulatory Frameworks – fully compliant

- \* — The Companies Act No. 7 of 2007, including applicable regulations
- \* — Listing Rules of the Colombo Stock Exchange (CSE), including circulars
- \* — Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars
- \* — Code of Best Practices on Related Party Transactions (2013) advocated by the SEC

### Voluntary Frameworks and Standards

- \* — Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka – compliant to the extent of business exigency and as required by the Hotels Group
- \* — Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka – compliant to the extent of business exigency and as required by the Hotels Group
- \* — Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and CA Sri Lanka

### Reporting Frameworks

- \* — International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)
- \* — Global Reporting Initiative Standards

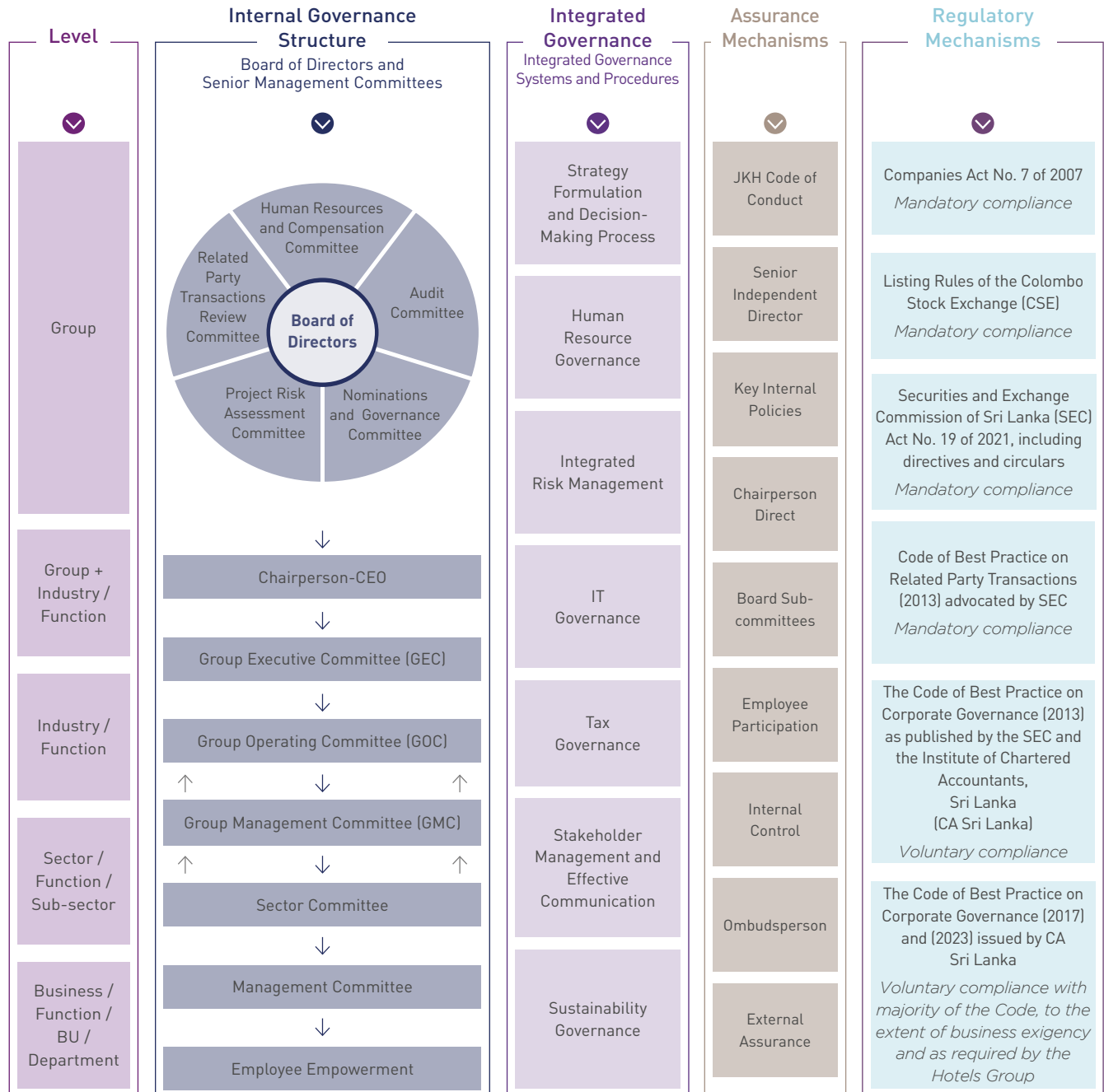
### Internal Mechanisms

- \* — Articles of Association
- \* — Board Charter and Board Sub-Committee Charters
- \* — Internal Policies
- \* — Code of Conduct

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE FRAMEWORK

This refers to the organisational framework and the positions responsible for overseeing and guiding corporate governance practices.



\*The Project Risk Assessment Committee of JKH acts as the Company's sub-committee. All five Board subcommittees are chaired by Independent Directors appointed by the Boards of the Company and JKH, where relevant.

\*Only the key components are depicted in the governance framework.

## CORPORATE GOVERNANCE HIGHLIGHTS FOR 2024/25

### Revised Rules of the Colombo Stock Exchange on Corporate Governance

During the year under review, the Company thoroughly reassessed its internal policy framework to align with the updated Listing Rules of the CSE. A comprehensive Board Charter was also formulated to establish a clear and consistent governance structure for the Company Board, aiming to enhance oversight, accountability, and operational effectiveness.

In accordance with the revised Listing Rules of the CSE, the Company restructured its Board Committee framework. Effective October 1, 2024, three separate Board Committees were established: the Nominations and Governance Committee, the Related Party Transactions Review Committee, and the Human Resources and Compensation Committee. This change reflects a shift from the previous practice of sharing JKH's Board Committees, as allowed under the prior Listing Rules.

### Digital Transformation with S/4HANA and SAP 'Rise'

As part of the JK Group's comprehensive digital transformation journey, the Company and the Hotels Group is transitioning to S/4HANA and adopting the SAP 'Rise' platform. This cloud-based solution is anticipated to enhance operational efficiency, enable real-time decision-making, and improve agility, customer satisfaction, innovation, and cost management. By integrating advanced AI-driven analytics, the JK Group will gain deeper insights into customer behaviour, market trends, and operational performance, allowing for data-driven decisions and personalised customer experiences. The Company and Hotels Group are advancing this transformation in accordance with the Group's strategic roadmap.

### Strengthening Data Governance in Alignment with Personal Data Protection Act (PDPA)

The Company and Hotels Group have proactively aligned its data governance practices with the Personal Data Protection Act No. 09 of 2022 (PDPA). A Dedicated Data Protection Officer (DPO) has been appointed across the Leisure Sector to oversee compliance. A Data Governance Steering Committee has also been established at the JK Group level to guide implementation and ensure compliance. The Company and its subsidiaries actively monitor regulatory developments and participate in public consultations with the Data Protection Authority (DPA) to maintain ongoing compliance and adhere to evolving best practices.

### The implementation of Opera Cloud Property Management System (PMS)

The implementation of a cloud-based Property Management System (PMS) has been completed for all properties in Sri Lanka and in the Maldives. This initiative represents a significant advance in data governance, improving consistency, control, and transparency in hotel data management. By establishing a standardised framework, the PMS will enhance operational efficiency and facilitate more robust and reliable performance analytics.

### Changes to Sustainability Reporting

To align with SLFRS S1 and S2, the localised standards introduced by CA Sri Lanka, the JK Group partnered with an external consultant with international expertise to perform a comprehensive gap analysis across JK Group and sector-level teams. This initiative ensures readiness to meet the CSE's reporting requirements for 2025/26. The Company and the Hotels Group are progressing with this transformation in alignment with the JK Group's roadmap.

The standards are effective for reporting periods starting 1 January 2025.

### Implementation of the Environmental, Social, and Governance (ESG) framework

During the year under review, the JK Group strengthened its ESG framework by refining its ambitions and formalising a robust governance structure. The JK Group's ESG goals were approved by the Executive Committee, followed by the establishment of a governance framework to guide implementation. Key roles — including Group Ambition Heads, Ambition Champions, and a Steering Committee — were appointed with clearly defined responsibilities. Kick-off meetings were held to set milestone plans, driving steady progress towards short, medium, and long-term ESG targets. This framework was cascaded to the Company and Hotels Group in 2024/25.

# CORPORATE GOVERNANCE

## ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for setting the Company's strategic direction, defining its risk appetite, aligning workforce policies with core values, and overseeing the achievement of key goals and objectives, while ensuring a balance of stakeholder interests. Through integrated thinking, the Board actively incorporates Environmental, Social, and Governance (ESG) considerations into the Company's policies and strategic initiatives.



In fulfilling its duties, the Board fosters a culture of transparency, open dialogue, and constructive debate, cultivating an environment that empowers employees, encourages engagement, and drives value creation for all stakeholders.

The Board's key responsibilities include:

- Providing direction and guidance to the Company and the Hotels Group, as applicable, in the formulation and implementation of sustainable, high-level, medium, and long-term strategies which are aimed at promoting the long-term success of the Company/Hotels Group.
- Ensuring compliance with applicable Law and ethical standards and monitoring systems of governance and compliance.
- Ensuring operations are carried out within the scope of the Company's enterprise risk management framework.
- Ensuring the development and implementation of appropriate frameworks and policies, including frameworks on corporate governance, accounting, and financial reporting, and monitoring compliance with such frameworks.
- Overseeing the Company's internal control and risk management systems, including IT governance, information and cybersecurity, and establishing speak-up/whistle-blowing conduits.
- Determining any changes to the discretions/authorities delegated from the Board to the executive levels.
- Reviewing and approving major acquisitions, disposals, capital expenditure and any amendments to constitutional documents.
- Approving in principle the issue of Company securities and pertinent corporate actions.

- Ensuring all stakeholder interests are considered in corporate decisions.
- Ensuring sustainable business development in corporate strategy decisions and activities, and that business is conducted with due consideration of environmental, social and governance (ESG) factors.
- Reviewing and approving the financial statements of the Company:
- Supervising the performance of duties by individual Directors and Board Committees, as applicable.

## BOARD COMPOSITION

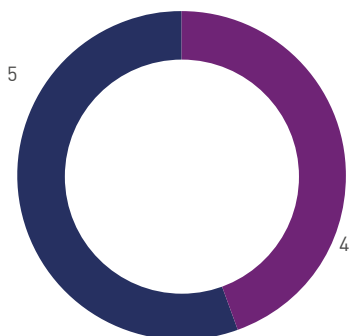
The Board is diverse in skills, experience, age, and tenure, contributing varied perspectives to boardroom deliberations and exercising independent judgement. Board composition is regularly reviewed to ensure adequate diversity and that the skills representation aligns with the Company's current and future strategic needs. Each Director is responsible for determining whether he or she has a potential or actual conflict of interest arising from external associations, interests or personal relationships in material matters which the Board considers from time to time.

The Composition of the Board is governed by the Company's Articles of Association, the Companies Act No. 7 of 2007, and the Listing Rules. The Board shall comprise not less than three and not more than twelve Directors, unless otherwise permitted by the Articles, which has considered the requirement for the Board to remain agile and responsive to the Company's needs.

The company has complied with Listing Rule No. 9.5.1(a) by maintaining the required balance of executive and non-executive directors on the board.

As of 31 March 2025, the Board comprised of nine Directors, with four of them being Independent Non-Executive Directors, ensuring a strong element of independence on the Board, and five Directors being Non-Independent Non-Executive Directors.

### Board Composition



- Independent Non-Executive Directors
- Non-Independent Non-Executive Directors

### CHAIRPERSON

Key roles and responsibilities of the Chairperson include:

- Providing leadership to the Board whilst inculcating good governance and ensuring the effectiveness of the Board
- Ensuring that constructive working relations are maintained between the members of the Board.
- Ensuring, with the assistance of the Board Secretary, that:
  - Board procedures are followed.
  - Information is disseminated promptly to the Board.

The Board is satisfied that the Chairperson allocates sufficient time to serve the Company effectively and that his other commitments do not interfere with his discharge of his responsibilities to the Company.

### PRESIDENT – LEISURE, JKH AND CHIEF EXECUTIVE OFFICER – CINNAMON HOTELS & RESORTS

While the Company does not have a Chief Executive Officer, the President – Leisure, JKH and Chief Executive Officer (CEO) of Cinnamon Hotels & Resorts, who are Non-Executive Directors of the Company, undertake the following responsibilities:

**President – Leisure, JKH:** Provides leadership pertaining to business portfolio decisions, strategy, and planning for the Company and the Hotels Group.

#### CEO - Cinnamon Hotels & Resorts:

Executes strategies and policies of the Board, in consultation with the President – Leisure, JKH and ensures:

- Execute strategies and policies of the Board.
- The efficient management of all businesses of the Hotels Group
- That the operating model is aligned with the short and long-term strategies of the Hotels Group
- Succession planning at the senior management levels of the Hotels Group.

The President - Leisure, JKH, and CEO -Cinnamon Hotels & Resorts regularly report on key matters to the Board, enabling the Board to oversee them effectively.

### MAINTAINING BOARD INDEPENDENCE AND MANAGING CONFLICTS OF INTEREST

Stringent nominating procedures, systematic and comprehensive board evaluation processes, and independent director-led engagement emphasise Board independence. All Directors are experienced leaders in their respective fields and exercise independent and unfettered judgement, promoting constructive Board deliberations and objective evaluation of matters set before them.

Each Director is continuously responsible for identifying potential or actual conflicts of interest or biases arising from external associations, interests, or personal relationships in material matters and disclosing them in a timely manner to the Board. Directors make a general disclosure of interests, as illustrated below, at appointment, at the beginning of every financial year, and

during the year as required. The Board reviews potential conflicts from time to time to ensure integrity and Board independence.

The Company Secretary maintains records of companies in which Board members hold Board position, which include internal and external positions (as disclosed to it) and Board Committee membership in the Company for shareholders to inspect on request.

#### Prior to Appointment

- Nominees are requested to make known their various interests.
- Provision of declarations and documents to confirm that there are no conflicts, meet the fit and proper criteria and satisfy the independence criteria (to the extent applicable).

#### Once Appointed

- Directors obtain Board clearance prior to;
- Accepting a new position
- Engaging in any transaction that could create or potentially create a conflict of interest
- All NEDs are required to notify the Chairperson-CEO of any changes to their current Board representations or interests and a new declaration is made annually.
- Provision of declarations and documents to confirm that there are no conflicts, meet the fit and proper criteria and satisfy the independence criteria. (to the extent applicable)

#### During Board Meetings

- Directors who have an interest in a matter under discussion;
- Excuse themselves from deliberations on the subject matter
- Abstain from voting on the subject matter (abstention from decisions are duly minuted)



# CORPORATE GOVERNANCE

The independence of all its Independent Non-Executive Directors (INED) was reviewed against the criteria of the Listing Rules summarised below:

Criteria for Defining the Independence	Status of Conformity of INED
None of the INEDs has Shareholding carrying 10 per cent or more of voting rights.	Compliant
None of the INEDs is a Director of another company*	Compliant
None of the INEDs have Income/non-cash benefits equivalent to 20 per cent of the Director's annual income, excluding income/non-cash benefits received, which apply on a uniform basis to all non- executive Directors on the Board.	Compliant
None of the INEDs have employment at the Company or a material business relationship with the Company currently or in the three years immediately preceding their appointment as Directors.	Compliant
None of the INEDs have a close family member who is a Director, CEO or Key Management Personnel.	Compliant
None of the INEDs have served on the Board continuously for nine years from the date of the first appointment.	Compliant
None of the INEDs are employed or have a material business relationship and/or significant shareholding in other companies*. Entails other companies that have substantial shareholding in the Company, and the Company has a business connection with	Compliant
None of the INEDs are above 70 years of age unless such designation is recommended by the Nominations and Governance Committee, approved by the Board and approved by a majority vote of public shareholders voting at a General Meeting.	Compliant

\* Other companies in which a majority of the other Directors of the listed company are employed or are Directors, or have a significant shareholding or have a material business relationship or where the core line of business of such company is in direct conflict with the line of business of the listed company.

## Amendment to Section 9.8.3 (ix) of the Listing Rules of the CSE

With effect from 1st March 2025, CSE amended the listing rule 9.8.3 (ix) relating to a Director losing his/her independence after reaching the age of 70 years. As per the amended rule, a Director above 70 years may be considered independent if:

1. The Nominations and Governance Committee recommends the appointment, providing justification and rationale.
2. The Board of Directors approves the recommendation.
3. The recommendation and Board approval are affirmed by passing a resolution through majority vote of public shareholders at a General Meeting.

The existing Directors above 70 years may continue as Independent Directors if the entity complies with these conditions at the next General Meeting, held within 12 months of the rule's adoption and the approval process for Directors over 70 years to be considered independent must be repeated at each Annual General Meeting.

The Related Party Transactions Review Committee of the parent served as the Company's Related Party Transactions Review Committee until September 30, 2024. The Company established its own Related Party Transactions Review Committee starting October 1, 2024. This committee reviews all transactions requiring approval to ensure they align with the Company's Related Party Transactions Policy and comply with applicable rules and regulations. Details of the related party transactions are

disclosed in note 42 of the financial statements. The Committee also confirmed that there are no related party transactions involving the Directors.

The Nominations and Governance Committee, having reviewed the disclosures and declarations provided by Directors, is of the view that no Non-Executive Independent Director has a conflict of interest and that all Independent Non-Executive Directors

satisfy the independence criteria outlined above.

In accordance with the JK Group policy and applicable law the Directors shall not hold more than fifteen directorships in listed companies. The following table illustrates the total number of Board seats held and employed as key management personnel in other companies by each director as of 31 March 2025.

Name of Director	Directorship Status	Board Seats Held in Other Listed Sri Lankan Companies			Board Seats Held in Other Unlisted Sri Lankan Companies
		Executive Capacity	Non-Executive Capacity	Key Management Personnel	
K N J Balendra	NED	JKH PLC	Director of many several companies in the JK Group ***	Nil	Director of many several companies in the JK Group***
J G A Cooray	NED	JKH PLC		Nil	
S Rajendra	NED			Nil	
M R Svensson	NED		Nil	Nil	
M H Singhawansa	NED		Nil	Nil	Wealth Trust Securities (Pvt) Ltd
A K Moonesinghe*	INED		Hsenid Business Solutions PLC	Nil	
K A Gunasekera	INED		Nil	Nil	Vella (Pvt) Ltd Akmal Asia (Pvt) Ltd
H Premaratne	INED		National Development Bank Teejay Lanka PLC	Nil	Brandix Apparel (Pvt) Ltd Ocean Lanka (Pvt) Ltd Incube Global (Pvt) Ltd Brandix Lanka (Pvt) Ltd Brandix Corporate Campus (Pvt) Ltd Brandix Apparel Solutions (Pvt) Ltd Best Pacific Textiles Lanka (Pvt) Ltd Hyphen International (Pvt) Ltd
A Goonetilleke**	INED		Tea Smallholder Factories PLC****	Nil	Nil

\*A K Moonesinghe, Independent Non-Executive Director, resigned with effect from 1st April 2025

\*\*A Goonetilleke appointed as an Independent Non-Executive Director with effect from 1st January 2025

\*\*\*Refer page 194 of the Annual Report and the Group Directory for further details

\*\*\*\*Resigned with effect from 3 April 2025

## BOARD DIVERSITY

Board diversity brings a range of unique perspectives that enhance the Board's dynamics and overall effectiveness, supporting long-term value creation. John Keells Hotels PLC is committed to maintaining a diverse Board composition in terms of experience, skills, competencies, age, gender, and industry expertise, in alignment with Rule 9.5.1(c) of the CSE Listing Rules.

Diversity of the Board as at 31st March 2025			
By Gender			
Male	7	78%	
Female	2	22%	
By Age			
<50	5	56%	
50 - 59	2	22%	
60 - 69	2	22%	

## SKILLS AND EXPERIENCE

Collectively, the Board brings in a wealth of diverse exposure in the fields of management, business administration, banking, finance, economics, travel, tourism, consultancy and marketing. All Directors possess the skills, expertise and knowledge complemented with a high sense of integrity and independent judgement. Further details of their qualifications and experience are provided under the Board Profiles section of the Annual Report and the table below. The JK group conducts awareness sessions on changes to the regulations and Governance framework.

Name of Director	Gender	Area of Skills/Expertise/Competencies							
		Corporate Leadership	Finance	Travel and tourism	Management consultancy	Legal	Supply chain	Engineering	Banking
K N J Balendra	M	✓	✓			✓			✓
J G A Cooray	M	✓	✓						✓
S Rajendra	M	✓	✓	✓					
M R Svensson	M	✓		✓					
M H Singhawansa	M	✓		✓			✓	✓	
A K Moonesinghe*	F		✓						✓
K A Gunasekera	M	✓		✓	✓				
H Premaratne	M	✓	✓						✓
A Goonetilleke**	F	✓	✓			✓			✓

\*A K Moonesinghe, Independent Non-Executive Director, resigned with effect from 1st April 2025

\*\*A Goonetilleke appointed as an Independent Non-Executive Director with effect from 1st January 2025

# CORPORATE GOVERNANCE

## APPOINTMENT, RE-ELECTION AND RESIGNATION

The Nominations and Governance Committee of the Company recommends the appointment of all Directors based on an assessment of the strategic demands of the Company and required skills and competencies. Independent Directors Non-Executive are appointed to the Board for a 3-year term and are eligible for re-appointment thereafter up to a maximum of 3 successive terms unless the exigencies of the Company necessitate an extended tenure at the time and applicable law permits such appointment. Casual vacancies are filled by the Board based on the recommendations of the Nominations and Governance Committee in accordance with the Articles of Association of the Company. Non-Executive Directors nominated by JKH, the parent company, are subject to the retirement rules and policies of JKH.

As prescribed by Article 83 of the Articles of Association of the Company, one-third of the Directors, except the Chairperson, retire by rotation. Directors retiring by rotation are those who have been in office for the longest time since their appointment/ re-appointment. In addition, any new Director appointed to the Board during the year is required to stand for re-election at the next Annual General Meeting in terms of Article 90 of the Articles of Association of the Company.

### Appointments during the year

- Ms. A Goonetilleke was appointed to the Board of Directors of John Keells Hotels PLC as an Independent Non-Executive Director, w.e.f. 1st January 2025. Ms. A Goonetilleke does not have any relevant interest in the shares of the Company. Ms. A Goonetilleke will retire in terms of Article 90 of the Articles of the Company and be presented to the shareholders at the Annual General Meeting for re-election as a Director.

### Resignations during the year

- Ms. A K Moonesinghe, Independent Non-Executive Director, resigned w.e.f. 1st April 2025

The proposal for the re-election of Directors is set out in the Annual Report of the Board of Directors on page 200 of this Report.

Details of new Directors are disclosed to shareholders at the time of their appointment through a public announcement covering the following:

- A brief resume of the Director.
- The nature of his expertise in relevant functional areas.
- The names of companies in which the Director holds directorships or memberships in Board Committees.
- Whether such a Director can be considered 'Independent'.

The relevant interim releases and Annual Reports also include details of such appointments.

The appointment of all Directors complies with applicable laws and rules, including all qualifying and fit-and-proper criteria stipulated by the Listing Rules (Section 9.7.3 (a) (b) and (c)) and Companies Act. The Nominations and Governance Committee evaluates the fulfilment of the fit and proper criteria outlined in the Listing Rules prior to presenting nominations at the shareholders' meeting or making appointments. Further, each Independent Director annually signs a declaration confirming their compliance with the independence criteria prescribed by the Listing Rules (Rule 9.8.3) which is considered by the Nominations and Governance Committee and the Board. Directors are required to report any substantial change in their professional responsibilities and business associations to the Chairperson of the Company or Nominations and Governance Committee, which will examine the facts and circumstances and make recommendations to the Board accordingly.

## INDUCTION AND TRAINING FOR DIRECTORS

All newly appointed Directors undergo a formal induction process under the oversight of the Nominations and Governance Committee, which includes knowledge-sharing sessions on Company values and culture, governance framework, policies and processes, the JKH Group Code of Conduct and Ethics adopted by the Company (which includes anti-corruption and anti-bribery), the sector business model, strategy, and Directors' responsibilities. Board members are also given insights into regulatory changes that may impact the industry at Board meetings.

Further, newly appointed Directors are granted access to relevant parts of the business. They can meet with key management personnel and third-party service providers, such as External Auditors and Risk Consultants. Directors recognise the need for continuous training and expansion of their knowledge and skills to discharge their duties effectively, and regularly participate in industry forums and other personal development training to expand their knowledge and skills. To this effect, the Chairperson and the Nominations and Governance Committee periodically review any training and development needs of the Board and recommend any identified gaps to the Board.

Each Director is responsible for ensuring continuous learning and development in their areas of expertise and maintaining their professional qualifications/licenses, and memberships.

The Chairperson ensures that the Board is informed of significant developments in applicable laws, rules, regulations and corporate governance practices, including any impacts to the Company and its subsidiaries, including ensuring that the senior management reports on the Company's compliance with applicable laws, rules and regulations to the Nominations and Governance Committee and the Board.

## BOARD MEETINGS

### Regularity of Meetings

Board meetings are held every quarter with the flexibility to increase the number of meetings based on the requirement. Directors are required to

attend a minimum of two (2) or fifty (50%) of the meetings held during the financial year, unless otherwise excused by the Board. The Board continued with the hybrid model (physical and virtual) this year as and when needed.

The Company Secretary records important discussions and decisions in the Board minutes, which are presented for approval at the next Board meeting. All records related to Board meetings and decisions are kept in the minute book by the Company Secretary.

The attendance at Board meetings held during the financial year 2024/25 is given below:

Name of Director	Executive/ Non-Executive Director	Independent/ Non- Independent Director	Year of Appointment	Tenure on the Board (Years)	Age	17.05.2024	26.07.2024	30.10.2024	28.01.2025	Eligibility	Attended
K N J Balendra	NED	NID	2016	9 Years	51	Excused	✓	✓	✓	4	3
J G A Cooray	NED	NID	2018	7 Years +	48	✓	✓	✓	✓	4	4
S Rajendra	NED	NID	2021	4 Years +	61	Excused	✓	✓	✓	4	3
M R Svensson	NED	NID	2021	4 Years +	54	✓	Excused	✓	✓	4	3
M H Singhawansa	NED	NID	2018	6 Years +	40	✓	✓	✓	✓	4	4
A K Moonesinghe*	NED	ID	2016	8 Years +	49	✓	Excused	✓	✓	4	3
K A Gunasekera	NED	ID	2019	5 Years +	49	✓	✓	✓	✓	4	4
H Premaratne	NED	ID	2022	2 Years +	46	✓	✓	✓	✓	4	4
A Goonetilleke**	NED	ID	2025	3 Months	60	-	-	-	✓	1	1

INED - Independent Non-Executive Director

NED - Non-Executive Director

\*Resigned from the Board with effect from 1 April 2025

\*\*Appointed to the Board with effect from 1 January 2025

## ACCESS TO INFORMATION

Directors receive their Board packs at least seven days before the meetings. Directors have unrestricted access to the management and organisation information and the resources required to clarify matters and carry out their duties and responsibilities effectively. Executive Management makes presentations on matters including business performance against operating plans, strategy, investment proposals, risk management, compliance and regulatory changes. Access to independent professional advice, coordinated through the Company Secretaries, is available to Directors at the Company's expense.

## BOARD ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

To preserve the independence of the Board and to strengthen decision making, the Board is encouraged, where applicable and relevant, to seek independent professional advice, in furtherance of their duties, at the Hotels Group's expense. This is coordinated through the Company Secretary, as and when requested.

## BOARD AGENDA

The Chairperson ensures that all Board proceedings are conducted smoothly and efficiently, approving the agenda for each meeting prepared by the Board Secretary. During the period under review, the Chairperson ensured that

all Board proceedings were conducted smoothly and efficiently, approving the agenda for each meeting prepared by the Company Secretary.

The typical Board agenda in 2024/25 entailed confirmation of previous minutes, ratification of circular resolutions, ratification of the use of the Company seal, discussion of matters arising from the previous minutes, submission of Board Sub-Committee reports, status updates of projects, review of performance, strategy formulation, approval of quarterly and annual financial statements, review of risks, sustainability and corporate social responsibility related aspects, ratification of capital expenditure, amongst others. Added emphasis was

# CORPORATE GOVERNANCE

also placed on business performance, considering the challenges stemming from the challenging macroeconomic environment.

## TIME DEDICATED BY NON-EXECUTIVE DIRECTORS

The Board has dedicated adequate time to fulfilling and discharging its duties as Directors of the Company. It must be recognised that Directors have to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification, and after a meeting to follow up on issues consequent to the meeting. This should be supplemented by a time allocation for familiarisation with business changes, operations, risks and controls. In addition to attending Board meetings, the Directors attend the relevant Subcommittee meetings and have also contributed to decision-making via Circular Resolutions and one-on-one meetings with key management personnel, when necessary.

## COMPANY SECRETARY

The company secretary, Keells Consultants (Private) Limited, provides secretarial services to the Board. The Company Secretaries and Management apprise the Board of new and potential laws, revisions, regulations, and requirements relevant to them as individual Directors and collectively to the Board. The Secretaries maintain minutes of Board meetings, which are open for inspection by any Director at any time. All Directors have access to the advice and services of the Secretaries, as necessary. The shareholders can also contact the Company Secretaries during office hours for company-related information requirements. Appointment and removal of the Company Secretaries is a matter for the Board.

## DIRECTOR REMUNERATIONS

The remuneration of Board members is carefully determined to align with their skills, knowledge, competencies,

and involvement in Board activities. The compensation of Non-Executive Directors was determined in reference to fees paid to other Non-Executive Directors of comparable companies, and adjusted, where necessary, in keeping with the complexity of the Company and Hotels Group. Non-Executive Directors were paid additional fees for either chairing or being a member of a Sub-Committee and did not receive any performance/incentive payments/ share option plans. Director fees for nominee Directors of JKH are paid to JKH and not to individual Directors. The aggregate remuneration paid to NEDs in FY 2024/25 is Rs. 7.9Mn. As of the date, the Company has no Executive Directors.

## COMPENSATION FOR EARLY TERMINATION

In the event of an early termination of a Director, there are no compensation commitments other than for accrued fees payable, if any, as per the terms of their contract.

## PERFORMANCE EVALUATION OF THE BOARD AND BOARD COMMITTEES

Board and Board Committee performance evaluations are conducted annually. The process for the periodic evaluation of the performance of the Board is established under the oversight of the Nominations and Governance Committee. This process is conducted independently. Committee evaluations involve each committee member completing a questionnaire, which is provided to the chairperson of the respective committee.

The process involves each Director self-appraising the performance of the Board against identified criteria:

- Role clarity and effective discharge of responsibilities
- People mix, balance and structure

- Systems and procedures
- Quality of participation
- Board and corporate image and reputation

The results are analysed to indicate the Board's and Board Committee's effectiveness and areas that require addressing and/ or strengthening.

The Board and its committees conducted their annual performance appraisal for the financial year 2024/25, and accordingly, the Board and its committees are seen as effective in discharging their role and responsibilities.

## BOARD SUB-COMMITTEES

The Board has delegated certain functions to five Sub-Committees while retaining final decision rights. Members of these Sub-Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise. The respective Board Committees are responsible for reporting their findings and recommendations to the Board. This shall include regular reports to the Board during Board meetings, or as relevant. In terms of the CSE Rule 9.3.1, the Company ensures that the Nominations and Governance Committee, Human Resources and Compensation Committee, Audit Committee, and Related Party Transactions Review Committee are established and function as per applicable regulations, best practices, and their terms of reference. The parent company's Project Risk Assessment Committee act as the Company's Project Risk Assessment Committee.



The composition of committees as at 31st March 2025 is shown below.

### Board Sub-Committees for the Company

Name of Director	Executive/ Non-Executive Director	Independent/ Non- Independent Director	Year of Appointment	Age	Board of Directors	Audit Committee	Human Resources and Compensation Committee	Nomination and Governance Committee	Related Party Transactions Review Committee	Tenure on the Board (Years)
K N J Balendra	NED	NID	2016	51	Chair	-	-	Member	-	9 Years
J G A Cooray	NED	NID	2018	48	Member	-	Member	-	-	7 Years+
S Rajendra	NED	NID	2021	61	Member	-	-	-	-	4 Years+
M R Svensson	NED	NID	2021	54	Member	-	-	-	-	4 Years+
M H Singhawansa	NED	NID	2018	40	Member	-	-	-	-	6 Years+
A K Moonesinghe*	NED	ID	2016	49	Member	Member	Chair	Member	Member	8 Years+
K A Gunasekera	NED	ID	2019	49	Member	Member	Member	Chair	Member	5 Years+
H Premaratne	NED	ID	2022	46	Member	Chair	-	-	Chair	3 Years+
A Goonetilleke**	NED	ID	2025	60	Member	Member	Chair	Member	Member	5 Months+

\*Resigned from the Board with effect from 1 April 2025

\*\*Appointed to the Board with effect from 1 January 2025

JKH Sub-Committee acting on behalf of the Company as at 31 March 2025

Name of Director	Executive/ Non-Executive Director	Independent/ Non- Independent Director	Year of Appointment	Age	Project Risk Assessment Committee	Tenure on the Board (Years)
K N J Balendra	ED of JKH	NID	2016/17	51	Member	8 Years
J G A Cooray	ED of JKH	NID	2016/17	48	Member	8 Years
S S H Wijesuriya*	NED of JKH	ID	2016/17	57	Chair	8 Years
D A Cabral	NED of JKH	NID	2013/14	68	Member	11 Years

JKH Sub-committee acting on behalf of the Company from 1st April 2024 to 30th September 2024

Name of Director	Executive/ Non-Executive Director	Independent/ Non- Independent Director	Year of Appointment	Age	Board Sub-Committee Membership			Tenure on the Board (Years)
					Human Resources and Compensation Committee	Nominations and Governance Committee	Related Party Transactions Review Committee	
D A Cabral	NED of JKH	NID	2013/14	68	Member	Member	Member	11 Years
S Fernando	NED of JKH	ID	2023/24	51	Chair	-	Member	1 Year
H M A Jayasinghe	NED of JKH	ID	2024/25	62	-	-	Chair	9 Months
S Coorey	NED of JKH	ID	2022/23	66	-	Chair	-	2 Years
S S H Wijesuriya*	NED of JKH	ID	2016/17	57	Member	Member	-	8 Years

INED - Independent Non-Executive Director

NID - Non-Independent Director

NED - Non-Executive Director

ED - Executive Director

\*Senior Independent Director of JKH

# CORPORATE GOVERNANCE

## Audit Committee (John Keells Hotels PLC)

Role: Assist the Board in meeting its oversight responsibilities pertaining to Company financial statements, risk management, internal controls, legal and regulatory frameworks.

Composition	Scope																																																																						
<ul style="list-style-type: none"><li>• The membership of the Committee shall be as appointed by the Board from time to time, with due regard to applicable laws, rules and regulations.</li><li>• The Committee shall comprise of a minimum of three (3) Non-Executive Directors of the Board of which a minimum of two (2) members or a majority, whichever is higher, shall be Independent Non- Executive Directors.</li><li>• The Chairperson of the Committee is appointed by the Board.</li><li>• The Chairperson is an Independent Non- Executive Director who is a member of a recognised professional accounting body.</li><li>• The Chairperson of the Board shall not be the Chairperson of the Committee.</li><li>• Chief Financial Officer – Leisure Industry Group is the Secretary of the Committee.</li></ul>	<ul style="list-style-type: none"><li>i. Overseeing the preparation, presentation, and review of the quarterly and annual financial statements, including their quality, transparency, integrity, accuracy, and compliance with accounting standards, laws, and regulations, before tabling them for the approval of the Board of Directors.</li><li>ii. Assess the adequacy and effectiveness of the internal control environment in the Group and ensure that appropriate action is taken by management on the recommendations of the internal auditors and to prevent the leakage of material information to unauthorised persons.</li><li>iii. Obtain and review assurance from the President, CEO, CFO, and other key management personnel, as relevant, that the financial records have been adequately maintained and that the financial statements give a true and fair view of the Company’s and Hotel Group’s operations and finances.</li><li>iv. Evaluate the competence and effectiveness of the risk management systems and internal controls of the Group and ensure robustness and effectiveness in monitoring and controlling risks, as recommended by the internal auditors.</li><li>v. Review the adequacy and effectiveness of internal and external audit arrangements.</li><li>vi. Review the risk policies adopted by the Company annually.</li><li>vii. Recommend the appointment, re-appointment and removal of the External Auditors, including their remuneration and terms of engagement, by assessing qualifications, expertise, resources and independence.</li></ul>																																																																						
<table><tr><th colspan="7">Meeting dates and attendance</th></tr><tr><th></th><th>17/05/2024</th><th>26/07/2024</th><th>30/10/2024</th><th>27/01/2025</th><th>Eligibility to Attend</th><th>Attended</th></tr><tr><td>H Premaratne (INED) – Chairperson *</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>4</td><td>4</td></tr><tr><td>K A Gunasekera (INED)</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>4</td><td>4</td></tr><tr><td>A K Moonesinghe (INED)**</td><td>✓</td><td>Excused</td><td>✓</td><td>✓</td><td>4</td><td>3</td></tr><tr><td>A Goonetilleke (INED)***</td><td>-</td><td>-</td><td>-</td><td>✓</td><td>1</td><td>1</td></tr><tr><td>By Invitation</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>C L P Gunawardane - CFO****</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>4</td><td>4</td></tr><tr><td>M R Svensson (NED) - CEO Cinnamon Hotels &amp; Resorts****</td><td>✓</td><td>Excused</td><td>Excused</td><td>✓</td><td>4</td><td>2</td></tr><tr><td>M H Singhawansa (NED) - COO****</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>4</td><td>4</td></tr></table>		Meeting dates and attendance								17/05/2024	26/07/2024	30/10/2024	27/01/2025	Eligibility to Attend	Attended	H Premaratne (INED) – Chairperson *	✓	✓	✓	✓	4	4	K A Gunasekera (INED)	✓	✓	✓	✓	4	4	A K Moonesinghe (INED)**	✓	Excused	✓	✓	4	3	A Goonetilleke (INED)***	-	-	-	✓	1	1	By Invitation							C L P Gunawardane - CFO****	✓	✓	✓	✓	4	4	M R Svensson (NED) - CEO Cinnamon Hotels & Resorts****	✓	Excused	Excused	✓	4	2	M H Singhawansa (NED) - COO****	✓	✓	✓	✓	4	4
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<p>* Member of a professional Accounting body **Resigned from the Board with effect from 1 April 2025 ***Appointed to the Board with effect from 1 January 2025 **** Permanent invitees for all Committee meetings</p> <p>Note:- The Audit Committee Meetings were held quarterly</p> <table><tr><th colspan="2">Date of Appointment</th></tr><tr><td>H Premaratne – Chairperson</td><td>15 /07/2022</td></tr><tr><td>K A Gunasekera</td><td>06/11/2019</td></tr><tr><td>A K Moonesinghe</td><td>01/07/2016</td></tr><tr><td>A Goonetilleke</td><td>01/01/2025</td></tr></table>		Date of Appointment		H Premaratne – Chairperson	15 /07/2022	K A Gunasekera	06/11/2019	A K Moonesinghe	01/07/2016	A Goonetilleke	01/01/2025																																																												
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Refer Audit Committee Report 156

## Human Resources and Compensation Committee (JKH and John Keells Hotels PLC)

In line with the recent amendments to the Listing Rules of the Colombo Stock Exchange ("CSE") the Company constituted its own Human Resources and Compensation Committee from 1st October 2024, replacing the previous arrangement of relying on the Human Resources and Compensation Committee of the Parent Company, JKH until 30th September 2024

Role: Determines Remuneration Policy and reviews implementation of the same, reviews and ratifies the remuneration of key executives

Composition	Scope																																																								
<p>The Board of Directors shall determine the composition of the Committee in compliance with the requirements of the Listing Rules that mandate that the Committee comprise of a minimum of three (03) Directors out of which a minimum of two (02) shall be Independent Directors.</p> <p>The Chairperson of the Committee must be an Independent Non-Executive Director.</p> <p>The Chairperson of the Committee shall not be the Chairperson of the Board.</p> <p>The Chairperson will determine how objectively and effectively the Committee carries out its tasks in the best interests of the Company.</p> <p>The Non-Executive Directors appointed to the Committee shall be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.</p> <p>Company Secretary is the Secretary of the Committee.</p> <p>Chairperson/Group Finance Director acts as the Secretary to the JKH Committee</p> <p>The composition of the Committee as of 30 September 2024 and 31 March 2025, along with the members’ attendance at Committee meetings is provided below.</p> <p>JKH Sub-committee acting on behalf of the company met on one occasions from April to September 2024</p> <table><tr><th></th><th>Eligible to Attend</th><th>Attend</th><th>Appointment date for HRCC</th></tr><tr><td>S Fernando (INED)-Chairperson*</td><td>-</td><td>-</td><td>01/07/2024</td></tr><tr><td>D A Cabraal (INED)</td><td>1</td><td>1</td><td>29/01/2015</td></tr><tr><td>S S H Wijayasuriya (INED)</td><td>1</td><td>-</td><td>05/11/2016</td></tr><tr><td>By Invitation</td><td></td><td></td><td></td></tr><tr><td>S Coorey (INED)</td><td>1</td><td>1</td><td>1</td></tr><tr><td>A N Fonseka (INED)</td><td>1</td><td>1</td><td>1</td></tr><tr><td>H M A Jayasinghe (INED)</td><td>1</td><td>1</td><td>1</td></tr><tr><td>R Shukla (INED)</td><td>1</td><td>1</td><td>1</td></tr></table> <p>*Appointed to the Board with effect from 1 July 2024</p> <p>The Company Human Resources and Compensation Committee met on one occasion on 30th October 2024</p> <table><tr><th></th><th>Eligible to Attend</th><th>Attended</th><th>Date of the Appointment</th></tr><tr><td>A K Moonesinghe (INED) – Chairperson*</td><td>1</td><td>1</td><td>01/10/2024</td></tr><tr><td>K A Gunasekera (INED)</td><td>1</td><td>1</td><td>01/10/2024</td></tr><tr><td>J G A Cooray (INED)</td><td>1</td><td>1</td><td>01/10/2024</td></tr><tr><td>A Goonetilleke – Chairperson**</td><td>-</td><td>-</td><td>01/04/2025</td></tr></table> <p>*Resigned from the Board with effect from 1 April 2025</p> <p>**Appointed to the Board with effect from 1 January 2025</p>		Eligible to Attend	Attend	Appointment date for HRCC	S Fernando (INED)-Chairperson*	-	-	01/07/2024	D A Cabraal (INED)	1	1	29/01/2015	S S H Wijayasuriya (INED)	1	-	05/11/2016	By Invitation				S Coorey (INED)	1	1	1	A N Fonseka (INED)	1	1	1	H M A Jayasinghe (INED)	1	1	1	R Shukla (INED)	1	1	1		Eligible to Attend	Attended	Date of the Appointment	A K Moonesinghe (INED) – Chairperson*	1	1	01/10/2024	K A Gunasekera (INED)	1	1	01/10/2024	J G A Cooray (INED)	1	1	01/10/2024	A Goonetilleke – Chairperson**	-	-	01/04/2025	<p>i. Adhere and follow the overall remuneration philosophy for the Company in alignment with the Group’s strategies, priorities and the policies and practices to support the same, based on the recommendations of the JKH Human Resource and Compensation Committee (HRCC).</p> <p>ii. Establish systems and processes to ensure that no individual is involved in decisions relating to his/her own remuneration.</p> <p>iii. Review regularly the appraisal systems for the evaluation of key executive staff based on the recommendations of the JKH HRCC and confirm its appropriateness to the Board.</p> <p>iv. The performance evaluation of KMPs will be carried out by the JKH HRCC, keeping in line with the Group, and the Board or Board Committee will be informed, as relevant.</p> <p>v. To review, monitor and recommend processes on succession planning of Senior Management subject to the recommendation of JKH HRCC and within the Group’s framework.</p> <p>vi. Review and recommend to the Board matters relating to Director or officer indemnification and insurance in compliance with applicable law and the Company’s Articles of Association.</p> <p>vii. To consider such other matters relating to remuneration and human resource issues as may be referred to it by the Board.</p>
	Eligible to Attend	Attend	Appointment date for HRCC																																																						
S Fernando (INED)-Chairperson*	-	-	01/07/2024																																																						
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J G A Cooray (INED)	1	1	01/10/2024																																																						
A Goonetilleke – Chairperson**	-	-	01/04/2025																																																						

Refer Report of the Human Resources and Compensation Committee 158

# CORPORATE GOVERNANCE

## Nominations and Governance Committee (JKH and John Keells Hotels PLC)

In line with the recent amendments to the Listing Rules of the Colombo Stock Exchange ("CSE") the Company constituted its own Nominations and Governance Committee from 1st October 2024, replacing the previous arrangement of relying on the Nominations and Governance Committee of the Parent Company, JKH until 30th September 2024

Role: Lead the process of Board appointments and recommendations to the Board, and define and establish a nomination process for Directors.

