



HAND PROTECTION

With over 85% of its inputs sourced locally, the Group's Hand Protection Sector (represented by Dipped Products PLC) drives significant local value addition, designing, manufacturing, marketing and distributing an array of sustainable and innovative gloves catering to diverse applications and markets across the world.

HAND PROTECTION

Value addition across supply chain

>6,000 natural latex suppliers

Rs. 24.04 bn supplier payments

>1,100 suppliers developed

Procurement of natural rubber

We work closely with local rubber farmers across 6 districts in Sri Lanka as well as Thailand in procuring natural rubber

Economic Value

Rs. 1.41 bn tax contributions
 USD 77 mn forex generated to Sri Lanka
 2,171 employment generation

Socio-economic value generation

Community value generation

Rs. 16 mn investment in CSR
 >5,400 beneficiaries



Rs. 13.89 bn
 Economic value creation



9%
 Contribution to Group's value creation



Innovation
 12 patented products
 Sustainable products including biodegradable gloves, gloves made from recycled waste (among others)

Manufacturing a range of natural and synthetic-latex based household, medical and industrial gloves

297 Supported glove varieties
 341 Unsupported glove varieties
 93 Disposable glove varieties
 11 Sports gloves

Employee value
 Rs. 6.01 bn payments to employees
 Rs. 7 mn investment in training
 71,543 training hours

PRODUCT APPLICATIONS WHICH SUPPORT HYGIENE AND SAFETY ACROSS THE WORLD



Unsupported natural gloves for applications in agriculture, chemicals, food processing and pharmaceuticals










Unsupported nitrile gloves for applications in Chemicals, food processing, facility maintenance and automobile industry among others



Supported gloves with specialised features including chemical, cut and heat resistance, dexterity and superior grip among others.



Premium custom-designed **sports gloves** for cycling, baseball, American football, winter sports and weight lifting among others

						
Revenue Rs. 43 bn (-16%)	Profit Before Tax Rs. 4.01 bn (-24%)	Profit After Tax Rs. 3.67 bn (-14%)	Assets Rs. 34.34 bn (-2%)	Liabilities Rs. 13.6 bn (-11%)	Employees 2,171 (-3%)	Carbon footprint 25,735 tCO ₂ e (-4%)

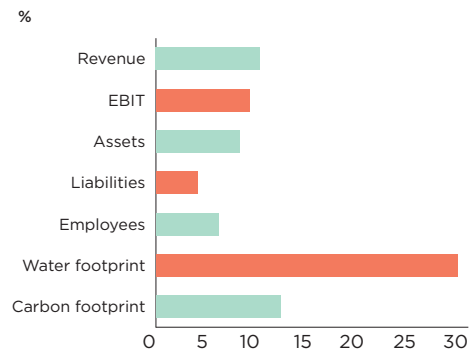
+ denotes y-o-y growth - denotes y-o-y decline

HAND PROTECTION

SECTOR OVERVIEW

The Group’s Hand Protection Sector is represented by Dipped Products PLC, a global leader in protective hand-wear, which serves close to 5% of global demand for natural and synthetic-latex based household and industrial gloves. Leveraging domain-specific knowledge and industry insights of over four decades, the Sector has sharpened its competitive edge through a relentless focus on quality, sustainability and innovation which has enabled DPL to fulfill rapidly evolving needs of its diverse clientele.

CONTRIBUTION TO GROUP



LOCAL OPERATIONS

5 manufacturing facilities producing a range of household, industrial and sports gloves

Contribution to Sector
Revenue: 55%
PBT: 97%

Performance 2023/24
Revenue: 13% decline
PBT: 46% decline



THAILAND OPERATIONS

Manufacturing facility in Thailand producing disposable gloves

Contribution to Sector
Revenue: 15%
PBT: 15%

Performance 2023/24
Revenue: 17% decline
PBT: 49% reduction in loss




EUROPEAN OPERATIONS

Distribution arm in Italy, supplying our products to the European market

Contribution to Sector
Revenue: 30%
PBT: -12%

Performance 2023/24
Revenue: 17% decline
PBT: 37% reduction in loss



strengthened towards the latter part of the year driven primarily by the industrial sector and is expected to maintain this momentum over the short-to-medium term. Sri Lankan exporters were adversely affected by the appreciation of the Sri Lankan Rupee, which impacted global competitiveness and revenue growth. During the year, the Sector was also impacted by the sharp increase in natural rubber prices, reflecting shortages in crop amidst pest attacks and unfavourable weather conditions. This, together with the increase in energy costs inserted pressure on overall cost of production. On the other hand, the relatively stable country’s macro-economic conditions including the gradual tapering off of interest rates during the year remained largely favourable.

