

Lichens

Inhabiting nearly every terrestrial ecosystem, lichens are a biofluorescent species that denote our global presence and influence.



TEA EXPORTS

The Sector takes Ceylon Tea to the world through extensive distribution networks and long-standing customer relationships. The Sector's competitive advantage is underpinned by its global reputation for quality, innovation and strong backward integration through Hayleys Plantations Sector.



Insights from Sector
Managing Director
Scan to view

Tea Exports

HIGHLIGHTS OF 2024/25



Revenue
Rs. 13.16 bn
(8%)



Profit Before Tax
Rs. 616 mn
(-25%)



Profit After Tax
Rs. 468 mn
(-24%)



Assets
Rs. 5.59 bn
(20%)



Liabilities
Rs. 2.46 bn
(32%)

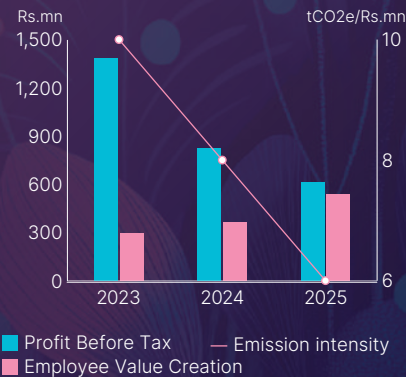


Employees
181

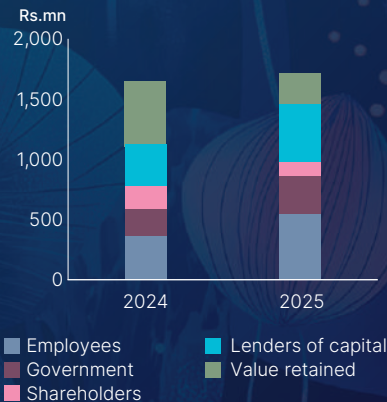


Carbon Footprint
(Scope 1 2,3)*
6,187 tCO2e

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

Mabroc maintained its position as the largest exporter to the Chinese market in the last 5 years, the fastest growing new market for Ceylon Tea while driving increased penetration in non-traditional markets

Martin Bauer gained significant market share in tea aroma in the USA

Martin Bauer won the Gold Award in the Foods & Beverages Industry at the Presidential Environmental Awards 2024

The innovative and forward-thinking Tea Exports Sector of the Hayleys Group has integrated advanced manufacturing capabilities and strategic market expansion to deliver socio-economic value from origin to export.

ECONOMIC CONTRIBUTION

- USD 44 mn export income generated
- Rs. 322 mn tax contributions

POSITIONING SRI LANKAN TEA

- Elevating the reach and popularity of Sri Lankan tea with a global reach
- Largest exporter to the Chinese market

PRODUCT OFFERING

Value-added tea

Supplying bulk tea, packets and tea bags of black, green, herbal and flavoured tea, which are manufactured as OEM and Mabroc branded products

Tea extracts

Manufactures and exports a range of tea extract powders and natural tea aroma in different concentrations

Tea Exports



SECTOR OVERVIEW

The Group's Tea Exports Sector is represented by two entities; Mabroc Teas (Pvt) Ltd, one of Sri Lanka's largest value-added and bulk tea exporters and Martin Bauer Hayleys (Pvt) Ltd, an innovative manufacturer and exporter of Ceylon tea extract powders and tea aroma in the liquid and powder form. Both companies serve as export arms of the Group's plantation companies and create significant local value addition through sourcing bulk of their tea requirements from Hayleys Plantations. Martin Bauer Hayleys (Pvt) Ltd is a joint venture between Hayleys and global leader in botanicals, German-based Martin Bauer Group (MBG)