Composition	Scope																																								
<p>The committee shall comprise of a minimum of three (3) members, of which a majority shall be Independent Non-Executive Directors. Should not comprise of Executive Directors.</p> <p>The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board and shall in no event be the Chairperson of the Board.</p> <p>The Company Secretary is the Secretary of the Committee.</p> <p>In the absence of the Chairperson and when duly excused, those present may appoint an Independent Non-Executive Director to chair the meeting.</p> <p>Below is the Committee’s composition as of 30 September 2024 and 31 March 2025, along with the members’ attendance at Committee meetings.</p> <p>The JKH Sub-Committee acting on behalf of the Company met on five occasions from April to September 2024</p> <table><tr><th></th><th>Eligible to Attend</th><th>Attended</th><th>Date of the Appointment</th></tr><tr><td>D A Cabraal (INED) - Chairperson</td><td>5</td><td>5</td><td>07/11/2013</td></tr><tr><td>S Coorey (INED)</td><td>5</td><td>5</td><td>08/11/2023</td></tr><tr><td>S S H Wijayasuriya (INED)</td><td>5</td><td>5</td><td>05/11/2016</td></tr><tr><td>K N J Balendra (NED)*</td><td>5</td><td>5</td><td>01/01/2019</td></tr></table> <p>*Resigned from the Board with effect from October 2024</p> <p>The Company Nominations and Governance committee met on one occasion on 30th October 2024.</p> <table><tr><th></th><th>Eligible to Attend</th><th>Attended</th><th>Date of the Appointment</th></tr><tr><td>Dr. K A Gunasekera (INED)- Chairperson</td><td>1</td><td>1</td><td>1/10/2024</td></tr><tr><td>A K Moonesinghe (INED)*</td><td>1</td><td>1</td><td>1/10/2024</td></tr><tr><td>K N J Balendra (NED)</td><td>1</td><td>1</td><td>1/10/2024</td></tr><tr><td>A Goonetilleke (INED)**</td><td>-</td><td>-</td><td>01/04/2025</td></tr></table> <p>*Resigned from the Board with effect from 1 April 2025</p> <p>**Appointed to the Board with effect from 1 January 2025</p>		Eligible to Attend	Attended	Date of the Appointment	D A Cabraal (INED) - Chairperson	5	5	07/11/2013	S Coorey (INED)	5	5	08/11/2023	S S H Wijayasuriya (INED)	5	5	05/11/2016	K N J Balendra (NED)*	5	5	01/01/2019		Eligible to Attend	Attended	Date of the Appointment	Dr. K A Gunasekera (INED)- Chairperson	1	1	1/10/2024	A K Moonesinghe (INED)*	1	1	1/10/2024	K N J Balendra (NED)	1	1	1/10/2024	A Goonetilleke (INED)**	-	-	01/04/2025	<p>i. Subject to the oversight of the Nominations and Governance Committee of the ultimate parent company, John Keells Holdings PLC (JKH), follow a formal and transparent procedure and criteria to evaluate, select and appoint/re-appoint Directors including:</p> <ul style="list-style-type: none"><li>• Relevant academic/professional qualifications, skills, experience, industry expertise and such other key attributes as deemed appropriate.</li><li>• Matters pertaining to Board balance and diversity.</li><li>• Requirements under applicable laws, rules and regulations, such as fit and proper and independence criteria.</li></ul> <p>ii. Evaluate and consider any appointment, re-appointment or re-election to the Board. The performance evaluation of KMPs will be carried out by the JKH HRCC and to the extent relevant reviewed and ratified by the Company HRCC, keeping in line with the Group’s philosophy, and the Board will be informed.</p> <p>iii. Provide advice and recommendations to the Board on any such appointment.</p> <p>iv. Assess the skills required by the Board and needs of the business.</p> <p>v. Regularly review the structure, size, composition, balance, diversity and competencies of the Board, including the skills, knowledge and experience of the Board and make recommendations to the Board with regard to any changes deemed necessary.</p> <p>vi. Ensure that on appointment to the Board, Directors receive a formal letter of appointment.</p> <p>vii. Ensure that every appointee undergoes an induction to the organisation, on the corporate governance framework of the Company and applicable laws and regulations.</p>
	Eligible to Attend	Attended	Date of the Appointment																																						
D A Cabraal (INED) - Chairperson	5	5	07/11/2013																																						
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K N J Balendra (NED)	1	1	1/10/2024																																						
A Goonetilleke (INED)**	-	-	01/04/2025																																						

## Nominations and Governance Committee (JKH and John Keells Hotels PLC)

### Scope

- viii. Establish processes for the periodic evaluation of the Board to ensure that their responsibilities are satisfactorily discharged.
- ix. Periodically review the independence of all Independent Non-Executive Directors in terms of the independence criteria specified by applicable laws, rules and regulations.
- x. Review and recommend the overall corporate governance framework, considering the requirements of applicable laws, rules, regulations, international best practices, and annual update to the Board.
- xi. Receive and review reports from management on compliance/non-compliance (reason and rationale for non-compliance) with the corporate governance framework.
- xii. Ensure the adoption of a process to inform Independent Non-Executive Directors of significant issues relating to the Company.
- xiii. The Board authorises the Committee to seek appropriate professional advice from outside the Company when necessary.
- xiv. The appointment of all Directors shall be the collective decision of the Board.

## Related Party Transactions Review Committee (JKH and John Keells Hotels PLC)

In line with the recent amendments to the Listing Rules of the Colombo Stock Exchange ("CSE") the Company constituted its own Related Party Transactions Review Committee from 1st October 2024, replacing the previous arrangement of relying on the Related Party Transactions Review Committee of the Parent Company, JKH until 30th September 2024

Role: Ensure that all related party transactions of the Company is consistent with the Code on Related Party Transactions issued by SEC and with the Listing Rules of the CSE.

Composition	Scope
<p>The Related Party Transactions Review Committee shall comprise a minimum of three (3) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include Executive Directors, at the option of the Listed Entity</p> <p>The Board shall appoint as the Chairperson a member of the Committee who is an Independent Non-Executive Director. The Chairperson of the Board shall not be the Chairperson of the Committee.</p> <p>The Committee shall invite any person deemed necessary to assist in its work for meetings as and when necessary and seek expert/professional advice/guidance as deemed appropriate.</p> <p>Chief Financial Officer – Leisure Industry Group is the Secretary of the Committee.</p> <p>Provided below is the composition of the Committee as of 30 September 2024 and 31 March 2025, along with the members' attendance at Committee meetings.</p> <p>JKH Sub-Committee acting on behalf of the Company met on two occasions from April to September 2024.</p>	<ul style="list-style-type: none"> <li>i. To develop, and recommend for adoption by the Board of Directors of the Company and as relevant its listed subsidiaries, a RPT Policy which is consistent with applicable laws, rules and regulations, the Operating Model and delegated decision rights of the JK Group and which sets out, amongst others, the following: <ul style="list-style-type: none"> <li>• Defining relevant requirements and threshold values for the Company in setting a benchmark for RPTs, including those requiring detailed discussion, the approval of the Board and/or annual review.</li> <li>• The guiding principles on which RPTs require prior approval of the Board, and which transactions do not require the prior approval of the Board, and therefore, can be reviewed retrospectively.</li> </ul> </li> </ul>



# CORPORATE GOVERNANCE

## Related Party Transactions Review Committee (JKH and John Keells Hotels PLC)

### Composition

	Eligible to Attend	Attended	Date of the Appointment
H M A Jayasinghe (INED)** -Chairperson	1	1	01/07/2024
D A Cabraal (INED)	2	2	29/01/2014
S Fernando	2	2	08/11/2023
A N Fonseka (INED)*	1	1	29/01/2014
<b>By Invitation</b>			
K N J Balendra	2	2	
J G A Cooray	2	2	

\* Retired with effect from 1 July 2024

\*\*Appointed with effect from 1 July 2024.

The committee met on two occasions after 1st October 2024

	30/10/2024	27/01/2025	Eligible to Attend	Attended	Date of the Appointment
H Premaratne (INED) – Chairperson	✓	✓	2	2	1/10/2024
A K Moonesinghe (INED)*	✓	✓	2	2	1/10/2024
DR K A Gunasekera (INED)	✓	✓	2	2	1/10/2024
A Goonetilleke (INED)**	-	✓	1	1	01/01/2025

\*Resigned from the Board with effect from 1 April 2025

\*\*Appointed to the Board with effect from 1 January 2025

### Scope

- Establishment of the starting base for Recurrent RPTs.
  - Guidelines which senior management must follow in dealing with Related Parties, including the conformance with Transfer Pricing regulations.
  - Instances where an immediate market disclosure of the RPT is required.
  - Instances where shareholder approval for the RPT is required.
  - Formats to be used by the Company and Listed subsidiaries/ companies in presenting the RPT information to the Committee.
- ii. To provide updates to the Board on any listed subsidiaries/companies on a quarterly basis, of the RPTs pertaining to the Company and where relevant its listed subsidiaries/companies as follows:
- Starting Recurrent RPTs.
  - RPTs during the quarter.
  - RPTs which were above the thresholds.
  - Market announcements made in-keeping with the RPT disclosure guidelines.
- iii. Members of the Committee or invitees shall refrain from participating in meetings/ deliberations of the Committee and voting on matters where such member/invitee (including any member of the Board) as relevant is directly or indirectly interested in any RPT under discussion. Provided, however, that such a member or invitee may participate in such discussions for the express purpose of providing information concerning the RPT to the Committee.
- iv. In the event a potential conflict is presented that may prevent the Committee from being seen as independent, the Committee shall recommend to the Board that a special committee be set up for the specific purpose.

### Project Risk Assessment Committee (JKH)

Role: evaluate and assess risks associated with significant new investments at the initial stages of formulation and in any event prior to making any contractual commitments for the long term.

Composition	Scope
<ul style="list-style-type: none"> <li>Should comprise of a minimum of four Directors.</li> <li>Must include the Chairperson - CEO and Deputy Chairperson/Group Finance Director of JKH.</li> <li>Must include two Non-Executive Directors.</li> <li>The Chairperson must be a Non-Executive Director.</li> </ul> <p>Chairperson - S S H Wijayasuriya (INED)</p> <p>Committee Members - K N J Balendra (NED)</p> <p style="padding-left: 40px;">D A Cabraal* (INED)</p> <p style="padding-left: 40px;">J G A Cooray (NED)</p> <p>* Appointed with effect from 1 October 2024</p> <ul style="list-style-type: none"> <li>No meetings were held during the period.</li> </ul>	<ul style="list-style-type: none"> <li>i. Review and assess risks associated with large-scale investments and the plans to mitigate them if mitigation is possible, and identify risks that cannot be mitigated.</li> <li>ii. Ensure stakeholder interests are aligned, as applicable, when making investment decisions.</li> <li>iii. Where appropriate, obtain specialised expertise from external sources to evaluate risks in consultation with the Group Finance Director.</li> <li>iv. Recommend to the Board the necessary action required, to mitigate risks identified while evaluating a project to ensure that the Group Risk Matrix captures those risks for monitoring and mitigation.</li> </ul> <p>* The Committee shall convene only when there is a need to transact in business as per the terms of its mandate.</p>

# CORPORATE GOVERNANCE

## AUDIT COMMITTEE REPORT

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the financial statements of the Company and the subsidiaries, the internal control and risk management framework and systems of the Company, compliance with legal and regulatory requirements, the External Auditors' suitability, performance, and independence, and the adequacy and performance of the Internal Audit function undertaken by the Group Business Process Review division (Group BPR). The scope of functions and responsibilities is adequately set out in the terms of reference of the Committee, which has been approved by the Board and is reviewed annually.

The Committee's responsibilities pertain to the Company and its subsidiaries collectively. Each committee member evaluates the Committee's effectiveness annually, and the results are communicated to the Board.

### Composition of the Committee and Meetings

The Audit Committee comprises the undersigned and the following Independent Non-Executive Directors:

H Premaratne – Chairperson

A K Moonesinghe  
*(resigned w.e.f 1 Apr 2025)*

Dr K A Gunasekera

A Goonetilleke  
*(Appointed w.e.f. 1 Jan 2025)*

Chief Financial Officer – Leisure Industry, served as the Secretary to the Audit Committee.

The Audit Committee met four times during the financial year. The Corporate Governance report provides information on the attendance of the committee members at these meetings. The Internal Auditors, who carried out outsourced assignments, and relevant

executives of the Company and the Group also attended these meetings as needed. The Committee engaged with management to review key risks faced by the Company to obtain assurances that appropriate and effective risk mitigation strategies were in place.

The activities and views of the Committee were communicated to the Board of Directors on a quarterly basis through verbal briefings by the Chairman of the Committee and by tabling the minutes of the Committee's meetings.

### Financial Reporting

The Audit Committee has reviewed and discussed the Company's quarterly and annual financial statements with the Management. The External Auditors were engaged to conduct a limited review of the Company's interim financial statements for the nine months ended 31 December 2024. The results of this review, together with the full year results reports, were discussed with the External Auditors prior to publication of these statements. The scope of the review included ascertaining compliance of the statements and disclosures with the Sri Lanka Accounting Standards, the appropriateness and changes in accounting policies and material judgemental matters. Discussions were also held with the External Auditors and Management on matters communicated to the Committee by the External Auditors in their reports on the audit for the year.

The Committee obtained independent input from the External Auditors on the effects of any new Sri Lanka Accounting Standards that came into effect for the year under review and satisfied itself that the necessary preparatory work had been carried out to enable the Company to comply with these new standards.

### Internal Audit, Risks and Controls

The Committee reviewed the adequacy of the group's Internal Audit coverage and Internal Audit Plans with the Head of the

Group BPR division and Management. The Internal Audit function is outsourced to leading professional firms under the direction and control of the Group BPR division.

The Group BPR division regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with laws and regulations and established policies and procedures of the Group. Reports from outsourced Internal Auditors on the operations of the Company and subsidiaries of the Company were also reviewed by the Committee. Follow-up action was taken on the recommendations of the outsourced Internal Auditors, and any other significant follow-up matters were documented and presented to the Committee on a quarterly basis by the Head of Group BPR. The Committee also reviewed the effectiveness of digital forensic tools used by Group BPR.

Reviewed the Business Risk Management processes and procedures adopted by the Company to manage and mitigate the impact of such risks and observed that risk analysis exercises had been conducted across the different hotels, key risks that could impact operations had been identified to the extent possible, measures were taken to minimise the impact and likelihood of such risks. It was noted that with the integration of sustainability within the Leisure Group, further measures to mitigate the core sustainability risks were identified, and risk mitigation measures were designed and implemented.

Formal confirmations and assurances were obtained from the company's senior management on a quarterly basis regarding the efficacy and status of internal control and risk management systems, as well as compliance with applicable laws and regulations.

## External Audit

The committee reviewed and discussed the External Auditors' scope of the audit with the External Auditors and management prior to the commencement of the audit.

The External Auditors kept the Committee advised on an ongoing basis regarding matters of significance that were pending resolution. The Committee also met the External Auditors, without management being present, before finalising the financial statements to obtain their input on specific issues and ascertain whether they had any areas of concern relating to their work. The External Auditors raised no matters other than those already discussed with management and resolved.

The External Auditors' final management reports on the audit of the Company and the consolidated financial statements for the year 2024/25 were discussed with the Management and the Auditors.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the John Keells Group, and pre-clearance was given for these services. The Committee also reviewed the arrangements made by the Auditors to maintain their independence, and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The performance of the External Auditors has been evaluated through a formal assessment process with input from the company's senior management. Based on the performance assessment, the Committee has recommended to the Board that Messrs. Ernst & Young be reappointed as the Lead/Consolidation Auditor of the Group for the financial year ending March 31, 2026, subject to approval by the shareholders at the Annual General Meeting.



**H Premaratne**  
Chairperson of the Audit Committee

27 May 2025

# CORPORATE GOVERNANCE

## REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Company established its own Human Resources and Compensation Committee, effective 1 October 2024, in compliance with the revised listing rules of the Colombo Stock Exchange on corporate governance. This replaced the previous arrangement of sharing the parent company, John Keells Holdings PLC's Human Resources and Compensation Committee, as permitted under prior rules. The Committee is governed by a Charter (Terms of Reference) that defines its mandate, functions, composition, and practices. The Charter is reviewed periodically to ensure alignment with regulatory requirements and corporate governance best practices, including Section 9.12 of the Listing Rules. The Company Secretary serves as its Secretary.

The Committee plays a vital role in the Company's governance framework by ensuring compensation and benefits policies are fair, competitive, and aligned with the John Keells Group's compensation philosophy. It reviews and ratifies the compensation of key executives, who are pivotal in shaping business strategy and decision-making, while also making recommendations to the Board. Additionally, the Committee monitors and evaluates top talent performance to support organisational growth and succession planning, with a focus on key executive roles. In fulfilling these responsibilities, it ensures the alignment of stakeholder interests, the retention of top talent, and compliance with legal and regulatory standards.

The Chairperson of the Committee updates the Board on pertinent matters during Board meetings, ensuring key developments and relevant issues are addressed. The Committee confirms compliance with the Companies Act No 7 of 2007 regarding Director remuneration and affirms that no Director or key executive participated in decisions regarding their remuneration. Performance appraisals, along with short-term and long-term incentive calculations for the key executives, were conducted in line with approved processes and the framework of the John Keells Group. As part of its governance responsibilities, the Committee conducted a self-evaluation of its performance for the year and concluded that its functions were carried out effectively in accordance with the Committee Charter.



A Goonetilleke  
Chairperson of the Human Resources  
and Compensation Committee

27 May 2025.



## NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Nominations and Governance Committee, appointed by the Board, is constituted in compliance with the Listing Rules and the Company's Corporate Governance framework. Governed by a Charter (Terms of Reference), it defines the Committee's mandate, functions, composition, and operative practices, reviewed annually for alignment with regulatory requirements, including Section 9.11.5 of the Listing Rules and corporate governance best practices voluntarily adopted by the Company. Effective 1 October 2024, the Company established its own Committee, replacing the previous arrangement of utilising the parent company's Nominations Committee until 30 September 2024. The Company Secretary serves as its Secretary.

The Committee reaffirmed its mandate to:

- Lead the process of Board appointments and make recommendations to the Board regarding all new Board appointments and the re-election or re-appointment of those retiring, in accordance with the Articles of Association, contractual obligations, or applicable law.
- Oversee the process of appointment, re-election, and re-appointment of Directors to the Company's Board, in accordance with the John Keells Group's philosophy and framework on matters pertaining to the appointment and tenure of Directors of listed subsidiaries.
- Ensure a comprehensive Board induction process is in place and is carried out in a timely manner.
- Define and establish processes for the nomination and re-appointment/re-election of Independent Non-Executive Directors and Non-Independent Non-Executive Directors.

- Ensure that an acceptable methodology is in place to periodically conduct a self-evaluation of the Board, which will be administered by the Chairperson of this Committee, and the outcomes will be discussed at the Board level.
- Review and recommend an overall corporate governance framework, taking into account applicable laws, regulations, and industry and international best practices.

### Activities During the Year

During the financial year ended 31 March 2025, the Committee undertook the following key activities:

- Collaborated with the Board in reviewing the skills and competencies required for effective Board functioning.
- Prioritised Board balance and diversity by considering a broad range of factors—including experience, skills, age, gender, and other attributes—to foster a well-rounded mix of perspectives that enhance decision-making and Board performance. These considerations were integrated into the Director appointment process.
- Evaluated all appointments and re-appointments to the Board, ensuring that all appointments were made in alignment with the Company's corporate governance policies and framework, including succession planning, and were conducted in an informed, equitable, and impartial manner, with no individual participating in decisions pertaining to their own appointment/re-appointment.

The following Director appointment to the Board of the Company was recommended in accordance with the nominations and re-election policy, following due diligence and a thorough review of each Director's qualifications, experience, compliance with fit and proper requirements, and, where applicable, independence criteria:

- Ms. Aruni Goonetilleke, Independent Non-Executive Director (new appointment)
- Ensured that in accordance with Article 83 of the Company's Articles of Association, one-third of the Directors on the Board being subject to retirement by rotation by virtue of being the longest-serving members in office (excluding the Chairperson) retired by rotation at each Annual General Meeting. Additionally, ensured adherence to Article 90, requiring Directors appointed during the year, if any, to retire at the first Annual General Meeting following their appointment.

During the year, the following Directors, retiring under Article 83 and being eligible for re-election, were presented along with their respective profiles, to the shareholders of the Company for re-election at the Annual General Meeting held on 27 June 2024:

- Mr. S Rajendra – Non-Executive Director
- Ms. A K Moonesinghe – Independent Non-Executive Director
- Ensured that the newly appointed Director was provided with an induction to the Company and the Group, together with an induction pack containing key governance documents.
- Ensured that all Directors, including Independent Non-Executive Directors, remained informed of regulatory updates, governance developments and significant matters relevant to the Company and the Group, through periodic briefings at Board and Board Committee meetings from the Chairperson, CEO, Company Secretary, and senior management and through Board notes.
- Reviewed general disclosure of interests, statutory and fit and proper declarations submitted by Directors and confirmed their eligibility in accordance with the Listing Rules and applicable governance requirements.

# CORPORATE GOVERNANCE

- Reviewed the independence declarations submitted by Independent Non-Executive Directors and confirmed their compliance with the criteria outlined in Rule 9.8.3 of the Listing Rules.
- Reviewed key Company policies, ensuring compliance with Rule 9.2 of the Listing Rules.

## Director Profiles and Information Disclosures

The profiles of the Company's Directors, including details of their first appointment to the Board, most recent re-appointment, nature of Directorship, appointments to Board Committees, principal commitments and positions held and any relevant relationships (including relationships with other Directors, the Company, or significant shareholders of the Company), are provided in the Board and Management Profiles and Corporate Governance Commentary sections of this Annual Report.

## Directors retiring at the Annual General Meeting of the Company for the financial year 2024/2025.

The following Directors who are retiring under Articles 83 and 90 of the Articles of Association of the Company will be placed before the shareholders at the Annual General Meeting of the Company for re-election:

Members proposed for re-election and contract renewal	Nature of Directorship	Date of first appointment as a Director	Date of last re-appointment as a Director	Current membership in Board Committees Other principal commitments Any other relationships*
Mr J G A Cooray (Article 83)	Non-Executive Director	1 January 2018	22 June 2022	The details are provided in the Board Profiles and Corporate Governance
Mr. M H Singhawansa (Article 83)	Non-Executive Director	1 July 2018	22 June 2022	
Ms. A Goonetilleke (Article 90)	Independent Non-Executive Director	1 January 2025	N/A	Commentary sections of this Annual Report

## Board, CEO and Board Committee Evaluations

- The Committee conducted a self-evaluation of its performance for the year and concluded that its functions were carried out effectively in accordance with the Committee Charter.
- All other Committees of the Board underwent similar performance assessments.
- The Board completed an annual self-assessment of its performance for the financial year 2023/24, the outcome of which was discussed between the Board and the Committee.

## Reporting

The Committee reports its activities at each Board Meeting of the Company.

## Governance Practices and Compliance with Listing Rules

The Committee has reviewed the management report confirming compliance with the corporate governance framework and confirms that all applicable requirements under Section 9 of the Listing Rules have been met. The Company continues to strengthen its governance practices to promote transparency, accountability, and stakeholder confidence. A detailed statement of the Company's compliance with the Listing Rules may be found in the Corporate Governance Commentary section of the Annual Report.



Dr. K A Gunasekera  
Chairperson of the Nominations and Governance Committee

27 May 2025

## REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

### Composition

The Company established its own Related Party Transactions Review Committee, effective 1 October 2024, in compliance with the revised listing rules of the Colombo Stock Exchange on corporate governance. This replaced the previous arrangement of sharing the parent company, John Keells Holdings PLC's Related Party Transactions Review Committee, as permitted under prior rules. The Committee is governed by a Charter (Terms of Reference) that defines its mandate, functions, composition, and practices. The Charter is reviewed periodically to ensure alignment with regulatory requirements and corporate governance best practices, including Section 9.12 of the Listing Rules. The Company Secretary serves as its Secretary.

Below is provided the composition of the Committee as of 30 September 2024 and 31 March 2025;

JKH Sub-Committee, acting on behalf of the Company, met on two occasions as at 30 September 2024.

H M A Jayasinghe (INED)\*\*- Chairperson  
D A Cabraal (INED)

S Fernando

A N Fonseka (INED)\*

\* Retired w.e.f. from 1 July 2024

\*\*Appointed with effect from 1 July 2024.

The following Directors served as members of the Committee from 1 October 2024: The Committee met on two occasions after October 2024.

H Premaratne (INED)- Chairperson

A K Moonesinghe (INED)  
(resigned w.e.f. 1 Apr 2025)

Dr K A Gunasekera (INED)

A Goonetilleke (INED)  
(Appointed w.e.f. 1 Jan 2025)

Chief Financial Officer – Leisure Industry, served as the Secretary to the Audit Committee.

The Corporate Governance report provides information on the attendance of the committee members at these meetings. The CEO of Cinnamon Hotels & Resorts, the Deputy CEO of Cinnamon Hotels & Resorts, the Chief Financial Officer of the Leisure Industry, and the Vice President, Finance, attended meetings by invitation. Information on the attendance at these meetings by the members of the Committee is given in the corporate governance report. Urgent transactions that required prior approval of the Committee were dealt with by circulation among the members.

### Objective and Governing Policies

The objective of the Committee is to ensure compliance with all applicable rules and regulations, namely the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ('The Code') and the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and ensures that transactions are in line with the Company's internal governance framework and associated policies.

### Procedure

The Committee, in discharging its functions, primarily relied on processes that were validated from time to time and periodic reporting by the company and Key Management Personnel (KMP) with a view to ensuring that:

- There is compliance with 'The Code' and the Listing Rules of the CSE
- shareholder interests are protected; and
- Fairness and transparency are maintained.

### Non-recurrent Related Party Transactions (RPTs) of listed entities:

The Committee advocated that the Management implement appropriate procedures to ensure that all non-recurrent RPTs of the Company are submitted to the Committee for pre-approval. Accordingly, the Committee reviewed and pre-approved all proposed non-recurrent Related Party Transactions (RPTs) of John Keells Hotels PLC.

### Recurrent RPTs of listed entities:

The Committee has endorsed guidelines to facilitate disclosures and assurances to be provided by the company's senior management, validating compliance with Section 9.5(a) of the Listing Rules and thus excluding such transactions from the mandate for review and pre-approval by the Committee. Accordingly, Recurrent RPTs as well as the aforesaid disclosures and assurances were reviewed annually by the Committee.

The activities and views of the Committee have been communicated to the Board of Directors on a quarterly basis, through verbal briefings and by tabling the minutes of the Committee's meetings.



H Premaratne

Chairperson of the Related Party Transactions Review Committee

27 May 2025

# CORPORATE GOVERNANCE

## PROJECT RISK ASSESSMENT COMMITTEE REPORT

The following Directors served as members of the Committee during the financial year:

H Wijayasuriya (Chairperson)

A Cabraal

K Balendra

G Cooray

The Project Risk Assessment Committee was established with the purpose of augmenting the Group's Investment Evaluation Framework. The Committee provides the Board with enhanced illumination of risk perspectives with respect to large scale new investments and also assists the Board in assessing the potential impact of risks associated with such investments. Investments which are referred to the Committee are those which exceed a board-agreed threshold in terms of quantum of investment and/or potential impact to the Group. The Committee, accordingly, provides early-stage recommendations to the Board with respect to the extent of risk and adequacy of mitigation strategies.

During the year under review, the context of Project Risk Assessment was centred primarily on the two landmark investment projects - 'City of Dreams Sri Lanka' and the West Container Terminal. Given the scale and impact of the risks and opportunities associated with the said projects and the near operational status of both projects, the committee and board were of the view that related deliberations should take place with participation of the full Board as regular board agenda items.

While there were no specific new investments during the year which required the approval of the Committee as per the Board agreed financial thresholds, matters pertaining to the operationalisation of the BYD - New Energy Vehicle business were presented to the full Board and duly deliberated.



**S S H Wijayasuriya (Dr.)**

Chairperson of the Project Risk Assessment Committee

26 May 2025

## HIGHLIGHTS OF THE 45TH ANNUAL GENERAL MEETING

Highlights of the 45th Annual General Meeting held on 27 June 2024

- Mr. S Rajendra, who retired in terms of Article 83 of the Articles of Association of the Company, was re-elected as a Non-Independent Non-Executive Director of the Company.
- Ms. A K Moonesinge, who retired in terms of Article 83 of the Articles of Association of the Company, was re-elected as an Independent Non-Executive Director of the Company.
- Messrs. Ernst & Young (E&Y) was re-appointed as the External Auditors of the Company, and the Directors were authorised to determine the remuneration of E&Y.

## MANAGEMENT COMMITTEES

### Group Executive Committee (GEC)

The eight-member GEC consisted of the Chairperson-CEO of JKH, the Deputy Chairperson/Group Finance Director of JKH and the Presidents of each business/function. The GEC is the overlay structure that implements, under the leadership and direction of the Chairperson-CEO JKH, the strategies and policies determined by the Board, manages through delegation and empowerment, the business and affairs of the JK Group, makes portfolio decisions and prioritises the allocation of all forms of capital.

A key responsibility of the members of the GEC is to act as the enablers of the operating model of the JK Group. The members of the GEC are well equipped to execute these tasks and bring in a wealth of experience and diversity to the JK Group in terms of their expertise and exposure. The GEC meets twice a month, in addition to the meetings that are scheduled as necessitated by the requirements of the JK Group.

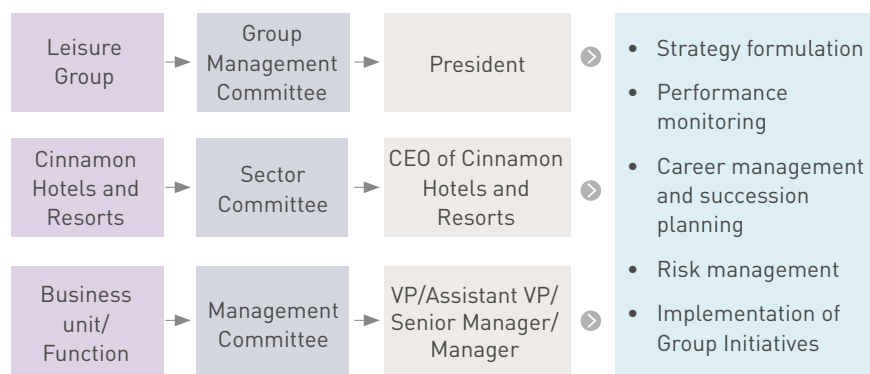
### Group Operating Committee (GOC)

The Group Operating Committee (GOC) included the Chairperson-CEO of JKH, Deputy Chairperson/Group Finance

Director, Presidents and Executive Vice Presidents of the Leisure Group, and functional heads from Centre Functions. The GOC meets monthly to share insights, identify synergies, and ensure alignment across the Group. The Company and the Hotels Group, under the Leisure Group of JKH, are regularly reviewed at these meetings, focusing on performance, strategy, and operational alignment, highlighting their central role in group governance.

## Other Management Committees

At the Leisure Group, governance is managed through three key committees: the Group Management Committee, the Sector Committee, and the Management Committee. Each committee operates at different levels—Group, sector, and business unit—promoting accountability and ownership at the operational level through structured teams and clear objectives. The agendas of these committees are aligned to facilitate effective and non-duplicative communication, ensuring smooth flows of information both from the top down and from the bottom up. Regular meetings focus on the Company and the Hotels Group, which fall under the Leisure Group of JKH. These meetings involve ongoing reviews of performance, strategic direction, and operational execution, reinforcing the Company and Hotels Group's crucial role in overall governance. Below is an illustration of the structure of the three committees.



## Employee Empowerment

The Company and the Hotels Group align their human capital practices with the overarching governance framework of the JK Group, ensuring robust policies, processes, and systems are in place to recruit, develop, and retain talent effectively. These practices are grounded in the JK Group's updated and refined competency framework, ensuring consistency and relevance to current business needs.

To support this framework, the Group strengthened the following governance-driven practices:

- Senior leadership is required to engage employees at all levels in goal-setting, strategy, and planning processes.

- Clearly defined decision rights at each employment level promote ownership, reduce bureaucracy, and accelerate decision-making.
- A bottom-up approach is adopted in developing annual and long-term plans, encouraging employee involvement and empowerment.
- Organisational and committee structures are designed for high accessibility across all levels of management.
- Open, transparent, and constructive communication is actively encouraged, with an emphasis on the value of healthy debate for sound decision-making.

Further, all employees are required to avoid conflicts of interest and in the event of any potential conflict of interest,



# CORPORATE GOVERNANCE

to disclose the same to their supervisors and where relevant to withdraw themselves from the conflicting circumstance.

In line with JKH's ethical standards, the Hotels Group prioritises a safe, secure and conducive environment for all its employees, allows freedom of association and collective bargaining, prohibits child labour, forced or compulsory labour and any discrimination based on gender, race, religion, gender identity or sexual orientation, and promotes workplaces which are free from physical, verbal or sexual harassment.

## INTEGRATED GOVERNANCE SYSTEMS AND PROCEDURES

Below are the primary governance systems and procedures of the JKH Group, which the Company and the Hotels Group have adopted. These systems and procedures enhance the company's Internal Governance Structure and are benchmarked against industry best practices.

- Strategy formulation and decision-making process
- Human resource governance
- Integrated risk management
- IT governance
- Tax governance
- Sustainability Governance
- Stakeholder management and effective communication

## STRATEGY FORMULATION AND DECISION-MAKING PROCESSES

### Strategy Mapping

Strategy mapping exercises, concentrating on each business's short, medium, and long-term aspirations, are conducted annually and reviewed, at minimum, quarterly/ half-yearly or as and when a situation demands.

This exercise entails the following key aspects, among others.

1. Progress and deviation report of the strategies formed.
2. Competitor analysis and competitive positioning.

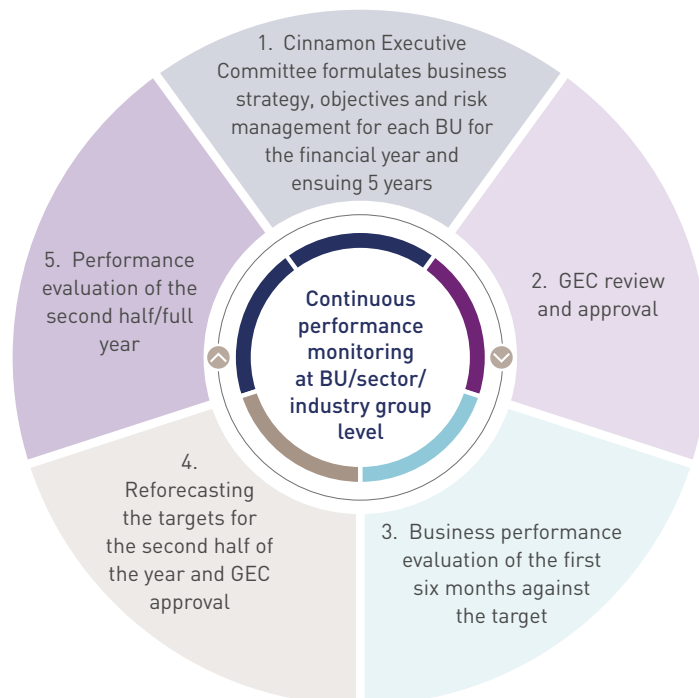
3. Analysis of key risks and opportunities.
4. Management of stakeholders such as suppliers and customers.
5. Value enhancement through initiatives centred on the various forms of capital under an integrated reporting framework.
6. Review of ESG Considerations
7. Digitisation and IT Strategy

The strategies of the various business units operating in diverse industries and markets will always revolve around the JKH group strategy while considering their domain-specific factors. The prime focus is always to enhance value for all stakeholders. The Group's investment appraisal methodology and decision-making process ensure the involvement of all key stakeholders relevant to evaluating the decision.

In this manner:

- A broad range of views, opinions and advice is obtained before making an investment decision.
- A holistic view is taken of any project's commercial viability and potential, including its operational, financial, funding, legal, risk, sustainability, and tax implications.
- Sensitivity and scenario analyses are conducted to understand the macroeconomic environment impacts, especially during periods of volatility and uncertainty.
- All investment decisions are consensual, made through the afore-discussed management committee structure, where no single individual has unfettered decision-making powers over investment decisions.

The Chairperson of JKH is ultimately responsible and accountable for the investment decision. The following section further elaborates on the Company and the Hotels Group's strategy formulation and planning process.



## Medium-term Strategy

The ensuing section illustrates the comprehensive process each business follows in developing its medium-term business strategy.



and licensing authorities, financial institutions, possible partners, and worker representatives, as relevant and deemed necessary.

- Where the transaction involves the transfer or lease of land, title searches would be conducted for private and State land. In the case of state land, every action will be taken to ensure compliance with the relevant rules and regulations. As appropriate, written authority and approvals will be obtained.
- Any project which involves bidding on contracts and tenders, including those of local and foreign governments and related bodies, is executed in conformance with the JK Group's policy on bidding on contracts and tenders. It is noted that, while the Company currently has no contracts with any local and foreign Governments, the Company will disclose the same in its financial statements, in such an event.
- Where the project is a part of a privatisation, the entire process will be conducted in line with the directives of the relevant administrative authority as communicated through expressions of interest, request for proposals, pre-bid meetings, official approvals and correspondence.

Subsequent to the project satisfying the above-mentioned criteria, the final approval to proceed will be granted by the Board. Based on thresholds of the investment quantum, the Project Risk Assessment Committee, on behalf of the Board, will review and assess risks associated with such investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated. The aim of this intervention is to ensure alignment with the interests of various stakeholders and to recommend to the Board the necessary action required to mitigate risks that are identified in the course of evaluating a project in order to ensure that the JK

## Project Approval Process

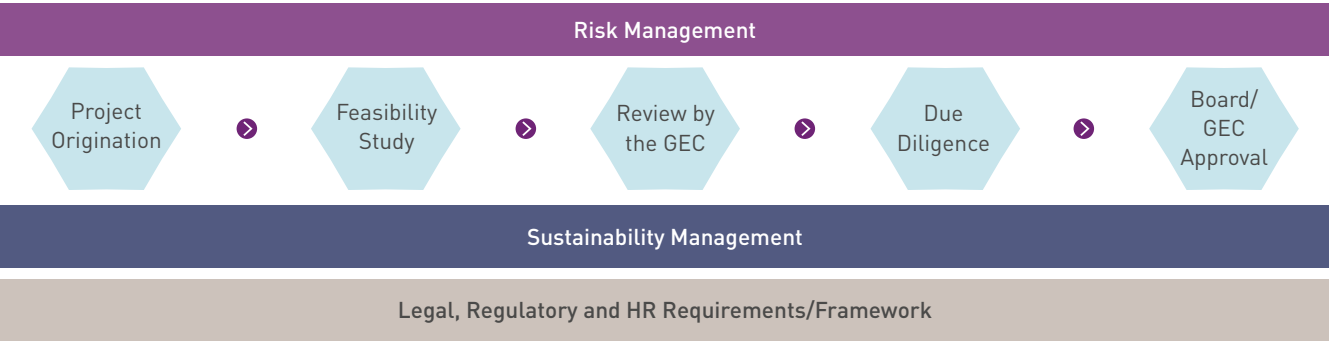
Projects undertaken at the JK Group follow a detailed feasibility report covering key business considerations under multiple scenarios within a framework of sustainability. The feasibility stage is not restricted to financial feasibility and encompasses a wider scope of work covering risk management, sustainable development, ESG, and HR considerations.

Based on the decision rights matrix, subsequent to review by the relevant leadership Committee of the feasibility report and post in principle approval, a multi-disciplined project team will proceed to the next phase of the project evaluation which will focus on detailed operational, commercial, financial and legal due diligence, including a deep dive into ESG impacts and risks. Discussions will also commence with regulatory

# CORPORATE GOVERNANCE

Group Risk Matrix captures those risks for monitoring and mitigation. When appropriate, the GEC is empowered to approve such proposals in terms of the delegated decision rights, with the Board being kept informed.

The aforementioned project appraisal framework flow is illustrated below:



## HUMAN RESOURCE GOVERNANCE

Our Human Capital governance framework is consistent with the policy framework of our parent entity, John Keells Holdings PLC and is aligned with industry best practice. It is built on the principles of trust, fairness and integrity and designed to create an equitable workplace where everyone can thrive. Our Code of Conduct clearly outlines the ethical expectations of our employees. Constant dialogue and facilitation are also maintained regarding issues ranging from work-related issues to matters of general interest that could affect employees and their families. The Company follow an open-door policy for its employees, and this is promoted at all levels of the Company.

The Human Resource Information System (HRIS) manages the entire employee lifecycle from onboarding to

performance management, succession planning, compensation, learning and development, and offboarding.

Our decentralised approach to HR has empowered our properties with greater autonomy and flexibility, enhancing engagement and increasing responsiveness to colleagues' needs. Moreover, through the integration of digital solutions, we continue to streamline processes and eliminate inefficiencies, enabling greater engagement. Key implementations in 2024/25 include:

- Application Tracking System (ATS) - To support efficiency and transparency in recruitment.
- Digital onboarding and offboarding - Streamlining processes for onboarding and exits.

- Automated documentation - Automation of letters, forms, agreements and approvals.
- Digitalised personnel files - Streamlines workforce management.
- HR Audit efficiency and automation - Improving compliance while reducing manual work.

During the year under review, the following policies were introduced/ updated across Cinnamon Hotels & Resorts, which are applicable to all employees in the company.

### New Policies Introduced in 2024/25

- Reward and recognition policy
- Policy on HR audits

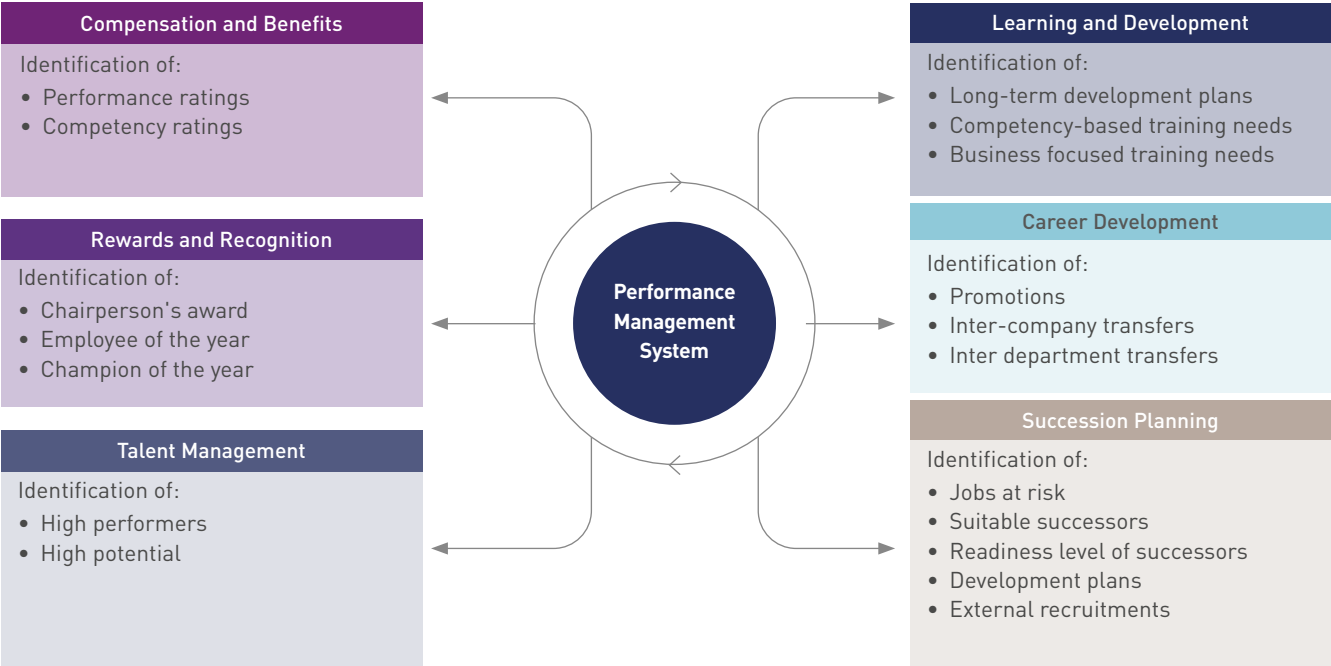
### Updated Policies in 2024/25

- Bereavement support policy
- Gift and entertainment policy
- Employment contract and confirmation policy

- Transfer policy
- Learning and development policy
- Exit interview policy

Performance Management

The Performance Management System, as illustrated below, supports human resource management processes such as learning and development, career development, succession planning, talent management, rewards/ recognition and compensation/benefits.



Whilst the employees are appraised for their performance, equal emphasis is placed on how well they embody our Values.

Living our Values - Introduction of the Hall of Greatness

The Company invests significant resources to align its corporate culture with its core values of Greatness, Trust, Compassion, Agility, Curiosity, Wellbeing and Inclusivity. During the year under review, we integrated our core values into every colleague's job description, ensuring that these principles guide

daily decision-making and workplace behaviours. This was complemented by a property-level learning and development journey, reinforcing how our values translate into action across roles and teams. Through our 'Hall of Greatness' recognition initiative, we celebrate colleagues who embody our core values in their daily activities, reinforcing the behaviours that define our culture. This involves the recognition of

- Highflyer of the Month – Spotlighting individuals who make an exceptional impact each month.

- Highflyer of the Year – Honouring top-performing colleagues who have consistently excelled throughout the year.
- Leader of the Quarter – Recognising leaders who inspire, support, and drive success every quarter.
- Leader of the Year – Celebrating the leader who has made the most significant impact across the organisation.

# CORPORATE GOVERNANCE

## JKH Success Drivers

In 2023/24, the JK Group initiated a project to revamp its Competency Framework, which had been used for over a decade. This effort resulted in the creation of Success Drivers, a refreshed and more relevant set of competencies. These nine Success Drivers were developed through discussions and workshops involving various internal and external stakeholders at various levels.

In 2024/25, the JK Group introduced sector-specific awareness sessions and digital learning initiatives to enhance understanding and encourage the adoption of these Success Drivers within teams. As a result, Cinnamon Hotels & Resorts adopted six Success Drivers to be implemented across the organisation. Furthermore, Success Drivers are set to become a key part of the performance management process in 2024/25. Employees will be evaluated based on these competencies, with opportunities for development identified as part of the process.



### 1. INCLUSIVE LEADERSHIP

- Inclusivity & diversity
- Collaboration & open communication
- Compassion & empathy
- Coaching & mentoring
- Upholding values



### 2. CONNECTING THE DOTS

- Big picture perspective
- Multidisciplinary approach
- Critical thinking
- Value driven approach



### 3. BEING AGILE

- Adapting to change
- Thriving in uncertainty
- Bouncing back from adversities
- Rapid experimentation approach
- Solution-oriented growth mindset



### 4. RELENTLESS EXECUTION

- Action orientation
- Prioritisation
- Effective time management
- Focus & commitment



### 5. STORYTELLING

- Impactful communication
- Inspiring people
- Creative ways of engagement
- Active listening



### 6. 360 STAKEHOLDER COMMITMENT

- Passion for all stakeholders
- Building synergies
- Trust & credibility
- Commitment to financial outcomes + ESG

## The Hotels Group's Compensation Policy is as follows:

### Performance Management

'Pay for performance'

Greater prominence is given to the incentive component of the total target compensation.

