



SRILANKAN AIRLINES | ANNUAL REPORT 2024/25

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The skies are vast, but so too are the challenges that shape the landscape of modern aviation. In the face of these complexities, SriLankan Airlines has remained resolute in recalibrating its course, streamlining its operations and redefining its role in the region and beyond.

The year under review marked a stabilisation of our strategy. From operational discipline to renewed stakeholder engagement, every action was taken with the long-term horizon in mind. With support from the Government and guided by a focused strategic direction, we successfully navigated persistent economic headwinds while laying the foundation for sustainable future strength.

Now, with a renewed focus on value, we are better prepared to harness the opportunities that lie ahead. Our path forward is clear, and we are poised for altitude.



Our Vision

We aspire to be the Airline of choice for travelers seeking a unique, authentic Sri Lankan experience, delivered with warmth, care, and hospitality.

Our Mission

To grow a sustainable, profitable Airline that promotes Sri Lanka to the world, supports tourism, Sri Lankans overseas and the national economy whilst developing an air transport hub taking advantage of our unique Indian Ocean location.

To be an aviation center of excellence, developing talent for the Airline and the wider industry. We are committed to do business in an ethical manner, which yields long-term, sustainable benefits for the country and the communities we serve.



Introduction to the Report

This is the Annual Report of SriLankan Airlines which covers the financial year from 1st April 2024 to 31st March 2025. As Sri Lanka's national carrier since its inception in 1979, SriLankan Airlines continues to operate a robust network of passenger and cargo services. Beyond core airline operations, the Group delivers comprehensive customer services including ground handling, inflight catering, aircraft maintenance, and various ancillary offerings.

Renowned for its commitment to quality, comfort, safety, and reliability, SriLankan Airlines operates primarily from its hub at Bandaranaike International Airport, Colombo, connecting passengers and cargo to a global network spanning 117 destinations across 59 countries during the reporting period.

Scope and Boundary

This report provides an integrated view of the Group's financial and non-financial performance for the year under review while illustrating its value creation model through the strategic deployment of various forms of capital. It encompasses operational highlights, financial outcomes, risk management approaches, sustainability initiatives and governance practices, offering stakeholders a holistic perspective on the Group's overall performance and strategic direction.

Standards and Principles of Preparation

The financial statements included herein have been prepared in compliance with Sri Lanka Financial Reporting Standards and the Companies Act No. 7 of 2007. The governance disclosures adhere to the Guidelines on Corporate Governance and the Operational Manual for State-Owned Enterprises, as set forth in Public Enterprises Circular No. 01/2021.

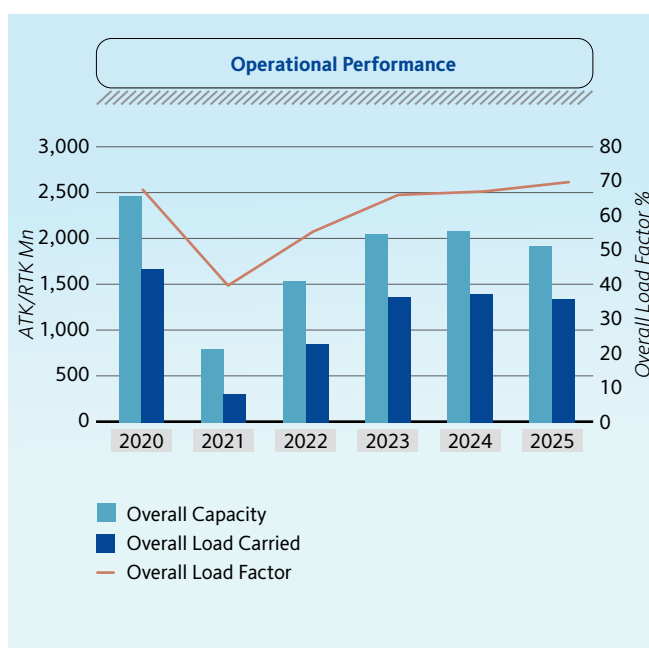
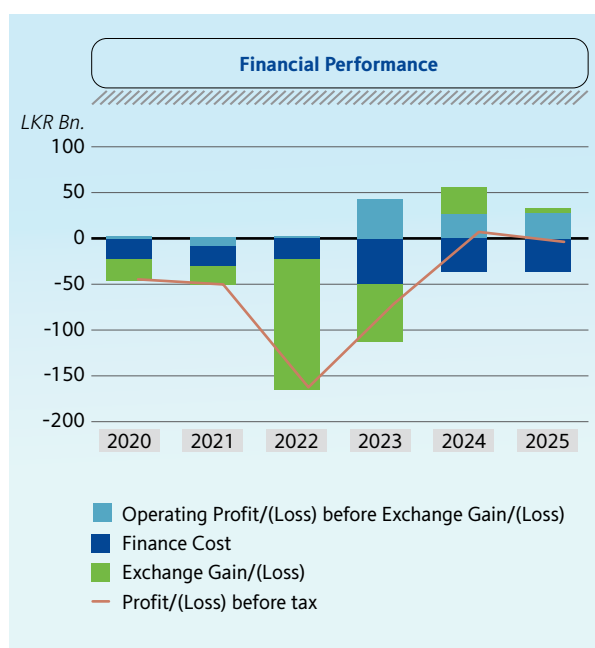
Forward-Looking Statements

This report contains "forward-looking statements" concerning the Group's future performance and prospects. These statements are subject to inherent risks and uncertainties, which may cause actual results to differ from those anticipated. Stakeholders are advised to exercise caution and avoid undue reliance on such projections.



