

DRIVING PROGRESS LEADING WITH PURPOSE



ANNUAL REPORT 2024





A circular graphic composed of various colored segments arranged in a ring around the central text. The segments include yellow dots, orange rectangles, pink curved lines, green rectangles, purple curved lines, and blue wavy lines. The background is a solid dark blue.

OUR VALUES

**Our values show us the way to bring
our purpose to life.**

**They are crafted in celebration of
who we are today and in recognition
of who we will become.**

**Pioneers of change in a world that
never stands still.**

Our future is already in motion.

**Our values will guide us on our path
towards**

A BETTER TOMORROW™



Truly inclusive

We embrace diversity and celebrate our differences

We are curious and safeguard the right to say what you think

We debate constructively yet progress together



Do the right thing

We act with integrity to achieve results

We care about our impact on society and our planet

We are thoughtful in our decision making



Love our consumer

We understand the consumer better than anyone

We are obsessed with innovation and our brands

We have the courage to test, fail fast, and learn to improve



Passion to win

We equally Value "How" and "What", and go the extra mile for success

We prioritise effectively and act like owners of our business

We own our purpose with determination and resilience



Empowered through trust

We start with trust and believe in each other

We ensure decisions are made at the right level

We understand that empowerment comes with accountability



Stronger together

We pull together as one team, through good and bad

We collaborate beyond borders and functions

We help each other grow and succeed



Ceylon Tobacco Company PLC's unwavering commitment to governance and accountability fosters a dynamic environment where innovation thrives alongside responsibility. By embracing purpose in everything we do, we ensure that our progress is both meaningful and sustainable. Through a strong focus on Sustainability responsibilities, we have consistently excelled in product innovation, manufacturing, and human resources - all while remaining true to our core values and ethical stewardship.

The collective efforts of our farmers, employees, distributors and traders are the cornerstone of our success, bringing dedication, ingenuity, passion, and connectivity to every aspect of our operations. Together, they create an ecosystem of excellence that propels Ceylon Tobacco Company PLC forward.

Our pursuit of excellence inspires us to exceed expectations at every turn. From impactful environmental initiatives to our commitment to social responsibility, we strive to surpass our targets, ensuring that every step forward is taken with integrity.

With a vision for long-term success, Ceylon Tobacco Company PLC is dedicated to shaping a future where progress and purpose go hand in hand, recognising and celebrating the collective impact of our people in every achievement.

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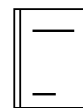
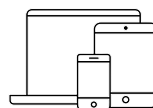
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Online references:

<http://www.ceylontobaccocompany.com>

Scan the QR Code with your smart device to view this report online.

WELCOME TO OUR INTEGRATED ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024. THIS REPORT AIMS TO PROVIDE OUR STAKEHOLDERS A BALANCED AND CONCISE ASSESSMENT OF OUR OPERATIONS AND PERFORMANCE DURING THE YEAR. IN IDENTIFYING MATTERS TO BE REPORTED, WE HAVE APPLIED THE CONCEPT OF MATERIALITY, WHICH FOCUSES ON ASPECTS THAT ARE DEEMED TO HAVE THE GREATEST IMPACT ON THE ECONOMY, ENVIRONMENT AND OUR PEOPLE. THE PROCESS FOR DETERMINING MATERIALITY IS DESCRIBED FURTHER ON PAGE 44 OF THIS REPORT.

SCOPE AND BOUNDARY OF THIS REPORT

This Report covers the operations of Ceylon Tobacco Company PLC (referred to as “CTC”, “the Company”, “we” or “our”) for the period from 1 January 2024 to 31 December 2024, including material developments until the sign off date of 22 April 2025. The Company adopts an annual reporting cycle, and this Report builds on the Company’s previous Report for the year ending 31 December 2023. There is no material restatement of information given in last year’s Report nor any significant changes to the Company’s organizational structure, operations and/or supply chain during the year.

ASSURANCE

We adopt a combined assurance model to ensure the integrity of the information provided in this Report. Assurance on the Company’s financial statements has been provided by Messrs. KPMG. Non-financial information is reported in line with Board-approved policies and procedures. All processes are monitored by the Internal Audit team.

REPORTING FRAMEWORKS

The following statutory and voluntary reporting frameworks have been adopted in preparing this Report.

- Integrated Reporting Framework of the International Integrated Reporting Council
- Sri Lanka Financial Reporting Standards
- Companies Act No. 7 of 2007
- Listing Rules of the Colombo Stock Exchange (CSE)
- Global Reporting Initiative (GRI) Standards
- United Nations Sustainable Development Goals (SDG)
- Sustainability Guide on ESG Reporting issued by the CSE
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)

DIRECTORS’ RESPONSIBILITY

The Board hereby confirms that CTC’s Integrated Annual Report of 2024 addresses all material issues and fairly reflects the Company’s integrated performance and value creation during the year. The Board also confirms that this Report has been prepared in accordance with the Integrated Reporting Framework. The Board approves this Report and its publication on 22 April 2025.



Harin de Silva Wijeyeratne

Signed by the Audit Committee Chairman, on behalf of the Board

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NAVIGATING OUR REPORT

This Report has been structured around our strategic priorities. The Report uses the following icons to clearly depict the connectivity between our strategic priorities and the capitals defined in the this Report.

STRATEGIC PRIORITIES



Building Brand Resilience



Fit-for-Purpose Manufacturing



Improving Distribution Efficiencies



Strengthening our Supply Chain



Illicit Trade and Beedi



Towards a Sustainable Future

CAPITALS



Financial Capital



Intellectual Capital



Manufactured Capital



Social and Relationship Capital



Human Capital



Natural Capital

ABOUT US

OUR VALUES

A subsidiary of British American Tobacco p.l.c. (BAT), CTC is Sri Lanka's only legal manufacturer of cigarettes and one of the most valuable corporate entities on the Colombo Stock Exchange (CSE). As the largest individual tax contributor to government revenue and a significant value injector to the local economy, CTC continues to contribute significantly to the country's socio-economic progress.

Driven by our global purpose of creating "A Better Tomorrow™," our identity is shaped by our core Values.



We are the proud employer of a diverse body of over 240 employees and we strive to create a dynamic and inclusive culture that supports diversity in all its forms.



We care about our impact on society and our planet and ensure that our operations and interactions are environmentally and socially responsible.



Our consumer centric portfolio which includes 08 Stock Keeping Units (SKU's) across 04 Brands enables us to satisfy the evolving needs of our consumers.



Our passion to win drives us towards excellence as indicative from the numerous awards and accolades we have received over the years.



Our presence in Sri Lanka for over 118 years is a reflection of the trust and confidence our consumers have placed in us.



We work in close partnership with our 1253-strong tobacco farmer network and 11-strong distributor base to ensure mutual value.

OUR EVOLUTION

Over the past 118 years, CTC has grown from strength to strength, continuously adapting to changing market conditions and adult consumer needs. All references to consumers in this Report shall only mean and include adult consumers. Our sustained commitment to responsible business practices, sustainability and value creation has enabled us to remain a trusted name in the industry, earning a reputation as a responsible corporate entity that prioritises stakeholder wellbeing. This is our journey of growth.

1906



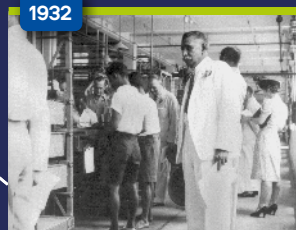
British American Tobacco p.l.c. (BAT) opened its office in Ceylon (Sri Lanka)

1927



BAT set up its first cigarette factory in Bloemendhal

1932



Incorporation of Ceylon Tobacco Company (CTC)

1937



CTC launched its first scheme to cultivate cured Virginia Tobacco in collaboration with the Department of Agriculture

2006



Launch of the Sustainable Agriculture Development Programme (SADP) – our flagship sustainability initiative

2002



Adoption of Statement of Business Principles developed by BAT

1954



CTC became a Public Limited Liability Company, listed on the Colombo Stock Exchange

1940



CTC relocated its manufacturing plant to its Head Office at Korteboam Street, Kotahena

2020



Unveiled new corporate logo in March 2020, aligned with BAT's new brand identity

2024



100% of sites AWS Certified

2025

KEY ACHIEVEMENTS DURING THE YEAR

During the year, we received a number of prestigious awards, underscoring our strong commitment to aligning our operations with global best practices. We also achieved several significant milestones in our journey of operational excellence. These achievements reflect our ongoing commitment to excellence and creating long-term value for our stakeholders.

Sustainability Excellence

We were proud recipients of the category award for Financial Performance and the Triple Bottom Line Award for Economic Sustainability at the Best Corporate Citizen Sustainability Awards 2024 organized by the Ceylon Chamber of Commerce.

We were also awarded the Best Corporate Citizen Category Award for Financial Performance by the Ceylon Chamber of Commerce in 2024.



HR Excellence

CTC was recognized as Top Employer for the 4th consecutive year by the Top Employers Institute, Netherlands for our unwavering commitment to nurturing an exceptional work environment and robust human resource practices.

Reporting Excellence

Highlighting our commitment to transparent reporting, CTC achieved a No. 1 Transparency in Corporate Reporting (TRAC) ranking with a full score for transparency in corporate reporting by Transparency International Sri Lanka (TISL).

Quality Excellence

CTC received the BAT Global Quality Excellence Award for the 3rd consecutive year highlighting our adherence to globally accepted quality standards.

OPERATIONAL MILESTONES IN 2024



Obtained Integrated Work Systems (IWS) Phase 1 accreditation for Kandy Green Leaf Threshing Plant (GLTP)



Obtained Alliance for Water Stewardship (AWS) certification for Colombo site, making 100% of our operational sites AWS certified



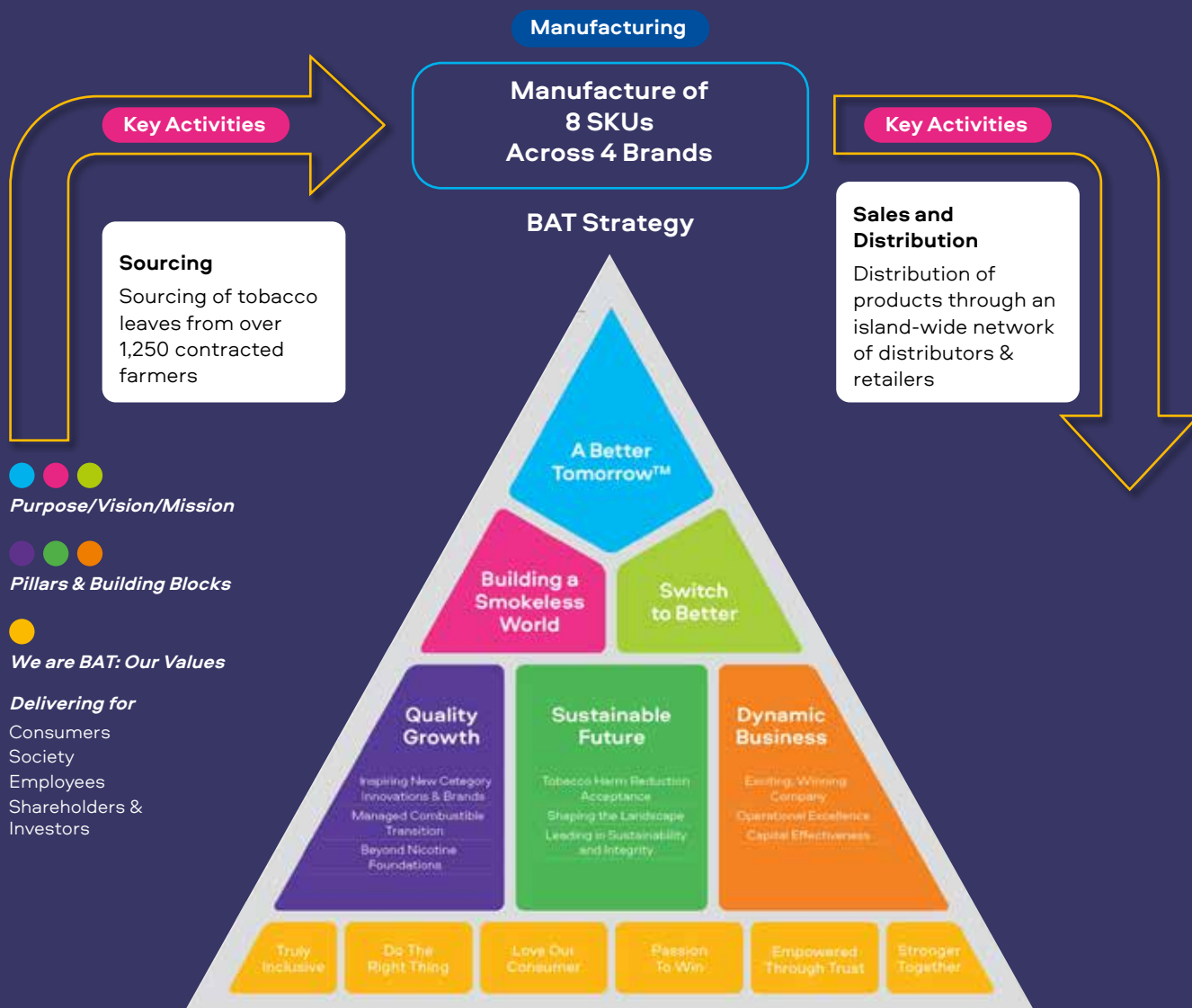
Received Authorized Economic Operator (AEO) certification from Sri Lanka Customs

OUR BUSINESS MODEL

The Value Creation model below illustrates how we strategically transform our capital inputs into meaningful outcomes for our stakeholders.

Our Capital Inputs		Our Output	Stakeholder Outcomes
	Financial Capital Shareholders' Funds: Rs. 11,137 Mn Capital Expenditure: Rs. 1,238 Mn	Profit Before Tax: Rs. 49.0 Bn Profit After Tax: Rs. 29.6 Bn Dividend Per Share: Rs. 158.24 Contribution to Government Taxes: Rs. 161.1 Bn	Sustainable and Superior Returns to Shareholders
	Manufactured Capital Manufacturing Facilities: 2 Property, Plant and Equipment: Rs. 6,497 Mn	Total Payments to Employees: Rs. 2.9 Bn	A Dynamic, Inspiring and Purposeful Place to Work for Employees
	Human Capital Employees: 244	Payments to Contracted Tobacco Farmers: Rs. 1.39 Bn	Economic Empowerment for Farmer Network and Distributor Network
	Social and Relationship Capital Contracted Tobacco Farmers: 1,253	Distributors: 11 Trader Community Relationships: 67,000	
	Intellectual Capital Brands Market Insights Access to World-Class R&D Capabilities	CSI Investments: Rs. 134 Mn	Community Development and Reduced Overall Environmental Impact
	Natural Capital Tobacco Leaf Consumed for Production: 99,969.3Kg Direct Energy Use: 33,997GJ Total Water Withdrawn: 29,175m³	Solar Power Generated: 14,344,331 kWh	

Our Value Creation Process



CTC's Business Imperatives in 2024



BOARD OF DIRECTORS



SURESH KUMAR SHAH
Chairman and Independent Non-Executive Director



KUSHAN D'ALWIS PC
Independent Non-Executive Director



HARIN DE SILVA WIJEYERATNE
Independent Non-Executive Director
(appointed w.e.f. 1 February 2024)



STUART ROBERT KIDD
Non-Executive Director



GARY TARRANT
Non-Executive Director



SAMANMALEE PRIYANVADA CHANDRASIRI
Non-Executive Director (appointed w.e.f. 7 November 2024)

**FARIYHA SUBHANI**

Managing Director & Chief Executive
Officer (appointed w.e.f. 15 April 2024)

**TOWHID AKBAR**

Executive Director

**MONISHA ABRAHAM**

Former Managing Director & Chief
Executive Officer (resigned w.e.f. 15
April 2024)

**YUDHISHTRAN KANAGASABAI**

Former Independent Non-Executive
Director (resigned w.e.f. 31 January
2024)

**RUMANA RAHMAN**

Former Non-Executive Director
(resigned w.e.f. 30 September 2024)



BOARD OF DIRECTORS

SURESH KUMAR SHAH

Chairman and Independent
Non-Executive Director

Current Appointments

Board Member of Carson Cumberbatch PLC, Bukit Darah PLC, Hatton National Bank PLC, Hunter & Company PLC and Lanka Canneries (Pvt) Ltd.

Past Appointments

Mr. Suresh Shah has held several prominent leadership roles throughout his career. He brings a wealth of experience in multifaceted roles having served a listed company as its CEO for 30 years, the broader private sector via corporate and employer apex organizations and the public sector in various capacities. He served as Director/CEO of Ceylon Beverage Holdings PLC and Lion Brewery Ceylon PLC. He was the Chairman of the Ceylon Chamber of Commerce and the Employers' Federation of Ceylon. He also served as a Commissioner of the Securities and Exchange Commission of Sri Lanka. Mr. Shah has served as a Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and headed the State-Owned Enterprise Restructuring Unit of the Government of Sri Lanka. Additionally, he was a Member of the Council of the University of Moratuwa and held the position of CFO at Lankem Ceylon PLC and United Motors Lanka PLC.

Qualifications

Mr. Shah is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

KUSHAN D'ALWIS PC

Independent Non-Executive Director

Chairman of the Remuneration Committee, and Corporate Social Investment Steering Committee, Member of the Audit Committee, Nominations Committee and the Related Party Transactions Review Committee.

Current Appointments

A Member of the Board of Directors of National Development Bank PLC.

Past Appointments

Mr. Kushan D'Alwis was a Member of the Law Commission of Sri Lanka from 2011 to 2015. He was a Member of the Panel of Legal Advisors to the Tax Appeals Commission in addition to serving as a Member of the Public Representations Committee on Constitutional Reform, appointed by the Cabinet of Ministers. He also served as the Vice Chairman of the Civil Aviation Authority of Sri Lanka while also serving as Chairman of the Office of the National Unity and Reconciliation (ONUR) of Sri Lanka. He was appointed as a Director of the Colombo Lotus Tower Management Company (Pvt) Ltd, and served as a Member of the Financial System Stability Consultative Committee of the Central Bank of Sri Lanka.

Mr. D'Alwis served as a Member of the Board of Investment of Sri Lanka and was appointed to the Presidential Committee tasked with reformulating guidelines for the appointment of President's Counsels. Additionally, he was a Member of the Committee under the Ministry of Defense, responsible for reviewing the issuance of frequency permits for television and radio broadcasting and related procedures. Mr. D'Alwis also contributed to the Standing Committee on Accreditation and Quality Assurance under the Ministry of Education. Furthermore, he served on the Board of Directors of Lanka Hospitals Corporation PLC.

Qualifications

Mr. D'Alwis took oaths as an Attorney-at-Law in 1985 and has been in active practice for over 39 years. He was conferred Silk and took oaths as President's Counsel in November 2012.

HARIN DE SILVA WIJEYERATNE

Independent Non-Executive Director
(appointed w.e.f. 1 February 2024)

Chairman of the Audit Committee, Related Party Transactions Review Committee, and Nominations and Governance Committee, Member of the Remuneration Committee, and Corporate Social Investment Steering Committee.

Current Appointments

Director of DFCC Bank, and Trans Asia Hotels PLC, and Chairman of the Audit Committee of the same Organisations. Audit Committee Chairman of MAS Holdings, Director of the Gamini Corea Trust, Director of the Ceylon Cold Stores and, Trustee of the SLINTEC Endowment Trust Fund. Remains the Founder/ Owner of Avastha Financial Advisory Services and is the Co-founder of Kalyana, a mental health advocacy group.

Past Appointments

Mr. Harin De Silva Wijeyeratne counts over 30 years of experience in general management, financial management and auditing gained through his tenures at Investcorp Bank, Bahrain, Grindlays Bahrain Bank and Ernst & Young in both Bahrain and Sri Lanka. In addition, he has also held the position of Chief Executive Officer of the Sri Lanka Institute of Nanotechnology (Pvt) Limited (SLINTEC), for over five years (2013 to 2019). Mr. Wijeyeratne was also an Independent Director of Union Assurance PLC where he chaired the Board Audit and Compliance Committee. He retired in September 2020 after completing nine years of service.

Qualifications

Mr. Wijeyeratne is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, UK.

STUART ROBERT KIDD**Non-Executive Director****Current Appointments**

Finance Director, APMEA - BAT and Non-Executive Director of BAT Bangladesh.

Past Appointments

Mr. Stuart Robert Kidd brings over 20 years of experience across diverse BAT markets, having held several senior finance roles in New Zealand, Vietnam, the United Kingdom, Hong Kong, Switzerland, and Japan. He has successfully served as Finance Director in multiple markets, most recently in Japan, where he played a key role in driving BAT's New Category growth and business transformation agenda. Mr. Kidd has also been actively involved in mergers and acquisitions across the region, further strengthening his expertise in financial strategy and corporate development.

Qualifications

Mr. Kidd holds a Bachelor of Commerce from the University of Auckland and is a Certified Chartered Accountant.

GARY TARRANT**Non-Executive Director**

Member of the Audit Committee, Related Party Transactions Review Committee and Nominations and Governance Committee.

Current Appointments

Group Head of Regulation, Non-Executive Director of BAT Bangladesh, Non-Executive Director of Pakistan Tobacco Company and Non-Executive Director of BAT Singapore.

Past Appointments

Prior to taking on his current role in January this year, Mr. Gary Tarrant was Regional Head of Legal & External Affairs for the Asia Pacific, Middle East and Africa region since 2023 where he was responsible for all

legal, regulatory and corporate affairs matters for the region. Prior to that Mr. Tarrant served as Head of Legal & External Affairs for the Middle East, South Asia and North Africa Area. Mr. Tarrant began his professional career in 1993 with Unilever's legal department and later worked at a London-based law firm before joining BAT in 2004 as Senior Trademark Manager at the Company's London head office. Throughout his career at BAT, he has held various leadership roles within the Legal and External Affairs function, spanning multiple countries in the Middle East, West Africa, and North Asia. Recognized for his ability to blend legal expertise with commercial acumen, Mr. Tarrant has a proven track record of advancing the Legal and Corporate and Regulatory Affairs strategic agenda, while also placing a strong emphasis on developing future leaders within the organization.

Qualifications

Mr. Tarrant holds a Bachelor's Degree in Mathematics and Economics from the University of Sussex, UK, and a Post Graduate Diploma in Law from the University of Nottingham, UK. Mr. Tarrant is an English qualified Solicitor.

SAMANMALEE PRIYANVADA CHANDRASIRI**Non-Executive Director
(appointed w.e.f. 7 November 2024)**

Member of the Remuneration Committee.

Current Appointments

Group Head of HR and Inclusion – Global Operations and R&D

Past Appointments

Ms. Samanmalee Priyanvada Chandrasiri is a globally experienced HR leader with a proven track record of driving impactful business transformations across multiple markets and functional areas. Ms. Chandrasiri began her management career in 2006 with HR business partnering roles at BAT Sri Lanka,

gaining experience across multiple functions. She went on to serve as the Area Head of Talent for BAT South Asia, where she oversaw talent strategies across Pakistan, Bangladesh, and Sri Lanka. In 2011, she moved to BAT Indonesia as Organisation Effectiveness Advisor, before taking on the role of HR Director at Ceylon Tobacco Company PLC, followed by a similar position for Malaysia and Singapore.

In July 2019 Ms. Chandrasiri assumed duties as Group Head of Organisation Effectiveness & Talent Management. She thereafter served as Group Head of HR for Global Marketing, Scientific Research & Development, after which she held the position of Group Head of Talent, Organisation Effectiveness, and Inclusion (London), where she led BAT's global Centre of Expertise in these areas.

Qualifications

Ms. Chandrasiri holds an MBA from Edith Cowan University and a BSc in Management from the University of London.

FARIYHA SUBHANI**Managing Director & Chief Executive Officer (appointed w.e.f. 15 April 2024)**

Member of the Corporate Social Investment Steering Committee.

Current Appointments

Country Manager, Sri Lanka

Past Appointments

Ms. Fariyha Subhani started her career at Unilever PLC in Pakistan in 1989. She has extensive experience in Brand Development & Management across various categories and leadership positions. She also spent significant time in Regional & Global roles based in Thailand, where she developed growth strategy and innovations for Homecare categories across Asia. She returned to Pakistan in 2006 as the Head of Retail Food and by 2009, she was heading the entire food business, which she helped to transform over next 5 years.

BOARD OF DIRECTORS

She also joined two boards as a CEO and Director.

In 2018, she moved from Unilever to Upfield, a new business setup post acquisition of Unilever spreads by an American private equity. She joined Upfield as GM for South and Central Asia and setup a new team, office, systems, distributor network, developed growth strategy, launched innovation and extended supply chain. She not only grew the business in many directions in 5 years, but also ensured that sustainable business and effective people management practices were adopted and followed. She also, passionately led the ESG & DEI agenda for Upfield in her market unit.

Qualifications

Ms. Subhani is a Graduate with an MSc in International Relations and an MBA from the Lahore University of Management Sciences.

TOWHID AKBAR Executive Director

Member of the Corporate Social Investment Steering Committee.

Current Appointments

Finance Director, Ceylon Tobacco Company PLC.

Past Appointments

Mr. Towhid Akbar joined British American Tobacco (BAT) in 2007 as a Territory Officer in the Trade Marketing team. After a cross-functional move to Finance, Mr. Akbar gained a wealth of experience, working in diverse markets and roles across the BAT operations. His assignments in Taiwan, Vietnam, the Global Business Services hub in Malaysia, and Group Internal Audit teams have helped him grow as an agile and knowledgeable expert in his field. As a Senior Manager, Towhid supported the unlocking of sustainable value growth across the

business. His contribution towards the delivery of numerous strategic commercial initiatives and the strengthening of the Group talent pipeline were well commended. Before moving to CTC, Mr. Akbar held the position of Commercial Finance Controller – Marketing, at BAT Bangladesh.

Qualifications

Mr. Towhid Akbar is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and holds two Master's Degrees; one from the University of London, United Kingdom, and the other, from the Institute of Business Administration, Bangladesh.

MONISHA ABRAHAM Former Managing Director & Chief Executive Officer (resigned w.e.f. 15 April 2024)

Former Member of the Nominations and Governance Committee and Corporate Social Investment Steering Committee.

Current Appointments

Managing Director, BAT Bangladesh. Non-Executive Director, BAT Bangladesh

Past Appointments

Possessing more than 25 years of experience in marketing and general management roles across the FMCG sector, Ms. Monisha Abraham has built a reputation as a leader who drives robust business strategies, while developing people and fostering high performing teams. Prior to joining BAT, Ms. Abraham built a distinguished career with Heineken N.V., gaining over 16 years of experience across five countries. She has held various senior management positions and spearheaded operations across several markets. In 2019, Ms. Abraham moved to Brussels, Belgium, where she took over as Managing Director of Ibecor, a 100% Heineken-

owned Company specialising in inbound logistics and contract management for Africa and Middle East. At Ibecor, she was responsible for transforming the organisation by expanding its business reach to Asia Pacific and the Caribbean.

Qualifications

Ms. Abraham holds a Bachelor's Degree in Commerce and an MBA from Birla Institute of Technology India.

YUDHISHTRAN KANAGASABAI Former Independent Non-Executive Director (resigned w.e.f. 31 January 2024)

Former Chairman of the Audit Committee, Related Party Transactions Review Committee, Nominations and Governance Committee, Former Member of the Remuneration Committee, and Corporate Social Investment Steering Committee.

Current Appointments

Independent Non-Executive Director and Chairman of the Board Audit Committee of People's Leasing & Finance Company PLC, MainGate (Private) Limited, Kelani Cables PLC, Arpico Insurance PLC, Asia Capital PLC, Asia Leisure Holdings (Private) Limited, Wadduwa Beach Resorts (Private) Limited and Eswaran Brothers Exports (Private) Limited. Independent Non-Executive Director of Cargills Bank PLC.

Past Appointments

Mr. Yudhishtan Kanagasabai was a Senior Partner/Chief Executive Officer of PricewaterhouseCoopers from 2006 to 2017. He was also a Non-Executive Director and Chairman of the Board Audit Committee of Union Bank PLC (a Texas Pacific Group subsidiary), Independent Non-Executive Director and Member of the Board Audit Committee of Hunter and Company PLC and

Ambeon Capital PLC, Non-Executive Director and Member of the Board Audit Committee of Lanka Canned Limited, MilleniumIT ESP (Private) Limited, Colombo City Holdings PLC, Chairman of Taprobane Capital (Private) Limited and a Commissioner of the Insurance Regulatory Commission of Sri Lanka. He also served as a Non-Executive Director and Member of the Audit Committee of Cargills Food Company (Private) Limited and Cargills Ceylon PLC, and was the Chairman of Dankotuwa Porcelain PLC.

Qualifications

Mr. Kanagasabai is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

RUMANA RAHMAN

Former Non-Executive Director
(resigned w.e.f. 30 September 2024)

Former Member of the Nominations and Governance Committee.

Current Appointments

N/A

Past Appointments

Ms. Rumana Rahman previously served as Regional Head of Talent, Culture & Inclusion, APMEA and Head of HR, BAT Bangladesh.

LEADERSHIP TEAM



JESSICA BAI
Head of Operations
(appointed w.e.f.
1 August 2024)

KAVINDA NANAYAKKARA
Deputy Chief Executive
Officer
(appointed w.e.f. 1 July 2024)

FARIYHA SUBHANI
Managing Director &
Chief Executive Officer
(appointed w.e.f. 15 April 2024)

ZAHRAH CADER
Head of Legal, Corporate &
Regulatory Affairs &
Company Secretary

Monisha Abraham – Redesignated w.e.f. 15 April 2024
Richard Taylor – Redesignated w.e.f. 31 July 2024
Aruni Abeysekera – Redesignated w.e.f. 28 February 2024



TOWHID AKBAR
Finance Director

NISHAN FERNANDO
Head of Commercial
(appointed w.e.f. 1 July 2024)

KUSHANI DASSANAYAKE
Head of Talent, Culture &
Inclusion
(appointed w.e.f. 1 March 2024)

YEAR IN NUMBERS



FINANCIAL PERFORMANCE

Year Ended 31 December		2024	2023
Financial Performance and Position			
Turnover	Rs. Mn	204,281	200,019
Government levies	Rs. Mn	141,752	142,299
Revenue	Rs. Mn	62,529	57,721
Profit before tax	Rs. Mn	48,977	46,140
Profit after tax	Rs. Mn	29,643	27,656
Net assets	Rs. Mn	11,137	11,765
Investor Information			
Earnings per share	Rs.	158.24	147.64
Interim dividends	Rs. Mn	30,298	33,362
Proposed final dividend	Rs.	17.24	18.84
Dividend per share (including interim and proposed final dividend)	Rs.	158.24	147.64
Dividend payout	%	100	100
Market value per share (closing)	Rs.	1,397.25	953.75
Market capitalisation	Rs. Mn	261,738	178,660
Net assets per share	Rs.	59.45	62.80

Government Levies

Rs. **141.8** Bn

Tobacco Leaf Purchases

Rs. **1.4** Bn

EPS

Rs. **158.24**





SOCIAL PERFORMANCE

Year Ended 31 December		2024	2023
Permanent employees	No.	244	249
Average training hours	Hours	12,300	7,599
Women participation in management roles	%	38	35



ENVIRONMENTAL PERFORMANCE

Year Ended 31 December		2024	2023
Energy consumption	GJ	34,582	34,160
Water withdrawn	m ³	29,340	32,269



DISTRIBUTION OF VALUE

We continued to generate meaningful value for our stakeholders during the year, actively contributing to the socio-economic progress of the country.

Government

Rs **161.1** Bn

in Tax Revenue



Shareholders

Rs **30.3** Bn

paid in Dividends

7%

increase in Earnings Per Share (EPS)



Employees

Rs **2.9** Bn

in Payments to Employees

Over Rs **86** Mn

investment in Training & Development



Community

300,000

livelihoods supported via CSI initiatives



Environment

94.89%

Reduction in waste to landfills

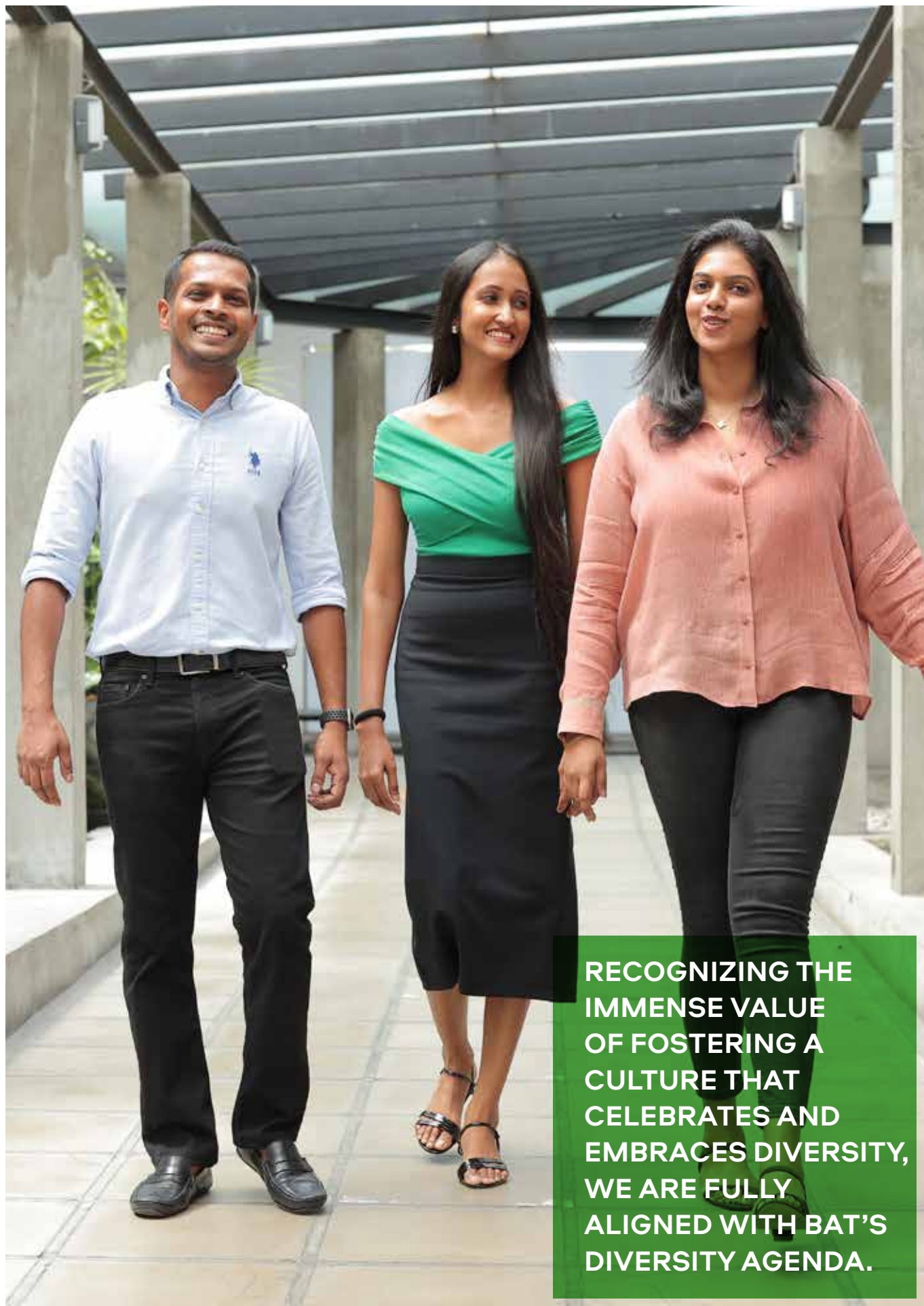


Economy

Over **70,000**

employment opportunities generated across the value chain

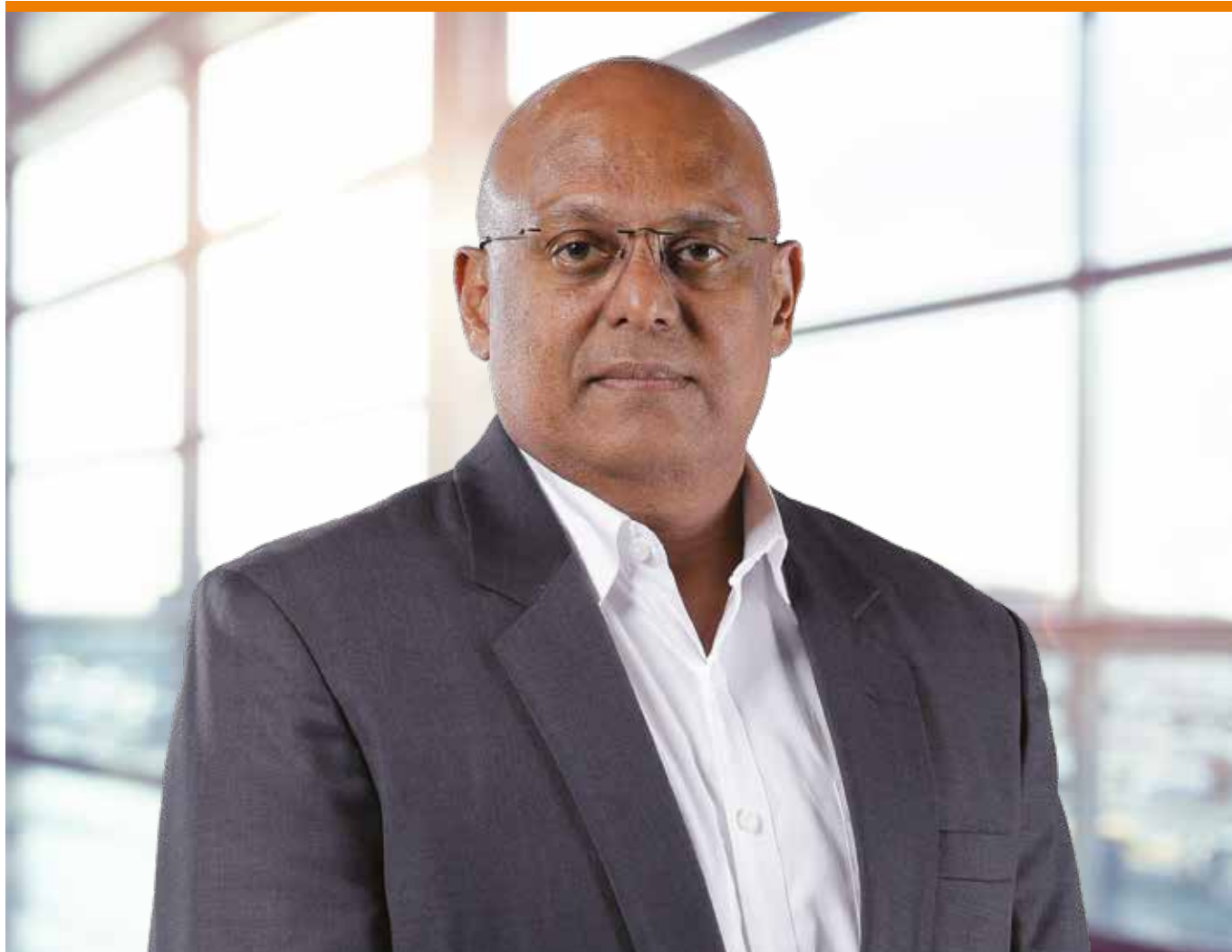




**RECOGNIZING THE
IMMENSE VALUE
OF FOSTERING A
CULTURE THAT
CELEBRATES AND
EMBRACES DIVERSITY,
WE ARE FULLY
ALIGNED WITH BAT'S
DIVERSITY AGENDA.**



CHAIRMAN'S REVIEW



A CLEAR VISION AND AN ASTUTE STRATEGY ENABLED CTC TO CONTINUE TO DELIVER TRIPLE BOTTOM LINE GROWTH AND CREATE MULTI STAKEHOLDER VALUE, AMIDST PERSISTING UNCERTAINTIES AND VOLATILITY IN THE OPERATING ENVIRONMENT.