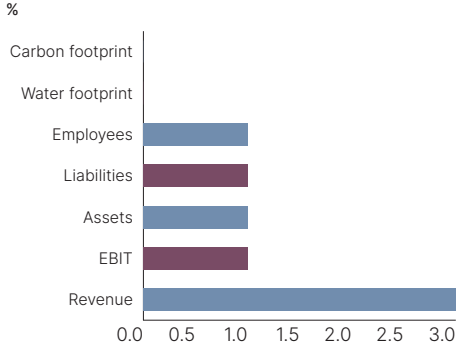


Market Presence	Manufacturing Capabilities	Innovation	Sustainability Focus
<p>-Mabroc Teas is one of Sri Lanka's largest tea exporters and the 3rd largest exporter of bulk tea. It is also the largest exporter of tea from Sri Lanka to China and Taiwan.</p> <p>Martin Bauer Hayleys (Pvt) Ltd is the leading exporter of Ceylon Tea aroma to the global market and one of Sri Lanka's largest exporters of instant tea extract powders.</p>	<p>In value-added tea, the Sector has capabilities to customise and skillfully blended teas to supply a range of packets and tea bags of black, green, herbal and flavoured tea.</p> <p>Martin Bauer Hayleys is the only Sri Lankan manufacturer with capabilities to manufacture tea aroma with varying concentrations</p>	<p>Mabroc's OEM and branded products are sold in 50 countries as well as 19,000 retail outlets across the island. Martin Bauer's products are sold in 22 markets across the world</p>	<p>The Sector is committed to maintaining the highest standards of quality and product responsibility as attested by numerous Food Safety and Quality certifications.</p>

OPERATING ENVIRONMENT

While demand dynamics remained largely favourable during the year, the Sector was adversely affected by the appreciation of the Sri Lankan Rupee, which coupled with the increase in the cost tea production inserted pressure on profitability margins. Meanwhile, geopolitical tensions and escalating conflict in key markets led to demand volatility and a surge in freight rates which had adverse implications on predictability and profitability. The increasing regulatory stringency on tea, particularly concerning residue levels continues to present challenges for exporters, given the typically high costs associated with the required testing.

RELEVANCE TO GROUP



	TEA EXPORTS +1% Growth in 2024 (in Sri Lankan Rupees)	COST OF TEA PRODUCTION +9% Increase in 2024	EXCHANGE RATE 6% Y-o-y appreciation of the Sri Lankan Rupee (Monthly average rate)	GROWTH FORECAST 6% Anticipated CAGR of tea (2024-2030)
Description	While in USD basis the country's tea exports grew by a near 10%, growth in rupee terms was marginal at 1% reflecting the appreciation of the Sri Lankan Rupee.	The near 35% increase in wages, coupled with low labour productivity and elevated fertilizer prices have led to consistent increases in the cost of production	The appreciation of the Sri Lankan Rupee during 2024 was driven by Improved foreign exchange liquidity and para-tariffs on top of existing customs duties	While long-term demand dynamics for tea remain favourable, demand from Sri Lanka's largest markets including the Middle East and Russia may be impacted by geo political tensions and geo-economic confrontation in the short-to-medium term
Impact	M	M	M	M
Implications	- Reduced revenue in Sri Lankan Rupee terms	- Implications on international competitiveness and attractiveness of Ceylon Tea	- Reduced competitiveness in the global market - Impact on profitability margins	- Potential short-to-medium implications on volume and revenue

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

RISK LANDSCAPE

Market risks

Sri Lanka's competitiveness in the global market is being threatened by competitive pressures from other producing nations such as Kenya

Ⓢ Strategic response

→ Product innovation focusing on value-added products

Market risks

Fluctuations in exchange rates heighten uncertainty for Sri Lankan exporters, potentially straining profitability margins.