OPERATING ENVIRONMENT

During the first half of the year, global glove demand remained subdued, consistent with the dynamics of the previous year in which distributors curtailed purchases following inventory build-up. However, demand


COMPETITIVE POSITION

The Sector’s products are sold in over **70 countries** across **6 continents**

ESG integration through the implementation of DPL Pulse- the Sector’s ESG roadmap centered on Planet, Product, People and Partners

A comprehensive portfolio of products with over **720 product variants** in supported, unsupported, disposable, electrician, sports gloves and sleeves

Quality and best-in-class innovation supported by state-of-the-art research capabilities, accredited laboratory facilities and an array of system and product certifications





15%
Increase in natural
rubber prices



10%
Reduction in Sri
Lanka's rubber crop



8%
Appreciation of the
Sri Lankan Rupee

Summary of external drivers

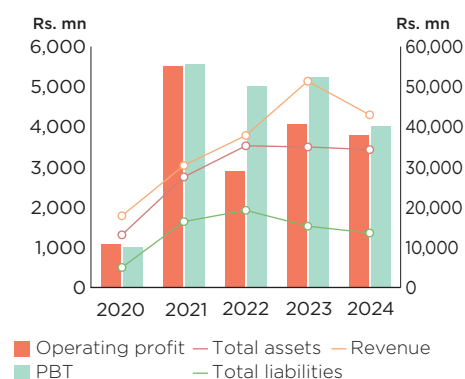
	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Appreciation of Sri Lankan Rupee	H	- Reduced competitiveness in the global market and adverse implications on volume and market share
	Gradual decline in interest rates	M	+ Reduction in borrowing costs and finance income
	Fiscal policy: Higher corporate income tax rate of 30% applicable to the full financial year	H	- Increase in effective tax rate
	Increase in energy costs	H	- Adverse impact on cost of production and profitability margins
Industry context	Growth in industrial activity and resultant demand for gloves	M	+ Growth in demand for industrial gloves
	Increased stringency of health and safety regulations	H	+ Will drive demand for safety and hygiene solutions including gloves
	Growing awareness on the importance of personal protective equipment in work environments	H	+ Increased demand for industrial gloves and specialised gloves
Sustainability context	Implications of climate change on supply chain & raw material availability	H	- Disruptions to the supply chain - Volatility in raw material pricing
	Customers' increasing focus on sustainability considerations	H	+ Opportunity to strengthen competitive position by catering to emerging requirements + Cost efficiencies

H-High, M-Medium, L-Low. Brown circle represents adverse effect while yellow circle represents positive affect

STRATEGY AND INTEGRATED PERFORMANCE REVIEW

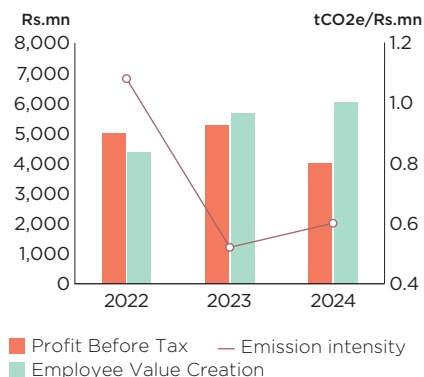
The Sector's performance reflected the external pressures that prevailed during the year, with Revenue declining by 16% to Rs. 43 bn, in view of the appreciation of the Sri Lankan Rupee and a 2% decline in volumes. Profitability margins were pressured by the increase in raw material costs and other overheads, although this was mitigated by ongoing focus on lean management and cost efficiencies. The Sector's overall Profit Before Tax declined by 24% to Rs. 4.01 bn for the previous year, reflecting the slowdown in top line as well as normalisation of exchange gains in comparison to the previous year. Meanwhile, the performance of the European segment was below expectations during the year, due to the prevalent adverse market conditions and decline in pricing.

SECTOR FINANCIAL PERFORMANCE



HAND PROTECTION

INTEGRATED PERFORMANCE



The Sector pursued penetration in niche markets during the year, entering the Middle Eastern and African markets which show significant upside potential. India is also earmarked as a significant target market and short-to-medium term plans are in place to drive customer acquisition. Although adversely affected during the year in review, the Sector’s expansions in the European region including France and Poland are positioned for strong growth and expected to emerge as significant contributors to the bottom line over the medium-to-long term.

