

Butterflies

Butterflies glow at a different wavelength – with each acting as a catalyst that fosters a thriving landscape of progress.



AGRICULTURE

The Sector is at the forefront of the country's agriculture industry, commanding leading market positions across its diverse business verticals while playing a critical role in modernising Sri Lanka's agriculture industry through technology and capacity building



Insights from Sector
Managing Director
Scan to view

Agriculture

HIGHLIGHTS OF 2024/25



Revenue
Rs. 37.51 bn
(+8%)



Profit Before Tax
Rs. 2.60 bn
(-14%)



Profit After Tax
Rs. 1.5 bn
(-26%)



Assets
Rs. 29.33 bn
(+13%)



Liabilities
Rs. 17.60 bn
(+15%)

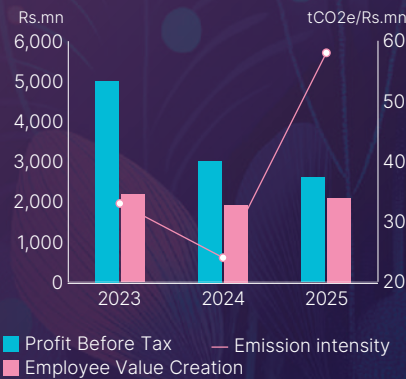


Employees
1,223
(-2%)

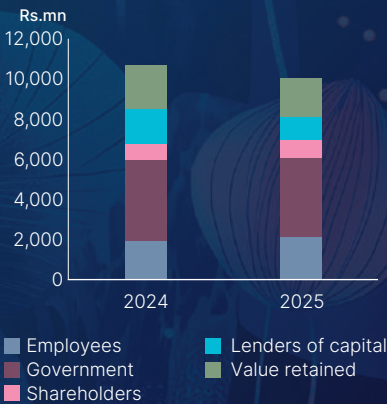


Carbon Footprint
(Scope 1 2,3)*
12,312 tCO2e

INTEGRATED PERFORMANCE



STAKEHOLDER VALUE CREATION



*The carbon footprint for 2024/25 represents an expanded coverage of Scope 3 emissions compared to the previous year

KEY DEVELOPMENTS IN 2024/25

Launch of several new products across key verticals

Expansion of product offering in Bangladesh

Diversification of business lines with the entry into frozen coconut water

Hayleys Agriculture illuminates the path towards a resilient and sustainable future through agriculture modernisation, climate-smart solutions and access to world-class agricultural inputs. Like the subtle glow of bioluminescence which navigates through complex environments, the Sector brings clarity, adaptability, and vitality to the evolving landscape of agriculture.

AGILITY AND ADAPTABILITY

- **USD 34 mn** export revenue generated
- **Rs. 29.24 bn** payments to suppliers including outgrowers
- Supporting the country's food security through providing access to essential agricultural inputs

DIVERSIFIED PRODUCT AND SERVICE OFFERING

Animal Health

Range of world-class animal healthcare products in livestock nutrition, solutions for poultry, veterinary medicine and animal vaccines.

Agri Exports

Exports processed fruits and vegetables to leading global brands and supermarkets as well as F1 hybrid flower seeds, coconut-kernel based products and tissue culture plants.

Crop Nutrition

Specially formulated fertilizer mixtures, blends and specialty fertilizers that cater to different agro-ecological zones.

Crop Protection

A range of essential solutions for a variety of crops including Paddy, Tea, Rubber, Spices and Export Crops, Fruits and Vegetables.

Agri Equipment

Supports the mechanisation of the industry through providing access to world-class agri equipment, protected agriculture systems, micro irrigation systems, and accessories.

Services

Environmental management, landscaping and laboratory services

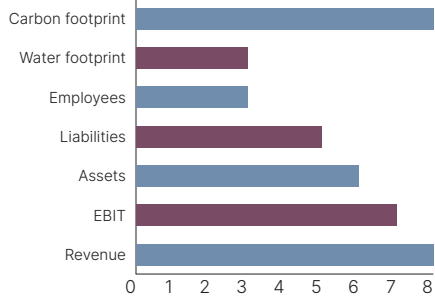
Agriculture



SECTOR OVERVIEW

Hayleys Agriculture offers a comprehensive array of agriculture-related solutions to the local and export markets. The Sector's competitive edge is underpinned by its partnerships with globally renowned principals, extensive relationships across Sri Lanka's agricultural value chains, domain-specific knowledge and best-in-class research and development capabilities. The Sector has contributed towards catalysing the development of the country's Agriculture Sector through providing essential input materials, driving mechanisation and introducing ecologically-friendly solutions supporting the longevity of the industry.