Ⓢ Strategic response

→ Diversification of markets to reduce exposure to a single currency

Operational risk

Sri Lanka's cost of production continues to be higher than competing producers due to low labour productivity and declining yields, which can impacts its international competitiveness

Ⓢ Strategic response

→ Geographical diversification of operations and product innovation

Sustainability-related risks

CRRO 1, 2

Physical climate-related risks including volatility in rainfall and temperature have led to volatilities in both volume and quality

Ⓢ Strategic response

→ Geographical diversification of operations and supply chains

Sustainability-related risks

Customers, particularly from the European region are increasingly demanding sustainability consciousness

Ⓢ Strategic response

→ Ensure full supply chain transparency and traceability

Tea Exports



Market opportunity

Rise of the health-conscious customer and increasing demand for healthy lifestyles will propel demand for tea, which is widely recognised as a healthy beverage

Strategic response

→ Strengthen market activations and support national branding efforts

OPPORTUNITIES

Sustainability-related opportunities

Exporters who strategically embrace ESG are in a position to sharpen their competitive edge through accessing niche markets

Strategic response

→ Embed environmental and social consciousness



STRATEGY AND RESOURCE ALLOCATION

The Sector's strategy in recent years has centered on product, market and geographical diversification given the increasingly volatile global operating landscape. New markets entered into in recent years continue to gain traction, while Mabroc's entry into Kenya last year has begun to show significant potential. Product development and innovation continues to be a priority for both companies as the Sector explores exciting developments in value-added tea, tea extracts and aroma.

Strategic KPIs/ Pre-financials

GEOGRAPHICAL DIVERSIFICATION OF MARKETS

How we performed: Mabroc made inroads in the Japanese market, while also pursuing growth opportunities in Australia and Poland.

New markets entered

2025	12
2024	7

About this KPI and why we use it:
Demonstrates the execution of the Sector's growth strategy as well as revenue potential

Resource allocation
Investment in regional expansion:
Mabroc: **Rs. 170 mn**

INNOVATION AND PRODUCT DEVELOPMENT

How we performed: Mabroc is pursuing new variants of instant tea, new flavours as well as herbal ranges of tea

Investment in R&D (Rs. mn)

2025	1.5
2024	1

About this KPI and why we use it:
This measure shows succession of innovation performance, market responsiveness and future growth potential

Resource allocation
Investment in R&D: **Rs. 1.5 mn**

QUALITY FOCUS

How we performed: The Sector regularly undergoes customer audits and has collectively obtain certifications in food safety, quality and other relevant aspects.

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Certifications

About this KPI and why we use it:
Attests to the Sector's commitment to complying with industry best practice, providing assurance to customers and other stakeholders on the effectiveness of the Sector's processes

Resource allocation
Investment in certifications: **Rs. 8.4 mn**

INTEGRATED PERFORMANCE REVIEW

Year of mixed fortunes: Mabroc demonstrated resilience in a challenging year, recording a volume growth of 8%, which in turn translated to a Revenue growth of 8% to Rs. 13.16 mn during the year. Profitability was however, impacted by the appreciation of the exchange rate and an escalation in freight rates which pressured margins resulting in the Company's Profit Before Tax declining by -25% to Rs. 616 mn during the year. The Company's Kenyan subsidiary, which completed its first full year of operations delivered commendable results, showing strong potential for growth. Meanwhile, net of tax share of profit from Martin Bauer declined to Rs. 104 mn from Rs. 159 mn the previous year, reflecting lower tea extracts volumes from a key customer during the year.

Geographical diversification: Mabroc continued to pursue geographical diversification, pursuing growth opportunities in non-traditional markets. While maintaining its position as the largest Sri Lankan exporter of tea to China and Taiwan, the Company sought to strengthen its market position in Japan. During the year the Company secured a contract with a leading supermarket chain in Australia, which is expected to present substantial opportunities for growth in the medium term. Mabroc also continues to make inroads in Poland through its investment in a leading FMCG distribution company. Escalating geopolitical tensions in key markets have prompted Mabroc to adopt a selective growth strategy, reducing its reliance on affected regions through diversification. The Company has also expanded its presence in the domestic market, with the Talawakelle Supiri Kahata range now available across 19,000 general and modern trade outlets.