SURESH SHAH
Chairman

Dear Shareholder,

CTC once again demonstrated its resilience and strength, by swiftly adapting to challenges and capitalizing on opportunities to continue to create value for its stakeholders. The Company recorded a 6% PBT growth despite persisting impacts on volume and margin, while achieving notable progress on its sustainability goals and targets. It therefore gives me great pleasure to present herewith CTC's Annual Report and Audited Financial Statements for the year ended 31 December 2024.

OPERATING CONTEXT

Sri Lanka's economy showed steady signs of recovery in 2024, with the country's economic reform agenda continuing to show tangible results. The country's GDP is estimated to have grown by 5% during the year, driven by a rebound in the industrial sector and a strong performance in tourism-related services. Headline inflation remained in the low single digits throughout 2024, enabling further easing of monetary policy and continued reductions in market interest rates. The successful completion of the debt restructuring process, coupled with a stronger external sector meanwhile contributed to improved external reserves, reinforcing the stability of the Sri Lankan Rupee.

Despite these positive developments, lingering effects of the economic crisis such as elevated price levels and diminished real income levels, continued to impact consumer discretionary spending, in turn impacting demand conditions for CTC. Successive excise increases including a 14% increase in January 2024 and an additional 3% VAT increase resulted in a further increase in the price of legal cigarettes, exacerbating pressure on demand. Demand dynamics were also affected by the restrictions on the manufacture and distribution of capsulated products. These

restrictions had a significant impact on our premium category in particular, where nearly 95% of sales are derived from capsulated SKUs.

The widening price gap between legal cigarettes and their illicit counterparts, have contributed to a disproportionate growth in the illicit cigarette market. Meanwhile, the expansion of the under-regulated beedi market—driven by increasing price differentials between cigarettes and beedi—also continues to impact sales volumes, particularly within the lower end of our product spectrum. These trends not only affect CTC's volumes but also result in significant tax revenue losses for the government.

PERFORMANCE

Notwithstanding the volume pressures faced during the year, CTC delivered a commendable performance recording a revenue growth of 8%. Earnings per share meanwhile increased by almost 7% to Rs. 158.24. The Company declared a total dividend of Rs. 20.96 Bn while the Company's share price closed the year at Rs. 1,397.25.

CTC'S ECONOMIC CONTRIBUTION

CTC plays a significant role in Sri Lanka's economy through its contributions to government revenue, employment generation, and community empowerment. As the single largest tax contributor to the Government, CTC's tax contribution amounted to Rs. 161.1 Billion in 2024, which was approximately 6% of the Government's total tax revenue in 2024. The Company continues to generate over 71,700 job opportunities across its value chain and injected over Rs. 1.4 Billion to the rural economy through tobacco leaf purchases. We also continue to take progressive steps towards creating a more sustainable and resilient economy by driving sustainable agricultural practices that enhance climate resilience.

Tax Contribution

Rs. **161.1** Bn

Share Price Closed for the Year

Rs. **1,397.25**

Increase in Pre-Tax Profit

Over **6%**

TOWARDS A SUSTAINABLE FUTURE

Sustainability is part of BAT's and by extension CTC's DNA. We are therefore strongly aligned to the BAT Group's Sustainability Agenda which is built around four key priorities—Creating Positive Value in Agriculture, Delivering Net Zero GHG Emissions Across our Value Chain, being a Trusted Organisation Operating with Integrity, and Ensuring Responsible Leadership in New Categories. These cross-cutting priorities allow us to create meaningful value for adult consumers, employees, and communities throughout our business and value chain. As discussed in depth in our Managing Director/Chief Executive Officer's review and the remainder of this report, we continued to achieve steady progress in each of these areas during the year. I am exceedingly proud that CTC has achieved several of its environmental sustainability targets ahead of schedule — a true testament to our unwavering commitment to environmental excellence. Operational sites attaining AWS certification, and reaching BAT's global target of 30% water recycling a year ahead of schedule are among our key achievements.

CHAIRMAN'S REVIEW

DELIVERING WITH INTEGRITY

Ethical leadership and governance form the basis of our value creation process at CTC. Providing the framework for our strong corporate governance practices is BAT's best-in-class Corporate Governance Framework, which provides a strong foundation for transparency, accountability, and sustainable growth. As part of our continuous efforts to create a cohesive organizational culture that is truly aligned to our purpose of Building "A Better Tomorrow™" we rolled out BAT's 6 corporate Values during the year. This involved a series of awareness sessions and interactive activities aimed at creating widespread awareness of our Values- Truly Inclusive, Do The Right Thing, Love Our Consumer, Passion To Win, Empowered Through Trust and Stronger Together. As part of the BAT Group we also have in place a range of codes and standards that clearly set out expected behaviour from our stakeholders including employees and supply chain partners. As part of a global update of several of these codes and standards, CTC updated its Standards of Business Conduct (SoBC), SoBC Sanctions Compliance Procedure, Supplier Code of Conduct (SCoC), Third Party Anti-Financial Crime Procedures (TPAFCP) and Responsible Marketing Framework (RMF).

All changes and updates to policies are communicated to employees through the annual policy cascade as well as via regular communications through internal communication channels. For a more detailed discussion of our compliance and governance mechanisms, please refer to the Corporate Governance section on page 98 of this Report.

THE COMPANY RECORDED A 6% PBT GROWTH DESPITE PERSISTING IMPACTS ON VOLUME AND MARGIN, WHILE ACHIEVING NOTABLE PROGRESS ON ITS SUSTAINABILITY GOALS AND TARGETS.

OUTLOOK

We are encouraged by the positive economic outlook and remain optimistic that the Company's operating conditions will continue to improve in 2025. As discussed in the Managing Director/ Chief Executive Officer's review, CTC continues to adapt its operating model to better align with evolving market conditions and is therefore now a more agile, adaptable and future-focused organization, well equipped with the right skills and strategy to navigate an increasingly complex business landscape. I am therefore confident that we are well poised for the next stage of our transformation.

The viability of the legal cigarette industry has significant implications on the economy due to the contribution it makes in terms of tax revenue, employment creation and rural development. The viability of the industry however is increasingly being compromised by the growing threat of illicit cigarettes driven by excessive taxation, lower enforcement measures, and the rising affordability gap between legal and illegal products. As a longstanding responsible corporate in Sri Lanka we are optimistic that the regulators will work in collaboration with CTC to find meaningful and equitable solutions to this growing problem and tackle the challenge of lost opportunity in Government revenue generation.

ACKNOWLEDGEMENTS

In conclusion, I take this opportunity to extend my appreciation to my colleagues on the Board for their unstinted support. I also take this opportunity to commend the Management Team and staff for their efforts to turn a challenging year into one of opportunity and growth. On behalf of the Board and the entire CTC team I extend my sincere appreciation to Ms. Monisha Abraham who relinquished duties as Managing Director/ Chief Executive Officer during the year and warmly welcome onboard Ms. Fariyha Subhani as Managing Director/ Chief Executive Officer. The Board and I look forward to working closely with her. Finally, I wish to extend my appreciation to our valuable shareholders and stakeholders whose steady support has been the foundation on which we continue to grow.



Suresh Shah
Chairman

22 April 2025

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S REVIEW



DESPITE FACING A CHALLENGING OPERATING ENVIRONMENT MARKED BY SLUGGISH DEMAND CONDITIONS, AN INCREASE IN 14% EXCISE TAXES, AND THE ESCALATING THREAT OF ILLICIT CIGARETTES, CTC ACHIEVED AN IMPRESSIVE REVENUE GROWTH OF NEARLY 8% DURING THE YEAR.

FARIYHA SUBHANI
Managing Director &
Chief Executive Officer

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Shareholder,

I am proud to present herewith an overview of our performance in 2024; a challenging yet rewarding year. Sri Lanka's economy showed signs of recovery with an easing of inflationary pressures and a gradual pick up in demand conditions. Notwithstanding these positive developments, continued excise duty increases on tobacco impacted operations during the year, exerting pressure on volumes and margins. Despite these challenging conditions CTC recorded a resilient performance, proactively adapting to evolving market conditions to continue to deliver multi-stakeholder value.

FINANCIAL PERFORMANCE

Timely portfolio interventions and improvements to distribution network enabled the Company to record a turnover growth of 2% during the year, despite significant volume pressure. Steps taken to export excess tobacco leaf also augmented revenue during the year amidst lower volumes during the year. The cost base of the Company continued to be impacted by inflationary pressures, however a sharp focus on cost optimization through operational and cost efficiencies enabled the Company to contain the increase in operational costs to 20%. Consequently, the Company generated a Profit-After-Tax of Rs. 29.6 Bn, a 7% increase compared to the previous year. Prudent capital management, and an efficient investment strategy enabled CTC to maintain its strong financial position, as indicative from favourable liquidity levels and a healthy balance sheet. CTC's contribution to the country's tax revenue was Rs. 161.1 Bn, which amounted to approximately 6% of the Government's total tax revenue in 2024. Considering the improved financial performance and cash position during the year, the Company also paid out accrued dividends of FY 2023 during FY 2024, resulting in a total dividend payment of Rs. 30.3 Bn during the year.

PEOPLE POWER

Our people are our biggest power; and we remain focused on cultivating a diverse, multi-skilled, and dynamic team that keeps our Company agile, adaptable and future-focused. Central to this effort is fostering a culture that values diversity, continuous learning, and a passion for excellence. To reinforce these principles, we rolled out BAT's 6 Values during the year, with a series of awareness sessions and interactive activities aimed at creating widespread awareness of our Values.

We believe in a development strategy that encourages cross functional expertise and continuous learning. We therefore provide employees across the organization at all levels ongoing training and development opportunities through multiple channels. In addition to onsite training we have invested in digital platforms such as GRID that provide our employees access to a vast library of global insights and learning experiences. We also offer our employees global exposure through International Assignments and local placements in other countries, enabling them to gain diverse perspectives, enhance their skills, and contribute to our global success. During the year, over 12,300 hours of training including global training were provided to our employees while 16 employees were offered International Assignment opportunities.

Recognizing the immense value of fostering a culture that celebrates and embraces diversity, we are fully aligned with BAT's diversity agenda. Our DE&I strategy is embedded in our recruitment, remuneration, and promotion policies, training and development programmes, and aims to cultivate a supportive and inclusive workplace culture for all our employees. As a testament to our longstanding commitment to gender diversity, women now hold 57% of Senior Leadership roles and 38% of Management

Turnover Growth

Over **2%**

Training Hours

Over **12,300**

'Top Employer'

Certification
for the **4th**
consecutive year

positions. Meanwhile, ongoing initiatives such as the Women of Worth (WoW) initiative and our tailor-made leadership development programme for women - 'SparkX' continue to support and empower women across the organization to reach their full potential. This year, we also launched "Supernova," a mentorship programme designed specifically to nurture women's talent in Science, Technology, Engineering and Mathematics (STEM) fields. Having achieved steady progress on our gender diversity ambitions, we are now broadening our diversity agenda to foster greater inclusion and diversity within and outside our organization.

Ensuring physical, mental, social and financial wellbeing of our employees remain top priorities at CTC. We ensure a safe work environment by continuously assessing health hazards in the work-place and introducing controls to mitigate these risks. During the year we also launched our Employee Wellbeing App as part of our efforts to promote good wellness practices among our employees. Meanwhile, events such as Sports Day, Step Challenges, and health awareness sessions are conducted

throughout the year to encourage active living and better health management. We also introduced mental health support and counselling services as part of our efforts to promote mental wellness and destigmatize mental health issues. Several personal finance management awareness sessions were also conducted to provide employees resources for better financial planning. In total, 14 impactful initiatives were carried out across these 4 wellbeing pillars during the year.

We also focused on amplifying our talent brand as part of our efforts to attract and retain top talent. During the year we launched our signature internship programme 'Ignite' with 5 undergraduates, providing them with on-the-job training experience, mentorship opportunities, and valuable industry experience. In recognition of our strong Employee Value Proposition we were certified as a "Top Employer" by the Top Employers Institute for the 4th consecutive year, further reinforcing CTC as an attractive workplace for high performers.

BUILDING BRAND RESILIENCE

The legal tobacco industry continues to face an increasing challenge from smuggled cigarettes as a result of the substantial price differential between the regulated and illegal markets. Building brand resilience to mitigate the impact on volumes therefore continues to be a critical business priority. Our efforts to build brand resilience are based on our deep understanding of our adult consumers and our commitment to providing high-quality, innovative consumer products. As part of our efforts to strengthen our premium range, we introduced 'Dunhill Blue' during the year - a product designed to uphold the premium consumer experience provided by Dunhill.

In our more price sensitive brand John Player, we have been able to retain volumes within the brand

AS A TESTAMENT TO OUR LONGSTANDING COMMITMENT TO GENDER DIVERSITY, WOMEN NOW HOLD 57% OF SENIOR LEADERSHIP ROLES AND 38% OF MANAGEMENT POSITIONS.

by catering to multiple consumer segments through different price points. Meanwhile, as part of our ongoing efforts to build brand equity of the John Player Gold Leaf brand, we embarked on a campaign to modernize the tone and persona of this heritage brand, to ensure that it aligns more closely with the evolving preferences and expectations of our consumers.

In our low segment Capstan, we focused on ensuring consistent product availability in high-traffic outlets by increasing distribution through exclusive distributors, Non-Direct Store (NDS) networks, and wholesale shops.

OPERATIONAL EXCELLENCE

Driving supply chain manufacturing and distribution excellence remained priorities as we sought to defend margins and volumes during the year.

A series of innovations and mechanization efforts were implemented across the crop production cycle, resulting in improved efficiency and reduced production costs in our leaf operation. Key highlights during the year include the introduction of drone technology for chemical application and innovations such as nursery clipping machines, and inter-cultivator machines which have significantly boosted productivity throughout the cultivation process. Broad-based process and productivity improvement initiatives carried out at our Green Leaf Threshing Plant (GLTP) through Integrated Work Systems (IWS) during the last 4 years, culminated with our GLTP becoming

the 5th GLTP globally to attain IWS Phase 1 certification. During the year, we also successfully rolled out BAT's "Leaf Grade Simplification Initiative" to streamline and simplify the tobacco leaf purchasing & packing process. These initiatives together have resulted in notable productivity improvements throughout our leaf operation.

In our manufacturing operation we focused on aligning our manufacturing capabilities to our evolving product strategy whilst continuing to drive production and cost efficiencies. Supporting these efforts, our Secondary Manufacturing Department (SMD) carried out several capacity enhancement projects including increasing our premium segment packaging quality and capacity and increasing production capacity of the 67mm cigarette. Meanwhile, on the machinery efficiency front, notable strides were achieved through IWS initiatives. The Primary Manufacturing Department (PMD) implemented cost saving initiatives which resulted in a 2% reduction in processed waste and over Rs. 21 Mn in cost savings. Ongoing efficiency initiatives in our SMD meanwhile resulted in notable improvements in key manufacturing indicators such as Overall Equipment Effectiveness (OEE) and Mean Time Between Failure (MTBF). Notable improvements were also achieved in our quality parameters earning us the coveted BAT's Global Quality Excellence Award for the 3rd consecutive year.

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S REVIEW

Strategic action was also taken to improve distribution efficiencies. During the year we added 8,000+ Direct Store Service (DSS) Outlets to our distribution network which contributed to faster product replenishment and better product availability at retail touchpoints. We also enhanced our retailer B2B App 'Abhisheka Retailer Connect', with added features such as order placement capabilities which significantly improved distribution efficiency by streamlining stock management, enabling effective sales tracking, and providing comprehensive insights into our retail operations. The app, has also enhanced trade advocacy, leading to improved engagement with our distribution partners. During the year we also launched BAT's trade marketing skills development programme 'PACE + Positive' for our trade marketing executives with an aim of strengthening the capabilities and skills of our trade marketing team.

CREATING RESILIENT COMMUNITIES

Our value chain spans across the country and comprises of over 1,250 contracted farmers, 67,000 handlers and 39,700+ DSS outlets across the country. We therefore have a significant impact on the socio-economic progress of the country through the livelihoods and economic opportunities we create across our value chain. Ensuring sustainable livelihoods not just for our value chain partners but also for the broader communities we impact therefore remains a key priority. Our efforts to this end are multi-pronged and aimed at improving financial and climate resilience, building capacity, and promoting sustainable agricultural practices which in turn support more sustainable livelihoods. As part of our efforts to enhance farmers' resilience and safeguard them against potential losses, we continued the crop insurance support to selected groups of farmers and increased 7%

CTC'S CONTRIBUTION TO THE COUNTRY'S TAX REVENUE WAS RS. 161.1 BN, WHICH AMOUNTED TO APPROXIMATELY 6% OF THE GOVERNMENT'S TOTAL TAX REVENUE IN 2024.

in traditional Yala crop. This initiative included raising awareness about the benefits of crop insurance and facilitating the insurance process in partnership with a 3rd party. We also provided free seeds of Other Field Crops (OFCs) and vegetables to over 6,736 farmers, sub-farmers and other stakeholders through the "Janadiriya Programme" to encourage farmers to diversify their crops and income sources. Ongoing programmes such as the "Thrive" programme and Sustainable Tobacco Programme (STP) meanwhile strive to enhance social wellbeing of farmers throughout the year. Meaningfully engaging with our farmer network on an ongoing basis is critical to the success of these initiatives, and we continue to enhance our engagement mechanisms. Demonstrating this commitment, CTC became the 1st end market of the BAT Group to launch Agri 360 ESG, an advanced extension of our existing Farmer Sustainability Management App (FSM) which facilitates greater engagement with our extended farmer network, including sub-growers in the future.

Whilst ensuring timely payments, favourable credit terms, and supportive schemes for our traders and retailers, we also contribute to their social wellbeing through our trade loyalty programme 'Abhisheka'. During the year, we extended our trade loyalty programme to 2,000 trade partners, by introducing Abhisheka 5.5, a tier based benefit scheme that offers our trade partners a wide range of benefits including capacity building opportunities, medical insurance, and hospitalization cover.

CTC has consistently demonstrated a strong commitment to uplifting grassroot communities across the country through a range of longstanding Corporate Social Investment (CSI) initiatives. Key among these is CTC's flagship CSI initiative, Sustainable Agriculture Development Programme (SADP) which aims to empower and uplift rural farming communities by promoting greater self-sufficiency and agricultural sustainability. This Programme has supported 97,847 livelihoods to date. A range of other programmes meanwhile address key areas such as Chronic Kidney Disease (CKD), poverty alleviation, agriculture and irrigation, and disaster relief. During the year, 4 Reverse Osmosis (RO) plants were established under the 'Suwajeewana' Programme, to combat the rising incidence of CKD among rural communities. We also completed 80 small-scale community infrastructure initiatives under the 'Prajaloka' Programme, while the 'Govisavi' Programme facilitated 63 small-scale irrigation infrastructure initiatives to support agricultural communities. 14,604 individuals meanwhile received support through the 'Divisahana' Programme, our disaster relief programme.

RESPONSIBLE OPERATION

We are deeply committed to ensuring responsible business practices based on ESG principles to foster inclusive growth within CTC and beyond. Supporting this is our Sustainability agenda which balances organizational growth, profitability, and corporate social responsibility. By embedding social and environmental

considerations into our core business, we demonstrate that profitability and social responsibility can coexist, ensuring sustainable success and positive contributions to society.

Demonstrating our commitment to environmental responsibility, we have in place ambitious environmental targets that not only reduce our own direct environmental footprint but also promote sustainable practices, climate resilience, and environmental awareness in wider society. We have achieved significant progress on our targets and continue to build on this momentum. During the year, we successfully connected an additional 1.5 MW to the national grid from our solar panel project in Colombo. This brings up our total solar capacity to 2.5 MW and reduces our dependence on the national grid by an average 31.86%.

We also continue to achieve noteworthy progress on our waste management goals. We are extremely proud that 3 of our process improvements were recognized by BAT as Global CBAs (Current Best Approach), or initiatives that are verified and approved for re-application across the BAT Group.

Several investments were also made during the year to improve water efficiency and water recycling in our direct operations. Key among these was Project Hydronova which included the installation of a Reverse Osmosis (RO) Plant and an 80,000L Rainwater Harvesting System at our Colombo Factory. These investments have enabled the Colombo Factory to increase the percentage of water recycled from 18% to 43% monthly, exceeding the BAT global target of 30% water recycling one year ahead of schedule for the Colombo Factory. Highlighting our ongoing focus on water stewardship, the Colombo plant obtained AWS core certification in 2024, following AWS core certification for GLTP in 2023.



Achieving certification for both GLTP and the Colombo Factory represents a major milestone, allowing us to meet BAT's global target of achieving AWS certification for 100% of its operational sites an impressive one year ahead of the 2025 deadline.

We are firmly committed to BAT's global goal of having a net positive impact on forests by 2025, by increasing primary native forests and biodiversity value in our surrounding areas. Almost 220 acres of forest land across the country is being rejuvenated through the 'Udaharitha' Programme, our latest reforestation programme. We have as at 31 December 2024 reforested around 26 acres under this programme.

We continue to work closely with our supply chain partners to promote sustainable practices. Steady progress has been achieved on our Loose Leaf Barn (LLB) Project which aims to upgrade traditional barns to more fuel efficient LLB's thereby contributing to a more fuel efficient supply chain. Currently 21% of the traditional Yala barns have been converted to LLB's delivering 50% of the extent of the Yala crop volume. As part of the Sustainable Tobacco

Programme (STP) meanwhile, CTC field technicians work closely with contracted farmers to propagate sustainable agricultural practices. Extending our biodiversity risk management practices to our supply chain, we carried out comprehensive bio-diversity risk evaluations for our contracted farmers and supported them in implementing biodiversity risk management plans as appropriate.

AWARDS AND ACCOLADES

During the year, we received several prestigious external awards, in recognition of our commitment to adopting global best practices across various aspects of our operations. We were proud recipients of the Category Award for Financial Performance in the year 2023 at the Ceylon Chamber of Commerce Best Corporate Citizen Sustainability Awards 2024. Further underscoring our commitment to transparency, CTC secured the No. 1 ranking in Transparency in Corporate Reporting (TRAC) with a full score from Transparency International Sri Lanka (TISL). As highlighted above we were also recognized as a Top Employer for the 4th consecutive year by The Top Employers Institute, Netherlands reflecting the strength of our employee value proposition.

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S REVIEW

WAY FORWARD

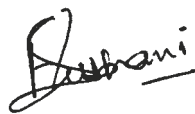
The country's improving economic conditions, coupled with the anticipated easing of inflationary pressures, are expected to alleviate consumer cost pressures to some degree and improve demand conditions in the medium term. However, as CTC has witnessed over the last 2 years, demand dynamics continue to evolve rapidly, requiring agility and adaptability to respond effectively. We are confident that our systems, processes, people and culture support this agility which will allow us to pivot swiftly in response to shifting consumer preferences, emerging market trends, and regulatory changes.

The growing threat from the illicit market however remains a major concern. The increasing price disparity between legal cigarettes and their illegal counterpart, driven by excessive and frequent taxation on legal products, continues to fuel the growth of the illicit trade. This sharp rise not only undermines the legal industry but also results in significant tax revenue losses for the Government. To ensure the long-term sustainability of the legal cigarette industry, safeguard Government revenue and protect livelihoods we support throughout our value chain, we urge the authorities to implement moderate and proportionate tax policies.

ACKNOWLEDGEMENTS

I wish to conclude by extending my deep appreciation to the Chairman and Board of Directors for their continuous support and valuable counsel. On behalf of the Board and entire CTC team I extend my sincere appreciation to Ms. Monisha Abraham who relinquished duties as Managing Director & Chief Executive Officer w.e.f 15 April 2024, We thank her for her invaluable contribution to the Company and wish her all the success in her future endeavours.

To our valuable employees, I thank you sincerely for your efforts and dedication. Our success is a direct result of your untiring efforts. Finally, I wish to place on record my appreciation to our shareholders, business partners, suppliers, and other stakeholders, for their ongoing support and encouragement. I look forward to our journey together.



Fariyha Subhani

Managing Director & Chief Executive Officer

22 April 2025

FINANCE DIRECTOR'S REVIEW



CTC DELIVERED A COMMENDABLE FINANCIAL PERFORMANCE DURING THE YEAR RECORDING BOTH TOP AND BOTTOM-LINE GROWTH DESPITE SIGNIFICANT VOLUME AND MARGIN PRESSURE. THIS RESILIENCE WAS DRIVEN BY DISCIPLINED COST MANAGEMENT AND ONGOING EFFICIENCY ENHANCEMENTS, WHICH HELPED OFFSET THE IMPACT OF INFLATIONARY CHALLENGES AND SHIFTING MARKET DYNAMICS.



TOWHID AKBAR
Finance Director

FINANCE DIRECTOR'S REVIEW

Increase in Profit Before Tax

Over **6%**

Increase in Profit After Tax

Over **7%**

Net Finance Income

Rs. **1.3** Bn

Interim Dividend for the Year 2024

Rs. **21.0** Bn

Cash and Cash Equivalent

Rs. **27.6** Bn

EARNINGS PER SHARE DURING THE YEAR INCREASED BY 7% TO RS. 158.24 COMPARED TO RS. 147.64 IN 2023.



REVENUE GROWTH

CTC recorded a turnover growth of 2% during the year amidst significant volume pressure resulting from the high prevalence of lower priced illicit cigarettes in the market. The growth despite the challenging conditions was achieved through timely portfolio interventions and improvements to the Company's distribution network as well as new initiatives to export tobacco leaf. Government levies paid by CTC to the Government during the year amounted to Rs. 161.1 Billion, Consequently, CTC's revenue for the year after government levies amounted to Rs. 62.5 Billion, a 8% increase compared to 2023.

PROFITABILITY

Notwithstanding continued inflationary pressures on the cost base of the Company, CTC contained the increase in operational expenses to 20% by maintaining a sharp focus on cost optimization across all aspects of the operation. Reflecting our commitment to providing competitive compensation, we increased employee-related expenses by 10% over the year. Despite the increase in operating costs during the year, our effective pricing strategy, ongoing efficiency drive, and sustained emphasis on cost optimization led to an improvement in operating margins from 22% in FY 2023 to 23% in FY 2024. Declining market interest

rates impacted finance income during the year, however prudent financial management and efficient investment strategy enabled the Company to generate a net finance income of Rs. 1.3 Billion during the year. Consequently, profit before tax increased by 6% to Rs. 49.0 Billion while profit after tax increased by 7% to Rs. 29.6 Billion in FY 2024.

LIABILITIES AND LIQUIDITY POSITION

The Company maintains a strong liquidity position, with a current ratio consistently above 1.0. Total liabilities as at 31 December 2024 amounted to Rs. 34.7 Billion, of which 97% comprise current liabilities arising from regular business operations. Total non-current

liabilities which comprise of deferred tax and lease liabilities and an interest free USD term loan from parent Company BAT declined by 3% to Rs. 905.7 Million as at end 2024. The Company has no other borrowings from external parties.

SHAREHOLDER FUNDS

Total equity attributable to shareholders amounted to Rs. 11.1 Billion as at 31 December 2024 compared to Rs. 11.8 Billion as at 31 December 2023. The dividend payment during the year comprised of the interim and final dividends declared for year 2023, amounting to Rs. 49.84 and the interim dividends for year 2024 amounting to Rs. 111.90.

CASHFLOW

The Company maintained healthy cashflow and liquidity levels with Cash & Cash Equivalents amounting to Rs. 27.6 Billion as at 31 December 2024. Cash generated from our operation amounted to Rs. 53.1 Billion, a marginal decline compared to Rs. 54.5 Billion generated during the previous financial year. During the year the Company paid an income tax payment of Rs. 19.6 Billion and Withholding Tax payment of Rs. 3.3 Billion. Consequently, net cash generated from operations amounted to Rs. 31.4 Billion during the year. Net cash outflows from investing activities was Rs. 1.2 Billion due to purchases of property, plant and equipment while net cash outflow from financing activities amounted to Rs. 27.1 Billion mainly on account of dividends payment amounting to Rs. 26.9 Billion during the year.

SHAREHOLDER RETURNS

Earnings per share during the year increased by 7% to Rs. 158.24 compared to Rs. 147.64 in 2023. Total dividend for the year 2024 meanwhile amounted to Rs. 30.3 Billion, ensuring a dividend payout ratio of 100% during

the year. CTC's share price closed the year at Rs. 1,397.25 compared to Rs. 953.75 during the previous year. Meanwhile, with a market capitalization of Rs. 261.7 Billion as at 31 December 2024, CTC continues to rank among Sri Lanka's most valuable listed corporate entities.

WAY FORWARD

The country's positive economic trajectory positions CTC for growth and improvement, with demand conditions expected to improve in the medium term to long term. Margin pressure however is expected to continue in the short term amidst persisting inflationary pressures. We will therefore continue to focus on optimizing costs and efficiencies to preserve operating margins. Challenges from a burgeoning illicit market remain a key concern which needs to be addressed by all stakeholders. Critical in the fight against the illicit industry is ensuring moderate and proportionate tax policies as well as strengthening mechanisms for enforcement. As a responsible corporate and the country's sole legal manufacturer of cigarettes, we are strongly committed to creating sustainable multi-stakeholder value through the industry and will continue to work closely with relevant stakeholders to achieve this objective.



TOWHID AKBAR

Finance Director

22 April 2025





LOVE OUR CONSUMER

“When you truly value your consumers, it’s not just about selling a product. It’s about building trust, nurturing loyalty, and developing lasting relationships that extend beyond the transaction”

SENURA DIAS
Area Distribution Manager

CRAFTING OUR STRATEGY

OPERATING ENVIRONMENT

SRI LANKA'S TOBACCO MARKET

As estimated by CTC, the legal cigarette market accounted for 20% of the total combustible market while the beedi market and illicit (smuggled cigarettes) market accounted for 68% and 12% of the market respectively.



TAX CONTRIBUTION

The legal tobacco industry represented by CTC, is the single largest tax contributor to the Government, accounting for approximately 6% (Rs. 161.1 Billion) of total tax revenue in 2024. The total tax contribution to the Government over the last 10 years has been Rs. 1.2 Trillion.

The continued growth in the illicit market however continues to deprive the Government of significant tax revenue. The under regulated beedi market too has witnessed an approximate growth of almost 100% since 2015, further reducing the Government's revenue earning potential.

Estimated loss to Government in 2024 due to illicit cigarettes

Rs. 118 Bn

KEY DEVELOPMENTS IN 2024 THAT IMPACTED THE INDUSTRY

	Developments in 2024	Impact on our Operations
Gradual Recovery of Economy	<ul style="list-style-type: none"> The Sri Lankan economy continued on a steady path of recovery in 2024 supported by critical structural and policy reforms. GDP is estimated to have grown by 4.7% (YoY) and 5.5% (YoY) during the 2nd and 3rd quarters of 2024 respectively while headline inflation remained in the low single digits throughout 2024. 	Despite an improvement in macro-economic conditions in the country, lingering effects of the economic crisis such as elevated price levels and diminished real income levels, continued to impact consumer discretionary spending in turn impacting demand conditions for CTC.
Ensuring Sustainable Livelihoods	<ul style="list-style-type: none"> Successive excise increases including the 14% increase in January 2024 resulted in a further increase in the price of legal cigarettes. 	Excise led price increases during the year, adversely impacted CTC's volumes during the year.
Climate Change	<ul style="list-style-type: none"> Sri Lanka continued to experience erratic weather patterns due to climate change. 	Erratic weather patterns have a direct impact on agricultural crops impacting the quality and availability of tobacco.

INDUSTRY OUTLOOK

Improving disposable income levels resulting from the improving economic conditions are expected to positively impact demand conditions in the medium term. However, the industry continues to grapple with significant challenges, including unpredictable and unsustainable tax increases and regulatory hurdles. These factors are likely to further shift consumer preferences away from legal cigarettes and exacerbating the growth of illicit trade.

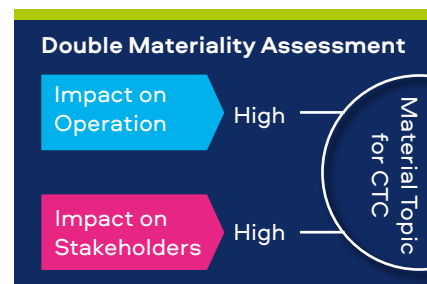
STAKEHOLDER ENGAGEMENT

Engaging with our stakeholders is key to ensuring a balanced perspective on the impacts of sustainability, thereby enabling us to make informed decisions that align our business and sustainability objectives with stakeholder expectations. A snapshot of our stakeholder engagement activities during the year together with key stakeholder issues and concerns identified is provided below:

Employees	Contracted Tobacco Farmers	Distributors and Traders
We engage with our employees on an ongoing basis through various platforms to ensure their voices are heard. These include biennial employee surveys to gauge satisfaction and gather feedback, annual performance appraisals to assess and enhance professional development, and discussions with trade unions to address workforce concerns. Regular staff meetings, quarterly townhall meetings, and the Women of Worth (WoW) forum also provide inclusive spaces for dialogue and empowerment.	Engagement with our contracted tobacco farmer network is facilitated through structured initiatives such as Sustainable Tobacco Programme (STP) reviews, Thrive Reporting, farmer monitoring, farmer appreciation programmes and specially designed CSI programmes such as the SADP Programme. Our field technicians also engage with our contracted farmer network on an ongoing basis through farmer meetings and through the Farmer Sustainability Management (FSM) App.	Engagement with our distributors and traders is carried out mainly through our trade marketing team. Periodic distributor surveys are carried out for selected distributors. We also engage with our distributors and traders through our trade loyalty programmes.
Key areas of dialogue during the year <ul style="list-style-type: none"> • Remuneration and benefits • Career advancement opportunities • Opportunities for training and development • Inclusive work environment • Safe working environment • Business ethics 	Key areas of dialogue during the year <ul style="list-style-type: none"> • Building climate resilience • Fair pricing and buy-back guarantees for crops • Sustainable livelihoods • Ensuring human rights • Sustainable agricultural practices • Health and safety • Capacity building support 	Key areas of dialogue during the year <ul style="list-style-type: none"> • Availability of products • Service quality • Credit/payment terms • Value added services
Shareholders	Public Stakeholders	Consumers
We ensure regular engagement with our shareholders by providing reliable information on our performance and developments through our Annual Report, quarterly performance updates and periodic announcements to the CSE. The Annual General Meeting is also a key forum where we engage with our shareholders.	We educate the public and regulators about the consequences of the illicit tobacco trade. Additionally, we engage with the government to raise awareness about issues related to illicit trade, particularly the revenue loss caused by its increasing market share.	The Company does not directly engage with the consumers of its products, except as provided for under the National Authority on Tobacco and Alcohol Act No. 27 of 2006 (NATA).
Key areas of dialogue during the year <ul style="list-style-type: none"> • Business performance • Sustainability agenda • Business Ethics and Corporate Governance • Transparency and credibility of disclosures • Leadership and succession planning 	Key areas of dialogue during the year <ul style="list-style-type: none"> • Consumer affordability stretched driven by excise tax increases • Growing threat from illicit trade • Impact on tax revenue 	Key areas of dialogue during the year <ul style="list-style-type: none"> • Responsible marketing of products • Product affordability • Quality of products

MATERIAL MATTERS

Material Matters as defined by the Global Reporting Initiative (GRI) Standards, are the organization's significant economic, environmental, and social impacts including impacts on human rights. In identifying our material matters, we adopt a Double Materiality Assessment which involves understanding the impact of sustainability topics on our own operation as well as on our stakeholders. Topics that have the greatest impact shape our strategic priorities and serve as the foundation for both our internal decision-making and external reporting, ensuring transparency and sustainable value throughout the year.



The table below lists out our material topics and where they have been addressed in the report.