RELEVANCE TO GROUP
%



SECTOR OPERATIONS

| Sub-Sector | Contribution to Sector (%) | |
|---------------------|----------------------------|-----|
| | Revenue | PBT |
| Local operations | 64 | 70 |
| Exports | 19 | (9) |
| Overseas Operations | 17 | 38 |

Local operations
Provides a range of agriculture input solutions, including agriculture machinery, crop protection solutions, seeds and planting materials, animal health products, fertilizer and landscaping & environmental management services

Exports
Exporter of processed fruits and vegetables, coconut kernel-based products, tissue culture plants and F1 hybrid flower seeds

Overseas Operations
Regional operations in Bangladesh

| Leadership positions | Global relationships | Extension services | Regional presence |
|---|---|--|---|
| <ul style="list-style-type: none">- Largest Sri Lankan exporter of processed fruits and vegetables- Largest producer and exporter of tissue culture plants- Only Sri Lankan exporter of F1 hybrid flower seeds- Leader in Agri input solutions and equipment | Long-standing relationships with 66 globally renowned principals including Kubota, Bayer, BASF, Elanco and Hipra among others. | Agriculture Extension Services powered by over 150 skilled agriculturalists who collaborate with stakeholders across the agri-value chain in propagating knowledge and best practice. | Haychem Bangladesh offers an array of crop protection, fertilizer, bio-fertilizer, animal health and other solutions to the agriculture sector of Bangladesh |

OPERATING ENVIRONMENT

The growth in Sri Lanka's Agriculture Sector slowed to 1.2% in 2024 (2023: 1.6%) affected by extreme weather events which disrupted key activities in including paddy, cereal production and fishing. Vagaries in climatic conditions including flooding during the Maha Season and drought during the Yala season led to a near 3% reduction in the net extent harvested. However, total production increased by 4% in view of improved yields, although still below the productivity levels achieved prior to the fertilizer ban in 2021. Government interventions aimed at revitalising the sector led to improved availability of fertilizer during the year, which in turn also led to intense price competition in the market. The influx of generic products, although affordable, results in residue which could adversely impact the long-term ecological balance of harvested land. We emphasise the critical need to balance affordability, efficacy and ecological sustainability to ensure the long-term productivity and health of the land.

| | AGRICULTURE INDUSTRY +1.2% Growth in 2024 | PADDY PRODUCTION +4% Increase in paddy production (2024) | AGRICULTURE EXPORTS +8% Growth in 2024 | BANGLADESH- AGRICULTURE SECTOR |
|--------------|---|---|---|---|
| Description | While fruit and animal production grew during the year, vagaries in weather conditions impacted the cultivation of paddy, cereal and fisheries during the year. | Climate variabilities and shortages in labour and equipment led to a slowdown in the growth of paddy production during the year. The influx of fertilizer into the market led to intense price competition. | Exports of fruits and vegetables increased by 14% during the year supported by increased private sector involvement and advanced cultivation techniques which led to improved yields. | The prevalent political instability and macro-economic vulnerabilities rendered a very challenging operating environment in Bangladesh during the year which included restrictions on imports and cash margin requirements on selected imports. |
| Impact | M | M | M | M |
| Implications | - Increased costs on safeguarding products from adverse weather across distribution network. | - Intense price competition among fertilizer suppliers, led to pressure on profitability margins. | + Potential growth opportunities in regional and international markets. | - Leveraged relationships with banking partners to ensure continuity of products to the market. |

H-High, **M**-Medium, **L**-Low / Blue circle represents adverse effect while green circle represents positive effect

RISK LANDSCAPE

Market risks

The widespread availability of sub-standard, generic agrochemicals has led to intense price competition and pressure on margins.

Ⓢ Strategic response

- Continued focus on high-quality, ecologically sustainable products

Market risks

Rational and consistent policy is essential for the long-term sustainability and survival of the country's Agriculture Sector as well as ensuring the commercial sustainability of Agriculture Sector operators.