Meanwhile Martin Bauer achieved a key milestone in its operations through acquiring a significant market share for

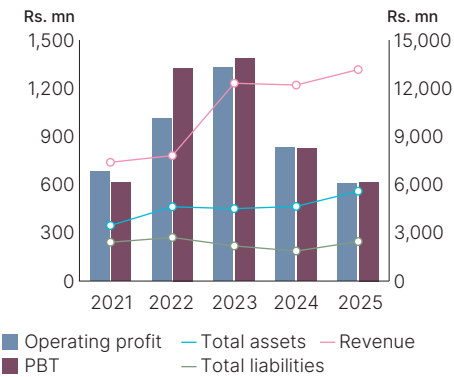
tea aroma in the United States. The Company maintains its position as the leading and most advanced producer of tea aroma in Sri Lanka and achieved near full capacity utilisation during the year, following its successful penetration in the USA. The Company sees strong potential for growth in aromas and will continue to leverage its relationships with leading multi-national FMCG companies to drive further penetration in the Asian region.

Innovation focus: Both Mabroc and Martin Bauer sought to strengthen R&D processes and capabilities during the year. At Martin Bauer, R&D is now powered by a cross-functional team following a collaborative process with customers and internal stakeholders. The Company is also aptly positioned to leverage the domain knowledge and global insights of the Martin Bauer Group to further widen its portfolio of aroma and concentrations. Meanwhile, Mabroc also expanded its R&D capabilities during the year with the addition of new members to the team and is pursuing innovation in herbal and flavoured tea ranges.

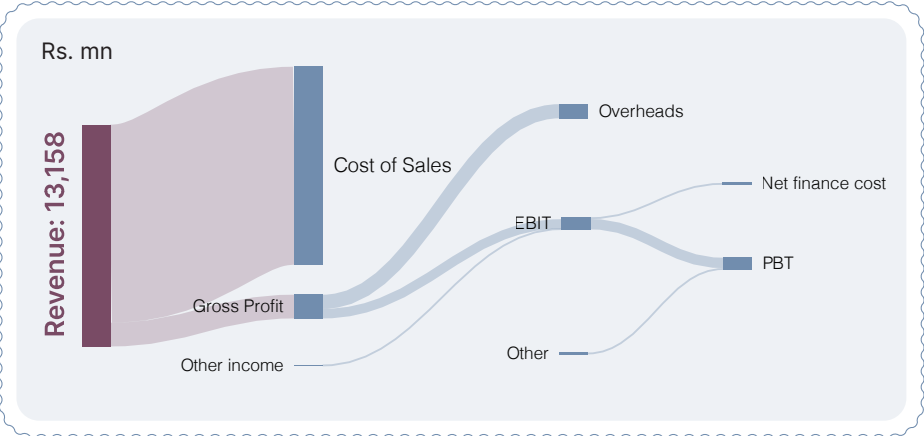
Traceability and sustainability: As part of the Hayleys Group, the Sector benefits from traceability up to field level through the procurement of tea from Hayleys

Plantations which are pioneers and global leaders in industry sustainability. This partnership has enabled the Sector to strengthen its competitive edge through accessing single garden products which are cultivated under stringent certification requirements, underpinned by strong social and environmental practices

SECTOR FINANCIAL PERFORMANCE



	Revenue (y-o-y) %	PBT (y-o-y) %
Mabroc	8	(25)
Martin Bauer	N/A	(34)



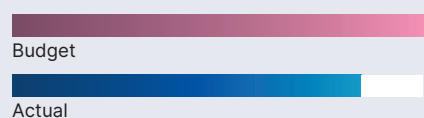
Tea Exports

PERFORMANCE HIGHLIGHTS

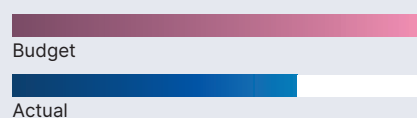
FINANCIAL METRICS	2025	2024	%	2023
Revenue	13,159	12,199	8	12,624
Earnings before interest and tax	609	829	(27)	1,330
Net finance income/(cost)	(104)	(173)	(40)	44
Share of profit of equity accounted investees (net of tax)	104	167	(38)	381
Profit before tax	616	823	(25)	1,386
Profit after tax	468	614	(24)	1,999
Assets	5,594	4,643	20	4,507
Liabilities	2,459	1,868	32	2,187