Increasing contributions from value-added products has been a core strategy and the Sector leveraged its best-in-class research and development capabilities to drive product innovation. A total of 35 new products were launched during the year, including a disposable gripper glove, a high-cut resistant glove, specialised glove for the electric vehicle industry and Super Chem Technology gloves that protect against a range of chemicals. The Sector also upgraded its research laboratory in the Kottawa facility, featuring state-of-the-art technology and aligning with the requirements international accreditations thereby positioning it as a Center of excellence in innovation. In line with our strategic focus on ESG, the Sector also sought to embed principles of sustainability in its

innovation and product development processes, as listed in subsequent sections of this Chapter.

The Sector invested Rs. 2.66 bn in physical infrastructure during the year, which included investments in solar, sports glove manufacturing facility and construction of a consolidated central warehouse, which has accrued substantial efficiencies and cost improvements. The new sports glove facility which was commissioned last year completed its full first year of operations, achieving commendable capacity utilisation levels as the new range gained momentum followed by partnerships with several globally leading sporting brands.

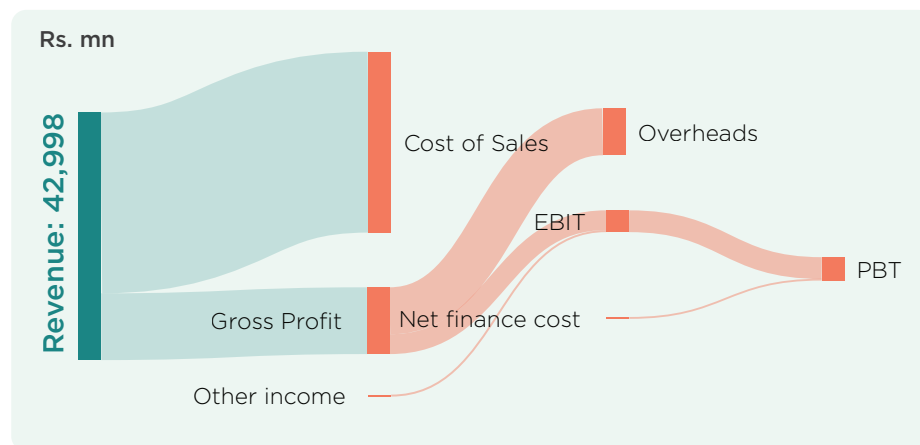
With employee retention remaining a key challenge for most Sri Lankan employers, the Sector placed strategic focus on upskilling employees, developing leadership capabilities and succession planning. Total training hours of 71,543 were delivered through investments of Rs. 7.42 mn, focusing on sales excellence, digital skills and technical skills among others. Supply chain dynamics remained challenging during the year, given the shortfall in natural rubber supply and resultant volatility in pricing. The Sector continued to leverage supplier relationships nurtured through DPL

Firstlight to address supply chain issues while also accessing the supply chain in Thailand.