Ⓢ Strategic response

- Ongoing engagement with regulators and policy makers

Policy and regulatory risks

VAT on agricultural equipment have impacted affordability of farmers and can affect mechanisation efforts over the long-term.

Ⓢ Strategic response

- Ongoing engagement with policy makers
- Expand portfolio of agricultural equipment.

Sustainability-related risks

CRRO 1, 2

Escalating implications of climate change has led to significant volatility in rainfall, considerable fluctuations in temperature levels affecting agricultural productivity and crop volumes

Ⓢ Strategic response

- Explore opportunities in climate-smart agriculture solutions.
- Ongoing investment in farmer capacity building



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Sustainability-related opportunities

With climate-related risks impacting productivity and quality of crops, demand for climate-smart agriculture solutions including climate-resilient crops, water-efficient irrigation and precision agriculture is expected to surge.

© Strategic response

- Leverage relationships with global principals to introduce new climate-smart solutions to the Sri Lankan industry .

OPPORTUNITIES

Market opportunities

Labour shortages in the industry continues to be a key challenge reflecting the changing aspirations of the youth and increased migration from the Sector. As such, mechanisation of agriculture will be essential in ensuring continued growth and supporting the country's food security.

© Strategic response

- Extensive portfolio of agricultural equipment



STRATEGY AND RESOURCE ALLOCATION

In recent years, the Sector's strategy has centred on driving further diversification of its product and service portfolio to offer world-class, integrated solutions to Sri Lanka's industry. Given the increasing vulnerabilities of the country's agriculture sector to climate change, Hayleys Agriculture has continued to invest in climate-smart R&D while also diversifying its operations beyond Sri Lanka. The strategy adopted in 2024/ 25, was consistent with this long-term approach, as summarised in the table below:

Strategic KPIs/ Pre-financials

| | | | | | | | | | | | | | | | | | |
|--|--|------|--|----|------|--|----|------|--|----|---|------|--|---|------|--|----|
| <div>DIVERSIFICATION OF BUSINESSES How we performed: Following the commencement of pipe manufacturing last year, the Sector ventured into the manufacture of vet feed supplements.</div> <div><div>Rs. 131 mn</div><div>Revenue from new business lines</div></div> <div>About this KPI and why we use it: This KPI demonstrates the success of the organisation's diversification strategy.</div> <div>Resource allocation CAPEX in new business lines: Rs. 125.42 mn</div> | <div>INNOVATION AND PRODUCT DEVELOPMENT How we performed: Launch of 34 new products during the year, including agricultural machinery, animal health products, crop protection solutions, processed gherkins and jackfruit products.</div> <div><div>New products developed</div><table><tr><td>2025</td><td></td><td>34</td></tr><tr><td>2024</td><td></td><td>35</td></tr><tr><td>2023</td><td></td><td>62</td></tr></table></div> <div>About this KPI and why we use it: This measure shows succession of innovation performance, market responsiveness and future growth potential.</div> <div>Resource allocation Investment in R&D: : Rs. 13.50 mn</div> | 2025 | | 34 | 2024 | | 35 | 2023 | | 62 | <div>REGIONAL EXPANSION How we performed: The Sector expanded its product offering in Bangladesh with the launch of Animal Health and the manufacturing of bio-fertilizers</div> <div><div>Revenue growth from Haychem Bangladesh (%)</div><table><tr><td>2025</td><td></td><td>6</td></tr><tr><td>2024</td><td></td><td>16</td></tr></table></div> <div>About this KPI and why we use it: Demonstrates the Sector's growth potential in Bangladesh and diversification of revenue sources.</div> <div>Resource allocation CAPEX in Haychem Bangladesh: Rs. 170.84 mn</div> | 2025 | | 6 | 2024 | | 16 |
| 2025 | | 34 | | | | | | | | | | | | | | | |
| 2024 | | 35 | | | | | | | | | | | | | | | |
| 2023 | | 62 | | | | | | | | | | | | | | | |
| 2025 | | 6 | | | | | | | | | | | | | | | |
| 2024 | | 16 | | | | | | | | | | | | | | | |

INTEGRATED PERFORMANCE REVIEW

Resilience in diversity: The Sector delivered a resilient performance amidst considerable external challenges, through leveraging the diversity of its businesses geographical footprint and global partnerships. Sector Revenue increased by 8% to Rs. 37.51 bn reflecting broad-based growth across three sub-sectors. Meanwhile, Earnings Before Interest and Tax and Profit Before Tax declined by a respective 14% and 14% to Rs. 3.37 bn and Rs. 2.60 bn during the year under review.

