

A CONSTANTLY REINFORCED COMMITMENT



Cinnamon
HOTELS & RESORTS

A CONSTANTLY REINFORCED COMMITMENT

Tourism, as one of the biggest sectors in the global economy and the countries where we operate, has great power to bridge cultures, generate new opportunities, and promote sustainable development.

At John Keells Hotels PLC, we understand that every choice we make can influence our immediate surroundings and the fabric of our shared future. This is why we unwaveringly uphold our commitment to fostering a sustainable future amid turbulent times and constant crises.

Through a steadfast emphasis on transparency in governance and sustainable practices, we have deliberately taken steps to transform our organisation into an emblem of responsible hospitality.

This commitment extends to the core of our destinations, where we recognise our role as custodians of the ecosystems we touch. From implementing sustainable practices to launching numerous initiatives aimed at eradicating single-use plastic items in the guest experience, we have ensured that every decision aligns with a purposeful approach to hospitality.



COMMITMENT TO GROWING OUR HANDPRINT

CINNAMON RAINFOREST PROJECT

Asia-Pacific Nature-Based Initiative of the Year at the Sustainable Company Awards 2022 by Environmental Finance

Nestled within the verdant landscapes of Sri Lanka's wet zone, Suduwelipotha hosts the Cinnamon Rainforest Restoration Project, dedicated to revitalising the region's biodiversity.

Our primary objective is to restore 59 acres of forested land in the wet zone, enhancing native flora and fauna while establishing crucial habitats for endangered species. As we mark our milestone anniversary, this initiative underscores the profound impact of collaborative conservation efforts in protecting biodiversity.

Launched on March 8, 2022, this initiative nurtures a fostering sanctuary for the indigenous flora and fauna unique to the area. Amidst human-altered landscapes such as low-country tea lands, this successful restoration endeavour is poised to attract biodiversity from adjacent disturbed regions.

The project employs assisted natural regeneration to expedite plant growth and foster succession. Its core mission is to restore wet zone forest cover, providing havens for endemic species and shelter for wildlife. Reforestation efforts also protect water resources and mitigate soil erosion and landslides in the area.

The increased biodiversity at the site, including the discovery of 36 previously undocumented plant species, underscores the project's success. The project continues to thrive with an impressive survival rate of 85-90% for planted trees, which is attributed to ongoing invasive species control, diligent plant care, and favourable rainfall conditions.

The graphical representation below illustrates the comparison of biodiversity between the reference site, Sinharaja, and the project site. The project's primary objective is to restore the biodiversity at the site to at least 50% of the species diversity found at Sinharaja within a 10-year timeframe following the completion of restoration activities.

The ecological assessment indicates that significant progress has been made within two years, surpassing initial expectations. As a result, the project team is optimistic about exceeding the targeted ecological restoration goals well ahead of the projected 5-year timeline.

Beyond ecological enhancements, the project has engaged 832 volunteers over 19 months, offering them opportunities to visit the site, participate in tree-planting activities, and gain insights into forest restoration efforts.



What we have achieved so far

Over **20,000** native trees were planted as of January 2024.

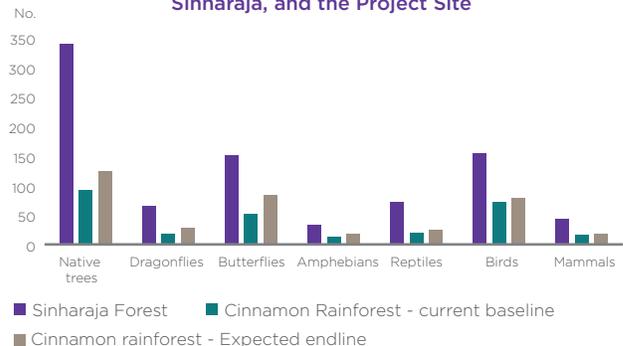
Short-term goal

Targeting **25,000** native trees to be planted by December 2024.

Long term goal

By 2045, it is expected to absorb around **600,000 kilogrammes** of carbon annually and generate **12 million litres** of oxygen per hour.

Comparison of Biodiversity Between the Reference Site, Sinharaja, and the Project Site



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OUR PURPOSE

Curate emotional experiences to inspire stories that connect.

OUR VISION

To bring the best of Sri Lanka to the world with style and elegance

OUR VALUES

Greatness | Trust | Compassion | Inclusivity
Curiosity | Wellbeing | Agility



ABOUT OUR REPORT

John Keells Hotels PLC (the Company) and its subsidiaries (the Hotels Group) are pleased to present their 9th Integrated Annual Report for the period 01 April 2023 to 31 March 2024, which documents an authentic account of its operations. Its primary intention is to present the information required by the Shareholders while giving an account of the many aspects of our operations to our other stakeholders. All entities are included in both financial and sustainability reporting, aligning with our standard annual reporting cycle for both reports.

Standards and Frameworks Applied

In addition to the reporting requirements we have followed, the regulatory universe has changed significantly.

- Launch of IFRS Sustainability Standards by the International Sustainability Standards Board in June 2023
- A new Listing Rule #9 of Corporate Governance was issued in August 2023 by the Colombo Stock Exchange
- Launch of Code of Best Practice on Corporate Governance by the Institute of Chartered Accountants of Sri Lanka in December 2023.

Financial Reporting

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- The Companies Act No. 7 of 2007
- Listing Rules of the Colombo Stock Exchange
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars
- Integrated Reporting Framework of the International Integrated Reporting Council

Non-Financial Reporting

- Global Reporting Initiative (GRI) Standards
- Guidance on Environmental, Social and Governance (ESG) Reporting issued by Colombo Stock Exchange
- Gender Parity Reporting Framework published by CA Sri Lanka
- Code of Best Practice on Corporate Governance (2013) jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017), to the extent of business exigency and as required by the Group
- Taskforce on Climate-related Financial Declaration
- SASB standard for hotels and lodging Carbon footprint benchmarks - EarthCheck Pte Ltd - Australia
- Carbon footprint benchmarks - EarthCheck Pte Ltd - Australia

The Report Includes

The Sustainability Report and the many projects we implemented in 2023/24.

The SASB Standards applicable to Hotel Operations identifying the industry guidelines and sustainability risks and opportunities.

The tagging of all GRI and SASB requirements for easy search and identification.

UN Sustainability Goals

Code of Best Practices on Corporate Governance 2023

Guiding Principles

The following principles were applied in preparing the Report to provide a credible review of our performance and operations.

- Reliability - Current internal controls and processes deliver reliability of financial and non-financial information.
- Conciseness - We have covered all critical matters completely and concisely.
- Authentic presentation - A balanced view, based on positive or negative outcomes, is reported in a faithful manner.
- Materiality - Material matters are identified and reported responsibly.
- Ensuring Integrated Reporting - Icons are used to integrate the variety of topics that are reported, giving connectivity of information.
- Inclusion of International Standards in Reporting - GRI tagging, SASB and TCFD are used to ensure compliance with the required international standards.



Scope and Boundary

Unless otherwise stated, the financial and non-financial information presented represent consolidated figures for the Hotels Group, which comprises Sri Lanka and Maldives Hotels and Resorts.

Restatement of Information

There were no changes in reporting or restatements to the previously reported environmental and social information.

Forward-Looking Statements

Forward-looking statements included in this Report discuss the possible future financial position and results of the Hotels Group's operations. These statements, however, involve an element of risk and uncertainty due to external and possible internal reasons that cannot be accurately predicted now. We do not undertake to update or revise these statements publicly in the event of a change of circumstances.

Assurance

An assurance on the Financial Statements and the Sustainability Report has been obtained from Messrs. Ernst & Young, Chartered Accountants. Guided by the Cinnamon's sustainability framework and the Cinnamon Executive Committee, the responsibility for the sustainability practices and disclosures in this report lies with the Chief Executive Officer, Deputy Chief Executive Officer, and other members of the corporate management. They actively collaborated with external assurance providers to ensure the credibility of the report's content. The external auditors, Messrs. Ernst & Young, have provided assurance for the financial statements, integrated annual report and sustainability reporting criteria presented in the integrated annual report for 2023-24. The Board of Directors and the management have no other relationship with Messrs. Ernst & Young, aside from their engagement as an independent assurance service provider for the group.

Internal controls	External assurances obtained	
	Financial statements	Sustainability reporting
Independent assurance report on the Directors' statement on internal control	External auditors, Messrs. Ernst & Young have assured the Group's financial statements	Messrs. Ernst & Young have assured the sustainability reporting criteria presented in the integrated annual report
Sri Lanka standard on assurance engagements SLSAE 3050 (Revised)	Sri Lanka auditing standards	Sri Lanka standard on assurance engagements SLSAE 3000 (Revised)
Pages 156 - 161	Pages 196 to 198	Pages 137 to 138

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We encourage your comments, feedback, and queries and invite you to direct them to:

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Scan to view the Annual Report.
 Visit:

<https://www.cinnamonhotels.com/esg/reports-policies>



CHAIRPERSON'S MESSAGE

Dear Stakeholder,

I am pleased to present to you, on behalf of the Board, the highlights of the Integrated Annual Report and Financial Statements of John Keells Hotels PLC for the year ended 31 March 2024. John Keells Hotels PLC's strong performance is driven by our core values, is guided by clear direction and people-centric leadership and reflects commitment to our strategy as it reinforces our focus on fostering long-term sustainable growth.

Operating Environment Global

The 2023 United Nations World Tourism Organisation (UNWTO) World Tourism Barometer indicates a significant rebound in international tourism with destinations worldwide welcoming global travellers and reaching 88 per cent of pre-pandemic levels. In 2023, Asia and the Pacific recorded arrivals of 65 per cent of pre-pandemic levels, with South Asia and Northeast Asia recording arrivals at 87 per cent and 55 per cent respectively. By October 2023, international air capacity and passenger demand had recovered to 90 per cent of pre-pandemic levels, with global occupancy rates reaching 65 per cent by November 2023. Preliminary estimates indicate that international tourism receipts totalled USD 1.4 trillion in 2023, representing 93 per cent of the USD 1.5 trillion earned in 2019. The pent-up demand for global travel, improved air connectivity, and a stronger rebound in Asian markets are expected to drive global tourism to full recovery by the end of 2024.

Sri Lanka

The Sri Lankan economy recorded a gradual recovery during the latter part of calendar year 2023, marking the end of a prolonged period of economic contraction spanning six consecutive quarters. The relative stabilisation of the economic, social, and political environment aided by the improved air connectivity, resulted in a resurgence in tourist arrivals close to 1.5 million in 2023, a 107 per cent growth from approximately 720,000 arrivals recorded in 2022. Arrivals for the month of December 2023 crossed 200,000 for the first time since 2019 and the momentum was sustained in the first quarter of CY 2024. This underscores the industry's resilience and the enduring allure of Sri Lanka's culture, scenery, and renowned hospitality. India emerged as the top source market with over 300,000 arrivals, recording a 146 per cent year-on-year increase and constituting 20.3 per cent of total arrivals. Russia closely followed with approximately 200,000 arrivals, comprising 13.3 per cent of total arrivals. Additionally, the United Kingdom and Germany also made significant contributions.

Maldives

The Maldivian tourism industry attracted over 1.87 million tourists in 2023. Arrivals from Russia, India and China emerged as the top three source markets for the Maldives during the year. Occupancy levels of the Maldivian Resorts segment were lower in comparison to the previous year given a change in the mix of the overall arrivals to the Maldives, where arrivals from source markets with higher yields were lower. The increase in alternative accommodation channels such as guest houses, which cater to budget conscious travellers and therefore are at a more affordable price point relative to the typical premium resort destination, also impacted the Maldivian Resort segment.

A Robust Delivery

The tourism industry in Sri Lanka demonstrated steady progress during the year. Against this backdrop, all Sri Lankan resort properties recorded year-on-year increases in occupancy as well as in Average Room Rates (ARR). However, while this had a positive impact on profitability, it was somewhat countered by the rise in electricity tariffs and increase in staff costs. Additionally, increased borrowings, stemming from greater utilisation of overdraft facilities, led to higher interest expenses year-on-year.

The performance of the Maldivian Resorts witnessed a slight decline, largely attributable to the translation effect of the Sri Lankan Rupee's appreciation by approximately 11 per cent on average during 2023/24. This, coupled with higher energy prices and the rise in the interest costs on account of an increase in borrowing costs, impacted the profitability of the sector.

The Group achieved commendable results for the year, reporting revenue of Rs. 30.7 billion in 2023/24, compared to Rs. 28.8 billion recorded in the previous year. Additionally, the Group recorded an EBITDA of Rs. 7,753 million in 2023/24, marking a 3.6 per cent improvement year-on-year.

Unlocking human potential through an empowering culture

The wellbeing of our people being a key priority, we implemented several initiatives to create an inclusive working environment. In our commitment to empowerment, we rolled out projects to encourage female participation in non-traditional roles and leadership positions. Ensuring the safety and security of our employees, guests and suppliers remains a top priority, with robust health and safety measures implemented across our properties. Our dedication to Learning and Development (L&D) continues to be at the heart of our service delivery as we cultivate a future-ready workforce. The introduction of the Cinnamon Online Academy

underscores our dedication to continuous learning within our 'Cinnamon' family. This tailored platform caters to diverse educational needs, offering unparalleled flexibility and accessibility. Since its inception, the Academy has provided over 100 courses, nurturing personal and professional growth. Looking ahead, we are poised to unveil 70 additional courses, reaffirming our commitment to equipping our employees with the necessary skills to successfully thrive in a dynamic business environment.

Driving Operational Excellence

Throughout the reporting period, our Group remained committed to leveraging technology in addition to our diverse global and local expertise to cultivate a more flexible, streamlined, and productive business model. An investment was made to implement the Opera Cloud PMS system across three Maldivian properties that supports the properties in overseeing all areas of operations, encompassing both guest-facing and internal functions such as rate management, and reporting. With its seamless integration with various applications, Opera Cloud facilitates the utilisation of third-party platforms to elevate the guest experience from pre-arrival to post-checkout. Looking ahead, Opera Cloud is scheduled for implementation at Sri Lanka Resorts and 'Ellaidhoo Maldives by Cinnamon' in 2024/25.

Nurturing the Planet

As we operationalise our business model focusing on long-term success, we recognise our responsibility to ensure that our business operations contribute positively to the environment and conservation of the earth's ecosystem. In 2023/24, we continued our focus on the Rainforest Restoration project, replanting 20,000 native plants in the buffer zone of the Sinharaja Forest. Our team of biodiversity specialists and naturalists led this project, including implementing initiatives aimed at protecting endangered species of wildlife and marine life. In the Maldives, 323 artificial reef cubes were placed in Alifu Alifu Atoll to foster marine habitat and promote biodiversity. Conserving and preserving the biodiversity of the planet whilst maintaining a balanced ecosystem amidst several climate risks is a formidable challenge. Nevertheless, we remain steadfast in our commitment to utilising environmental resources optimally to uphold essential ecological balance for long-term sustainability. In this respect, we are aligned with the United Nations Sustainable Development Goals (UN SDGs) which advocate for sustainable tourism development, where our focus ranges from preserving biodiversity to eliminating plastic pollution and safeguarding the treasures of the ocean, such as coral reefs. Our efforts are documented in detail in the Sustainability Report.

Recognition

Our ongoing commitment to creating a sustainable brand continues to garner recognition both locally and internationally. During the past year, we received the award for Sustainability Reporting in the Leisure and Connected Services category presented by the Association of Chartered Certified Accountants (ACCA) Sri Lanka. Additionally, the 2022/23 Annual Report of John Keells Hotels PLC was awarded Silver in the Hotel Companies category at the TAGS Awards 2023 conducted by the Institute of Chartered Accountants of Sri Lanka. Further, John Keells Hotels PLC was ranked sixth in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL), with a 97 per cent score for transparency in disclosure practices. Cinnamon Citadel Kandy received the sector award at the National Occupational Safety and Health Excellence Awards, showcasing the safety standards upheld in the Cinnamon Resorts chain. Our commitment to excellence in hospitality was further affirmed with awards such as, Gold for Cinnamon Wild Yala under the category of Leading Wildlife Lodge/Tented Camp, Silver for Cinnamon Citadel Kandy under the category of Best River Front Hotel and Gold for Cinnamon Dhonveli Maldives received for 'Leading Surf Hotel/Resort' at South Asian Travel Awards (SATA) 2023. Cinnamon Lodge Habarana was awarded 'Sri Lanka's Leading Resort, at the World Travel Awards. Ellaidhoo Maldives by Cinnamon was awarded the 'Most Popular Hotels Worldwide Award 2024' by Holiday Check. 'Cinnamon Hakuraa Huraa Maldives was also awarded the 'Top 100 Hotels 2024' at TUI Global Hotel Awards. Further, all resorts were awarded the Gold certification by Travelife, recognised by the Global Sustainable Tourism Council.

Corporate Governance

I am pleased to state that there were no reported violations of the Group Code of Conduct and Code of Business Conduct and Ethics of the Code of Best Practice of Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka. I also wish to affirm our commitment to upholding Group policies, where emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and any work-related situations.

Integrated Reporting

This Report has been prepared in conformance with the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC). The Board of Directors are responsible for ensuring the accuracy and integrity of this Annual Report. We confirm, to the best of our knowledge,

CHAIRPERSON'S MESSAGE

the credibility, reliability, and integrity of the information presented, and in this regard, external assurance has also been sought from independent auditors, as applicable.

Future Focus Global Tourism

The UNWTO projects a full recovery to pre-pandemic levels in CY2024, estimating a 2 per cent growth above CY2019 levels, underpinned by the release of the residual pent-up demand, improved air connectivity and the robust rebound of the Asian markets. Similarly, the World Travel and Tourism Council (WTTC) has projected a record-breaking year for travel and leisure, with tourism estimated to contribute an all-time high of USD 11.1 trillion to the global economy in CY2024.

Potential headwinds to the outlook primarily stem from the global economy, including persistent inflation, high interest rates, volatile oil prices and disruptions to trade. Geopolitical conflicts between Russia-Ukraine and Israel-Palestine may continue to weigh in on confidence and on overall recovery of the industry globally.

As per UNWTO, global travel trends for CY2024 are expected to be centered around value-conscious travel options and travel closer to home. Sustainable practices and adaptability are envisaged to become pivotal factors influencing consumer decisions. However, a significant challenge persists in the form of staff shortages, as most destinations are expected to be impacted with a shortage of labour to manage the surge in demand.

Sri Lanka Tourism

The Sri Lanka Tourism Development Authority (SLTDA) aims to attract 2.3Mn visitors in CY2024. Although arrivals are still below pre-pandemic levels, it is encouraging to witness the month-on-month pick-up in inquiries and forward bookings. The recovery trend in arrivals is expected to continue with growth across all major source markets. The strong economic growth in India and the resultant increase in travel in India is a significant opportunity for Sri Lanka, particularly considering the proximity to key Indian cities. Increased flight frequencies, particularly from India and China, is envisaged to augur well for the destination.

Tourism will continue to be a key catalyst in driving the recovery and growth of the economy, particularly in the context of the positive impact it will have on foreign exchange earnings. In December 2023, Sri Lanka launched its first global marketing campaign in 15 years titled 'You'll come back for more', which is planned to be launched in three stages. Whilst the launch of a campaign after a considerable period of time is positive, these marketing efforts should be continued on a sustained basis with a strategic focus, in order to reap the full benefits of such campaigns.

In terms of portfolio expansion, the 215-key hotel in Kandy, jointly developed by John Keells Hotels PLC (KHL) and Indra Traders (Private) Limited, is currently under development. The capital deployed for the project will be based on an asset-light investment model and the Group will maintain a 40 per cent minority equity stake in line with this strategy. The hotel is expected to commence operations in the third quarter of 2024/25.

The Group remains confident that the prospects for tourism in the medium to long-term remain extremely positive. This optimism is based on the diverse range of offerings and the potential for regional tourism, supported by the availability of a comprehensive portfolio of hotels to accommodate the expected surge in demand. Sri Lanka's potential in the tourism sector remains largely untapped, considering that the country received only 2.3 million tourists prior to the Easter Sunday attacks in CY2019, while regional tourism has experienced significant growth over the past decade.

The Bandaranaike International Airport (BIA) expansion project is a two-phase project - Phase A, which entails the construction of a new passenger terminal building was suspended in CY2022. The Government has intimated that the funding for Phase A will recommence once the debt restructure is finalised. Post completion of Phase A, the terminal will have the ability to handle 15 million passengers annually. It is imperative that these airport capacity constraints as well as tourism infrastructure are addressed swiftly to allow the country to fully capitalise on the expected boom in tourism. As an interim stop-gap measure to cater to the increasing number of tourists, the Government is in the process of awarding a contract to build a temporary terminal at the BIA.

Given the increasing traction Sri Lanka has received as a holiday destination and the unparalleled cultural and natural landscape of the country, the prospects for the Sri Lankan Resorts segment remain positive in the medium to long-term. The Group will continue its investments to expand the 'Cinnamon' footprint across the island, although primarily in line with the Group's asset-light investment strategy.

Maldives Tourism

The Government of Maldives announced a target of 2 million arrivals for CY2024. Tourism in the Maldives is expected to be driven by growth in global tourism post adjusting for the impacts of geopolitical crises. Increased capacity due to the impending completion of the Velana International Airport expansion and a rebound in Chinese arrivals, which was the single largest source market into the Maldives prior to the pandemic, will aid growth.

Potential downside risks include a slower recovery in tourism than envisaged, adverse oil prices stemming from inflationary pressures affecting long-haul travel from source markets. However, these are likely to be offset through organic growth in global tourism.

It is encouraging that the rebound in tourism into the Maldives has been primarily driven by traditional source markets, while alternate markets have also contributed significantly, demonstrating the 'pent-up' demand and the potential for arrivals. The recent rise in alternative accommodation channels of guest houses which are at a more affordable price point to the typical premium destination, has also resulted in the attraction of budget-conscious travellers, which is envisaged to continue going forward, contributing to a change in the mix of overall arrivals. This may present a challenge for the hotels and resorts across the industry, which will also exert pressure on the Group's Maldivian properties.

The performance of the Maldivian Resorts segment is expected to continue its upward trajectory, given ongoing infrastructure developments and the Government's focus on developing the tourism industry. The Group remains confident of the ability to capitalise on the envisaged growth in tourism in the medium to long-term. The segment will continue to work closely with key tourist market operators to better position and market its refurbished room inventory, whilst growing direct bookings through online platforms.

Acknowledgements

I take this opportunity to thank my colleagues on the Board for their invaluable guidance and constant support. I also wish to convey my appreciation to our management team and staff for their untiring effort, commitment and drive. Finally, I wish to convey my sincere appreciation to all our stakeholders including our tour operator partners, guests and shareholders for their continued support.



K N J Balendra
Chairperson

21st May 2024

CINNAMON HOTELS & RESORTS IN 2023/24

STRATEGY SCORECARD - GROUP



Prosperity

KPI-Group	Measure	FY 2023/24	FY 2022/23
Revenue measures and financial performances			
Group net revenue	Rs.'000	30,739,251	28,835,400
Revenue Per Available Room (RevPAR) growth			
Sri Lanka	%	103	83
Maldives	%	6	10
EBITDA	Rs.'000	7,753,145	7,485,579
EBIT	Rs.'000	2,816,942	2,097,971
Loss before tax	Rs.'000	(65,195)	(604,033)
Loss after tax	Rs.'000	(439,005)	(332,544)
Finance position			
Total assets	Rs.'000	79,899,540	87,096,334
Net debt (excluding lease liabilities)	Rs.'000	21,182,861	23,757,638
Net debt (including lease liabilities)	Rs.'000	40,572,101	46,565,520
Total shareholders' funds	Rs.'000	31,284,532	32,598,402
Net cash flows from operating activities	Rs.'000	6,067,989	5,570,841
Profitability margin			
Gross profit margin	%	62	63
EBITDA margin	%	25	26
Debt to equity ratio			
Interest-bearing debt (excluding lease liabilities)/equity	Times	0.72	0.54
Data per issued share			
Earnings/(loss) per share	Rs.	(0.30)	(0.22)
Net assets per share	Rs.	21.41	22.32
Market/shareholder information			
Number of ordinary shares outstanding	Number'000	1,456,147	1,456,147
Market price of share as at 31 March	Rs.	18.60	18.90
Market capitalisation	Rs.'000	27,084,334	27,521,178



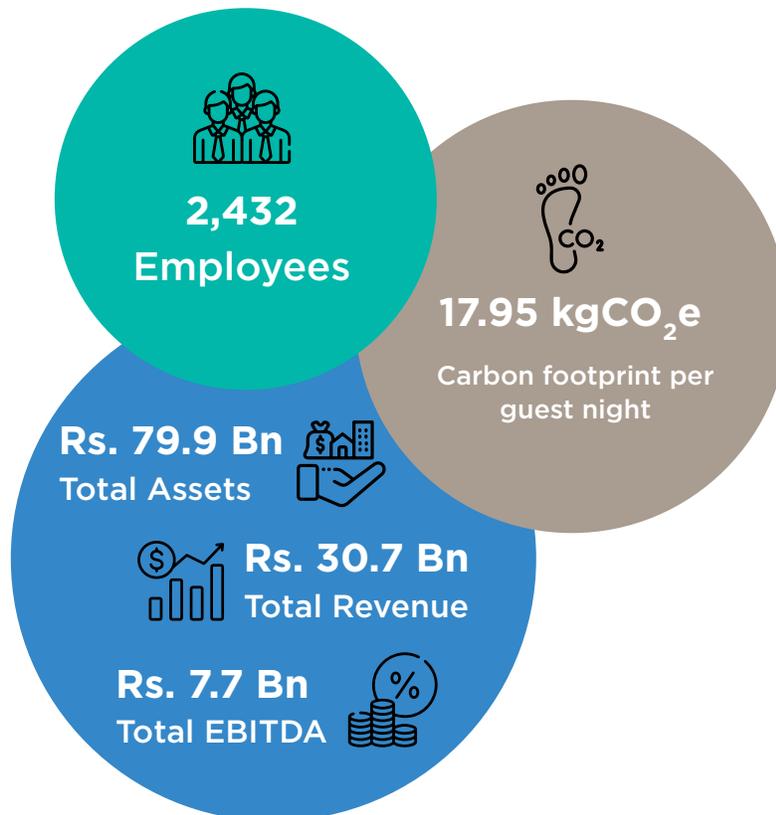
People

KPI-Group	Measure	FY 2023/24	FY 2022/23
Female participation in the workforce	%	14	11
Female representation in leadership	%	16	13
Investment in training	Rs. Mn	52	76
Total training hours	Hours	162,864	164,099
Average training hours/employee	Hours	63	66
Workplace injuries	No.	59	45



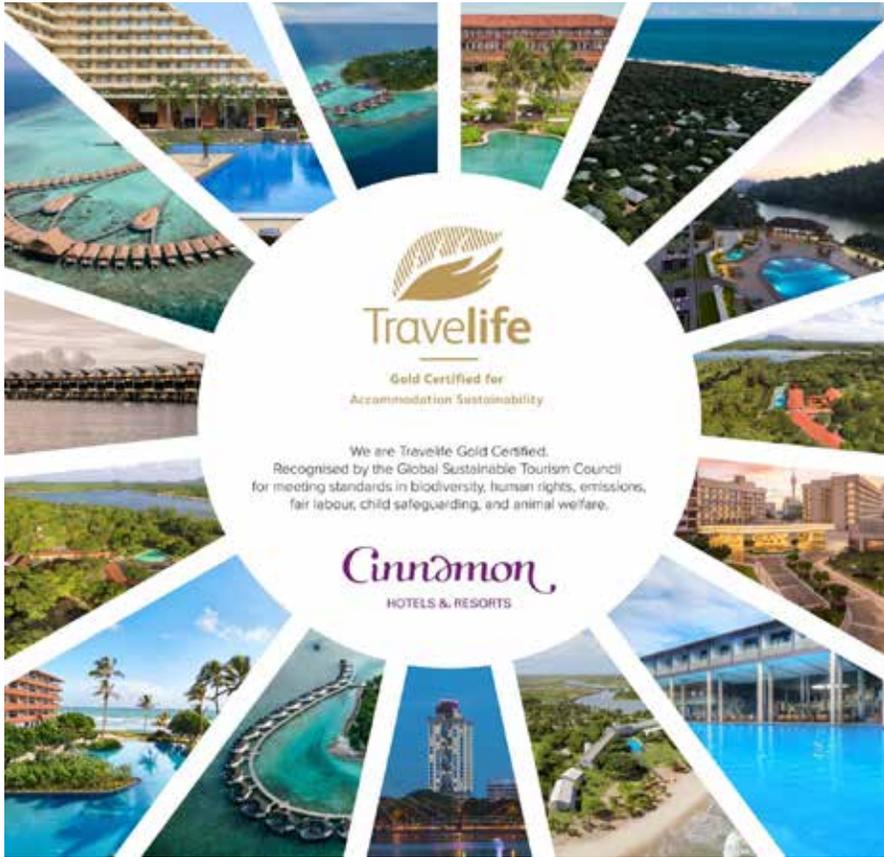
Planet

KPI-Group	Measure	FY 2023/24	FY 2022/23
Carbon footprint	kgCO ₂ e	16,640	26,493
Carbon footprint per guest night	kgCO ₂ e	17.95	20.17
Water withdrawn	m ³	720,545	680,067
Water withdrawn per guest night	Litres	470	473
Total waste	MT	2,311	2,260
Waste disposed per guest night	Kg	0.26	0.32



CINNAMON HOTELS & RESORTS IN 2023/24

AWARDS AND ACCOLADES



Travelife Certification for all Sri Lankan Resorts and the Maldives Resorts



SATA Awards -

Gold - Leading Wildlife Lodge, Tented camp - Cinnamon Wild Yala

Gold - Leading Surf Hotel/Resort - Cinnamon Dhonveli Maldives

Silver - Leading Riverfront Hotel/Resort - Cinnamon Citadel Kandy

John Keells Hotels PLC was ranked 6th in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL) with a 97% score for transparency in disclosure practices. This ranking is based on an assessment of corporate disclosure practices among the top 125 companies listed on the Colombo Stock Exchange



SLIM DIGIS 2.3 Bronze Award for Digital Communication in the Hospitality, Leisure, Travel & Tourism Category for the Maldives Resorts Go Premium (Part II) Campaign



Silver Award in the Influencer Marketing Category for the Influencing Perception Change in India Campaign.



Cinnamon Citadel Kandy won the National Occupational Safety and Health (NIOSH) excellence award under Tourism & Hotels sector



ACCA Sri Lanka Awards for Sustainability Reporting 22/23 Winner - Leisure and Connected Services for Sustainability Reporting (For the 2nd consecutive year)

OUR STRATEGIC DIRECTION

Our purpose of curating emotional experiences to inspire stories that connect remains at the heart of our brand and culture and is, therefore, unchanged.

To make it happen, we have fine-tuned our strategic pillars to sharpen our mindset for success and accelerate our growth by capitalising on what we have built. Over the long term, with disciplined execution, our strategy drives the growth of our brand in the markets that we operate.

Our strategy is designed to create value for all our stakeholders, fostering sustained growth in cash flows and profits, a testament to our unwavering commitment to our partners.



HOW WE CREATE VALUE

INPUT We Employ

Natural Capital

33,585,294.84 GJ energy consumed

156,894.03 L water consumed

16,740 tCO₂e equivalent Scope 1 & 2 emissions

Materials

The direct purchase value of **Rs. 22,853 Mn**

Human Capital

1,726 colleagues in Sri Lanka

706 colleagues in the Maldives

Knowledge

Training and development – 66% training coverage

Infrastructure

454 keys in the Maldives

1,022 keys in Sri Lanka

Central Purchasing office in Colombo

Corporate headquarters in Colombo

120 Acres of freehold land

132 Acres of leasehold land

Technology and Digital

Cinnamon Hotels & Resorts brand page

Implementation of Opera Cloud property management system

Financials

Strong track Record

An optimised balance sheet

Liquid share

Brand

Global recognition

We curate emotional experiences to inspire stories that connect

Operate with Excellence

We operate eight resorts in Sri Lanka and 4 resorts in the Maldives



Drive Guest Satisfaction

We produced **484,183** guest nights in Sri Lanka and **280,425** guest nights in the Maldives



Hotel Operation

- Cinnamon brand standards
- Standardised processes
- Focus on revenue management

Sales Management

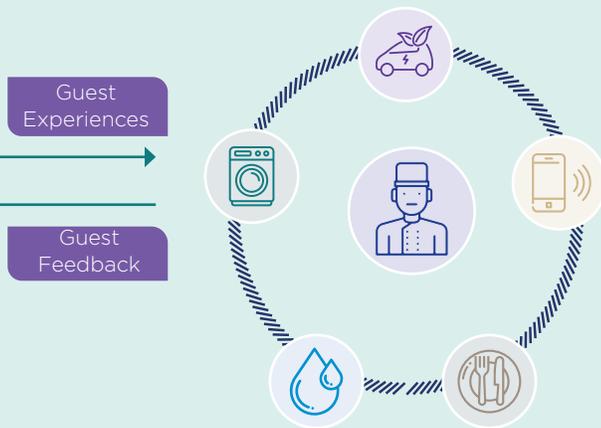
- Global network of sales offices
- Focus on data analytics

Cinnamon Hotels & Resorts

Cinnamon resorts is committed to drive positive change and create sustainable business by establishing long-term and sustainable partnerships with our key upstream and downstream stakeholders, suppliers, business partners, and guests. These strong relationships with our key stakeholders are crucial to the sustainable growth and competitiveness of Cinnamon.

Responsible Business

As being a champion in responsible tourism, we are embodying a commitment to social responsibility. We are dedicated to work to increase diversity, equity, and inclusion in our company, increase worker engagement, and ensure we uphold and promote human rights in our company and in the value chain.



Stakeholders

- Transparency in governance
- Data security

OUTPUT We Create

Guest - curate emotional experiences to inspire stories that connect

Overall Net Promoter Score (NPS) - **76.27**

Overall Global Review index (GRI)- **94.73%**



People

A safe and inspiring workforce - The wellbeing and professional development of our employees.

Diversity, Equity and Inclusion (D,E & I) - Focus on increasing female participation in the workforce and providing career opportunities for persons with disabilities.



Planet

Elimination of single use plastic from guest experience

Demonstrates commitment to sustainable tourism and responsible business practices.

Minimisation of carbon footprint

Continuous monitoring of the carbon footprint generated by operations and implementation of demand-side management strategies.

Positive impact on destinations

Positive impact on the economic and social development of destinations and the industries that form part of the value chain.

Biodiversity management

Responsible management of natural resources, measuring the impact that Cinnamon Hotels & Resorts' activities may have on ecosystems and biodiversity.



Prosperity

Total revenue of **Rs. 30,739 Mn**

EBITDA of **Rs. 7,753 Mn**

GLOBAL MACROECONOMIC OUTLOOK AND THE TRAVEL INDUSTRY

The era of unprecedented challenges and a rapidly changing business landscape

The global economy showed signs of resilience in 2023 and is expected to recover from a multitude of economic woes including the COVID-19 pandemic, Russia's invasion of Ukraine, and the cost-of-living crisis. Inflation is declining more rapidly than anticipated from its 2022 peak, causing less impact on employment and economic activity than expected. This improvement is due to favourable supply-side changes and central banks' tightening of monetary policy measures, which have successfully anchored inflation expectations. At the same time, high interest rates aimed at fighting inflation and a withdrawal of fiscal support amid high debt are expected to weigh on growth in 2024.

Growth Outlook

Global growth, forecasted at 3.1 per cent in 2023, is anticipated to maintain this rate in 2024 before seeing a slight increase to 3.2 per cent in 2025. The projected global growth for 2024 and 2025 falls below the historical annual average of 3.8 per cent (2000-19), attributed to restrictive monetary policies, reduced fiscal support, and sluggish underlying productivity growth. Advanced economies are predicted to witness a slight growth slowdown in 2024, followed by a recovery in 2025, with the euro area bouncing back from subdued growth in 2023 and a moderation in U.S. growth. Emerging markets and developing economies are expected to sustain stable growth throughout 2024 and 2025, albeit with regional disparities.

Inflation Outlook

Global headline inflation is forecasted to decrease from an estimated 6.8 per cent in 2023 (annual average) to 5.8 per cent in 2024 and further down to 4.4 per cent in 2025. Advanced economies are anticipated to experience a quicker disinflation, with inflation dropping by 2.0 percentage points in 2024 to 2.6 per cent, compared to emerging market and developing economies, where inflation is projected to decrease by only 0.3 percentage points to 8.1 per cent. Overall, approximately 80 per cent of the world's economies are expected to observe lower annual average headline and core inflation in 2024.



Projected GDP growth of main feeder markets

Country	Projected real GDP growth		% share of tourist arrivals to Sri Lanka in 2023**	% share of tourist arrivals to the Maldives in 2023**
	2024*	2025*		
India	6.5	6.5	20	11
Russia	2.6	1.1	13	11
China	4.6	4.1	5	10
Germany	0.5	1.6	7	7
France	1.0	1.7	3	3
UK	0.6	1.6	8	8

*Source - IMF

** source - SLTDA

*** source - Tourism ministry, Maldives

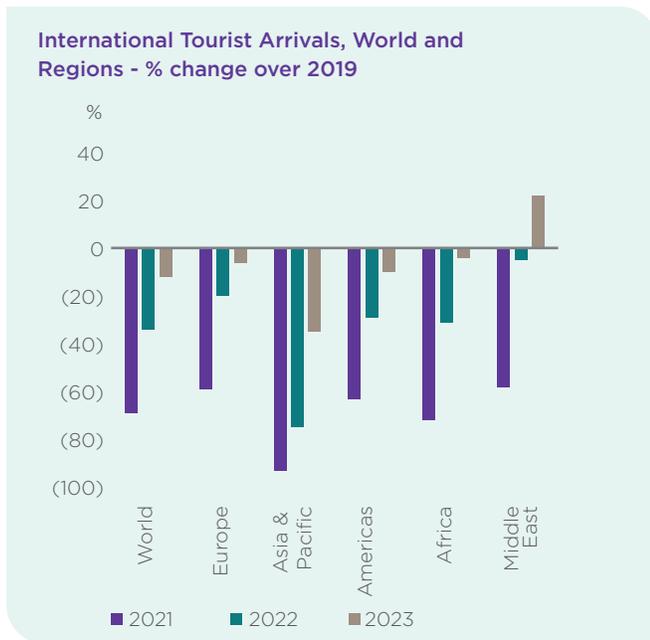
In 2023, international tourism staged a remarkable recovery, reaching 88% of pre-pandemic levels, buoyed by robust pent-up demand. This resurgence is anticipated to culminate in a full pre-pandemic recovery by 2024.

Key Highlights Include:

- Worldwide, an estimated 1.286 billion international tourists (overnight visitors) were tallied in 2023, marking a notable 34% increase from 2022, equivalent to 325 million more tourists.
- The Middle East spearheaded the recovery among regions, surpassing pre-pandemic level arrivals by 22%, making it the sole region to achieve such a feat.
- Europe achieved 94% of its pre-pandemic tourism levels in 2023, while Africa and the Americas reached 96% and 90%, respectively.
- Asia and the Pacific made strides, reaching 65% of pre-pandemic levels, and a gradual recovery has been observed since the beginning of 2023.
- Noteworthy subregions such as North Africa, Central America (both +5%), Southern Mediterranean Europe, and the Caribbean (both +1%) exceeded pre-pandemic levels in 2023.
- Total export revenues from tourism, including passenger transport, approached USD 1.6 trillion in 2023, nearly 95% of the USD 1.7 trillion recorded in 2019.
- Preliminary figures for tourism direct gross domestic product (TDGDP) indicate USD 3.3 trillion in 2023, constituting 3% of global GDP, on par with 2019 levels, propelled by both domestic and international travel.

Looking ahead, international tourism is poised to fully bounce back to pre-pandemic levels in 2024, with initial projections forecasting a 2% growth over 2019 levels in international tourist arrivals.

Despite these positive indicators, economic and geopolitical hurdles persist, posing significant challenges to the sustained recovery and confidence levels within the international tourism sector.



Source - World Tourism Organisation

Megatrends Shaping Our Industry

The global tourism industry is undergoing profound changes.



Climate Change

The looming climate crisis is poised to exert pressure on the ecosystems of the destinations in which we operate. With mounting expectations for concrete climate action and the reduction of greenhouse gas emissions, there's a growing imperative to respond proactively.



Digitalisation

Digital innovation and technological transformation are fundamentally changing strategies and practices in decision-making, personalised guest experiences, and staying ahead of the competition.



Dietary shifts

Consumers are increasingly driving diets towards healthier, sustainable choices with more plant-based nutrition.



Zero Waste and Circular Economy

Resource scarcity, growing sustainability awareness, and increased consumer pressure are pushing towards a more circular economy. This is driving increased interest in recycling single-use plastics and minimising waste from our operations.



Increasing Focus on Sustainability

Cinnamon Hotels & Resorts ensures the balance between the three pillars of sustainability (planet, people, and community) is at the core of our business. We are committed to providing a high standard of hospitality and related services in a manner that ensures a safe and healthy workplace for our employees while minimising our potential impact on the environment and neighbouring communities.



Blended Travel

The rebound in business travel has reignited another trend – blended travel, where business and leisure are combined into one stay by either taking the time to explore the local destination during a business or work trip or by adding a holiday onto the beginning or end of a business trip or conference



TOURISM INDUSTRY AT THE FOREFRONT OF SRI LANKA'S ECONOMIC RECOVERY

Following the most profound economic upheaval in recent memory, the Sri Lankan economy persists in its journey towards recovery and stabilisation, notwithstanding ongoing challenges. A notable turning point emerged in the third quarter of 2023, signifying a pivotal moment for Sri Lanka's economic landscape. After enduring six consecutive quarters of decline, real GDP growth rebounded strongly, recording a positive growth rate of 1.6%. This resurgence can be attributed to the swift implementation of significant policy interventions by both the Government and the Central Bank of Sri Lanka, alongside a strong resurgence of the tourism industry and increased worker remittance to the country. These measures played a crucial role in averting further exacerbation of the existing economic crisis and restoring much-needed macroeconomic stability.

The economic reform initiatives undertaken by Sri Lankan authorities are demonstrating their initial indicators of success and recovery. It is imperative that the authorities remain committed to the economic reform agenda to uphold economic stability and foster growth, which will contribute to sustained, long-term economic recovery. The sustained recovery of the economy will alleviate the strain on both individuals and businesses that have endured the repercussions of the crisis.

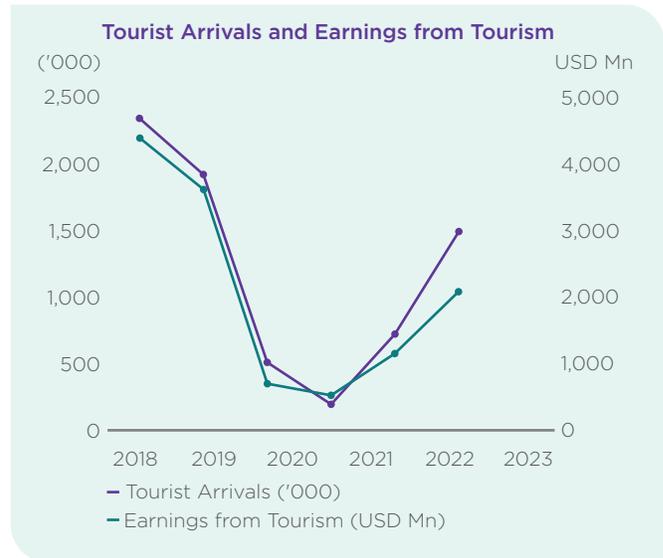
2024, A DECISIVE YEAR FOR THE TOURISM INDUSTRY

2024 is expected to consolidate the long-awaited recovery of tourism in Sri Lanka. The industry has faced significant challenges since the Easter Sunday attack in 2019 and the subsequent COVID-19 pandemic. Just as the threat of COVID-19 seemed to be receding, the country was hit by its worst economic crisis.

The government of Sri Lanka is placing great emphasis on reviving the tourism industry by promoting Sri Lanka as one of the world's foremost choices and destinations for tourism. This includes exploring new tourism drivers, making greater use of digital technology, implementing measures to ensure tourists' safety, and understanding travellers' changing needs.

Sri Lanka's tourism industry is a vital component of the country's economy, contributing significantly to its GDP and providing employment to many people.

The tourism sector is expected to provide an impetus for the post-pandemic recovery of the country's economy despite the impact of geopolitical tensions and the challenging domestic sociopolitical environment.

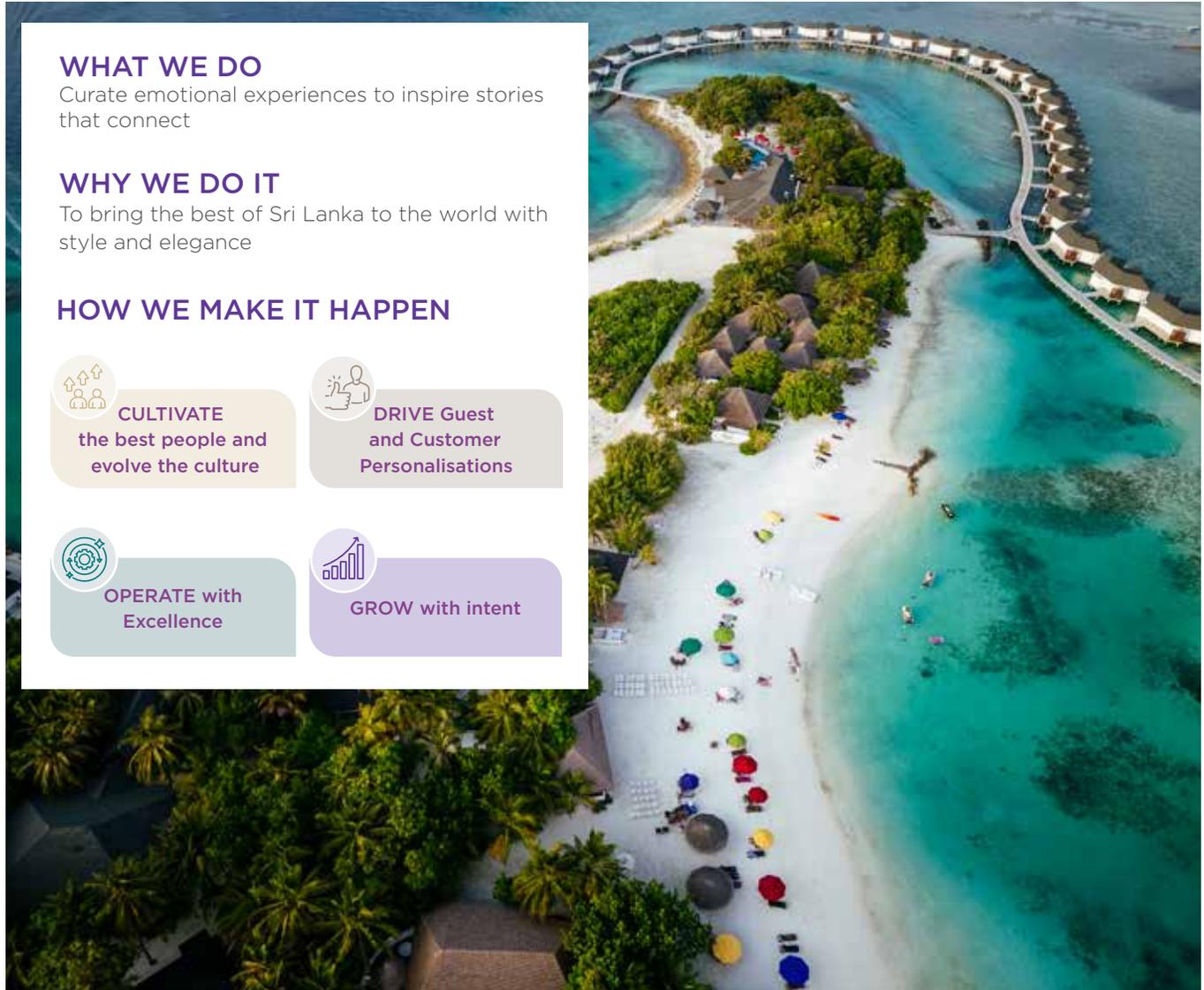


John Keells Hotels PLC, one of the country's largest hoteliers, is poised to play a significant role in promoting Sri Lankan tourism. Faced with an unprecedented crisis, John Keells Hotels PLC managed to resist, assist, and bounce back. Our Sri Lankan resorts reported a robust financial result for 2023/24 posting EBITDA of Rs. 1,420Mn, a surge of 862% from last year.



OUR STRATEGY

With last year's integrated report, we launched our overarching ambition to "Bring the best of Sri Lanka to the World with Style and Elegance." We have moved further during 2023/24 to put these into action.



WHAT WE DO
Curate emotional experiences to inspire stories that connect

WHY WE DO IT
To bring the best of Sri Lanka to the world with style and elegance

HOW WE MAKE IT HAPPEN

- CULTIVATE** the best people and evolve the culture
- DRIVE** Guest and Customer Personalisations
- OPERATE** with Excellence
- GROW** with intent

Our Values



Greatness



Trust



Compassion



Agility



Curiosity



Wellbeing



Inclusivity

Our purpose is to curate emotional experiences to inspire stories that connect and remain at the core of our brand.

Our strategy is based on four imperatives that help us live out our Vision, which is to bring the best of Sri Lanka to the world with style and elegance. They represent the most material action areas we will focus on overtime to operationalise our vision.

OUR STRATEGY



CULTIVATE the Best People and Evolve the Culture

People interaction is the core of our business. To deliver a superior guest experience, we need to attract and cultivate a highly skilled, trained, motivated, and rewarded team.

From the outset of carefully selecting talent to inculcate the Cinnamon culture and immerse them in structured training and development with opportunities to climb the career ladder, we invest in our people significantly.

Focus Areas



- Increase female participation in the workforce
- Increase female representation in leadership
- Improve participation of differently-abled persons in the workforce
- Introduce equal parental leave scheme
- Prioritising the wellbeing of our colleagues
- Human rights protection
- Empowerment through employment

Please refer pages 68 to 79, "Our People"



DRIVE Guest & Customer Personalisation

As tourist traffic to the country continues to rise, meeting the expectations of a discerning traveller segment is paramount to securing returning customers. To achieve this, we have revamped our digital platforms to seamlessly integrate the services we offer. OPERA Cloud merges various service delivery platforms to craft an exceptional guest experience while empowering our employees to uphold superior standards of customer service. Further, there was no non-compliance regarding product and service information, labelling or marketing communications during the year.

Managing our Customer Journey

Cinnamon Hotels and Resorts have implemented vigorous quality assurance framework. The entire guest experience is governed through policies, procedures, standard operating procedures (SOPs) and product standards. This financial year, the governing documents have been subjected to a review process to ensure excellence in the customer experience.

A fully fledged online customer review management tool has been implemented across all Cinnamon Hotels and Resorts ensuring that our guests have every opportunity to respond with their compliments and complaints. Net Promoter Score (NPS), Global Review Index (GRI), ranking against our competitors are the main KPIs that are implemented and measured on a periodic basis. Cinnamon Hotels & Resorts have maintained an excellent Net Promoter score of 73.94 and a Global Review Index of 94.1% in 2023/2024 financial year. Additionally a robust quality control system of mystery audits with Coyle hospitality and periodic brand audits have been implemented across all hotels.

Focus Areas



Digital Transformation

For a seamless customer experience, we further invested in upgrading our digital platforms. OPERA Cloud, Symphony and IDEAS platforms provided an integrated customer experience from pre-booking to post-stay follow-up.

Sustainability Attributes

We aim for our customers to recognise and value our dedication to sustainability as an integral part of their experience.



233,222 Followers



4,868 Followers



5,510 Subscribers



42,589 Followers



16,000 Followers



87,409 Followers

Please refer pages 33 to 34, "Digital Transformation"



OPERATE with Excellence

As competition intensifies, margins narrow, customer expectations evolve, and economic uncertainty prevails, our top priority is operational excellence. We aim to achieve operational resilience in every aspect of our operations while simultaneously creating a digital advantage and implementing sustainability practices that promote operational efficiency. Furthermore, by leveraging our industry expertise, both global and local, and utilising technology, we strive to ensure operational excellence across all aspects of our operations.

Focus Areas



We focused on sourcing over 70% of our supply requirements from local vendors, ensuring quality and timely delivery.

We focused on conserving and protecting biodiversity in our surroundings to enhance the value of the environment and add value to the properties.

Please refer to page 32 "Sustainable attributes"

Commitment to Excellence

Our commitment to excellence and adoption of best global practices complied with the required accreditations and certifications, permeating all relevant aspects of sustainable tourism management. There were no reports of non-compliance in any critical area of health and safety for our guests.

OUR STRATEGY

All our properties hold certifications for the following standards: ISO 45001:2018 for Occupational Health and Safety Management System, ISO 22000:2018 for Food Safety Management System, ISO 14001:2015 for Environment Management System, and Travelife Gold Certification for Accommodation Sustainability.

The Property	Food Safety	Occupational Health and Safety	Environmental Management	Sustainable Tourism
	ISO 22000:2018	ISO 45001:2018	ISO 14001:2015	LEED Certification Travelife Gold Certification
Cinnamon Bentota Beach	✓	✓	✓	Platinum status ✓
Habarana Village by Cinnamon	✓	✓	✓	✓
Cinnamon Lodge Habarana	✓	✓	✓	✓
Cinnamon Citadel Kandy	✓	✓	✓	✓
Cinnamon Bey Beruwala	✓	✓	✓	Gold status ✓
Cinnamon Wild Yala	✓	✓	✓	✓
Hikka Tranz by Cinnamon	✓	✓	✓	✓
Trinco Blu by Cinnamon	✓	✓	✓	✓
Ellaidhoo Maldives by Cinnamon	✓	✓	✓	✓
Cinnamon Dhonveli Maldives	✓	✓	✓	✓
Cinnamon Hakuraa Huraa Maldives	✓	✓	✓	✓
Cinnamon Velifushi Maldives	✓	✓	✓	✓



GROW with Intent

Businesses that strategically pursued growth while prioritising sustainability showed heightened resilience in the face of unexpected challenges, as exemplified by our own performance during this timeframe. Consequently, we remain committed to pursuing purposeful and value-driven growth that harmonises with our long-term vision and safeguards the sustainability of our business model.

Focus Areas



Diversifying our Source Markets

Strategic focus on key feeder markets - grow our customer base by offering a value-added customer proposition based on a strong brand.

Pursuing an Asset-Light Growth Strategy

The upcoming property in Kandy is designed to meet the needs of modern travellers. Strategically situated in Mahaiyawa, bordering Katugastota, it enjoys a prime location at the heart of the city and serves as a major entry point to Kandy. Set to launch in the third quarter of the financial year, it will boast the city's largest room inventory, offering 215 rooms. Guests can indulge in the experience of a rooftop bar boasting breathtaking views, capable of hosting up to 120 patrons, alongside a dining area accommodating up to 400 guests, and a conveniently located coffee lounge on the ground floor.

BUSINESS MODEL

OUR PURPOSE: WE CURATE EMOTIONAL EXPERIENCES TO INSPIRE STORIES THAT CONNECT

Hospitality transcends mere business; it's an ethos ingrained in one's heart and attitude towards life. That is why we care as much about our customers' experience as we do about the excellence of our management.



OUR VALUES

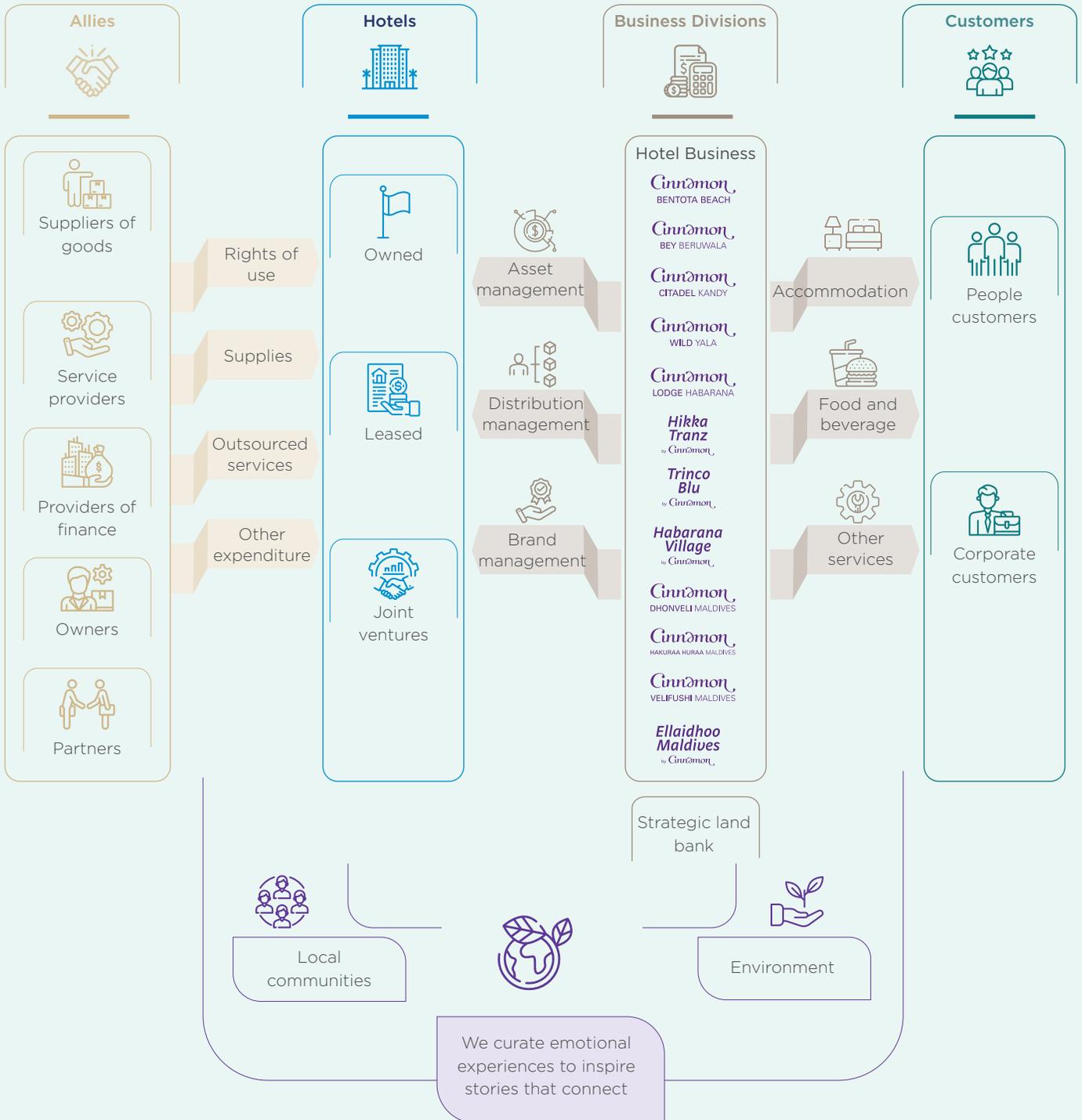
Our values translate our corporate slogan into tangible actions, showcasing the seamless fusion of heartfelt hospitality and meticulous management excellence.

Greatness	Trust	Compassion	Agility	Curiosity	Wellbeing	Inclusivity

All of them come to life through the behaviour that we encourage among all of us who form part of this large family.

BUSINESS MODEL

OUR BUSINESS MODEL



GROUP STRUCTURE



JOHN KEELLS HOLDINGS PLC
(Ultimate Parent Company)



John Keells Hotels PLC
80.32%

Company Name		Effective Holding
Fully Owned Subsidiaries		
Trinco Holiday Resorts (Pvt) Ltd	Trinco Blu by Cinnamon	100%
John Keells Maldivian Resorts (Pte) Ltd	Investment in Maldivian Resorts	100%
Travel Club (Pte) Ltd (100% by John Keells Maldivian Resorts (Pte) Ltd)	Ellaidhoo Maldives by Cinnamon	100%
Fantasea World Investments (Pte) Ltd (100% by John Keells Maldivian Resorts (Pte) Ltd)	Cinnamon Hakuraa Huraa Maldives	100%
Tranquility (Pte) Ltd (100% by John Keells Maldivian Resorts (Pte) Ltd)	Cinnamon Dhonveli Maldives & Cinnamon Velifushi Maldives	100%
Cinnamon Holidays (Pvt) Ltd	Inbound and Outbound Tour Operation	100%
Rajawella Hotels Company Ltd	Commercial Land	100%
Nuwara Eliya Holiday Resorts (Pvt) Ltd	Commercial Land	100%
Wirawila Walk Inn Ltd	Commercial Land	100%
Trinco Walk Inn Ltd	Commercial Land	100%
Ahungalla Holiday Resorts (Pvt) Ltd	Commercial Land	100%
Partially Owned Subsidiaries		
Ceylon Holiday Resorts Ltd	Cinnamon Benthota Beach	99.39%
Hikkaduwa Holiday Resorts (Pvt) Ltd (99.39% by Ceylon Holiday Resorts Ltd)	Hikka Tranz by Cinnamon	99.39%
Resort Hotels Ltd (99.39% by Ceylon Holiday Resorts Ltd)	Commercial Land	99.39%
International Tourists & Hoteliers Ltd	Investment in SL Resorts	99.33%
Beruwala Holiday Resorts (Pvt) Ltd (99.33% by International Tourists & Hoteliers Ltd)	Cinnamon Bey Beruwala	99.33%
Habarana Walk Inn Ltd	Habarana Village by Cinnamon	98.77%
Habarana Lodge Ltd	Cinnamon Lodge Habarana	98.35%
Kandy Walk Inn Ltd	Cinnamon Citadel Kandy	98.39%
Yala Village (Pvt) Ltd	Cinnamon Wild Yala	93.78%
Joint Venture		
Sentinel Realty (Pvt) Ltd	Commercial Land	50%
Associates		
Indra Hotels & Resorts Kandy (Pvt) Ltd	New property in Kandy - Under Construction	40%

BUSINESS MODEL

OUR PRESENCE

FOOTPRINT

John Keells Hotels PLC, one of the largest hotel operators in Sri Lanka, operates under the hospitality brand, "Cinnamon Hotels & Resorts". With 12 iconic properties in prime tourist destinations across Sri Lanka and the Maldives, our brand offers guests unparalleled experiences and memories by offering range of luxurious accommodations, dining experiences, and leisure activities.

Locations in Sri Lanka

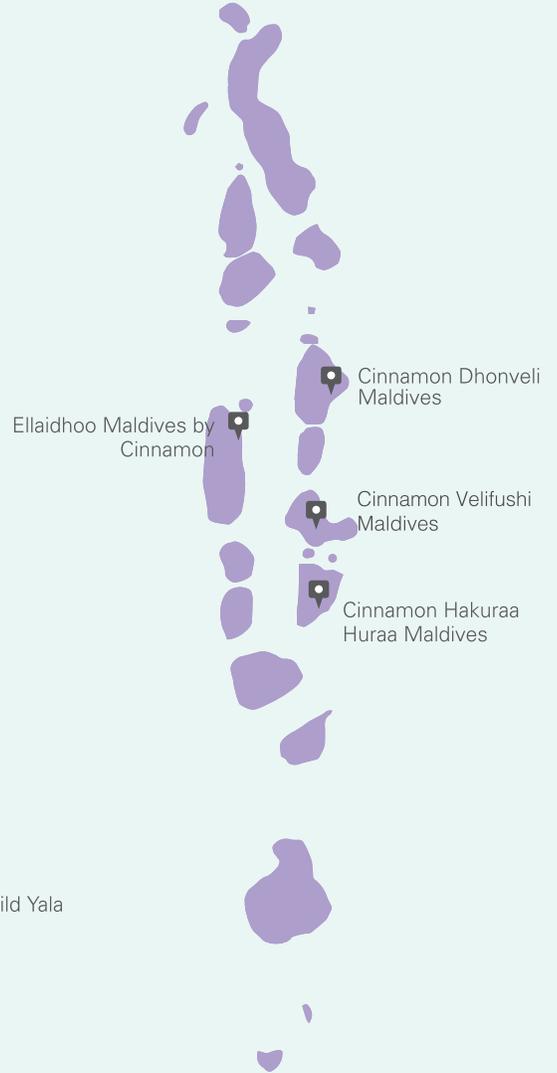


8
Resorts in Sri Lanka



1,022
Room inventory

Locations in Maldives



4
Resorts in Maldives



454
Room inventory

The Corporate Headquarters of Cinnamon Hotels & Resorts is situated at Level 28, The Offices at Cinnamon Life, 05 Justice Akbar Mawatha, Colombo 02, Sri Lanka.

SRI LANKA

Cinnamon Bentota Beach



An iconic property originally designed by the renowned Sri Lankan architect Geoffrey Bawa.

Cinnamon Bey Beruwala



A beachfront resort located in Beruwala.

Cinnamon Lodge Habarana



Located in Habarana, surrounded by over 2,000 trees providing natural habitat to a variety of wildlife.

Cinnamon Wild Yala



A wildlife resort located in close proximity to Yala National Park, one of Sri Lanka's most popular national parks.

Cinnamon Citadel Kandy



A premium resort located on the banks of the Mahaweli River.

Habarana Village by Cinnamon



A nature resort nestled on a sprawling 9-acre estate surrounded by lush greenery.

Hikka Tranz by Cinnamon



A beachside resort located on the southern coast of Sri Lanka, renowned for its beaches and coral reefs.

Trinco Blu by Cinnamon



A beachfront property located in the town of Trincomalee on the east coast of Sri Lanka.

BUSINESS MODEL

MALDIVES

Cinnamon Velifushi Maldives



A luxurious island getaway situated in the Vaavu Atoll in Maldives.

Cinnamon Hakuraa Huraa Maldives



A premium resort situated in the Meemu Atoll surrounded by one of the largest shallow lagoons in the Maldives.

Ellaidhoo Maldives by Cinnamon



An island paradise located at the edge of the largest of 22 natural atolls in the Maldives.

Cinnamon Dhonveli Maldives



A beautiful tropical island resort offering exclusive access to the classic Pasta Point surf break.

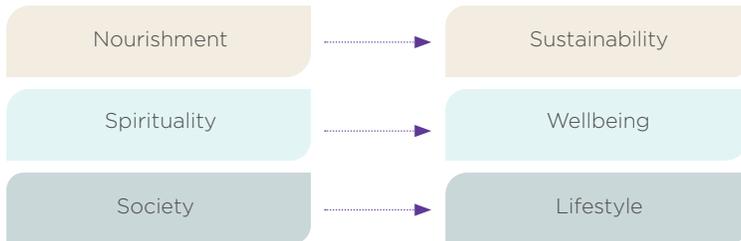
Expanding our Footprint

Our latest property, in Kandy, is under construction. This 215 - room hotel will cater to contemporary travellers. Notably, it is set to become the first hotel in Kandy to receive Leed Gold certification.



BRAND ARCHITECTURE

We are a Sri Lankan brand intending to grow our presence globally. Our portfolio aims to respond to the needs of different customer profiles, whether they are travellers committed to sustainability, lovers of responsible luxury or fans of truly unique experiences. Below are the elements that make up our brand.



Just as our customers evolve, so does our industry. With the objective of positioning the company among the leading hotel groups in the world, we have been working on a comprehensive plan that allows us to enhance the perception and positioning of our brands. To achieve this, we have designed a strategy with an eye on the future, which combines the change in our vision of the future of travel with our traditional focus on placing the customer at the heart of the business.

We have a strong focus on improving our positioning and creating a longer path into the future for our hotels.

Brand Positioning

“We are the HEART of every destination we live in.”

We know every nook and corner that must be explored in every place we call home.

We celebrate the cuisine, culture and creativity of each locale we occupy.

We empower and uplift the communities we reside in.

We are the source of experience, education, entertainment, and enlightenment on wherever we exist.

BUSINESS MODEL

SUSTAINABLE ATTRIBUTES



At Cinnamon Resorts our environment, our people and our communities are important to us and we strive to engage our guests in our environmental, social and governance initiatives so that they are able to be a part of our sustainability journey.



DIGITAL TRANSFORMATION

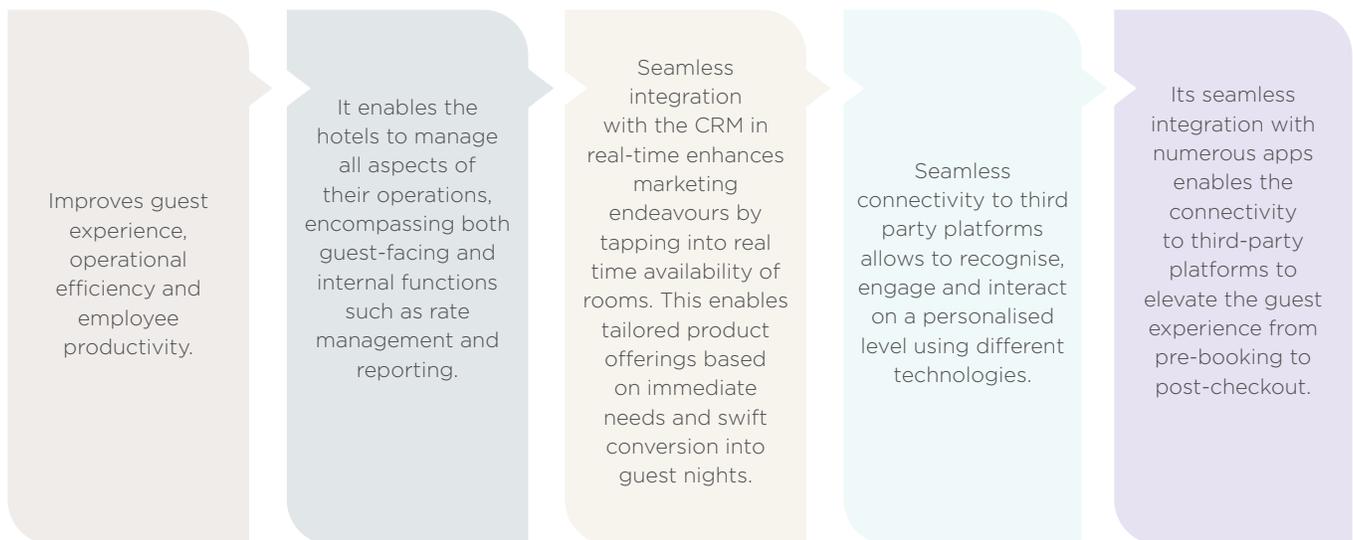
Digitalisation is no longer just an option, having become an obligation for businesses, and even more so after the pandemic. At Cinnamon Hotels & Resorts, we aim to be an active player in this paradigm shift by supporting innovation and process re-engineering with the clear objective of becoming more efficient and productive.

In 2023, we invested in Opera Cloud, the new PMS, and Ideas, the new Revenue Management System. Additionally, a new internet payment gateway was launched during the year. The brand site is being revamped, and its launch is expected by 2024.



Opera Cloud Property Management System (PMS)

The implementation of a single, centralised Property Management System (PMS) continues as planned. This will further standardise and enhance the management of hotel data and significantly boost operational and quality analytics based on standardised data.

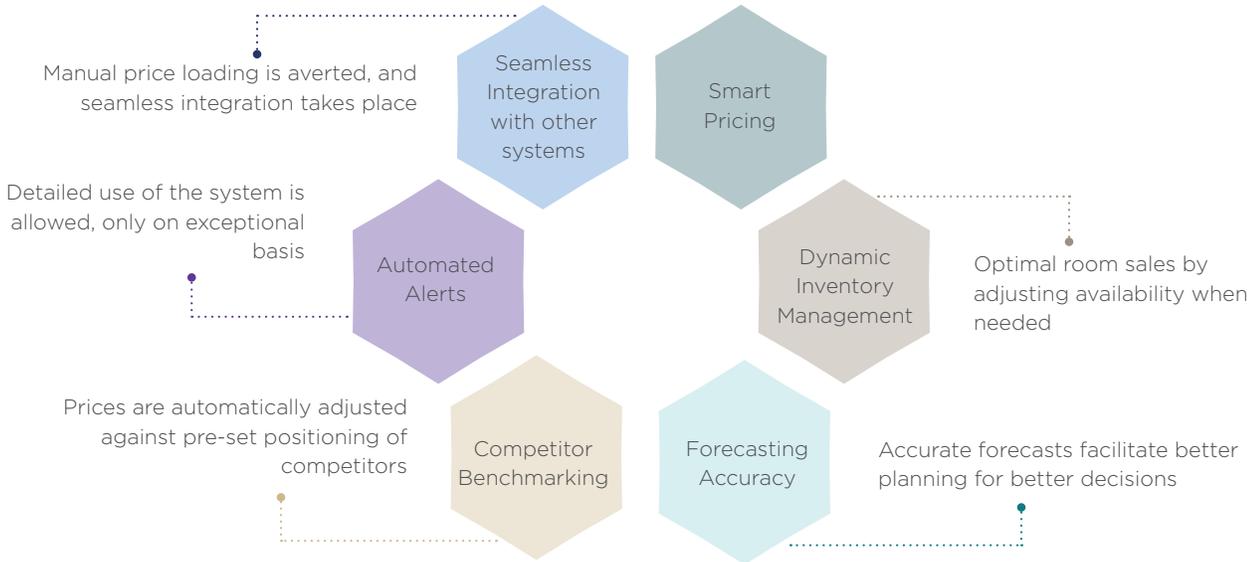


Opera Cloud PMS is currently implemented in 3 of our properties in the Maldives and we plan to roll out for all the properties in Sri Lanka and 1 property in the Maldives during the next financial year.

BUSINESS MODEL

IDEAS Revenue Management System

Ideas is an automated revenue management tool. Currently, all the properties have deployed the revenue management system.



Advanced Analytics (AA)

Commenced in 2023, AA uses complex machine-learning techniques to derive data insights. It uses predictive modelling, machine learning algorithms, deep learning, business process automation, and other statistical methods to analyse business information from a variety of data sources. This helps us make timely data-driven decisions and be first to the market when change occurs.