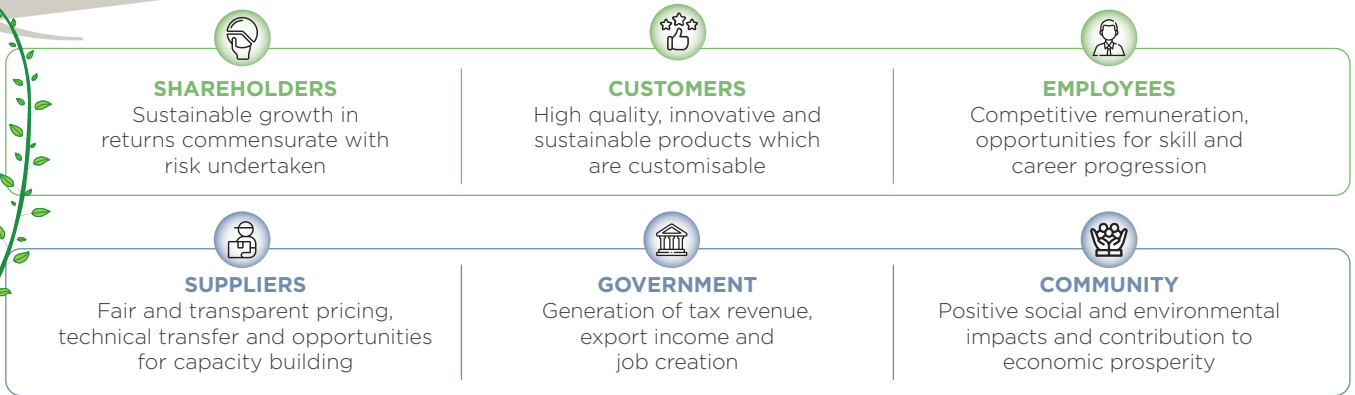
ESG IN ACTION

The Sector sought to strategically institutionalise ESG across all aspects of its business through the launch of its holistic ESG Roadmap, ‘DPL Pulse’ aligned with the aspirations of the Hayleys Lifecode. Centered on the four pillars of Planet, People, Product and Processes, DPL Pulse details the Sector’s environmental, social and governance targets, together with planned actions and strategies. While ESG initiatives are detailed in a subsequent section of this Chapter, measures taken to strengthen ESG governance in the Sector included the following:

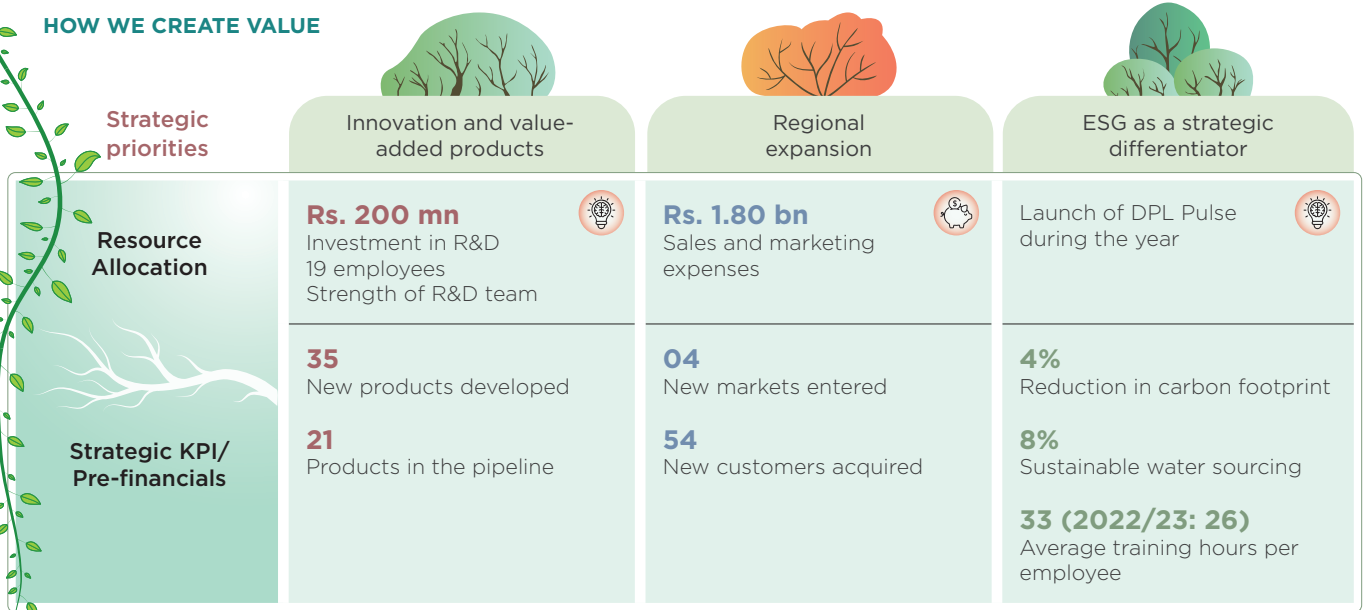
- Strengthen ESG risk assessment and integration with existing risk processes
- Monthly and quarterly monitoring and reporting of performance against ESG targets with the participation of relevant personnel from manufacturing facilities
- Third-party verification of GHG emissions (2022/23 and 2023/24)