The Crop Protection cluster's performance was affected by adverse weather conditions during both harvesting seasons, resulting in reduced chemical applications. Whilst the influx of generic agrochemicals (including fertilizers) led to severe price competition and impacted profitability of most operators, the Cluster focused on offering premium quality, high efficacy products which aided in preserving margins. During the year, the Cluster also launched two new broad-spectrum fungicides targeting the seed potato market.

The Agri Equipment Cluster recorded a near 68% increase in PBT, supported by strong turnaround during the 2nd half of the year. Concerns on affordability following the imposition of VAT continued to impact demand and could potentially undermine industry mechanisation efforts over the medium to long-term. The Cluster maintained its position as the leader in the 4WD (four-wheel drive) tractor and premium harvester segment while also introducing an affordable Agrotech 100PRO combine harvester. The Animal Health cluster recorded a year of strong growth, delivering the highest profit in its operating history; the Cluster further widened its product range with the launch of three vaccines for the poultry segment.

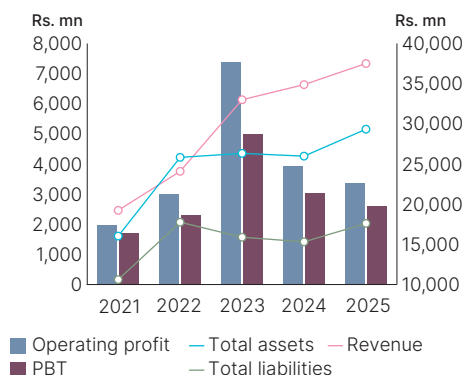
In Exports, performance of the Horticulture arm was affected by subdued demand from a key customer. Weather-related vagaries have a considerable impact on flower seeds and the

cluster has directed increased focus on developing new, climate-resistant varieties. In Food Exports, the gherkin and jackfruit operations were impacted by the appreciation of the Sri Lankan Rupee which pressured profitability margins; the cluster's coconut milk production operation however, generated good growth during the year, somewhat offsetting the negative earnings of the other food export categories. The cluster further diversified its operations during the year, entering into a strategic partnership to manufacture frozen coconut water for the export segment. Construction of the facility has commenced and commercial production is anticipated to begin in the last quarter of 2025/26.

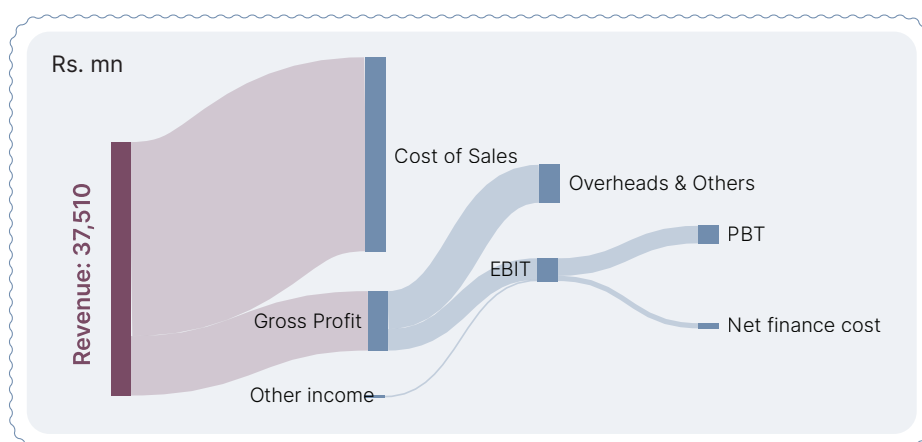
Haychem Bangladesh: The Sector's operations in Bangladesh performed exceptionally well during the year and now contributes approximately 38% to the Sector's total profits. Despite challenges stemming from political and economic vulnerabilities, Haychem Bangladesh maintained its market share while further expanding its service portfolio, with the long-term aspiration of replicating the Sri Lankan operating model in Bangladesh. During the year the company also made significant progress in delivering sustainable agriculture solutions to the Bangladesh market, increasing capacity of its bio-fertilizer and bio-pesticides production facilities.