We use data science to go beyond traditional business intelligence to predict patterns, estimate the likelihood of events happening and find insights in data that experts might miss.

Four distinct areas of analytics :



Benefits of Advanced Analytics

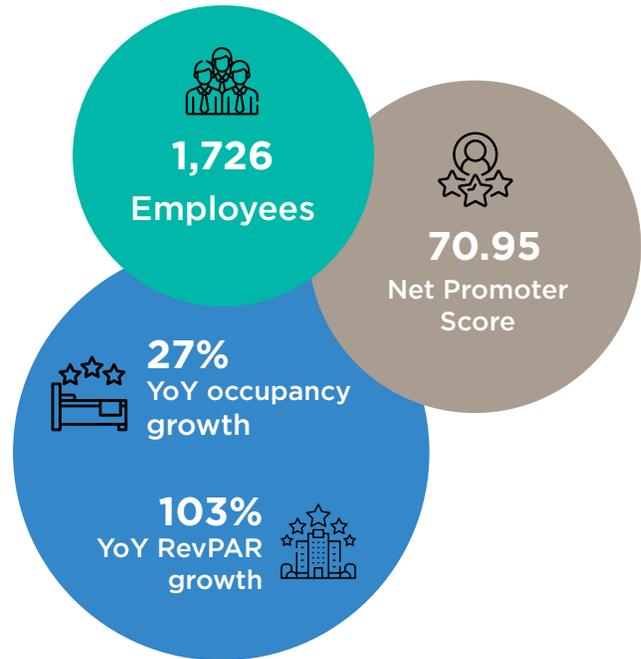
- It helps curate emotional experiences for the guests, identify customers at a personal level, and help curate their experience at Cinnamon. Personalisation is one of the key benefits that analytics can provide.
- Gives an edge over the competition as data insights help us to adapt to rapid changes in the market
- Helps the Centre Sustainability Team on energy consumption waste management and enables them to make informed decisions

MANAGEMENT DISCUSSION AND ANALYSIS

SRI LANKA RESORT CLUSTER REVIEW

Macroeconomic Development

The Sri Lankan economy entered a path towards recovery in 2023 following its deepest economic catastrophe encountered in the preceding year. This recovery was supported by rapid disinflation, improved external resilience, stronger fiscal balances, and maintained financial system stability. The swift and coordinated implementation of various policy measures by the Government and the Central Bank, along with a structural reform agenda and the International Monetary Fund's Extended Fund Facility (IMF-EFF) arrangement, enhanced overall macroeconomic stability. As stability was restored, the economy started transitioning to a growth phase. Following six consecutive quarters of contraction, the economy expanded in the second half of 2023, mitigating the annual economic contraction for the year. The notable growth in tourism receipts contributed to a surplus in the current account for the first time in many years.

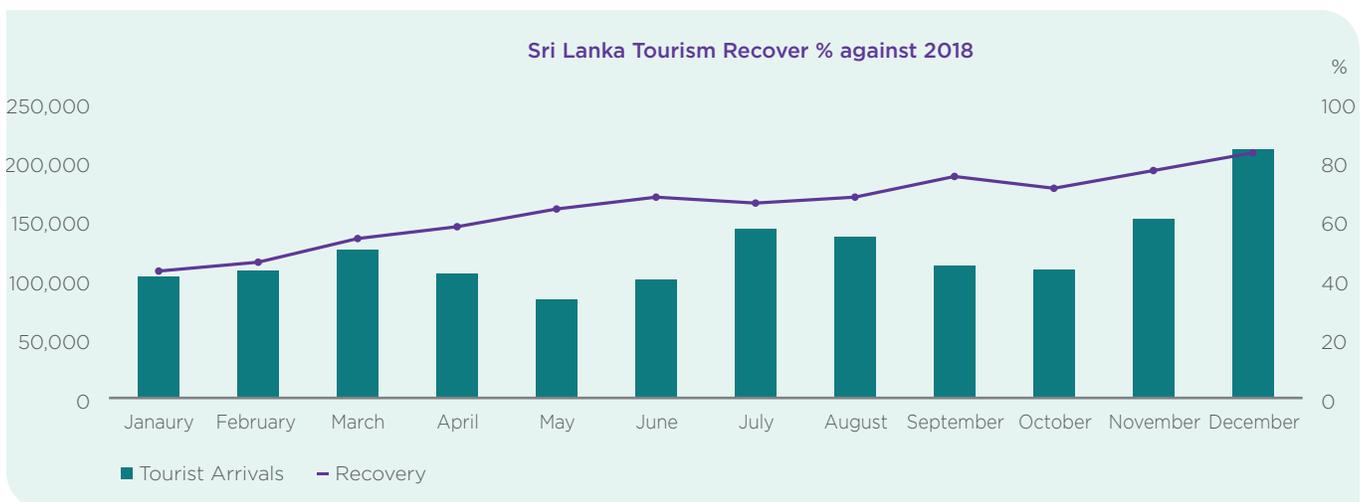


Tourism Industry

The tourism sector demonstrated remarkable resilience in 2023, with 1,487,303 arrivals, more than double the number recorded in 2022. Consequently, earnings from tourism surged to USD 2,068 million in 2023, compared to USD 1,136 million in 2022. Particularly noteworthy was the tourism sector's performance from May 2023 onwards, with a year-on-year increase of over 100%, peaking in December 2023 with 210,352 arrivals. Despite the challenges posed by the pandemic, Sri Lanka's tourism industry managed to achieve 63.7% of the total tourist arrivals recorded in 2018, a testament to the enduring allure of Sri Lanka's culture, landscapes, and hospitality.

India led as the primary source market with 302,844 arrivals, making up 20.3% of total arrivals, marking a 146% year-on-year increase. Russia followed closely with 197,498 arrivals, accounting for 13.27% of total arrivals. The UK and German markets also made substantial contributions.

Overall, arrivals remain lower than pre-pandemic levels, except for Russia, where arrivals surpassed pre-pandemic tourist arrivals. Though there is a YoY increase in tourist arrivals from the Indian market, arrivals still trail below pre-pandemic levels. Similarly, there's a notable decline in arrivals from China, influenced by border closures. There is a slow recovery in outbound travel from China.



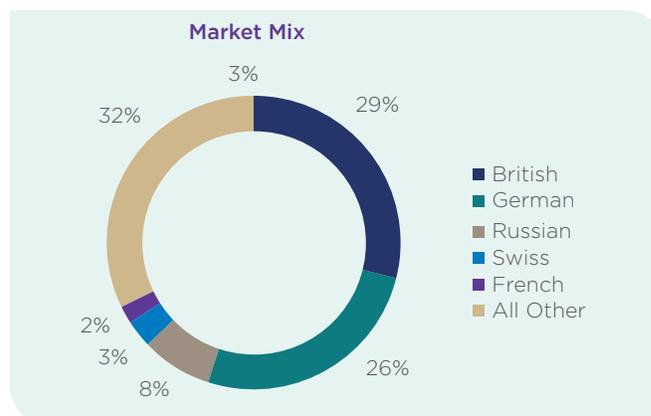
MANAGEMENT DISCUSSION AND ANALYSIS

Sri Lankan Resorts Cluster Performance

Our resorts saw remarkable year-on-year occupancy growth of 27 percentage points and RevPAR growth of 103%. Occupancy levels continued to recover strongly from the last quarter of FY 2022, extending into FY23. Russia was the primary market source market for SL Resorts, followed by the British and Indian source markets.

Sri Lankan sector occupancy was dominated by the Sri Lankan, Russian and German Markets, accounting for 21%, 20% and 10% of the total revenue rooms for FY 23/24.

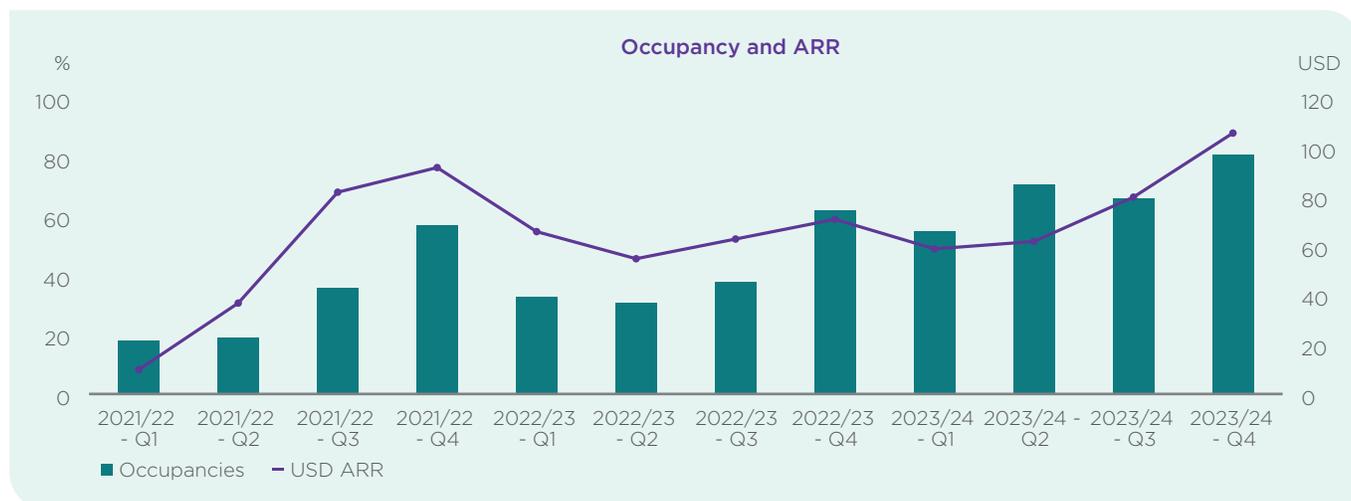
The SL Resorts cluster achieved a significant improvement in performance this year. With a GP margin of 57.5% (compared to last year's 50.7%) and an EBITDA of Rs. 1.5Bn, representing a 815% YoY increase, thereby demonstrating a notable growth. The increase in YoY tourist arrivals, in the backdrop of stabilising the economic and political environment in the country, played a decisive role in this recovery. Additionally, our proactive sales and marketing efforts, including the promotion of destination weddings and the focus on enhancing revenue from travel agents, Online Travel Agents (OTAs) and direct channel sales, further bolstered the recovery of the SL Resorts cluster.



In Rs. Mn	2023/24	2022/23	Change %
Net revenue	10,310	6,189	67%
Operating profit/(loss)	490	(1,040)	147%
EBITDA	1,501	164	816%
Total assets	26,443	24,984	6%
Total liabilities	12,921	11,977	8%

Performance of Beach Resorts

Beachfront properties particularly excelled, with occupancy rising YoY by 23 percentage points to 69%. The Russian market was the main driver of this growth. These properties generated 66% of total revenue and 84% of EBITDA for SL Resorts Cluster.



Performance of Round-trip Resorts

The occupancy of round-trip properties grew by 33 percentage points YoY to 67%. British and German tourists were the primary contributors to occupancy in these properties. Total revenue from round-trip resorts accounted for 33% of total revenue and 16% of the SL Resorts Cluster EBITDA.

Awards

- 'Cinnamon Lodge Habarana' was awarded 'Sri Lanka's Leading Resort' at the World Travel Awards
- South Asian Travel Awards (SATA) 2023:
 - 'Cinnamon Wild Yala' received Gold for 'Leading Wildlife Lodge - Tented Camp'.
 - 'Cinnamon Citadel Kandy' received Silver for 'Leading Riverfront Hotel/Resort'.

Portfolio Expansion:

In terms of portfolio expansion, the 215-key hotel in Kandy, jointly developed by John Keells Hotels PLC (KHL) and Indra Traders (Private) Limited, is currently under development. The capital deployed for the project will be based on an asset-light investment model, and the Group will maintain a 40% minority equity stake in line with this strategy. The management of the hotel will fall under the purview of the Hotel Management sector. The hotel is expected to commence operations in the third quarter of 2024/25 and will feature amenities such as an expansive rooftop bar and a swimming pool, amongst others.

Outlook

Expected tourist arrivals for Sri Lanka in FY 24/25 are approximately 2.3Mn, with India and China leading the way, followed by traditional European markets. However, arrivals from the Russian and CIS markets are projected to decline compared to the previous financial year (FY 23/24).

Despite market intense competition in the market, the SL Resorts cluster remains dedicated to maximising revenue. With positive global sentiments towards Sri Lanka's tourism industry, strong performance in room revenue and food and beverage is expected. The sector will remain vigilant to market shifts, seizing opportunities throughout the fiscal year.

Furthermore, we will continue to place a great focus on optimising direct and other operational expenses to maximise profitability while ensuring the utmost attention and care given to all our stakeholders.

In Addition, there is a heightened focus on digital transformation this year. The implementation of Opera Cloud, a centralised Property Management System (PMS), is underway as planned. This investment aims to standardise and enhance hotel data management, improving operational efficiency and analytical capabilities.

Risk

- Sri Lanka is still recovering from an economic crisis where certain imports are still restricted. This may impact the service delivery to a discerning and demanding customer base.
- Energy prices are at an all-time high, pushing up costs
- Mass talent and labour migration seeking greener pastures is exponentially high, most being the youth that is the future industry workforce
- Though stable, political uncertainty still lingers in the background
- Geopolitical conflicts impacting air transportation or shipping routes

Opportunities

- Global tourism is on the increase, and Sri Lanka will get her share
- Sri Lanka's unique attractions are varied and offer a mix-basket for holidaymakers
- Agro tourism is on the increase and is attractive
- India and China are leading the way as sources of markets from the Asian region
- Lower borrowing rates available

MANAGEMENT DISCUSSION AND ANALYSIS

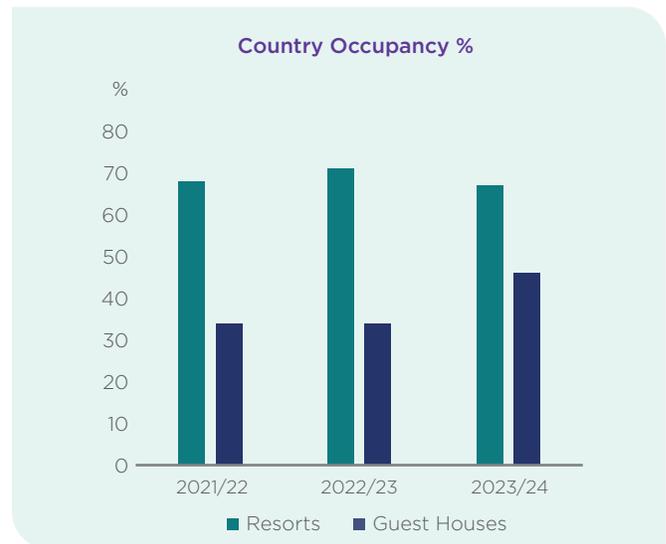
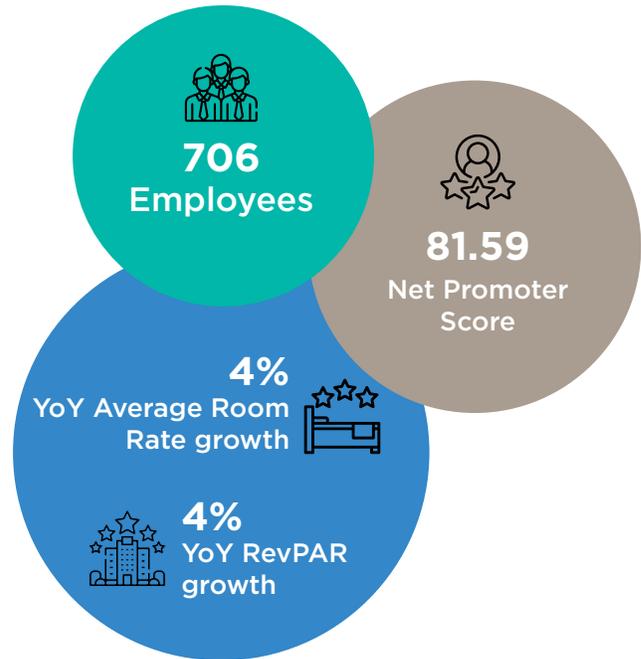
MALDIVIAN RESORTS CLUSTER

A Resilient Performance with Global Tourism Acceleration

With global tourism picking up at an accelerated pace, Maldivian resorts fared well during 2023/24. Although the first half of the year was sluggish, the momentum picked up in the second half, culminating in a strong performance, albeit at a lesser pace than expected.

The year saw a diverse range of experiences catering to various interests, from eco-friendly resorts promoting sustainability initiatives to adventurous water sports activities. The Maldives continued to attract honeymooners, luxury travellers, and eco-conscious tourists alike, offering a blend of opulent accommodations and untouched natural beauty.

In the Maldives, accommodation options cater to various preferences, namely Resorts, City Hotels, Guest Houses, & Tourist vessels, which cater to the diverse preferences of travellers visiting the Maldives, ranging from luxury seekers to budget-conscious adventurers. Each option provides a distinct experience, reflecting the unique charm and beauty of the Maldivian archipelago. The rise of guesthouses highlights changing consumer preferences towards more authentic and immersive travel experiences. While resorts offer luxurious amenities and secluded settings, guesthouses provide opportunities for cultural immersion, interaction with locals, and a glimpse into everyday Maldivian life. However, this has created immense pressure on the resort sector in the Maldives, forcing a price reduction to hold on to the market share which resorts traditionally used to dominate. As such, we experienced a decrease in the resorts' market share in the Maldives in 2023/24.

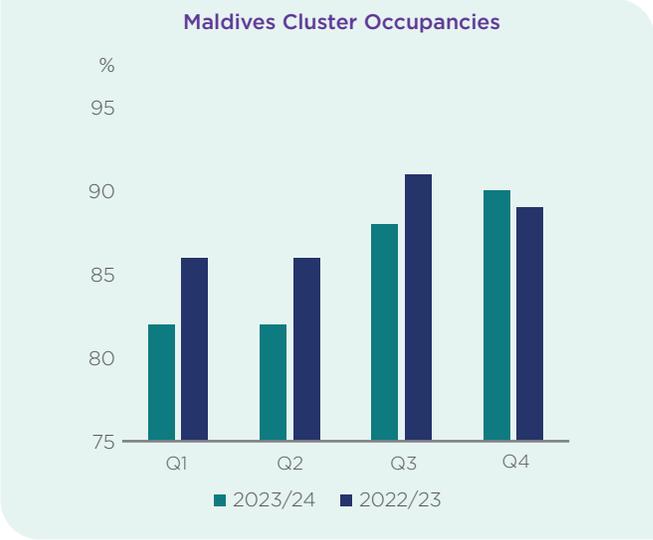


The Chinese market dominated country arrivals for the Maldives, which gained its first position for the first time after the COVID-19 pandemic. Russia, India, the United Kingdom, Germany, and Italy followed, accounting for 55% of the arrivals in total.

Maldives resorts cluster reported an occupancy of 86%, with a net turnover of USD 64 million, during the financial year. The occupancy was sluggish during the first two quarters. However, the sector gained momentum in the last two quarters, overtaking last year's numbers during the last quarter.

Sector occupancies were dominated by the British and German markets, accounting for 55% of total revenue rooms for 2023/24.

The Maldives cluster recorded an EBITDA of USD 19.5Mn, which was 30% of total revenue. This was achieved by adopting efficient and innovative cost management practices.



Awards

'Cinnamon Dhonveli Maldives'

- Awarded 'Quality Hotel' at TUI Global Hotel Awards 2024.
- 'Most Popular Hotels Worldwide Award 2024' by Holiday Check.
- Received gold for 'Leading Surf Hotel/Resort' at South Asian Travel Awards (SATA) 2023.

'Ellaidhoo Maldives by Cinnamon'

- Awarded 'Quality Hotel' at TUI Global Hotel Awards 2024.
- 'Most Popular Hotels Worldwide Award 2024' by Holiday Check.
- Received the 'Red Star Quality Award 2023' Red Star' by DER Touristik Deutschland.

'Cinnamon Hakuraa Huraa Maldives'

- Received 'Tripadvisor Travellers' Choice 2023' award.
- 'Top 100 Hotels 2024' at TUI Global Hotel Awards.
- 'Top 100 World Best Hotels 2023' at Starway Tourism Awards by Coraltravel.

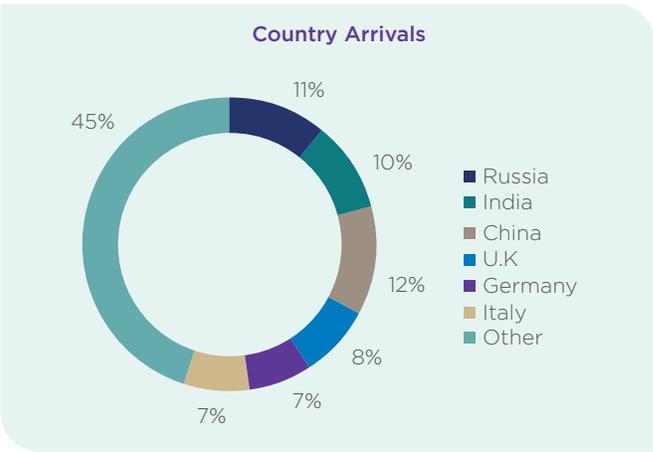
'Cinnamon Velifushi Maldives'

- Awarded 'Quality Hotel' at TUI Global Hotel Awards 2023.

International Endorsements for the Maldives

- Ranked the "World's Leading Destination" at the World Travel Awards for the last four consecutive years (2020-2023)
- Winner of the "Global Tourism Resilience Award" at the World Travel Awards 2023
- Named 'Favourite Island in Asia' at the Travel + Leisure World's Best Awards 2023
- Ranked #3 for "Best Country" at the Telegraph Travel Awards in 2023

- Key Risks**
- Geopolitical conflicts pose uncertainties regarding air transportation and import of essential items as the island is dependent on imports for food security
 - A shift in guest spending patterns that seek cheaper accommodation and the island's ability to offer such accommodation is a concern.
 - 8 new resorts were opened in 2023, and a considerable number of new resorts are planned to open in 2024, posing higher competition.
 - Cost of borrowing is on the rise.



MANAGEMENT DISCUSSION AND ANALYSIS

Opportunities

- UNWTO predicts that global travel will either par or surpass pre-pandemic levels.
- Maldives is confident of attracting 2.4 million tourists in 2024, and in the first quarter, over 600,000 have arrived, indicating the trend is on the rise.
- Almost 50% of the island's GDP is earned through tourism. As such, promotional campaigns by the private sector and the government are high, promoting it as a destination.

Outlook

The performance of the Maldivian Resorts segment is expected to continue its upward trajectory, given ongoing infrastructure developments and the Government's focus on developing the tourism industry. The Group remains confident of its ability to capitalise on the envisaged growth in tourism in the medium to long term.

The segment will continue to work closely with key tourist market operators to better position and market its room inventory whilst growing direct bookings through online platforms.

Memberships

Membership in industry associations, other membership associations, national and international advocacy organisations plays a significant role in our operations. In the past year, our resorts have established collaborations with a variety of esteemed membership associations, including the following:

- Employer's Federation of Ceylon (EFC)
- Chef Guild Association
- Ceylon Chamber of Commerce
- Sri Lanka Institute of Tourism and Hotel Management
- Sri Lanka Tourism Development Authority
- Travel Trade Sports Club
- The Hotels Association of Sri Lanka (THASL)
- Ceylon Hotel School Graduates Association



OUR ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) STRATEGY

Sustainability has always been integral to Cinnamon Hotels & Resorts' brand ethos. Our Environmental, Social, and Governance (ESG) approach is based on three fundamental pillars: protecting the wellbeing of our planet, supporting the wellbeing of our people and communities, and empowering all for sustainable development by promoting responsible business conduct.

Environmental Sustainability:

- Implementation of energy-efficient practices to significantly reduce our carbon footprint
- Conservation of water resources through effective management and utilisation practices
- Minimisation of waste generation by enhancing recycling percentage and initiatives to reduce plastic waste
- Advocacy for biodiversity conservation and protection of natural habitats

Social Responsibility:

- Promotion of employee welfare and well-being through fair labour practices and inclusive workplace policies
- Engagement with local communities, including local artisans, suppliers, individuals with disabilities, and women, through community development projects
- Support for education, health, and livelihood development programmes in neighbouring areas
- Commitment to fostering diversity, equity, and inclusion across our hotel chain and operations

Governance and Ethics:

- Adherence to high standards of corporate governance and transparency in all business operations
- Upholding ethical business practices and integrity in every interaction
- Compliance with pertinent laws, regulations, industry standards, and best practices
- Engagement with stakeholders, such as investors, guests, and partners, to ensure accountability and responsible business conduct

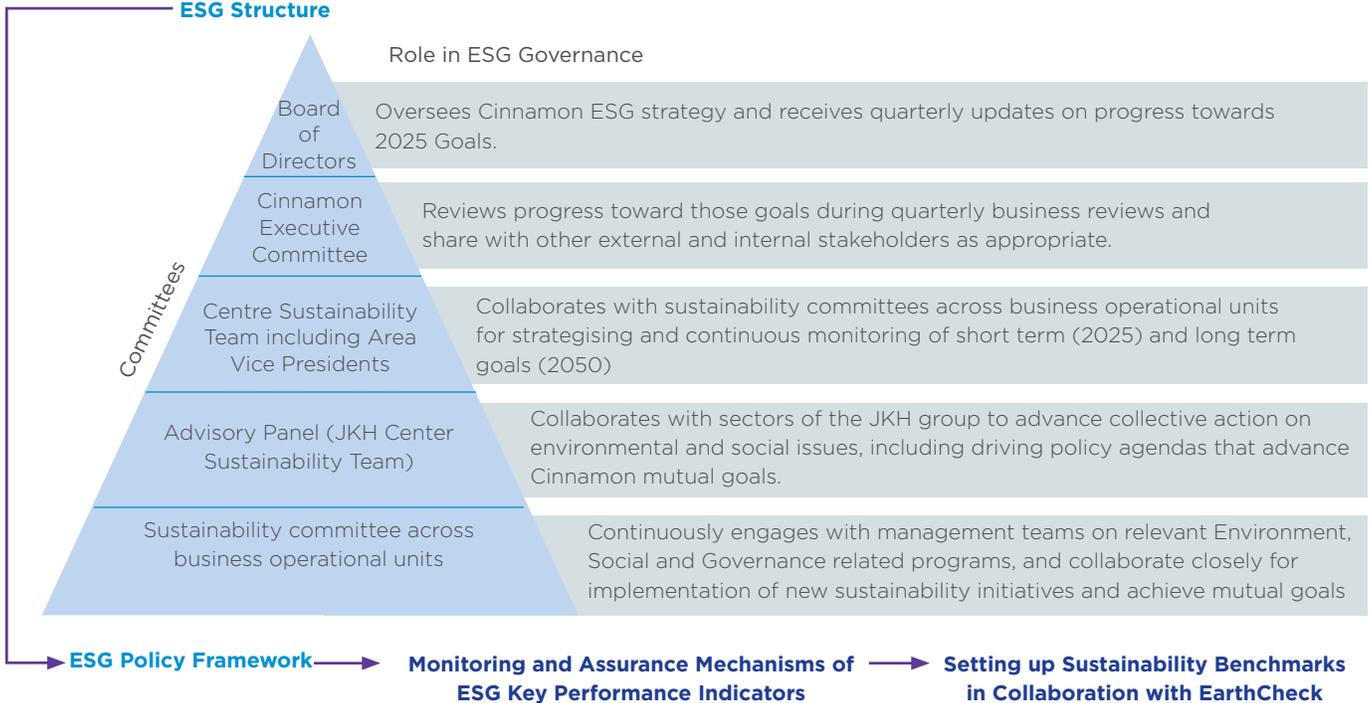
Our ESG strategy's core components showcase our steadfast commitment to sustainability, community empowerment, and ethical conduct, establishing Cinnamon Hotels & Resorts as a trendsetter in responsible hospitality industry.

In 2021, we introduced a well-defined sustainability strategy outlining specific objectives to be accomplished by 2025. This strategic initiative is designed to drive tangible environmental, social and governance advancements within our operations. Our 2025 targets are supported by clear benchmarks and are in harmony with the principles of the United Nations Global Compact (UNGC), the United Nations Sustainable Development Goals (UNSDGs), and the priorities of our nation.

Our Governance Structure

We worked towards achieving our sustainability goals for 2025 through a clearly defined strategy. Our commitment to include, implement, and monitor the progress of our ESG framework through a Sustainability Committee which has been established to strengthen governance across all business operational units and Compliance Executives have been introduced to focus on ESG matters at the resort level.

ESG Structure



Environmental Policies

- Sustainability Policy
- Environmental Policy
- Elimination of single use plastic Policy

Social Policies

- Equal opportunity Policy
- Human rights Policy
- Policy against sexual harassment
- Community engagement Policy

Governance Policies

- Data privacy Policy
- Risk management Policy
- Brand quality assurance Policy

The key ESG focus areas are continuously monitored through monthly data collection utilising an internal system within each hotel. Subsequently, the Centre Team compiles reports to oversee the progress of Key Performance Indicators (KPIs) and disseminates them to management for review.

The monthly sustainability KPI monitoring encompasses the evaluation of the carbon footprint per guest night (kg/GN), water withdrawn amount per guest night (L/GN), landfill waste per guest night (kg/GN), single-use guest-facing plastic amount per guest night (kg/GN), and volunteer hours per month.

Sustainability data is collected quarterly through the Goodera online platform. The JKH centre sustainability team then leverages this critical data to produce quarterly comprehensive sustainability assurance reports.

Furthermore, the JKH centre sustainability team conducts annual sustainability assurance audits at each hotel and third-party audits for verification purposes.

Cinnamon Resorts has implemented benchmarks to evaluate its carbon footprint, water withdrawal, and landfill waste. These benchmarks were established following an in-depth analysis by EarthCheck Pte Ltd. The analysis included comparing these metrics with similar regional hotels to facilitate a meaningful assessment. These benchmarks play a crucial role in monitoring the consumption patterns of our resorts.

In 2023, EarthCheck was commissioned to update the benchmarks. This initiative resulted in the development of 10 new benchmarks, which will be instrumental in monitoring our ESG performances starting in the financial year 2024/25.



KEY ESG HIGHLIGHTS - FY 2023/24

<p>‘Good Water’ project launched in collaboration with JKH Centre Sustainability and the MAS Foundation in Bentota and Hikkaduwa. Collected 360kg of plastic waste for the 23/24 financial year</p>	<p>Replanted 20,000 native plants in the buffer zone of the Sinharaja Forest Reserve under the “Cinnamon Rainforest Restoration Project”</p>	<p>Single use PET plastic bottles eliminated at Cinnamon Bentota Beach through the introduction of a NORDAQ glass water bottling facility</p>
<p>Clinched top spot in Leisure & Connected Services Category at ACCA Sri Lanka Awards for Sustainability Reporting 2022/23 for the second consecutive year</p>	<p>Launched “Bees that Sustain Lives” programme at Cinnamon Lodge Habarana and Cinnamon Citadel Kandy empowering 45 female beneficiaries</p>	<p>Cinnamon Citadel Kandy won the Occupational Safety and Health (OSH) award under Tourism & Hotels sector category at the National Occupational Safety and Health Excellence Awards.</p>
<p>Collaborated with The Open University of Sri Lanka, to conduct biodiversity assessments in four Sri Lankan resorts</p>	<p>Secured SATA Gold award for Leading Wildlife Lodge, Tented camp - Cinnamon Wild Yala</p>	<p>Ellaidhoo Maldives by Cinnamon placed over 323 artificial reef cubes in “Alifu Alifu” Atoll.</p>
<p>14% Female participation in the workforce 16% Female representation in leadership</p>	<p>Launched Junior Naturalist Development programme at Cinnamon Wild Yala</p>	<p>14,500 volunteer hours completed</p>
<p>Provided over 18 scholarships and 213 English language scholarship placements through a higher education scholarship scheme</p>	<p>All resorts are now Travelife gold certified (Global Sustainable Tourism Council recognised)</p>	<p>Over 14,014.7 training hours completed through Cinnamon Online Academy (COA) covering 66% of employees</p>
<p>Collaborated with EarthCheck to revamp sustainability benchmarks and introduce 10 new benchmarks</p>		
<p>John Keells Hotels PLC was ranked 6th in the Corporate Reporting Assessment by Transparency International Sri Lanka</p>	<p>Overall Net Promoter Score (NPS) of 76.27: Sri Lanka Resorts is at 70.95 and Maldives Resorts at 81.59. Global Review Index (GRI) of 94.73%: Sri Lanka Resorts is at 93.1% and Maldives Resorts at 96.4%</p>	<p>200 colleagues reached through the Mental Wellbeing programme</p>
<p>183,679 meals served through “Pasal Diriya” school meal programme</p>	<p>A total of 55 community projects completed</p>	<p>Hikka Tranz by Cinnamon released 10,123 turtle hatchlings</p>

TRACKING ESG GOALS

Metrics and Targets

Goals	2025 Targets	Progress	More information
Environmental Impact			
Biodiversity management plans	Execution of biodiversity action plan at each resort in Sri Lanka and Maldives	●	Page 85
Biodiversity conservation projects	Implementation of one biodiversity conservation plan per resort Implementation of one mid-scale conservation project per year	●	Pages 85 - 89
Reduce carbon footprint	Reduce carbon footprint by 1,300 tCO ₂ e (scope 1 and 2) - base year 2018	●	Page 91
Increase dependence on renewable energy	15% of energy requirements to be met by renewable energy	●	Pages 91 - 92
Water stewardship	Reduce water consumption by 10 litres per guest night - base year 2018	●	Page 96
Reduce single-use plastic consumption	50% reduction in single-use plastic (guest-facing) - base year 2021	●	Pages 80 - 84
Zero waste to landfill	100% of the generated waste is diverted away from landfills	●	Page 93
Social Impact			
Create awareness of responsible plastic consumption	Single-use plastic reduction awareness sessions for the community	●	Page 83
Increase female participation in the workforce	Increase female participation in the workforce to 24%	●	Page 69
Increase female representation in leadership	Increase female representation in leadership to 25%	●	Page 71
Improve participation of People With Disabilities (PWDs) in the workforce	Increase People With Disabilities (PWDs) participation in the workforce to 1%	●	Page 71
Human rights protection	All employees are to be trained in child protection Child protection awareness sessions for the community (New)	●	Page 111
Empowerment through employment	7.5% of the approved cadre to be filled through community youth development programmes	●	Page 77
Increase local supplier base	50% of the supplier base to be local and community-based	●	Page 114
Assess the social and environmental impact of the supply chain	Supplier impact assessments are to be carried out for all suppliers in the top 6 purchase categories	●	Page 114
Volunteer hours for the community	Contribute 2,000 volunteer hours by 2025	●	Page 108
The impact created through CSR activities	Impact 1000 beneficiaries (direct & indirect) aligning to the six pillars of our CSR community engagement model by 2025	●	Pages 108 - 113

● Behind the schedule ● On track ● Ahead of schedule

TRACKING ESG GOALS

Goals	2025 Targets	Progress	More information
Governance Impact			
Adoption of industry best practices	All resorts to comply with the Global Sustainable Tourism Council (GSTC) certification scheme, Travelife	●	Page 98
Data privacy and security	All resorts should align with the Sri Lanka Personal Data Protection Act 2022.	●	Page 126
Risk management	All resorts should conduct Business Continuity Plan (BCP) critical risk event simulations by 2025	●	Pages 176 - 183
Corporate governance	Establish a Group ESG committee for oversight and control by 2025	●	Page 141
Business conduct and ethics	Implement code of conduct compliance process by 2024	●	Page 126

● Behind the schedule ● On track ● Ahead of schedule

ESG RISKS AND OPPORTUNITIES

Environmental Risks		
Theme	Risks / Opportunities	Sustainability commitments
Climate change 	<p>Cinnamon Resorts in coastal areas risk flooding and erosion due to rising sea levels caused by climate change.</p> <p>Climate change can lead to changes in precipitation patterns, resulting in water scarcity in some regions where our resorts are located.</p> <p>Climate change can threaten local ecosystems and biodiversity, impacting the natural beauty and attractions that Cinnamon Resorts rely on.</p>	<p>Energy Efficiency: Implementing energy-efficient practices such as using LED lighting, energy-efficient appliances, and HVAC systems to reduce energy consumption.</p> <p>Robust carbon footprint monitoring mechanism - monthly, quarterly and yearly based analysis and comparison with derived benchmarks.</p> <p>Renewable energy drive - electricity generation through solar power.</p>
Sustainable food 	<p>The production of sustainable food for Cinnamon Resorts may contribute to deforestation if land is cleared for agriculture.</p> <p>A mismatch between hotel food offerings, regulatory requirements and expectations of stakeholders.</p> <p>The societal shift towards healthier food behaviours and more respect for the planet.</p>	<p>Promotion of healthy and sustainable food</p> <p>Partnering with local food suppliers and farmers to support ethical and environmentally friendly practices</p>
Circular economy 	<p>Implementing circular economy practices in our resorts may require additional energy for recycling, reusing, and refurbishing materials.</p> <p>Implementing circular economy practices may require changes in the supply chain, leading to challenges in sourcing sustainable materials.</p> <p>Fault in management of waste generated by hotels.</p> <p>Societal shift to behaviours more respectful of the planet and greater awareness of plastic pollution.</p>	<p>Devising of food waste minimisation strategy and continuous monitoring.</p> <p>Reduction of single use plastic consumption in guest facing areas through introduction of alternative products</p> <p>Minimisation of solid waste generation, enhance waste recycling percentage, and implementation of waste up cycling programmes.</p>

Social Risks		
Theme	Risks / Opportunities	Sustainability commitments
Talent attraction 	<p>Decrease in hospitality industry attractiveness and increase in competition, leading to manpower shortage and increased recruiting costs.</p>	<p>Partnering with higher education institutes for career fairs and recruitment drives for attracting young talent.</p>
Diversity, Equity and Inclusion (DE&I) 	<p>Difficulties reaching diversity and gender balance objectives for hotel management positions and in head offices</p> <p>Factor of appeal and employee loyalty for companies promoting diversity</p>	<p>Creating an inclusive culture</p> <p>Increase female participation in the workforce to 24%</p> <p>Increase female representation in leadership to 25%</p> <p>Increase differently abled persons participation in the workforce to 1%</p>

ESG RISKS AND OPPORTUNITIES

Social Risks		
Theme	Risks / Opportunities	Sustainability commitments
Health and Safety 	<p>Health and safety violations leading to fines or legal action.</p> <p>Accidents or injuries to guests or staff.</p>	<p>Implementing strict hygiene protocols and food safety measures to ensure the health and safety of guests during their stay.</p> <p>Creating a supportive and inclusive environment that prioritises the wellbeing of both guests and employees.</p>

Governance Risks		
Theme	Risks / Opportunities	Sustainability commitments
Personal data protection and security 	<p>Cinnamon Resorts may face the risk of data breaches, in which sensitive customer information such as personal details, credit card information, and booking history could be compromised.</p> <p>The resorts are vulnerable to cyber attacks such as ransomware, malware, and phishing scams that could lead to data theft, system disruption, and financial loss. The Sri Lanka Data Protection Act (PDPA) 2022 will come into full effect by March 2025.</p>	<p>Implementing data protection policies and procedures to ensure compliance with relevant regulations such as GDPR.</p> <p>Conducting regular security assessments and audits to identify and address vulnerabilities in the hotel's systems.</p> <p>Providing training to staff on data protection best practices and security protocols.</p> <p>Implementing encryption and access controls to protect sensitive guest information.</p> <p>Appointment of a Data Protection Officer responsible for the implementation of a data protection management programme</p>
Protection of human rights 	<p>Ensuring fair labour practices and working conditions for hotel staff</p> <p>Preventing discrimination based on race, gender, religion, or other factors in hiring and service provision</p> <p>Protecting the rights of local communities in areas where the hotel operates</p> <p>Promoting inclusivity and accessibility for guests with disabilities</p>	<p>Implementing a comprehensive human rights policy that aligns with international standards</p> <p>Conducting regular human rights impact assessments to identify and address potential risks</p> <p>Providing human rights training for all staff members to ensure awareness and compliance</p> <p>Establishing grievance mechanisms for employees and guests to report human rights violations</p>
Supplier chain controls 	<p>Disruptions in the supply chain due to natural disasters, pandemics, or political unrest can impact the availability of essential goods and services for resorts.</p> <p>Ensuring the quality of products and services from suppliers can be challenging and, if not managed effectively, can lead to customer dissatisfaction.</p> <p>Fluctuations in the prices of raw materials and services can affect resorts' profitability and ability to maintain competitive pricing.</p> <p>Stronger relations with selected suppliers and stronger local roots with the development of local procurement</p>	<p>Developing strategic partnerships with local suppliers for fresh and sustainable produce</p> <p>Implementing sustainable practices in the supply chain to reduce environmental impact</p> <p>Conducting regular supplier audits to ensure quality and compliance with standards</p> <p>Exploring opportunities for vertical integration to reduce costs and improve control over the supply chain</p>

DELIVERING ON THE RECOMMENDATIONS OF TCFD

We have reported against the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) within our 2023, as referenced in the table below. We will continue to work towards enhancing our disclosure by integrating our climate-related risks and opportunities into our business.

TCFD Section	Summary of recommended disclosures	Update on TCFD recommendation
Governance 	Describe the board's oversight of climate-related risks and opportunities.	<p>The board's oversight of climate-related risks and opportunities related to our resorts involves monitoring and evaluating the potential impacts of climate change on the sector. This includes assessing the vulnerability of hotel properties to extreme weather events, sea-level rise, and other climate-related hazards. The board also considers regulatory and market trends related to climate change, such as reductions in carbon emissions and guest preferences for sustainable practices.</p>
	Describe management's role in assessing and managing risks and opportunities.	<p>Assessment of climate related risks that the hotel sector faces, such as extreme weather events, changing guest preferences for sustainable practices, or regulatory changes related to carbon emissions.</p> <p>Identify opportunities that arise from climate change, such as implementing energy efficient practices, offering ecofriendly services for hotels</p> <p>Integrate climate related risks and opportunities into the overall business strategy of the hotels</p> <p>Engage with various stakeholders, including investors, guests, employees, and local communities, to communicate the hotel's approach to climate change and gather feedback on ESG initiatives.</p> <p>Establish monitoring mechanisms to track the hotel's progress towards its climate-related goals and regularly report on its performance.</p>
Strategy 	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<p>Short term:</p> <p>Risks:</p> <p>Increased frequency and intensity of extreme weather events leading to property damage and disruption of operations. Fluctuations in tourist demand due to unpredictable weather patterns.</p> <p>Opportunities:</p> <p>Implementation of environmental best practices to reduce operational costs. Promotion of sustainable tourism practices to attract environmentally conscious guests.</p> <p>Medium-term:</p> <p>Risks:</p> <p>Regulatory changes require investments in climate adaptation and mitigation measures. Rising insurance costs due to increased climate-related risks.</p> <p>Opportunities:</p> <p>Diversification of offerings to cater to changing guest preferences for eco-friendly accommodations. Collaboration with local communities and authorities on climate resilience projects.</p> <p>Long term:</p> <p>Risks:</p> <p>Physical risks from sea-level rise and coastal erosion threaten property assets. Reputational risks from negative publicity related to environmental impacts.</p>

DELIVERING ON THE RECOMMENDATIONS OF TCFD

TCFD Section	Summary of recommended disclosures	Update on TCFD recommendation
		<p>Opportunities: Investing in renewable energy sources to reduce carbon footprint and energy costs. Developing long-term climate adaptation strategies to ensure business continuity in changing climate conditions.</p>
	<p>Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p>	<p>Impact on Strategy: Cinnamon Hotels & Resorts have incorporated sustainability and climate resilience to its strategy and have set targets for reducing carbon emissions, investing in green technologies, and engaging with stakeholders on climate related issues. The hotels must also differentiate their brand by highlighting their commitment to sustainability and eco friendliness. This can help attract guests who prioritise environmental responsibility.</p> <p>Financial Planning: Climate related risks should be factored into the financial planning of Cinnamon Hotels. This involves conducting risk assessments, developing contingency plans for extreme weather events, and setting aside funds for potential climate related damages. Investing in climate resilience measures may require upfront costs but can lead to long term financial benefits such as cost savings, increased revenue from eco conscious guests, and improved brand reputation.</p>
	<p>Describe the resilience of the organisation's strategy, considering different climate related scenarios, including 2°C or lower scenarios.</p>	<p>The resilience of the strategy in the hotel sector will depend on its ability to proactively address climate related challenges, seize opportunities for innovation and growth, and build a sustainable business model that can thrive in a 2°C or lower scenario. By integrating climate considerations into strategic planning and decision making, Cinnamon Hotels & Resorts can enhance their resilience and long-term competitiveness in a changing climate landscape.</p> <p>Factors that needed to be considered;</p> <ul style="list-style-type: none"> • Mitigation and adaptation measures: Evaluate the hotel's efforts to reduce greenhouse gas emissions, increase energy efficiency, and implement climate resilient infrastructure. • Risk assessment and management: Assess the hotel's ability to identify and mitigate climate related risks, such as extreme weather events, sea level rise, and changing guest preferences. • Stakeholder engagement model: Consider how Cinnamon engages with stakeholders, including guests, investors, employees, and local communities, on climate related issues. • Regulatory compliance: Evaluate Cinnamon Hotels & Resorts' compliance with climate related regulations and standards, such as emissions reporting requirements and energy efficiency targets.

TCFD Section	Summary of recommended disclosures	Update on TCFD recommendation
Risk management 	Describe the organisation's processes for identifying and assessing climate-related risks.	The Cinnamon Hotels processes for identifying and assessing climate-related risks involve the following steps: <ul style="list-style-type: none"> • Risk identification • Stakeholder engagement • Data collection and analysis • Scenario analysis – Scenario analysis was not conducted due to the unavailability of expertise in the countries where operations are being carried out. • Risk assessment • Mitigation strategies • Monitoring and review
	Describe the organisation's processes for managing climate-related risks	<p>Risk Assessment: Identifying and assessing potential climate-related risks that could impact their properties, such as extreme weather events, sea level rise, or changes in temperature patterns.</p> <p>Vulnerability Assessment: Evaluating the vulnerability of their properties to these identified risks, considering factors such as location, building design, and infrastructure.</p> <p>Mitigation Strategies: Developing and implementing strategies to mitigate the identified risks, such as improving building resilience, implementing water conservation measures, or diversifying energy sources.</p> <p>Emergency Preparedness: Establishing protocols and procedures for responding to climate-related emergencies, such as evacuation plans for extreme weather events or backup power systems in case of outages. Continuous drills</p> <p>Quarterly review of risk grids - updating the hotel's risk management strategies as needed.</p>
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate-related risks were not incorporated into the comprehensive risk management framework.
Metrics and targets 	Disclose the organisation's metrics for assessing climate-related risks and opportunities in accordance with its strategy and risk management process.	We are currently not utilising metrics to evaluate climate-related risks and opportunities.

DELIVERING ON THE RECOMMENDATIONS OF TCFD

TCFD Section	Summary of recommended disclosures	Update on TCFD recommendation
	<p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</p>	<p>The risk associated with GHG emissions</p> <ul style="list-style-type: none"> • Regulatory risks: Increasing regulations and carbon pricing mechanisms may impact operating costs for hotels with high emissions. • Reputational risks: Consumers are becoming more environmentally conscious and may prefer hotels with lower carbon footprints, impacting the brand image and customer loyalty. • Physical risks: Climate change impacts, such as extreme weather events, can directly affect hotel operations and infrastructure. • Financial risks: Rising energy costs increase operational expenses for hotels with high emissions, affecting profitability. <p>To mitigate these risks, our resorts have taken following steps:</p> <ul style="list-style-type: none"> • Implement energy efficiency measures to reduce both Scope 1 and Scope 2 emissions. • Invest in renewable energy sources to lower carbon intensity. • Monitor and report GHG emissions to track progress and demonstrate commitment to sustainability. • Engage with stakeholders, including guests, investors, and regulators, to showcase efforts in emissions reduction.
	<p>Describe the organisation's targets to manage climate-related risks and opportunities and performance against targets.</p>	<p>Cinnamon Hotels and Resorts did not conduct this process during FY 2023/24.</p>

UN SUSTAINABLE DEVELOPMENT GOALS AT THE CORE OF OUR BUSINESS

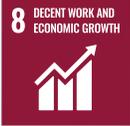
Cinnamon Hotels & Resorts believes the private sector has a great responsibility to deliver on the Sustainable Development Goals (SDGs). We have embedded and integrated sustainability into our strategy, creating shared value, and the SDGs were a natural benchmark for identifying societal impact.

We firmly believe that our knowledge and purpose give us a competitive advantage in a market that values sustainable development. While we see all 17 SDGs as relevant to Cinnamon Hotels & Resorts, we have highlighted the ones where we believe is the greatest potential to enhance positive and mitigate negative impacts on society.

SDG / Relevance to Cinnamon Hotels & Resorts	Highlights in 2023/24	Metrics	Material topics
 <p>1 NO POVERTY</p> <p>Relevance to Cinnamon Hotels & Resorts : As one of the world's largest and fastest-growing economic sectors, tourism is well-positioned to foster economic growth and development at all levels and provide income through job creation.</p>	<ul style="list-style-type: none"> • Good Agricultural Practices (GAP) farmer project • Higher education scholarship programme and English language scholarship programme • “Sara Midula” home gardening programme • “Bees that Sustain Lives” programme at Cinnamon Citadel Kandy and Cinnamon Lodge Habarana • “Hikka Batik” programme at Hikka Tranz by Cinnamon • Local artisans development programme at Cinnamon Bentota Beach, Cinnamon Bey Beruwela, and Hikka Tranz by Cinnamon • Local employment opportunities -hopper ladies and traditional sweet makers 	<ul style="list-style-type: none"> • Produce harvested (kg) and income generated • Number of students obtained scholarships • Produce harvested(kg) • Number of bee honey bottles extracted and income generated • Number of bed runners and tote bags produced and income generated • Income generated 	<ul style="list-style-type: none"> • Community relations and empowerment
 <p>2 ZERO HUNGER</p> <p>Relevance to Cinnamon Hotels & Resorts : We envision a world without hunger. Sustainable tourism development and its impact at the community level can be linked with national poverty reduction goals related to promoting entrepreneurship and small businesses and empowering less favoured groups, particularly youth and women.</p>	<ul style="list-style-type: none"> • “Pasal Deriya” school meal programme • Good Agricultural Practices (GAP) farmer project • Sara Midula” home gardening programme 	<ul style="list-style-type: none"> • Nutritional status of childrens Basel Metabolic Index (BMI) • Active hectares • Produce harvest (kg) • Number of home gardens and produce harvest (kg) 	<ul style="list-style-type: none"> • Community relations and empowerment • Sustainable tourism

UN SUSTAINABLE DEVELOPMENT GOALS AT THE CORE OF OUR BUSINESS

SDG / Relevance to Cinnamon Hotels & Resorts	Highlights in 2023/24	Metrics	Material topics
 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Relevance to Cinnamon Hotels & Resorts : Tax income paid to the government can be reinvested in health care and services, improving maternal health, reducing child mortality and preventing diseases.</p>	<ul style="list-style-type: none"> • Periodic health checkups for food handlers • ISO 45001:2018 and ISO 22000: 2018 certifications for hotels • HIV AIDS awareness sessions and breast cancer awareness for employees • Mental well-being programmes for employees 	<ul style="list-style-type: none"> • Number of employees who have undergone health checkups • Availability of valid certificates and number of audits carried out, including follow-ups • Number of employees who participated in awareness sessions • Number of employees who participated in mental well-being awareness sessions 	<ul style="list-style-type: none"> • Guest health and safety • Employee health and safety • Product safety and quality
 <p>4 QUALITY EDUCATION</p> <p>Relevance to Cinnamon Hotels & Resorts : We promote inclusiveness. A skilful workforce is crucial for tourism to prosper. The tourism sector provides opportunities for direct and indirect jobs for youth, women, and those with special needs, who should benefit through educational means.</p>	<ul style="list-style-type: none"> • Higher education and English language scholarships for community • Cinnamon LEAD programme • Cinnamon Online Academy (COA) • Opportunity for employees to pursue an MBA from NSBM Green University 	<ul style="list-style-type: none"> • Number of scholarships offered to the community • Number of employees who have undergone a management development programme • Number of employees engaged with COA and number of training hours • Number of employees engaged with the MBA 	<ul style="list-style-type: none"> • Talent attraction and retention • Diversity and Equal opportunity • Community relations and empowerment
 <p>5 GENDER EQUALITY</p> <p>Relevance to Cinnamon Hotels & Resorts : Tourism can empower women, mainly through the provision of direct jobs and income generation from Small and Medium Enterprises (SMEs) in tourism and hospitality-related enterprises. Tourism can be a tool for women to become fully engaged and lead in every aspect of society.</p>	<ul style="list-style-type: none"> • Launch of the Cinnamon Employee Value Proposition (EVP) “Your Great Journey Starts Here” • “Empower” programme and project “Aloka” for absorbing women and retaining them within the sector • Introduction of parental leaves for employees 	<ul style="list-style-type: none"> • Employee retention level • Percentage of women in career and percentage of women in leadership roles • Number of parental leaves 	<ul style="list-style-type: none"> • Diversity and equal opportunity • Human rights

SDG / Relevance to Cinnamon Hotels & Resorts	Highlights in 2023/24	Metrics	Material topics	
 <p>6 CLEAN WATER AND SANITATION</p>	<p>Relevance to Cinnamon Hotels & Resorts:</p> <p>The efficient use of water in tourism, pollution control, and technology efficiency can be vital to safeguarding our most precious resource.</p>	<ul style="list-style-type: none"> Water efficient technologies <ul style="list-style-type: none"> Installation of low-flow faucets, showerheads, and toilets, as well as cistern tanks with dual flush options. Wastewater management <ul style="list-style-type: none"> Deployment of Effluent Treatment Plants (ETP) equipped with aerobic and anaerobic treatment facilities. Rainwater harvesting <ul style="list-style-type: none"> integrated rainwater harvesting systems to efficiently capture and store rainwater for non-potable purposes, notably irrigation. 	<ul style="list-style-type: none"> Water management 	
 <p>7 AFFORDABLE CLEAN ENERGY</p>	<p>Relevance to Cinnamon Hotels & Resorts :</p> <p>Cinnamon Hotels & Resorts is part of an energy-intensive industry.</p>	<ul style="list-style-type: none"> Demand-side energy management – Inverter air conditioned systems, energy efficient lighting systems, photocell lighting systems, motion sensors, and magnetic bearing chiller Emission management through the introduction of electric Tuk Tuks and buggy carts – Cinnamon Bentota Beach 	<ul style="list-style-type: none"> Carbon footprint (kg) per guest night Energy intensity Carbon footprint (kg) per guest night 	<ul style="list-style-type: none"> GHG emissions and energy management
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Relevance to Cinnamon Hotels & Resorts :</p> <p>Cinnamon Hotels & Resorts operates in two countries and strives to be an attractive employer that ensures decent work, fair pay, and benefits.</p>	<ul style="list-style-type: none"> Launch of the Cinnamon Employee Value Proposition (EVP) “Your Great Journey Starts Here” Performance appraisal system Robust training and development process, including online learning platform (Cinnamon Online Academy) “Empower” programme and project “Aloka” for absorbing women and retaining them within the sector Supplier impact assessment process (environmental & social) HR policies and procedures, including governance mechanisms 	<ul style="list-style-type: none"> Employee retention level Number of performance appraisals, coverage and feedback given Number of training hours and investment in training Percentage of women representation in leadership positions and carder Number of supplier impact assessments conducted Number of complaints handled related to employees Employee surveys 	<ul style="list-style-type: none"> Human rights Talent attraction and retention Business conduct and ethics Privacy and data security Corporate governance Supply chain management

UN SUSTAINABLE DEVELOPMENT GOALS AT THE CORE OF OUR BUSINESS

SDG / Relevance to Cinnamon Hotels & Resorts	Highlights in 2023/24	Metrics	Material topics
 <p>Relevance to Cinnamon Hotels & Resorts : Tourism can influence public policy for infrastructure upgrades and retrofits, making them more sustainable, innovative, and resource-efficient and moving towards low carbon growth.</p>	<ul style="list-style-type: none"> Infrastructure development – LEED-certified buildings (Cinnamon Bey Beruwela and Cinnamon Bentota Beach) Promoting sustainable tourism – Local artisans development, cultural heritage preservation, excursions based on sustainable tourism Partnerships and collaborations – collaborate with universities (University of Peradeniya, The Open University of Sri Lanka), MAS foundation, and other NGOs (Ruk Rakaganno, Zero Plastic Movement) to promote innovations related to sustainability 	<ul style="list-style-type: none"> LEED certification status Number of local artisans developed, number of cultural sites preserved, and number of excursions Number of successful projects 	<ul style="list-style-type: none"> Sustainable tourism Stakeholder relationship management Opportunities in clean tech
 <p>Relevance to Cinnamon Hotels & Resorts : A diverse and inclusive work environment in which employees feel valued for their unique contributions and feel safe speaking up benefits our business and innovation and supports social and economic equality.</p>	<ul style="list-style-type: none"> Inclusive employment practices – hiring employees from diverse backgrounds and providing equal opportunities for employees Recruitment of people with disabilities into the carder Gender equality – diversity, equity, and inclusion policies and initiatives and “One JKH” related programmes DE&I related training sessions for employees 	<ul style="list-style-type: none"> Recruitment and equal opportunity policies and execution Percentage of PWDs in the carder One JKH guidelines and programmes Number of trainings focused on gender based violence and policies 	<ul style="list-style-type: none"> Diversity and equal opportunity Human rights

SDG / Relevance to Cinnamon Hotels & Resorts	Highlights in 2023/24	Metrics	Material topics
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Relevance to Cinnamon Hotels & Resorts : The tourism sector needs to adopt Sustainable Consumption and Production (SCP) modes, accelerating the shift towards sustainability. Tools to monitor sustainable operations.</p>	<ul style="list-style-type: none"> • Initiatives related to the reduction of single-use plastic consumption – NORDAQ glass water bottle plant implementation for Cinnamon Bentota Beach, the introduction of ceramic amenity bottles for guest rooms, single-use plastic KPI analysis (grams per guest night) • Exploring alternatives for plastic products – collaborated with Plasticycle for the development of plant-based cling wrap and bento boxes (entrepreneurship development) • Repurposing of waste – conversion of discarded umbrella materials into tote bags, conversion of discarded plastic barrels into waste bins • Water efficient technologies - installation of low-flow faucets, showerheads, and toilets, as well as cistern tanks with dual flush options • Local supplier development and assessment of social and environmental impacts of the suppliers 	<ul style="list-style-type: none"> • Single-use plastic KPI measurements (g/ guest night) • Number of evaluations for suppliers who are providing alternative products and continuous progress reports of product development • Number of tote bags and waste bins created through an upcycling process • Number of evaluations conducted for suppliers • Number of local suppliers on board during the year 	<ul style="list-style-type: none"> • Waste management • Water management • Supply chain management
 <p>13 CLIMATE ACTION</p> <p>Relevance to Cinnamon Hotels & Resorts : Tourism contributes to and is affected by climate change. Tourism stakeholders should lead in the global response to climate change. By reducing its carbon footprint in the transport and accommodation sector, tourism can benefit from low carbon growth and help tackle one of the most pressing challenges of our time.</p>	<ul style="list-style-type: none"> • Demand side energy management - Introduction of inverter type air conditioned systems, adequate lighting systems, installation of sensor lights and photocells, magnetic bearing chiller unit at Cinnamon Bentota Beach • Renewable energy drive – Introduction of solar street lights at Cinnamon Hakuraa Huraa • Emissions management: Introducing electric Tuk Tuks for Cinnamon Bentota Beach, preventive maintenance of generators, and continuous testing for flue gas emissions. 	<ul style="list-style-type: none"> • Carbon footprint calculations (kg per guest night) • Energy intensity measurements • Achievement of ESG action plan • Flue gas test reports (compliance status), reduction of mobile fuel usage 	<ul style="list-style-type: none"> • GHG emissions and energy management • Water management • Waste management • Supply chain management • Opportunities for clean tech

UN SUSTAINABLE DEVELOPMENT GOALS AT THE CORE OF OUR BUSINESS

SDG / Relevance to Cinnamon Hotels & Resorts	Highlights in 2023/24	Metrics	Material topics
 <p>Relevance to Cinnamon Hotels & Resorts : Coastal and maritime tourism rely on healthy marine ecosystems. Tourism development must be a part of integrated coastal zone Management to help conserve and preserve fragile marine ecosystems and serve as a vehicle to promote a blue economy, contributing to the sustainable use of marine resources.</p>	<ul style="list-style-type: none"> • Installation of ocean strainers in selected channels in the Hikkaduwa and Bentota areas to minimise marine plastic pollution. • Installation of 16 ocean data loggers in Maldives sea for capturing the data related to temperature changes and salinity level of water • Coral propagation projects – Cinnamon Dhonveli Maldives, Cinnamon Hakuraa Huraa Maldives and Ellaidhoo Maldives by Cinnamon • Sea turtle conservation projects – protection of hatchlings at Cinnamon Hakuraa Huraa Maldives and Hikka Tranz by Cinnamon 	<ul style="list-style-type: none"> • Kilogrammes of plastic waste captured through ocean strainers • Data analysis – sea water temperature and salinity level and their impact towards coral bleaching • Number of viable corals and number of reef cubes placed inside the seawater • Number of turtle hatchlings released 	<ul style="list-style-type: none"> • Waste management • Biodiversity • Water management
 <p>Relevance to Cinnamon Hotels & Resorts : Rich biodiversity and natural heritage are often the main reasons tourists visit a destination. Tourism can play a significant role if sustainably managed in fragile zones, conserving and preserving biodiversity and generating revenue as an alternative livelihood to local communities.</p>	<ul style="list-style-type: none"> • Regular beach cleanups near our coastal properties • Conduct biodiversity assessments in all our resorts while collaborating with the Open University of Sri Lanka • “Live and Let Live” project in “Bandi Wewa” – Installation of solar-powered electric fence around the village, allowing elephants to roam freely in the area • New leopards recorded in the Yala National Park by our Cinnamon Nature Trails team • Cinnamon Rainforest Restoration Project – progress towards the planting of native trees and continuous biodiversity assessments 	<ul style="list-style-type: none"> • Kilogrammes of waste collected through beach cleanups. • Number of endemic flora and fauna species recorded • Number of invasive species recorded • Number of direct and indirect beneficiaries • Reduction of elephant and man conflict cases • Number of leopards documented 	<ul style="list-style-type: none"> • Biodiversity • Sustainable tourism

SDG / Relevance to Cinnamon Hotels & Resorts	Highlights in 2023/24	Metrics	Material topics
 <p>Relevance to Cinnamon Hotels & Resorts : We are aware of our concerns and limitations. We cannot solve global challenges in isolation and strongly advocate for more cross-sectoral and innovative partnerships.</p>	<ul style="list-style-type: none"> • Collaborate with EarthCheck to revamp our sustainability-related benchmarks • Collaborate with Travelife to audit our resorts against Travelife gold certification requirements • Connected with the “Zero Plastic Movement” to create awareness about the reduction of plastic consumption for both employees and communities • Partnered with Open University, Sri Lanka and the University of Peradeniya for scientific interventions • Partnered with the NSBM Green University to pursue masters and diplomas for our employees 	<ul style="list-style-type: none"> • Number of sustainability benchmarks revised • Number of properties certified with Travelife gold certification • Number of awareness sessions conducted for employees and community • Number of collaborative projects with government universities • Number of employees enrolled for education programmes with NSBM Green University. 	<ul style="list-style-type: none"> • Stakeholder relationship management

ENGAGEMENT WITH STAKEHOLDERS

We engage with stakeholders globally and locally to build trusting relationships and bring better business intelligence that can spur ideas for our services. Stakeholder engagement is a continuous process at Cinnamon Hotels & Resorts, both at a strategic and local level. Our stakeholder management procedure provides a structured approach to consulting, involving, and collaborating with stakeholders.



Key Stakeholder Groups	How We Engage	Key Topics	Link to Material Matters
Shareholders 	Stock exchange and press releases Quarterly and annual reports Annual general meeting Website	Sustainable returns on investment Adequate liquidity management Sustainable growth and business continuity Risk and crisis management Compliance Corporate governance and ethics Transparency and credibility of disclosures	Ethical business practices and regulatory compliance Disaster preparedness and response

Key Stakeholder Groups	How We Engage	Key Topics	Link to Material Matters
Employees 	Monthly staff meetings (town halls) Staff engagement activities Performance management system Frequent employee surveys Regular engagement with unions Newsletters	Competitive compensation and benefits Job security Health & Safety considerations Opportunities for skill development and career progression Employee engagement opportunities Diversity and equal opportunity Recognition at work	Employee and guest health, safety and security Diversity, equity, and inclusion Employee development and wellbeing
Customers 	Global contact centre Global sales offices Social media platforms Channel partners Guest feedback programme Face to face interactions Customer relationship management Brand surveys and audits	Unique guest experiences Efficient and caring customer service Availability of information Environmental and social sustainability Value for money Privacy of customer information	Healthy, safe, and sustainable food Responsible sourcing of goods and services
Business partners and suppliers 	Regular, direct dialogue and evaluation meetings Site visits Procurement process Supplier forum	ESG practices and ethical conduct Future business needs and deliveries Accuracy in orders and timely payments Circularity and sustainable packaging Use of third parties and sub contractors	Responsible sourcing of goods and services
Government and regulatory bodies 	Engagement in policy making processes Engagement through industry associations Direct dialogue Regulatory reporting	Recovery of tourism industry Recovery of the economy Compliance with laws and regulations Environmental conservation	Ethical business practices and regulatory compliance Community engagement and empowerment Disaster preparedness and response
Community & Environment 	CSR programmes Dialogue with the community	Community development and empowerment Reducing negative impact on the environment Responsible consumption of Resources Biodiversity conservation Community support Preservation of local culture	Biodiversity Climate action Waste management and circular assessment Water Stewardship Community engagement and empowerment

MATERIALITY ASSESSMENT

The materiality analysis process serves as a strategic endeavour enabling the Group to pinpoint and prioritise significant triple bottom line issues pertinent to both the business and its stakeholders across short, medium, and long-term horizons. At the JKH Group level, a comprehensive materiality assessment is conducted every five years for the leisure sector, complemented by annual reviews of critical issues to maintain alignment with the pressing concerns of the hospitality sector and stakeholders.

This method, characterised by a consultative approach and sustained engagement with a range of stakeholders, was meticulously adhered to in the recent materiality assessment for the leisure sector of JKH carried out in the financial year 2023/24.

Methodology

Stakeholder Engagement

We engage with key stakeholder groups, including employees, customers, suppliers, local communities, governments, creditors, and investors through surveys, interviews and regular multi-stakeholder forums to understand their views of Cinnamon Hotels & Resorts' most pressing sustainability impacts and dependencies.

We also conduct in-depth value chain sustainability assessments and supplier audits, review peers and sector trends, and monitor global sustainability standards to guide our analysis further.

Internal stakeholder feedback is sourced from employees, senior management, and the Board of Directors. Material issues are presented for assessment of material risks and opportunities, as well as the scope and scale of potential impacts, including financial, reputational, and business relationships. A total of 715 stakeholders engaged in the assessment conducted for the 23/24 financial year.

Issues Prioritisation

An impact ranking was done based on stakeholders' inputs and survey results.

Validation:

The outcome of this assessment, along with consideration for international norms and trends, are tabulated to form Cinnamon Hotels & Resorts' material topics.

Stakeholder-driven approach is seen as a balanced and well rounded methodology

STEP 1: Identify "shortlist"

- Shortlisted internal stakeholders
 - Board & senior management
 - Employees
- Shortlisted external stakeholders
 - Investors
 - Customers
 - Community partners
 - Suppliers
- Shortlisted material topics
 - 20 Material topics identified
 - Standards and frameworks such as DJSI, MSCI, and SASE were considered
 - Industry insights were taken from peer matrices

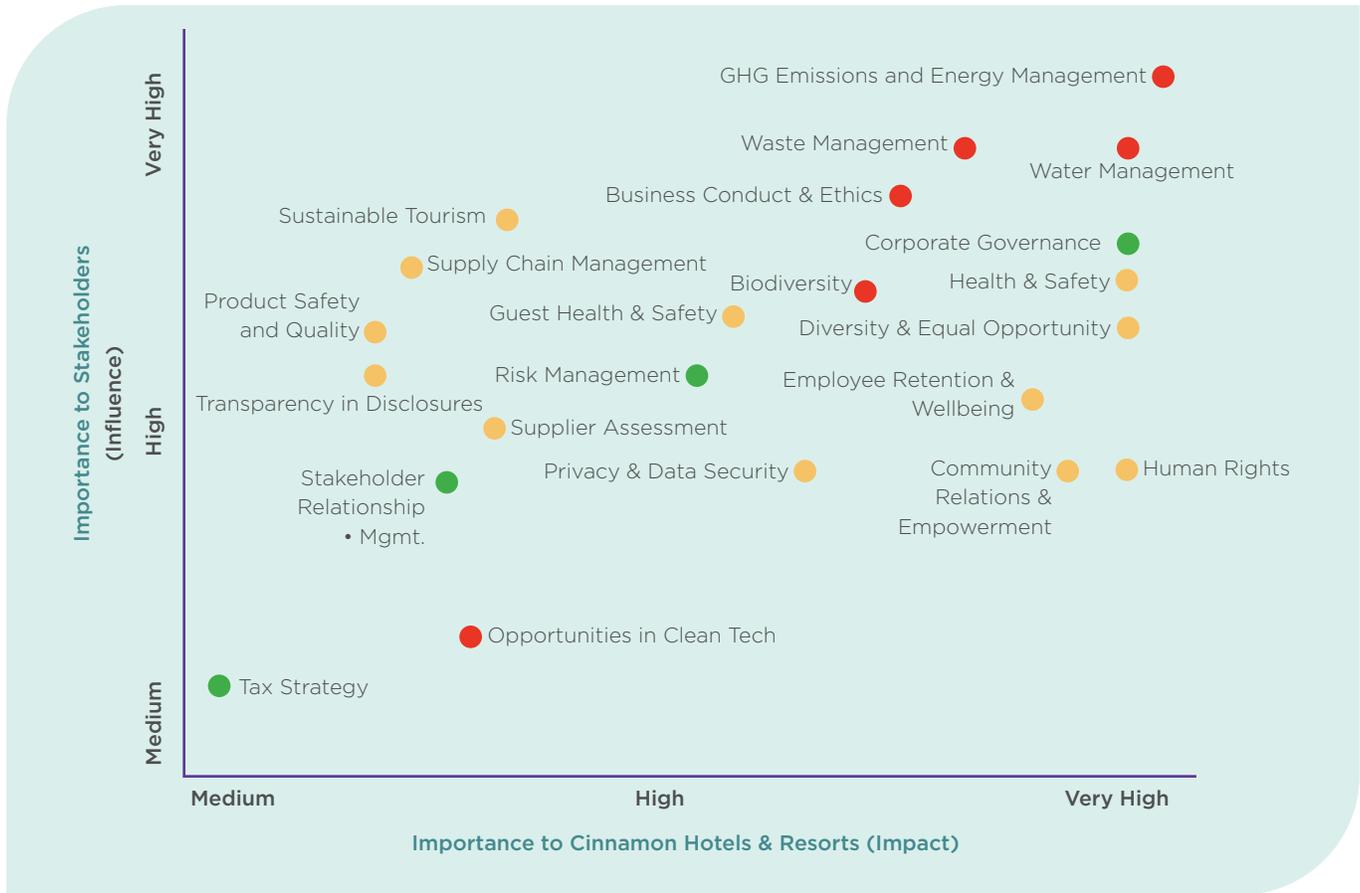
STEP 2: Prioritise

- Curated customised questionnaires for all stakeholder groups
- Conducted online surveys to understand stakeholder preferences

STEP 3: Validate and Review

- Assigned weights to each topic as per global frameworks and peers
- Incorporated individual stakeholder insights
- Applied scaling factor to each material topic based on the weighted average of stakeholders' responses
- Ranked material topics based on the average of both internal and external stakeholders
- Developed Materiality Matrix

ESG Priorities - Cinnamon Hotels & Resorts



● Environment ● Social ● Governance

Material Topic in FY 2023/24	Impact Level	Relevant GRI/ SASB Standard (if applicable)	Change in Materiality (compared to last year)
GHG emissions and energy management Taking steps to reduce air pollution using less electricity and maximising renewable energy usage	●	GRI 305: Emissions SV-HL-130a.1, SV-HL-160a.2	Increase
Water management Utilising less water and reusing wastewater for other purposes like gardening	●	GRI 303: Water SV-HL-140a.1, SV-HL-160a.2	Increase
Waste management Preventing waste by reducing, reusing and recycling	●	GRI 306: Effluents and Waste	Increase
Biodiversity Protecting plant and animal species and preserving nature	●	GRI 304: Biodiversity	No change
Human rights Ensuring that humans are treated with dignity (E.g., no discrimination, no child labour or forced labour, freedom of association and collective bargaining)	●	GRI 406: Non-Discrimination SV-HL-310a.4	Increase

● Very high ● High ● Medium

MATERIALITY ASSESSMENT

Material Topic in FY 2023/24	Impact Level	Relevant GRI/ SASB Standard (if applicable)	Change in Materiality (compared to last year)
Health and Safety Ensuring a safe and healthy workplace for employees (e.g., zero accidents, safety training,	●	GRI 403: Occupational Health and Safety	No change
Diversity and equal opportunity Being inclusive, diverse and providing equal opportunities in the workforce irrespective of gender, age or religion	●	GRI 405: Diversity and Equal Opportunity	No change
Talent attraction and retention Making the workplace an attractive environment and Upskilling and reskilling employees to achieve career and personal growth	●	GRI 103: Management Approach	Increase
Community relations and empowerment Building strong relationships with the local community in which the company operates	●	GRI 413: Local Communities	Increase
Privacy and data security Ensuring zero leakage of customer, employee or supplier data	●	GRI 418: Customer Privacy	New addition
Business conduct and ethics Ensuring all internal or external stakeholders comply with company policies and procedures.	●	GRI 205: Anti-Corruption GRI 408 - Child labour GRI 417 - Marketing and labelling SV-HL-310a.3	No change
Corporate governance Ensuring a diverse, effective and ethical board of directors committed to preserving shareholder value	●	GRI 418: Customer Privacy GRI 201 - Direct economic impacts	No change
Sustainable tourism Tourism activities are carried out in a way that preserves the destination's natural resources, culture, and heritage for future generations.	●	GRI - 203 Indirect Economic Impacts	New addition
Guest health and safety Measures and protocols are implemented to ensure the well-being and protection of guests who visit a particular hotel or destination.	●	GRI - 416 Customer health and safety	Same
Risk management Identifying, assessing, and prioritising potential risks or uncertainties related to a hotel and implementing strategies to mitigate or manage those risks effectively.	●	GRI - 403 Risk management	New addition
Supply chain management Coordinating and integrating various functions within and across companies to ensure the smooth flow of materials and information throughout the supply chain.	●	GRI 204: Procurement Practices	Increase
Product safety and quality Material used in food production meets specified standards and regulations to ensure that the final food products are safe for guests to use and of high quality.	●	GRI 416: Customer Health and Safety	Same

● Very high ● High ● Medium

Material Topic in FY 2023/24	Impact Level	Relevant GRI/ SASB Standard (if applicable)	Change in Materiality (compared to last year)
Transparency in disclosures Provide clear, accurate, and relevant information that enables stakeholders to understand the organisation's performance, risks, and opportunities.	●		New addition
Supplier assessment Review various aspects such as quality, reliability, sustainability, cost-effectiveness, and compliance with regulations.	●	GRI 308: Supplier Environmental Assessment	Increase
Stakeholder relationship management Systematic identification, analysis, and engagement of key stakeholders who are impacted by or have an interest in the organisation	●	GRI 102: General Disclosures GRI 413: Local Communities	New addition
Opportunities in clean tech Products, services, and processes that use renewable materials and energy sources reduce emissions and waste and are environmentally friendly.	●	GRI 301: Materials GRI 302: Energy	New addition
Tax strategy Approach or plan adopted by an organisation to manage its tax obligations in a way that is considered significant or material to its overall financial performance and sustainability	●	GRI 207: Tax	New addition

● Very high ● High ● Medium



RESPONSIBLE PERFORMANCES

As Cinnamon Hotels & Resorts expands its businesses, we remain committed to reducing our environmental footprint and increasing our handprint. We recognise that climate change and biodiversity loss directly threaten our business operations through increased extreme weather events, rising temperatures, disrupted supply chains, and shifts in customers' travel patterns.

