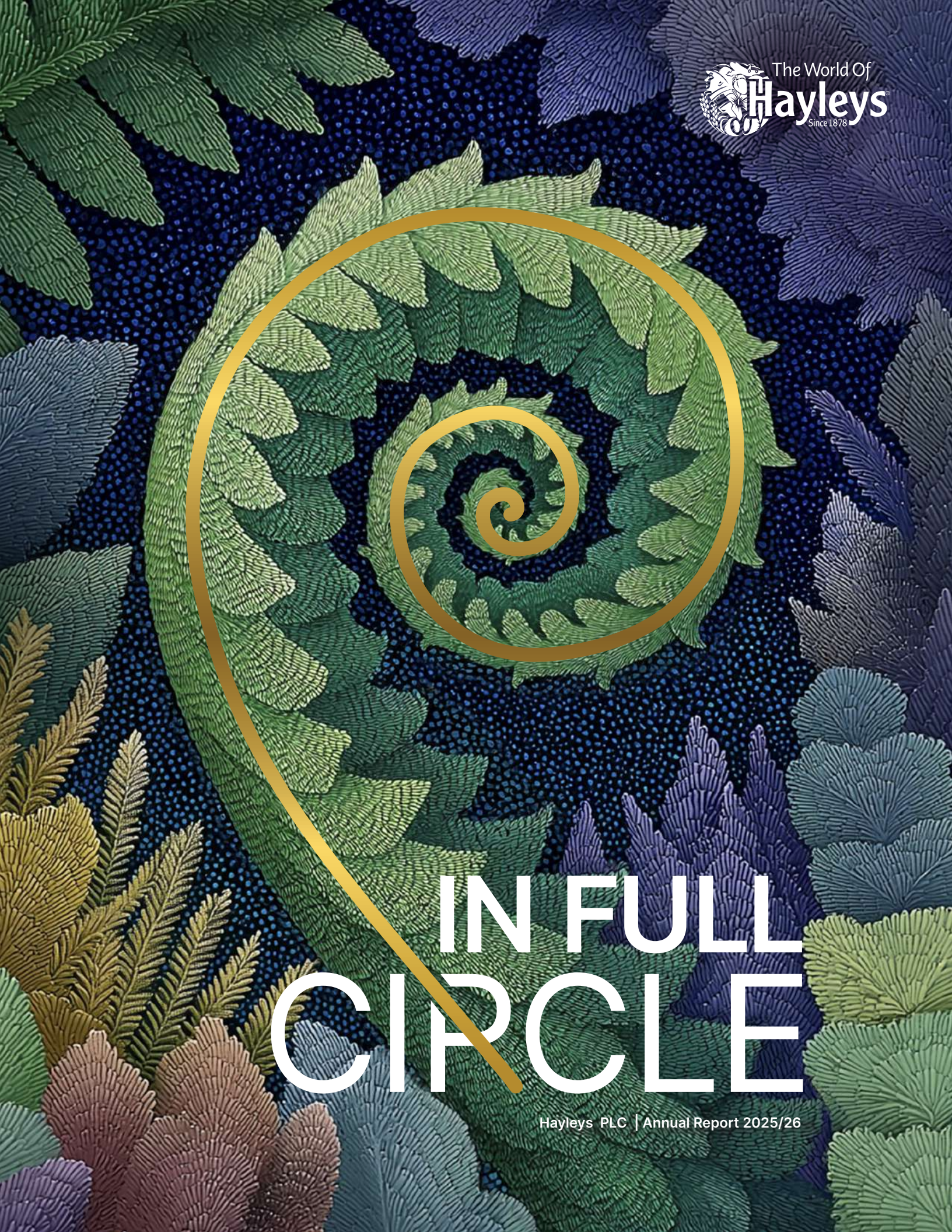




IN FULL CIRCLE

Hayleys PLC | Annual Report 2025/26



Insights from
sector GMC
member
Scan to view

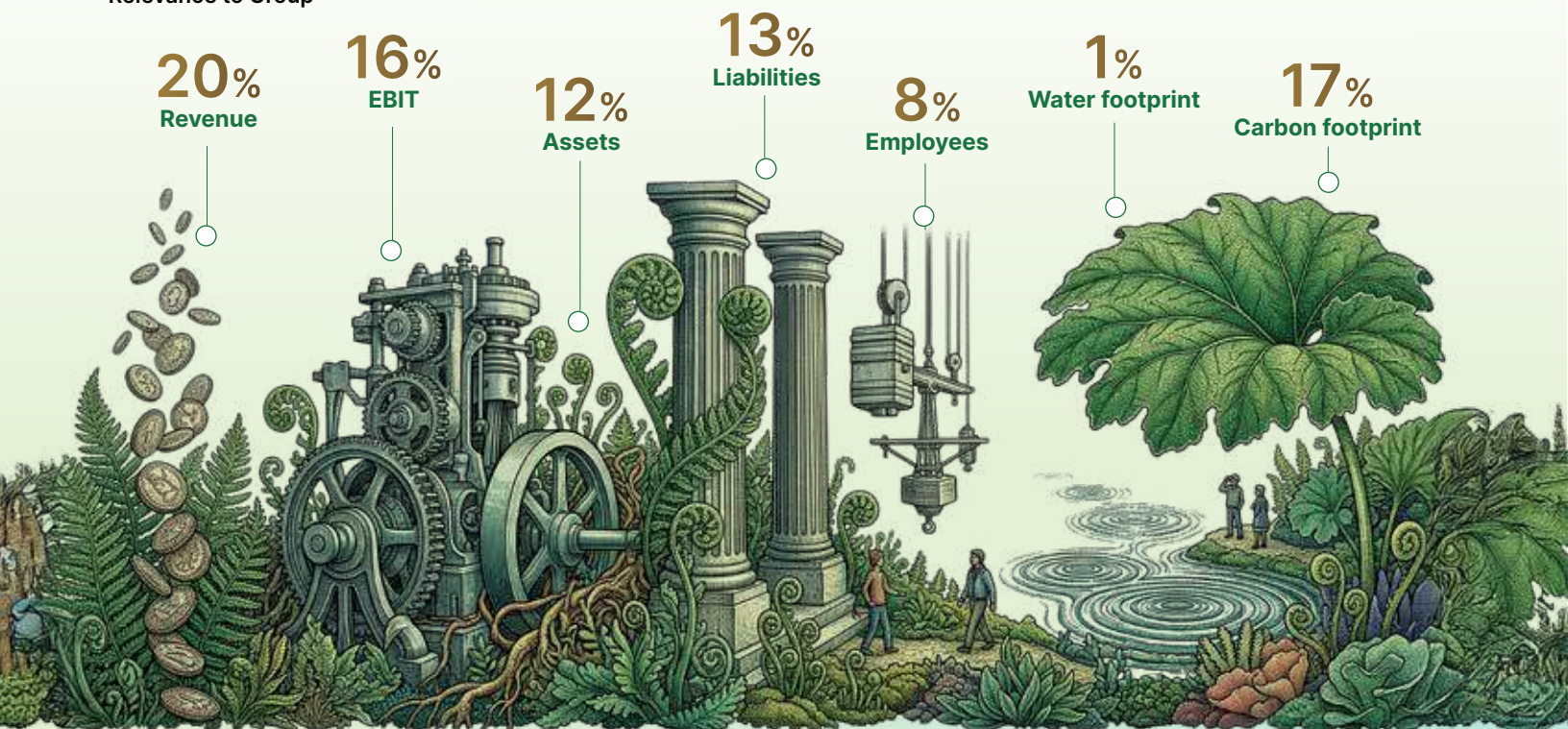


Transportation and Logistics

Hayleys Advantis Group is a regional leader in the transportation and logistics industry, offering end-to-end solutions covering land, air and sea. Its expertise spans freight management, integrated logistics, marine and energy, projects and engineering, and travel & aviation, catering to a broad range of industries.