Financial Highlights

As at 31 March 2025		Group		Company	
		2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Financial					
Revenue	LKR Mn	303,093.89	339,591.65	296,506.00	333,614.09
Operating Expenditure	LKR Mn	276,332.31	312,929.37	275,694.95	312,739.14
Operating Profit/(Loss) before Exchange Gain/(Loss)	LKR Mn	28,422.90	28,147.92	22,472.37	22,360.59
Profit/(Loss) for the Year	LKR Mn	(2,735.28)	7,925.01	(7,594.56)	3,870.86
Total Assets	LKR Mn	189,256.80	201,648.71	181,971.09	194,258.01
Shareholders' Funds	LKR Mn	(379,519.61)	(381,723.67)	(403,172.55)	(400,534.71)
Traffic					
Passenger Capacity	ASK Mn			14,714.85	15,425.45
Passengers carried	RPK Mn			11,571.61	12,198.65
Passenger Load Factor	%			78.64	79.08
Overall Capacity	ATK Mn			1,908.92	2,072.57
Overall Load carried	RTK Mn			1,338.08	1,394.50
Overall Load Factor	%			70.10	67.28
Breakeven Load Factor	%			76.17	72.95
Staff Productivity					
Average strength	Nos.	6,786	6,648	6,071	5,935
Revenue per employee	LKR Mn	44.66	51.08	48.84	56.21
Aircraft Fleet					
Narrow body	Nos.			13	12
Wide body	Nos.			9	9
Aircraft in service at year end	Nos.			22	21





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Chairman's Review

“The Company continues to strengthen its operations and pursue long-term sustainability. One of the first steps taken by the new Board was on a focused realignment journey that seeks to balance commercial ambition with environmental stewardship, stakeholder inclusivity, and operational excellence.”

Against a backdrop of global aviation recovery and local economic stabilisation, the financial year 2024/25 marked a year that the SriLankan Airlines demonstrated resilience, adaptability, and strategic foresight. The new Board of Directors including myself, was appointed in October 2024 and we have, within the short period of time, focused on short-term stability, liquidity and medium to long-term sustainability driving stakeholder value, and disciplined capital stewardship. We continued to forge ahead on the mission to serve as a national carrier that not only connects Sri Lanka to the world but creates enduring value across all facets of our business and the interest of all our stakeholders including our employees.

A Dynamic Operating Landscape

The financial year under review unfolded within a complex global and domestic operating landscape that posed both challenges and opportunities for SriLankan Airlines. While the aviation industry experienced a marked recovery in demand, it was also shaped by persistent volatility, geopolitical tensions, and economic headwinds.

Globally, the airline faced significant operational challenges, including geopolitical unrest and supply chain disruptions. These factors led to extended flight times, increased fuel usage, and logistical pressures, necessitating swift operational planning. Domestically, heightened competition from international carriers and fleet constraints created additional stress on margins and cash flow. Fleet availability was constrained by prolonged

maintenance, driven by global shortages of aircraft components and engine maintenance challenges affecting the Airbus A320/321 Neo fleet. The dearth of suitable used aircraft for lease is expected to continue for the next year, which will hamper the planned growth of the Company.

Despite these pressures, SriLankan Airlines benefited from a significant revival in Sri Lanka's tourism sector, with increasing international arrivals. Moreover, the airline responded by increasing frequencies, optimising schedules, and leveraging strategic market opportunities to enhance its service footprint.

Strategic Realignment and Sustainable Vision

The Company continues to strengthen its operations and pursue long-term sustainability. One of the first steps taken by the new Board was on a focused realignment journey that seeks to balance commercial ambition with environmental stewardship, stakeholder inclusivity, and operational excellence. A new five-year strategic plan was prepared and presented to the Government which outlines a clear roadmap built around key priorities: expanding and modernising our fleet, increasing revenue generation, enhancing customer experience, improving operational efficiency, growing market share, advancing digital transformation, promoting sustainable business practices, and investing in the development and wellbeing of our people. These priorities are designed not only to ensure near-term performance but also to future-proof the airline against evolving global aviation trends and macroeconomic volatility.

In this context, SriLankan Airlines is strategically positioned to unlock a range of national and regional opportunities. As the national carrier, we continue to play a vital role in facilitating inbound tourism by providing seamless access to Sri Lanka's rich cultural heritage and natural beauty. Our operations also serve as a bridge for the global Sri Lankan diaspora, fostering enduring connections with their homeland. Geographically, our hub in Colombo offers a unique advantage, enabling us to function as a key transit point for the region. The

airline is equally well-placed to benefit from the accelerating economic growth in the Asia-Pacific region. Our proximity to these high-potential markets supports deeper integration into regional trade and travel networks. In parallel, we are actively identifying and nurturing growth opportunities within our subsidiary and strategic business units, further diversifying our value proposition and revenue base.