Material topic	Why it is material to us	Movement from last year	Relevant GRI standard	Management of material topic
Growing threat of illicit cigarettes	An increase in illicit trade not only directly impacts our volumes but also has a significant impact on our stakeholders as it exposes consumers to unregulated products and reduces government tax revenue. Additionally, it undermines legitimate businesses and disrupts supply chains	↑	-	Page 56
Ensuring sustainable livelihoods	Ensuring sustainable livelihoods for our contracted tobacco farmers allows us to secure our supply chain while directly contributing to the revival of the economy.	↑	GRI 201: Indirect Economic Impacts GRI 202: Market Presence GRI 203: Indirect Economic impacts GRI 413: Local Communities GRI 204: Procurement Practices	Page 77
Climate change	Climate change has a significant impact on our operation due to our dependence on agricultural inputs. Climate change also has wider implications on our stakeholders including our farmer network.	-	GRI 302: Energy GRI 305: Emissions	Page 69
People development	Attracting, developing and retaining talent is of critical importance in driving our performance and in ensuring long-term sustainability. Our HR policies and processes have a profound influence on our employees, shaping their experiences and growth within the organization.	↑	GRI 401: Employment GRI 404: Training & Education GRI 405: Diversity & Equal Opportunity	Page 80

Material topic	Why it is material to us	Movement from last year	Relevant GRI standard	Management of material topic
Human rights	Protecting human rights across our value chain supports a more sustainable supply chain while also improving livelihoods, and promoting social equity.	-	GRI 408: Child Labour GRI 409: Forced or Compulsory Labour GRI 406: Non-Discrimination	Page 76
Sustainable agriculture	Given that our primary raw material is an agricultural product, driving sustainable agriculture practices is key to ensuring security of supply, while fulfilling our environmental responsibility.	↑	GRI 301: Materials GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment GRI 304-1: Biodiversity	Page 71
Health and safety risks	Ensuring the health and safety of our employees ensures a smooth operation while also contributing to a healthier community.	↑	GRI 403: Occupational Health and Safety	Page 83
Ethics and business conduct	Maintaining the highest standards in ethics and business conduct reduces the risk of negative impacts and reputational damage while setting the standards for good governance.	-	GRI 205: Anti Corruption GRI 206: Anti Competitive behaviour GRI 207: Tax GRI 415: Public Policy	Page 85
Regulatory compliance	Maintaining 100% compliance to all relevant regulations is vital in managing our risks and preserving our reputation.	-	GRI 2-27: Compliance with Laws and Regulations	Page 87
Harm reduction	Minimizing the public health impact of our business through adult smokers, who would otherwise continue to smoke; Increasingly, choosing lower risk profile Smokeless Products.	-	GRI 417: Marketing & Labelling	Page 87
Water and waste management	Water is a critical resource for our operation due to the dependance of agricultural inputs and for our operations at both GLTP and Colombo Factory.	-	GRI 303: Water and Effluents GRI 306: Waste	Page 73

STRATEGY

BAT's global strategy which is built around the three pillars of Quality Growth, Sustainable Future and Dynamic Business is aimed at creating A Better Tomorrow™ for all its stakeholders. CTC is committed to delivering this purpose and does so by focusing on clearly defined business imperatives that are aimed at driving operational excellence and generating multi-stakeholder value.



BAT's Strategic Pillars

Quality Growth

Transitioning to a more balanced focus on top-line and bottom line delivery, focusing on our brand and innovation and continuing to seek long term opportunities beyond nicotine

Sustainable Future

Seeking to actively migrate adult consumers away from cigarettes and to smokeless alternatives, responsibly and with integrity

Dynamic Business

Building a future-fit, data-driven organization and ensuring we are efficient and effective in all our operations. This will create the greatest financial flexibility possible to invest in our people, products and provide returns to our investors

Achieved Through

CTC's Business Imperatives



BUILDING BRAND RESILIENCE

We will continue to build brand resilience by proactively responding to evolving consumer preferences.

More information on
Page 50



IMPROVING DISTRIBUTION EFFICIENCIES

We will continue to market our products responsibly and with integrity.

More information on
Page 54



MITIGATION IMPACT OF ILLICIT CIGARETTE AND BEEDI

We will continue to engage with stakeholders to find meaningful solutions to address these challenges.

More information on
Page 56



FIT-FOR-PURPOSE MANUFACTURING

We will strive to achieve manufacturing excellence to bring about greater operational and cost efficiencies.

More information on
Page 58



STRENGTHENING OUR SUPPLY CHAIN

We continue to strengthen our supply chain by promoting sustainable agricultural practices and by creating prosperous livelihoods for our farmer communities which directly impact their socio economic wellbeing in the long term.

More information on
Page 61



TOWARDS A SUSTAINABLE FUTURE

Sustainability will be front and center in all our interactions ensuring sustainable value to our stakeholders.

More information on
Page 68





PASSION TO WIN

“Driving for results is part of our DNA at CTC. We are proud to drive for results ethically while we act like owners of the processes and roles. For me - it’s about the drive for precision, continuous learning, and pushing boundaries to make breakthroughs. It’s the energy and commitment that turns every challenge into an opportunity for success”

SHAKILA WIKCRAMASINGHE
Assistant Laboratory Manager

OUR BUSINESS IMPERATIVES

BUSINESS IMPERATIVES

Building Brand Resilience



**UNDERSTANDING OUR ADULT CONSUMERS
AND PROACTIVELY ADDRESSING THEIR
REQUIREMENTS THROUGH TIMELY
INTERVENTIONS HAS BEEN THE KEY TO
DEFENDING OUR MARKET SHARE.**

OUR PRODUCT PROPOSITION

Our product proposition is built around a sustained emphasis on product quality, product responsibility and consumer choice.



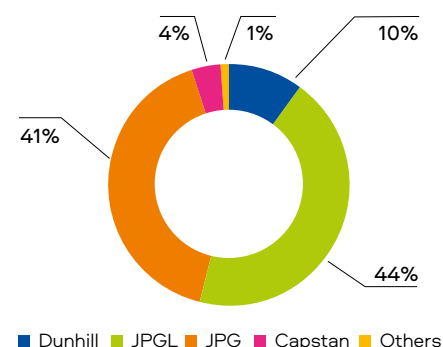
In our more price sensitive brand John Player, we adopted a price ladder strategy which enabled us to cater to multiple consumer segments through different price points. Accordingly, John Player Gold Leaf (JPGL) is targeted towards the more affluent consumers segment while the 72mm (JP Gold Pro) & 67mm (John Player Gold) categories cater to more price sensitive consumer segments. This strategy has proved very effective in retaining consumers within the brand house despite ongoing price pressures. During the year, we also launched an equity campaign for the John Player Gold Leaf brand. Our focus is on modernizing the tone and persona of this heritage brand, ensuring that it aligns more closely with the evolving preferences and expectations of our consumers.

For Capstan our shortest length cigarette, we focused on strengthening distribution channels through exclusive distributors, Non-Direct Store (NDS) networks, and wholesale shops. These efforts were aimed at ensuring consistent product availability in high-traffic outlets to drive sales momentum.

BRAND STRATEGY AND PERFORMANCE

The restriction on the manufacture and distribution of capsulated cigarettes imposed in May 2024 had a significant impact on our operations during the year. In response, our efforts were primarily directed toward mitigating the effects of these restrictions and volume retention. Our premium segment, Dunhill, experienced the greatest impact, as nearly 90% of sales in this category were derived from capsulated SKUs. To address this challenge and sustain volumes in the segment, we introduced 'Dunhill Blue,' a non-capsulated product designed to uphold the premium consumer experience provided by Dunhill. Additionally, we strengthened the product availability of 'Dunhill Tube,' a niche SKU featuring a tube filter for a more refined smoking experience, further adding value to our portfolio. These strategic interventions enabled us to successfully retain approximately 60% of the volumes.

Revenue Composition by Brand 2024

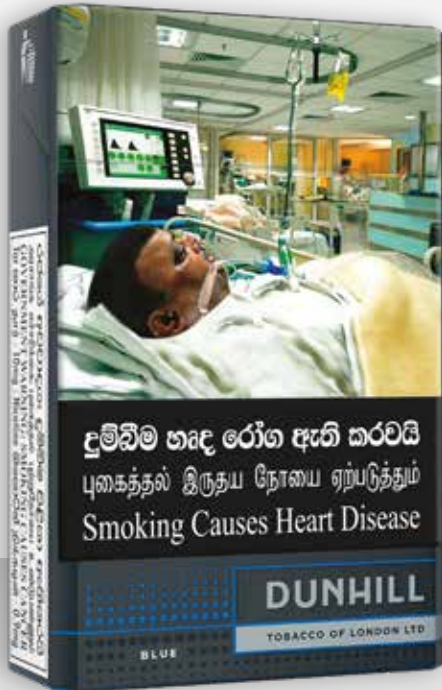


WAY FORWARD

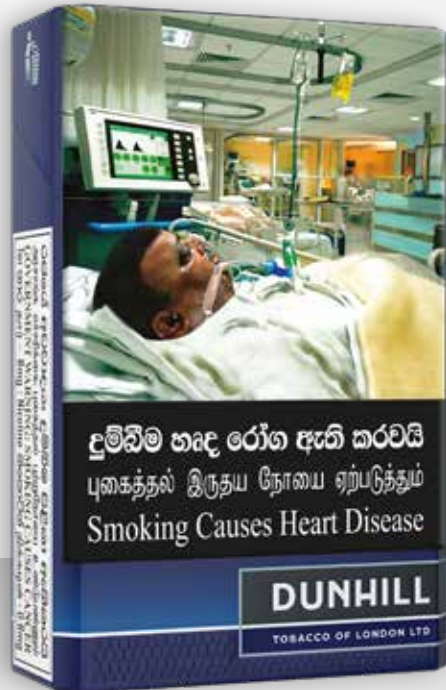
The increasing volume of illicit cigarettes entering the market represents a significant and growing challenge. Disproportionate tax increases on legal cigarettes, have contributed to a sharp surge in the availability of illicit cigarettes. This proliferation of illicit cigarettes, combined with reduced disposable income levels driven by the prevailing economic climate, continues to adversely affect our volumes. Notwithstanding these challenges, we are confident that our sustained efforts to drive brand equity through strategic portfolio interventions, consumer centricity and sustainable pricing will enable us to maintain volumes and market position.

BUSINESS IMPERATIVES

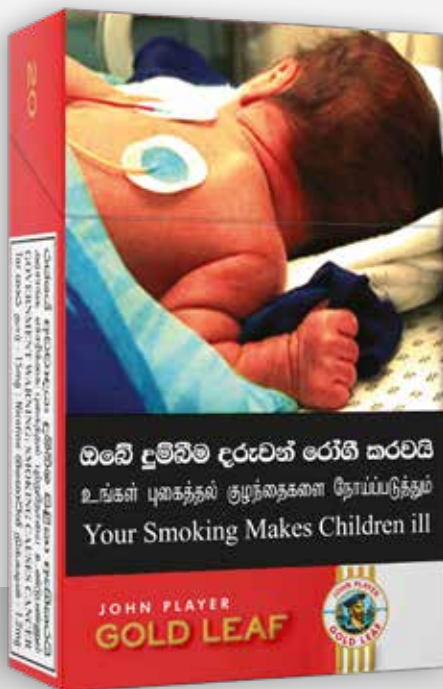
Building Brand Resilience



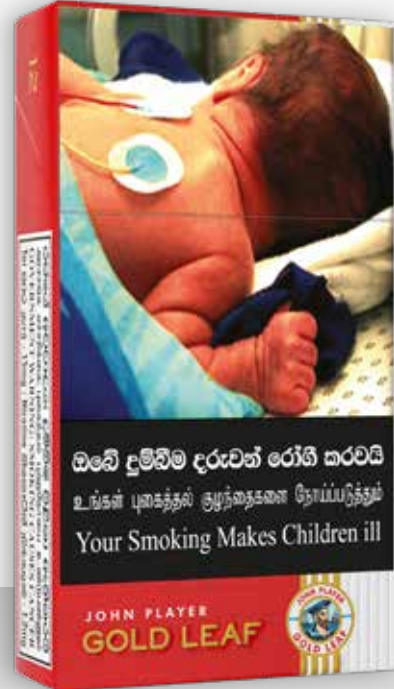
Dunhill Blue 20s



Dunhill Tube 20s



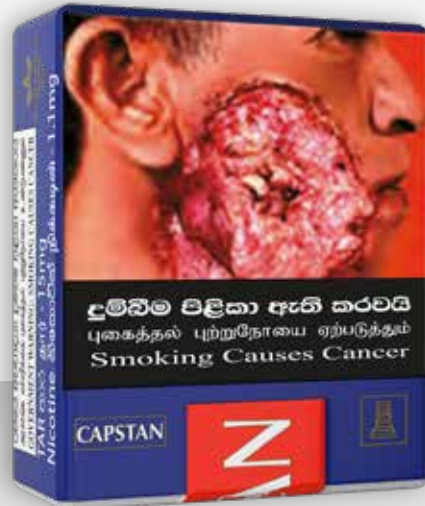
John Player Gold Leaf 20s



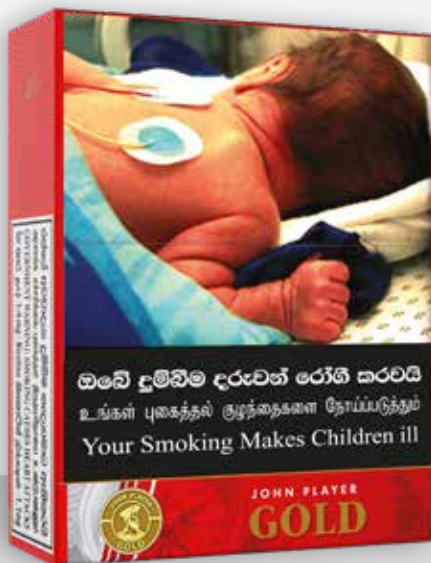
John Player Gold Leaf 12s



Benson & Hedges 20s



Capstan 20s



John Player Gold 20s



John Player Gold Pro 20s

BUSINESS IMPERATIVES

Improving Distribution Efficiencies



OUR DISTRIBUTION PARTNERS PLAY AN INTEGRAL PART IN OUR ROUTE-TO-MARKET (RTM) STRATEGY AND IN ENSURING RESPONSIBLE ADVOCACY OF OUR BRAND. WE THEREFORE CONTINUE TO FOCUS ON BUILDING A DYNAMIC AND SUSTAINABLE DISTRIBUTION MODEL TO RESPONSIBLY STRENGTHEN OUR MARKET POSITION.

OUR DISTRIBUTION CHANNELS



8,000+

Direct Store Service (DSS) Outlets
added in 2024

39,700+

Total number of DSS Outlets

Our distributor relationships are longstanding partnerships built on trust and collaboration, that consistently deliver mutual value and shared success.

GROWING OUR DSS FOOTPRINT

During the year we increased the number of DSS outlets as part of our ongoing efforts to increase our route-to-market efficiency. This has significantly increased efficiencies in terms of fast product replenishment and better product availability at retail touchpoints. 8,000+ new DSS outlets were added to our network during the year.

TECHNOLOGY AS AN ENABLER

We continued to harness technology to enhance both operational and cost efficiencies across our distribution channels. 'Abhisheka Retailer Connect,' our retailer B2B App, was enhanced during the year with order placement capabilities. This upgrade has significantly improved efficiency by streamlining stock management, enabling effective sales tracking, and providing comprehensive insights into retail operations. The App, has also significantly enhanced trade advocacy, leading to improved engagement with our distribution partners and higher volume retention across these outlets.



SKILL ENHANCEMENT

Meanwhile, as part of our efforts to upskill our trade marketing executives, we launched the PACE + Positive Programme. This programme is designed to enhance skills, drive professional growth, and set new benchmarks in trade marketing excellence.



DISTRIBUTOR PARTNER WELFARE

Our trader and retailer networks is an integral parts of our business eco system. We are therefore committed to ensuring the socio-economic wellbeing of our traders and retailers by ensuring timely payments, favourable credit terms, and support benefit schemes. During the year, we extended our trade loyalty programme to 2,000 trade partners, by introducing Abhisheka 5.5, a tier based benefit scheme. Abhisheka offers our trade partners a wide range of benefits including capacity building opportunities, medical insurance, and hospitalisation cover.

WAY FORWARD

Maintaining a strong, efficient, and reliable distribution channel remains a key priority as we address our growing challenges. We will therefore continue to strengthen our distribution channels by expanding our physical network while also exploring opportunities to enhance availability. We will also work closely with our channel partners to drive further efficiencies whilst continuing to strengthen our relationships for mutual value.

BUSINESS IMPERATIVES

Mitigating impact of Illicit Cigarettes and Beedi



THE GROWING CHALLENGE FROM THE ILLICIT CIGARETTE MARKET EXTENDS WELL BEYOND OUR OWN OPERATIONS, IMPACTING REGULATORY FRAMEWORKS AND THE BROADER ECONOMY. CONCERTED STAKEHOLDER ACTION IS REQUIRED TO FIND MEANINGFUL SOLUTIONS TO THIS GROWING CONCERN. DISPROPORTIONATE TAXATION, LOW ENFORCEMENT AND INEFFICIENCIES IN COLLECTIBILITY OF THE BEEDI INDUSTRY CAUSES AN IMPACT ON THE GOVERNMENT REVENUE.

GROWTH OF ILLICIT TRADE AND BEEDI

Growth in the illicit trade and the beedi market continues to be a key challenge in the industry, eroding the market share of regulated cigarettes, undermining public health efforts and reducing Government's tax revenue potential from the industry. The growth in illicit cigarette trade has also been reported to be allegedly linked to transnational criminal activities, including funding of narcotics, weapons and terrorism thereby posing a significant socioeconomic threat.

The illicit market continues to pose a growing challenge amidst disproportionate tax increases on legal cigarettes which makes Duty Not Paid (DNP) illicit cigarettes and under-regulated beedi a more viable option, particularly in more price sensitive segments.



OUR APPROACH TO TACKLING ILLICIT CIGARETTES AND BEEDI

CTC is committed to Do the Right Thing across all our operations. As the single largest tax contributor to government revenue, the sharp rise in the volume of illicit cigarettes in the market is alarming and threatens the legal cigarette industry as well as government revenue.

As a responsible corporate we focus on ensuring that regulators and the general public are made aware of the threat to government revenue, legal consequences and impact to national security as a result of the growth in illicit cigarettes. It is pivotal that the right focus and regulatory enforcement is effected to ensure that smuggling is curtailed at the point of entry and that illegal products do not enter the borders of Sri Lanka.

The introduction and subsequent increase in the taxes applicable on beedi is encouraging as it establishes the government's determination to tap into the revenue potential of this alternative tobacco product. Proper enforcement mechanisms must be put in place to ensure collectability in order to support the government to optimize of the full potential of the imposed tax and timely revisions.

ROBUST INTERNAL GOVERNANCE AND SUPPLY CHAIN COMPLIANCE

Anti-Illicit Trade (AIT) chapter is an integral part of our SoBC and sets out the controls all Group companies must have in place to prevent and deter illicit trade. Our Supply Chain Compliance Procedures (SCCP) meanwhile provide guidance for our customers to comply with our AIT chapter as well. These requirements are incorporated into all our contracts with suppliers and customers. Furthermore, the AIT unit must comply with the BAT's Anti Illicit Trade Intelligence Compliance Procedure ("AITICP") in conducting their activities.

REGULATORY ENGAGEMENT

We engage with regulators to inform them about the impacts of the illicit tobacco trade, advocating for policy changes and the need for stronger regulations that deter such activities.

AWARENESS PROGRAMMES

We conduct awareness campaigns to educate our employees and business partners, about the risks and consequences associated with the illicit tobacco trade. We also engage with the Government to create awareness about the revenue loss caused by Illicit trade.

WAY FORWARD

Affordability of legal cigarettes remains a challenge that has created a rise in illicit cigarettes in Sri Lanka. We will continue to educate the relevant parties for the need to ensure continued enforcement against illicit cigarettes.

BUSINESS IMPERATIVES

Fit-for-Purpose Manufacturing



**DURING THE YEAR WE CONCENTRATED ON
ALIGNING OUR MANUFACTURING OPERATIONS
WITH OUR EVOLVING PRODUCT STRATEGY,
COST MANAGEMENT OBJECTIVES, AND
SUSTAINABILITY COMMITMENTS.**

CAPACITY ENHANCEMENT

The Secondary Manufacturing Department (SMD) carried out several capacity enhancement projects in response to changes in our portfolio strategy during the year.

A key project during the year was the installation of a pack format change kit (bevel-edge) on our GDX2 cigarette packaging machine to enhance premium segment packaging quality and capacity. The installation was executed entirely by our local team which led to a cost saving of approximately Rs. 108,262,000. Crew optimization resulting from the upgrade meanwhile enabled us secure opportunities to 7 of our equipment owners / technicians to Croatia, providing them with valuable overseas job opportunities within the BAT Group.



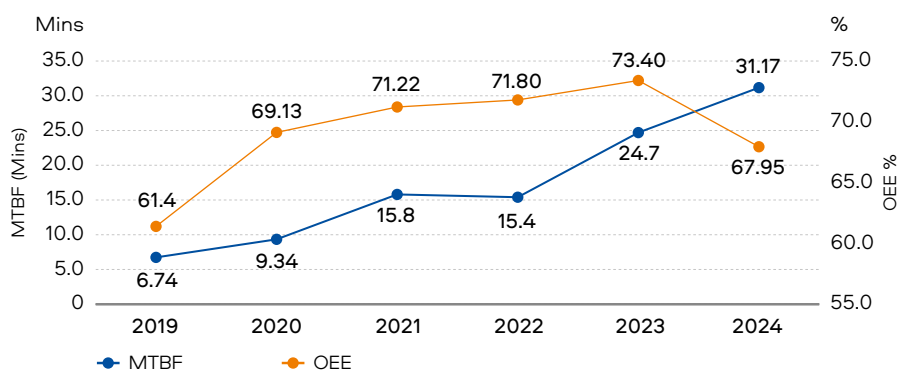
We also implemented “Project Booster” aimed at increasing production capacity of the 67mm cigarette. The project which involved modifying an underutilized existing packer to accommodate the 67mm format resulted in a 19.7% increase in production capacity in the segment. Total investment for the project amounted approximately to Rs. 115,181,000.

EFFICIENCY DRIVE

Improving efficiency levels of our machinery was a key focus during the year and we continued to do so through IWS initiatives. Over LKR 21 Mn worth of cost saving initiatives were implemented at our Primary Manufacturing Department (PMD) resulting in a 2% YoY reduction in processed waste and making us the 2nd best in the Region in terms of waste reduction. Three of these home-grown initiatives were also recognized by BAT as a Global Current Best Approach (CBA), or initiatives that are verified and approved for re-application across the BAT Group.

The focus on machinery efficiency also delivered results in our SMD with Overall Equipment Effectiveness (OEE) improving by almost 2% during the year. Mean Time Between Failure (MTBF) meanwhile decreased by almost 26% while waste was maintained at less than 2%.

Machinery Efficiency



A FOCUS ON QUALITY

Our continued focus on manufacturing excellence resulted in improvements in all our quality parameters during the year (See table below). We were also the recipients of BAT's Global Quality Excellence Award for the 3rd year running, underscoring our dedication to manufacturing excellence.

QUALITY PARAMETERS	CHANGE
Sourcing - Quality to Consumer (Q2C)	Improvement of 2.59% SPLY
Consumer Complaints	Reduction 17.71% SPLY
BAT Quality Audit Score	Compliance improvement of +13%

RESPONSIBLE PRODUCTION

Integrating environmental and social best practices into our manufacturing operations is central to our pursuit of manufacturing excellence. We therefore continue to invest in energy efficiency, water efficiency and better waste management practices across our operations. Key developments during the year are highlighted below with further details on each of these initiatives available in the section “Towards a Sustainable Future” on page 68 to 88.

BUSINESS IMPERATIVES

Fit-for-Purpose Manufacturing

BAT TARGETS MET

Renewable Energy by 2025
Achieved across Colombo and GLTP

50%
Operation sites AWS Certified
Colombo and GLTP AWS Core Certified

30%
Water Recycling
Achieved at Colombo Factory

35%
Reduction in water withdrawn (Vs 2017 baseline)
Achieved by Colombo Factory

90%
Waste Recycling
Achieved at Colombo Factory


CTC MANUFACTURING PROCESSES ADOPTED BY BAT AS CURRENT BEST APPROACHES (CBAs)

PMD BALE TURNER

TRUFF CONVEYOR


TIPPING EXTRACTOR

SHEAR PIN FOR MK9




ENERGY MANAGEMENT

- Connected 1.5 MWh capacity solar power generation system at our Colombo Factory to the national grid



WATER MANAGEMENT

- Installation of a Reverse Osmosis (RO) Plant with a capacity of 2 cubic meters per hour at our Colombo Factory
- Installation of a 80,000L capacity rainwater harvesting system at Colombo Factory
- Obtained AWS core certification for Colombo Factory
- Annual AWS surveillance Audit was carried out at GLTP



WAY FORWARD

Going into 2025, our focus remains on optimizing our factory technology to align manufacturing capabilities and capacities with our evolving product strategy. To this end we will continue to strategically invest in machinery overhauls, conversions, and new equipment whilst continuing to drive greater production and cost efficiencies through IWS Phase 2 initiatives. Skill enhancement will also be a focus going forward as we seek to empower our equipment owners with additional technical competencies. Our sustainability agenda will continue to frame our strategic priorities going forward and we will continue to invest sustainable practices such as energy efficiency and waste management.

Strengthening Our Supply Chain



WITH 100% OF OUR TOBACCO LEAF REQUIREMENTS SOURCED FROM LOCALLY CONTRACTED FARMERS, WE PROVIDE SUSTAINABLE LIVELIHOODS TO OVER 1,250 CONTRACTED TOBACCO FARMERS ACROSS THE ISLAND. SUPPORTING THIS FARMER NETWORK BY BUILDING SUSTAINABLE INFRASTRUCTURE WAS THEREFORE A KEY FOCUS DURING THE YEAR.

BUSINESS IMPERATIVES

Strengthening Our Supply Chain



PERFORMANCE OF LEAF OPERATION IN 2024

Adverse weather conditions during the early part of 2024 led to a 34% drop in the total Maha cultivation extent. Notwithstanding the resultant drop in Maha yields, interventions carried out to support Yala season yields ensured a higher crop during the second half of the year. Consequently, overall leaf production volumes for the year met the targeted levels.

MECHANIZATION OF CROP PRODUCTION CYCLE

A series of innovations and mechanization efforts were implemented across the entire crop production cycle resulting in significant gains in terms of improved efficiency and lower cost of production. Key among these was the introduction of drone technology for chemical application on 60 hectares of cultivated land. Introduced for the 1st time on our lands, the use of this technology has the potential for significant benefits including increased labour efficiency, optimization of land use and more precise and uniform application of chemicals. Other innovations such as the use of nursery clipping machines, grasscutters and inter-cultivator machines have also helped enhance efficiency and productivity throughout the cultivation process.

DRIVING EXCELLENCE AT GLTP

The GLTP achieved IWS Phase 1 certification in December 2024, becoming the fifth 'BAT' GLTP globally to attain this milestone. The implementation of IWS Phase 1 which involved broad-based process and productivity improvement initiatives carried out over a period of 4 years, has resulted in notable improvements across key efficiency and quality indicators as shown alongside.

Another key achievement at GLTP was the successful rollout of "Leaf Grade Simplification Initiative" (LGSi). This BAT initiative to streamline and simplify the tobacco leaf purchasing process has brought about significant efficiencies in the leaf purchasing process.

FARMER ENGAGEMENT

We continue to work closely with our farmer network as part of our broader efforts to build a sustainable supply chain that creates a win-win situation for all stakeholders. Reinforcing our commitment to meaningful engagement with our farmer network, CTC became the first BAT end market to launch Agri 360 ESG. This advanced extension of our existing Farmer Sustainability Management (FSM) App empowers CTC's field technicians to engage more closely with our extended farmer network, including sub-growers in the future.

We ensure that all our interactions with farmers are transparent, respectful and adhere to the principles of fairness. During the year we strengthened our Farmer Agreement by including key clauses pertaining to human rights, biodiversity conservation and anti-financial crimes as per BAT's global guidelines. These changes were clearly communicated to our farmer network through training programs and awareness sessions. 100% of our farmer network went through the training on the updated Human Rights Code during the year.

As part of our ongoing efforts to build farmer resilience against the impacts of climate change, we continue to provide farmer crop insurance support to our farmer network. This initiative included raising awareness about the benefits of crop insurance and facilitating the insurance process in partnership with a third party.



ENVIRONMENTAL STEWARDSHIP ALONG OUR SUPPLY CHAIN

Our leaf operations strictly adhere to the requirements of the Sustainable Tobacco Programme (STP), an industry-wide standard with a strong emphasis on environmental sustainability. Under this framework, we prioritize sustainable farming practices that minimize the ecological and social impact of tobacco cultivation. Key action taken during the year are discussed below with further details on sustainable practices adopted available in the “Towards a Sustainable Future” section of this report.

We support our farmer network through a multitude of programmes and initiative

- **Providing Crop Insurance for farmers**

[🔍](#) (See pages 62 and 77 for more information)

- **Supporting income diversification through Janadiriya Programme**

[🔍](#) (See page 77 for more information)

- **Building community resilience through CSI programmes**

[🔍](#) (See pages 78 to 79 for more information)

- **Support through THRIVE Programme**

[🔍](#) (See page 77 for more information)



BUSINESS IMPERATIVES

Strengthening Our Supply Chain

ENVIRONMENTAL STEWARDSHIP

Emission Management

Almost 50% of our traditional Yala extent barns have been converted to Loose Leaf Barns (LLBs) – a more fuel-efficient technology which contributes to lower Scope 3 emissions. We also closely track fleet emissions and implement fleet optimization strategies to effectively manage and reduce our environmental impact.



For more information refer page 69 (Climate Change)



Energy Efficiency

As part of our ongoing efforts to enhance energy efficiency, we implemented several key measures during the year, such as condensate water recovery and 100% insulation of steam lines to improve boiler efficiency. These initiatives help minimize heat loss, conserve water, and optimize energy use, resulting in significant cost savings. Additionally, we have upgraded our factory lighting to more energy-efficient LED lights, further reducing our energy consumption.



For more information refer page 69 (Climate Change)

Water Management

GLTP is AWS core certified for the 3rd year running ensuring responsible management of water impact. An AWS surveillance audit was carried out in December 2024 as part of the certification process with re-certification scheduled for 2025. During the year we also expanded our Effluent Treatment Plant Network (ETPN) at the Colombo Factory resulting in a significant reduction in site water withdrawals due to increased water recycling.



For more information refer page 73 (Water)

Waste Management

As part of our commitment to circularity, we currently recycle all tobacco dust by sending it for composting. Expanding on this effort, we have initiated a pilot project to develop an innovative Dust-to-Green Fertilizer solution. This process transforms composted tobacco dust into eco-friendly fertilizer, enhancing sustainability in farming practices.

This year, we also initiated a pioneering recycling initiative in collaboration with Croplife Sri Lanka. The programme focuses on the collection and recycling of empty Crop Protection Agent (CPA) containers from our farmers.



For more information refer page 70 (Circular Economy)

Biodiversity Conservation

As part of our global initiative to enhance biodiversity risk management, all our contracted farmers underwent a comprehensive evaluation for biodiversity risks, after which applicable Biodiversity Management Plans (BMPs) were developed to reduce and mitigate the impacts on the surrounding biodiversity.



For more information refer page 71 (Biodiversity and Ecosystems)

WAY FORWARD

Enhancing crop quality while effectively managing the cost of production will remain our key focus in 2025. Accomplishing this will require a stronger connection with our farmer network, and we are confident this can be achieved through the rollout of Agri 360 ESG and our ongoing capacity-building initiatives. Meanwhile, we continue to drive efficiencies at GLTP and throughout our supply chain by incorporating sustainable agricultural practices and by leveraging IWS improvements. We will also continue to explore opportunities to export excess crop as a strategic means of revenue augmentation.



INTRODUCED FOR THE FIRST TIME ON OUR LANDS, THE USE OF DRONE TECHNOLOGY FOR CHEMICAL APPLICATION HAS THE POTENTIAL FOR SIGNIFICANT BENEFITS INCLUDING INCREASED LABOUR EFFICIENCY, OPTIMIZATION OF LAND USE AND MORE PRECISE AND UNIFORM APPLICATION OF CHEMICALS





DO THE RIGHT THING

“In HR, doing the right thing means upholding integrity, fairness, and respect in every decision we make. It’s not always the easiest path, but it’s the one that builds trust, fosters a positive culture, and creates lasting impact for our people”

AMANA JHAN

Junior HR Business Partner - Corporate

SUSTAINABILITY IN FOCUS

TOWARDS A SUSTAINABLE FUTURE

BAT Group Sustainability Agenda

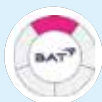
CTC's Sustainability Agenda is aligned to the BAT Group's Sustainability Agenda. The BAT Group sustainability strategy which was refined in 2024 to better address the Group's material sustainability topics and continue delivering value to our stakeholders, strives to create a meaningful impact in the communities where the BAT Group operates and inspires all its people to drive change by responsibly Building a Smokeless World, reducing the use of natural resources and delivering BAT's climate goals as the BAT Group transitions to A Better Tomorrow™.



OUTLINED BELOW IS CTC'S SUSTAINABILITY AGENDA ALIGNED WITH THE BAT GROUP'S SUSTAINABILITY AGENDA.

Sustainability Pillar

Key Initiatives in 2024



TOBACCO HARM REDUCTION (THR)

We seek to engage with public health authorities and regulators, to support the development of policies and strategies that balance THR objectives with key concerns, such as underage access, environmental impacts and product safety.

We remain strongly committed to THR by strictly adhering to all internal and external production and marketing guidelines whilst actively engaging with regulators and policy makers to facilitate THR.



CLIMATE

We continue to reduce our Scope 1 and 2 GHG emissions by improving energy efficiencies and increasing renewable energy use where available. We also continue to engage suppliers to tackle Scope 3 GHG emissions.

- Connected the 1.5 MWH solar power generating system at our Colombo Factory to the national grid
- Continuation of Loose Leaf Barn (LLB) project



NATURE

We seek to deliver a positive impact on our agricultural supply chain by proactively engaging with our supply chain to propagate sustainable practices.

- Enhanced our biodiversity risk management processes
- Forest Restoration Projects
- AWS core certification for Colombo Factory and GLTP



CIRCULARITY

Our focus is on prioritizing the use of materials that are sustainably produced and have a lower carbon footprint.

- Piloting of Dust-Waste Solution
- Systematic collection of empty agrochemical containers from our farmers for recycling



COMMUNITIES

We support our farmers to enhance their livelihoods and build resilience while ensuring responsible source materials. Our direct employees are an integral part of our communities and we continue to build on our culture so that everyone feels welcome and valued for their unique contribution at work.

- First end market within the BAT Group to go live with FSMA 360
- Supporting farmer communities through SADP and other community projects
- Launch of signature internship programme 'Ignite'
- Launch of 'Supernova' Project to encourage more women in STEM fields
- Values rollout through interactive sessions such as Values Cup
- Continuation of WoW initiative
- Launch of Wellbeing App

Climate Change

OVERVIEW

The effects of climate change such as rising temperatures and extreme weather conditions have an impact on the quality and availability of our key raw material, tobacco leaf. Extreme weather events can also cause disruption to transportation routes and logistics, creating bottlenecks in the supply chain that delay delivery and increase costs.

CTC'S MANAGEMENT APPROACH

Our approach to managing climate change revolves around building climate resilience across our value chain by increasing our use of renewable energy sources, investing in energy efficient technology and processes while actively supporting our value chain partners to do the same.

CTC'S PROGRESS



18.26%

Reduction on Scopes 1 and 2 emissions [market based] (vs 2023)



55.05%

Renewable energy in energy used

		2024	2023
Scope 1 Emissions	tCO ₂ e	1,271	1,555
Scope 2 Emissions (Market Based)	tCO ₂ e	0	0
Emission Intensity	tCO ₂ e/ million cigarettes equivalent	0.34	0.34

REDUCING EMISSIONS (SCOPE 1 AND 2)

We continue to improve energy efficiency and reduce emissions across our operation. We also semi-automated the drying process at GLTP further reducing the energy consumption in the drying process.

INCREASING THE USE OF RENEWABLE ENERGY IN OUR DIRECT OPERATIONS

In line with BAT Group's renewable energy target, we continue to maintain over 50% usage of renewable energy throughout our own operations.

100% of our electricity usage meanwhile is renewable through 27.64% solar power generation and 72.36% I-REC purchases. In August 2023, we connected our 1 MWH capacity solar generation system at GLTP to the national grid. This project continues to yield results in 2024 with 46% of the electricity usage at GLTP being covered by solar onsite generation. Following this in March 2024, we connected the 1.5 MWH capacity solar power generating

system at our Colombo Factory to the national grid allowing 24.89% of the electricity requirement be covered through onsite solar generation.

Energy Consumption by Source

Non-Renewable		BAT
- Purchased Electricity from Grid	kWh	13,522
- Diesel	tonne	3,320
- Petrol	Liters	4,390
- Heavy Fuel Oil	GJ	6,605
- LPG	GJ	966
Renewable		
- Biogas	GJ	29
- Solar	GJ	5,164

REDUCTION IN SCOPE 3 EMISSIONS

We continue to work closely with our directly contracted farmers to reduce emissions from agricultural activities through efficient curing methods. A key initiative in this effort is the Loose Leaf Barn (LLB) project, which focuses on upgrading traditional barns to more fuel-efficient LLBs. LLB's enhance the fuel use efficiency compared to traditional barns by automatic control of paddy husk feeding and regulation of temperature and relative humidity. This transformation not only enhances energy efficiency but also reduces Scope 3 emissions, increases the fuel use efficiency by about 50% based on the feedback of the farmers, aligning with our broader sustainability. Currently, 60% of the traditional barns have been converted to LLB's.

TOWARDS A SUSTAINABLE FUTURE

Circular Economy



REDUCING OPERATIONAL WASTE

During the year we achieved a 2% reduction in processed waste. This was driven by various waste reduction activities such as improvements in machinery efficiency and material management. Three of these initiatives were recognized regionally by BAT Group as a Global Current Best Approach (CBA), or initiatives that are verified and approved for re-application across the BAT Group.