Transportation and Logistics

Relevance to Group



Sector Highlights 2025/26

Revenue	PBT	PAT	Assets	Liabilities	Employees	Carbon footprint
Rs. 117.50 bn (+10%)	Rs. 6 bn (-8%)	Rs. 3.06 bn (-18%)	Rs. 87.73 bn (6%)	Rs. 64.80 bn (+8%)	3,000 (+4%)	141,117 tCO ₂ e (-25%)

Year in review

Financial performance

Performance during the year reflected the Sector's diversified earnings profile, with growth driven by strong contributions from the Freight Management, Integrated Logistics and Aviation clusters, although profitability was moderated by challenges within the Marine and Energy and Projects and Engineering divisions.

4% reduction in Scope 1 & 2 GHG emission intensity

Certified as Great Place to Work

ESG performance

Strategic highlights

Strengthening presence and capturing growth opportunities in India and Indonesia

Digital transformation and process automation

Continued focus on regional expansion including India, Indonesia and other markets

Organic and inorganic growth strategies

Way forward

The carbon footprint for 2025/26 represents an expanded coverage of Scope 3 emissions compared to the previous year

1. FREIGHT MANAGEMENT

One of the largest freight forwarding and shipping agency houses in Sri Lanka and the Maldives

2. INTEGRATED LOGISTICS

Offers integrated logistics services covering storage, distribution, and freight solutions across diverse industry verticals

3. PROJECTS & ENGINEERING

A leader in project logistics and engineering solutions, with expertise in heavy cargo, construction and interiors

4. MARINE & ENERGY

A leading marine and energy services provider, delivering a comprehensive range of solutions across the region

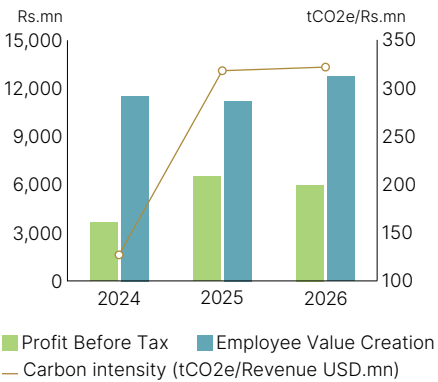
5. INTERNATIONAL OPERATIONS

Represents the Sector's overseas operations across South and Southeast Asia, extending Sri Lankan logistics expertise to the region

6. TRAVEL & AVIATION

A leading travel and aviation service provider representing prominent airlines in Sri Lanka and the Maldives

INTEGRATED PERFORMANCE



Leadership position	Global relationships	Extension services	Regional presence
<p>Largest operator of floating assets in Sri Lanka, with a fleet of owned and chartered 22 assets</p> <p>Largest shipping and airline agency house in Sri Lanka and the Maldives</p> <p>Warehouse footprint of over 3.7 mn sq.ft across 6 markets</p>	<p>Multi-purpose project logistics capabilities</p> <p>B2B distribution footprint of 8 mn KM annually</p>	<p>Strengthening market presence in transportation and logistics in South Asia and Southeast Asia</p>	<p>Partnerships with numerous global principals including the world's leading shipping and freight forwarding companies and the world's largest air express company.</p> <p>Collaborations with numerous Multinational companies across the region</p>

OPERATING ENVIRONMENT

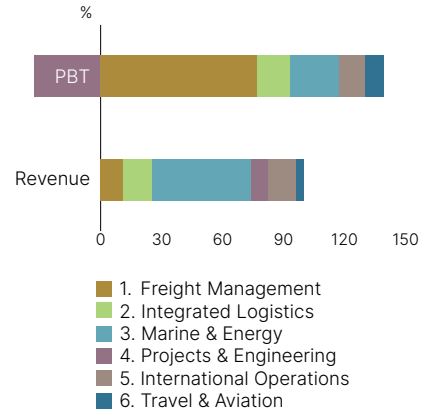
Global shipping activity demonstrated a measured recovery during the year, with trade volumes expanding by 4.1%, reflecting an improvement over the subdued conditions observed in the previous period and early part of the reviewed period. Notwithstanding this uptick, freight rates remained volatile, influenced by elevated tariff structures and escalating geopolitical tensions. However, conditions began to recalibrate towards the latter part of the financial year in line with the escalation of geopolitical conflict, as renewed supply chain disruptions constrained vessel availability across key routes. This dislocation, coupled with a resurgence

in demand, exerted upward pressure on freight rates, with capacity bottlenecks creating demand for available operators and supporting a gradual recovery in pricing.