Furthermore, debt restructuring is in progress to improve the Group's liquidity. Supported by the Government of Sri Lanka, steps are being taken to resolve past financial obligations. State-owned bank loans are being restructured for full repayment within five years. Lazard Freres SAS has been appointed to advise on the restructuring of the USD 175 Mn Sovereign-Guaranteed International Bond, with negotiations underway with the bondholders. These measures, along with other strategies, aim to relieve ongoing cash flow pressures.

Group's Performance and Building Operational Resilience

During the year, the Group delivered an operational profit (before accounting for exchange gains and unscheduled engine repair costs) of LKR 30.7 Bn (2023/24: LKR 39.7 Bn). However, the Group recorded a net loss of LKR 2.7 Bn, primarily driven by the net finance cost totalling LKR 31.6 Bn. Revenue derived from passenger operations during the year was LKR 234.5 Bn, a decrease of 15% compared to previous year (2023/24: LKR 276.2 Bn). The reduction is mainly due to lower yields and fleet constraints. The cargo revenue increased by 2% compared to the previous financial year (2023/24 – LKR 31.4 Bn).

As foreign carriers also returned in numbers to Bandaranaike International Airport (BIA), the Group managed to achieve a total revenue from air terminal and related services of LKR 24.9 Bn, an increase of 17% compared to the previous year (2023/24: LKR 21.2 Bn). The inflight catering revenue recorded LKR 7.3 Bn, an increase of 13% compared to the previous year. Group operating expenditure before Exchange Gain and Unscheduled Repair Cost reduced by 9%, with the decrease in jet fuel prices complimenting the Airline's

various cost-saving and efficiency initiatives.

Significant Milestones and Industry Recognition

During the year under review, SriLankan Airlines was recognised with several awards for our commitment to service excellence, brand strength, and operational and commercial stewardship. Amongst these were the APEX Awards 2024 for Best Entertainment Award in Central/Southern Asia and retention of its status as a 'Four Star Major Airline' in the APEX Official Airline Ratings. Our marketing excellence was celebrated with a Gold Award at the PATA Awards 2024. In the cargo sector, SriLankan Cargo secured the Silver Award at the National Logistics Awards 2024 and was named the 'Emerging Cargo Airline' at the Arabian Cargo Awards in Dubai, highlighting our growing footprint in the Middle East. The airline also added a wide-body aircraft to the fleet in June 2025 after more than 7 years.

These milestones collectively demonstrate SriLankan Airlines' ongoing dedication to delivering exceptional value and enhancing its regional and global presence.

Stakeholder Engagement and Governance

SriLankan Airlines maintains strong engagement with key stakeholders, including government authorities, global aviation bodies, suppliers, and lessors. Compliance remains a cornerstone of our operations, with ongoing adherence to IATA Operational Safety Audits (IOSA), IATA Safety Audits for Ground Operations (ISAGO); by International Air Transportation Association (IATA), International Civil Aviation Organisation (ICAO) standards, recommended practices and transparent reporting, ensuring regulatory integrity. Engineering operations follow stringent international maintenance protocols including EASA approval, while SriLankan Aviation College aligns with global training standards. SriLankan Catering upholds international food safety and hygiene regulations through regular audits. These collective efforts reinforce our commitment to operational excellence and stakeholder trust. Notably, our stakeholder dialogues particularly with

aircraft lessors and engine manufacturers were instrumental in resolving liquidity challenges and ensuring the operational readiness of our fleet. Their support enabled deferred payment plans and financing for unserviceable engine repairs, demonstrating the tangible value of relationship capital in times of constraint.

Environmental Stewardship and Sustainable Innovation

Our sustainability ambitions are equally bold and deeply integrated into our corporate strategy. In alignment with global aviation targets, we have adopted ICAO's CORSIA guidelines to monitor and report carbon emissions across our operations. Our adoption of Airbus green operating procedures, our participation in IATA's CO₂ Connect initiative and our continued investment in energy-efficient initiatives underscore our commitment to both local and international environmental standards.

Building for the Future: Resilience, Risk and Reform

From geopolitical volatility to talent shortages and competitive pressure, the Airline must remain vigilant and responsive. Our Enterprise Risk Management (ERM) framework has been strengthened to address these uncertainties, ensuring business continuity, asset protection, and scenario-based planning.

As the industry embraces greener aviation and digital transformation, we are positioning ourselves for growth, agility, and resilience. Fleet expansion plans, digital investments, and talent development are all aligned with this long-term vision, a vision that positions SriLankan Airlines not just as a national carrier, but as a responsible, competitive, and sustainable global aviation brand.

Acknowledgment

I wish to extend my sincere appreciation to our valued customers both local and international, whose continued trust in SriLankan Airlines has been the cornerstone of our journey. Your unwavering loyalty inspires us to strive for excellence and continuously enhance the travel experience we deliver. I am equally grateful to the Board of Directors for their steadfast guidance and strategic

oversight, and to the Chief Executive Officer, who has left us at the end of his contract, for his astute leadership during a period marked by complexity and change.

My heartfelt thanks go to our management team and employees, whose dedication and resilience ensured the continuity of operations despite significant constraints. Their commitment remains the driving force behind our collective progress.

