

Intellectual Capital

DRIVEN BY INFORMED EXCELLENCE

The Group’s Intellectual Capital plays a vital role in driving its competitive advantage and long-term value creation. Comprising innovation capabilities, organisational knowledge, digital competencies, and robust systems and standards, it serves as the foundation for strategic agility and operational excellence

As bioluminescence advances science through its wide applications, Hayleys drives innovation and enhances lives by committing to research, development, and emerging technologies.



INTELLECTUAL CAPITAL AS A STRATEGIC DRIVER



PORTFOLIO OPTIMISATION

→ Leverage domain knowledge to pursue selective growth opportunities across business verticals



CUSTOMER CENTRICITY

→ Innovation aimed at sharpening competitive edge through fulfilling customers’ emerging requirements



NURTURING INSPIRED TEAMS

→ The unique skills, attitudes and values of our team which are passed on through a culture of engagement, mentoring and knowledge sharing



INCLUSIVE BUSINESS MODELS

→ Build collaborative relationships across supply chains through agile systems, standards of operations and digital technology



STRATEGIC ESG INTEGRATION

→ Drive synergies between deep market insights and R&D capabilities to develop products that shape better futures

Shaping the future of industries through bold innovation and pioneering solutions

Deep industry insights and enduring expertise of **148 years**

Excellence through compliance to a range of multi-faceted certifications

An ambitious roadmap for digital transformation across the Group

MEASURING PROGRESS
Intellectual Capital- Our KPIs

INVESTMENTS IN R&D	NEW PRODUCTS DEVELOPED	PRODUCTS IN THE PIPELINE
<div> <div></div> <div>2023</div> <div></div> <div>323</div> </div> <div> <div></div> <div>2024</div> <div></div> <div>548</div> </div> <div> <div></div> <div>2025</div> <div></div> <div>812</div> </div>	<div> <div></div> <div>2023</div> <div></div> <div>549</div> </div> <div> <div></div> <div>2024</div> <div></div> <div>624</div> </div> <div> <div></div> <div>2025</div> <div></div> <div>474</div> </div>	<div> <div></div> <div>2023</div> <div></div> <div>312</div> </div> <div> <div></div> <div>2024</div> <div></div> <div>695</div> </div> <div> <div></div> <div>2025</div> <div></div> <div>757</div> </div>
<p>Why we use this KPI: Demonstrates the Group's commitment to innovation, future growth potential and responsiveness to market trends</p> <p>How we performed: Increased investments towards R&D with emphasis on enhancing the value-added product proposition</p>	<p>Why we use this KPI: Shows how effectively the R&D investments are translated to tangible results and the Company's agility in responding to evolving</p> <p>How we performed: The Group made significant progress in innovation across key verticals, specially in export-oriented sectors</p>	<p>Why we use this KPI: Represents the Company's innovation momentum and future revenue growth potential</p> <p>How we performed: With 757 products in the pipeline the Group strengthened its earnings potential for future periods</p>