Meanwhile, Sri Lanka's port activities also recorded commendable growth, with throughput increasing by 6.4% to a record high 8.29 million TEUs in 2025, underscoring its resilience and growing relevance within regional maritime trade. This performance reflects a recovery in transshipment volumes and the port's continued ability to capitalise on its strategic location and capacity enhancements stemming from the commencement of operations at the

Colombo West International Terminal, which marks a strategic expansion in the port's infrastructure.

SECTOR COMPOSITION



Transportation and Logistics

OPERATING ENVIRONMENT SUCCESS



GLOBAL TRADE ACTIVITY +4.1% growth

Recovery driven East Asia and African markets which demonstrated strong expansion

M



FREIGHT RATES 23% average increase

Global supply chain disruptions amidst the current geopolitical tensions led to a sharp increase in freight rates towards the latter part of the year

H



REGIONAL DYNAMICS

India: Demonstrated strong growth potential supported by enhanced connectivity and expansion

Maldives: Activity affected by political and macro-economic challenges

Indonesia: Strong port activity supported by increased efficiency and strategic alignment with global shifts in trade routes

H

Key risks

Market Risks

Geopolitical trade dynamics and escalation of conflict
Volatility in global freight rates

Operational risks

Sustainability-related risks
Transition risks stemming from the IMO's decarbonisation aspirations

CRRO#3

Opportunities

Market opportunities:

Sri Lanka's locational advantage and strategic positioning

Operational opportunities:

Digital transformation with technologies such as IOT, AI and big data acting as critical enablers

STRATEGY & RESOURCE ALLOCATION

Strategic priorities

Regional expansion 1

While the Sector continued to advance its regional expansion strategy, greater strategic emphasis was placed on strengthening presence and capturing growth opportunities in India and Indonesia.

Resource allocation: Sales and marketing expenses in regional locations: Rs. 216 mn

Relevance to Group strategy:



Digital transformation 2

The Sector continued to advance its digital transformation agenda through the phased rollout of SAP Rise, complemented by broader investments in AI, workflow optimisation, and integrated technology initiatives across clusters.

Resource allocation: Investments in digitalisation: Rs. 145 mn

Relevance to Group strategy:



Employee value proposition 3

The Sector continued to attract the industry's top talent through a unique value proposition centering on engagement, an inclusive and conducive culture, and performance orientation

Resource allocation: Investments in employee engagement: Rs. 24 mn

Relevance to Group strategy:



H-High, M-Medium, L-Low | Red circle represents adverse effect while green circle represents positive effect

MEASURING

About this KPI and why we use it:

- ⦿ Demonstrates the effectiveness of the Sector's geographical diversification strategy and market penetration in regional markets

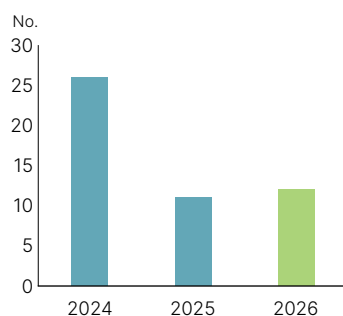
45%

Revenue growth from overseas markets

About this KPI and why we use it:

- ⦿ This KPI showcases the progress in the Sector's digital transformation as well as scalability and operational efficiency

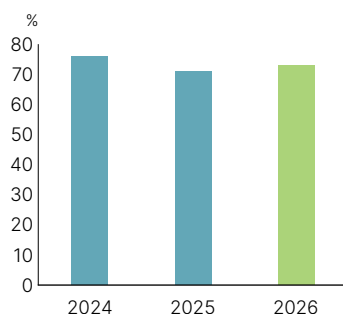
NO. OF PROCESSES AUTOMATED/DIGITALISED



About this KPI and why we use it:

- ⦿ Employee retention shows the Sector's employee satisfaction levels and strength of the employer brand