I also take this opportunity to express my deepest gratitude to the Government of Sri Lanka, His Excellency the President and the Honourable Minister of Finance, the Honourable Deputy Minister of Finance, the Secretary to the Treasury, and all officials of the relevant institutions for their continued support and collaboration. The support of our shareholders is also deeply appreciated, as it has been vital in helping the Airline navigate uncertainties and stay aligned with our broader mission of advancing tourism and contributing to national economic growth.



Sarath Ganegoda
Chairman

Chief Executive Officer's Review

“SriLankan Airlines placed strong emphasis on enhancing operational performance, resulting in notable improvements in both departure and arrival punctuality.”

It is my pleasure to review the journey thus far; presenting to you the Annual Report and Audited Financial Statements for the year, 2024/25 in which the aviation industry continued its post-pandemic recovery and the Sri Lankan economy continued to gather momentum. This report is not merely a reflection of our financial standing, but a holistic articulation of our strategy, operations, environmental stewardship, people development, and the value we create for all stakeholders.

Operating Environment and Industry Landscape

The global and regional aviation industry, during the year under review, was marked by complex challenges yet simultaneously was rife with a wealth of opportunities. Amidst evolving market dynamics, Sri Lanka's tourism sector demonstrated remarkable resilience and recovery, providing a vital boost to the national airline on its growth trajectory. In 2024, tourist arrivals to Sri Lanka exceeded 2.1 Mn reflecting a 38% year-on-year increase and the highest volume recorded since 2019. India continued to be the leading source market, contributing over 416,000 visitors, followed by Russia, the United Kingdom, Germany, and China. However, SriLankan Airlines could not fully harness the benefits of this growing demand due to persistent challenges such as fleet constraints amidst supply chain issues.

Throughout the year under review, SriLankan Airlines navigated a highly volatile global and domestic operating environment that significantly influenced its operational performance and financial

outcomes. The aviation industry continued to grapple with significant global challenges. According to the International Air Transport Association (IATA), industry-wide yields fell by 5% year-over-year, with the Asia-Pacific region experiencing the sharpest decline. Geopolitical tensions forced SriLankan Airlines to alter its European flight paths, resulting in extended travel times, higher fuel consumption, and reduced payload capacity. To maintain our essential landing slots at busy airports, like London Heathrow, the Airline had to reschedule departures an operational necessity that unfortunately led to passenger inconveniences such as missed connections and occasional offloading. In the cargo sector, political instability, particularly in Bangladesh, posed additional logistical challenges, hindering the Airline's freight operations and weakening the resilience of regional supply networks.

Domestically, the aviation landscape became increasingly competitive with the return and expansion of services by several international carriers to Sri Lanka amidst significant challenges including rising operational costs and fleet limitations. The widespread issues with engines on Airbus A320/321 Neo aircraft led to grounded aircraft worldwide. This was further compounded by delays in mandatory maintenance due to global shortages of components, reducing the Airline's fleet availability. These constraints led to flight disruptions, increased engine-related costs and placed pressure on the Airline's cash position. Despite these external pressures, SriLankan Airlines remained committed to operational adaptability, customer service excellence, and financial prudence, laying the groundwork for sustainable recovery and long-term growth.

Sustaining Performance

In the fiscal year 2024/25, amidst the challenges, the Airline managed to realise a revenue of LKR 296.5 Bn for the fiscal year, with an operating profit (before accounting for exchange gain and unscheduled repair cost) of LKR 24.7 Bn. The Airline recorded a net loss of LKR 7.6 Bn after accounting for unscheduled engine repair costs of LKR 2.2 Bn and net finance charges of LKR 31.6 Bn.

Passenger revenue declined by 15% compared to the FY 2023/24, primarily due to capacity limitations, global reduction of yields and the impact from exchange rate, since Sri Lankan Rupee exhibited an appreciation during FY 2024/25. In contrast, the cargo segment posted a 2% increase in revenue over FY 2023/24. This growth was driven by the implementation of a dynamic pricing strategy that accounted for fluctuating demand, seasonal patterns, capacity limitations, and targeted customer segmentation. This approach enabled the airline to optimise revenue per kilogram of cargo transported, leveraging strategic freight opportunities amid broader logistics disruptions. Other revenues grew by 16% to LKR 27.1 Bn, driven primarily by ground handling and ancillary services provided to other carriers operating to Sri Lanka which reflected the market's robust recovery.

SriLankan Airlines placed strong emphasis on enhancing operational performance, resulting in notable improvements in both departure and arrival punctuality. A key enabler of this improvement was the successful return to service of two grounded Neo aircraft, which restored essential capacity and reinforced the Airline's market presence on priority routes.

The Airline also adopted a data-driven approach across all operational functions from flight operations and fleet utilisation to baggage handling and ground services. By standardising procedures and enhancing real-time operational oversight, SriLankan Airlines was able to optimise turnaround times and mitigate service disruptions, reinforcing its reputation for operational reliability and customer service excellence.

Moving forward, we will continue to prioritise sustainable growth, enhance financial resilience and consistently deliver value to our passengers and stakeholders whilst navigating the ever-changing aviation landscape.

Advancing Customer Experience

At the heart of our transformation lies a steadfast commitment to elevating the passenger experience through service excellence, digital innovation, and

data-driven insights. Throughout the year, the Airline implemented several key initiatives aimed at enhancing convenience, connectivity, and engagement at every touchpoint of the customer journey.