WASTE MANAGEMENT AT OUR LOCATIONS

Waste Generated and Disposal Method	Hazardous (MT)	Non-Hazardous (MT)
Recycling	0.92	406.35
Incineration	0.29	20.44
Landfill	0	0.19
Total waste generated	1.21	426.98

Key waste items generated by our manufacturing operation include tobacco waste and waste from green leaf threshing. Other non-hazardous waste includes polythene, cardboard and food waste. Hazardous waste meanwhile is mainly electronic waste (such as printer toners and LED bulbs) and oil waste.

All of our tobacco dust is currently sent for composting, as part of our efforts to drive circularity by transforming waste into fertilizer. Building on this initiative, we are currently piloting an innovative Dust-Waste Solution, where composted tobacco dust waste is transformed

into fertilizer. We have rolled out this project for 5% of our tobacco farmers and will look to commercialize the project upon successful completion of the pilot project. A significant milestone in our waste management journey was the revamp of the waste bay at the Colombo Factory.

Recycling is an important aspect of our waste management efforts and extensively practiced at both GLTP and the Colombo Factory. 99.83% of the waste generated at GLTP is recycled either through 3rd party recyclers. Similarly, 93.45% of the waste produced at the Colombo Factory is also recycled.

FOSTERING SUSTAINABLE WASTE MANAGEMENT PRACTICES WITH DIRECTLY CONTRACTED FARMERS

We actively collaborate with our directly contracted tobacco farmers to promote sustainable waste management practices within their operations as well. One key ongoing initiative involves encouraging farmers to repurpose paddy ash from the curing process as a natural soil enhancer. In 2024, we also launched a programme to collect empty agrochemical containers from our farmers, ensuring their safe and responsible disposal through certified recycling partners.

Biodiversity and Ecosystems

OVERVIEW

Deforestation, soil pollution and biodiversity loss can cause environmental disruptions, increase production costs and impact the quality of our products.

CTC'S MANAGEMENT APPROACH

We take proactive action to protect biodiversity and eco-systems impacted by our operations by promoting sustainable agricultural practices throughout our farmer bases and by spearheading reforestation initiatives.

CTC'S PROGRESS



Over 100
acres of degraded land
re-planted

		2024	2023
Forests planted for conservation and forest positive	Acres	219	132
Farmers supported through SADP Ultra	No.	6,736	6,736

COMMITMENT ENVIRONMENTAL STEWARDSHIP

Our Leaf operations comply with the Sustainable Tobacco Programme (STP), a global industry initiative which establishes clear criteria, among others, for environmental conservation and the sustainable management of water, soil, and natural habitats. As part of STP, CTC field technicians work closely with directly contracted farmers, providing necessary technical assistance, aiming to ensure standards are met. Compliance

is tracked using the BAT Group's Farmer Sustainability Management (FSM) App, a digital platform that supports field technicians to monitor directly contracted tobacco farmers performance regularly.

This year, we also enhanced our biodiversity risk management processes, namely BRISK Assessment, a global screening tool providing a first step users to identify the state of nature and a suite of potential risks to biodiversity associated with their operations. Accordingly,

we were able to implement a Biodiversity Management Plan (BMP) at high-risk farms which supports in biodiversity conservation, increasing flora to attract pollinators and using integrated approaches to pest management. As part of this process, all our directly contracted farmers underwent a comprehensive evaluation for biodiversity risks, and we ensured the full implementation of biodiversity risk management plans as appropriate and our field technicians continue to monitor the progress.

PROMOTING SUSTAINABLE AGRICULTURAL PRACTICES THROUGH SUSTAINABLE AGRICULTURAL DEVELOPMENT PROGRAMME (SADP)

Our flagship CSI Sustainable Agricultural Development Programme (SADP) is aimed at promoting sustainable agriculture practices across communities in Sri Lanka. Through this programme, a team of field technicians work closely with rural communities providing technical assistance and training on sustainable agricultural practices, such as reducing the use of agrochemicals, increasing crop diversification and soil conservation. The programme is currently in its 18th year.



Crop Diversification

100% of our directly contracted farmers on our farmer network were growing other crops in addition to tobacco. We support crop diversification by providing seeds and technical support through the SADP Ultra.

Soil Fertility Management

Our field technicians work closely with directly contracted tobacco farmers to support them to apply sustainable soil management practices such as 'Sloping Agricultural Land Technology' (SALT). We also provide directly contracted tobacco farmers with higher-yielding and disease-resistant tobacco varieties developed by the Group's Global Leaf Agronomy Development (GLAD) centre.

TOWARDS A SUSTAINABLE FUTURE

Biodiversity and Ecosystems

Responsible use of Agrochemicals

We seek to ensure that only authorised agrochemicals are used in the tobacco we procure. All directly contracted tobacco farmers receive training on the safe use, storage, and disposal of agrochemicals, with monitoring to ensure compliance with our agrochemical standards.

Increase of Soil Productivity Using Organic Compounds

We continue to explore the use of biochar and organic compost in tobacco farming. We are also exploring the possibility of using recycled tobacco waste as compost.

PROTECTING FOREST LAND

CTC's 'Udaharitha' Programme is designed to contribute to the national goal of expanding forest cover from 29% to 32% by 2030 through focused reforestation initiatives and biodiversity conservation programmes across the island. Over the years, we have collaborated with key stakeholders to lead numerous reforestation programmes, collectively restoring and revitalising vast areas of degraded land.



Almost 219 acres of degraded forest land across the country is being rejuvenated through the 'Udaharitha' Programme

12 acres of forest land in Dambulla is currently being rehabilitated and maintained in partnership with the Department of Forest Conservation. Since entering the partnership in 2020, over 5,000 species of indigenous trees have been planted in the Murugahitikanda Forest Reserve as part of the programme.

A 120-acre biodiversity site in Matale has also been maintained in collaboration with the University of Peradeniya since 2012. The programme involves the conversion of a monoculture eucalyptus forest to a natural indigenous forest and acts as a valuable source of research on afforestation and biodiversity conservation, with over 12 years of data.

The latest reforestation programme, undertaken in collaboration with the Sri Lanka Climate Fund, is a large-scale reforestation initiative carried out by CTC. The programme involves the restoration of 87 acres of degraded forest in Panamure, Embilipitiya.



Water

OVERVIEW

Water is a critical resource throughout the tobacco value chain. As climate change intensifies water scarcity, there is a growing need to prioritise water efficiency and adopt robust water stewardship practices.

CTC'S MANAGEMENT APPROACH

Our approach to water management revolves around increasing water efficiency and recycling within our own operation and advocating for sustainable water practices aligned with the Alliance for Water Stewardship (AWS) framework

CTC'S PROGRESS



9.56%

Reduction in water
withdrawn (vs 2023)



87.89%

Increase in water recycled
(vs 2023)

		2024	2023
Water Recycled	%	22.31	12.15
Water Discharge	MT	18,461	20,232
Water Consumption	MT	10,714	12,027

Monitoring our water consumption and proactively identifying areas of wastage and inefficiencies is a critical aspect of our water management approach. Water consumption at our Colombo site is monitored in real-time through a 'Building Management System' with more than 30 tracking points.

At our GLTP in Kandy and our depots, water usage is tracked monthly based on the level 2 metering that is set up in the plant and depots. We also use tools such as Sankey diagrams and loss analysis to understand our water losses and take actions in areas that cause high water losses.



Water Withdrawal by Source

	2024	2023
Groundwater	3,295	3,215
Municipality	25,435	29,054
Total water withdrawal	28,730	32,269

Water Discharge by Source

	2024	2023
Groundwater	11,647	12,081
Municipal/ 3 rd party treatment plant	6,785	8,151
Total water discharged	18,432	20,232



TOWARDS A SUSTAINABLE FUTURE

Water Stewardship Across Our Direct Operations

PROJECT HYDRONOVA

'Project Hydranova' was launched in March 2024 as part of our overall efforts to improve water efficiency and water recycling in our direct operations. Carried out at our Colombo Factory, the project involved the installation of a Reverse Osmosis (RO) Plant with a capacity of 2 cubic meters per hour which enabled us to increase the percentage of water recycled from 18% to 44% monthly, thereby supporting the BAT Group target of 30% water recycling rate by 2025. Several investments were also carried out simultaneously to increase the use of recycled treated water in our day-to-day operations. These include connecting the wastewater pipe network to the RO plant and expanding the existing recycled water plumbing network to use treated water from the RO in our chillers.

The second initiative under Project Hydranova was the installation of a Rainwater Harvesting System with an 80,000L storage capacity at our Colombo Factory. This system is designed to capture and store rainwater efficiently, reducing dependency on municipal water supplies and contributing to our sustainability goals. The harvested water is utilized for gardening and flushing.

Achieving BAT Group's Water Targets



16.63%

Reduction In Water Withdrawn (vs 2017 Baseline)

Achieved at Colombo Factory



100%

Operation Sites AWS Certified

Colombo Factory and GLTP are AWS Core Certified



30%

Water Recycling

Achieved at Colombo Factory



Water Stewardship Across CTC's Supply Chain

ALLIANCE FOR WATER STEWARDSHIP (AWS) CERTIFICATION

Having embarked on the Alliance for Water Stewardship (AWS) certification process for its manufacturing sites in 2021, GLTP obtained AWS core certification in 2023 followed by core certification for the Colombo Factory in 2024. The AWS certification is a global framework that allows water users to better understand their water use and impacts, and to work collaboratively and transparently towards sustainable water management within a catchment area. Achieving certification for both GLTP and the Colombo Factory represents a major milestone, supporting BAT Group's target of achieving AWS certification for 100% of its operations sites by 2025.



ENGAGING WITH OUR COMMUNITIES TO MANAGE WATER IMPACTS

- A workshop was conducted for Effluent Treatment Plant (ETP) operators from selected factories along the Kelani riverbank, focusing on best practices in effluent treatment. Over 20 managers participated in the programme. This helped improve water quality in the Kelani river by enhancing the knowledge of ETP operators and Environment, Health and Safety (EHS) professional working in factories that discharge effluent waste to the Kelani River, about effluent treatment plant operations
- We provided flood relief support to over 2,400 victims through out the year
- A community beach clean-up was organized by CTC's employees. 22 people participated in the beach cleanup, cleaning a stretch of 1km along the Dehiwala coastline
- Ongoing engagement with directly contracted farmers on sustainable water consumption
- Construction of community RO plants through the 'Suwajeewana' Programme

TOWARDS A SUSTAINABLE FUTURE

Human Rights

OVERVIEW

We respect the human rights of our employees and value chain partners as well as the communities we operate in

CTC'S MANAGEMENT APPROACH

CTC follows the BAT Group's approach to managing human rights, which is aligned to the UN Guiding Principles for Business and Human Rights.

CTC'S PROGRESS



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Reported incidents of forced labour



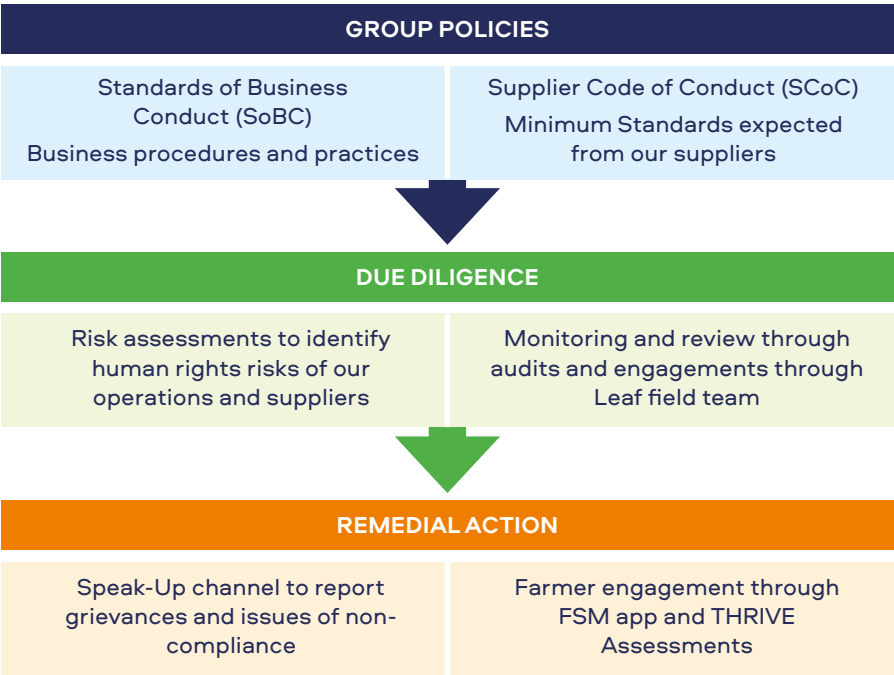
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Reported incidents of child labour

		2024	2023
% of directly contracted tobacco farmers monitored through FSM App	%	100	100
Human rights training programmes carried out	No.	92	N/A

The BAT Group manages its impact through due diligence and remediation programmes, underpinned by a number of policies, including those outlined in the Standards of Business Conduct (SoBC) and Supplier Code of Conduct (SCoC). The SoBC which are aligned with the ‘UN Guiding Principles on Business and Human Rights’ and the ‘Declaration on Fundamental Principles and Rights at Work’ of the International Labour Organisation (ILO) clearly sets out our policies to protect the rights of our employees. The BAT Supplier Code of Conduct (SCoC) meanwhile complements the SoBC by defining the minimum standards we expect our suppliers to adhere to and includes several conditions pertaining to human rights, including child and forced labour.

CTC communicates updates on BAT Group’s policies to employees and conducts due diligence and remedial action (where required). Directly contracted tobacco farmers and suppliers are trained on contractual obligations relating to human rights themes such as child and forced labour, working conditions, health and safety, and fair treatment. Farmer compliance with human rights obligations is monitored through the FSM App which covers 100% of our directly contracted tobacco farmer base.



- In 2024, we implemented several improvements to seek to further strengthen our mechanisms for respecting human rights across our value chain. The key improvements are highlighted below:
- CTC became the 1st end market to go live with Agri360-ESG, a new system currently being rolled out replacing the Farmer Sustainability Management (FSM) App which enables digital capability to our field technicians to extend sustainability monitoring to our directly contracted farmer network.
 - 100% of our directly contracted farmers were trained on the BAT Group Code of Human Rights in Tobacco Farming. This training programme, which was conducted by CTC for the first time in 2024, will continue to be rolled out annually.

Farmer Livelihoods and Communities

OVERVIEW

By working towards prosperous livelihoods for farmers in our supply chain, we can help make farming more attractive for the next generation, reduce risks of child and forced labour and improve living standards. By improving the socio-economic development and long-term resilience of our farmers and connected communities we also make our business more resilient.

CTC'S MANAGEMENT APPROACH

We aim to drive socio-economic empowerment in rural communities through multi-faceted community engagement initiatives that include providing agricultural knowledge, access to infrastructure and capacity building support to our farmer network and wider communities.

CTC'S PROGRESS



9Mn

CSI on Community
Development



63

Total number of
community development
projects carried out

		2024	2023
Total payments to directly contracted farmers	Rs. Mn	857	798.3
% of directly contracted farmers growing other crops	%	100	100
% of contracted tobacco farmers monitored through FSM App	%	100	100

INCOME DIVERSIFICATION

We encourage our farmers to diversify their crops and income sources, helping them to earn a year-round income to become more resilient, and promoting sustainable agricultural practices. To this end in 2024, over 5,000 farmers, sub-growers and other stakeholders were provided with free seeds of Other Field Crops (OFCs) such as maize, luffa, cowpea, groundnut and green gram and vegetables through the 'Janadiriya' Programme.

FARMER TRAINING AND CAPACITY BUILDING

Field technicians from our leaf team work closely with our directly contracted farmers to build capacity by supporting them to enhance their knowledge and skills throughout the growing cycle, helping them develop skills, boost yields and build resilience. Such capacity building programmes were carried out covering 100% of our farmer network during the year to provide the required knowledge and skills.

Guaranteed Fair Pricing: Securing Stability for Our Farmers

We aim to ensure income stability and fair pricing for our directly contracted farmers through a guaranteed buy-back arrangement at pre-agreed prices, determined together with the Farmers' Union and relevant government authorities.

CROP INSURANCE

As part of our efforts to enhance farmers' resilience and safeguard them against potential losses, we increased crop insurance support to selected high performing farmers by 7% of traditional Yala crop. This initiative included raising awareness about the benefits of crop insurance and facilitating the insurance process in partnership with a 3rd party.

EMPOWERING FARMER COMMUNITIES IN THE LONG TERM THROUGH 'THRIVE' PROGRAMME

We participate in the Thrive Programme, a BAT Group initiative aimed at identifying and addressing long-term challenges that impact the livelihoods of farming communities. Data and associated indicators across

aspects of farmers' livelihoods, based on the internationally recognized 'Five Capitals' framework, are tracked and monitored on an ongoing basis through the FSM App.

We also participate in the Sustainable Tobacco Programme (STP), a global industry initiative to promote good practice in tobacco growing. The programme covers a range of areas including human rights, environmental preservation and the health and safety of people. The Programme covers our entire farmer network including sub-growers and compliance is monitored with the FSM App.

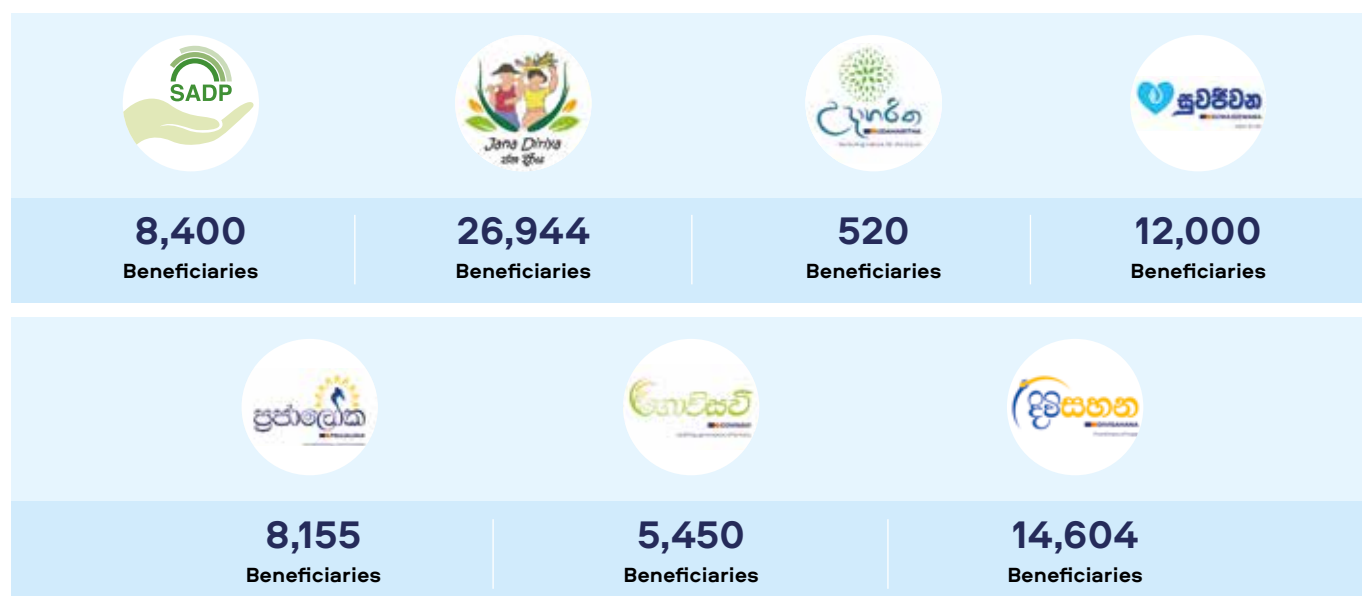
TOWARDS A SUSTAINABLE FUTURE

Farmer Livelihoods and Communities


BUILDING COMMUNITY RESILIENCE




CTC supports communities across the country through a range of longstanding Corporate Social Investment (CSI) initiatives.

CTC's flagship CSI initiative, Sustainable Agriculture Development Programme (SADP) remains one of our key initiatives to promote sustainable agriculture practices among rural communities across Sri Lanka, by identifying and supporting families living below the poverty line and providing them with agricultural and other resources to achieve food self-sufficiency. A range of other programme meanwhile address key areas such as poverty alleviation, health and wellbeing, agriculture and irrigation, nutrition, and disaster relief.



A summary of our key CSI programmes is listed below;

	<p>The SADP is an initiative that empowers and uplifts rural farming communities in Sri Lanka, who live below the poverty line. By providing essential resources and educating the community on home gardening and animal husbandry, the programme aims to enhance incomes and promote agricultural best practices.</p> <p>The programme commenced in 2006 and has supported 25,000 families, benefiting a total of 97,847 individuals to date.</p>
	<p>The 'Udharitha' Programme is focused on reforestation and biodiversity conservation.</p> <p>There are 3 initiatives under this programme:</p> <ul style="list-style-type: none"> • 87 Acre Carbon Reforestation Programme- 13,000 saplings planted to date. • 12 Acres in Dambulla, Murungahitikanda • 120 Acres in Naula, Matale <p>All of these initiatives are in support of the national priority of increasing the national forest cover from 29%-32% by 2030.</p>
	<p>'Suwajeewana' was launched in 2019 to support national efforts to combat the increase in Chronic Kidney Disease (CKD) among rural communities due to lack of access to clean drinking water. Through this programme, CTC has committed to constructing over 30 Reverse Osmosis (RO) water purification systems that will provide 10,000 liters of clean drinking water daily (per plant) by 2025.</p> <p>In 2024, 04 RO plants were opened, with 19 RO plants opened to date, supporting 57,000 beneficiaries.</p>

	<p>Executing small-scale infrastructure programmes, 'Prajaloka' programme is aimed at enhancing the wellbeing of rural communities.</p> <p>80 small-scale programmes were done in 2024, supporting 5,450 beneficiaries, with 69,043 beneficiaries supported to date.</p>
	<p>The 'Govisavi' programme supports rural farming communities through small-scale community programmes, with the intent of improving access to infrastructure and irrigation systems. This programme is done in collaboration with the leaf team to help the farmer organisations and rural farming communities.</p> <p>93 programmes were carried out in 2024, supporting 8,155 beneficiaries. 31,279 beneficiaries supported to date.</p>
	<p>The 'Divisahana' programme aims to provide relief materials such as rations to those affected by natural disasters or unexpected calamities.</p> <p>Supporting 14,604 beneficiaries in 2024 and 36,884 beneficiaries to date.</p>



TOWARDS A SUSTAINABLE FUTURE

Employees, Diversity and Culture

OVERVIEW

By bringing different perspectives to the workplace, we can foster a more dynamic and innovative environment where diverse ideas thrive. A mix of experiences, backgrounds, and viewpoints can encourage creative problem-solving, drive collaboration, and enable us to better respond to consumer needs.

CTC'S MANAGEMENT APPROACH

We strive to create a dynamic and inclusive culture that supports employees and provides opportunities to thrive and succeed. Our approach to employees, diversity and culture is guided by BAT Group's People Strategy, Employment Principles, Standards of Business Conduct (SoBC) and Health and Safety Policy.

CTC'S PROGRESS



Top Employer Certified for the Fourth Consecutive year by the Top Employer Institute, Netherlands

		2024	2023
Women representation across management roles	%	38	35
Women representation on the senior leadership team	%	57	50
Lost time incident rate	%	0.22	0.24

CREATING A DIVERSE TEAM

Our recruitment policies and processes enable us to attract individuals representing different backgrounds, experiences and demographics, making us the proud employer of a diverse and vibrant pool of employees.

	Men		Women	
	No.	%	No.	%

By Employment Category

Permanent	50	84	39	16
Contract	43	86	7	14

By Region

Western	125	78	36	22
Southern	17	94	1	6
Central	65	89	8	11
Sabaragamuwa	9	100	0	0
Others	32	97	1	3

By Age

21-30	68	77	20	23
30-55	175	75	25	25
Above 56	5	83	1	17
New Recruits	32	70	14	30
Exits	21	70	9	30

IGNITE-FLAGSHIP INTERNSHIP PROGRAMME

During the year we launched our signature internship programme 'Ignite' with 5 undergraduates, providing them with on-the-job training experience, mentorship opportunities, and valuable industry experience. The programme is part of our wider talent branding strategy aimed at attracting and nurturing new talent into the Company.

FOSTERING A DIVERSE AND DYNAMIC CULTURE

Recognizing the value of fostering a culture that celebrates and embraces diversity, we are fully aligned with BAT Group's diversity agenda.

STRENGTHENING GENDER DIVERSITY

The BAT Group's targets are to achieve 45% and 40% women representation in Management roles and Senior Leadership Teams respectively. In 2024, 57% of the roles of the CTC Senior Leadership team and 35% of CTC Management roles were held by women. The total number of permanent women employees at CTC was 50 as at 31 December 2024.

Consistent efforts to create an empowering and fulfilling environment for women have been beneficial in driving gender balance across all levels and functions. Progressive policies such as flexible working arrangements, above average maternity leave (100 working days in contrast to the 84 working days provided by the local laws) and parental support are in place to support parents balance multiple commitments.

Innovative training and development programmes such as our tailor-made leadership development programme for women - SparkX continue to offer our women employees opportunities to develop talents and leadership skills to move into leadership roles. This year, we also launched Supernova, a mentorship programme designed specifically to nurture women talent in STEM fields. Through this initiative, 5 university students were provided with valuable mentorship opportunities within the organization. The programme is specifically focused on encouraging women to pursue careers in traditionally male-dominated fields such as R&D, Operations, and Leaf, fostering greater gender diversity and inclusivity in these critical areas.

WOMEN OF WORTH (WoW) PROGRAMME

The Women of Worth (WoW) programme, now in its 6th year, continues to empower women across the organization through multiple engagement initiatives. The WoW initiative is a unique platform that provides women opportunities for engagement, networking, and sharing experiences. The initiative is driven by a cross-functional team from CTC's women workforce and has contributed towards collectively addressing issues faced by them in their professional careers and personal lives. Activities conducted in 2024 are summarized below.



Connect

Awareness through Art, a breast cancer awareness session was conducted with over 35 participants from the head office to use art as an awareness media.



Collaborate

A debate competition Inspire Inclusion was held to create conversations around controversial topics and to involve the wider organization to drive for an inclusive workplace.



Enable

Opening of lactation room at GLTP to create a favourable workspace for women at CTC.



Paduru Party, a celebration of International Men's Day showcased the men's allyship in the organization to WoW.



Inspire

Year-end networking event connecting all women of the organization for a day filled with fun activities to build connections and to create bonding opportunities for women at CTC.



TOWARDS A SUSTAINABLE FUTURE

Employees, Diversity and Culture

EMPLOYEE ENGAGEMENT

Multiple channels are made available to employees to engage with management and co-workers including the We-Connect programme with the Senior Leadership Team. An open-door policy is practiced across all levels, complemented by our grievance mechanism, the “Speak-Up” channel that enables employees to voice concerns freely and without fear of retaliation, including reporting any incidents of discrimination. Additionally, regular employee surveys, such as the “Your Voice” surveys, are conducted to assess employee sentiment and gather feedback on the effectiveness of people-focused initiatives.

We also have in place and engagement index which evaluates how deeply employees are connected with the organization. It assesses their commitment to achieving goals, how enabled they feel to deliver, and how energised they are.

We prioritize continuous engagement with our trade unions, which represent approximately 35% of our employees under a Collective Agreement. Throughout the year, we continued to focus on maintaining positive and collaborative relationships with all trade unions. Any significant operational changes are consistently communicated to the unions, to help ensure open channels for discussion and constructive dialogue.



YOUR VOICE SURVEY

98% of CTC's employees participated in the 'Your Voice' survey conducted in 2024 which obtained employee feedback on a range of topics including employee perception of culture, leadership, inclusion and wellbeing.

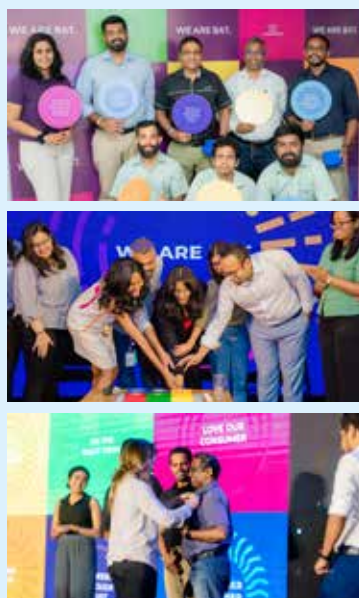
85%

Sustainability Score

(Engagement of employees with the organization)

Engagement activities are carried out throughout the year as part of our team building efforts and in order to reiterate our values. A selection of the events carried out during the year are shown below;

Values Cascade



Values Cup Launch



BUILDING A DIVERSE SKILL SET

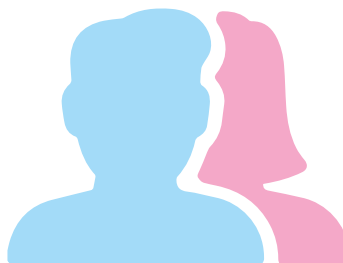
Employees have access to localized training and development opportunities delivered through various channels, including digital platforms, onsite and off-site training. Our training and development programmes are designed to equip employees with a diverse skill set that enhances their professional growth, improves performance, and prepares them to take on future challenges. Over 12,330 hours of training were provided during the year. During the year, 6 employees also participated in global training programmes while 16 employees were offered International Assignment (IA) opportunities.

Training Focus for 2024

IWS Training

A significant investment was made towards IWS training with a new IWS training center being established at our Colombo Factory.

Training Hours	
3,460	Non-Executive
2,580	Executive
2,420	Junior and Middle Management
449	Senior Management and above



	Training Hours
Non-Executive	440
Executive	848
Junior and Middle Management	1,350
Senior Management and above	785

REWARDING OUR PEOPLE

We strive to provide fair and competitive remuneration and benefits, commensurate with skills, experience and contribution to CTC. All permanent employees are provided a range of benefits in addition to fixed pay and performance-based bonuses. Key benefits offered to permanent employees include transport allowance, vehicle loan, housing loan, medical insurance, professional membership, and educational assistance. Aligned with our commitment to equal pay practices we ensure that salaries, bonuses, and benefits are applied consistently and remain unaffected by factors such as gender.

We maintain a fair and transparent performance management system that recognizes and rewards employees for their achievements while continuously identifying and addressing skill and knowledge gaps. Performance evaluations are carried out for all employees bi-annually.

EMPLOYEE SAFETY AND WELLBEING

Employee Health and Safety at CTC is governed by CTC's comprehensive EHS policies and procedures, which comply with all local regulations and incorporate global best practices. In addition, CTC also has implemented and localised as appropriate the BAT Group's Environment and Health and Safety Policy Manual and BAT Group's Health and Safety Policy Statement. Implementation and

monitoring of EHS guidelines are overseen by a cross-functional EHS Steering Committee, supported by the sustainability team and the sustainability pillar members.

OCCUPATIONAL HEALTH AND SAFETY

We continue to improve safety standards across our operational sites through investments in safety improvements and ongoing training and awareness on safety aspects. The 'Safe Step' Initiative which was launched in 2024 hopes to digitalize the employee safety induction process. We also carried out safety walks at our operational sites to identify potential risks and ensure the effectiveness of the safety measures in place. We have also implemented driver safety programmes to reduce the risk of traffic accidents. This includes the installation of telematic systems in our vehicle fleet to monitor driving behaviour and identify areas for improvement. Currently 60% of our fleet has been fitted with telematic systems.

Workers covered by occupational health and safety management system	100%
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Work-related injuries		
	No.	Rate
Fatalities due to work-related injuries	0	0
High-consequence work-related injuries	1	0.22
Recordable work-related injuries	25	5.59

Work-related ill health		
	No.	Rate
Fatalities due to work-related ill-health	0	0
Total cases of recordable work-related ill-health	0	0



TOWARDS A SUSTAINABLE FUTURE

Employees, Diversity and Culture

Workplace Wellness

Workplace wellness is a key focus of our EHS agenda, and we continue to implement programmes that protect and promote the health and wellbeing of our employees, their families and local communities. A key initiative during the year was the launch of our Wellbeing App for our employees which included features such as reminders for hydration, options for ordering healthy meals and a step count feature. This App together with ongoing wellness initiatives carried out throughout the year encourage our employees to lead a healthy lifestyle within and outside the work environment.

Physical Wellness

Action Taken

- Launch of Wellbeing App
- Expanded gym facilities
- Medical services, health screenings and insurance
- Step count challenge

Mental Wellness

Action Taken

- Mental health support and counselling services
- Family friendly policies and initiatives such as flexible working

Social Wellness

Action Taken

- Cultural celebrations to promote sense of community and celebrate cultural diversity



Ethics and Integrity

OVERVIEW

Acting ethically and with integrity enhances our relationships with stakeholders, employees, investors, and the wider community.

CTC'S MANAGEMENT APPROACH

Our approach to ethics and integrity is outlined in the BAT Group's Standards of Business Conduct (SoBC) and Supplier Code of Conduct (SCoC). These codes set out the minimum standards expected from employees and business partners across the Group and cover a number of areas including compliance, human rights and business integrity.

CTC'S PROGRESS



100%

of employees completed annual SoBC training and sign-off



100%

Roll out of revised corporate values

POLICY FRAMEWORK

We have implemented BAT Group policies and procedures relevant to our market and localized them as appropriate. These policies help to ensure compliance with legal requirements, promote transparency, and uphold high standards of integrity across all aspects of the business, where local laws are less stricter than BAT Group's policies, CTC ensures to adopt the higher standards.

BAT GROUP'S STANDARDS OF BUSINESS CONDUCT (SOBC)	BAT GROUP'S SUPPLIER CODE OF CONDUCT (SCOC)	BAT GROUP'S THIRD-PARTY ANTI-FINANCIAL CRIME PROCEDURE (TPAFCP)	BAT GROUP'S GIFTS & ENTERTAINMENT POLICY (G&E)
We have implemented BAT Group policies and procedures relevant to our market and localized them as appropriate. These policies help to ensure compliance with legal requirements, promote transparency, and uphold high standards of integrity across all aspects of the business, where local laws are less stricter than BAT Group's policies, CTC ensures to adopt the higher standards.	Defining the minimum standards of business conduct we expect our suppliers to adhere to.	Sets out the Group-wide mandatory steps required for dealings with all third parties and is designed to assess and mitigate third-party risks on bribery and corruption, money laundering, terrorist financing, illicit trade, sanctions and tax evasion.	Provides guidance on some of the rules set out in the SoBC pertaining to the offering and receipt of gifts to ensure that our employees are aware of and do not cross the line towards any bribery and corruption risks.
During the year the Group's SoBC, SCoC and TPAFCP were updated further as part of our annual update, (Refer Corporate Governance on Page 98 for more information)			

TOWARDS A SUSTAINABLE FUTURE

Ethics and Integrity

REPORTING CHANNELS

We empower our employees, business partners and suppliers to act ethically by providing them with the necessary tools, resources, and channels to report actual or suspected misconduct. An open-door policy encourages employees to directly speak with a Designated Officer, Legal, Human Resources or to their Line Manager. Meanwhile, an external, independently managed 'Speak Up' channel can be used.

ETHICS AND COMPLIANCE TRAINING

We seek to ensure that our employees are aware of and understand our policies and procedures with regard to ethical behaviour. Periodic refresher sessions, training and other communication including policy cascades help ensure that ethical behaviour is ingrained into our organisational culture. All employees are required to formally confirm their compliance with the SoBC policy annually. During this sign-off, they undergo training followed by an assessment and reaffirm their commitment to the SoBC policy by disclosing any conflicts of interest with the business. The ESG Roadshow which is an annual policy cascade is an interactive sessions on sustainability related issues and was conducted for the second consecutive year for all employees including administration and factory employees.

COMPLIANCE

Compliance with all external laws and regulations as well as internal policies, required standards and guidelines is managed by the Head of Legal, Corporate and Regulatory Affairs and Company Secretary, who is responsible for implementing BAT Group's Compliance Strategy.

CORPORATE VALUES ROLL-OUT

Several campaigns were carried out during the year to roll out BAT Group's revised Values. This included the Values Premier League which included elements of the annual SOBC sign off as well as a series of awareness sessions on our revised corporate values.



Marketing and Communication

OVERVIEW

We hold that tobacco products are marketed and sold responsibly, strictly to adult consumers. Responsible marketing and transparent communication are therefore integral to our approach. We emphasize the need for adherence to applicable legal and regulatory requirements, accurate product information, while also focusing on preventing underage access.

CTC'S MANAGEMENT APPROACH

We seek to ensure responsible marketing and transparent communications by adhering to internal and external marketing guidelines and legal regulations including the National Authority on Tobacco and Alcohol Act, No. 27 of 2006 (NATA Act).

CTC'S PROGRESS



100%

iCommit completion rate



The BAT Group's International Marketing Principles were updated and renamed Responsible Marketing Framework (RMF)

		2024	2023
Incidents of non-compliance concerning product and service information and labelling	No.	0	0
Incidents of non-compliance concerning marketing communications	No.	0	0

MARKETING GUIDELINES AND PRINCIPLES

All CTC's communications are governed by the National Authority on Tobacco and Alcohol (NATA) Act No. 27 of 2006 and its associated regulations, alongside BAT's internal guidelines, such as the Responsible Marketing Framework.

Evolving approach to Responsible Marketing

In 2024, CTC adopted BAT's Responsible Marketing Framework in line with the global roll-out. The new framework further strengthens our internal guidelines pertaining to marketing and communication.