Managing Environmental impacts: The Sector is bound by the environmental and social targets of the Hayleys Lifecode; its emission reduction strategy centers on increasing reliance on renewable energy and during the year a 490KW capacity rooftop solar system was established in the coconut milk facility. On water management, approximately 9.2% of the Sector's water consumption needs are fulfilled from rainwater, in line with the Group's aspiration of meeting 50% of its water consumption from sustainable sources by 2030.

SECTOR FINANCIAL PERFORMANCE



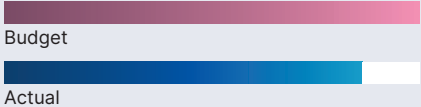
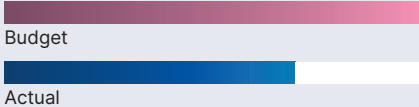
| | Revenue (y-o-y) % | PBT (y-o-y) % |
|---------------------|----------------------|------------------|
| Local Operations | (4) | (5) |
| Exports | 39 | (349) |
| Overseas Operations | 6 | (2) |



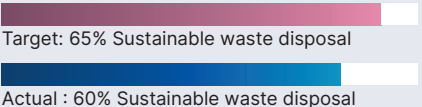
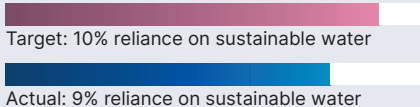
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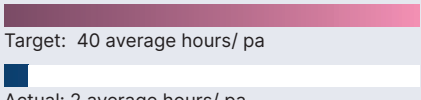
PERFORMANCE HIGHLIGHTS

| FINANCIAL METRICS | | 2025 | 2024 | % | 2023 |
|----------------------------------|--|--------|--------|------|---------|
| Revenue | | 37,510 | 34,879 | 8 | 32,998 |
| Earnings before interest and tax | | 3,373 | 3,937 | (14) | 7,379 |
| Net finance income/(cost) | | (772) | (916) | (16) | (2,369) |
| Profit before tax | | 2,601 | 3,020 | (14) | 5,010 |
| Profit after tax | | 1,550 | 2,089 | (26) | 3,532 |
| Assets | | 29,331 | 25,978 | 13 | 26,323 |
| Liabilities | | 17,605 | 15,313 | 15 | 15,889 |
| Operating cash flow | | 1,211 | 2,210 | (45) | 996 |

| PERFORMANCE AGAINST TARGETS | |
|---|--|
| Revenue  | Profit before tax  |

| ENVIRONMENTAL METRICS | | 2025 | 2024 | % | 2023 |
|-----------------------|---|---------|---------|-----|---------|
| ESG commitment areas | Energy consumption (GJ)** | 82,550 | 30,968 | 167 | 36,245 |
| | Energy intensity (GJ/Revenue USD mn) | 655 | 281 | 133 | 396 |
| | Carbon footprint (tCO2e)- Scope 1 & 2 | 7,302 | 2,669 | 174 | 3,023 |
| | Emission intensity (tCO2e/Revenue USD mn) | 58 | 24 | 139 | 33 |
| | Water withdrawn (m3) | 197,043 | 184,626 | 7 | 175,214 |
| Relevant SASB metrics | Water intensity (m3/Revenue USD mn) | 1,563 | 1,676 | (7) | 1,912 |
| | Scope 1 GHG emissions | 6,101 | 1,805 | 238 | 2,244 |

| PERFORMANCE AGAINST TARGETS | | |
|--|---|--|
| Emission reduction Target: 6% Scope 1 & 2 annual reduction 2024/25: 174% increase reflecting identification of new emission sources during the year | Waste Disposal  | Sustainable water sourcing  |

| SOCIAL METRICS | | 2025 | 2024 | % | 2023 |
|--|--------------------------------------|-------|-------|-----|--------|
| ESG commitment areas | No. of employees | 1,223 | 1,247 | (2) | 1,205 |
| | Revenue per employee (Rs. mn) | 30.1 | 27.9 | 10 | 27 |
| | Remuneration per employee (Rs.mn) | 2 | 2 | - | 2 |
| | Investment in CSR (Rs.mn) | 5 | 1 | 399 | 6 |
| | No. of CSR beneficiaries | 159 | 1,319 | | 18,009 |
| SASB metrics | Workforce health and safety | | | | |
| | - Total recordable incident rate (%) | Nil | Nil | - | N/A |
| | - Fatality rate (%) | Nil | Nil | - | N/A |
| PERFORMANCE AGAINST TARGETS | | | | | |
| Training & development  <p>Target: 40 average hours/ pa</p> <p>Actual: 2 average hours/ pa</p> | | | | | |