While we have made strides with sustainability initiatives across all our business units, we recognise the necessity for ongoing improvement. We commit to transparently reporting our sustainability efforts and progress to address these critical issues, ensuring that we balance growth with environmental stewardship and strengthen our long-term resilience against climate-related challenges.



PEOPLE

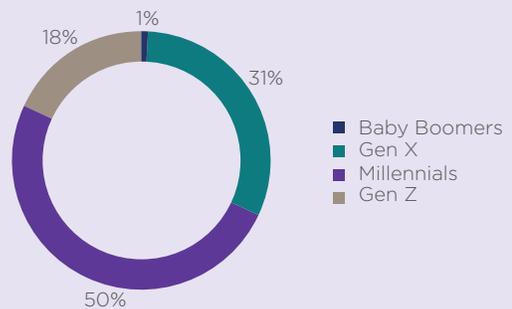


Cinnamon Hotels & Resorts (CH&R) places a high priority on fostering sustainable workforce development. This includes a focus on employee growth, ensuring health and well-being, mitigating human rights risks, and implementing preventive measures in line with global standards. Additionally, we actively engage our employees in initiatives that contribute positively to the communities around us, fostering a culture of social responsibility throughout our organisation.

Diversity, Equity and Inclusion

Diversity is not merely a goal for us; it's ingrained in our essence. We are not just a workplace; we are a vibrant community where each voice matters, every skill is appreciated, and every person is enabled to flourish. Whether through programmes for career growth or involvement in local communities, we are dedicated to fostering an inclusive environment where everyone feels a sense of belonging and achieves their potential.

Diversity Based on Generation



Diversity, Equity, and Inclusion

EmpowHer Champions

EmpowHer teams, established at each property, embody our commitment to diversity and empowerment. With annual targets, each unit develops event plans throughout the year to foster diversity within the property and community. These teams champion diversity and inclusion, particularly driving initiatives that empower women within and outside our organisation. Monthly corporate and Business Unit (BU) EmpowHer Champions meetings aim to identify areas for improvement areas and share best practices. These efforts have increased levels of confidence and professional skills among women. Moving forward, we're dedicated to building on this success and maintaining an inclusive workplace for all.



'Inclusivity' as a Value

In 2023, Cinnamon overhauled its company values, proudly emphasising inclusivity as a cornerstone. Embracing diversity, showing respect, and ensuring everyone has a voice are its guiding principles.

Leadership's Commitment

Cinnamon's commitment to DE&I begins at the highest levels, with our senior leaders leading the charge. Fostering diversity, equity, and inclusion is a core leadership responsibility within our organisation. Our leaders, at every level, are expected to share stories and create awareness that aligns with these values at every opportunity. The responsibility of DE&I goals is passed down from the Cinnamon Executive Committee (CEC) to leaders across all business units. With diversity inculcated into Cinnamon, there have not been any reported incidents of discrimination during the year. Furthermore, we have a proper grievance handling procedure and a robust monitoring mechanism in place to address concerns related to discrimination.



EmpowHer Trainings

The EmpowHer Initiative is making significant strides in empowering women in the workplace, with notable progress achieved. In 2023, CH&R implemented the EmpowHer training programme for all female colleagues at Sri Lankan Resorts. This programme was widely embraced across properties, covering topics such as female professional presence, Sri Lankan legal regulations concerning workplace harassment, achieving work-life balance, and parenting. Additionally, sensitivity training for all colleagues is underway, starting with executive teams in each business unit. The goal is to cultivate an ethical and secure working environment for current and future female colleagues.



Properties covered **8**

Colleague participation **248** (100% of Sri Lankan resorts female population)

PEOPLE

Awareness Campaigns

We initiated focused open days at properties in Sri Lanka to showcase opportunities for women and highlight the achievements of female professionals driving the company's success, providing a window into our ethos. These events offered firsthand insights into organisational culture, recent projects, and future plans, allowing potential candidates to engage directly. Accomplished female colleagues within the organisation shared their journeys, inspiring attendees. Through these open days, candidates could explore the company's values and culture, fostering mutual alignment between candidates and the organisation.

Moreover, Sri Lanka Resorts teams conducted awareness sessions for the local community, demonstrating the company's broader commitment to community-level diversity, equity, inclusivity and social responsibility. These sessions included educational workshops and presentations aimed at raising awareness and promoting positive engagement within the local community, particularly among youth in nearby schools and institutes.

Parental Leave

In line with the John Keells Group's introduction to equal maternity and paternity leave days as Parental Leave in 2022, Cinnamon Hotels & Resorts continues to offer this benefit to its colleagues. While the Group maintains 100 days of maternity leave on the birth or adoption of a child, it has enhanced the paternity leave from 5 days to 100 days, emphasising equity and recognising the crucial roles of both parents in early childcare. Moreover, acknowledging the unique circumstances of each family, the company offers flexibility in how employees can utilise the 100 days of Parental Leave during the birth of their child or children.

During 2023/24, 105 colleagues across Cinnamon Resorts took parental leave. Out of those who have taken parental leave since its inception, 72% of colleagues have returned to work after parental leave and 40% of colleagues have remained with the company after 12 months, indicating that this policy benefits colleagues and fosters loyalty within the organisation.

	Male	Female	Total
Employees that took parental leave	97	8	105
Employees that returned to work during the period after parental leave	88	4	92

Parenthood Celebration

At Cinnamon, we embraced a new approach by celebrating parenthood. While celebrating mother's day and father's day as well at our properties, corporate office introduced this innovative initiative which was met with enthusiasm and resonance from our colleagues, offering a refreshing perspective that resonated with everyone. By celebrating parenthood, we not only recognised the diverse roles and contributions of parents but also fostered a sense of inclusivity within our workplace. This inclusive celebration not only brought our colleagues closer but also connected their families with the Cinnamon family, reinforcing the bond between our team members and their loved ones.



Improving Heart-of-the-House Standards

In addition to its initiatives aimed at enhancing female representation within the workforce, Cinnamon is prioritising the improvement of colleague living standards. This comprehensive approach encompasses various aspects, including accommodation, transportation arrangements, and ensuring every colleague receives a nutritious meal daily.

CH&R is deeply committed to providing comfortable and safe accommodation for all its colleagues. We are actively working to improve our accommodation facilities, creating an environment that promotes rest, relaxation, and overall well-being after work hours.

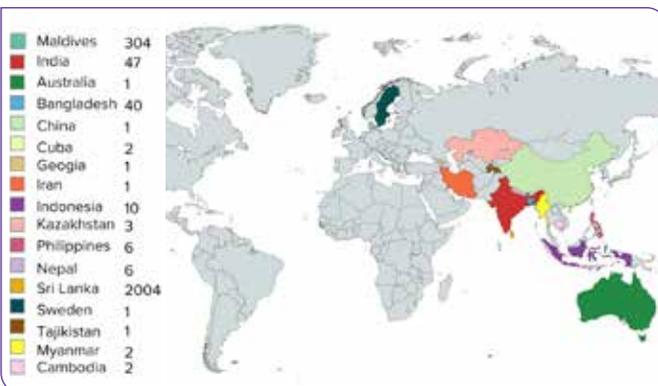
Furthermore, CH&R understands the importance of nutrition in maintaining the health and productivity of its workforce. As part of its commitment to colleague well-being, the company ensures that every colleague has access to a nutritious meal every day. This may involve offering diverse menu options, catering to various dietary preferences and requirements, and maintaining high standards of food quality and hygiene.

Diverse Workforce

Cinnamon takes pride in embracing and cherishing a diverse workforce fuelling its success.

Female representation by employee level

Board of Directors	14%
Senior Management	6%
Executive	18%
Non-executive	13%
Total	14%



DE&I 2025 Goal

Overall female representation to be improved to 24%

Female representation at leadership to be improved to 25%

PWD colleagues % in the workforce to be increased to 1%

We are making progress in achieving the 2025 targets through various initiatives and strategies to promote empowerment internally and in attracting talent.



Female Participation 2025 Goal



■ Women in the Workforce ■ Women in Leadership Roles

PEOPLE

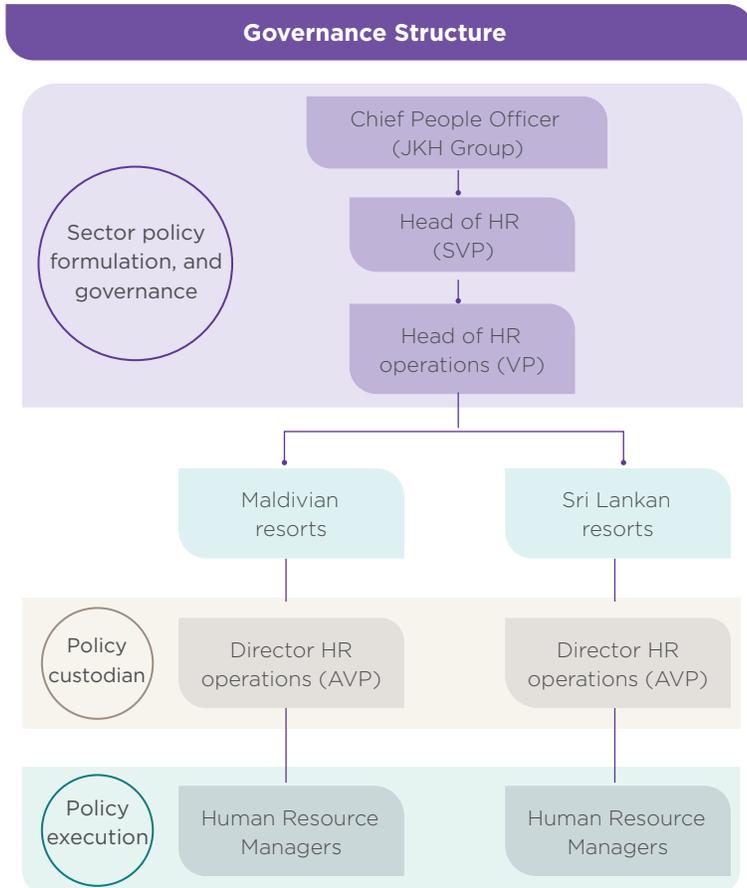
Caring for our people

At CH&R, our dedication to cultivating a vibrant and future-ready workforce transcends the boundaries of our operations. We are steadfast in our mission to cultivate a steady stream of skilled professionals for the hospitality industry. To achieve this, we take the lead in driving industry-wide initiatives that inspire and engage the next generation of talent. Concurrently, we place great emphasis on enriching our employee value proposition to attract and retain the finest talent within our organisation. Recognising the pivotal role of investing in our people, we ensure they are equipped with the requisite skills, knowledge, and resources to thrive in their roles and contribute to the industry's advancement.

Our values



Management Approach



Our Employee Profile			
	Sri Lanka	Maldives	Total
By gender			
Male	1,523	579	2,102
Female	203	127	330
By contract			
Permanent	886	0	886
Temporary (contract)	840	706	1,546
By age			
18-30 years	555	185	740
30-55 years	1,133	488	1,621
Above 56 years	38	33	71

Policies and Procedures

Aligned with those of the JKH Group, our policies, procedures and frameworks also exceeds legal mandates to reflect global industry best practices.

HR Policy Framework

- Policy on ombudsperson
- Policy on support network
- Recruitment and selection policy
- Performance management policy
- Reward and recognition policy
- Leave policy
- Flexi-hours policy
- Teleworking policy
- Compensation and benefits policy
- Code of conduct
- Policy against sexual harassment
- Diversity, Equity and Inclusion related policies
- Gender policy
- HIV AIDs workplace policy
- Policy on equal opportunity and non-discrimination
- Anti-fraud policy
- Grievance handling policy
- Disciplinary procedure
- Whistle blowing policy
- Part Time work policy

Prioritising Colleague Wellbeing

Improving colleague workplace space and heart of the house improvements

In our continuous endeavour to foster a safe and productive work environment, we have invested considerable effort in enhancing our office spaces. In the coming year we plan to extend these enhancements to our properties' "heart of the house" areas in the upcoming financial year. These upgrades will enhance colleague satisfaction and drive productivity. We aim to create environments that inspire and empower our team members to achieve their best work.

Engagement Activities

We are committed to providing our employees with opportunities to reconnect with colleagues and engage across our sector and group. To foster a sense of community and camaraderie, each business unit is equipped with an annual engagement calendar designed to celebrate cultural and company-wide events creatively. Additionally, we ensure that there are opportunities for colleagues to interact across sectors at least once a year.

In 2023, we organised a Cricket Carnival that brought together colleagues from across the Cinnamon group, promoting teamwork and friendly competition. At the group level, our colleagues participate in a range of intercompany and mercantile sports tournaments, talent shows, CSR activities, debating tournaments, and various other extracurricular activities.

These initiatives not only promote teamwork and collaboration but also contribute to a positive work environment where colleagues feel valued, connected, and engaged. We believe that fostering these connections strengthens our organisational culture and contributes to the overall success of our company.



The Whistleblowing Policy

The Whistleblowing Policy serves as a vital framework for upholding ethical standards and protecting colleagues who report unauthorised or unethical behaviour within the organisation. This policy provides clear guidelines and procedures for colleagues to raise concerns or complaints, ensuring their protection against any form of retaliation or harassment. By encouraging transparency and accountability, the policy facilitates the early detection and resolution of issues, thereby safeguarding the company's reputation and preventing potential risks. It underscores the organisation's commitment to ethical conduct, compliance with legal requirements, and the fostering of a culture of trust and responsibility. While group-level whistleblowing incidents are managed through an independent ombudsman, which also applies to Cinnamon colleagues, at Cinnamon, we maintain an appointed committee led by senior management. This committee ensures thorough investigation of reported incidents and takes appropriate actions to address them, all while preserving the anonymity of whistleblowers. Furthermore, it guarantees that progress and outcomes will be communicated to the complainant/whistleblower. The policy extends its protection to colleagues, consultants, interns, third-party contractors, freelancers, and agents, thereby demonstrating the company's commitment to upholding integrity and ethical business practices across all levels.

Managing Performance

Our dynamic performance management process fosters continuous growth and development among employees. Based on the JKH group appraisal system, our performance evaluation at Cinnamon employs a balanced scorecard approach. Individual Key Performance Indicators (KPIs) are aligned with business objectives and specific competencies for each employee level. At the beginning of each year, all executive employees and supervisors mutually agree on the objectives and set them in the system using SMART concept. Evaluations take place bi-annually involving self assessment and supervisor review. Annual performance ratings are validation by a career committee comprising top management representatives and an independent member. Regular performance appraisals are conducted with opportunities to have skip level meetings and 360 feedback, while a customised system was introduced for non-executive staff, streamlining their performance management through automation. All employees (100%) were required to undergo the appraisal process in the last year, regardless of their gender or organisational position.

PEOPLE

Open Communication

We prioritise a culture of inclusivity and respect diverse perspectives, fostering collaboration through open communication channels and transparent policies. Our new open-plan offices promote employee interaction, and multiple avenues ensure every voice is heard. We value each team member's contribution to Our commitment to understanding employee sentiment is evident through initiatives such as bi-annual Cinnamon survey, with an impressive response rate of 81%. Additionally, we uphold the rights of freedom of association and collective bargaining, with 50% of our Sri Lanka resort employees covered by Memorandum of Understanding (MOU) agreements with trade unions. We prioritise ongoing dialogue with trade unions and ensure a minimum one-month notice period before significant operational changes. Working conditions and terms of employment of rest of the employees are not influenced or determined based on other collective bargaining agreements.

Protecting Human Rights

We are dedicated to ensuring compliance with local and international labour regulations in our operations and supplier activities. Our governance framework and work practices maintain a zero-tolerance policy for sexual harassment, child labour, and forced labour, with stringent policies safeguarding human rights. Ongoing training programs raise awareness about fair work practices and human rights. Moreover, we uphold an open-door policy, encouraging transparent communication and fostering a culture of trust and respect among our team members. Additionally, our whistle-blowing policy provides a safe and confidential avenue for colleagues to report any concerns or violations they may encounter, ensuring accountability and upholding our commitment to ethical practices. At Cinnamon Hotels & Resorts, we prioritise the well-being and rights of our colleagues, promoting a workplace environment built on integrity, fairness, and accountability.

As result, we are pleased to highlight that there were no reported instances of human rights violations, child labour, or forced or compulsory labour throughout the year.



Human Rights Protection 2025 Goal

100% of on-property associates to be trained on child protection

A series of EmpowHer Training touched on this topic at an introductory level. And we are planning to train all colleagues at property level through sensitivity training series to cover this topic in detail.

Corporate Mental Wellbeing Initiatives

CH&R has implemented several mental wellbeing initiatives over the past two years, recognising the importance of mental health in our colleagues' overall wellbeing. As an introduction to mental wellbeing, a stress management session was conducted in 2022, covering areas such as 'What is stress?', 'What are the symptoms of stress?' and 'What are the repercussions of mismanaging stress?'.

Anagram Initiatives

CH&R introduced Anagram 1.0 in 2022 and 2023, a learning experience for teams covering topics such as Self Awareness (being easily triggered & frustrated, feeling overwhelmed, and feeling a lack of purpose). This initiative extended to all levels, including the CEC. Anagram 2.0, a similar team-level learning experience, is scheduled for 2024, focusing on Emotional Intelligence and related topics.

Colleague Assistance Programme

In 2023, Cinnamon Hotels & Resorts launched the 'Colleague Assistance Programme', featuring a Rapid Transitional Therapist for discussing personal and professional matters. Excitingly, this programme will be launched across all our properties from the upcoming financial year, with English/Sinhala/Tamil-speaking psychologists to help colleagues across different backgrounds.

It ensures that every colleague, regardless of their linguistic preference or background, can receive professional assistance tailored to their needs. We aim to foster a supportive work environment where employees feel valued, supported, and empowered to thrive both personally and professionally.

Employee Safety Record 2023/24

Workplace related accidents and incidents	59
Workplace related fatalities	1
No. of lost workdays due to workplace related injuries	305.5

Employee Health & Safety

Our commitment to health and safety begins by prioritising the well-being of our people, creating a secure work environment. All our resorts have adhered to ISO 45001:2018 (occupational health and safety management system) since 2008, ensuring the highest standards.

Ensuring Financial Wellbeing

In addition to their basic salary and performance-based bonuses, our employees enjoy a comprehensive range of benefits. We have continued to maintain zero gender and location based pay discrepancy.

Total Remuneration to Employees

Sri Lankan Resorts
Rs. 2,287 Mn

Maldivian Resorts
USD 9.6 Mn

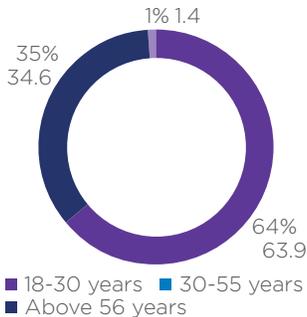
Benefits provided to full-time employees

- Medical insurance
- 100 days parental leave
- Travelling allowances
- Bonuses

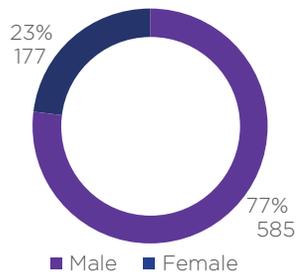
Progress Towards Gender Parity

New employees hired and employee turnover 2023/24

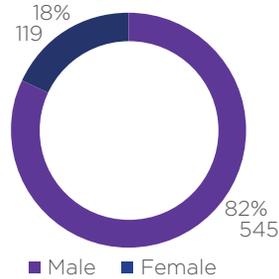
New Hires by Age Group



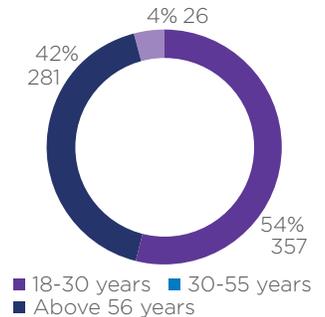
New Hires by Gender



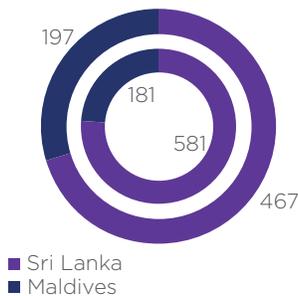
Turnover by Gender



Turnover by Age Group

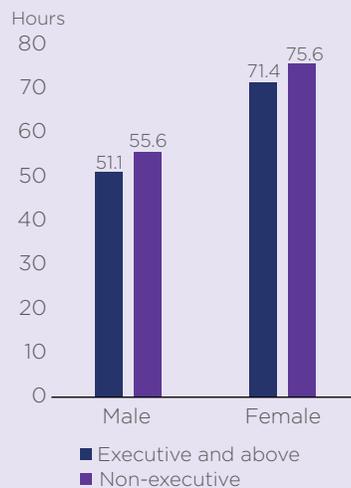


New Employee Hired and Employee Turnover - by Region

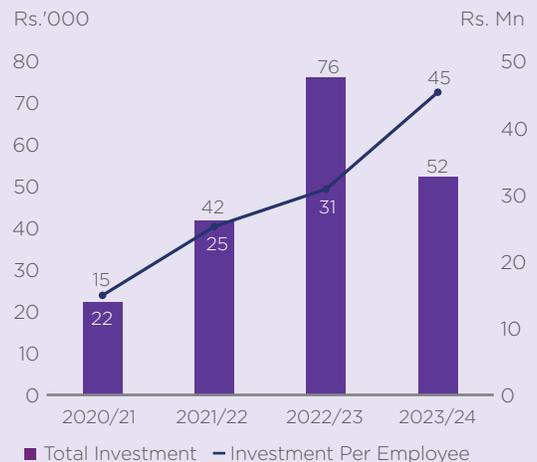


Note: Inner circle represents Sri Lanka Resorts and outer circle represents Maldives Resorts

Average Training Hours



Amount Spent on Training - FY 2023/24



Building Future Talent Pipeline for the Company and for the Industry

CH&R's succession planning initiatives feature a range of structured programmes to nurture talent across all organisational levels. We continued to expand our leadership development programmes during the year. As we step into the new year, we plan to improve the existing programmes further, which will come into effect with the subsequent upcoming batches. With that, we expect to have an agile talent pool ready to step up to the next challenge. Meanwhile, CH&R continues reinventing the learning experience with the latest digital interventions.

Seamless Digital Learning Experience

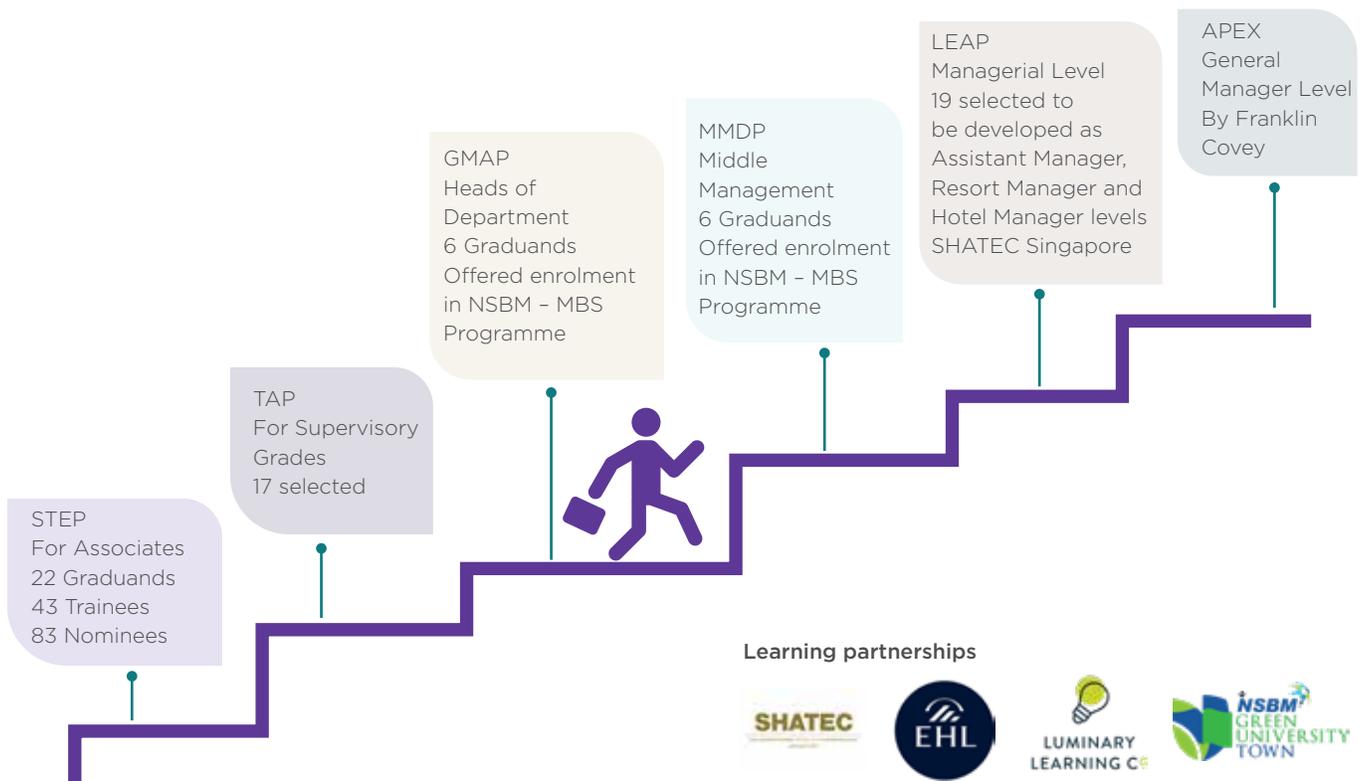
The Cinnamon Online Academy is a testament to our commitment to continuous learning and development within the family. This purpose-built platform has been designed to cater to the diverse educational needs of our expanding workforce, offering flexibility and accessibility like never before. Since its inception, the Cinnamon Online Academy has proudly offered over 102 courses, empowering our employees to grow personally and professionally. We are excited to announce plans to launch an additional 70 courses in the coming year. This expansion reflects our unwavering dedication to providing our employees with the tools and resources they need to thrive in an ever-evolving business landscape.

In line with our commitment to holistic employee development, we also focus on enhancing the Academy's capabilities to include seamless tracking of physical training participation. This innovative feature will promote employee wellness and ensure a comprehensive approach to learning and development.



Leadership Development

In partnership with NSBM Green University, SHATEC Singapore and Franklin Covey Institute, future leaders are trained, upskilled, graduated, and deployed in managerial or senior managerial positions.



Rate of Promotions out of Talent pools

Programme	%
LEAP	68%
GMAP	67%
MAP	62%
TAP	33%
STEP	59%
LEAD	75%
Culinary LEAD	100%
Total	59%

EMPOWERMENT THROUGH EMPLOYMENT 2025 GOAL

7.5% of approved cadre to be filled through community youth development programmes

We have been able to curate focused programs to attract and train young hoteliers which came in to action in 2024.

Recognition

At Cinnamon, we are proud to announce that our senior vice president of human resources, Ishara Naufal, has been honoured with the prestigious HR Leadership Award at the World HRD Congress 2024. This accolade is a testament to our commitment to continuous improvement and innovation in HR practices. Ishara Naufal's visionary leadership and dedication to fostering a culture of excellence within our organisation have set her apart as a leader in the field. Her recognition on a global platform underscores the international impact of our HR initiatives, positioning Cinnamon as a leader in shaping the future of work. This achievement also reflects our focus on creating a value-driven workplace culture that prioritises diversity, inclusivity, and employee well-being. Through Ishara Naufal's success, we aim to inspire HR professionals worldwide and challenge perceptions about women in leadership roles, ultimately driving positive change within the hospitality industry and beyond.

Contribution to Industry Talent Development

Cinnamon takes pride in being the front runner of many initiatives related to people development to ensure that our employees are ready to face the challenges of the future by addressing their development needs and developing the talent wider hospitality industry in Sri Lanka

LEAD Programme

This dynamic programme provides young talent passionate to join the hospitality industry and unparalleled hands on exposure across our properties, complemented by intensive training sessions aimed at honing technical expertise and refining essential soft skills, thereby paving the way for future leadership roles.

In the 2023/24 batch, nine management trainees underwent comprehensive training and education. Seven of these talented individuals were subsequently absorbed into various departments within CH&R, including housekeeping, front office, Food & Beverages, and Learning & Development.

For the year 2024/25, after meticulously evaluating thousands of applications, we have selected eight exceptional candidates to join our esteemed team. Each individual has been chosen for their remarkable potential and unwavering commitment to excellence. These talented individuals are now poised to immerse themselves in diverse roles across different properties, where they will gain invaluable firsthand experience and unlock their full potential.



PEOPLE

Hospitality Academy

The Cinnamon Hospitality Academy initiative is set to launch in 2024, aiming to address the talent gap within Sri Lanka's hospitality sector. It seeks to enrich the pool of qualified candidates for CH&R and the wider hospitality industry. This programme represents a significant step in the ongoing efforts to nurture talent and plan for succession within the industry. Moreover, through a collaboration with the Swiss Hotel Management Academy (SHMA) and its affiliation with Ecole hôtelière de Lausanne (EHL) via Vocational Education and Training by EHL (VET by EHL), the Cinnamon Hospitality Academy will offer specialised training. This partnership ensures access to top-tier educational resources, empowering participants with skills and knowledge to excel in the dynamic hospitality landscape. By delivering comprehensive training, the initiative fulfils staffing requirements and contributes to the advancement of the hospitality industry, creating a sustainable pipeline of skilled professionals.

Part-time Programme

Additionally, the reactivation of the part-time programme at CH&R is geared towards enhancing workforce flexibility and talent acquisition. This initiative provides a structured framework for individuals seeking part-time employment opportunities, enabling access to a diverse talent pool while effectively meeting operational demands. By accommodating various work preferences, the programme fosters an inclusive work environment and streamlines the recruitment process for part-time positions.

The Cinnamon Employee Value Proposition (EVP)

“Your Great Journey Starts Here”

The objective of the launch of EVP, based on four pillars, is to enhance the appeal of CH&R as an employer of choice.

Culture	Brand Name and Reputation	Career Development	Work Environment
A culture characterised by friendliness, supportiveness, openness, and a strong sense of social responsibility. This fosters collaboration, teamwork, and a sense of belonging among colleagues.	Harnessing the strong brand recognition of Cinnamon and its affiliation with John Keells Holdings (JKH), a prominent conglomerate in Sri Lanka, amplifies the credibility and stability in the perception of prospective candidates.	Offering numerous avenues for colleagues in career progression via extensive learning and development programs. A rigorous evaluation and feedback mechanism guarantee ongoing advancement and development.	Offering a secure work environment where colleagues are recognised for their contributions and presented with challenges that facilitate personal and professional growth.
Objectives			
Strengthen employee brand, attract top talent, and Foster a culture of excellence and growth			

Onboarding Strategy

A Great Start

Providing a seamless transition and cultural integration, corporate team initiated 'A Great Start' including a holistic approach with pre onboarding, onboarding and post- onboarding experiences. And we had made the arrangement to extend it to property level in 2024/25. This expansion will entail engaging colleagues during pre onboarding, providing company familiarisation, holistic induction sessions, care packages for each colleague, and post onboarding support.

Our Commitment to Health and Safety

Creating a robust system for monitoring health and safety

We have implemented a health, safety and environment (HSE) Key Performance Indicator (KPI) monitoring system to track internal HSE compliance levels quarterly. The system incorporates five KPIs as follows:

- Audit effectiveness, both internal and external, and the impact of corrective actions
- Effectiveness of fire and operational monitoring programs
- Status monitoring of legal compliance licenses and certifications
- Monitoring the status of Critical Control Points / Operational Pre-Requisite Programmes /Pre-Requisite Programmes
- Number of reported accidents and satisfaction with environmental scores

Fostering a strong health and safety culture

Cinnamon Hotels & Resorts have successfully concluded a series of comprehensive health, safety, and environmental training programmes, including the FSSC 22000 V5.1 lead auditor training, the National Institute of Occupational Safety & Health Conference and ISO 14001:2015 / ISO 45001:2018 / ISO 22000:2018 internal auditor training courses. These training programmes were designed to augment the HSE team's expertise in food safety, health and safety, environmental safety, internal auditing, and contemporary industrial practices. Through these investments in training, CH&R is committed to fostering a robust HSE culture and upholding the highest health & safety standards within the operations. We prioritise the well-being and safety of our contracted staff by strictly following the best practices in health and safety within our resorts. Further, all employees at Sri Lanka and Maldives Resorts adhere to the health and safety standards outlined in the ISO 45001:2018 requirements.

The introduction of new microbiological and chemical tests

CH&R prioritises guest and staff well-being by conducting heavy metal analyses for drinking water and swab analyses for dish and glass cleaning verification. These proactive measures ensure compliance with regulations, prevent health hazards, and maintain a safe environment in our resorts.



Recent advancements in health and safety

Online accident reporting system - This system enables quick reporting of occupational accidents, facilitating prompt action by responsible personnel for corrective and preventive measures.

Near-miss reporting system - Near-miss reporting boxes are installed in staff areas to encourage incident reporting. Training sessions emphasise the importance of reporting near misses to enhance safety awareness and prevent future accidents.

Food allergy management - In the past year, we have implemented clear signage and buffet tags to help guests identify allergen-containing foods and make informed choices, reducing the risk of allergic reactions. Separate storage facilities have been allocated for allergen-containing ingredients to prevent cross contamination. Staff, especially in the kitchen and restaurant, have undergone allergist training to handle inquiries and ensure food safety. Notices for guests have been displayed to raise awareness about food allergies and safety precautions.

PLANET

Climate Agenda

We acknowledge the pressing challenges posed by climate change and biodiversity loss, which directly impact our business through heightened instances of extreme weather events, rising temperatures, supply chain disruptions, and shifts in customer travel behaviours.

In response, we are dedicated to further lowering the intensity of greenhouse gas emissions and water withdrawal in our hotels while also reducing the use of single-use plastics and landfill waste in our daily operations. Additionally, we are actively collaborating with our suppliers to curtail greenhouse gas emissions throughout our supply chain.

Furthermore, we are intensifying our conservation initiatives to safeguard biodiversity, recognising the critical importance of preserving natural ecosystems for the wellbeing of our planet and future generations.

Implementation of NORDAQ glass water bottling plant – Cinnamon Bentota Beach

Single-use plastics are a major contributor to pollution. These plastics are convenient for everyday use but also have significant environmental consequences. When not disposed of properly, they often end up in landfills, waterways, and oceans, where decomposing takes hundreds of years.

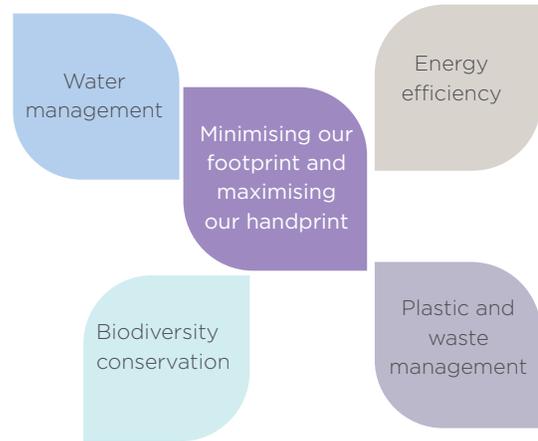
According to a report by the United Nations Environment Programme (UNEP), an estimated 8 million tons of plastic waste enter the world's oceans each year, posing a severe threat to marine life, ecosystems, and human health.

In response to the pressing need to reduce single-use plastic waste, Cinnamon Bentota Beach embarked on a sustainability initiative to eliminate 71% of single-use plastic by implementing the NORDAQ glass water bottling plant.

The reusable glass bottle used in the bottling process is made with 80% recycled glass, reducing the environmental impact of production. Additionally, the aluminium cap is crafted with 100% recycled content, further enhancing the sustainability of the packaging. NORDAQ's patented water filtration system plays a pivotal role in this initiative, purifying tap water to produce a perfectly neutral result. This filtration system effectively removes unwanted flavours and impurities while preserving natural salts and minerals, providing a premium and environmentally friendly water solution.

Through the collaborative efforts of Cinnamon Bentota Beach and NORDAQ, the implementation of the glass water bottling plant has paved way to eliminate 71% of single-use plastic, the initiative has significantly reduced the resort's environmental footprint. Using recycled glass and aluminium in the packaging

Our efforts can be summed up as follows:



underscores the commitment to sustainability. Moreover, the NORDAQ filtration system ensures guests have the highest quality water, free from taste, smell, and impurities. This environmentally friendly approach not only aligns with the resort's commitment to sustainability but also enhances the overall guest experience, showcasing a successful integration of eco-conscious practices into the core operations of the resort.



We are committed to reduce the single-use plastics that guests encounter during their stay. Our mission goes beyond eliminating plastics; we actively promote responsible disposal practices and spread awareness about the importance of mindful plastic consumption.

2025 Plastic Reduction Goal

50% reduction of single-use guest-facing plastic from 2021 baseline

While Cinnamon has successfully achieved this goal, the company is actively pursuing opportunities to further minimise single-use plastic consumption across its properties.

Reducing Single-Use Guest-Facing Plastic

The analysis of monthly single-use plastic consumption per Guest Night (GN) provides valuable insights for our resorts to quantify their plastic usage and pinpoint opportunities for waste reduction. By monitoring and evaluating this information, resorts can develop focused initiatives to minimise plastic consumption and enhance sustainability practices.

Quantitative Analysis of Plastic Reduction

Single use Guest facing Plastic Consumption/GN



Single-Use Plastic Elimination Initiatives

Our commitment to the planet's well-being is evident in our continuous strides to curb plastic usage at our resorts. By substituting single-use plastic items with more sustainable alternatives, we have achieved a significant 65% reduction in single-use plastic consumption at our Resorts, a testament to our success in this endeavour.

Our resorts have implemented several initiatives to minimise single-use plastic across their properties. This includes.

- In a bid to eliminate plastic PET bottles, we have introduced glass water bottles in our Maldives resorts and three Sri Lankan resorts. This initiative is also underway in our other properties.
- All resorts have switched from plastic wristbands to cloth wristbands.
- Maldives resorts have started providing reusable personalised water canisters to guests.
- Butter and ketchup sachets are now served in ceramic ramekins, and jam sachets in glass jars.
- Water refilling stations have been installed to decrease plastic bottle usage.
- Plastic laundry bags have been replaced with cloth alternatives.
- We have transitioned from plastic shampoo bottles to ceramic pump bottles.
- Swapping plastic cutleries for wooden alternatives such as spoons, forks, knives, and stirrers.



Bamboo Bottles at Cinnamon Lodge Habarana

The engineering team at Cinnamon Lodge Habarana, created a bamboo water bottle for the use of its employees.



Replacing Plastic Amenity Bottles with Ceramic Pump Bottles

Cinnamon Resorts has taken a proactive step towards reducing plastic pollution and promoting a more sustainable approach to hospitality by eliminating single-use plastic bottles.



Exploring Sustainable Alternatives to Plastic: A Project by Plasticycle

Cinnamon Hotels has formed a strategic partnership with Plasticycle to foster the growth of two up-and-coming suppliers specialising in eco-friendly alternatives for single-use plastic products in the hospitality industry. One supplier is dedicated to developing a compostable alternative for plastic cling wrap, while the other is focused on creating a compostable alternative for plastic bento boxes. This collaboration underscores our commitment to advancing sustainability and minimising plastic waste in the hospitality sector by introducing cutting-edge solutions that resonate with environmental sustainability and consumer preferences.



Reducing marine plastic pollution through the implementation of the Good Water Initiative

We aim to mitigate plastic pollution by minimising the release of plastic waste into the ocean. As part of this initiative, Hikka Tranz by Cinnamon and Cinnamon Bentota Beach have strategically placed two ocean strainers near the Bentota and Hikkaduwa areas. The John Keells center sustainability team, MAS Foundation for Change, and the Irrigation Department of Sri Lanka support the project. To date, 360 kg of plastic waste has been successfully extracted from the strainers, showcasing the project's positive impact on marine ecosystem conservation.

Establishment of a Material Recovery Facility (MRF) through Collaboration with USAID and Ceylon Cold Stores for Trinco Blu by Cinnamon

Establishing a Material Recovery Facility is being realised through a strategic partnership between the United States Agency for International Development (USAID) and Ceylon Cold Stores, specifically focused on empowering women in the Trincomalee area to collect and segregate plastic waste. Spearheaded by Trinco Blu by Cinnamon, this initiative has involved the creation and mobilisation of women-led communities, complemented by targeted awareness sessions within the local community for minimising plastic pollution.

Minimising Plastic Pollution: Strategies for Raising Awareness

In observance of World Earth Day, Cinnamon Hakuraa Huraa Maldives undertook the commendable initiative of distributing 300 reusable aluminium water bottles to students at Meemu Atoll education centre. This endeavour was designed to raise awareness within our local community about reducing plastic usage.

Furthermore, a collaborative effort with the Zero Plastic Movement was established to educate employees at Cinnamon Lodge Habarana and Habarana Village by Cinnamon. Mr. Nishanka de Silva, the founder of the Zero Plastic Movement, delivered an impactful presentation on July 10, 2023, themed "Life without plastic." This session aimed to prompt a reconsideration of our dependence on single-use plastics and advocate for sustainable alternatives. We can substantially diminish plastic consumption and contribute to a cleaner, more sustainable future by fostering small changes and mindful decisions. The session boasted a participation of 65 team members, who were engaged and inspired by the message shared.

At Cinnamon Bentota Beach, efforts were made to enhance responsible plastic disposal by installing a Plasticsycle PET bottle collection bin near the public beach area. This initiative was complemented by a guest awareness campaign, further reinforcing our commitment to environmental stewardship.



Minimising Plastic Pollution: Strategies for Raising Awareness

In 2023, Ellaidhoo Maldives by Cinnamon actively participated in World Cleanup Day by hosting an island cleaning initiative. This event united in-house guests and associate members in a collaborative effort that spanned Ellaidhoo Island to Maga island. Together, they successfully removed a significant amount of waste, including 57 kg of plastic, 5 kg of Regiform, and 102 kg of other waste.

Cinnamon Hakuraa Huraa Maldives celebrated World Reef Awareness Day with a beach and reef cleanup campaign focusing on the water bungalow shore. The initiative highlighted the importance of collective action in preserving fragile ecosystems.

Trinco Blu by Cinnamon marked World Cleanup Day by raising awareness about responsible waste disposal and cleaning the Alles Garden area, Trincomalee with the participation of villagers.

Cinnamon Citadel Kandy organised a Mahaveli river cleaning campaign with World Earth Day celebrations and collaborated with Ceylon Cold Stores for Kandy “Perehara” road cleanups.

Cinnamon Lodge Habarana and Habarana Village by Cinnamon took part in an island-wide road cleaning campaign led by the “Zero Plastic Movement” Foundation on July 9, 2023. The team collected over 100 kg of garbage, including 56.5 kg of polythene, 52 kg of plastic bottles and cans, and 6.5 kg of beer cans. Throughout the event, the team prioritised sustainability by converting used linen into garbage bags and using reusable rubber gloves.

At Cinnamon Bentota Beach, a beach cleaning initiative was organised near the Kosgoda turtle hatchery, a vital nesting site for sea turtles, to address the area’s high level of plastic pollution.



PRESERVING BIODIVERSITY

Biodiversity underpins resilient ecosystems essential for Cinnamon Hotels & Resorts businesses and our stakeholder livelihoods. As a company that depends on natural beauty for our hotels and resorts and agricultural crops and animal proteins for our supply chain, we believe it is our responsibility to protect the ecosystems where this value originates, including protected areas, water resources, and food production regions. We recognise that biodiversity and ecosystems are deeply intertwined with climate change; thus, we prioritise conservation alongside carbon emissions reduction efforts.

With the expertise of Cinnamon Nature Trails and our in-house ecologists, we undertake a science-based approach to biodiversity conservation, which helps us identify and develop targeted conservation initiatives. This approach has enabled us to identify vulnerable species and invasive species in our own locations, helping develop effective action plans to mitigate adverse anthropogenic interactions.

2025 BIODIVERSITY CONSERVATION GOALS

Execution of biodiversity action plan at each resort in Sri Lanka and Maldives

Implementation of one biodiversity conservation plan per resort

Implementation of one mid-scale conservation project per year

Cinnamon is making significant progress towards achieving the biodiversity conservation goals and remains committed to reaching the target by the end of 2025.



Biodiversity Assessments at all Our Properties

To guard against biodiversity loss, we need first to understand our risk exposures and potential negative impacts to take action to mitigate risks and limit negative impacts. We have identified our nature-based hotels and resorts as locations where we could have the greatest impacts, both negatively and positively. Given the proximity of many of our resorts to protected and biodiversity-rich areas, conserving these sites is of particular importance as local biodiversity is integral to attracting guests, maintaining good relations with local stakeholders, and maintaining our reputation.

We have completed the biodiversity assessments of our Maldives resorts, Cinnamon Lodge Habarana, Habarana Village by Cinnamon, Cinnamon Wild Yala and Trinco Blu by Cinnamon. Further, we collaborated with The Open University of Sri Lanka to assess the remaining properties, providing hands-on experience for undergraduate students and fostering connections within the academic community. The assessments were carried out by students under the guidance of senior lecturers, ensuring practical skill acquisition and collaborative learning.

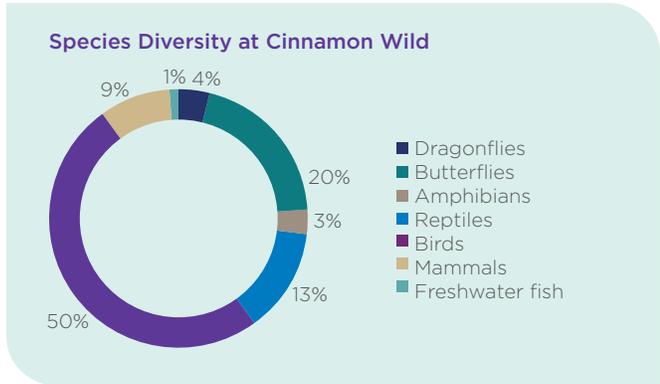
The study identified invasive species and potential threats from human activities and formulated conservation action plans tailored to each resort's unique needs.

Biodiversity assessment at Cinnamon Wild

Cinnamon Wild Yala rests in the captivating Yala National Park, at the heart of its buffer zone. Our commitment to harmoniously coexist with the wilderness has garnered recognition. Elephants, giant squirrels, deer, wild boars, and an array of other wildlife honour us with their visits, enchanted by the sanctuary we've carefully crafted.

In our most recent biodiversity assessment, a captivating tapestry of life unfolded before us. A total of 336 faunal species made their home within our premises, with 22 faunal species endemic to the region, showcasing the success of our conservation endeavours. The presence of 28 nationally threatened species and 27 near-threatened species from the 2012 Red List of Threatened Fauna and Flora of Sri Lanka underscores the critical importance of our conservation work.

The botanical survey revealed a rich flora, with 88 indigenous species flourishing in the area. Notably, two species, *Cinnamomum zeylanicum* and *Vernonia zeylanica*, stand as proud endemics of Sri Lanka, symbolising the region's unique biodiversity. Furthermore, 11 plant species are classified as threatened, highlighting local ecosystems' challenges.



Ocean temperature data loggers and Geographic Information System (GIS) mapping project- Cinnamon Maldivian Resorts

As we confront the multifaceted challenges posed by climate change, including the alarming consequences such as melting polar ice caps, heightened greenhouse gas levels, erratic weather patterns, and encroaching sea levels, we at Cinnamon are deeply committed to finding proactive solutions. One significant realisation we've encountered is the profound shortage of comprehensive oceanic data, a critical handicap for the scientific community striving to understand and respond to fluctuations occurring in the depths of our oceans.

The project commenced with a thorough baseline biodiversity assessment at each of our 4 Maldivian resorts, with a special focus on marine biodiversity, complemented by applying GIS mapping techniques to generate detailed ecological maps. These maps comprehensively represent the diverse ecosystems present, encompassing fish species, reefs, mangroves, terrestrial vegetation, and other crucial habitats. By harnessing GIS technology, the resulting inventories provide valuable insights into the distribution and abundance of species, particularly those classified as globally endangered. This geospatial data significantly enhances our understanding of ecosystem composition, connectivity, and vulnerability.

The next step was strategically placing 16 data loggers at various depths in the ocean surrounding our Maldives resorts. These instruments continuously monitor essential environmental parameters such as temperature, conductivity, and salinity levels, which can effectively track and analyse patterns, shifts, and trends within the marine ecosystem. Particularly noteworthy is the critical role of ocean temperature data, offering vital insights into the impacts of climate change, including the concerning phenomena of ocean warming and potential coral bleaching events. Two data loggers have been strategically positioned at key sites: Hakura Thila in Meemu Atoll and Bathala Thila in North Ari Atoll. Renowned as premier diving destinations for visitors to Cinnamon Hakuraa Huraa Maldives and Ellaidhoo Maldives by Cinnamon, both reefs display amazing diversity that is of immense ecological value.

Through this pioneering endeavour, we're bridging critical gaps in oceanic knowledge and providing invaluable insights that can inform evidence-based decision-making in climate science. We also aim to empower researchers, policymakers, and stakeholders to develop effective climate resilience and adaptation strategies by fostering a deeper understanding of ocean dynamics.



Live and Let Live Project

The elephant holds significant cultural and religious importance in Sri Lanka, representing the country's diversity and tranquillity. However, habitat loss, changing agricultural practices, and urbanisation have led to the endangerment of these majestic creatures. Cinnamon has undertaken the 'Live and Let Live' project in collaboration with the Centre for Conservation and Research and TUI Germany to mitigate human-elephant conflict. This project aims to protect elephants and villagers by implementing solar-powered electric fences around homes and croplands, allowing wildlife to roam freely while minimising damage to property and resources.

The project was inaugurated in "Bandi Wewa" village, home to 108 farming families in the Northwestern Province. This initiative builds upon the existing 'Cinnamon Elephant Project' in the Minneriya-Kaudulla area, which has been ongoing for 6 years. Cinnamon Hotels and the Centre for Conservation and Research also collaborate on an education and awareness project focused on responsible elephant tourism. By integrating elephant viewing with research on elephant behaviour, demographics, and health status at the Minneriya tank, efforts are being made to promote safe and responsible tourism practices. The project also involved placing satellite radio collars on elephants to gather valuable information on elephant herds and support initiatives to address human-elephant conflict in the area.



Safeguarding Sea Turtles

In the coastal regions of Sri Lanka and the Maldives, our properties have been recognised as vital sea turtle nesting sites, prompting our proactive involvement in safeguarding these nests from natural threats and human interference. At Cinnamon Hakuraa Huraa Maldives, our dedicated in-house lifeguard with over five years of expertise in turtle, shark, and coral preservation leads our conservation endeavours. Through collaborative efforts with our guests, we take pride in the successful release of 90 baby turtles back into their indigenous habitats. Furthermore, we have partnered with the Environment Protection Agency in Maldives to reinforce our steadfast commitment to conservation practices.

Similarly, at Hikka Tranz by Cinnamon, we have established a turtle hatchery with community members, empowering them to contribute to conservation efforts actively. Alongside installing four informative notice boards on sea turtle conservation and hatchling care, we conduct regular awareness programs and engage our guests in the meaningful experience of releasing hatchlings into the ocean. To date, 10,123 hatchlings, predominantly Green turtles and Olive Ridley turtles, have been successfully released as part of our conservation initiatives.



Coral Restoration Efforts

In 2018, Cinnamon Dhonveli Maldives initiated a collaborative coral propagation project with the Meridis Dive & Relax team to enhance coral health and conservation efforts. The project involves transplanting coral polyps onto existing reefs, conducting regular monitoring to ensure successful growth, assessing reef health and water quality, devising a restoration plan with specific planting locations and quantities, implementing an accelerated growth strategy, and tracking the progress of the restored reef.

As part of its marine life conservation programme, Ellaidhoo Maldives by Cinnamon utilised specially constructed reef cubes made from a unique blend of discarded crushed glass, ceramic, and cement for coral polyp transplantation. By repurposing ceramic waste innovatively, over 323 artificial reef cubes have been strategically positioned in Alifu Alifu Atoll, leading to increased fish populations, enhanced algal growth, and improved coral development.

Furthermore, Cinnamon Hakuraa Huraa Maldives undertook coral reef restoration efforts by revitalising the coral garden situated between the water bungalows and the hotel's reception area. This initiative, conducted in observance of World Ocean Day 2023, involved affixing live coral fragments to iron frames to create a conducive habitat for marine life, thereby contributing to preserving the delicate underwater ecosystem.



Our Commitment to Conservation

This year, we took a significant step towards furthering our commitment to biodiversity in the Maldives by welcoming marine biologist Tharushi Pitigala to our team.

Through her expertise and passion for marine conservation, Tharushi has brought a new level of awareness to our initiatives and provided strategic direction for our efforts to enhance and conserve marine health in the Maldives. Her appointment is a crucial addition to our team as we continue our efforts to safeguard marine eco systems.

Our resident naturalist at Cinnamon Wild Yala, Mr Rohan Gunasekara, recently had the unique opportunity to photograph and document a female leopard within the confines of Yala National Park. As a result of his work, he was bestowed with the privilege of assigning a name to this leopard. Opting for the moniker 'Chaaya' (Leopard Code: YF 73), this choice pays homage to the esteemed legacy of Cinnamon Hotels & Resorts.

Establishing a butterfly garden at Cinnamon Lodge Habarana has proven successful, attracting a diverse range of butterfly species to the property. The introduction of feeding and breeding plants in a demarcated area has led to the sighting of several threatened species, including the national butterfly of Sri Lanka, the Sri Lanka Birdwing (*Troides Darius*), as well as the endemic Sri Lanka Lesser Albatross (*Appias galena*).

Cinnamon Wild Yala implemented a junior naturalist development programme consisting of 6 workshops centred on biodiversity, natural history, species identification, and the history of Yala. The aim of this initiative was to cultivate and motivate a passion for nature among Cinnamon Wild Yala employees. This programme was conducted under the guidance of Mr. Kasun Nayanakantha, our in-house naturalist, who provided expertise and support throughout the workshops.

An in depth training initiative was implemented across all departments of Maldives resorts to educate staff on marine biodiversity, encompassing the significance, distribution, and endangered species within the resorts' proximity. The primary goal of this awareness campaign is to enhance our colleagues' understanding of the environmental principles we champion and our conservation endeavours and to elevate guest awareness. This programme successfully engaged over 350 employees.

The "World Turtle Day 2023" event at Ellaidhoo Maldives by Cinnamon was centred around the theme "I Love Turtles," aiming to underscore the urgency of conserving these species amidst shrinking habitats. The event commenced with an informative session led by Mr Gayan Pradeep Wijethunga, Head Naturalist, conducted via MS Teams for our staff. Subsequently, the event featured a sand art campaign at Ellaidhoo main beach to raise awareness about turtle conservation's importance.

In honour of World Environment Day, the team at Trinco Blu by Cinnamon organised a tree-planting campaign in the butterfly garden area to promote biodiversity and enhance the hotel's greenery. Additionally, a poster campaign was conducted to raise awareness among adults and children about the significance of environmental conservation.

In celebration of World Earth Day, Cinnamon Citadel Kandy implemented a Kubuk tree plantation programme.

As part of the Earth Day celebrations at Cinnamon Lodge Habarana and Habarana Village by Cinnamon, local guests were presented with significant plants such as Ehela, Turmeric, and curry leaf plants. The initiative aimed to encourage guests to plant trees in their respective areas to contribute to the sustainability of our planet.

Cinnamon Bey Beruwala hosted an art exhibition for the children of in-house guests centered on the theme of "Environmental Protection" in honour of World Environment Day.

A tree-planting initiative has been undertaken at Cinnamon Bentota Beach, focusing on the "Hunganthota" temple and the adjacent irrigation canal. As part of this initiative, 20 "Mee" plants (*Madhuca longifolia*) have been carefully selected for planting along the road bordering the "Hunganthota" irrigation canal.

As part of our conservation initiatives, Cinnamon successfully planted 25 mangrove trees along the bank of the "Mawakada Ela" waterway at Hikka Tranz by Cinnamon.



Hotel/Resort	Name of Protected Area	Proximity to Hotel/Resort	Biodiversity value and the law applicable to protection
Cinnamon Lodge Habarana	Minneriya National Park, Ritigala Strict Nature Reserve	Within a 20km radius	Wildlife and Forestry Flora and Fauna Protection Ordinance 1937 IUCN Category II National Park
Habarana Village by Cinnamon	Kaudulla National Park	Within a 22km radius	Flora and Fauna Protection Ordinance 1937 IUCN Category II National Park
Cinnamon Bey Beruwala	Hikkaduwa Marine National Park	45km	Maritime Flora and Fauna Protection Ordinance 1937 IUCN Category II - National Park
Hikka Tranz by Cinnamon	Hikkaduwa Marine National Park	0.5km	Maritime Flora and Fauna Protection Ordinance 1937 IUCN Category II National Park
Cinnamon Bentota Beach	Hikkaduwa Marine National Park	40km	Flora and Fauna Protection Ordinance 1937 IUCN Category II National Park
Cinnamon Wild Yala	Yala National Park Bundala National Park	Within a 32km radius	Wildlife and Forestry Flora and Fauna Protection Ordinance 1937 IUCN Category II National Park
Trinco Blu by Cinnamon	Pigeon Island Marine National Park	16km	Maritime Flora and Fauna Protection Ordinance 1937 IUCN Category II National Park
Cinnamon Citadel Kandy	Udawatte Kele Sanctuary	6km	Wildlife and Forestry Flora and Fauna Protection Ordinance 1937 IUCN Category IV - Habitat/Species Management Area
Cinnamon Dhonveli Maldives	Thamburudhoo thila	1km	Maritime - The Environment Protection and Preservation Act
Cinnamon Hakuraa Huraa Maldives	Lhazikuraadhi	1km	Maritime - The Environment Protection and Preservation Act
Elaidhoo Maldives by Cinnamon	Orimas thila	1km	Maritime - The Environment Protection and Preservation Act

ENERGY AND EMISSIONS

Our commitment to sustainability remains unwavering as we diligently reduce energy consumption and transition towards renewable sources. Through targeted efforts, we are steadily diminishing our carbon footprint while embracing cleaner energy alternatives and innovations. Our dedication to environmental stewardship drives us to continually innovate and pursue sustainable practices, ensuring a brighter, greener future for generations to come.

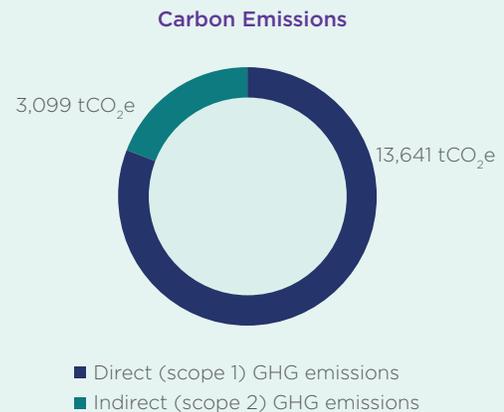
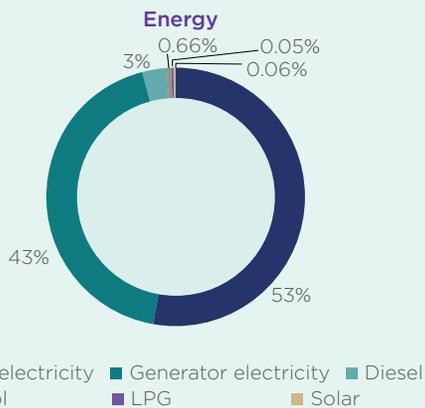
2025 CARBON REDUCTION GOAL

Reduce carbon footprint by 1,300 tCO₂e (scope 1 and 2) – base year 2018

Cinnamon resorts is on track to achieve this goal.

15% of energy requirements to be met by renewable energy

While Cinnamon resorts remains behind schedule on this goal, the company is continuing to analyse onsite renewable energy viability.



All GHG emissions were converted into CO₂ equivalents and GHG protocol has been used for carbon footprint calculations

Energy Conservation

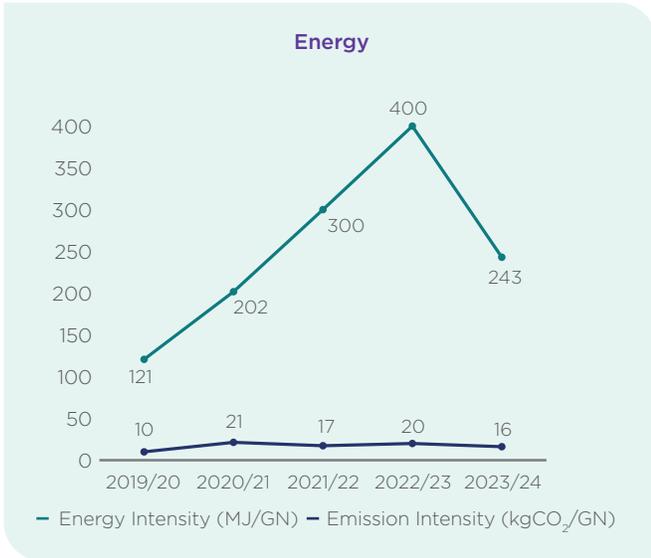
Cinnamon Hakuraa Huraa – LED streetlights replaced solar powered 50W 250V flood lights and LED garden lights replaced 30W lights previously installed.

Magnetic bearing chillers installed at Cinnamon Bentota Beach enhance energy efficiency while reducing friction related consumption.

Energy Saving Efforts

We installed energy saving LED lighting across many hotel facilities and inverter air-conditioned models to automatically lower energy consumption once the required level of temperature is achieved in the area.

Cinnamon Dhonveli and Ellaidhoo Maldives by Cinnamon in Maldives and 5 resorts in Sri Lanka were fitted with solar panels to heat up water in guest rooms reducing power consumption in daytime and power generation through diesel engines.



Cinnamon Bentota Beach Hotel Powers a Sustainable Future

850 Roof-top Solar Panels
300 Kwh Capacity
343,588 kWh Energy Produced



Introducing electric Tuk Tuks at Cinnamon Bentota Beach

These eco-friendly Tuk Tuks shuttle are used from luggage assistance to hassle-free resort exploration. As we stride towards our net-zero emissions goal by 2050, this marks a significant milestone on our sustainable journey.



WASTE MANAGEMENT

Air pollution, water pollution, and soil contamination resulting from industrial activities, transportation, agriculture, and improper waste disposal have led to adverse health effects and feedback loops that amplify the negative consequences of climate change and biodiversity loss.

In response to these challenges, we have implemented various initiatives to combat pollution. These include waste reduction efforts, diverting waste from landfills, increasing recycling rates, eliminating the use of single-use plastics, and addressing waste-related financial and reputational risks. Additionally, we are actively collaborating with partners to transition towards closed-loop solutions to further mitigate the impact of pollution on our environment.

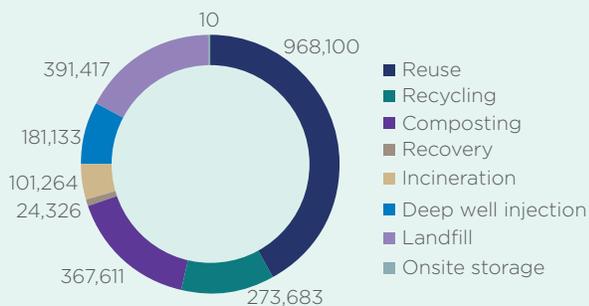
2025 WASTE REDUCTION GOAL

100% of generated waste is diverted away from landfills

Cinnamon is making significant progress towards achieving the waste reduction goal and remains committed to reaching the target by the end of 2025.

We collaborate with both local and national waste vendors and recyclers to identify optimal and sustainable solutions for managing both hazardous and non-hazardous waste. Non-hazardous waste constitutes 94% of our operational waste, and we adhere to the 7R waste management principle, encompassing Replace, Rethink, Refuse, Reduce, Reuse, Recycle, and Repair strategies, to effectively mitigate our environmental impact. Our overarching goal is to attain zero waste to landfill by the year 2030.

Non-hazardous Waste Disposed (kg)



Landfill Waste/ Guest Night



Repurposing Waste

At Habarana Village by Cinnamon, Cinnamon Citadel Kandy, and Cinnamon Wild Yala, biogas digesters have been implemented to convert food waste into biogas for kitchen use and heating. Additionally, waste oil from our operations is collected and processed into biodiesel by an approved vendor.

To enhance our waste management practices, we segregate all non-hazardous waste on-site and work with selected vendors who responsibly dispose of the waste through recycling or repurposing. To ensure alignment with our sustainability goals, we conduct annual assessments of all waste vendors through on-site visits to evaluate their practices.



Introducing our Waste Bins

Repurposing disposable plastic containers into public area dustbins has been carried out at Cinnamon Bey Beruwala, Cinnamon Citadel Kandy, and Cinnamon Lodge Habarana. This initiative aims to improve waste management by providing practical solutions for collecting trash in public spaces. Using single-use plastic containers, known as Chlorine bins, as makeshift bins, the project reduces plastic waste and promotes a cleaner environment through efficient waste disposal methods.

Waterproof Beach Bags Made from Upcycled Umbrella Cloth

Ellaidhoo Maldives by Cinnamon has recently introduced a new initiative by producing waterproof beach bags made from upcycled umbrella cloth. The proceeds generated from the sale of these bags are being directed towards supporting students in schools located on inhabited islands. The aim is to reduce plastic bottle usage in their environment by supplying all students and faculty members with personalised aluminium water bottles. As of the latest update, 230 upcycled umbrella bags have been sold, funding the provision of 180 aluminium water bottles for Hangnaameedhoo School.



Composting

Cinnamon Lodge Habarana has successfully maintained its compost project throughout the year. The hotel offers packs of compost for sale to its guests, visitors, and patrons of the nearby resort. This initiative supports the growth of herbs and vegetables for the resort's use and provides an opportunity for bulk compost sales to select buyers. By promoting the use of compost in gardens and farms, Cinnamon Lodge Habarana is contributing to the reduction of inorganic fertilisers in the local community.

Revolutionising Food Waste Management: Introducing Food Digesters in the Maldives

We invested substantially in implementing cutting-edge food digester plants in our Maldives resorts. These state-of-the-art systems mark a significant milestone in our sustainability journey, directly addressing the critical issue of organic food waste management within our operations.

The food digester plants have been designed to efficiently process all forms of organic food waste, including plate scrapings, leftovers, meat, fish, bones, bread, and dairy products. These waste materials are transformed into a convenient semi-liquid form through a sophisticated and innovative process, which holds considerable potential for composting applications. This conversion reduces the volume of waste being sent to landfills and produces a valuable resource that can be utilised to enhance soil fertility and support sustainable agricultural practices.



RESPONSIBLE WATER MANAGEMENT

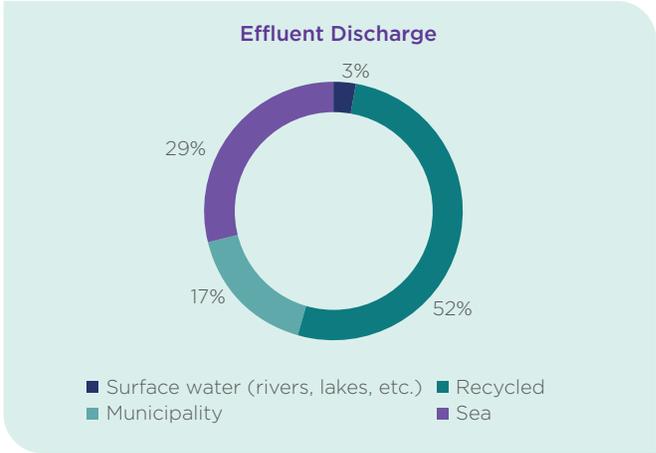
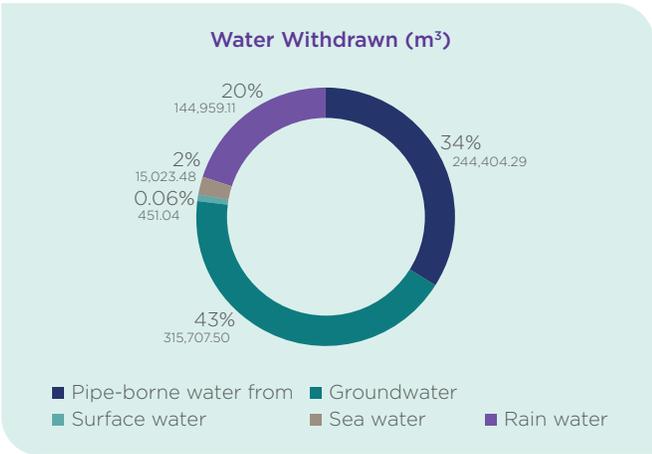
Securing access to clean water is essential for the sustainable growth and development of our business and for the communities in the locations we operate. We have implemented water conservation and efficiency programmes to reduce water withdrawal, and also ensure that wastewater from our operations is treated in accordance with local regulations.

Through innovative strategies and partnerships, we aim to ensure the long-term availability and quality of water resources for future generations.

2025 WATER REDUCTION GOAL

Reduce water consumption by 10 liters/EarthCheck guest night from 2018 baseline

While Cinnamon has successfully achieved this goal, we are actively pursuing opportunities to further minimise water usage across our footprint.



Water efficient technology

Our Resorts have implemented water-saving initiatives by installing low-flow faucets, showerheads, toilets, and cistern tanks with dual flush options. These measures effectively reduce water consumption in guest rooms and public areas.

Cinnamon Resorts also utilise water sprinkler systems for garden irrigation which is a sustainable practice for efficient water management. In adherence to our garden watering policy, we implement strict controls to regulate watering schedules, ensuring optimal usage while minimising water wastage.



Wastewater management

Wastewater management in our hotels is meticulously executed through a blend of physical and biological treatment processes aimed at purifying wastewater before its reintroduction to the environment. The comprehensive approach includes Effluent Treatment Plants equipped with aerobic and anaerobic treatment facilities. Noteworthy methods employed across various resorts include using treated water for flushing and gardening purposes. Additionally, integrating Rotatable Biological Contactors (RBC) at locations like Trinco Blu by Cinnamon and Cinnamon Bey Beruwela underscores our commitment to sustainable effluent treatment practices.

In response to the significant impact of the dry season, we have implemented a sustainable initiative to contribute back through recharging groundwater by redirecting treated water to a man-made tank in Yala and a natural lagoon in Trincomalee. These initiatives serve as a vital source of water for wildlife especially during the harsh dry season. As a result, numerous wildlife species have been observed congregating at these designated watering holes, seeking respite and sustenance amidst the challenging aridity of the season.

A key aspect of our operational strategy involves regularly monitoring effluent quality and quantity to detect any anomalies or shortcomings in the treatment process. By focusing on monitoring parameters such as Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Fecal Coliform levels, and Residual Chlorine, our resorts uphold a stringent quality control standard. This proactive approach ensures compliance with environmental regulations and enables swift corrective actions based on real time data analysis. Implementing a robust monitoring and reporting system is a testament to our dedication to environmental stewardship and sustainable practices in wastewater management across our properties.



Rainwater Harvesting

Our resorts have successfully integrated rainwater harvesting systems to efficiently capture and store rainwater for non-potable purposes, notably irrigation. This sustainable practice has been implemented across several properties, including Cinnamon Citadel Kandy, Cinnamon Bey Beruwela, Hikka Tranz by Cinnamon, Cinnamon Hakuraa Hakuraa Maldives, Cinnamon Dhonveli Maldives, Cinnamon Velifushi Maldives, and Ellaidhoo Maldives by Cinnamon, demonstrating our commitment to environmental stewardship and resource conservation.