### Satisfaction

'More than just a workplace'

Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

### Compensation Policy

- Compensation comprises of fixed (base) payments, short-term incentives and long-term incentives.
- Higher the authority levels within the Group, higher the incentive component as a percentage of total pay.
- Greater the decision influencing capability of a role, higher the weight given to organisational performance as opposed to individual performance.
- Long-term incentives are in the form of Employee Share Options and cash payments.

### Internal Equity

- Remuneration policy is built upon the premise of ensuring equal pay for equal roles.
- Manager and above level roles are banded using the Mercer methodology for job evaluation, on the basis of the relative worth of jobs.

### External Equity

- Fixed compensation is set at competitive levels using the median, 65<sup>th</sup> percentile and 75<sup>th</sup> percentile of the best comparator set of companies (from Sri Lanka and the region, as relevant) as a guide.
- Regular surveys are done to ensure that employees are not under/over compensated.



During the year a comprehensive designation levelling and salary band realignment exercise was carried out to align ourselves with bench-marked international players. This is in line with our policy of ensuring internal and external equity.

## Employee Share Option Plan

JKH Employee Share Option Plans are offered at defined career levels based on pre-determined criteria, which are uniformly applied across the eligible levels and performance levels. These long-term incentives have been significantly instrumental in inculcating a deep sense of ownership in the recipients and are seen to be a key driver of performance-driven rewards. Share options are awarded to individuals based on their immediate performance and the potential importance of their contribution to the Group's future plans.

JKH issues share options not exceeding a specified percentage of the total issued shares of JKH as at the date of awarding every such option, which is subject to, in principle, approval of the Exchange and shareholder approval by way of a Special Resolution at a General Meeting.

## INTEGRATED RISK MANAGEMENT

The Company and the Hotels Group's risk management programme focuses on wider sustainability development. It aims to identify, evaluate, and manage significant Group risks and stress test various risk scenarios, including a review of materiality. The programme ensures that the multitude of risks arising from the JK Group's diverse operations are effectively managed to create and preserve stakeholder wealth. The Company and the Hotels Group manage their enterprise risk, audit,

and incident management processes through an automated risk management platform that enables the maintenance of live, dynamic, and virtual risk registers linked to business goals and responsible personnel. Features such as timely alerts on action plans and escalation processes for risks where action plans are overdue ensure the maintenance of live risk grids.

Continuous steps taken towards promoting the Company and the Hotels Group's integrated risk management process are:

- Integrating and aligning activities and processes related to planning, policies/procedures, culture, competency, internal audit, financial management, monitoring and reporting with risk management.
- Support executives/managers in moving the organisation forward in a cohesive, integrated, and aligned manner to improve performance while operating effectively, efficiently, ethically, and legally within the established limits for risk taking. The risk management programmes have allowed greater visibility and understanding of risk appetites. Enabled by the automated risk management platform, key management personnel have virtual visibility of the relevant risks, while the Board has visibility of all Hotels Group risks.

The Board, GEC and Group Management Committee, and the Cinnamon Executive Committee oversee risk management across the Company and the hotels group to ensure that risks are brought within tolerance, managed and/or mitigated.

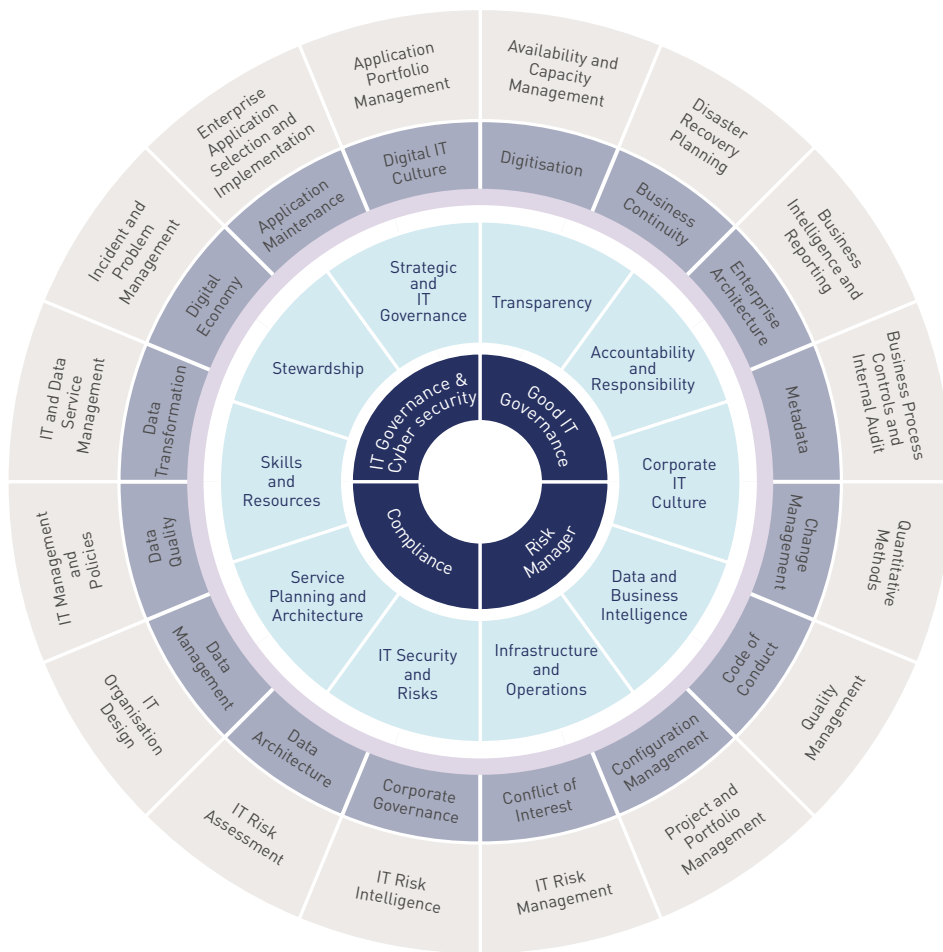
Please refer to the Risk Management Report on page 41 and the Notes section of the financial statements.

## Information Technology IT Governance

IT governance stewardship roles are governed through layered and nested committees, cascading from the GEC to the Group IT Steering Committee to the Group IT Operation Committee, with well-defined roles and responsibilities at the Group, industry group, and business unit levels.

The Group's IT governance framework focuses on five broader segments: strategic alignment, value delivery, performance management, risk management, and resource management. Additionally, the IT governance framework used within the JKH Group leverages best practices and industry-leading models such as CoBIT (Control Objectives for Information and Related Technology), ISO 35800, ISO27001, ISO 9001:2015, COSO(Committee of Sponsoring Organisations of the Treadway Commission)/BCP (Business Continuity Planning), ITIL (Information Technology Infrastructure Library), CMMI (Capability Maturity Model Integration), NIST (National Institute of Standards and Technology), FAIR (Factor Analysis of Information Risk), among others, in formulating a state-of-the-art framework for IT governance, risk and compliance management across the Group. The key focus areas of the governance framework are as follows:

# CORPORATE GOVERNANCE



The Group continually focuses on enhancing the IT governance framework in line with its business and IT strategies with a focused shift towards a zero-trust model built on a mobile-first, internet-first, cloud-first and AI-first strategy.

## Key Initiatives during the year:

- As part of John Keells Holdings PLC's ongoing digital transformation, the JK Group is transitioning to S/4HANA on the SAP 'Rise' cloud platform. This initiative aims to enhance operational efficiency, enable real-time decision-making, and improve agility, customer experience, innovation, and cost management. The integration of AI-driven analytics will provide deeper insights into customer behaviour, market trends, and operational performance, supporting data-driven decisions and personalised services. John Keells Hotels PLC and its subsidiaries are progressing in line with the Group's transformation roadmap.
- The phased implementation of a centralised Property Management System (PMS) for Sri Lankan Resort Properties commenced in May 2024 and continued through March 2025. This standardised system will strengthen data governance, ensure consistency, and enhance operational efficiency while enabling more accurate and reliable performance analytics.

## TAX GOVERNANCE

The tax governance framework and strategy adopted by the Company and the Hotels Group are based on key principles of compliance, transparency, and accountability. They recognise the Hotels Group's responsibility to meet its tax obligations in accordance with fiscal legislation while also maintaining value for other stakeholders, especially investors.

## Governance Structure

- Voluntary compliance and efficient tax management are key aspects of the Group's overall tax strategy.
- This is enabled through a decentralised tax structure where expertise is built at each industry group level. The Head of Tax of each industry group reports functionally to the Group Head of Tax, ensuring compliance and implementing the Group tax strategy across all businesses.

## Policy and Strategy

### Ensure:

- Integrity of all reported tax disclosures.
- Robust controls and processes to manage tax risk.
- Openness, honesty and transparency in all dealings.
- Presence of legitimate business transactions underpinning any tax planning or structuring decision/opportunity.
- Contribute to fiscal policy decisions constructively in the interest of all stakeholders.

### Role

- Implement and maintain strong compliance processes.

2. Analyse and disseminate business impact from change in tax legislation.
3. Provide clear, timely, and relevant business focused advice across all tax aspects.
4. Ensure the availability of strong and well-documented technical support for all tax positions.
5. Obtain independent/external opinions where the law is unclear or subject to interpretation.

### Review and Monitoring

1. Leverage digital platforms to support, record and report on tax compliance status across the Group.
2. Periodic updates to the Board of Directors on various tax matters (quarterly at minimum).

The Company's and the Hotels Group approach to tax governance is directly linked to the sustainability of business operations. The presence of a well-structured tax governance framework ensures the following:

- Ability to manage tax efficiently by reducing the tax burden on the Group within the ambit of applicable laws.
- Manage tax risks and implications on Group reputation through adequate policies, proactive communication and defence.
- Facilitate healthy relationships amongst stakeholders, Government and tax authorities.
- Ensuring the integrity of reported numbers and timely compliance.

### SUSTAINABILITY GOVERNANCE

The Hotels Group remains steadfast in its commitment to being responsible and conducting operations in a sustainable manner whilst focusing on environmental, social and governance aspects. Sustainable practices remain a strategic priority of the Hotels Group and this is ensured through embedding into day-to-day operations.

### Approach

The Company and the Hotels Group adopted the JK Group's approach to sustainability. The Board firmly embeds sustainability concerns within the Hotels Group's strategic planning process, with companies striving to optimise performance from a triple-bottom-line lens. Internal and External Sustainability Assurance and Standard Operating Procedures are in place to review the effectiveness of the procedures embodied by the Group on a needs basis.

The Hotels Group has a sound sustainability integration process, management framework, and sustainability organisational structure through which sustainable practices are embedded in its operations.

With the introduction of the JK Group's Environmental, Social, and Governance (ESG) ambitions, a governance framework has been implemented to ensure accountability. This structure will enable top-down undertaking of material aspects at JK Group and Sector levels, including the Hotels Group, and assign accountability as well as further contribution.

### Sustainability Integration Process



The JK Group's well-established sustainability integration processes and its sustainability management framework works alongside other key functions and management systems such as human resources, health and safety and product responsibility processes, as well as risk management, internal audit, legal and statutory compliance and corporate

social responsibility initiatives. The Sustainability Management Framework is updated on a continuous basis to incorporate changing requirements and updates to the global sustainability landscape.

Environmental issues such as, climate change, resource scarcity and environmental pollution, social issues such as, the Group's labour practices,

# CORPORATE GOVERNANCE

talent management, product safety and data security, and Governance aspects such as, Board diversity, executive pay and business ethics are given significant emphasis within the Group and are periodically reviewed at a GEC and Board level.

JK Group's effort towards ESG initiatives during the year:

- Outlined a comprehensive roadmap to achieve Environmental, Social, and Governance (ESG) ambitions, focusing on short, medium, and long-term goals across various dimensions.

- A governance framework was established to drive ambitions, with senior leadership appointed as ambition heads and champions from across the group to spearhead ambitions at a group level.
- Cross cutting steering committees are formed to drive Group ambitions and align the sectors in achieving them.
- Developed and updated Group policies to support ambitions.

In the social domain, health and safety targets aim for zero preventable injuries across all businesses in the medium term, with all businesses achieving Occupational Health and Safety (OHS) accreditation in the long term. Diversity and equal opportunity initiatives include increasing female workforce representation to 40% by 2030, ensuring workplace accessibility as a mid term target, and committing leadership to the Champions of Change pledge. Medium-term objectives include achieving 30% women in leadership positions and enhancing accessible communication for all. Long-term goals target gender parity and establishing a specific representation target for persons with disabilities (PWDs).

Under community empowerment, the JK Group's short-term objectives involve enhancing skills, increasing market access, and implementing activities to promote social health in the medium term. For stakeholder management, the JK Group is committed to enhancing the sustainability of its supply chain. These goals demonstrate the JK Group's commitment to fostering a sustainable, inclusive, and equitable future through deliberate and phased ESG strategies.

Cinnamon Hotels & Resorts has formulated its 2030 Goals in alignment with the long-term strategic objectives of the John Keells Group, ensuring a cohesive approach to sustainable growth and value creation.

## ESG Focus Areas and Governance Structure

Environment	Social
GHG Emissions and Energy Management	Health & Safety
Water Stewardship	Diversity and Equal Opportunity
Waste/Packaging	Stakeholder Management (Customers/ Suppliers/ Regulators)
Biodiversity*	Community Empowerment*
 <b>Governance</b>	Risk Management
	Business Conduct and Ethics
	Corporate Governance and Compliance
Group's ESG focus areas * These ambitions are also focus areas for the John Keells Foundation. Efforts through JKF will also contribute towards the achievement of ambitions set under these pillars.	

The JK Group has outlined a comprehensive roadmap to achieve Environmental, Social, and Governance (ESG) ambitions, focusing on short, medium, and long-term goals across various dimensions. On the environmental front, the JK Group aims to achieve net-zero greenhouse gas (GHG) emissions, reflecting its commitment to energy management. For waste management and packaging, the medium-term targets include using

100% recyclable plastics, eliminating 50% of internally consumed plastics, achieving zero waste to landfill, and becoming plastic-neutral. Looking further ahead, the JK Group aspires to become plastic-positive. Under water stewardship, medium term goals include reducing water consumption per revenue earned, with group-wide targets to be determined, while the long-term vision is to achieve water neutrality and water positivity.





# CORPORATE GOVERNANCE

The JK Group's ESG framework is an amalgamation of the various frameworks within the JK Group, and, through this, the JK Group endeavours to ensure sustainable value creation for all stakeholders and mitigate any adverse impacts of JK Group businesses on the environment, economy and society. As such, the ESG disclosures across the Report are captured through the following frameworks



The JK Group firmly embeds sustainability concerns within the JK Group's strategic planning process, with companies striving to optimise performance from a triple bottom line lens. All business units are required to identify non-financial risks and material impacts and include strategies to address these through sustainability initiatives and projects. Business and individual objectives are therefore aligned with overall sustainability goals, resulting in an entrenched focus on sustainability.

The SMF extends beyond JK Group boundaries, also focusing on the JK Group's value chain with the purpose of benefiting suppliers and their own dependent supply chains. Through its Supplier Code of Conduct, annual assessment of supply chain partners and ongoing awareness and engagement through Supplier Fora, the JK Group hopes to have a positive impact on key external stakeholders.

## Sustainability Organisation Structure

### Group Executive Committee

Responsible for formulating and steering the JK Group's overall Sustainability strategy.

### Sustainability, Enterprise Risk Management and Group Initiatives Division

Operationalises the Sustainability Management Framework (SMF) and carries out Group-wide processes, including identification of stakeholder and material issues, stakeholder engagements, risk assessments, JK Group-wide awareness campaigns and overall review and monitoring of the SMF.

### Business Units

Each business unit under Hotels Group is responsible for their sustainability performance, operating under the umbrella of the JK Group's SMF. Sustainability Champions under the leadership of their respective Heads of Business/ Sector Heads, and working closely with the central sustainability division, have responsibility for implementing sustainability initiatives and management of performance of their individual businesses.

## Sustainability Disclosures

The Company utilises its Annual Integrated Report, JKH corporate website, and Cinnamon Hotels and Resorts Brand site to address stakeholder concerns and outline its sustainability strategy. This includes materiality assessments and management policies and processes. The measurement techniques, calculation methodologies, assumptions, and estimations used in compiling the sustainability indicators presented in this report adhere to standard industry practices and the GRI Standards. Detailed information regarding these techniques and methodologies can be found in the relevant Management Approach Disclosures section within each of the Sustainability Report sections of the Annual Report. Additionally, specific information and disclosures required by the GRI Standards can be accessed through the GRI content index. Figures and statements have been rearranged as necessary to align with the current year's presentation, including any restatements and comparisons to the previous year.

## STAKEHOLDER MANAGEMENT AND EFFECTIVE COMMUNICATION

Stakeholders play a crucial role in the Company and the Hotels Group, contributing labour, capital, and market demand. The Company is committed to transparently communicating its ambitions to its diverse stakeholder groups and actively seeks their input to refine its initiatives. With well-defined objectives aligned with its sustainability and business goals and targets, the Company prioritises the achievement of these commitments across the short, medium, and long term.

### Engagement of Significant Stakeholders



Recognising the broad impact of its operations, the Company and Hotels Group actively engage with a wide range of stakeholders across different industries, communities, and regions.

Internally, the Company and Hotels Group's stakeholders include business units and employees. Externally, they engage with shareholders, investors, lenders, customers, suppliers, business partners, government bodies, regulators, industry peers, advocacy groups, media, and the wider community. Through ongoing dialogue and collaboration, the Company and Hotels Group strive to integrate diverse perspectives into its sustainability efforts.

The stakeholder engagement approach is detailed in "Engaging with our stakeholders" on page 38.

### Policy on Corporate Disclosures and Relations with Shareholders and Investors

This policy ensure that required information, other than confidential business information, is disclosed to the public, investors, employees, customers, creditors and other relevant stakeholders in a timely, accurate, complete, understandable, convenient and affordable manner, in compliance with the Group's governing framework and listing regulations of the Colombo Stock Exchange (CSE). The policy covers matters related to shareholders and investors of the Group such as disclosures of material information, financial information, Annual Reports, press releases and website management.

Corporate disclosures and relations with shareholders and investors are mainly centrally managed at John Keells Holdings PLC, on behalf of the Group companies.

This Policy is governed by the Company's Board of Directors and is periodically reviewed by the Board to ensure alignment with evolving regulatory changes, best practices and the strategic interests of the Group and its stakeholders.

A mechanism is in place under the policy for keeping Directors aware of major issues and concerns of shareholders.

### Communication with Shareholders

The Company encourages effective communication with shareholders who are engaged through multiple channels of communication, including the AGM, EGM, Annual Report, Interim Financial Statements, press releases, social media platforms and announcements to the CSE. The Board recognises its responsibility to present a balanced and understandable assessment of the Company's financial position, performance and prospects and is committed to fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided so as not to create a false market.

Shareholders may also, at any time, direct queries and concerns to Directors or Management of the Company through the Company Secretaries—Keells Consultants (Pvt) Ltd. The Company Secretaries maintain a record of all correspondence received and keep the Board apprised of issues raised by the shareholders to ensure that they are addressed appropriately. Matters raised in writing are responded to in writing directly by the Company Secretaries as relevant.

Engagement Mechanism	Frequency
Annual Reports and AGMs	Annually
Extraordinary General Meetings	As required
Interim financial statements	Quarterly
JKH Investor Relations Webinar	Quarterly
JKH Investor presentations	As required, quarterly at a minimum
Transcript of the JKH Investor Relations Webinar	Quarterly
Press releases	As required
Announcements to CSE	As required
One-to-one discussions	As required
Investors' section in the Corporate website	Continuous
Feedback surveys	As required

# CORPORATE GOVERNANCE

## Investor Relations

The JK Group's Investor Relations team actively dialogues with shareholders, potential investors, investment banks, analysts, and other interested parties to ensure effective investor communication.

- The Investor Relations team has regular discussions with shareholders, as and when applicable, to disseminate highlights of the JK Group's performance and obtain constructive feedback.
- The online quarterly investor forums allow stakeholders to directly engage with the JK Group's Chairperson-CEO and the Deputy Chairperson/Group Finance Director. The recording and the transcript of the investor forum are made available on the corporate website for reference by all stakeholders/shareholders.
- Quarterly Investor Presentations, which include an update on the latest financial results, are made available on the corporate website, to provide easier access and in-depth detail of the operational performance of the Group.
- Annual Investor Presentations, detailing an overview of the JK Group and industry groups with financial and non-financial performance indicators, are made available on the corporate website to provide easier access and in-depth detail of the overall Group.
- Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Group by contacting the Investor Relations team, Secretaries or the Chairperson. However, individual shareholders are encouraged to carry out adequate analysis or seek independent advice on their investing, holding or divesting decisions at all times.

## Release of Information to the Public and CSE

The Board of Directors, in conjunction with the Audit Committee, where applicable, is responsible for ensuring the accuracy and timeliness of published information and for presenting a true and fair view, and a balanced assessment of results in the quarterly and annual financial statements. Accordingly, the Company has reported a true and fair view of its financial position and performance for the year ended 31 March 2025 and at the end of each quarter of the financial year 2024/25.

All other material and price-sensitive information about the Company is promptly communicated to the CSE and released to employees, the press, and shareholders.

The Company focuses on open communication and fair disclosure, emphasising the integrity, timeliness, and relevance of the information provided. It ensures that information is communicated accurately and in a manner that will avoid the creation or continuation of a false market.

## Constructive use of the Annual General Meeting (AGM)

The AGM is the primary mechanism for the Board to interact with and account to shareholders, and allows shareholders' views to be heard. At the AGM, the Board provides an update to shareholders on the Company's performance, and shareholders may ask questions to clarify matters prior to voting on resolutions. It is the key forum for shareholders to engage in decision-making matters reserved for them, including proposals to adopt the Annual Report and Accounts, appointing Directors and Auditors and other matters requiring special resolutions as defined in the Articles of Association or the Companies Act. The Chairperson ensures that the Chairperson of the Audit Committee, Board members and members of other Board Committees,

key management personnel, and External Auditors are present to respond to queries the shareholders may raise.

The Company makes use of the AGM constructively towards enhancing relationships with the shareholders, and towards this end, the following procedures are followed:

- Notice of the AGM and related documents are made available to the shareholders along with the Annual Report no later than 15 working days before the AGM.
- A summary of procedures governing voting at the AGM is communicated.
- The Board ensures that the external auditors are present at the AGM.
- Most Executive and Non-Executive Directors are made available to answer queries.
- The Chairperson ensures that the relevant senior managers are also available at the AGM to answer specific queries.
- Separate resolutions are proposed for each item that is required to be voted on.
- Proxy votes are counted for, against, and withheld (abstained).
- The AGM for the year was held virtually, complying to the guidelines issued by the CSE.

## Serious Loss of Capital

In the rare circumstance that the Company's net assets fall below half of its stated capital, shareholders will be notified, and the requisite resolutions outlining the proposed way forward will be passed.

## Extraordinary General Meetings, including Shareholder Approval through Special Resolution

The Company will seek shareholder approval, either via special or ordinary resolution as permitted under applicable law and the Company's

articles of associations, when transactions and events that are material in the Group and Company's context occur or are undertaken in line with all applicable rules and regulations.

During the year under review, an amendment to the Articles of Association was done through passing a special resolution in an extraordinary general meeting, to facilitate the revised rules on Alternative Directors.

## ASSURANCE MECHANISM

The Assurance Mechanisms comprise the various supervisory, monitoring and benchmarking elements of the Company and the Hotels Group Governance System, which are used to measure 'actuals' against 'plan' with a view to highlighting deviations, signalling the need for quick corrective action, and quick redress when necessary. These mechanisms also act as 'safety nets' and internal checks in the Governance system. The Company and the Hotels Group also conduct internal and external audits periodically, at a minimum annually. As outlined in the ensuing sections, the Company and the Hotels Group have various mechanisms for escalated concerns at a Board or GEC level. Other than matters on significant transactions linked to the operations of the Company and the Hotels, there were no critical concerns which have a material adverse effect on the Company and the Hotels that were raised during the year

## Code of Business Conduct & Ethics

### JKH Code of Conduct

- Allegiance to the Company and the Group, that ensures the Group will do the right thing, by going further than the letter of any contract, the law and the Group's written policies.
- Compliance with rules and regulations applying in the territories that the Group operates in.
- Conduct all businesses in an ethical manner at all times in keeping with acceptable business practices and demonstrate respect for the communities the Group operates in and the natural environment.
- Exercise of professionalism and integrity in all business and public personal transactions.

The Company and the Hotels Group adhere to the JKH Group Code of Conduct, which reflects a unified set of corporate values and governs all employees, including Directors. Established by the Board, these guidelines promote cohesive growth, ethical behaviour, and legal compliance. The Code is actively communicated across all levels to reinforce awareness and sustain stakeholder trust.

The Code of Conduct also entails conformance to all Group policies, and includes, amongst many others, policies on gifts, entertainment, facilitation payments, and proprietary and confidential information. Policies on anti-fraud, anti-corruption and anti-money laundering and countering the financing of terrorism and JKH's Code of Conduct, amongst other policies, also encompass:

- anti-bribery controls to prevent payments and contributions being made with the aim of obtaining an improper business benefit from any party, including, but not limited to, clients, service providers, customers, business associates and political parties; and

### JK Group's ethical business practices, adopted by the Company and the Hotels Group;

- Seeks to ensure that ethical business practices are adhered to from the most senior to the most junior employee, including the Board of Directors. All Group companies have established procedures and processes to prevent and reduce corruption and bribery. Each business unit is expected to assess the risk of corruption as part of its risk management process and implement mitigation measures. Transparent control and prevention mechanisms extend this expectation to the entire value chain, including customers, suppliers, and business partners. The Group analyses all its business units and functions, incorporating the risk of corruption into its risk management process. Additionally, the Group maintains a zero-tolerance policy towards bribery and corruption.
- Implements stringent checks during the recruitment process to ensure compliance with minimum age requirements.
- Ensures that all businesses are educated on potential sources of forced and compulsory labour.
- Is committed to upholding the universal human rights of all its stakeholders.
- Is an equal opportunity employer and has a zero-tolerance policy against physical or verbal harassment based on gender identity, race, religion, nationality, age, social origin, disability, sexual orientation, political affiliations, or opinion

# CORPORATE GOVERNANCE

- **Controls on gifting and favours**

The giving or accepting gifts or favours in whatsoever form, including from clients, service providers, customers, business associates and political parties and any other stakeholder we engage with in the course of carrying out duties in our professional capacity, is prohibited if it was possible on the part of a 'reasonable person' to conclude that the giving/ acceptance of such gifts or favours could directly or indirectly affect one's independence in decision making and conduct as an employee and/or if others could see it as a consideration for an official or business favour. The 'reasonable person' test should also be applied regarding charitable donations and sponsorships (financial or in-kind).

If a gift or benefit with a threshold above USD 50 per gift is given or received based on business exigencies, it is monitored to ensure conformance with the Group's policies, including policies on gifts and entertainment. Such exceptions must be reported to the respective Finance Head of the business [Chief Financial Officer or Sector Financial Controller], where they are collated and monitored centrally.

## NO GIFT

Our Stakeholders are kindly requested to refrain from giving gifts to our personnel for all occasions, as part of our commitment to good corporate governance

The Code of Conduct and all JK Group policies apply to all employees and Directors. These policies are approved at the Board level and made accessible in Sinhala, Tamil, and English. The Company Leadership, both the Board of Directors and the Group Executive Committee, spearheads the implementation of the Code.

During the year under review, the JK Group continued to strengthen its internal policy framework in line with best practices and the revised CSE Listing Rules. This included reviewing the interdependencies among its policies, revamping existing policies, and formalising processes already in place through the introduction of overarching policies for these processes. As part of this effort, the JK Group's Code of Conduct is currently being revamped to consolidate all employee expectations into a single, more informative, and comprehensive policy document.

A strong set of values, institutionalised at all levels within the group through structured communication, strongly affirms the objectives of the Code of Conduct. The degree of employee conformance with Values and their degree of adherence to the JKH Code of Conduct are key elements of the reward and recognition schemes.

The Code is underpinned by strong Group Values, communicated across all levels, and embedded in performance and reward systems. The chairperson-CEO and senior leadership consistently reinforce these values in employee and stakeholder engagements to embed them deeply within the organisation's culture.

### Board Sub-Committees

In addition to the Company Audit Committee, Nominations and Governance Committee, Human Resources and Compensation Committee and the Related Party Transactions Review Committee, the parent company, JKH PLC's Board Sub-Committee play an important supervisory and monitoring role by focusing on the designated area of responsibility passed to it by the Board. For more information refer Board Sub-Committee section page 148 of this Commentary.

### Chairperson Direct

JKH has a formal mechanism in place that enables both shareholders and employees to directly communicate with the Chairperson regarding any critical grievances or concerns. This platform ensures transparency, accountability, and open dialogue, allowing stakeholders to voice their issues in a structured and confidential manner.

### Key Internal Policies

The Company and Hotels Group's policy framework is largely aligned to that of the JK Group and tailored to suit the specific requirements of the industry wherever relevant. Policies are reviewed and updated regularly to ensure relevance to internal dynamics and the external landscape.

Key internal policies:

- Policy on Conduct and Business Ethics
  - Code of Conduct, which also includes policies on gifts, entertainment, facilitation payments, proprietary and confidential information
- Policy on diversity, equity and inclusion, including a gender policy
- Policies on equal opportunities, non-discrimination, career management and promotions, including on employees with disabilities
- Information Technology (IT) policies and procedures, including data protection, classification and security
- Policy on communications and ethical advertising, complemented by social media and crisis communication guidelines
- Insider trading policy
- Supplier Code of Conduct
- Policy against sexual harassment



- Policy on Matters Relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance
- Policy on Nominations and Re-election
- Policy on Remuneration
- Policy on Relations with Shareholders and Investors
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on the Engagement of the External Auditor for Non-Audit Services
- Policy on Anti-Bribery, Anti-Corruption, Anti-Fraud, Anti-Money Laundering, Anti-Terrorism and Proliferation Financing and Sanctions.
- Leave (which also encompasses the equal parental leave), flexi-hours, tele-working and agile working policies including health and safety enhancements and protocols
- Enterprise Risk Management and Internal Controls Policy
- Policies on products and services
- Recruitment and selection, rewards and recognition, and learning and development policies
- Policies on whistleblowing (speak up policy), grievance handling and disciplinary procedures
- Policy on forced, compulsory child labour and child protection
- Group accounting procedures and policies
- Policies on fund management and foreign exchange risk mitigation
- Ombudsperson policy
- Environmental, Social and Governance (ESG) Policy

The JK Group's policy commitments are available to all employees of the Company and Hotels Group via the JK Group's employee portal. These policy commitments are approved by the Group Executive Committee with Board oversight. No material changes were done to the Group policies during the reporting period and all the policies were complied with and no waivers from compliance or exemptions for the internal code of conduct and business ethics were granted during the year under review. The Company is in the process of making available all applicable policies in the public domain as required by applicable laws, rules and regulations.

#### Key Initiatives During the Year

During the year under review, the JK Group revisited its internal policy universe to ensure adherence with the revised Listing Rules of the CSE. The key developments include:

- While the JK Group has a Code of Conduct applicable to all Employees, a Policy on the Code of Conduct was introduced to provide a structured framework to govern ethical business practices and professional behaviour.
- A Policy on Environmental, Social and Governance (ESG) was newly developed.
- A Policy on Relations with Shareholders and Investors was introduced, and while the JK Group already had relevant processes in places for the same, this Policy ensures alignment with the Listing Rules while incorporating existing governance measures.
- A Policy on Control and Management of Company Assets and Shareholder Investments was formalised to enhance transparency and accountability in the oversight of shareholder assets and investment decisions.

Corporate Governance Policy - <https://www.cinnamonhotels.com/investor-relations>

#### Ombudsperson

An Ombudsperson is available to report any complaints from employees about alleged violations of the published Code of Conduct if the complainant feels that the alleged violation has not been satisfactorily addressed by the internally available mechanisms.

Following an independent inquiry, the Ombudsperson's findings and recommendations are confidentially communicated to the Chairperson-CEO of JKH or the Senior Independent Director of JKH, upon which the Ombudsperson's involvement ceases.

On matters referred to him by the Ombudsperson, the Chairperson-CEO of JKH or the Senior Independent Director of JKH, as the case may be, will place before the Board:

- the decision and the recommendations;
- action taken based on the recommendations;
- where the Chairperson-CEO of JKH or the Senior Independent Director of JKH disagrees with any or all of the findings and recommendations thereon, the areas of disagreement and the reasons, therefore.

In situation (iii), the Board must consider the areas of disagreement and decide the way forward. The chairperson-CEO of JKH or the Senior Independent Director of JKH is expected to take the necessary steps to ensure that the complainant is not victimised in any manner for having invoked this process.

The current Ombudsperson is an attorney-at-law by profession.

There were no critical concerns communicated to the highest governance body during the reporting period.

# CORPORATE GOVERNANCE

## Mandate and Role

For purposes of easy reference, the Ombudsperson's mandate and role is set out below:

- (a) legal and ethical violations of the Code of Conduct for employees, but in an appellate capacity, when a satisfactory outcome using existing procedures and processes has not resulted or when the matter has been inadequately dealt with;
- (b) violations referred to above by individuals at the Executive Vice President, President and Executive Director levels, including that of the Chairperson-CEO of JKH, in which case the complainant has the option of either complaining to the Ombudsperson in the first instance, or first exhausting the internal remedies;
- (c) sexual harassment, in which event the complainant has the option of either complaining to the Ombudsperson in the first instance or first exhausting the internal remedies.

The mandate excludes disciplinary issues from the Ombudsperson's responsibilities. The right to take disciplinary action is vested exclusively in the Chairperson- CEO of JKH and those to whom this authority has been delegated.

No issues were raised by any member of the companies covered during the year under review.

## Ombudsperson

31 March 2025

## Whistle-blower Policy

The Company and the Hotels Group continued with its whistle-blower policy and securities trading policy. The Company and the Hotels Group has witnessed an increased level of communication from employees. Such communication and feedback received from the employees by the management are recorded, irrespective of the level of anonymity, and subsequently discussed and followed up. The respective outcomes are duly recorded. The JK Group's Whistle-blower Policy provides an effective mechanism for employees and other stakeholders to report any concerns regarding compliance and ethics. The Policy provides a transparent and confidential process that encourages reporting any such concerns. The Policy covers the reporting process, how such reports will be addressed and emphasises that those who make a report in good faith under the Policy will be protected from retaliation.

Key aspects of the Policy:

- Guidelines on the process through which concerns raised will be investigated and appropriate corrective/preventive action will be taken
- Designated persons to whom reports can be made.
- Management responses and steps taken
- Details of the internal inquiry process
- Maintaining confidentiality

The Whistleblower policy which was also established at CH&R serves as a vital framework to uphold ethical standards and protect colleagues who report unauthorised or unethical practices within the organisation. The anonymity and protection of the reporting employee is maintained and there is two-way communication with the management.

## Employee Participation in Assurance

Employee engagement is encouraged at all levels, and the Company and Hotels Group continue to work towards introducing innovative and effective ways of employee communication and employee awareness. Whilst employees have many opportunities to interact with senior management, the Company and Hotels Group has created the ensuing formal channels for such communication through feedback, without the risk of reprisal. The whistle-blower and securities trading policies remain in effect, supporting transparency. Further, any of the communication channels mentioned here are available to any of the employees of the Hotels Group through which employees can report suspected acts of corruption or breaches of anti-corruption policies. Such communication and feedback received from the employees by the management are recorded, irrespective of the level of anonymity, and subsequently discussed and followed up. The respective outcomes are duly recorded.

## Employee Communication Channels

- Skip level meetings
- Exit interviews
- 360- degree evaluation
- Employee surveys
- Quarterly staff meeting
- Chairperson-Direct
- Ombudsperson
- Access to Senior Independent Director
- Continuous reiteration and the practice of the "Open-Door" policy

## Internal Controls

The Board has taken necessary steps to ensure the integrity of the Company's accounting and financial reporting systems and that internal control systems remain robust and effective by periodically reviewing and monitoring such systems.

## Internal Compliance and System of Control

A quarterly self-certification programme requires the Leisure industry group's President, CEO, COO and CFO to confirm compliance with statutory and other regulatory procedures and identify any significant deviations from the expected norms. The compliance statement, which gets collated every quarter and tabled at the respective Audit Committee meeting, is subject to periodic review and, where applicable, revised to reflect and capture any material changes that drive the macro and micro-operating contexts for reporting and monitoring purposes.

The Board has taken steps to obtain assurance that systems designed to safeguard the Company's assets and provide management information are functioning according to expectations and proper accounting records are in place through the involvement of the Group Business Process Review function.

This also entails automated monitoring and workflow-based escalation to facilitate timely clearing of all transactional entries, including complete reconciliation, unreconciled and open entries being flagged and periodically scrutinised, and formal disclosure being made to the relevant Audit Committees, efficient management and tracking of cash and cheque deposits, in line with international best practice and continual streamlining and optimisation of the Internal Audit function via identification of focus areas, improvement opportunities and feedback reporting to reinforce governance and assurance.

The JK Group has in place two integrated frameworks, the 'Fraud Deterrent and Investigation Framework' and the 'Process Review Framework', that complement each other to strengthen the JK Group's effort to promote anti-fraud, anti-corruption and anti-bribery by proactively recognising the changing context and operating landscape. The integrated fraud deterrent and investigation framework, which enables an integrated platform for handling

all aspects of fraud and stakeholder assurance, reinforces uniformity across common processes in matters relating to fraud, employs a data-driven approach to the continuous assessment of control efficacy and assesses and deploys appropriate preventive and detective controls against fraud. The Integrated Process Review Framework provides an innovative approach to internal audits, which enables audits to be specific and highly focused on matters relevant to a business entity. Emphasis is placed on use cases and events stemming from the current business strategy, which must be facilitated by participating processes, systems, and personnel which form micro-value chains with special attention to the efficacy of control and its placement to ensure the integrity of transaction as each traverse through each micro-value chain, at the time of audit reviews.

The digital system for quarterly financial and operational information management implemented continues to perform as expected, facilitating data capturing for compliance reporting, providing a sustainable and structured mechanism to enable top-down and bottom-up stakeholder engagement, and tracking the progression of how the compliance posture at an entity level has evolved, among others. The Forensic Data Analytics platform feeds into 'Internal Audit Scoping' and continues to identify areas for process optimisation, strengthening controls and feedback reporting to reinforce governance (management) and assurance structures.

## Initiatives to Strengthen Internal Controls

- A Forensic Data Analytics platform was implemented for automated transaction outlier detection, to monitor key financial data such as Accounts Payable, Accounts Receivable, the General Ledger and other financial transactions. The system detects anomalies and routes alerts for timely management review, helping deter fraud and reinforce

internal controls. Alerts are classified as 'Useful' or 'Not Useful', with the latter undergoing independent internal audit review. This process includes a formal root-cause analysis and an evaluation of the efficacy of remedial measures. Findings and trends are regularly reviewed with governance bodies to drive continuous improvements. The platform uses machine learning and behavioural analytics to enhance risk mitigation, fraud detection, and regulatory compliance.

- The JK Group launched a pilot for an advanced, data-driven Integrated Risk Intelligence System to enhance financial governance, compliance oversight, and credit risk mitigation. The system uses behavioural analytics and machine learning to analyse customer payment patterns, generating actionable insights. Aligned with IFRS 9 guidelines, it supports informed decision-making, strengthens governance, and ensures regulatory compliance.
- The JK Group maintained a robust Business Continuity Management (BCM) framework; a process-driven approach designed to safeguard operational integrity, protect stakeholder interests, and align with globally recognised resilience standards such as ISO22301:2019 and DRI best practices. This framework integrates proactive risk mitigation, rigorous testing, and governance oversight to ensure continuity of critical functions during disruptions.
- To ensure compliance with the Personal Data Protection Act No. 09 of 2022 (PDPA), a Data Protection Officer (DPO) has been appointed within the Company and Hotels Group. The DPO is responsible for overseeing data protection practices within their respective entities and is supported by a Data Governance Steering Committee, which provides strategic guidance on data governance and personal data protection matters. External professionals have also been engaged to conduct comprehensive

# CORPORATE GOVERNANCE

analyses, which have helped to identify discrepancies and areas of improvement in the JK Group's data protection framework, leading to enhancements in technical, security, and organisational measures. Regular compliance reports are submitted to senior leadership, while the Audit Committee receives updates on emerging issues. The JK Group actively monitors regulatory developments and engages with the Data Protection Authority (DPA) to ensure adherence to evolving regulatory requirements.

## Segregation of Duties (SoD) under Sarbanes-Oxley (SOX)

The Company and the Hotels Group are well aware of the need to ensure that no individual has excessive system access to execute transactions across an entire or several business processes which have critical approval linkages in the context that increase in use of information technology and integrated financial

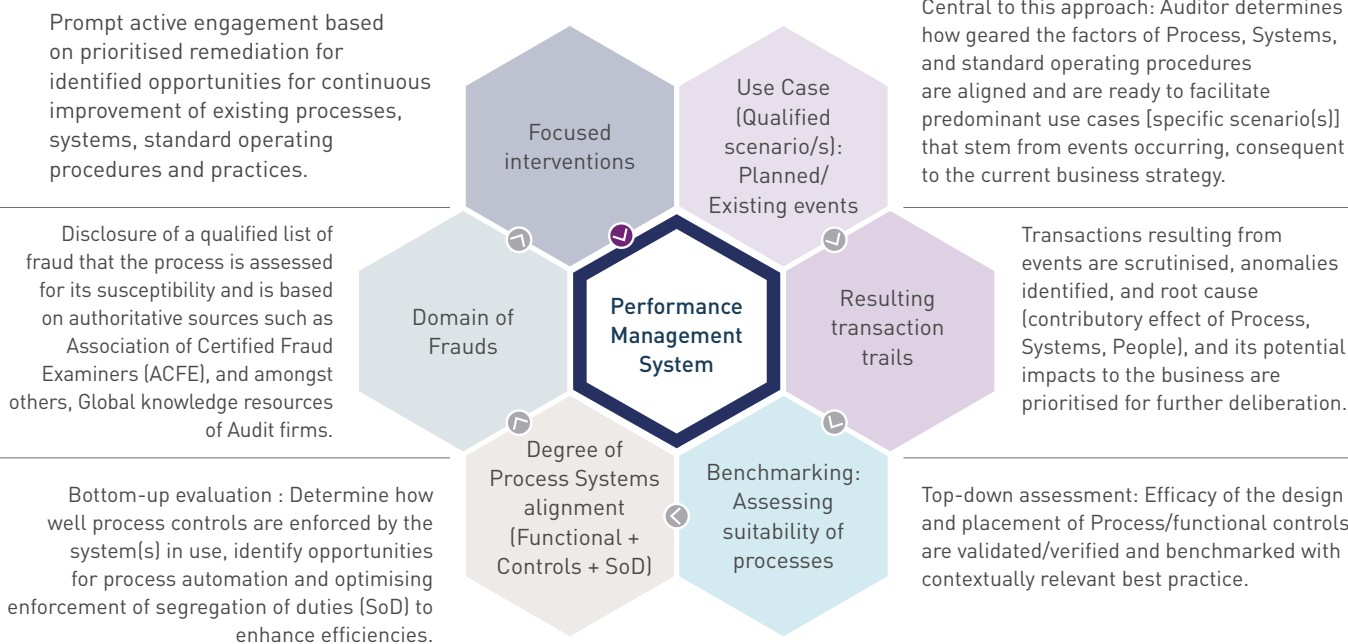
controls creates unintended exposures within the Company and the Hotels Group. SoD dictates that problems such as fraud, material misstatements and manipulation of financial statements have the potential to arise when the same individual is able to execute two or more conflicting, sensitive transactions. Separating disparate jobs into task-oriented roles can often result in inefficiencies and costs which do not meet the cost versus benefit criteria. Whilst the attainment of a zero SoD conflict state is utopian, the Company and the Hotels Group continue to take steps to identify and evaluate existing conflicts and reduce residual risks to an acceptable level under a cost versus benefit rationale. No material conflicts were reported during the year.

## Internal Audit

The internal audit process of the Company and the Hotels Group is conducted by outsourced parties at regular intervals, coordinated by the

Group Business Process Review function (GBPR) of the Group. GBPR ensures that the internal audit plan adequately covers the significant risks of the Company and the Hotels Group and reviews the important internal audit findings and follow-up procedures. Internal audit reports are first considered and discussed at the business/functional unit levels. These reports are forwarded to the Audit Committee on a regular basis. Further, the Audit Committees also regularly assess the effectiveness of the risk review process and internal control systems. Whilst there are merits and demerits associated with outsourcing an internal audit, the Company and the Hotels Group are of the view that having an externally based internal auditor is more advantageous. However, there are certain industries where the domain is very operationally specific and requires an internal auditor in addition to the external auditor.

## The new Internal Audit Approach: Continuous Emphasis on Context



## Forensic Data Analytics

The Company and the Hotels group use forensic data analytics to facilitate action towards investigating transactions that are distinct within its population. Based on well-established algorithms, it prompts attention to strengthen process and system controls to ensure the integrity of such transactions within its contextual domain.

A key success factor of this oversight mechanism is the use of advanced machine learning algorithms that are continuously sensitised to each business's operating circumstances. These algorithms trigger such transactions and remain relevant and insightful by increasing their utility and providing optimisation opportunities for Continuous Controls Monitoring (CCM) and active intervention.

The Company, the Hotels group, and the JKH Group piloted and implemented a series of new initiatives throughout the year to strengthen the effectiveness of the forensic data analytics platform and related capabilities to complement CCM and internal audit engagements.

## External Assurance

The External Auditor is appointed subject to the provisions of the Companies Act. The Audit Committee recommends to the Board the external auditor's appointment, re-appointment, or removal in accordance with professional and ethical standards and regulatory requirements. It monitors and reviews the External Auditor's independence, objectivity, and effectiveness in the audit process, considering relevant professional and regulatory requirements.

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

At the last AGM, the shareholders approved the reappointment of Messrs. Ernst & Young as the External Auditor for 2024/25 on the Board's recommendation.

The audit fees paid by the Company to its auditors are separately classified in the Notes to the Financial Statements of the Annual Report.

## GOVERNANCE OUTLOOK AND EMERGING CHALLENGES

A robust corporate governance framework is essential to ensure accountability, transparency, fairness, and sustainable value creation in an increasingly dynamic and volatile environment.