The FlySmiLes loyalty programme underwent a significant revamp, with the refreshed website offering enhanced functionality and user experience. A dedicated merchant portal was also introduced to expand redemption opportunities, further enriching the programme's overall value proposition. Complementing this, the launch of YAANA, the Airline's first AI-powered chatbot on the corporate website has enabled round-the-clock assistance and seamless digital interactions.

In line with evolving travel preferences, mobile-enabled digital check-in and touchless boarding processes were introduced, significantly reducing wait times and enhancing passenger safety. The airline also continued to refine its in-flight offering, introducing wireless entertainment options and curating elevated culinary experiences at the Serendib Lounge.

Customer feedback remains central to these improvements, with the Net Promoter Score (NPS) now actively tracked across key service areas, including check-in, transfers, baggage handling, and lounge access. These insights inform real-time enhancements and reinforce our customer-first philosophy.

Many of these developments were underpinned by broader digital enhancements across the Airline's operations, details of which are elaborated in the relevant capital sections including the adoption of a real-time AI-driven revenue management system, automation of cargo processes through the iCargo platform, and the continued rollout of self-service technologies.

Integrated Advancement to SBU Operations

Each of our SBUs from Engineering, Ground Handling, to SriLankan Aviation College played a vital role in elevating our collective performance. These teams embraced collaborative synergies

to boost efficiency, reduce costs, and maintain operational continuity.

The Engineering Division undertook targeted investments to strengthen aircraft maintenance infrastructure and operational reliability. Key among these were the adoption of industry-leading maintenance solutions AMOS by Swiss-AS and Airbus Skywise which are expected to transform the Airline's maintenance operations through improved planning, monitoring, and data-driven decision-making. These systems support enhanced compliance and maintenance efficiency across the fleet.

Significant infrastructure upgrades were also carried out at Bandaranaike International Airport (BIA) in collaboration with Airport & Aviation Services Ltd. These included the extension of baggage carousels and improved allocation of passenger boarding gates, both of which contributed to faster aircraft turnaround times and a more seamless passenger flow. To elevate service quality for transit and premium passengers, refurbishment was undertaken across lounge and transit areas, enhancing the overall airport experience and customer satisfaction.

Parallely, SriLankan Aviation College enhanced its training offerings by partnering with the Sri Lanka Air Force to strengthen practical components of the EASA Part 66 course and collaborated with Aviation Australia to introduce the Australian Diploma in Aircraft Maintenance Engineering, broadening its international training portfolio.

Significant Milestones

During the year under review, SriLankan Airlines achieved several notable accolades and industry recognitions, reflecting the Airline's continued commitment to service excellence, brand strength, and operational leadership. Some of the highlights for the year include:

- 🏆 APEX Awards 2024 – the Best Entertainment Award in Central/Southern Asia
- 🏆 South Asian Travel Awards (SATA) 2024 – the Leading International Airline in South Asia

- 🏆 PATA Gold Awards 2024 – won Gold Award in the 'Marketing – Carrier'
- 🏆 National Logistics Awards 2024 – secured the Silver Award in the Airline Category

Environmental Stewardship and Compliance

Environmental performance continues to be a key priority for SriLankan Airlines. In compliance with ICAO's CORSIA program, the UK and EU Emissions Trading Schemes, and national environmental regulations, we have implemented rigorous monitoring and verification protocols for emissions, waste, and resource use.

Biodiversity conservation remains a key pillar of our environmental strategy, and we are committed to strengthening our engagement with other stakeholders, including the Department of Wildlife Conservation, to broaden our impact over time. Innovation continues to drive our sustainability agenda. The ongoing success of the award-winning Mathaka upcycling initiative showcased at the Sri Lanka Design Festival 2025 highlights the powerful synergy between environmental responsibility and creative design, delivering both ecological and brand value.

In our Business Class cabins, comfort now comes with a commitment to sustainability. New eco-friendly pillow and headrest covers (antimacassars), produced using recycled PET plastic (R-PET), have been introduced. Additionally, the phased installation of lightweight aircraft carpets made from regenerated nylon is underway. These carpets help to reduce overall aircraft weight contributing to lower fuel consumption while supporting circularity by reducing reliance on virgin materials and removing waste from the environment.

Looking Ahead: Priorities for 2025/26

As we chart our course for the upcoming year, our key priorities focus on restoring operational stability, improving fleet reliability, expanding capacity in high-demand routes, and enhancing the overall customer experience. We are committed to embedding the six capitals framework more deeply into

Chief Executive Officer's Review contd.

our operations, ensuring that financial performance is aligned with long-term environmental and social sustainability goals.

To drive greater efficiency, we will continue to invest in infrastructure and operational upgrades. Recognising the need to balance capital outflows, we have structured innovative financing arrangements through operating-style contracts, allowing costs to be spread over the lifecycle of each project while aligning benefits with usage.

Our strong partnerships with aircraft lessors and engine manufacturers have been instrumental in supporting these efforts. Through transparent financial dialogue and collaborative planning, we successfully secured lessor financing for the repair of unserviceable engines. These key stakeholders played a pivotal role in easing liquidity constraints by facilitating deferred settlement agreements strengthening our cash flow position and enabling us to navigate operational challenges with greater financial resilience.