EMPLOYEE RETENTION



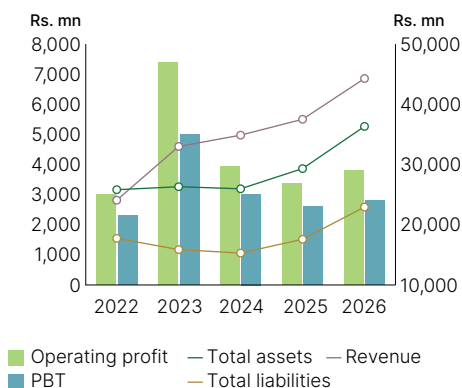
INTEGRATED PERFORMANCE REVIEW

Year of mixed fortunes: The Sector experienced a year of mixed performance, demonstrating a degree of resilience underpinned by its diversified earnings profile and geographical reach. Revenue increased by 10% to Rs. 117.5 bn, supported by strong growth in the Freight Management, Integrated Logistics and Aviation clusters, reflecting strategic foresight and an ability to capitalise on emerging opportunities. However, overall profitability was impacted by challenges within the Marine and Energy and Projects and Engineering divisions, resulting in a decline in Profit Before Tax by 8% to Rs. 6 bn for the year.

The Freight Management cluster delivered a 3% increase in Profit Before Tax to Rs. 4.52 bn, reflecting strong execution against strategic priorities, firm freight rates towards the latter part of the year

Y-o-y growth	Revenue	Profit
Freight Management	2%	13%
Integrated Logistics	10%	-8%
Marine & Energy	3%	-22%
Projects & Engineering	-26%	-358%
International Operations	42%	-25%
Travel & Aviation	-34%	-2%

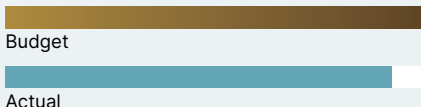
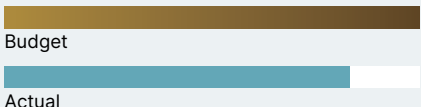
SECTOR FINANCIAL PERFORMANCE



Transportation and Logistics

PERFORMANCE HIGHLIGHTS

FINANCIAL METRICS		2026	2025	%	2024
Revenue		117,505	106,844	10	91,353
Earnings before interest and tax		7,855	8,597	-9	6,806
Net finance income/(cost)		(1,874)	(2,066)	-9	(3,113)
Profit before tax		6,002	6,515	-8	3,671
Profit after tax		3,063	3,718	-18	1,351
Assets		87,726	82,416	6	74,415
Liabilities		64,800	59,785	8	54,852
Operating cash flow		4,962	7,947	-38	(5,124)

PERFORMANCE AGAINST TARGETS	
Revenue 	Profit before tax 

OPERATIONAL HIGHLIGHTS		2026	2025	%	2024
No. of employees		3,000	2,893	4	2,899
Revenue per employee (Rs. mn)		39	37	6	32
Cargo handled (MT)		4,000	4,314	7	3,182

SUSTAINABILITY-RELATED FINANCIAL METRICS		2026	2025	%	2024
SASB METRICS*	Gross global Scope 1 emissions (tCO ₂ e) <i>TR-MT-110a.1, TR-RO-110a.1</i>	28,935	27,701	4	34,589
	Fuel consumption -Road transportation (%) <i>TR-RO-110b.1</i>	16	20	-4	13
	GHG footprint across transport modes (tCO ₂ e) <i>TR-MT-110a.1, TR-TR-MT-110a.3, TR-RO-110b.2</i>	56,123	27,058	107	33,204
	Total recordable incident rate (%) Fatalities <i>TR-RO-320a.1</i>	2.7 0	1.1 1	145 -	0.7 1
	No. of road accidents <i>TR-RO-540a.1</i>	13	16	-19	15

Refer to Sustainability-related Financial Disclosures on page 140 for further information on the financial implications of sustainability issues

*SASB Marine and Road Transportation Standard ** The Aqueduct Water Risk Atlas places Sri Lanka in the medium to high-risk category for water stress

and the effective positioning of Colombo as a key regional hub to capture emerging trade opportunities. Meanwhile, the Integrated Logistics cluster recorded a year of moderate growth, underpinned by the performance of the Retail and FMCG segments, alongside continued portfolio expansion through new customer acquisitions and deeper penetration among existing customers.