INNOVATION MANAGEMENT

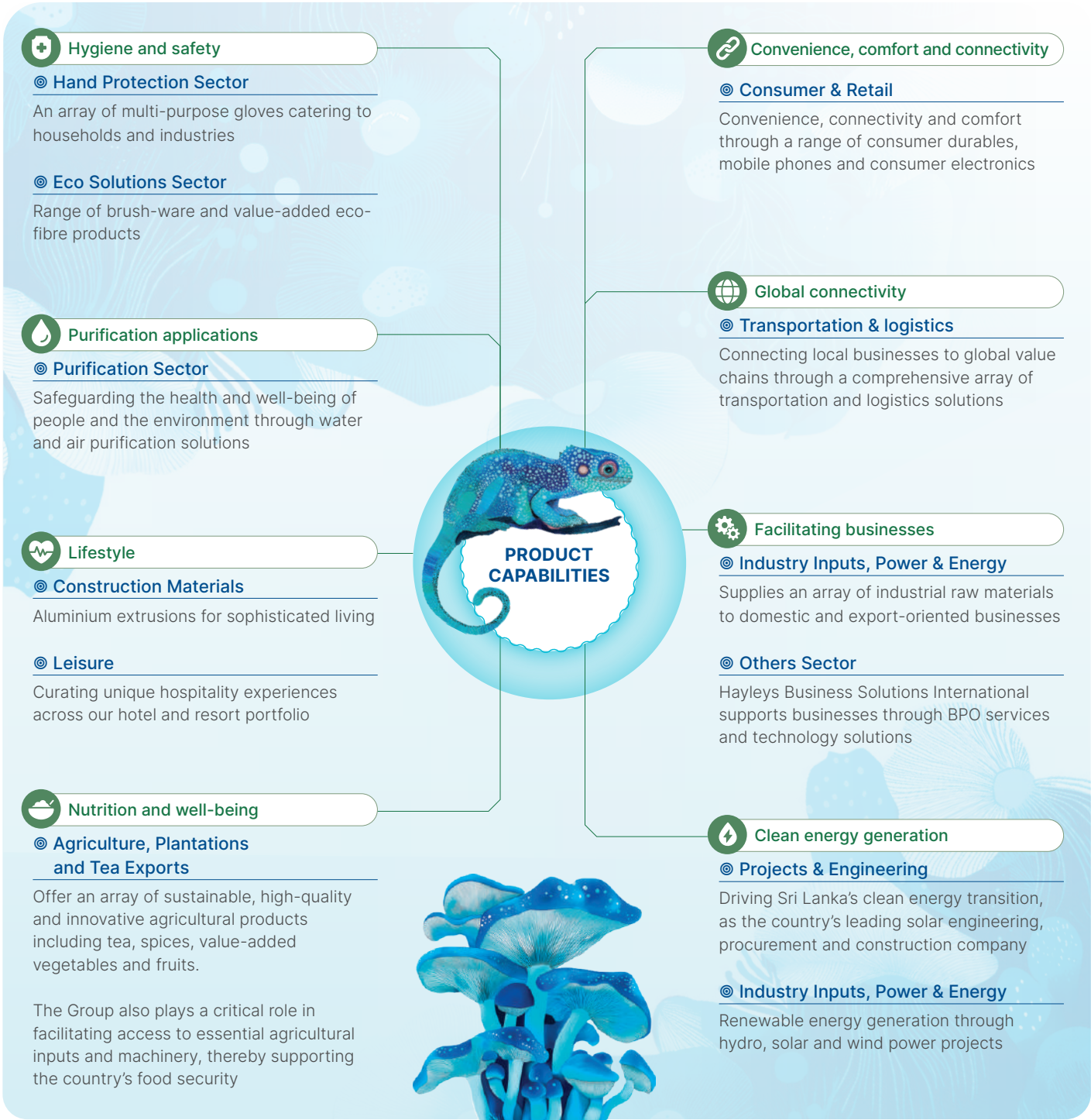
The Group's innovation capabilities are underpinned by its strength in research and development, best-in-class talent and a culture of learning which have fuelled our aspirations to drive innovation in both products and processes. The Group also collaborates with leading research institutions and universities in developing and commercialising research that facilitates innovation. In recent times, the Group's R&D interventions have centered on four key dimensions as illustrated below. Please refer to the Portfolio Reviews from page 156 to 288 for further information.



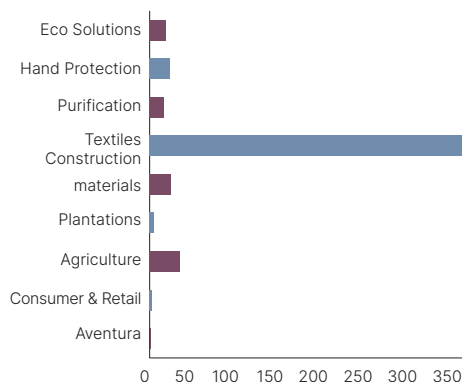
Intellectual Capital

PRODUCT CAPABILITIES

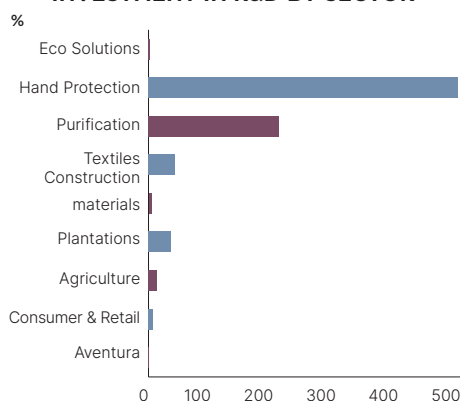
Across its diverse verticals, the Group's extensive product portfolio fulfills an array of needs of both retail and industrial customers, at each stage of the customer journey. With a Group-wide focus on sustainable innovation, several of our Sectors manufacture products that are designed to address critical social and environmental challenges facing the world today, thereby ensuring that our products contribute towards shaping better futures. The Group's comprehensive product map is graphically illustrated below; further information on the product proposition of the Sectors is available on the Portfolio Reviews from page 156 to 288 of this Annual Report.