The Company and the Hotels Group remain committed to adopting governance best practices and continuously reviewing their preparedness to manage evolving challenges. Ongoing improvements in governance, alongside growing emphasis on environmental, social, and accountability standards, continue to shape the role of the Board—mitigating risks, building stakeholder trust, attracting investment, and supporting long-term growth.

The following section presents key areas of focus and challenges being addressed by the Company and the Hotels Group.

## Board Diversity

The Company recognises the importance of a diverse Board with the skills, values, and vision aligned to the JK Group's varied business interests. Diversity enhances Board perspectives, strengthens stakeholder engagement, and supports more responsive decision-making. The Company remains committed to attracting Directors from diverse demographics, experiences, and backgrounds, while upholding a strong culture of meritocracy.

## Board Independence

Board independence remains a key priority for stakeholders, regulators, and stock exchanges. The Company is committed to fostering independent decision-making and mitigating conflicts of interest through sound structures and nomination processes.

While criteria for defining Board independence vary across countries, evidence suggests that a combination of checks and balances, such as assurance mechanisms, comprehensive evaluations, and Independent Director-led engagements, can enhance governance without compromising corporate operations. To this end, the Company will continue to place emphasis on further augmenting the Board's independence whilst striking a balance with the JK Group's operating model, which addresses the complexities and intricacies of a diversified conglomerate setting.

## Anti-Fraud, Anti-Corruption and Anti-Bribery

The Company and the Hotels Group place the utmost importance on ethical practices in all its business operations and have promulgated a zero-tolerance policy towards bribery and corruption in all aspects of doing business and strive to maintain a culture of transparency and honesty in all its dealings with both internal and external stakeholders. The JKH Code of Conduct, anti-fraud, fraud prevention, anti-corruption, anti-bribery, anti-money laundering, counter-terrorist financing, gifting, audit and transparency policies, amongst many others, outline the principles to which the Company and the Hotels Group are committed in relation to preventing, reporting and managing unethical practices. Accordingly, all forms of fraud and corruption, including, but not limited to, theft, embezzlement, overriding controls, giving or receiving kickbacks, facilitation payments, bribery, allowing oneself to be placed in situations of conflict of interest and dishonesty in financial and non-



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financial statements is prohibited across the Company and the Hotels Group.

Furthermore, the JK Group continuously strengthens its Code of Conduct deviation monitoring and resolution process. The company and the hotels group reported one insignificant incident of fraud during the year. The amount in question has been recovered and necessary disciplinary action taken. There were no legal actions taken by the Company regarding anti-competitive behaviour, anti-trust and monopoly practices during 2024/25..

## Increasing Emphasis on Environmental, Social and Governance (ESG) Aspects

ESG-focused investing is gaining momentum globally as governments, funding agencies, and investors seek to minimise irresponsible corporate practices that harm the environment, infringe on human rights, and encourage corruption. Effective ESG policies are vital for attracting talent, retaining employee loyalty, and ensuring sustainable growth.

The Company and the Hotels Group believe that prioritising ESG fosters a comprehensive performance analysis, enabling a sustainable business model that benefits all stakeholders. Efforts include managing natural resources, reducing environmental impact, enhancing stakeholder well-being, and ensuring robust governance. ESG metrics are regularly reviewed during decision-making to stay ahead of developments and integrate ESG elements into strategy, operations, and reporting.

In collaboration with an international consultancy firm, JKH conducted detailed studies across industries to identify material ESG topics, benchmark performance against industry leaders, and engage stakeholders for insights. This resulted in the identification of key ESG priorities for each sector, including the Company and the Hotels Group.

Following the release of IFRS S1 and S2 standards by International Sustainability Standards Board (ISSB) and their localisation to SLFRS S1 and S2 by CA Sri Lanka, JKH is preparing for their implementation. A consultant-led gap analysis will guide integration, supported by dedicated teams at sector and Group levels. This initiative ensures readiness to meet the CSE's reporting requirements for 2025/26

## Continual Strengthening of Internal Controls

Augmenting transactional and financial internal controls with operational aspects, in line with international best practice, remains a medium-term priority for the Company and the Hotels Group. Continuous strengthening of internal controls through a structured process that optimises and facilitates process audit information, lifecycle management and related processes is expected to:

- Eliminate inefficiencies inherent in manual processes.
- Provide a platform based on process enforcement.
- Enable management follow-up based on centrally held data in a compliance repository.
- Analyse the movement of the compliance posture to identify trends, actions taken, effectiveness, and opportunities for process improvement.
- Strengthen the JK Group's ability to prevent and detect fraud.
- Leverage data analytics and technology to raise alerts.

## Digital Oversight and Cyber Security

Whilst the rapidly advancing nature of technology and the continual integration of the Hotels Group's operations with technological progress have enhanced and streamlined processes and controls across the Hotels Group and opened up opportunities, it has resulted in

increased vulnerability for the Hotels Group from a digital standpoint. As a result, the Board places significant emphasis on ensuring that the Hotels Group's soft and hard infrastructure is designed in a manner that is adequate to deal with and prevent potential breaches. Data protection and cybersecurity are regularly addressed during the Risk Management and Audit Committee meetings and periodically discussed at a Board level.

## Data Protection, Information Management and Adoption

The presence of continuously evolving IT infrastructure and platforms to meet day-to-day business requirements continues to augur well for the Hotels Group. Given the emergence of regulations such as the European Union General Data Protection Regulation (GDPR) and the Sri Lankan Personal Data Protection Act No. 9 of 2022, data security, integrity and information management have become pivotal. In addition, the Company and the Hotels Group's initiatives on advanced data analytics also necessitate an established governance framework to manage the data flow. To this end, the Hotels Group will continue strengthening its data governance structure to ensure ownership and accountability of clearly articulated data governance policies and processes and Hotels Group-wide data quality standards.

## Greater Employee Involvement in Governance

Whilst all necessary compliance and assurance frameworks are believed to be in place, the Company and the Hotels Group recognise the pivotal role played by employees in reinforcing an effective governance system across the JK Group. The Company and the Hotels Group will continue to encourage greater employee participation through:

- ongoing training and refreshers on the Code of Conduct and related governance policies, including non-discrimination, anti-corruption and anti-bribery.

- a further strengthened performance management process envisages continuous feedback and greater engagement via employee information systems.
- engagement and empowerment via greater delegation of authority.
- increased communication and collaboration.
- adoption of differentiated means of communication based on the demographical dynamics of employee segments.

### NEED FOR INCREASED TRANSPARENCY

Ensuring transparency is a continually evolving journey given progressing regulations, advancements in global best practice and complex stakeholder needs. Staying abreast of internally accepted best practice and continuously challenging the status quo is vital in this journey of being transparent. Additionally, transparency and accountability in reporting foster a foundation of trust with stakeholders which improves the credibility of the organisation, whilst also strengthening an organisation's legitimacy and reputation. Openly reporting on activities and challenges builds public trust and demonstrates a commitment to ethical practices. In today's information age, such aspects will aid organisations in differentiating themselves from a stakeholder's point of view, including attracting investment so long as the

information is relevant to the stakeholder and does not create information overload where the material information may lose the perspective and attention it warrants.

In an organisation's journey towards transparency, the Government and regulatory bodies also need to play a pivotal role in ensuring the required foundations and criteria for good governance are advocated and put in place. Hence, it is vital for the regulatory frameworks of the country to evolve as corporates cannot operate in isolation within the ecosystem. For instance, Transparency International, including its local counterpart, Transparency International Sri Lanka advocates for the disclosure of Ultimate Beneficial Owners (UBO) of corporates. However, collating information on ultimate beneficial owners of entities is not possible as a listed entity cannot compile this information in isolation since the country's regulations do not require this to be disclosed when purchasing shares in the Colombo Stock Exchange.

### COMPLIANCE SUMMARY

The Directors are conscious of their duty to comply with the laws, regulations, regulatory guidelines, internal controls, and approved policies in all areas of the Hotels group's business. The Board receives Compliance Statements from the President – Leisure, CEO Cinnamon Hotels and Resorts and the Chief Financial Officer confirming compliance with regulatory requirements each

quarter in accordance with its commitment to regulatory compliance. The Hotels Group is compliant with all relevant legal and statutory requirements. Any litigations currently pending, if any, have been disclosed under the Annual Report of the Board of Directors on page 200 of this Report.

John Keells Hotels PLC is fully compliant with all the mandatory rules and regulations stipulated by the following:

- Listing Rules of the CSE (effective as of 1 April 2024);
- Companies Act No.7 of 2007;
- Securities and Exchange Commission of Sri Lanka (SEC) Act No.19 of 2021, including rules, regulations, directives and circulars; and
- Code of Best Practices on Related Party Transactions (2013) advocated by the SEC

The Group has also given due consideration to the Best Practice on Corporate Governance (2023) Reporting guidelines set out by CA Sri Lanka and has, in all instances, barring a few, embraced such practices voluntarily, particularly if such practices have been identified as relevant and value-adding.

The Company and the Hotels Group are fully compliant with all the mandatory rules and regulations stipulated by the following:

## Appendix I- Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

### Mandatory Provisions - Fully Compliant

Rule	Complied	Reference (within the Report)
(i) Names of persons who, during the financial year, were Directors of the Entity	Yes	Board of Directors
(ii) Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	Management Discussion and Analysis
(iii) The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in Rs. or any other class of shares denominated in foreign currency, and the percentage of such shares held.	Yes	Investor Information

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Rule	Complied	Reference (within the Report)
(iii) The float-adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement	Yes	Investor Information
a) The public holding percentage in respect of non-voting Shares (where applicable)	N/A	
b) The public holding percentage in respect of Foreign Currency-denominated Shares	N/A	
(v) A statement of each Director's holding in each class of shares of the entity, denominated in Rs. and in foreign currency (as applicable).	Yes	Annual Report of the Board of Directors
(vi) Information pertaining to material foreseeable risk factors of the entity.	Yes	Risk Management
(vii) Details of material issues pertaining to employees and industrial relations of the entity.	Yes	Responsible Performances Report
(viii) Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Yes	Notes 21 and 23 to the Financial Statements
(ix) Number of shares representing the entity's stated capital.	Yes	Investor Information
(x) A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holdings.	Yes	Investor Information
(xi) Financial ratios and market price information.	Yes	Investor Information and Decade at a Glance
(xii) Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year.	Yes	Note 21 to the Financial Statements
(xiii) If during the financial year the entity has raised funds either through a public issue, rights issue or private placement:	N/A	Investor Information
a. a statement as to the manner in which the proceeds of such issue have been utilised		
b. if any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and		
c. any material change in the use of funds raised through an issue of Securities.		
(xiv) Information in respect of Employee Share Ownership or Stock Option Schemes.	Yes	Investor Information / Note 33 to the Financial Statements
(xv) Disclosures pertaining to Corporate Governance practices in terms of Rule 9 of the Listing Rules	Yes	Corporate Governance
(xvi) Related Party Transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the entity as per audited financial statements, whichever is lower	Yes	Note 42 to the Financial Statements
(xvii) Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds, Compliant Debt Securities and/or High Yield Corporate Debt Securities listed on the CSE	N/A	N/A
(xxii)		

## Appendix II—Statement of Compliance under Section 9 of the Listing Rules of the CSE on Corporate Governance,

### Mandatory Provisions - Fully Compliant

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.1 Corporate Governance Rules			
9.1.3	A statement confirming compliance with Corporate Governance Rules	Yes	The Company complies with the Corporate Governance Rules and has stated so within the Report, with any deviations explained where applicable.
9.2 Policies			
9.2.1	A specified set of policies to be maintained together with the details relating to the implementation of such policies is mentioned on the website	Yes	Corporate Governance - Key Internal Policies.
9.2.2	Disclosure of any waivers from compliance with the Internal Code of Business Conduct and Ethics or exemptions granted by the Company	Yes	
9.2.3 (i) (ii)	List of policies to be disclosed, along with any changes made to policies	Yes	
9.2.4	Policies to be made available on written request to shareholders	Yes	
9.3 Board Committees			
9.3.1 a/b/c/d	Minimum required Board Committees	Yes	The required Committees are maintained and are functioning effectively.
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	Yes	The Company complies with the requirements in respect of the Board Committees.
9.3.3	Chairperson of the Board to not serve as the Chairperson of the Board Committees referred to in 9.3.1	Yes	The Company complies with the requirements in respect of the Board Committees. Refer Board Sub-committee reports
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	Yes	The Company maintains all records and information regarding resolutions considered at General Meetings.
9.4.2 a/b/c/d	Communication and relations with shareholders and investors	Yes	Refer to Stakeholder management and effective communications under the Corporate Governance Report.
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	Yes	Corporate Governance - Composition of the Board
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	N/A	N/A

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CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.5.1 c	Require diversity in Board composition for Board effectiveness	Yes	Corporate Governance - Composition of the Board
9.5.1 d	The rationale and the maximum number of Directors	Yes	Corporate Governance - Composition of the Board
9.5.1 e	Frequency of Board meetings	Yes	Corporate Governance – Board Meetings
9.5.1 f	Establish mechanisms to keep Directors informed of Listing Rules and the Company's status of compliance/non-compliance	Yes	Corporate Governance - Induction and training for Directors
9.5.1 g	Minimum number of meetings (number and percentage) that a Director must attend	Yes	Corporate Governance – Board Meetings
9.5.1 h	Requirements relating to trading in securities of the Company and its listed group companies, including disclosure obligations	Yes	Corporate Governance - Maintaining Board Independence and Managing Conflicts of Interest
9.5.1 i	Maximum number of directorships that may be held by Directors in listed companies	Yes	Corporate Governance - Maintaining Board Independence and Managing Conflicts of Interest
9.5.1 j	Permit participation in Board and Committee meetings through audiovisual means, with such participation counting toward the quorum	Yes	Corporate Governance – Board Meetings
9.5.2	Confirmation of compliance with policy in the annual report, with reasons for non-compliance and proposed remedial action	Yes	Corporate Governance
<b>9.6 Chairperson and CEO</b>			
9.6.1	Requirement for a SID if the same individual holds the positions of Chairperson and CEO	N/A	N/A as the Chairperson is a NED and Chairperson and CEO roles are not combined.
9.6.2	Market announcement on the rationale behind the appointment of a SID	N/A	N/A
9.6.3 a-d	Requirement for a SID	N/A	N/A
9.6.3 E	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties	N/A	N/A
9.6.4	Rationale for the appointment of a SID is set out in the Annual Report	N/A	N/A
<b>9.7 Fitness of Directors and CEO</b>			
9.7.1	The company is to take the necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons in terms of the rules	Yes	Directors are required to provide general disclosures and declarations on fitness and propriety annually and are required to report any material changes to the information provided therein, including any changes to their professional responsibilities and business associations, to the Board.
9.7.2	Ensure nominees meet fit and proper criteria before shareholder approval or appointment as a Director.	Yes	
9.7.3	Assessment Criteria: Honesty, Integrity and Reputation, Competence and Capability and Financial Soundness	Yes	
9.7.4	Annually obtain declarations from Directors and the CEO confirming compliance with Fit and Proper Assessment Criteria.	Yes	The Nominations and Governance Committee reviews and makes recommendations to the Board on the fitness and propriety of Directors.
9.7.5	Disclosures in the Annual Report	Yes	No non-compliances were reported during the year in this regard.



CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
<b>9.8 Board Composition</b>			
9.8.1	Minimum number of Directors on the Board	Yes	Corporate Governance Report – Board Composition
9.8.2	At least 2 members or 1/3 of the Board, whichever is higher to be independent.	Yes	
9.8.3 (i) to (ix)	Criteria for determining independence	Yes	Details of the independence criteria are explained within the Corporate Governance Commentary.
9.8.5 a/b/c	The Board to ensure that IDs annually submit declarations on independence/non-independence. Board to make an annual determination on the independence or otherwise of IDs and name the Directors who are determined to be independent  Market announcement if ID independence has been impaired		All independent NEDs have submitted declarations as to their independence, and a determination of their independence is evaluated. No non-compliances were reported during the year under review.
<b>9.9 Alternate Directors</b>			
a-e	Appointment of Alternate Directors to be in accordance with the Rules, and such requirements to be incorporated into the Articles of Association.	Yes	No Alternate Directors were appointed during the financial year. Additionally, an EGM was held during the year, and the Articles of Association were amended to incorporate changes required as per the Rules
<b>9.10 Disclosures relating to Directors</b>			
9.10.1	Disclose policy on the maximum number of directorships Board members are permitted to hold	Yes	Corporate Governance Report – Board Composition
9.10.2/ 9.10.3	Market announcement upon the appointment of a new director and any changes to the Board composition	Yes	A timely market announcement of the new independent NED appointed was made through the CSE.
9.10.4 a-i	Details about the Board members	Yes	Refer to the Board of Directors Report
<b>9.11 Nominations and Governance Committee</b>			
9.11.1	Establishment of a Nominations and Governance Committee (NGC)	Yes	Refer to the Nominations and Governance Committee Report
9.11.2	Formal procedure for the appointment and re-election of Directors	Yes	
9.11.3	NGC to have a written Terms of Reference	Yes	
9.11.4 (1) a-b	The Composition of NGC	Yes	
9.11.4 (2)	Chairperson of NGC to be an ID	Yes	
9.11.4 (3)	Disclosure of names of the NGC Chairperson and members	Yes	
9.11.5 (i) – (x)	Functions of NGC	Yes	
9.11.6 a-m	NGC Report with requisite information to be disclosed in Annual Report	Yes	

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CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.12 Remuneration Committee			
9.12.2	Establishment of a Remuneration Committee (RC)	Yes	Refer to the Human Resources and Compensation Committee Report
9.12.3	The Remuneration Committee is to establish and maintain a formal and transparent procedure for developing policy on EDs and individual Directors’ remuneration, ensuring that no Director is involved in fixing their own remuneration	Yes	
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure the independence.	Yes	
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Yes	
9.12.6 (1)	Composition of RC	Yes	
9.12.6 (2)	Chairperson of RC to be an ID	Yes	
9.12.7	Functions of the RC	Yes	
9.12.8 a	Disclosure of names of the Chairperson and members of the RC	Yes	
9.12.8 b	Statement of Remuneration Policy	Yes	Corporate Governance Report, Director Remuneration
9.12.8 c	Aggregate remuneration paid to EDs and NEDs	Yes	
9.13 Audit Committee			
9.13.1	Audit Committee (AC) to handle Risk functions where the Company does not have separate Committees for Audit and Risk	Yes	Refer to the Audit Committee section of the Corporate Governance Report.
9.13.2	The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.	Yes	Refer to the Audit Committee section of the Corporate Governance Report.
9.13.3 (1) a-b	Composition of AC	Yes	
9.13.3 (2)	The quorum for the AC meeting shall require a majority of those in attendance to be IDs	Yes	
9.13.3 (3)	AC to meet as often as required, provided it meets compulsorily on a quarterly basis, at a minimum, prior to recommending the release of financials	Yes	
9.13.3 (4)/ (6)	ID who is a member of a recognised professional accounting body to be appointed as Chairperson of the AC	Yes	
9.13.3 (5)	CEO and the Chief Financial Officer (CFO) to attend the Audit Committee meetings by invitation.	Yes	
9.13.4	Functions of AC	Yes	
9.13.5 (1)	Report of the AC	Yes	
9.13.5 (2) a-i	Disclosures to be included in the AC report	Yes	
9.14 Related Party Transactions Review Committee			
9.14.1	Establishment of a Related Party Transactions Review Committee (RPTRC)	Yes	Refer to the Related Party Transactions Review Committee section.
9.14.2 (1)	Related Party Transactions Review Committee shall comprise a minimum of 3 members, the majority of whom should be IDs, and an ID shall be appointed as the Chairperson.	Yes	The Related Party Transactions Review Committee comprises only Independent Directors and maintains a minimum requirement of three members throughout the year.

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.14.3	Functions of the RPTRC	Yes	Refer to the Related Party Transactions Review Committee section.
9.14.4 (1) – (4)	General Requirements, including the requirement for RPTRC to meet at least once a quarter, access to all aspects of Related Party Transactions (RPTs), RPTRC to request the Board to approve RPTs reviewed by it and requirements relating to a Director's material personal interest in a matter being considered at a Board Meeting in relation to a RPT	Yes	Refer to the Related Party Transactions Review Committee section.
9.14.5	Review of Related Party Transactions by the RPTRC	Yes	Refer to the Related Party Transactions Review Committee section.
9.14.6	Shareholder Approval for Related Party Transactions	Yes	Refer to Extraordinary General Meetings, including Shareholder Approval through the Special Resolution section.  During the year under review there was no requirements for Shareholder Approval
9.14.7	Immediate Disclosures	Yes	Refer to the Related Party Transactions Review Committee section.
9.14.8 (1)	Details and disclosures pertaining to Non-Recurrent Related Party Transactions	Yes	Refer to Notes to the Financial Statements.
9.14.8 (2)	Details and disclosures pertaining to Recurrent Related Party Transactions	Yes	
9.14.8 (3)	Report of RPTRC	Yes	Refer to the Report of the Related Party Transactions Review Committee.
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules about Related Party Transactions or a negative statement otherwise	Yes	Refer to the Annual Report of the Board of Directors.
9.14.9 (1)/ (2)	Shareholder approval for the acquisition and disposal of substantial assets	Yes	Refer to Extraordinary General Meetings, including Shareholder Approval through the Special Resolution section.  During the year under review there was no requirements for Shareholder Approval
9.14.9 (4)/ (5)/ (6)	RPTRC to obtain competent, independent advice on the acquisition and disposal of substantial assets	Yes	There was no acquisition and disposal of substantial assets during the year 2024/25.
<b>9.17 Additional Disclosures</b>			
(i)	Directors have disclosed all material interests in contracts and refrained from voting when materially involved.	Yes	Corporate Governance - Maintaining Board Independence and Managing Conflicts of Interest
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence.	Yes	The Board takes steps to ensure the integrity and effectiveness of internal control systems by periodically reviewing and monitoring them.
(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	Yes	Refer to the Board Induction and Training section.
(iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Entity operates.	Yes	There were no significant instances of non-compliance with laws and regulations during the reporting period.

# CORPORATE GOVERNANCE

## Appendix III: Statement of Compliance pertaining to Companies Act No. 7 of 2007

### Mandatory Provisions – Fully Compliant

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
168 (1) (a)	The nature of the business of the Company or of its subsidiaries or classes of business in which it has an interest, together with any change thereof	Yes	Our Presence
168 (1) (b)	Signed financial statements of the Group and the Company	Yes	Financial Statements
168 (1) (c)	Appointed Auditors' Report on the financial statements of the Company and any Group Financial Statements	Yes	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes during the accounting period	Yes	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	Yes	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Yes	Note 18 to the Financial Statements
168 (1) (g)	Corporate donations made by the Company during the accounting period	Yes	Note 18 to the Financial Statements
168 (1) (h)	This section provides information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period, as well as the names of any persons who ceased to hold office as Directors of the Company during the accounting period.	Yes	Group Directory
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Note 18 to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest in the Company and its Subsidiaries	Yes	Audit Committee Report/ Financial Statements
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/ Annual Report of the Board of Directors
168 (2)	Information specified in paragraphs (b) to (j) of subsection (1) in relation to Subsidiaries.	Yes	Financial Statements/ Annual Report of the Board of Directors

### Statement of Compliance with applicable Codes of Best Practice – Voluntary Compliance

The Company is also compliant with the Code of Best Practices on Related Party Transactions (2013) advocated by the SEC (mandatory) and the Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and CA Sri Lanka (voluntary). The Company has also opted to voluntarily comply with the Code of Best Practice on Corporate Governance (2017) and Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka to the extent of business exigency and as required by the Company and the Hotels Group.

## Code of Best Practice of Corporate Governance 2023 Issued by CA Sri Lanka

Directors	<ul style="list-style-type: none"> <li>The Company is directed, controlled and led by an effective Board that possess the skills, experience and knowledge and thus all Directors bring independent judgement on various subjects, particularly financial acumen.</li> <li>Regular meetings of the Board are held and at the minimum once a quarter, with access to information, the advice of Company Secretary and independent professional advice, as required.</li> <li>The Board (collectively) and Directors (individually) are aware of their obligation to act in accordance with the laws of the Country.</li> <li>Board Balance is maintained as the Code stipulates.</li> <li>Whilst there is a transparent procedure for Board Appointments under the oversight of the Nominations and Governance Committee, election and re-election, subject to shareholder approval, takes place at regular intervals.</li> <li>Specified information regarding Directors, such as annual appraisal of the Board is shared in the Corporate Governance Commentary.</li> </ul>
Directors' Remuneration	<ul style="list-style-type: none"> <li>The Human Resource and Compensation Committee, consisting of exclusively NEDs is responsible for determining the remuneration of the EDs.</li> <li>ED compensation includes performance related elements in the pay structure.</li> <li>Compensation commitments in the event of early termination, determination of NED remuneration by the Board as a whole, remuneration policy and aggregate remuneration paid is disclosed under the Director Remuneration section and is in line with the Code.</li> </ul>
Relations with Shareholders	<ul style="list-style-type: none"> <li>There is constructive use of the AGM, as per the Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute.</li> <li>The Group has in place multiple channels to reach shareholders as discussed under the Stakeholder Management and Effective Communication section.</li> <li>Disclosure of material transactions and requisite shareholder approvals for major transactions.</li> </ul>
Accountability and Audit	<ul style="list-style-type: none"> <li>Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the company carried out all business in accordance with regulations and applicable laws, equitably and fairly.</li> <li>The Company continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statements.</li> <li>There is an annual review of the effectiveness of the Group's risk management and internal controls which ensures the maintenance of a sound system of internal control which is reported on under the Internal Controls section.</li> <li>The Internal Audit function and the Audit Committee, functions as stipulated by the Code, and are discussed under the Audit Committee section.</li> <li>A Related Party Transactions Review Committee is in place and functions in line with the Code.</li> <li>There were no violations of the Group Code of Conduct, the Code of Business Conduct and Ethics during the year, which is mentioned under the Chairperson's Message section.</li> <li>All Corporate Governance disclosures under CSE rules have been complied with.</li> </ul>
Institutional Investors	<ul style="list-style-type: none"> <li>The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM or other General Meetings as convened on a need basis.</li> </ul>
Other Investors	<ul style="list-style-type: none"> <li>Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and any General Meetings that are convened and to exercise their voting rights and seek clarity, whenever required.</li> </ul>



# CORPORATE GOVERNANCE

## Code of Best Practice of Corporate Governance 2023 Issued by CA Sri Lanka

Sustainability	<ul style="list-style-type: none"> <li>ESG (environmental, social, and governance) is a pivotal consideration in the Group's decision making. In reporting performance, the Annual Report covers ESG disclosures through the ←IR→ framework, GRI standards and operations in conformity with the Principles of the United Nations Global Compact and United Nations Sustainable Development Goals.</li> <li>The Company has established a governance framework and structure which includes conformance, performance and sustainability/ESG factors in line with the Code.</li> </ul>
Internet and Cybersecurity	<ul style="list-style-type: none"> <li>A designated team member is responsible for overseeing the implementation of the JK Group's cybersecurity policy, which has been adopted to reflect best practices and comply with applicable regulatory standards. The policy is subject to periodic reviews to evaluate its effectiveness. The Audit Committee receives updates on relevant risks, with significant risks and material issues escalated to the Board for discussion and where relevant informed decision-making. Furthermore, measures have been taken to secure connectivity for both internal and external devices.</li> </ul>
Special Considerations for Listed Entities	<ul style="list-style-type: none"> <li>The Company maintains policies relating to its governance and matters relating to Board of Directors in line with the Listing Rules of the CSE and the Code.</li> </ul>

### Board Seats Held in Other Unlisted Sri Lankan Companies Under JK Group

#### K N J BALENDRA

John Keells Foundation  
 Octave Advanced Analytics (Private) Limited  
 John Keells CG Auto (Private) Limited  
 Sancity Hotels and Properties Limited  
 Waterfront Properties (Private) Limited  
 Vauxhall Land Developments (Private) Limited  
 Braybrooke Residential Towers (Private) Limited  
 D H L Keells (Private) Limited  
 South Asia Gateway Terminals (Private) Limited  
 Colombo West International Terminal (Private) Limited  
 Rajawella Holdings Limited

#### J G A COORAY

Keells Consultants (Private) Limited  
 John Keells Foundation  
 Mackinnons Keells Limited  
 John Keells International (Private) Limited  
 John Keells Capital (Private) Limited  
 Jaykay Marketing Services (Pvt) Limited  
 Infomate (Private) Limited  
 Infomate Global Business Services (Private) Limited  
 Octave Advanced Analytics (Private) Limited  
 John Keells Information Technology (Private) Limited

Vauxhall Land Developments (Private) Limited  
 Braybrooke Residential Towers (Private) Limited  
 South Asia Gateway Terminals (Private) Limited  
 Colombo West International Terminal (Private) Limited  
 Saffron Aviation (Private) Limited  
 John Keells Singapore (Pte) Limited  
 Rajawella Holdings Limited  
 Waterfront Properties (Private) Limited  
 John Keells CG Auto (Private) Limited

#### S RAJENDRA

John Keells Stock Brokers (Private) Limited  
 Sancity Hotels And Properties Limited  
 Braybrooke Residential Properties (Private) Limited  
 Braybrooke Residential Towers (Private) Limited  
 Whittall Boustead (Travel) Limited  
 Rajawella Holdings Limited  
 Waterfront Properties (Private) Limited  
 J K O A Mobiles (Private) Limited  
 Walkers Tours Limited

#### M H SINGHAWANSA

Cinnamon Hotel Management Limited  
 Cinnamon Hotels & Resorts (Private) Limited  
 Cinnamon Hotel Management International (Private) Limited

#### M R SVENSSON

Cinnamon Hotel Management Limited  
 Cinnamon Hotels & Resorts (Private) Limited  
 Cinnamon Hotel Management International (Private) Limited  
 Capitol Hotel Holdings Limited

### Board Seats Held in Other Listed Sri Lankan Companies Under JK Group

#### K N J BALENDRA

Asian Hotels & Properties PLC  
 Ceylon Cold Stores PLC  
 John Keells PLC  
 Keells Food Products PLC  
 Trans Asia Hotels PLC  
 Tea Smallholder Factories PLC\*  
 Union Assurance PLC

#### J G A COORAY

Asian Hotels & Properties PLC  
 Ceylon Cold Stores PLC  
 John Keells PLC  
 Keells Food Products PLC  
 Trans Asia Hotels PLC  
 Tea Smallholder Factories PLC\*

#### S RAJENDRA

Union Assurance PLC  
 Asian Hotels & Properties PLC  
 Trans Asia Hotels PLC

\* Resigned with effect from 3 April 2025

# BOARD OF DIRECTORS

## KRISHAN BALENDRA

### Non-Independent Non-Executive Director

Appointed to the Board of John Keells Hotels PLC in 2016 as a Non-Independent Non-Executive Director.

Krishan Balendra is the Chairperson-CEO of John Keells Holdings PLC (JKH) and several companies within the John Keells Group. He is also the Chairman of the Employers Federation of Ceylon, Deputy Vice Chairman of the Ceylon Chamber of Commerce and the Hon. Consul General of the Republic of Poland in Sri Lanka. In addition, he was a former Chairman of the Nations Trust Bank and the Colombo Stock Exchange. Krishan started his career at UBS Warburg, Hong Kong in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. Krishan holds a law degree (LLB) from the University of London and an MBA from INSEAD.

## GIHAN COORAY

### Non-Independent Non-Executive Director

Appointed to the Board of John Keells Hotels PLC in 2018 as a Non-Independent Non-Executive Director.

Gihan Cooray is the Deputy Chairperson/Group Finance Director of John Keells Holdings PLC and has overall responsibility of the John Keells Group's Finance and Accounting, Taxation, Corporate Finance and Strategy, Treasury, Information Technology and Corporate Communications functions. He is a former Chairman of Nations Trust Bank PLC. Gihan holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, Texas. He is a Fellow member of the Chartered Institute of Management Accountants, UK, a certified management accountant of the Institute of Certified Management Accountants, Australia and has a Diploma in Marketing from the Chartered Institute of Marketing, UK. He serves as a committee member of The Ceylon Chamber of Commerce.

## SURESH RAJENDRA

### Non-Independent Non-Executive Director

Appointed to the Board of John Keells Hotels PLC in 2021 as a Non-Independent Non-Executive Director.

Mr. Suresh Rajendra has over 30 years of experience in finance, travel and tourism, hotel management, property development, real estate management, and business development in Sri Lanka and overseas. Prior to joining the JKH Group, he was the Head of Commercial and Business Development for NRMA Motoring and Services in Sydney, Australia, and Director/General Manager of Aitken Spence Hotel Managements (Pvt) Ltd, Sri Lanka. He is a Fellow member of the Chartered Institute of Management Accountants, UK.

He is a member of the Group Executive Committee of the John Keells Group. He is the President of the Leisure industry group and is also responsible for Union Assurance PLC, John Keells Information Technology (Private) Limited and John Keells Stockbrokers. He serves as a Director of Asian Hotels & Properties PLC, Union Assurance PLC, Trans Asia Hotels PLC, John Keells Hotels PLC and also in many of the unlisted companies of the John Keells Group.

## MIKAEL SVENSSON

### Non-Independent Non-Executive Director

Appointed to the Board of John Keells Hotels PLC in 2021 as a Non-Independent Non-Executive Director.

Mikael Svensson is the Chief Executive Officer at Cinnamon Hotels & Resorts, part of the Leisure industry group of John Keells Holdings PLC (JKH). He overlooks Cinnamon's entire portfolio of hotels and resorts in Sri Lanka and the Maldives, including Sri Lanka's first and South Asia's largest integrated resort - Cinnamon Life. He brings extensive global leadership experience in managing and operating large-scale

luxury hotels across Asia, the Middle East and Australia, of which over 20 years was spent with the Hyatt Group. His previous roles at Palm Jumeirah, the Viceroy Palm Jumeirah Dubai, the Grand Hyatt in Mumbai, Park Hyatt in Canberra and the Hyatt Regency in Hua Hin required him to take advantage of new opportunities for growth, expansion and innovation while nurturing and advancing the company's competitive advantage. Prior to joining the John Keells Group, he was the Senior Vice President of Louis T Collection, a Singapore-based hospitality management and building solutions company that owns a portfolio of hotels across Asia and Australia, leading change to impact performance.

## HISHAN SINGHAWANSA

### Non-Independent Non-Executive Director

Appointed to the Board of John Keells Hotels PLC in 2018 as a Non-Independent Non-Executive Director.

Hishan Singhawansa is the Deputy Chief Executive Officer and Chief Operating Officer at Cinnamon Hotels & Resorts, part of the Leisure industry within the John Keells Group. He overlooks all operational aspects of Cinnamon's entire portfolio of hotels & resorts located in Sri Lanka and the Maldives. Hishan has been with the John Keells Group since 2008 and started his career at the Retail industry Group of John Keells, where he headed Category Management and Supply Chain before being placed in the Leisure industry group in 2017. He holds a BSc in Engineering (Hons) from the University of Moratuwa and an MBA from the University of Wales. In addition to his executive responsibilities, Hishan serves on the Board of Directors of the Sri Lanka Convention Bureau and is a committee member of The Hotels Association of Sri Lanka.

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# BOARD OF DIRECTORS

## HASITHA PREMARATNE

### Independent Non-Executive Director

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

Appointed in 2022 as an Independent Director of John Keells Hotels PLC, he serves as Chairperson of the Audit Committee. Hasitha is also an Independent Director at NDB Bank and Chair its Board Risk Committee. He is also a Board Member of the Apparel Impact Institute of the USA. He was formally a Director of Bank of Ceylon, Sri Lanka's largest Bank, chairing the Board Risk and Nominations and Governance 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, Hasitha was the Head of Research at HNB Stockbrokers (Private) Limited, and possesses plenty of experience in the fields of capital markets, economics, strategic finance, management, research. His lecturing experience expands for 11 years, for CIMA (UK), ACCA (UK) examinations, in Sri Lanka, India, Singapore and Philippines.

He holds a MBA in International Finance and a BSc in Computer Science. He is a Fellow Member of Chartered Institute of Management Accountants (CIMA - UK), 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).

## DR. KUMUDU GUNASEKERA

### Independent Non-Executive Director

Appointed to the Board of John Keells Hotels PLC in 2019 as an Independent Non-Executive Director, Dr. Kumudu Gunasekera is an analytical and conceptual thinker who effectively partners with owners, investors, and the C-suite to assess opportunities, facilitate strategic decisions, and drive successful implementations. He has over 20 years of experience leading engagements in helping investors/ corporates effectively deploy capital across multiple geographies. A proven problem-solver, his insights and perspectives have been published in numerous peer-reviewed journals and industry magazines. He is currently the Deputy Chairman of Vella Group of Companies. Previously, he was the Managing Director of Stax LLC (Colombo), an Adjunct Professor at Boston University (Boston), a Principal Economist at Parsons Brinckerhoff, now WSP (Washington, DC), the Past President of the American Chamber of Commerce (Sri Lanka), and the Co-Founder of Sri Lanka@100.

## ARUNI GOONETILLEKE

### Independent Non-Executive Director

Appointed to the Board of John Keells Hotels PLC in 2025 as an Independent Non-Executive Director, Aruni Goonetilleke is a financial services expert with over 25 years of experience in international and local banks. Her expertise is in enterprise risk management and internal audit, having worked in varied roles at Standard Chartered Bank, Singapore and Sri Lanka, including Chief Risk Officer, Head of Credit for Commercial and SME Banking and Senior Manager, Group Internal Audit, working across several geographies and businesses.

She was the Head of Corporate Banking at People's Bank during a period of transformation within the Bank and a former Chairperson of Hatton National

Bank PLC, leading the systemically important Bank through a financial crisis.

She is currently an Independent Director of several listed companies.

She has a Masters in Law from Harvard University, USA and a Bachelor of Laws(Honors) from the University of Colombo. She was also a visiting lecturer at the Faculty of Law and the Department of Graduate Studies at the University of Colombo.

REPORTING TRANSPARENTLY

# Connecting Precision and Accountability

At John Keells Hotels, our financial performance reflects disciplined execution and transparent reporting. Each figure tells a story of strategic intent, operational efficiency, and responsible management. By combining precision with accountability, we provide stakeholders with a clear understanding of how value is created, sustained, and shared. This approach reinforces the trust that supports our continued growth.



# FINANCIAL CALENDAR

Year ended 31 March	2025	2024
Audited Financial Statements signed on	27 May 2025	21 May 2024
Annual General Meeting	26 June 2025	27 June 2024
Interim Financial Statements		
1st Quarter Interim Results released on	29 July 2024	25 July 2023
2nd Quarter Interim Results released on	4 November 2024	6 November 2023
3rd Quarter Interim Results released on	3 February 2025	30 January 2024
4th Quarter Interim Results released on	27 May 2025	21 May 2024

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# ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors are pleased to present the 46th Annual Report (10th Integrated Annual Report) of John Keells Hotels PLC ("the Company") together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries ("the Hotels Group") for the year ended 31 March 2025.

The Company was incorporated as a Limited Liability Company in 1979 and listed on the Colombo Stock Exchange ("CSE") in 2004. Pursuant to the requirements of the Companies Act No 07 of 2007 ("Companies Act"), the Company was re-registered and obtained a new Company number, PQ 8, in 2007.

## CORPORATE CONDUCT AND THE VISION OF THE COMPANY

The business activities of the Company and the Hotels Group are conducted in accordance with the highest ethical standards to achieve our vision: "To bring the best of Sri Lanka to the world with style and elegance."

## PRINCIPAL ACTIVITIES

The principal activity of the Company, which is investment, remained unchanged. The principal activities of its subsidiaries, among which hospitality takes a key role, remained unchanged.

## ULTIMATE PARENT

The Company's ultimate Parent and controlling entity is John Keells Holdings PLC ("JKH"), a company incorporated in Sri Lanka and listed on the CSE.

## REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The financial and operational performance, as well as the future business development, of the Company and the Hotels Group, for the year ended 31 March 2025, is provided in the Chairperson's Message and the Management Discussion and Analysis section of the Annual Report.

These reports, which form an integral part of this Annual Report of the Board of Directors, along with the Audited Financial Statements, reflect the Company's and the Hotels Group's situation.

## CORPORATE GOVERNANCE

### Chairperson's declaration

The Chairperson declares that there have been no material violations of the Code. Minor instances of non-compliance, identified through our internal monitoring mechanisms, have been addressed and these instances are disclosed in this Report.

## DIRECTORS' DECLARATIONS

The Directors declare that;

- a) The Company and the Hotels Group have complied with all applicable laws and regulations in conducting their business, and the Company has not engaged in any activity which contravenes applicable laws and regulations.
- b) They have declared all material interests in contracts involving the Company and its subsidiaries and refrained from voting on matters in which they were materially interested.
- c) The Company has made all endeavours to ensure the equitable treatment of shareholders.
- d) The business is a going concern, supported by the necessary assumptions or qualifications.
- e) They have conducted a review of internal control covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.
- f) The Company has adopted a Code of Business Conduct and Ethics for its Directors and senior management

team members, and all such individuals have complied with this Code.

- g) The Company, being listed on the CSE, is compliant with the rules on Corporate Governance under the Listing Rules of the CSE regarding the composition of the Board and its Sub-Committees.
- h) The Company is fully compliant with the Code of Best Practice on Corporate Governance (2013) jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Company is compliant with almost the full 2017 and 2023 Code of Best Practice on Corporate Governance issued by CA Sri Lanka, to the extent of business exigency and as required by the Company, the Hotels Group and the John Keells Group. The Company has presented its compliance in line with the 2023 Code of Best Practice on Corporate Governance.

## BOARD EVALUATION

The Board conducted its annual Board performance appraisal for the financial year 2024/25. This formalised process of individual appraisal enabled each member to self-appraise, on an anonymous basis, the performance of the Board under the areas of:

- Role clarity and effective discharge of responsibilities
- People mix and structures
- Systems and procedures
- Quality of participation
- Board image

An Independent Director collates the scoring and open comments, and the results are analysed to provide the Board with an indication of its effectiveness, as well as areas that require addressing

and/or strengthening. Despite the anonymity of the remarks, the open and frank discussions that follow include some Directors identifying themselves as the person making the remark, reflecting the openness of the Board. This process has led to an improvement in Board dynamics and its effectiveness.

The Corporate Governance practices of the Company are described on pages 138 to 194 of this Annual Report.

## HUMAN RESOURCES

The Company continued to implement appropriate human resource management policies to develop employees and optimise their contribution towards the achievement of corporate objectives. The policies and procedures ensure the equitable treatment of all employees. There were no material issues pertaining to employees and industrial relations during the year under review.

## SYSTEM OF INTERNAL CONTROL

The Board has acknowledged their responsibility for the system of internal controls of the Company and its subsidiaries and has implemented an effective and comprehensive system of internal controls, which provide reasonable but not absolute assurance that assets are safeguarded, and that the financial reporting system may be relied upon in the preparation of the Financial Statements. The Audit Committee receives and acts upon the results of internal control reviews carried out by Outsourced Internal Auditors.

## RISK MANAGEMENT

The Board confirms that there is an ongoing process for identifying, evaluating, managing, and mitigating any significant risks faced by the Company, and that financial, operational and compliance controls have been reviewed.

Risk assessment and evaluation for the Company takes place as an integral part of the business, and the Board Audit Committee reviews the principal risks and mitigating actions in place regularly. The Board, through the involvement of the Group Business Process Review (GBPR) Division of JKH, takes steps to gain assurance on the effectiveness of control systems in place. The Head of the GBPR Division has direct access to the Chairperson of the Audit Committee.

Foreseeable risks that may materially impact the business are disclosed in the Chairperson's Message on pages 10 to 14 and Risk Management practices on pages 41 to 49 of this Annual Report.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Board has received assurance from the Board Audit Committee and confirms that the Company and the Hotels Group have complied with all applicable laws, rules, and regulations in the territories in which it operates.

## GOING CONCERN

The Board of Directors, after considering the financial position, operating conditions, regulatory and other factors, and such matters required to be addressed in the Code of Best Practice on Corporate Governance (2013), (2017) and (2023) have a reasonable expectation that the Company, the Hotels Group possess adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements.

## DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements so that they present a true and fair view of the state of affairs of the Company and the Hotels Group.

The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Listing Rules of the CSE and the Code of Best Practice on Corporate Governance (2013) and (2023) issued jointly by the SEC and CA Sri Lanka. The Company is compliant with almost the full 2017 and 2023 Code of Best Practice on Corporate Governance issued by CA Sri Lanka, to the extent of business exigency and as required by the Company, the Hotels Group and the John Keells Group.

The Statement of Directors' Responsibility for Financial Reporting is provided on page 206 and forms an integral part of this Annual Report of the Board of Directors.

## ACCOUNTING POLICIES

All the material accounting policies adopted by the Company and Group are provided in the Notes to the Financial Statements. There have been no changes in the accounting policies adopted by the Group during the year under review. For all periods up to and including the year ended 31 March 2025, the Company and the Group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## REVENUE

The revenue of the Hotels Group from its operations amounted to Rs. 29,318Mn (2024 - Rs. 30,739Mn). The Segment-wise contribution to Hotels Group's revenue, results, assets, and liabilities is provided in Note 8.1 to the Financial Statements.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

## FINANCIAL RESULTS AND APPROPRIATIONS

The Company recorded a profit after tax of Rs. 196.7Mn (2024 - Rs. 95.2Mn), while the Group recorded a consolidated net loss after tax of Rs. 222.7Mn (2024 - Rs. 439Mn) for the year under review. A synopsis of the Company's and Hotels Group's performance is presented below:

In Rs. '000s	Group		Company	
	2025	2024	2025	2024
After making provision for doubtful debts, all known liabilities and depreciation on property, plant and equipment, the profit/(loss) earned before interest was	2,895,829	2,816,942	341,644	201,955
Finance costs during the year were	(2,593,822)	(2,882,137)	(127,153)	(105,482)
Profit/(loss) before tax was	302,007	(65,195)	214,491	96,473
From which was charged the provision for taxation, including the deferred taxation of	(524,681)	(373,810)	(17,767)	(1,285)
Leaving a net profit/(loss) after tax of	(222,674)	(439,005)	196,724	95,188
The profit/(loss) attributable to the non-controlling interest was	6,555	(2,577)	-	-
The profit/(loss) attributable to the Company and the Group was therefore	(229,229)	(436,428)	196,724	95,188
Balance brought forward from the previous year	1,511,732	1,968,045	3,411,989	3,313,996
The amount available for appropriation was	1,282,503	1,531,617	3,608,713	3,409,184
Other adjustments	55,175	(19,885)	-	2,805
Dividend paid during the year	-	-	-	-
Leaving a balance to be carried forward to the next year of	1,337,678	1,511,732	3,608,713	3,411,989

## DIVIDENDS

The Board of Directors have declared a final dividend of Rs. 0.10 per share for the financial year ended 31 March 2025. This will be paid on or before 25 June 2025. .