Conserving Water

Resorts have implemented water conservation awareness programs to promote responsible water usage and behaviour among staff members. Towel reuse cards and bed linen removal cards have been strategically placed inside guest rooms to encourage sustainable practices.

Regular checks to monitor and detect leaks ensure the effective management of water resources. Consumption meters are used for ongoing monitoring of water usage alongside leak detection programmes, enabling prompt identification and repair of any leaks in the system.

We are now Travelife Gold Certified

Travelife Gold certification is a prestigious recognition that highlights a commitment to the highest standards in eco-friendly practices, fair labour, and community support. At Cinnamon Hotels & Resorts, we are proud to have achieved this certification, showcasing our dedication to sustainability and responsible tourism. Further, this certification scheme is recognised by the Global Sustainable Tourism Council (GSTC).

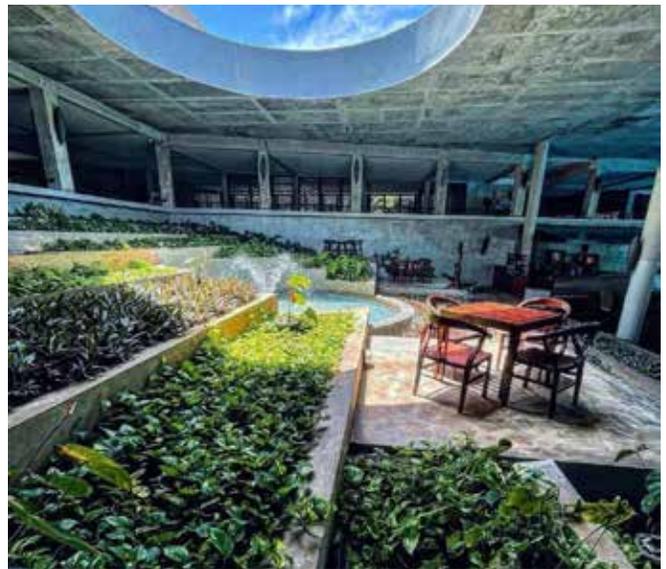
2025 SUSTAINABILITY CERTIFICATION GOAL

All resorts to comply with Global Sustainable Tourism Council (GSTC) certification scheme, Travelife

Our resorts have successfully achieved this goal.

LEED certified properties

Cinnamon Bentota Beach has achieved the prestigious LEED Platinum certification, while Cinnamon Bey Beruwela has been awarded the LEED Gold certification. These certifications highlight our commitment to sustainable building practices, demonstrating our dedication to reducing our environmental impact and promoting a healthier, more sustainable future. By investing in sustainable buildings, we are not only reducing our carbon footprint but also creating a more efficient and eco-friendly environment for our guests and employees.

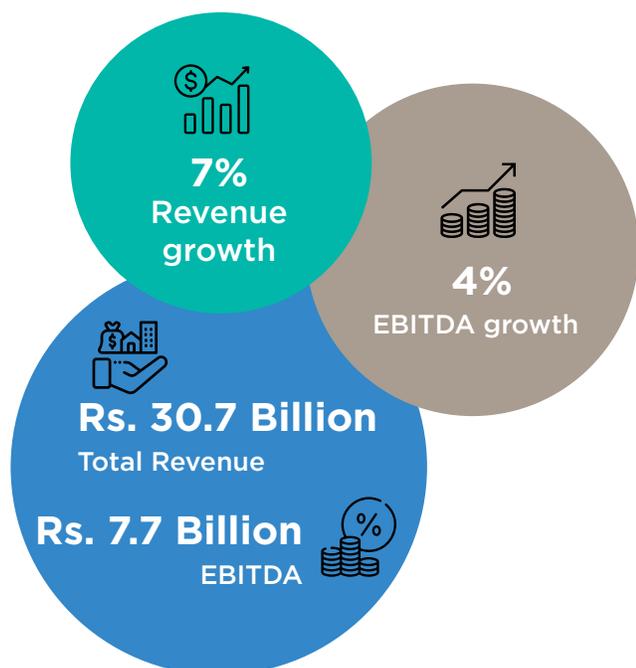


Planet Performances

Energy Consumption		2024	2023
Non-renewable sources			
Purchased electricity (from CEB)	kWh	18,113,963	15,123,117
Liquid Petroleum Gas (LPG)	kg	320,251	9,651
Diesel	Liters	5,850,390	4,017,368
Petrol	Liters	576,955	597,778
Renewable sources			
Solar power	Kwh	997,789	711,292
Total energy consumed	GJ	27,045,241	220,898
Total energy from grid electricity	%	53%	25%
Total energy from renewables	%	3%	3%
Energy Intensity	MJ/GN	242.9	205
Water and Effluents			
Water withdrawn sources			
Surface water- river, lakes, wetlands	m ³	15,023.5	1,940
Ground water	m ³	315,707.5	201,435
Rainwater harvested	m ³	451	Not Reported
Municipal water supply	m ³	244,404.3	271,764
Sea Water	m ³	144,959.1	204,928
Total water withdrawn	m ³	720,545.4	680,067
Water discharge by destination			
Municipality sewerage, drainage lines	m ³	86,073.8	84,991
Rivers, lakes, wetlands	m ³	13,217.6	10,202
Sea	m ³	147,414.7	106,857
Total water discharge	m ³	513,318.6	292,227
Total water consumption from all areas	m ³	156,894	136,013
Water recycled and reused	m ³	279,830.1	90,117
% of water recycled and reused	%	38.8%	13.26%
Green House Gas (GHG) Emissions			
Direct (Scope 1) GHG emissions	tCO ₂ e	13,641	14,767
Energy indirect (Scope 2) GHG emissions	tCO ₂ e	3,099	11,726
GHG emissions intensity	kgCO ₂ e/GN	17.95	20.17
Reduction of GHG emissions	tCO ₂ e	9,753	1,797
Waste			
Waste generated			
Non-hazardous waste	MT	2,307.5	2,255
Hazardous waste	MT	3.5	5
Total waste generation	MT	2,311	2,260
Waste disposal (Non-hazardous)			
Reuse	MT	968	921.3
Recycling	MT	274	473.5
Composting	MT	368	180
Recovery	MT	24	Not Reported
Incineration	MT	101	66
Landfill	MT	391	614
Total waste disposal	MT	2,311	2,255

PROSPERITY

FINANCE REVIEW



Highlights for the year ended 31 March 2024

- Revenue grew by 7% YoY to Rs. 30,739 million.
- EBITDA increased by 4% YoY to Rs. 7,753 million. This growth was supported by improved overall flow-through from room rates and total revenue growth.

Revenue

The Group reported consolidated revenue of Rs. 30,738Mn in FY 2023/24, a 7% growth compared to FY 2022/23.

Revenue growth was supported by a strong performance by the Sri Lankan resorts and the gradual recovery in the Maldivian resorts towards the latter part of FY 2023/24. However, the appreciation of the Rupee against the US Dollar during the year partially impacted revenue growth.

Revenue (Rs. '000)	2023/24	2022/23	Change %
Sri Lanka	10,309	6,189	67%
Maldives	20,429	22,646	-10%
Total	30,738	28,835	7%

Average exchange rate (US Dollar)	318.12	360.36	
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Total revenue - USD '000	96,628	80,019	21%
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Occupancy levels in the Sri Lankan resorts experienced strong recovery momentum throughout the year. The average occupancy rate increased by 27 percentage points, reaching 68%. This growth was further supported by the increase in commercial flight frequencies by major airlines, which led to a rise in tourist arrivals, positively impacting occupancy levels.

Maldives resorts cluster reported an occupancy of 86% (2022/23 – 88%), with a net turnover of USD 64 million, during the financial year. The occupancies were sluggish during the first two quarters. However, the sector gained momentum in the last two quarters, overtaking last year's numbers during the last quarter.

EBITDA

The Group reported an EBITDA of Rs. 7,753Mn in FY 2023/24 compared to an EBITDA of Rs. 7,485 Mn in FY 2022/23. The EBITDA of the Sri Lanka resorts cluster increased to Rs. 1,500 million from Rs. 163 million in 2022/23, surged by 102% to Rs. 7,322Mn (2022/23 – Rs. 3,618Mn). The surge in EBITDA of the Sri Lanka cluster is primarily due to the increased revenue in the backdrop of increased tourist arrivals to Sri Lanka. In the Maldives, EBITDA decreased from Rs. 7,321Mn in last year to Rs. 6,252Mn in 2023/24. The drop in EBITDA of the Maldives cluster is mainly attributable to the appreciation of the Rupee and cost pressures.

The Group's gross profit margin decreased by one percentage point to 62%. However, the gross profit margin for the Sri Lanka resorts cluster rose from 51% last year to 57% in 2023/24. In contrast, the Maldives saw a decrease in gross profit margin from 66% last year to 64% in 2023/24. The Group's operating expenses remained stable throughout the year, largely due to the appreciation of the Rupee which affected the translation of foreign operations into the reporting currency.

Segment results

Rs. million	Sri Lanka		Maldives		Group	
Total revenue	10,309	6,189	20,429	22,646	30,738	28,835
EBITDA	1,500	164	6,253	7,321	7,753	7,485
Profit/(loss) before tax	(406)	(1,621)	341	1,017	(65)	(604)
Segment assets	26,028	24,569	53,200	61,856	79,229	86,425
Segment liabilities	12,921	11,976	35,693	42,521	48,615	54,497
Lease liabilities	392	444	18,996	22,363	19,389	22,807
Interest-bearing loans and borrowings	5,371	5,918	7,621	11,647	12,992	17,565

Macroeconomic Environment in Sri Lanka and Its Impact on Us

The Sri Lankan economy witnessed a gradual revival in 2023 from the deepest economic downturn in its post-independence history. This revival was supported by several key factors: a rapid decline in inflation, enhanced external resilience, stronger fiscal balances, and maintained stability in the financial system.

Macroeconomic development	How it affected our operation
Inflation peaked at a historically high level in September 2022 and underwent a rapid disinflation process, bringing it down to lower single-digit levels by the end of 2023.	The decline in the inflation rate helped SL Resorts achieve a better gross profit margin.
Policy interest rates were reduced. From June 23 to December 23, the policy interest rate was reduced by 6.5%, and it was reduced by 50 basis points further in March 24.	Sri Lanka resorts cluster benefited from the notable decline in market interest rates. Despite the increase in the utilisation of overdrafts, the YoY increase in finance cost was limited to Rs.128Mn.
Fiscal adjustments aimed at achieving debt sustainability involved reducing government expenditure and increasing revenue.	Adjustments to electricity tariffs negatively impacted the operating cost structure, leading to an erosion of the EBITDA margin.

Finance Costs

During the year, the Group reported finance costs of Rs. 2,882Mn, which was Rs. 180Mn higher than the previous year. In Sri Lanka, finance costs increased by 14% year-on-year owing to the increased utilisation of overdraft facilities; in the Maldives, the increase in the LIBOR/SOFR rate on term loan facilities contributed to higher interest costs, which was offset by the reduction in costs due to loan repayments.

Taxation

The Group's effective tax rate stood at 573%, compared to 45% (tax reversal) in 2022/23. The Sri Lankan companies recorded an ETR of 27% (tax reversal), whilst the Maldivian cluster recorded an ETR of 76%. These ETRs do not correspond to the primary tax rates of the Sri Lankan (30%) and Maldivian clusters (15%).

The inordinate effective tax rate is primarily stemming from the unwinding of deferred tax assets recognised in prior periods. These assets, recognised on tax losses brought forward in previous years in some of the companies in Sri Lanka and Maldives, cannot be recouped within the stipulated

regulatory timelines. This is mainly due to the prolonged and numerous disruptions over the last few years, a situation that has significantly impacted our financial performance.

Additionally, the Maldivian sector's high effective tax rate is influenced by restrictions on claiming full capital allowances for resorts with lease periods that end before the time allowed for claiming these allowances under their tax laws.

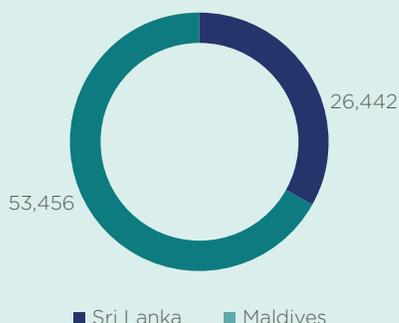
Financial Position and Cash Flow

Assets

The Group's total assets amounted to Rs. 79,899Mn, a decrease from Rs. 87,096Mn reported as of 31.03.2023.

The decrease in assets is mainly attributable to the exchange difference in the translation of foreign operations (RS. 1,698Mn), depreciation of property, plant, and equipment (Rs.2,458Mn), and depreciation of right-of-use assets by Rs. 2,436Mn. Additionally, the Group invested Rs. 1,124Mn in property, plant, and equipment, with the majority of the investment being made in the Maldives. The Maldivian cluster accounted for 67% of the Group's total assets, a slight decrease from 71% in 2022/23.

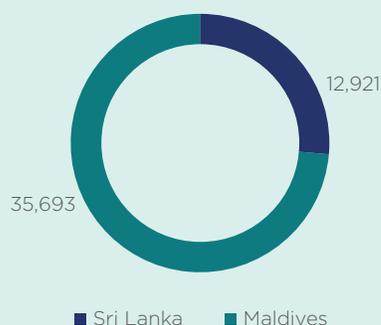
Total Assets (Rs.Mn)



Liabilities

The Group reported total liabilities of Rs. 48,614Mn at the end of 2023/24, a decrease of Rs. 5,883Mn from Rs. 54,497Mn at the end of 2022/23. This is primarily due to the repayment of term loans and the impact of exchange rates on overseas operations. The Maldives sector, which represented 78% (2022/23- 73%) of total liabilities at the end of FY 2022/23, experienced a decrease in total liabilities due to debt service payments and the impact on the exchange on the conversion of the overseas operation. Meanwhile, the Sri Lankan sector's total liabilities increased by approximately Rs. 945Mn due to the use of overdraft facilities.

Total Liabilities (Rs. Mn)



Net debt

The positive cash flow generated from operations and debt servicing payments during the year resulted in a decline in the group's net debt position.

	2023/24	2022/23	Change
Net debt (Rs. Million)	21,182	23,757	2,575
Debt/equity (%)	72%	79%	7%

Shareholder's funds

Shareholders' funds decreased by Rs. 314Mn from Rs. 32,598Mn reported as of 31.03.2023 to Rs. 31,284Mn at the end of the financial year 2023/24, primarily due to the exchange difference on the translation of foreign operations, which was partially offset by the gain on revaluation of land and buildings.

Exchange differences on translation of foreign operations

The Group recognised an exchange loss of Rs. 1,698Mn in the Statement of Comprehensive Income on the translation of a foreign operation (Maldives) to the reporting currency. This loss arises due to the appreciation of the Rupee against the US Dollar. The Sri Lanka Rupee appreciated from Rs. 329.5 as of 31.03.2023 to Rs. 300.4 as of 31.03.2024.

Fair value assessment of land and buildings

Revaluation of land and buildings

The Group deployed two independent Chartered Valuers to conduct a desktop valuation of land and buildings as of 31 December 2023. A revaluation gain of Rs. 1,148Mn (2022/23 - Rs. 2,664Mn) was identified in the Statement of Comprehensive Income.

Net gain from fair value remeasurement of investment properties

The Group recognised a fair value gain on investment property of Rs. 98Mn (2022/23 - Rs. 201Mn) in the Income Statement.

During the year, the Group generated positive cash flows from operations of Rs. 6,068Mn, an increase of Rs. 499Mn YoY supported by improved operations in Sri Lanka and Maldives.

The cash flow used in investing activities was Rs. 1,387Mn in 2023/24, primarily due to investments made in purchasing property, plant and equipment. The Group reported net cash used for financing activities of Rs. 6,373Mn in 2023/24, due to repayment of lease liabilities of Rs. 1,177Mn and repayment of long-term borrowings of Rs. 5,377Mn.

Expansion through Asset-Light Business Model

During the year, the company invested Rs. 582 million more in Indra Hotels & Resorts Kandy Pvt Limited, wherein it holds a 40% equity stake. Indra Hotels Kandy Pvt Limited is developing a 215-room hotel in Kandy, which is expected to commence operation in the third quarter of 2024/25.

Outlook

Global growth, forecasted at 3.1 per cent in 2023, is anticipated to maintain this rate in 2024 before seeing a slight increase to 3.2 per cent in 2025. The projected global growth for 2024 and 2025 falls below the historical annual average of 3.8 per cent (2000–2019), attributed to restrictive monetary policies, reduced fiscal support, and sluggish underlying productivity growth.

Maldives - The Maldivian government's fifth tourism master plan emphasises sustainable tourism and aims to establish the Maldives as a year-round destination. The country has experienced consistent growth in tourism, with 1.7 million international arrivals in 2022, 1.9 million in 2023, and a projection of over two million international tourists in 2024. As tourism is a major economic driver, the Maldives' GDP was forecasted to grow by 4.4% in 2023, 5.2% in 2024, and 5.9% in 2025.

Sri Lanka - Expected tourist arrivals to Sri Lanka in FY 2024/25 are approximately 2.3Mn, with India and China leading the way, followed by traditional European markets. However, arrivals from the Russian and CIS markets are projected to decline compared to the previous financial year (FY 2023/24).

Despite intense competition in the market, the SL Resorts cluster remains dedicated to maximise revenue. With positive global sentiments towards Sri Lanka's tourism industry, strong performance is expected in room revenue and food category. The sector will remain vigilant to market shifts, seizing opportunities throughout the fiscal year.

PROSPERITY

INVESTOR INFORMATION

Distribution of Shareholders

There were 6,755 registered shareholders as at 31 March 2024 (6,546 as at 31 March 2023) distributed as follows:

No. of shares held	As at 31 March 2024				As at 31 March 2023			
	No. of Shareholders	%	No. of Shares held	%	No. of Shareholders	%	No. of Shares held	%
1 to 1,000	4,028	59.63	1,344,756	0.09	3,829	58.49	1,331,291	0.09
1,001 to 10,000	1,892	28.01	7,371,546	0.51	1,872	28.60	7,358,019	0.51
10,001 to 100,000	666	9.86	20,402,201	1.40	678	10.36	21,323,474	1.46
100,001 to 1,000,000	135	2.00	43,510,389	2.99	138	2.11	41,118,111	2.82
Over 1,000,000	34	0.50	1,383,517,888	95.01	29	0.44	1,385,015,885	95.12
Total	6,755	100.00	1,456,146,780	100.00	6,546	100.00	1,456,146,780	100.00

Composition of Shareholders

No. of shares held	As at 31 March 2024			As at 31 March 2023		
	No. of Shareholders	No. of Shares held	%	No. of Shareholders	No. of Shares held	%
John Keells Holdings PLC	1	1,169,598,478	80.32	1	1,169,598,478	80.32
Public - Resident						
Institutions	246	192,305,913	13.21	249	186,486,003	12.81
Individuals	6,442	73,618,504	5.06	6,227	66,457,356	4.56
Public - Non-Resident						
Institutions	8	12,826,774	0.88	7	25,112,617	1.72
Individuals	58	7,797,111	0.53	62	8,492,326	0.58
Total	6,755	1,456,146,780	100	6,546	1,456,146,780	100

The percentage of the shares of the Company held by the Public as at 31 March 2024 was 19.68% (31 March 2023 - 19.68%).

Directors and Spouses Shareholdings

As at 31 March	No. of shares held	
	2024	2023
K N J Balendra - Chairperson	Nil	Nil
J G A Cooray	Nil	Nil
S Rajendra	Nil	Nil
M R Svensson	Nil	Nil
M H Singhawansa	Nil	Nil
H Premaratne	Nil	Nil
A K Moonesinghe	Nil	Nil
K A Gunasekera	Nil	Nil

Market Information on Ordinary Shares of the Company

	2023/24	Date	2022/23	Date
SHARE INFORMATION				
Highest price (Rs.)	24.70	01-06-2023	20.90	15-09-2022
Lowest price (Rs.)	15.60	04-07-2023	9.30	04-05-2022
As at period end (Rs.)	18.60	31-03-2024	18.90	31-03-2023
TRADING STATISTICS				
Number of transactions	12,473.00		8,757	
Number of shares traded	78,539,668		52,407,613	
Shares traded as a % of total shares in issue	5.39		3.60	
Value of all shares traded (Rs.)	1,555,517,754		864,154,496	
Average daily turnover (Rs.)	6,508,442		3,692,968	
Market capitalisation (Rs.)	27,084,330,108		27,521,174,142	
Float Adjusted Market Capitalisation (Rs.)	5,329,798		5,415,762,908	

Top Twenty-Five Shareholders of the Company

Name of the shareholder	As at 31 March 2024		As at 31 March 2023	
	No. of Shares	%	No. of Shares	%
John Keells Holdings PLC	1,169,598,478	80.32	1,169,598,478	80.32
Employees Provident Fund	78,474,454	5.39	78,474,454	5.39
Sri Lanka Insurance Corporation Ltd. - Life Fund	49,375,841	3.39	49,375,841	3.39
Hatton National Bank PLC - Capital Alliance Quantitative Equity Fund	12,103,392	0.83	12,103,392	0.83
Citibank New York S/A Norges Bank account 2	10,751,039	0.74	12,643,485	0.87
Mrs. J. M. Blackler	6,514,760	0.45	6,514,760	0.45
People's Leasing & Finance PLC/L.P.Hapangama	5,833,593	0.40	5,833,593	0.40
Invenco Capital Private Ltd	4,643,327	0.32	4,672,113	0.32
Mercantile Fortunes (Pvt) Ltd	3,800,000	0.26	3,800,000	0.26
Mr. K.D.H. Perera	3,742,643	0.26	3,742,643	0.26
Miss N.T.M.S. Cooray	2,526,345	0.17	2,391,107	0.16
Mr. R. T. Jinasena	2,516,765	0.17	2,516,765	0.17
DFCC Bank PLC A/C 1	2,500,000	0.17	2,500,000	0.17
Mr. T. R. Jinasena	2,351,568	0.16	2,351,568	0.16
Mr. K. D. A. Perera	2,195,027	0.15	2,195,027	0.15
Mr. S.R. Perera	2,087,676	0.14	2,087,676	0.14
Capital Alliance PLC	2,049,180	0.14	2,049,180	0.14
Merrill J Fernando & Sons (Pvt) Ltd	1,911,573	0.13	1,911,573	0.13
Guardian Fund Management Limited/The Aitken Spence and Associated Companies Executive Staff Provident Fund	1,693,630	0.12	1,693,630	0.12
Bank of Ceylon-No 2 A/C (BOC PTF)	1,660,983	0.11	1,660,983	0.11
Mr. H.N. Esufally Husein Nuruddin	1,636,983	0.11	1,526,946	0.10
Rubber Investment Trust Ltd A/C No 01	1,465,103	0.10	1,465,103	0.10
People's Leasing & Finance PLC/Mr.D.M.P.Disanayake	1,307,539	0.09	1,307,539	0.09
Mr. A.A.V. Amerasinghe	1,287,800	0.09	1,287,800	0.09
MR. C.N.H. LIYANAGE	1,250,000	0.09	1,250,000	0.09
Total	1,373,277,699	94.31	1,374,953,656	94.42

PROSPERITY

COMMUNITY EMPOWERMENT

“Bees that Sustain Lives” - Empowering Communities through Beekeeping for Biodiversity Conservation

Bees are crucial pollinators in the ecosystem, playing a key role in the reproduction of many plant species. In addition to their role as pollinators, bees contribute to the overall health of ecosystems by maintaining the balance of various plant and animal populations. They help decompose organic matter and nutrient recycling, playing a vital role in the functioning of ecosystems.

To promote sustainable livelihoods and biodiversity conservation, Cinnamon Resorts collaborated with the John Keells Foundation to launch the ‘Bees that Sustain Lives’ beekeeping project. This project stands out as a significant addition to our diverse portfolio of livelihood ventures, aiming to empower local communities while highlighting the crucial role of bees in conserving biodiversity.

The heart of the project lies in empowering carefully selected beneficiaries residing around the Cinnamon Lodge in Habarana and Cinnamon Citadel in Kandy. A total of 40 individuals participated in the beekeeping training, with 25 of them receiving essential beekeeping equipment to kickstart their journey as beekeepers.

This initiative equipped beneficiaries with the necessary tools and provided valuable training on responsible beekeeping practices including the importance of minimising harm to bees during honey-gathering, fostering thriving bee colonies, and mastering beeswax extraction. The project aimed to enhance entrepreneurship opportunities and augment income generation, especially for women in the local community.

Reference: Ollerton, J., Winfree, R., & Tarrant, S. (2011). How many flowering plants are pollinated by animals? *Oikos*, 120(3), 321-326.



PROMOTING PROSPERITY

Cinnamon Hotels & Resorts is deeply committed to nurturing relationships with the communities in our operational locales through extensive stakeholder engagement. We also foster a socially responsible mindset among employees and actively encourage our business.

Our dedication to positively impacting our wider community is evident through our Corporate Social Responsibility (CSR) initiatives and the integration of community responsibility into our business strategy. We prioritise sourcing locally whenever possible, aiming to create employment opportunities and offer training programs for the youth in our community to enhance local empowerment. At the same time, our steadfast commitment is directed towards revitalising the tourism sector in our nation through strategic destination marketing initiatives crafted to encourage tourists to revisit Sri Lanka and the Maldives.

Promoting prosperity in community empowerment involves several key components, including:

Education and Skill Development:

Providing access to quality education and training programs that equip community members with the necessary skills to succeed in the workforce.

Access to Resources:

Ensuring equitable access to resources such as healthcare, clean water, and infrastructure to improve the quality of life in the community.

Economic Opportunities:

Creating job opportunities, supporting entrepreneurship, and promoting economic development to stimulate growth and prosperity in the community.

Social Support and Inclusion:

Fostering a sense of belonging and social cohesion through community engagement, support networks, and inclusive practices that empower all members to participate and contribute.

Advocacy and Policy Change:

Advocating for policies that address systemic barriers and promote equity, justice, and sustainable development within the community.

Collaboration and Partnerships:

Building partnerships with local stakeholders, organisations, and government agencies to leverage resources, expertise, and support for community empowerment initiatives.

The Cinnamon Community Footprint

Cinnamon Hotels & Resorts, in collaboration with John Keells Foundation, our colleagues and guests continued to support communities through monetary and in-kind donations. In 2023, these contributions totalled over Rs. 7.7 million. Cinnamon Resorts demonstrated a strong commitment to corporate social responsibility by empowering employees to engage with local communities and address pressing needs actively. Throughout the year, our colleagues collectively dedicated over 14,500.5 volunteer hours, with a primary focus on environmental and social initiatives aimed at making a positive impact in their respective communities.

2025 VOLUNTEERISM GOAL

Contribute 2,000 volunteer hours by year end of 2025

Impact 1,000 beneficiaries (direct & indirect) aligning to the 6 pillars of our CSR community engagement model by 2025

14,500.5 Volunteer hours in FY 2023/24

1,815 of cumulative volunteer hours have served children

667.5 of cumulative volunteer activities have been skills-based

113.5 of cumulative volunteer hours served for women led initiatives

Cinnamon is making significant progress towards achieving the volunteerism goals and remains committed to reaching the target by the end of 2025.

Our CSR Vision

Our strategic CSR initiatives aim to empower our communities to enjoy a better standard of living tomorrow by fostering relevant skills, opportunities, and environment today.



Education: We provide better access to educational opportunities for those in need to enhance their employability and entrepreneurship.



Environment: We strive to minimise the impact of our operations, promote conservation and sustainability towards enhancing environmental and natural capital.



Health: We foster healthy communities that contribute to the well-being and productivity of the country.



Livelihood: We foster sustainable livelihoods through relevant skills, capacity, and infrastructure enhancement towards building empowered and sustainable communities



Art & Culture: We strive to nurture the livelihoods of artists and preserve our cultural heritage towards safeguarding and promoting local arts and culture.



Disaster Relief: We aid our communities in times of adversity and disaster by enabling them to rebuild their lives and livelihoods.

Creating Life-Changing Opportunities

The Kadjan roof weaving project at Ellaidhoo Maldives by Cinnamon showcases our commitment to preserving traditional craftsmanship while harnessing local resources for sustainable development. This initiative involves gathering dried coconut leaves from the resort premises and skilfully weaving Kadjan roofing covers by the women of Hangnaameedhoo island.

The art of Kadjan weaving serves as a practical roofing solution for public areas such as the reception, restaurants, and the dive centre while honouring Maldives' rich cultural heritage. Throughout the financial year 2023/24, this endeavour not only generated revenue but also fosters a sense of community and strengthens the connection to the island nation's natural resources.



The Hikka Batiks programme at Hikka Tranz by Cinnamon embodies a sustainable initiative where discarded hotel linen is repurposed into batik tote bags by a group of 12 skilled and empowered women in the Hikkaduwa community. This project is aimed at supporting and enhancing the capabilities of local women artisans while expanding market opportunities.

Initially spearheaded by the John Keells Foundation, the project evolved through the formalisation of the organisation, product development, and market identification. Throughout the journey, the team at Hikka Tranz by Cinnamon played a pivotal role, driving and steadfastly supporting the artisans through challenging circumstances.

The team showcased remarkable dedication and ingenuity by creating shared value for both the artisans and the business. Innovative strategies included transforming discarded linen into vibrant bedsheets for staff accommodations, crafting batik tote bags for guests, and producing customised wall art for the hotel. Currently, the artisans are exploring new product avenues to further enrich the guest experience, promising to introduce more vibrant and engaging offerings in the near future.

Reflecting on Our Crisis Response Initiative: A Year in Review

In response to the ongoing crisis affecting communities nationwide, the John Keells Foundation, the CSR arm of The John Keells Group, has initiated a crisis response programme in collaboration with the Group's businesses. Cinnamon Hotels & Resorts remains actively engaged in this response programme by participating in key initiatives focused on addressing critical challenges, alleviating immediate hardships, and supporting community empowerment efforts to facilitate recovery from the crisis in Sri Lanka.

Initiatives to Ensure Food Security

The Good Agriculture Practices (GAP) Farmer Project for Sustainable Farming

2022, the collaborative efforts between John Keells Foundation and Cinnamon Hotels & Resorts marked this transformative initiative. The project encompasses 26 farms spread across 19 acres of land surrounding our properties in Beruwala, Kandy, Habarana, Trincomalee, and Weerawila. Over 90 individuals have directly benefited from this endeavour.

This project exemplifies a commitment to innovation and sustainability by employing modern agricultural methods such as drip irrigation systems, insect-proof fencing, poly mulching technology, and rotating sprinkler irrigation systems.

This sustainable farming programme harmonises with the Livelihood Development initiatives of John Keells Foundation. The programme is strategically designed to advocate for sound agricultural practices, incorporating technological advancements to empower small-scale commercial farmers within our communities. The aim is to amplify their productivity, ensure resource sustainability, boost income generation, and fortify their contribution to Sri Lanka's food production landscape.

Produce harvested (kg) in 2023 - 3,251

“Sara Midula” home gardening program aims to promote sustainable gardening practices

Phase two of the home gardening programme was launched in 2023 in partnership with JKF as part of the “Praja Shakthi” Initiative. The main goal of this initiative was to empower disadvantaged communities to cultivate their produce in response to the prevailing food crisis. Cinnamon Citadel Kandy, Cinnamon Bentota Beach, Cinnamon Bey Beruwela, Cinnamon Wild Yala, Hikka Tranz by Cinnamon and Cinnamon Lodge Habarana spearheaded this project within their respective communities. A home garden competition was organised as phase two to assess and identify the most exceptional home gardens, which were acknowledged and rewarded accordingly.

Number of home gardens established - 80



Combating Child Malnutrition

The “Pasal Diriya” school meal programme provides nutritious meals to needy students

Collaborating with John Keells Foundation, “Pasal Diriya” addresses child malnutrition in Sri Lanka while enhancing school attendance rates. The initiative encompasses the establishment of vital infrastructure for meal preparation, such as school kitchens, as well as the facilitation of in-house school gardens. Currently, around 710 children benefit from daily meals provided through this programme.

Number of meals served in 2023 - 183,679



Supporting the Continuation of Education

Higher Education Scholarship Programme

This initiative aims to offer financial support to deserving students pursuing higher education, emphasising academic merit, financial need, and potential for success as critical selection criteria. The collaboration with Cinnamon Resorts further enhances the program's impact, empowering talented individuals who may encounter financial barriers to higher education opportunities. The scholarships provided not only assist students in achieving their academic aspirations but also enable them to make meaningful contributions to society.

Number of scholarships awarded in 2023 – 18

Supporting Healthcare Service: Unveiling the Solar Project at Kirinda Hospital

Kirinda Hospital, established as a vital medical facility following the 2004 Tsunami, serves as a crucial healthcare provider for over 2000 families and visitors to the renowned Yala National Park and nearby luxury resorts, including Cinnamon Wild Yala.

Mr. Daanyal Ebrahim, a passionate advocate for sustainable energy practices, collaborated with the John Keells Foundation and Cinnamon Wild Yala to spearhead the initiative to implement solar panels at Kirinda Hospital.

The Kirinda Regional Hospital has achieved self-sufficiency in electricity generation through this generous donation. The Cinnamon Wild Engineering team has been collaborating closely with the hospital to offer technical support and maintenance services for the solar panels, ensuring the continued success of this sustainable energy initiative.



English language scholarship programme

This programme by John Keells Foundation continues to empower individuals by offering opportunities to elevate their English language abilities. This program remains dedicated to assisting students in advancing their proficiency in English, thereby equipping them to pursue improved educational and career pathways.

Number of placements in 2023 - 213

Fostering a Safe and Supportive Environment for Children

We have undertaken a significant initiative to enhance community awareness of the identification and prevention of child abuse and neglect. Through collaborative efforts with esteemed partners such as John Keells Foundation and LEADS Sri Lanka, we have successfully conducted employee awareness sessions aimed at equipping individuals with the knowledge and skills necessary to recognise and address instances of child abuse.

As part of a comprehensive three-year plan, the next phase of our initiative will focus on extending these awareness programmes to the broader community. Notably, 218 employees have actively participated in the child protection awareness sessions, with a select number undergoing a rigorous 'train the trainer' program to serve as future advocates and educators in child protection.

Furthermore, under the auspices of the Creating Enriched Environment for Progressive Education (CEEPE) a collaborative project involving Good Neighbours, John Keells Foundation, Cinnamon Lodge Habarana and Habarana Village by Cinnamon, significant strides have been made in enhancing teacher training programs. These initiatives have emphasised key areas such as effective communication, child-centred learning, understanding diversity, and goal setting.

Of particular significance is the recent training conducted for teachers from Habarana schools, with 40 educators actively participating in these sessions. This concerted effort underscores our commitment to fostering a safe and supportive environment

PROSPERITY

During the financial year, each of our resorts has actively participated in targeted CSR programs, in addition to groupwide initiatives, to engage with their surrounding communities. Here are some examples of the initiatives undertaken by each resort.

Name of the Resort	CSR Highlights	Volunteer Hours FY 2023/24
Cinnamon Bentota Beach	<p>Facilitate the industrial visit programme for University of Sabaragamuwa students</p> <p>Fund donations to “Galapatha” and “Udakotuwa” temples for refurbishment projects</p> <p>Tsunami awareness session for the community in collaboration with Disaster Management Centre</p>	1,570
Trinco Blu by Cinnamon	<p>Increase community awareness of marine tourism, fostering knowledge of marine life, tourism opportunities, and potential hotel connections to strengthen the nearby community.</p>	1,134
Hikka Tranz by Cinnamon	<p>Gifts and essentials distributed to children in two children’s homes in Hikkaduwa area</p> <p>Five class rooms in the primary section of “Akkarawissa” school painted with the help of staff members and school kids</p> <p>Dental kits and soaps distributed to “Patuwatha” primary school kids, with an awareness session conducted by the public health inspector</p> <p>Uniforms distributed to members of police life saving unit based near the hotel</p>	968.5
Cinnamon Bey Beruwala	<p>Stationary distribution for students at “Moragalla” primary school, Beruwala</p> <p>Chair distribution for “Awiththawa” primary school and “Sartalankarathissa” School in Meegama</p> <p>Improved living standards of elders by maintaining, repairing, and cleaning the premises in “St. Albert” elder’s home</p>	862
Cinnamon Wild Yala	<p>Conducted a familiarisation tour to a cattle farm and negotiated the purchase of fresh milk for pregnant mothers in the surrounding area</p> <p>Donated school stationery and clothes to underprivileged students in the Thissamaharama area</p> <p>Provided water to water catchment areas in Yala National Park to ensure the survival of wildlife during the dry season</p> <p>Conducted educational program for school students at “Magama” vidyalaya on biodiversity with the support of in house naturalists</p>	1,004
Cinnamon Citadel Kandy	<p>The transformation of discarded waste bins into reusable bins for donation to “Senkadagala” blind school aligns with the principle of repurposing of waste.</p> <p>The annual Christmas event featured the engagement of deaf and blind students, who were supported by the Cinnamon Citadel team to showcase their talents and skills.</p> <p>Collaborated with Kandy Police Station, Cinnamon Citadel Kandy, and DFCC Bank to honour and appreciate 130 women police officers on women’s day, recognising their dedication and sense of responsibility.</p>	1,272

Name of the Resort	CSR Highlights	Volunteer Hours FY 2023/24
Cinnamon Lodge Habarana and Habarana Village by Cinnamon	<p>Colour washing and improving the standards of “Horwila” ayurvedic hospital</p> <p>Blood donation campaign for the community in Habarana area</p> <p>Transfer of catamaran to the “Horiwila” fisherman community as part of collaborative effort between Cinnamon Lodge Habarana and the John Keells Foundation to promote community tourism in the Habarana area</p>	1,609
Ellaidhoo Maldives by Cinnamon	<p>We relaunched the Aluminium water bottle donation program by donating 279 bottles to the “Omadhoo” school through discarded umbrella beach bag sales.</p> <p>Organised a tree plantation campaign project on “Rasdhoo” island in collaboration with the atoll police station team, donating a total of 70 banyan, banana, coconut, and hummingbird trees</p>	905
Cinnamon Dhonveli Maldives	<p>Upkeep the infrastructure facilities at the “Huraa” health centre</p> <p>Donation of 65-inch smart television to “ Himafushi “school</p> <p>Donation of linen and water canisters to the drug rehabilitation center</p> <p>Study tour for “Majeedhiya” school girl guide students aimed to provide practical knowledge and exposure to hospitality industry through resort visit with activities like learning table etiquette, bed decoration, and first aid sessions</p>	1,819
Cinnamon Velifushi Maldives	<p>Donated cash rewards to “Felidhoo” Council to support their development</p> <p>Conducted hospitality industry awareness session for “Keydhoo” school students</p> <p>Conducted a blood donation campaign for the nearby community</p>	522
Cinnamon Hakuraa Huraa Maldives	<p>Donated 15,000 disposable face masks, 3,000 reusable & washable face masks, and 698 pairs of shoe covers to “M. Mulak” health center.</p> <p>Hosted “Mulak” school travel and tourism students at resort for a learning exposure session to enhance their hospitality knowledge</p>	1,142

PROSPERITY

SUSTAINABLE SUPPLY CHAIN

RESPONSIBLE SOURCING

In our commitment to prioritising local sourcing initiatives, we actively engage in uplifting surrounding communities while mitigating supply chain risks and enhancing our distinct guest experience. Approximately 70% of our supplier base hails from neighbouring communities, with all being Small and Medium Enterprises (SMEs).

Our supplier selection process adheres to a transparent and impartial tender process, incorporating well-documented social, environmental, and financial benchmarks. Throughout the year, we welcomed 69 new suppliers from neighbouring communities.

2025 RESPONSIBLE SOURCING GOAL

Aims to locally source 50% of produce by year-end of 2025

Supplier impact assessments to be carried out for 100% of suppliers in the top 6 purchasing categories

Number of local supplies onboarded during the year **69**

Number of supplier assessed based on social and environmental criteria (Impact assessments conducted during the year) **41**

Cinnamon is making significant progress towards achieving the goals and remains committed to reaching the target by the end of 2025.

Collaborating closely with our suppliers and partners, we advocate for sustainable practices and ethical conduct. Regular supplier audits, on-site visits, and impact assessments empower us to proactively identify and address social and environmental risks within our supply chain. Notably, 41 new suppliers (36 from our Sri Lankan resorts and 5 from our Maldivian resorts) underwent comprehensive impact assessments during the year.

Our strategic goal is to conduct impact assessments for 100% of our top six purchasing categories by 2025. During the year, we have not detected any adverse social or environmental impacts within our supply chain.

Empowering Local Suppliers: Unleashing the Essence of Community-driven Success

Mrs. Nirmala's journey with oysters commenced in 1995 when she married a businessman in oyster farming. Tragically, after his passing in 2002, she courageously assumed control of the business to provide for her two children. Initially focused on supplying oysters, mussels, and claws to various hotels, her pivotal breakthrough came with Cinnamon Resorts. Expanding her supply chain to include establishments like Cinnamon Lodge Habarana and Trinco Blu by Cinnamon, Mrs. Nirmala's commitment to food safety and hygiene deepened.

Undergoing training and audits conducted by Cinnamon Hotels & Resorts, she refined her expertise, transforming her late husband's enterprise into a thriving legacy.





Mrs. Rani and Mrs. Renuka, esteemed community chefs at Cinnamon Wild Yala, have demonstrated unwavering commitment and dedication in their roles since December 2019 and June 2020 respectively. Mrs. Rani, a mother of two, and Mrs. Renuka, a mother of three daughters, not only ensure the well-being of their families but also actively support their children's educational pursuits. These exemplary individuals play a pivotal role both within their households and in their professional capacities, epitomising the ethos of diligence and hard work.

Elevating our Ethical Sourcing Journey: Leading to “Farm to Fork” Experience

Green House projects at Cinnamon Lodge Habarana and Cinnamon Bentota Beach exemplify our unwavering commitment to responsible sourcing. Our Green Houses serve as a testament to sustainability, where we employ innovative practices such as vertical gardens and sustainable farming techniques to cultivate a diverse range of vegetables and herbs. Through the concept of “seed to plate,” we ensure a sustainable and efficient approach to food production, starting from the careful cultivation of seeds in controlled greenhouse environments.

By nurturing crops in optimal conditions that minimise environmental impact, we strive to deliver the freshest ingredients for our culinary creations. The journey from seed to plate not only guarantees freshness and quality but also significantly reduces our carbon footprint, showcasing our dedication to a greener future.

Produce harvested in kg in 2023
- 2,950



Empowering Local Artisans: Fostering Creativity and Opportunity

Cinnamon Bentota Beach and Cinnamon Bey Beruwela collaborate with local artisans to showcase and sell handmade products, promoting cultural heritage and supporting the local economy. Initiatives include weekly showcases of wood carvings and partnerships with women artisans for batik products. Exhibitions on the local leather industry raise awareness and facilitate cultural exchange. These efforts demonstrate our commitment to social responsibility and empowering the vibrant local community.



GOVERNANCE

John Keells Hotels PLC's (The Company) commitment to doing business fairly and responsibly throughout our operations and value chain is anchored in our values and corporate commitments. This means promoting accountability by maintaining proper policies and practices, having zero tolerance for fraud and corruption, respecting human and labour rights, operating in a transparent manner, and upholding a culture of respect, honesty, and fairness. Responsible business conduct is crucial in earning the trust of our stakeholders and a license to operate.

As a subsidiary of John Keells Holdings PLC (JKH), both the Company and the Hotels Group have wholeheartedly embraced the robust governance framework of the John Keells Group (Group). This adoption is not just a formality-it's a testament to our commitment to ethical and accountable business conduct. We adhere to the principles of transparency and open disclosures, and we ensure strict compliance with all mandatory regulations. This commitment to the highest levels of corporate governance is not just a goal, but a standard that we strive to uphold every day.

Integrated Governance Systems And Procedures

Listed below are the primary governance systems and procedures of the JKH Group, adopted by the Company and the Hotels Group. These systems and procedures strengthen the company's Internal Governance Structure and are benchmarked against industry best practices.

- a. Strategy formulation and decision making process
- b. Human resource governance
- c. Integrated risk management
- d. IT governance
- e. Tax governance
- f. Stakeholder management and effective communication

a. Strategy formulation and decision making processes

Strategy Mapping

Strategy mapping exercises, concentrating on the short, medium and long-term aspirations of each business, are conducted annually and reviewed, at a minimum, quarterly/half-yearly or as and when a situation so demands.

This exercise entails the following key aspects, among others.

1. Progress and deviation report of the strategies formed.
2. Competitor analysis and competitive positioning.
3. Analysis of key risks and opportunities.
4. Management of stakeholders such as suppliers and customers.

5. Value enhancement through initiatives centred on the various forms of capital under an integrated reporting framework.

The strategies of the various business units, operating in diverse industries and markets, will always revolve around the JKH group strategy, while considering their domain specific factors. The prime focus always is to enhance value for all stakeholders. The Group's investment appraisal methodology and decision making process ensures the involvement of all key stakeholders that are relevant to the evaluation of the decision.

In this manner:

- A broad range of views, opinions and advice are obtained before making an investment decision.
- A holistic view is taken of any project's commercial viability and potential, including its operational, financial, funding, legal, risk, sustainability, and tax implications.
- Sensitivity and scenario analysis are conducted to understand the macroeconomic environment impacts, especially during periods of volatility and uncertainty.
- All investment decisions are consensual in nature, made through the afore-discussed management committee structure where no single individual has unfettered decision-making powers over investment decisions.

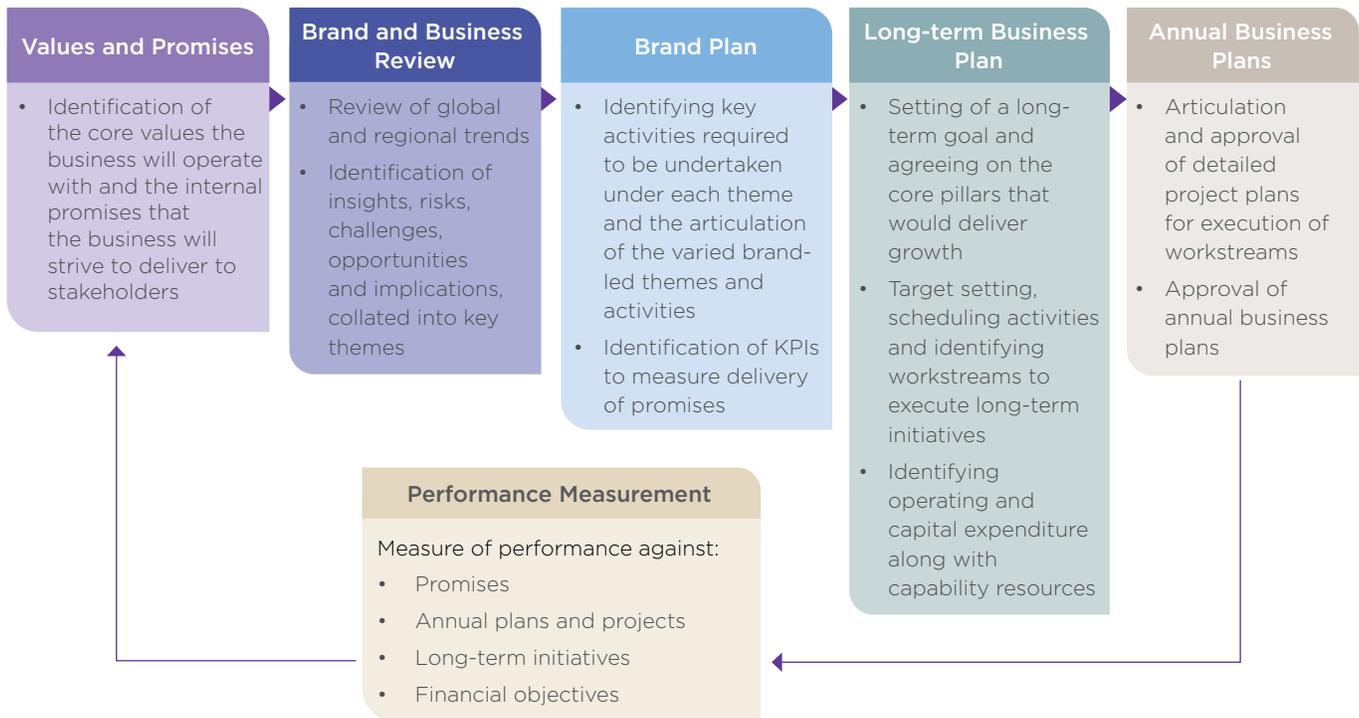
The ultimate responsibility and accountability of the investment decision rests with the Chairperson of JKH.

The following section further elaborates on the Group's strategy formulation and planning process.



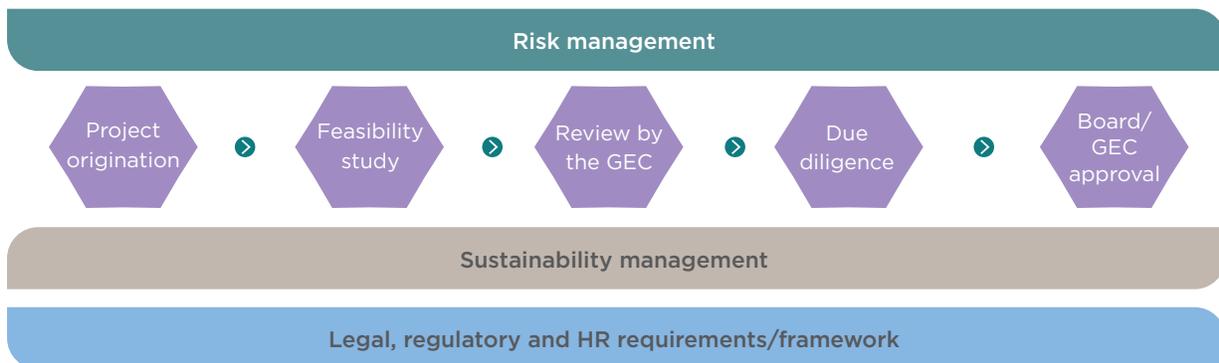
Medium-term Strategy

The ensuing section illustrates the comprehensive process followed by each business in developing the business strategy for the medium term.



Project Approval Process

New projects follow a detailed feasibility report covering key business considerations under multiple scenarios within a sustainability framework. The feasibility stage is not restricted to financial feasibility and encompasses a wider scope of work covering risk management, sustainable development, economic, social governance and human resources considerations. Project appraisal and capital investment decisions are processed through a committee structure which safeguards against one individual having unfettered decision-making powers in such decisions.



b. Human Resource Governance

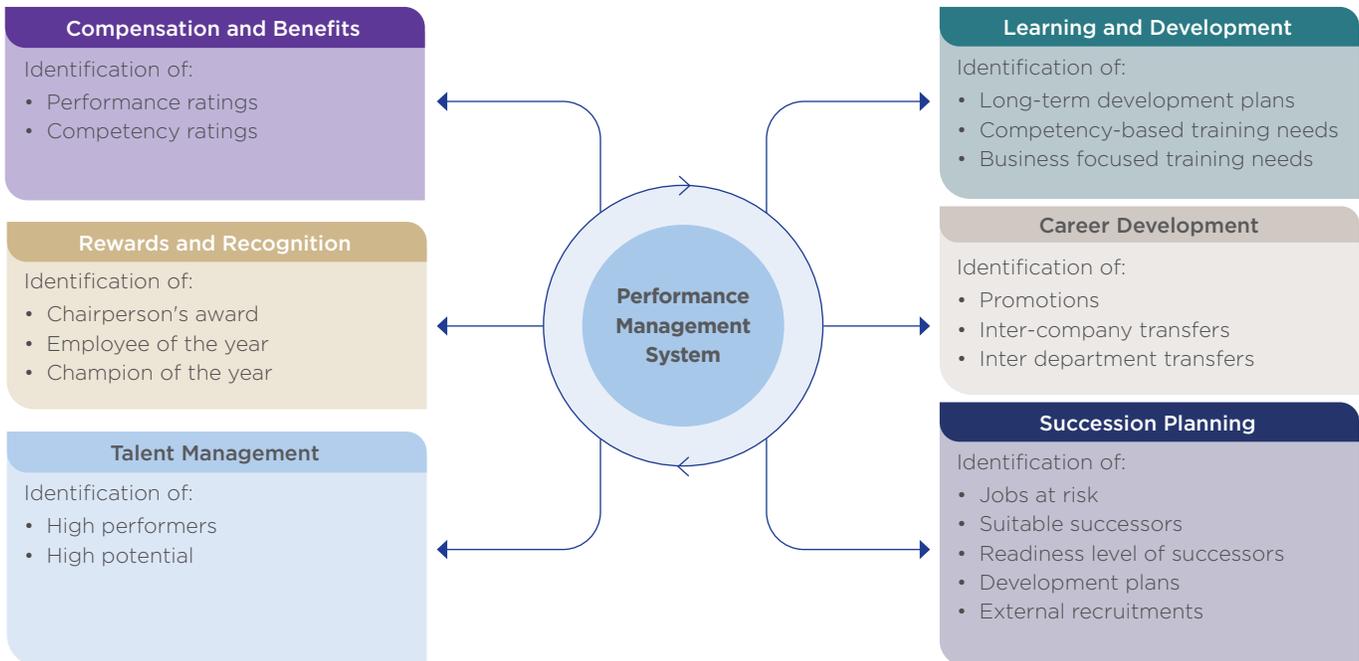
The JKH human resource governance framework is designed to enable high accessibility by any employee to every level of management. Constant dialogue and facilitation are also maintained regarding issues ranging from work-related issues to matters pertaining to general interest that could affect employees and their families. The Company and the Hotels Group follow an open-door policy for its employees, and this is promoted at all levels of the Company and the Hotels Group.

GOVERNANCE

The Human Resource Information System (HRIS) manages the entire employee lifecycle from onboarding to performance management, succession planning, compensation, learning and development, and offboarding.

Performance Management

The Performance Management System, as illustrated below, supports human resource management processes such as learning and development, career development, succession planning, talent management, rewards/ recognition and compensation/ benefits.



JKH Success Drivers with Highlights:

In line with the Group's constant pursuit of excellence and people-led growth, a revised set of competencies termed 'Success Drivers' was launched during the year. These 'Success Drivers' will be the cornerstone of the Group's leadership development, talent attraction, and learning and development (L&D) initiatives. The Company and the Hotels Group identified the following pool of six JKH Success Drivers during the year.

- 1. INCLUSIVE LEADERSHIP**
 - Inclusivity & diversity
 - Collaboration & open communication
 - Compassion & empathy
 - Coaching & mentoring
 - Upholding values
- 2. CONNECTING THE DOTS**
 - Big picture perspective
 - Multidisciplinary approach
 - Critical thinking
 - Value driven approach
- 3. BEING AGILE**
 - Adapting to change
 - Thriving in uncertainty
 - Bouncing back from adversities
 - Rapid experimentation approach
 - Solution-oriented growth mindset
- 4. RELENTLESS EXECUTION**
 - Action orientation
 - Prioritisation
 - Effective time management
 - Focus & commitment
- 5. STORYTELLING**
 - Impactful communication
 - Inspiring people
 - Creative ways of engagement
 - Active listening
- 6. 360 STAKEHOLDER COMMITMENT**
 - Passion for all stakeholders
 - Building synergies
 - Trust & credibility
 - Commitment to financial outcomes + ESG

The Hotels Group's Compensation Policy is as follows:

Performance Management

'Pay for performance'

Greater prominence is given to the incentive component of the total target compensation.

Satisfaction

'More than just a workplace'

Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

Compensation Policy

- Compensation comprises of fixed (base) payments, short-term incentives and long-term incentives.
- Higher the authority levels within the Group, higher the incentive component as a percentage of total pay.
- Greater the decision influencing capability of a role, higher the weight given to organisational performance as opposed to individual performance.
- Long-term incentives are in the form of Employee Share Options and cash payments.

Internal Equity

- Remuneration policy is built upon the premise of ensuring equal pay for equal roles.
- Manager and above level roles are banded using the Mercer methodology for job evaluation, on the basis of the relative worth of jobs.

External Equity

- Fixed compensation is set at competitive levels using the median, 65th percentile and 75th percentile of the best comparator set of companies (from Sri Lanka and the region, as relevant) as a guide.
- Regular surveys are done to ensure that employees are not under/over compensated.

During the year a comprehensive designation levelling and salary band realignment exercise was carried out to align ourselves with bench-marked international players. This is in line with our policy of ensuring internal and external equity.

Employee Share Option Plan

JKH Employee Share Option Plans are offered at defined career levels based on pre determined criteria, which are uniformly applied across the eligible levels and performance levels. These long-term incentives have been significantly instrumental in inculcating a deep sense of ownership in the recipients and are seen to be a key driver of performance-driven rewards. Share options are awarded to individuals based on their immediate performance and the potential importance of their contribution to the Group's future plans.

The Company issues share options not exceeding a specified percentage of the total issued shares of the Company as at the date of awarding every such option, which is subject to in-principle approval of the Exchange and shareholder approval by way of a Special Resolution at a General Meeting.

c. Integrated Risk Management

JKH's Group-wide risk management programme focuses on wider sustainability development. It aims to identify, evaluate, and manage significant Group risks and stress test various risk scenarios, including a review of materiality.

The programme ensures that the multitude of risks arising from the Group's diverse operations are effectively managed to create and preserve stakeholder wealth.

The Group manages its enterprise risk, audit, and incident management processes through an automated risk management platform that enables the maintenance of live, dynamic, and virtual risk registers linked to business goals and responsible personnel. Features such as providing timely alerts on action plans and escalation processes for risks where action plans are overdue ensure the maintenance of live risk grids.

Continuous steps taken towards promoting the Group's integrated risk management process are:

- Integrating and aligning activities and processes related to planning, policies/ procedures, culture, competency, internal audit, financial management, monitoring and reporting with risk management.
- Support executives/managers in moving the organisation forward in a cohesive, integrated, and aligned manner to improve performance while operating effectively, efficiently, ethically, and legally within the established limits for risk taking. The risk management programmes have allowed greater visibility and understanding of risk appetites. Enabled by the automated risk management

GOVERNANCE

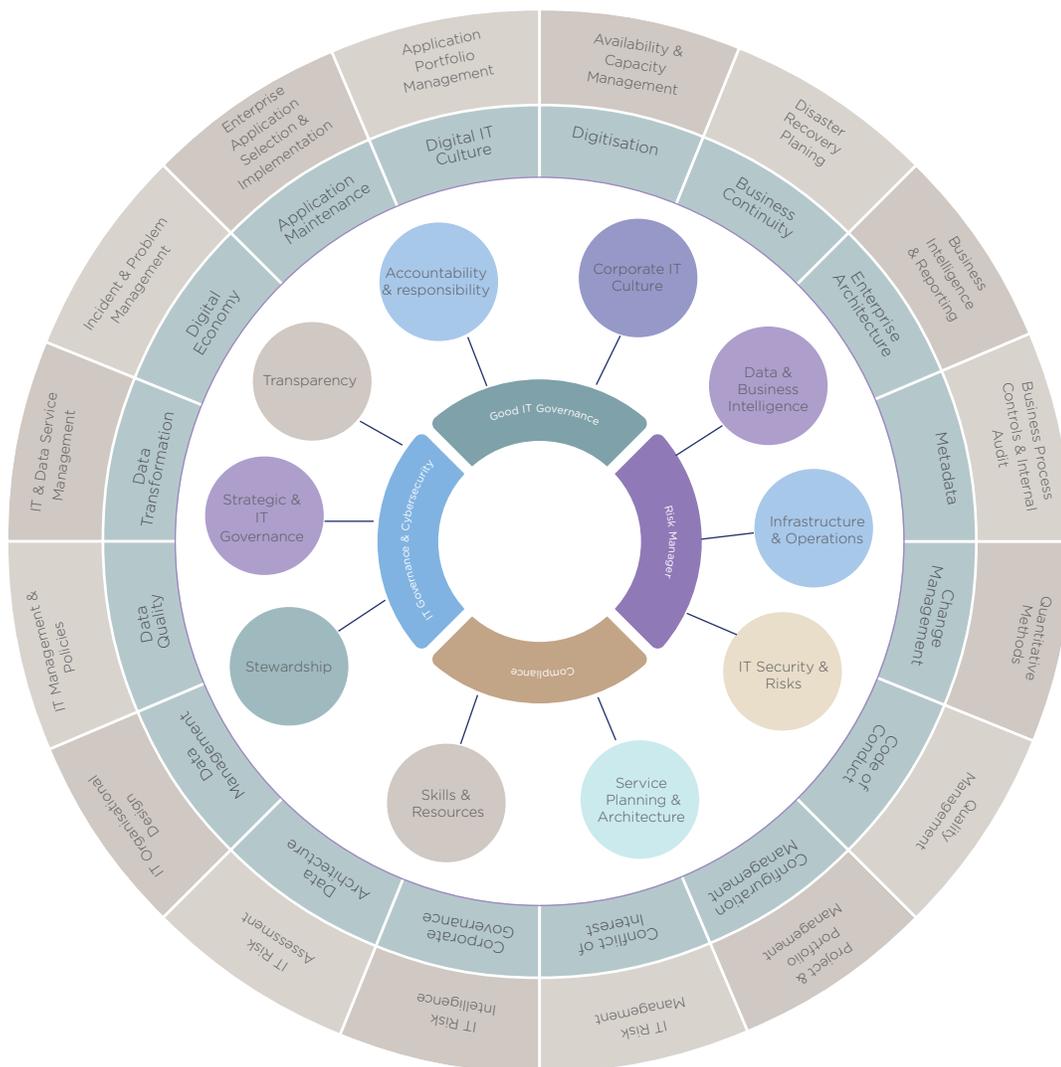
platform, key management personnel have virtual visibility of the risks, as relevant, while the Board has visibility of all Group risks.

The Board, GEC and Group Management Committee, and the Cinnamon Executive Committee oversee risk management across the Company and the hotels group to ensure that risks are brought within tolerance, managed and/or mitigated. Please refer to the Risk Management Report on page 175 and Notes to the financial statements.

d. Information Technology (IT) Governance

IT governance stewardship roles are governed through layered and nested committees, cascading from the GEC to the Group IT Steering Committee to the Group IT Operation Committee, with well-defined roles and responsibilities at the Group, industry group, and business unit levels.

The Group's IT governance framework focuses on five broader segments: strategic alignment, value delivery, performance management, risk management, and resource management. Additionally, the IT governance framework used within the JKH Group leverages best practices and industry-leading models such as CoBIT (Control Objectives for Information and Related Technology), ISO 35800, ISO27001, ISO 9001:2015, COSO(Committee of Sponsoring Organisations of the Treadway Commission)/BCP (Business Continuity Planning), ITIL (Information Technology Infrastructure Library), CMMI (Capability Maturity Model Integration), NIST (National Institute of Standards and Technology), FAIR (Factor Analysis of Information Risk), among others, in formulating a state-of-the-art framework for IT governance, risk and compliance management across the Group. The key focus areas of the governance framework are as follows:



The Group continually focuses on enhancing the IT governance framework in line with its business and IT strategies with a focused shift towards a zero-trust model built on a mobile-first, internet-first, cloud-first and AI-first strategy.

e. Tax Governance

The Hotels group tax governance framework and tax strategy adopted by the Company and Hotels Group is guided by the overarching principles of compliance, transparency and accountability and acknowledges Hotels group duty in fulfilling its tax obligations as per fiscal legislation, while preserving value for other stakeholders, particularly investors.

Governance Structure

1. Voluntary compliance and efficient tax management are key aspects of the Group’s overall tax strategy.
2. This is enabled through a decentralised tax structure where expertise is built at each industry group level. The Head of Tax of each industry group, reporting functionally to the Group Head of Tax, ensures compliance and implements Group tax strategy across all businesses.

Policy and Strategy

Ensure:

1. Integrity of all reported tax disclosures.
2. Robust controls and processes to manage tax risk.
3. Openness, honesty and transparency in all dealings.
4. Presence of legitimate business transactions underpinning any tax planning or structuring decision/ opportunity.
5. Contribute to fiscal policy decisions constructively in the interest of all stakeholders.

Role

1. Implement and maintain strong compliance processes.
2. Analyse and disseminate business impact from change in tax legislation.
3. Provide clear, timely, and relevant business focused advice across all tax aspects.
4. Ensure the availability of strong and well-documented technical support for all tax positions.
5. Obtain independent/external opinions where the law is unclear or subject to interpretation.

Review and Monitoring

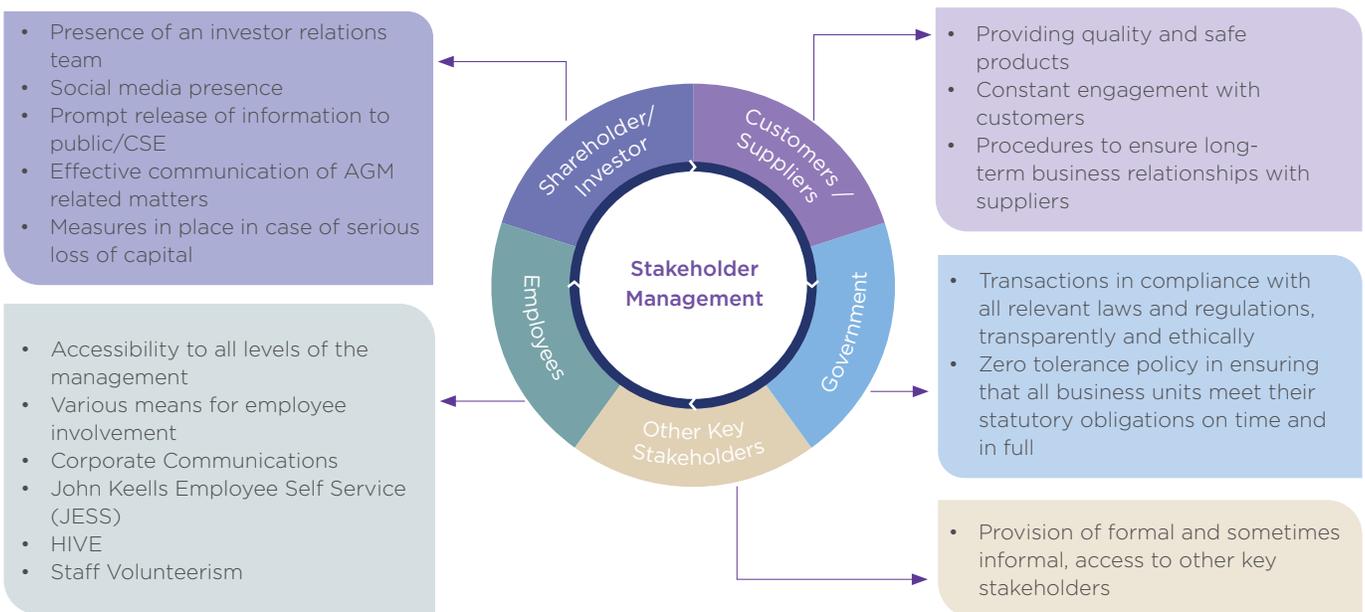
1. Leverage digital platforms to support, record and report on tax compliance status across the Group.
2. Periodic updates to the Board of Directors on various tax matters (quarterly at minimum).

The Company’s and the Hotels Group approach to tax governance is directly linked to the sustainability of business operations. The presence of a well-structured tax governance framework ensures the following:

- Ability to manage tax efficiently by reducing the tax burden on the Group within the ambit of applicable laws.
- Manage tax risks and implications on Group reputation through adequate policies, proactive communication and defence.
- Facilitate healthy relationships amongst stakeholders, Government and tax authorities.
- Ensuring the integrity of reported numbers and timely compliance.

f. Stakeholder management and effective communications

The JKH Group’s key stakeholder management methodologies adopted by the Company and Hotels Group are shown below.



GOVERNANCE

Communication with Shareholders

The Company encourages effective communication with shareholders who are engaged through multiple channels of communication, including the AGM (detailed below), EGM, Annual Report, Interim Financial Statements, press releases, social media platforms and announcements to the CSE. The Board recognises its responsibility to present a balanced and understandable assessment of the Company's financial position, performance and prospects and is committed to fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided so as not to create a false market.

Shareholders may also, at any time, direct queries and concerns to Directors or Management of the Company through the Company Secretaries—Keells Consultants (Pvt) Ltd. The Company Secretaries maintain a record of all correspondence received and keep the Board apprised of issues raised by the shareholders to ensure that they are addressed appropriately. Matters raised in writing are responded to in writing directly by the Company Secretaries as relevant.

Investor Relations

The Group's Investor Relations team is responsible for maintaining an active dialogue with shareholders, potential investors, investment banks, analysts, and other interested parties to ensure effective investor communication.

The Investor Relations team has regular discussions with shareholders, as and when applicable, to share highlights of the Group's performance and obtain constructive feedback. The quarterly investor forums allow stakeholders to directly engage with the Group's Executive Directors. Investor Presentations, which include an update on the latest financial results, are made available on the corporate website to provide easier access and in-depth details of the operational performance of the Group.

Shareholders may, at any time, direct questions, request publicly available information, and provide comments and suggestions to Directors or management of the Group by contacting the Investor Relations team, Secretaries, the Senior Independent Director or the Chairperson, although individual shareholders are encouraged to carry out adequate analysis or seek independent advice on their investing, holding or divesting decisions at all times.

Engagement Mechanism	Frequency
Annual Reports and AGMs	Annually
Extraordinary General Meetings	As required
Interim financial statements and webinar	Quarterly
Investor presentations	As required
Press releases	As required

Engagement Mechanism	Frequency
Announcements to CSE	As required
One-to-one discussions	As required
Investors' section in the Corporate website	Continuous
Feedback surveys	As required

Internal Policies

The Company's policy framework is largely aligned to that of the John Keells Group ("Group") and tailored to suit the specific requirements of the industry wherever relevant. Policies are reviewed and updated regularly to ensure relevance to internal dynamics and the external landscape.

Key internal policies:

- Code of Conduct, which also includes policies on gifts, entertainment, facilitation payments, proprietary and confidential information
- Policies at a Board level covering nominations, human resources and compensation, audit and internal controls
- Policies on anti-fraud, anti-corruption, anti-money laundering and countering the financing of terrorism and bidding for contracts, including on government contracts
- Policy on diversity, equity and inclusion, including a gender policy
- Policies on equal opportunities, non-discrimination, career management and promotions, including for employees with disabilities
- Leave (which also encompasses equal parental leave), flexi-hours and agile working policies, including health and safety enhancements and protocols
- Information Technology (IT) policies and procedures, including data protection, classification and security
- Policy on communications and ethical advertising, complemented by social media and crisis communication guidelines
- Policy on enterprise risk management
- Policies on products and services
- Recruitment and selection, rewards and recognition, and learning and development policies
- Policies on whistleblowing, grievance handling and disciplinary procedures
- Policy against sexual harassment
- Policy on forced, compulsory child labour and child protection
- Group accounting procedures and policies
- Policies on fund management and foreign exchange risk mitigation
- Insider trading policy
- Ombudsperson policy
- Group sustainability policies, including policies on energy, emissions, climate risk, water, waste management and biodiversity conservation

- Supplier code of conduct

The Group's policy commitments are available to all employees of the Company and Hotels Group via the Group's employee portal. These policy commitments are approved by the Group Executive Committee with Board oversight. The Company is in the process of making available all applicable policies in the public domain as required by applicable laws, rules and regulations..

Human Rights

The Company and the Hotels Group are committed to upholding the universal human rights of all its stakeholders while maintaining the highest ethical standards in all its operations.

John Keells Group's diversity, equity and inclusion (DE&I) policy

John Keells Group's DE&I policy is followed by all employees of the Company and the Hotels Group. The Hotels Group recognises that organisations that constitute diverse and inclusive workforces are best placed to innovate, retain talent and deliver better overall results, and firmly believes that it can achieve its highest potential by bringing together diverse perspectives and backgrounds. The Hotels Group is committed to advancing a culture of equitable inclusion amongst its workforce and value chain and ensuring that the dignity and diversity of all employees and value chain partners are respected.

The DE&I policy is based on the key principles of:

- Empowerment and inclusion
- Zero tolerance for discrimination
- Equal opportunity
- Equal participation
- Diverse value chains

The following key initiatives and targets which were introduced were further emphasised during the year in furtherance of the Group's emphasis on creating an inclusive, diverse and equitable work environment;

- The Group continued to offer 100 days of equal parental leave on a child's birth or adoption. The five-day paternity leave was enhanced to 100 days, ensuring equity and recognising the importance of both parents' roles in early childcare.
- The Group continued with gender-neutral terminology, avoiding word choices that may be interpreted as biased, discriminatory, or demeaning and intending to be inclusive of gender non-binary persons.
- The Group continued to provide equal opportunities, non-discrimination, career management and promotions, including for employees with disabilities.

John Keells Group's Anti-Corruption Policy

JKH Group Policy on Anti-Corruption is followed by all employees of the Company and the Hotels Group.

JKH places the highest value on ethical practices and has promulgated a zero-tolerance policy towards corruption and bribery in all its transactions. JKH strives to maintain a culture of honesty and opposition to fraud and corruption. Based on this commitment, the Code of Conduct, anti-fraud, fraud prevention, anti-corruption, anti-bribery, validation and audit policies of JKH outline the principles to which we are committed in relation to preventing, reporting and managing fraud and corruption. Accordingly, all forms of fraud and corruption, including, but not limited to, theft, embezzlement, overriding controls, giving or receiving kickbacks, facilitation payments and bribery, are prohibited across the Group.

It covers inter alia theft, embezzlement, overriding controls, giving or receiving kickbacks, bribery, allowing oneself to be placed in situations of conflict of interest and statements (financial or non-financial) dishonestly and recklessly made contrary to the factual position. The Company also has a process to ensure compliance with the laws and regulations of the countries it operates in, including anti-corruption and anti-bribery laws. The evaluation of the risk of corruption as part of its risk management process has been put in place, and mitigation measures to reduce such risks have been addressed in the Risk Management report on page 175 of the Annual Report.