HOW WE DEFINE VALUE



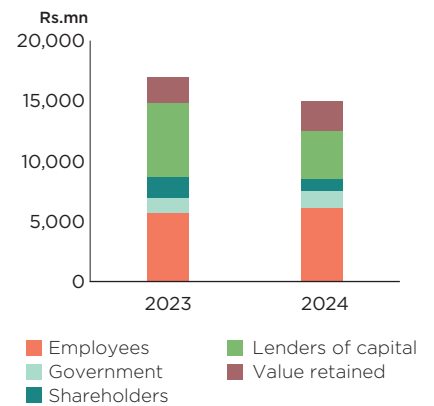
HOW WE CREATE VALUE



HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year reduced by 9%
 - Value generated to Governments (in Sri Lanka and overseas) amounted to Rs. 1.41 bn an increase of 7%
 - Payments to employees increased by 6% during the year
 - Payments to lenders of capital decreased by 36%, reflecting the gradual decline in interest rates
 - Value retained in the business for future investment amounted to Rs. 2.5 bn
- 

VALUE DISTRIBUTION



HAND PROTECTION

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	42,998	51,376	(16)	37,858
Earnings Before Interest and Tax	3,786	4,072	(7)	2,896
Net Finance Income/(Cost)	226	1,179	(81)	2,109
Profit Before Tax	4,013	5,251	(24)	5,005
Profit After Tax	3,673	4,277	(14)	4,050
Assets	34,341	35,002	(2)	35,297
Liabilities	13,595	15,285	(11)	19,239
Operating Cash Flow	3,439	7,718	(55)	6,135
Performance against targets				
	Target	Actual	Reason for variance	
ROCE	>10%	14.5%	In line with target	
Gearing	<50%	22%		
OPERATIONAL HIGHLIGHTS				
	2024	2023	% y-o-y	2022
Capacity utilisation (%)	84	79	5	84
Energy intensity (MJ mn/Revenue Rs.mn)	48	38	25	54
Water intensity (Litres/Revenue Rs.mn)	47,506	36,970	28	47,050
Carbon intensity (tCO2e/Revenue Rs.mn)	0.6	0.5	14	0.1
No. of employees	2,171	2,245	-3	2,117
Revenue per employee (Rs.mn)	20	23	15	17
Remuneration per employee (Rs.mn)	3	3	-	2

ESG HIGHLIGHTS



CLIMATE ACTION

The Sector relies primarily on renewable energy sources, which include biomass for boilers and solar power. The Sector has invested over Rs. 1.22 bn in rooftop solar PV systems, which have been installed across all Sri Lankan manufacturing facilities and in the Thailand factory.

	2024	2023	Y-o-y	Target
Energy consumption (TJ)	2,055	1,971	4	-
Carbon footprint (tCO2e)	25,735	26,893	-4	20% reduction in Scope 1 & 2
Renewable energy reliance	93%	92%		95%



SUSTAINABILITY IN PRODUCT DESIGN

Key sustainable innovations during the year include,

Product carbon footprint assessment of **7 gloves** under ISO 14067:2018 **Product Life Cycle Accounting and Reporting Standard**, to quantify emissions during all stages of the product cycle following the Life Cycle Analysis.

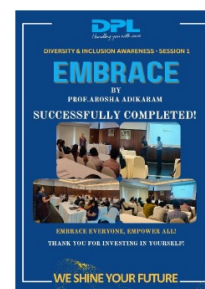
Supported gloves made of plant-based renewable material such as lenzing, banana and pineapple fibre

Rubber and plastic based reusable glove that can be used an alternative to conventional disposable glove



EMBRACING DIVERSITY, EQUITY AND INCLUSION

Launch of Embrace, a series of DEI awareness sessions conducted for all leadership and executive and above categories



SUPPLIER DEVELOPMENT THROUGH DPL FIRSTLIGHT

- Distribution of **65,000 KG** of fertilizer
- Distribution of **30,000** rubber saplings

Community engagement initiatives

Investments of Rs. 16 mn in community engagement initiatives focusing primarily on health and education

- Pahesera Arunalu-Educational support
- Sisu Divi Pahana: 85,000 nutritious meals
- Stationary and school book donations

PROSPECTS AND PLANS

The anticipated recovery of demand from the European market is expected to strengthen volume growth in 2024/25, as the Sector leverages its expansion efforts of recent years to drive increased penetration. Supported gloves are expected to record more pronounced growth, a trend DPL is well positioned to capitalise on given investments in enhancing product offerings and manufacturing capabilities. The Sector’s short, medium and long-term risks and opportunities are summarised below:

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

Exchange rate volatility

The Sri Lankan Rupee is expected to appreciate further over the short-term before decelerating and stabilising towards the latter part of the year. As an exporter, the appreciation of the Rupee will affect global competitiveness as well as revenue and profitability margins given the price sensitive nature of the industry

Response

Proactive monitoring of exchange rate trends

Global geopolitical dynamics

Escalating geopolitical tensions and resultant disruptions to shipping routes has led to longer lead times as well as higher operational costs

Response

Increased geographical diversification of markets

High energy costs

Sri Lanka’s energy costs increased significantly during the year and is currently ranked among the highest in the region.