NEW PRODUCTS LAUNCHED BY SECTOR



INVESTMENT IN R&D BY SECTOR



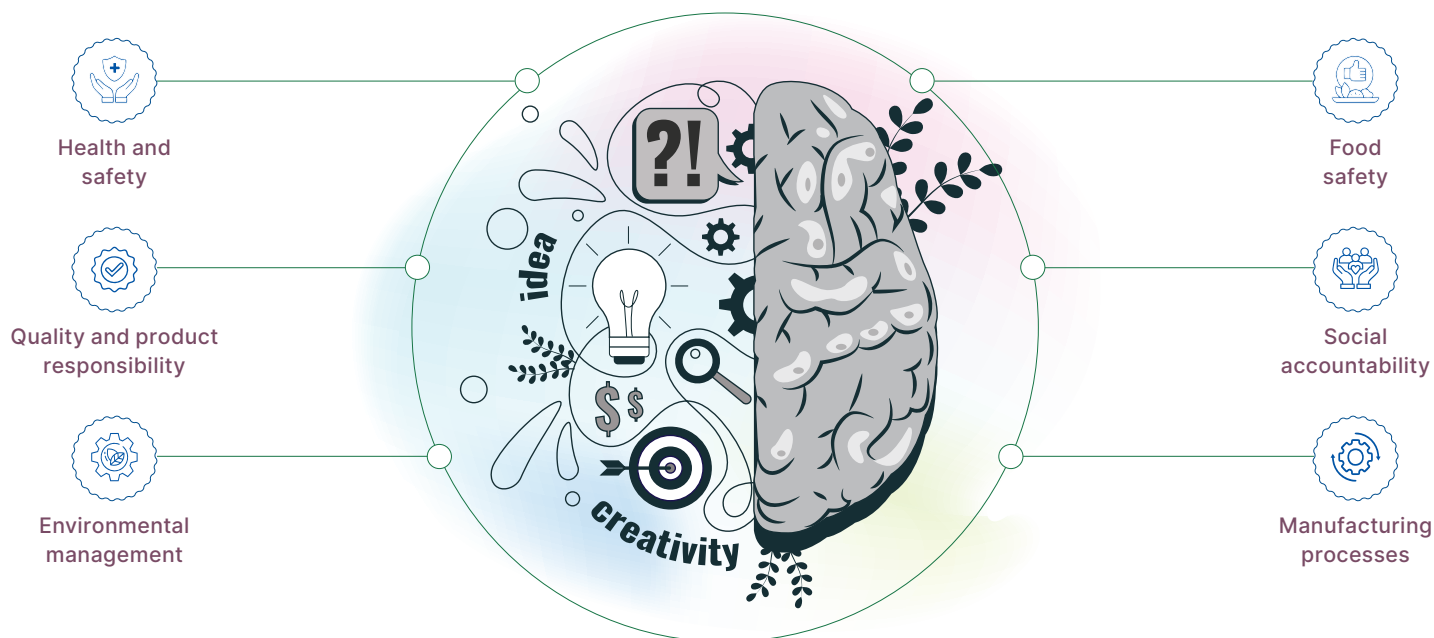
ORGANISATIONAL KNOWLEDGE

Industry insights and domain-specific knowledge gained over an established track record of over 148 years have sharpened the Group's competitive edge and enabled it to nurture a unique base of intellectual capital. With Sectors consistently increasing the depth and breadth of its operations both organically and through acquisitions, this unique base of intellectual capital has deepened, facilitating a high level of adaptability to market conditions, which has in

turn enabled resilience in challenging conditions. The Sectors also harness cross-industry expertise in driving solutions and value creation, with successful initiatives being replicated in other sectors or across the organisation.