JKH seeks to ensure that ethical business practices are the norm from the business unit level down to the individual employee. Its transparent control and prevention mechanisms extend to its value chain, customers, suppliers and business partners. At the employee level, every employee and director must comply with Company policies, including the Code of Conduct. The Company and Hotel Group's Leadership spearheads the implementation of the Code. Further, Directors and all employees of the Hotels Group are given training on the JKH Group Policy on Anti-Corruption.

Policies on forced, compulsory and child labour and child protection

In line with the JKH policy, the Company and the Hotels Group employ stringent checks during its recruitment process to ensure that its minimum age requirements are met and that all employees are educated on key aspects of forced and compulsory labour.

Policies on equal opportunities, non-discrimination, career management and promotions

In line with the JKH policy, the Company and the Hotels Group remain committed to maintaining a workplace free from discrimination and hiring, developing and promoting individuals who best meet the requirements of available positions.

GOVERNANCE

Gender policy

In line with the JKH policy, the Company and the Hotels Group are committed to striving for gender equity through empowerment and inclusion, equal opportunity, and equal participation.

Policy against sexual harassment

A zero tolerance for physical, verbal or non-verbal harassment based on gender, race, religion, nationality, age, social origin, disability, sexual orientation, gender identity, political affiliations, or opinion is in place by JKH and is followed by the Company and the Hotels Group.

HIV & AIDS workplace policy

In line with the JKH policy, the Company and the Hotels Group do not discriminate in the workplace against employees based on real or perceived HIV status.

Policies on anti-fraud, anti-corruption and anti-money laundering and countering the financing of terrorism

In line with the JKH policy, all functions of the Company and the Hotels Group must include and analyse the risk of corruption in their risk management process.

Supplier Code of Conduct

In line with the JKH policy, all significant suppliers of the Company and the Hotels Group shall comply with applicable laws and regulations regarding labour, human rights, environment and ethical business practices.

Policy for bidding on contracts and tenders

This policy entails a standardised set of guidelines for bidding, including those of local and foreign governments and related bodies. The companies must adhere to local statutory provisions and Government procurement guidelines and meet the requirements stipulated in the request for proposal/guidance notes specified in the contracts/tenders. The Company and the Hotels Group follow the policy set by JKH.

John Keells Group's policy for bidding on contracts and tenders

In November 2022, the Group introduced the Policy for bidding on contracts and tenders, which entails a standardised set of guidelines for bidding, including those of local and foreign governments and related bodies. The Policy for bidding on contracts and tenders is a step towards promoting organisational transparency and consistent organisational behaviour. Whilst Group companies are required to adhere

to local statutory provisions and Government procurement guidelines and meet the requirements stipulated in the request for proposal/guidance notes specified in the contracts/tenders, the policy also requires the bidding entity within the Group to adhere to all Group policies including the Code of Conduct, anti-corruption, anti-bribery and anti-money laundering and gift policies.

This policy applies to the Company, the Hotels Group and, as applicable, to consultants, agents, representatives, and supply chain partners.

GRIEVANCE MECHANISMS AND COMMUNICATION CHANNELS

Ombudsperson & Grievance Mechanisms

An Ombudsperson can report employee complaints of alleged violations of the published Code of Conduct if the complainant feels that the alleged violation has not been addressed satisfactorily by the internally available mechanisms.

Following an independent inquiry, the Ombudsperson's findings and recommendations are confidentially communicated to the Chairperson-CEO of JKH or to the Senior Independent Director of JKH, upon whom the Ombudsperson's involvement ceases.

On matters referred to him by the Ombudsperson, the Chairperson-CEO of JKH or the Senior Independent Director of JKH, as the case may be, will place before the Board:

- i. the decision and the recommendations;
- ii. action taken based on the recommendations;
- iii. where the Chairperson-CEO of JKH or the Senior Independent Director of JKH disagrees with any or all of the findings and or the recommendations thereon, the areas of disagreement and the reasons, therefore.

In situation (iii), the Board must consider the areas of disagreement and decide on the way forward. The chairperson-CEO of JKH or the Senior Independent Director of JKH is expected to take such steps as are necessary to ensure that the complainant is not victimised in any manner for having invoked this process.

The current Ombudsperson is an attorney-at-law by profession.

There were no critical concerns communicated to the highest governance body during the reporting period.

Mandate and Role

For purposes of easy reference, the Ombudsperson's mandate and role is set out below:

- (a) legal and ethical violations of the Code of Conduct for employees, but in an appellate capacity, when a satisfactory outcome using existing procedures and processes has not resulted or when the matter has been inadequately dealt with;
- (b) violations referred to above by individuals at the Executive Vice President, President and Executive Director levels, including that of the Chairperson-CEO of JKH, in which case the complainant has the option of either complaining to the Ombudsperson in the first instance, or first exhausting the internal remedies;
- (c) sexual harassment, in which event the complainant has the option of either complaining to the Ombudsperson in the first instance or first exhausting the internal remedies.

The mandate excludes disciplinary issues from the Ombudsperson's responsibilities. The right to take disciplinary action is vested exclusively in the Chairperson-CEO of JKH and those to whom this authority has been delegated.

No issues were raised by any member of the companies covered during the year under review.

Ombudsperson

Whistle-blower Policy

Independence of the Group's whistle-blower channels was maintained by the appointment of the Ombudsperson effective 1 December 2020. The Group has witnessed an increased level of communication flow from employees.

Such communication and feedback received from the employees by the management are recorded, irrespective of the level of anonymity, and subsequently discussed and followed up. The respective outcomes are duly recorded.

The Group's Whistle-blower Policy provides an effective mechanism for employees and other stakeholders to report any concerns regarding compliance and ethics. The Policy provides a transparent and confidential process which encourages the reporting of any such concerns. The Policy covers the reporting process, how such reports will be addressed and emphasises that those who make a report in good faith under the Policy will be protected from retaliation.

Key aspects of the Policy:

- Guidelines on the process through which concerns raised will be investigated and appropriate corrective/preventive action will be taken
- Designated persons to whom reports can be made.
- Management responses and steps taken
- Details of the internal inquiry process
- Maintaining confidentiality

The Whistleblower policy which was also established at CH&R serves as a vital framework to uphold ethical standards and protect colleagues who report unauthorised or unethical practices within the organisation. The anonymity and protection of the reporting employee is maintained and there is two-way communication with the management.

Employee Participation in Assurance

Employee engagement is encouraged at all levels, and the Company and Hotels Group continue to work towards introducing innovative and effective ways of employee communication and employee awareness. Whilst employees have many opportunities to interact with senior management, the Company and Hotels Group has created the ensuing formal channels for such communication through feedback, without the risk of reprisal. Further, any of the communication channels mentioned here are available to any of the employees of the Hotels Group through which employees can report suspected acts of corruption or breaches of anti-corruption policies. Such communication and feedback received from the employees by the management are recorded, irrespective of the level of anonymity, and subsequently discussed and followed up. The respective outcomes are duly recorded.

Employee Communication Channels

- Skip level meetings
- Exit interviews,
- 360- degree evaluation
- Employee surveys
- Monthly staff meeting
- Chairperson-Direct
- Ombudsperson
- Access to Senior Independent Director
- Continuous reiteration and the practice of the "Open-Door" policy

GOVERNANCE

PRIVACY AND DATA SECURITY

Digital Oversight and Cyber Security

The rapidly advancing nature of technology and the continual integration of the Group's operations with technological progress have resulted in increased vulnerability for the Group from a digital standpoint. As a result, the Board places significant emphasis on ensuring that the Group's soft and hard infrastructure is adequate and designed to deal with a potential breach. Data protection and cyber security are regularly addressed during the Risk Management and Audit Committee meetings and periodically discussed at a Board level.

Data Protection, Information Management and Adoption

Building upon our commitment on the General Data Protection Regulation (GDPR) 2018, we shifted our focus towards implementing the Sri Lanka Data Protection Act (PDPA) 2022 throughout Cinnamon Hotels & Resorts. This Act will come into full effect by March 2025.

We have prioritised embedding the fundamental principles of data protection into our governance framework through policies, procedures, technical and organisational measures. These are constantly reviewed to ensure our risk is minimised. Notably, our commitment to data privacy has resulted in zero breaches, underscoring the effectiveness of data privacy practise. Furthermore, we have focused significantly on awareness and training programmes at both hotel and corporate office, leveraging online learning platforms. All third party engagements are subject to vendor assessments, ensuring compliance in all collaborations. We also actively conduct Data Privacy Impact Assessments (DPIAs) for new and existing processes and systems covering personal data. Further, there were no substantiated complaints concerning breaches of customer privacy, or losses of customer data reported during the year.

As part of our good governance framework, we are currently engaging in a process review of our data privacy procedures with Deloitte. This will further assist us in our journey of continuous improvement with complying with data privacy regulations.

BUSINESS CONDUCT AND ETHICS

Code of Conduct

The Company and the Hotels Group abide by the JKH Group Code of Conduct. The Board has established common guidelines to drive cohesive growth across the Group, including a code of conduct aligned to a strong set of corporate values. The Code applies to all employees, including Directors, and is inculcated at all levels through structured communication to enhance awareness and drive

reinforcement. The code fosters an ethical culture and promotes compliance with relevant laws and legislation, which is imperative to retaining the trust of stakeholders.

The Code of Conduct also includes policies on gifts, entertainment, facilitation payments, and proprietary and confidential information. Policies on anti-fraud, anti-corruption and anti-money laundering and countering the financing of terrorism and JKH's Code of Conduct also encompass:

- anti-bribery controls to prevent payments and contributions being made to obtain an improper business benefit from any party including, but not limited to, clients, service providers, customers, business associates and political parties; and
- controls on gifting and favours. The giving or accepting gifts or favours in whatsoever form, including from clients, service providers, customers, business associates, political parties and any other stakeholder we engage with in the course of carrying out duties in our professional capacity, is prohibited if it was possible on the part of a "reasonable person" to conclude that the giving/ acceptance of such gifts or favours could directly or indirectly affect one's independence in decision making and conduct as an employee and/or if others could see it as a consideration for an official or business favour. The 'reasonable person' test should also be applied concerning charitable donations and sponsorships (financial or in-kind).

Gifts or benefits with a threshold above USD 50 per gift, either given or received based on business exigencies, are monitored to ensure conformance with the Group's policies, including policies on gifts and entertainment. Such exceptions must be reported to the respective Finance Head of the business (Chief Financial Officer or Sector Financial Controller), who collates and monitors them centrally.

NO GIFT

Our Stakeholders are kindly requested to refrain from giving gifts to our personnel for all occasions, as part of our commitment to good corporate governance

The Board leads by example, setting the ethical tone for the Company. Employees are assessed, recognised and rewarded for conformance with Corporate Values and adherence to the Code of Conduct as an element of their annual performance appraisal. The Chairperson of the Board affirms that there has not been any material violation of any of the provisions of the Code of Conduct. In instances where violations did take place, they were investigated and handled through well-established procedures.

The Company further enhanced and strengthened its internal policy universe during the year under review, keeping in line with best practices and the revised CSE Listing Rules, including reviewing the policies in terms of their interdependencies as well.

JKH Group Code of Conduct

- Allegiance to the Company and the Group that ensures the Group will “do the right thing”, by going further than the letter of any contract, the law and our written policies.
- Compliance with rules and regulations applying in the territories that the Group operates in
- Conduct all businesses in an ethical manner at all times in keeping with acceptable business practice
- Exercising of professionalism and integrity in all business and ‘public’ personal transactions

Corporate Values

Our seven core values, Greatness, Compassion, Agility, Wellbeing, Inclusivity, Trust and Curiosity, will continue to be the foundation on which we base our future journey of growth. A series of programs were carried out during the year to create awareness about the Hotels Group’s purpose and values.

Governance Performance

The Company’s continuous effort to strengthen transparency in Corporate Reporting is evident where during the year under review, John Keells Hotels PLC was ranked 6th in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL) with a 97% score for transparency in disclosure practices. This ranking is based on an assessment of corporate disclosure practices among the top 125 companies listed on the Colombo Stock Exchange under six different thematic areas crucial to fighting and preventing corruption:

- Reporting on anti-corruption programmes
- Organisational transparency
- Country-by-country reporting
- Domestic financial reporting
- Reporting on gender and non-discrimination
- Reporting on procurement related to government contracts and tenders

GRI INDEX

Statement of use	John Keells Hotels PLC has reported in accordance with the GRI Standards for the 01 April 2023 to 31 March 2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standard(s)	Not applicable

GRI standard/ other source	Disclosure	Location	Omission		Explanation
			Requirement(s) omitted	Reason	
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organisational details	28			
	2-2 Entities included in the organisation's sustainability reporting	6,7			
	2-3 Reporting period, frequency and contact point	6,7			
	2-4 Restatements of information	7		Confidentiality constraints	This information was not disclosed due to the confidentiality.
	2-5 External assurance	7			
	2-6 Activities, value chain and other business relationships	28-32			
	2-7 Employees	72	2-7 a,b	Information unavailable/incomplete	Total number of employees breakdown region wise was not captured in the reporting period.
	2-8 Workers who are not employees		2 - 8	Information unavailable/incomplete	Information on outsourced employees were not captured in the reporting period.
	2-9 Governance structure and composition	143,144			
	2-10 Nomination and selection of the highest governance body	144			
	2-11 Chair of the highest governance body	143			
	2-12 Role of the highest governance body in overseeing the management of impacts	142			
	2-13 Delegation of responsibility for managing impacts	43, 141, 176			
	2-14 Role of the highest governance body in sustainability reporting	62			
	2-15 Conflicts of interest	145			
	2-16 Communication of critical concerns	124			
	2-17 Collective knowledge of the highest governance body	143			
	2-18 Evaluation of the performance of the highest governance body	147			

GRI standard/ other source	Disclosure	Location	Omission		Explanation
			Requirement(s) omitted	Reason	
	2-19 Remuneration policies	147			
	2-20 Process to determine remuneration	147			
	2-21 Annual total compensation ratio		2 -21	Confidentiality constraints	This information was not disclosed due to the confidentiality of the process.
	2-22 Statement on sustainable development strategy	42			
	2-23 Policy commitments	43			
	2-24 Embedding policy commitments	43			
	2-25 Processes to remediate negative impacts	74			
	2-26 Mechanisms for seeking advice and raising concerns	73			
	2-27 Compliance with laws and regulations	165	2-27 d	Confidentiality constraints	This information was not disclosed due to the confidentiality of the non compliance assessment process.
	2-28 Membership associations	40			
	2-29 Approach to stakeholder engagement	60,61			
	2-30 Collective bargaining agreements	74			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	62			
	3-2 List of material topics	63 - 65			
	3-3 Management of material topics				
Economic performance					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	283			
	201-2 Financial implications and other risks and opportunities due to climate change	47 - 52			
	201-3 Defined benefit plan obligations and other retirement plans	263			
	201-4 Financial assistance received from government		201 -4	Not applicable	The company did not receive any financial assistance from the government throughout the year.
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			

GRI INDEX

GRI standard/ other source	Disclosure	Location	Omission		Explanation
			Requirement(s) omitted	Reason	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	107 - 113			
	203-2 Significant indirect economic impacts	13, 47			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		204 - 1 a,b,c,d	Information unavailable/ incomplete	Percentage of the procurement budget spent on suppliers local to that operation and details on significant locations of operations cannot be disclosed as the company has a large number of suppliers at community level and therefore the company is in the process of collating information.
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption	124, 180	205 -1 a	Confidentiality constraints	Total number and percentage of operations assessed for risks related to corruption cannot be disclosed.
	205-2 Communication and training about anti-corruption policies and procedures	126			
	205-3 Confirmed incidents of corruption and actions taken		205 -3	Not applicable	There were no specific instances to report on.
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 302: Energy 2016					
	302-1 Energy consumption within the organisation	91,99			
	302-2 Energy consumption outside of the organisation		302 -2	Information unavailable/ incomplete	Scope 3 GHG emissions were not measured during the reporting period.
	302-3 Energy intensity	92			

GRI standard/ other source	Disclosure	Location	Omission		Explanation
			Requirement(s) omitted	Reason	
	302-4 Reduction of energy consumption	99			
	302-5 Reductions in energy requirements of products and services		302 - 5	Information unavailable/incomplete	This was not measured during the reporting period.
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	97	303 -1 a,b,d	Information unavailable/incomplete	We will capture impact measurements from next year onwards as these requirements were not captured.
	303-2 Management of water discharge-related impacts	97			
	303-3 Water withdrawal	96	303 - 3 b	Information unavailable/incomplete	The data pertaining to water withdrawal from water-stressed regions was not available.
	303-4 Water discharge	96,99	303 -4 c,d	Information unavailable/incomplete	Information on discharge to water-stressed areas and priority substances of concern that are treated before discharge was not available.
	303-5 Water consumption	99	303 - 5 b	Information unavailable/incomplete	This was not measured during the reporting period.
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	90			
	304-2 Significant impacts of activities, products and services on biodiversity		304 -2	Information unavailable/incomplete	Information related to biodiversity impact assessments was not available.
	304-3 Habitats protected or restored	85			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	86			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			

GRI INDEX

GRI standard/ other source	Disclosure	Location	Omission		Explanation
			Requirement(s) omitted	Reason	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	91,99			
	305-2 Energy indirect (Scope 2) GHG emissions	91,99			
	305-3 Other indirect (Scope 3) GHG emissions		305 -3	Information unavailable/ incomplete	Scope 3 GHG emissions were not measured during the reporting period.
	305-4 GHG emissions intensity	92			
	305-5 Reduction of GHG emissions	99			
	305-6 Emissions of ozone-depleting substances (ODS)		305 - 6	Not applicable	Ozone-depleting substances are not being used in our operation.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305 -7	Not applicable	Emissions of NOx and SOx from operations are kept to a minimum.
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		306 - 1	Information unavailable/ incomplete	An impact assessment for waste was not carried out during the reporting period.
	306-2 Management of significant waste-related impacts	80 - 84, 94,95			
	306-3 Waste generated	99			
	306-4 Waste diverted from disposal	93	306 - 4 a,b	Information unavailable/ incomplete	Data points related to hazardous waste were not available.
	306-5 Waste directed to disposal	93,99	306 - 5 a,b	Information unavailable/ incomplete	Information related to hazardous waste was not available.
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	114			
	308-2 Negative environmental impacts in the supply chain and actions taken	114			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			

GRI standard/ other source	Disclosure	Location	Omission		Explanation
			Requirement(s) omitted	Reason	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	75			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	75			
	401-3 Parental leave	70	403 - 1 d	Information unavailable/incomplete	Information related to employees that returned to work after parental leave ended that were still employed 12 months after their return to work was not available.
Labour/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	74			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	79			
	403-2 Hazard identification, risk assessment, and incident investigation				
	403-3 Occupational health services				
	403-4 Worker participation, consultation, and communication on occupational health and safety				
	403-5 Worker training on occupational health and safety				
	403-6 Promotion of worker health	74			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	79			
	403-8 Workers covered by an occupational health and safety management system				
	403-9 Work-related injuries		403 - 9 b,c	Information unavailable/incomplete	Details related to the non-employee category was unavailable.

GRI INDEX

GRI standard/ other source	Disclosure	Location	Omission		Explanation
			Requirement(s) omitted	Reason	
	403-10 Work-related ill health		403 10 - a,b,c	Information unavailable/ incomplete	Information regarding employee health conditions was unavailable.
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	75			
	404-2 Programs for upgrading employee skills and transition assistance programs	76			
	404-3 Percentage of employees receiving regular performance and career development reviews	73			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	71	405 -1 a,b	Information unavailable/ incomplete	Information regarding other diversity indicators and the percentage of employees in each employee category was not available.
	405-2 Ratio of basic salary and remuneration of women to men	75	405 - 2 a	Confidentiality constraints	Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation cannot be disclosed due to sensitivity of information.
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	69			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	74	407 -1	Information unavailable/ incomplete	Details regarding suppliers and locations were not available.

GRI standard/ other source	Disclosure	Location	Omission		Explanation
			Requirement(s) omitted	Reason	
Child labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	74	408 - 1 a,b	Information unavailable/incomplete	Information related to operations and suppliers at significant risk for incidents of forced or compulsory labour was non in place.
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	107 - 113			
	413-2 Operations with significant actual and potential negative impacts on local communities		413 - 2	Information unavailable/incomplete	Information was not available for community impact assessment.
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	114			
	414-2 Negative social impacts in the supply chain and actions taken	114			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	24			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	23			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	126			

SASB DISCLOSURES

The SASB Standards are maintained under the auspices of the Value Reporting Foundation.

Cinnamon's SASB disclosures are mapped to the Hotels & Lodging standard and may be partially disclosed.

Accounting Metrics

Topic	Code	Metric Description	Reference (within the Report)
Energy Management	SV-HL-130a.1	Total energy consumed	Annual Report 2023/24 (Energy and Emissions, page 91; Performance Tables, page 99)
		Per cent total energy from grid electricity	In 2023/24, approximately 53% of energy consumed was from grid electricity.
		Per cent total energy from renewables	In 2023/24, 3% of energy consumed was from renewables.
Water Management	SV-HL-140a.1	Total water withdrawn	Annual Report 2023/24 (Water Stewardship, page 96; Performance Tables, page 99)
		Total water consumed, percentage of each in regions with high or extremely high baseline water stress	43% of water withdrawn from water stressed areas. Annual Report 2023/24 (Water Stewardship, page 96)
Ecological Impacts	SV-HL-160a.2	Description of environmental management policies and practices to preserve ecosystem services	Annual Report 2023/24 (ESG policy framework - page 43, Biodiversity, pages 85-90)
Labour Practices	SV-HL-310a.1	Voluntary and involuntary turnover rate for lodging facility employees	This information was not documented during the financial year 2023/24.
	SV-HL-310a.2	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	No monetary losses were reported for legal proceedings associated with labour law violations during the financial year 2023/24.
	SV-HL-310a.3	Description of policies and programs to prevent worker harassment	Annual Report 2023/24 (People pages 68-79)
Climate Change Adaptation	SV-HL-450a.1	Number of lodging facilities located in 100-year flood zones	In 2023, 9 lodging facilities were in areas with coastal flood risk

Activity Metrics

Code	Metric Description	Response and / or Location
SV-HL-000.A	Number of available room-nights	Approximately 1,476 rooms per day
SV-HL-000.B	Average occupancy rate	Approximately 74%
SV-HL-000.C	Total area of lodging facilities	Approximately 0.18 million square meters
SV-HL-000.D	Number and percentage of managed, owned and leased, franchised, and timeshare lodging facilities	Owned and leased: 12 (100%)

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF JOHN KEELLS HOTELS PLC ON THE SUSTAINABILITY REPORTING CRITERIA PRESENTED IN THE INTEGRATED ANNUAL REPORT FY 2023



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Scope

We have been engaged by John Keells Hotels PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on John Keells Hotels PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in John Keells Hotels PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2024 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by John Keells Hotels PLC

In preparing the Subject Matter, John Keells Hotels PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

John Keells Hotels PLC's responsibilities

John Keells Hotels PLC's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the John Keells Hotels PLC on 20th May 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organisation through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organisation's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

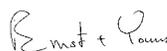
Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of John Keells Hotels PLC for the year ended 31st March 2024, in order for it to be in accordance with the Criteria.



20 May 2024
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

DELIVERING ON OUR COMMITMENT

Governance serves as the stabilising force that fortifies the foundation of our business. Guided by our Board and executive leadership, we are dedicated to implementing best-in-class governance practices, ensuring accountability, integrity, and transparency in all our operations.

To uphold our long-term commitments, including those related to environmental and social impact, we understand the importance of incorporating ESG factors into our business practices. As we celebrate our growth, we maintain our passion for responsible hospitality.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE POLICY/Framework

John Keells Hotels PLC's (The Company) Board of Directors believes that good corporate governance drives long-term value creation and promotes responsible business conduct.

This governance philosophy is deeply embedded throughout the Company and the Hotels Group. The internal policies and processes of John Keells Holdings PLC (JKH), which the Company and the Hotels Group adopt, ensure compliance

and value creation. Regular updates to the framework reflect evolving global standards and stakeholder expectations, focusing on accountability and transparency.

The reporting of governance provides detailed insights into the Board's contributions and the Company's and Hotels Group's adherence to statutory compliance and compliance with the code of best practice.

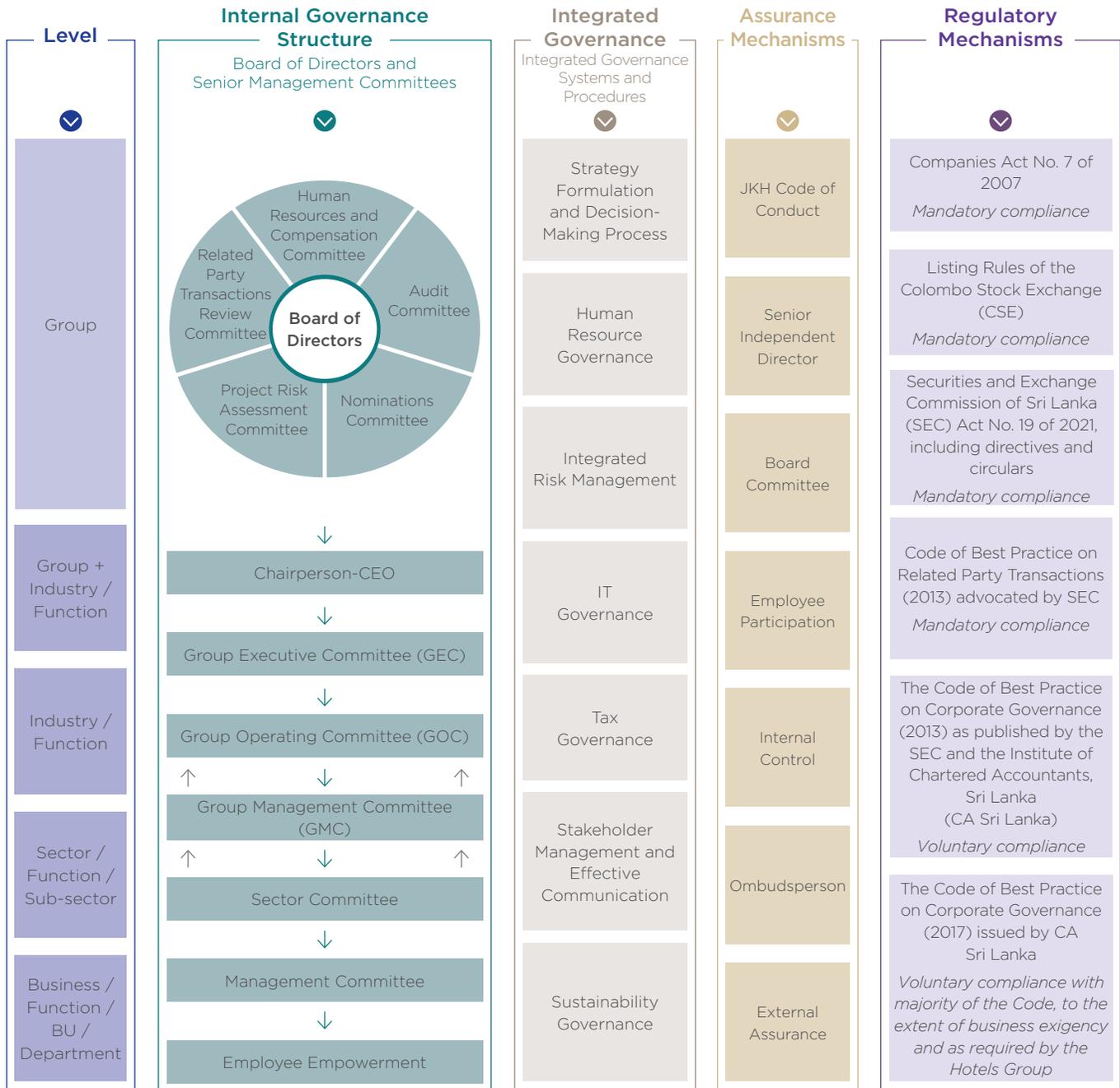
Compliance Summary

Standard / Principle / Code	Adherence
The Companies Act No.7 of 2007 (Companies Act)	Mandatory provisions - Fully Compliant
Listing Rules of the Colombo Stock Exchange (CSE), including circulars	
Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars	
Code of Best Practices on Related Party Transactions (2013) advocated by the SEC	
Code of Best Practice on Corporate Governance (2013) jointly issued by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary provisions - Fully Compliant
Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	Voluntary provisions - Compliant with the majority of the Codes, to the extent of business exigency and as required by the Company and the Hotels Group
International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)	Reporting Frameworks
Global Reporting Initiative Standards	
Articles of Association	
Internal Policies	Internal mechanisms

*In December 2023, CA Sri Lanka issued an updated Code of Best Practice on Corporate Governance (2023), effective from 1 April 2024. The updated Code has been reviewed and will be adopted to the extent of business exigency and as required by the John Keells Group (Group).

The Corporate Governance System

The governance structures and policies of John Keells Hotels PLC (the Company) conform to those of our parent company, John Keells Holdings PLC (JKH). The diagram below depicts the governance system, which consists of the internal governance structure of JKH, the governance systems and procedures, assurance mechanisms, and the various regulatory frameworks by which the Company and the Hotels Group abide from a governance standpoint. The framework is regularly reviewed and updated to reflect global best practices, evolving regulations, and dynamic stakeholder needs while maintaining its foundational principles of accountability, participation, integrity and transparency.



- With the exception of the Audit Committee, the Related Party Transactions Review Committee, Human Resources and Compensation Committee, Project Risk Assessment Committee and Nominations Committee of JKH act as the sub-committees of the Company as permitted by the Listing Rules of the Colombo Stock Exchange (CSE). All five Board Sub-Committees are chaired by Independent Directors appointed by the Boards of John Keells Holdings PLC and John Keells Hotels PLC, where relevant.
- *The Chairperson-CEO of JKH is present at all Human Resources and Compensation Committee meetings unless the Chairperson-CEO's of JKH performance assessment or remuneration is under discussion. The Deputy Chairperson/Group Finance Director of JKH is invited as necessary.*
- *Only the key components are depicted in the governance framework.*

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE ACTIVITIES

Highlights of the 44th Annual General Meeting held on 27th June 2023

- Dr. K A Gunasekera, who retired under Article 83 of the Company's Articles of Association, was re-elected as a Non-Executive Independent Director.
- Mr. M R Svensson, who retired under Article 83 of the Company's Articles of Association, was re-elected as a Non-Executive Non-Independent Director.
- Mr. H Premaratne, who retired in terms of Article 90 of the Articles of Association of the Company, was re-elected as Non-Executive Independent Director of the Company
- Messrs. Ernst & Young (E&Y) was re-appointed as the company's External auditors, and the Directors were authorised to determine their remuneration.

Board of Directors

Roles and Responsibilities

The Board is responsible for formulating strategy, setting risk appetite, ensuring consistency of workforce policies with Company values, and monitoring achievement of goals and objectives while balancing stakeholder interests. Integrated thinking at the Board level ensures that Environmental, Social and Governance (ESG) perspectives are incorporated into policy and strategy across the Company.



In carrying out its responsibilities, the Board promotes a culture of openness, productive dialogue and constructive dissent, ensuring an environment which facilitates employee empowerment and engagement and creates value for all stakeholders. The Board's key responsibilities include:

- Providing direction and guidance to the Company and Hotels Group in the formulation of sustainable, high-level, medium, and long-term strategies aimed at promoting the long-term success of the Company and the Hotels Group.
- Tracking actual progress against plans.
- Ensuring business is conducted with due consideration of ESG factors.
- Reviewing HR processes emphasising senior management succession planning, including the diversity, equity and inclusion (DE&I) strategy.
- Ensuring operations are carried out within the scope of the Enterprise Risk Management framework.
- Reviewing the performance of the senior management.
- Monitoring governance and compliance systems, including concerns on ethics, bribery and corruption.
- Overseeing systems of internal control, risk management and establishing whistleblowing conduits.
- Determining any changes to the discretions/authorities delegated from the Board to the executive levels.
- Reviewing and approving annual plans and long-term business plans.
- Ensuring compliance with laws, regulations and ethical standards and monitoring systems of governance and compliance, including concerns on ethics, bribery and corruption.
- Reviewing and approving major acquisitions, disposals and capital expenditures.
- Approving any amendments to constitutional documents.
- Ensuring all related party transactions are compliant with statutory obligations.
- Ensuring that the Company's values and standards are set, emphasising adopting appropriate accounting policies and fostering compliance with financial regulations.
- Ensuring all stakeholder interests are considered in corporate decisions.
- Ensuring sustainable business development in corporate strategy decisions and activities.
- Fulfilling such other Board functions is vital, given the business's scale, nature, and complexity.
- Approving the issue of the Company and the Hotels Group equity/debt/hybrid securities.

Chairperson

Key roles and responsibilities of the Chairperson include:

- Providing leadership to the Board whilst inculcating good governance and ensuring effectiveness of the Board
- Ensuring that constructive working relations are maintained between the members of the Board.
- Ensuring with the assistance of the Board Secretary that:
 - Board procedures are followed.
 - Information is disseminated promptly to the Board.

The Board is of the view that the Chairperson's other commitments do not interfere with the discharge of his responsibilities to the Company. The Board is satisfied that the Chairperson allocates sufficient time to serve the Company effectively.

President – Leisure, JKH and Chief Executive Officer - Cinnamon Hotels & Resorts

While the Company does not have a Chief Executive Officer, the President – Leisure, JKH and Chief Executive Officer (CEO)

Cinnamon Hotels & Resorts who are Non-Executive Directors of the Company undertake the following responsibilities:

President – Leisure, JKH: Provides leadership pertaining to business portfolio decisions, strategy, and planning for the Company and the Hotels Group.

CEO - Cinnamon Hotels & Resorts: Executes strategies and policies of the Board, in consultation with the President - Leisure, JKH and ensures:

- Ensure that the Board's policies and strategies are in action and progressing as intended.
- The efficient management of all businesses of the Hotels Group
- That the operating model is aligned with the short and long-term strategies of the Hotels Group
- Succession planning at the senior management levels of the Hotels Group.

The President—Leisure, JKH, and CEO -Cinnamon Hotels & Resorts regularly report on key matters to the Board, enabling the Board to oversee them effectively.

Board Composition

The Board is diverse in skills, experience, age, and tenure, contributing varied perspectives to boardroom deliberations and exercising independent judgment on matters. Board composition is regularly reviewed to ensure adequate diversity and that the skills representation aligns with the company's current and future strategic needs. Profiles of the Board members are set out on pages 148 to 149. Each Director holds continuous responsibility to determine whether he or she has a potential or actual conflict of interest arising from external associations, interests or personal relationships in material matters which the Board considers from time to time

Board Composition		Diversity of Board	
Independent, Non-Executive Directors		By Gender	
Non-Independent, Non-Executive Directors (including the Chairperson)*		Male	7
		Female	1
		By Age	
		<40	1
		<50	5
		<60	2

*Non-Independent, Non-Executive Directors are nominees of the parent company, JKH.

Skills and Experience

Collectively, the Board brings in a wealth of diverse exposure in the fields of management, business administration, banking, finance, economics, marketing and human resources. All Directors possess the skills, expertise and knowledge complemented with a high sense of integrity and independent judgement. Further details of their qualifications and experience are provided under the Board Profiles section of the Annual Report.

Furthermore, we are dedicated to providing additional training on the ESG framework, as well as pertinent policies and procedures, to the board members as part of our commitment to enhancing corporate governance practices.

CORPORATE GOVERNANCE

Appointment, re-election and resignation

The Nominations Committee of JKH, which acts as the Company's Nominations Committee, recommends the appointment of all Non-Executive Independent Directors based on an assessment of the strategic demands of the Company and required skills and competencies. Non-Executive Independent Directors appointed by the shareholders for a 3-year term are eligible for re-appointment thereafter. Non-Executive Independent Directors have a maximum of 3 successive terms unless the exigencies of the Company necessitate an extended tenure at the time. Casual vacancies are filled by the Board based on the recommendations of the Nominations Committee in accordance with the Articles of Association of the Company. There were no resignations or new appointments to the Board during the year.

As prescribed by the Articles of Association of the Company, one-third of the Directors, except the Chairperson, retire by rotation. Directors retiring by rotation are those who have been in office for the longest time since their appointment/re-appointment. In addition, any new Director appointed to the Board during the year is required to stand for re-election at the next Annual General Meeting in terms of the Articles of Association of the Company.

The proposal for the re-election of Directors is set out in the Annual Report of the Board of Directors on page 188 of this Report.

Details of new Directors are disclosed to shareholders at the time of their appointment through a public announcement covering the following:

- A brief resume of the Director.
- The nature of his expertise in relevant functional areas.
- The names of companies in which the Director holds directorships or memberships in Board Committees.
- Whether such Director can be considered 'Independent'.

The relevant Interim Releases and Annual Reports also include details of such appointments. The appointment of all Directors complies with applicable laws and rules including all qualifying and fit and proper criteria stipulated by the Listing Rules and Companies Act. Further, each independent Director annually signs a declaration which determines their independence based on such declaration and other information available to the Board. Directors are required to report any substantial change in their professional responsibilities and business associations to the Chairperson or Nominations Committee, which will examine the facts and circumstances and make recommendations to the Board accordingly.

Induction and training for Directors

All newly appointed Directors undergo a formal induction process, which includes knowledge-sharing sessions on Company values and culture, governance framework, policies and processes, the JKH Group Code of Conduct and Ethics adopted by the Company, the sector business model, strategy, and Directors' responsibilities. Board members are also given insights into regulatory changes that may impact the industry at Board meetings.

Further, newly appointed Directors are granted access to relevant parts of the business. They can meet with key management personnel and third-party service providers, such as External Auditors and Risk Consultants. Directors recognise the need for continuous training and expansion of their knowledge and skills to discharge their duties effectively and regularly participate in industry forums and other personal development training to expand their knowledge and skills.

Board Meetings Regularity of Meetings

Board meetings are held every quarter with the flexibility to increase the number of meetings based on the requirement. The Board continued with the hybrid model this year as and when needed. The attendance at Board meetings held during the financial year 2023/24 is given below:

Name of Director	Year of Appointment to the Board	Tenure as of 31.03.2024	Age	11.05.2023	17.07.2023	26.10.2023	29.01.2024	Eligibility	Attended
Mr K N J Balendra	2016/17	8 Years	50	✓	✓	Excused	✓	4	3
Mr. J G A Cooray	2017/18	6 Years +	47	✓	✓	✓	✓	4	4
Mr. S Rajendra	2020/21	3 Years +	60	Excused	✓	✓	✓	4	3
Mr. M R Svensson	2020/21	3 Years +	53	✓	✓	✓	✓	4	4
Mr. M H Singhawansa	2018/19	5 Years +	39	✓	✓	✓	✓	4	4
Ms. A K Moonesinghe	2016/17	7 Years +	48	✓	Excused	✓	✓	4	3
Dr. K Gunasekera	2019/20	4 Years +	48	✓	✓	✓	✓	4	4
Mr. H Premaratne	2022/23	1 Years +	45	✓	✓	✓	✓	4	4

NED-Non-Independent Non-Executive Director

INED-Independent Non-Executive Director

Access to information and resources

Directors receive their Board packs seven days before the meetings. Directors have unrestricted access to the management and organisation information and the resources required to clarify matters and carry out their duties and responsibilities effectively. Executive Management makes presentations on matters including business performance against operating plans, strategy, investment proposals, risk management, compliance and regulatory changes. Access to independent professional advice, coordinated through the Company Secretaries, is available to Directors at the Company's expense.

Board Agenda

The Chairperson ensures that all Board proceedings are conducted smoothly and efficiently, approving the agenda for each meeting prepared by the Board Secretary. The typical Board agenda in 2023/24 entailed confirmation of previous minutes, ratification of circular resolutions, ratification of the use of the Company seal and share certificates issued, discussion of matters arising from the previous minutes, submission of Board Sub-Committee reports, status updates of projects, review of performance, strategy formulation, approval of quarterly and annual financial statements, review of risks, sustainability and corporate social responsibility related aspects, ratification of capital expenditure, amongst others. Added emphasis was also placed on business performance, considering the challenges stemming from the challenging macroeconomic environment.

Board Secretary

Keells Consultants (Private) Limited provides secretarial services to the board. The Secretaries and Management apprise the Board of new and potential laws, revisions, regulations, and requirements relevant to them as individual Directors and collectively to the Board. The Secretaries maintain minutes of Board meetings, which are open for inspection by any Director at any time.

All Directors have access to the advice and services of the Secretaries, as necessary. The shareholders can also contact the Company secretaries during office hours on 011-2306245 for company-related information requirements. Appointment

and removal of the Company Secretaries is a matter for the Board.

Time dedicated by Non-Executive Directors

The Board has dedicated adequate time for fulfilling and discharging their duties as Directors of the Company. It must be recognised that Directors have to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification, and after a meeting to follow up on issues consequent to the meeting. This should be supplemented by a time allocation for familiarisation with business changes, operations, risks and controls.

In addition to attending Board meetings, the Directors attend the relevant Subcommittee meetings and have also contributed to decision-making via Circular Resolutions and one-on-one meetings with key management personnel, when necessary.

Maintaining Board Independence and Managing Conflicts of Interest

Stringent nominating procedures, the use of systematic and comprehensive board evaluation processes, and independent director-led engagement emphasise Board independence. All Directors are experienced leaders in their respective fields and exercise independent and unfettered judgement, promoting constructive Board deliberations and objective evaluation of matters set before them.

Each Director is continuously responsible for identifying potential or actual conflicts of interest or biases arising from external associations, interests, or personal relationships in material matters and disclosing them to the Board.

Directors make a general disclosure of interests, as illustrated below, at appointment, at the beginning of every financial year, and during the year as required. The Board reviews potential conflicts from time to time to ensure integrity and Board independence.

The company secretary provides details of companies in which Board members hold Board or Board Committee membership for shareholders to inspect on request.

Prior to Appointment

- Nominees are requested to make known their various interests that could potentially conflict with the interest of the Company

Once Appointed

- Directors obtain Board clearance prior to;
 - Accepting a new position
 - Engaging in any transaction that could create or potentially create a conflict of interest
- All NEDs are required to notify the Chairperson-CEO of any changes to their current Board representations or interests and a new declaration is made annually.

During Board Meetings

- Directors who have an interest in a matter under discussion;
- Excuse themselves from deliberations on the subject matter
- Abstain from voting on the subject matter (abstention from decisions are duly minuted)

CORPORATE GOVERNANCE

The independence of all its Independent Non-Executive Directors was reviewed against the criteria summarised below:

Criteria for defining Independence	Status of conformity of INED
None of the INEDs has Shareholding carrying 10 per cent or more of voting rights.	Compliant
None of the INEDs is a Director of another company*	Compliant
None of the INEDs have Income/non-cash benefits equivalent to 20 per cent of the Director's annual income, excluding income/non-cash benefits received, which are applicable on a uniform basis to all non-executive Directors on the Board.	Compliant
None of the INEDs have employment at JKH or a material business relationship with JKH currently or in the three years immediately preceding their appointment as Directors.	Compliant
None of the INEDs have a close family member who is a Director, CEO or Key Management Personnel.	Compliant
None of the INEDs have served on the Board continuously for a period exceeding nine years from the date of the first appointment.	Compliant
None of the INEDs are employed or have a material business relationship and/or significant shareholding in other companies*. Entails other companies that have significant shareholding in the Company and the Company has a business connection with	Compliant

* Other companies in which a majority of the other Directors of the listed company are employed or are Directors, or have a significant shareholding or have a material business relationship or where the core line of business of such company is in direct conflict with the line of business of the listed company.

The Related Party Transactions Review Committee of the parent acts as the Related Party Transactions Review Committee of the Company and considers all transactions that require approval to be in line with the Company's Related Party Transactions Policy and compliance with the applicable rules and regulations. The related party transactions are disclosed in note 41 to the financial statements. No Non-Executive Independent Director has a conflict of interest as per the criteria for independence outlined above.

The following table illustrates the total number of Board seats (excluding Group Board seats) held in other listed and unlisted companies (outside the Group) in Sri Lanka by each Director as of 31 March 2024.

Name of Director	Directorship Status	Board Seats Held in Other Listed Sri Lankan Companies		Board Seats Held in Other Unlisted Sri Lankan Companies
		Executive capacity	Non - Executive capacity	
K N J Balendra	NED	Nil	Nil	Nil
J G A Cooray	NED	Nil	Nil	Nil
A K Moonesinghe	INED	Nil	Hsenid Business Solutions PLC	Wealth Trust Securities (Pvt) Ltd
M H Singhawansa	NED	Nil	Nil	Nil
K A Gunasekera	INED	Nil	Nil	Akmal Asia (Pvt) Ltd
S Rajendra	NED	Nil	Nil	Nil
M R Svensson	NED	Nil	Nil	Nil
H Premaratne	INED	Nil	National Development Bank Teejay Lanka PLC	Best Pacific Textiles Lanka (Pvt) Ltd Brandix Apparel (Pvt) Ltd Brandix Apparel Solutions (Pvt) Ltd Brandix Corporate Campus (Pvt) Ltd Brandix Lanka (Pvt) Ltd Incube Global (Pvt) Ltd Ocean Lanka (Pvt) Ltd

Director Remuneration

Due care is taken to ensure that the remuneration paid to Board members is commensurate with their skills, knowledge, competencies and involvement in Board activities. The compensation of Non-Executive Directors was determined in reference to fees paid to other Non-Executive Directors of comparable companies, and adjusted, where necessary, in keeping with the complexity of the Company and Hotel's Group. Non-Executive Directors were paid additional fees for either chairing or being a member of a Sub-Committee and did not receive any performance/incentive payments/ share option plans. Director fees for nominee Directors of JKH are paid to JKH, not individual Directors. The aggregate remuneration paid to NEDs in FY 2023/24 is Rs. 9.8Mn. The Company employs no Executive Directors.

Compensation for Early Termination

In the event of an early termination of a Non-Executive Director, there are no compensation commitments other than for accrued fees payable, if any, as per the terms of their contract.

Board Evaluation

Board performance evaluations are conducted annually in line with good Corporate Governance practices and this process is conducted independently.

The process involves each Director self-appraising the performance of the Board against identified criteria:

- Role clarity and effective discharge of responsibilities
- People mix, balance and structures
- Systems and procedures
- Quality of participation
- Board image

The results are analysed to give the Board an indication of its effectiveness and areas that require addressing and/ or strengthening.

The Board conducted its annual performance appraisal for the financial year 2023/24, and accordingly, the Board is seen as effective in discharging its role and responsibilities. There was no change to the composition of the highest governance body and organisational practices during reporting period.

Remuneration and benefit policy

This policy seeks to provide a distinctive value proposition to current and prospective employees to attract and retain employees with the skills and values that are in line with the business needs of the organisation. The policy also provides a framework to design, administer and evaluate effective reward programmes, there by inspiring and motivating desired behaviours and enabling proper alignment of remuneration with the long term success of the organisation.

CORPORATE GOVERNANCE

OUR BOARD OF DIRECTORS

Krishan Balendra

Appointed to the Board of John Keells Hotels PLC in 2016 as a Non-Independent Non-Executive Director.

Krishan Balendra is the Chairperson-CEO of John Keells Holdings PLC (JKH). He is also the Chairman of the Employers Federation of Ceylon, Deputy Vice Chairman of the Ceylon Chamber of Commerce and the Hon. Consul General of the Republic of Poland in Sri Lanka. In addition, he was a former Chairman of the Nations Trust Bank and the Colombo Stock Exchange. Krishan started his career at UBS Warburg, Hong Kong in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. Krishan holds a law degree (LLB) from the University of London and an MBA from INSEAD.

Suresh Rajendra

Appointed to the Board of John Keells Hotels PLC in 2021 as a Non-Independent Non-Executive Director.

Suresh Rajendra has over 30 years of experience in the fields of finance, travel & tourism, hotel management, property development and real estate management and business development acquired both in Sri Lanka and overseas. Prior to joining the JKH Group, he was the Head of Commercial and Business Development for NRMA Motoring and Services in Sydney, Australia and Director/General Manager of Aitken Spence Hotel Managements (Pvt) Ltd, Sri Lanka. He is a Fellow member of the Chartered Institute of Management Accountants, UK.

He is a member of the Group Executive Committee of the John Keells Group. He is the President of the Leisure Group of John Keells and responsible for Union Assurance PLC, John Keells Information Technology (Pvt) Ltd and John Keells Stockbrokers (Pvt) Ltd. He serves as a Director of Asian Hotels & Properties PLC, Union Assurance PLC., Trans Asia Hotels PLC, and in many of the unlisted companies of the John Keells Group. He is a member of the Tourism Advisory Committee appointed by the Ministry of Tourism.

Gihan Cooray

Appointed to the Board of John Keells Hotels PLC in 2018 as a Non-Independent Non-Executive Director.

Gihan Cooray is the Deputy Chairperson/Group Finance Director and has overall responsibility of the Group's Finance and Accounting, Taxation, Corporate Finance and Strategy, Treasury, Information Technology and Corporate Communications functions. He is a former Chairman of Nations Trust Bank PLC. Gihan holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, Texas. He is a Fellow member of the Chartered Institute of Management Accountants, UK, a certified management accountant of the Institute of Certified Management Accountants, Australia and has a Diploma in Marketing from the Chartered Institute of Marketing, UK. He serves as a committee member of The Ceylon Chamber of Commerce.

Mikael Svensson

Appointed to the Board of John Keells Hotels PLC in 2021 as a Non-Independent Non-Executive Director.

Mikael Svensson is the Chief Executive Officer at Cinnamon Hotels & Resorts, part of the Leisure industry group of John Keells Holdings PLC (JKH). He overlooks Cinnamon's entire portfolio of hotels and resorts in Sri Lanka and the Maldives, including Sri Lanka's first and South Asia's largest integrated resort - Cinnamon Life. He brings extensive global leadership experience in managing and operating large-scale luxury hotels across Asia, the Middle East and Australia, of which over 20 years was spent with the Hyatt Group. His previous roles at Palm Jumeirah, the Viceroy Palm Jumeirah Dubai, the Grand Hyatt in Mumbai, Park Hyatt in Canberra and the Hyatt Regency in Hua Hin required him to take advantage of new opportunities for growth, expansion and innovation while nurturing and advancing the company's competitive advantage. Prior to joining the John Keells Group, he was the Senior Vice President of Louis T Collection, a Singapore-based hospitality management and building solutions company that owns a portfolio of hotels across Asia and Australia, leading change to impact performance.

Hishan Singhawansa

Appointed to the Board of John Keells Hotels PLC in 2018 as a Non-Independent Non-Executive Director.

Hishan Singhawansa is the Deputy Chief Executive Officer and Chief Operating Officer at Cinnamon Hotels & Resorts, part of the Leisure industry group of the John Keells Group. He overlooks operations of Cinnamon's entire portfolio of hotels and resorts in Sri Lanka and the Maldives, including the development of the much-anticipated mixed-development project Cinnamon Life Integrated Resort. He joined the JKH in 2008 and started his career in the Supermarket business of the Group, where he was part of Category Management and headed the Supply Chain before moving into the Leisure industry group in 2017. He holds a BSc in Engineering (Hons) Degree from the University of Moratuwa, Sri Lanka, and an MBA from the University of Wales.

Hasitha Premaratne

Appointed to the Board of John Keells Hotels PLC in 2022 as an Independent Non-Executive Director.

Hasitha is the Managing Director of the Brandix Group and drives the company's overall strategy and transformation journey while overseeing its Global Business. Prior to taking up the reins as Managing Director, Hasitha served as the group's Group Finance Director and Chief Strategy Officer and is a Director of its subsidiaries and investment ventures, which include Teejay Lanka PLC, Inqube Global, and Best Pacific Lanka Ltd.

An Independent Director at John Keells Hotels PLC, he serves as Chairman of the Audit Committee. Hasitha is also an Independent Director at NDB Bank. He was formally a Director at Bank of Ceylon, Sri Lanka's largest Bank, chairing the Board Risk and Nominations Committees. He also served on the Board of CIMA Sri Lanka, and the Sri Lanka Accounting and Auditing Standards Monitoring Board, and was a Committee Member at the Ceylon Chamber of Commerce. Before joining Brandix, Hasitha was the Head of Research at HNB Stockbrokers (Private) Ltd and possesses plenty of experience in the fields of capital markets, economics, strategic finance, management, research. His lecturing experience expands for 11 years, for CIMA (UK), ACCA (UK) examinations, in Sri Lanka, India, Singapore and Philippines.

He holds an MBA in International Finance and a BSc in Computer Science. He is a Fellow Member of Chartered Institute of Management Accountants (CIMA - UK), Association of Chartered Certified Accountants (ACCA-UK), and the Institute of Certified Management Accountants (CMA - SL). He is also a Chartered Global Management Accountant (CGMA)

Anarkali Moonesinghe

Appointed to the Board of John Keells Hotels PLC in 2016 as an Independent Non-Executive Director

Anarkali Moonesinghe serves on the Board of Directors of hSenid Business Solutions PLC and WealthTrust Securities Ltd. She has over 20 years of Investment Banking experience in Europe and Asia, particularly Asian Emerging Markets. She was the CEO of CIMB Investment Bank Sri Lanka. Partner-Amura Consulting, a Singapore-based financial advisory services boutique focused on small to mid-cap transactions in frontier markets, including private equity, mergers & acquisitions, and financial structuring. She started her career with Merrill Lynch in Mergers & Acquisitions. She received a Bachelor of Arts (Hons) in Politics, Philosophy and Economics from Christchurch College, University of Oxford.

Dr. Kumudu Gunasekera

Appointed to the Board of John Keells Hotels PLC in 2019 as an Independent Non-Executive Director.

Dr. Kumudu Gunasekera is an analytical and conceptual thinker who effectively partners with senior managers to assess opportunities, facilitate strategic decisions, and drive successful implementations. He has over 20 years of experience leading engagements in helping investors/corporates effectively deploy capital across multiple geographies. A proven problem-solver, his insights and perspectives have been published in numerous peer-reviewed journals and industry magazines. He is currently the Managing Director of Stax LLC. He was an Adjunct Professor at Boston University, a Principal Economist at Parsons Brinckerhoff, now WSP (Washington DC), the Past President of the American Chamber of Commerce (Sri Lanka), and the Co-Founder of Sri Lanka@100.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE

Board Sub-Committees

The Board has delegated certain functions to five Board Sub-Committees while retaining final decision rights.

Members of these Sub-Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise. As permitted by the listing rules of the CSE, the Human Resources and Compensation Committee and Related Party Transactions Review Committee of the parent company functions as the Human Resources and Compensation Committee and Related Party Transactions Review Committee of the Company. The parent company's Project Risk Assessment Committee and Nominations Committee also functions as the Project Risk Assessment Committee and Nominations Committee of the Company.

The Board Sub-Committees comprise predominantly Independent Non-Executive Directors of John Keells Hotels PLC and John Keells Holdings PLC. The membership of the five Board Sub-Committees as of 31 March 2024 is as follows.

John Keells Holdings PLC (Parent Company)

Human Resources and Compensation Committee
Nominations Committee
Related Party Transactions Review Committee
Project Risk Assessment Committee

John Keells Hotels PLC

Audit Committee

	Audit Committee	Human Resources and Compensation Committee (JKH)	Nominations Committee (JKH)	Related Party Transactions Review Committee (JKH)	Project Risk Assessment Committee (JKH)
Non-Independent, Non-Executive					
K N J Balendra - Chairperson			Committee Member		Committee Member
J G A Cooray - Deputy Chairperson / Group Finance Director					Committee Member
A N Fonseka - JKH - Senior Independent, Non-Executive				Committee Chair	
Independent Non-Executive					
K A Gunasekera	Committee Member				
A K Moonesinghe	Committee Member				
H Premaratne	Committee Chair				
D A Cabraal - JKH		Committee Chair	Committee Chair	Committee Member	
S S H Wijayasuriya - JKH		Committee Member	Committee Member		Committee Chair
M P Perera*			Committee Member		Committee Member
S Coorey - JKH**			Committee Member		
S Fernando - JKH****				Committee Member	

* M P Perera (Independent Non-Executive Director) retired from the Board of JKH with effect from 1 July 2023, having served on the Board of Directors for nine consecutive years.

**S Coorey ceased to be a Related Party Transactions Review member w.e.f. 8th November 2023

***S Fernando was appointed to the JKH Board with effect from 9 August 2023 as an Independent Non-Executive Director, and thereafter, he was appointed as a member of the Related Party Transactions Review Committee w.e.f. 8th November 2023.

BOARD COMMITTEES

Composition and Scope of Board Sub-Committees

Audit Committee (John Keells Hotels PLC)						
Role: Assist the Board in meeting its oversight responsibilities pertaining to Company financial statements, risk management, internal controls, legal and regulatory frameworks.						
Composition					Scope	
<ul style="list-style-type: none"> All members to be NEDs, a majority of whom should be independent. The Chairperson or one member of the committee should be a member of a recognised professional accounting body The Vice President, Finance - Cinnamon Hotels & Resorts is the Secretary of the Committee. 					<ul style="list-style-type: none"> i. Overseeing the preparation, presentation, and review of the quarterly and annual financial statements, including their quality, transparency, integrity, accuracy, and compliance with accounting standards, laws, and regulations, prior to tabling them for the approval of the Board of Directors. ii. Obtain and review assurance received from the President, CEO, CFO, and other key management personnel, as relevant, that the financial records have been properly maintained and that the financial statements give a true and fair view of the Company's and Hotel Group's operations and finances. iii. Evaluate the competence and effectiveness of the company's risk management systems and ensure the robustness and effectiveness in monitoring and controlling risks, as recommended by the internal auditors. iv. Review the internal and external audit arrangements' adequacy and effectiveness. v. Review the risk policies adopted by the Company annually. vi. Recommend the appointment, re-appointment and removal of the External Auditors, including their remuneration and terms of engagement, by assessing qualifications, expertise, resources and independence. 	
Meeting dates and attendance						
	11/05/2023	14/07/2023	26/10/2023	29/01/2024	Eligibility to Attend	Attended
H Premaratne - Chairperson *	✓	✓	✓	✓	4	4
K A Gunasekera	✓	✓	✓	✓	4	4
A K Moonesinghe	✓	Excused	✓	✓	4	3
By Invitation						
C L P Gunawardane - CFO***	✓	✓	✓	✓	4	4
M R Svensson - CEO Cinnamon Hotels & Resorts***	✓	✓	✓	✓	4	4
M H Singhawansa***	✓	✓	✓	✓	4	4
<p>*** Permanent invitees for all Committee meetings Note:- The Audit Committee Meetings were held quarterly * Member of a professional Accounting body</p>						
Date of Appointment						
H Premaratne - Chairperson	15 /07/2022					
K A Gunasekera	06/11/2019					
A K Moonesinghe	01/07/2016					

Refer to page 156 for the Audit Committee Report

CORPORATE GOVERNANCE

Human Resources and Compensation Committee (JKH)

Role: Determines Remuneration Policy and reviews implementation of the same, determines the remuneration of the Executive Directors of the Group, as applicable, in terms of the methodology set out by the Board, determines remuneration of Board and GEC members having reviewed their performance evaluations by the Chairperson.

Composition

- Committee to comprise exclusively of NEDs of JKH, a majority of whom shall be independent.
- The Chairperson of the Committee must be an Independent NED.
- The Chairperson-CEO of JKH and Deputy Chairperson /Group Finance Director of JKH are invited to all Committee meetings unless their respective remuneration is under discussion
- The Deputy Chairperson /Group Finance Director of JKH is the Secretary of the Committee.

Committee Meeting dates and attendance for the financial year 2023/2024

	Eligible to Attend	Attended	Date of appointment
D A Cabraal -Chairperson	1	1	29/01/2015
S S H Wijayasuriya	1	1	05/11/2016
By Invitation			
S Coorey	1	0	-
A N Fonseka	1	1	-
K N J Balendra	1	1	-
J G A Cooray	1	1	-

*John Keells Holdings PLC Directors who were not sub-committee members of the Human Resources and Compensation Committee were requested to attend via invitation.

Scope

- Review and recommend the overall remuneration philosophy, strategy, policies and practice and performance-based pay plans for the Company
 - Determine and agree with the Board a framework for remuneration of the Chairperson, Deputy Chairperson of JKH and the Executive Directors of the John Keells Group of Companies based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration
 - Succession planning of Key Management Personnel
 - Ensure the integrity of the Group's compensation and benefits programme is maintained.
 - Commission compensation and benefit surveys as appropriate to assist the Committee in its deliberations.
 - In performing these functions, ensure that stakeholder interests are aligned and that the Group can attract, motivate and retain talent.
 - At its discretion, the Committee may invite external specialists to provide advice and information on relevant remuneration and Human Resource Development practices.
- * *Determining compensation of Non-Executive Directors will not be under the scope of this Committee*

Refer to page 158 for the Human Resources and Compensation Committee Report.

Nominations Committee (JKH)

Role: Lead the process of Board appointments and recommendations to the Board and to define and establish a nomination process for Non-Executive Directors.

Composition

- Majority of the members shall be NEDs of JKH together with the Chairperson - CEO
- The Chairperson of the Committee shall be an Independent NED.
- The Secretary to the JKH Board is the Secretary of the Committee.

	Eligible to Attend	Attended	Date of Appointment
D A Cabraal - Chairperson	3	3	07/11/2013
S Coorey**	1	1	08/11/2023
M P Perera*	1	1	24/07/2014
S S H Wijayasuriya	3	3	05/11/2016
K N J Balendra	3	3	01/01/2019

* Retired on 1 July 2023

** Appointed to the Committee w.e.f 08 November 2023 upon the retirement of M P Perera.

Scope

- Assess skills required on the Board given the needs of the businesses.
- From time to time, assess the extent to which required skills are represented on Board
- Prepare a clear description of the role and capabilities required for the appointment.
- Identify and recommend suitable candidates for appointment to the Board.
- Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment specifying clearly the expectations in terms of time commitment, involvement outside of the formal Board meetings, and participation in Committees, amongst other things.
- Ensure that every appointee is inducted into the group.
- The appointment of the Chairperson, as relevant, is a collective decision of the Board.

Refer to page 159 for the Nominations Committee Report.

Related Party Transactions Review Committee (JKH)

Role: Ensure that all related party transactions of the Group are consistent with the Code on Related Party Transactions issued by SEC and with the Listing Rules of the CSE.

Composition

- The chairperson should be an Independent Non-Executive Director.
- Committee comprise a combination of NEDs, Independent NEDs
- The composition may include Executive Directors at the option of the Listed Entity.

Scope

- The Group has broadened the scope of the Committee to include senior decision makers in the list of Key Management Personnel, whose transactions with Group companies also get reviewed by the Committee, in addition to the requisitions of the CSE.

CORPORATE GOVERNANCE

Related Party Transactions Review Committee (JKH)

Role: Ensure that all related party transactions of the Group are consistent with the Code on Related Party Transactions issued by SEC and with the Listing Rules of the CSE.

Composition

	Eligible to Attend	Attended	Date of appointment
A N Fonseka - Chairperson	4	4	29/01/2014
D A Cabraal	4	4	29/01/2014
S Coorey**	2	2	01/07/2023
S Fernando***	1	1	08/11/2023
M P Perera*	1	1	24/07/2014
By Invitation			
K N J Balendra	4	4	-
J G A Cooray	4	3	-

Note:- The Related Party Transactions Review Committee Meetings were held quarterly.

* Retired from 1 July 2023

** Appointed to the RPT Committee w.e.f. 1 July 2023 and resigned w.e.f. 8 November 2023.

*** Attended by invitation on 06 November 2023. Appointed w.e.f. 8 November 2023.

Scope

- ii. All proposed Related Party Transactions shall be reviewed in advance, and in the event of any material changes, the Related Party Transactions Review Committee shall also review such changes prior to the completion of the transaction.
- iii. Develop and recommend for adoption by the Board of Directors of JKH and its listed subsidiaries a Related Party Transaction Policy that is consistent with the operating model and the group's delegated decision-making rights.
- iv. Update the Board on Related Party Transactions of each of the Group's listed companies quarterly and formally request the Board approve the related party transactions following the determination of whether such approval is needed.
- v. Define and establish the threshold values for each of the subject listed companies in setting a benchmark for Related Party Transactions, including those that have to be pre-approved by the Board, those that require annual review, such as recurrent Related Party Transactions, and similar issues relating to listed companies.
- vi. Ensure that they have or have access to expertise to assess all aspects of proposed Related Party Transactions and, where necessary, obtain expert advice from an appropriately qualified person.
- vii. Where a Director has a personal material interest in a matter being reviewed by the Committee, such Director shall not be present in the meeting and shall not vote in the matter except at the request of the Committee.
- viii. Where both the parent company and the subsidiary are Listed Entities, the parent company's Related Party Transactions Review Committee shall function as the subsidiary's Related Party Transactions Review Committee.

Refer to page 160 for the Related Party Transactions Review Committee Report

Project Risk Assessment Committee (JKH)

Role: evaluate and assess risks associated with significant new investments at the initial stages of formulation and in any event prior to making any contractual commitments for the long term.

Composition

- Must include the Chairperson - CEO and Deputy Chairperson/Group Finance Director of JKH.
- The Chairperson must be a Non-Executive Director.

Chairperson - S S H Wijayasuriya

Committee Members - K N J Balendra
M P Perera*
J G A Cooray

- No meetings were held during the period.

* Retired 1 July 2023

Scope

- i. Review and assess risks associated with large-scale investments and the plans to mitigate them if mitigation is possible, and identify risks that cannot be mitigated.
- ii. Ensure stakeholder interests are aligned, as applicable, when making investment decisions.
- iii. Where appropriate, obtain specialised expertise from external sources to evaluate risks in consultation with the Group Finance Director.
- iv. Recommend to the Board the necessary action required, to mitigate risks identified while evaluating a project to ensure that the Group Risk Matrix captures those risks for monitoring and mitigation.

**The Committee shall convene only when there is a need to transact in business as per the terms of its mandate.*

Refer to page 161 for the Project Risk Assessment Committee Report.

CORPORATE GOVERNANCE

AUDIT COMMITTEE REPORT

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the financial statements of the Company and the subsidiaries, the internal control and risk management framework and systems of the Company, compliance with legal and regulatory requirements, the External Auditors' suitability, performance, and independence, and, the adequacy and performance of the Internal Audit function undertaken by the Group Business Process Review division (Group BPR). The scope of functions and responsibilities are adequately set out in the terms of reference of the Committee, which has been approved by the Board and is reviewed annually.

The Committee's responsibilities pertain to the Company and its subsidiaries as a whole. Each committee member evaluates the Committee's effectiveness annually, and the results are communicated to the Board.

Composition of the Committee and Meetings

The Audit Committee comprises the undersigned and the following Independent Non-Executive Directors:

H Premaratne

A K Moonesinghe

K A Gunasekera

Vice President, Finance – Cinnamon Hotels & Resorts served as the Secretary to the Audit Committee.

The Audit Committee met four times during the financial year. The Corporate Governance report provides information on the attendance of the committee members at these meetings. The Internal Auditors carrying out outsourced assignments and relevant executives of the Company and the Group also attended these meetings when needed. The Committee engaged with management to review key risks faced by the Company with a view to obtaining assurances that appropriate and effective risk mitigation strategies were in place.

The activities and views of the Committee were communicated to the Board of Directors quarterly through verbal briefings by the Chairman of the Committee and by tabling the minutes of the Committee's meetings.

Financial Reporting

The Audit Committee has reviewed and discussed the Company's quarterly and annual financial statements with the Management. The External Auditors were engaged to conduct a limited review of the Company's interim financial statements for the nine months ended 31 December 2023. The results of this review together with the full year results reports were discussed with the External Auditors prior to publication

of these statements. The scope of the review included ascertaining compliance of the statements and disclosures with the Sri Lanka Accounting Standards, the appropriateness and changes in accounting policies and material judgemental matters. Discussions were also held with the External Auditors and Management on matters communicated to the Committee by the External Auditors in their reports to the Committee on the audit for the year.

The Committee obtained independent input from the External Auditors on the effects of any new Sri Lanka Accounting Standards that came into effect for the year under review and satisfied themselves that the necessary preparatory work was carried out to enable the Company to comply with these new standards.

Internal Audit, Risks and Controls

The Committee reviewed the adequacy of the group's Internal Audit coverage and Internal Audit Plans with the Head of the Group BPR division and Management. The Internal Audit function is outsourced to leading professional firms under the direction and control of the Group BPR division.

The Group BPR division regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with laws and regulations and established policies and procedures of the Group. Reports from outsourced Internal Auditors on the operations of the Company and subsidiaries of the Company were also reviewed by the Committee. Follow-up action was taken on the recommendations of the outsourced Internal Auditors, and any other significant follow-up matters were documented and presented to the Committee on a quarterly basis by the Head of Group BPR. The Committee also reviewed the effectiveness of digital forensic tools used by Group BPR.

Reviewed the Business Risk Management processes and procedures adopted by the Company to manage and mitigate the impact of such risks and observed that risk analysis exercises had been conducted across the different hotels, key risks that could impact operations had been identified to the extent possible, measures were taken to minimise the impact and likelihood of such risks. It was noted that with the integration of Sustainability within the Leisure Group, further measures to mitigate the core sustainability risks were identified, and risks mitigation measures were designed and implemented.

Formal confirmations and assurances were obtained from the senior management of the company quarterly regarding the efficacy and status of the internal control and risk management systems and compliance with applicable laws and regulations.

External Audit

The committee reviewed and discussed the External Auditors' scope of the audit with the External Auditors and management prior to the commencement of the audit.

The External Auditors kept the Committee advised on an ongoing basis regarding matters of significance that were pending resolution. The Committee also met the External Auditors, without management being present, before finalising the financial statements to obtain their input on specific issues and ascertain whether they had any areas of concern relating to their work. The External Auditors raised no matters other than those already discussed with management and resolved.

The External Auditors' final management reports on the audit of the Company and the consolidated financial statements for the year 2023/24 were discussed with the Management and the Auditors.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the John Keells Group, and pre-clearance was given for these services. The Committee also reviewed the arrangements made by the Auditors to maintain their independence, and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The performance of the External Auditors has been evaluated through a formal assessment process with input from the company's senior management. Based on the performance assessment, the Committee has recommended to the Board that Ernst & Young be re-appointed as the Lead/Consolidation Auditor of the Group for the financial year ending 31 March 2025, subject to approval by the Shareholders at the Annual General Meeting.



H Premaratne

Chairperson of the Audit Committee

21 May 2024

CORPORATE GOVERNANCE

REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Human Resource and Compensation Committee forms a key part of the governance framework of the Group and carries the mandate to oversee the compensation and benefits policies adopted by the Group, and in doing so, review and recommend overall remuneration philosophy, strategy, policies and practices and performance-based pay plans. Furthermore, it reviews performance, compensation and benefits of the CEO, the other Executive Directors, and key executives who support and implement decisions at an apex level, the overall business strategy and make recommendations, thereon to the Board. The Committee also reviews and monitors the performance of the Group's top talent for the purposes of organisational growth and succession planning, with particular emphasis on succession at key executive levels.

In performing this role, the Committee is conscious of the need to ensure that stakeholder interests are aligned, and the Group is able to attract, motivate, retain talent and ensure their loyalty; the integrity of the Group's compensation and benefits programme is maintained and importantly, that the compensation policy and schemes are compliant with applicable laws and regulations.

In this context, the Committee determined the remuneration of the Executive Directors including the Chairperson-CEO in terms of the methodology set out by the Board, upon an evaluation of their performance by the Non-Executive Directors. The evaluation of the members of the Group Executive Committee was considered by the Committee and remuneration was determined based on performance, market comparators for similar positions and in accordance with the Company's Compensation and Benefits policy.

As per the mandate outlined, the report from the Chairperson of the Human Resources and Compensation Committee continues to be a standing agenda item at the quarterly Board meetings. The Chairperson of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

The Committee wishes to report that the Company has complied with the Companies Act in relation to remuneration of Directors. The annual performance appraisal scheme, the calculation of short-term incentives, and the award of ESOPs were executed in accordance with the approvals given by the Board, based on discussions conducted between the Committee and the Management.



D A Cabraal

Chairperson of the Human Resources and Compensation Committee

20 May 2024

REPORT OF THE NOMINATIONS COMMITTEE

The Nominations Committee as at 31 March 2024, consisted of the following members:

- D A Cabraal (Chairperson)
- K N J Balendra
- S S H Wijayasuriya
- S Coorey (appointed w.e.f 8 November 2023)

*Note: M P Perera resigned as a member of the Nominations Committee consequent to her resignation from the Board of John Keells Holdings PLC (JKH) on 1 July 2023.

The Nominations Committee reaffirmed its mandate to:

- Recommend to the Board the process of selecting the Chairperson and Deputy Chairperson.
- Assess the skills required for each business, based on the strategic demands to be met by JKH and other listed companies of the Group.
- Identify suitable persons to be appointed as Non-Executive Directors to the Board of JKH and make recommendations to other listed companies in the Group, taking into consideration qualifying criteria stipulated under applicable laws and rules.
- Review the structure, size, composition and skills of each Board.
- Ensure that every appointee undergoes an induction.
- Make recommendations on matters referred to it by the Board.

The Committee reports its activities at each Board Meeting.

The Committee continues to work with the Board on reviewing its skills mix, based on the immediate and emerging needs of the Group. Further, the Committee discusses with the Board the outputs of the annual JKH Board evaluation.



D A Cabraal

Chairperson of the Nominations Committee

20 May 2024

CORPORATE GOVERNANCE

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Composition

The following Directors served as members of the Committee during the financial year:

A N Fonseka
D A Cabraal
S Fernando

M P Perera – former Chairperson retired from the RPT committee with effect from 1 July 2023

S Coorey – appointed to the RPT committee with effect from 1 July 2023 and resigned with effect from 8 November 2023.

The Chairperson-CEO, Deputy Chairperson/Group Finance Director, and Group Financial Controller attended meetings by invitation. The Head of Group Business Process Review served as the Secretary to the Committee. The Committee held four meetings during the financial year, which were held on a quarterly basis. Information on the attendance at these meetings by the members of the Committee is given alongside. Urgent transactions that required prior approval of the Committee were dealt with by circulation among the members.