PERFORMANCE AGAINST TARGETS

Revenue



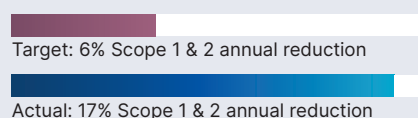
Profit before tax



ENVIRONMENTAL METRICS	2025	2024	%	2023
Energy consumption (GJ)	2,994	2,218	35	1,500
Energy intensity (GJ/Revenue USD mn)	68	39	76	43
Carbon footprint (tCO ₂ e)- Scope 1 & 2	245	294	(17)	337
Emission intensity (tCO ₂ e/Revenue USD mn)	5.54	7.63	(27)	9.61
Water withdrawn (m ³)	4,111	4,419	(7)	16,762
Water intensity (m ³ /Revenue USD mn)	93	115	(19)	478
Carbon footprint (tCO ₂ e)- Martin Bauer: Scope 1 & 2	1,343	3,907	(66)	N/A

PERFORMANCE AGAINST TARGETS

Emission reduction



SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	181	162	12	138
	Revenue per employee (Rs. mn)	73	75	(3)	91
	Remuneration per employee (Rs.mn)	3	2	34	2
	Investment in CSR (Rs.mn)	2	2	0	3
	No. of CSR beneficiaries	336	402	(16)	2,250
PERFORMANCE AGAINST TARGETS					
Employee Development  <p>Target: 40 average hours per employee</p> <p>Actual: 10 average hours per employee</p>			Diversity training Each employee is to receive an average of 40 training hours per annum by 2030 2024/25: DEI Training conducted for 185 employees and total hours 185		

*The Environmental and Social metrics disclosed above represent the most material impact areas and long-term ESG commitments of Mabroc which is consolidated in the Group's financial statements. The carbon footprint of Martin Bauer (which is a joint venture) is disclosed separately)

Long-term ESG commitments

Accelerate climate action

- 1.5 MW solar plant at Martin Bauer, funded through a concessionary loan facility by Martin Bauer Group as part of its decarbonisation strategy
- 245 kW solar panel at Mabroc

Restore and regenerate nature

- Annual Sri Pada cleaning programme by Martin Bauer

Optimise resource footprint

- Sustainable packaging through value engineering and optimisation of TEViVE Packaging Materials.

Responsible work place

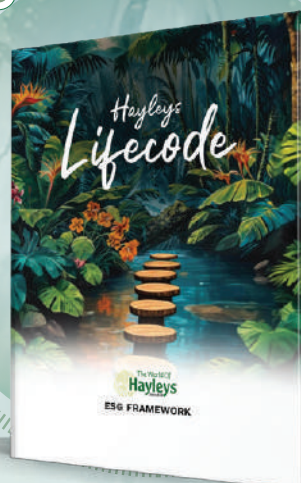
- Rs. 1.91 mn investment in training and development across multi-faceted areas

Partner progress

- Ongoing investments in community engagement initiatives

Responsible and responsive corporate citizenry

- Martin Bauer won the Gold Award in the Foods & Beverages Industry at the Presidential Export Awards 2024