Local Regulations	BAT Group Guidelines
<p>National Authority on Tobacco and Alcohol (NATA) Act No. 27 of 2006</p> <p>The NATA Act is the primary legislation that sets out clear guidelines on product packaging and labelling, tar and nicotine content disclosures, and graphical health warnings covering the top 80% of the surface area of the front and back of the pack.</p>	<p>Responsible Marketing Framework</p> <p>The BAT Group's approach to responsible marketing is governed by the RMF. They apply to all BAT entities and marketing suppliers as appropriate to local conditions. This framework emphasizes responsible marketing, which is accurate and adult-targeted and may be stricter than local law requires.</p>

COMPLIANCE

Compliance with the NATA Act and the RMF is overseen by our Regional Audit and CSI Committees, along with the Audit Committee. These bodies ensure strict adherence to these standards through regular monitoring and evaluation. We further ensure that CTC executive cadre signs off on the Responsible Marketing Framework annually, ensuring compliance.

TRAINING ON RESPONSIBLE MARKETING

All employees received training on the new Responsible Marketing Framework as part of the ESG Road Show and Policy Cascade. Meanwhile, mandatory training programmes, such as BAT's iCommit initiative on responsible marketing, ensure that employees have a thorough understanding of our principles, guidelines and procedures relating to marketing and communication.

TOWARDS A SUSTAINABLE FUTURE

Supplier Engagement

OVERVIEW

We have a relationship with around 20 direct and over 1,000 indirect suppliers. Effective supplier engagement plays a crucial role in driving operational excellence and achieving our own sustainability goals.

CTC'S MANAGEMENT APPROACH

We adopt a collaborative and continuous approach to supplier engagement, proactively engaging with our suppliers to derive shared value. The BAT Group's Supplier Code of Conduct (SCoC) meanwhile applies to all BAT Group suppliers and sets the minimum standards for responsible business conduct we expect our suppliers to uphold.

CTC'S PROGRESS



Carrying out Social Responsibility Audits for direct local suppliers

		2024	2023
Supplier (non-leaf) audits carried out	No.	3 BAT Intertek Audits	0
No. of new suppliers screened using environmental and social criteria	No.	Only done for existing suppliers. (2 Ecovadis Audits & 1 CDP Audit)	0

SOCIAL DUE DILIGENCE OF DIRECT MATERIAL SUPPLIERS

In 2024, CTC carried out supplier Social Responsibility Audits for all local wrapping materials suppliers. The audit, which was carried out by an accredited 3rd party, covered key aspects such as supplier's sustainability frameworks and sustainability governance among others.

SHARING OUR LEARNINGS WITH OUR SUPPLY PARTNERS

We have also commenced a programme to share learnings from our Integrated Work System (IWS) journey with key suppliers, thereby driving greater efficiencies within their own operations and, by extension, our supply chain. Accordingly, in 2024, we engaged with several of our largest suppliers in a loss analysis exercise aimed at identifying and addressing areas for improvement.

ENGAGEMENT WITH LEAF SUPPLIERS

Please refer Farmer Livelihoods and Communities on page 77.



CTC TRADE UNION

Union Committee - Colombo



PRASHAN CHINTHAKA
President



RANGA KULATHILAKA
Secretary



JEEWAKA ALAHAKOON
Co-Secretary



NILANTHA PIYASENA
Committee Member



JEEWAKA HERATH
Committee Member



KAMAL INDIKA
Committee Member



SANJEEWA KUMARAJITH
Committee Member



JANUKA PERERA
Committee Member



SAMEERA PEIRIS
Committee Member

CTC TRADE UNION

Union Committee - Colombo



CHAMARA HETTIARACHCHI
Deputy Treasurer



UDARA JAYASINGHE
Shift Organiser



CHAMINDA KIWULEGEDARA
PMD Organizer



SAMITHA CHANDRASEKARA
Committee Member



DILEEPA THARINDU
Committee Member



HASITHA UDAYANGA
Committee Member

Union Committee - Kandy



NILANTHA JAYAWEDENA
President



KUMARA DAYASIRI
Secretary



DANUSHKA BANDARA
Treasurer



NEUMAL SILVA
Committee Member



DASANTHA GUNARATNE
Committee Member



ASELA GUNASINGHE
Committee Member





EMPOWERED THROUGH TRUST

“Trust is the foundation of every financial decision we make. When we empower our teams with transparency and confidence, we create a culture where accountability thrives and innovation flourishes, driving success for everyone”

THILANKA KUMARA

Commercial Finance Manager - Marketing

RISK MANAGEMENT & GOVERNANCE

RISK MANAGEMENT

Our robust risk governance and management processes enable the Company to proactively identify and address key risks, in order to strike an effective balance between mitigating risks and enhancing shareholder value.

RISK MANAGEMENT FRAMEWORK

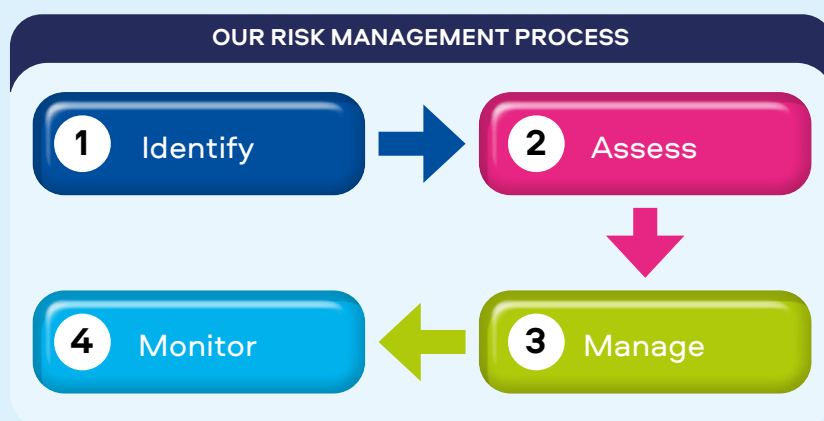
The Company's risk management framework is characterised by defined mandates, comprehensive policy frameworks and clear governance structures. As a subsidiary of BAT Group, CTC also benefits from the international harmonisation of global best practices in risk management and has been successful in nurturing a risk culture which aptly balances risk and growth considerations.

RISK GOVERNANCE STRUCTURE

The Board of Directors holds ultimate responsibility for ensuring that the Company's risks are identified and mitigated effectively. The Board is supported by the Audit Committee and a dedicated Risk Management Committee (RMC) at executive level, in discharging its risk management responsibilities. The Audit Committee reviews the effectiveness of the Company's risk management and internal control systems bi-annually. The RMC, headed by the Company's Finance Director and consisting of Senior Managers representing key functions, reports to the Leadership Team on the risk performance of each function on a regular basis. The Company's risk profile is also monitored through the internal reporting mechanisms of the BAT Group.

RISK MANAGEMENT PROCESS

CTC has in place a streamlined process for effectively identifying, assessing, managing and monitoring potential risks. Each step is based on the BAT Group level guidelines for risk management.

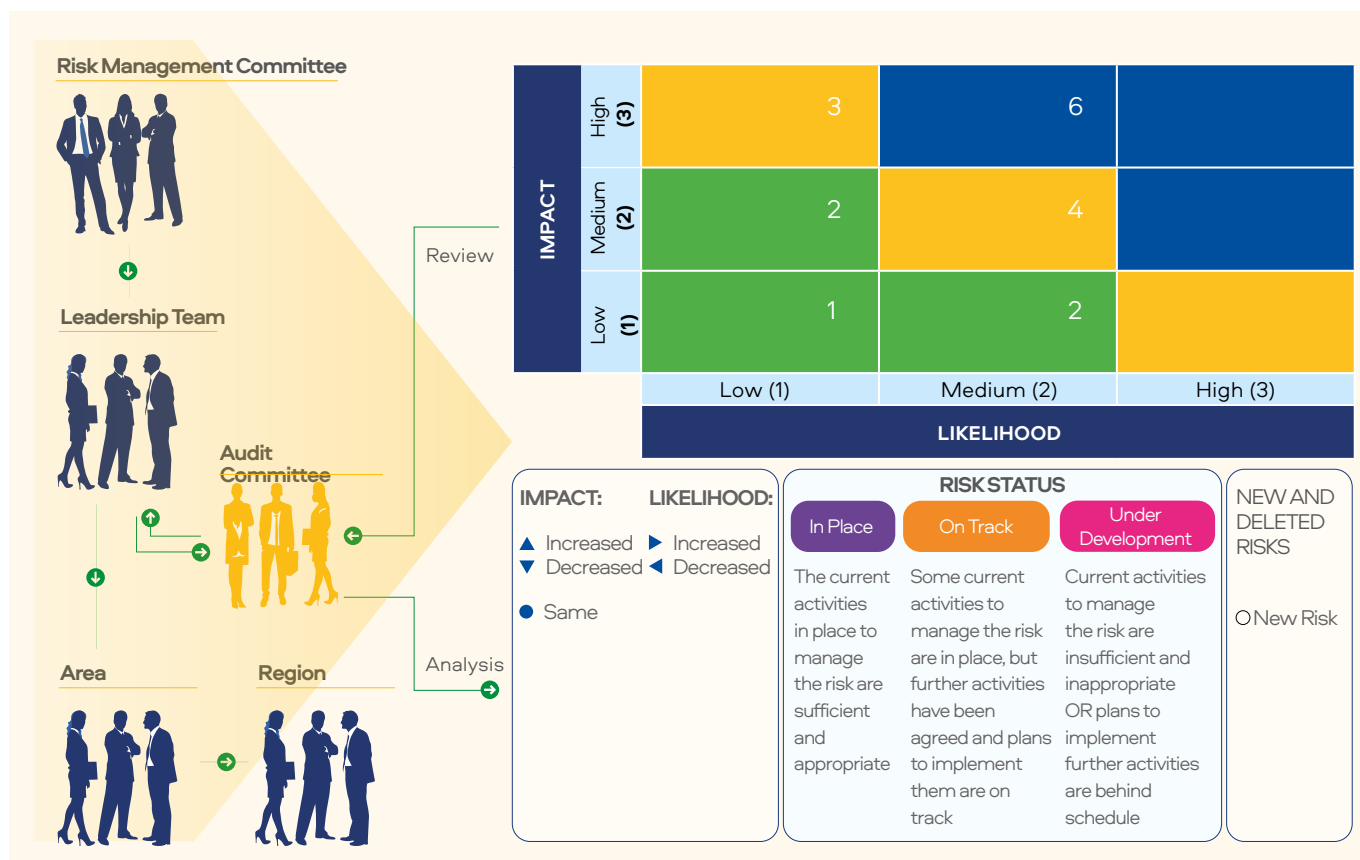


Risk Identification

A risk assessment is carried out annually to identify the principal uncertainties facing CTC, including those that would threaten its business model, future performance, solvency or liquidity. Financial and non-financial risks are identified at a functional level, with inputs from relevant employees. This is done through team discussions and brainstorming sessions which facilitate value addition. The identified risks are reviewed for completeness by the RMC on a regular basis and reported to the Audit Committee.

Risk Assessment and Evaluation

Risk Registers, which are standardised across the Group, are used to assess and evaluate risks. All identified risks are assessed at three levels (high/medium/low) with reference to the likelihood of occurrence and the potential impact. Tolerance levels and trigger points are also defined for each identified risk. The Risk Registers are validated by the Risk Management Committee (RMC) and reviewed regularly by the Leadership Team and bi-annually by the Board and the Audit Committee.



Risk Management - Based on the risk scores derived from the risk register, the respective functions formulate strategies to curtail and mitigate these risk exposures. Responsibility for managing each identified risk is allocated to the senior functional managers (risk owners), who reports regularly to the RMC on the performance of defined risk parameters. Additionally, the potential impact of global trends and risks are also captured through input by the Regional Audit Committee, which also recommends improvements in internal controls in line with global best practices.



Risk Monitoring - Risks are monitored at multiple levels in the organisation including at functional level, by RMC, Executive Committee, Audit Committee and Board level. Identified risks, the risk registers, mitigation plans and performance of each identified risk are evaluated at these levels throughout the year.

RISK MANAGEMENT

PRINCIPLE RISKS IN 2024

The table below summarises CTC's key risk exposures for the year 2024. The risks detailed below are the ones that had and could potentially have had the most significant impact on the Company's ability to create value. Some of these major risks are outside the control of CTC and other factors besides those listed below may affect the Company's performance. Some risks may be unknown at present; others, which are currently immaterial, could emerge as material risks in the future.

Risk Factor	Strategic Impact	Time Frame of Risk	
Excessive and frequent taxes	Disproportionate tax increases on the legal cigarette industry increases the price differentials between legal cigarettes and unregulated illicit and under-regulated beedi, in turn impacting demand for CTC's products.	Medium to Long	
Increasing competition from illicit market	The growth in the illicit market erodes our market share due to the price parity in place. Low levels of enforcement and insufficient penalties continue to help in the growth of illicit.	Medium to Long	
Lower disposable income levels	Lower disposable income level reduce discretionary spending and drives consumers towards lower priced substitutes. This is also due to adverse economic conditions.	Short to Medium	
Difficulties in recruiting/retaining talent	High levels of migration in the country impacts the availability of skilled employees.	Short to Medium	

	Risk Assessment Compared to Last Year		Risk Level	CTC's Response /Risk Management Mechanism in Place
	Impact	Likelihood		
	Same	Same	High	We continue to engage closely with stakeholders advocating for balanced taxation and regulation to support the long-term sustainability of the legal, tax-compliant industry, which serves as a vital source of Government tax revenue.
	Same	Same	High	CTC is continuously committed to educating law enforcement on the impact of illicit trade on both the industry and the Government's revenue potential. During the year, CTC increased the resources dedicated to these initiatives.
	Same	Same	Medium	We have adopted a vertical ladder approach within brand houses which allows us to offer quality products at affordable price points.
	Same	Same	Medium	<p>We continue to enhance our Employee Value Proposition (EVP) in order to attract, develop and retain high quality local talent.</p> <p>Where possible we also provide employees overseas opportunities within the BAT Group to retain talent within the BAT Group.</p>

CORPORATE GOVERNANCE

Aligned with BAT’s best- in- class governance practices, CTC’s governance framework guides the Board and employees in their daily operations; ensuring that we uphold transparency, accountability and integrity in all our stakeholder interactions.

BOARD GOVERNANCE HIGHLIGHTS - 2024

Appointments

- Appointment of Mr. Harin de Silva Wijeyeratne as an Independent Non-Executive Director, w.e.f. 1 February 2024
- Appointment of Ms. Fariyha Subhani as Managing Director and Chief Executive Officer, w.e.f. 15 April 2024
- Appointment of Ms. Samanmalee Priyanvada Chandrasiri as a Non-Executive Director w.e.f. 7 November 2024

Resignations

- Resignation of Mr. Yudhishtan Kanagasabai as Independent Non-Executive Director w.e.f. 31 January 2024
- Resignation of Ms. Monisha Abraham as Managing Director and Chief Executive Officer, w.e.f. 15 April 2024
- Resignation of Ms. Rumana Rahman as a Non-Executive Director w.e.f. 30 September 2024

Policy Updates

Updates to Standards of Business Conduct (SoBC), Supplier Code of Conduct (SCoC) and Responsible Marketing Framework (RMF) based on BAT global updates

Governance Process Updates

Updates to Third Party Anti-Financial Crime Procedure and SOBC Sanctions Compliance Procedure

Governance Benchmarks and Regulatory Compliance

CTC’s governance structures, policies and frameworks are aligned to the best-in-class practices of BAT. The framework also complies with local regulatory requirements including the Companies Act No. 7 of 2007 as amended, updated Listing Rules of the CSE, Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (ICASL), and other relevant laws and regulations.



POLICIES

CTC has implemented a comprehensive suite of ethics, policies and standards, based on BAT's global policies and principles, to establish clear guidelines for ethical behaviour and decision-making. These policies ensure compliance with legal requirements, promote transparency, and uphold the highest standards of integrity across all aspects of the business. We continue to update these policies and procedures to better reflect evolving operating conditions.

Key changes during the year listed below:

Code/ Policy	Scope	Effective date
Standards of Business Conduct (SoBC)	BAT Global Update	January 2024
SOBC Sanctions Compliance Procedure	BAT Global Update	May 2024
Supplier Code of Conduct (SCoC)	BAT Global Update	January 2024
Third Party Anti-Financial Crime Procedure	BAT Global Update	March 2024
Responsible Marketing Framework	BAT Global Update	March 2024
Data Privacy Procedure	CTC Procedure Revision	May 2024
Gifts and Entertainment Procedure	CTC Procedure Revision	May 2024

All policies were reviewed and updated during the year ensuring compliance with Section 9.2.1 of the updated Listing Rules of the CSE. Updated policies are available on our corporate website at <https://www.ceylontobaccocompany.com/who-we-are/corporate-governance/policies-principles-and-standards>



CORPORATE GOVERNANCE

GOVERNANCE STRUCTURE

CTC's governance structure which includes several Board sub-committees with oversight responsibility over specific areas, promote empowerment and accountability. In addition to the mandatory sub-committees, CTC has also appointed a Corporate Social Investment (CSI) Steering Committee to drive its sustainability and CSI agenda.

Board Committees as at 22 April 2025

Sub-Committee	Composition*	Members	Mandate
Audit Committee	2 Independent NEDs, 1 NED Chaired by an Independent NED who is a member of a professional accounting body with the necessary experience	Harin de Silva Wijeyeratne (Independent Non-Executive Director) – Chairman Kushan D'Alwis (Independent Non-Executive Director) - Member Gary Tarrant (Non-Executive Director) - Member	Support the Board and the BAT Group's relevant Audit Committees in ensuring the integrity of financial statements, management of business risks, internal control and compliance, and conduct of business in accordance with our SoBC policy.
Remuneration Committee	2 Independent NEDs, 1 NED Chaired by an Independent NED	Kushan D'Alwis (Independent Non-Executive Director) – Chairman Harin de Silva Wijeyeratne (Independent Non-Executive Director) – Member Samanmalee Priyanvada Chandrasiri (Non Executive Director) - Member	Responsible for determining the framework and policy on the terms of engagement and remuneration of the Chairman, the Board of Directors, the Leadership Team and the Management staff of the Company
Nominations and Governance Committee**	2 Independent NEDs, 1 NED Chaired by an Independent NED	Harin de Silva Wijeyeratne (Independent Non-Executive Director) – Chairman Kushan D'Alwis (Independent Non-Executive Director) – Member Gary Tarrant (Non-Executive Director) - Member	Provide recommendations to the Board on suitable candidates for appointment to the Board, ensuring that the Board has a diverse and appropriate balance of skills and experience.
Related Party Transactions Review Committee	2 Independent NEDs, 1 NED Chaired by an Independent NED	Harin de Silva Wijeyeratne (Independent Non-Executive Director)- Chairman Kushan D'Alwis (Independent Non-Executive Director) – Member Gary Tarrant (Non-Executive Director) - Member	Review and provide recommendations on Related Party Transactions in line with the Listing Rules and Code of Best Practice on Related Party Transactions.
CSI Steering Committee	2 Independent NEDs, 2 EDs Chaired by an Independent NED	Kushan D'Alwis (Independent Non-Executive Director) – Chairman Harin de Silva Wijeyeratne (Independent Non-Executive Director) – Member Fariyha Subhani (Executive Director) – Member Towhid Akbar (Executive Director) - Member	Ensure the identification and management of all environmental, social and governance priorities and ensure that business is conducted in a socially responsible manner.

*NED - Non-Executive Director, ED - Executive Director

**Changes in 2024 • In compliance with the updated CSE listing rules, composition of the Nomination and Governance Committee was changed to comprise of 2 Independent Non-Executive Directors.

BOARD COMPOSITION

The Board comprises of 8 Directors (including the Chairman), of whom, 2 are Executive and 6 are Non-Executive Directors. 3 of the Non-Executive Directors are Independent Directors while 3 Non-Executive Directors represent the BAT Group. The composition of the Board, the balance between Executive and Non-Executive representation, and the calibre of Non-Executive Directors ensure that there is an appropriate balance within the Board. Board composition is regularly reviewed to ensure adequate diversity and to ensure that the skills representation is in alignment with current and future strategic needs of the Company. Profiles of the Board members are set out on page 14. Declarations are obtained annually from Directors and Chief Executive Officer confirming fit and proper criteria have been satisfied.



SURESH KUMAR SHAH
Chairman and Independent
Non-Executive Director



KUSHAN D'ALWIS PC
Independent Non-Executive
Director



**HARIN DE SILVA
WIJEYERATNE**
Independent Non-Executive
Director (appointed w.e.f. 1
February 2024)



STUART ROBERT KIDD
Non-Executive Director



GARY TARRANT
Non-Executive Director



**SAMANMALEE
PRIYANVADA
CHANDRASIRI**
Non-Executive Director
(appointed w.e.f. 7
November 2024)



FARIYHA SUBHANI
Managing Director & Chief
Executive Officer (appointed
w.e.f. 15 April 2024)



TOWHID AKBAR
Executive Director



MONISHA ABRAHAM
Former Managing Director
& Chief Executive Officer
(resigned w.e.f. 15 April 2024)

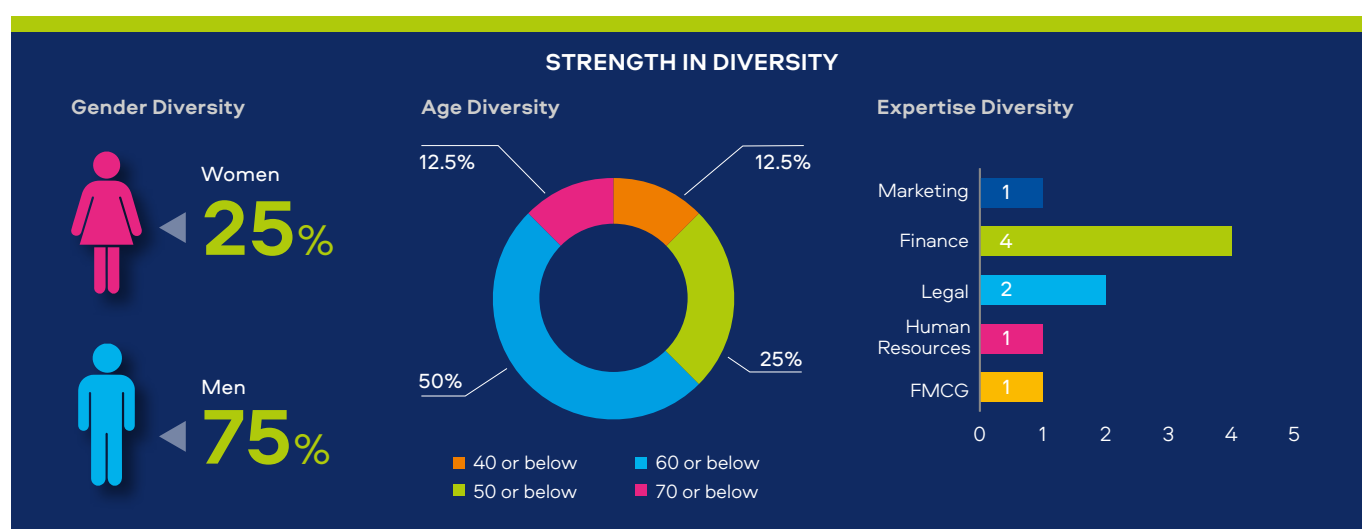


**YUDHISHTAN
KANAGASABAI**
Former Independent Non-
Executive Director
(resigned w.e.f. 31
January 2024)



RUMANA RAHMAN
Former Non-Executive Director
(resigned w.e.f. 30 September
2024)

Board Composition	
Non-Executive Directors	
Independent Non-Executive Directors	
Executive Directors	



ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

A clear division of roles and responsibilities ensures that none of the Directors have unfettered powers in the Board decision-making process. Key roles of Chairman and Managing Director/Chief Executive Officer are separate, strengthening the Board's effectiveness and ensuring objective decision making in the discharge of duties.

CORPORATE GOVERNANCE

NOMINATIONS TO THE BOARD

The Nominations Committee regularly reviews the structure, size, and composition (including the skills, knowledge and experience) of the Board, and makes recommendations to the Board with regard to any suitable changes.

	Name of Director	Nature of Directorship	Effective Date
New Appointments	Harin de Silva Wijeyeratne	Independent Non-Executive Director	1 February 2024
	Fariyha Subhani	Executive Director / Managing Director	15 April 2024
	Samanmalee Priyanvada Chandrasiri	Non-Executive Director	7 November 2024
Resignations	Yudhishtan Kanagasabai	Independent Non-Executive Director	31 January 2024
	Monisha Abraham	Executive Director / Managing Director	15 April 2024
	Rumana Rahman	Non-Executive Director	30 September 2024
Re-elections	Rumana Rahman	Non-Executive Director	28 May 2024
	Stuart Robert Kidd	Non-Executive Director	28 May 2024

INDUCTION AND TRAINING

All incoming directors joining the Board receive an induction covering their duties and responsibilities as Directors and are provided with information encompassing matters pertaining to the Company and the industry. An induction pack, consisting of the Company's Articles of Association, Sub-Committee TOR, the NATA Act, Board Charters and Annual Reports, among others, is provided to all newly-appointed Directors.

Non-Executive Directors undergo a three-day induction programme, with comprehensive coverage on all operational aspects. These sessions consist of:

- One-to-one session with the Chairman,
- Sessions with department heads including presentations covering all functions which include Marketing, Operations, Leaf, Finance, Human Resources, and Legal & Corporate and Regulatory Affairs,
- Market visits covering multiple channels including general trade, modern trade and hotels/ restaurants, and

- Site visit to factory and an area of tobacco cultivation, providing Directors with an opportunity to meet with contracted tobacco farmers and barn owners.

Directors also receive regular briefings to update their knowledge on emerging developments in both the internal and external operating environment.

ACCESS TO INFORMATION

The Board and its sub-committees have access to high-quality, relevant and timely information required to discharge its responsibilities effectively. The Company Secretary is responsible for ensuring access to this information and is also responsible for the efficient flow of information within the Board and its sub-committees and between the Non-Executive Directors and Senior Management. All Directors have access to the advice and services of the Company Secretary.

CONFLICTS OF INTEREST

Annual declarations of independence or non-independence are obtained from all Independent Directors in accordance with the stipulations

of the Listing Rules of the CSE and the guidelines of the Code of Best Practice. The Board also has formal procedures for managing conflicts of interest and Directors are required to provide advance notice of the same to the Company Secretary. From the current Board, 3 Directors are deemed independent of Management and free from any business or other relationships that could materially affect the exercise of their independent judgement.

COMMUNICATION OF CRITICAL CONCERNS

'Speak-Up' channels encourage employees and business partners to raise any concerns or grievances confidentially and anonymously. This includes the 'Speak-Up' hotline and 'Speak-Up' portal, which are managed independently and available 24 hours. Concerns that are raised through the external 'Speak-Up' channels (www.bat.com/speakup or the 'Speak-Up' hotline), are automatically entered into the SoBC portal, 'Convercent', for which access is only provided to internal employees.

BOARD MEETINGS

The Board meets quarterly, with special meetings convened if and when the need arises. The Board agenda is set by the Chairman in consultation with the Managing Director/ Chief Executive Officer and the Company Secretary. Other members of the Executive Committee and Senior Management are invited to meetings from time to time, in particular, when the Company's business strategy and annual budgets are under discussion. Board papers are circulated electronically, prior to the meetings, providing adequate time for preparation, thereby ensuring informed decision making. During 2024, the Board convened 4 times as scheduled.

Attendance at Board meetings held for the financial year 2024 is given below:

Director	Board	Audit Committee	Remuneration Committee	Nominations and Governance Committee	CSI Steering Committee	Related Party Transactions Committee
Mr. Suresh Shah	4/4					
Mr. Harin de Silva Wijeyeratne	4/4	4/4	1/1	2/3	2/2	4/4
Mr. Kushan D'Alwis	4/4	4/4	1/1	1/3	2/2	4/4
Ms. Monisha Abraham				2/3		
Ms. Fariyha Subhani	4/4	4/4*			1/2	
Mr. Towhid Akbar	4/4	4/4*			2/2	4/4*
Mr. Gary Tarrant	4/4	4/4	1/1	1/3		4/4
Ms. Rumana Rahman	2/4			2/3		
Ms. Samanmalee Chandrasiri	2/4					
Mr. Stuart Robert Kidd	3/4					

*Attended as invitee

BOARD REMUNERATION

The Remuneration Committee is responsible for determining the framework and policy on the terms of engagement (including remuneration) of the Chairman, Executive Directors, and Senior Management. The Terms of Reference of the Committee comply with the guidelines prescribed by the Code of Best Practice, as well as the CSE Listing Rules

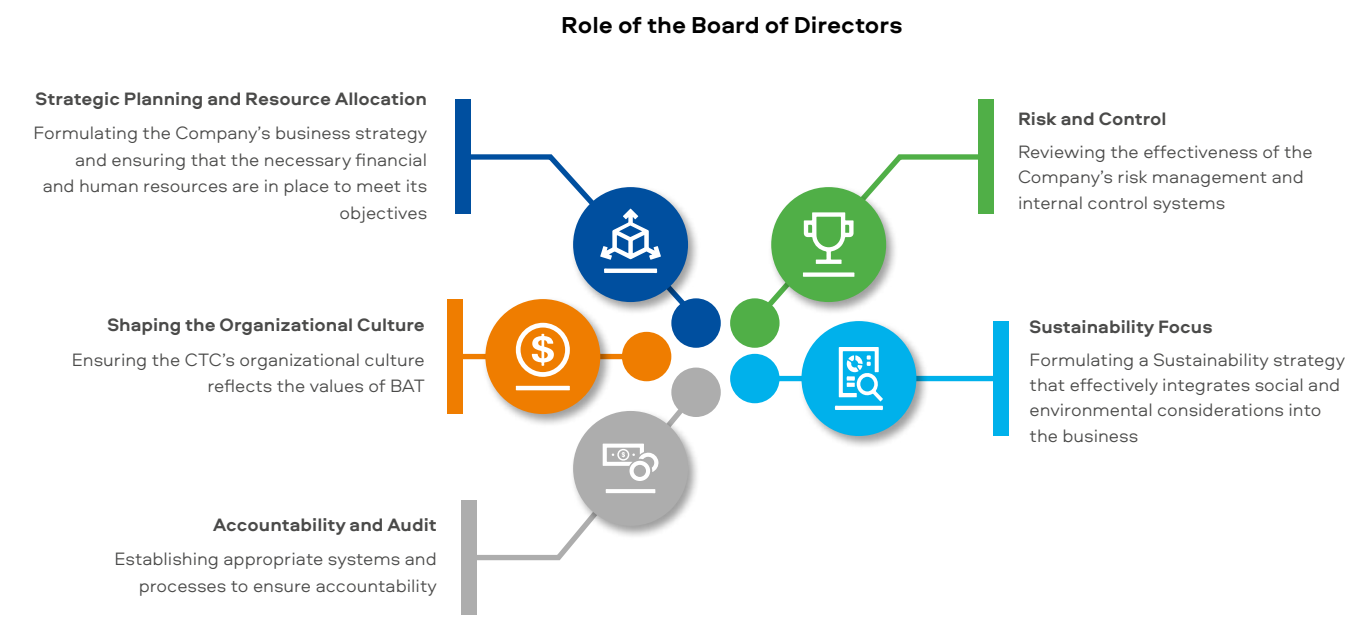
and Guidelines. The Company's Remuneration Policy is designed to provide a structured and balanced remuneration package, with the objective of attracting and retaining top talent. The Remuneration Policy covers performance-based variable rewards, the core fixed elements (base salary and benefits), pension, terms of service contracts and compensation payments.

Further details on the activities of the Board Compensation and Remuneration Committee are provided on page 120 of this Report. The aggregate remuneration paid to Executive Directors and Non-Executive Directors is disclosed in the Notes to the Financial Statements on page 132 of this Report.

CORPORATE GOVERNANCE

BOARD’S ROLE AND CONTRIBUTION TO VALUE CREATION

The Board holds collective responsibility to the shareholders for ensuring the Company's long-term success. By guiding strategic direction, upholding core values, and defining its purpose, the Board provides leadership that enables the Company to achieve both its business and sustainability goals. Its key responsibilities include:



DRIVING STRATEGY AND PERFORMANCE

The Board directly and through its sub-committees, steered the Company through a volatile business environment in 2024, successfully identifying risks and opportunities and recalibrating strategy to protect and create value for the Company and its stakeholders. Key areas of Board focus during the year are summarized below:

STRATEGIC AREAS OF BOARD FOCUS 2024

Assess Implications of Global and Local Economic Headwinds	<p>Monitoring macroeconomic developments and regulatory developments and evaluating potential impacts of the same.</p> <p>Assessing impact of global headwinds on supply chain and raw material prices.</p>
Contribution to Economic Recovery Efforts of Government	<p>Closely engaging with stakeholders to curb growth in illicit cigarette market.</p>
People Management and Talent Retention	<p>Ongoing focus on talent development, diversity and industrial relations.</p> <p>Providing guidance on maintaining employee motivation and morale amidst rising levels of migration.</p>
Sustainability Focus	<p>Providing leadership in driving sustainability strategy.</p> <p>Monitoring progress on community engagement initiatives.</p>

RISK AND CONTROL

The Board holds ultimate responsibility for ensuring that the Company's risks are managed effectively through a robust framework of policies, procedures, and internal control systems. To this end, the Board determines the risk appetite the Company is willing to take to achieve its strategic objectives. A discussion on the Company's key risk exposures and mitigation mechanisms is provided in the Risk Management Report on page 94 of this Report. A Risk Register based on a standardised methodology is used to identify, assess, manage, and monitor financial and non-financial risks. Risk performance is monitored against defined parameters and reviewed by the Board, through the Audit Committee. This bi-annual exercise enables the review of the effectiveness of the Company's risk and internal control systems. (Refer page 112 of this Report for Directors' Statement on Internal Controls)

SHAPING ORGANIZATIONAL CULTURE

The Board plays a crucial role in aligning CTC's organizational culture with the values of BAT. It ensures seamless integration of these principles into the business by adopting policies and strategies that emphasize diversity, inclusion, empowerment and responsible behaviour. The Board also monitors whether the organization's culture aligns with its stated values through governance mechanisms such as regular monitoring of progress on key indicators such as employee engagement and compliance reports. The annual ESG Roadshow and Policy Cascade also serves to create awareness about the Company policies and inculcate values among employees. (For more information on ethics and compliance training for employees please refer page 85. (Ethics and Integrity)

Our Values

- Truly Inclusive
- Do the Right Thing
- Love Our Consumer
- Passion to Win
- Empowered Through Trust
- Stronger Together

SUSTAINABILITY FOCUS

The Board, through the CSI Steering Committee, provides oversight and guidance on CTC's sustainability strategy, ensuring that BAT Group's sustainability agenda is localized to align with CTC's context and effectively integrated into all aspects of the operation. The CSI Steering Committee regularly updates the Audit Committee and the Board on progress in sustainability initiatives, ensuring broader Board involvement in sustainability matters.

The Company continued to make steady progress in its sustainability agenda as described in greater detail in pages 68 to 88 of this report.

ACCOUNTABILITY AND AUDIT

The Audit Committee has oversight responsibility for ensuring the integrity of the Company's financial statements as well as internal controls and compliance. The Committee is chaired by an Independent Non-Executive Director who is a member of a recognised professional accounting body and has extensive experience in relevant areas. The Chairperson works closely with the Company's Finance Director in discharging his responsibilities (refer to the Audit Committee Report on page 117). The Terms of Reference of the Audit Committee comply with the recommendations of the Code of Best Practice on Board Audit Committees,

issued by the Institute of Chartered Accountants of Sri Lanka (ICASL), and guidelines stipulated by the CSE.

The Audit Committee is responsible for reviewing and monitoring:

- The integrity of the Company's financial statements and any formal announcements relating to the Company's performance, considering any significant issues and judgements reflected in them, before their submission to the Board,
- The consistency of the Company's accounting policies,
- The effectiveness of the Company's accounting, risk, and internal control systems,
- The effectiveness of the Company's Internal Audit function, and
- The performance, independence, and objectivity of the Company's external auditors, making recommendations as to their re-appointment, while approving their terms of engagement and the level of audit fees.

CTC's financial statements are prepared in accordance with the Sri Lanka Financial Reporting Standards laid down by the ICASL. The Report also contains a declaration of the Board of Directors on the Affairs of the Company (refer page 113), the Statement of Directors' Responsibility (refer page 116) and Directors' Statement on Internal Controls (refer page 112).

CORPORATE GOVERNANCE

SHAREHOLDER RELATIONS

The Company strives to engage with its shareholders in a continuous and transparent manner. The Annual General Meeting (AGM) serves as the primary forum for shareholder engagement. Notice of the AGM and relevant documents are sent to shareholders at least 15 working days prior to the AGM. A summary of

procedures governing voting at the AGM is provided in the proxy form and circulated to shareholders prior to the meeting. The Company's 93rd AGM was successfully concluded on 28 May 2024.

Communication with shareholders is also facilitated through the Company's website and announcements to the

CSE. Quarterly performance updates are released to the CSE and published on the Company's website. In line with the CSE Listing Rules a new policy on Relations with Shareholders and Investors was introduced. The Assistant Company Secretary serves as the primary point of contact for clarifications, suggestions or complaints raised by shareholders.