Objective and Governing Policies

The objective of the Committee is to exercise oversight on behalf of the Board of John Keells Holdings PLC and its listed Subsidiaries, to ensure compliance with all applicable rules and regulations, namely the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ('The Code') and the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and ensures that transactions are in line with the Groups' internal governance framework and associated policies.

Procedure

The Committee in discharging its functions primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel (KMP) with a view to ensuring that:

- there is compliance with 'The Code' and the Listing Rules of the CSE
- shareholder interests are protected; and
- fairness and transparency are maintained.

Non-recurrent Related Party Transactions (RPTs) of listed entities:

The Committee advocated the Management to implement appropriate procedures to ensure that all non-recurrent RPTs of the Group's listed entities are submitted to the Committee, for pre-approval. Accordingly, the Committee reviewed and

pre-approved all proposed non-recurrent Related Party Transactions (RPTs) of the parent, John Keells Holdings PLC, and all its listed subsidiaries including John Keells Hotels PLC.

Recurrent RPTs of listed entities:

The Committee has endorsed guidelines to facilitate disclosures and assurances to be provided by the senior management of listed entities in the Group so as to validate compliance with Section 9.5(a) of the Listing Rules and thus exclusion from the mandate for review and pre-approval of such transactions by the Committee.

Accordingly Recurrent RPTs as well as the aforesaid disclosures and assurances were reviewed annually by the Committee.

Other significant transactions of non-listed subsidiaries:

Material transactions of non-listed subsidiaries in the Group were presented to the Committee for information.

The Group continued to adopt a broader scope in defining key management personnel including therein all senior decision makers. Accordingly, in addition to the Directors, all Presidents, Executive Vice Presidents, Chief Executive Officers, Chief Financial Officers and Financial Controllers of respective companies/sectors have been designated as KMPs in order to increase transparency and enhance good governance. Annual disclosures from all KMPs setting out any RPTs they were associated with, if any, were obtained and reviewed by the Committee.

The activities and views of the Committee have been communicated to the Board of Directors, quarterly, through verbal briefings, and by tabling the minutes of the Committee's meetings.



A N Fonseka

Chairperson of the Related Party Transactions Review Committee

20 May 2024

REPORT OF THE PROJECT RISK ASSESSMENT COMMITTEE

The following Directors served as members of the Committee during the financial year:

S S H Wijayasuriya (Chairperson)

K N J Balendra

J G A Cooray

The Project Risk Assessment Committee was established with the purpose of further augmenting the Group's Investment Evaluation Framework. The Committee provides the Board with enhanced illumination of Risk perspectives with respect to large scale new investments, and also assists the Board in assessing the potential impact of risks associated with such investments. Investments which are referred to the Committee are those which exceed a board-agreed threshold in terms of quantum of investment and/or potential impact to the Group. The Committee accordingly provides early-stage recommendations to the Board with respect to the extent of risk and adequacy of mitigation strategies.

During the year under review, the context of Project Risk Assessment was centred on (i) The extenuating impact of Sri Lanka's macroeconomic crisis on Group businesses and (ii) The two landmark investment projects of the Group - City of Dreams Sri Lanka (formerly known as the Cinnamon Life Integrated Resort) and the West Container Terminal. Given the scale and impact of the risks and opportunities associated with the said subjects, the committee and JKH Board were of the view that related deliberations should take place with participation of the full Board as regular board agenda items.

While there were no specific new investments during the year which required Board Approval as per the Group's financial thresholds, new ventures such as the partnership with the Reliance Group on the marketing and distribution of Beverages in the Indian market, the entry into the partnership with BYD on New Energy Vehicles and the launch of the VIMAN project were a some of the key projects of the Group which were also discussed at JKH Board level.



S S H Wijayasuriya

Chairperson of the Project Risk Assessment Committee

20 May 2024

CORPORATE GOVERNANCE

STAKEHOLDER MANAGEMENT AND EFFECTIVE COMMUNICATIONS

Release of Information to the Public and CSE

The Board of Directors, in conjunction with the Audit Committee where applicable, is responsible for ensuring the accuracy and timeliness of published information and for presenting a true and fair view, and a balanced assessment of results in the quarterly and annual financial statements. Accordingly, the Company has reported a true and fair view of its financial position and performance for the year ended 31 March 2024 and at the end of each quarter of the financial year 2023/24.

All other material and price-sensitive information about the Company is promptly communicated to the CSE and released to employees, the press, and shareholders.

Constructive use of the Annual General Meeting (AGM)

The AGM is the primary mechanism for the Board to interact with and account to shareholders and allows shareholders' views to be heard. At the AGM, the Board provides an update to shareholders on the Company's performance, and shareholders may ask questions to clarify matters prior to voting on resolutions. It is the key forum for shareholders to engage in decision-making matters reserved for them, including proposals to adopt the Annual Report and Accounts, appointing Directors and Auditors and other matters requiring special resolutions as defined in the Articles of Association or the Companies Act. The Chairperson ensures that the Chairperson of the Audit Committee, Board members, key management personnel, and External Auditors are present to respond to queries the shareholders may raise.

The Group makes use of the AGM constructively towards enhancing relationships with the shareholders, and towards this end, the following procedures are followed:

- Notice of the AGM and related documents are made available to the shareholders along with the Annual Report no later than 15 working days before the AGM.
- Summary of procedures governing voting at the AGM are communicated.
- The Board ensures that the external auditors are present at the AGM.
- Most Executive and Non-Executive Directors are made available to answer queries.
- The Chairperson-CEO ensures that the relevant senior managers are also available at the AGM to answer specific queries.

- Separate resolutions are proposed for each item that is required to be voted on.
- Proxy votes are counted for, against, and withheld (abstained).

Serious Loss of Capital

In the unlikely event that the Company's net assets fall below half of its stated capital, shareholders will be notified, and the requisite resolutions will be passed on outlining the proposed way forward.

Extraordinary General Meetings, including Shareholder Approval through Special Resolution

The Company will seek shareholder approval, either via special or ordinary resolution as permitted under applicable law and the Company's articles of associations, when transactions and events that are material in the Group and Company's context occur or are undertaken in line with all applicable rules and regulations.

ASSURANCE MECHANISMS

Internal Controls

The Board has taken necessary steps to ensure the integrity of the Company's accounting and financial reporting systems and that internal control systems remain robust and effective by periodically reviewing and monitoring such systems.

System of Control

A quarterly self-certification programme requires the President, CEO, COO and Chief Financial Officer (CFO) of the Leisure industry group to confirm compliance with statutory and other regulatory procedures and identify any significant deviations from the expected norms. The compliance statement, which gets collated every quarter and tabled at the respective Audit Committee meeting, is subject to periodic review and, where applicable revised, to reflect and capture any material changes that drive the macro and micro-operating contexts for reporting and monitoring purposes.

The Board has taken steps to obtain assurance that systems designed to safeguard the Company's assets and provide management information are functioning according to expectations and proper accounting records are in place through the involvement of the Group Business Process Review function.

This also entails automated monitoring and workflow-based escalation to facilitate timely clearing of all transactional entries, including complete reconciliation, unreconciled and open entries being flagged and periodically scrutinised, and formal disclosure being made to the relevant Audit

Committees, efficient management and tracking of cash and cheque deposits, in line with international best practice and continual streamlining and optimisation of the Internal Audit function via identification of focus areas, improvement opportunities and feedback reporting to reinforce governance and assurance.

The Group has in place two integrated frameworks, the 'Fraud Deterrent and Investigation Framework' and the 'Process Review Framework', that complement each other to strengthen the Group's effort to promote anti-fraud, anti-corruption and anti-bribery by proactively recognising the changing context and operating landscape. The integrated fraud deterrent and investigation framework, which enables an integrated platform for handling all aspects of fraud and stakeholder assurance, reinforces uniformity across common processes in matters relating to fraud, employs a data-driven approach to the continuous assessment of control efficacy and assesses and deploys appropriate preventive and detective controls against frauds. The Integrated Process Review Framework provides an innovative approach to internal audits, which enables audits to be specific and highly focused on matters relevant to a business entity. Emphasis is placed on use cases and events stemming from the current business strategy, which must be facilitated by participating processes, systems, and personnel which form micro-value chains with special attention to the efficacy of control and its placement to ensure the integrity of transaction as each traverse through each micro-value chain, at the time of audit reviews.

The digital system for quarterly financial and operational information management implemented continues to perform as per expectations, facilitating data capturing for compliance reporting, providing a sustainable and structured mechanism to enable top-down and bottom-up stakeholder engagement, and tracking the progression of how the compliance posture at an entity level has evolved, among others. The Forensic Data Analytics platform feeds into 'Internal Audit Scoping' and continues to identify areas for process optimisation, strengthening controls and feedback reporting to reinforce governance (management) and assurance structures.

- The Group engaged a leading international consultancy firm to conduct a comprehensive assessment of its cybersecurity resilience, leveraging industry-leading methodologies such as the Microsoft Cybersecurity Reference Architecture (MCRA) and Microsoft Cloud Security Benchmarks (MCSB) to fortify its technological backbone for future growth and resilience. By aligning with

industry best practices and recommended technological principles, the Group aims to enhance performance, scalability, and reliability across its cloud ecosystem, positioning itself as a mobile-first, data-first, cloud-first, and AI-first organisation. Whilst proactively mitigating risk, this initiative was carried out to boost the efficiency, security and reliability of the Group's cloud ecosystem, underscoring the Group's commitment to delivering value to its stakeholders by maintaining robust and secure cloud infrastructure.

- The Company and Hotels Group remains steadfast in its commitment to safeguarding stakeholder privacy amidst evolving regulations and technological advancements. The establishment of the Data Governance Steering Committee, overseen by the Group Executive Committee, aims to strengthen data governance practices in compliance with relevant laws, notably the Personal Data Protection Act No. 9 of 2022. Key initiatives during the reporting period included:
 - benchmarking initiatives
 - data lifecycle management
 - appointment of data protection officers for each industry group
 - gap analysis
 - awareness creation

Segregation of Duties (SoD) under Sarbanes-Oxley (SOX)

The Company and the Hotels Group are well aware of the need to ensure that no individual has excessive system access to execute transactions across an entire or several business processes which have critical approval linkages in the context that increase in use of information technology and integrated financial controls creates unintended exposures within the Company and the Hotels Group. SoD dictates that problems such as fraud, material misstatements and manipulation of financial statements have the potential to arise when the same individual is able to execute two or more conflicting, sensitive transactions. Separating disparate jobs into task-oriented roles can often result in inefficiencies and costs which do not meet the cost versus benefit criteria. Whilst the attainment of a zero SoD conflict state is utopian, the Company and the Hotels Group continue to take steps to identify and evaluate existing conflicts and reduce residual risks to an acceptable level under a cost versus benefit rationale. No material conflicts were reported during the year.

CORPORATE GOVERNANCE

Forensic Data Analytics

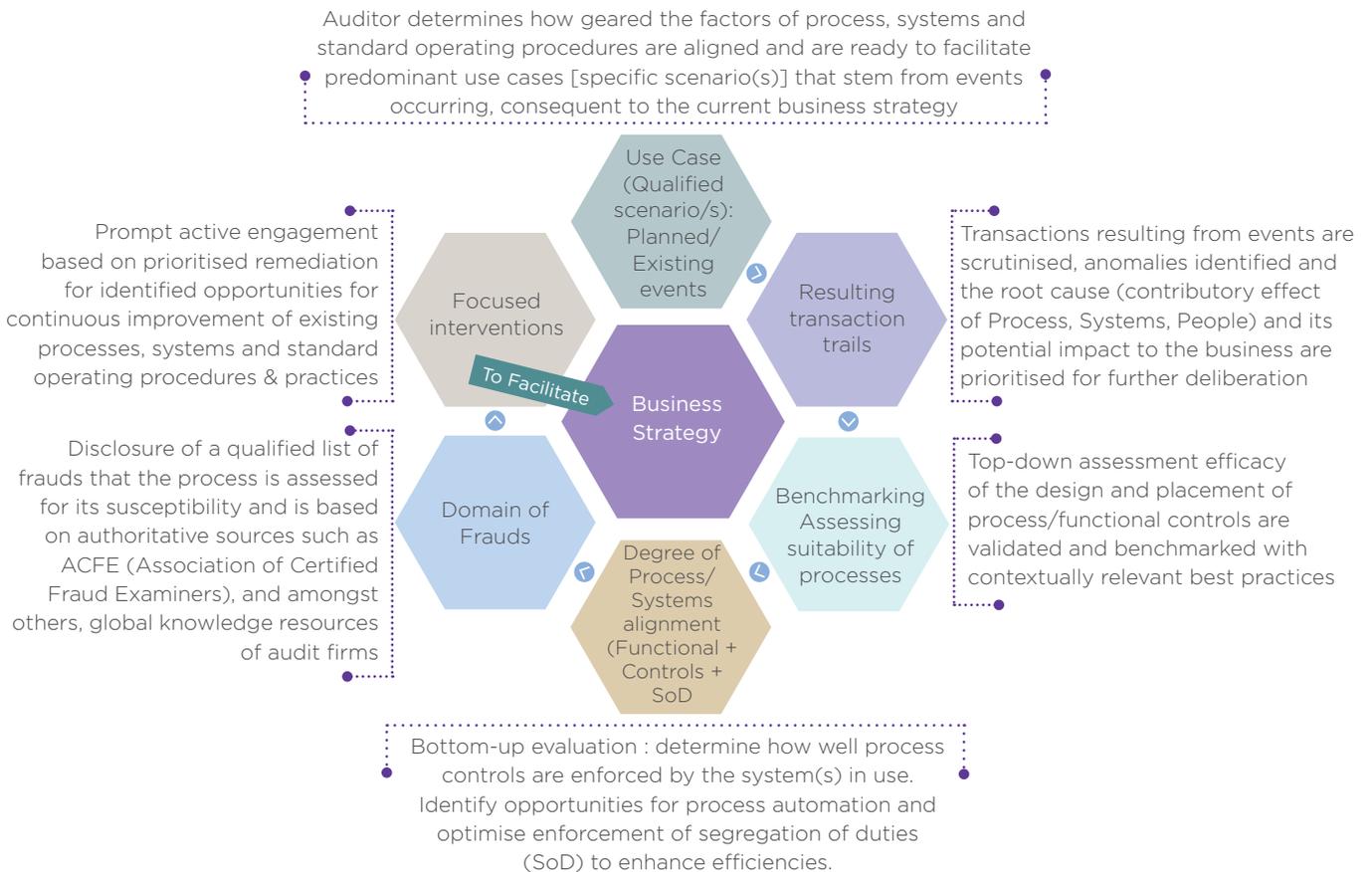
The group uses forensic data analytics to facilitate action towards investigating transactions that are distinct within its population. Based on well-established algorithms, it prompts attention to strengthen process and system controls to ensure the integrity of such transactions within its contextual domain.

A key success factor of this oversight mechanism is the use of advanced machine learning algorithms that are continuously sensitised to each business's operating circumstances that trigger such transactions and remain relevant and insightful by increasing its utility and providing optimisation opportunities for Continuous Controls Monitoring (CCM) and active intervention. The Group piloted and implemented a series of new initiatives throughout the year to strengthen the effectiveness of the forensic data analytics platform and related capabilities to complement CCM and internal audit engagements.

Internal Audit

The internal audit process of the Company and the Hotels Group is conducted by outsourced parties at regular intervals, coordinated by the Group Business Process Review function (GBPR) of the Group. GBPR ensures that the internal audit plan adequately covers the significant risks of the Company and the Hotels Group and reviews the important internal audit findings and follow-up procedures. Internal audit reports are first considered and discussed at the business/functional unit levels. These reports are forwarded to the Audit Committee on a regular basis. Further, the Audit Committees also assess the effectiveness of the risk review process and systems of internal control regularly. Whilst there are merits and demerits associated with outsourcing an internal audit, the Company and the Hotels Group are of the view that having an external-based internal auditor is more advantageous. However, there are certain industries where the domain is very operationally specific and requires an internal auditor in addition to the external auditor.

The new Internal Audit approach: Continuous emphasis on context



External Audit

The External Auditor is appointed subject to the provisions of the Companies Act. The Audit Committee recommends to the Board for the appointment, re-appointment or removal of the External Auditor in line with professional and ethical standards and regulatory requirements. It monitors and reviews the External Auditor's independence, objectivity, and effectiveness in the audit process, considering relevant professional and regulatory requirements.

When assigning non-audit services to External Auditors, the Audit Committee ensures that the External Auditor has the necessary skills and experience for the assignment and ascertains that independence and objectivity in carrying out his duties and responsibilities will not be impaired.

On the recommendation of the Board, the shareholders approved the reappointment of Messrs. Ernst & Young as the External Auditor for 2023/24 at the last AGM.

COMPLIANCE

The Directors are conscious of their duty to comply with the laws, regulations, regulatory guidelines, internal controls and approved policies in all areas of business of the Hotels Group. The Board receives Compliance Statements from the President – Leisure confirming compliance with regulatory requirements each quarter in accordance with its commitment to regulatory compliance. The Hotels Group is compliant with all relevant legal and statutory requirements. Any litigations currently pending, if any, have been disclosed under the Annual Report of the Board of Directors on page 188 of this Report.

John Keells Hotels PLC is fully compliant with all the mandatory rules and regulations stipulated by the following:

- Listing Rules of the CSE (effective as of 1 April 2024);
- Companies Act No.7 of 2007;
- Securities and Exchange Commission of Sri Lanka (SEC) Act No.19 of 2021, including rules, regulations, directives and circulars; and
- Code of Best Practices on Related Party Transactions (2013) advocated by the SEC

The Group has also given due consideration to the Best Practice on Corporate Governance (2017) Reporting guidelines set out by CA Sri Lanka and has, in all instances, barring a few, embraced such practices voluntarily, particularly if such practices have been identified as relevant and value-adding. In the very few instances where the Group has not adopted such best practices, the rationale for such non-adoption is articulated.

The Company and the Hotels Group are fully compliant with all the mandatory rules and regulations stipulated by the following:

CORPORATE GOVERNANCE

Appendix I- Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

Mandatory Provisions - Fully Compliant

Rule	Complied	Reference (within the Report)
(i) Names of persons who during the financial year were Directors of the Entity	Yes	Board of Directors
(ii) Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	Management Discussion and Analysis
(iii) The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in Rs. or any other class of shares denominated in foreign currency and the percentage of such shares held	Yes	Investor Information
(iv) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement	Yes	
(v) A statement of each Director's holding in each class of shares of the entity denominated in Rs. and in foreign currency (as applicable)	Yes	Annual Report of the Board of Directors'
(vi) Information pertaining to material foreseeable risk factors of the entity	Yes	Risk Management
(vii) Details of material issues pertaining to employees and industrial relations of the entity	Yes	Responsible Performances report
(viii) Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Yes	Note 20 and 22 to the Financial Statements
(ix) Number of shares representing the entity's stated capital	Yes	Investor Information
(x) A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	
(xi) Financial ratios and market price information.	Yes	Investor Information and Decade at a Glance
(xii) Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Note 20 to the Financial Statements
(xiii) If during the financial year the entity has raised funds either through a public issue, rights issue or private placement: a. a statement as to the manner in which the proceeds of such issue has been utilised b. if any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and c. any material change in the use of funds raised through an issue of Securities	N/A	Investor Information
(xiv) Information in respect of Employee Share Ownership or Stock Option Schemes	Yes	Investor Information / Note 34 to the Financial Statements
(xv) Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Yes	Corporate Governance
(xvi) Related Party Transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the entity as per audited financial statements, whichever is lower	Yes	Note 40 to the Financial Statements
(xvii) Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds and/or Shariah Compliant Debt Securities listed on the CSE	N/A	N/A

Appendix II - Statement of Compliance under Section 7.10 of the Listing Rules of the CSE on Corporate Governance

Mandatory Provisions - Fully Compliant

Rule No.	Subject	Requirement	Complied	Action / Reference (within the Report)
7.10 Compliance				
7.10 (a - c)	Compliance	The Company compliance with the Corporate Governance Rules, and any deviations are explained where applicable	Yes	Corporate Governance
7.10.1 Non-Executive Directors (NED)				
7.10.1(a-c)	Non-Executive Directors (NED)	At least 2 or 1/3 of the total number of Directors on the Board, whichever is higher, should be NEDs	Yes	Board Composition
7.10.2 Independent Directors				
7.10.2(a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, should be independent	Yes	Board Composition
7.10.2(b)	Independent Directors (ID)	Each NED should submit a signed and dated declaration of their independence or non-independence	Yes	The independence of the Directors has been determined by CSE Listing Rules, and the 3 Independent NEDs have submitted signed confirmation of their independence.
7.10.5 Remuneration Committee				
7.10.5	Remuneration Committee (RC)	The Human Resources and Compensation Committee (equivalent of the RC with a wider scope) of the listed parent company may function as the RC.	Yes	The Human Resources and Compensation Committee (equivalent of the Remuneration Committee with a wider scope) only comprises of Independent NEDs
7.10.5(a)	Composition of Remuneration Committee	RC shall comprise of NEDs, a majority of whom will be independent One NED shall be appointed as Chairperson of the committee by the Board of Directors	Yes	Board Sub-Committees -HRCC
7.10.6 Audit Committee				
7.10.6	Audit Committee (AC)	The Company shall have an AC	Yes	Audit Committee Report
7.10.6(a)	Composition of Audit Committee	<ul style="list-style-type: none"> AC shall comprise of NEDs, a majority of whom shall be Independent. A NED shall be appointed as the Chairperson of the Committee Chief Executive Officer (CEO) and Chief Financial Officer (CFO) should attend AC meetings The Chairperson of the AC or one member should be a member of a professional accounting body 	Yes	Audit Committee Report

CORPORATE GOVERNANCE

Rule No.	Subject	Requirement	Complied	Action / Reference (within the Report)
7.10.6(b)	Audit Committee Functions	<p>Overseeing of the –</p> <ul style="list-style-type: none"> Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) Compliance with financial reporting requirements, information requirements as per laws and other relevant financial reporting related regulations and requirements Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards (SLFRS/ LKAS) Assessment of the independence and performance of the External Auditors Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the remuneration and terms of engagement of the external auditor 	Yes	Audit Committee Report
7.10.6(c)	Disclosure in Annual Report relating to the Audit Committee	<p>The Annual Report shall contain</p> <ul style="list-style-type: none"> Names of Directors comprising the AC The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination Report of the AC setting out the manner of compliance with their functions during the financial year 	Yes	Audit Committee Report

Appendix III—7.3 Statement of Compliance under Section 9 of the Revised Listing Rules of the CSE on Corporate Governance, effective 1 April 2024.

Mandatory Provisions - Fully Compliant

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.1 Corporate Governance Rules			
9.1.3	A statement confirming compliance with Corporate Governance Rules	Yes	The Company complies with the Corporate Governance Rules and has stated so within the Report, with any deviations explained where applicable.
9.3 Board Committees			
9.3.1 b/c/d	Minimum required Board Committees	Yes	The required Committees are maintained and are functioning effectively.
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	Yes	The Company complies with the requirements in respect of the Board Committees.
9.4 Meeting procedures and the conduct of all General Meetings with shareholders			
9.4.1	Records of all resolutions and the following information upon a resolution being considered at any General Meeting shall be maintained.	Yes	The Company maintains all records and information regarding resolutions considered at General Meetings.
9.4.2 a/b/c	Communication and relations with shareholders and investors	Yes	Refer to Stakeholder management and effective communications under the Corporate Governance Report.
9.6 Chairperson and CEO			
9.6.1	Requirement for a SID if the same individual holds the positions of Chairperson and CEO	N/A	N/A as the Chairperson is a NED
9.6.2	Market announcement on the rationale behind the appointment of a SID	N/A	N/A
9.6.3 a-d	Requirement for a SID	N/A	N/A
9.6.3 E	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties	N/A	N/A
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	N/A	N/A
9.7 Fitness of Directors and CEO			
9.7.1 - 9.7.5	Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures	Yes	<p>Directors are required to provide general disclosures and declarations on fitness and propriety annually and are required to report any material changes to the information provided therein, including any changes to their professional responsibilities and business associations, to the Board.</p> <p>The Nominations Committees reviews and makes recommendation to the Board on the fitness and propriety of Directors.</p> <p>No non-compliances were reported during the year in this regard.</p>

CORPORATE GOVERNANCE

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.8 Board Composition			
9.8.3 (i) to (viii)	Requirements for meeting the criteria to be an ID	Yes	Details of the independence criteria are explained within the Corporate Governance Commentary.
9.8.5 a/b/c	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'.	Yes	All independent NEDs have submitted declarations as to their independence, and a determination of their independence is evaluated. No Non Compliances were reported during the year under review.
9.9 Alternate Directors			
a-e	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association.	Yes	No Alternate Directors were appointed during the financial year. CSE has granted a waiver to amend the Articles of Association to incorporate the requirements of the Rules at an EGM to be held on the same day as the AGM.
9.10 Disclosures relating to Directors			
9.10.2/9.10.3	Market announcement upon the appointment of a new director and any changes to the Board composition	Yes	Timely market announcement of the new independent NED appointed was made through the CSE.
9.10.4 a-i	Details about the Board members	Yes	Refer to the Board of Director Profiles report
9.12 Remuneration Committee			
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on EDs and individual Directors.	Yes	Refer to the Human Resources and Compensation Committee Report
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure the independence.	Yes	Refer to the Director Remuneration section in the Corporate Governance Report
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Yes	Refer to the Human Resources and Compensation Committee Report
9.12.6 (2)	Where the parent company and the subsidiary are Listed Entities, the parent company's remuneration committee may function as the subsidiary's Remuneration Committee.	Yes	
9.12.6 (3)	An ID shall be appointed as the Chairperson of the Remuneration Committee	Yes	
9.12.7	Functions	Yes	
9.12.8 A	Names of Remuneration Committee Chairperson and members	Yes	
9.12.8 B	Statement of Remuneration Policy	Yes	
9.12.8 C	Aggregate remuneration paid to EDs and NEDs	Yes	
9.13 Audit Committee			
9.13.2	The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.	Yes	Refer to the Audit Committee section of the Corporate Governance Report

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.14 Related Party Transactions Review Committee			
9.14.2 (1)	Related Party Transactions Review Committee shall comprise a minimum of 3 members, the majority of whom should be IDs, and an ID shall be appointed as the Chairperson.	Yes	The Related Party Transactions Committee comprises only Independent Directors and maintains a minimum requirement of three members throughout the year.
9.14.2 (2)	Where the parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may function as the subsidiary's Related Party Transactions Review Committee.	Yes	Refer to the Related Party Transactions Review Committee section.
9.14.3	Functions	Yes	
9.14.4	General Requirements	Yes	
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Yes	
9.14.6	Shareholder Approval	Yes	Refer to Extraordinary General Meetings, including Shareholder Approval through the Special Resolution section.
9.14.8 (1)	Details pertaining to Non-Recurrent Related Party Transactions	Yes	Refer to Notes to the Financial Statements.
9.14.8 (2)	Details pertaining to Recurrent Related Party Transactions	Yes	
9.14.8 (3)	Report of the Related Party Transactions Review Committee	Yes	Refer to the Report of the Related Party Transactions Review Committee.
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules about Related Party Transactions or a negative statement otherwise	Yes	Refer to the Annual Report of the Board of Directors.
9.14.9 (1)/(2)	Shareholder approval for the acquisition and disposal of substantial assets	Yes	Refer to Extraordinary General Meetings, including Shareholder Approval through the Special Resolution section.
9.14.9 (4)/(5)/(6)	Competent, independent advice on the acquisition and disposal of substantial asset	Yes	There was no acquisition and disposal of substantial assets during the year 2023/24.
9.16 Additional Disclosures			
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved.	Yes	Directors disclose interests at appointment, at the beginning of every financial year and during the year as required.
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence.	Yes	The Board takes steps to ensure the integrity and effectiveness of internal control systems by periodically reviewing and monitoring them.
(iii)	Directors are aware of laws, rules and regulations and their changes, particularly to Listing Rules and applicable capital market provisions.	Yes	Refer to the Board Induction and Training section.
(iv)	Disclosure of material non-compliance with laws/regulations and fines by relevant authorities where the Entity operates.	N/A	N/A

CORPORATE GOVERNANCE

Appendix IV: Statement of Compliance pertaining to Companies Act No. 7 of 2007

Mandatory Provisions - Fully Compliant

Rule	Requirement	Complied	Action / Reference (within the Report)
168 (1) (a)	The nature of the business of the Company or of its subsidiaries or classes of business in which it has an interest, together with any change thereof	Yes	Our Presence
168 (1) (b)	Signed financial statements of the Group and the Company	Yes	Financial Statements
168 (1) (c)	Appointed Auditors' Report on the financial statements of the Company and any Group Financial Statements	Yes	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes during the accounting period	Yes	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	Yes	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Yes	Note 17 to the Financial Statements
168 (1) (g)	Corporate donations made by the Company during the accounting period	Yes	Note 17 to the Financial Statements
168 (1) (h)	This section provides information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period, as well as the names of any persons who ceased to hold office as Directors of the Company during the accounting period.	Yes	Group Directory
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Note 17 to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest in the Company and its Subsidiaries	Yes	Audit Committee Report/ Financial Statements
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/ Annual Report of the Board of Directors
168 (2)	Information specified in paragraphs (b) to (j) of subsection (1) in relation to Subsidiaries.	Yes	Financial Statements/ Annual Report of the Board of Directors

Statement of Compliance with applicable Codes of Best Practice - Voluntary Compliance

The Company is also compliant with the Code of Best Practices on Related Party Transactions (2013) advocated by the SEC (mandatory), the Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and CA Sri Lanka (voluntary) and almost all the provisions of the Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka to the extent of business exigency and as required by the Company.

The Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka

Directors

- The Company is directed, controlled and lead by an effective Board that possess the skills, experience and knowledge and thus all Directors bring independent judgement on various subjects, particularly financial acumen.
- Chairperson of the board is a Non-executive Director
- Board Balance is maintained as the Code stipulates.
- Whilst there is a transparent procedure for Board Appointments, election and re-election, subject to shareholder approval, takes place at regular intervals.
- Specified information regarding Directors is shared in the Corporate Governance Commentary.

Directors' Remuneration

- The Human Resource and Compensation Committee, consisting of exclusively INEDs is responsible for determining the remuneration of Chairperson-CEO and EDs.
- Compensation commitments in the event of early termination, determination of NED remuneration, remuneration policy and aggregate remuneration paid is disclosed under the Director Remuneration section and is in line with the Code.

Relationship with Shareholders

- There is constructive use of the AGM, as per Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute.
- The Group has in place multiple channels to reach shareholders as discussed under the Stakeholder Management and Effective Communication section.

Accountability and Audit

- Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the company carried out all business in accordance with regulations and applicable laws, equitably and fairly.
- The Company continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statements.
- There is an annual review of the effectiveness of the Group's risk management and internal controls which ensures the maintenance of a sound system of internal control which is reported on under the Internal Controls section
- The Internal Audit function and the Audit Committee, functions as stipulated by the Code, and are discussed under the Audit Committee section.
- A Related Party Transactions Review Committee is in place and functions in line with the Code.
- There were no violations of the Group Code of Conduct and the Code of Business Conduct and Ethics during the year, which is mentioned under the Chairperson's Message section.

Institutional Investors

- The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM.

CORPORATE GOVERNANCE

Other Investors	<ul style="list-style-type: none">Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and exercise their voting rights and seek clarity, whenever required.
Sustainability	<ul style="list-style-type: none">ESG (environmental, social, and governance) is a pivotal consideration in the Group's decision making. In reporting performance, the Annual Report covers ESG disclosures through the <IR> framework, GRI standards and operations in conformity with the Principles of the United Nations Global Compact and United Nations Sustainable Development Goals.
Internet and Cybersecurity	<ul style="list-style-type: none">The Board has prioritised cybersecurity by appointing a dedicated member responsible for overseeing it within the Group. The Company has implemented a group policy, conduct periodic reviews to ensure its effectiveness, discuss cybersecurity risks at the board level, and disclose the management of risks in the Annual Report. Furthermore, measures have been taken to secure connectivity for both internal and external devices.

CA Sri Lanka issued a revised Code of Best Practice on Corporate Governance in December 2023, effective from 1 April 2024. While the Group has presented its compliance in line with the 2017 Code of Best Practice on Corporate Governance, The Group has reviewed the 2023 Code for further adoption, as applicable, and relevant to the Group.

RISK MANAGEMENT

Risk management is a core concept in the Group's governance model. Our risk management culture comprises a set of values intrinsic to all our operations and business activities, which are shared and lived by all our employees. We firmly believe that a robust risk management culture brings significant benefits to any business organisation, not only in financial terms but also in areas relating to the long-term sustainability of our business. Our risk management framework promotes accountability, helps prevent irregularities and contributes to strengthening the company's due diligence procedures, among other benefits. Through effective risk management strategies and responses, we aim to build resilience and create sustainable value for all our stakeholders.

Enterprise Risk Management

Enterprise risk management is an ongoing process where the group identifies events that would affect the entity, assesses them, and responds accordingly to provide reasonable assurance that it will achieve its objectives. When assessing risks, the Company and the Hotels Group considers the existing and emerging risk factors that may impact the business.

The risks are evaluated thereafter in terms of likelihood and impact, after which appropriate risk treatments are decided upon. Effective risk management is crucial to enhance value creation via sustainable business operations. A solid risk management framework ensures that the Board discharges its responsibilities in identifying, assessing and responding to the identified risks efficiently and effectively across its portfolio of hotels and resorts.

Risk Governance

The Board assumes the ultimate responsibility for managing risk. The Board is assisted by the Audit Committee, which oversees risk and internal control matters. The John Keells Group Business Process Review (BPR) Division and the outsourced Internal Auditors support the Audit Committee in performing its role of assurance through regular reviews and recommendations on the robustness of the internal control systems. In addition, the sector risk management team is responsible for effectively executing the risk management framework.

Risk Management Process

Enterprise risk management is integral to strategy formulation and applied across all functions. Risk management is governed by a standard framework designed by the Group, ensuring that risk management practices are standardised across the Hotels Group.

Risk identification and assessment

Risks are identified at the business unit level and then categorised.

Risk validation

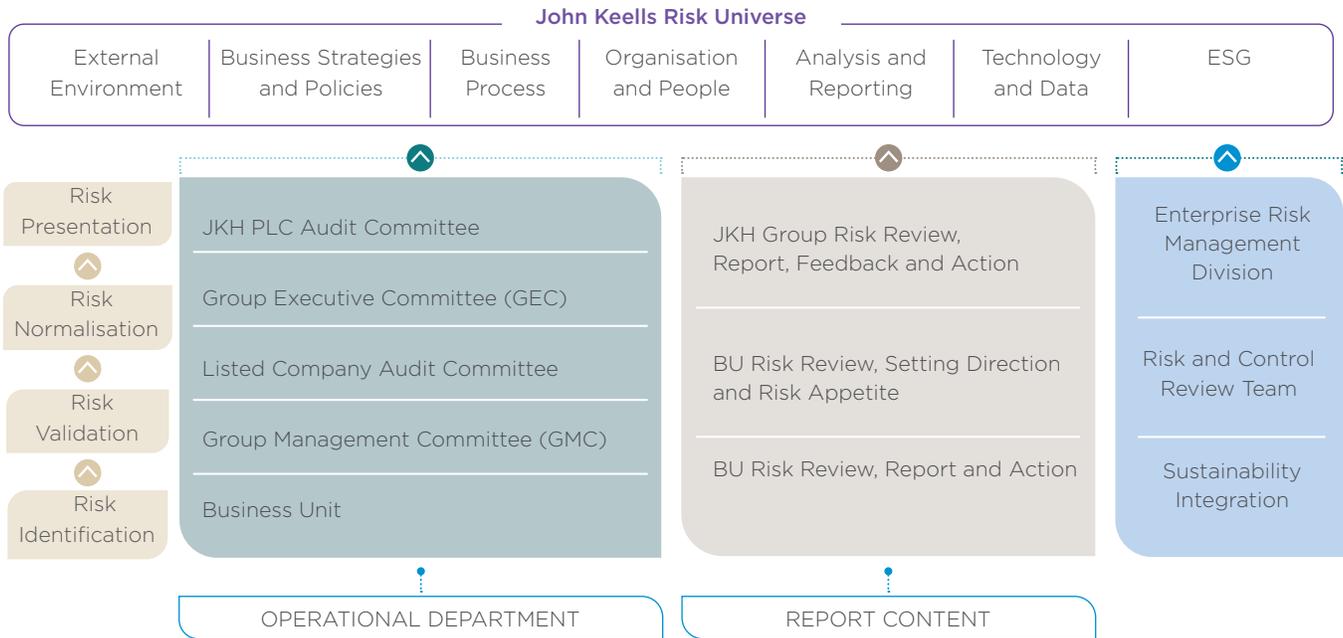
After identifying external and internal factors, the current risk map is reviewed quarterly by the Group Management Committee.

Risk reporting

Quarterly reporting to the Audit Committee of John Keells Hotels PLC and John Keells Holdings PLC.

RISK MANAGEMENT

Risk Management Framework



The ERM Framework adopted by the John Keells Group and implemented by the Hotels Group involves the following:

- Identification of types of risk**

Risk Event - Any event with a degree of uncertainty that, if it occurs, may result in the organisation or Business Unit failing to meet its stated objectives.

Core Sustainability Risks - Core Sustainability Risks are those risks that have a catastrophic impact on and from the organisation. Still, they may have a very low or nil probability of occurrence.
- We have established a Risk Register that includes the likelihood of occurrence and the potential severity of impact. We used Group guidelines to create a risk grid for the Hotels Group. Every risk is analysed in terms of the likelihood of occurrence and severity of impact and assigned a score ranging from 1 (low probability/impact) to 5 (high probability/ impact) to signify the probability of occurrence and the level of impact on the organisation.
- Use the matrix to establish risk levels based on the values assigned for each risk.

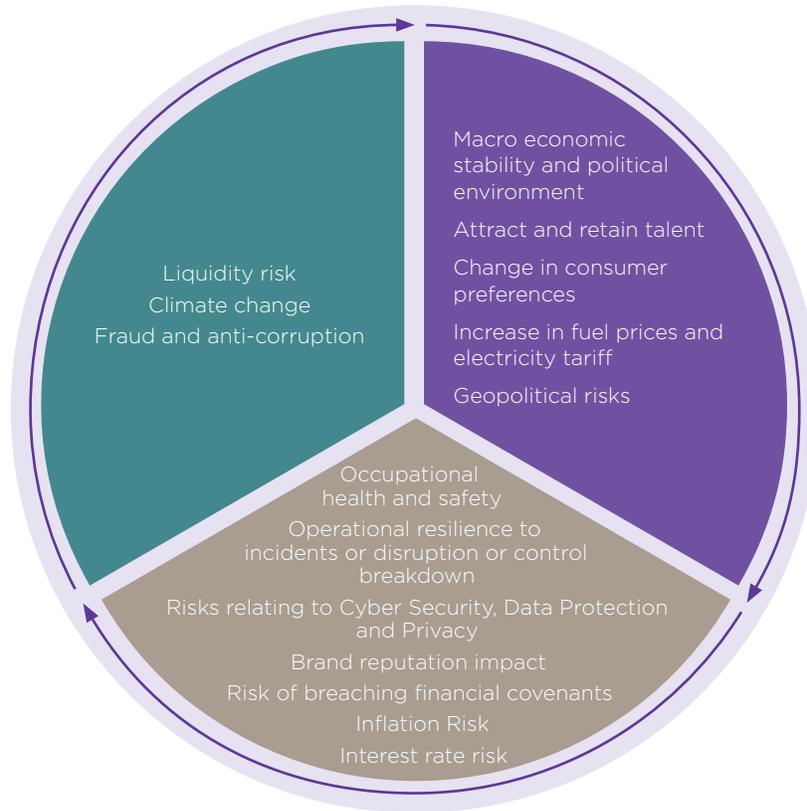
Risk Management Strategy

The Hotels Group follows a holistic approach to identifying and managing risks where the risk management function is closely intertwined with its sustainability management framework and Corporate Social Responsibility (CSR) functions.

Risk Management, therefore, extends beyond managing the operational and financial risks faced by the Company to incorporate broader environmental, community, employee, value chain and other non-financial risks related to Environmental, Social and Governance (ESG) considerations of the Company.

The Sector Risk Management Team, headed by the Industry Group President, reviews high-level or core risks to validate the risk process at the Business Unit level. The significant risk areas impacting the company's strategic business objectives and the measures taken to address these risks are discussed below.

Key Risks



● High ● Medium ● Low

Emerging risks

In today's globalised and constantly shifting landscape, navigating a dynamic risk terrain requires careful consideration. This environment evolves rapidly, often manifesting in unforeseen ways, altering existing risks, introducing new ones, and unveiling fresh opportunities. The 2024 Global Risk Report from the World Economic Forum highlights a world grappling with a perilous combination of crises: climate change and conflict. These challenges unfold amidst a backdrop of swift technological advancements and economic instability.

ESG risks (environmental, social and governance)

The group's risk management model identifies all risks directly or indirectly related to sustainability or ESG criteria and classifies risks on the map that may impact the Group's sustainability strategy.

Geopolitical risks

Due to their geographical environment and the increase in global business, tourism companies are increasingly exposed to risks related to the international transfer of supplies, currency exchange and movement, and the safety

of employees and customers. As a result, it is imperative to analyse how all these factors interact to develop a risk management plan that can mitigate any potential damages.

This interrelation between countries and destinations, at a global level, and situations and changes within a country may have a significant domino effect on travelling patterns, not only in that specific country but throughout the world. Hence, it is essential to quantitatively and qualitatively analyse contingencies to subsequently study potential solutions in each case and also opportunities to take advantage of benefits in the long term.

Cyber security

Cyber insecurity remains a top headline risk both in the short- and medium-term. To reduce the risk and improve their resilience, companies are developing their techniques for managing cybersecurity risk, assigning economic and human resources to respond to cyber threats

RISK MANAGEMENT

Strategic / Business risk

Risk Description	Impacted Strategic Imperative	Risk Responses
<p>Geopolitical risk</p> <p>Operating in a globally interconnected world necessitates a proactive approach to mitigate the potential impacts of unforeseen geopolitical events. The spectrum of geopolitical risks includes political shifts on both the global and domestic fronts, acts of war, terrorism, and various other disruptions.</p> <p>These may have wide-ranging consequences for our company, customers, suppliers, staff, and other business partners, including increased costs, loss, prohibition of cross-border activities, limitations on trade, closure of entire markets, and possible damage to stakeholder relationships.</p> <p>Geopolitical risk includes activities such as,</p> <p>Terrorism Political crises Wars and civil or military uprisings</p>	<p>GROW with Intent</p> 	<ul style="list-style-type: none"> • Proactively implement marketing strategies to pursue other key feeder markets • Expanding geographical coverage • The company will continue to put efforts into enhancing revenue in all sales channels • Always keeps updated on both global and domestic events/circumstances in main feeder markets. The company also has a Business Continuity Plan (BCP) to ensure the safety and satisfaction of our stakeholders and supply chain.
<p>Macro-economic stability and the political environment</p> <p>Macroeconomic instability in the domestic economy impacts both demand and supply factors.</p>	<p>OPERATE with Excellence</p>  <p>GROW with Intent</p> 	<ul style="list-style-type: none"> • Scenario testing and proactively identifying action plans to mitigate risks • The Company will leverage its brand, sales initiatives, and product and service offerings to capture demand recovery. Expansion will be through an asset-light business model to preserve cash in the near to medium term. • The Company will continue to enhance revenue in all sales channels while strengthening its cost structure to boost overall profitability. • The senior management of our Hotels Group actively participates in the development and promotion of economic policies by engaging in consultative committees, trade associations, and policy-making bodies

Risk Description	Impacted Strategic Imperative	Risk Responses
<p>Change in consumer preferences</p> <p>In a highly competitive industry with increasing demands for personalisation, we must at all times anticipate and respond to evolving guest expectations, preferences and loyalty while strengthening returns through the services, technology platforms and experiences our brands provide, including ever-increasing digitalisation of the guest journey.</p> <p>Traveller needs are evolving rapidly in response to technological and socio-economic developments.</p> <p>Not responding to these changes impacts customer satisfaction levels</p>	<p>GROW with Intent</p> 	<ul style="list-style-type: none"> • To deliver a relevant experience for the Company's customers amid a highly competitive, value-driven operating environment, the Company must continually implement initiatives to adapt aggressively. • Greater focus on revenue management • Product and rate positioning was refined to correspond with the value proposition of each hotel/resort • High level of guest engagement through satisfaction surveys, social media platforms and face-to-face interactions, including positioning staff with multilingual skills in guest interface areas • Reassure employees and existing and potential guests of the Hotels Group's commitment to safety and well-being through a dedicated page on the Hotels Group website • Reviewing and innovating our experiential offerings to cater to evolving requirements
<p>Our ability to attract and retain talent</p> <p>Our growth ambitions are dependent on high-quality talent across our hotels, reservations offices and corporate functions. We continue to face a competitive market and uncertainties about the availability, recruitment and retention of sufficient quality, quantity and diversity of talent, for example, next-generation hotel GMs to support our Luxury & Lifestyle growth and a robust pipeline of leadership succession talent.</p>	<p>OPERATE with Excellence</p> 	<ul style="list-style-type: none"> • Explore innovative recruitment and employment models such as part-time work and flexible work options to attract and retain non-traditional cohorts • Communicating Employer Brand Value proposition more effectively to attract and retain new employees • Ongoing investment in talent and competency development • Remuneration and incentive strategy and policy. Strengthening rewards and benefits schemes through global benchmarking and levelling exercises • Specific talent and succession planning • DE&I strategy

RISK MANAGEMENT

Risk Description	Impacted Strategic Imperative	Risk Responses
<p>Inflation Risk Inflationary pressures can have a significant impact on our business and operational results.</p>	<p>OPERATE with Excellence</p> 	<ul style="list-style-type: none"> Proactive supply chain and cost management inclusive of: <ul style="list-style-type: none"> Build up stocks: We have built up sufficient stocks when prices are low to manage the fluctuation in future price rises. Menu mix management to balance the overall cost of goods. Price adjustment without impacting purchasing volume from customers. Menu re-engineering: Re-evaluate sales data and raw material costs to balance high- and low-cost items, including strategically featuring or promoting items to create a profitable menu.

Operational Risks

Risk Description	Impacted Strategic Imperative	Risk Responses
<p>Risk of increase in fuel prices and electricity tariff Energy cost is a significant component of our operational costs. Rising fuel and energy prices, therefore, impact the margins and financial performance of the Hotels Group</p>	<p>OPERATE with Excellence</p> 	<ul style="list-style-type: none"> Monitoring market prices of fuel and exchange rates and planning in advance Evaluating alternative renewable energy sources Engagement of energy experts to improve energy efficiency
<p>Occupational health and safety Non-compliance with health and safety standards can disrupt operations and seriously impact brand reputation.</p>	<p>OPERATE with Excellence</p> 	<ul style="list-style-type: none"> The Hotels Group has set environmental, health and safety policies and standards Conducting periodic audits and addressing gaps identified through training
<p>Operational resilience to incidents or disruption or control breakdown The nature of our business continues to expose us to significant inherent operational risks, including factors related to safety, security, dependency on equipment, and operational finance controls</p>	<p>OPERATE with Excellence</p> 	<ul style="list-style-type: none"> Comprehensive schedule of preventive maintenance programmes Valid service provider agreements with local spare part suppliers Additional provisions for backup generators and identified generator providers in each resort location Outsourced internal audits Special investigations
<p>Fraud and anti-corruption Possibility for fraud and engaging in corruption can lead to financial losses as well as reputational damages to the entity.</p>	<p>OPERATE with Excellence</p> 	<ul style="list-style-type: none"> Data-driven analytics Internal audits Special investigations

Risk Description	Impacted Strategic Imperative	Risk Responses
<p>Brand reputation impact</p> <p>Events that could negatively affect the reputation and relationships with key stakeholders</p>	<p>OPERATE with Excellence</p> 	<ul style="list-style-type: none"> • Training and development of staff • Carrying out compliance audits/brand audits • Brand positioning, development, and marketing • Establishment of a Crisis Communication Plan/ Team and Spokesperson
<p>Risks relating to Cyber Security, Data Protection and Privacy</p> <p>In conducting business, the company increasingly collects, uses, transmits, and stores data on its information technology systems. This data includes confidential information belonging to the Company, its guests, customers, and other business partners, as well as personally identifiable information of individuals, including guests, customers, and employees.</p> <p>The Company is subject to cybersecurity threats and incidents, ranging from employee error or misuse to individual attempts to gain unauthorised access to information technology systems to sophisticated and targeted measures known as advanced persistent threats.</p> <p>Future cybersecurity breaches, general information security incidents, and failure to comply with relevant legal obligations regarding data privacy and protection could, therefore, have a material adverse effect on the Company's reputation, results of operations, financial position, and cash flows.</p>	<p>OPERATE with Excellence</p> 	<ul style="list-style-type: none"> • The company continues to invest in security technologies, protecting its perimeter from breaches of IT systems using Automated and Adaptive Security Technologies with multiple global security partners. • Conducting penetration testing and Vulnerability • Assessment scans to identify security vulnerabilities in IT assets and develop a remediation plan to address any vulnerabilities discovered. • Well-defined cyber security incident response process addressing the pillars of device, information and user • Training employees and creating staff awareness on the importance of maintaining information security and handling sensitive information • Implementation and regular testing and verification of network protection technology • Pursuing opportunities with cloud-based applications

Financial Risks

Risk Description	Impacted Strategic Imperative	Risk Responses
<p>Liquidity risk</p> <p>Uncertainty about the effects of geopolitical uncertainty has adversely affected the Hotels Group financial results and growth. Hence, the immediate priority is to preserve cash flow and maintain its cash position and unutilised credit facilities to ensure sufficient liquidity in the future</p>	<p>OPERATE with Excellence</p> 	<ul style="list-style-type: none"> • Preserving cash flow by reducing cash burn • Pursue long-term funding options and minimise capital expenditure

RISK MANAGEMENT

Risk Description	Impacted Strategic Imperative	Risk Responses
<p>Financial covenant breach Possibility of breaching financial covenants imposed by Banks due to financial constraints</p>	<p>OPERATE with Excellence</p> 	<p>The Company and Hotels Group endeavours to maintain a strong financial position, ensuring covenants are complied with through the following measures:</p> <ul style="list-style-type: none"> • Close monitoring and forecasting of possible covenant breaches and informing financial institutions of potential breaches • Take preventive measures to seek waivers from banks • Pursue covenant amendments from banks
<p>Interest rate risk Impact of interest rate fluctuations on investments and borrowing costs</p>	<p>OPERATE with Excellence</p>  <p>GROW with Intent</p> 	<p>Funding cost and mitigated the interest rate risk through various diversification strategies to negate the effect of rate changes. These strategies generally include:</p> <ul style="list-style-type: none"> • Paying more attention to the market trend in interest rates and managing the debt portfolio efficiently by the medium to long-term trend. • Increasing accelerated payment of high-interest debts • Diversifying the debt portfolio, i.e. sources and maturity of debt.
<p>Credit risk Risk of customers defaulting on payments</p>	<p>OPERATE with Excellence</p> 	<ul style="list-style-type: none"> • Stringent credit policy in place • Evaluation of customer creditworthiness. • Obtaining periodic confirmation of outstanding balances • Regular follow-up on debtors • Weekly debtors meeting with Management



Environmental Risks

Risk Description	Impacted Strategic Imperative	Risk Responses
<p>Climate change impact</p> <p>The Group’s footprint in Sri Lanka and the Maldives is subject to various current and emerging climate change risks. These include altered landscapes, more severe and frequent natural disasters, and disruptions to commodity prices and food supply chains.</p> <p>Such climatic occurrences directly impact tourism by influencing destination choices and travel timings or indirectly by affecting the quality of the experience through adverse perceptions post-disaster or concerns over destination safety.</p> <p>Beyond the effects on tourism, these climate risks also pose challenges to agriculture, impacting crop yields, livestock health, and the logistics of food production and availability. These agricultural disruptions, in turn, directly affect the operations and supply chain, underscoring the interconnectedness of climate risks with the broader operational and strategic considerations of the Company.</p>	<p>OPERATE with Excellence</p> 	<ul style="list-style-type: none"> Hotels Group recognises sustainability as an operational priority and has set long-term environmental goals, which include a reduction in greenhouse gas emissions and a reduction in single-use plastics Promoting biodiversity conservation Hotels Group’s commitment to establishing long-term goals focusing on efficient resource utilisation and reducing emissions Setting up standards, training and monitoring a range of environmental indicators, including water, energy, waste, and carbon footprint Consider long-term climate change impacts in evaluating expansion plans Promoting awareness among key stakeholders on sustainable operations Business Continuity Plans, including alternate working arrangements and emergency response plans in the event of natural disasters



TRANSPARENT PERFORMANCES

Cinnamon Hotels & Resorts is committed to responsible business practices, prioritising strong corporate governance, effective risk management, and the protection of human rights. We have established a robust framework of governance, guidelines, and policies to ensure ethical and accountable operations. Transparency and open communication are fundamental to our approach. We rely on the support of our employees and community stakeholders for sustainable growth. Our goal is to empower our workforce and community, particularly youth, through initiatives in inclusion, education, job creation, and community investments.

We recognise the crucial role of a sustainable supply chain in mitigating risks, ensuring product quality, optimising costs, and maintaining regulatory compliance. Our partnerships with suppliers help us uphold sustainability standards throughout the value chain, making a positive impact on the broader economy.



FINANCIAL CALENDAR

Year ended 31 March	2024	2023
Audited Financial Statements signed on	21 May 2024	23 May 2023
Annual General Meeting	27 June 2024	27 June 2023
Interim Financial Statements		
1st Quarter Interim Results released on	25 July 2023	20 July 2022
2nd Quarter Interim Results released on	6 November 2023	2 November 2022
3rd Quarter Interim Results released on	30 January 2024	27 January 2023
4th Quarter Interim Results released on	21 May 2024	23 May 2023

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ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have the pleasure in presenting the 45th Annual Report (9th Integrated Annual Report) of John Keells Hotels PLC (“Company”) together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries (“Hotels Group”) for the year ended 31 March 2024.

The Company was incorporated as a Limited Liability Company in 1979 and listed on the Colombo Stock Exchange (“CSE”) in 2004. Pursuant to the requirements of the Companies Act, the Company was re-registered and obtained a new Company number PQ 8 in 2007.

CORPORATE CONDUCT AND THE VISION OF THE COMPANY

The business activities of the Company and the Hotels Group are conducted in accordance with the highest levels of ethical standards to achieve the vision - “To bring the best of Sri Lanka to the world with style and elegance”.

PRINCIPAL ACTIVITIES

The principal activity of the Company, which is investment, remained unchanged. The principal activities of its subsidiaries, among which hospitality takes a key role, remained unchanged.

ULTIMATE PARENT

The Company’s ultimate Parent and controlling entity is John Keells Holdings PLC (“JKH”), a company incorporated in Sri Lanka and listed on the CSE.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The financial and operational performance, during the year ended 31 March 2024 and future business development of the Company and Hotels Group, is provided in the Chairperson’s Message and The Management Discussion and Analysis of the Annual Report.

These reports, which form an integral part of this Annual Report of the Board of Directors, together with the Audited Financial Statements, reflect the situation of the Company and the Hotels Group.

CORPORATE GOVERNANCE

Chairperson’s declaration

The Chairperson declares that there were no departures from any of the provisions of the Code of Business Conduct and Ethics.

DIRECTORS’ DECLARATIONS

The Directors declare that;

- a) the Company and the Hotels Group have complied with all applicable laws and regulations in conducting its business and that the Company has not engaged in any activity, which contravenes applicable laws and regulations.
- b) they have declared all material interests in contracts involving the Company and its subsidiaries and refrained from voting on matters in which they were materially interested.
- c) the Company has made all endeavours to ensure the equitable treatment of shareholders.
- d) the business is a going concern with supporting assumptions or qualification as necessary.
- e) they have conducted a review of internal control covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.
- f) the Company has adopted a Code of Business Conduct and Ethics for Directors and members of the senior management team and that all Directors and members of the senior management team have complied with this Code.
- g) the Company being listed on CSE is compliant with the rules on Corporate Governance under the Listing Rules of the CSE with regard to the composition of the Board and its Sub-Committees.
- h) the Company is fully compliant with the Code of Best Practice on Corporate Governance (2013) jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Company is compliant with almost the full 2017 Code of Best Practice on Corporate Governance issued by CA Sri Lanka, to the extent of business exigency and as required by the Company, the Hotels Group and the John Keells Group. CA Sri Lanka issued a revised Code of Best Practice on Corporate Governance in December 2023, effective from 1 April 2024. While the Company has presented its compliance in line with the 2017 Code of Best Practice on Corporate Governance, the Company has reviewed the 2023 Code for further adoption, as applicable, and relevant to the Company.

BOARD EVALUATION

The Board conducted its annual Board performance appraisal for the financial year 2023/24. This formalised process of individual appraisal enabled each member to self-appraise, on an anonymous basis, the performance of the Board under the areas of:

- Role clarity and effective discharge of responsibilities
- People mix and structures
- Systems and procedures
- Quality of participation
- Board image

The scoring and open comments are collated by an Independent Director, and the results are analysed to give the Board an indication of its effectiveness as well as areas that require addressing and/or strengthening. Despite the anonymity of the remarks, the open and frank discussions that follow include some Directors identifying themselves as the person making the remark, reflecting the openness of the Board. This process has led to an improvement in Board dynamics and its effectiveness.

The Corporate Governance practices of the Company are described on pages 140 to 174 of this Annual Report.

HUMAN RESOURCES

The Company continued to implement appropriate human resource management policies to develop employees and optimise their contribution towards the achievement of corporate objectives. The policies and procedures ensure the equitable treatment of all employees. There were no material issues pertaining to employees and industrial relations during the year under review.

SYSTEM OF INTERNAL CONTROL

The Board has acknowledged their responsibility for the system of internal controls of the Company and its subsidiaries and has implemented an effective and comprehensive system of internal controls, which provide reasonable but not absolute assurance that assets are safeguarded, and that the financial reporting system may be relied upon in the preparation of the Financial Statements. The Audit Committee receives and acts upon the results of internal control reviews carried out by Outsourced Internal Auditors.

RISK MANAGEMENT

The Board confirms that there is an ongoing process for identifying, evaluating, managing, and mitigating any significant risks faced by the Company, that financial, operational and compliance controls have been reviewed.

Risk assessment and evaluation for the Company takes place as an integral part of the business and the Board Audit Committee reviews the principal risks and mitigating actions in place regularly. The Board, through the involvement of the Group Business Process Review (GBPR) Division of JKH takes steps to gain assurance on the effectiveness of control systems in place. The Head of the GBPR Division has direct access to the Chairperson of the Audit Committee. Foreseeable risks that may materially impact the business are disclosed in the Chairperson's Message on pages 8 to 11 and Risk Management practices on pages 175 to 183 of this Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board has received assurance from the Board Audit Committee and confirms that the Company and the Hotels Group have complied with all applicable laws, rules, and regulations in the territories in which it operates.

GOING CONCERN

The Board of Directors, after considering the financial position, operating conditions, regulatory and other factors, and such matters required to be addressed in the Code of Best Practice on Corporate Governance (2013) and (2017) have a reasonable expectation that the Company, the Hotels Group possess adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements so that they present a true and fair view of the state of affairs of the Company and the Hotels Group. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Listing Rules of the CSE and the Code of Best Practice on Corporate Governance (2013) issued jointly by the SEC and CA Sri Lanka. The Company is compliant with almost the full 2017 Code of Best Practice on Corporate Governance issued by CA Sri Lanka, to the extent of business exigency and as required by the Company, the Hotels Group and the John Keells Group.

The Statement of Directors' Responsibility for financial reporting is given on page 195 and forms an integral part of this Annual Report of the Board of Directors.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

ACCOUNTING POLICIES

All the material accounting policies adopted by the Company and Group are provided in the Notes to the Financial Statements. There have been no changes in the accounting policies adopted by the Group during the year under review. For all periods up to and including the year ended 31 March 2024, the Company and the Group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

REVENUE

The revenue of the Hotels Group from its operations amounted to Rs. 30,739Mn (2022/23 - Rs. 28,835Mn). The Segment-wise contribution to Hotels Group revenue, results, assets and liabilities are provided in Note 8.1 to the Financial Statements.

FINANCIAL RESULTS AND APPROPRIATIONS

The Company recorded a profit after tax of Rs. 95.2Mn (2022/23 - Rs. 68.2Mn), while the Group recorded a consolidated net loss after tax of Rs. 439Mn (2022/23 - Rs. 332.5Mn) for the year under review. A synopsis of the Company's and Hotels Group's performance is presented below:

In Rs. '000	Group		Company	
	2024	2023	2024	2023
After making provision for doubtful debts, all known liabilities and depreciation on property, plant and equipment, the profit/(loss) earned before interest was	2,816,942	2,097,971	201,955	164,632
Finance costs during the year was	(2,882,137)	(2,702,004)	(105,482)	(96,389)
Profit/(loss) before tax was	(65,195)	(604,033)	96,473	68,243
From which was charged/(reversed) the provision for taxation, including the deferred taxation of	(373,810)	271,489	(1,285)	-
Leaving a net profit/(loss) after tax of	(439,005)	(332,544)	95,188	68,243
The loss attributable to the non-controlling interest was	(2,577)	(11,620)	-	-
The profit/(loss) attributable to the Company and the Group was therefore	(436,428)	(320,924)	95,188	68,243
Balance brought forward from the previous year	1,968,045	2,296,282	3,313,996	3,245,753
The amount available for appropriation was	1,531,617	1,975,358	3,409,184	3,313,996
Other adjustments	(19,885)	(7,313)	2,805	-
Dividend paid during the year	-	-	-	-
Leaving a balance to be carried forward to the next year of	1,511,732	1,968,045	3,411,989	3,313,996

DIVIDENDS

There was no dividend paid for the financial year ended 31 March 2024

However, if a dividend is declared, it will be preceded by a confirmation from the Board of Directors that the Company satisfies the requirements of Section 56 (2) of the Companies Act No. 7 of 2007 and the solvency test, in accordance with Section 57 of the Companies Act No. 7 of 2007. The Board will also obtain a certificate from the Auditors, prior to recommending a dividend.

PROVISION FOR TAXATION

The details of the tax provision of the Group are disclosed in Note 19 to the Financial Statements.

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on page 196 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

The book value of property, plant, and equipment as at the reporting date amounted to Rs. 33,158Mn (2022/23 - Rs. 34,822Mn) for the Hotels Group. Capital expenditure for the Hotels Group amounted to Rs. 1,125Mn (2022/23 - Rs. 1,063Mn). Details of property, plant and equipment and their movements are given in Note 21 to the Financial Statements.

MARKET VALUE OF PROPERTIES

Freehold land and buildings of the Hotels Group are subject to routine revaluation by independent qualified valuers. The most recent valuation in respect of the Hotels Group was carried

out as at 31 December 2023. Details of property valuations, including the valuation method and effective date of these valuations are provided in Note 21.2 and Note 23 to the Financial Statements.

Details of the Group's real estate portfolio as at 31 March 2024, are disclosed within the Supplementary Information section of the Annual Report.

INVESTMENTS

The details of investments held by the Company and the Hotels Group as at 31 March 2024, are given in Notes 25, 26 and 27 to the Financial Statements.

IMPAIRMENT ASSESSMENT

The Board of Directors has evaluated impairment in relation to property, plant, and equipment, intangible assets, and investments. Based on the assessment the investment made by the Company and the Hotels Group do not warrant any impairment in the year 2023/24 (2022/23- Nil).

STATED CAPITAL

The total Stated Capital of the Company as at 31 March 2024 stood at Rs.9,500.2Mn (2023 - Rs. 9,500.2Mn) divided into 1,456,146,780 Ordinary Shares (2023 - 1,456,146,780 Ordinary Shares).

RESERVES

The movement in Other Components of Equity and Revenue Reserve of the Company, its subsidiaries, joint ventures, and associates are shown in the Statement of Changes in Equity on page 203 of this Report.

SEGMENT REPORTING

Geographical segment-wise contribution to the Hotels Group revenue, segment results, assets, and liabilities is provided in Note 8.1 to the Financial Statements.

SHARE INFORMATION AND SHAREHOLDINGS

The market value of an Ordinary Share of the Company as at 31 March 2024 was Rs. 18.60 (31 March 2023 - Rs. 18.90). Information relating to earnings, net assets, and market value per share is given in page 12 of this Report. The number of shareholders as at 31 March 2024 was 6,755 (31 March 2023 - 6,546). An analysis of shareholders based on shares held, the distribution of ownership and details of share transactions during the year are provided on pages 104 and 105 of this Annual Report. The list of top twenty-five shareholders of the Company as at 31 March 2024 is also provided on page 105 of this Annual Report.

FLOAT ADJUSTED MARKET CAPITALISATION

As at 31 March 2024, Company had a float adjusted market capitalisation of Rs. 5,330Mn and 6,754 public shareholders (19.68% public shareholdings). Therefore, the Company is compliant under option O1 of the minimum threshold requirements for the Diri Savi Board of the CSE, and as required under section 7.13.1 (b) of the Listing Rules of the CSE.

EQUITABLE TREATMENT OF ALL SHAREHOLDERS

The Company has made every endeavour to ensure the equitable treatment of all shareholders and has adopted adequate measures to prevent information asymmetry.

INFORMATION TO SHAREHOLDERS

The Board strives to be transparent and provide accurate information to shareholders in all published material. The quarterly financial information during the year has been sent to the CSE in a timely manner.

DIRECTORS

The Board of Directors of the Company as at 31 March 2024 and their brief profiles are given on pages 148 to 149 of this Report. The Board of the Company is comprised of Non-Executive Directors, three of whom are independent. The Board has conducted an annual determination of fitness and propriety of all Directors and the independence of the Independent Non- Executive Directors.

In accordance with Article 83 of the Articles of Association of the Company, Mr. S Rajendra and Ms. A K Moonesinghe retire by rotation and being eligible, will offer themselves for re-election at the Annual General Meeting.

RESPONSIBILITIES OF THE BOARD

Details of responsibilities of the Board and the manner in which those responsibilities were discharged during the year are disclosed in the Corporate Governance section of this Annual Report.

BOARD SUB-COMMITTEES

Audit Committee

The following Independent Non-Executive Directors of the Board served on the Audit Committee during the financial year ended 31 March 2024:

H Premaratne* - Chairperson

K A Gunasekera

A K Moonesinghe

*Member of a professional accounting body.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Audit Committee reviewed the type and quantum of services provided by the external Auditors to the Company and the Hotels Group to ensure that their independence as Auditors has not been impaired. The Report of the Audit Committee is given on page 156 of this Annual Report.

Human Resources and Compensation Committee

As permitted by the Listing Rules of the CSE, the Human Resources and Compensation Committee of JKH, the Parent Company, functions as the Human Resources and Compensation Committee of the Company.

The composition of the Human Resources and Compensation Committee of JKH comprising solely of Independent Non Executive Directors is given below:

D A Cabraal - Chairperson

S S H Wijayasuriya

By Invitation

S Coorey

A N Fonseka

The Report of the Human Resources and Compensation Committee and the remuneration policy of the Company are detailed in the Corporate Governance Report on page 140 to 174 of this Annual Report.

The aggregate remuneration paid to the Non-Executive Directors is contained in Note 18 to the Financial Statements.

Nominations Committee

Nominations Committee of the Parent Company, JKH functions as the Nominations Committee of the Company.

The Report, mandate and the scope of the Nominations Committee is set out on page 153 and page 159 of this Annual Report. The Nominations Committee members of JKH are as follows;

D A Cabraal - Chairperson

M P Perera*

S S H Wijayasuriya

K N J Balendra

S Coorey**

* Retired from 1 July 2023

** Appointed w.e.f. 8 November 2023

Related Party Transactions Review Committee

Related Party Transactions Review Committee of the Parent Company JKH, as permitted by the listing rules of the CSE, functions as Related Party Transactions Review Committee of the Company and conforms to the requirements of the Listing Rules of the CSE.

The Related Party Transactions Review Committee members of JKH are as follows;

A N Fonseka - Chairperson

D A Cabraal

S Fernando**

M P Perea*

*Retired w.e.f. 1 July 2023

**Appointed w.e.f. 8 November 2023

The Report, mandate and the scope of the Related Party Transactions Review Committee is set out on page 154 and page 160 of this Annual Report. Disclosures pertaining to Related Party transactions are contained on page 266 of this Annual Report.

The Directors confirm that the Company is in compliance with the Listing Rules of the CSE pertaining to related party transactions.

Project Risk Assessment Committee

The Project Risk Assessment Committee of the parent company, JKH, functions as the Project Risk Assessment Committee of the Company and the Hotels Group.

The Project Risk Assessment Committee members of JKH are as follows;

S S H Wijayasuriya - Chairperson

K N J Balendra

J G A Cooray

M P Perera*

* Retired with effect from 1 July 2023.

The Report, mandate and the scope of the Project Risk Assessment Committee is set out on page 155 and page 161 of this Annual Report.

DIRECTORS' SHAREHOLDINGS

The shares held by Directors and their spouses in the Company as at 31 March 2024 and 2023 are as follows:

As at	31 March 2024	31 March 2023
K. N. J. Balendra - Chairperson	Nil	Nil
J. G. A. Cooray	Nil	Nil
S. Rajendra	Nil	Nil
M. R. Svensson	Nil	Nil
M. H. Singhawansa	Nil	Nil
H. Premaratne	Nil	Nil
A. K. Moonesinghe (Ms.)	Nil	Nil
K. A. Gunasekera (Dr.)	Nil	Nil

INTERESTS REGISTER

The Company has maintained an Interests Register as contemplated by the Companies Act. In compliance with the requirements of the Companies Act, this Annual Report also contains particulars of entries made in the interest registers of subsidiaries and joint ventures which are Public Companies or Private Companies that have not dispensed with the requirement to maintain an interest register as permitted by Section 30 of the Companies. The Interest Register is available at the Registered office of the Company, in keeping with the requirement of the Section 119 (1) (d) of the Companies.

Particulars of entries in the Interests Register for the Financial Year 2023/24 are as follows.

a. Directors Interests in Contracts

All the Directors have made a general disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies and no additional interests have been disclosed by any Director.

b. Share Dealings

There have been no disclosures of share dealings during the financial year ended 31 March 2024.

c. Indemnities and Directors' Remuneration

Details of the remuneration, other benefits and indemnities received by the Directors of the Company, its subsidiaries and joint ventures are set out in Note 18 to the Financial Statements. While Executive Director's remuneration, if any is determined by the Human Resources and Compensation Committee of JKH, the parent company, the remuneration of the Non- Executive Directors are determined according to scales of payment decided upon by the Board. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness to the Company.

DIRECTORS MEETINGS

Details of the meetings of the Directors are given on page 151.

EMPLOYMENT

The Company has an equal opportunity policy, and these principles are adhered in specific selection, training, development, and promotion policies, ensuring that all decisions are based on merit. The Hotels Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status, or physical disability. There were no material issues pertaining to employees and industrial relations in the year under review. The number of persons employed by the Hotels Group as at 31 March 2024 was 2,432 (2023 - 2,309).

EMPLOYEE SHARE OPTION SCHEME (ESOP)

The Company does not offer its shares under an ESOP Scheme. The ESOP Scheme made available to the Senior Executives of the Company is from the parent company, JKH. The Company has not directly or indirectly provided funds to its employees to purchase shares under ESOP Scheme.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge, are satisfied that all statutory payments in relation to the Government and the employees have been either duly paid or appropriately provided for. The income tax position of the Company and the Hotels Group are disclosed in Note 19 to the Financial Statements.

OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company Lawyers, litigation currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company.

SUPPLIER POLICY

The Company applies an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers and endeavours to pay for all items properly charged in accordance with these agreed terms. As at 31 March 2024, the trade and other payable of the Hotels Group amounted to Rs. 2,381Mn (2023 - Rs. 2,060Mn) and for the Company amounted to Rs. 9.4Mn (2023 - Rs. 6.6Mn).

SUSTAINABILITY REPORTING

The Hotels Group is conscious of the impact, direct and indirect, on the environment due to its business activities. Every endeavour is made to minimise the adverse effects on the environment to ensure sustainable continuity of our natural resources.

DONATIONS

Total donations made by the Hotels Group during the year amounted to Rs. 11.2Mn (2022/23- Rs. 6.1Mn). Donations made by Subsidiaries of the Company were as follows: Ceylon Holiday Resorts Ltd - Rs. 469,748/- (2022/23 - Rs. 506,041/-), Yala Village (Pvt) Ltd - Rs. 1,495,848/- (2022/23 - Rs. 705,793/-), Beruwala Holiday Resorts (Pvt) Ltd - Rs. 2,134,644/- (2022/23 - Rs. 551,037/-), Hikkaduwa Holiday Resorts (Pvt) Ltd - Rs. 3,264,373/- (2022/23 - Rs. 131,140/-), Kandy Walk Inn Ltd - Rs. 978,230/- (2022/23 - Rs. 455,973/-), Habarana Lodge Ltd - Rs. 248,860/- (2022/23 -Rs. 403,810/-), Habarana Walk Inn Ltd - Rs. 185,521/- (2022/23 -Rs. 66,166/-), Trinco Holiday Resorts (Pvt) Ltd - Rs. 322,634/- (2022/23 -

ANNUAL REPORT OF THE BOARD OF DIRECTORS

1,054,976/-), Cinnamon Holidays Pvt Ltd - 61,830 (2022/23 - Rs. Nil/-), Travel Club (Pte) Ltd -Rs. 373,770/- (2022/23 - Rs. 705,557/-), Fantasea World Investments (Pte) Ltd - Rs. 770,235/- (2022/23-Rs. 373,272/-) and Tranquility (Pte) Ltd - Rs. 953,014 (2022/23 - Rs. 1,189,769/-).