SYSTEMS AND STANDARDS

A host of national and international certifications across its Sectors reflects the Group's commitment to operational excellence and continuous improvement. The requirements of the Group's global customer base have also encouraged sectors to comply with stringent quality certifications, which have contributed towards strengthening internal systems and processes thereby enhancing the Group's intellectual capital base.



Intellectual Capital

DIGITAL TRANSFORMATION

Having embarked on its digital transformation journey during the previous financial year, the Group is leveraging digital technology, data and people capabilities as a cross-cutting strategic enabler in future-proofing the organisation. The Group-wide digital transformation roadmap was rolled out during the year under review, centering on five key pillars as illustrated below.



During the year, the Group made significant progress in the Digital Product Delivery pillar, implementing several process innovations that supported the delivery of the Group's strategic pillars. A summary of these interventions is presented below:

Strategic pillar	Digital product	Phase	Value Addition
Portfolio Optimisation	State-of-the-art Treasury Management System 'Kyriba'	Live across the Group	Enables real-time access to treasury-related information Increased transparency on rate negotiations
	Machine digitization - Textiles Sector	Two pilot implementations have been successfully completed, with larger scale deployment underway	Enables live performance monitoring Enhances operating efficiency
	Product traceability system- Singer	Pilot successfully completed, with large-scale implementation in progress	Improve inventory management and operational efficiency across Singer's warehouses and showrooms
	Manufacturing Execution System – Hand protection	This is currently in progress	Cloud-based MES boosts efficiencies, real-time visibility, scalability, and integration.
Customer Centricity	Advanced Customer Relationship Management (CRM) system - Hand Protection, Purification and Agriculture Sectors	The system is now live in the Purification Sector and currently in progress in the Hand Protection and Agriculture Sectors	Streamlining key customer related functions Enables real-time sales tracking
	Website chat-bot- Purification Sector	This is currently live	Streamlines access to product and company information Faster interaction with the Sales team

Strategic pillar	Digital product	Phase	Value Addition
	Hyper personalisation- Singer and Singer finance	The system is live and operational in Singer Sri Lanka and implementation is in progress in Singer Finance.	Targeted marketing through hyper-personalised experiences and individual preferences
	Travel Itinerary generator for Hayleys Travels	This is currently in progress	Speeds up tailored itinerary creation based on customer preferences , boosting productivity and accelerating conversions.
Nurturing Inspired Teams	Workflow automation solutions across the sectors	Several processes are currently operational	Eliminates manual bottlenecks, driving speed, accuracy, and scalable operations.
	Digital learning platform- Purification	This is currently live	Empowers employees with on-demand content and interactive modules
	Enhanced safety operations through IOT based factory floor monitoring systems	Temperature and humidity monitoring system for Purification sector is completed	Mitigate fire risks and potential damage by enabling early detection of hazardous conditions and ensuring safer operational environments.
	Digital literacy drive through roadshows, product training and digital fundamentals video series	Ongoing as part of a continuous digital literacy initiative	These initiatives empower the teams with essential digital skills, driving adoption, efficiency, and a future-ready workforce.
Inclusive Business Models	Latex procurement system pilot- Hand Protection Sector	Full scale implementation in progress	Improves efficiency of latex collection through digitalizing key steps in the process Enables prompt settlement to farmers
	Agriculture product procurement system	The two pilot projects are currently in progress	Enhanced crop forecasting, cost transparency, and faster farmer payments drive operational excellence while drastically reducing data entry efforts.
Strategic ESG Integration	Energy monitoring system through IoT driven digitization- Hand Protection Sector	A pilot project is completed, full scaling is in progress	Improved monitoring of energy consumption through identifying usage patterns and reducing waste

WAY FORWARD

- Integration of the digital transformation roadmap across all relevant areas
- Innovation focused on premium, value-added products
- Culture of learning and knowledge sharing

Adequacy of Intellectual Capital for future plans

A strong pipeline of products, together with ongoing investment in R&D capabilities and a culture of knowledge sharing is expected to further strengthen the Group's intellectual capital in the short-to-medium term. The quality of the Group's intellectual capital has positioned it in good stead to leverage opportunities, accessing new markets and customer segments.