STATEMENT OF COMPLIANCE

Section 9 of CSE Listing Rules

Rule No.	Corporate Governance Requirement	Compliance Status	Applicable section in the Annual Report
9.1	Applicability of Corporate Governance Rules		
9.1.3	Statement of Compliance The Company to publish a statement confirming the extent of compliance with the Corporate Governance Rules in the Annual Report A statement is published confirming the extent of compliance with the CSE Corporate Governance Rules, in the Report of the Board of Directors	Compliant	Page 115
9.2	Policies		
9.2.1 w.e.f. October 2024	Establish and maintain the following policies and disclose its existence and details of implementation on the website: Policy on the matters relating to the Board of Directors Policy on Board Committees Policy on Corporate Governance, Nominations and Re-election Policy on Remuneration Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Company's listed securities Policy on Risk Management and Internal Controls Policy on Relations with Shareholders and Investors Policy on Environmental, Social and Governance Sustainability Policy on Control and Management of Company Assets and Shareholder Investments Policy on Corporate Disclosures Policy on Whistleblowing Policy on Anti-Bribery and Corruption	Compliant	N/A
9.2.4	Policies above to be made available to shareholders upon request	Compliant	N/A

Rule No.	Corporate Governance Requirement	Compliance Status	Applicable section in the Annual Report
9.3	Board Committees		
9.3.1 / 9.3.2	Following Board Committees to be established and Company to be compliant with the composition, responsibilities and disclosure requirements set out in the Rules:	Compliant	Page 100
	Nominations & Governance Committee	Compliant	Page 121
	Remuneration Committee - The Terms of Reference of the Company's Remuneration Committee was amended in view of the revised Listing Rules	Compliant	Page 120
	Audit Committee	Compliant	Page 117
	Related Party Transactions Review Committee - The Terms of Reference of the Company's Related Party Transactions Review Committee was amended in view of the revised Listing Rules	Compliant	Page 119
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1	Compliant	Page 100
9.4	Principles of Democracy in Shareholder Dealings		
9.4.1	Maintain records of all resolutions and information pertaining to its adoption The Company Secretary maintains records of all shareholder resolutions and requisite information and is able to provide extracts of such resolutions to the SEC and CSE if required	Compliant	N/A
9.4.2	(a) policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Company	Compliant	Page 106
	(b) Company shall disclose the contact person for such communication Details of the contact personnel are provided in the "Corporate Information" section on the inner back cover of this Report	Compliant	IBC
	(c) The shareholder communications and relations policy shall include a process to make all directors aware of major issues and concerns of shareholders and this process to be disclosed in Annual Report and website The Company Secretary keeps the Board apprised of major issues and concerns raised by the shareholders to ensure that they are addressed in an appropriate manner keeping in line with the corporate values of the Company. Shareholder correspondences on major issues are handled by the Chairman with the concurrence of the Board/the CEO as appropriate.	Compliant	N/A
	(d) Shareholder meetings conducted virtually/in hybrid mode to comply with the Guidelines issued by CSE The Company ensures that where applicable, virtual shareholder meetings are conducted in compliance with the Guidelines issued by the CSE as incorporated in the Articles of Association of the Company	Compliant	N/A

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Requirement	Compliance Status	Applicable section in the Annual Report
9.5	Policy on Board related matters		
9.5 (w.e.f. October 2024)	Company to establish and maintain a formal policy governing matters relating to the Board of Directors covering the requisites in 9.5.1	Compliant	N/A
9.6	Chairman & Chief Executive Officer		
9.6.1	Chairman of the Company should be a Non-Executive Director and the position of Chairman and Chief Executive Officer shall not be held by the same person	Compliant	Page 101
9.6.3	If Chairman and Chief Executive Officer are the same person; or if the Chairman and Chief Executive Officer are close family members or related parties, Company to appoint a Senior Independent Director (SID) and comply with the requirements in 9.6.3	Compliant	N/A
9.7	Fitness of Directors & CEOs		
9.7.1 / 9.7.2 / 9.7.3 / 9.7.4	Company to ensure that the Directors and Chief Executive Officer and the persons recommended by the Nominations and Governance Committee are at all times, fit and proper persons as per the criteria in 9.7.3. Company to obtain declarations from all directors and Chief Executive Officer on an annual basis confirming their fitness and propriety. The Company Secretary obtains declarations from the Directors on an annual basis	Compliant	N/A
9.8	Board Composition		
9.8.1 (w.e.f. October 2024)	Minimum number of Directors shall be 5. The number of Directors during the year 2024 was in compliance with the thresholds detailed in these Rules	Compliant	Page 101
9.8.2	Minimum number of Independent Directors shall be 2 or 1/3 rd of the total number of Directors (whichever is higher). Any change to be rectified within 90 days	Compliant	Page 100
9.8.3	Criteria for determining independence The Company Secretary obtains declarations from the Directors on an annual basis. In view of these Rules, a declaration confirming each Director's independence in the form prescribed in the Listing Rules has been included in these annual declarations from 2023 onwards	Compliant	N/A
9.9	Alternate Directors		
9.9	Company to follow the requirements laid down in 9.9 when appointing Alternate Directors and incorporate such requirements in the Company's Articles of Association	Compliant	N/A
9.10	Director Disclosures		

Rule No.	Corporate Governance Requirement	Compliance Status	Applicable section in the Annual Report
9.10.1	Company to disclose policy on the maximum number of directorships allowed to be held by a Director. If such number is exceeded, an explanation to be provided in the Annual Report	Compliant	N/A
9.10.3	Company shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof	Compliant	N/A
9.10.4	Disclosures in relation to Directors	Compliant	Page 16
9.11 (w.e.f. October 2024)	Nominations and Governance Committee		
	Composition, functions, and annual report disclosures	Compliant	Page 121
9.12	Remuneration Committee		
9.12	Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules. In view of the revised Listing Rules, the Terms of Reference of the Remuneration Committee was amended in 2023	Compliant	Page 120
9.13	Audit Committee		
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules Please see detailed report on pages 117 to 118 on the functions and disclosures of the Audit Committee	Compliant	Page 117
9.13.1	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	Compliant	N/A
9.14	Related Party Transactions Review Committee (RPTRC)		
9.14.1	Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 The Terms of Reference of the Company's RPTRC was amended in view of the revised Listing Rules.	Compliant	Page 119
9.14.2 / 9.14.3	Functions and Composition of the RPTRC <ul style="list-style-type: none"> Comprise a minimum 3 Directors out of which 2 shall be Independent May include Executive Directors Chairperson to be an Independent Director Please see detailed report on page 119	Compliant	Page 119
	Where parent and subsidiary are both listed the RPTRC of the parent may be permitted to function as the RPTRC of the subsidiary	N/A	N/A

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Requirement	Compliance Status	Applicable section in the Annual Report
9.14.4	Frequency of meetings shall be at least quarterly In 2024, the RPTRC had 4 meetings, with 1 meeting per quarter	Compliant	Page 119
	Minutes of meetings are properly documented and communicated to the Board of Directors. The minutes of the RPTRC are tabled at the meetings of the Board of Directors quarterly	Compliant	Page 119
	Members of the RPTRC to ensure they have or have access to adequate knowledge expertise and advice The RPTRC ensures this through this being enshrined in the Terms of Reference of the RPTRC, the members being aware of the same exercises this right as and when needed	Compliant	Page 119
	Where necessary, the RPTRC shall request the Board of Directors to approve the Related Party Transactions (RPT's) which are under review by the RPTRC. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant RPT's	Compliant	Page 119
	Interested Directors shall not vote on or be present during the deliberations on the specific matter Interested Directors did not vote on or participate in any discussions during deliberations on the interested matters in 2024	Compliant	Page 119
9.14.5	Review of RPT's by the RPTRC	Compliant	Page 119
9.14.6	Company to obtain shareholder approval by Special Resolution for the RPTs specified in 9.14.6	Compliant	Page 119
9.14.8	Annual Report disclosures in relation to Related Party Transactions	Compliant	Page 119
9.14.9	Acquisition and Disposal of substantial assets from/to related parties to be done with shareholder approval as per Rule 9.14.9	Compliant	Page 119
9.16	Additional disclosures	Compliant	Page 119

ASSESSMENT OF GOING CONCERN

The financial statements of CTC for the year ended 31 December 2024, have been prepared on the basis that the Company is a going concern.

In assessing the going concern assumption, the Company has taken into account all available information for the foreseeable future, which should be at least, but not limited to 12 months from the date of 31 December 2024.

Further, the following indicators have been considered to conclude that the going concern assumption is valid.

Financial indicators

- Healthy net assets and net current assets position.
- History of profitable operations and ready access to financial resources.
- Strong cash position and available borrowing facilities.

Operating indicators

- Low turnover of key management and availability of key succession plans.
- Good track record on Environment, Health & Safety standards.

Other indicators

- Management pro-activeness and compliance with legal and statutory requirements.
- Robust risk management process and mitigating action plans.
- Robust actions to continue business operations during the economic crisis.

Based on the above, the Directors of the Company are confident that CTC is a going concern and is able to pay debts as they fall due.

STATEMENT OF INTERNAL CONTROLS

The Board of Directors has overall responsibility for the Company's system of internal controls and for reviewing its effectiveness. The Board has established that achieving a sound internal control environment is a key priority, with understanding at all levels and appropriate allocation of resources made to maintain the right standard.

CTC has created a strong control environment through application of the business principles, responsible product stewardship and good corporate governance, which defines the way the business operates. These are further supported by our Values, which collectively shape the culture and framework in maintaining the right control environment that currently exists within the Company.

To be effective, internal controls must:

- be embedded within the organisation;
- enable responsiveness to change; and
- be able to identify major weaknesses, if any.

Control activities include a comprehensive list of policies and procedures which ensure that Management directives are carried out and the necessary controls are in place to minimise the risk of not meeting objectives. The policies and procedures are established throughout the organisation and periodically reviewed for adequacy and improvement. The policies and procedures are designed to provide reasonable assurance of:

- effectiveness and efficiency of operations;
- protection of Company assets against unauthorised use or disposition;
- reliability of financial and other management information;
- prevention of fraud; and
- compliance with relevant national laws and other applicable regulations.

Within this framework, each Head of Function has the responsibility for establishing and operating detailed control procedures within their functions. A detailed checklist of controls, called the 'Control Navigator', is available for each function. Management does a thorough self-assessment against the standard controls set out in the Control Navigator and prepares action plans to bridge the gaps, if any. This is thereafter presented to the Audit Committee and followed up by the Leadership Team.

The internal controls system is monitored by the Leadership Team through the Leadership Team Governance Forum, Above Market business control teams and BAT Internal Audit. The Leadership Team Governance Forum is in place with the objective of maintaining a sound control environment. Each function is represented in the forum and the scope of the forum encompasses:

- review and validation of the Control Navigator self-assessment by functions;
- review of functional controls to identify any issues or weaknesses;
- review and recommend required changes to policies and procedures;
- enhance organisation-wide control awareness and education;
- follow up on audit and Control Navigator action points.

The other key elements of the Company's system of internal controls are as follows:

- regular review of key risks facing the business and corresponding action plans by the Risk Management Committee, the Leadership Team and Audit Committee;
- a business plan for the year with a detailed budget by function. In the business plan, targets are set for key performance indicators that are critical to achieve the plan. The performance is monitored against the targets on a regular basis;

- monthly Sales and Operations Planning process (SOP) to integrate and optimise key operations such as leaf, procurement of direct materials, manufacturing and marketing on a rolling basis over a two year horizon;
- a detailed and up-to-date Statement of Delegated Authority (SoDA) that enables the Board to exercise appropriate control over the business through the Leadership Team.

The Board has delegated the process of reviewing the effectiveness of the internal controls to the Audit Committee. The scope of the Audit Committee is described in the Corporate Governance Statement and in the Report of the Audit Committee. To ensure complete independence, both External and Internal Auditors have full and free access to the members of the Audit Committee to discuss any matters of substance. The External Auditors also attend the Audit Committee meetings on invitation.

The findings of internal audits and compliance reviews are presented at Audit Committee meetings.

The Company Secretary ensures that the Company is in compliance with the relevant Rules and requirements of the SEC and CSE, and relevant updates are tabled at the Audit Committee for review.

These best practices were complied with during the year 2024.



Towhid Akbar
Finance Director



Harin de Silva Wijeyeratne
Chairman of Audit Committee

22 April 2025

REPORT OF THE BOARD OF DIRECTORS

General

The Board of Directors take pleasure in presenting the Annual Report of the Company that includes and covers the Audited Financial Statements, Chairman's Review, Corporate Governance Commentary, and all other relevant information for the year ended 31 December 2024.

The information table on the level of compliance to the Listing Rules provided by the CSE appearing in pages 106 to 110 and Share Information section on pages 165 to 167 form part of this Report of the Board of Directors.

Structure and Principal Business Activities

A brief description of the ultimate parent and nature of the principal business activities of the Company is given in Note 1 to the Financial Statements on page 132.

Review of Performance

A review of performance and outlook of the Company is available in the Chairman's Review (pages 28 to 30), Managing Director & Chief Executive Officer's Review (pages 31 to 36), Finance Director's Review (pages 37 to 39) and in the section of Value Creation model (pages 12 to 13).

Disclosures

The Annual Report of the Company fulfils the disclosure requirements of the Sri Lanka Accounting Standards (SLFRs/ LKASs), Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors

The Board of Directors of the Company consisted of 8 members as at 31 December 2024. (profiles of the Directors are disclosed in pages 14 to 19 of the Annual Report).

Following changes took place in the Board composition since the last Annual Report.

Name	Change	Date
Mr. Yudhishtan Kanagasabai (Independent Non-Executive Director)	Resigned	31 January 2024
Mr. Harin de Silva Wijeyeratne (Independent Non-Executive Director)	Appointed	1 February 2024
Ms. Monisha Abraham (Executive Director / Managing Director)	Resigned	15 April 2024
Ms. Fariyha Subhani (Executive Director / Managing Director)	Appointed	15 April 2024
Ms. Rumana Rahman (Non-Executive Director)	Resigned	30 September 2024
Ms. Samanmalee Priyanvada Chandrasiri (Non-Executive Director)	Appointed	7 November 2024

Upon appointment of a new Director to the Board, a brief resume of each Director has been provided to the CSE as per Listing Rule 9.18.3.

Independence of Non-Executive Directors

In accordance with the Listing Rule No. 9.8.3 of the CSE, the Directors determined Mr. Yudhishtan Kanagasabai, Mr. Suresh Shah, Mr. Kushan D'Alwis and Mr. Harin de Silva Wijeyeratne as Independent Directors, based on declarations made by them according to Appendix 9A of the Listing Rules of the CSE.

Re-election of Directors

In accordance with the Articles of Association of the Company, it was resolved that Mr. Kushan D'Alwis and Mr. Towhid Akbar retire from the Board of Directors by rotation at the next Annual General Meeting and being eligible, be proposed for re-election.

Ms. Fariyha Subhani and Ms. Samanmalee Priyanvada Chandrasiri who were appointed as Directors come up for re-election at the next Annual General Meeting.

Directors' Interest in Contracts and Related Party Transactions

Directors' interests in contracts have been declared at the meetings of the Directors and no Director has direct or indirect interests in any other contract or proposed contract with the Company.

The Company identifies related parties as defined by LKAS 24. The members of the Board of Directors and the Leadership Team have been identified as Key Management Personnel (KMP) and the Company retrieves data on Related Party Transactions based on declarations obtained from each KMP. The Company's transactions with Related Parties, given in Note 25 to the Financial Statements, have complied with Listing Rule 9.14 of the CSE and the Code of Best Practices on Corporate Governance.

The Board of Directors affirms that the related party transactions have occurred at an arm's length basis.

REPORT OF THE BOARD OF DIRECTORS

Directors' Shareholding

No Director disclosed above has any shareholding in the Company.

Results for the year and appropriation

Name	Units	2024	2023	Growth
Turnover	Rs. Mn	204,281	200,019	2%
Profit for the year	Rs. Mn	29,643	27,656	7%
No. of shares	Number	187,323,751	187,323,751	-
Earnings per share	Rs.	158.24	147.64	7%
Net assets per share	Rs.	59.45	62.80	-5%
Market price per share	Rs.	1,397.25	953.75	47%
Price earnings ratio	Times	8.83	6.46	37%
Dividend per share	Rs.	161.74	178.10	-9%

Future Developments

Future Company developments are covered in the reviews of the Chairman, the Managing Director & Chief Executive Officer, and the Finance Director.

Share Information

Information relating to shareholding, market value of shares, public shareholding and top 20 shareholders are available on (pages 165 to 167 under Share Information of this Report).

Stated Capital

The Stated Capital of the Company as at 31 December 2024 amounted to Rs. 1,873 Mn (2023 - Rs. 1,873 Mn), details of which are available in Note 17 to the Financial Statements. There were no shares issued during the financial year.

Reserves

Total reserves as at 31 December 2024 comprise of revenue reserves amounting to Rs. 9,264 Mn.

Movements are shown in the Statement of Changes in Equity in the Financial Statements.

Dividends

Interim dividend of Rs. 30,298 Mn has been declared during the year and another Rs. 5,451 Mn was declared subsequently, along with proposed final dividend of Rs. 17.24 to be approved at the AGM, a total of Rs. 29,642 Mn has been declared with a payout ratio of 100% for the year.

Movement of Retained Earnings

Name	Rs.000's
Retained profit as at 1 January 2024	9,891,266
Current year's profit after charging all expenses and providing for all known liabilities	29,642,857
Dividends of Rs. 161.74 per share on the Issued Share Capital of 187,323,751 shares	(30,297,743)
Fourth interim dividend - Rs. 31.00 per share paid on 02/04/2024	
Final interim dividend - Rs. 18.84 per share paid on 19/06/2024	
First interim dividend - Rs. 32.70 per share paid on 13/06/2024	
Second interim dividend - Rs. 38.30 per share paid on 10/09/2024	
Third interim dividend - Rs. 40.90 per share paid on 09/12/2024	
Write back of unclaimed dividend	3,945
Re-measurement of defined benefit obligations	23,358
Balance carried forward to 2025	9,263,683

Property, Plant and Equipment

The movements in Property, Plant and Equipment (PPE) for the year are shown in Note 11 to the Financial Statements. The Company capitalised a sum of Rs. 1,238 Mn in PPE. Specific information on extent, locations, valuations and number of buildings on the Company's land holdings are given in Note 11.1.

Donations

Total donations made by the Company during the year ended 31 December 2024 amounted to Rs. 211 Mn as shown in Note 7 to the Financial Statements.

Contingent Liabilities and Commitments

Contingent Liabilities and Commitments as at the year-end are disclosed in Notes 23 and 24 to the Financial Statements.

Employee Share Ownership Plans

The Company has no employee share ownership plan as at 31 December 2024. However, the Group, through an International Executive Incentive Scheme (IEIS), offers value of phantom shares in BAT, in cash, to selected members of the Leadership Team of CTC, subject to the achievement of performance targets over the previous financial year. The cash equivalent of the share award is paid after a period of three years from the date of grant based on the share price preceding the date of payment.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to employees and the Government have been made to date.

Going Concern

The Financial Statements are prepared on the basis of going concern.

Employment

Pages 80 to 84 covers in detail the Company's practices and policies relating to employee engagement, training & development, performance management and recognition.

There were no material issues pertaining to employees or industrial relations during the year.

Compliance with Laws and Regulations

To the best of the knowledge and belief of the Directors, the Company has not engaged in any activity which contravenes laws and regulations of the country.

For disclosures on Listing Rules and good governance standards adopted by the Board, please refer pages 106 to 110, which shall all be considered as part and parcel of this Annual Report.

Noting that the Board of Directors carries out several of its duties and responsibilities through its Board sub-committees, please refer pages 117 to 121 for the activities carried out in 2024 inter alia to ensure compliance with applicable laws, rules and regulations.

Directors, being aware of the need to be updated and apprised of applicable laws, rules and regulations and changes taking place, ensure that processes are in place to facilitate awareness and ensure compliance.

Environmental Protection Policies and endeavours made on environmental preservation by the Company are covered on pages 175 to 178.

Events Occurring After the Reporting Period

There were no material events that occurred after the reporting date that require adjustment to or disclosure in the Financial Statements, other than those disclosed in Note 26 to the Financial Statements on page 163.

Independent Auditors

The Financial Statements for the year have been audited by Messrs. KPMG, Chartered Accountants, who offer themselves for re-appointment. A resolution proposing their re-appointment and giving authority to the Directors to determine their remuneration will be submitted at the forthcoming Annual General Meeting (AGM).



Suresh Shah

Chairman



Towhid Akbar

Finance Director

22 April 2025

REPORT OF THE DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

This Statement sets out the responsibilities of the Board of Directors in relation to the Financial Statements of the Company. The responsibility of the Auditors, in relation to the Financial Statements, is set out in the Independent Auditor's Report on page 124.

The Companies Act No. 7 of 2007 requires the Directors to prepare and present Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company as at the end of the financial year, and the profit or loss of the Company for the financial year, and place them before a General Meeting of Shareholders. The Financial Statements comprise of the Statement of Financial Position as at 31 December 2024, the Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year ended and Accounting Policies and Notes thereto.

Accordingly, the Board of Directors confirms that the Financial Statements of the Company give a true and fair view of the:

- financial position of the Company as at 31 December 2024; and
- financial performance of the Company for the financial year ended 31 December 2024.

The Directors are required to ensure that, in preparing these Financial Statements:

- i. The appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- ii. Financial Statements are presented in accordance with Sri Lanka Accounting Standards (SLFRSs/ LKASs) and all applicable standards as relevant, have been followed;

- iii. Judgments and estimates have been made which are reasonable and prudent;
- iv. Provides the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are also required to ensure that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the 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 to that Financial Statements presented comply with the requirements of the Companies Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate, to enable them to form their audit opinion in accordance with Sri Lanka Auditing Standards (SLAuS).

The Financial Statements were audited by KPMG Chartered Accountants, the Independent External Auditors. To ensure complete independence, the Independent External Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented.

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the balance sheet date have been paid or, where relevant provided for, except as specified in Note 23 to the Financial Statements covering contingent liability.



Suresh Shah
Chairman



Towhid Akbar
Finance Director

22 April 2025

REPORT OF THE AUDIT COMMITTEE

I take this opportunity to present to you the 2024 Report of the Audit Committee (the Committee) outlining the Committee's roles and responsibilities. The Committee continued to review and report to the Board on the Company's financial reporting, internal control and risk management processes, and the performance, independence and effectiveness of the external auditors.

Composition

The Committee consisted of two Independent Non-Executive Directors and a Director of an overseas BAT subsidiary, who is independent of executive functions of CTC.

The members of the Audit Committee are:

Mr. Yudhishtan Kanagasabai – Chairman - (resigned w.e.f. 31 January 2024)

Mr. Harin de Silva Wijeyeratne – Chairman - (appointed w.e.f. 1 February 2024)

Mr. Kushan D'Alwis PC

Mr. Gary Tarrant

The Chairman of the Committee is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants (UK). The Board is satisfied that the Committee has an adequate blend of accounting, auditing, legal and commercial experience to carry out their duties.

Brief profiles of the Committee members are given in pages 14 to 19 of this Report.

The Company Secretary acts as the Secretary to the Committee.

Meetings

The Committee met 4 times during the year under review. The Managing Director & Chief Executive Officer, the Finance Director, the other members of the Leadership Team and external auditors too attended the meetings by invitation.

The attendance of the members at these meetings are given in page 103 of this Report.

Terms of Reference

The Charter of the Committee, which is approved and adopted by the Board of Directors, clearly defines the terms of reference governing the Audit Committee. The 'Rules on Corporate Governance under Listing Rules of the Colombo Stock Exchange' and 'Code of Best Practice on Corporate Governance', issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission, further regulate the composition, roles and functions of the Committee.

It also assists the Board of Directors in its general oversight of financial reporting, internal controls and functions relating to internal and external audits.

The Role of the Audit Committee

The responsibilities and objectives of the Audit Committee is described in the CTC Corporate Governance Report from pages 98 to 110.

The Committee's role is to review on behalf of the Board, the Company's internal financial controls. It is also responsible for oversight and advice to the Board on financial reporting related matters and internal controls over financial reporting, and has exercised oversight of the work undertaken by the BAT Group's Internal Audit and External Auditors.

Key Responsibilities of the Audit Committee

Financial Reporting:

The primary role of the Committee in relation to financial reporting is to monitor the integrity of the Company's financial statements and formal announcements, if any, relating to the Company financial performance. The Committee reviewed and discussed the Company's quarterly and annual financial statements prior to publication. The Committee also reviewed the matters communicated to the Committee by the External Auditor in their reports to the Audit Committee on the audit for the year.

The scope of the review included ascertaining compliance with relevant disclosures with the Sri Lanka Accounting Standards including new Accounting Standards which came into effect during the year, the appropriateness of accounting policies, material judgement matters, alternative accounting treatments, material audit adjustments, going concern assumption, financial reporting controls, and compliance with applicable laws and regulations that could impact the integrity of the Company's financial statements, its Annual Report, and its quarterly financial statements prepared for publication.

Internal Control:

The Directors are responsible for maintaining and reviewing the effectiveness of risk management and internal control systems and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Committee reviewed the Control Navigator, which is a self-assessment of the Control Environment by management for submission to the BAT Global Office.

REPORT OF THE AUDIT COMMITTEE

The remedial actions arising from a review of the Control Navigator findings were monitored by the Committee for implementation. This process assesses the adequacy and effectiveness of the internal controls and the processes for controlling business risks to ensure compliance with laws and regulations.

Internal Audit

The establishment and maintenance of appropriate systems of risk management and internal control is primarily the responsibility of business management. The BAT Group Internal Audit function provides independent and objective assurance in respect of the adequacy of the design and operating effectiveness of the framework of risk management, control and governance processes across the Group, focusing on a risk-based approach.

The Committee noted the findings from the Internal Audit of the Sri Lankan entity and leaf growing and buying process, their root causes and management responses, and the status of implementing remediation actions. The Executive Management is responsible for ensuring that recommendations made by the Group Internal Audit function are implemented within an appropriate and agreed timetable. The Committee noted the Internal Audit Plan which is based on risk assessments by the BAT Internal Audit Function.

External Audit

The External Auditor's Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and Management prior to commencement of the audit. The Auditors were also provided with the opportunities to discuss and express their opinions on any matter

and for the Committee to have the assurance that the Management has fully provided all information and explanations requested by the Auditors. The Committee reviewed opportunities for improvement which were observed during the audit and the letter of representation issued to the External Auditor to ensure that the representations made were consistent with the understanding of the Committee, as to the Company's operations and plans.

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. The Committee has recommended to the Board of Directors that Messrs. KPMG, Chartered Accountants, be reappointed for the financial year ending 31 December 2025 subject to the approval of shareholders at the next Annual General Meeting.

Conclusion

The Committee is satisfied that the Company's internal controls, risk management processes, and accounting policies provide reasonable assurance that the affairs of the Company are managed in accordance with Company policies and that Company assets are properly accounted for and adequately safeguarded. The Committee believes that the Company's accounting policies are appropriate and have been applied consistently.



Harin de Silva Wijeyeratne

Chairman

Audit Committee

22 April 2025

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee (the Committee) of Ceylon Tobacco Company PLC was established in compliance with the Code of Best Practices of Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) and Section 09 of the Listing Rules of Colombo Stock Exchange (CSE).

The purpose of the Committee is to conduct an appropriate review of Related Party Transactions (RPTs) and to ensure that interests of shareholders and other stakeholders are considered when engaging in related party dealings, hence preventing Directors, Key Management Personnel or substantial shareholders taking advantage of their positions.

The Committee also ensured on behalf of the Board, that all RPTs of Ceylon Tobacco Company PLC are compliant with the mandates of the Listing Rules and Code of Best Practices.

Composition

The Committee comprised of 3 Non-Executive Directors of whom, 2 are Independent Non-Executive Directors and is Chaired by an Independent Non-Executive Director.

Mr. Yudhishtan Kanagasabai - Chairman (resigned w.e.f. 31 January 2024)

Mr. Harin de Silva Wijeyeratne - Chairman (appointed w.e.f. 1 February 2024)

Mr. Kushan D'Alwis PC

Mr. Gary Tarrant

Brief profiles of the Committee members are given in pages 14 to 19 of this Report.

Meetings

The Committee held 4 meetings in the year 2024. The Managing Director & Chief Executive Officer, and other members of the Leadership Team or any other Manager (where relevant) of the Company, attended meetings on the request of the Committee.

The Finance Director or his/her nominee subject to approval of the Committee acts as the Secretary of the Committee. The attendance at the meetings held is given in the table on page 103 of this Report.

Terms of Reference

The Committee, in discharging its functions ensures that:

- There is compliance with the SEC and Listing Rules and Code of Best Practices,
- Shareholder interests are protected, and
- Fairness and transparency are maintained.

The approved guidelines for conducting RPTs sets out the following:

- The principles that guide RPTs, including pre-approval and other reporting requirements,
- Process to identify transactions that require immediate market disclosures and shareholder approval, and
- Steps to be followed by the Management in reporting RPTs to the Committee, including documentation templates.

The Executive and Non-Executive Directors of the Board and Leadership Team Members of CTC would form part of the Key Management Personnel (KMP).

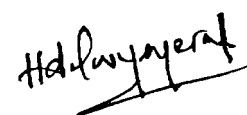
Activities

During the year, the Committee reviewed the RPTs of CTC and their compliance, according to SEC, the Listing Rules, and Code of Best Practices. There were no new non-recurrent RPTs to be reported. However, the recurrent RPTs were reviewed at quarterly intervals for noting.

Furthermore, there were no RPTs which met the disclosure thresholds as per the CSE Listing Rules and Code of Best Practices on Corporate Governance. The Committee communicated same to the Board of Directors, quarterly, through verbal briefings and by tabling the minutes of the Committee's meetings.

Conclusion

The Committee in its review process, recognised the adequacy of the content and quality of the information forwarded to its members by the Management during the year and affirms that the RPTs have occurred on an arm's length basis.



Harin de Silva Wijeyeratne

Chairman

Related Party Transactions Review Committee

22 April 2025

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee of Ceylon Tobacco Company PLC is established to take independent, objective and defensible decisions on all matters associated with the total reward package and other terms of service of Executive Directors, so that the remuneration policy at all times remains both competitive and sustainable.

Composition

The Committee comprised of with 3 Non-Executive Directors, of whom, 2 are Independent Non-Executive Directors and is Chaired by an Independent Non-Executive Director.

Mr. Yudhishtan Kanagasabai
(resigned w.e.f. 31 January 2024)

Mr. Kushan D'Alwis PC - Chairman

Mr. Harin de Silva Wijeyeratne
(appointed w.e.f. 1 February 2024)

Mr. Gary Tarrant - (vacated his position in the committee w.e.f. 17 February 2025)

Ms. Samanmalee Priyanvada Chandrasiri (appointed w.e.f. 17 February 2025)

Brief profiles of the Committee members are given in pages 14 to 19 of this Report.

Terms of Reference

The Terms of Reference of the Committee include the following:

- Review /monitor evaluation of performance of Key Management Personnel (KMP), their management development and succession planning.
- Evaluate strategic Human Resource plans and reviewing workforce remuneration and related policies in accordance with Best Practices on Corporate Governance and other applicable laws, and give feedback to the

Board on workforce reward, incentives, and conditions applicable across the Company, and will support the monitoring by the Board of the Company's corporate culture and its alignment with the Company's purpose, values and strategy.

- Effective communication with shareholders on the Remuneration Policy and the Committee's work on behalf of the Board through the Remuneration Committee report.
- Recommend and ensuring that appropriate service contracts are available for Executive Directors.
- Determine the terms of any compensation package in the event of early termination of the contract of any Executive Director.
- Ensure that statutory provisions regarding disclosure of remuneration are met and fulfilled.
- Review and evaluate the appropriateness and relevance of the Remuneration Policy.

Meetings & Activities

The Remuneration Committee met once during the year.



Kushan D'Alwis PC

Chairman

Remuneration Committee

22 April 2025

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

Ceylon Tobacco Company PLC's Nominations and Governance Committee (the Committee) performs an assessment on Board composition as and when the need for the appointment of new Independent Non-Executive Board members arise.

Composition

In compliance with the updated CSE Listing Rules, composition of the Nominations and Governance Committee was changed to comprise of two Independent Non-Executive Directors and one Non-Executive Director.

Mr. Yudhishtan Kanagasabai - Chairman (resigned w.e.f. 31 January 2024)

Mr. Harin de Silva Wijeyeratne - Chairman (appointed w.e.f. 1 February 2024)

Ms. Monisha Abraham - (resigned w.e.f. 15 April 2024)

Ms. Rumana Rahman - (resigned w.e.f. 30 September 2024)

Mr. Kushan D'Alwis - (appointed w.e.f. 30 September 2024)

Mr. Gary Tarrant - (appointed w.e.f. 30 September 2024)

Brief profiles of the Committee members are given in pages 14 to 19 of this Report.

Terms of Reference

The Terms of Reference of the Committee include the following:

- Propose a suitable Charter for the appointment and the re-appointment of Independent Non-Executive Directors to the Board.
- Provide advice and recommendation to the Board or the Chairman on appointing Independent Non-Executive

Directors.

- Select and appoint Independent Non-Executive Directors as required.
- Regularly review the structure, size, and composition (including the skills, knowledge, and experience) of the Board, and make recommendations to the Board with regard to any suitable changes.

Meetings & Activities

The Nominations and Governance Committee convened thrice during the year to consider and recommend the appointment of Mr. Harin de Silva Wijeyeratne to the Board of Directors, following the resignation of Mr. Yudhishtan Kanagasabai, to consider and recommend the appointment of Ms. Fariyha Subhani to the Board of Directors, following the resignation of Ms. Monisha Abraham and to consider and recommend the appointment of Ms. Samanmalee Priyanvada Chandrasiri to the Board of Directors, following the resignation of Ms. Rumana Rahman.



Harin de Silva Wijeyeratne

Chairman

Nominations and Governance Committee

22 April 2025





STRONGER TOGETHER

“Sustainability thrives when we work together—growers, communities, and our teams. By sharing knowledge, supporting innovation, and fostering responsible practices, we ensure a healthier future for both our crops and the planet”

Chithranga Edirisooriya
Leaf Agronomy & Sustainability Manager

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

(all amounts in Sri Lanka Rupees thousands)



KPMG
(Chartered Accountants)
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P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
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**TO THE SHAREHOLDERS OF
CEYLON TOBACCO COMPANY PLC**
**Report on the Audit of the Financial
Statements**

Opinion

We have audited the financial statements of Ceylon Tobacco Company PLC (“the Company”), which comprise the statement of financial position as at December 31, 2024, and the statement of profit and loss and other 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 policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS).

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 Company 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.

1. Revenue Recognition

As described in Note 2.8.2 (accounting policies) and Note 4 (Revenue), the Company recorded revenue of Rs. 62.5 Bn for the year ended 31 December 2024 (2023: Rs. 57.7 Bn).

Risk Description	Our Response
<p>Under Sri Lanka Auditing Standards, we are required to consider that the fraud risk from revenue recognition is a significant risk. Whilst revenue recognition and measurement is not complex for Ceylon Tobacco Company PLC, the Company operates in a market where volumes are in decline and/or contracting. This, together with the focus on volumes and revenue as key performance measures resulted in revenue being selected as a key audit matter.</p> <p>We focused on whether transactions have been recorded in the period in which the Company becomes entitled to record revenue in accordance with SLFRS 15.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none">• Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management key internal controls involved in the revenue recognition including the key IT controls relating to revenue recognition.• Performing a fraud risk assessment through inquiry of management regarding any actual or suspected override of controls in relation to revenue recognition.• Testing design and implementation and operating effectiveness of controls over journal entries and post-closing adjustments.• Through inquiry and observation assessing the accounting for significant transactions that are outside of the normal course of business or are otherwise unusual.• Testing that amounts have been recognized in the correct financial period and evaluating whether there are any significant number of returns after the year-end.

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C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

T.J.S. Rajakarier FCA
W.K.D.C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA

W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D Corea Dhammaratne

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company's internal control.
- 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 Company'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 Company 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.

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.

NOTES TO THE AUDITOR'S REPORT

(all amounts in Sri Lanka Rupees thousands)



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 3272.

A handwritten signature in black ink, appearing to be 'K. M. M. S.', written over a light blue grid background.

Chartered Accountants

Colombo, Sri Lanka

April 22, 2025

FINANCIAL REPORTING CALENDAR

First Quarter Results 2024	13 May 2024
Second Quarter Results 2024	12 August 2024
Third Quarter Results 2024	08 November 2024
Fourth Quarter Results 2024	24 February 2025
Annual Report 2024	22 April 2025
94 th Annual General Meeting to be held on	27 May 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees thousands)

	Note	Year ended 31 December	
		2024	2023
Turnover	4	204,281,333	200,019,382
Government levies	4	(141,752,251)	(142,298,530)
Revenue		62,529,082	57,720,852
Raw materials used		(3,623,698)	(3,706,808)
Employee benefit expenses	5	(2,859,362)	(2,609,465)
Depreciation expenses	11	(664,500)	(485,960)
Amortisation expenses	12	-	-
Other operating expenses		(7,745,242)	(6,460,359)
Other operating income	6	40,407	93,738
Operating profit	7	47,676,687	44,551,998
Finance income	8	1,319,064	1,619,516
Finance Cost	8	(18,812)	(31,539)
Profit before income tax		48,976,939	46,139,975
Income tax expenses	9 (a)	(19,334,082)	(18,484,413)
Profit for the year		29,642,857	27,655,562
Other comprehensive income:			
Items that will not be reclassified to Profit or Loss			
Remeasurement of defined benefit obligations	13 (b)	23,358	(46,316)
Total other comprehensive income for the year		23,358	(46,316)
Total comprehensive income		29,666,215	27,609,246
Earnings per share			
- Basic (Rs.)	10	158.24	147.64
- Diluted (Rs.)	10	158.24	147.64

The Notes on pages 132 to 163 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lanka Rupees thousands)

	Note	As at 31 December	
		2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	11	6,497,442	5,884,972
Intangible assets	12	-	-
Employee benefit plan asset	13 (b)	66,822	89,285
Other receivables	15	232,576	218,726
Total non-current assets		6,796,840	6,192,983
Current assets			
Inventories	14	6,282,535	6,611,404
Trade and other receivables	15	5,178,863	5,602,920
Cash and cash equivalents	16	27,560,970	24,538,039
Total current assets		39,022,368	36,752,363
Total assets		45,819,208	42,945,346
EQUITY AND LIABILITIES			
Equity			
Stated capital	17	1,873,238	1,873,238
Retained earnings		9,263,683	9,891,266
Total equity		11,136,921	11,764,504
Non-current liabilities			
Deferred tax liabilities	18	592,625	573,675
Lease liabilities	21	20,044	32,485
Long term borrowings	22	292,995	323,755
Total Non-current liabilities		905,664	929,915
Current liabilities			
Trade and other payables	19	23,167,170	19,221,283
Lease liabilities	21	57,431	243,253
Income tax liabilities		10,048,579	10,397,427
Dividend payable	20 (a)	-	-
Unclaimed dividends	20 (b)	503,443	388,964
Total current liabilities		33,776,623	30,250,927
Total liabilities		34,682,287	31,180,842
Total equity and liabilities		45,819,208	42,945,346

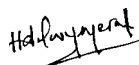
The Notes on pages 132 to 163 form an integral part of these financial statements.