AUDITORS

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence, and relationship with the Company, including the level of audit. As far as the Directors are aware, the Auditors, Messrs. Ernst & Young, Chartered Accountants, do not have any relationship or interest in the Company, its subsidiaries, or joint ventures.

Messrs. Ernst & Young, Chartered Accountants have indicated their willingness to continue as Auditors of the Company, accordingly, a resolution proposing their reappointment as Auditors will be proposed at the Annual General Meeting. Details of the Audit Fees paid to the Auditors are set out in Note 18 of the Financial Statements. Further details of the work of the Auditor and the Audit Committee are set out in the Audit Committee Report on pages 156 and 157.

ANNUAL REPORT

The audited consolidated Financial Statements for the financial year ended 31 March 2024 were approved for issue by the Board of Directors on 21 May 2024. The appropriate number of copies of this Report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board as required.

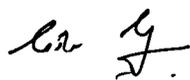
ANNUAL GENERAL MEETING

The Annual General Meeting will be held as a virtual meeting on 27 June 2024, details of which are found on the Notice of Meeting.

This Annual Report is signed for and on behalf of the Board of Directors.



K N J Balendra
Chairperson



J G A Cooray
Director

By Order of the Board



Keells Consultants Pvt Ltd
Secretaries

21 May 2024

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Section D.1.5 of the 'Code of Best Practice on Corporate Governance 2017' (The Code) issued by the Institute of Chartered Accountants of Sri Lanka recommends that the Board of Directors presents a Responsibility Statement on the preparation and presentation of Financial Statements in the Annual Report together with a statement by the Auditors about their reporting responsibilities.

The responsibility of the Directors, in relation to the Financial Statements of John Keells Hotels PLC (the "Company") and the Consolidated Financial Statements of the Group, is set out in this Statement. This Statement of Directors' Responsibility is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and the Auditors in relation to the Financial Statements contained in this Annual Report.

As per the provisions of the Companies Act No. 07 of 2007 (Companies Act), the Directors are required to prepare, for each financial year and place before a general meeting, financial statements which comprise of:

- The Income statement and Statement of comprehensive income of the Company and its subsidiaries, which present a true and fair view of the financial performance of the Company and its subsidiaries for the financial year; and
- A Statement of financial position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries at the end of the financial year.

The Directors have ensured that the financial statements of the Company and its subsidiaries for the year ended 31 March 2024, presented in the Report, have been prepared:

- using appropriate accounting policies which have been selected and applied consistently, and material departures, if any, have been disclosed and explained.
- in accordance with Companies,
- in accordance with the Sri Lanka Accounting and Auditing Standards (Act No. 15 of 1995); and that reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- provide the information required by and/or otherwise comply with the Companies Act, the Listing Rules of the Colombo Stock Exchange (CSE), the Code of Best Practice on Corporate Governance (2013) issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC) and the Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka.

The Directors have ensured that the Company has adequate resources to continue in operation and justify applying the going concern basis in preparing these financial statements.

Additionally, the Board of Directors have a responsibility to

- ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and the Hotels Group; and

- take all reasonable steps to safeguard the assets of the Company and of its subsidiaries and, in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities

The Board of Directors have taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting books of record, which reflect the transparency of transactions and provide a reasonable accuracy of the financial position of the Company and its subsidiaries.

Further in the event of a dividend distribution, as required by Section 56(2) of the Companies Act, and based on the information available, the Board of Directors will ensure that the Company has satisfied the solvency test immediately after the distribution of any dividends in accordance with Section 57 of the Companies Act with a certificate from the Auditors being obtained prior to declaring such dividend.

The Board of Directors is required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate to enable them to give an independent Auditors' Report.

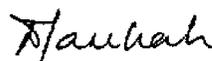
The Board of Directors is of the view that they have discharged their responsibilities as set out in this Statement.

The Board of Directors approved this Annual Report on 21 May 2024. The appropriate number of copies will be submitted to the CSE and the Sri Lanka Accounting and Auditing Standards Monitoring Board, as required.

COMPLIANCE REPORT

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and the subsidiaries, and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory obligations as were due and payable by the Company and its subsidiaries as at the reporting date, have been paid or provided for, except as specified in Note 44 to the Financial Statements covering Contingent Liabilities. The Board of Directors confirm that the Company and its subsidiaries have complied with Paragraph 23 of the LKAS 24 and that all related party transactions are carried out at an "arm's length" basis.

By Order of the Board
John Keells Hotels PLC



Keells Consultants Pvt Ltd
Secretaries

21 May 2024

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF JOHN KEELLS HOTELS PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of John Keells Hotels PLC (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”), which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s responsibilities

for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Assessment of fair value of land and buildings	
<p>Property, Plant and Equipment and Investment Property include land and buildings carried at fair value. The fair value of land and buildings were determined by external valuers engaged by the Group.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> • The materiality of the reported fair value of land and buildings which amounted to Rs. 31,359 Mn representing 39% of the Group's total assets as of the reporting date; and • The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings using the market approach, income approach and depreciated replacement cost approach. <p>Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Notes 21 and 23 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as:</p> <ul style="list-style-type: none"> • Estimate of per perch value of the land • Estimate of the per square foot value of the buildings • Occupancy rates, average room rates and yield 	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> • Assessed the competency, capability and objectivity of the external valuers engaged by the Group. • Read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property. • Assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as per perch value, per square foot value, occupancy rates, average room rates, yield and valuation techniques as relevant in assessing the fair value of each property. <p>We also assessed the adequacy of the disclosures made in Notes 21 and 23 to the financial statements.</p>
Interest-bearing loans and borrowings	
<p>As of the reporting date, the Group reported total interest-bearing loans and borrowings of Rs. 12,993 Mn, of which Rs. 6,818 Mn is reported as current liabilities and the balance Rs. 6,175 Mn as non-current liabilities.</p> <p>Interest-bearing loans and borrowings was a key audit matter due to:</p> <ul style="list-style-type: none"> • The materiality of the reported interest-bearing loans and borrowings balance which represents 27% of the Group's total liabilities as of the reporting date; and • The existence of several financial and non-financial covenants, the breach of which could impact the classification of the interest-bearing loans and borrowings in the financial statements. 	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of the terms and conditions attached to loans and borrowings, by perusing the agreements. • Reviewed the Management's statements of compliance with loan covenants and timely reporting and monitoring of covenant compliances in relation to interest-bearing loans and borrowings and payment of the loan instalments. • Obtained confirmations from banks on outstanding loans and borrowings as at 31 March 2024 and where required waivers of covenants by the banks. <p>We assessed the adequacy and appropriateness of the disclosures made in Note 35 relating to interest-bearing loans and borrowings.</p>

INDEPENDENT AUDITOR'S REPORT



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Other Information included in the 2024 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance for the financial statements.

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a

going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

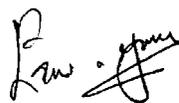
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or

when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2097.



21 May 2024
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

INCOME STATEMENT

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2024	2023	2024	2023
Revenue from contracts with customers	14	30,739,251	28,835,400	-	-
Cost of sales		(11,789,456)	(10,788,449)	-	-
Gross profit		18,949,795	18,046,951	-	-
Dividend income	15	-	-	159,617	76,655
Other operating income	16.1	138,928	166,889	59,677	23,758
Selling and distribution expenses		(1,525,939)	(1,334,331)	-	-
Administrative expenses		(11,561,363)	(11,819,422)	(36,825)	(21,733)
Other operating expenses	16.2	(3,352,945)	(3,317,650)	(924)	(818)
Results from operating activities		2,648,476	1,742,437	181,545	77,862
Finance costs	17.2	(2,882,137)	(2,702,004)	(105,482)	(96,389)
Finance income	17.1	66,084	148,166	20,410	86,770
Net gain from fair value remeasurement of investment properties	23	98,250	201,400	-	-
Share of results of equity accounted investees (net of tax)	26	4,132	5,968	-	-
Profit/(loss) before tax		(65,195)	(604,033)	96,473	68,243
Tax (expense)/reversal	19.1	(373,810)	271,489	(1,285)	-
Profit/(loss) for the year		(439,005)	(332,544)	95,188	68,243
Attributable to :					
Equity holders of the parent		(436,428)	(320,924)		
Non-controlling interests		(2,577)	(11,620)		
		(439,005)	(332,544)		
		Rs.	Rs.	Rs.	Rs.
Earnings/(Loss) per share - Basic/Diluted	20	(0.30)	(0.22)	0.07	0.05

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 206 to 272 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2024	2023	2024	2023
Profit/(loss) for the year		(439,005)	(332,544)	95,188	68,243
Other comprehensive income					
Other comprehensive income to be reclassified to income statement in subsequent periods					
Exchange differences on translation of foreign operations		(1,698,876)	1,372,872	-	-
Net other comprehensive income to be reclassified to income statement in subsequent periods		(1,698,876)	1,372,872	-	-
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Revaluation of land and buildings	21.1	1,148,844	2,664,366	-	-
Net gain/(loss) on equity instruments at fair value through other comprehensive income		(2)	7	(2)	7
Gain from change in holding structure of investments in subsidiaries		-	-	2,805	-
Re-measurement loss on defined benefit plans	36.1	(29,564)	(7,397)	-	-
Net other comprehensive income not to be reclassified to income statement in subsequent periods		1,119,278	2,656,976	2,803	7
Tax on other comprehensive income	19.2	(296,500)	(1,239,057)	-	-
Other comprehensive income for the year, net of tax		(876,098)	2,790,791	2,803	7
Total comprehensive income for the year, net of tax		(1,315,103)	2,458,247	97,991	68,250
Attributable to:					
Equity holders of the parent		(1,320,420)	2,457,802		
Non-controlling interests		5,317	445		
		(1,315,103)	2,458,247		

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 206 to 272 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group		Company	
		2024	2023	2024	2023
ASSETS					
Non-current assets					
Property, plant and equipment	211	33,158,443	34,821,838	-	-
Right-of-use assets	22.1.1	35,471,044	41,443,969	-	-
Investment properties	23	2,070,528	1,970,300	-	-
Intangible assets and goodwill	24	670,407	670,407	-	-
Investment in subsidiaries	25	-	-	12,363,163	12,690,759
Investment in equity accounted investees	26	1,370,175	782,923	1,350,962	767,842
Non-current financial assets	27	172,390	174,254	10	12
Deferred tax assets	19.5.1	980,647	1,351,203	9,083	10,368
Other non-current assets	28	1,870	2,711	-	-
		73,895,504	81,217,605	13,723,218	13,468,981
Current assets					
Inventories	29	597,694	600,342	-	-
Trade and other receivables	30	3,436,969	2,902,325	-	-
Amounts due from related parties	41.1	300,250	74,626	18,874	3,552
Other current assets	31	527,910	505,794	7,366	5,180
Short-term investments	32	29,499	576,683	-	108,569
Cash in hand and at bank		1,111,714	1,218,959	355,395	445,912
		6,004,036	5,878,729	381,635	563,213
Total assets		79,899,540	87,096,334	14,104,853	14,032,194
EQUITY					
Equity attributable to equity holders of the parent					
Stated capital	33.1	9,500,247	9,500,247	9,500,247	9,500,247
Revenue reserves		1,511,732	1,968,045	3,411,989	3,313,996
Other components of equity	33.2	20,168,463	21,030,791	(3)	(1)
		31,180,442	32,499,083	12,912,233	12,814,242
Non-controlling interests		104,090	99,319	-	-
Total equity		31,284,532	32,598,402	12,912,233	12,814,242
Non-current liabilities					
Interest-bearing loans and borrowings	35.1	6,174,553	12,961,265	824,389	938,394
Lease liabilities	22.1.2	16,245,983	21,125,639	-	-
Deferred tax liabilities	19.5.2	1,688,146	1,394,026	-	-
Employee benefit liabilities	36	339,134	262,928	-	-
Other deferred liabilities	37	4,278	23,803	-	-
Other non-current liabilities	38	123,226	158,640	-	-
		24,575,320	35,926,301	824,389	938,394
Current liabilities					
Trade and other payables	39	2,381,019	2,059,784	9,395	6,553
Amounts due to related parties	41.2	524,688	347,262	2,077	1,275
Other current liabilities	40	1,767,504	1,802,241	-	-
Income tax liabilities	19.4	73,699	88,086	9,518	10,368
Interest-bearing loans and borrowings	35.1	6,818,147	4,604,427	347,241	261,362
Lease liabilities	22.1.2	3,143,257	1,682,243	-	-
Bank overdrafts		9,331,374	7,987,588	-	-
		24,039,688	18,571,631	368,231	279,558
Total equity and liabilities		79,899,540	87,096,334	14,104,853	14,032,194

I certify that the financial statements comply with the requirements of the Companies Act, No. 7 of 2007.

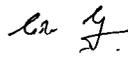


C L P Gunawardane
Chief Financial Officer

The Board of Directors is responsible for these financial statements.



K N J Balendra
Chairperson



J G A Cooray
Director

The accounting policies and notes as set out on pages 206 to 272 form an integral part of these financial statements.

21 May 2024
Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to equity holders of the parent								Total equity
	Stated capital	Revaluation reserve	Foreign currency translation reserve	Employee Share Option Plan reserve	Fair value of financial assets at FVOCI*	Revenue reserve	Total controlling interests	Non-controlling interests	
In Rs. '000s									
As at 1 April 2022	9,500,247	5,869,914	12,324,400	59,485	(9,367)	2,296,282	30,040,961	99,428	30,140,389
Adjustment for surcharge tax	-	-	-	-	-	(1,083)	(1,083)	(2)	(1,085)
As at 1 April 2022 (Adjusted)	9,500,247	5,869,914	12,324,400	59,485	(9,367)	2,295,199	30,039,878	99,426	30,139,304
Loss for the year	-	-	-	-	-	(320,924)	(320,924)	(11,620)	(332,544)
Other comprehensive income	-	1,412,634	1,372,872	-	7	(6,787)	2,778,726	12,065	2,790,791
Total comprehensive income	-	1,412,634	1,372,872	-	7	(327,711)	2,457,802	445	2,458,247
Share-based payments	-	-	-	846	-	-	846	5	851
Subsidiary dividend to non-controlling interest	-	-	-	-	-	557	557	(557)	-
As at 31 March 2023	9,500,247	7,282,548	13,697,272	60,331	(9,360)	1,968,045	32,499,083	99,319	32,598,402
Loss for the year	-	-	-	-	-	(436,428)	(436,428)	(2,577)	(439,005)
Other comprehensive income	-	835,328	(1,698,876)	-	(2)	(20,442)	(883,992)	7,894	(876,098)
Total comprehensive income	-	835,328	(1,698,876)	-	(2)	(456,870)	(1,320,420)	5,317	(1,315,103)
Share-based payments	-	-	-	1,222	-	-	1,222	11	1,233
Subsidiary dividend to non-controlling interest	-	-	-	-	-	557	557	(557)	-
As at 31 March 2024	9,500,247	8,117,876	11,998,396	61,553	(9,362)	1,511,732	31,180,442	104,090	31,284,532
COMPANY									
In Rs. '000s									
As at 1 April 2022	9,500,247	-	-	-	-	-	(8)	3,245,753	12,745,992
Profit for the year	-	-	-	-	-	-	-	68,243	68,243
Other comprehensive income	-	-	-	-	-	-	7	-	7
Total comprehensive income	-	-	-	-	-	-	7	68,243	68,250
As at 31 March 2023	9,500,247	-	-	-	-	-	(1)	3,313,996	12,814,242
Profit for the year	-	-	-	-	-	-	-	95,188	95,188
Other comprehensive income	-	-	-	-	-	-	(2)	2,805	2,803
Total comprehensive income	-	-	-	-	-	-	(2)	97,993	97,991
As at 31 March 2024	9,500,247	-	-	-	-	-	(3)	3,411,989	12,912,233

*Fair value through other comprehensive income
Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 206 to 272 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2024	2023	2024	2023
OPERATING ACTIVITIES					
Operating profit before working capital changes	A	7,638,367	7,214,291	22,159	1,438
(Increase)/decrease in inventories		2,358	(202,445)	-	-
(Increase)/decrease in trade and other receivables		384,616	(1,074,265)	-	-
(Increase)/decrease in other current assets		(15,165)	335,920	(2,186)	(5,180)
Decrease in amounts due from related parties		(225,624)	(13,829)	(15,322)	(27)
Increase/(decrease) in amounts due to related parties		177,426	71,765	802	(1)
Increase/(decrease) in other current liabilities		(34,738)	699,261	-	-
Increase/(decrease) in trade and other payables		285,821	287,844	2,842	(4,440)
Cash generated from/(used in) Operations		8,213,061	7,318,542	8,295	(8,210)
Finance costs paid		(2,091,984)	(1,756,975)	(97,840)	(1,790)
Finance income received		66,084	148,166	20,410	86,770
Tax paid		(82,365)	(110,063)	(849)	-
Surcharge tax paid		-	(1,085)	-	-
Dividend received		-	-	159,617	76,655
Gratuity paid		(36,807)	(27,744)	-	-
Net cash flows from operating activities		6,067,989	5,570,841	89,633	153,425
INVESTING ACTIVITIES					
Purchase and construction of property, plant and equipment		(1,124,578)	(1,063,365)	-	-
Addition to investment property		(1,978)	-	-	-
Proceeds from sale of property, plant and equipment		15,908	30,691	-	-
(Investment)/withdrawal in Short-term investments (net)		305,605	(280,223)	-	-
(Purchase)/disposal of non-current financial assets (net)		1,462	131	-	-
(Increase)/decrease in interest in subsidiaries		-	-	330,401	(2,219)
Increase in interest in equity accounted investees		(583,120)	(1,020)	(583,120)	(1,020)
Net cash flows used in investing activities		(1,386,701)	(1,313,786)	(252,719)	(3,239)
FINANCING ACTIVITIES					
Repayments of bank borrowings	35.1	(5,377,865)	(4,373,744)	(236,000)	(1,421)
Payment of principal portion of lease liabilities		(1,746,033)	(1,777,462)	-	-
Proceeds from borrowings	35.1	750,000	100,000	200,000	-
Net cash flows used in financing activities		(6,373,898)	(6,051,206)	(36,000)	(1,421)
Net Increase/(decrease) in cash and cash equivalents		(1,692,610)	(1,794,151)	(199,086)	148,765
Cash and cash equivalents at the beginning of the year		(6,497,551)	(4,703,400)	554,481	405,716
Cash and cash equivalents at the end of the year		(8,190,161)	(6,497,551)	355,395	554,481
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Short-term investments (less than 3 months)	32	29,499	271,078	-	108,569
Cash in hand and at bank		1,111,714	1,218,959	355,395	445,912
Bank overdrafts		(9,331,374)	(7,987,588)	-	-
Total cash and cash equivalents		(8,190,161)	(6,497,551)	355,395	554,481

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 206 to 272 form an integral part of these financial statements.

For the year ended 31 March		Group		Company	
		2024	2023	2024	2023
In Rs. '000s	Note				
A	Operating profit before working capital changes				
	Profit/(loss) before tax	(65,195)	(604,033)	96,473	68,243
	Adjustments for;				
	Depreciation of property, plant and equipment	21.1	2,458,138	2,511,790	-
	Provision for employee benefit costs		83,450	43,331	-
	Share-based payment expense	34	1,233	851	-
	Depreciation of right-of-use assets	22.1.1	2,436,901	2,758,820	-
	Finance costs	17.2	2,882,137	2,702,004	105,482
	Amortisation of transaction cost on interest-bearing borrowings	35.1	737	959	231
	Dividend received	15	-	-	(159,617)
	Finance income	17.1	(66,084)	(148,166)	(20,410)
	Loss on disposal of property, plant and equipment	16.2	15,364	22,945	-
	Share of results of equity accounted investees	26	(4,132)	(5,968)	-
	Provision/(reversal) for slow moving inventories		290	(51)	-
	Reversal for impairment losses		(3,632)	(4,123)	-
	Net gain from fair value remeasurement of investment properties	23	(98,250)	(201,400)	-
	Unrealised (gain)/loss on foreign exchange (net)		(2,590)	137,332	-
	Operating profit before working capital changes		7,638,367	7,214,291	22,159
					1,438

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 206 to 272 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CORPORATE AND GROUP INFORMATION

1 CORPORATE INFORMATION

Reporting entity

John Keells Hotels PLC is a public limited liability company incorporated and domiciled in Sri Lanka, and listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2.

Ordinary shares of the Company are listed on the Colombo Stock Exchange.

In the Director's opinion, the Company's ultimate parent undertaking is John Keells Holdings PLC, which is a Company incorporated in Sri Lanka.

Consolidated financial statements

The financial statements for the year ended 31 March 2024, comprised of "the Company" refers to John Keells Hotels PLC as the holding Company and "the Group" referring to the companies whose accounts have been consolidated therein together with the group's interests in equity accounted investees.

Approval of financial statements

The financial statements of the Group and the Company for the year ended 31 March 2024 were authorised for issue by the Directors on 21 May 2024.

Principal activities and nature of operations of the holding Company

John Keells Hotels PLC, the Group's holding Company, manages a portfolio of holdings, consisting of hoteliering business, which together constitutes the John Keells Hotels Group.

Responsibility for financial statements

The responsibility of the Board of Directors in relation to the financial statements is set out in the Statement of Directors' Responsibility on Page 195 of the Annual report.

Statement of compliance

The financial statements of the Group and the separated financial statements of the Company, which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of

cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

2 GROUP INFORMATION

Subsidiaries, associate and joint ventures

The Companies within the Group are shown in the Group structure on page 27. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

BASIS OF PREPARATION AND OTHER MATERIAL ACCOUNTING POLICY INFORMATION

3 BASIS OF PREPARATION

Basis of measurement

The financial statements have been prepared on an accrual basis and under the historical cost convention except for investment properties, land and buildings and equity instruments at fair value through other comprehensive income that have been measured at fair value.

Offsetting

Assets and liabilities, income and expenses are not offset unless required or permitted by Sri Lanka Accounting Standards.

Going Concern

The Group has prepared the financial statements for the year ended 31 March 2024 on the basis that it will continue to operate as a going concern. Based on available information, the management has assessed prevailing macroeconomic conditions and its effect on the Group companies in determining the going concern basis for preparation of financial statements.

The management has formed judgment that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

In determining the above, significant management judgement, estimates and assumptions, the impact of the macroeconomic uncertainties, including exchange rate volatilities, supply chain disruptions and interest rate volatilities have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

Presentation and functional currency

The financial statements are presented in Sri Lankan Rupees, which is the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

The following subsidiaries are using United States Dollar (USD) as its functional currency;

- Fantasea World Investments (Pte) Ltd
- John Keells Maldivian Resorts (Pte) Ltd
- Tranquility (Pte) Ltd
- Travel Club (Pte) Ltd

Each material class of similar items is presented cumulatively in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard-LKAS 1, 'Presentation of Financial Statements'.

All values are rounded to the nearest rupees thousand (Rs. '000) except when otherwise indicated.

The share of results of equity accounted investees in the income statement and other comprehensive income statement are shown net of all related taxes.

The indicative US Dollar financial statements on pages 275 and 277 do not form part of the financial statements prepared in accordance with SLFRS/LKAS.

Comparative information

The presentation and classification of the Financial Statements of the previous year has been amended, where relevant for better presentation and to be comparable with those of the current year.

4 MATERIAL ACCOUNTING POLICY INFORMATION

A summary of material accounting policy information has been disclosed along with the relevant individual notes in the subsequent pages. Those accounting policies presented with each note, have been applied consistently by the Group.

Other material accounting policy information not covered with individual notes

Following accounting policies which have been applied consistently by the Group, are considered to be significant but are not covered in any other sections.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/ non-current classification.

An asset as current when it is:

- expected to be realised or intended to sold or consumed in normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

NOTES TO THE FINANCIAL STATEMENTS

Foreign currency translation, foreign currency transactions and balances

The financial statements are presented in Sri Lanka rupees (Rs.), which is the Company's functional and presentation currency. The functional currency is the currency of the primary economic environment in which the entities of the Group operate.

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currency are translated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing fair value of the item.

Foreign operations

The statement of financial position and income statement of overseas subsidiaries which are deemed to be foreign operations are translated to Sri Lanka rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period, respectively.

The exchange rates applicable during the period were as follows:

	Closing rate		Average rate	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
US Dollar	300.40	329.50	318.12	360.36

The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the Income Statement.

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements of the Group require the management to make judgements, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the financial statements. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The items which have most significant effect on accounting, judgements, estimate and assumptions are as follows;

- Valuation of property, plant and equipment and investment properties
- Impairment of non-financial assets
- Share-based payments
- Taxes

- e) Employee benefit liabilities
- f) Allowance for expected credit losses of trade receivables and contract assets
- g) Leases - Estimating the incremental borrowing rate
- h) Going Concern basis

6 CHANGES IN ACCOUNTING STANDARDS

The following amendments and improvements do not expect to have a significant impact on the Group's financial statements.

Amendments to LKAS 1	: Disclosure of Accounting Policies
Amendments to LKAS 8	: Definition of Accounting Estimate
Amendments to LKAS 12	: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

7 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

Amendments to LKAS 1	: Classification of Liabilities as Current
Amendments to LKAS 1	: Non-Current liabilities with Covenants
Amendment to LKAS 21	: Lack of Exchangeability
Amendments to SLFRS 16	: Lease Liability in a Sale and Leaseback
Amendments to LKAS 7	: Supplier Finance Arrangements
Amendments to SLFRS 7	: Supplier Finance Arrangements
Amendments to LKAS 28	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to SLFRS 10	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

GROUP BUSINESS, OPERATIONS & MANAGEMENT

8 OPERATING SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group's internal organisation and management is structured based on the Group's geographical spread of operations. Accordingly, the Group's operating segments are determined based on the Group's geographical spread of operations, Sri Lanka and Maldives.

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group. No operating segments have been aggregated to form reportable operating segments.

An individual segment manager is determined for each operating segment and the results are regularly reviewed by the Board of Directors. The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the operating segments' information, is measured differently from operating profit or loss in the financial statements. Transfer prices between operating segments are carried out in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS

8.1 Business segments

The following tables present revenue, profit/(loss) information, assets and liabilities based on the Group's operating segments. In addition to segment results, information such as finance costs/income, tax expenses have been allocated to segments for better presentation.

For the year ended 31 March In Rs. '000s	Sri Lanka		Maldives		Group	
	2024	2023	2024	2023	2024	2023
Disaggregation of revenue - Timing of revenue recognition						
Services transferred over time	10,331,881	6,301,373	20,718,746	22,972,071	31,050,627	29,273,444
Less: inter segment revenue	(21,948)	(112,274)	(289,428)	(325,770)	(311,376)	(438,044)
Net segment revenue from contracts with customers	10,309,933	6,189,099	20,429,318	22,646,301	30,739,251	28,835,400
Segment results						
Segment results	489,317	(1,053,308)	2,020,231	2,628,856	2,509,548	1,575,548
Other operating income	387	13,141	138,541	153,748	138,928	166,889
Finance costs	(1,064,732)	(936,502)	(1,817,405)	(1,765,502)	(2,882,137)	(2,702,004)
Finance income	66,084	148,166	-	-	66,084	148,166
Net gain from fair value remeasurement of investment properties	98,250	201,400	-	-	98,250	201,400
Share of results of equity accounted investees	4,132	5,968	-	-	4,132	5,968
Profit/(loss) before tax	(406,562)	(1,621,135)	341,367	1,017,102	(65,195)	(604,033)
Tax reversal/(expense)	(112,902)	853,831	(260,908)	(582,342)	(373,810)	271,489
Profit/(loss) for the year	(519,464)	(767,304)	80,459	434,760	(439,005)	(332,544)
Assets						
Segment assets	26,028,977	24,569,705	53,200,156	61,856,222	79,229,133	86,425,927
Goodwill	413,812	413,812	256,595	256,595	670,407	670,407
Total assets	26,442,789	24,983,517	53,456,751	62,112,817	79,899,540	87,096,334
Liabilities						
Segment liabilities	12,921,144	11,976,640	35,693,864	42,521,292	48,615,008	54,497,932
Total liabilities	12,921,144	11,976,640	35,693,864	42,521,292	48,615,008	54,497,932
Other Information						
Purchase and construction of property, plant and equipment	391,457	247,000	714,712	782,748	1,106,169	1,029,748
Depreciation of property, plant and equipment	769,104	702,253	1,689,034	1,809,537	2,458,138	2,511,790
Additions to right-of-use assets	-	14,041	-	40,573	-	54,614
Depreciation of right-of-use assets	28,573	26,482	2,408,328	2,732,338	2,436,901	2,758,820
Lease liabilities	392,781	444,211	18,996,459	22,363,671	19,389,240	22,807,882
Interest-bearing loans and borrowings	5,371,552	5,918,526	7,621,148	11,647,166	12,992,700	17,565,692
Provision for employee benefit costs	83,450	43,331	-	-	83,450	43,331

9 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, and share of profit or loss and net assets of equity accounted investees as at 31 March 2024. Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Control over an investee

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries

Subsidiaries are those enterprises controlled by the parent and have been listed in the Group directory.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income statement and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Loss of control

If the Group loses control over a subsidiary, it de-recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in income statement. Any investment retained is recognised at fair value.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated statement of financial position.

Non-controlling interest (NCI)

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from equity attributable to the shareholders of the parent.

The consolidated statement of cash flows includes the cash flows of the Company and its subsidiaries.

10 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method of accounting. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree is lower than the fair value of net assets acquired, a gain is recognised immediately in the income statement.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability, and which is a financial instrument and within the scope of SLFRS 9, is measured at fair value with changes in fair value either in income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS/LKAS.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value maybe impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment of Goodwill

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments held by the Group, principally comprise of cash, loans and other receivables, trade and other receivables, trade and other payables and loans and borrowings. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group. These financial instruments are exposed to credit, liquidity and market risks.

The Group has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and related controlling. The guidelines upon which the Group's risk management processes are based are designed to identify and analyse these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products. The Group manages and monitors these risks primarily through its operating and financing activities.

11.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to debtors impairment is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents and fair value through OCI financial investments, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure that the counterparties fulfil their obligations.

11.1.1 Credit risk exposure - Group

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without considering collateral, if available). Following table shows the maximum risk positions of the Group.

As at 31 March		2024					
In Rs. '000s	Note	Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short-term investments	Amounts due from related parties	Total
Deposits with bank	11.1.2	-	-	-	29,499	-	29,499
Trade and other receivables	11.1.3	-	-	3,435,889	-	-	3,435,889
Amounts due from related parties	11.1.4	-	-	-	-	300,250	300,250
Loans to executives	11.1.5	2,152	-	1,080	-	-	3,232
Cash in hand and at bank	11.1.2	-	1,111,714	-	-	-	1,111,714
Total credit risk exposure		2,152	1,111,714	3,436,969	29,499	300,250	4,880,584
Financial assets at fair value through OCI	11.1.6	170,238	-	-	-	-	170,238
Total equity risk exposure		170,238	-	-	-	-	170,238
Total		172,390	1,111,714	3,436,969	29,499	300,250	5,050,822

As at 31 March		2023					
In Rs. '000s	Note	Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short-term investments	Amounts due from related parties	Total
Deposits with bank	11.1.2	-	-	-	576,683	-	576,683
Trade and other receivables	11.1.3	-	-	2,901,645	-	-	2,901,645
Amounts due from related parties	11.1.4	-	-	-	-	74,626	74,626
Loans to executives	11.1.5	4,014	-	680	-	-	4,694
Cash in hand and at bank	11.1.2	-	1,218,959	-	-	-	1,218,959
Total credit risk exposure		4,014	1,218,959	2,902,325	576,683	74,626	4,776,607
Financial assets at fair value through OCI	11.1.6	170,240	-	-	-	-	170,240
Total equity risk exposure		170,240	-	-	-	-	170,240
Total		174,254	1,218,959	2,902,325	576,683	74,626	4,946,847

NOTES TO THE FINANCIAL STATEMENTS

Credit risk exposure - Company

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions of the Company.

As at 31 March		2024				
In Rs. '000s	Note	Non-current financial assets	Cash in hand and at bank	Short-term investments	Amounts due from related parties	Total
Deposits with bank	11.1.2	-	-	-	-	-
Amounts due from related parties	11.1.4	-	-	-	18,874	18,874
Cash in hand and at bank	11.1.2	-	355,395	-	-	355,395
Total credit risk exposure		-	355,395	-	18,874	374,269
Financial assets at fair value through OCI	11.1.6	10	-	-	-	10
Total equity risk exposure		10	-	-	-	10
Total		10	355,395	-	18,874	374,279

As at 31 March		2023				
In Rs. '000s	Note	Non-current financial assets	Cash in hand and at bank	Short-term investments	Amounts due from related parties	Total
Deposits with bank	11.1.2	-	-	108,569	-	108,569
Amounts due from related parties	11.1.4	-	-	-	3,552	3,552
Cash in hand and at bank	11.1.2	-	445,912	-	-	445,912
Total credit risk exposure		-	445,912	108,569	3,552	558,033
Financial assets at fair value through OCI	11.1.6	12	-	-	-	12
Total equity risk exposure		12	-	-	-	12
Total		12	445,912	108,569	3,552	558,045

11.1.2 Credit risk relating to cash and cash equivalents

In order to mitigate settlement and operational risks related to cash and cash equivalents, the Group and Company use several banks with acceptable ratings for its deposits.

Deposits with bank mainly consist of fixed and call deposits. As at 31 March 2024, 100% of the fixed and call deposits (2023 - 100%) of the Group was rated "A-" or better.

Deposits with banks and Credit rating of the banks

As at 31 March	Group			
	2024		2023	
	In Rs. '000s	As a %	In Rs. '000s	As a %
A	-	0%	196,396	34%
A-	29,499	100%	380,287	66%
	29,499	100%	576,683	100%

As at 31 March	Company			
	2024		2023	
	In Rs. '000s	As a %	In Rs. '000s	As a %
A	-		64,769	60%
A-	-		43,800	40%
	-		108,569	100%

11.1.3 Trade and other receivables

As at 31 March	Group	
	2024	2023
In Rs. '000s		
Neither past due nor impaired	2,191,042	1,824,503
Past due but not impaired		
31-60 days	863,849	686,298
61-90 days	236,617	292,620
> 91 days	145,461	98,904
Impaired	144,434	162,248
Gross carrying value	3,581,403	3,064,573
Less: allowance for expected credit losses	(144,434)	(162,248)
Total	3,436,969	2,902,325

The Group has obtained customer deposit from major customers by reviewing their past performance and credit worthiness, as collateral. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers and uses a provision matrix to calculate Expected Credit Loss (ECL) for the balance. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix was initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS

The Group considers a financial asset including trade and receivable in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

11.1.4 Amounts due from related parties

The Group's amounts due from related parties mainly consists of the balances from affiliate companies and ultimate parent.

11.1.5 Loans to executives

Loans to executive portfolio is largely made up of vehicle loans which are given to staff at assistant manager level and above. The respective business units have obtained the necessary Power of attorney/promissory notes as collateral for the loans granted.

11.1.6 Financial assets at fair value through OCI

All equity investments are made after obtaining approval of the Board of Directors.

11.2 Liquidity risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk of a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

11.2.1 Net debt

As at 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Short-term investments	29,499	576,683	-	108,569
Cash in hand and at bank	1,111,714	1,218,959	355,395	445,912
Total liquid assets	1,141,213	1,795,642	355,395	554,481
Bank borrowings	12,992,700	17,565,692	1,171,630	1,199,756
Bank overdrafts	9,331,374	7,987,588	-	-
Total liabilities	22,324,074	25,553,280	1,171,630	1,199,756
Net debt	21,182,861	23,757,638	816,235	645,275

11.2.2 Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreement, or other secured borrowings.

The Group continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between Group companies and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Group. The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings. The Group is also confident on the support which can be extended by its parent company in managing funding requirements should there be a need.

Maturity analysis - Group

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As at 31 March 2024 In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	7,401,930	3,643,068	1,200,294	956,508	607,210	712,135	14,521,145
Lease liabilities	1,452,650	1,419,086	1,403,072	1,386,526	1,371,252	26,136,085	33,168,671
Trade and other payables	2,381,019	-	-	-	-	-	2,381,019
Amounts due to related parties	524,688	-	-	-	-	-	524,688
Bank overdrafts	9,331,374	-	-	-	-	-	9,331,374
	21,091,661	5,062,154	2,603,366	2,343,034	1,978,462	26,848,220	59,926,897

As at 31 March 2023 In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	4,604,427	6,672,472	3,430,325	945,950	757,518	1,155,000	17,565,692
Lease liabilities	2,088,258	3,813,259	2,404,123	2,486,710	1,745,370	21,994,759	34,532,479
Trade and other payables	2,059,784	-	-	-	-	-	2,059,784
Amounts due to related parties	347,262	-	-	-	-	-	347,262
Bank overdrafts	7,987,588	-	-	-	-	-	7,987,588
	17,087,319	10,485,731	5,834,448	3,432,660	2,502,888	23,149,759	62,492,805

NOTES TO THE FINANCIAL STATEMENTS

Maturity analysis - Company

The tables below summarise the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at 31 March 2024 In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	347,241	392,000	392,000	387,237	154,000	-	1,672,478
Trade and other payables	9,395	-	-	-	-	-	9,395
Amounts due to related parties	2,077	-	-	-	-	-	2,077
	358,713	392,000	392,000	387,237	154,000	-	1,683,950

As at 31 March 2023 In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	261,362	236,000	236,000	236,000	230,394	-	1,199,756
Trade and other payables	6,553	-	-	-	-	-	6,553
Amounts due to related parties	1,275	-	-	-	-	-	1,275
	269,190	236,000	236,000	236,000	230,394	-	1,207,584

11.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market prices comprise of the following risks:

- Interest rate risk
- Foreign currency risk
- Equity price risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analysis in the following sections relate to the position as at 31 March in 2024 and 2023.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks.
- This is based on the financial assets and financial liabilities held at 31 March 2024 and 2023.

11.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Central Bank of Sri Lanka (CBSL) began to ease the monetary policy during the current financial year amid decelerating inflation, resulting in a downward trend in market interest rates throughout the financial year. The directions issued by the Central Bank to licensed banks to reduce interest rates, and the significant reduction of risk premia on government securities, have accelerated the downward adjustment in market interest rates, particularly lending rates, in the second half of the financial year. Downward pressures on inflation on account of many factors including decreases in global commodity prices, food supply, and the appreciation of the currency have resulted in eased policy actions by the CBSL on monetary policy post the end of the reporting period.

The Group has managed the risk of volatile interest rates by having a balanced portfolio of borrowings at fixed and variable rates while interest rate swap agreements are in place for a significant portion of the Group's foreign currency borrowing portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points		Group
	Rupee borrowings	Other currency borrowings	Effect on profit/(loss) before tax Rs. '000s
2024	+ 1083 basis points	+ 58 basis points	461,414
	- 1083 basis points	- 58 basis points	(461,414)
2023	+ 1576 basis points	+ 451 basis points	1,220,856
	- 1576 basis points	- 451 basis points	(1,220,856)

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market.

11.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

Effects of currency transaction and translation

For purposes of Group financial statements, the income and expenses and the assets and liabilities of subsidiaries located outside Sri Lanka are converted into Sri Lankan Rupees. Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment results (earnings before interest and taxes - EBIT) and assets and liabilities of the Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values caused by exchange rates.

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The Group's exposure to foreign currency changes for currencies other than USD is not material.

	Increase (decrease) in exchange rate	Effect on profit/(loss) before tax	Effect on equity
	USD	Rs. '000s	Rs. '000s
2024	7.50%	(1,650,016)	1,799,755
	-7.50%	1,650,016	(1,799,755)
2023	12.64%	(2,654,440)	3,342,775
	-12.64%	2,654,440	(3,342,775)

Assumptions

The assumed movement, in the spread of the exchange rate sensitivity analysis, is based on the current observable market environment.

The Sri Lankan Rupee experienced appreciation in the first quarter, followed by depreciation in the second and third quarters, before showing an upward trend again in the final quarter.

The Group adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows. At a Group level, the translation risk on foreign currency debt is largely hedged "naturally" because of the conscious strategy of maintaining US Dollar cash balances at the holding company whilst also ensuring obligations can be managed through US Dollar denominated revenue streams.

11.3.3 Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. All unquoted equity investments are made after obtaining approval of the Group Executive Committee.

11.3.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, have a rights issue or buy back of shares.

As at 31 March	Group		Company	
	2024	2023	2024	2023
Debt/Equity	72%	79%	9%	9%

12 FAIR VALUE MEASUREMENT AND RELATED DISCLOSURES

Fair value related disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted equity instruments, and for nonrecurring measurement, such as assets held for sale in discontinued operations.

External valuers are involved for valuation of significant assets, such as land and buildings. Involvement of external valuers are decided upon annually by the Group after discussion with and approval by the Company's Audit Committee. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for individual assets and liabilities.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value related disclosures

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are reflected in this note. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

- Investment in unquoted equity shares - Note 25 ,26 ,27
- Property, plant and equipment under revaluation model - Note 21.2
- Financial instruments (including those carried at amortised cost) - Note 13.4
- Investment properties - Note 23

NOTES TO THE FINANCIAL STATEMENTS

12.1 Financial assets and liabilities by fair value hierarchy - Group

The Group held the following financial instruments carried at fair value in the statement of financial position:

Financial Assets

As at 31 March In Rs. '000s	Level 1		Level 2		Level 3	
	2024	2023	2024	2023	2024	2023
Listed equity investments	10	12	-	-	-	-
Non-listed equity investments	-	-	-	-	170,228	170,228
Total	10	12	-	-	170,228	170,228

12.2 Financial assets and liabilities by fair value hierarchy - Company

The Company held the following financial instruments carried at fair value in the statement of financial position:

Financial Assets

As at 31 March In Rs. '000s	Level 1		Level 2		Level 3	
	2024	2023	2024	2023	2024	2023
Listed equity investments	10	12	-	-	-	-
Total	10	12	-	-	-	-

During the reporting periods 31 March 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

12.3 Reconciliation of fair value measurements of Level 3 financial instruments

The Group carries unquoted equity shares as equity instruments designated at fair value through OCI classified as Level 3 within the fair value hierarchy.

A reconciliation of the beginning and closing balances including movements is summarised below:

In Rs. '000s	Group
As at 1 April 2023	170,228
As at 31 March 2024	170,228

Group has valued level 3 financial instruments as at reporting date using discounted cash flow method. Fair value would not significantly vary if one or more of the inputs were changed.

12.4 Non-financial assets - Group

As at 31 March In Rs. '000s	Level 1		Level 2		Level 3	
	2024	2023	2024	2023	2024	2023
Assets measured at fair value						
Land and buildings	-	-	-	-	9,442,735	8,984,800
Buildings on leasehold land	-	-	-	-	19,845,259	21,500,898
Investment properties	-	-	-	-	2,070,528	1,970,300
Total	-	-	-	-	31,358,522	32,455,998

"In determining the fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

13 FINANCIAL INSTRUMENTS AND RELATED POLICIES

13.1 Financial assets

Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and quoted and unquoted financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories.

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

NOTES TO THE FINANCIAL STATEMENTS

Debt instruments

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and Short-term investments and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Equity Instruments

Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the Group's effective interest rate.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

13.2 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the Income statement.

NOTES TO THE FINANCIAL STATEMENTS

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Income statement.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income statement.

13.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

13.4 Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

Financial assets by categories

As at 31 March	Group			
	Financial assets at amortised cost		Financial assets at fair value through OCI	
	2024	2023	2024	2023
In Rs. '000s				
Financial instruments in non-current assets				
Non-current financial assets	2,152	4,014	170,238	170,240
Financial instruments in current assets				
Trade and other receivables	3,436,969	2,902,325	-	-
Amounts due from related parties	300,250	74,626	-	-
Short-term investments	29,499	576,683	-	-
Cash in hand and at bank	1,111,714	1,218,959	-	-
Total	4,880,584	4,776,607	170,238	170,240

Financial assets by categories

As at 31 March	Company			
	Financial assets at amortised cost		Financial assets at fair value through OCI	
	2024	2023	2024	2023
In Rs. '000s				
Financial instruments in non-current assets				
Non-current financial assets	-	-	10	12
Financial instruments in current assets				
Amounts due from related parties	18,874	3,552	-	-
Short-term investments	-	108,569	-	-
Cash in hand and at bank	355,395	445,912	-	-
Total	374,269	558,033	10	12

Both carrying amount and fair value are equal of financial assets at fair value through OCI.

The fair value of loans and receivables does not significantly vary from the value based on the amortised cost methodology.

Financial liabilities by categories

As at 31 March	Group		Company	
	Financial liabilities measured at amortised cost		Financial liabilities measured at amortised cost	
	2024	2023	2024	2023
In Rs. '000s				
Financial instruments in non-current liabilities				
Bank borrowings	6,174,553	12,961,265	824,389	938,394
Financial instruments in current liabilities				
Trade and other payables	2,381,019	2,059,784	9,395	6,553
Amounts due to related parties	524,688	347,262	2,077	1,275
Bank borrowings	6,818,147	4,604,427	347,241	261,362
Bank overdrafts	9,331,374	7,987,588	-	-
	25,229,781	27,960,326	1,183,102	1,207,584

The fair value of financial liabilities does not significantly vary from the value based on the amortised cost methodology.

The management assessed that the fair value of cash and short-term investments, trade and other receivables, trade and other payables and bank overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- Fair value of quoted equities and bonds is based on price quotations in an active market at the reporting date.
- The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Fair value of the unquoted ordinary shares has been estimated using a Discounted Cash Flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible.

Where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE INCOME STATEMENT, STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

14 REVENUE FROM CONTRACTS WITH CUSTOMERS

14.1 Contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Services transferred over time

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

14.2 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the year ended 31 March In Rs. '000s	Group	
	2024	2023
Timing of revenue recognition		
Services transferred over time	22,469,530	21,068,612
Services transferred at a point in time	8,269,721	7,766,788
Total revenue from contracts with customers	30,739,251	28,835,400
Geographical markets		
Sri Lanka	2,347,083	2,046,012
Asia (excluding Sri Lanka)	5,305,825	1,150,687
Europe	16,095,120	19,566,380
Others	6,991,223	6,072,321
Total revenue from contracts with customers	30,739,251	28,835,400
Type of services		
Provision of accommodation	18,408,811	17,616,497
Provision of food and beverages	8,269,721	7,766,788
Others	4,060,719	3,452,115
Total revenue from contracts with customers	30,739,251	28,835,400

Direct taxes have been deducted in arriving at the gross revenue.

14.3 Reconciliation of revenue

Reconciliation between Revenue from contracts with customers and revenue information that is disclosed for each reportable segment has been provided in the operating segment information section.

14.4 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

As at 31 March In Rs. '000s		Group	
		2024	2023
Trade and other receivables	30	275,946	230,530
Contract assets		275,946	230,530

Contract liabilities

Contract liabilities are Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services and short-term advances received to render certain services.

As at 31 March In Rs. '000s		Group	
		2024	2023
Other current liabilities	40	1,048,457	1,203,987
Contract liabilities		1,048,457	1,203,987

Set out below is the amount of revenue recognised from:

Amounts included in contract liabilities at the beginning of the year		1,203,987	773,577
Performance obligations satisfied		86,691	772,080

14.5 Performance obligations and significant judgements

The Group's performance obligations and significant judgements are summarised below:

Revenue from hotel operations consists of room sales, food and beverage sales and revenue from auxiliary activities which is recognised when the service is rendered, and presented net of sales taxes and discounts.

Provision of accommodation

The revenue for providing accommodations are recognised at the guests' departure, over the period of stay. The entity identifies the services under each contract as one performance obligation.

Provision of food and beverages

This is the revenue for providing the meals according to the meal plan which is part and parcel of the customer contract. Meal plans could be Bed and Breakfast (BB), Half board (HB), full Board (FB) or all inclusive (AI). Revenue is accounted for at the point of sale and billed to the guest on departure. For guests that do not come through a meal plan contract, income is recognised and invoiced to the guest at the point of sale.

Others

Other revenue represents revenue from other value added services provided by the business, including SPA services, laundry services, excursions and water sports. Revenue is recognised at the time of provision of service and invoice is raised at the time of service is consumed.

The Group applies the practical expedient and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the year ended 31 March 2024.

NOTES TO THE FINANCIAL STATEMENTS

15 DIVIDEND INCOME

Dividend income is recognised when right to receive the payment is established.

For the year ended 31 March In Rs. '000s	Company	
	2024	2023
Dividend income from investments in subsidiaries	159,617	76,655
	159,617	76,655

16 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a Group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

Other income and expenses

Other income and expenses are recognised on an accrual basis.

16.1 Other operating income

For the year ended 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Sundry income	138,928	166,889	59,677	23,758
	138,928	166,889	59,677	23,758

16.2 Other operating expenses

For the year ended 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Power and energy	2,095,914	2,201,673	-	-
Maintenance and repair cost	760,031	642,372	-	-
Net loss on disposal of property, plant and equipment	15,364	22,945	-	-
Exchange losses	41,164	116,998	455	-
Other overheads	440,472	333,662	469	818
	3,352,945	3,317,650	924	818

17 FINANCE INCOME AND FINANCE COSTS

Finance income

Finance income comprises interest income on funds invested, gains on the disposal of fair value through OCI financial assets.

Finance income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of fair value through OCI financial assets, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the income statement.

Finance costs are recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

17.1 Finance income

For the year ended 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Interest income	66,084	148,166	20,410	86,770
	66,084	148,166	20,410	86,770

17.2 Finance costs

For the year ended 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Interest expense on bank borrowings	2,329,935	2,123,369	105,482	96,389
Finance charge on lease liabilities	552,202	578,635	-	-
	2,882,137	2,702,004	105,482	96,389

NOTES TO THE FINANCIAL STATEMENTS

18 PROFIT/(LOSS) BEFORE TAX

Expenditure recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

For the purpose of presentation of the income statement, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Company’s and Group’s performance.

For the year ended 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Profit/(loss) before tax is stated after charging all expenses including the following;				
Remuneration to non-executive directors	9,808	9,808	9,808	9,808
Auditors' remuneration:				
Audit	36,980	29,651	3,937	1,543
Non-audit	9,658	5,041	314	935
Cost of defined employee benefits:				
Defined benefit plan cost	74,865	41,185	-	-
Defined contribution plan cost (EPF and ETF)	134,781	114,325	-	-
Other long term employee benefits cost	5,299	2,145	-	-
Staff expenses	5,239,964	5,151,205	-	-
Share-based payments/(reversals)	1,233	851	-	-
Depreciation of property, plant and equipment & ROU asset	4,895,039	5,270,610	-	-
Donations	11,259	6,144	-	-
Impairment provision/(reversal) of bad and doubtful debts	(17,814)	2,683	-	-
Provision/(reversal) for slow moving inventories	290	(51)	-	-
Net loss on disposal of property, plant and equipment	15,364	22,945	-	-

19 TAXES

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and for items recognised in other comprehensive income shall be recognised in other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Management has used its judgement on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

The Group has complied with the arm's length principles relating to transfer pricing as prescribed in the Inland Revenue Act, and has complied with the related Gazette notification issued by Ministry of Finance.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits, tax losses and other credits carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

No deferred tax asset or liability is recognised for the companies enjoying the tax holiday period under Board of Investment (BOI), if there are no qualifying assets or liabilities beyond the tax holiday period.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of an assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

IFRIC 23 Interpretation Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the Interpretation had an impact on its financial statements. Group determined that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Group.

19.1 Tax expense/(reversal)

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2024	2023	2024	2023
Income statement					
Current tax charge	19.6	61,044	73,468	-	-
Under/(over) provision of current tax of previous years		(29,881)	67	-	-
Irrecoverable Economic Service Charge	19.3	-	149	-	-
Withholding tax on inter-company dividends		31,823	22,608	-	-
Deferred tax charge/(reversal)					
Relating to origination and reversal of temporary differences	19.2	310,824	(367,781)	1,285	-
		373,810	(271,489)	1,285	-
Other comprehensive income					
Deferred tax charge					
Relating to origination and reversal of temporary differences	19.2	296,500	1,239,057	-	-
		296,500	1,239,057	-	-

19.2 Deferred tax expense

For the year ended 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Income statement				
Deferred tax arising from:				
Accelerated depreciation for tax purposes	69,373	372,024	-	-
Revaluation of investment properties to fair value	29,475	99,441	-	-
Retirement benefit obligations	(12,573)	(36,798)	-	-
Benefit arising from tax losses	327,732	(663,903)	1,285	-
Others	(103,183)	(138,545)	-	-
Deferred tax charged/(credited) directly to income statement	310,824	(367,781)	1,285	-
Other comprehensive income				
Deferred tax arising from:				
Employee benefits liabilities	(8,758)	(511)	-	-
Revaluation of land and building to fair value	305,258	1,239,568	-	-
Deferred tax charged directly to OCI	296,500	1,239,057	-	-
Total deferred tax expense for the year	607,324	871,276	1,285	-

Deferred tax has been computed at the following rates:

Sri Lanka

- Beruwala Holiday Resorts (Pvt) Ltd - 15%
- Other subsidiary companies in Sri Lanka - 30%

Maldives

- Subsidiary companies in Maldives - 15%.

19.3 Economic service charge (ESC)

For the year ended 31 March In Rs. '000s	Group	
	2024	2023
Irrecoverable Economic Service Charge (ESC)	-	149
	-	149

NOTES TO THE FINANCIAL STATEMENTS

19.4 Income tax liabilities

As at 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Balance at the beginning of the year	88,086	121,888	10,368	10,368
Charge for the year	61,044	73,468	-	-
Payments, set off against refunds and tax credits	(72,520)	(110,328)	(850)	-
Effect of movements in exchange rates	(2,911)	3,058	-	-
Balance at the end of the year	73,699	88,086	9,518	10,368

19.5 Deferred tax assets and liabilities

19.5.1 Deferred tax assets

As at 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Balance at the beginning of the year	1,351,203	1,375,526	10,368	10,368
Release	(314,059)	(205,148)	(1,285)	-
Effect of movements in exchange rates	(57,352)	140,709	-	-
Transfers	855	40,116	-	-
Balance at the end of the year	980,647	1,351,203	9,083	10,368
The closing deferred tax asset balance relates to the following:				
Revaluation of land and building to fair value	(589,663)	(336,573)	-	-
Accelerated depreciation for tax purposes	(216,995)	(62,037)	-	-
Employee benefits liabilities	50,520	21,039	-	-
Losses available for off-set against future taxable income	1,458,806	1,478,489	9,083	10,368
Others	277,979	250,285	-	-
	980,647	1,351,203	9,083	10,368

The geographical break up of deferred tax recognised in respect of tax losses , is as follows:

As at 31 March In Rs. '000s	Group	
	2024	2023
Sri Lanka	1,336,547	1,119,432
Maldives	122,259	359,057
	1,458,806	1,478,489

19.5.2 Deferred tax liabilities

As at 31 March In Rs. '000s	Group	
	2024	2023
Balance at the beginning of the year	1,394,026	687,782
Charge	293,265	666,128
Transfers	855	40,116
Balance at the end of the year	1,688,146	1,394,026
The closing deferred tax liability balance relates to the following:		
Revaluation of land and building to fair value	1,701,678	1,649,510
Revaluation of investment property to fair value	148,426	118,951
Accelerated depreciation for tax purposes	370,137	434,305
Employee benefits liabilities	(45,971)	(54,122)
Losses available for off-set against future taxable income	(358,745)	(699,196)
Others	(127,379)	(55,422)
	1,688,146	1,394,026

The geographical break up of deferred tax recognised in respect of tax losses , is as follows:

As at 31 March In Rs. '000s	Group	
	2024	2023
Sri Lanka	(358,745)	(699,196)
	(358,745)	(699,196)

Accounting judgements, estimates and assumptions

The Group is subject to income tax and other taxes including VAT/GST. Significant judgement was required to determine the total provision for current, deferred and other taxes due to the uncertainties that exists with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

The Group has tax losses relate to subsidiaries that have a history of losses that do not expire and may not be used to offset other tax liabilities and where the subsidiaries have no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

The Group has contingent liabilities amounting to Rs. 67.9 Mn (2023 - Rs. 3.2 Mn). These have been arrived at after discussing with independent and legal tax experts and based on information available. All assumptions are revisited as at the reporting date.

Further details on contingent liabilities are disclosed in Note 44 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

19.6 Reconciliation between current tax charge and the accounting Profit/(loss)

For the year ended 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Profit/(loss) before tax	(65,195)	(604,033)	96,473	68,243
Dividend income from Group companies	251,075	168,112	-	-
Share of results of equity accounted investees	(4,132)	(5,968)	-	-
Other consolidation adjustments	3,356	(153)	-	-
Profit/(loss) after adjustments	185,104	(442,042)	96,473	68,243
Resident dividend	(156,698)	(128,112)	(65,241)	(36,655)
Adjusted accounting Profit/(loss) chargeable to income taxes	28,406	(570,154)	31,232	31,588
Disallowable expenses	5,883,927	5,755,785	-	-
Allowable expenses	(5,183,825)	(5,314,077)	-	-
Utilisation of tax losses	(1,291,946)	(1,272,791)	(31,232)	(31,588)
Tax losses not utilised in the current financial year	927,128	1,824,497	-	-
Taxable income	363,690	423,260	-	-
Current tax charged at				
Standard rate of 30% (2023 - 24% and 30%)	12,976	21,981	-	-
Standard rate of 15% (2023 -15%)	48,068	51,487	-	-
Current tax charge	61,044	73,468	-	-

19.7 Reconciliation between tax (reversal)/expense and the product of accounting profit/(loss)

For the year ended 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Adjusted accounting Profit/(loss) chargeable to income taxes	28,406	(570,154)	31,232	31,588
Tax effect on chargeable profits	(45,260)	(289,582)	9,369	9,476
Tax effect on non deductible expenses	95,760	35,637	-	-
Tax effect on deductions claimed	(1,052)	(2,341)	-	-
Net tax effect of unrecognised deferred tax assets for the year	328,397	250,720	-	(12,839)
Net tax effect of deferred tax assets in respect of previous years	(5,977)	(31,120)	(8,084)	3,363
Under/(over) provision of current tax of previous years	(29,881)	67	-	-
Deferred tax due to rate differentials	-	(257,627)	-	-
Other income based taxes:				
Irrecoverable Economic Service Charge	-	149	-	-
Withholding tax on inter-company dividends	31,823	22,608	-	-
Total tax (reversal)/expense	373,810	(271,489)	1,285	-

The Group tax is based on the taxable profit of individual companies within the Group. At present the tax laws of Sri Lanka and Maldives do not provide for Group taxation.

19.8 Tax Losses Carried Forward

As at 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Balance at the beginning of the year	11,870,967	10,721,808	85,636	128,433
Adjustments on finalisation of liability	(87,748)	85,533	(24,129)	(11,209)
Tax losses arising during the year	927,128	1,824,497	-	-
Utilisation of tax losses	(1,291,946)	(1,272,791)	(31,232)	(31,588)
Effect of movements in exchange rates	(390,746)	511,920	-	-
Balance at the end of the year	11,027,655	11,870,967	30,275	85,636

NOTES TO THE FINANCIAL STATEMENTS

19.9 Applicable rates of Income Tax

Income tax rates of Sri Lankan Companies

- Subsidiary companies in Sri Lanka - 30% (14% upto 30 September 2022)
Beruwala Holiday Resorts (Pvt) - 15% from 1 April 2022 on completion of the tax holiday period.
- Subsidiary companies with gain or loss on investment properties - 30% (10% upto 30 September 2022)
- Others - 30% (24% upto 30 September 2022)

Income tax rates of off-shore Companies

The following subsidiaries based in the Republic of Maldives, are subject to Income tax at 15%.

- John Keells Maldivian Resorts (Pte) Ltd
- Travel Club (Pte) Ltd
- Fantasea World Investments (Pte) Ltd
- Tranquility (Pte) Ltd

20 EARNINGS/(LOSS) PER SHARE

Accounting policy

Basic Earnings/(Loss) Per Share (EPS) is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the parent (after adjusting outstanding share option scheme and warrants) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year /previous year.

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
Profit/(loss) attributable to equity holders of the parent (In Rs. '000s)	(436,428)	(320,924)	95,188	68,243
Weighted average number of ordinary shares (In '000s)	1,456,147	1,456,147	1,456,147	1,456,147
Basic/diluted earnings/(loss) per share (Rs.)	(0.30)	(0.22)	0.07	0.05

21 PROPERTY, PLANT AND EQUIPMENT

Basis of recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of measurement

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group de-recognises the replaced part, and recognises the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognised in the income statement as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. The Group has adopted a guideline of revaluing assets by a professional valuer at least once in every five years.

De-recognition

An item of property, plant and equipment are de-recognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year the asset is de-recognised.

Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets or over the remaining period of lease, whichever is lower.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The estimated useful life of assets is as follows:

Assets	Years
Buildings on leasehold land	Remaining lease period
Buildings on freehold land	up to 60
Plant and machinery	up to 10
Equipment	up to 08
Furniture and fittings	up to 08
Motor vehicles	up to 05
Computer equipment	up to 05
Cutlery, crockery, glassware and linen	up to 03

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of property plant and equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement, except that, impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve through the statement of other comprehensive income to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Businesses continued to respond with specific plans to enable smooth and uninterrupted functioning of businesses and operations, despite some of the immediate term challenges due to constraints on supply chains and electricity and fuel disruptions, whilst maintaining strict adherence to Government directives and health and safety considerations. The Group managed to circumvent these issues without a significant impact on output. As such, the Group has not determined impairment as at the reporting date.

21.1

Property, plant and equipment

As at 31 March	Land and buildings	Buildings on leasehold land	Plant and machinery	Equipment	Furniture and fittings	Motor vehicles	Computer equipment	Cutlery, crockery, glassware and linen	Capital work in progress	Total	Total
In Rs. '000s										2024	2023
Group											
Cost or valuation											
At the beginning of the year	9,149,458	28,876,041	3,242,756	3,797,881	3,291,211	326,344	411,703	472,133	2,832	49,570,359	44,623,193
Additions	40,284	97,832	115,516	306,404	177,214	13,395	91,037	192,303	72,184	1,106,169	1,029,748
Disposals	-	-	(54,819)	(135,170)	(55,934)	(17,308)	(29,877)	(80,911)	-	(374,019)	(302,865)
Revaluations	513,616	635,228	-	-	-	-	-	-	-	1,148,844	2,664,366
Transfers	-	6,264	-	1,172	-	-	65,684	-	(8,682)	64,438	-
Effect of movements in exchange rates	(118,181)	(1,726,068)	(212,770)	(262,940)	(223,046)	(39,474)	(36,297)	(43,743)	(1,315)	(2,663,834)	1,729,174
Transfers on revaluation	19,485	403,729	-	-	-	-	-	-	(64,438)	358,776	(173,257)
At the end of the year	9,604,662	28,293,026	3,090,683	3,707,347	3,189,445	282,957	502,250	539,782	581	49,210,733	49,570,359
Accumulated depreciation											
At the beginning of the year	164,658	7,375,143	1,925,565	2,533,851	1,897,872	198,058	311,754	341,619	-	14,748,520	12,301,159
Charge for the year	107,948	1,204,708	286,110	353,028	330,051	38,028	48,870	89,395	-	2,458,138	2,511,790
Disposals	-	-	(54,819)	(128,406)	(51,575)	(17,008)	(29,141)	(61,798)	-	(342,747)	(249,229)
Effect of movements in exchange rates	(130,164)	(535,813)	(140,636)	(191,119)	(147,810)	(29,926)	(25,835)	(33,532)	-	(1,234,835)	358,058
Transfers on revaluation	19,485	403,729	-	-	-	-	-	-	-	423,214	(173,257)
At the end of the year	161,927	8,447,767	2,016,220	2,567,354	2,028,538	189,152	305,648	335,684	-	16,052,290	14,748,521
Carrying value											
As at 31 March 2024	9,442,735	19,845,259	1,074,463	1,139,993	1,160,907	93,805	196,602	204,098	581	33,158,443	
As at 31 March 2023	8,984,800	21,500,898	1,317,191	1,264,030	1,393,339	128,286	99,949	130,514	2,832	34,821,838	
Carrying value of assets											
At cost										18,565,272	21,800,725
At valuation										14,593,171	13,021,113
										33,158,443	34,821,838
Carrying value of land and buildings											
At cost										14,694,823	17,464,585
At valuation										14,593,171	13,021,113
										29,287,994	30,485,698

NOTES TO THE FINANCIAL STATEMENTS

21.2 Revaluation of land and buildings

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties.

Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The date of the most recent revaluation was on 31 December 2023.

The changes in fair value recognised in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

The details of Property, Plant & Equipment of the Group which are stated at valuation are indicated below.

Property	Method of Valuation	Effective date of valuation	Name of the Chartered Valuation Surveyor	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
Land and buildings of					
Beruwala Holiday Resorts (Pvt) Ltd	CMA/DRC	31 December 2023	Mr. P B Kalugalagedara	Estimated price: Per perch Rs.1,100,000 - 1,325,000 Per square foot Rs.2,000 - 8,200	Positively correlated sensitivity
Kandy Walk Inn Ltd	IA	31 December 2023	Mr. S Fernando	Estimated price: Per perch Rs. 15,000 - 1,500,000 Per square foot Rs.1,500 - 9,500	Positively correlated sensitivity
Trinco Holiday Resorts (Pvt) Ltd	CMA/DRC	31 December 2023	Mr. P B Kalugalagedara	Estimated price: Per perch Rs. 475,000 Per square foot Rs.1,000 - 8,750	Positively correlated sensitivity
Ceylon Holiday Resorts Ltd	CMA/DRC	31 December 2023	Mr. P B Kalugalagedara	Estimated price: Per perch Rs. 1,400,000 Per square foot Rs.2,000 - 4,000	Positively correlated sensitivity
Hikkaduwa Holiday Resorts (Pvt) Ltd	CMA/DRC	31 December 2023	Mr. P B Kalugalagedara	Estimated price: Per perch Rs. 1,200,000 Per square foot Rs.1,750- 3,600	Positively correlated sensitivity

Property	Method of Valuation	Effective date of valuation	Name of the Chartered Valuation Surveyor	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
Land, Buildings and Buildings on leasehold land of					
Ceylon Holiday Resorts Ltd	CMA/DRC	31 December 2023	Mr. P B Kalugalagedara	Estimated price: Per square foot Rs.9,300 - 17,500	Positively correlated sensitivity
Habarana Lodge Ltd	IA	31 December 2023	Mr. S Fernando	Estimated price: Per square foot Rs.1,000 - 12,000	Positively correlated sensitivity
Habarana Walk Inn Ltd	IA	31 December 2023	Mr. S Fernando	Estimated price: Per square foot Rs.2,550 - 9,500	Positively correlated sensitivity
Hikkaduwa Holiday Resorts (Pvt) Ltd	CMA/DRC	31 December 2023	Mr. P B Kalugalagedara	Estimated price: Per square foot Rs.3,000 - 9,000	Positively correlated sensitivity
Yala Village (Pvt) Ltd	CMA/DRC	31 December 2023	Mr. P B Kalugalagedara	Estimated price: Per square foot Rs.2,500 - 9,200	Positively correlated sensitivity

21.2.1 Summary description of valuation methodologies

Comparable market approach (CMA)

This method uses prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Depreciated replacement cost (DRC)

The replacement cost method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components: the depreciated cost of the building element and the market value of the land. Current building costs and often the land price will be established by comparison.

Income approach (IA)

The income approach is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

NOTES TO THE FINANCIAL STATEMENTS

21.3 Carrying amounts of fair valued land and buildings

The carrying amounts of fair valued land and buildings if they were carried at cost less depreciation, would be as follows.

As at 31 March In Rs. '000s	Group	
	2024	2023
Cost	18,009,828	17,865,448
Accumulated depreciation and impairment	(2,499,399)	(2,199,235)
Carrying value	15,510,429	15,666,213

21.4 Segmental Analysis of Net Book Value of property, plant and equipment

As at 31 March In Rs. '000s	Group	
	2024	2023
Sri Lanka	18,857,286	18,095,197
Maldives	14,301,157	16,726,641
	33,158,443	34,821,838

21.5 No assets have been pledged as security for term loans obtained (2023 - Nil).

21.6 Group property, plant and equipment with a cost of Rs. 4,712 Mn (2023 - Rs.4,146 Mn) have been fully depreciated but continue to be used by the Group.

21.7 No borrowing costs has been capitalised during the year ended 31 March 2024 (2023- Nil) by the Group.

22 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Set out below are the new accounting policies of the Group upon adoption of SLFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets when the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

22.1 Amounts recognised in the statement of financial position

22.1.1 Right-of-use assets

Set out below, are the carrying amounts of the Group's right-of-use assets and the movements for the period ended 31 March 2024 and 31 March 2023.

As at 31 March In Rs. '000s	Group			
	Leasehold properties	Motor vehicles	Total 2024	Total 2023
Cost				
At the beginning of the year	51,334,973	31,614	48,612,845	45,117,534
Additions	-	-	-	54,614
Disposals	-	-	-	(25,657)
Adjustments	(48,214)	-	(48,214)	-
Exchange differences	-	-	-	3,466,354
At the end of the year	51,286,759	31,614	48,564,631	48,612,845
Accumulated depreciation and impairment				
At the beginning of the year	9,909,135	13,482	7,168,876	4,433,643
Depreciation	2,426,366	10,535	2,436,901	2,758,820
Disposals	-	-	-	(23,587)
Exchange difference	3,487,810	-	3,487,810	-
At the end of the year	15,823,311	24,017	13,093,587	7,168,876
Carrying value	35,463,448	7,597	35,471,044	41,443,969

22.1.2 Lease liabilities

Set out below, are the carrying amounts of the Group's lease liabilities and the movements for the period ended 31 March 2024 and 31 March 2023.

As at 31 March In Rs. '000s	Group	
	2024	2023
At the beginning of the year	22,807,882	22,607,639
Cash movement		
Payments	(2,298,235)	(2,357,378)
Non cash movement		
Additions	-	54,614
Disposals	-	(2,539)
Adjustments/transfers	(48,214)	-
Finance charge on lease liabilities	552,202	579,917
Exchange differences	(1,624,395)	1,925,629
At the end of the year	19,389,240	22,807,882
Current		
	3,143,257	1,682,243
Non-current		
	16,245,983	21,125,639
At the end of the year	19,389,240	22,807,882

The maturity analysis of lease liabilities are disclosed in Note 11.2.2

NOTES TO THE FINANCIAL STATEMENTS

22.2 Amounts recognised in the income statement

For the year ended 31 March In Rs. '000s	Group	
	2024	2023
Depreciation of right-of-use assets	2,436,901	2,758,820
Finance charges on lease liabilities	552,202	579,917
Total amount recognised in income statement	2,989,103	3,338,737

Expenses relating to short term leases and leases of low value assets amounting to 46Mn (2023 - 32Mn) has been recognised in profit or loss.

The Group had total cash outflows from leases amounting to Rs. 2,398Mn in 2024 (2023 - 2,357Mn).

The Group uses 6 months AWPLR plus margin, LIBOR/SOFR plus margin when calculating the incremental borrowing rate which reflects the average rate of borrowings in the Group.

23 INVESTMENT PROPERTIES

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day to- day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise. Fair values are evaluated at least every 3 years by an accredited external, independent valuer. The most recent revaluation was carried out on 31 December 2023.

Investment properties are de-recognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use for a transfer from investment property to owner occupied property. The deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the financial statements, and accounted using Group accounting policy for property, plant and equipment.

As at 31 March In Rs. '000s	Group	
	2024	2023
At the beginning of the year	1,970,300	1,768,900
Additions during the year	1,978	-
Net gain from fair value remeasurement	98,250	201,400
At the end of the year	2,070,528	1,970,300
Freehold property	2,070,528	1,970,300
	2,070,528	1,970,300
Direct operating expenses that did not generate rental income	7,591	7,185

Fair value of the investment property is ascertained by independent valuations carried out by chartered valuation surveyors, who have recent experience in valuing properties of akin location and category. Investment property is appraised in accordance with LKAS 40, SLFRS 13 and the 8th edition of International Valuation Standards published by the International Valuation Standards Committee (IVSC) by the independent valuers. In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

The changes in fair value recognised in the income statement. The determined fair values of investment properties, using investment method, are most sensitive to the estimated yield as well as the long term occupancy rate.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in the valuer's considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

Description of valuation techniques used and key inputs to valuation on investment properties:

Property	Method of Valuation	Effective date of valuation	Name of the Chartered Valuation Surveyor	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
Land of					
Ahungalla Holiday Resorts (Pvt) Ltd	CMA/DRC	31 December 2023	Mr. S Fernando	Estimated price: Per perch Rs. 290,000 - 465,000	Positively correlated sensitivity
Resort Hotels Ltd	CMA/DRC	31 December 2023	Mr. S Fernando	Estimated price: Per perch Rs. 130,000 - 300,000	Positively correlated sensitivity
Trinco Walk Inn Ltd	CMA/DRC	31 December 2023	Mr. S Fernando	Estimated price: Per perch Rs. 160,000 - 400,000	Positively correlated sensitivity
Wirawila Walk Inn Ltd	CMA/DRC	31 December 2023	Mr. S Fernando	Estimated price: Per perch Rs. 24,000 - 27,200	Positively correlated sensitivity

NOTES TO THE FINANCIAL STATEMENTS

24 INTANGIBLE ASSETS AND GOODWILL

Basis of recognition

An Intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of measurement

The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged to income statement in the year in which the expenditure is incurred.

Useful economic lives, amortisation and impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives such as Goodwill are not amortised but tested for impairment annually, or more frequently when an indication of impairment exists either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

As at 31 March In Rs. '000s	Group	
	2024	2023
At the beginning of the year	670,407	670,407
Impairment	-	-
At the end of the year	670,407	670,407

As at 31 March In Rs. '000s	Net carrying value of goodwill	
	2024	2023
Cinnamon resorts	670,407	670,407
	670,407	670,407

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

Gross Margins

The basis used to determine the value assigned to the budgeted gross margins, is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Inflation

The basis used to determine the value assigned to the budgeted cost inflation is the inflation rate based on projected economic conditions.