Response

Increased reliance on renewable energy sources

Increasing awareness on health and safety and more stringent regulations

Growing awareness on workers’ safety and increasing occupational hazards in mining, construction, oil and gas and manufacturing will drive demand for industrial glove applications

Response

Expansion of product portfolio catering to specialised industrial needs
Penetration of new markets

Sustainability as a competitive edge

Environmental and social considerations are increasingly featuring in customers’ purchasing decisions, presenting both opportunities and risks.

Response

Leveraging sustainability as a competitive advantage to access new markets and customer segments

Sustainability related risks and opportunities (SRRO)

Impacts of weather on supply chain

Implications of adverse weather patterns including variability in rainfall patterns and temperature on the rubber supply chain

< 1 year	Shortages in natural rubber and sharp escalation in prices
1-5 years	More pronounced shortages and price volatility of natural rubber, as demand increases
>5 years	If mitigation measures are not adopted, climate change will lead to significant disruptions of the supply chain
Response	Strengthen relationships with suppliers through DPL Firstlight and diversification of raw material sources

Transition risk: Shift to low-carbon economy

Increased stringency of regulations and escalating customer requirements on sustainability considerations

< 1 year	Customers requests for product-level carbon footprints and ESG ratings
1-5 years	Evolving regulations from the EU including the EU Deforestation Regulation and European Green Deal will have significant impact
>5 years	Survival of sustainability-focused organisations while others will be challenged to garner market acceptability
Response	Embedding ESG in a strategic manner

Water availability

Sri Lanka has been ranked a water-stressed country and escalating implications of climate change are likely to drive further challenges.

< 1 year	Limited impact albeit increased variability of weather patterns
1-5 years	The Sector is relatively water intensive with potential impacts on production continuity and operational cost
>5 years	Increase in water costs with frequent disruptions to availability
Response	Continued monitoring of water usage and increase reliance on sustainable sources including investments in water recycling



HAND PROTECTION

FUTURE PLANS	
Short-term	Medium-to-long term
<ul style="list-style-type: none"> Strengthen presence in Europe, Australia, Africa and East Asia Enhance value added portfolio catering to specialised needs including chemical resistant and electrical insulation gloves Pursue new opportunities by prioritising ESG related investments Cost optimisation through digitalisation and centralising back office functions 	<ul style="list-style-type: none"> Reengineer and automate manufacturing systems Diversify raw material and packaging supply chain in both Sri Lanka and Thailand Position DPL as a sustainable manufacturer through strategic approach to ESG
Short-term goals ROE>12% Gearing< 20%	Medium-to-long term goals ROCE>12% Gearing< 50% of total capital

SASB DISCLOSURES

Household and Personal Products Standard- Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/Pg. reference
Water Management	(1) Total water withdrawn	(m ³),	CG-HP-140a.1	2.05 mn Litres
	(2) Total water Consumed			N/A
	(3) Percentage in regions with High or Extremely High Baseline Water Stress	Percentage (%)		Sri Lanka is classified as a water stressed country
	Description of water management risks and discussions of strategies in place to manage those risks			Refer to page 281
Product Environmental, Health, and Safety Performance	Revenue from products that contain REACH substances of very high concern (SVHC)	Rs. mn	CG-HP-250a.1	N/A
	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	Rs. mn	CG-HP-250a.2	N/A
	Discussion of process to identify and manage emerging materials and chemicals of concern		CG-HP-250a.3	Refer to page 281
	Revenue from products designed with green chemistry principles	Rs. mn	CG-HP-250a.4	223 mn
Packaging Lifecycle Management	(1) Total weight of packaging			4,112 MT
	(2) Percentage made from recycled and/or renewable materials			70%
	(3) Percentage that is recyclable, reusable, and/or compostable			90%
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle		CG-HP-410a.2	Evaluation of product carbon footprint for 7 products with the aim of identifying lifecycle emissions and opportunities for reduction
ACTIVITY METRICS				
Units of products sold		Number	CG-HP-000.A	252.4 mn pcs
Total weight of products sold				
Number of manufacturing facilities		Number	CG-HP-000.B	5