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Towhid Akbar
Finance Director

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were authorised for issue by Board of Directors on 22 April 2025



Harin de Silva Wijeyeratne
Chairman Audit Committee



Towhid Akbar
Finance Director

22 April 2025

STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lanka Rupees thousands)

	Note	Stated capital	Retained earnings	Total
Balance at 1 January 2023		1,873,238	15,619,955	17,493,193
Profit for the year		-	27,655,562	27,655,562
Other comprehensive income		-	(46,316)	(46,316)
Total comprehensive income for the year		-	27,609,246	27,609,246
Transactions with owners of the Company, recognised directly in equity				
Write back of unclaimed dividends	20 (b)	-	24,425	24,425
Dividends	20 (c)	-	(33,362,360)	(33,362,360)
Total transactions with shareholders		-	(33,337,935)	(33,337,935)
Balance at 31 December 2023		1,873,238	9,891,266	11,764,504
Balance at 1 January 2024		1,873,238	9,891,266	11,764,504
Profit for the year		-	29,642,857	29,642,857
Other comprehensive income		-	23,358	23,358
Total comprehensive income for the year		-	29,666,215	29,666,215
Transactions with owners of the Company, recognised directly in equity				
Write back of unclaimed dividends	20 (b)	-	3,945	3,945
Dividends	20 (c)	-	(30,297,743)	(30,297,743)
Total transactions with shareholders		-	(30,293,798)	(30,293,798)
Balance at 31 December 2024		1,873,238	9,263,683	11,136,921

The Notes on pages 132 to 163 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(all amounts in Sri Lanka Rupees thousands)

	Note	Year ended 31 December	
		2024	2023
Cash flows from operating activities			
Profit before tax		48,976,939	46,139,975
Depreciation [Note 11]		664,500	485,960
Amortisation of intangible assets [Note 12]		-	-
Write offs		-	-
Finance expense [Note 8]		18,812	31,539
Finance income [Note 8]		(1,288,304)	(1,575,786)
Net interest on retirement benefit obligations [Note 13]		45,821	22,880
Provision for obsolete inventories and doubtful debts		542,039	41,719
Exchange (gain)/ loss from long term borrowings [Note 8]		(30,760)	(43,730)
Changes in working capital :			
- Inventories		(195,580)	(331,088)
- Trade and Other Receivables		392,619	(503,632)
- Trade and Other Payables		3,945,887	10,193,673
Cash generated from operations		53,071,973	54,461,510
Interest received	8	1,288,304	1,575,786
Interest paid	8	(18,812)	(31,539)
Income tax paid		(19,634,844)	(14,624,817)
WHT Paid		(3,299,360)	(4,301,678)
Net cash generated from operating activities		31,407,261	37,079,262
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(1,238,096)	(509,097)
Net cash used in investing activities		(1,238,096)	(509,097)
Cash flows from financing activities			
Proceeds from long term borrowings	22	-	-
Dividends paid	20 (a)	(26,904,824)	(36,049,890)
Unclaimed dividends paid	20 (b)	(4,271)	(3,455)
Payment of lease liabilities		(237,139)	(195,332)
Net cash used in financing activities		(27,146,234)	(36,248,677)
Net (Decrease) / Increase in cash and cash equivalents		3,022,931	321,487
Movement in cash and cash equivalents			
At beginning of year		24,538,039	24,216,551
(Decrease) / Increase in cash and cash equivalents		3,022,931	321,487
At end of year	16	27,560,970	24,538,039

The Notes on pages 132 to 163 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

1 GENERAL INFORMATION

Ceylon Tobacco Company PLC ('the Company') is a public limited company incorporated and domiciled in Sri Lanka. The principal operations of the Company are manufacturing, marketing and selling cigarettes. The Company's registered office is located at No. 178, Srimath Ramanathan Mawatha, Colombo 15.

British American Tobacco p.l.c. ("BAT") is the ultimate parent and holding company of Ceylon Tobacco Company PLC through British American Tobacco International Holdings BV. The ordinary shares of the Company are listed on the Colombo Stock Exchange.

2 BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Sri Lanka Accounting Standards ('SLFRS/LKAS') as laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007.

These financial statements were authorised for issue by the Company's Board of Directors on 22 April 2025.

2.2 Functional and presentation currency

These financial statements are presented in Sri Lankan Rupees (LKR), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.3 Going concern

The Company's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for a foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.4 Significant accounting judgements, estimates and assumptions

In preparing these financial statements, the Management has made judgements and estimates that effect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Financial Statements is included in the following notes:

- Note 4 - Revenue Recognition: whether revenue from made-to-order products is recognised over time or at a point in time;
- Note 21 - Lease Term: whether the Company is reasonably certain to exercise extension options

Assumption

Information about assumptions and estimation uncertainties at 31 December 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 13 – measurement of defined benefit obligations: key actuarial assumptions; and
- Note 18 – recognition of deferred tax assets

2.5 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous periods for all the amounts reported in the Financial Statements to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

Comparative information is reclassified whenever necessary to confirm with the current year's classification in order to provide better presentation.

2.6 Changes in material accounting policies

The Company has adopted Deferred Tax related to Assets and Liabilities arising from Single Transaction (Amendments to LKAS 12) from 1 January 2023. The amendments narrow down the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences.

The Company previously accounted for deferred tax on leases and decommissioning liabilities by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax assets or liability was recognized on a net basis. Following the amendments, the Company has

recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial statements. The key impact for the Company relates to disclosure of the deferred tax assets and liabilities recognized. (Note 18)

The Company also adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1 January 2023. Although disclosure did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in the material accounting policies given below.

2.7 Segmental reporting

The Company operates in 2 geographical segments - domestic and export sales.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for making strategic decisions, allocating resources and assessing performance of the operating segments, have been identified as the Chief Executive Officer (CEO) and the Board of Directors.

However, operating segments are not presented as exports make up less than 1% of turnover.

2.8 Summary of material accounting policies

The Company has consistently applied the accounting policies to all periods presented in these financial statements.

2.8.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss presented within finance costs.

2.8.2 Revenue from contracts with customers

Revenue recognition

Revenue principally comprises sales of cigarettes and other tobacco products to external customers. Revenue excludes duty, excise and other taxes collected on behalf of third parties, rebates, discounts and certain marketing expenses, which are not distinct from sales or fair value of the goods or services that cannot be reasonably estimated or excess value of fair value of such product or services. The Company considers sales and delivery of products as one performance obligation and recognises revenue when it transfers control to a customer.

Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company's contracts with customers are similar in nature and revenue from these contracts are not significantly affected by economic factors apart from exports sales. The Company believes objective of this requirement will be met by using one type of category - Geographical markets (refer Note 4).

2.8.3 Employee Benefits

a) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Wages, salaries, paid annual leave and sick leave, bonuses, leave encashment, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

b) Share based payment arrangements

The fair value of the amount payable to employees in respect of Phantom shares in BAT p.l.c., which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees are entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the current price of the BAT share. Any changes in the liability are recognised in profit or loss.

c) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

CTC Provident Fund

All permanent employees of the Company are members of the CTC Provident Fund to which Company contributes 15% of such employees' consolidated wage or salary.

Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

d) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The Company is liable to pay retirement benefits under the Payment of Gratuity Act No. 12 of 1983. The liability for the gratuity payment to an employee arises only on the completion of five years of continued service with the Company.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2.8.4 Finance income and finance costs

The Company's finance income and finance costs include:

- i) Finance income
- ii) Finance expense
- iii) the foreign currency gain or losses on financial assets and financial liabilities

Finance income or finance expense is recognised under the effective interest rate method.

2.8.5 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments do not meet the definition of income taxes and therefore accounted for them under LKAS 37 provisions, contingent liabilities and contingent assets.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profit improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.8.6 Inventories

Inventories are stated at the lower of cost or net realisable value after making due allowance for slow moving and obsolete items, on a basis consistently applied from year to year. Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined on a weighted average basis. The value of raw materials includes the cost of leaf processed by the Company's leaf operations and wrapping material cost. The values of the work-in-progress and finished goods consist of the raw materials, direct labour, other direct costs and related production overheads. All other stocks are included under the category of consumables which are valued at cost.

2.8.7 Property, plant and equipment

Recognition and measurement

Item of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will follow to the Company.

Depreciation and derecognition

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values under the straight line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative period are as follows.

Freehold buildings	40	years
Leasehold buildings	Over the lease period	
Building improvements / upgrades	10	years
Plant and machinery	20	years
Furniture, fittings and office equipment	5	years
IT equipment and household equipment	3	years
Vehicles and accessories	4	years
Lab equipment and canteen equipment	10	years
IT infrastructure	5	years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2.8.8 Financial Instruments

Recognition and initial measurement

Trade receivable and debt securities issues are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing components is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets classified under amortised cost include trade and other receivables and cash and cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions and it not designated as at FVTPL.

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether Management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the

duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to the Company's Management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial Assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value for money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs. (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividend is recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities measured at amortised cost include trade and other payables and lease liability & Long term borrowings.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligation are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.8.9 Stated capital

The ordinary shares of the Company are quoted in the Colombo Stock Exchange (CSE). The ordinary shareholders are entitled to receive dividend as declared by the Company from time to time.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

2.8.10 Impairment of financial assets

The Company uses simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables based on guidance received from the Group.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

2.8.11 Impairment of non-financial assets

Assets which are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal of each reporting date.

2.8.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

2.8.13 Leases

Recognition

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property and motor vehicles, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.8.14 Operating profit

Operating profit is the resulted generated from the continuing principal revenue-producing activity of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

2.8.15 Fair value estimation

The carrying values of applicable financial instruments represent their fair values as they are mostly short term non-derivative financial instruments, considering the discounting impact as immaterial.

2.8.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividend distributions are recognised in the period in which the dividends are declared and paid.

2.8.17 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Impairment testing of trade receivables is described in Note 2.8.10.

2.8.18 Cash and cash equivalents

In the statement of cash flows of the Company, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 03 months or less and bank overdrafts.

2.8.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

2.9 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. However, the Company has not early adopted the new and amended standards in preparing these financial statements.

A. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

B Other Standards

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- Lack of Exchangeability (Amendments to LKAS 21).
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

C SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 Climate-related Disclosures.

SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

SLFRS S2 Climate - related Disclosures is to requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

These standards will become effective for the Company from 1 January 2025. No financial impact is expected on the Company except for additional disclosures.

3 Financial risk management Introduction

The Company has exposure to the following risks from financial instruments

- (a) Market risk
- (b) Credit risk
- (c) Liquidity risk
- (d) Operational risk

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board consists of Directors with wide financial and commercial knowledge and experience. The Board discharges its governance responsibility through the Board of Directors and the Audit Committee. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Audit Committee is responsible for monitoring compliance with the Company's risk management policies and procedures.

3.1 Financial risk factors

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar (USD), Euro (EUR) and the Great Britain Pound (GBP). Foreign exchange risk arises from future commercial transactions of recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. Management complies with the treasury policy to manage foreign exchange risk against their functional currency.

The following significant exchange rates have been applied.

in LKR	Average rate		Year end spot rate	
	2024	2023	2024	2023
USD 1	301.81	327.73	293.00	323.76
GBP 1	385.74	407.29	366.95	412.72
EUR 1	326.60	354.32	303.40	357.64

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euro, US Dollar or Sterling Pound against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest remain constant and ignores any impact of forecast sales and purchases.

Effect in thousands of LKR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 December 2024				
USD (5% movement)	45,263	(45,263)	27,158	(27,158)
GBP (5% movement)	(24,709)	24,709	(14,825)	14,825
EUR (5% movement)	(26,061)	26,061	(15,636)	15,636
31 December 2023				
USD (5% movement)	8,886	(8,886)	5,331	(5,331)
GBP (5% movement)	(1,379)	1,379	(827)	827
EUR (5% movement)	5,008	(5,008)	3,005	(3,005)

(ii) Price risk

Price risk represents the risk that the fair value of future cash flows of a financial statement will fluctuate because of a change in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any price risk.

Equity price risk

The Company is not exposed to equity price risk since there are no investments in equity securities.

Commodity price risk

The Company is not significantly exposed to commodity price risk as material prices are contractually agreed to on a long term basis.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

3.1 Financial risk factors (Contd.)

(iii) Cash flow and fair value interest rate risk

As the Company has no long term interest bearing assets or liabilities, the Company's income and operating cash flows are independent of changes in market interest rate. Hence, there is no impact to the Company.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge a contractual obligation. Credit risk mainly arises from trade debtors, other receivables, advances and cash and cash equivalents. Group Treasury guidelines are followed for managing cash and cash equivalents, while short term investment decisions are taken after proper review by Treasury Committee ensuring compliance with group guidelines. The Company sales are on an order to order basis with guarantees equivalent to a day's sales, being obtained from all distributors. Management does not expect any losses from non-performance by these counterparties. The maximum exposure to credit risk at the reporting date in terms of carrying value of assets are as follows:

	As at 31 December	
	2024	2023
Trade receivables [Note 15]	3,349,741	3,652,257
Receivables from related parties [Note 25 (iii)]	157,072	607,771
Staff loans [Note 15]	335,464	347,416
Advances to farmers [Note 15]	307,315	356,791
	4,149,592	4,964,235
Provision [Note 15]	(156,263)	(138,674)
Cash and cash equivalents, excluding cash in hand	27,560,970	24,538,039
	31,554,299	29,363,600

The following tables provide information about the exposure to credit risk on trade receivables;

As at 31 December 2024

Aging Category	Gross Receivable (Rs '000)	% Provision	Total Provision (Rs '000)	Net Receivable (Rs '000)
Not Due	3,349,744	0.10%	3,350	3,346,394
1 - 30 Days	(3)	0.12%	-	(3)
31 - 90 Days	-	0.14%	-	-
91 - 180 Days	-	0.16%	-	-
181-360 Days	-	0.18%	-	-
>360 Days	-	0.20%	-	-
	3,349,741		3,350	3,346,391

As at 31 December 2023

Aging Category	Gross Receivable (Rs '000)	% Provision	Total Provision (Rs '000)	Net Receivable (Rs '000)
Not Due	3,639,998	0.05%	1,820	3,638,178
1 - 30 Days	12,259	0.06%	7	12,252
31 - 90 Days	-	0.07%	-	-
91 - 180 Days	-	0.08%	-	-
181-360 Days	-	0.09%	-	-
>360 Days	-	0.10%	-	-
	3,652,257		1,827	3,650,430

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Cash at bank and short term bank deposits

Rating	As at 31 December	
	2024	2023
AAA (Ika)	2,925	1,093,175
A(Ika)	1,430,735	3,812,893
A-(Ika)	3,866,932	1,408,089
AA-	12,504,013	-
A	-	82,096
A+	9,756,365	18,141,786
Total cash at bank and short term bank deposits	27,560,970	24,538,039

(c) Liquidity risk

Liquidity risk is the risk that the entity will not be able to honour its financial obligations as they fall due.

The Company's Management monitors rolling forecasts of the liquidity position, expressed in cash and cash equivalents on the basis of expected cash flow and ensure access to short term credit as per approved credit limit. However, the Company is able to meet all working capital requirements with its cash at bank and in hand. Excess funds are invested in term deposits of less than one year. The Management considers liquidity risk to be very negligible.

Relevant non-derivative financial liabilities at the reporting date are as follows:

	Carrying amount	Undiscounted Contractual Cash Flows			
		Total	Less than 3 months	Between 3 months and 1 year	More than 1 year
31 December 2024					
Long term borrowings	292,995	292,995			292,995
Trade and other payables, excluding accrued expenses and government levies	2,889,074	2,889,074	2,889,074		-
Lease liabilities	77,475	83,521	30,249	32,079	21,193

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

3.1 Financial risk factors (Contd.)

	Carrying amount	Undiscounted Contractual Cash Flows			
		Total	Less than 3 months	Between 3 months and 1 year	More than 1 year
At 31 December 2023					
Long term borrowings	323,755	323,755			323,755
Trade and other payables, excluding accrued expenses and government levies	2,062,121	2,062,120	1,756,525	305,596	-
Lease liabilities	275,738	295,596	188,793	72,901	33,902

(d) Operational risk

Operation risk is the risk direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology, and infrastructure, and from external factors other than credit, market and liquidity risks.

The objective is to manage operational risk so as to balance the avoidance to financial losses and damage to the company's reputation with overall cost effectiveness and innovation. In all cases, it requires compliance with all applicable legal and regulatory requirement.

3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company strategy is to be equity funded. However, due to the shortage in foreign currency in the local market the Company obtained a USD loan from its parent Company to ensure business continuity.

in thousands of LKR	2024	2023
Total liabilities	34,682,287	31,180,841
Less: Cash & Cash equivalents	(27,560,970)	(24,538,039)
Net Debt	7,121,317	6,642,802
Total Equity	11,136,921	11,764,504
Adjusted Equity	11,136,921	11,764,504
Net Debt to Adjusted equity ratio	0.64	0.56

3.3 Analysis of financial instruments by measurement basis

The fair value of financial assets and liabilities, together with carrying amounts shown in the statement of financial position are as follows:

As at 31 December 2024	Carrying Amount	Financial Assets at amortised cost	Level 1	Level 2	Level 3	Total
Assets as per statement of financial position						
Trade and other receivables, excluding pre-payments	4,149,592	4,149,592	-	-	-	4,149,592
Cash and cash equivalents	27,560,970	27,560,970	-	-	-	27,560,970
Total	31,710,562	31,710,562	-	-	-	31,710,562

As at 31 December 2024	Carrying Amount	Financial Liabilities at amortised cost	Level 1	Level 2	Level 3	Total
Liabilities as per statement of financial position						
Long term borrowings	292,995	292,995	-	-	-	292,995
Trade and other payables, excluding accrued expenses and government levies	2,889,074	2,889,074			-	2,889,074
Lease liability	77,475	77,475	-	-	77,475	77,475
Total	3,259,544	3,259,544	-	-	77,475	3,259,544

As at 31 December 2023	Carrying Amount	Financial Assets at amortised cost	Level 1	Level 2	Level 3	Total
Assets as per statement of financial position						
Trade and other receivables, excluding pre-payments	4,964,235	4,964,235	-	-	-	4,964,235
Cash and cash equivalents	24,538,039	24,538,039	-	-	-	24,538,039
Total	29,502,274	29,502,274	-	-	-	29,502,274

As at 31 December 2023	Carrying Amount	Financial Liabilities at amortised cost	Level 1	Level 2	Level 3	Total
Liabilities as per statement of financial position						
Long term borrowings	323,755	323,755	-	-	-	323,755
Trade and other payables, excluding accrued expenses and government levies	2,062,120	2,062,120			-	2,062,120
Lease liability	275,738	275,738	-	-	275,738	275,738
Total	2,661,613	2,661,613	-	-	275,738	2,661,613

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

4 REVENUE

	Year ended 31 December	
	2024	2023
Local turnover	203,667,006	199,623,777
Export turnover	614,327	395,605
Total turnover	204,281,333	200,019,382
Government levies		
Excise (special provision) tax	(106,652,732)	(112,515,654)
Value added tax	(31,357,389)	(26,034,537)
Social security contribution levy	(3,729,527)	(3,729,527)
Tobacco tax	(12,603)	(18,812)
Total government levies	(141,752,251)	(142,298,530)
Revenue	62,529,082	57,720,852

The Company does not distinguish its products into significant components for different geographical / business segments as they are insignificant. Export proceeds of the Company are less than 1% of total turnover.

5 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2024	2023
Executive Directors' emoluments	292,544	343,087
Non-Executive Directors' remuneration	20,552	18,300
Salaries and wages	2,275,016	1,997,982
Defined contribution plans	153,405	113,027
Provision for voluntary separation scheme	72,025	114,189
Defined benefit obligations [Note 13]	45,820	22,880
	2,859,362	2,609,465

6 OTHER OPERATING INCOME

	Year ended 31 December	
	2024	2023
Sundry sales / gains	40,407	93,738
	40,407	93,738

7 OPERATING PROFIT

The operating profit is stated after charging the following other operating expenses :

	Year ended 31 December	
	2024	2023
Auditors' remuneration		
- Audit fees	5,247	4,770
- Audit related services	1,742	1,130
Legal fees	282,852	230,995
Donations	210,837	204,290
Technical and advisory fees	928,050	753,581
Provision for obsolete inventories	524,449	22,373
Provision for/Reversal of doubtful debts	93,064	101,937
Repairs and maintenance	470,293	241,914

8 NET FINANCE INCOME

	Year ended 31 December	
	2024	2023
Finance income		
Interest income from bank deposits	1,288,304	1,575,786
Exchange gain from long term borrowings	30,760	43,730
	1,319,064	1,619,516
Finance expense		
Interest on lease liabilities [Note 21]	(18,812)	(31,539)
	(18,812)	(31,539)

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

9 TAX EXPENSE

a) Income Tax Expenses

The Company is liable for income tax in accordance with Inland Revenue Act No. 24 of 2017 and income tax has been provided on the taxable income of the Company at 40% and 30% on profits arising from sales and interest income respectively in 2024.

Amount recognised in profit or loss

	Year ended 31 December	
	2024	2023
Current tax on profit for the year	19,315,132	18,285,301
Deferred tax [Note 18]	18,950	199,112
	19,334,082	18,484,413

Reconciliation of effective tax rate

	Year ended 31 December			
	%	2024	%	2023
Profit before tax		48,976,939		46,139,975
Tax calculated at tax rate of 40%	40.00	19,590,775	40.00	18,455,990
Tax effects of:				
Expenses not deductible for tax purposes	0.55	268,697	0.83	380,881
Expenses deductible for tax purposes	(0.85)	(415,475)	(0.85)	(393,983)
Rate differential in interest income	(0.26)	(128,865)	(0.34)	(157,587)
Tax charge	39.44	19,315,132	39.64	18,285,301
Reversal / (charge) of temporary differences [Note 18]	0.04	18,950	0.43	199,112
Total income tax expense	39.48	19,334,082	40.07	18,313,724

10 EARNING PER SHARE

Earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2024	2023
Net profit attributable to shareholders (in thousands)	29,642,857	27,655,562
Weighted average number of ordinary shares in issue	187,323,751	187,323,751
Basic earnings per share (Rs.)	158.24	147.64
Diluted earnings per share (Rs.)	158.24	147.64

PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Freehold buildings	Building improvements / upgrades	Leasehold buildings	Plant and machinery/ equipment	Motor vehicles	Capital work in progress	Right of use assets	Total
Cost									
At 1 January 2023	96,837	361,769	324,097	25,942	5,947,684	8,643	2,661,092	587,291	10,013,354
Additions of right-of-use-assets	-	-	-	-	-	-	-	350,250	350,250
Transfers from CWIP	-	-	285,962	-	364,702	58,649	(709,313)	-	-
Additions to CWIP	-	-	-	-	-	-	468,953	-	468,953
Write-offs/Derecognitions	-	-	-	-	(62,856)	-	-	(303,842)	(366,698)
At 31 December 2023	96,837	361,769	610,059	25,942	6,249,530	67,292	2,420,732	633,699	10,465,859
Accumulated depreciation									
At 1 January 2023	-	247,245	189,552	25,942	3,516,268	7,780	-	474,838	4,461,626
Depreciation	-	42,935	-	-	229,181	13,440	-	200,403	485,960
Write-offs/Derecognitions	-	-	-	-	(62,856)	-	-	(303,842)	(366,698)
At 31 December 2023	-	290,180	189,552	25,942	3,682,593	21,220	-	371,399	4,580,887
Closing net book value	96,837	71,589	420,507	-	2,566,937	46,071	2,420,732	262,299	5,884,972
Cost									
At 1 January 2024	96,837	361,769	610,059	25,942	6,249,530	67,292	2,420,732	633,699	10,465,859
Additions of right-of-use assets	-	-	-	-	-	-	-	38,874	38,874
Transfers from CWIP	-	-	116,056	-	1,906,673	-	(2,022,729)	-	-
Additions to CWIP	-	-	-	-	-	-	1,238,096	-	1,238,096
Write-offs / Derecognitions	-	(25)	(246)	(120)	(183,192)	-	-	(81,352)	(264,935)
At 31 December 2024	96,837	361,744	725,869	25,822	7,973,011	67,292	1,636,099	591,221	11,477,894
Accumulated depreciation									
At 1 January 2024	-	290,180	189,552	25,942	3,682,593	21,220	-	371,399	4,580,887
Depreciation	-	5,358	57,140	-	358,574	14,662	-	228,766	664,500
Write-offs/Derecognitions	-	(25)	(246)	(120)	(183,192)	-	-	(81,352)	(264,935)
At 31 December 2024	-	295,513	246,446	25,822	3,857,975	35,882	-	518,813	4,980,452
Closing net book value	96,837	66,231	479,423	-	4,115,036	31,410	1,636,099	72,408	6,497,442

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

11.1 Property, plant and equipment includes fully depreciated assets which are in use, the cost of which as at the end of the reporting date amounted to Rs. 2,146,272,468 (2023 - 2,174,239,858).

11.2 Capital work in progress, represents the operational and administrative activities related project works in progress, which mainly consists improvements and additions to machinery/equipment.

11.3 Company Property

The freehold land and buildings were valued by professional valuer Dr. Prathap Kaluthanthri MRICS, AIV. The valuations carried out on 31 December 2023 have been considered to represent the market values of the respective properties as at 31 December 2024.

The Company follows the cost model as stated in its accounting policy to measure property, plant and equipment. The purpose of this valuation is for management information and to ascertain the current market prices of the freehold land and buildings owned by the Company. The valuation results have not been incorporated in the financial statements. The fair value of the properties mentioned below amounts to Rs. 9,130,000,000.

Property		Year ended 31 December			No of Buildings	Revalued Amount Rs. '000
Asset Type	Location	A	R	P		
Land and Buildings	Colombo head office factory	7	2	22.15	23	7,391,230
Land and Buildings	Kandy industrial premises	3	3	26.05	9	695,780
Land and Buildings	Kandy commercial premises	2	1	18.75	2	216,961
Land and Buildings	Haliela depot, stores and quarters	1	1	38.50	6	52,424
Land and Buildings	Anuradhapura depot, stores and quarters	2	1	33.50	3	67,976
Land and Buildings	Nildandahinna depot, stores and quarters	2	1	4.00	6	42,121
Land and Buildings	Hanguranketa	2	3	21.00	-	27,660
Land and Buildings	Melsiripura depot, stores and quarters	1	3	1.25	5	84,166
Land and Buildings	Ambale depot, stores and quarters	2	0	9.66	6	29,956
Land and Buildings	Wendaruwa quarters	0	2	0.00	1	5,561
Land and Buildings	Galewela depot, stores and quarters	5	3	39.88	12	171,476
Land and Buildings	Nuwara Eliya	0	1	31.30	1	180,380
Land and Buildings	Hunnasgiriya quarters	0	2	0.00	1	2,775
Land	Naula	0	0	21.00	-	12,600
Land	Nuwara Eliya Yalta	0	1	23.50	-	152,400

12 INTANGIBLE ASSETS

Intangible assets comprise computer software development and purchase cost incurred by the Company that is not integral to the functionality of the related equipment.

	As at 31 December	
	2024	2023
Cost		
At 1 January	36,218	37,381
Additions	-	-
Write-offs	-	(1,163)
At 31 December	36,218	36,218
Amortisation		
At 1 January	36,218	37,381
Amortisation during the year	-	-
Write-offs	-	(1,163)
At 31 December	36,218	36,218
Net book value	-	-

13 EMPLOYMENT BENEFITS

(a) Funded defined benefit plan

Subsequent to 1992, an externally funded policy was purchased from AIA Insurance Lanka Limited, which covered all 289 (2023- 296) employees attached to the Company. The plan is fully funded by a policy obtained from AIA Insurance Lanka Limited. This policy meets the criteria mentioned in Sri Lanka Accounting Standard LKAS 19 - Employee Benefits, to classify it as a qualifying insurance policy.

(b) The amounts recognised in the statement of financial position are determined as follows:

	As at 31 December	
	2024	2023
Defined Benefit Obligation	470,564	530,239
Fair Value of the Plan Asset	(537,386)	(619,524)
Net Defined Benefit (Asset)/Liability	(66,822)	(89,285)

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

13 EMPLOYMENT BENEFITS (CONTD.)

The movement in the defined benefit (asset) / liability over the year and the comparative period are as follows:

	Defined benefit obligation	Fair value of plan asset	Net defined benefit (asset) liability
Included in profit or loss:			
At 1 January 2024	530,239	(619,524)	(89,285)
Current service cost	57,874	-	57,874
Past service cost - plan amendments	-	-	-
Interest expense / (income)	60,476	(72,529)	(12,053)
	118,350	(72,529)	45,821
Included in OCI:			
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense	-	(9,870)	(9,870)
- Actuarial loss from change in financial assumptions	(78,240)	-	(78,240)
- Experience gain	64,752	-	64,752
	(13,488)	(9,870)	(23,358)
Other:			
Benefits paid	(164,537)	164,537	-
At 31 December 2024	470,564	(537,386)	(66,822)

	Defined benefit obligation	Fair value of plan asset	Net defined benefit (asset) liability
Included in profit or loss:			
At 1 January 2023	478,341	(636,823)	(158,482)
Current service cost	54,577	-	54,577
Past service cost - plan amendments	-	-	-
Interest expense / (income)	87,008	(118,705)	(31,697)
	141,586	(118,705)	22,880
Included in OCI:			
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense	-	49,414	49,414
- Actuarial loss from change in financial assumptions	32,452	-	32,452
- Experience gain	(35,550)	-	(35,550)
	(3,098)	49,414	46,316
Other:			
Benefits paid	(86,590)	86,590	-
At 31 December 2023	530,239	(619,524)	(89,285)

(c) The composition of the planned asset is as follows:

	As at 31 December	
	2024	2023
Government securities	88.53%	88.53%
Corporate bonds	11.04%	11.04%
Equity	0.43%	0.43%
Fixed deposits	0.00%	0.00%
Policyholder loans	0.00%	0.00%
	100%	100%

(d) The principal assumptions the Company used are as follows:

	As at 31 December	
	2024	2023
Discount rate per annum	11.70%	13.50%
Annual salary increment rate	11.00%	14.00%
Staff turnover rate	9.50%	10.50%
Retirement Age (years)	60	60

The defined benefit obligation liability of the Company is based on an actuarial valuation carried out by Willis Towers Watson, an Independent Actuary. The actuarial valuation involves making assumptions about discount rates and future salary increases. Due to the complexity of the valuation and 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 Company has considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions, with support of the independent actuarial expert. As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19. However, due to the unavailability of the coupon bond rate in the market, Company determined the discount rate of 11.7% based on the available treasury bond rate movement as at 31 December 2024. Further, the salary increment rate of 11% is considered appropriate to be in line with the Company's targeted future salary increments when taking into account the current market conditions and inflation rate. Due to the discount rate and salary increment rate assumptions used, nature of non-financial assumptions and experience of the assumptions of the Company, there is no significant impact to employment benefit liability as a result of prevailing macro-economic conditions.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation 2024		
	Change in assumption	Increase	Decrease
Discount rate per annum	1.00%	(54,017)	64,655
Annual salary increment rate	1.00%	64,494	(54,807)

	Impact on defined benefit obligation 2023		
	Change in assumption	Increase	Decrease
Discount rate per annum	1.00%	(62,679)	74,968
Annual salary increment rate	1.00%	73,952	(62,973)

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

13 EMPLOYMENT BENEFITS (CONTD.)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the statement of financial position.

As at 31 December 2024, the weighted-average duration of the defined benefit obligation of the permanent cadre was 14 years (2023 -14).

14 INVENTORIES

	As at 31 December	
	2024	2023
Raw materials	5,850,101	5,314,052
Work-in-progress	91,575	109,118
Finished goods	124,516	390,087
Consumables	928,996	986,351
Provision for obsolete and slow moving inventories (Note 14.1)	(712,653)	(188,204)
	6,282,535	6,611,404

14.1 Provision for obsolete and slow moving inventories

	As at 31 December	
	2024	2023
At 1 January	188,204	165,831
Charge/(reversal) during the year	524,449	22,373
Write offs during the year	-	-
At 31 December	712,653	188,204

A provision for obsolete and slow moving items is primarily made in relation to slow moving consumables that have not been used in a 02 years period. Finished goods, wrapping material are provided for based on their shelf life. A specific provision amounting to Rs. 337 Mn is made in relation to raw materials and finished goods during the year.

15 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
Current		
Trade receivables	3,349,741	3,652,257
Receivables from related parties [Note 25 (iii)]	157,072	607,771
Advances to farmers	307,315	356,791
Staff loans	102,888	128,690
Other receivables	1,418,110	996,085
Less: provision for impairment of receivables	(156,263)	(138,674)
	5,178,863	5,602,920
Non-current		
Staff loans	232,576	218,726
Total trade and other receivables	5,411,439	5,821,646

- (i) Trade receivables wholly consist of amounts receivable from distributors. No specific impairment indicators were noted as all receivables are less than 12 months.
- (ii) Provision for doubtful debts has been made on a case by case basis on loans made to farmers and on long outstanding balances included under other receivables.

Movements on the Company's provision for impairment of receivables are as follows:

	As at 31 December	
	2024	2023
At 1 January	(138,674)	(119,328)
Provision for the year	(93,064)	(101,937)
Write-offs during the year	75,475	82,591
Reversals during the year	-	-
At 31 December	(156,263)	(138,674)

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

16 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2024	2023
Cash at bank and in hand	24,110,504	21,109,105
Short term investments	3,450,466	3,428,934
Cash and cash equivalents in the statement of cash flows	27,560,970	24,538,039

Short term investments consists of three months fixed deposit investments placed at the interest rate of 9% for Rs. 2 Bn and 8% for Rs. 1.4 Bn in 2024 and interest rate 9% for Rs. 1.4 Bn and 11.7% for Rs. 2 Bn in 2023.

17 STATED CAPITAL

	As at 31 December	
	2024	2023
Share value (Rs. 000)	1,873,238	1,873,238
Number of shares	187,323,751	187,323,751

All issued ordinary shares are fully paid.

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

18 DEFERRED TAX LIABILITY

Deferred tax is recognised in respect of all temporary differences under liability method using the effective tax rate.

The movement on the deferred income tax account is as follows:

	As at 31 December	
	2024	2023
At beginning of the year	573,675	374,563
Charge for the year	18,950	199,112
At end of the year	592,625	573,675

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The movement in deferred income tax assets and liabilities during the year is as follows:

	Property, plant and equipment	Right of use	Unfunded defined benefit obligation	Provisions	Total
Balance as at 1 January 2023	(793,952)	7,520	65	411,804	(374,563)
Recognised in profit or loss	(82,994)	8,801	(65)	(124,852)	(199,112)
At 31 December 2023	(876,946)	16,320	-	286,952	(573,674)
Balance as at 1 January 2024	(876,946)	16,320	-	286,952	(573,674)
Recognised in profit or loss	(113,792)	(15,664)	-	110,506	(18,950)
At 31 December 2024	(990,738)	656	-	397,458	(592,624)

	2024		2023	
	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect
Deferred Tax Liability On	(2,476,844)	(990,738)	(2,192,366)	(876,947)
Property, Plant and Equipment excluding ROU	(2,476,844)	(990,738)	(2,192,366)	(876,947)
Deferred Tax Assets On				
Right to use (ROU)	1,643	656	40,801	16,320
Provision	993,644	397,458	717,379	286,952
	995,287	398,114	758,180	303,272
	(1,481,557)	(592,624)	(1,434,186)	(573,675)

19 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
Trade payables	980,034	550,826
Payable to related parties [Note 25 (iii)]	830,069	544,639
Accrued expenses	6,696,345	4,203,128
Government levies	13,581,393	13,038,515
Other payables	1,079,329	884,175
	23,167,170	19,221,283

20 DIVIDENDS PAYABLE

(a) The movement of dividend payable over the year is as follows:

	As at 31 December	
	2024	2023
At 1 January	-	7,107,912
Dividends declared [Note (c)]	30,297,743	33,362,360
Dividends paid	(30,175,048)	(40,368,702)
Transfers to unclaimed dividend [Note (b)]	(122,695)	(101,570)
At 31 December	-	-

(b) Unclaimed dividends over the year is as follows:

	As at 31 December	
	2024	2023
At 1 January	388,964	315,274
Transfers	122,695	101,570
Payments	(4,271)	(3,455)
Write back	(3,945)	(24,425)
At 31 December	503,443	388,964

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

20 DIVIDENDS PAYABLE (CONTD.)

(c) The dividend declared during the year is as follows:

	2024		2023	
	per share	Rs.	per share	Rs.
Fourth interim dividend for prior year	31.00	5,807,036	30.00	5,619,713
Fifth interim dividend for prior year	-	-	30.00	5,619,713
Final dividend for prior year	18.84	3,529,179	20.30	3,802,671
First interim dividend	32.70	6,125,487	28.80	5,394,924
Second interim dividend	38.30	7,174,500	33.00	6,181,684
Third interim dividend	40.90	7,661,541	36.00	6,743,655
	161.74	30,297,743	178.10	33,362,360

21 LEASES

The Company's material leases include Buildings and Vehicles rented. The useful life of the leases of the Company is between 1 - 4 years. Information about leases for which the Company is a lessee is presented below.