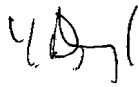
Acknowledgments

As we reflect on the year gone by, I extend my sincere appreciation to the Chairman, Board of Directors, the Government of Sri Lanka, and our business partners for their continued confidence and support during yet another challenging period. I would like to convey my appreciation to Mr. Richard Nuttall, who provided leadership to the Airline as its Chief Executive Officer during the period January 2022 to March 2025.

To our loyal customers, thank you for continuing to choose SriLankan Airlines and placing your trust in our ability to meet your expectations. Your unwavering patronage remains the foundation of our journey forward.

I commend the dedication and resilience of our management team and all employees of the SriLankan family, whose unwavering commitment has been vital in sustaining operations and delivering value to our passengers under demanding circumstances.

Looking ahead, we remain confident that SriLankan Airlines will continue to play a crucial role in ensuring Sri Lanka stays connected to the world, expanding its reach, thus, supporting national economic recovery and fostering greater opportunity for growth and development.



Yasantha Dissanayake

*Acting Chief Executive Officer &
Group Chief Financial Officer*

Board of Directors

1. Sarath Ganegoda

Mr. Sarath Ganegoda was appointed to the Board of SriLankan Airlines Limited on 9th October 2024 and was subsequently appointed to the Board of SriLankan Catering Limited.

He is the Group Executive Director of Hayleys PLC, been appointed to the Group Management Committee in July 2007 and thereby appointed to the Board in September 2009, has responsibility for the Strategic Business Development Unit and the Group Information Technology. He was appointed as the Deputy Chairman of Alumex PLC in October 2020. He serves on the Boards of Unisyst Engineering PLC, Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC, and Horana Plantations PLC. Subsequently, held several senior management positions in large private sector entities in Sri Lanka and overseas.

He is a Fellow Member of CA Sri Lanka and a Member of the Institute of Certified Management Accountants of Australia. He holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura.

2. A.K.D.D.D. Arandara

Mr. A.K.D.D.D. Arandara was appointed to the Board of SriLankan Airlines Limited, 16th March 2023 and was subsequently appointed to the Board of SriLankan Catering Limited. He serves as a Director cum Treasury Representative to the Board. He is the Chairman of the Related Party Review Committee, Chairman of the and the Board Group Risk Committee, and a member of the Human Resources and the Remuneration Committee,

Audit Committee and Board Ethics Committee of the Company and its subsidiary.

Mr. Arandara is an Attorney-at-Law by profession and serves as the Additional Director General in the Department of Legal Affairs, Ministry of Finance.

He is the former Chairman of Sri Lanka Telecom (Services) Limited.

3. Rohan Goonetilleke

Mr. Rohan Goonetilleke was appointed to the Board of SriLankan Airlines Limited on 9th October 2024 and was subsequently appointed to the Board of SriLankan Catering Limited. He is the Chairman of the Human Resources and the Remuneration Committee and a member of the Audit Committee of the Company and its subsidiary.

Mr. Rohan Goonetilleke is the Managing Director/CEO of the Textiles Sector in the Hayleys Group, heading Hayleys Fabric PLC, which he joined in March 2013, and South Asia Textiles Limited which Hayleys Fabric PLC acquired in 2021. Prior to joining Hayleys Fabric PLC, Mr. Goonetilleke served as Director of Brandix X'pressions (Pvt) Ltd, and was appointed to the Board of CLT Apparel (India) (Pvt) Ltd. in January 2011, a fully owned subsidiary of Brandix Lanka Ltd. He also served as the Managing Director/CEO of Textured Jersey Lanka (Pvt) Ltd, Linea Clothing (Pvt) Ltd., a subsidiary of MAS Holdings (Pvt) Ltd., and as the CEO of Elpitiya Plantations Ltd. He also serves on the Board of Hayleys Fabric Solutions Limited.

He received his higher education in the United Kingdom, receiving a B.Sc. in Engineering, qualifying as a Graduate Engineer (B. Sc. Eng.).

4. Flt. /Lt. (Retd.) Sugath Rajapakse

Flt./Lt. (Retd.) Mr. Sugath Rajapakse was appointed to the Board of SriLankan Airlines Limited on 9th October 2024 and was subsequently appointed to the Board of SriLankan Catering Limited. He is a member of the Audit Committee and the Human Resources and the Remuneration Committee of the Company and its subsidiary.

He is a seasoned professional with over 45 years of experience in the hospitality and industrial catering sectors, complemented by a distinguished military career in the Sri Lanka Air Force. A retired Flight Lieutenant, he has played a pivotal role in shaping catering operations across military, corporate, and star-class hotel environments, both locally and internationally.

He currently serves as the Chairman of Lanka Rest Houses Ltd. contributing his leadership and expertise to the tourism sector.

He holds a Four-Year Management Diploma in Hotel & Catering Management from the Ceylon Hotel School (now SLITHM) and has undertaken international training in hospitality management in the UK, Hawaii, Australia, Japan, and several other countries. His extensive experience includes senior leadership roles such as General Manager at Araliya Green Hills Hotel and Randholee Luxury Resort, Residence Manager at Sama Retreat, and Premises Manager at DIMO 800. He has also been involved in multiple hotel pre-opening projects in Sri Lanka and overseas.