The Board of Directors has confirmed that the Company satisfies the requirements of Section 56 (2) of the Companies Act No. 7 of 2007 and the solvency test, in accordance with Section 57 of the Companies Act No. 7 of 2007. The Board has also obtained a certificate from the Auditors prior to recommending a dividend.

## PROVISION FOR TAXATION

The details of the tax provision of the Hotels Group are disclosed in Note 19 to the Financial Statements.

## INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on page 207 of this Annual Report.

## PROPERTY, PLANT AND EQUIPMENT

The book value of property, plant, and equipment as at the reporting date amounted to Rs. 32,597Mn (2024 - Rs. 33,158Mn) for the Hotels Group. Capital expenditure for the Hotels Group amounted to Rs. 1,113Mn (2024 - Rs. 1,106Mn). Details of property, plant and equipment and their movements are given in Note 21 to the Financial Statements.

## MARKET VALUE OF PROPERTIES

All land and buildings of the Hotels Group, except for the buildings on leasehold land located in the Maldives, are subject to routine revaluation by independent qualified valuers. The most recent valuation in respect of the Hotels Group was carried out as at 31 December 2024. Details of property valuations, including the valuation method and effective date of these valuations, are provided in Note 21.2 and Note 23 to the Financial Statements.

Details of the Hotels Group's real estate portfolio as at 31 March 2025 are disclosed within the Supplementary Information section of the Annual Report.

## INVESTMENTS

The details of investments held by the Company and the Hotels Group as of 31 March 2025 are provided in Notes 25, 26, and 27 to the Financial Statements.

## IMPAIRMENT ASSESSMENT

The Board of Directors has evaluated impairment in relation to property, plant, and equipment, intangible assets, and investments. Based on the assessment, the investment made by the Company and the Hotels Group does not warrant any impairment in the year 2024/25 (2024- Nil).

## STATED CAPITAL

The total Stated Capital of the Company as at 31 March 2025 stood at Rs.9,500.2Mn (2024 - Rs. 9,500.2Mn) divided into 1,456,146,780 Ordinary Shares (2024 - 1,456,146,780 Ordinary Shares).

## RESERVES

The movement in Other Components of Equity and Revenue Reserve of the Company, its subsidiaries, joint ventures, and associates is shown in the Statement of Changes in Equity on page 213 of this Report.

## SEGMENT REPORTING

Geographical segment-wise contributions to the Hotels Group's revenue, segment results, assets, and liabilities are provided in Note 8.1 to the Financial Statements.

## SHARE INFORMATION AND SHAREHOLDINGS

The market value of an Ordinary Share of the Company as at 31 March 2025 was Rs. 20.20 (2024 - Rs. 18.60). Information relating to earnings, net assets, and market value per share is given on page 09 of this Report. The number

of shareholders as at 31 March 2025 was 8,120 (2024 - 6,755). An analysis of shareholders based on shares held, the distribution of ownership and details of share transactions during the year are provided on pages 134 and 136 of this Annual Report. The list of the top twenty-five shareholders of the Company as at 31 March 2025 is also provided on page 136 of this Annual Report.

## FLOAT ADJUSTED MARKET CAPITALISATION

As at 31 March 2025, the Company had a float-adjusted market capitalisation of Rs. 5,788Mn and 8,119 public shareholders (19.68% public shareholdings). Therefore, the Company is compliant with option 01 of the minimum threshold requirements for the Diri Savi Board of the CSE, as required under Section 7.13.1(b) of the Listing Rules of the CSE.

## EQUITABLE TREATMENT OF ALL SHAREHOLDERS

The Company has made every endeavour to ensure the equitable treatment of all shareholders and has adopted adequate measures to prevent information asymmetry.

## INFORMATION TO SHAREHOLDERS

The Board strives to be transparent and provide accurate information to shareholders in all published material. The quarterly financial information during the year has been sent to the CSE in a timely manner.

## DIRECTORS

The Board of Directors of the Company as at 31 March 2025 and their brief profiles are given on pages 195 to 196 of this Report. The Board of the Company is comprised of Non-Executive Directors,

three of whom are independent.

The Board has conducted an annual determination of fitness and propriety of all Directors and the independence of the Independent Non-Executive Directors.

Mr. J G A Cooray will retire in terms of Article 83 of the Articles of the Company and be presented to the shareholders at the Annual General Meeting for re-election as a Director.

Mr. M H Singhawansa will retire in terms of Article 83 of the Articles of the Company and be presented to the shareholders at the Annual General Meeting for re-election as a Director.

Ms. A Goonetilleke will retire in terms of Article 90 of the Articles of the Company and be presented to the shareholders at the Annual General Meeting for re-election as a Director.

## RESPONSIBILITIES OF THE BOARD

Details of the responsibilities of the Board and the manner in which those responsibilities were discharged during the year are disclosed in the Corporate Governance section of this Annual Report.

## BOARD SUB-COMMITTEES

Information relating to members of the Audit Committee, Human Resources and Compensation Committee, Nominations and Governance Committee, Related Party Transactions Review Committee and Project Risk Assessment Committee, including reports of each of the Committees, where applicable, and attendance of Directors for each of the Committee meetings, are disclosed in the Corporate Governance of the Annual Report.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

## DIRECTORS' SHAREHOLDINGS

The shares held by Directors and their spouses in the Company as at 31 March 2025 and 2024 are as follows:

In Rs. '000s	2025	2024
K N J Balendra - Chairperson	Nil	Nil
J G A Cooray	Nil	Nil
S Rajendra	Nil	Nil
M R Svensson	Nil	Nil
M H Singhawansa	Nil	Nil
H Premaratne	Nil	Nil
A K Moonesinghe	Nil	Nil
K A Gunasekera (Dr.)	Nil	Nil
A Goonetilleke	Nil	Nil

## INTERESTS REGISTER

The Company has maintained an Interests Register as contemplated by the Companies Act. In compliance with the requirements of the Companies Act, this Annual Report also contains particulars of entries made in the interest registers of subsidiaries and joint ventures which are Public Companies or Private Companies that have not dispensed with the requirement to maintain an interest register as permitted by Section 30 of the Companies. The Interest Register is available at the Registered office of the Company, in keeping with the requirement of Section 119 (1) (d) of the Companies Act.

Particulars of entries in the Interests Register for the Financial Year 2024/25 are as follows.

- a. **Directors Interests in Contracts**  
All the Directors have made a general disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies and no additional interests have been disclosed by any Director.

- b. **Share Dealings**

There have been no disclosures of share dealings during the financial year ended 31 March 2025.

- c. **Indemnities and Remuneration**

Ms. A Goonetilleke was appointed as an Independent Non-Executive Director to the Board with effect from 1 January 2025 at the standard Non-Executive Director fees approved by the Board for Non-Executive Directors, which fees are commensurate with the market complexities of the Company. Details of the remuneration, other benefits and indemnities received by the Directors of the Company, its subsidiaries and joint ventures are set out in Note 18 to the Financial Statements.

## DIRECTORS MEETINGS

Details of the meetings of the Directors are given on page 147.

## EMPLOYMENT

The Company has an equal opportunity policy, and these principles are adhered to in specific selection, training, development, and promotion policies, ensuring that all decisions are based on merit. The Hotels Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status, or physical disability. There were no material issues pertaining to employees and industrial relations in the year under review.

The number of persons employed by the Hotels Group as at 31 March 2025 was 2,942 (2024 - 2,432).

## EMPLOYEE SHARE OPTION SCHEME (ESOP)

The Company does not offer its shares under an ESOP Scheme. The ESOP Scheme made available to the Senior Executives of the Company is from the parent company. The Company has not directly or indirectly provided funds to its employees to purchase shares under the ESOP Scheme.

## STATUTORY PAYMENTS

The Directors, to the best of their knowledge, are satisfied that all statutory payments in relation to the Government and the employees have been either duly paid or appropriately provided for. The income tax position of the Company and the Hotels Group are disclosed in Note 19 to the Financial Statements.

## OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company Lawyers, litigation currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company.

## SUPPLIER POLICY

The Company applies an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers and endeavours to pay for all items properly charged in accordance with these agreed terms. As at 31 March 2025, the trade and other payable of the Hotels Group amounted to Rs. 2,381Mn (2024 - Rs. 2,381Mn) and for the Company amounted to Rs. 13.3Mn (2024 - Rs. 9.4Mn).

## SUSTAINABILITY REPORTING

The Hotels Group is conscious of the impact, direct and indirect, on the environment due to its business activities. Every endeavour is made to minimise the adverse effects on the environment to ensure sustainable continuity of our natural resources.

## DONATIONS

Total donations made by the Hotels Group during the year amounted to Rs. 10.4Mn (2024- Rs. 11.3Mn). Donations made by Subsidiaries of the Company were as follows:

For the year ended In Rs. '000s	2025	2024
Ceylon Holiday Resorts Ltd	1,454,194	469,748
Yala Village (Pvt) Ltd	968,162	1,495,848
Kandy Walk Inn Ltd	1,056,141	978,230
Habarana Lodge Ltd	547,904	248,860
Habarana Walk Inn Ltd	226,530	185,521
Trinco Holiday Resorts (Pvt) Ltd	885,876	322,634
Cinnamon Holidays (Pvt) Ltd	86,498	61,830
Hikkaduwa Holiday Resorts (Pvt) Ltd	1,528,546	3,264,374
Beruwala Holiday Resorts (Pvt) Ltd	2,036,380	2,134,644
Travel Club (Pte) Ltd	373,239	373,770
Fantasea World Investments (Pte) Ltd	829,133	770,235
Tranquility (Pte) Ltd	446,352	953,014

## AUDITORS

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence, and relationship with the Company, including the level of audit. As far as the Directors are aware, the Auditors, Messrs. Ernst & Young, Chartered Accountants, do not have any relationship or interest in the Company, its subsidiaries, or joint ventures.

Messrs. Ernst & Young, Chartered Accountants have indicated their willingness to continue as Auditors of the Company, accordingly, a resolution proposing their reappointment as Auditors will be proposed at the Annual General Meeting. Details of the Audit Fees paid to the Auditors are set out in Note 18 of the Financial Statements. Further details of the work of the Auditor and the Audit Committee are set out in the Audit Committee Report on pages 156 and 157.

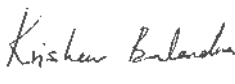
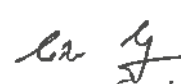
## ANNUAL REPORT

The audited consolidated Financial Statements for the financial year ended 31 March 2025 were approved for issue by the Board of Directors on 27 May 2025. The appropriate number of copies of this Report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board as required.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held as a virtual meeting on 26 June 2025, details of which are found on the Notice of Meeting.

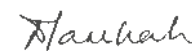
This Annual Report is signed for and on behalf of the Board of Directors.

K N J Balendra  
Chairperson

J G A Cooray  
Director

By Order of the Board



Keells Consultants (Pvt) Ltd  
Secretaries  
27 May 2025



# THE STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors, in relation to the Financial Statements of John Keells Hotels PLC (the "Company") and the Consolidated Financial Statements of the Company and its subsidiaries ("the Hotels Group"), is set out in this Statement. This Statement of Directors' Responsibility is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and the Auditors in relation to the Financial Statements contained in this Annual Report.

As per the provisions of the Companies Act No. 07 of 2007 (Companies Act), the Directors are required to prepare, for each financial year and place before a general meeting, financial statements which comprise of:

- The Income statement and Statement of comprehensive income of the Company and its subsidiaries, which present a true and fair view of the financial performance of the Company and its subsidiaries for the financial year; and
- A Statement of financial position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries at the end of the financial year.

The Directors have ensured that the financial statements of the Company and the subsidiaries for the year ended 31 March 2025, presented in the Report, have been prepared:

- using appropriate accounting policies which have been selected and applied consistently, and material departures, if any, have been disclosed and explained.
- Companies Act No. 07 of 2007,
- in accordance with the Sri Lanka Accounting and Auditing Standards (Act No. 15 of 1995); and that reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and

- provide the information required by and otherwise comply with the Companies Act, the Listing Rules of the Colombo Stock Exchange (CSE), the Code of Best Practice on Corporate Governance (2013) issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC) and the Code of Best Practice on Corporate Governance (2017) and (2023) issued by CA Sri Lanka.

The Directors have ensured that the Company has adequate resources to continue in operation and justify applying the going concern basis in preparing these financial statements.

Additionally, the Board of Directors have a responsibility to

- ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and the Hotels Group; and
- take all reasonable steps to safeguard the assets of the Company and of its subsidiaries and, in this regard to, give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities

The Board of Directors have taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting books of record, which reflect the transparency of transactions and provide a reasonable accuracy of the financial position of the Company and its subsidiaries.

Further in the event of a dividend distribution, as required by Section 56(2) of the Companies Act, and based on the information available, the Board of Directors will ensure that the Company has satisfied the solvency test immediately after the distribution of any dividends in accordance with Section 57 of the Companies Act with a certificate

from the Auditors being obtained prior to declaring such dividend.

The Board of Directors is required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate to enable them to give an independent Auditors' Report.

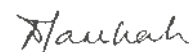
The Board of Directors is of the view that they have discharged their responsibilities as set out in this Statement.

The Board of Directors approved this Annual Report on 27 May 2025. The appropriate number of copies will be submitted to the CSE and the Sri Lanka Accounting and Auditing Standards Monitoring Board, as required.

## COMPLIANCE REPORT

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and the subsidiaries, and 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 obligations as were due and payable by the Company and its subsidiaries as at the reporting date, have been paid or provided for, except as specified in Note 44 to the Financial Statements covering Contingent Liabilities. The Board of Directors confirms that the Company and its subsidiaries have complied with Paragraph 23 of the LKAS 24 and that all related party transactions are carried out at an "arm's length" basis.

By Order of the Board  
John Keells Hotels PLC



Keells Consultants (Pvt) Ltd  
Secretaries  
27 May 2025

# INDEPENDENT AUDITOR'S REPORT



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
P.O. Box 101  
Colombo 03, Sri Lanka

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Email: eysl@lk.ey.com  
ey.com

## TO THE SHAREHOLDERS OF JOHN KEELLS HOTELS PLC

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of John Keells Hotels 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 income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their

financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were

of most significance in our audit of the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
<p><b>Assessment of fair value of Land and Buildings</b></p> <p>Property, Plant and Equipment and Investment Property include land and buildings carried at fair value. The fair value of land and buildings were determined by external valuers engaged by the Group.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"><li>The materiality of the reported fair value of land and buildings which amounted to Rs. 20,126 Mn representing 26% of the Group's total assets as of the reporting date; and</li><li>The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings using the market approach, income approach and depreciated replacement cost approach.</li></ul> <p>Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Notes 21 and 23 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as:</p> <ul style="list-style-type: none"><li>Estimate of per perch value of the land</li><li>Estimate of the per square foot value of the buildings</li><li>Occupancy rates, average room rates and yield</li></ul>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"><li>assessed the competency, capability and objectivity of the external valuers engaged by the Group</li><li>read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property</li><li>assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as per perch value, per square foot value, occupancy rates, yield and valuation techniques as relevant in assessing the fair value of each property</li></ul> <p>We also assessed the adequacy of the disclosures made in notes 21 and 23 to the financial statements.</p>

Year in Brief

Strategy

Responsible Performance

Corporate Governance

Reporting Transparently

Supplementary Information

# INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
<p><b>Interest Bearing Borrowings</b></p> <p>As of the reporting date, the Group reported total interest-bearing loans and borrowings of Rs 8,001 Mn, of which Rs.3,950 Mn is reported as current liabilities and the balance Rs. 4,051 Mn as non-current liabilities.</p> <p>Interest bearing loans and borrowings was a key audit matter due to</p> <ul style="list-style-type: none"> <li>The materiality of the reported interest-bearing loans and borrowings balance which represents 17% of the Group's total liabilities as of the reporting date; and</li> <li>The existence of several financial and non-financial covenants, the breach of which could impact the classification of the interest-bearing loans and borrowings in the financial statements.</li> </ul>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>Evaluated the design of relevant key controls implemented for recording of borrowings, monitoring, evaluating and timely reporting of covenant compliances in relation to interest bearing loans and borrowings.</li> <li>Obtained an understanding of the terms and conditions attached to borrowings, by perusing the loan agreements.</li> <li>Reviewed the Management's statements of compliance with loan covenants and timely reporting and monitoring of covenant compliances in relation to interest bearing loans and borrowings and payment of the loan instalments.</li> <li>Obtained confirmations from banks on outstanding borrowings as at 31 March 2025 and where required waivers of covenants by the banks.</li> </ul> <p>We assessed the adequacy and appropriateness of the disclosures made in Note 35 relating to interest bearing loans and borrowings.</p>

## Other Information included in the 2024/25 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the management and those charged with governance for the financial statements.

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient 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

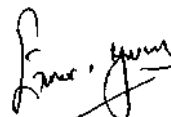
reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 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 2097.



27 May 2025  
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhiveli B.Com (Sp)

A member firm of Ernst & Young Global Limited

# INCOME STATEMENT

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2025	2024	2025	2024
<b>Continuing operations</b>					
Revenue from contracts with customers	14	29,318,227	30,739,251	-	-
Cost of sales		(10,720,936)	(11,789,456)	-	-
<b>Gross profit</b>		<b>18,597,291</b>	<b>18,949,795</b>	<b>-</b>	<b>-</b>
Dividend income	15	-	-	276,747	159,617
Other operating income	16.1	150,830	138,928	-	59,677
Selling and distribution expenses		(1,878,373)	(1,525,939)	-	-
Administrative expenses		(11,180,174)	(11,561,363)	(33,268)	(36,825)
Other operating expenses	16.2	(2,863,919)	(3,352,945)	(383)	(924)
Results from operating activities		<b>2,825,655</b>	<b>2,648,476</b>	<b>243,096</b>	<b>181,545</b>
Finance costs	17.2	(2,593,822)	(2,882,137)	(127,153)	(105,482)
Finance income	17.1	41,484	66,084	98,548	20,410
Net gain from fair value remeasurement of investment properties	23	74,597	98,250	-	-
Share of results of equity-accounted investees (net of tax)	26.2	(45,907)	4,132	-	-
<b>Profit/(loss) before tax</b>	18	<b>302,007</b>	<b>(65,195)</b>	<b>214,491</b>	<b>96,473</b>
Tax expense	19.1	(524,681)	(373,810)	(17,767)	(1,285)
<b>Profit/(loss) for the year</b>		<b>(222,674)</b>	<b>(439,005)</b>	<b>196,724</b>	<b>95,188</b>
<b>Attributable to :</b>					
Equity holders of the parent		(229,229)	(436,428)		
Non-controlling interests		6,555	(2,577)		
		<b>(222,674)</b>	<b>(439,005)</b>		
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Earnings/(loss) per share - Basic/Diluted	20	<b>(0.16)</b>	<b>(0.30)</b>	<b>0.14</b>	<b>0.07</b>

Figures in brackets indicate deductions.

The accounting policies and notes, as set out on pages 216 to 284, form an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2025	2024	2025	2024
Profit/(loss) for the year		(222,674)	(439,005)	196,724	95,188
<b>Other comprehensive income</b>					
<b>Other comprehensive income to be reclassified to income statement in subsequent periods</b>					
Exchange differences on translation of foreign operations		(235,767)	(1,698,876)	-	-
Net other comprehensive income to be reclassified to income statement in subsequent periods		(235,767)	(1,698,876)	-	-
<b>Other comprehensive income not to be reclassified to income statement in subsequent periods</b>					
Revaluation of land and buildings	21.1	981,962	1,148,844	-	-
Net gain/(loss) on equity instruments at fair value through other comprehensive income		2	(2)	2	(2)
Gain from change in holding structure of investments in subsidiaries		-	-	-	2,805
Re-measurement gain/(loss) on defined benefit plans	36.1	78,795	(29,564)	-	-
Net other comprehensive income not to be reclassified to income statement in subsequent periods		1,060,759	1,119,278	2	2,803
Tax on other comprehensive income	19.2	(294,876)	(296,500)	-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>530,116</b>	<b>(876,098)</b>	<b>2</b>	<b>2,803</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>307,442</b>	<b>(1,315,103)</b>	<b>196,726</b>	<b>97,991</b>
<b>Attributable to:</b>					
Equity holders of the parent		292,495	(1,320,420)		
Non-controlling interests		14,947	5,317		
		<b>307,442</b>	<b>(1,315,103)</b>		

Figures in brackets indicate deductions.

The accounting policies and notes, as set out on pages 216 to 284, form an integral part of these financial statements.



# STATEMENT OF FINANCIAL POSITION

As at 31 March		Group		Company	
In Rs. '000s	Note	2025	2024	2025	2024
ASSETS					
Non-current assets					
Property, plant and equipment	21.1	32,597,443	33,158,443	-	-
Right-of-use assets	22.1.1	32,214,594	35,471,044	-	-
Investment properties	23	2,145,675	2,070,528	-	-
Intangible assets and goodwill	24	801,885	670,407	-	-
Investment in subsidiaries	25	-	-	12,367,391	12,363,163
Investment in equity-accounted investees	26	1,821,699	1,370,175	1,848,393	1,350,962
Non-current financial assets	27	388,786	172,390	12	10
Deferred tax assets	19.4.1	825,794	980,647	-	9,083
Other non-current assets	28	-	1,870	-	-
		70,795,876	73,895,504	14,215,796	13,723,218
Current assets					
Inventories	29	565,085	597,694	-	-
Trade and other receivables	30	3,507,039	3,436,969	-	-
Amounts due from related parties	42.1	262,753	300,250	9,006	18,874
Other current assets	31	583,255	527,910	9,279	7,366
Short-term investments	32	120,658	29,499	-	-
Cash in hand and at bank		1,828,129	1,111,714	254,452	355,395
		6,866,919	6,004,036	272,737	381,635
Total assets		77,662,795	79,899,540	14,488,533	14,104,853
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	33.1	9,500,247	9,500,247	9,500,247	9,500,247
Revenue reserves		1,337,678	1,511,732	3,608,713	3,411,989
Other components of equity	33.2	20,636,555	20,168,463	(1)	(3)
		31,474,480	31,180,442	13,108,959	12,912,233
Non-controlling interests		108,726	104,090	-	-
Total equity		31,583,206	31,284,532	13,108,959	12,912,233
Non-current liabilities					
Interest-bearing loans and borrowings	35.1	4,051,716	6,174,553	932,601	824,389
Lease liabilities	22.1.3	15,512,441	16,245,983	-	-
Deferred tax liabilities	19.4.2	2,073,346	1,688,146	-	-
Employee benefit liabilities	36	296,500	339,134	-	-
Other deferred liabilities	37	-	4,278	-	-
Other non-current liabilities	38	100,442	123,226	-	-
		22,034,445	24,575,320	932,601	824,389
Current liabilities					
Trade and other payables	39	2,380,799	2,381,019	13,266	9,395
Amounts due to related parties	42.2	680,031	524,688	2,425	2,077
Other current liabilities	41	2,009,133	1,767,504	-	-
Income tax liabilities	19.3	230,285	73,699	13,396	9,518
Short-term borrowings	40.1	1,900,000	550,000	-	-
Interest-bearing loans and borrowings	35.1	3,949,685	6,268,147	417,886	347,241
Lease liabilities	22.1.3	1,633,526	3,143,257	-	-
Bank overdrafts	40.3	11,261,685	9,331,374	-	-
		24,045,144	24,039,688	446,973	368,231
Total equity and liabilities		77,662,795	79,899,540	14,488,533	14,104,853

I certify that the financial statements comply with the requirements of the Companies Act, No. 7 of 2007.

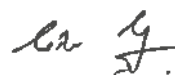


**C L P Gunawardane**  
Chief Financial Officer

The Board of Directors is responsible for these financial statements.



**K N J Balendra**  
Chairperson



**J G A Cooray**  
Director

The accounting policies and notes as set out on pages 216 to 284 form an integral part of these financial statements.

27 May 2025

Colombo

# STATEMENT OF CHANGES IN EQUITY

Group In Rs. '000s	Equity attributable to equity holders of the parent						Non- controlling interest	Total equity	
	Stated capital	Revaluation reserve	Foreign currency translation reserve	Employee share option plan reserve	Fair value reserve of financial assets at FVOCI*	Revenue reserve			Total
As at 1 April 2023	9,500,247	7,282,548	13,697,272	60,331	(9,360)	1,968,045	32,499,083	99,319	32,598,402
Loss for the year	-	-	-	-	-	(436,428)	(436,428)	(2,577)	(439,005)
Other comprehensive income	-	835,328	(1,698,876)	-	(2)	(20,442)	(883,992)	7,894	(876,098)
Total comprehensive income	-	835,328	(1,698,876)	-	(2)	(456,870)	(1,320,420)	5,317	(1,315,103)
Share-based payments	-	-	-	1,222	-	-	1,222	11	1,233
Subsidiary dividend to non-controlling interest	-	-	-	-	-	557	557	(557)	-
As at 31 March 2024	9,500,247	8,117,876	11,998,396	61,553	(9,362)	1,511,732	31,180,442	104,090	31,284,532
Loss for the year	-	-	-	-	-	(229,229)	(229,229)	6,555	(222,674)
Other comprehensive income	-	702,314	(235,767)	-	2	55,175	521,724	8,392	530,116
Total comprehensive income	-	702,314	(235,767)	-	2	(174,054)	292,495	14,947	307,442
Share-based payments	-	-	-	1,543	-	-	1,543	17	1,560
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	(10,328)	(10,328)
As at 31 March 2025	9,500,247	8,820,190	11,762,629	63,096	(9,360)	1,337,678	31,474,480	108,726	31,583,206

Company In Rs. '000s	Stated capital				Fair value reserve of financial assets at FVOCI*	Revenue reserve	Total equity
As at 1 April 2023	9,500,247				(1)	3,313,996	12,814,242
Profit for the year	-				-	95,188	95,188
Other comprehensive income	-				(2)	2,805	2,803
Total comprehensive income	-				(2)	97,993	97,991
As at 31 March 2024	9,500,247				(3)	3,411,989	12,912,233
Profit for the year	-				-	196,724	196,724
Other comprehensive income	-				2	-	2
Total comprehensive income	-				2	196,724	196,726
As at 31 March 2025	9,500,247				(1)	3,608,713	13,108,959

\*Fair value through other comprehensive income  
Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 216 to 284 form an integral part of these financial statements.

Supplementary Information

Reporting Transparently

Corporate Governance

Responsible Performance

Strategy

Year in Brief

# STATEMENT OF CASH FLOWS

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2025	2024	2025	2024
OPERATING ACTIVITIES					
Operating profit/(loss) before working capital changes	A	7,432,156	7,638,367	(33,651)	22,159
(Increase)/decrease in inventories		31,934	2,358	-	-
(Increase)/decrease in trade and other receivables		(820,408)	366,207	-	-
(Increase)/decrease in other current assets		(23,080)	(15,165)	(1,912)	(2,186)
(Increase)/decrease in amounts due from related parties		37,497	(225,624)	5,639	(15,322)
Increase/(decrease) in amounts due to related parties		155,343	177,426	348	802
Increase/(decrease) in other current liabilities		241,629	(34,738)	-	-
Increase/(decrease) in trade and other payables		422,879	285,821	3,871	2,842
Cash generated from/(used in) operations		7,477,950	8,194,652	(25,705)	8,295
Finance costs paid		(2,516,135)	(2,091,984)	(134,297)	(97,840)
Finance income received		32,978	66,084	98,548	20,410
Tax paid		(155,183)	(82,365)	(4,806)	(849)
Dividend received		-	-	276,747	159,617
Gratuity paid		(38,676)	(36,807)	-	-
Net cash flows from operating activities		4,800,934	6,049,580	210,487	89,633
INVESTING ACTIVITIES					
Purchase and construction of property, plant and equipment	21.1	(1,112,549)	(1,106,169)	-	-
Purchase of intangible assets	24	(87,984)	-	-	-
Addition to investment properties	23	(550)	(1,978)	-	-
Proceeds from sale of property, plant and equipment		25,865	15,908	-	-
Withdrawal in short-term investments (net)		-	305,605	-	-
(Purchase)/disposal of non-current financial assets (net)		(291,448)	1,462	-	-
Decrease in interest in subsidiaries		-	-	-	330,401
Increase in interest in equity-accounted investees		(497,431)	(583,120)	(497,430)	(583,120)
Net cash flows used in investing activities		(1,964,097)	(1,368,292)	(497,430)	(252,719)
FINANCING ACTIVITIES					
Dividend paid to shareholders with non-controlling interest		(10,328)	-	-	-
Repayments of long-term borrowings	35.1	(4,417,018)	(5,377,865)	(314,000)	(236,000)
Repayments of short-term borrowings	40	(100,000)	-	-	-
Payment of principal portion of lease liabilities	22.1.3	(1,382,228)	(1,746,033)	-	-
Proceeds from long-term borrowings	35.1	500,000	200,000	500,000	200,000
Proceeds from short-term borrowings	40	1,450,000	550,000	-	-
Net cash flows from/(used in) financing activities		(3,959,574)	(6,373,898)	186,000	(36,000)
Net increase/(decrease) in cash and cash equivalents		(1,122,737)	(1,692,610)	(100,943)	(199,086)
Cash and cash equivalents at the beginning of the year		(8,190,161)	(6,497,551)	355,395	554,481
Cash and cash equivalents at the end of the year		(9,312,898)	(8,190,161)	254,452	355,395
ANALYSIS OF CASH & CASH EQUIVALENTS					
Short-term investments (less than 3 months)	32	120,658	29,499	-	-
Cash in hand and at bank		1,828,129	1,111,714	254,452	355,395
Bank overdrafts	40.3	(11,261,685)	(9,331,374)	-	-
Total cash and cash equivalents		(9,312,898)	(8,190,161)	254,452	355,395

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 216 to 284 form an integral part of these financial statements.

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2025	2024	2025	2024
<b>A Operating profit/(loss) before working capital changes</b>					
Profit/(loss) before tax		302,007	(65,195)	214,491	96,473
<b>Adjustments for;</b>					
Depreciation of property, plant and equipment	21.1	2,364,492	2,458,138	-	-
Provision for employee benefit costs		74,837	83,450	-	-
Share-based payment expense	34	1,560	1,233	-	-
Depreciation of right-of-use assets	22.1.1	2,213,479	2,436,901	-	-
Amortisation of intangible assets	24	11,611	-	-	-
Finance costs	17.2	2,593,822	2,882,137	127,153	105,482
Amortisation of transaction cost on interest-bearing borrowings	35.1	-	737	-	231
Dividend received	15	-	-	(276,747)	(159,617)
Finance income	17.1	(41,484)	(66,084)	(98,548)	(20,410)
Loss on sale of property, plant and equipment	16.2	19,393	15,364	-	-
Share of results of equity-accounted investees	26.2	45,907	(4,132)	-	-
Provision for slow-moving inventories		675	290	-	-
Provision/(reversal) for impairment losses	30.1	366,336	(3,632)	-	-
Net gain from fair value remeasurement of investment properties	23	(74,597)	(98,250)	-	-
Unrealised gain on foreign exchange (net)		(445,882)	(2,590)	-	-
<b>Operating profit/(loss) before working capital changes</b>		<b>7,432,156</b>	<b>7,638,367</b>	<b>(33,651)</b>	<b>22,159</b>

Figures in brackets indicate deductions.

The accounting policies and notes, as set out on pages 216 to 284 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## CORPORATE AND GROUP INFORMATION

### 1. CORPORATE INFORMATION

#### Reporting entity

John Keells Hotels PLC is a public limited liability company incorporated and domiciled in Sri Lanka, and listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2.

Ordinary shares of the Company are listed on the Colombo Stock Exchange.

In the Director's opinion, the Company's ultimate parent undertaking is John Keells Holdings PLC, which is a Company incorporated in Sri Lanka.

#### Consolidated financial statements

The financial statements for the year ended 31 March 2025, comprise "the Company", which refers to John Keells Hotels PLC as the holding Company and "the Group", which refers to the companies whose accounts have been consolidated therein, together with the group's interests in equity-accounted investees.

#### Approval of financial statements

The financial statements of the Group and the Company for the year ended 31 March 2025 were authorised for issue by the Directors on 27 May 2025.

#### Principal activities and nature of operations of the holding Company

John Keells Hotels PLC, the Group's holding Company, manages a portfolio of holdings, consisting of hoteliering business, which together constitutes the John Keells Hotels Group.

#### Responsibility for financial statements

The responsibility of the Board of Directors in relation to the financial statements is set out in the Statement of Directors' Responsibility on page 206 of the Annual report.

#### Statement of compliance

The consolidated financial statements of the Group and the separated financial statements of the Company, which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

### 2. GROUP INFORMATION

#### Subsidiaries, associates and joint ventures

The companies within the Group are shown in the Group structure on page 30. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

## BASIS OF PREPARATION & OTHER SIGNIFICANT ACCOUNTING POLICIES

### 3. BASIS OF PREPARATION

#### Basis of measurement

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except for investment properties, land and buildings and equity instruments at fair value through other comprehensive income that have been measured at fair value.

#### Offsetting

Assets and liabilities, income and expenses are not offset unless required or permitted by the Sri Lanka Accounting Standards.

#### Going concern

The Group has prepared the financial statements for the year ended 31 March 2025 on the basis that it will continue to operate as a going concern. Based on available information, the management has assessed prevailing macroeconomic conditions and its effect on the Group companies in determining the going concern basis for preparation of financial statements.

The management has formed judgement that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

In determining the above, significant management judgement, estimates and assumptions, the impact of the macroeconomic uncertainties, including exchange rate volatilities, supply chain disruptions and interest rate volatilities have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

#### Presentation and functional currency

The consolidated financial statements are presented in Sri Lankan Rupees, which is the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

The following subsidiaries are using different functional currency other than Sri Lankan Rupees (Rs):

Country of incorporation	Functional Currency	Name of the Subsidiary
Republic of Maldives	United States Dollar (USD)	Fantasea World Investments (Pte) Ltd
		John Keells Maldivian Resorts (Pte) Ltd
		Tranquility (Pte) Ltd
		Travel Club (Pte) Ltd

Each material class of similar items is presented cumulatively in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard-LKAS 1, 'Presentation of Financial Statements'.

All values are rounded to the nearest rupees thousand (Rs.'000) except when otherwise indicated.

The significant accounting policies are discussed with relevant individual notes.

The share of results of equity-accounted investees in the income statement and other comprehensive income statement are shown net of all related taxes.

The indicative US Dollar financial statements on pages 287 and 289 do not form part of the financial statements prepared in accordance with SLFRS/LKAS.

#### Comparative information

The presentation and classification of the financial statements of the previous year have been amended where relevant to improve their presentation and make them comparable with those of the current year.

Amendments to the financial statements due to changes in accounting standards are discussed in Note 6.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

A summary of material accounting policies has been disclosed along with the relevant individual notes in the subsequent pages. Those accounting policies presented with each note, have been applied consistently by the Group.

##### Other material accounting policies not covered with individual notes

The following accounting policies, which have been applied consistently by the Group, are considered to be material but are not covered in any other sections.

##### Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

##### Foreign currency translation, foreign currency transactions and balances

The consolidated financial statements are presented in Sri Lanka Rupees (Rs.), which is the Company's functional and presentation currency. The functional currency is the currency of the primary economic environment in which the entities of the Group operate.

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currency are translated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing fair value of the item.

## Foreign operations

The statement of financial position and income statement of overseas subsidiaries which are deemed to be foreign operations are translated to Sri Lanka Rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period, respectively.

The exchange rates applicable during the period were as follows:

Rs.	Closing Rate		Average Rate	
	2025	2024	2025	2024
US Dollar	296.33	300.40	298.02	318.12

The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the income statement.

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

## 5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements of the Group require the management to make judgements, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the financial statements. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The items which have most significant effect on accounting, judgements, estimate and assumptions are as follows;

- Valuation of property, plant and equipment and investment properties
- Impairment of non-financial assets
- Share-based payments
- Taxes
- Employee benefit liabilities
- Provision for expected credit losses of trade receivables and contract assets
- Leases - Estimating the incremental borrowing rate
- Going concern basis

## 6. CHANGES IN ACCOUNTING STANDARDS

The following amendments and improvements do not expect to have a significant impact on the Group's financial statements.

Amendments to LKAS 1	: Classification of Liabilities as Current or Non-Current
Amendments to LKAS 1	: Non-Current liabilities with Covenants
Amendments to SLFRS 16	: Lease Liability in a Sale and Leaseback
Amendments to LKAS 7	: Supplier Finance Arrangements
Amendments to SLFRS 7	: Supplier Finance Arrangements
Amendments to LKAS 12	: International Tax Reform - Pillar Two Model Rules

## 7. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

Amendments to LKAS 21: Lack of Exchangeability.

## 8. OPERATING SEGMENT INFORMATION

### *Accounting policy*

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group's internal organisation and management are structured based on the Group's geographical spread of operations. Accordingly, the Group's operating segments are determined based on the Group's geographical spread of operations, Sri Lanka and the Maldives.

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group. No operating segments have been aggregated to form reportable operating segments.

An individual segment manager is determined for each operating segment and the results are regularly reviewed by the Board of Directors. The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the operating segments' information, is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are carried out in the ordinary course of business.

### 8.1 Business segments

The following tables present revenue, profit/(loss) information, assets and liabilities based on the Group's operating segments. In addition to segment results, information such as finance costs/income, tax expenses have been allocated to segments for better presentation.

# NOTES TO THE FINANCIAL STATEMENTS

## 8. OPERATING SEGMENT INFORMATION (Contd.)

For the year ended 31 March In Rs. '000s	Sri Lanka		Maldives		Group	
	2025	2024	2025	2024	2025	2024
<b>Disaggregation of revenue - Timing of revenue recognition</b>						
Services transferred over time	11,194,767	10,331,881	18,517,730	20,718,746	29,712,497	31,050,627
Less: Inter-segment revenue	(30,931)	(21,948)	(363,339)	(289,428)	(394,270)	(311,376)
<b>Net segment revenue from contracts with customers</b>	<b>11,163,836</b>	<b>10,309,933</b>	<b>18,154,391</b>	<b>20,429,318</b>	<b>29,318,227</b>	<b>30,739,251</b>
<b>Segment results</b>						
Segment results	1,279,714	489,317	1,395,111	2,020,231	2,674,825	2,509,548
Other operating income	13,455	387	137,375	138,541	150,830	138,928
Finance costs	(882,600)	(1,064,732)	(1,711,222)	(1,817,405)	(2,593,822)	(2,882,137)
Finance income	32,979	66,084	8,505	-	41,484	66,084
Net gain from fair value remeasurement of investment properties	74,597	98,250	-	-	74,597	98,250
Share of results of equity-accounted investees	(45,907)	4,132	-	-	(45,907)	4,132
<b>Profit/(loss) before tax</b>	<b>472,238</b>	<b>(406,562)</b>	<b>(170,231)</b>	<b>341,367</b>	<b>302,007</b>	<b>(65,195)</b>
Tax expense	(447,765)	(112,902)	(76,916)	(260,908)	(524,681)	(373,810)
<b>Profit/(loss) for the year</b>	<b>24,473</b>	<b>(519,464)</b>	<b>(247,147)</b>	<b>80,459</b>	<b>(222,674)</b>	<b>(439,005)</b>
<b>Assets</b>						
Segment assets	27,443,302	26,028,977	49,549,086	53,200,156	76,992,388	79,229,133
Goodwill	413,812	413,812	256,595	256,595	670,407	670,407
<b>Total assets</b>	<b>27,857,114</b>	<b>26,442,789</b>	<b>49,805,681</b>	<b>53,456,751</b>	<b>77,662,795</b>	<b>79,899,540</b>
<b>Liabilities</b>						
Segment liabilities	13,437,412	12,921,144	32,642,177	35,693,864	46,079,589	48,615,008
<b>Total liabilities</b>	<b>13,437,412</b>	<b>12,921,144</b>	<b>32,642,177</b>	<b>35,693,864</b>	<b>46,079,589</b>	<b>48,615,008</b>
<b>Other Information</b>						
Purchase and construction of property, plant and equipment	595,076	391,457	517,473	714,712	1,112,549	1,106,169
Additions to right-of-use assets	48,674	-	-	-	48,674	-
Additions to intangible assets	75,281	-	12,703	-	87,984	-
Depreciation of property, plant and equipment	859,142	769,104	1,505,350	1,689,034	2,364,492	2,458,138
Depreciation of right-of-use assets	29,775	28,573	2,183,704	2,408,328	2,213,479	2,436,901
Amortisation of intangible assets	3,673	-	7,938	-	11,611	-
Lease liabilities	437,895	392,781	16,708,072	18,996,459	17,145,967	19,389,240
Interest-bearing loans and borrowings	4,368,457	4,821,552	3,632,944	7,621,148	8,001,401	12,442,700
Short-term borrowings	1,900,000	550,000	-	-	1,900,000	550,000
Provision for employee benefit costs	74,837	83,450	-	-	74,837	83,450

## 9. BASIS OF CONSOLIDATION

### *Accounting policy*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, and share of profit or loss and net assets of equity accounted investees as at 31 March 2025. Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

### **Control over an investee**

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control.

### **Transactions eliminated on consolidation**

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

### **Subsidiaries**

Subsidiaries are those enterprises controlled by the parent and have been listed in the Group directory under supplementary section of the annual report.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income statement and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

### **Loss of control**

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the income statement. Any investment retained is recognised at fair value.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated statement of financial position.

### **Non-controlling interest (NCI)**

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a

component of equity in the consolidated statement of financial position, separately from equity attributable to the shareholders of the parent.

The consolidated statement of cash flows includes the cash flows of the Company and its subsidiaries.

## 10. BUSINESS COMBINATIONS & GOODWILL

### *Accounting policy*

Business combinations are accounted for using the acquisition method of accounting. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquire is lower than the fair value of net assets acquired, a gain is recognised immediately in the income statement.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

## 10. BUSINESS COMBINATIONS & GOODWILL (Contd)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability, and which is a financial instrument and within the scope of SLFRS 9, is measured at fair value with changes in fair value either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS/LKAS.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value maybe impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

### Impairment of goodwill

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount

of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments held by the Group, principally comprise of cash, loans and other receivables, trade and other receivables, trade and other payables and loans and borrowings. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group. These financial instruments are exposed to credit, liquidity and market risks.

The Group has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and related controlling.

The guidelines upon which the Group's risk management processes are based are designed to identify and analyse these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products. The Group manages and monitors these risks primarily through its operating and financing activities.

### 11.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to debtors impairment is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents and fair value through OCI financial investments, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure that the counterparties fulfil their obligations.

### 11.1.1 Risk exposure - Group

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without considering collateral, if available). Following table shows the maximum risk positions of the Group.

As at 31 March		2025					
In Rs. '000s	Note	Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short-term investments	Amounts due from related parties	Total
Deposits with bank and non-bank financial institutes	11.1.2	218,546	-	-	120,658	-	339,204
Trade and other receivables	11.1.3	-	-	3,507,039	-	-	3,507,039
Amounts due from related parties	11.1.4	-	-	-	-	262,753	262,753
Cash in hand and at bank	11.1.2	-	1,828,129	-	-	-	1,828,129
<b>Total credit risk exposure</b>		<b>218,546</b>	<b>1,828,129</b>	<b>3,507,039</b>	<b>120,658</b>	<b>262,753</b>	<b>5,937,125</b>
Financial assets at fair value through OCI	11.1.6	170,240	-	-	-	-	170,240
<b>Total equity risk exposure</b>		<b>170,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>170,240</b>
<b>Total</b>		<b>388,786</b>	<b>1,828,129</b>	<b>3,507,039</b>	<b>120,658</b>	<b>262,753</b>	<b>6,107,365</b>

As at 31 March		2024					
In Rs. '000s	Note	Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short-term investments	Amounts due from related parties	Total
Deposits with bank	11.1.2	-	-	-	29,499	-	29,499
Trade and other receivables	11.1.3	-	-	3,435,889	-	-	3,435,889
Amounts due from related parties	11.1.4	-	-	-	-	300,250	300,250
Loans to executives	11.1.5	2,152	-	1,080	-	-	3,232
Cash in hand and at bank	11.1.2	-	1,111,714	-	-	-	1,111,714
<b>Total credit risk exposure</b>		<b>2,152</b>	<b>1,111,714</b>	<b>3,436,969</b>	<b>29,499</b>	<b>300,250</b>	<b>4,880,584</b>
Financial assets at fair value through OCI	11.1.6	170,238	-	-	-	-	170,238
<b>Total equity risk exposure</b>		<b>170,238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>170,238</b>
<b>Total</b>		<b>172,390</b>	<b>1,111,714</b>	<b>3,436,969</b>	<b>29,499</b>	<b>300,250</b>	<b>5,050,822</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

### Risk exposure - Company

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions of the Company.

As at 31 March In Rs. '000s	Note	2025			Total
		Non-current financial assets	Cash in hand and at bank	Amounts due from related parties	
Amounts due from related parties	11.1.4	-	-	9,006	9,006
Cash in hand and at bank	11.1.2	-	254,452	-	254,452
<b>Total credit risk exposure</b>		-	254,452	9,006	263,458
Financial assets at fair value through OCI	11.1.6	12	-	-	12
<b>Total equity risk exposure</b>		12	-	-	12
<b>Total</b>		12	254,452	9,006	263,470

As at 31 March In Rs. '000s	Note	2024			Total
		Non-current financial assets	Cash in hand and at bank	Amounts due from related parties	
Amounts due from related parties	11.1.4	-	-	18,874	18,874
Cash in hand and at bank	11.1.2	-	355,395	-	355,395
<b>Total credit risk exposure</b>		-	355,395	18,874	374,269
Financial assets at fair value through OCI	11.1.6	10	-	-	10
<b>Total equity risk exposure</b>		10	-	-	10
<b>Total</b>		10	355,395	18,874	374,279

### 11.1.2 Credit risk relating to cash and cash equivalents

In order to mitigate settlement and operational risks related to cash and cash equivalents, the Group and Company use several banks with acceptable ratings for its deposits.