Discount Rate

The discount rate used (15%) is the risk free rate adjusted by the appropriate risk premium.

Volume Growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the industry growth rates during the pre pandemic period and depreciation of Rupees against US dollar.

Cash flows beyond the five year period has been extrapolated using a zero growth rate.

25 INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries are initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries are immediately recognised in the income statement. Following initial recognition, Investment In subsidiaries are carried at cost less any accumulated impairment losses.

25.1 Carrying value

As at 31 March		Group		Company	
In Rs. '000s	Note	2024	2023	2024	2023
Investment in subsidiaries - Unquoted	25.2	-	-	12,363,163	12,690,759
		-	-	12,363,163	12,690,759

25.2 Investments in subsidiaries - Unquoted

As at 31 March	Group		Company		Cost (Rs. '000s)	
	Effective holding	Effective holding	Effective holding	Effective holding	2024	2023
	2024	2023	2024	2023		
Ceylon Holiday Resorts Ltd	99.39%	99.39%	99.39%	99.39%	3,152,247	3,152,247
Yala Village (Pvt) Ltd	93.78%	93.78%	93.78%	93.78%	300,678	300,678
Kandy Walk Inn Ltd	98.39%	98.39%	98.39%	98.39%	408,998	408,998
Habarana Lodge Ltd	98.35%	98.35%	98.35%	98.35%	695,083	695,083
Habarana Walk Inn Ltd	98.77%	98.77%	98.77%	98.77%	311,851	311,851
Trinco Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	357,000	357,000
Cinnamon Holidays (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	200	200
Trinco Walk Inn Ltd	100.00%	100.00%	100.00%	100.00%	95,940	95,940
Wirawila Walk Inn Ltd	100.00%	100.00%	100.00%	100.00%	30,552	29,821
Rajawella Hotels Co. Ltd	100.00%	100.00%	100.00%	100.00%	37,704	37,005
Ahungalla Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	137,419	136,445
Nuwara Eliya Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	1,237	331,237
International Tourists and Hoteliers Ltd	99.33%	99.33%	99.33%	99.33%	2,094,401	2,094,401
John Keells Maldivian Resorts (Pte) Ltd	100.00%	100.00%	100.00%	100.00%	4,739,853	4,739,853
Hikkaduwa Holiday Resorts (Pvt) Ltd	99.39%	99.39%	-	-	-	-
Resort Hotels Ltd	99.39%	99.39%	-	-	-	-
Beruwala Holiday Resorts (Pvt) Ltd	99.33%	99.33%	-	-	-	-
Travel Club (Pte) Ltd	100.00%	100.00%	-	-	-	-
Fantasea World Investments (Pte) Ltd	100.00%	100.00%	-	-	-	-
Tranquility (Pte) Ltd	100.00%	100.00%	-	-	-	-
Total investments in subsidiaries					12,363,163	12,690,759

25.3 Material partly-owned subsidiaries

The Group has concluded that non-controlling interest is not material in aggregate and individually for disclosure purpose.

NOTES TO THE FINANCIAL STATEMENTS

26 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint venture entered into by the Group, which has been accounted for using the equity method of accounting, is

Name	Country of incorporation
Sentinel Realty Pvt Ltd	Sri Lanka

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Associate company which has been accounted for using the equity method of accounting is:

Name	Country of incorporation
Indra Hotels & Resorts Kandy (Pvt) Ltd	Sri Lanka

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The share of profit or loss of an associate or a joint venture is shown on the face of income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of result of equity accounted investees' in the income statement.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

The accounting policies of associate companies and joint ventures conform to those used for similar transactions of the Group. Equity method of accounting has been applied for associates and joint ventures using their corresponding/matching 12 month financial period. Nature of the entity's relationship, principal place of business and the country of incorporation is disclosed in group directory.

26.1 Carrying value

As at 31 March In Rs. '000s	Effective Holding	Group		Company	
		2024	2023	2024	2023
Investments in joint venture - Unquoted					
Sentinel Realty (Pvt) Ltd	50%	85,444	82,759	72,402	71,282
Investments in associate - Unquoted					
Indra Hotels & Resorts Kandy (Pvt) Ltd	40%	1,284,731	700,164	1,278,560	696,560
Carrying value		1,370,175	782,923	1,350,962	767,842

26.2 Summarised financial information of equity accounted investees

For the year ended 31 March In Rs. '000s	Sentinel Realty (Pvt) Ltd		Indra Hotels & Resorts Kandy (Pvt) Ltd		Total	
	2024	2023	2024	2023	2024	2023
Group share of;						
Revenue	-	-	-	-	-	-
Operating (expenses)/income	(1,235)	(1,055)	(355)	(123)	(1,590)	(1,178)
Net finance income	-	-	3,969	-	3,969	-
Gain from fair value remeasurement of investment properties	4,000	10,350	-	-	4,000	10,350
Tax expense	(1,200)	(3,204)	(1,047)	-	(2,247)	(3,204)
Share of results of equity accounted investees	1,565	6,091	2,567	(123)	4,132	5,968
Other comprehensive income						
	-	-	-	-	-	-
Total comprehensive income	1,565	6,091	2,567	(123)	4,132	5,968

NOTES TO THE FINANCIAL STATEMENTS

The share of results of equity accounted investees in Income Statement and Other Comprehensive Statement are shown net of all related taxes.

As at 31 March	Sentinel Realty (Pvt) Ltd		Indra Hotels & Resorts Kandy (Pvt) Ltd		Total	
In Rs. '000s	2024	2023	2024	2023	2024	2023
Group share of;						
Non current assets	90,101	86,147	2,999,948	1,744,187	3,090,049	1,830,334
Current assets	1,414	206	374,622	388,383	376,036	388,589
Total assets	91,515	86,353	3,374,570	2,132,570	3,466,085	2,218,923
Non current liabilities	(4,454)	(3,254)	(2,084,465)	(1,432,329)	(2,088,919)	(1,435,583)
Current liabilities	(1,617)	(340)	(5,374)	(77)	(6,991)	(417)
Total liabilities	(6,071)	(3,594)	(2,089,839)	(1,432,406)	(2,095,910)	(1,436,000)
Net assets	85,444	82,759	1,284,731	700,164	1,370,175	782,923
Cash Flows						
Operating activities	100	(818)	(69,419)	(159,221)	(69,319)	(160,039)
Investing activities	(12)	(25)	(1,254,961)	(874,425)	(1,254,973)	(874,450)
Financing activities	1,120	1,020	1,237,336	1,119,674	1,238,456	1,120,694

The Group and the Company have neither contingent liabilities nor capital and other commitments in respect of its joint venture and associate.

27 NON-CURRENT FINANCIAL ASSETS

As at 31 March		Group		Company	
In Rs. '000s	Note	2024	2023	2024	2023
Quoted Investments					
Ceylon Hotels Corporation PLC		10	12	10	12
Unquoted Investments					
Rainforest Ecolodge (Pvt) Ltd		8,871	8,871	-	-
Sri Lanka Hotel Tourism Training Institute Ltd		-	-	-	-
Rajawella Holdings Ltd		161,357	161,357	-	-
Loans to executives	271.2	2,152	4,014	-	-
Total		172,390	174,254	10	12

The fair values of the quoted investments are based on the market price at the reporting date. The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

27.1 Loans to executives

As at 31 March In Rs. '000s	Group	
	2024	2023
At the beginning of the year	4,694	4,775
Loans granted/transfers	-	6,000
Recoveries	(1,462)	(6,081)
At the end of the year	3,232	4,694
27.1.1 Receivable within one year	1,080	680
27.1.2 Receivable between one and five years	2,152	4,014
	3,232	4,694

28 OTHER NON-CURRENT ASSETS

As at 31 March In Rs. '000s	Group	
	2024	2023
Prepaid staff loans	1,870	2,711
	1,870	2,711

29 INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

Food and Beverage	- On a weighted average basis
Housekeeping and Maintenance	- On a weighted average basis
Other inventories	- At actual cost

As at 31 March In Rs. '000s	Group	
	2024	2023
Food and beverage	299,396	297,556
Housekeeping and maintenance	189,856	186,328
Others	110,946	118,672
	600,198	602,556
Less : provision for slow moving inventories	(2,504)	(2,214)
Total	597,694	600,342

There were no inventories pledged as security for borrowings as at 31 March 2024 (as at 31 March 2023- Nil).

NOTES TO THE FINANCIAL STATEMENTS

30 TRADE AND OTHER RECEIVABLES

Receivables represent the Group's right to an amount of consideration that is unconditional. Trade receivables and contract assets are non-interest bearing and are generally on terms of 30 to 90 days.

The Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

As at 31 March In Rs. '000s	Note	Group	
		2024	2023
Trade receivables		3,077,126	2,632,367
Contract assets		275,946	230,530
Less : Provision for expected credit losses	30.1	(144,434)	(162,248)
		3,208,638	2,700,649
Other receivables		227,251	200,996
Loans to executives	27.1.1	1,080	680
Total		3,436,969	2,902,325

Refer Note 11.1.3 for age analysis of trade and other receivables.

30.1 Movement of provision for expected credit losses

In Rs. '000	Note	Group	
		2024	2023
As at the beginning of the year		162,248	159,565
Charge/(reversal) for the year		(17,814)	2,683
As at the end of the year		144,434	162,248

31 OTHER CURRENT ASSETS

As at 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Prepayments and non-cash receivables	286,037	247,868	5,000	4,985
Tax recoverable	241,873	257,926	2,366	195
Total	527,910	505,794	7,366	5,180

32 SHORT-TERM INVESTMENTS

Short-term investments are liquid assets or cash, which are being held for a short period of time, with the primary purpose of controlling the tactical asset allocation.

Cash and cash equivalents in the statement of cash flows comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the cashflow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

As at 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Bank deposits (Less than 3 months) reported for cash flow	29,499	271,078	-	108,569
Bank deposits (more than 3 months and less than 1 year)	-	305,605	-	-
Total Short-term investments	29,499	576,683	-	108,569
Reported in statement of cash flows	29,499	271,078	-	108,569

33 STATED CAPITAL AND OTHER COMPONENTS OF EQUITY

The ordinary shares of John Keells Hotels PLC are quoted in the Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are eligible for one vote per share at General Meetings of the Company. The Group has in place an Employee Share Option Plan. Please refer Note 34 for further details.

33.1 Stated Capital

As at 31 March	2024		2023	
	Number of shares '000s	Value of shares in Rs. '000s	Number of shares '000s	Value of shares in Rs. '000s
Fully paid ordinary shares				
At the beginning of the year	1,456,147	9,500,247	1,456,147	9,500,247
At the end of the year	1,456,147	9,500,247	1,456,147	9,500,247

NOTES TO THE FINANCIAL STATEMENTS

33.2 Other components of equity

As at 31 March		Group		Company	
In Rs. '000s	Note	2024	2023	2024	2023
Revaluation reserve	33.2.1	8,117,876	7,282,548	-	-
Foreign currency translation reserve	33.2.2	11,998,396	13,697,272	-	-
Fair value reserve of financial assets at FVOCI	33.2.3	(9,362)	(9,360)	(3)	(1)
Employee share option plan reserve	33.2.4	61,553	60,331	-	-
		20,168,463	21,030,791	(3)	(1)

33.2.1 Revaluation reserve consists of the net surplus on the revaluation of property, plant and equipment.

33.2.2 Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operation into Sri Lankan Rupees.

33.2.3 Fair value reserve of financial assets at FVOCI includes changes of fair value of equity instruments.

33.2.4 Employee share option plan reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

34 SHARE-BASED PAYMENT PLANS

Employee share option plan

Employees of the company and its subsidiaries are eligible to participate in employee share option schemes of John Keells Holdings PLC (Ultimate parent). Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transaction).

The Group applies SLFRS 2 Share-based Payments in accounting for employee remuneration in the form of shares from financial year 2013/14 onwards.

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Employee share option scheme

Under the John Keells Group's Employees share option scheme (ESOP), share options of the parent are granted to senior executives of the company and the subsidiary with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vest over a period of four years and is dependent on a performance criteria and a service criteria. The performance criteria being a minimum performance achievement of "Met Expectations" and service criteria being that the employee has to be in employment at the time the share options vest. The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The contractual term for each option granted is five years. There are no cash settlement alternatives.

The expense recognised for employee services received during the year is shown in the following table:

For the year ended 31 March In Rs. '000s	Group	
	2024	2023
Share-based payments expense during the year	1,233	851
	1,233	851

Movements during the year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

As at 31 March	Group			
	2024		2023	
	No.	WAEP (Rs.)	No.	WAEP (Rs.)
Outstanding at 1 April	166,587	148.33	272,561	163.17
Granted during the year	-	-	81,900	137.86
Transfer in	-	-	988	154.10
Forfeited during the year	(38,159)	154.10	(188,862)	169.52
Outstanding at 31 March	128,428	137.86	166,587	148.33
Exercisable at 31 March	9,625	137.86	84,687	154.10

Accounting judgements, estimates and assumptions

Estimating fair value for share-based payment transactions require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The John Keells Holdings Group measures the cost of equity settled transactions with employees relevant to the entire Group by reference to the fair value of the equity instruments on the date at which they are granted. The same assumptions have been used by the John Keells Hotels Group. The expected life of the share options is based on the historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

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The following information were used and results were generated using binomial model for ESOP.

As at 31 March	2024	2024	2023	2022	2021	2020
	Plan no 11 Award 2.1	Plan no 11 Award 2	Plan no 11 Award 1	lan no 10 Award 3	Plan no 10 Award 2	Plan no 10 Award 1
Dividend yield (%)	2.07	2.54	2.90	3.28	3.87	3.62
Expected volatility (%)	25.05	24.99	24.15	22.37	21.35	17.47
Risk free interest rate (%)	14.49	26.92	23.10	8.87	6.44	9.83
Expected life of share options (Years)	5	5	5	5	5	5
Weighted average share price at the grant date (Rs.)	158.36	137.83	119.85	132.63	134.74	138.70
Weighted average remaining contractual life for the share options outstanding (Years)	3	3	3	3	3	3
Weighted average fair value of options granted during the year (Rs.)	52.79	45.94	39.95	44.21	44.91	46.23
Exercise price for options outstanding at the end of the year (Rs.)	145.59	137.86	121.91	136.64	132.86	136.97

35 INTEREST-BEARING LOANS AND BORROWINGS

35.1 Bank Borrowings

As at 31 March	Group		Company	
	2024	2023	2024	2023
In Rs. '000s				
Balance at the beginning of the year	17,565,693	20,177,625	1,199,755	1,106,347
Cash Movement				
Loans obtained during the year	750,000	100,000	200,000	-
Repayments during the year	(5,377,865)	(4,373,744)	(236,000)	(1,421)
Non Cash Movement				
Accrued interest	790,152	945,497	7,644	94,599
Amortisation of transaction cost	737	959	231	231
Exchange differences	(736,017)	715,355	-	-
Balance at the end of the year	12,992,700	17,565,692	1,171,630	1,199,756
Analysed by repayment period				
Repayable within one year	6,174,553	12,961,265	824,389	938,394
Repayable after one year	6,818,147	4,604,427	347,241	261,362
	12,992,700	17,565,692	1,171,630	1,199,756

35.2 Security and Repayment Terms of Borrowings

As at 31 March In Rs. '000s	Nominal interest rate	Repayment terms	Assets pledged and collaterals	Group	
				2024	2023
Ceylon Holiday Resorts Ltd	Fixed	48 monthly instalments after a grace period of 12 months commencing from Jan 2023	Letter of Comfort from John Keells Holdings PLC	496,480	591,120
	Fixed for the first 5 years and 1 month AWPLR plus margin for the next 5 years	102 monthly instalments after a grace period of 18 months, commencing from August 2022	Corporate Guarantee from John Keells Hotels PLC	2,635,725	3,033,912
	AWPLR to be fixed monthly	Each loan to be repaid within a maximum period of 90 days from the date of grant	Corporate Guarantee from John Keells Hotels PLC of Rs. 300Mn	300,000	-
Beruwala Holiday Resorts (Pvt) Ltd	1 month SOFR based plus margin	23 monthly instalments commencing from August 2022	-	20,514	208,022
Habarana Lodge Ltd	1 month SOFR based plus margin	23 monthly instalments commencing from August 2022	-	7,326	40,180
	Fixed	18 monthly instalments after a grace period of 6 months and debt moratorium, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC and Letter of Comfort from John Keells Holdings PLC	-	17,838
Hikkaduwa Holiday Resorts (Pvt) Ltd	1 month SOFR based plus margin	23 monthly instalments commencing from August 2022	-	19,877	109,013
	Fixed	18 monthly instalments after a grace period of 6 months and debt moratorium, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC and Letter of Comfort from John Keells Holdings PLC	-	8,892
	Fixed	72 monthly instalments after a grace period of 12 months and moratorium period, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC	443,675	534,118
Trinco Holiday Resorts (Pvt) Ltd	AWPLR based plus margin	13 monthly instalments after a grace period of 12 months and debt moratorium, commencing from July 2022	Letter of comfort of John Keells Hotels PLC	12,254	61,267
	1 month SOFR based plus margin	23 monthly instalments commencing from August 2022	-	8,576	47,036
	Fixed	18 monthly instalments after a grace period of 6 months and debt moratorium, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC and Letter of Comfort from John Keells Holdings PLC	-	8,686

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As at 31 March In Rs. '000s	Nominal interest rate	Repayment terms	Assets pledged and collaterals	Group	
				2024	2023
Yala Village (Pvt) Ltd	1 month SOFR based plus margin	23 monthly instalments commencing from August 2022	-	5,496	10,070
	Fixed	18 monthly instalments after a grace period of 6 months and debt moratorium, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC and Letter of Comfort from John Keells Holdings PLC	-	30,123
Habarana Walk Inn Ltd	Fixed	18 monthly instalments after a grace period of 6 months and debt moratorium, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC and Letter of Comfort from John Keells Holdings PLC	-	5,966
	To be decided at the time of draw-down	Bullet payment within a maximum duration of 180 days	-	250,000	-
Kandy Walk Inn Ltd	Fixed	18 monthly instalments after a grace period of 6 months commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC and Letter of Comfort from John Keells Holdings PLC	-	12,509
John Keells Hotels PLC	Fixed for the first 3 years and 1 month AWPLR plus margin for the next 4 years	10 bi-annual instalments after a grace period of 24 months commencing from June 2023	Letter of Comfort from John Keells Holdings PLC	967,148	1,199,756
	AWPLR to be reviewed monthly	Repayable in 08 bi-annual instalments commencing after 06 months of grace period.	-	204,481	-
Tranquility (Pte) Ltd	3 month SOFR based plus margin	16 quarterly instalments after 12 months grace period commencing from September 2019 and moratorium period of 12 months from March 2020 to February 2021	Leasehold right on the Island of Kanuoiy Huraa in Kaafu (Male')	4,066,214	6,597,249
Fantasea World Investments (Pte) Ltd	3 month SOFR based plus margin	22 quarterly instalments after 18 months grace period commencing from December 2018 and moratorium period of 12 months from March 2020 to February 2021	Leasehold rights of Island of Hakuraa Huraa.	3,554,934	5,049,935
				12,992,700	17,565,692

36 EMPLOYEE BENEFIT LIABILITIES

Employee contribution plans - EPF/ETF

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The companies contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

Employee defined benefit plan - gratuity

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in the other comprehensive income.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The obligation is not externally funded.

As at 31 March	Note	Group	
		2024	2023
In Rs. '000s			
Employee defined benefit plan - gratuity	36.1	329,867	256,052
Other long term employee benefits	36.2	9,267	6,876
Balance at the end of the year		339,134	262,928

36.1 Employee defined benefit plan - gratuity

As at 31 March	Group	
	2024	2023
In Rs. '000s		
Balance at the beginning of the year	256,052	234,568
Current service cost	28,223	21,212
Interest cost on benefit obligation	49,909	20,611
Payments	(30,614)	(27,098)
Transfers	(3,267)	(638)
Loss arising from changes in assumptions	29,564	7,397
Balance at the end of the year	329,867	256,052
The expenses are recognised in the following line items in the income statement		
Cost of sales	33,359	17,719
Administrative expenses	44,747	22,121
Selling and distribution expenses	26	1,983
	78,132	41,823

The employee benefits liability of the Group is based on the actuarial valuation carried out by an independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date.

The employee benefit liability of the Group is based on the actuarial valuations carried out by Smiles Global (Pvt) Ltd., actuaries.

NOTES TO THE FINANCIAL STATEMENTS

The principal assumptions used in determining the cost of employee benefits were:

	2024	2023
Discount rate	12%	20%
Future salary increases	12%	15%

36.1.1 Sensitivity of assumptions used

If a one percentage point change is assumed in the discount rate and salary increment rate, it would have the following effects:

As at 31 March	Group			
	Discount rate		Salary increment	
In Rs. '000s	2024	2023	2024	2023
Effect on the defined benefit obligation liabilities				
1% Increase	(17,007)	(9,029)	18,440	10,224
1% Decrease	17,495	9,249	(17,087)	(9,634)

36.1.2 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years.

As at 31 March	Group	
In Rs. '000s	2024	2023
Within the next 12 months	15,777	5,875
Between 1 and 2 years	10,953	11,608
Between 2 and 5 years	153,432	116,645
Between 5 and 10 years	112,793	121,924
Beyond 10 years	36,912	-
Total expected payments	329,867	256,052

The Group weighted average duration of the defined benefit plan obligation is 5.83 (2023 - 5.87) years.

36.2 Other long term employee benefits

As at 31 March	Group	
In Rs. '000s	2024	2023
Balance at the beginning of the year	6,876	5,377
Current service cost	5,318	2,145
Payments	(2,907)	(646)
Transfers	(20)	-
Balance at the end of the year	9,267	6,876

37 OTHER DEFERRED LIABILITIES

As at 31 March In Rs. '000s	Group	
	2024	2023
Balance at the beginning of the year	23,803	50,484
Cash movement		
Payments	(18,409)	(33,617)
Non-cash movement		
Exchange differences	(1,116)	6,936
Balance at the end of the year	4,278	23,803

The above balance represents amounts due to Ooredoo Maldives PLC for providing a total ICT Infrastructure solution to Tranquility (Pte) Ltd. Payment will be made on a pre-agreed 5-year instalment plan.

38 OTHER NON-CURRENT LIABILITIES

As at 31 March In Rs. '000s	Group	
	2024	2023
Balance at the beginning of the year	158,640	73,760
Cash movement		
Additions	45,328	124,248
Non-cash movement		
Exchange differences	(13,396)	(6,231)
Amortised during the year	(67,346)	(33,137)
Balance at the end of the year	123,226	158,640

This represents non-refundable deposits received from Liveaboard Maldives (Private) Ltd to provide required facilities to house its equipment and to operate a dive base and a water sport center at Tranquility (Pte) Ltd for a period of 120 months.

39 TRADE AND OTHER PAYABLES

Trade payables are the aggregate amount of obligations to pay for goods or services, that have been acquired in the ordinary course of business.

Trade payables are classified as current liabilities if payment is due within one year.

As at 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Trade payables	1,265,022	1,112,862	-	-
Other payables	602,544	527,518	3,611	5,592
Accrued expenses	513,453	419,404	5,784	961
	2,381,019	2,059,784	9,395	6,553

Trade and other payables are normally non-interest bearing and settled within one year. For further explanation on the Group's liquidity risk management process refer Note 11.2.

NOTES TO THE FINANCIAL STATEMENTS

40 OTHER CURRENT LIABILITIES

Group classifies all non-financial current liabilities under other current liabilities.

These include non-refundable deposits, advances and other tax payables.

As at 31 March In Rs. '000s	Group	
	2024	2023
Contract liabilities	1,048,457	1,203,987
Non-refundable deposits	80,818	57,846
Other tax payables	638,229	540,408
	1,767,504	1,802,241

41 RELATED PARTY TRANSACTIONS

Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business at arm's length price with the following related entities. Governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transactions Review Committee" and Group directory. The list of Directors at each of the subsidiary and joint venture companies have been disclosed in the Group directory under the Supplementary Information section of the Annual Report.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Outstanding current account balances at the year end are unsecured, interest free and settlements occur in cash. Loans are given at pre-agreed terms and interest rates.

Non-recurrent related party transactions

There were no any non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31 March 2023 audited financial statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Recurrent related party transactions

There were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2023 audited financial Statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

41.1 Amounts due from related parties

As at 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Ultimate parent				
John Keells Holdings PLC	283	291	-	-
	283	291	-	-
Companies under common control				
Ahungalla Holiday Resorts Ltd	-	-	340	-
Asian Hotels & Properties PLC	1,055	647	-	-
Ceylon Cold Stores PLC	97	-	-	-
Ceylon Holiday Resorts Ltd	-	-	4,699	2,703
Cinnamon Holidays (Pvt) Ltd	-	-	-	29
Cinnamon Hotel Management International (Pvt) Ltd	16,423	37,656	-	-
Cinnamon Hotel Management Ltd	24,529	3,243	-	-
Habarana Lodge Ltd	-	-	-	8
Habarana Walk Inn Ltd	-	-	-	3
Hikkaduwa Holiday Resorts (Pvt) Ltd	-	-	192	250
John Keells Maldivian Resorts (Pte) Ltd	-	-	7,333	-
Kandy Walk Inn Ltd	-	-	-	5
Nuwara Eliya Holiday Resorts (Pvt) Ltd	-	-	283	93
Rajawella Hotels Co. Ltd	-	-	280	-
Sancity Hotels & Properties Ltd	80	161	32	-
South Asia Gateway Terminals (Pvt) Ltd	579	1,398	-	-
Trans Asia Hotels PLC	123	290	-	-
Travel Club Pvt Ltd	-	-	2,337	-
Trinco Holiday Resorts (Pvt) Ltd	-	-	60	4
Trinco Walk Inn Ltd	-	-	-	114
Walkers Tours Ltd	230,075	27,273	-	-
Waterfront Properties (Pvt) Ltd	13,633	-	-	-
Whittall Boustead (Travels) Ltd	9,664	3,120	-	-
Wirawila Walk Inn Ltd	-	-	300	-
Yala Village (Pvt) Ltd	-	-	-	4
	296,258	73,788	15,856	3,213
Equity accounted investees				
Sentinel Realty (Pvt) Ltd	2,971	547	2,721	339
Indra Hotels & Resorts Kandy (Pvt) Ltd	738	-	297	-
	3,709	547	3,018	339
	300,250	74,626	18,874	3,552

NOTES TO THE FINANCIAL STATEMENTS

41.2 Amounts due to related parties

As at 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Ultimate parent				
John Keells Holdings PLC	19,588	17,485	667	584
	19,588	17,485	667	584
Companies under common control				
Ahungalla Holiday Resorts Ltd	-	-	335	-
Asian Hotels & Properties PLC	1,525	334	-	-
Ceylon Cold Stores PLC	4,260	1,188	-	-
Cinnamon Hotel Management International (Pvt) Ltd	195,835	130,197	-	-
Cinnamon Hotel Management Ltd	261,969	164,438	233	190
Fairfirst Insurance Ltd	-	96	-	-
InfoMate (Pvt) Ltd	9,393	7,438	236	195
Jaykay Marketing Services (Pvt) Ltd	16,423	13,122	-	-
John Keells Foundation	2,821	-	-	-
John Keells Information Technology (Pvt) Ltd	-	284	-	-
John Keells International (Pvt) Ltd	969	306	-	-
John Keells Office Automation Ltd	1,780	1,709	-	-
John Keells Properties Ja-Ela (Pvt) Ltd	590	-	-	-
Keells Consultants (Pvt) Ltd	368	697	65	306
Keells Food Products PLC	2,603	6,068	-	-
Mackinnons Travel (Pvt) Ltd	5,549	324	-	-
Rajawella Hotels Company Ltd	-	-	278	-
Sancity Hotels & Properties Ltd	236	198	-	-
The Colombo Ice Company (Pvt) Ltd	-	705	-	-
Trans Asia Hotels PLC	142	137	-	-
Trinco Holiday Resorts (Pvt) Ltd	-	-	8	-
Walkers Tours Ltd	637	2,536	-	-
Wirawila Walk Inn Ltd	-	-	255	-
	505,100	329,777	1,410	691
	524,688	347,262	2,077	1,275

41.3 Transactions with related parties

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2024	2023	2024	2023
Ultimate parent					
Receiving of services		(109,777)	(183,756)	(7,679)	(5,778)
Rendering of services		146	226	-	-
Companies under common control					
Purchase of goods	41.3.1	(105,413)	(248,912)	-	-
Rendering of services	41.3.1	430,716	223,080	-	-
Receiving of services	41.3.1	(2,104,837)	(2,326,815)	(1,817)	(993)
Subsidiaries					
Guarantee income received	41.3.2	-	-	58,459	20,758
Transfers under finance agreement	41.3.2	-	-	-	-
Settlement under finance agreement	41.3.2	-	-	-	-
Key management personnel (KMP)					
Close family members of KMP					
Companies controlled/ jointly controlled/ significantly influenced by KMP and their close family members					
Post employment benefit plan					
Post employment benefit plan		(2,447)	(1,982)	-	-

NOTES TO THE FINANCIAL STATEMENTS

41.3.1 Transactions with companies under common control

For the year ended 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Purchase of goods				
Ceylon Cold Stores PLC	(33,240)	(8,709)	-	-
Jaykay Marketing Services (Pvt) Ltd	(38,056)	(96,710)	-	-
John Keells Office Automation (Pvt) Ltd	-	(1,007)	-	-
Keells Food Products PLC	(32,311)	(25,760)	-	-
Lanka Marine Services (Pvt) Ltd	(1,806)	(116,726)	-	-
	(105,413)	(248,912)	-	-
Rendering of services				
Ceylon Cold Stores PLC	6,794	3,678	-	-
Cinnamon Hotel Management International (Pvt) Ltd	-	41,662	-	-
Cinnamon Hotel Management Ltd	2,776	11,225	-	-
John Keells Office Automation (Pvt) Ltd	3,004	336	-	-
Keells Food Products PLC	-	4,107	-	-
Mackinnons Travels (Pvt) Ltd	672	-	-	-
South Asia Gateway Terminals (Pvt) Ltd	192	-	-	-
Walkers Tours Ltd	392,794	149,085	-	-
Waterfront Properties (Pvt) Ltd	9,125	-	-	-
Whittall Boustead (Travels) Ltd	13,744	9,270	-	-
Other related parties	1,615	3,717	-	-
	430,716	223,080	-	-
Receiving of services				
Asian Hotels & Properties PLC	(2,997)	-	-	-
Cinnamon Hotel Management International (Pvt) Ltd	(1,017,208)	(1,388,187)	-	-
Cinnamon Hotel Management Ltd	(942,396)	(780,612)	-	-
Fairfirst Insurance Ltd	-	(32,606)	-	-
Infomate (Pvt) Ltd	(59,472)	(77,621)	(1,171)	(302)
John Keells International (Pvt) Ltd	-	(3,724)	-	-
John Keells Office Automation (Pvt) Ltd	(11,201)	(7,303)	-	-
Keells Consultants (Pvt) Ltd	(2,820)	(4,029)	(646)	(691)
Mackinnons Travels (Pvt) Ltd	(58,860)	(3,266)	-	-
South Asia Gateway Terminals (Pvt) Ltd	-	(17,431)	-	-
Walkers Tours Ltd	(7,787)	(8,236)	-	-
Other related parties	(2,096)	(3,800)	-	-
	(2,104,837)	(2,326,815)	(1,817)	(993)

41.3.2 Transactions with subsidiaries

For the year ended 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Guarantee income received				
Ceylon Holiday Resorts Ltd	-	-	14,219	16,821
Kandy Walk Inn Ltd	-	-	18	105
Habarana Lodge Ltd	-	-	25	151
Habarana Walk Inn Ltd	-	-	8	50
Yala Village (Pvt) Ltd	-	-	14	85
Trinco Holiday Resorts (Pvt) Ltd	-	-	12	74
Hikkaduwa Holiday Resorts (Pvt) Ltd	-	-	2,463	2,996
John Keells Maldivian Resorts (Pte) Ltd	-	-	26,441	476
Travel Club (Pte) Ltd	-	-	15,259	-
	-	-	58,459	20,758

41.4 Compensation of Key Management Personnel

For the year ended 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Short term employee benefits	9,808	9,808	9,808	9,808
Post employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	9,808	9,808	9,808	9,808

Key management personnel include members of the Board of Directors of John Keells Hotels PLC, its subsidiaries and John Keells Holdings PLC.

OTHER DISCLOSURES

42 COMMITMENTS

Capital Commitments

As at 31 March In Rs. '000s	Group		Company	
	2024	2023	2024	2023
Guarantees committed	7,451,724	6,208,807	7,450,006	6,205,778
	7,451,724	6,208,807	7,450,006	6,205,778

NOTES TO THE FINANCIAL STATEMENTS

43 ASSETS PLEDGED

Assets pledged for facilities obtained are given in Note 35.2 to the financial statements.

44 CONTINGENT LIABILITIES

Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value. .

Subsequently, it is measured at the higher of:

- The amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or
- The amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (SLFRS 15).

Contingent assets are disclosed, where inflow of economic benefit is probable.

There were no significant contingent liabilities as at the reporting date except for the following:

John Keells Hotels PLC

Income tax assessment relating to year of assessment 2018/2019 and 2019/20

The company has lodged appeals against the assessments and is contesting these under appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31 March 2024 is estimated at Rs. 10,630,740/-.

Habarana Walk Inn Ltd

Income tax assessment relating to year of assessment 2019/20

The company has lodged appeals against the assessments and is contesting these under appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31 March 2024 is estimated at Rs. 57,292,483/-.

The management is confident that the ultimate resolution of the above contingencies are unlikely to have a material adverse effect on the financial position of the Group.

45 EVENTS SUBSEQUENT TO THE REPORTING DATE

There have been no events subsequent to the reporting date, which require disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

As we reflect on the year under review, John Keells Hotels PLC is extremely proud to have spearheaded programmes and activities that inspire the growth of our communities and our environment.



QUARTERLY INFORMATION

Income Statement - Group

For the period ended In Rs. '000s	2023/24				
	June 30th	September 30th	December 31st	March 31st	For the year ended
Revenue from contracts with customers	5,994,177	6,520,192	8,165,638	10,059,244	30,739,251
Cost of sales	(2,537,553)	(2,805,054)	(2,997,837)	(3,449,012)	(11,789,456)
Gross profit	3,456,624	3,715,138	5,167,801	6,610,232	18,949,795
Other operating income	36,098	29,115	52,893	20,822	138,928
Selling and distribution expenses	(325,434)	(369,893)	(463,962)	(366,650)	(1,525,939)
Administrative expenses	(2,873,005)	(3,071,726)	(3,015,809)	(2,600,823)	(11,561,363)
Other operating expenses	(832,041)	(712,754)	(881,021)	(927,129)	(3,352,945)
Results from operating activities	(537,758)	(410,120)	859,902	2,736,452	2,648,476
Finance costs	(734,839)	(706,926)	(761,977)	(678,395)	(2,882,137)
Finance income	36,638	6,752	12,239	10,455	66,084
Net gain from fair value remeasurement of investment properties	-	-	-	98,250	98,250
Share of results of equity accounted investees (net of tax)	459	816	(345)	3,202	4,132
Profit/(loss) before tax	(1,235,500)	(1,109,478)	109,819	2,169,964	(65,195)
Tax reversal/(expense)	275,121	190,496	(101,596)	(737,831)	(373,810)
Profit/(loss) for the year	(960,379)	(918,982)	8,223	1,432,133	(439,005)
Attributable to :					
Equity holders of the parent	(953,136)	(916,587)	8,652	1,424,643	(436,428)
Non-controlling interests	(7,243)	(2,395)	(429)	7,490	(2,577)
	(960,379)	(918,982)	8,223	1,432,133	(439,005)

Statement of Financial Position - Group

As at In Rs. '000s	2023/24			
	June 30th	September 30th	December 31st	March 31st
ASSETS				
Non-current assets	77,105,425	79,003,471	78,021,007	73,895,504
Current assets	5,057,891	4,294,911	5,669,392	6,004,036
Total assets	82,163,316	83,298,382	83,690,399	79,899,540
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent	30,299,897	30,256,719	30,306,229	31,180,442
Non-controlling interests	92,078	89,682	89,260	104,090
Total equity	30,391,975	30,346,401	30,395,489	31,284,532
Non-current liabilities	32,468,622	30,064,801	26,273,163	24,575,320
Current liabilities	19,302,719	22,887,180	27,021,747	24,039,688
Total liabilities	51,771,341	52,951,981	53,294,910	48,615,008
Total equity and liabilities	82,163,316	83,298,382	83,690,399	79,899,540
SHARE INFORMATION				
Earnings/(loss) per share	(0.65)	(0.63)	0.01	0.98
Net assets per share	20.81	20.78	20.81	21.41
Market price per share				
Highest	19.00	24.70	23.60	19.80
Lowest	15.60	17.20	18.30	17.20
Last traded price	17.20	23.50	18.80	18.60

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

Income Statement

For the year ended 31 March In USD '000s	Group		Company	
	2024	2023	2024	2023
Revenue from contracts with customers	96,628	80,019	-	-
Cost of sales	(37,060)	(29,938)	-	-
Gross profit	59,568	50,081	-	-
Dividend income	-	-	502	213
Other operating income	437	463	188	66
Selling and distribution expenses	(4,797)	(3,703)	-	-
Administrative expenses	(36,343)	(32,799)	(116)	(60)
Other operating expenses	(10,540)	(9,207)	(3)	(2)
Results from operating activities	8,325	4,835	571	217
Finance costs	(9,060)	(7,498)	(332)	(267)
Finance income	208	411	64	241
Net gain from fair value remeasurement of investment properties	309	559	-	-
Share of results of equity accounted investees (net of tax)	13	17	-	-
Profit/(loss) before tax	(205)	(1,676)	303	191
Tax (expense)/reversal	(1,175)	753	(4)	-
Profit/(loss) for the year	(1,380)	(923)	299	191
Attributable to :				
Equity holders of the parent	(1,372)	(891)		
Non-controlling interests	(8)	(32)		
	(1,380)	(923)		
Exchange Rate (Rs.)	318.12	360.36	318.12	360.36

Indicative consolidated accounts have been published in USD equivalents for information purposes only.

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. These financial statements should be read together with the auditors opinion and note to the financial statements.

The exchange rates prevailing at each year end have been used for the conversion of the income statement and the statement of financial position.

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

Statement of financial position

As at 31 March In USD '000s	Group		Company	
	2024	2023	2024	2023
ASSETS				
Non-current assets				
Property, plant and equipment	110,381	105,681	-	-
Right-of-use assets	118,079	125,778	-	-
Investment properties	6,893	5,980	-	-
Intangible assets and goodwill	2,232	2,035	-	-
Investment in subsidiaries	-	-	41,156	38,515
Investment in equity accounted investees	4,561	2,376	4,497	2,330
Non-current financial assets	574	529	-	-
Deferred tax assets	3,264	4,101	30	31
Other non-current assets	6	8	-	-
	245,990	246,488	45,683	40,876
Current assets				
Inventories	1,990	1,822	-	-
Trade and other receivables	11,441	8,808	-	-
Amounts due from related parties	1,000	226	63	11
Other current assets	1,757	1,535	25	16
Short-term investments	98	1,750	-	329
Cash in hand and at bank	3,701	3,699	1,183	1,353
	19,987	17,840	1,271	1,709
Total assets	265,977	264,328	46,954	42,585
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Stated capital	31,625	28,832	31,625	28,832
Revenue reserves	5,032	5,973	11,358	10,058
Other components of equity	67,139	63,826	-	-
	103,796	98,631	42,983	38,890
Non-controlling interests	347	301	-	-
Total equity	104,143	98,932	42,983	38,890

As at 31 March In USD '000s	Group		Company	
	2024	2023	2024	2023
Non-current liabilities				
Interest-bearing loans and borrowings	20,554	39,336	2,744	2,848
Lease liabilities	54,081	64,114	-	-
Deferred tax liabilities	5,620	4,231	-	-
Employee benefit liabilities	1,129	798	-	-
Other deferred liabilities	14	72	-	-
Non-current financial liabilities	410	481	-	-
	81,808	109,032	2,744	2,848
Current liabilities				
Trade and other payables	7,926	6,252	32	19
Amounts due to related parties	1,747	1,054	7	4
Other current liabilities	5,884	5,470	-	-
Income tax liabilities	245	267	32	31
Interest-bearing loans and borrowings	22,697	13,974	1,156	793
Lease liabilities	10,464	5,105	-	-
Bank overdrafts	31,063	24,242	-	-
	80,026	56,364	1,227	847
Total equity and liabilities	265,977	264,328	46,954	42,585
Exchange Rate (SL Rs.)	300.40	329.50	300.40	329.50

DECADE AT A GLANCE - GROUP

In Rs. '000s	2024	2023	2022	2021
OPERATING RESULTS				
Revenue	30,739,251	28,835,400	13,354,724	3,660,539
Cost of sales	(11,789,456)	(10,788,449)	(4,997,121)	(2,130,666)
Gross profit	18,949,795	18,046,951	8,357,603	1,529,873
Earnings before interest and tax (EBIT)	2,816,942	2,097,971	70,729	(4,712,323)
Finance costs	(2,882,137)	(2,702,004)	(1,235,013)	(1,124,063)
Profit/(loss) before tax	(65,195)	(604,033)	(1,297,872)	(5,854,557)
Tax reversal	(373,810)	271,489	80,940	734,749
Profit/(loss) for the year	(439,005)	(332,544)	(1,216,932)	(5,119,808)
Attributable to :				
Equity holders of the parent	(436,428)	(320,925)	(1,202,776)	(5,096,181)
Non-controlling interests	(2,577)	(11,620)	(14,156)	(23,627)
	(439,005)	(332,545)	(1,216,932)	(5,119,808)
ASSETS				
Non current assets				
Property, plant and equipment (PPE)	33,158,443	34,821,838	32,322,034	27,108,615
Right-of-use asset (ROU)	35,471,044	41,443,969	40,683,891	28,432,037
Lease rentals paid in advance (LRPA)	-	-	-	-
Investment properties (IP)	2,070,528	1,970,300	1,768,900	1,663,950
Intangible assets and goodwill (IA)	670,407	670,407	670,407	670,407
Non current assets other than PPE, ROU, LRPA and IA	2,525,082	2,311,091	2,325,788	1,863,367
	73,895,504	81,217,605	77,771,020	59,738,376
Current assets				
Short-term investments (STI) and Cash in hand and Bank (C&B)	1,141,213	1,795,642	1,732,679	1,328,341
Current assets other than STI and C&B	4,862,823	4,083,087	4,018,889	1,408,752
	6,004,036	5,878,729	5,751,568	2,737,093
Total assets	79,899,540	87,096,334	83,522,588	62,475,469
EQUITY & LIABILITIES				
Equity attributable to equity holders of the parent				
Stated capital	9,500,247	9,500,247	9,500,247	9,500,247
Revenue reserves	1,511,732	1,968,045	2,296,282	3,427,168
Other components of equity	20,168,463	21,030,791	18,244,432	11,398,724
	31,180,442	32,499,083	30,040,961	24,326,139
Non-controlling interests	104,090	99,319	99,428	104,587
Total equity	31,284,532	32,598,402	30,140,389	24,430,726

2020	2019	2018	2017	2016	2015
9,711,741	11,032,715	11,614,376	12,311,664	11,631,973	11,444,150
(3,496,474)	(3,439,138)	(4,020,790)	(3,907,360)	(3,436,976)	(3,290,496)
6,215,267	7,593,577	7,593,586	8,404,304	8,194,997	8,153,654
(633,000)	1,428,010	1,581,774	2,482,885	2,305,863	2,370,163
(653,104)	(251,103)	(255,519)	(227,788)	(182,025)	(265,101)
(1,306,957)	1,079,785	1,350,714	2,236,128	2,035,221	2,190,687
105,565	(248,090)	(220,116)	(372,620)	(286,422)	(322,923)
(1,201,392)	831,695	1,130,598	1,863,508	1,748,799	1,867,764
(1,200,568)	816,810	1,118,951	1,846,130	1,734,543	1,853,724
(824)	14,885	11,647	17,378	14,256	14,040
(1,201,392)	831,695	1,130,598	1,863,508	1,748,799	1,867,764
26,692,178	17,563,154	14,083,594	14,354,695	14,272,874	13,560,033
26,115,233	-	-	-	-	-
-	11,449,766	10,587,355	10,714,231	8,537,247	7,861,533
1,647,700	1,626,196	1,573,798	-	-	-
670,407	670,407	670,407	670,407	670,407	670,407
1,126,923	822,176	355,755	332,441	325,068	137,841
56,252,441	32,131,699	27,270,909	26,071,774	23,805,596	22,229,814
1,461,154	2,253,324	4,165,911	4,175,145	3,440,751	2,893,304
2,862,489	2,865,444	1,799,020	1,836,543	1,653,253	1,626,251
4,323,643	5,118,768	5,964,931	6,011,688	5,094,004	4,519,555
60,576,084	37,250,467	33,235,840	32,083,462	28,899,600	26,749,369
9,500,247	9,500,247	9,500,247	9,500,247	9,500,247	9,500,247
8,523,704	9,695,525	9,075,560	8,531,777	7,278,122	6,189,643
10,721,124	9,564,193	7,633,178	6,749,432	6,106,444	4,637,612
28,745,075	28,759,965	26,208,985	24,781,456	22,884,813	20,327,502
127,318	136,602	144,503	139,392	132,952	118,187
28,872,393	28,896,567	26,353,488	24,920,848	23,017,765	20,445,689

DECADE AT A GLANCE - GROUP

In Rs. '000s	2024	2023	2022	2021
Non current liabilities				
Non current liabilities other than lease liabilities & IBB	2,154,784	1,839,397	1,051,971	988,951
Lease liabilities	16,245,983	21,125,639	19,659,970	14,983,915
Interest-bearing loans and borrowings (IBB)	6,174,553	12,961,265	16,466,986	13,240,350
	24,575,320	35,926,301	37,178,927	29,213,216
Current liabilities				
Current liabilities other than borrowings, OD and lease liabilities	4,746,910	4,297,373	3,134,267	1,729,135
Current portion of lease liabilities	3,143,257	1,682,243	2,947,669	1,131,749
Current portion of borrowings and bank overdraft	16,149,521	12,592,015	10,121,336	5,970,643
	24,039,688	18,571,631	16,203,272	8,831,527
Total equity and liabilities	79,899,540	87,096,334	83,522,588	62,475,469
CASH FLOWS				
Net cash flows from/(used in) operating activities	6,067,989	5,570,841	(32,797)	(997,530)
Net cash flows from/(used) in investing activities	(1,386,701)	(1,313,786)	(126,867)	(1,522,983)
Net cash flows from/(used in) financing activities	(6,373,898)	(6,051,206)	(1,759,413)	1,776,082
Net Increase/(decrease) in Cash and Cash Equivalents	(1,692,610)	(1,794,151)	(1,919,077)	(744,431)
KEY INDICATORS				
Basic earnings per share (EPS) (Rs.)	(0.30)	(0.22)	(0.83)	(3.50)
EPS growth / (de-growth) (%)	(36.36)	73.49	76.29	(326.83)
EBIT Margin (%)	9.16	7.28	0.53	(128.73)
Dividend per share (Rs.)	-	-	-	-
Dividend pay-out (%)	-	-	-	-
Dividend yield (%)	-	-	-	-
Interest cover (no. of times)	0.98	0.78	0.06	(4.19)
Return on equity (%)	(1.38)	(1.06)	(4.48)	(19.29)
Pre-tax ROCE (%)	3.66	2.62	0.10	(8.05)
No. of shares in issue ('000)	1,456,147	1,456,147	1,456,147	1,456,147
Net assets per share (Rs.)	21.41	22.32	20.63	16.71
Debt/Equity (%)	72	79	88.51	78.97
Debt/Total assets (%)	52.21	55.53	58.90	56.54
Market price of share as at 31 March (Rs.)	18.60	18.90	11.70	9.50
Market capitalisation (Rs. '000)	27,084,334	27,521,178	17,036,917	13,833,394
Price earnings ratio (no. of times)	(62.00)	(85.91)	(14.10)	(2.71)
Assets turnover (no. of times)	0.38	0.33	0.16	0.06
Current ratio (no. of times)	0.25	0.32	0.35	0.31
USD closing rate	300.40	329.50	305.00	200.30
USD average rate	318.12	360.36	208.34	189.02

2020	2019	2018	2017	2016	2015
1,071,538	1,184,700	1,005,298	570,741	555,364	465,709
12,318,477	-	-	-	-	-
10,749,189	3,207,504	2,764,218	1,083,408	1,852,851	2,900,658
24,139,204	4,392,204	3,769,516	1,654,149	2,408,215	3,366,367
2,022,604	1,713,985	1,632,908	1,422,477	1,600,718	1,524,144
1,103,057	-	-	-	-	-
4,438,826	2,247,711	1,479,928	4,085,988	1,872,902	1,413,169
7,564,487	3,961,696	3,112,836	5,508,465	3,473,620	2,937,313
60,576,084	37,250,467	33,235,840	32,083,462	28,899,600	26,749,369
1,947,185	1,704,850	2,997,104	3,231,801	3,615,758	3,542,296
(11,016,763)	(3,791,262)	(567,660)	(3,105,447)	(2,364,080)	(1,408,306)
6,197,212	(380,813)	(333,603)	(49,099)	(1,962,069)	(2,324,195)
(2,872,366)	(2,467,225)	2,095,841	77,255	(710,391)	(190,205)
(0.82)	0.56	0.77	1.27	1.19	1.27
(246.43)	(27.27)	(39.37)	6.72	(6.30)	17.59
(6.52)	12.94	13.62	20.17	19.82	20.71
-	0.15	0.40	0.40	0.40	0.25
-	26.79	52.05	31.55	33.58	19.64
-	2.00	4.30	4.00	3.33	1.75
(0.97)	5.69	6.19	10.90	12.67	8.94
(4.18)	3.03	4.43	7.82	8.09	9.72
(1.38)	4.42	5.24	8.78	9.00	9.65
1,456,147	1,456,147	1,456,147	1,456,147	1,456,147	1,456,147
19.74	19.75	18.00	17.02	15.72	13.96
52.84	18.97	16.19	20.86	16.28	21.22
47.23	14.64	12.77	16.11	12.89	16.13
6.70	7.50	9.30	10.00	12.00	14.30
9,756,183	10,921,101	13,542,165	14,561,468	17,473,761	20,822,899
(8.17)	13.39	12.08	7.87	10.08	11.26
0.16	0.30	0.35	0.38	0.40	0.43
0.57	1.29	1.92	1.09	1.47	1.54
189.63	175.45	155.90	151.90	147.65	133.45
179.42	168.58	153.56	147.98	139.18	131.24

GROUP REAL ESTATE PORTFOLIO

Owning company and location	Buildings				Land in acres				Net book value	
	Numbers		Square feet		Freehold property		Leasehold property		Rs.'000	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
PROPERTIES - SRI LANKA										
Beruwala Holiday Resorts (Pvt) Ltd										
Cinnamon Bey Beruwala	9	9	453,136	453,136	10.82	10.82	-	-	5,461,264	5,229,002
Ceylon Holiday Resorts Ltd										
Cinnamon Bentota Beach	8	8	308,658	308,658	2.02	2.02	11.92	11.92	4,848,089	4,765,424
Hikkaduwa Holiday Resorts (Pvt) Ltd										
Hikka Tranz by Cinnamon	6	6	223,712	223,712	0.29	0.29	4.43	4.43	2,058,646	1,901,925
Habarana Lodge Ltd										
Cinnamon Lodge Habarana	79	79	101,162	101,162	-	-	36.09	36.09	897,685	861,065
Habarana Walk Inn Ltd										
Habarana Village by Cinnamon	84	84	91,369	91,369	-	-	9.34	9.34	400,095	408,837
Kandy Walk Inn Ltd										
Cinnamon Citadel Kandy	6	6	128,302	128,302	6.29	6.29	-	-	1,937,392	1,811,231
Resort Hotels Ltd										
Nilaveli	-	-	-	-	41.73	41.73	-	-	1,116,628	1,066,000
Trinco Holiday Resorts (Pvt) Ltd										
Trinco Blu by Cinnamon	9	9	94,931	94,931	13.24	13.24	-	-	1,532,535	1,463,190
Trinco Walk Inn Ltd										
Trincomalee	-	-	-	-	14.15	14.15	-	-	493,500	467,500
Wirawila Walk Inn Ltd										
Wirawila	-	-	-	-	25.15	25.15	-	-	105,600	100,600
Yala Village (Pvt) Ltd										
Cinnamon Wild Yala	78	78	81,909	81,909	-	-	9.34	9.34	616,956	616,988
Ahungalla Holiday Resorts (Pvt) Ltd										
Ahungalla	-	-	-	-	6.51	6.51	-	-	354,800	336,200
PROPERTIES - MALDIVES										
Tranquility (Pte) Ltd										
Cinnamon Dhonveli Maldives	146	146	261,327	261,327	-	-	17.16	17.16	24,711,943	27,636,127
Cinnamon Velifushi Maldives	145	145	263,512	263,512	-	-	13.22	13.22	6,226,825	8,072,854
Travel Club (Pte) Ltd										
Ellaidhoo Maldives by Cinnamon	115	115	178,294	178,294	-	-	13.80	13.80	5,062,848	6,513,657
Fantasea World Investments (Pte) Ltd										
Cinnamon Hakuraa Huraa Maldives	163	163	236,730	236,730	-	-	18.90	18.90	10,997,044	12,631,942
Total	575	575	2,423,042	2,423,042	120.20	120.20	134.2	134.20	66,821,850	73,882,542

CONSOLIDATED ECONOMIC VALUE-ADDED STATEMENT

For the year ended 31 March In Rs. '000s	Sri Lanka		Maldives		Group	
	2024	2023	2024	2023	2024	2023
Direct economic value generated						
Revenue	10,309,933	6,189,099	20,429,318	22,646,301	30,739,251	28,835,400
Finance income	66,084	148,166	-	-	66,084	148,166
Net gain from fair value remeasurement of investment properties	98,250	201,400	-	-	98,250	201,400
Share of results of equity accounted investees (net of tax)	4,132	5,968	-	-	4,132	5,968
Proceeds from sale of property, plant and equipment	4,678	7,404	10,686	23,287	15,364	30,691
	10,483,077	6,552,037	20,440,004	22,669,588	30,923,081	29,221,625
Economic value distributed						
Operating costs	7,544,898	5,194,156	15,308,826	16,768,095	22,853,724	21,962,251
Employee wages and benefits	2,275,718	2,040,494	3,100,260	3,268,366	5,375,978	5,308,860
Payments to providers of funds	1,064,732	936,502	1,817,405	1,765,502	2,882,137	2,702,004
Payments to government:					-	-
Sri Lanka	234,432	261,310	-	-	234,432	261,310
Maldives		-	42,023	57,925	42,023	57,925
Community investments	9,162	3,875	2,097	2,269	11,259	6,144
	11,128,942	8,436,337	20,270,611	21,862,157	31,399,553	30,298,494
Net economic value retained/(distributed)	(645,865)	(1,884,300)	169,393	807,431	(476,472)	(1,076,869)

Above data has been derived from the audited Financial Statements that were prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS).

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices an enterprise adopts in preparing and presenting financial statements.

ACCRUAL BASIS

Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed.

ASSET TURNOVER

Revenue divided by average total assets.

AVERAGE DAILY RATE

Room revenue divided by the number of room nights sold.

CAPITAL EMPLOYED

Shareholders' funds plus non-controlling interests and debt including lease liabilities.

CONTINGENT LIABILITIES

A condition or situation existing as of the date of the report due to past events, where the financial effect is not recognised because:

1. The obligation is crystallised by the occurrence or non-occurrence of one or more future events or,
2. A probable outflow of economic resources is not expected or,
3. It is unable to be measured with sufficient reliability.

CURRENT RATIO

Current assets divided by current liabilities.

DEBT/EQUITY RATIO

Debt excluding lease liabilities, as a percentage of shareholders' funds and non-controlling interest.

DIVIDEND PAYOUT RATIO

Dividend paid as a percentage of Company profits, adjusted for non-cash gain items.

DIVIDEND YIELD

Dividends adjusted for changes in the number of shares in issue as a percentage of the share price (diluted) at the end of the period.

EARNINGS PER SHARE (BASIC)

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

EBIT

Earnings before interest expense and tax (includes other operating income). Note that EBIT includes interest income, fair value gains and losses on investment property, depreciation and amortisation, and share of results of equity accounted investees, but excludes exchange gains or losses.

EBIT MARGIN

EBIT divided by turnover inclusive of share of results of equity accounted investees.

EBITDA

Earnings before interest expense, tax, depreciation and amortisation (includes other operating income). Note that EBITDA includes interest income, fair value gains and losses on investment property and share of results of equity accounted investees, but excludes exchange.

EFFECTIVE TAX RATE

Tax expense divided by profit before tax.

ENTERPRISE VALUE (EV)

Market capitalisation plus net debt/(net cash).

EPS GROWTH

Percentage of the increase in the EPS over the previous financial year.

EQUITY METHOD

A method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investors' share of net assets of the investee. The income statement of the investor includes the investor's share of the profit or loss of the investee.

INTEREST COVER

Consolidated profit before interest and tax, over finance costs.

NET ASSETS

Total assets minus current liabilities, long-term liabilities and non-controlling interests.

NET ASSETS PER SHARE

Net assets as at a particular financial year end divided by the number of shares in issue as at the end of the financial year .

NET DEBT/(CASH)

Total debt minus cash in hand and at bank and short-term investments.

OCCUPANCY RATE

Rooms occupied by hotel guests expressed as a percentage of available rooms.

PRE-TAX RETURN ON CAPITAL EMPLOYED

Consolidated profit before interest and tax as a percentage of average capital employed at financial year-end.

PRICE-EARNINGS RATIO

Market price per share (diluted) over diluted earnings per share.

QUICK RATIO

Cash plus short-term investments plus receivables, divided by current liabilities.

RETURN ON ASSETS

Profit after tax divided by the average total assets.

RETURN ON EQUITY (ROE)

Profit attributable to shareholders as a percentage of the average shareholders' funds.

REVENUE MANAGEMENT

The employment of pricing and segment strategies to optimise the revenue generated from the sale of room nights.

REVPAR OR REVENUE PER AVAILABLE ROOM

Room revenue divided by the number of room nights that are available (can be mathematically derived from occupancy rate multiplied by average daily rate).

SHAREHOLDERS' FUNDS

Total of stated capital, other components of equity and revenue reserve.

TOTAL DEBT

Long and short-term loans, including overdrafts, but excluding lease liabilities. Instances where total debt includes lease liabilities are explicitly mentioned.

TOTAL EQUITY

Shareholders' funds plus non-controlling interest.

WORKING CAPITAL

Current assets minus current liabilities.

GROUP DIRECTORY

SRI LANKA

CEYLON HOLIDAY RESORTS LTD

(PB 40)	- 99.39%
Owner of Cinnamon Bentota Beach	
Incorporated in	- 1966
Company operating address	- Cinnamon Bentota Beach, Galle Road, Bentota
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 2,845.5 Mn
Contact No.	- 034-2275176/7
Directors	- S Rajendra M R Svensson M H Singhawansa C L P Gunawardane

HABARANA LODGE LTD

(PB 38)	- 98.35%
Owner of Cinnamon Lodge Habarana	
Incorporated in	- 1978
Company operating address	- Cinnamon Lodge Habarana, P.O. Box 02, Habarana
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 341.6 Mn
Contact No.	- 066-2270011/2
Directors	- S Rajendra M R Svensson M H Singhawansa C L P Gunawardane

HABARANA WALK INN LTD

(PB 33)	- 98.77%
Owner of Habarana Village by Cinnamon	
Incorporated in	- 1973
Company operating address	- Habarana Village by Cinnamon, P.O. Box 01, Habarana
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 126.4 Mn
Contact No.	- 066-2270046/7
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

INTERNATIONAL TOURISTS AND HOTELIERS LTD

(PB 17)	- 99.33%
Parent of Beruwala Holiday Resorts (Pvt) Ltd	
Incorporated in	- 1973
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 1,939.8 Mn
Contact No.	- 011-2306000
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

KANDY WALK INN LTD

(PB 395)	- 98.39%
Owner of Cinnamon Citadel Kandy	
Incorporated in	- 1979
Company operating address	- Cinnamon Citadel Kandy, 124, Srimath Kuda Ratwatte Mawatha, Kandy
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs.115.2 Mn
Contact No.	- 081-2234365/6
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

RAJAWELLA HOTELS COMPANY LTD

(PB 92)	- 100%
Incorporated in	- 1992
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 37.7 Mn
Contact No.	- 011-2306000
Directors	- M R Svensson M H Singhawansa C L P Gunawardane

TRINCO WALK INN LTD

(PB 168) - 100%
Owner of real estate in Trincomalee
 Incorporated in - 1984
 Registered office address - No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
 Stated Capital - Rs. 119.9 Mn
 Contact No. - 011-2306000
 Directors - M R Svensson
 M H Singhawansa
 C L P Gunawardane

RESORT HOTELS LTD

(PB 193) - 99.39%
Owner of real estate in Nilaveli
 Incorporated in - 1978
 Registered office address - No.117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
 Stated Capital - Rs. 14.2 Mn
 Contact No. - 011-2306000
 Directors - M R Svensson
 M H Singhawansa
 C L P Gunawardane

WIRAWILA WALK INN LTD

(PB 89) - 100%
Owner of real estate in Wirawila
 Incorporated in - 1994
 Registered office address - No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
 Stated Capital - Rs. 23.7 Mn
 Contact No. - 011-2306000
 Directors - M R Svensson
 M H Singhawansa
 C L P Gunawardane

YALA VILLAGE (PVT) LTD

(PV 2868) - 93.78%
Owner of Cinnamon Wild Yala
 Incorporated in - 1999
 Company operating address - Cinnamon Wild Yala, P.O. Box 01, Kirinda Tissamaharama
 Registered office address - No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
 Stated Capital - Rs. 319.4 Mn
 Contact No. - 047- 2239449/52
 Directors - M A Perera - Chairperson
 S Rajendra
 M R Svensson
 M H Singhawansa
 C L P Gunawardane
 J A Davis
 N W Tambiah

BERUWALA HOLIDAY RESORTS (PVT) LTD

(PV 69678) - 99.33%
Owner of Cinnamon Bey Beruwala
 Incorporated in - 2009
 Company operating address - Cinnamon Bey Beruwala, Moragalla, Beruwala
 Registered office address - No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
 Stated Capital - Rs. 2,338.2 Mn
 Contact No. - 034-2297000
 Directors - M R Svensson
 M H Singhawansa
 C L P Gunawardane

GROUP DIRECTORY

TRINCO HOLIDAY RESORTS (PVT) LTD

(PV 69908) - 100%
Owner of Trinco Blu by Cinnamon
Incorporated in - 2009
Company operating address - Trinco Blu by Cinnamon,
Sambativu, Uppuveli,
Trincomalee
Registered office address - No. 117, Sir Chittampalam A
Gardiner Mawatha,
Colombo 02
Stated Capital - Rs. 357 Mn
Contact No. - 026-2222307
Directors - M R Svensson
M H Singhawansa
C L P Gunawardane

HIKKADUWA HOLIDAY RESORTS (PVT) LTD

(PV 71747) - 99.39%
Owner of Hikka Tranz by Cinnamon
Incorporated in - 2010
Company operating address - Hikka Tranz by Cinnamon,
No. 01, Galle Road,
Hikkaduwa
Registered office address - No. 117, Sir Chittampalam
A Gardiner Mawatha,
Colombo 2
Stated Capital - Rs. 1,062.6 Mn
Contact No. - 091-2277023
Directors - M R Svensson
M H Singhawansa
C L P Gunawardane

AHUNGALLA HOLIDAY RESORTS (PVT) LTD

(PV 85046) - 100%
Owner of real estate in Ahungalla
Incorporated in - 2012
Registered office address - No. 117, Sir Chittampalam
A Gardiner Mawatha,
Colombo 02
Stated Capital - Rs. 137.4 Mn
Contact No. - 011-2306000
Directors - M R Svensson
M H Singhawansa
C L P Gunawardane

NUWARA ELIYA HOLIDAY RESORTS (PVT) LTD

(PV 98357) - 100%
Incorporated in - 2014
Registered office address - No. 117, Sir Chittampalam
A Gardiner Mawatha,
Colombo 02
Stated Capital - Rs. 1.2 Mn
Contact No. - 011-2306000
Directors - M R Svensson
M H Singhawansa
C L P Gunawardane

CINNAMON HOLIDAYS (PVT) LTD

(PV 107427) - 100%
Inbound and Outbound Tour Operator
Incorporated in - 2015
Registered office address - No. 117, Sir Chittampalam
A Gardiner Mawatha,
Colombo 02
Stated Capital - Rs. 0.2 Mn
Contact No. - 011-2306000
Directors - M R Svensson
M H Singhawansa
C L P Gunawardane

SENTINEL REALTY (PVT) LTD

(PV 80706) - 50%
Owner of real estate in Vaakarai and Kallarawa
Incorporated in - 2011
Registered office address - No. 117, Sir Chittampalam
A Gardiner Mawatha,
Colombo 02
Stated Capital - Rs. 144.6 Mn
Contact No. - 011-2306000
Directors - B A B Goonetilleke -
Chairperson
N N Mawilmada
K Balasundaram
C L P Gunawardane

INDRA HOTELS & RESORTS KANDY (PVT) LTD

(PV 124247) - 40%

Owner of Cinnamon Red Kandy (under construction)

Incorporated in - 2017

Registered office address - No. 273, Katugastota Road, Kandy

Stated Capital - Rs. 3,194.4 Mn

Contact No. - 081-2234346

Directors - Y S H I K Silva -
Chairperson
Y S H R S Silva
Y S H H K Silva
S Rajendra
C L P Gunawardane

MALDIVES**JOHN KEELLS MALDIVIAN RESORTS (PTE) LTD**

(C-208/96) - 100%

Incorporated in - 1996

Registered office address - 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives

Stated Capital - USD 38.9 Mn

Contact No. - +9603336000

Directors - S Rajendra
M R Svensson
M H Singhawansa
C L P Gunawardane

TRAVEL CLUB (PTE) LTD

(C-121/92) - 100%

Owner of Ellaidhoo Maldives by Cinnamon

Incorporated in - 1992

Company operating address - Ellaidhoo Maldives by Cinnamon North Ari Atoll, Republic of Maldives

Registered office address - 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives

Stated Capital - USD 2.5 Mn

Contact No. - +9603336000

Directors - S Rajendra
M R Svensson
M H Singhawansa
C L P Gunawardane

TRANQUILITY (PTE) LTD

(C-344/2004) - 100%

Owner of Cinnamon Dhonveli Maldives and Cinnamon Velifushi Maldives

Incorporated in - 2004

Company operating address - Cinnamon Dhonveli Maldives, North Malé Atoll, Republic of Maldives
Cinnamon Velifushi Maldives, Vaavu Atoll, Republic of Maldives

Registered office address - 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives

Stated Capital - USD 5 Mn

Contact No. - +9603336000

Directors - S Rajendra
M R Svensson
M H Singhawansa
C L P Gunawardane

FANTASEA WORLD INVESTMENTS (PTE) LTD

(C-143/97) - 100%

Owner of Cinnamon Hakuraa Huraa Maldives

Incorporated in - 1997

Company operating address - Cinnamon Hakuraa Huraa Maldives, Meemu Atoll, Republic of Maldives

Registered office address - 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives

Stated Capital - USD 5 Mn

Contact No. - +9603336000

Directors - S Rajendra
M R Svensson
M H Singhawansa
C L P Gunawardane

NOTICE OF MEETING

Notice is hereby given that the Forty Fifth Annual General Meeting (“Meeting”) of John Keells Hotels PLC will be held as a virtual meeting on 27 June 2024 at 2.00 pm via Microsoft Teams. The business to be brought before the meeting will be:

1. To read the Notice convening the Meeting.
2. To receive and consider the Annual Report and Financial Statements of the Company for the Financial Year ended 31 March 2024 with the Report of the Auditors thereon.
3. To re-elect as a Director, Mr. S Rajendra, who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of S Rajendra is contained in Page 148 of the Annual Report.
4. To re-elect as a Director, Ms. A K Moonesinghe, who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of A K Moonesinghe is contained in Page 149 of the Annual Report.
5. To re-appoint Auditors, Messrs. Ernst & Young, Chartered Accountants and to authorise the Directors to determine their remuneration.
6. To consider any other business of which due notice has been given in terms of the relevant laws and regulations.

This Annual Report and Financial Statements of the Company are available on the:

- (1) Corporate website of the Company - <https://www.cinnamonhotels.com/media-accolades> and
- (2) The Colombo Stock Exchange website - <https://www.cse.lk/home/company-info/KHL.N0000/financial>

Shareholders may also access the Annual Report and Financial Statements on their electronic devices by scanning the following QR code.

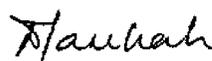


For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Rasika Pushpakumara on 011-2306666 during normal office hours (8.30 a.m. to 4.30 p.m.) or email rasikapu@cinnamonhotels.com

Any Shareholder who wishes to obtain a hard copy of the Annual Report, may send a written request to the registered office of the Company or email to rasikapu@cinnamonhotels.com by filling the request form attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) Market Days from the date of receipt of the request.

By Order of the Board,

JOHN KEELLS HOTELS PLC



KEELLS CONSULTANTS (PRIVATE) LIMITED

Secretaries Colombo

21 May 2024

Note:

- A Shareholder unable to attend the meeting is entitled to appoint a Proxy to attend and vote in his/her place.
- A Proxy need not be a Shareholder of the Company.
- A Shareholder wishing to vote by Proxy at the Meeting may use the Form of Proxy enclosed herein.
- Shareholders are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting in the Form of Proxy.
- In order to be valid, the completed Form of Proxy must be lodged at the Registered Office of the Company at No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02 or forwarded to the email address: keellsconsultants@keells.com or Fax No.011 2439037 not later than 48 hours before the Meeting.
- A vote can be taken on a show of hands or by poll. If a poll is demanded, each share is entitled to one vote.

Votes can be cast in person, by Proxy or corporate representatives. In the event an individual Shareholder and his/her Proxy holder are both present at the Meeting, only the Shareholders' vote is counted. If Proxy holder's appointor has indicated the manner of voting, only the appointor's indication of the manner of vote will be used.

FORM OF PROXY

I/We.....of
being
 a Member/s of John Keells Hotels PLC hereby appoint of
 or failing him/her

- Mr. Krishan Niraj Jayasekara Balendra or failing him
- Mr. Joseph Gihan Adisha Cooray or failing him
- Mr. Suresh Rajendra or failing him
- Mr. Mikael Roland Svensson or failing him
- Mr. Mohomed Hishan Singhawansa or failing him
- Ms. Anarkali Kumari Moonesinghe or failing her
- Dr. Kumudu Abeywickrama Gunasekera or failing him
- Mr. Hasitha Premaratne

as my/our proxy to represent me/us and vote on my/our behalf at the Forty-Fifth Annual General Meeting of the Company to be held as a virtual meeting on 27 June 2024 at 2.00 p.m. and at any postponement or adjournment thereof and at every poll which may be taken in consequence thereof.

I/ We, the undersigned, hereby direct my/ our proxy to vote for me/ us and on my/ our behalf on the specified Resolution as indicated by the letter "X" in the appropriate cage:

	FOR	AGAINST	ABSTAINED
To re-elect as a Director, Mr. S Rajendra, who retires in terms of Article 83 of the Articles of Association of the Company;			
To re-elect as a Director, Ms. A K Moonesinghe who retires in terms of Article 83 of the Articles of Association of the Company;			
To re-appoint Auditors Messrs. Ernst & Young, Chartered Accountants and to authorise the Directors to determine their remuneration.			

Signed on thisday of Two Thousand and Twenty Four.

.....
 Signature/s of shareholder/s

Note: INSTRUCTIONS AS TO COMPLETION OF PROXY FORM ARE NOTED ON THE REVERSE.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

- 1. Please perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.
- 2. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02, or forwarded to the email address: keellsconsultants@keells.com or Fax No. 011 2439037, no later than 48 hours before the time appointed for the holding of the Meeting.
- 3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
- 4. If the appointor is a Company or Corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorised officer of the Company or Corporation in accordance with its Articles of Association or Constitution.
- 5. If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise his/her discretion as to how he/she votes or, whether or not he/she abstains from voting.

Please fill in the following details:

Name	:
Address	:
Jointly with	:
Share Folio No./CDS account no.	:
National Identity Card No./	:

CORPORATE INFORMATION

NAME OF THE COMPANY

John Keells Hotels PLC

LEGAL FORM

Public Limited Liability Company incorporated in Sri Lanka on 1 October 1979

STOCK EXCHANGE LISTING

The issued shares of John Keells Hotels PLC are listed on the Colombo Stock Exchange

COMPANY REGISTRATION NO.

PQ 8

DIRECTORS

K N J Balendra – Chairperson
J G A Cooray
S Rajendra
M R Svensson
M H Singhawansa
H Premaratne
A K Moonesinghe
K A Gunasekera (Dr.)

SECRETARIES AND REGISTRARS

Keells Consultants (Private) Limited
117, Sir Chittampalam A. Gardiner Mawatha
Colombo 2

AUDITORS

Ernst & Young
Chartered Accountants
P. O. Box 101
109, Rotunda Towers,
Galle Road, Colombo 03

BANKERS

Bank of Ceylon
Citi Bank N.A.
Commercial Bank of Ceylon
Deutsche Bank A.G
DFCC Bank
Hatton National Bank
Hongkong and Shanghai Banking Corporation
National Development Bank
Nations Trust Bank
People's Bank
Sampath Bank
Seylan Bank
Union Bank

HEAD OFFICE & REGISTERED OFFICE OF THE COMPANY

117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2
Telephone : (94-11) 2421101-15, (94-11) 2306000,
(94-11) 2306666
Facsimile: (94-11) 2439046
E-mail : htlres@keells.com
Web : www.cinnamonhotels.com

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Cinnamon
HOTELS & RESORTS