During his tenure in the Sri Lanka Air Force, he served in various capacities including Staff Officer – Catering, Mess Manager, VVIP/VIP Cabin Crew Leader, and a Lecturer in Cookery and Restaurant Service. He was instrumental in modernising Air Force

Board of Directors contd.

catering systems and forming the Air Force Culinary Team.

His contributions have been recognised through multiple awards, including the 'TripAdvisor Excellence Award', the 'Green Hotel' award (consecutively), and the 'Crown for Food Hygiene' for Randholee Luxury Resort.

He is a Fellow of the Ceylon Hotel School Graduates Association and the Institute of Hospitality (UK), and has represented Sri Lanka at numerous global culinary and hospitality conferences. He has also held several civic leadership positions including President of the Sri Lanka Air Force Ex-Servicemen Association, Secretary of the Institute of Hospitality (Sri Lanka International Branch), Assistant Secretary of the Organisation of Professional Associations (OPA), and past President of both the Rotary Club of Kelaniya and DIMO Toastmasters Club.

5. Vipula Gunatilleka

Mr. Vipula Gunatilleka was appointed to the Board of SriLankan Airlines Limited on 14th October 2024 and was subsequently appointed to the Board of SriLankan Catering Limited. He is the Chairman of the Audit Committee, a member of the Board Group Risk Committee and Related Party Review Committee of the Company and its subsidiary.

He brings a wealth of experience in leading businesses during turbulent times and profound knowledge in Airline Management as a Board Member, CEO and CFO across leading airlines.

He currently advises international airlines on strategy, Airline start-up work, fleet acquisition, financial management, revenue and cost optimisation strategies.

He functioned as the CFO of Jet Airways (India) from March 2022 to August 2023 in re-launching India's 2nd largest carrier. Mr. Gunatilleka played a pivotal role in negotiating aircraft acquisitions, structuring the aircraft finances, evaluation/implementation of IT systems and the work involved in the new Air Operator Certificate.

He held the position of CEO of SriLankan Airlines from August 2018 to January 2022 and successfully executed initiatives on cost rationalisation, improve operational KPIs, enhance the automation of commercial and customer service functions while successfully leading the national carrier during the global pandemic. SriLankan Airlines won prestigious awards and accolades during his tenure such as - World's Most Punctual Airline twice in 2019, World's Leading Airline to the Indian Ocean and Four-Star Major Airline (2018 – 2021). SriLankan was placed 6th in CondeNast Traveler, Readers' Choice Awards 2020 amidst the world's top airlines.

He was instrumental in relaunching several key long-haul markets and expanding the network that enabled SriLankan Airlines to recover rapidly from the global pandemic and return to profitability during the last quarter of 2021.

Prior to joining SriLankan, Mr. Gunatilleka was the CFO/Executive Director of TAAG Angola Airlines from November 2015 to July 2018 under the management of Emirates Airlines. He played a vital role to restructure the loss-making airline by executing strategies to position Angola as an aviation hub in West Africa to create the new revenue streams, improve the operational efficiencies and initiating action to reduce costs.

He held the position of CFO of SriLankan Airlines from January 2005 to September under the management of Emirates Airlines and played a pivotal role as the Acting CEO to ensure a seamless transition during the management changeover from Emirates to the Sri Lankan Government.

6. Dumith Fernando

Mr. Dumith Fernando was appointed to the Board of SriLankan Airlines Limited on 24th October 2024 and was subsequently appointed to the Board of SriLankan Catering Limited. He is a member of the Audit Committee, Board Group Risk Committee, Related Party Review Committee and Board Ethics Committee of the Company and its subsidiary.

Mr. Dumith Fernando has 30 years of experience in international financial markets. For last 10 years he has been the Chairman of Asia Securities, a leading independent Investment Bank in Sri Lanka which offers Corporate Finance Advisory, Research, Stock Brokerage and Wealth Management services to international and domestic clients. He was the Chairman of the Colombo Stock Exchange (CSE) from 2020-2022.

Until 2013, he was Group Chief Operating Officer and Managing Director at Credit Suisse Asia Pacific, based in Hong Kong. Prior to joining Credit Suisse he was an Executive Director at US banking firm JPMorgan Chase in New York and Hong Kong, where he held roles across Corporate Strategy, Investment Banking, Equities and Private Equity.

He is an Independent Director of Union Assurance PLC.

He completed his secondary education in Sri Lanka. He obtained a BA (Hons) in Physics & Economics from Middlebury College in the U.S. and an MBA from Harvard Business School.

7. Dr. Harsha Cabral, PC

Dr. Harsha Cabral, PC was appointed to the Board of SriLankan Airlines Limited on 24th October 2024 and was subsequently appointed to the Board of SriLankan Catering Limited. He is the Chairman of the Board Ethics Committee, a member of the Human Resources and the Remuneration Committee of the Company and its subsidiary.

Dr. Harsha Cabral, PC, is a President's Counsel of Sri Lanka with over 38 years of legal experience in Company Law, Intellectual Property, Commercial Law, Arbitration, Securities Law, and International Trade Law. He has appeared in the Commercial High Courts and the Supreme Court and was instrumental in drafting key legislations including the Arbitration Act No. 11 of 1995, Companies Act No. 7 of 2007, and the Intellectual Property Act.