The Travel & Aviation cluster delivered a strong performance during the year, supported by increased flight movements and higher frequencies, reflecting improved airline activity and route expansion. The anticipated entry of new international operators and growing interest from regional markets are expected to further strengthen traffic volumes and support continued momentum in the coming year.

The Marine & Energy cluster encountered operational challenges during the year due to unforeseen vessel breakdowns and weather-related disruptions, which constrained normal operations and impacted overall performance. Despite these setbacks, the bunkering segment delivered a strong performance, capitalising on prevailing market conditions to close the year on a positive note.

The Projects and Engineering cluster continued to face challenges reflecting legacy issues originating in prior periods, including cost overruns and manpower constraints. Ongoing negotiations on certain contracts, coupled with necessary provisions and recognised losses, resulted in a substantial impact on the cluster's performance, consequently weighing on the overall Sector results. In response, the Group has initiated a comprehensive

restructuring and rationalisation of the division, including changes to its organisational structure and leadership, aimed at stabilising operations and restoring long-term viability.

Regional strategy: The Sector continued to advance its regional strategy leveraging its geo-product structure, with the objective of replicating its successful Sri Lankan operating model across selected markets. India and Indonesia remain key focus areas, with India delivering strong profitability and sustained expansion, while Indonesia presents a robust growth pipeline supported by ongoing investments in client acquisition. Momentum was also evident in Bangladesh, where the Sector secured several large-scale contracts, reinforcing its market position, while Myanmar is showing early promise with efforts underway to expand both the client base and service portfolio.

Meanwhile operations in the Maldives and Thailand were challenging during the year, and measures are being adopted to refine the operating model and pursue emerging opportunities. Over the longer term, the Sector aims to establish Singapore as a central regional hub to support and scale its international operations.

Strategic focus on digitalisation:

The Group continued to advance its enterprise-wide digital transformation through the phased implementation of SAP Rise. This transition is complemented by a growing focus on AI-driven solutions, supported by strengthened in-house development capabilities. Concurrently, the Group is enhancing business visibility and process efficiency through structured workflow planning and ERP-led integration to enable more seamless information flow and operational alignment across the organisation.

ESG as a driver of business value



Transportation and Logistics

PROSPECTS AND PLANS

Looking ahead, the Transportation and Logistics Sector will operate within an increasingly complex global environment, shaped in part by ongoing geopolitical tensions in the Middle East, which continue to disrupt established trade routes and elevate volatility across shipping and logistics networks. While these conditions may present near-term challenges, their impact is expected to be largely transitory and could even give rise to selective short-term opportunities such as escalating freight rates. Against this backdrop, the Sector will continue to prioritise the geographic diversification of its revenue streams through regional expansion, while actively pursuing both organic and inorganic growth initiatives to strengthen its market position and long-term resilience. As part of ongoing portfolio optimisation, a component of the Sector, including aspects of the Projects and Engineering operations, will be restructured to form a separate sector within the Hayleys Group, to improve organisational efficiency and clarity of focus. The Sector's risk and opportunity landscape and its interventions to effectively mitigate and leverage these developments are mapped below:

Short-term	Medium to Long-term
Portfolio optimisation <ul style="list-style-type: none"> Continued focus on regional expansion including India, Indonesia and other markets Organic and inorganic growth strategies 	<ul style="list-style-type: none"> Business diversification through leveraging diverse verticals
Customer Centricity <ul style="list-style-type: none"> Initiatives to increase top-of-mind brand awareness Tailored marketing plans to drive regional aspirations 	
Nurturing inspired teams <ul style="list-style-type: none"> Execution of DEI initiatives across the Group Leverage digitalisation to drive improved learning outcomes 	
What we hope to achieve <ul style="list-style-type: none"> 9% Revenue growth ROCE > 17% 	<ul style="list-style-type: none"> 9% Revenue growth ROCE > 20% 45% reduction in Scope 1 and 2 GHG emissions

Opportunities and levers

- Regional dynamics and economic growth opportunities
- Gradual recovery of Sri Lanka's construction sector
- Digital transformation

Risks to strategy

- Escalation of state-based armed conflict
- Exchange rate volatility
- Industry decarbonisation regulations (CRRO3)



No.400, Deans Road, Colombo 10, Sri Lanka.
www.hayleys.com