*The Environmental and Social metrics disclosed above represent the Sector's most material impact areas, long-term ESG commitments and topics prescribed by the SASB Standard- Agricultural Products Standard

** The sharp increase in energy consumption during the year represents improved reporting of all sources compared to last year

Long-term ESG commitments

Accelerate climate action

- 503,978 Kwh renewable energy generation through 490KW capacity rooftop PV system

Restore and regenerate nature

- Climate-smart agriculture solutions such as,
 - Drip Micro irrigation
 - Organic and bio-fertilizers
 - Farmer training to propagate sustainable practices

Optimise resource footprint

- 16 mn liters of rainwater harvested through the country's largest rainwater harvesting pond at Quality Seed Co. in Borlanda

Responsible work place

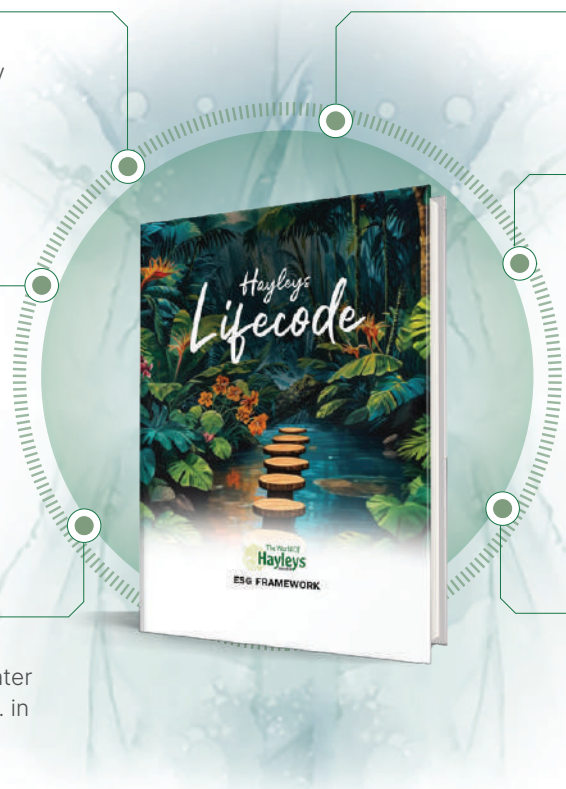
- Rs.1.15 Mn investment in training and development

Partner progress

- 12,435 out-growers supported in Batticaloa, Jaffna, Kilinochchi, Mullativu, Mannar, Vavuniya, Ampara, Anuradhapura, Polonnaruwa, Puttalam, Badulla, Matale, and Rathnapura districts
- Established a farmer management system to enhance monitoring of inputs and yields and digitalise incentive structures

Responsible and responsive corporate citizenry

- Compliance to a range of environmental, quality and health and safety certifications
- Strengthen ESG risk monitoring and reporting processes