(a) Right-of-use assets

	As at 31 December	
	2024	2023
Balance as of 1 January	262,299	112,452
Addition to right-of-use assets	38,874	350,250
Derecognition of right-of-use assets	-	-
Depreciation charge for the year	(228,766)	(200,403)
Balance as at 31 December	72,407	262,299

(b) Lease liabilities

	As at 31 December	
	2024	2023
Balance as of 1 January	275,738	120,820
Additions to lease liabilities	38,874	350,250
Derecognition of lease liabilities	-	-
Interest expense	18,812	31,539
Payment of lease liabilities	(255,949)	(226,871)
Balance as at 31 December	77,475	275,738
Maturity analysis - contractual undiscounted cash flows		
Less than one year	62,328	261,694
One to five years	21,193	33,902
More than five years	-	-
Total undiscounted liabilities as at 31 December	83,521	295,596
Lease liabilities included in the statement of financial position as at 31 December	77,475	275,738
Current	57,431	243,253
Non-current	20,044	32,485

(c) Amounts recognised in profit or loss

	2024	2023
Depreciation of right-of-use assets	228,766	200,403
Interest on lease liabilities	18,812	31,539
Expense relating to short term leases	13,924	12,893

(d) Amounts recognised in statement of cash flows

	2024	2023
Total cash outflow for leases	255,949	226,871
Capital	237,137	195,331
Interest	18,812	31,539

22 LONG TERM BORROWINGS

	As at 31 December	
	2024	2023
Balance as at January	323,755	367,485
Additions during the year	-	-
Exchange (gain)/loss [Note 8]	(30,760)	(43,730)
Balance as at December	292,995	323,755

Uncommitted term loan facility of USD 10 Million between British American Tobacco International (Holdings) B.V. and Ceylon Tobacco Company PLC with no interest. During the year 2022 USD 1 Million was drawn.

23 CONTINGENT LIABILITIES

There were no material contingent liabilities requiring disclosure other than the following (further details have been provided to ensure that none of these items have a material impact).

24 COMMITMENTS

- (a) Rs. 500 Mn (2023 - Rs. 500 Mn) Bank Guarantee issued in favour of Commissioner General of Excise to obtain certificate of registration (Manufacturing License) in accordance with the provisions of the Tobacco Tax Act No. 8 of 1999 (as amended).
- (b) Shipping and Bank Guarantees have been issued amounting to Rs. 200.87 Mn (2023 - Rs. 293.58 Mn), for goods cleared before the arrival of original bank documents.

25 RELATED PARTY TRANSACTIONS**Transactions with related parties**

The Company has a number of transactions and relationships with related parties, as defined in LKAS 24 - Related Party Disclosures, all of which are undertaken in the normal course of business and on an arm's length basis.

Non-recurrent related party transactions

Any non-recurrent related party transactions of which the aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 December 2023 audited financial statements requires additional disclosures in the 2024 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices. However, Ceylon Tobacco Company PLC has not entered into any transaction with related party that exceeds the specified thresholds.

Recurrent related party transactions

Any recurrent related party transactions of which the aggregate value exceeds 10% of revenue of the Company as per 31 December 2023 audited financial statements requires additional disclosures in the 2024 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Corporate Governance. However, Ceylon Tobacco Company PLC has not entered into any transaction with a related party that exceeds the specified thresholds.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

25 RELATED PARTY TRANSACTIONS (CONTD.)

The following transactions were carried out with related parties:

(i) Sale of goods / services

	Year ended 31 December	
	2024	2023
British American Shared Services (GSD) Limited	4,764	22,520
BAT Marketing Singapore PTE	-	13,978
British-American Tobacco (Singapore) Pte Ltd	-	24,984
British American Tobacco (Malaysia) Berhad	-	4,110
BAT AsPac Service Centre Sdn Bhd	48,127	84,663
BAT Investments LTD	-	2,516
BAT Global Travel Retail Limited	-	35,881
BAT Bangladesh Company Limited	6,846	-
BAT GLP Ltd	614,327	395,605
	674,064	584,257

(ii) Purchase of goods / services

	Year ended 31 December	
	2024	2023
BAT AsPac Service Centre Sdn Bhd	331,720	328,608
BAT Investments Limited	928,050	754,914
Benson & Hedges (Overseas) Limited	12,421	7,454
BAT (Holdings) Limited	66,581	42,583
British American Shared Services (GSD) Limited	760,268	983,992
British-American Tobacco (Singapore) Pte Ltd	29,947	246,204
PT Bentoel Prima	117,511	89,294
Pakistan Tobacco Company Limited	4,778	8,729
British American Tobacco Tutun	-	1,283
BAT Bangladesh Company Limited	9,252	1,786
British American Tobacco Exports Li	620,993	710,850
British American Tobacco South	-	596
BAT ME DMCC	-	49,554
British American Tobacco (Malaysia)	-	14,413
Nicoventures Trading Ltd	75,361	-
BAT SAA Service (Private) Ltd	7,584	-
	2,964,466	3,240,260

(iii) **Outstanding balances arising from sale and purchase of goods / services**

	Year ended 31 December	
	2024	2023
Receivable from related parties [Note 15]		
BAT (Holdings) Limited	-	(116)
BAT Investments LTD	207	332
British-American Tobacco (Singapore) Pte Ltd	3,756	3,756
VINA-BAT JV HCMC Branch	2,773	2,773
BAT AsPac Service Centre Sdn Bhd	92,831	80,358
Pakistan Tobacco Company Limited	261	261
British American Tobacco Myanmar Li	66	66
BAT Global Travel Retail Limited	346	346
British American Tobacco Tutun	4	4
BAT TDR	1	1
BAT Zimbabwe (Holdings) Limited	1,014	1,014
BAT Bangladesh Company Limited	6,846	9,308
BAT Nigeria Ltd	357	357
British American Shared Services (GSD) Limited	46,305	64,061
BAT Marketing Singapore PTE	61	5,194
British American Tobacco ME DMCC	1,990	15,206
British American Tobacco (Malaysia) Berhad	-	4,063
BAT Belgium S.A	-	25,183
BAT GLP Ltd	-	395,605
British American Tobacco Polska S.A	254	-
	157,072	607,771

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

25 RELATED PARTY TRANSACTIONS (CONTD.)

	Year ended 31 December	
	2024	2023
Payable to related parties [Note 19]		
BAT Investments Limited	25,976	19,200
BAT ASPAC Service Centre Sdn Bhd	96,940	-
BAT (Holdings) Limited	20,036	9,837
British American Shared Services (GSD) Limited	204,453	-
Benson & Hedges (Overseas) Limited	4,832	1,259
Pakistan Tobacco Company	4,718	5,121
British-American Tobacco (Singapore) Pte Ltd	162,372	206,185
BAT Switzerland S.A.	232	165
British American Tobacco Mexico S.A. de C.V.	18,955	18,955
British American Tobacco Kenya Ltd	84	84
PT Bentoel Prima	62,515	121,002
British American Tobacco (Cambodia) Ltd	27,464	27,464
BAT Nigeria Ltd	1,203	1,203
BAT Romania Investment	407	909
British American Tobacco Tutun	1,197	2,874
BAT Bangladesh Company Limited	12,320	3,068
British American Tobacco Exports Li	88,641	39,939
CTBAT International Co. Limited	42	42
British American Tobacco South	1,876	1,876
Nicoventures Trading Limited	75,361	72,644
British American Tobacco Chile	63	63
British American Tobacco (Malaysia)	12,797	12,750
BAT SAA Service (Private) Ltd	7,584	-
	830,069	544,639

(iv) Key management compensation

Key Management Personnel include members of the Board of Ceylon Tobacco Company PLC and the members of the Executive Committee. The compensation paid or payable to key management:

	Year ended 31 December	
	2024	2023
Salaries and other short-term employee benefits	583,895	619,374
Share based payments	6,518	10,706

(v) Post-employment benefits

	Year ended 31 December	
	2024	2023
Ceylon Tobacco Company PLC Group Provident Fund	153,405	113,027

There were no other related parties or related party transactions other than those disclosed above in the financial statements.

The Company has no share ownership plans. However, the BAT Group through an International Executive Incentive Scheme ("IEIS") offers value of phantom shares in BAT p.l.c., in cash to selected members of the Executive Committee of Ceylon Tobacco Company PLC. This is operated as a cash settled share based payment where a liability equal to the portion of the services received is recognized at its current fair value determined at each reporting date. Fair value is measured by the use of Black-Scholes option pricing model.

As at 31 December 2024, the fair value of the phantom shares granted was Rs. 10.9 million (2023 - Rs. 10.4 million).

26 Events after the reporting period

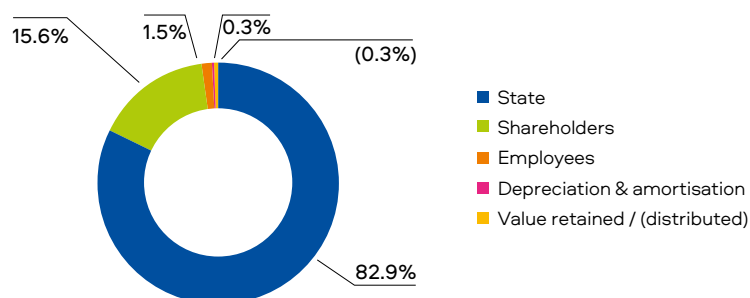
Fourth interim dividend of Rs. 29.1 per share was declared for the financial year 2024 on 24 February.

The directors recommend a final dividend of Rs. 17.24 per share for 2024. The final dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 27 May 2025. Once approved by the shareholders, the final dividend will be payable on 3 June 2025.

No other material events have occurred since the end of the reporting date which would require adjustments to, or disclosure in the financial statements.

VALUE ADDED STATEMENT

	Year ended 31 December	
	2024	2023
Turnover	204,281,333	200,019,382
Supplied material and services	(11,368,940)	(10,167,167)
Net interest income	1,300,252	1,587,977
Other operating income	40,407	93,738
	194,253,052	191,533,930
State	161,086,332	160,782,943
Shareholders	30,297,743	33,362,360
Employees	2,859,362	2,609,465
Depreciation & amortisation	664,500	485,960
Value retained / (distributed) in business through profit earned	(654,885)	(5,706,797)
	194,253,052	191,533,930



SHARE INFORMATION

STOCK EXCHANGE LISTING

The issued ordinary shares of Ceylon Tobacco Company PLC are listed with the Colombo Stock Exchange of Sri Lanka.

SHAREHOLDERS

The number of ordinary shareholders as at 31 December 2024 was 4,818 (4,573 as at 31 December 2023).

ORDINARY SHAREHOLDING

Stated Capital - Rs. million	1,873
Number of shares representing the Entity's stated capital	187,323,751
Number of Shareholders as at 31 December 2024	4,818
Number of Shareholders as at 31 December 2023	4,573

2024	Resident			Non Resident			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1-1000	3,752	629,299	0.34	44	11,333	0.01	3,796	640,632	0.35
1001-10,000	833	2,505,431	1.34	38	158,194	0.08	871	2,663,625	1.42
10,001-100,000	109	3,171,691	1.69	21	589,411	0.31	130	3,761,102	2.00
100,001-1,000,000	13	2,867,719	1.53	5	946,458	0.51	18	3,814,177	2.04
Over 1,000,000	-	-	-	3	176,444,215	94.19	3	176,444,215	94.19
Total	4,707	9,174,140	4.90	111	178,149,611	95.10	4,818	187,323,751	100

2023	Resident			Non Resident			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1-1000	3,511	613,332	0.33	45	12,294	0.01	3,556	625,626	0.34
1001-10,000	827	2,485,979	1.33	36	148,227	0.08	863	2,634,206	1.41
10,001-100,000	111	3,055,903	1.62	23	648,239	0.35	134	3,704,142	1.97
100,001-1,000,000	12	2,953,989	1.58	5	961,573	0.51	17	3,915,562	2.09
Over 1,000,000	-	-	-	3	176,444,215	94.19	3	176,444,215	94.10
Total	4,461	9,109,203	4.86	112	178,214,548	95.14	4,573	187,323,751	100

	2024			2023		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	4,591	6,528,631	3.49	4,353	6,627,966	3.54
Institutions	227	180,795,120	96.51	220	180,695,785	96.46
	4,818	187,323,751	100	4,573	187,323,751	100

SHARE INFORMATION

MARKET VALUE OF SHARE (RS.):

	2024	2023
Price Movements (Rs.)		
Highest	1,415.00	1,060.00
Lowest	955.00	598.00
Closing Price	1,397.25	953.75
Market Capitalisation (Rs. million)	261,738	178,660
No. of share transactions for the year	9,785	8,015
No. of shares traded	2,493,470	3,210,860

DIVIDEND PAYMENTS

	2024	2023
	Rs. Per Share	Rs. Per Share
Final dividend for prior year	18.84	20.30
First interim dividend	32.70	28.80
Second interim dividend	38.30	33.00
Third interim dividend	40.90	36.00
Fourth interim dividend for prior year	31.00	30.00
Fifth interim dividend for prior year	-	30.00

DIRECTORS SHAREHOLDING (INCLUDING SPOUSES & CHILDREN)

	No of Shares As at 31 December	
	2024	2023
Mr. S. K. Shah	-	-
Mr. K. D'Alwis	-	-
Mr. H. de Silva Wijeyeratne	-	-
Ms. F. Subhani	-	-
Mr. T. Akbar	-	-
Mr. S. R. Kidd	-	-
Mr. G. Tarrant	-	-
Ms. S. P. Chandrasiri	-	-

PUBLIC SHAREHOLDERS

	No of Shares As at 31 December	
	2024	2023
Parent Company	157,590,931	157,590,931
Subsidiaries or Associate Companies of Parent	-	-
10% or more holding	-	-
Directors shareholding (including spouses & children)	-	-
Public Holding	29,732,820	29,732,820
	187,323,751	187,323,751
Public Holding as a % of Issued Share Capital	15.87	15.87
Number of shareholders holding the Public Holding	4,817	4,573
Market Capitalisation of Public Holding (Rs. million)	41,544	28,358

The Company complies with option 1 of the Listing Rule 7.13.1(a) - Float Adjusted Market Capitalisation of Rs. 10.0 Bn which requires no minimum public holding percentage.

20 LARGEST SHAREHOLDERS

	2024		2023	
	No. of Shares	%	No. of Shares	%
British American Tobacco International Holdings B.V.	157,590,931	84.13	157,590,931	84.13
Philip Morris Brand SARL	15,585,910	8.32	15,585,910	8.32
CB NY S/A Allan Gray Frontier Markets Equity Fund Limited	3,267,374	1.74	3,267,374	1.74
J.B.Cocoshell (Pvt) Ltd	837,373	0.45	915,160	0.49
Rubber Investment Trust Ltd A/C 01	375,507	0.20	327,698	0.17
Employee's Provident Fund	314,000	0.17	-	-
Mrs J.K.P. Singh	297,233	0.16	300,256	0.16
Mr. S.P. Jayawardena	225,111	0.12	215,111	0.11
Miss N. Harnam	198,938	0.11	211,030	0.11
Deutsche Bank AG Singapore A/C2(DCS CLT ACC FOR DEUTSCHE BANK AG SINGAPORE-PWM WM CLIENT)	175,600	0.09	175,600	0.09
Deutsche Bank AG AS Trustee For JB vantage Value Equity Fund	162,883	0.09	167,883	0.09
Odyssey Capital Partners (Private) Limited	154,883	0.08	149,883	0.08
Harnam Holdings SDN BHD	145,000	0.08	145,000	0.08
Jafferjee Brothers Exports (Private) Limited	131,300	0.07	-	-
BNYM RE- GHI Holdings Mauritius	129,687	0.07	129,687	0.07
Mr. J.D. Bandaranayake	118,412	0.06	118,412	0.06
Mr.A.M.Weerasinghe	115,500	0.06	103,500	0.06
Mr. J.D. Bandaranayake	112,450	0.06	112,450	0.06
Ranavav Holdings (Pvt) LTD	112,448	0.06	-	-
Galle Face Capital Partners PLC	105,000	0.06	105,000	0.06
Hatton National Bank PLC - Capital Alliance Quantitative Equity Fund	-	-	394,961	0.21
Invenco Capital Private Limited	-	-	202,044	0.11
Bank of Ceylon No.1 Account	-	-	141,887	0.08
Sub Total	180,155,540	96.18	180,359,777	96.28
Others	7,168,211	3.82	6,963,974	3.72
Total Shares	187,323,751	100	187,323,751	100.00

NOTICE OF MEETING

Dear Shareholder/s,

94TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

Notice is hereby given that the 94th Annual General Meeting (AGM) of Ceylon Tobacco Company PLC will be held at the Auditorium of Ceylon Tobacco Company PLC, No. 178, Srimath Ramanathan Mawatha, Colombo 15, on Tuesday, 27 May 2025 at 10.00am, for the following purposes:

1. To confirm the quorum.
2. To receive, consider and adopt the Report of the Directors and the Statement of Accounts for the year ended 31 December, 2024 and the Report of the Auditors thereon.
3. To declare a Final dividend for the Financial Year ended 31 December 2024 as recommended by the Directors.
4. To elect / re-elect the following Directors:
 - Ms. Samanmalee Priyanvada Chandrasiri, who was appointed as a director with effect from 7 November 2024 under S. 104 of the Articles of Association of the Company, is eligible for re-election under Article 95 of the Articles of Association. It is proposed to re-elect Ms. Samanmalee Priyanvada Chandrasiri as a director, who was appointed as a director by the resolution dated 07 November 2024 passed under S. 104 of the Articles of Association of the Company.
 - Ms. Fariyha Subhani, who was appointed as a director with effect from 15 April 2024 under S. 104 of the Articles of Association of the Company, comes up for re-election under S. 95 of the Articles of Association. It is proposed to re-elect Ms. Fariyha Subhani as a director, who was appointed as a director by the resolution dated 05 April 2024 passed under S. 104 of the Articles of Association of the Company.
 - Mr. Kushan D'Alwis, who was appointed as a director with effect from 20 April 2022 under S. 104 of the Articles of Association of the Company, comes up for re-election under S. 87-90 of the Articles of Association. It is proposed to re-elect as director, Mr. Kushan D' Alwis, having retired by rotation and being eligible for re-election.
 - Mr. Towhid Akbar, who was appointed as a director with effect from 01 April 2023 under S. 104 of the Articles of Association of the Company, comes up for re-election under S. 87-90 of the Articles of Association. It is proposed to re-elect as director, Mr. Towhid Akbar, having retired by rotation and being eligible for re-election.
5. To authorise the Directors to determine and make donations.
6. To re-appoint Messrs. KPMG as the Company's Auditors and to authorise the Directors to determine their remuneration.

By Order of the Board



Zahrah Cader

Company Secretary

22 April Colombo

94TH AGM OF CEYLON TOBACCO COMPANY PLC INSTRUCTIONS TO SHAREHOLDERS

NOTES

1. A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint a Proxy, who need not also be a member, to attend instead of him. Such a Proxy may vote on a poll (and join in demanding a poll) but not on a show of hands. The Proxy may not speak at the meeting unless expressly authorised by the instrument appointing him.
2. A Form of Proxy is enclosed herewith.
3. The Completed Form of Proxy should be deposited at the Registered Office of the Company, No. 178, of Srimath Ramanathan Mawatha, Colombo 15 or sent by email to CTCAGM@bat.com not less than 48 hours before the time for holding the meeting.

IMPORTANT

We wish to bring to your notice that in order to ensure the security of all persons and property within the Company premises, entry into the premises is being permitted in the following manner:

1. Admission is granted on the production of the National Identity Card/Passport/ Driving License.
2. All persons entering the premises are subject to a security check.
3. No person is allowed to bring any parcels into the premises.
4. Vehicles are parked outside the premises in a place reserved for this purpose.

YOUR CO-OPERATION IN THIS REGARD WILL BE GREATLY APPRECIATED.

N.B.

ON ARRIVAL THE SHAREHOLDERS WILL BE USHERED TO THE RECEPTION AREA.

TRANSPORT WILL BE PROVIDED FROM THE RECEPTION AREA TO THE AUDITORIUM FOR THE MEETING AND TO RETURN TO THE RECEPTION AREA AT THE CONCLUSION OF THE MEETING.

Shareholder participation via questions, comments and suggestions prior to the AGM

Shareholders may submit questions, comments or suggestions relating to the business of the AGM, directly to the Company by email to CTCAGM@bat.com by 5:00pm on Wednesday, 14 May 2025 for them to be addressed at the AGM.

Please note that this is not a public event and therefore any recording or publishing of this event in full or in part in any manner or form is strictly prohibited.

The Company reserves the exclusive right to deny continued participation to any person who violates these instructions and to take any action as deemed necessary, including reporting such persons to Law enforcement authorities.

NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

NOTES

[illegible]

FORM OF PROXY

(Please read the notes carefully before completing this form)

I / We the undersigned (please print)

of being a member/members of the Company, hereby

appoint of whom failing

Mr. Suresh Kumar Shah whom failing

Mr. Harin de Silva Wijeyeratne whom failing

Mr. Kushan D'Alwis whom failing

Ms. Fariyha Subhani whom failing

Mr. Towhid Akbar whom failing

Mr. Gary Tarrant whom failing

Mr. Stuart Robert Kidd whom failing

Ms. Samanmalee Priyanvada Chandrasiri

as my/our Proxy to represent me / us and * vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at 10.00am on Tuesday, 27 May 2025 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	No	Yes
(i) To receive and adopt the Report of the Directors and the Financial Statements for the year ended 31 December 2024.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To declare a final dividend.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) Ms. Samanmalee Priyanvada Chandrasiri, who was appointed as a director with effect from 7 November 2024 under S. 104 of the Articles of Association of the Company, is eligible for re-election under Article 95 of the Articles of Association. It is proposed to re-elect Ms. Samanmalee Priyanvada Chandrasiri as a director, who was appointed as a director by the resolution dated 7 November 2024 passed under S. 104 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iv) Ms. Fariyha Subhani, who was appointed as a director with effect from 15 April 2024 under S. 104 of the Articles of Association of the Company, comes up for re-election under S. 95 of the Articles of Association. It is proposed to re-elect Ms. Fariyha Subhani as a director, who was appointed as a director by the resolution dated 5 April 2024 passed under S. 104 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(v) Mr. Kushan D'Alwis, who was appointed as a director with effect from 20 April 2022 under S. 104 of the Articles of Association of the Company, comes up for re-election under S. 87-90 of the Articles of Association. It is proposed to re-elect as director, Mr. Kushan D' Alwis, having retired by rotation and being eligible for re-election.	<input type="checkbox"/>	<input type="checkbox"/>
(vi) Mr. Towhid Akbar, who was appointed as a director with effect from 1 April 2023 under S. 104 of the Articles of Association of the Company, comes up for re-election under S. 87-90 of the Articles of Association. It is proposed to re-elect as Director, Mr. Towhid Akbar, having retired by rotation and being eligible for re-election.	<input type="checkbox"/>	<input type="checkbox"/>
(vii) To authorise the directors to determine and make donations.	<input type="checkbox"/>	<input type="checkbox"/>
(viii) To appoint Messrs. KPMG as the Company's Auditors and authorise the directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

.....
Signature

Signed this day of Two Thousand and Twenty-Five.

Note: Instructions as to completion appear on the reverse of this Form of Proxy.

FORM OF PROXY >>

Instructions as to completion:

1. The persons mentioned in the Form of Proxy are directors of the Company and are willing to represent any shareholder as Proxy and vote as directed by the shareholder. They will not, however, be willing to speak or move or second any amendment to a resolution or make any statement in regard thereto on behalf of any shareholder.
2. If any Proxy is preferred, delete the names printed, add the name of the Proxy preferred and initial the alteration.
3. Please indicate with an 'X' in the space provided how your Proxy is to vote on each Resolution.

If there is in the view of the Proxy holder a doubt (by reason of the way in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder will vote as he/she thinks fit.
4. Subject to Note 1 above, if you wish the Proxy to speak at the meeting, you should interpolate the words "to speak and" in the place indicated with an asterisk (*) and initial such interpolation.
5. In the case of a Corporate Member, the Form of Proxy must be completed under its Common Seal, which should be affixed and attested in the manner prescribed by the Articles of Association. If the Form of Proxy is signed by an Attorney, the relevant Power-of-Attorney should also accompany the completed Form of Proxy if it has not already been registered with the Company.
6. To be valid, the completed Form of Proxy should be deposited at the Registered Office of the Company, No. 178, Srimath Ramanathan Mawatha, Colombo 15 or sent by email to CTCAGM@bat.com not less than 48 hours before the time for holding the meeting.
7. The full name and address of the Proxy and the Shareholder appointing the Proxy should be entered legibly in the Form of Proxy.

APPENDICES



ENVIRONMENTAL POLICY STATEMENT

Ceylon Tobacco Company PLC is committed to meeting its consumer needs in an environmentally responsible and sustainable way in the direct operations it controls and the wider supply chain it influences. We believe as a responsible organization that good environmental practice is good businesses practice and are therefore committed to;

- Comply with all applicable national environmental laws and regulations and BAT's EHS guidelines.
- Use our established framework of policy, best practices, and procedures to manage our environmental performances and monitor compliance through internal auditing capabilities.
- Understand our impacts on the environment in which we operate and proactively put in place plans to minimize such impacts.
- Monitor environmental performance through a set of key matrices, set targets for continuous improvement and where applicable use external assurances to verify our performance.
- Provide appropriate training as may be required to staff and share good practice across the organization.
- Work with suppliers and service providers to reduce the impacts of our products and services across the total lifecycle, share good practices and support them to manage their business in an environmentally sustainable manner.
- Collaborate with key stakeholders to understand emerging issues, regulatory and social expectations and technological innovations and work to develop sustainable solutions to these challenges.
- Continuously seek to conform to the best international environmental standards in line with business objectives.

Specific to our business we will focus on the following 4 priority areas,

Tracking Climate Change

- Increasing our energy provision from renewable resources.

Water Stewardship

- Reducing the amount of water withdrawn and increasing water recycling across our operations.
- Obtaining and maintaining certification to the alliance for Water Stewardship's management standard.

Eliminating Waste

- Working towards eliminating single use plastic from our packaging
- Reducing waste generation across our operations.
- Working towards 100% Zero Waste to Landfill (ZWTL) across all operations sites.

Protecting Biodiversity and Forests

- Continuing to work with our farmers to develop, advance and implement environmentally responsible agricultural practices and biodiversity protection best practices.
- Applying a mitigation hierarchy (avoid, minimise, restore & offset) when our tobacco supply chain operates in locations in close proximity to globally or nationally important biodiversity areas, while collaborating with external partners to support us on that journey.

The Executive Committee has overall responsibility for the Environment under our control and owns this policy. All staff regardless of their level in the organization will take reasonable care of the environment under our control and co-operate fully with the Company in all environment-related matters.

Zahrah Cader
Company Secretary
Ceylon Tobacco Company PLC

22 April 2025

APPENDICES



SUSTAINABLE TOBACCO PROGRAMME (STP) POLICY

Ceylon Tobacco Company PLC hereby assures dedication focus on the following areas for the Sustainable Tobacco Programme (STP).

- Conduct all our business activities according to the Company EHS, Quality, Biodiversity and STP policies.
- Minimise our contribution to climate change through focus on soil and water conservation, Integrated Pest Management (IPM), cultivation of productive varieties, minimum and appropriate use of fuel in tobacco production, elimination of farm Non Tobacco Related Material (NTRM), reduction of carbon emission per kg of tobacco and Integrated Crop Management (ICM) to ensure sustainable development.
- Motivate tobacco farmers through effective and efficient training methods to follow Good Agriculture Practices (GAP). Facilitate such practices to be transmitted to the wider farming community by setting examples.
- Educate on Green Tobacco Sickness (GTS) to ensure stakeholder health and safety.
- Improve productivity to ensure better living standards through socio-economic development.
- Educate farmers on children's rights to education to ensure that the industry does not employ minors in crop production.
- Educate and promote Good Labour Practices (GLP) among relevant stakeholders aligning to local and international guidelines.
- Maintain a continuous productive dialogue with stakeholders to capture the opinions and retain responsibility to respond to them in a timely manner.
- Contribute to rural and national development through social responsibility.
- Establish BAT standards across the operation and ensure compliance to all legal requirements and commitment to implement all best practices among the relevant stakeholders.

A handwritten signature in black ink, appearing to read 'Zahrah Cader'.

Zahrah Cader
Company Secretary
Ceylon Tobacco Company PLC

22 April 2025



BIODIVERSITY STATEMENT

We recognise that we have both, an impact and a dependence on biodiversity, through our business operations and use of ecosystem services, such as forest products, soil and water.

Under the British American Tobacco p.l.c. business principle of Good Corporate Conduct, we aim to minimise our impact on biodiversity and the wider environment. Part of this commitment means avoiding, minimising or mitigating our impacts on biodiversity and linked ecosystem services, or where this is not appropriate or most beneficial, offsetting those impacts at a regional or national level. In order to meet this commitment:

- We will ensure that our business is in compliance with all international and national biodiversity laws as a minimum requirement.
- We commit to assessing our impacts, i.e. we will identify areas of high biodiversity value and understand our impacts on ecosystem services. We will also assess our impacts where our ecological footprint is changing due to an increase or decrease in production or changes to production methods.
- We will undertake these assessments, engaging with stakeholders such as farmers, conservation organisations, universities and governments, to understand local issues and take into account their needs and requirements.
- These assessments and stakeholder engagements will lead to action plans to avoid, minimise, mitigate or offset our impacts, with effective monitoring mechanisms to ensure such action plans are implemented and progress is reported.
- We will also take steps to share information with suppliers, assisting them in understanding and managing their impacts on biodiversity, hence minimising our impact throughout the supply chain, e.g. in the sourcing of leaf and packaging materials.

This statement will enhance the integration of biodiversity conservation principles into the business. All further guidelines and assessment tools will be integrated into the existing systems and tools such as:

- Environmental, Health and Safety (EHS) Policy and guidelines
- Agronomy guidelines
- Social Responsibility in Tobacco Production (SRTP) Policy and guidelines
- Business Enabler Survey Tool (BEST)
- Sustainable Tobacco Programme (STP)

This statement will be reviewed periodically by the EHS department in conjunction with the British American Tobacco Biodiversity Partnership.

Zahrah Cader
Company Secretary
Ceylon Tobacco Company PLC

22 April 2025

APPENDICES



HEALTH AND SAFETY POLICY STATEMENT

Ceylon Tobacco Company PLC, in its seed to smoke supply chain as manufacturer, marketer and distributor, is committed to safeguard the health, safety and welfare of all employees and non-Company personnel on our premises, in the successful conduct of our business. Therefore we commit that we will:

- Comply with all applicable national laws and regulations on health and safety and BAT's EH&S Guidelines,
- Prevent injury and ill-health of employees and non-company personnel on our premises by providing and maintaining safe and healthy working conditions, equipment and systems of work,
- Provide work instructions, training and supervision for all employees and other associated personnel as may be required to ensure safe and healthy work conditions,
- Strive for continued improvement in our health and safety management and performance, through setting clear objectives, including the monitoring and measurement of key performance indicators,
- Ensure the active participation of each employee and others as appropriate, in promoting, achieving and maintaining the highest standards of health and safety in so far as reasonably practicable,
- Effectively control workplace health and safety risks through hazard identification and risk assessment and initiate actions to mitigate significant risks, and
- Continuously seek to conform with best international health and safety standards in line with business objectives.

The Executive Committee has overall responsibility of Health and Safety and owns this policy. All staff regardless of their level in the organisation will take reasonable care of the health and safety of themselves and others while at work and co-operate fully with the Company in all health and safety related matters.

A handwritten signature in black ink, appearing to read 'Zahrah Cader', is positioned above the printed name and title.

Zahrah Cader
Company Secretary
Ceylon Tobacco Company PLC

22 April 2025

GRI CONTENT INDEX

Statement of use	Ceylon Tobacco Company PLC has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not Applicable

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (PAGE)	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	185	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organisation's sustainability reporting	7				
	2-3 Reporting period, frequency and contact point	7				
	2-4 Restatements of information	7				
	2-5 External assurance	7				
	2-6 Activities, value chain and other business relationships	13				
	2-7 Employees	80				
	2-8 Workers who are not employees		2-8 Workers who are not employees	Information unavailable/incomplete		
	2-9 Governance structure and composition	100				
	2-10 Nomination and selection of the highest governance body	102				
	2-11 Chair of the highest governance body	101				
	2-12 Role of the highest governance body in overseeing the management of impacts	103				
	2-13 Delegation of responsibility for managing impacts	100				
	2-14 Role of the highest governance body in sustainability reporting	103				
	2-15 Conflicts of interest	102				
	2-16 Communication of critical concerns	102				
	2-17 Collective knowledge of the highest governance body	101				
	2-18 Evaluation of the performance of the highest governance body	103				
	2-19 Remuneration policies	103				
	2-20 Process to determine remuneration	103				
	2-21 Annual total compensation ratio		2-21 Annual total compensation ratio	Confidentiality constraints		
	2-22 Statement on sustainable development strategy	68				
	2-23 Policy commitments	68				
	2-24 Embedding policy commitments	68				
	2-25 Processes to remediate negative impacts	76				
	2-26 Mechanisms for seeking advice and raising concerns	76				
	2-27 Compliance with laws and regulations	86				

GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (PAGE)	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
	2-28 Membership associations			Not applicable		
	2-29 Approach to stakeholder engagement	43				
	2-30 Collective bargaining agreements	82				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	44	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	44				
	3-3 Management of material topics	44				
Economic performance						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	164				
	201-2 Financial implications and other risks and opportunities due to climate change	69				
	201-3 Defined benefit plan obligations and other retirement plans	134				
	201-4 Financial assistance received from government		Not applicable table			
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	68				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	68				
	203-2 Significant indirect economic impacts	68				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	62				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	12				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	85				
GRI 206: Anti- competitive Behaviour 2016	205-1 Operations assessed for risks related to corruption			Information unavailable/ incomplete		
	205-2 Communication and training about anti-corruption policies and procedures	85				
	205-3 Confirmed incidents of corruption and actions taken	85				
Anti competitive behaviour						
GRI 3: Material Topics 2021	3-3 Management of material topics	85				
GRI 206: Anti- competitive Behaviour 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	85				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (PAGE)	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	134				
GRI 207: Tax 2019	207-1 Approach to tax	134				
	207-2 Tax governance, control, and risk management	134				
	207-3 Stakeholder engagement and management of concerns related to tax	134				
	207-4 Country-by-country reporting			Not applicable		
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	70				
GRI 301: Materials 2016	301-1 Materials used by weight or volume			Information unavailable/incomplete		
	301-2 Recycled input materials used	70				
	301-3 Reclaimed products and their packaging materials			Information unavailable/incomplete		
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	69				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	69				
	302-2 Energy consumption outside of the organization			Information unavailable/incomplete		
	302-3 Energy intensity			Information unavailable/incomplete		
	302-4 Reduction of energy consumption	69				
	302-5 Reductions in energy requirements of products and services			Not applicable		
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	76				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	76				
	303-2 Management of water discharge-related impacts	76, 77				
	303-3 Water withdrawal	76				
	303-4 Water discharge	76				
	303-5 Water consumption	76				
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	71				

GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (PAGE)	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
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			Not applicable		
	304-2 Significant impacts of activities, products and services on biodiversity	74				
	304-3 Habitats protected or restored	75				
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			Not applicable		
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	69				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	69				
	305-2 Energy indirect (Scope 2) GHG emissions	69				
	305-3 Other indirect (Scope 3) GHG emissions			Information unavailable/incomplete		
	305-4 GHG emissions intensity	69				
	305-5 Reduction of GHG emissions	69				
	305-6 Emissions of ozone-depleting substances (ODS)			Not applicable		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			Not applicable		
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	70				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	70				
	306-2 Management of significant waste-related impacts	70				
	306-3 Waste generated	70				
	306-4 Waste diverted from disposal	70				
	306-5 Waste directed to disposal	70				
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	80				
	308-2 Negative environmental impacts in the supply chain and actions taken	80				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (PAGE)	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	80				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	83				
	401-3 Parental leave	80				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	83				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	83				
	403-2 Hazard identification, risk assessment, and incident investigation	83				
	403-3 Occupational health services	83				
	403-4 Worker participation, consultation, and communication on occupational health and safety	83				
	403-5 Worker training on occupational health and safety	83				
	403-6 Promotion of worker health	83				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	83				
	403-8 Workers covered by an occupational health and safety management system	83				
	403-9 Work-related injuries	83				
	403-10 Work-related ill health	83				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	82				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	83				
	404-2 Programs for upgrading employee skills and transition assistance programs	82				
	404-3 Percentage of employees receiving regular performance and career development reviews	83				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	80				
	405-2 Ratio of basic salary and remuneration of women to men	80				
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				

GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (PAGE)	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	80				
Child labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	76				
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	76				
Forced or compulsory labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	76				
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	76				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	77				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	77				
	413-2 Operations with significant actual and potential negative impacts on local communities	77				
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	88				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	88				
	414-2 Negative social impacts in the supply chain and actions taken	88				
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics	87				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labeling	87				
	417-2 Incidents of non-compliance concerning product and service information and labeling	87				
	417-3 Incidents of non-compliance concerning marketing communications	87				

CORPORATE INFORMATION

NAME OF THE COMPANY

Ceylon Tobacco Company PLC

REG. NO. PQ 29

Registered Office
178, Srimath Ramanathan Mawatha, Colombo 15

LEGAL FORM

A Public Quoted Company with limited liability
incorporated in Sri Lanka in 1932

REGISTRARS

SSP Corporate Services (Private) Limited

LEGAL ADVISORS

Sudath Perera Associates Attorneys-at-Law
Messrs. Julius & Creasy Attorneys-at-Law

AUDITOR

Messrs. KPMG Chartered Accountants

BANKERS

Bank of China
Citibank NA
Commercial Bank of Ceylon PLC
Deutsche Bank AG
DFCC Bank PLC
HSBC
People's Bank
Standard Chartered Bank
Sampath Bank PLC

HOLDING COMPANY

British American Tobacco PLC through
British American Tobacco International Holdings BV

QUERIES ON INVESTOR RELATIONS

Ms. Hansini Wijesinghe
Assistant Company Secretary
Ceylon Tobacco Company PLC
178, Srimath Ramanathan Mawatha, Colombo 15
Email: hansini_wijesinghe@bat.com
Tel: (+94) 112 496 200

Designed & produced by

emagewise

Photography by Dhanush De Costa