Deposits with bank mainly consist of fixed and call deposits. As at 31 March 2025, 100% of the fixed and call deposits (2024 - 100%) of the Group was rated "A" or better.

### Deposits with banks and credit rating of the banks

As at 31 March Fitch ratings	Group			
	2025		2024	
	In Rs. '000	As a %	In Rs. '000	As a %
AA-	45,822	38%	-	-
A	74,836	62%	-	-
A-	-	-	29,499	100%
<b>Total</b>	<b>120,658</b>	<b>100%</b>	<b>29,499</b>	<b>100%</b>

### 11.1.3 Trade and other receivables

As at 31 March In Rs. '000s	Group	
	2025	2024
Neither past due nor impaired	2,375,314	2,191,042
Past due but not impaired		
31–60 days	808,766	863,849
61–90 days	246,932	236,617
> 91 days	76,027	145,461
Impaired	506,974	144,434
Gross carrying value	4,014,013	3,581,403
Less: Allowance for expected credit losses	(506,974)	(144,434)
Total	3,507,039	3,436,969

The Group has obtained deposit from major customers by reviewing their past performance and credit worthiness, as collateral. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers and uses a provision matrix to calculate Expected Credit Loss (ECL) for the balance. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix was initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset including trade and receivable as indicating impairment when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to provide impairment indications when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 11.1.4 Amounts due from related parties

The Group's amounts due from related parties mainly consists of the balances from affiliate companies and ultimate parent.

### 11.1.5 Loans to executives

Loans to executive portfolio is largely made up of vehicle loans which are given to staff at assistant manager level and above. The respective business units have obtained the necessary power of attorney/promissory notes as collateral for the loans granted.

### 11.1.6 Financial assets at fair value through OCI

All equity investments are made after obtaining approval of the Board of Directors.

# NOTES TO THE FINANCIAL STATEMENTS

## 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

### 11.2 Liquidity Risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk of a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

#### 11.2.1 Net debt

As at 31 March In Rs. '000s	Group		Company	
	2025	2024	2025	2024
Short-term investments	120,658	29,499	-	-
Cash in hand and at bank	1,828,129	1,111,714	254,452	355,395
<b>Total liquid assets</b>	<b>1,948,787</b>	<b>1,141,213</b>	<b>254,452</b>	<b>355,395</b>
Interest-bearing loans and borrowings	8,001,401	12,442,700	1,350,487	1,171,630
Short-term borrowings	1,900,000	550,00	-	-
Bank overdrafts	11,261,685	9,331,374	-	-
<b>Total liabilities</b>	<b>21,163,086</b>	<b>22,324,074</b>	<b>1,350,487</b>	<b>1,171,630</b>
<b>Net debt</b>	<b>19,214,299</b>	<b>21,182,861</b>	<b>1,096,035</b>	<b>816,235</b>

#### 11.2.2 Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreement, or other secured borrowings.

The Group continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between Group companies and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Group. The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings. The Group is also confident on the support which can be extended by its parent company in managing funding requirements should there be a need.

### Maturity analysis - Group

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As at 31 March In Rs. '000s	2025						Total
	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	
Interest-bearing loans and borrowings	4,531,875	1,993,433	1,216,901	687,189	514,288	251,617	9,195,303
Lease liabilities	2,224,943	2,291,131	2,355,890	2,392,525	1,039,958	18,643,367	28,947,814
Short-term borrowings	1,900,000	-	-	-	-	-	1,900,000
Trade and other payables	2,380,799	-	-	-	-	-	2,380,799
Amounts due to related parties	680,031	-	-	-	-	-	680,031
Bank overdrafts	11,261,685	-	-	-	-	-	11,261,685
<b>Total</b>	<b>22,979,333</b>	<b>4,284,564</b>	<b>3,572,791</b>	<b>3,079,714</b>	<b>1,554,246</b>	<b>18,894,984</b>	<b>59,365,632</b>

As at 31 March In Rs. '000s	2024						Total
	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	
Interest-bearing loans and borrowings	6,851,930	3,643,068	1,200,294	956,508	607,210	712,135	13,971,145
Lease liabilities	1,452,650	1,419,086	1,403,072	1,386,526	1,371,252	26,136,085	33,168,671
Short-term borrowings	550,000	-	-	-	-	-	550,000
Trade and other payables	2,381,019	-	-	-	-	-	2,381,019
Amounts due to related parties	524,688	-	-	-	-	-	524,688
Bank overdrafts	9,331,374	-	-	-	-	-	9,331,374
<b>Total</b>	<b>21,091,661</b>	<b>5,062,154</b>	<b>2,603,366</b>	<b>2,343,034</b>	<b>1,978,462</b>	<b>26,848,220</b>	<b>59,926,897</b>

### Maturity analysis - Company

The tables below summarise the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at 31 March In Rs. '000s	2025						Total
	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	
Interest-bearing loans and borrowings	497,408	462,778	424,654	163,622	-	-	1,548,462
Trade and other payables	13,266	-	-	-	-	-	13,266
Amounts due to related parties	2,425	-	-	-	-	-	2,425
<b>Total</b>	<b>513,099</b>	<b>462,778</b>	<b>424,654</b>	<b>163,622</b>	<b>-</b>	<b>-</b>	<b>1,564,153</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

As at 31 March In Rs. '000s	2024						Total
	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	
Interest-bearing loans and borrowings	347,241	392,000	392,000	387,237	154,000	-	1,672,478
Trade and other payables	9,395	-	-	-	-	-	9,395
Amounts due to related parties	2,077	-	-	-	-	-	2,077
<b>Total</b>	<b>358,713</b>	<b>392,000</b>	<b>392,000</b>	<b>387,237</b>	<b>154,000</b>	<b>-</b>	<b>1,683,950</b>

### 11.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market prices comprise of the following risks:

- Interest rate risk
- Foreign currency risk
- Equity price risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analysis in the following sections relate to the position as at 31 March in 2025 and 2024.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks.
- This is based on the financial assets and financial liabilities held at 31 March 2025 and 2024.

#### 11.3.1 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's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group has managed the risk of volatile interest rates by having a balanced portfolio of borrowings at fixed and variable rates while interest rate swap agreements are in place for a significant portion of the Group's foreign currency borrowing portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate borrowings).

For the year ended 31 March	Increase/ (decrease) in basis points		Group
	Rupee borrowings	Other currency borrowings	Effect on profit/(loss) before tax In Rs. '000
2025	+ 266 basis points	+ 72 basis points	(174,423)
	- 266 basis points	- 72 basis points	174,423
2024	+ 1083 basis points	+ 58 basis points	(458,224)
	- 1083 basis points	- 58 basis points	458,224

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market.

### 11.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

#### Effects of currency transaction and translation

For purposes of Group consolidated financial statements, the income and expenses and the assets and liabilities of subsidiaries located outside Sri Lanka are converted into Sri Lankan Rupees. Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment results (earnings before interest and taxes – EBIT) and assets and liabilities of the Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values caused by exchange rates.

The Group's exposure to foreign currency changes for currencies other than USD is not material.

For the year ended 31 March	Group		
	Increase/(decrease) in exchange rate USD	Effect on profit/(loss) before tax In Rs. '000	Effect on equity In Rs. '000
2025	+1.48%	(232,011)	344,794
	-1.48%	232,011	(344,794)
2024	+7.50%	(1,650,016)	1,799,755
	-7.50%	1,650,016	(1,799,755)

#### Assumptions

The assumed movement, in the spread of the exchange rate sensitivity analysis, is based on the current observable market environment.

The Sri Lankan Rupee experienced appreciation in the first quarter, followed by depreciation in the second and third quarters, before showing an upward trend again in the final quarter.

The Group adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows. At a Group level, the translation risk on foreign currency debt is largely hedged "naturally" because of the conscious strategy of maintaining US Dollar cash balances at the holding company whilst also ensuring obligations can be managed through US Dollar denominated revenue streams.



# NOTES TO THE FINANCIAL STATEMENTS

## 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

### 11.3.3 Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. All unquoted equity investments are made after obtaining approval of the Group Executive Committee.

### 11.3.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, have a rights issue or buy back of shares.

As at 31 March In Rs. '000s	Group		Company	
	2025	2024	2025	2024
Debt/Equity	67%	72%	10%	9%

## 12. FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

### Accounting Policy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted equity instruments, and for non-recurring measurement, such as assets held for sale in discontinued operations.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Involvement of external valuers are decided upon annually by the Group after discussion with and approval by the Company's Audit Committee. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for individual assets and liabilities.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### Fair value related disclosures

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are reflected in this note. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

- Investment in unquoted equity shares - Notes 25, 26, 27
- Property, plant and equipment under revaluation model - Note 21.2
- Financial instruments (including those carried at amortised cost) - Note 13.4
- Investment properties - Note 23

As at 31 December 2024, the fair values of the assets are based on valuations performed by Sunil Fernando & Associates (Pvt) Limited, an accredited independent valuer. Sunil Fernando & Associates (Pvt) Limited is a specialist in valuing these types of significant assets. A valuation model, in accordance with that recommended by the International Valuation Standards Committee, has been applied.

## 12.1 Financial assets and liabilities by fair value hierarchy - Group

The Group held the following financial instruments carried at fair value in the statement of financial position:

As at 31 March		Level 1		Level 2		Level 3	
In Rs. '000s	Note	2025	2024	2025	2024	2025	2024
<b>Financial assets</b>							
<b>Quoted Investments</b>							
Ceylon Hotels Corporation PLC		12	10	-	-	-	-
<b>Unquoted Investments</b>							
Rainforest Ecolodge (Pvt) Ltd		-	-	-	-	8,871	8,871
Rajawella Holdings Ltd		-	-	-	-	161,357	161,357
<b>Total</b>		<b>12</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>170,228</b>	<b>170,228</b>
<b>Non-financial assets</b>							
<b>Assets measured at fair value</b>							
<b>Property, plant and equipment</b>							
Land and buildings	21.1	-	-	-	-	9,812,796	9,442,735
Buildings on leasehold land		-	-	-	-	8,167,310	7,955,663
<b>Investment properties</b>							
Freehold properties	23	-	-	-	-	2,145,675	2,070,528
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,125,781</b>	<b>19,468,926</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 12. FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES (Contd.)

In determining the fair value, the highest and best use of the property has been considered, including the current condition of the property, future usability, and associated redevelopment requirements. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

### 12.2 Financial assets and liabilities by fair value hierarchy - Company

The Company held the following financial instruments carried at fair value in the statement of financial position:

As at 31 March In Rs. '000s	Level 1		Level 2		Level 3	
	2025	2024	2025	2024	2025	2024
Quoted investments	12	10	-	-	-	-
Total	12	10	-	-	-	-

During the reporting periods 31 March 2025 and 2024, there were no transfers between the 3 levels.

### 12.3 Reconciliation of fair value measurements of Level 3 financial instruments

The Group carries unquoted equity shares as equity instruments designated at fair value through OCI classified under Level 3 within the fair value hierarchy.

A reconciliation of the beginning and closing balances including movements is summarised below:

	Group
In Rs. '000s	
As at 1 April 2024	170,228
As at 31 March 2025	170,228

## 13. FINANCIAL INSTRUMENTS AND RELATED POLICIES

*Accounting policy*

### 13.1 Financial assets

#### Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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 the income statement.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and quoted and unquoted financial instruments.

## Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories.

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

## Debt instruments

### Financial assets at 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. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows  
and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and Short-term investments and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

### Financial assets at fair value through OCI

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 fair value through OCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling  
and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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 the income statement. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the income statement 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 income statement.

## Equity Instruments

### Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

# NOTES TO THE FINANCIAL STATEMENTS

## 13. FINANCIAL INSTRUMENTS AND RELATED POLICIES (Contd.)

Gains and losses on these financial assets are never recycled to the income statement. Dividends are recognised as other income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its unquoted equity investments under this category.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

This category includes derivative instruments and quoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted equity investments are also recognised as other income in the income statement when the right of payment has been established.

### Derecognition

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.

### Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the Group's effective interest rate.

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. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 13.2 Financial Liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the income statement.

#### Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

### 13.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 13.4 Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

#### Financial assets by categories

As at 31 March In Rs. '000	Group			
	Financial assets at amortised cost		Financial assets at fair value through OCI	
	2025	2024	2025	2024
<b>Financial instruments in non-current assets</b>				
Non-current financial assets	218,546	2,152	170,240	170,238
<b>Financial instruments in current assets</b>				
Trade and other receivables	3,507,039	3,436,969	-	-
Amounts due from related parties	262,753	300,250	-	-
Short-term investments	120,658	29,499	-	-
Cash in hand and at bank	1,828,129	1,111,714	-	-
<b>Total</b>	<b>5,937,125</b>	<b>4,880,584</b>	<b>170,240</b>	<b>170,238</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 13. FINANCIAL INSTRUMENTS AND RELATED POLICIES (Contd.)

As at 31 March In Rs. '000	Company			
	Financial assets at amortised cost		Financial assets at fair value through OCI	
	2025	2024	2025	2024
<b>Financial instruments in non-current assets</b>				
Non-current financial assets	-	-	12	10
<b>Financial instruments in current assets</b>				
Amounts due from related parties	9,006	18,874	-	-
Cash in hand and at bank	254,452	355,395	-	-
<b>Total</b>	<b>263,458</b>	<b>374,269</b>	<b>12</b>	<b>10</b>

Both carrying amount and fair value are equal of financial assets at fair value through OCI.

The fair value of loans and receivables does not significantly vary from the value based on the amortised cost methodology.

### Financial liabilities by categories

As at 31 March In Rs. '000	Group		Company	
	Financial liabilities measured at amortised cost		Financial liabilities measured at amortised cost	
	2025	2024	2025	2024
<b>Financial instruments in non-current liabilities</b>				
Interest-bearing loans and borrowings	4,051,716	6,174,553	932,601	824,389
<b>Financial instruments in current liabilities</b>				
Trade and other payables	2,380,799	2,381,019	13,266	9,395
Amounts due to related parties	680,031	524,688	2,425	2,077
Interest-bearing loans and borrowings	3,949,685	6,268,147	417,886	347,241
Short-term borrowings	1,900,000	550,000	-	-
Bank overdrafts	11,261,685	9,331,374	-	-
<b>Total</b>	<b>24,223,916</b>	<b>25,229,781</b>	<b>1,366,178</b>	<b>1,183,102</b>

The fair value of financial liabilities does not significantly vary from the value based on the amortised cost methodology.

The management assessed that the fair value of cash and short-term investments, trade and other receivables, trade and other payables and bank overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- Fair value of quoted equities and bonds is based on price quotations in an active market at the reporting date.
- The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Fair value of the unquoted ordinary shares has been estimated using a discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

#### Accounting judgements, estimates and assumptions

##### Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible.

Where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

## NOTES TO THE INCOME STATEMENT, STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

### 14. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### *Accounting policy*

#### 14.1 Contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

##### Services transferred over time

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

# NOTES TO THE FINANCIAL STATEMENTS

## 14. REVENUE FROM CONTRACTS WITH CUSTOMERS (Contd.)

### 14.2 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the year ended 31 March In Rs. '000s	Group	
	2025	2024
<b>Timing of revenue recognition</b>		
Services transferred over time	26,074,922	22,469,530
Services transferred at a point in time	3,243,305	8,269,721
<b>Total revenue from contracts with customers</b>	<b>29,318,227</b>	<b>30,739,251</b>
<b>Geographical markets</b>		
Sri Lanka	2,558,126	2,347,083
Asia (excluding Sri Lanka)	2,301,966	5,305,825
Europe	18,905,540	16,095,120
Others	5,552,595	6,991,223
<b>Total revenue from contracts with customers</b>	<b>29,318,227</b>	<b>30,739,251</b>
<b>Type of services</b>		
Provision of accommodation	17,570,818	18,408,811
Provision of food and beverages	3,243,305	8,269,721
Others	8,504,104	4,060,719
<b>Total revenue from contracts with customers</b>	<b>29,318,227</b>	<b>30,739,251</b>

### 14.3 Reconciliation of revenue

Reconciliation between revenue from contracts with customers and revenue information that is disclosed for each reportable segment has been provided in the operating segment information section.

### 14.4 Contract balances

#### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

As at 31 March In Rs. '000s	Group	
	2025	2024
Trade and other receivables	350,470	275,946
<b>Contract assets</b>	<b>350,470</b>	<b>275,946</b>

### Contract liabilities

Contract liabilities are Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services and short-term advances received to render certain services.

As at 31 March In Rs. '000s	Group	
	2025	2024
Other current liabilities	1,137,107	1,048,457
<b>Contract liabilities</b>	<b>1,137,107</b>	<b>1,048,457</b>
Set out below is the amount of revenue recognised from:		
Amounts included in contract liabilities at the beginning of the year	1,048,457	1,203,987
Performance obligations satisfied	1,048,457	86,691

## 14.5 Performance obligations and significant judgements

The Group's performance obligations and significant judgements are summarised below:

Revenue from hotel operations consists of room sales, food and beverage sales and revenue from auxiliary activities which is recognised when the service is rendered, and presented net of sales taxes and discounts.

### Provision of accommodation

The revenue for providing accommodations are recognised over the period of stay and billed to the guest on departure. The entity identifies the services under each contract as one performance obligation.

### Provision of food and beverages

This is the revenue for providing the meals according to the meal plan which is part and parcel of the customer contract. Meal plans could be bed and breakfast (BB), half board (HB), full board (FB) or all inclusive (AI). Revenue is accounted at the point of sale and billed to the guest on departure. For guests that do not come through a meal plan contract, income is recognised and invoiced to the guest at the point of sale.

### Others

Other revenue represents revenue from other value added services provided by the business, including SPA services, laundry services, excursions and water sports. Revenue is recognised at the time of provision of service and invoice is raised at the time of service is consumed.

The Group applies the practical expedient and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the year ended 31 March 2025.

## 15. DIVIDEND INCOME

### Accounting policy

Dividend income is recognised when the right to receive the payment is established.

For the year ended 31 March In Rs. '000s	Company	
	2025	2024
Dividend income from investments in subsidiaries	276,747	159,617
	<b>276,747</b>	<b>159,617</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 16. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

*Accounting policy*

### Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue-generating activities and those arising from a Group of similar transactions, which are not material, are aggregated, reported and presented on a net basis.

### Other income and expenses

Other income and expenses are recognised on an accrual basis.

### 16.1 Other operating income

For the year ended 31 March In Rs. '000s	Group		Company	
	2025	2024	2025	2024
Sundry income	150,830	138,928	-	59,677
	150,830	138,928	-	59,677

### 16.2 Other operating expenses

For the year ended 31 March In Rs. '000s	Group		Company	
	2025	2024	2025	2024
Power and energy	1,525,365	2,095,914	-	-
Maintenance and repair costs	814,408	760,031	-	-
Loss on sale of property, plant and equipment	19,393	15,364	-	-
Exchange losses	16,410	41,164	223	455
Other overheads	488,343	440,472	160	469
	2,863,919	3,352,945	383	924

## 17. FINANCE INCOME AND FINANCE COSTS

*Accounting policy*

### Finance income

Finance income comprises interest income on funds invested, gains on the disposal of fair value though OCI financial assets.

Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

### Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of fair value though OCI financial assets, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the income statement.

Interest costs are recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

## 17.1 Finance income

For the year ended 31 March	Group		Company	
In Rs. '000s	2025	2024	2025	2024
Interest income	41,484	66,084	98,548	20,410
	41,484	66,084	98,548	20,410

## 17.2 Finance costs

For the year ended 31 March	Group		Company	
In Rs. '000s	2025	2024	2025	2024
Interest expense on bank borrowings	1,919,063	2,329,935	127,153	105,482
Interest on lease liabilities	674,759	552,202	-	-
	2,593,822	2,882,137	127,153	105,482

## 18. PROFIT/(LOSS) BEFORE TAX

### Expenditure recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's and Group's performance.

For the year ended 31 March	Group		Company	
In Rs. '000s	2025	2024	2025	2024
Profit/(loss) before tax is stated after charging all expenses including the following;				
Remuneration to non-executive directors	7,865	9,808	7,865	9,808
Auditors' remuneration:				
Audit	39,197	36,980	3,737	3,937
Non-audit	6,439	9,658	354	314
Cost of defined employee benefits:				
Defined benefit plan cost	68,703	78,132	-	-
Defined contribution plan cost (EPF and ETF)	160,747	134,781	-	-
Other long-term employee benefit costs	6,134	5,299	-	-
Staff expenses	5,226,008	5,239,964	-	-
Share-based payments	1,560	1,233	-	-
Depreciation of property, plant and equipment & ROU asset	4,577,971	4,895,039	-	-
Donations	10,439	11,259	-	-
Impairment provision/(reversal) of bad and doubtful debts	366,336	(3,632)	-	-
Provision for slow-moving inventories	675	290	-	-
Loss on sale of property, plant and equipment	19,393	15,364	-	-



# NOTES TO THE FINANCIAL STATEMENTS

## 19. TAXES

### *Accounting policy*

#### **Current tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and for items recognised in other comprehensive income shall be recognised in other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Management has used its judgment on the application of tax laws, including transfer pricing regulations involving the identification of associated undertakings, estimating the respective arm's length prices and selecting an appropriate pricing mechanism.

The Group has complied with the arm's length principles relating to transfer pricing as prescribed in the Inland Revenue Act, and has complied with the related Gazette notification issued by the relevant authorities in Sri Lanka and Maldives.

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits, tax losses and other credits carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

No deferred tax asset or liability is recognised for the companies enjoying the tax holiday period under Board of Investment (BOI), if there are no qualifying assets or liabilities beyond the tax holiday period.

### Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of an assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### IFRIC 23 Interpretation-Uncertainty over income tax treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. Group determined that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

## 19.1 Tax expense

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2025	2024	2025	2024
<b>Income statement</b>					
Current tax charge	19.5	230,685	61,044	7,833	-
Under/(over) provision of current tax of prior years		(23,869)	(29,881)	851	-
Withholding tax on inter-company dividends		79,911	31,823	-	-
<b>Deferred tax charge</b>					
Relating to origination and reversal of temporary differences	19.2	237,954	310,824	9,083	1,285
	19.6	524,681	373,810	17,767	1,285
<b>Other comprehensive income</b>					
<b>Deferred tax charge</b>					
Relating to origination and reversal of temporary differences	19.2	294,876	296,500	-	-
		294,876	296,500	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 19. TAXES (Contd.)

### 19.2 Deferred tax expense

For the year ended 31 March	Group		Company	
In Rs. '000s	2025	2024	2025	2024
<b>Income statement</b>				
Deferred tax arising from:				
Accelerated depreciation for tax purposes	21,918	69,373	-	-
Revaluation of investment properties to fair value	23,138	29,475	-	-
Employee benefit liabilities	(4,105)	(12,573)	-	-
Benefit arising from tax losses	298,567	327,732	9,083	1,285
Others	(101,564)	(103,183)	-	-
<b>Deferred tax charged directly to income statement</b>	<b>237,954</b>	<b>310,824</b>	<b>9,083</b>	<b>1,285</b>
<b>Other comprehensive income</b>				
Deferred tax arising from:				
Employee benefit liabilities	22,856	(8,758)	-	-
Revaluation of land and buildings to fair value	272,020	305,258	-	-
<b>Deferred tax charged directly to OCI</b>	<b>294,876</b>	<b>296,500</b>	<b>-</b>	<b>-</b>
<b>Total deferred tax charge for the year</b>	<b>532,830</b>	<b>607,324</b>	<b>9,083</b>	<b>1,285</b>

### 19.3 Income tax liabilities

As at 31 March	Group		Company	
In Rs. '000s	2025	2024	2025	2024
<b>At the beginning of the year</b>	<b>73,699</b>	<b>88,086</b>	<b>9,518</b>	<b>10,368</b>
Charge for the year	230,685	61,044	7,833	-
Payments, set off against refunds and tax credits	(72,931)	(72,520)	(3,955)	(850)
Exchange differences	(1,168)	(2,911)	-	-
<b>At the end of the year</b>	<b>230,285</b>	<b>73,699</b>	<b>13,396</b>	<b>9,518</b>

## 19.4 Deferred tax assets and liabilities

### 19.4.1 Deferred tax assets

As at 31 March In Rs. '000s	Group		Company	
	2025	2024	2025	2024
At the beginning of the year	980,647	1,351,203	9,083	10,368
Charge/(release)	(226,402)	(314,059)	(9,083)	(1,285)
Exchange differences	(6,782)	(57,352)	-	-
Transfers	78,331	855	-	-
At the end of the year	825,794	980,647	-	9,083
The closing deferred tax asset balance relates to the following:				
Revaluation of land and buildings to fair value	(706,005)	(589,663)	-	-
Accelerated depreciation for tax purposes	(385,786)	(216,995)	-	-
Employee benefit liabilities	40,670	50,520	-	-
Losses available for off-set against future taxable income	1,327,234	1,458,806	-	9,083
Others	549,681	277,979	-	-
	825,794	980,647	-	9,083

The geographical break up of deferred tax recognised in respect of tax losses, is as follows:

As at 31 March In Rs. '000s	Group	
	2025	2024
Sri Lanka	1,252,262	1,336,547
Maldives	74,972	122,259
	1,327,234	1,458,806

# NOTES TO THE FINANCIAL STATEMENTS

## 19. TAXES (Contd.)

### 19.4.2 Deferred tax liabilities

As at 31 March In Rs. '000s	Group	
	2025	2024
At the beginning of the year	1,688,146	1,394,026
Charge/(release)	306,428	293,265
Exchange differences	441	-
Transfers	78,331	855
At the end of the year	2,073,346	1,688,146
The closing deferred tax liability balance relates to the following:		
Revaluation of land and buildings to fair value	1,857,355	1,701,678
Revaluation of investment properties to fair value	171,563	148,426
Accelerated depreciation for tax purposes	230,387	370,137
Employee benefit liabilities	(41,932)	(45,971)
Losses available for offset against future taxable income	(190,351)	(358,745)
Others	46,324	(127,379)
	2,073,346	1,688,146

The geographical break up of deferred tax recognised in respect of tax losses, is as follows:

As at 31 March In Rs. '000s	Group	
	2025	2024
Sri Lanka	(190,351)	(358,745)
	(190,351)	(358,745)

#### Accounting judgements, estimates and assumptions

The Group is subject to income tax and other taxes, including VAT/GST. Significant judgment was required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

The Group has tax losses related to subsidiaries that have a history of losses that do not expire and may not be used to offset other tax liabilities and where the subsidiaries have no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

The Group has contingent liabilities amounting to Rs. 69.4Mn (2024 – Rs. 67.9Mn). These have been arrived at after discussing with independent and legal tax experts and based on information available. All assumptions are revisited as at the reporting date.

Further details on contingent liabilities are disclosed in Note 45 to the financial statements.

## 19.5 Reconciliation between current tax charge and the accounting profit/(loss)

For the year ended 31 March In Rs. '000s	Group		Company	
	2025	2024	2025	2024
Profit/(loss) before tax	302,007	(65,195)	214,491	96,473
Dividend income from Group companies	276,747	251,075	-	-
Share of results of equity-accounted investees	45,907	(4,132)	-	-
Other consolidation adjustments	185,854	3,356	-	-
<b>Profit/(loss) after adjustments</b>	<b>810,515</b>	<b>185,104</b>	<b>214,491</b>	<b>96,473</b>
Resident dividend	(343,833)	(156,698)	(158,333)	(65,241)
<b>Adjusted accounting profit chargeable to income taxes</b>	<b>466,682</b>	<b>28,406</b>	<b>56,158</b>	<b>31,232</b>
Disallowable expenses	8,446,366	5,883,927	-	-
Allowable expenses	(7,116,134)	(5,183,825)	-	-
Utilisation of tax losses	(1,126,591)	(1,291,946)	(30,048)	(31,232)
Tax losses not utilised in the current financial year	635,891	927,128	-	-
<b>Taxable income</b>	<b>1,306,214</b>	<b>363,690</b>	<b>26,110</b>	<b>-</b>
<b>Current tax charged at</b>				
Standard rate of 30% (2024 - 30%)	69,687	12,976	7,833	-
Standard rate of 15% (2024 - 15%)	160,998	48,068	-	-
<b>Current tax charge</b>	<b>230,685</b>	<b>61,044</b>	<b>7,833</b>	<b>-</b>

## 19.6 Reconciliation between tax expense and the product of accounting profit/(loss)

For the year ended 31 March In Rs. '000s	Group		Company	
	2025	2024	2025	2024
<b>Adjusted accounting profit/(loss) chargeable to income taxes</b>	<b>466,682</b>	<b>28,406</b>	<b>56,158</b>	<b>31,232</b>
Tax effect on chargeable profits	146,760	(45,260)	16,847	9,369
Tax effect on non deductible expenses	102,149	95,760	-	-
Tax effect on deductions claimed	(1,812)	(1,052)	-	-
Net tax effect of unrecognised deferred tax for the year	179,331	328,397	-	-
Net tax effect of deferred tax in respect of prior years	42,211	(5,977)	69	(8,084)
Under/(over) provision of current tax of prior years	(23,869)	(29,881)	851	-
Other income based taxes:				
Withholding tax on inter-company dividends	79,911	31,823	-	-
<b>Total tax expense</b>	<b>524,681</b>	<b>373,810</b>	<b>17,767</b>	<b>1,285</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 19. TAXES (Contd.)

### 19.7 Tax losses carried forward

As at 31 March In Rs. '000	Group		Company	
	2025	2024	2025	2024
At the beginning of the year	11,027,655	11,870,967	30,275	85,636
Adjustments on finalisation of liability	(203,509)	(87,748)	(227)	(24,129)
Tax losses arising during the year	635,891	927,128	-	-
Utilisation of tax losses	(1,126,591)	(1,291,946)	(30,048)	(31,232)
Tax losses time barred	(851,311)	-	-	-
Exchange differences	(237,421)	(390,746)	-	-
<b>At the end of the year</b>	<b>9,244,714</b>	<b>11,027,655</b>	<b>-</b>	<b>30,275</b>

The Group has accumulated tax losses that can be carried forward and set off against future taxable profits of the respective companies. However, deferred tax assets have not been recognised for tax losses, amounting to Rs. 3,861Mn as at 31 March 2025 (2024 – Rs. 4,349Mn), due to the uncertainty of their utilisation against future taxable profits.

### 19.8 Applicable rates of income tax

#### Income tax rates of Sri Lankan companies

- Subsidiary companies in Sri Lanka - 30% (2024 - 30%)  
Beruwala Holiday Resorts (Pvt) Ltd - 15% (2024 - 15%)
- Subsidiary companies with gain or loss on investment properties - 30% (2024 - 30%)

#### Income tax rates of off-shore companies

The following subsidiaries based in the Republic of Maldives, are subject to income tax at 15% (2024 - 15%).

- John Keells Maldivian Resorts (Pte) Ltd
- Travel Club (Pte) Ltd
- Fantasea World Investments (Pte) Ltd
- Tranquility (Pte) Ltd

## 20. EARNINGS/(LOSS) PER SHARE

#### Accounting policy

Basic earnings/(loss) per share (EPS) is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the parent (after adjusting outstanding share option scheme and warrants) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year /previous year.

For the year ended 31 March	Group		Company	
	2025	2024	2025	2024
Profit/(loss) attributable to equity holders of the parent (In Rs. '000)	(229,229)	(436,428)	196,724	95,188
Weighted average number of ordinary shares (In '000)	1,456,147	1,456,147	1,456,147	1,456,147
<b>Basic/diluted earnings/(loss) per share (Rs.)</b>	<b>(0.16)</b>	<b>(0.30)</b>	<b>0.14</b>	<b>0.07</b>

## 21. PROPERTY, PLANT AND EQUIPMENT

### *Accounting policy*

#### **Basis of recognition**

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

#### **Basis of measurement**

Property, plant and equipment except for land and buildings are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. This is not applicable to buildings on leasehold land located in Maldives, given the finite life of the lease and the nature and type of buildings.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. The Group has adopted a guideline of revaluing assets by a professional valuer at least once in every five years.

#### **Derecognition**

An item of property, plant and equipment are derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

#### **Depreciation**

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets or over the remaining period of lease, whichever is lower.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

# NOTES TO THE FINANCIAL STATEMENTS

## 21. PROPERTY, PLANT AND EQUIPMENT (Contd.)

The estimated useful life of assets is as follows:

Assets	Years
Buildings on leasehold land	Remaining lease period
Buildings on freehold land	up to 60
Plant and machinery	up to 10
Equipment	up to 08
Furniture and fittings	up to 08
Motor vehicles	up to 05
Computer equipment	up to 05
Cutlery, crockery, glassware and linen	up to 03

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### Impairment of property plant and equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement, except that, impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve through the statement of other comprehensive income to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Businesses continued to respond with specific plans to enable smooth and uninterrupted functioning of businesses and operations, despite some of the immediate term challenges due to constraints on supply chains and electricity and fuel disruptions, whilst maintaining strict adherence to Government directives and health and safety considerations.

The Group managed to circumvent these issues without a significant impact on output. As such, the Group has not determined impairment as at the reporting date.

## 21.1 Property, plant and equipment – Group

Group In Rs. '000	Land and buildings	Buildings leasehold land	Plant and machinery	Furniture and fittings	Motor vehicles	Computer equipment	Cutlery, crockery glassware and linen	Capital work in progress	Total 2025	Total 2024
<b>Cost or valuation</b>										
At the beginning of the year	9,604,662	28,293,026	3,090,683	3,707,347	3,189,445	282,957	502,250	539,782	581	49,210,733
Additions	22,462	266,637	74,267	327,762	79,018	36,274	152,550	134,160	19,419	1,112,549
Disposals	-	-	(56,001)	(135,105)	(73,299)	(19,084)	(37,269)	(87,670)	-	(408,428)
Revaluations	459,230	522,732	-	-	-	-	-	-	-	981,962
Transfers	-	-	6,210	-	-	-	(65,007)	-	(6,210)	(65,007)
Exchange differences	-	(259,107)	(29,864)	(73,565)	(67,903)	(15,371)	(21,424)	(15,346)	(48)	(482,628)
Transfers on revaluation	(110,805)	(369,490)	-	-	-	-	-	-	-	(480,295)
<b>At the end of the year</b>	<b>9,975,549</b>	<b>28,453,798</b>	<b>3,085,295</b>	<b>3,826,439</b>	<b>3,127,261</b>	<b>284,776</b>	<b>531,100</b>	<b>570,926</b>	<b>13,742</b>	<b>49,868,886</b>
<b>Accumulated depreciation</b>										
At the beginning of the year	161,927	8,447,767	2,016,220	2,567,354	2,028,538	189,152	305,648	335,684	-	16,052,290
Charge for the year	111,631	1,173,724	266,187	326,622	285,308	34,049	56,438	110,533	-	2,364,492
Disposals	-	-	(48,480)	(128,103)	(66,080)	(18,402)	(34,402)	(67,703)	-	(363,170)
Transfers	-	-	-	-	-	-	(9,443)	-	-	(9,443)
Exchange differences	-	(102,012)	(22,751)	(63,552)	(56,171)	(13,572)	(20,002)	(14,371)	-	(292,431)
Transfers on revaluation	(110,805)	(369,490)	-	-	-	-	-	-	-	(480,295)
<b>At the end of the year</b>	<b>162,753</b>	<b>9,149,989</b>	<b>2,211,176</b>	<b>2,702,321</b>	<b>2,191,595</b>	<b>191,227</b>	<b>298,239</b>	<b>364,143</b>	<b>-</b>	<b>17,271,443</b>
<b>Carrying value</b>										
<b>As at 31 March 2025</b>	<b>9,812,796</b>	<b>19,303,809</b>	<b>874,119</b>	<b>1,124,118</b>	<b>935,666</b>	<b>93,549</b>	<b>232,861</b>	<b>206,783</b>	<b>13,742</b>	<b>32,597,443</b>
As at 31 March 2024	9,442,735	19,845,259	1,074,463	1,139,993	1,160,907	93,805	196,602	204,098	581	33,158,443

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# NOTES TO THE FINANCIAL STATEMENTS

## 21. PROPERTY, PLANT AND EQUIPMENT (Contd.)

### 21.2 Revaluation of Land and Buildings

*Accounting judgments, estimates and assumptions*

The Group uses the revaluation model of measurement of land and buildings except for the buildings on leasehold land located in Maldives amounting to Rs. 11,136 Mn as at 31 March 2025 (2024 - Rs.11,890 Mn). The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties.

Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

As at the dates of revaluation on 31 December 2024, the fair value of land and buildings is based on valuations performed by Sunil Fernando & Associates (Pvt) Limited, an accredited independent valuer who has valuation experience for land and buildings. A net gain from the revaluation of land and buildings in the Group of Rs. 982 Mn in 2025 (2024 - Rs. 1,149 Mn) was recognised in OCI.

The changes in fair value recognised in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

The details of property, plant & equipment of the Group, which are stated at valuation, are indicated below.

Property	Method of Valuation	Significant unobservable inputs			Correlation to fair value	Revaluation surplus	
		Estimated price per perch	Estimated price per square foot	Estimated discount rate		2025 In Rs. '000	2024 In Rs.'000
Land and buildings							
Beruwala Holiday Resorts (Pvt) Ltd	Income approach	Rs. 1,100,000 - Rs. 1,400,000	Rs. 5,500 - Rs. 9,350	9.0%	Negative	150,460	262,642
Kandy Walk Inn Ltd	Income approach	Rs. 17,500 - Rs. 1,750,000	Rs. 1,750 - Rs. 10,000	9.0%	Negative	176,850	144,380
Trinco Holiday Resorts (Pvt) Ltd	Income approach	Rs. 500,000	Rs. 1,500 - Rs. 6,750	9.0%	Negative	110,951	84,003
Ceylon Holiday Resorts Ltd	Comparable market approach	Rs. 600,000 - Rs. 1,500,000	Rs. 3,000 - Rs. 4,500		Positive	31,150	16,648
Hikkaduwa Holiday Resorts (Pvt) Ltd	Comparable market approach	Rs. 1,250,000	Rs. 1,750 - Rs. 4,000		Positive	2,339	4,678
Buildings on leasehold land							
Ceylon Holiday Resorts Ltd	Income approach	-	Rs. 8,500 - Rs. 17,000	9.5%	Negative	293,167	198,106
Habarana Lodge Ltd	Income approach	-	Rs. 1,000 - Rs. 12,000	4.0% - 9.65%	Negative	39,393	74,900
Habarana Walk Inn Ltd	Income approach	-	Rs. 2,500 - Rs. 9,500	4.0% - 9.5%	Negative	24,098	28,770
Hikkaduwa Holiday Resorts (Pvt) Ltd	Income approach	-	Rs. 4,500 - Rs. 9,000	9.5%	Negative	100,808	292,310
Yala Village (Pvt) Ltd	Income approach	-	Rs. 2,000 - Rs. 9,250	9.5%	Negative	52,746	42,406
For the year ended						981,962	1,148,844

### 21.2.1 Summary description of valuation methodologies

#### Comparable market approach (CMA)

This method uses prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

#### Income approach (IA)

The income approach is used to value properties which are yet to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

### 21.3 Carrying amounts of fair valued land and buildings

The carrying amounts of fair valued land and buildings if they were carried at cost less depreciation, would be as follows.

As at 31 March In Rs. '000	Group	
	2025	2024
Cost	18,298,927	18,009,828
Accumulated depreciation and impairment	(2,804,381)	(2,499,399)
Carrying value	15,494,546	15,510,429

### 21.4 Segmental analysis of net book value of property, plant and equipment

As at 31 March In Rs. '000	Group	
	2025	2024
Sri Lanka	19,560,712	18,857,286
Maldives	13,036,731	14,301,157
Carrying value	32,597,443	33,158,443

**21.5** No assets have been pledged as security for term loans obtained (2024 - Nil).

**21.6** Group property, plant and equipment with a cost of Rs. 4,926 Mn (2024 - Rs.4,712 Mn) have been fully depreciated but continue to be used by the Group.

**21.7** No borrowing costs has been capitalised during the year ended 31 March 2025 (2024- Nil) by the Group.

## 22. RIGHT OF USE ASSETS AND LEASE LIABILITIES

#### Accounting policy

Set out below are the new accounting policies of the Group upon adoption of SLFRS 16, which have been applied from the date of initial application:

#### Right-of-use assets

The Group recognises right-of-use assets when the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.



# NOTES TO THE FINANCIAL STATEMENTS

## 22. RIGHT OF USE ASSETS AND LEASE LIABILITIES (Contd.)

### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

## 22.1 Amounts recognised in the statement of financial position

### 22.1.1 Right-of-use assets

Set out below, are the carrying amounts of the Group's right-of-use assets and the movements for the period ended 31 March 2025 and 31 March 2024.

As at 31 March In Rs. '000s	Group				
	Leasehold properties	Motor vehicles	Equipment	Total 2025	Total 2024
<b>Cost</b>					
At the beginning of the year	48,533,017	31,614	-	48,564,631	48,612,845
Additions	-	27,355	21,319	48,674	-
Adjustments	(715,797)	-	-	(715,797)	(48,214)
Exchange differences	(540,690)	-	-	(540,690)	-
<b>At the end of the year</b>	<b>47,276,530</b>	<b>58,969</b>	<b>21,319</b>	<b>47,356,818</b>	<b>48,564,631</b>
<b>Accumulated depreciation and impairment</b>					
At the beginning of the year	13,069,570	24,017	-	13,093,587	7,168,876
Depreciation	2,199,949	11,204	2,326	2,213,479	2,436,901
Exchange difference	(164,842)	-	-	(164,842)	3,487,810
<b>At the end of the year</b>	<b>15,104,677</b>	<b>35,221</b>	<b>2,326</b>	<b>15,142,224</b>	<b>13,093,587</b>
<b>Carrying value</b>					
<b>As at 31 March 2025</b>	<b>32,171,853</b>	<b>23,748</b>	<b>18,993</b>	<b>32,214,594</b>	
<b>As at 31 March 2024</b>	<b>35,463,447</b>	<b>7,597</b>	<b>-</b>		<b>35,471,044</b>

### 22.1.2 Leasehold properties

Property	Name of the lease owner	Year of lease commencement	Year of lease expiry	Lease term (Years)	Carrying value as at 31 March	
					2025 In Rs. '000s	2024 In Rs. '000s
Ceylon Holiday Resorts Ltd	Sri Lanka Tourism Development Authority	2018	2048	30	239,450	249,028
Yala Village (Pvt) Ltd	Sri Lanka Tourism Development Authority	2006	2036	30	35,169	38,184
Hikkaduwa Holiday Resorts (Pvt) Ltd	Sri Lanka Tourism Development Authority	2010	2040	30	41,847	44,535
Habarana Lodge Ltd	Divisional Council Kekirawa, Sri Lanka	2008 2011 2017	2038 2041 2047	30	14,246	15,078
Habarana Walk Inn Ltd	Divisional Council Kekirawa, Sri Lanka	2004	2034	30	1,185	1,317
Tranquility (Pte) Ltd						
Cinnamon Dhonveli Maldives	The Government of The Republic of Maldives	1995	2045	50	20,774,848	21,365,765
Cinnamon Velifushi Maldives	Aarah Investment (Pvt) Ltd	2019	2029	10	4,460,461	6,215,128
Fantasea World Investments (Pte) Ltd	The Government of The Republic of Maldives	1997	2047	50	3,248,258	3,439,824
Travel Club (Pte) Ltd	Ellaidhoo Investments (Pvt) Ltd	1995	2030	35	3,356,389	4,094,588
At the end of the year					32,171,853	35,463,447

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# NOTES TO THE FINANCIAL STATEMENTS

## 22. RIGHT OF USE ASSETS AND LEASE LIABILITIES (Contd.)

### 22.1.3 Lease Liabilities

Set out below, are the carrying amounts of the Group's lease liabilities and the movements for the period ended 31 March 2025 and 31 March 2024.

As at 31 March In Rs. '000	Group	
	2025	2024
At the beginning of the year	19,389,240	22,807,882
<b>Cash movement</b>		
Payment of principal portion	(1,382,228)	(1,746,033)
Payment of interest	(594,237)	(552,202)
<b>Non-cash movement</b>		
Additions	48,674	-
Adjustments/transfers	(715,797)	(48,214)
Finance charge on lease liabilities	674,759	552,202
Exchange differences	(274,444)	(1,624,395)
<b>At the end of the year</b>	<b>17,145,967</b>	<b>19,389,240</b>
Current	1,633,526	3,143,257
Non-current	15,512,441	16,245,983
<b>At the end of the year</b>	<b>17,145,967</b>	<b>19,389,240</b>

### 22.2 Amounts recognised in the income statement

For the year ended 31 March In Rs. '000	Group	
	2025	2024
Depreciation expense of right-of-use assets	2,213,479	2,436,901
Interest expense on lease liabilities	674,759	552,202
<b>Total amount recognised in the income statement</b>	<b>2,888,238</b>	<b>2,989,103</b>

Expenses relating to short-term leases and leases of low-value assets amounting to 48Mn (2024 - 46Mn) has been recognised in the income statement.

The Group had total cash outflows from leases amounting to Rs. 1,976Mn in 2025 (2024 - 2,298Mn).

The Group uses 6 months AWPLR plus margin, SOFR plus margin when calculating the incremental borrowing rate which reflects the average rate of borrowings of the Group.

## 23. INVESTMENT PROPERTIES

### Accounting policy

#### Basis of recognition

Investment properties are measured initially at cost, including transaction costs.

#### Basis of measurement

The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day to- day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise. Fair values are evaluated at least every 3 years by an accredited external, independent valuer. The most recent revaluation was carried out on 31 December 2024.

#### Derecognition

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

#### Transfer of investment properties

Transfers are made to or from investment property only when there is a change in use for a transfer from investment property to owner occupied property. The deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted using Group accounting policy for property, plant and equipment.