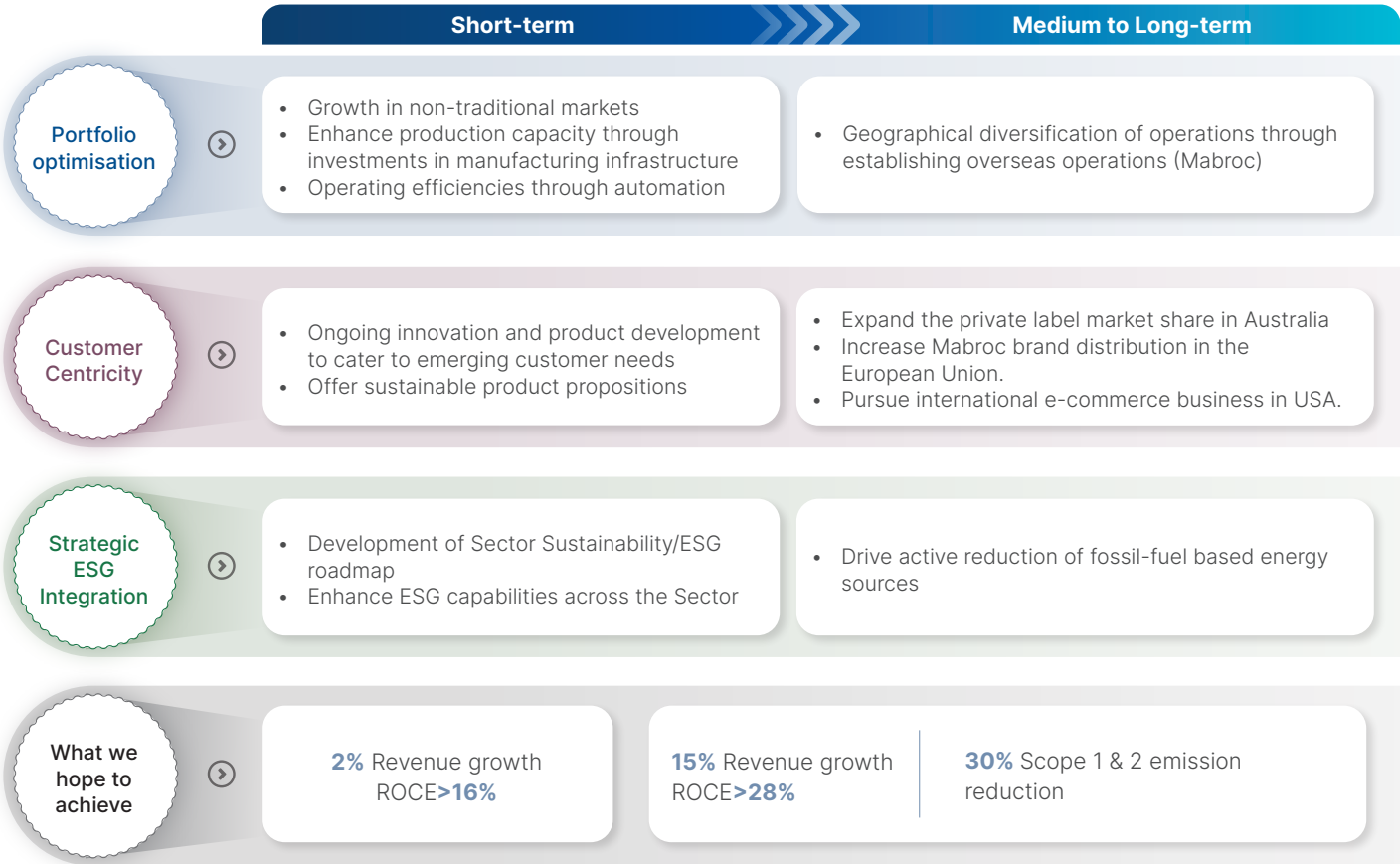


Tea Exports

PROSPECTS AND PLANS

Global demand for value-added tea remains favourable while demand dynamics for extracts are expected to be stable over of the short-to-medium term. That said the near-term outlook is uncertain due to the trade tariffs applicable to exports to the USA, to which Martin Bauer is particularly vulnerable. Meanwhile, challenges in the country's plantations sector including escalating cost and vulnerabilities to climate change implications will inherently impact the tea exports sector through higher cost and supply volatilities.

Alignment to Group strategy



Opportunities and levers	Risks to strategy
→ International expansion through investments in Kenya and Poland	→ Trade tariffs
→ Escalating customer requirements on sustainability	→ Geopolitical tensions in major buying markets
	→ Escalating implications of climate change and impacts on quality, yields and crop