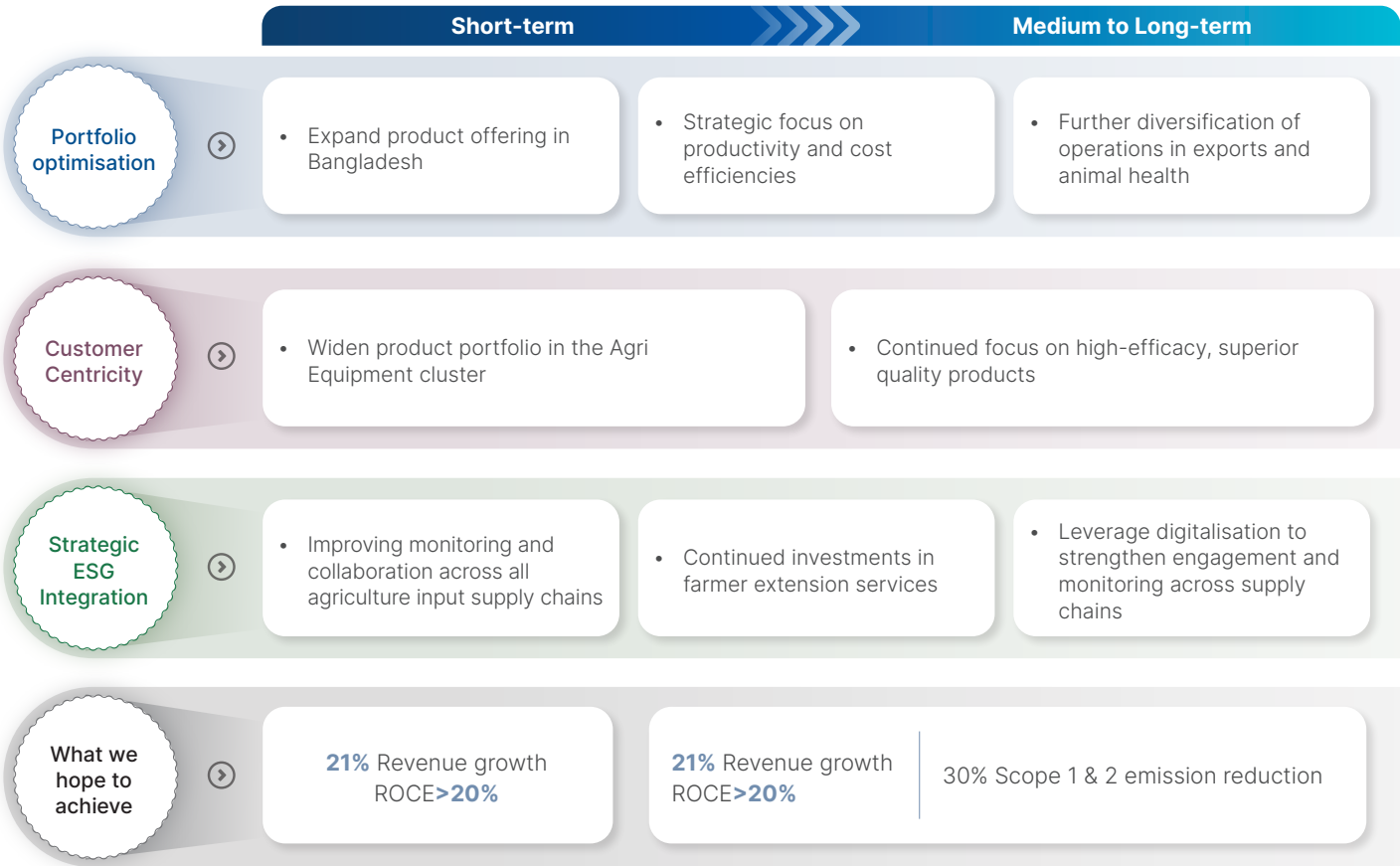


Agriculture

PROSPECTS AND PLANS

While still a critical pillar of the nation's economy, in recent year's Sri Lanka's agriculture sector has been affected by a multitude of interconnected challenges such as policy developments, economic shifts and climate variabilities. The Sector also struggles with inefficiencies in resource use, labour shortages and significant volatility in pricing which has led to a decline in overall performance. Improving labour and land productivity is critical in supporting the long-term sustainability of this sector which in turn is vital in ensuring food security and supports the livelihoods of nearly 30% of the country's population. Structural changes to improve land and labour productivity as well as a consistent and conducive government policy framework is a key requisite in achieving this and as a key stakeholder in the industry, we look forward to engaging and collaborating with industry stakeholders to achieve the true potential of the country's Agriculture sector.

Alignment to Group strategy



| Opportunities and levers | Risks to strategy |
|---|---|
| → Mechanisation of industry, given increasing labour shortages | → Concerns on farmer affordability and potential impact on demand |
| → Drive increased penetration in Bangladesh through widening product offering | → Escalating implications of climate change and impacts on quality, yields and crop |
| → Rising demand for climate- smart and sustainable agricultural solutions | → Increased competition from sub-standard agricultural input products |