As at 31 March In Rs. '000	Group	
	2025	2024
At the beginning of the year	2,070,528	1,970,300
Additions during the year	550	1,978
Net gain from fair value remeasurement	74,597	98,250
<b>At the end of the year</b>	<b>2,145,675</b>	<b>2,070,528</b>
Freehold properties	2,145,675	2,070,528
	2,145,675	2,070,528
Following are the amounts recognised in income statement for the year ended 31 March.		
Rental income earned	-	-
Direct operating expenses that did not generate rental income	7,646	7,591

# NOTES TO THE FINANCIAL STATEMENTS

## 23. INVESTMENT PROPERTIES (Contd.)

### *Accounting judgments, estimates and assumptions*

Fair value of the investment property is ascertained by independent valuations carried out by chartered valuation surveyors, who have recent experience in valuing properties of akin location and category. Investment property is appraised in accordance with LKAS 40, SLFRS 13 and the 8th edition of International Valuation Standards published by the International Valuation Standards Committee (IVSC) by the independent valuers. In determining the fair value, the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

The changes in fair value recognised in the income statement. The determined fair values of investment properties, using comparable market approach, are most sensitive to the estimated yield as well as the long term occupancy rate.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in the valuer's considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

As at the dates of revaluation on 31 December 2024, fair value of investment properties are based on valuations performed by Sunil Fernando & Associates (Pvt) Limited, an accredited independent valuer who has valuation experience for investment properties. A net gain from the revaluation of investment properties in the Group of Rs. 75Mn in 2025 (2024 - Rs. 98Mn) was recognised in the income statement.

Description of valuation techniques used and key inputs to valuation on investment properties:

Property	Method of Valuation	Significant unobservable inputs	Correlation to fair value	Net gain from fair value remeasurement	
		Estimated price per perch		2025 in Rs. '000	2024 in Rs. '000
Land of;					
Ahungalla Holiday Resorts (Pvt) Ltd	Comparable market approach	Rs.480,000	Positive	11,900	18,600
Resort Hotels Ltd	Comparable market approach	Rs.135,000 - Rs.310,000	Positive	37,672	48,650
Trinco Walk Inn Ltd	Comparable market approach	Rs.165,000 - Rs.425,000	Positive	21,775	26,000
Wirawila Walk Inn Ltd	Comparable market approach	Rs.27,188	Positive	3,250	5,000
For the year ended 31 March				74,597	98,250

Summary description of valuation methodologies can be found in property plant and equipment Note 20.2.1.

## 24. INTANGIBLE ASSETS AND GOODWILL

### *Accounting policy*

#### **Basis of recognition**

An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

#### **Basis of measurement**

The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged to income statement in the year in which the expenditure is incurred.

#### **Useful economic lives, amortisation and impairment**

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial yearend and treated as accounting estimates. The amortisation is calculated by using straight-line method on the cost of all the intangible assets and the amortisation expense on intangible assets with finite lives is recognised in the income statement.

The estimated useful life of assets is as follows:

Assets	Years
Purchased software	up to 10

Intangible assets with indefinite useful lives, such as Goodwill, are not amortised but tested for impairment annually, or more frequently when an indication of impairment exists either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

#### **Derecognition**

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

#### **Software – Work-in-progress**

Intangible assets under work-in-progress represent costs incurred in relation to the implementation of the OPERA Cloud Property Management System (PMS). As at the reporting date, the total cost has been capitalised under work-in-progress, as certain directly attributable components remain subject to final measurement, permitting deferred recognition until all cost elements are reliably measurable.

Upon reliable measurement of the full cost, the software work-in-progress will be reclassified to the “Purchased Software” category. The cost model will then be applied, whereby the asset is carried at cost less any accumulated amortisation and accumulated impairment losses, and amortised over its estimated useful life of 10 years. Until such reclassification, the asset is not subject to amortisation but is assessed for impairment whenever indicators of impairment exist.



# NOTES TO THE FINANCIAL STATEMENTS

## 24. INTANGIBLE ASSETS AND GOODWILL (Contd.)

As at 31 March In Rs. '000	Software		Group	Total	Total
	Purchased	Work-in-progress	Goodwill	2025	2024
<b>Cost/carrying value</b>					
At the beginning of the year	-	-	670,407	670,407	670,407
Additions	87,002	982	-	87,984	-
Transfers	65,007	-	-	65,007	-
Exchange differences	(631)	-	-	(631)	-
<b>At the end of the year</b>	<b>151,378</b>	<b>982</b>	<b>670,407</b>	<b>822,767</b>	<b>670,407</b>
<b>Accumulated amortisation and impairment</b>					
At the beginning of the year	-	-	-	-	-
Charge for the year	11,611	-	-	11,611	-
Transfers	9,443	-	-	9,443	-
Exchange differences	(172)	-	-	(172)	-
<b>At the end of the year</b>	<b>20,882</b>	<b>-</b>	<b>-</b>	<b>20,882</b>	<b>-</b>
<b>Carrying value</b>					
<b>As at 31 March 2025</b>	<b>130,496</b>	<b>982</b>	<b>670,407</b>	<b>801,885</b>	
As at 31 March 2024	-	-	670,407		670,407
<b>As at 31 March In Rs. '000</b>				<b>Net Carrying Value of Goodwill</b>	
				<b>2025</b>	<b>2024</b>
Cinnamon resorts				670,407	670,407
				670,407	670,407

Accounting judgments, estimates and assumptions

### Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

### Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year, adjusted for projected market conditions.

### Inflation

The basis used to determine the value assigned to the budgeted cost inflation is the inflation rate based on projected economic conditions.

### Discount rate

The discount rate used is the risk free pre-tax discount rate, adjusted by the addition of an appropriate risk premium.

### Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on industry growth rates.

Cash flows beyond the five-year period have been extrapolated using a zero growth rate.

## 25. INVESTMENT IN SUBSIDIARIES

### *Accounting policy*

Investment in subsidiaries are initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries are immediately recognised in the income statement. Following initial recognition, investment in subsidiaries are carried at cost less any accumulated impairment losses.

### 25.1 Carrying value

As at 31 March		Company	
In Rs. '000	Note	2025	2024
Investments in subsidiaries - Unquoted	25.2	12,367,391	12,363,163
		12,367,391	12,363,163

# NOTES TO THE FINANCIAL STATEMENTS

## 25. INVESTMENT IN SUBSIDIARIES (Contd.)

### 25.2 Investments in subsidiaries - Unquoted

As at 31 March	Group		Company			
	Effective Holding		Effective Holding		Cost (Rs. '000)	
	2025	2024	2025	2024	2025	2024
Ceylon Holiday Resorts Ltd	99.39%	99.39%	99.39%	99.39%	3,152,247	3,152,247
Yala Village (Pvt) Ltd	93.78%	93.78%	93.78%	93.78%	300,678	300,678
Kandy Walk Inn Ltd	98.39%	98.39%	98.39%	98.39%	408,998	408,998
Habarana Lodge Ltd	98.35%	98.35%	98.35%	98.35%	695,083	695,083
Habarana Walk Inn Ltd	98.77%	98.77%	98.77%	98.77%	311,851	311,851
Trinco Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	357,000	357,000
Cinnamon Holidays (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	200	200
Trinco Walk Inn Ltd	100.00%	100.00%	100.00%	100.00%	95,940	95,940
Wirawila Walk Inn Ltd	100.00%	100.00%	100.00%	100.00%	32,225	30,552
Rajawella Hotels Company Ltd	100.00%	100.00%	100.00%	100.00%	38,808	37,704
Ahungalla Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	138,870	137,419
Nuwara Eliya Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	1,237	1,237
International Tourists and Hoteliers Ltd	99.33%	99.33%	99.33%	99.33%	2,094,401	2,094,401
John Keells Maldivian Resorts (Pte) Ltd	100.00%	100.00%	100.00%	100.00%	4,739,853	4,739,853
Hikkaduwa Holiday Resorts (Pvt) Ltd	99.39%	99.39%	-	-	-	-
Resort Hotels Ltd	99.46%	99.39%	-	-	-	-
Beruwala Holiday Resorts (Pvt) Ltd	99.33%	99.33%	-	-	-	-
Travel Club (Pte) Ltd	100.00%	100.00%	-	-	-	-
Fantasea World Investments (Pte) Ltd	100.00%	100.00%	-	-	-	-
Tranquility (Pte) Ltd	100.00%	100.00%	-	-	-	-
<b>Total investments in subsidiaries</b>					<b>12,367,391</b>	<b>12,363,163</b>

The following are the details of principal activities and country of incorporation of subsidiaries.

Name of subsidiary	Principal activity	Country of incorporation
Ceylon Holiday Resorts Ltd	Owner of Cinnamon Bentota Beach	Sri Lanka
Yala Village (Pvt) Ltd	Owner of Cinnamon Wild Yala	Sri Lanka
Kandy Walk Inn Ltd	Owner of Cinnamon Citadel Kandy	Sri Lanka
Habarana Lodge Ltd	Owner of Cinnamon Lodge Habarana	Sri Lanka
Habarana Walk Inn Ltd	Owner of Habarana Village by Cinnamon	Sri Lanka
Trinco Holiday Resorts (Pvt) Ltd	Owner of Trinco Blu by Cinnamon	Sri Lanka
Cinnamon Holidays (Pvt) Ltd	Inbound and outbound tours service provider	Sri Lanka
Trinco Walk Inn Ltd	Owner of real estate	Sri Lanka
Wirawila Walk Inn Ltd	Owner of real estate	Sri Lanka
Rajawella Hotels Company Ltd		Sri Lanka
Ahungalla Holiday Resorts (Pvt) Ltd	Owner of real estate	Sri Lanka
Nuwara Eliya Holiday Resorts (Pvt) Ltd		Sri Lanka
International Tourists and Hoteliers Ltd	Parent of Beruwala Holiday Resorts (Pvt) Ltd	Sri Lanka
John Keells Maldivian Resorts (Pte) Ltd	Hotel holding company in the Maldives	Republic of Maldives

Name of subsidiary	Principal activity	Country of incorporation
Hikkaduwa Holiday Resorts (Pvt) Ltd	Owner of Hikka Tranz by Cinnamon	Sri Lanka
Resort Hotels Ltd	Owner of real estate	Sri Lanka
Beruwala Holiday Resorts (Pvt) Ltd	Owner of Cinnamon Bey Beruwala	Sri Lanka
Travel Club (Pte) Ltd	Owner of Ellaidhoo Maldives by Cinnamon	Republic of Maldives
Fantasea World Investments (Pte) Ltd	Owner of Cinnamon Hakuraa Huraa Maldives	Republic of Maldives
Tranquility (Pte) Ltd	Owner of Cinnamon Dhonveli Maldives and Cinnamon Velifushi Maldives	Republic of Maldives

## 25.4 Material partly-owned subsidiaries

The Group has concluded that non-controlling interest is not material in aggregate and individually for disclosure purpose.

## 26. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

### Accounting policy

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint ventures entered into by the Group, which have been accounted for using the equity method of accounting is:

Name	Country of incorporation
Sentinel Realty (Pvt) Ltd	Sri Lanka

The Group has a 50% (2024 - 50%) interest in Sentinel Realty (Pvt) Ltd, which owns investment properties. Sentinel Realty (Pvt) Ltd is a private entity which is not listed on any public exchange. The Group's interest in Sentinel Realty (Pvt) Ltd is accounted for using the equity method in the consolidated financial statements.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Associate company incorporated in Sri Lanka of the Group which has been accounted for under the equity method of accounting is:

Name	Country of incorporation
Indra Hotels & Resorts Kandy (Pvt) Ltd	Sri Lanka

The Group has a 40% (2024 - 40%) interest in Indra Hotels & Resorts (Pvt) Ltd, which owns Kandy Myst by Cinnamon. Indra Hotels & Resorts (Pvt) Ltd is a private entity which is not listed on any public exchange. The Group's interest in Indra Hotels & Resorts (Pvt) Ltd is accounted for using the equity method in the consolidated financial statements.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

# NOTES TO THE FINANCIAL STATEMENTS

## 26. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (Contd.)

The income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The share of profit or loss of an associate or a joint venture is shown on the face of income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of result of equity accounted investees' in the income statement.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

The accounting policies of associate companies and joint ventures conform to those used for similar transactions of the Group. The equity method of accounting has been applied for associates and joint ventures using their corresponding/matching 12-month financial period. The financial statements of associates and joint ventures in the Group are prepared for a common financial year, which is 12 months ending 31 March. The nature of the entity's relationship, principal place of business, and country of incorporation are disclosed in the group directory.

### 26.1 Carrying value

As at 31 March	Number of shares	Effective Holding	Group		Company	
			2025	2024	2025	2024
			In Rs. '000	In Rs. '000	In Rs. '000	In Rs. '000
Investments in joint venture - Unquoted						
Sentinel Realty (Pvt) Ltd	7,339,141	50%	73,833	72,402	73,833	72,402
Investments in associate - Unquoted						
Indra Hotels & Resorts Kandy (Pvt) Ltd	177,456,020	40%	1,774,560	1,278,560	1,774,560	1,278,560
Cumulative profit accruing to the Group net of dividend			(26,694)	19,213	-	-
			1,821,699	1,370,175	1,848,393	1,350,962

## 26.2 Summarised financial information of equity accounted investees

For the year ended 31 March	Sentinel Realty (Pvt) Ltd		Indra Hotels & Resorts Kandy (Pvt) Ltd		Total	
In Rs. '000	2025	2024	2025	2024	2025	2024
Revenue	-	-	104,296	-	104,296	-
Operating (expenses)/income	(2,456)	(2,470)	(195,140)	(888)	(197,596)	(3,358)
Net finance income	-	-	(79,013)	9,923	(79,013)	9,923
Gain from fair value remeasurement of investment properties	6,500	8,000	-	-	6,500	8,000
<b>Profit/(loss) before tax</b>	<b>4,044</b>	<b>5,530</b>	<b>(169,857)</b>	<b>9,035</b>	<b>(165,813)</b>	<b>14,565</b>
Tax reversal/(expense)	(1,955)	(2,400)	52,476	(2,618)	50,521	(5,018)
<b>Profit/(loss) before tax</b>	<b>2,089</b>	<b>3,130</b>	<b>(117,381)</b>	<b>6,417</b>	<b>(115,292)</b>	<b>9,547</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>2,089</b>	<b>3,130</b>	<b>(117,381)</b>	<b>6,417</b>	<b>(115,292)</b>	<b>9,547</b>
<b>Share of results of equity accounted investees</b>	<b>1,045</b>	<b>1,565</b>	<b>(46,952)</b>	<b>2,567</b>	<b>(45,907)</b>	<b>4,132</b>
<b>Cash flows</b>						
Operating activities	(2,710)	100	287,566	(69,419)	284,856	(69,319)
Investing activities	-	(12)	(1,584,589)	(1,254,961)	(1,584,589)	(1,254,973)
Financing activities	1,431	1,120	1,244,901	1,237,336	1,246,332	1,238,456
The share of results of equity-accounted investees in income statement and other comprehensive statement are shown net of all related taxes.						
As at 31 March	Sentinel Realty (Pvt) Ltd		Indra Hotels & Resorts Kandy (Pvt) Ltd		Total	
In Rs. '000	2025	2024	2025	2024	2025	2024
Non-current assets	186,551	180,202	11,544,536	7,499,870	11,731,087	7,680,072
Current assets	269	2,828	234,330	936,555	234,599	939,383
<b>Total assets</b>	<b>186,820</b>	<b>183,030</b>	<b>11,778,866</b>	<b>8,436,425</b>	<b>11,965,686</b>	<b>8,619,455</b>
Non-current liabilities	(10,863)	(8,908)	(7,006,115)	(5,211,163)	(7,016,978)	(5,220,071)
Current liabilities	(217)	(3,234)	(438,179)	(13,435)	(438,396)	(16,669)
<b>Total liabilities</b>	<b>(11,080)</b>	<b>(12,142)</b>	<b>(7,444,294)</b>	<b>(5,224,598)</b>	<b>(7,455,374)</b>	<b>(5,236,740)</b>
<b>Net assets</b>	<b>175,740</b>	<b>170,888</b>	<b>4,334,572</b>	<b>3,211,828</b>	<b>4,510,312</b>	<b>3,382,716</b>
Group's share in net assets	87,870	85,444	1,733,829	1,284,731	1,821,699	1,370,175
Goodwill	-	-	-	-	-	-
<b>Group's carrying amount of the investment</b>	<b>87,870</b>	<b>85,444</b>	<b>1,733,829</b>	<b>1,284,731</b>	<b>1,821,699</b>	<b>1,370,175</b>

The Group and the Company have neither contingent liabilities nor capital and other commitments in respect of its joint venture and associate.



# NOTES TO THE FINANCIAL STATEMENTS

## 27. NON-CURRENT FINANCIAL ASSETS

As at 31 March		Group		Company	
In Rs. '000s	Note	2025	2024	2025	2024
<b>Quoted investments</b>					
Ceylon Hotels Corporation PLC		12	10	12	10
<b>Unquoted investments</b>					
Rainforest Ecolodge (Pvt) Ltd		8,871	8,871	-	-
Rajawella Holdings Ltd		161,357	161,357	-	-
<b>Loans to executives</b>	27.1.2	-	2,152	-	-
<b>Security deposit on leases</b>	27.2	218,546	-	-	-
<b>At the end of the year</b>		<b>388,786</b>	<b>172,390</b>	<b>12</b>	<b>10</b>

The fair values of the quoted investments are based on the market price at the reporting date. The fair values of the unquoted equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these quoted equity investments.

### 27.1 Loans to executives

As at 31 March		Group	
In Rs. '000		2025	2024
At the beginning of the year		3,232	4,694
Recoveries		(3,232)	(1,462)
<b>At the end of the year</b>		<b>-</b>	<b>3,232</b>

27.1.1 Receivable within one year	-	1,080
27.1.2 Receivable between one and five years	-	2,152
	-	3,232

### 27.2 Security deposit on leases

As at 31 March		Group	
In Rs. '000		2025	2024
At the beginning of the year		-	-
Deposits made during the year		208,156	-
Interest income		8,506	-
Exchange differences		1,884	-
<b>At the end of the year</b>		<b>218,546</b>	<b>-</b>

## 28. OTHER NON-CURRENT ASSETS

As at 31 March In Rs. '000	Group	
	2025	2024
Prepaid staff loans	-	1,870
<b>At the end of the year</b>	<b>-</b>	<b>1,870</b>

## 29. INVENTORIES

### Accounting policy

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

Food and beverage	- On a weighted average basis
Housekeeping and maintenance	- On a weighted average basis
Other inventories	- At actual cost

As at 31 March In Rs. '000	Group	
	2025	2024
Food and beverage	277,326	299,396
Housekeeping and maintenance	197,504	189,856
Others	93,434	110,946
	<b>568,264</b>	<b>600,198</b>
Less : Provision for slow-moving inventories	(3,179)	(2,504)
<b>At the end of the year</b>	<b>565,085</b>	<b>597,694</b>

There were no inventories pledged as security for borrowings as at 31 March 2025 (as at 31 March 2024- Nil).

## 30. TRADE AND OTHER RECEIVABLES

Receivables represent the Group's right to an amount of consideration that is unconditional. Trade receivables and contract assets are non-interest bearing and are generally on terms of 30 to 90 days.

The Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

As at 31 March In Rs. '000s	Note	Group	
		2025	2024
Trade receivables		3,424,958	3,077,126
Contract assets		350,470	275,946
Less : Provision for expected credit loss	30.1	(506,974)	(144,434)
		<b>3,268,454</b>	<b>3,208,638</b>
Other receivables		238,585	227,251
Loans to executives	27.1.1	-	1,080
<b>At the end of the year</b>		<b>3,507,039</b>	<b>3,436,969</b>

Refer to Note 11.1.3 for age analysis of trade and other receivables.

# NOTES TO THE FINANCIAL STATEMENTS

## 30. TRADE AND OTHER RECEIVABLES (Contd.)

### 30.1 Movement of allowance for expected credit losses

In Rs. '000s	Group	
	2025	2024
At the beginning of the year	144,434	162,248
Charge/(reversal) for the year	366,336	(3,632)
Exchange difference	(3,796)	(14,182)
At the end of the year	506,974	144,434

## 31. OTHER CURRENT ASSETS

As at 31 March	Group		Company	
In Rs. '000s	2025	2024	2025	2024
Prepayments and non-cash receivables	291,975	286,037	275	5,000
Tax recoverable	291,280	241,873	9,004	2,366
At the end of the year	583,255	527,910	9,279	7,366

## 32. SHORT-TERM INVESTMENTS

### Accounting policy

Short-term investments are liquid assets or cash, which are being held for a short period of time, with the primary purpose of controlling the tactical asset allocation.

Cash and cash equivalents in the statement of cash flows comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the cashflow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

As at 31 March	Group		Company	
In Rs. '000s	2025	2024	2025	2024
Bank deposits (Less than 3 months) reported for cash flow	120,658	29,499	-	-
At the end of the year	120,658	29,499	-	-
Reported in statement of cash flows	120,658	29,499	-	-

## 33. STATED CAPITAL AND OTHER COMPONENTS OF EQUITY

### Accounting policy

The ordinary shares of John Keells Hotels PLC are quoted on the Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are eligible for one vote per share at the Company's General Meetings.

The Group has an employee share option plan in place. Refer to Note 34 for further details.

### 33.1 Stated capital

As at 31 March	2025		2024	
	Number of shares '000	Value of shares Rs. '000	Number of shares '000	Value of shares Rs. '000
<b>Fully paid ordinary shares</b>				
At the beginning of the year	1,456,147	9,500,247	1,456,147	9,500,247
<b>At the end of the year</b>	<b>1,456,147</b>	<b>9,500,247</b>	<b>1,456,147</b>	<b>9,500,247</b>

### 33.2 Other components of equity

As at 31 March In Rs. '000s	Note	Group		Company	
		2025	2024	2025	2024
Revaluation reserve	33.2.1	8,820,190	8,117,876	-	-
Foreign currency translation reserve	33.2.2	11,762,629	11,998,396	-	-
Fair value reserve of financial assets at FVOCI	33.2.3	[9,360]	[9,362]	[1]	[3]
Employee share option plan reserve	33.2.4	63,096	61,553	-	-
<b>At the end of the year</b>		<b>20,636,555</b>	<b>20,168,463</b>	<b>[1]</b>	<b>[3]</b>

**33.2.1** Revaluation reserve consists of the net surplus on the revaluation of property, plant and equipment.

**33.2.2** Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operation into Sri Lankan Rupees.

**33.2.3** Fair value reserve of financial assets at FVOCI includes changes of fair value of equity instruments.

**33.2.4** Employee share option plan reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

## 34. SHARE-BASED PAYMENT PLANS

### Accounting policy

#### Employee share option plan

Employees of the company and its subsidiaries are eligible to participate in employee share option schemes of John Keells Holdings PLC (Ultimate parent). Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transaction).

The Group applies SLFRS 2 Share-based Payments in accounting for employee remuneration in the form of shares from financial year 2013/14 onwards.

#### Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

# NOTES TO THE FINANCIAL STATEMENTS

## 34. SHARE-BASED PAYMENT PLANS (Contd.)

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

### Employee share option scheme

Under the John Keells Group's employees share option scheme (ESOP), share options of the parent are granted to senior executives of the company and the subsidiary with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vest over a period of four years and is dependent on a performance criteria and a service criteria. The performance criteria being a minimum performance achievement of "Met Expectations" and service criteria being that the employee has to be in employment at the time the share options vest. The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The contractual term for each option granted is five years. There are no cash settlement alternatives.

The expense recognised for employee services received during the year is shown in the following table:

For the year ended 31 March In Rs. '000	Group	
	2025	2024
Share-based payments expense during the year	1,560	1,233
<b>Total</b>	<b>1,560</b>	<b>1,233</b>

### Movements during the year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Group			
	2025		2024	
	No.	WAEP (Rs.)	No.	WAEP (Rs.)
Outstanding at 1 April	128,428	137.86	166,587	148.33
Granted during the year	59,000	20.03	-	-
Sub division during the year	879,803	-	-	-
Forfeited during the year	-	-	(38,159)	154.10
<b>Outstanding at 31 March</b>	<b>1,067,231</b>	<b>17.64</b>	<b>128,428</b>	<b>137.86</b>
<b>Exercisable at 31 March</b>	<b>192,955</b>	<b>13.76</b>	<b>9,625</b>	<b>137.86</b>

### Accounting judgements, estimates and assumptions

Estimating fair value for share-based payment transactions require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The John Keells Holdings Group measures the cost of equity settled transactions with employees relevant to the entire Group by reference to the fair value of the equity instruments on the date at which they are granted. The same assumptions have been used by the John Keells Hotels Group. The expected life of the share options is based on the historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

The following information were used and results were generated using binomial model for ESOP.

As at 31 March	2025 Plan no 11 Award 3	2024 Plan no 11 Award 2.1	2024 Plan no 11 Award 2	2023 Plan no 11 Award 1	2022 Plan no 10 Award 3	2021 Plan no 10 Award 2
Dividend yield (%)	1.46	2.07	2.54	2.90	3.28	3.87
Expected volatility (%)	24.54	25.05	24.99	24.15	22.37	21.35
Risk free interest rate (%)	12.76	14.49	26.92	23.10	8.87	6.44
Expected life of share options (Years)	5	5	5	5	5	5
Weighted average share price at the grant date (Rs.)	194.00	158.36	137.83	119.85	132.63	134.74
Weighted average remaining contractual life for the share options outstanding (Years)	3	3	3	3	3	3
Weighted average fair value of options granted during the year (Rs.)	64.67	52.79	45.94	39.95	44.21	44.91
Exercise price for options outstanding at the end of the year (Rs.)	200.74	145.59	137.86	121.91	136.64	132.86
Exercise price for options outstanding at the end of the year (Rs.) *	20.03	14.53	13.76	12.17	13.64	13.26

\* Post adjustment for corporate actions at JKH since the grant date

## 35. INTEREST BEARING LOANS AND BORROWINGS

### 35.1 Bank borrowings

As at 31 March	Group		Company	
In Rs. '000	2025	2024	2025	2024
At the beginning of the year	12,442,700	17,565,693	1,171,630	1,199,755
<b>Cash movement</b>				
Loans obtained during the year	500,000	200,000	500,000	200,000
Repayments during the year	(4,417,018)	(5,377,865)	(314,000)	(236,000)
<b>Non-cash movement</b>				
Accrued interest	(2,835)	790,152	(7,143)	7,644
Amortisation of transaction cost	-	737	-	231
Exchange differences	(521,446)	(736,017)	-	-
<b>At the end of the year</b>	<b>8,001,401</b>	<b>12,442,700</b>	<b>1,350,487</b>	<b>1,171,630</b>
<b>Analysed by repayment period</b>				
Repayable within one year	4,051,716	6,174,553	932,601	824,389
Repayable after one year	3,949,685	6,268,147	417,886	347,241
	<b>8,001,401</b>	<b>12,442,700</b>	<b>1,350,487</b>	<b>1,171,630</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 35. INTEREST BEARING LOANS AND BORROWINGS (Contd.)

### 35.2 Security and repayment terms of borrowings

As at 31 March In Rs. '000	Nominal interest rate	Repayment terms	Assets pledged and collaterals	Group	
				2025	2024
Ceylon Holiday Resorts Ltd	Fixed	48 monthly instalments after a grace period of 12 months commencing from Jan 2023	Letter of Comfort from John Keells Holdings PLC	344,340	496,480
	Fixed for the first 5 years and 1 month AWPLR plus margin for the next 5 years	102 monthly instalments after a grace period of 18 months, commencing from August 2022	Corporate Guarantee from John Keells Hotels PLC	2,323,430	2,635,725
Beruwala Holiday Resorts (Pvt) Ltd	1-month SOFR- based plus margin	23 monthly instalments commencing from August 2022	-	-	20,514
Habarana Lodge Ltd	1-month SOFR- based plus margin	23 monthly instalments commencing from August 2022	-	-	7,326
Hikkaduwa Holiday Resorts (Pvt) Ltd	1-month SOFR- based plus margin	23 monthly instalments commencing from August 2022	-	-	19,877
	Fixed	72 monthly instalments after a grace period of 12 months and moratorium period, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC	350,200	443,675
Trinco Holiday Resorts (Pvt) Ltd	AWPLR based plus margin	13 monthly instalments after a grace period of 12 months and debt moratorium, commencing from July 2022	Letter of comfort of John Keells Hotels PLC	-	12,254
	1-month SOFR- based plus margin	23 monthly instalments commencing from August 2022	-	-	8,576
Yala Village (Pvt) Ltd	1-month SOFR- based plus margin	23 monthly instalments commencing from August 2022	-	-	5,496
John Keells Hotels PLC	Fixed for the first 3 years and 1-month AWPLR plus margin for the next 4 years	10 bi-annual instalments after a grace period of 24 months commencing from June 2023	Letter of Comfort from John Keells Holdings PLC	718,430	967,148
	AWPLR to be reviewed monthly	Repayable in 08 bi-annual instalments commencing after 06 months of grace period.	-	632,057	204,481
Tranquility (Pte) Ltd	3-month SOFR based plus margin	26 quarterly instalments after 12 months grace period commencing from September 2019 and moratorium period of 12 months from March 2020 to February 2021	Leasehold right on the Island of Kanuoy Huraa in Kaafu (Male')	1,333,462	4,066,214
Fantasea World Investments (Pte) Ltd	3-month SOFR based plus margin	22 quarterly instalments after 18 months grace period commencing from December 2018 and moratorium period of 12 months from March 2020 to February 2021	Leasehold rights of the Island of Hakuraa Huraa.	2,299,482	3,554,934
				8,001,401	12,442,700

## 36. EMPLOYEE BENEFIT LIABILITIES

### Accounting policy

#### Employee contribution plans - EPF/ETF

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The companies contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

#### Employee defined benefit plan - gratuity

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in the other comprehensive income.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The obligation is not externally funded.

As at 31 March		Group	
In Rs. '000s	Note	2025	2024
Employee defined benefit plan - gratuity	36.1	286,031	329,867
Other long term employee benefits	36.2	10,469	9,267
<b>At the end of the year</b>		<b>296,500</b>	<b>339,134</b>

### 36.1 Employee defined benefit plan - gratuity

As at 31 March		Group	
In Rs. '000s		2025	2024
At the beginning of the year		329,867	256,052
Current service cost		24,383	28,223
Interest cost on benefit obligation		44,320	49,909
Payments		[36,451]	[30,614]
Transfers		2,707	[3,267]
(Gain)/loss arising from changes in assumptions		[78,795]	29,564
<b>At the end of the year</b>		<b>286,031</b>	<b>329,867</b>
The expenses are recognised in the income statement in the following line items:			
Cost of sales		33,857	33,359
Administrative expenses		34,381	44,747
Selling and distribution expenses		465	26
		<b>68,703</b>	<b>78,132</b>

The employee benefits liability of the Group is based on the actuarial valuation carried out by an independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date.

The employee benefit liability of the Group is based on the actuarial valuations carried out by Smiles Global (Pvt) Ltd., actuaries.

# NOTES TO THE FINANCIAL STATEMENTS

## 36. EMPLOYEE BENEFIT LIABILITIES (Contd.)

The principal assumptions used in determining the cost of employee benefits were:

For the year ended 31 March	2025	2024
Discount rate	9%-12%	12%
Future salary increases	6%	12%

### 36.1.1 Sensitivity of assumptions used

A percentage change in the assumptions would have the following effects to employee defined benefit plan - gratuity.

As at 31 March	Group			
	Discount rate		Salary increment	
In Rs. '000s	2025	2024	2025	2024
Effect on the defined benefit obligation liabilities				
1% Increase	(11,371)	(17,007)	13,470	18,440
1% Decrease	12,443	17,495	(12,481)	(17,087)

### 36.1.2 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years.

As at 31 March	Group	
In Rs. '000s	2025	2024
Within the next 12 months	6,701	15,777
Between 1 and 2 years	10,041	10,953
Between 2 and 5 years	192,431	153,432
Between 5 and 10 years	42,635	112,793
Beyond 10 years	34,223	36,912
<b>Total expected payments</b>	<b>286,031</b>	<b>329,867</b>

The Group weighted average duration of the defined benefit plan obligation is 7.23 (2024 - 5.83) years.

## 36.2 Other long term employee benefits

As at 31 March	Group	
In Rs. '000s	2025	2024
At the beginning of the year	9,267	6,876
Current service cost	6,134	5,318
Payments	(4,932)	(2,907)
Transfers	-	(20)
<b>At the end of the year</b>	<b>10,469</b>	<b>9,267</b>

### 37. OTHER DEFERRED LIABILITIES

As at 31 March In Rs. '000s	Group	
	2025	2024
At the beginning of the year	4,278	23,803
<b>Cash movement</b>		
Payments	(4,278)	(18,409)
<b>Non-cash movement</b>		
Exchange differences	-	(1,116)
<b>At the end of the year</b>	-	4,278

The above balance represents amounts due to Ooredoo Maldives PLC for providing a total ICT Infrastructure solution to Tranquility (Pte) Ltd. Payment will be made on a pre-agreed 5-year instalment plan.

### 38. OTHER NON-CURRENT LIABILITIES

As at 31 March In Rs. '000s	Group	
	2025	2024
At the beginning of the year	123,226	158,640
<b>Cash movement</b>		
Additions	38,985	45,328
<b>Non-cash movement</b>		
Exchange differences	1,096	(13,396)
Amortised during the year	(62,865)	(67,346)
<b>At the end of the year</b>	100,442	123,226

This represents non-refundable deposits received from Liveaboard Maldives (Pvt) Ltd to provide required facilities to house its equipment and to operate a dive base and a water sport center at Tranquility (Pte) Ltd for a period of 120 months.

### 39. TRADE AND OTHER PAYABLES

#### Accounting policy

Trade payables are the aggregate amount of obligations to pay for goods or services, that have been acquired in the ordinary course of business.

Trade payables are classified as current liabilities if payment is due within one year.

As at 31 March	Group		Company	
	2025	2024	2025	2024
Trade payables	1,179,728	1,265,022	-	-
Other payables	632,768	602,544	7,095	3,611
Accrued expenses	568,303	513,453	6,171	5,784
<b>At the end of the year</b>	<b>2,380,799</b>	<b>2,381,019</b>	<b>13,266</b>	<b>9,395</b>

Trade and other payables are normally non-interest bearing and settled within one year. For further explanation on the Group's liquidity risk management process refer Note 11.2.

# NOTES TO THE FINANCIAL STATEMENTS

## 40. SHORT TERM BORROWINGS AND BANK OVERDRAFTS

### Accounting policy

Short-term borrowings are the interest bearing borrowings of the Group which fall due within 12 months from the end of the financial year. These are obtained for working capital requirements.

### 40.1 Short-term borrowings

As at 31 March In Rs. '000	Group	
	2025	2024
At the beginning of the year	550,000	-
<b>Cash movement</b>		
Loans obtained during the year	1,450,000	550,000
Repayments during the year	(100,000)	-
At the end of the year	1,900,000	550,000

### 40.2 Security and repayment terms of borrowings

As at 31 March In Rs. '000	Nominal interest rate	Repayment terms	Assets pledged and collaterals	Group	
				2025	2024
Ceylon Holiday Resorts Ltd	1-month AWPLR	Each loan to be repaid within a maximum period of 90 days from the date of grant	Corporate Guarantee from John Keells Hotels PLC.	600,000	300,000
Habarana Walk Inn Ltd	1-month AWPLR	Bullet payment within a maximum duration of 180 days	-	250,000	250,000
Beruwala Holiday Resorts (Pvt) Ltd	1-month AWPLR	Each loan to be repaid within a maximum period of 90 days from the date of grant	Corporate Guarantee from John Keells Hotels PLC.	300,000	-
Kandy Walk Inn Ltd	1-month AWPLR	Each loan to be repaid within a maximum period of 90 days from the date of grant	Corporate Guarantee from John Keells Hotels PLC.	50,000	-
Habarana Lodge Ltd	1-month AWPLR	Each loan to be repaid within a maximum period of 90 days from the date of grant	Corporate Guarantee from John Keells Hotels PLC.	300,000	-
	1-month AWPLR	Bullet payment within a maximum duration of 180 days	-	250,000	
Trinco Holiday Resorts (Pvt) Ltd	1-month AWPLR	Bullet payment within a maximum duration of 180 days	-	150,000	-
				1,900,000	550,000

## 40.2 Bank overdrafts

Set out below is the disaggregation of the Group's bank overdrafts:

As at 31 March	Group			
	Sri Lanka		Maldives	
In Rs. '000s	2025	2024	2025	2024
National Development Bank	1,014,073	1,124,012	585,752	642,018
Citi Bank N.A.	338,381	712,348	-	-
Hatton National Bank	811,420	799,377	-	-
Seylan Bank PLC	-	248,588	-	-
DFCC Bank PLC	-	-	1,358,343	-
Commercial Bank PLC	-	-	447,302	-
Sampath Bank PLC	122,257	107,689	2,952,753	3,023,651
Deutsche Bank AG	-	-	839,887	875,669
Hongkong and Shanghai Banking Corporation	29,529	181,219	2,756,817	1,614,181
Others	-	-	5,171	2,622
<b>At the end of the year</b>	<b>2,315,660</b>	<b>3,173,233</b>	<b>8,946,025</b>	<b>6,158,141</b>

## 41. OTHER CURRENT LIABILITIES

### Accounting policy

The group classifies all current non-financial liabilities under other current liabilities. These include non-refundable deposits, advances and other tax payables.

As at 31 March	Group	
	2025	2024
In Rs. '000s		
Contract liabilities	1,137,107	1,048,457
Non-refundable deposits	75,318	80,818
Other tax payables	796,708	638,229
<b>At the end of the year</b>	<b>2,009,133</b>	<b>1,767,504</b>

## 42. RELATED PARTY TRANSACTIONS

### Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business at arm's length price with the following related entities. Governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transactions Review Committee" and Group directory. The list of Directors at each of the subsidiary and joint venture companies have been disclosed in the Group directory under the Supplementary Information section of the Annual Report.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Outstanding current account balances at the year end are unsecured, interest free and settlements occur in cash. Loans are given at pre-agreed terms and interest rates.

### Non-recurrent related party transactions

There were no any non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31 March 2024 audited financial statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.



# NOTES TO THE FINANCIAL STATEMENTS

## 42. RELATED PARTY TRANSACTIONS (Contd.)

### Recurrent related party transactions

There were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2024 audited financial Statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

### 42.1 Amounts due from related parties

As at 31 March In Rs. '000	Group		Company	
	2025	2024	2025	2024
<b>Ultimate parent</b>				
John Keells Holdings PLC	496	283	-	-
	496	283	-	-
<b>Companies under common control</b>				
Ahungalla Holiday Resorts (Pvt) Ltd	-	-	-	340
Asian Hotels & Properties PLC	1,243	1,055	-	-
Ceylon Cold Stores PLC	-	97	-	-
Ceylon Holiday Resorts Ltd	-	-	2,785	4,699
Cinnamon Hotel Management International (Pvt) Ltd	3,003	16,423	-	-
Cinnamon Hotel Management Ltd	18,136	24,529	-	-
Hikkaduwa Holiday Resorts (Pvt) Ltd	-	-	153	192
Jaykay Marketing Services (Pvt) Ltd	115	-	-	-
John Keells Foundation	12	-	-	-
John Keells Maldivian Resorts (Pte) Ltd	-	-	3,620	7,333
John Keells Office Automation (Pvt) Ltd	181	-	-	-
Logipark International (Pvt) Ltd	153	-	-	-
Nuwara Eliya Holiday Resorts (Pvt) Ltd	-	-	68	283
Resort Hotels Ltd	-	-	4	-
Rajawella Hotels Company Ltd	-	-	-	280
Sancity Hotels & Properties Ltd	73	80	-	32
South Asia Gateway Terminals (Pvt) Ltd	-	579	-	-
Trans Asia Hotels PLC	284	123	-	-
Travel Club (Pte) Ltd	-	-	2,263	2,337
Trinco Holiday Resorts (Pvt) Ltd	-	-	-	60
Trinco Walk Inn Ltd	-	-	60	-
Walkers Tours Ltd	221,478	230,075	-	-
Waterfront Properties (Pvt) Ltd	38	13,633	-	-
Whittall Boustead (Pvt) Ltd	168	-	-	-
Whittall Boustead (Travels) Ltd	16,586	9,664	-	-
Wirawila Walk Inn Ltd	-	-	-	300
	261,470	296,258	8,953	15,856
<b>Equity-accounted investees</b>				
Sentinel Realty (Pvt) Ltd	33	2,971	24	2,721
Indra Hotels & Resorts Kandy (Pvt) Ltd	754	738	30	297
	787	3,709	54	3,018
	262,753	300,250	9,007	18,874

## 42.2 Amounts due to related parties

As at 31 March In Rs. '000	Group		Company	
	2025	2024	2025	2024
<b>Ultimate parent</b>				
John Keells Holdings PLC	22,335	19,588	688	667
	22,335	19,588	688	667
<b>Companies under common control</b>				
Ahungalla Holiday Resorts (Pvt) Ltd	-	-	345	335
Asian Hotels & Properties PLC	100	1,525	-	-
Ceylon Cold Stores PLC	-	4,260	-	-
Cinnamon Hotel Management International (Pvt) Ltd	383,453	195,835	-	-
Cinnamon Hotel Management Ltd	237,222	261,969	298	233
Fairfirst Insurance Ltd	67	-	-	-
InfoMate (Pvt) Ltd	10,024	9,393	275	236
Jaykay Marketing Services (Pvt) Ltd	13,344	16,423	-	-
John Keells Foundation	2,738	2,821	-	-
John Keells Information Technology (Pvt) Ltd	303	-	-	-
John Keells International (Pvt) Ltd	1,120	969	-	-
John Keells Office Automation (Pvt) Ltd	1,843	1,780	-	-
John Keells Properties Ja-Ela (Pvt) Ltd	-	590	-	-
Keells Consultants (Pvt) Ltd	749	368	269	65
Keells Food Products PLC	1,231	2,603	-	-
Mackinnons Travel (Pvt) Ltd	120	5,549	-	-
Rajawella Hotels Company Ltd	-	-	271	278
Sancity Hotels & Properties Ltd	125	236	-	-
Trans Asia Hotels PLC	62	142	-	-
Trinco Holiday Resorts (Pvt) Ltd	-	-	14	8
Walkers Tours Ltd	329	637	-	-
Waterfront Properties (Pvt) Ltd	38	-	-	-
Wirawila Walk Inn Ltd	-	-	265	255
	652,868	505,100	1,737	1,410
<b>Equity-accounted investees</b>				
Indra Hotels & Resorts Kandy (Pvt) Ltd	4,828	-	-	-
	4,828	-	-	-
	680,031	524,688	2,425	2,077

Strategy

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# NOTES TO THE FINANCIAL STATEMENTS

## 42. RELATED PARTY TRANSACTIONS (Contd.)

### 42.3 Transactions with related parties

For the year ended 31 March		Group		Company	
In Rs. '000	Note	2025	2024	2025	2024
<b>Ultimate parent</b>					
Receiving of services		(210,224)	(109,777)	(7,107)	(7,679)
Rendering of services		360	146	-	-
<b>Companies under common control</b>					
Purchase of goods	42.3.1	(204,451)	(105,413)	-	-
Rendering of services	42.3.1	405,672	430,716	-	-
Receiving of services	42.3.1	(2,337,189)	(2,104,837)	(3,073)	(1,817)
<b>Subsidiaries</b>					
Guarantee income received	42.3.2	-	-	84,098	58,459
Transfers under finance agreement		-	-	-	-
Settlement under finance agreement		-	-	-	-
<b>Key management personnel (KMP)</b>					
		-	-	-	-
<b>Close family members of KMP</b>					
		-	-	-	-
<b>Companies controlled/ jointly controlled/ significantly influenced by KMP and their close family members</b>					
		-	-	-	-
<b>Post employment benefit plan</b>					
Post employment benefit plan		(2,314)	(2,447)	-	-

## 42.3.1 Transactions with companies under common control

For the year ended 31 March In Rs. '000	Group		Company	
	2025	2024	2025	2024
<b>Purchase of goods</b>				
Ceylon Cold Stores PLC	(1,921)	(33,240)	-	-
Jaykay Marketing Services (Pvt) Ltd	(175,592)	(38,056)	-	-
John Keells Office Automation (Pvt) Ltd	(9,495)	-	-	-
Keells Food Products PLC	(17,443)	(32,311)	-	-
Lanka Marine Services (Pvt) Ltd	-	(1,806)	-	-
	(204,451)	(105,413)	-	-
<b>Rendering of services</b>				
Ceylon Cold Stores PLC	-	6,794	-	-
Cinnamon Hotel Management Ltd	3,293	2,776	-	-
Indra Hotels & Resorts Kandy (Pvt) Ltd	2,541	-	-	-
John Keells Office Automation (Pvt) Ltd	97	3,004	-	-
Mackinnons Travels (Pvt) Ltd	1,407	672	-	-
South Asia Gateway Terminals (Pvt) Ltd	-	192	-	-
Walkers Tours Ltd	374,732	392,794	-	-
Waterfront Properties (Pvt) Ltd	998	9,125	-	-
Whittall Boustead (Travels) Ltd	21,641	13,744	-	-
Other related parties	963	1,615	-	-
	405,672	430,716	-	-
<b>Receiving of services</b>				
Asian Hotels & Properties PLC	(1,271)	(2,997)	-	-
Cinnamon Hotel Management International (Pvt) Ltd	(1,116,164)	(1,017,208)	-	-
Cinnamon Hotel Management Ltd	(1,076,917)	(942,396)	-	-
Infomate (Pvt) Ltd	(95,982)	(59,472)	(1,475)	(1,171)
John Keells International (Pvt) Ltd	(13,794)	-	-	-
John Keells Office Automation (Pvt) Ltd	(8,617)	(11,201)	-	-
Keells Consultants (Pvt) Ltd	(4,333)	(2,820)	(1,598)	(646)
Mackinnons Travels (Pvt) Ltd	(15,547)	(58,860)	-	-
Walkers Tours Ltd	(4,123)	(7,787)	-	-
Other related parties	(441)	(2,096)	-	-
	(2,337,189)	(2,104,837)	(3,073)	(1,817)

Strategy

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# NOTES TO THE FINANCIAL STATEMENTS

## 42. RELATED PARTY TRANSACTIONS (Contd.)

### 42.3.2 Transactions with subsidiaries

For the year ended 31 March In Rs. '000	Group		Company	
	2025	2024	2025	2024
Guarantee income received				
Ceylon Holiday Resorts Ltd	-	-	12,359	14,219
Kandy Walk Inn Ltd	-	-	-	18
Habarana Lodge Ltd	-	-	-	25
Habarana Walk Inn Ltd	-	-	-	8
Yala Village (Pvt) Ltd	-	-	-	14
Trinco Holiday Resorts (Pvt) Ltd	-	-	-	12
Hikkaduwa Holiday Resorts (Pvt) Ltd	-	-	2,008	2,463
John Keells Maldivian Resorts (Pte) Ltd	-	-	26,820	26,441
Travel Club (Pte) Ltd	-	-	42,911	15,259
	-	-	84,098	58,459

### 42.4 Compensation of Key Management Personnel

For the year ended 31 March In Rs. '000	Group		Company	
	2025	2024	2025	2024
Short term employee benefits	7,865	9,808	7,865	9,808
Post employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	7,865	9,808	7,865	9,808

Key management personnel include members of the Board of Directors of John Keells Hotels PLC, its subsidiaries and John Keells Holdings PLC.

## OTHER DISCLOSURES

## 43. COMMITMENTS

### Capital Commitments

As at 31 March In Rs. '000	Group		Company	
	2025	2024	2025	2024
Guarantees committed	7,421,983	7,451,724	7,397,490	7,450,006
At the end of the year	7,421,983	7,451,724	7,397,490	7,450,006

## 44. ASSETS PLEDGED

Assets pledged for facilities obtained is given in Note 35.2 and Note 40.2 to the financial statements.

## 45. CONTINGENT LIABILITIES

### *Accounting policy*

#### **Provisions, contingent assets and contingent liabilities**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value.

Subsequently, it is measured at the higher of:

- The amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or
- The amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (SLFRS 15).

Contingent assets are disclosed, where inflow of economic benefit is probable.

There were no significant contingent liabilities as at the reporting date except for the following:

#### **John Keells Hotels PLC**

##### **Income tax assessment relating to year of assessment 2018/2019 and 2019/20**

The company has lodged appeals against the assessments and is contesting these under appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31 March 2025 is estimated at Rs. 11,773,690/-.

#### **Habarana Walk Inn Ltd**

##### **Income tax assessment relating to year of assessment 2019/20**

The company has lodged appeals against the assessments and is contesting these under appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31 March 2025 is estimated at Rs. 57,292,483/-.

#### **Habarana Lodge Ltd**

##### **Income tax assessment relating to year of assessment 2021/22**

The company has lodged appeals against the assessments and is contesting these under appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31 March 2025 is estimated at Rs. 411,366/-.

The management is confident that the ultimate resolution of the above contingencies are unlikely to have a material adverse effect on the financial position of the Group.



# NOTES TO THE FINANCIAL STATEMENTS

## 46. EVENTS SUBSEQUENT TO THE REPORTING DATE

The Board of Directors of the Company has declared a final dividend of Rs. 0.10 per share for the financial year ended 31 March 2025. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and has obtained a certificate from auditors, prior to declaring a final dividend which is to be paid on or before 25 June 2025.

In accordance with LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the financial statements as at 31 March 2025.

## SUPPLEMENTARY INFORMATION

# Connecting Detail and Direction

Beyond the highlights lies a deeper layer of insight—one that connects every metric and disclosure to our broader purpose. At John Keells Hotels, we understand that direction is refined through detail. This section provides the clarity and context that support informed decision-making, offering a complete and coherent picture of our journey and its long-term impact.



# QUARTERLY INFORMATION

## Income Statement - Group

In Rs. '000	2024/25				
	For the quarter ended				For the year ended
	30th June	30th September	31st December	31st March	31st March
Revenue from contracts with customers	5,395,334	6,291,135	7,705,036	9,926,722	29,318,227
Cost of sales	(2,387,025)	(2,678,891)	(2,700,302)	(2,954,718)	(10,720,936)
<b>Gross profit</b>	<b>3,008,309</b>	<b>3,612,244</b>	<b>5,004,734</b>	<b>6,972,004</b>	<b>18,597,291</b>
Other operating income	36,980	22,969	21,909	68,972	150,830
Selling and distribution expenses	(519,344)	(539,388)	(384,324)	(435,317)	(1,878,373)
Administrative expenses	(2,669,030)	(2,779,848)	(2,780,559)	(2,950,737)	(11,180,174)
Other operating expenses	(754,227)	(695,279)	(713,651)	(700,762)	(2,863,919)
Results from operating activities	(897,312)	(379,302)	1,148,109	2,954,160	2,825,655
Finance costs	(630,582)	(635,267)	(674,446)	(653,527)	(2,593,822)
Finance income	9,210	6,474	13,859	11,941	41,484
Net gain from fair value remeasurement of investment properties	-	-	74,597	-	74,597
Share of results of equity-accounted investees (net of tax)	(251)	(2,533)	(14,477)	(28,646)	(45,907)
<b>Profit/(loss) before tax</b>	<b>(1,518,935)</b>	<b>(1,010,628)</b>	<b>547,642</b>	<b>2,283,928</b>	<b>302,007</b>
Tax reversal/(expense)	258,301	89,265	(198,695)	(673,552)	(524,681)
<b>Profit/(loss) for the year</b>	<b>(1,260,634)</b>	<b>(921,363)</b>	<b>348,947</b>	<b>1,610,376</b>	<b>(222,674)</b>
<b>Attributable to :</b>					
Equity holders of the parent	(1,255,851)	(920,044)	346,864	1,599,802	(229,229)
Non-controlling interests	(4,783)	(1,319)	2,083	10,574	6,555
	(1,260,634)	(921,363)	348,947	1,610,376	(222,674)

## Statement of Financial Position - Group

As at In Rs. '000	2024/25			
	30th June	30th September	31st December	31st March
<b>ASSETS</b>				
Non-current assets	74,286,202	71,879,723	71,253,963	70,795,876
Current assets	4,123,801	4,234,061	5,968,824	6,866,919
<b>Total assets</b>	<b>78,410,003</b>	<b>76,113,784</b>	<b>77,222,787</b>	<b>77,662,795</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to equity holders of the parent	30,244,390	28,835,567	29,588,210	31,474,480
Non-controlling interests	99,310	97,994	107,271	108,726
<b>Total equity</b>	<b>30,343,700</b>	<b>28,933,561</b>	<b>29,695,481</b>	<b>31,583,206</b>
Non-current liabilities	24,306,674	23,370,036	23,575,571	22,034,445
Current liabilities	23,759,629	23,810,187	23,951,735	24,045,144
<b>Total liabilities</b>	<b>48,066,303</b>	<b>47,180,223</b>	<b>47,527,306</b>	<b>46,079,589</b>
<b>Total equity and liabilities</b>	<b>78,410,003</b>	<b>76,113,784</b>	<b>77,222,787</b>	<b>77,662,795</b>
<b>SHARE INFORMATION</b>				
Earnings/(loss) per share (Rs.)	(0.86)	(0.63)	0.24	(0.16)
Net assets per share (Rs.)	20.77	19.80	20.32	21.61
Market price per share (Rs.)				
Highest	19.90	18.50	21.60	25.50
Lowest	17.80	14.50	16.80	19.60
Last traded price	17.80	17.50	20.60	20.20

# INDICATIVE US DOLLAR FINANCIAL STATEMENTS

## Income Statement

For the year ended 31 March In USD '000	Group		Company	
	2025	2024	2025	2024
Revenue from contracts with customers	98,378	96,628	-	-
Cost of sales	(35,974)	(37,060)	-	-
<b>Gross profit</b>	<b>62,404</b>	<b>59,568</b>	<b>-</b>	<b>-</b>
Dividend income	-	-	929	502
Other operating income	506	437	-	188
Selling and distribution expenses	(6,303)	(4,797)	-	-
Administrative expenses	(37,515)	(36,343)	(112)	(116)
Other operating expenses	(9,610)	(10,540)	(1)	(3)
<b>Results from operating activities</b>	<b>9,482</b>	<b>8,325</b>	<b>816</b>	<b>571</b>
Finance costs	(8,704)	(9,060)	(427)	(332)
Finance income	139	208	331	64
Net gain from fair value remeasurement of investment properties	250	309	-	-
Share of results of equity-accounted investees (net of tax)	(154)	13	-	-
<b>Profit/(loss) before tax</b>	<b>1,013</b>	<b>(205)</b>	<b>720</b>	<b>303</b>
Tax expense	(1,761)	(1,175)	(60)	(4)
<b>Profit/(loss) for the year</b>	<b>(748)</b>	<b>(1,380)</b>	<b>660</b>	<b>299</b>
<b>Attributable to :</b>				
Equity holders of the parent	(770)	(1,372)		
Non-controlling interests	22	(8)		
	<b>(748)</b>	<b>(1,380)</b>		
Exchange Rate (SL Rs.)	<b>298.02</b>	318.12	<b>298.02</b>	318.12

Indicative consolidated accounts have been published in USD equivalents for information purposes only.

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. These financial statements should be read together with the auditors opinion and notes to the financial statements.

The exchange rates prevailing at each year end have been used for the conversion of the consolidated income statement and the statement of financial position.

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# INDICATIVE US DOLLAR FINANCIAL STATEMENTS

## Statement of Financial Position

As at 31 March In USD '000	Group		Company	
	2025	2024	2025	2024
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	110,006	110,381	-	-
Right-of-use assets	108,714	118,079	-	-
Investment properties	7,241	6,893	-	-
Intangible assets and goodwill	2,706	2,232	-	-
Investment in subsidiaries	-	-	41,736	41,156
Investment in equity-accounted investees	6,148	4,561	6,238	4,497
Non-current financial assets	1,312	574	-	-
Deferred tax assets	2,787	3,264	-	30
Other non-current assets	-	6	-	-
	238,914	245,990	47,974	45,683
<b>Current assets</b>				
Inventories	1,907	1,990	-	-
Trade and other receivables	11,835	11,441	-	-
Amounts due from related parties	887	1,000	30	63
Other current assets	1,964	1,757	31	25
Other current financial assets	4	-	-	-
Short-term investments	407	98	-	-
Cash in hand and at bank	6,169	3,701	859	1,183
	23,173	19,987	920	1,271
<b>Total assets</b>	<b>262,087</b>	<b>265,977</b>	<b>48,894</b>	<b>46,954</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>				
Stated capital	32,060	31,625	32,060	31,625
Revenue reserves	4,514	5,032	12,178	11,358
Other components of equity	69,642	67,139	-	-
	106,216	103,796	44,238	42,983
<b>Non-controlling interests</b>	<b>367</b>	<b>347</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>106,583</b>	<b>104,143</b>	<b>44,238</b>	<b>42,983</b>

As at 31 March In USD '000	Group		Company	
	2025	2024	2025	2024
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	13,673	20,554	3,147	2,744
Lease liabilities	52,349	54,081	-	-
Deferred tax liabilities	6,997	5,620	-	-
Employee benefit liabilities	1,001	1,129	-	-
Other deferred liabilities	-	14	-	-
Non-current financial liabilities	339	410	-	-
	74,359	81,808	3,147	2,744
<b>Current liabilities</b>				
Trade and other payables	8,034	7,926	46	32
Amounts due to related parties	2,295	1,747	8	7
Other current liabilities	6,780	5,884	-	-
Income tax liabilities	777	245	45	32
Interest-bearing loans and borrowings	13,329	20,866	1,410	1,156
Short-term borrowings	6,412	1,831	-	-
Lease liabilities	5,513	10,464	-	-
Bank overdrafts	38,005	31,063	-	-
	81,145	80,026	1,509	1,227
<b>Total equity and liabilities</b>	<b>262,087</b>	<b>265,977</b>	<b>48,894</b>	<b>46,954</b>
Exchange Rate (SL Rs.)	296.33	300.40	296.33	300.40

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# DECADE AT A GLANCE - GROUP

In Rs. '000	2025	2024	2023	2022
<b>OPERATING RESULTS</b>				
Revenue	29,318,227	30,739,251	28,835,400	13,354,724
Cost of sales	(10,720,936)	(11,789,456)	(10,788,449)	(4,997,121)
<b>Gross profit</b>	<b>18,597,291</b>	<b>18,949,795</b>	<b>18,046,951</b>	<b>8,357,603</b>
Earnings before interest and tax (EBIT)	2,912,239	2,858,106	2,097,971	70,729
Finance costs	(2,593,822)	(2,882,137)	(2,702,004)	(1,235,013)
<b>Profit/(loss) before tax</b>	<b>302,007</b>	<b>(65,195)</b>	<b>(604,033)</b>	<b>(1,297,872)</b>
Tax reversal/(expense)	(524,681)	(373,810)	271,489	80,940
<b>Profit/(loss) for the year</b>	<b>(222,674)</b>	<b>(439,005)</b>	<b>(332,544)</b>	<b>(1,216,932)</b>
Attributable to :				
Equity holders of the parent	(229,229)	(436,428)	(320,924)	(1,202,776)
Non-controlling interests	6,555	(2,577)	(11,620)	(14,156)
	(222,674)	(439,005)	(332,544)	(1,216,932)
<b>ASSETS</b>				
<b>Non current assets</b>				
Property, plant and equipment (PP&E)	32,597,443	33,158,443	34,821,838	32,322,034
Right-of-use asset (ROU)	32,214,594	35,471,044	41,443,969	40,683,891
Lease rentals paid in advance (LRPA)	-	-	-	-
Investment properties (IP)	2,145,675	2,070,528	1,970,300	1,768,900
Intangible assets and goodwill (IA)	801,885	670,407	670,407	670,407
Non current assets other than PP&E, ROU, LRPA and IA	3,036,279	2,525,082	2,311,091	2,325,788
	70,795,876	73,895,504	81,217,605	77,771,020
<b>Current assets</b>				
Short-term investments (STI) and Cash in hand and Bank (C&B)	1,948,787	1,141,213	1,795,642	1,732,679
Current assets other than STI and C&B	4,918,132	4,862,823	4,083,087	4,018,889
	6,866,919	6,004,036	5,878,729	5,751,568
<b>Total assets</b>	<b>77,662,795</b>	<b>79,899,540</b>	<b>87,096,334</b>	<b>83,522,588</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>				
Stated capital	9,500,247	9,500,247	9,500,247	9,500,247
Revenue reserves	1,337,678	1,511,732	1,968,045	2,296,282
Other components of equity	20,636,555	20,168,463	21,030,791	18,244,432
	31,474,480	31,180,442	32,499,083	30,040,961
<b>Non-controlling interests</b>	<b>108,726</b>	<b>104,090</b>	<b>99,319</b>	<b>99,428</b>
<b>Total equity</b>	<b>31,583,206</b>	<b>31,284,532</b>	<b>32,598,402</b>	<b>30,140,389</b>

	2021	2020	2019	2018	2017	2016
	3,660,539	9,711,741	11,032,715	11,614,376	12,311,664	11,631,973
	(2,130,666)	(3,496,474)	(3,439,138)	(4,020,790)	(3,907,360)	(3,436,976)
	1,529,873	6,215,267	7,593,577	7,593,586	8,404,304	8,194,997
	(4,712,323)	(633,000)	1,428,010	1,581,774	2,482,885	2,305,863
	(1,124,063)	(653,104)	(251,103)	(255,519)	(227,788)	(182,025)
	(5,854,557)	(1,306,957)	1,079,785	1,350,714	2,236,128	2,035,221
	734,749	105,565	(248,090)	(220,116)	(372,620)	(286,422)
	(5,119,808)	(1,201,392)	831,695	1,130,598	1,863,508	1,748,799
	(5,096,181)	(1,200,568)	816,810	1,118,951	1,846,130	1,734,543
	(23,627)	(824)	14,885	11,647	17,378	14,256
	(5,119,808)	(1,201,392)	831,695	1,130,598	1,863,508	1,748,799
	27,108,615	26,692,178	17,563,154	14,083,594	14,354,695	14,272,874
	28,432,037	26,115,233	-	-	-	-
	-	-	11,449,766	10,587,355	10,714,231	8,537,247
	1,663,950	1,647,700	1,626,196	1,573,798	-	-
	670,407	670,407	670,407	670,407	670,407	670,407
	1,863,367	1,126,923	822,176	355,755	332,441	325,068
	59,738,376	56,252,441	32,131,699	27,270,909	26,071,774	23,805,596
	1,328,341	1,461,154	2,253,324	4,165,911	4,175,145	3,440,751
	1,408,752	2,862,489	2,865,444	1,799,020	1,836,543	1,653,253
	2,737,093	4,323,643	5,118,768	5,964,931	6,011,688	5,094,004
	62,475,469	60,576,084	37,250,467	33,235,840	32,083,462	28,899,600
	9,500,247	9,500,247	9,500,247	9,500,247	9,500,247	9,500,247
	3,427,168	8,523,704	9,695,525	9,075,560	8,531,777	7,278,122
	11,398,724	10,721,124	9,564,193	7,633,178	6,749,432	6,106,444
	24,326,139	28,745,075	28,759,965	26,208,985	24,781,456	22,884,813
	104,587	127,318	136,602	144,503	139,392	132,952
	24,430,726	28,872,393	28,896,567	26,353,488	24,920,848	23,017,765

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# DECADE AT A GLANCE - GROUP

In Rs. '000	2025	2024	2023	2022
<b>Non current liabilities</b>				
Non current liabilities other than lease liabilities & IBB	2,470,288	2,154,784	1,839,397	1,051,971
Lease liabilities	15,512,441	16,245,983	21,125,639	19,659,970
Interest-bearing loans and borrowings (IBB)	4,051,716	6,174,553	12,961,265	16,466,986
	22,034,445	24,575,320	35,926,301	37,178,927
<b>Current liabilities</b>				
Current liabilities other than borrowings, OD and lease liabilities	5,300,248	4,746,910	4,297,373	3,134,267
Current portion of lease liabilities	1,633,526	3,143,257	1,682,243	2,947,669
Current portion of borrowings and bank overdraft	17,111,370	16,149,521	12,592,015	10,121,336
	24,045,144	24,039,688	18,571,631	16,203,272
<b>Total equity and liabilities</b>	<b>77,662,795</b>	<b>79,899,540</b>	<b>87,096,334</b>	<b>83,522,588</b>
<b>CASH FLOWS</b>				
Net cash flows from/(used in) operating activities	4,800,934	6,049,580	5,570,841	(32,797)
Net cash flows from/(used) in investing activities	(1,964,097)	(1,368,292)	(1,313,786)	(126,867)
Net cash flows from/(used in) financing activities	(3,959,574)	(6,373,898)	(6,051,206)	(1,759,413)
Net Increase/(decrease) in cash and cash equivalents	(1,122,737)	(1,692,610)	(1,794,151)	(1,919,077)
<b>KEY INDICATORS</b>				
Basic earnings per share (EPS) (Rs.)	(0.16)	(0.30)	(0.22)	(0.83)
EPS growth / (de-growth) (%)	46.67	(36.36)	73.49	76.29
EBIT Margin (%)	9.88	9.16	7.28	0.53
Dividend per share (Rs.)	-	-	-	-
Dividend pay-out (%)	-	-	-	-
Dividend yield (%)	-	-	-	-
Interest cover (no. of times)	1.12	0.98	0.78	0.06
Return on equity (%)	(0.71)	(1.38)	(1.06)	(4.48)
Pre-tax ROCE (%)	4.13	3.68	2.62	0.10
No. of shares in issue ('000)	1,456,147	1,456,147	1,456,147	1,456,147
Net assets per share (Rs.)	21.61	21.41	22.32	20.63
Debt/Equity (%)	67.24	71.60	79.00	88.51
Debt/Total assets (%)	46.88	51.52	55.53	58.90
Market price of share as at 31 March (Rs.)	20.20	18.60	18.90	11.70
Market capitalisation (Rs. '000)	29,414,169	27,084,334	27,521,178	17,036,917
Price earnings ratio (no. of times)	(116.25)	(62.00)	(85.91)	(14.10)
Assets turnover (no. of times)	0.38	0.38	0.33	0.16
Current ratio (no. of times)	0.29	0.25	0.32	0.35
USD closing rate	296.33	300.40	329.50	305.00
USD average rate	298.02	318.12	360.36	208.34

\* The figures are derived from financial statements prepared in accordance with SLFRS/LKAS. Figures for the remaining periods are derived from financial statements prepared in accordance with previous SLASs.

	2021	2020	2019	2018	2017	2016
	988,951	1,071,538	1,184,700	1,005,298	570,741	555,364
	14,983,915	12,318,477	-	-	-	-
	13,240,350	10,749,189	3,207,504	2,764,218	1,083,408	1,852,851
	29,213,216	24,139,204	4,392,204	3,769,516	1,654,149	2,408,215
	1,729,135	2,022,604	1,713,985	1,632,908	1,422,477	1,600,718
	1,131,749	1,103,057	-	-	-	-
	5,970,643	4,438,826	2,247,711	1,479,928	4,085,988	1,872,902
	8,831,527	7,564,487	3,961,696	3,112,836	5,508,465	3,473,620
	62,475,469	60,576,084	37,250,467	33,235,840	32,083,462	28,899,600
	[997,530]	1,947,185	1,704,850	2,997,104	3,231,801	3,615,758
	(1,522,983)	(11,016,763)	(3,791,262)	(567,660)	(3,105,447)	(2,364,080)
	1,776,082	6,197,212	(380,813)	(333,603)	(49,099)	(1,962,069)
	(744,431)	(2,872,366)	(2,467,225)	2,095,841	77,255	(710,391)
	(3.50)	(0.82)	0.56	0.77	1.27	1.19
	(326.83)	(246.43)	(27.27)	(39.37)	6.72	(6.30)
	(128.73)	(6.52)	12.94	13.62	20.17	19.82
	-	-	0.15	0.40	0.40	0.40
	-	-	26.79	52.05	31.55	33.58
	-	-	2.00	4.30	4.00	3.33
	(4.19)	(0.97)	5.69	6.19	10.90	12.67
	(19.29)	(4.18)	3.03	4.43	7.82	8.09
	(8.05)	(1.38)	4.42	5.24	8.78	9.00
	1,456,147	1,456,147	1,456,147	1,456,147	1,456,147	1,456,147
	16.71	19.74	19.75	18.00	17.02	15.72
	78.97	52.84	18.97	16.19	20.86	16.28
	56.54	47.23	14.64	12.77	16.11	12.89
	9.50	6.70	7.50	9.30	10.00	12.00
	13,833,394	9,756,183	10,921,101	13,542,165	14,561,468	17,473,761
	(2.71)	(8.17)	13.39	12.08	7.87	10.08
	0.06	0.16	0.30	0.35	0.38	0.40
	0.31	0.57	1.29	1.92	1.09	1.47
	200.30	189.63	175.45	155.90	151.90	147.65
	189.02	179.42	168.58	153.56	147.98	139.18

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# GROUP REAL ESTATE PORTFOLIO

Owning company and location	Buildings				Land in acres				Net book value	
	Numbers		Square feet		Freehold property		Leasehold property		2025	2024
	2025	2024	2025	2024	2025	2024	2025	2024	In Rs. '000	In Rs. '000
<b>PROPERTIES - SRI LANKA</b>										
<b>Beruwala Holiday Resorts (Pvt) Ltd</b>										
Cinnamon Bey Beruwala	9	9	345,355	345,355	10.82	10.82	-	-	5,560,542	5,461,264
<b>Ceylon Holiday Resorts Ltd</b>										
Cinnamon Bentota Beach	8	8	323,505	323,505	0.70	0.70	11.92	11.92	5,083,804	4,848,084
<b>Hikkaduwa Holiday Resorts (Pvt) Ltd</b>										
Hikka Tranz by Cinnamon	6	6	229,953	229,953	0.29	0.29	4.37	4.37	2,017,429	2,058,646
<b>Habarana Lodge Ltd</b>										
Cinnamon Lodge Habarana	79	79	101,162	101,162	-	-	36.09	36.09	899,459	897,686
<b>Habarana Walk Inn Ltd</b>										
Habarana Village by Cinnamon	84	84	91,369	91,369	-	-	9.34	9.34	393,782	400,095
<b>Kandy Walk Inn Ltd</b>										
Cinnamon Citadel Kandy	6	6	128,302	128,302	6.29	6.29	-	-	2,092,247	1,937,392
<b>Resort Hotels Ltd</b>										
Nilaveli	-	-	-	-	41.73	41.73	-	-	1,154,300	1,116,628
<b>Trinco Holiday Resorts (Pvt) Ltd</b>										
Trinco Blu by Cinnamon	9	9	128,079	128,079	13.24	13.24	-	-	1,629,619	1,532,535
<b>Trinco Walk Inn Ltd</b>										
Trincomalee	-	-	-	-	14.15	14.15	-	-	515,275	493,500
<b>Wirawila Walk Inn Ltd</b>										
Wirawila	-	-	-	-	25.15	25.15	-	-	109,520	105,723
<b>Yala Village (Pvt) Ltd</b>										
Cinnamon Wild Yala	78	78	95,668	95,668	-	-	10	10	641,240	616,956
<b>Ahungalla Holiday Resorts (Pvt) Ltd</b>										
Ahungalla	-	-	-	-	6.51	6.51	-	-	366,700	354,800
<b>PROPERTIES - MALDIVES</b>										
<b>Tranquility (Pte) Ltd</b>										
Cinnamon Dhonveli Maldives	146	146	261,327	261,327	-	-	17.16	17.16	23,893,730	24,711,943
Cinnamon Velifushi Maldives	145	145	263,512	263,512	-	-	13.22	13.22	4,513,907	6,226,825
<b>Travel Club (Pte) Ltd</b>										
Ellaidhoo Maldives by Cinnamon	115	115	178,294	178,294	-	-	13.8	13.8	4,190,537	5,062,848
<b>Fantasea World Investments (Pte) Ltd</b>										
Cinnamon Hakuraa Huraa Maldives	163	163	236,730	236,730	-	-	18.9	18.9	10,372,042	10,997,044
<b>Total</b>	<b>848</b>	<b>848</b>	<b>2,383,256</b>	<b>2,383,256</b>	<b>118.9</b>	<b>118.9</b>	<b>134.8</b>	<b>134.8</b>	<b>63,434,133</b>	<b>66,821,969</b>

# CONSOLIDATED ECONOMIC VALUE-ADDED STATEMENT

For the year ended 31 March	Sri Lanka		Maldives		Group	
In Rs. '000	2025	2024	2025	2024	2025	2024
<b>Direct economic value generated</b>						
Revenue	11,163,836	10,309,933	18,154,391	20,429,318	29,318,227	30,739,251
Finance income	32,979	66,084	8,505	-	41,484	66,084
Net gain from fair value remeasurement of investment properties	74,597	98,250	-	-	74,597	98,250
Share of results of equity-accounted investees (net of tax)	(45,907)	4,132	-	-	(45,907)	4,132
Proceeds from sale of property, plant and equipment	8,779	4,678	17,086	10,686	25,865	15,364
	11,234,284	10,483,077	18,179,982	20,440,004	29,414,266	30,923,081
<b>Economic value distributed</b>						
Operating costs	7,551,378	7,544,898	13,927,853	15,308,826	21,479,231	22,853,724
Employee wages and benefits	2,332,744	2,275,718	2,831,428	3,100,260	5,164,172	5,375,978
Payments to providers of funds	882,600	1,064,732	1,711,222	1,817,405	2,593,822	2,882,137
Payments to government:						
Sri Lanka	121,475	234,432	-	-	121,475	234,432
Maldives	-	-	170,469	42,023	170,469	42,023
Community investments	8,790	9,162	1,649	2,097	10,439	11,259
	10,896,987	11,128,942	18,642,621	20,270,611	29,539,608	31,399,553
Net economic value retained/(distributed)	337,297	(645,865)	(462,639)	169,393	(125,342)	(476,472)

Above data has been derived from the audited Financial Statements that were prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS).

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# GLOSSARY OF FINANCIAL TERMS

## ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices an enterprise adopts 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.

## ASSET TURNOVER

Revenue divided by average total assets.

## AVERAGE ROOM RATE (ARR)

Room revenue divided by the number of room nights sold.

Capital expenditure purchases of property, plant and equipment, intangible assets.

## CAPITAL EMPLOYED

Shareholders' funds plus non-controlling interests and debt including lease liabilities.

## CONTINGENT LIABILITIES

A condition or situation existing as of the date of the report due to past events, where the financial effect is not recognised because:

1. The obligation is crystallised by the occurrence or non-occurrence of one or more future events or,
2. A probable outflow of economic resources is not expected or,
3. It is unable to be measured with sufficient reliability.

## CURRENT RATIO

Current assets divided by current liabilities.

## DEBT/EQUITY RATIO

Debt excluding lease liabilities, as a percentage of shareholders' funds and non-controlling interest.

## DIVIDEND PAYOUT RATIO

Dividend paid as a percentage of Company profits, adjusted for non-cash gain items.

## DIVIDEND YIELD

Dividends adjusted for changes in the number of shares in issue as a percentage of the share price (diluted) at the end of the period.

## EARNINGS PER SHARE (BASIC)

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

## EBIT

Earnings before interest expense and tax (includes other operating income). Note that EBIT includes interest income, fair value gains and losses on investment property, depreciation and amortisation, and share of results of equity accounted investees, but excludes exchange gains or losses.

## EBIT MARGIN

EBIT divided by turnover, inclusive of the share of results of equity accounted investees.

## EBITDA

Earnings before interest expense, tax, depreciation and amortisation (includes other operating income). Note that EBITDA includes interest income, fair value gains and losses on investment property and share of results of equity accounted investees, but excludes exchange.

## EFFECTIVE TAX RATE

Tax expense divided by profit before tax.

## ENTERPRISE VALUE (EV)

Market capitalisation plus net debt/(net cash).

## EPS GROWTH

Percentage of the increase in the EPS over the previous financial year.

## EQUITY METHOD

A method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investors' share of net assets of the investee. The income statement of the investor includes the investor's share of the profit or loss of the investee.

## INTEREST COVER

Consolidated profit before interest and tax, over finance costs.

## NET ASSETS

Total assets minus current liabilities, long-term liabilities and non-controlling interests.

## NET ASSETS PER SHARE

Net assets as at a particular financial year end divided by the number of shares in issue as at the end of the financial year.

## NET DEBT/(CASH)

Total debt minus cash in hand and at bank and short-term investments.

## OCCUPANCY RATE

Rooms occupied by hotel guests expressed as a percentage of available rooms.

## PRICE-EARNINGS RATIO

Market price per share (diluted) over diluted earnings per share.

## QUICK RATIO

Cash plus short-term investments plus receivables, divided by current liabilities.

## RETURN ON ASSETS

Profit after tax divided by the average total assets.

## RETURN ON EQUITY (ROE)

Profit attributable to shareholders as a percentage of the average shareholders' funds.

## REVENUE MANAGEMENT

The employment of pricing and segment strategies to optimise the revenue generated from the sale of room nights.

## REVPAR OR REVENUE PER AVAILABLE ROOM

Room revenue divided by the number of room nights that are available (can be mathematically derived from occupancy rate multiplied by average daily rate).

## SHAREHOLDERS' FUNDS

Total of stated capital, other components of equity and revenue reserve.

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Created by the Financial Stability Board to improve and increase the reporting of climate-related financial information and to help inform investors and others about the risks they face related to climate change.

## TOTAL DEBT

Long and short-term loans, including overdrafts, but excluding lease liabilities. Instances where total debt includes lease liabilities are explicitly mentioned.

## TOTAL EQUITY

Shareholders' funds plus non-controlling interest.

## WORKING CAPITAL

Current assets minus current liabilities.

# GROUP DIRECTORY

## SRI LANKA

### CEYLON HOLIDAY RESORTS LTD

(PB 40)	- 99.39%
<b>Owner of Cinnamon Bentota Beach</b>	
Incorporated in	- 1966
Company operating address	- Cinnamon Bentota Beach Galle Road, Bentota
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 2,845.5 Mn
Contact No.	- 034-2275176/266
Directors	- S Rajendra M R Svensson M H Singhawansa C L P Gunawardane

### HABARANA LODGE LTD

(PB 38)	- 98.35%
<b>Owner of Cinnamon Lodge Habarana</b>	
Incorporated in	- 1978
Company operating address	- Cinnamon Lodge Habarana, P.O. Box 02, Habarana
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 341.6 Mn
Contact No.	- 066-2270011/72
Directors	- S Rajendra M R Svensson M H Singhawansa C L P Gunawardane

### HABARANA WALK INN LTD

(PB 33)	- 98.77%
<b>Owner of Habarana Village by Cinnamon</b>	
Incorporated in	- 1973
Company operating address	- Habarana Village by Cinnamon, P.O. Box 01, Habarana
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 126.4 Mn
Contact No.	- 066-2270046/7
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

### INTERNATIONAL TOURISTS AND HOTELIERS LTD

(PB 17)	- 99.33%
<b>Parent of Beruwala Holiday Resorts (Pvt) Ltd</b>	
Incorporated in	- 1973
Registered office address-	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 1,939.8 Mn
Contact No.	- 011-2306000
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

### KANDY WALK INN LTD

(PB 395)	- 98.39%
<b>Owner of Cinnamon Citadel Kandy</b>	
Incorporated in	- 1979
Company operating address	- Cinnamon Citadel Kandy, 124, Srimath Kuda Ratwatte Mawatha, Kandy
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 115.2 Mn
Contact No.	- 081-2234365/6
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

### RAJAWELLA HOTELS COMPANY LTD

(PB 92)	- 100%
Incorporated in	- 1992
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 38.8 Mn
Contact No.	- 011-2306000
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

**TRINCO WALK INN LTD**

(PB 168)	- 100%
<b>Owner of real estate in Trincomalee</b>	
Incorporated in	- 1984
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 119.9 Mn
Contact No.	- 011-2306000
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

**RESORT HOTELS LTD**

(PB 193)	- 99.46%
<b>Owner of real estate in Nilaveli</b>	
Incorporated in	- 1978
Registered office address	- No.117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 19.6 Mn
Contact No.	- 011-2306000
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

**YALA VILLAGE (PVT) LTD**

(PV 2868)	- 93.78%
<b>Owner of Cinnamon Wild Yala</b>	
Incorporated in	- 1999
Company operating address	- Cinnamon Wild Yala, P.O. Box 01, Kirinda, Tissamaharama
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 319.4 Mn
Contact No.	- 047- 2239449/52
Directors	- M A Perera - Chairperson S Rajendra M R Svensson M H Singhawansa C L P Gunawardane J A Davis N W Tambiah

**WIRAWILA WALK INN LTD**

(PB 89)	- 100%
<b>Owner of real estate in Wirawila</b>	
Incorporated in	- 1994
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 25.3 Mn
Contact No.	- 011-2306000
Directors	- M H Singhawansa C L P Gunawardane M R Svensson

**BERUWALA HOLIDAY RESORTS (PVT) LTD**

(PV 69678)	- 99.33%
<b>Owner of Cinnamon Bey Beruwala</b>	
Incorporated in	- 2009
Company operating address	- Cinnamon Bey Beruwala, Moragalla, Beruwala
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 2,338.2 Mn
Contact No.	- 034-2297000
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

**TRINCO HOLIDAY RESORTS (PVT) LTD**

(PV 69908)	- 100%
<b>Owner of Trinco Blu by Cinnamon</b>	
Incorporated in	- 2009
Company operating address	- Trinco Blu by Cinnamon, Sambativu, Uppuveli, Trincomalee
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 357 Mn
Contact No	- 026 222 7532/1611
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

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## HIKKADUWA HOLIDAY RESORTS (PVT) LTD

(PV 71747)	- 99.39%
<b>Owner of Hikka Tranz by Cinnamon</b>	
Incorporated in	- 2010
Company operating address	- Hikka Tranz by Cinnamon, No. 01, Galle Road, Hikkaduwa
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 1,062.6 Mn
Contact No.	- 091-2278000
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

## AHUNGALLA HOLIDAY RESORTS (PVT) LTD

(PV 85046)	- 100%
<b>Owner of real estate in Ahungalla</b>	
Incorporated in	- 2012
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 138.9 Mn
Contact No.	- 011-2306000
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

## NUWARA ELIYA HOLIDAY RESORTS (PVT) LTD

(PV 98357)	- 100%
Incorporated in	- 2014
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 1.2 Mn
Contact No.	- 011-2306000
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

## CINNAMON HOLIDAYS (PVT) LTD

(PV 107427)	- 100%
<b>Inbound and outbound tour operator</b>	
Incorporated in	- 2015
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 0.2 Mn
Contact No.	- 011-2306000
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

## SENTINEL REALTY (PVT) LTD

(PV 80706)	- 50%
<b>Owner of real estate in Vaakarai and Kallarawa</b>	
Incorporated in	- 2011
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 147.4 Mn
Contact No.	- 011-2306000
Directors	- B A B Goonetilleke - Chairperson N N Mawilmada K Balasundaram C L P Gunawardane

## INDRA HOTELS & RESORTS KANDY (PVT) LTD

(PV 124247)	- 40%
<b>Owner of Kandy Myst by Cinnamon</b>	
Incorporated in	- 2017
Registered office address	- No. 273, Katugastota Road, Kandy
Stated Capital	- Rs. 4,194.4 Mn
Contact No.	- 081 2042000
Directors	- Y S H I K Silva - Chairperson Y S H R S Silva Y S H H K Silva S Rajendra C L P Gunawardane

## MALDIVES

### JOHN KEELLS MALDIVIAN RESORTS (PTE) LTD

(C-208/96)	- 100%
Incorporated in	- 1996
Registered office address	- Unit 400, 4th Floor, G. Kelam, Hithaffinivaa Magu, Male, Republic of Maldives
Stated Capital	- USD 38.9 Mn
Contact No.	- +9603336000
Directors	- S Rajendra M R Svensson M H Singhawansa C L P Gunawardane

### TRAVEL CLUB (PTE) LTD

(C-121/92)	- 100%
Owner of Ellaidhoo Maldives by Cinnamon	
Incorporated in	- 1992
Company operating address	- Ellaidhoo Maldives by Cinnamon North Ari Atoll, Republic of Maldives
Registered office address	- Unit 400, 4th Floor, G. Kelam, Hithaffinivaa Magu, Male, Republic of Maldives
Stated Capital	- USD 2.5 Mn
Contact No.	- +9603336000
Directors	- S Rajendra M H Singhawansa C L P Gunawardane M R Svensson

### TRANQUILITY (PTE) LTD

(C-344/2004)	- 100%
Owner of "Cinnamon Dhoinveli" and "Cinnamon Velifushi" in Maldives	
Incorporated in	- 2004
Company operating address	- Cinnamon Dhonveli Maldives, North Malé Atoll, Republic of Maldives Cinnamon Velifushi Maldives, Vaavu Atoll, Republic of Maldives
Registered office address	- Unit 400, 4th Floor, G. Kelam, Hithaffinivaa Magu, Male, Republic of Maldives
Stated Capital	- USD 5 Mn
Contact No.	- +9603336000
Directors	- S Rajendra M R Svensson M H Singhawansa C L P Gunawardane

### FANTASEA WORLD INVESTMENTS (PTE) LTD

(C-143/97)	- 100%
Owner of Cinnamon Hakuraa Huraa Maldives	
Incorporated in	- 1997
Company operating address	- Cinnamon Hakuraa Huraa Maldives, Meemu Atoll, Republic of Maldives
Registered office address	- 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives
Stated Capital	- USD 5 Mn
Contact No.	- +9603336000
Directors	- S Rajendra M R Svensson M H Singhawansa C L P Gunawardane



# NOTICE OF MEETING

Notice is hereby given that the Forty Sixth Annual General Meeting ("Meeting") of John Keells Hotels PLC will be held as a virtual meeting on 26 June 2025 at 10.00 am via Microsoft Teams. The business to be brought before the meeting will be:

1. To read the Notice convening the Meeting.
2. To receive and consider the Annual Report and Financial Statements of the Company for the Financial Year ended 31 March 2025 with the Report of the Auditors thereon.
3. To re-elect as a Director, Mr. J G A Cooray, who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Mr. J G A Cooray is contained in page 195 of the Annual Report.
4. To re-elect as a Director, Mr. M H Singhawansa, who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Mr. M H Singhawansa is contained in page 195 of the Annual Report.
5. To re-elect as a Director, Ms. A Goonetilleke, who retires in terms of Article 90 of the Articles of Association of the Company. A brief profile of Ms. A Goonetilleke is contained in page 196 of the Annual Report.
6. To re-appoint Auditors, Messrs. Ernst & Young, Chartered Accountants, and to authorise the Directors to determine their remuneration.
7. To consider any other business of which due notice has been given in terms of the relevant laws and regulations.

This Annual Report and Financial Statements of the Company are available on the:

- (1) Corporate website of the Company <https://www.cinnamonhotels.com/investor-relations>
- (2) The Colombo Stock Exchange website - <https://www.cse.lk/>

Shareholders may also access the Annual Report and Financial Statements on their electronic devices by scanning the following QR code.

For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Rasika Pushpakumara on 011-2306666 during normal office hours (8.30 a.m. to 4.30 p.m.) or email [rasikapu@cinnamonhotels.com](mailto:rasikapu@cinnamonhotels.com)

Should Members wish to obtain a hard copy of the Annual Report 2024/25, they may send a written request to the registered office of the Company or email [rasikapu@cinnamonhotels.com](mailto:rasikapu@cinnamonhotels.com), completing the attached Form of Request, which is also attached to the Form of Proxy. The Company will forward a printed copy of the Annual Report within eight (8) market days from the date of receipt of the request, subject to the circumstances prevailing at the time, unless collected in person.

By Order of the Board,  
**John Keells Hotels PLC**

**Keells Consultants (Pvt) Limited**  
Secretaries  
Colombo

27 May 2025

## Note:

- A Member unable to attend the meeting is entitled to appoint a Proxy to attend and vote in their place.
- A Proxy need not be a Member of the Company.
- A Member wishing to vote by Proxy at the Meeting may use the Form of Proxy enclosed herein.
- Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting in the Form of Proxy.
- In order to be valid, the completed Form of Proxy must be lodged at the Registered Office of the Company at No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02 or forwarded to the email address: [keellsconsultants@keells.com](mailto:keellsconsultants@keells.com) or Fax No. 0112-439037 not later than 48 hours before the Meeting.
- A vote can be taken on a show of hands or by poll. If a poll is demanded, each share is entitled to one vote.

Votes can be cast in person, by Proxy or corporate representatives. In the event an individual Member and their Proxy holder are both present at the Meeting, only the Member's vote is counted. If the Proxy holder's appointor has indicated the manner of voting, only the appointor's indication of the manner of voting will be used.



# FORM OF PROXY

I/We ..... of  
..... being  
a Member/s of John Keells Hotels PLC hereby appoint .....  
..... of  
.....or failing him/her

Krishan Niraj Jayasekara Balendra	or failing him
Joseph Gihan Adisha Cooray	or failing him
Suresh Rajendra	or failing him
Mikael Roland Svensson	or failing him
Mohomed Hishan Singhawansa	or failing him
Kumudu Abeywickrama Gunasekera	or failing him
Hasitha Premaratne	or failing him
Aruni Goonetilleke	

as my/our proxy to represent me/us and vote on my/our behalf at the Forty Sixth Annual General Meeting of the Company to be held on 26 June 2025 at 10.00 a.m. and at any postponement or adjournment thereof and at every poll which may be taken in consequence thereof.

I/ We, the undersigned, hereby direct my/ our proxy to vote for me/ us and on my/ our behalf on the specified Resolution as indicated by the letter "X" in the appropriate cage:

	FOR	AGAINST	ABSTAINED
To re-elect as a Director, Mr. J G A Cooray, who retires in terms of Article 83 of the Articles of Association of the Company;			
To re-elect as a Director, Mr. M H Singhawansa, who retires in terms of Article 83 of the Articles of Association of the Company;			
To re-elect as a Director, Ms. A Goonetilleke, who retires in terms of Article 90 of the Articles of Association of the Company;			
To re-appoint Auditors Messrs. Ernst & Young, Chartered Accountants, and to authorise the Directors to determine their remuneration.			

Signed on this ..... day of Two Thousand and Twenty Five.

.....  
Signature/s of shareholder/s

Note: INSTRUCTIONS AS TO COMPLETION OF PROXY FORM ARE NOTED ON THE REVERSE.

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# FORM OF PROXY

## INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. Please perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02, or forwarded to the email address: keellsconsultants@keells.com or Fax No. 0112-439037, no later than 48 hours before the time appointed for the holding of the Meeting.
3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. If the appointor is a Company or Corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorised officer of the Company or Corporation in accordance with its Articles of Association or Constitution.
5. If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise their discretion as to how they votes or, whether or not they abstain from voting.

Please fill in the following details:

Name	:	.....
Address	:	.....
		.....
		.....
Joint with	:	.....
Share Folio No./CDS account no.	:	.....
National Identity Card No./	:	.....

# CORPORATE INFORMATION

## NAME OF THE COMPANY

John Keells Hotels PLC

## LEGAL FORM

Public Limited Liability Company  
incorporated in Sri Lanka on 1 October  
1979

## STOCK EXCHANGE LISTING

The issued shares of John Keells Hotels  
PLC are listed on the Colombo Stock  
Exchange

## COMPANY REGISTRATION NO.

PQ 8

## DIRECTORS

K N J Balendra – Chairperson  
J G A Cooray  
S Rajendra  
M R Svensson  
M H Singhawansa  
H Premaratne  
A Goonetilleke  
K A Gunasekera (Dr.)

## SECRETARIES AND REGISTRARS

Keells Consultants (Private) Limited  
117, Sir Chittampalam A. Gardiner  
Mawatha Colombo 2

## AUDITORS

Messrs. Ernst & Young Chartered  
Accountants P.O. Box 101  
109, Rotunda Towers,  
Galle Road, Colombo 03

## BANKERS

Bank of Ceylon  
Citi Bank N.A.  
Commercial Bank of Ceylon  
Deutsche Bank A.G  
DFCC Bank  
Hatton National Bank  
Hongkong and Shanghai Banking  
Corporation National Development Bank  
Nations Trust Bank  
People's Bank  
Sampath Bank  
Seylan Bank  
Union Bank

## HEAD OFFICE & REGISTERED OFFICE OF THE COMPANY

117, Sir Chittampalam A. Gardiner  
Mawatha, Colombo 2 Telephone :  
(94-11) 2421101-15, (94-11) 2306000,  
(94-11) 2306666  
Facsimile: (94-11) 2439046  
E-mail : [htlres@keells.com](mailto:htlres@keells.com)  
Web : [www.cinnamonhotels.com](http://www.cinnamonhotels.com)

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