He served for six years as a member of the ICC International Court of Arbitration in Paris and currently holds several advisory and governance roles, including with the Institute of Chartered Accountants of Sri Lanka, the University Grants Commission, the Postgraduate Institute of Management, and the Law Commission of Sri Lanka.

He serves as Chairman of the Tokyo Cement Group and the National Savings Bank and as a Non-Executive Director of several leading companies including Hayleys PLC, DIMO PLC, Alumex PLC, Ceylinco Life, and Chevron Lubricants Lanka PLC. He also serves on and chairs various Board subcommittees, including Audit, Governance, Remuneration, and Related Party Transactions Committees.

Dr. Cabral is a Senior Visiting Lecturer at multiple universities and has authored several publications on corporate and intellectual property law. He holds a Doctorate in Corporate Law from the University of Canberra, Australia, and is a Fellow of the Chartered Governance Institute (UK & Israel).

8. Senarath D. Liyanage

Mr. Senarath D. Liyanage was appointed to the Board of SriLankan Airlines Limited on 12th December 2024. He is a member of the Audit Committee and Board Group Risk Committee of the Company.

He is a highly accomplished legal professional with over three decades of experience in aviation law, international air transport policy, and regulatory affairs. He holds an LLM in Air & Space Law from McGill University, Canada, and is qualified as a Solicitor in England and Wales and as an Attorney-at-Law of the Supreme Court of Sri Lanka.

He currently serves as an Aviation Legal Consultant in the UAE, advising on international aviation law, airline operations, and military aviation compliance matters, including U.S. ITAR and export control regulations. Mr. Liyanage started his aviation career in 1980 as a Cabin Crew member of AirLanka.

Previously, Mr. Liyanage served as Vice President, Legal Affairs & General Counsel at Etihad Airways, for more than 15 years, being involved with it from its inception where he was instrumental in establishing the airline's legal framework and overseeing all legal, regulatory, and governance matters during its foundational years. Prior to that he served as Air Transport Adviser to the UAE Federal Ministry of Communications, where he was involved in bilateral negotiations on behalf of the UAE national carrier and represented the UAE at international forums such as ICAO and IATA.

With extensive international experience, he has represented both the Sri Lanka and UAE Governments at major global aviation conferences and was a signatory to the Montreal Convention of 1999 and the Cape Town Convention of 2001.

In Sri Lanka, Mr. Liyanage served as Senior State Counsel at the Attorney General's Department, contributing to both criminal and civil litigation, and was seconded to advise the Department of Civil Aviation and Ministry of Civil Aviation on regulatory reforms, including the drafting of key aviation legislation.

Senior Management Team

1. **Mr. Yasantha Dissanayake** *Acting Chief Executive Officer & Group Chief Financial Officer*

Mr. Yasantha Dissanayake has been with the Airline since 2004 and currently serves as the Group Chief Financial Officer (GCFO), providing strategic leadership and financial stewardship across the organisation. In addition to his responsibilities as the GCFO, overseeing the Finance, Commercial Procurement, Logistics and Properties functions of the Airline, Mr. Dissanayake was appointed as the Acting Chief Executive Officer in March 2025.

He has spearheaded many pioneering financing transactions for the Airline, including the first International Bond issue and Islamic Financing facility that received recognition from two Asian Regional Awards.

Additionally, he was also instrumental in formulating pre-delivery financing (PDP) for the new A330-300 fleet, a transaction that received recognition from the Air Finance journal as the 'PDP Financing Deal of the Year' in 2014.

Prior to joining the Airline, he held senior positions in the investment banking and telecommunications industries. He is an Accountant by profession (Fellow Member of the Chartered Institute of Management Accountants, UK) and holds a Master's Degree in Business Administration from the University of Wales, Cardiff.

2. **Mrs. Dalrene Thirukumar** *Group Head of Corporate Secretarial Services/ Company Secretary*

Mrs. Dalrene Thirukumar joined the Airline in 2013. She is the Group Head of Corporate Secretarial Services cum Company Secretary. The Division provides Corporate Secretarial Services to SriLankan Airlines Limited, SriLankan Catering Limited and AirLanka (Pvt) Ltd. She functions as the Secretary to the Board subcommittees – the Audit, Human Resources & Remuneration, the Group Board Risk Committee, and the Related Party Review Committee of the Airline and its subsidiary. She is a Trustee for the SriLankan Cares Trust.

She has over 27 years of post-qualifying experience in the field of Company Secretarial Practice and has held very senior positions in public quoted diversified conglomerates in Sri Lanka. She is an Associate Member of the Chartered Governance Institute of the United Kingdom and Ireland and holds a Master's in Business Administration (AUS). She is a member of the Sri Lanka Institute of Directors (SLID) and is an active member of the Working Committee of the Board Secretaries Forum, representing SLID.

3. **Capt. Patrick Fernando** *Chief Technical Officer & Head of Flight Operations*

Captain Patrick Fernando began his aviation career with the airline then known as Air Lanka in 1992 as a cadet pilot on the L-1011 fleet. Over the years, he has served as Captain on the L-1011, A320, A330, and A340 aircraft, accumulating more than two decades of command experience. In addition to his flying duties, he has been an instructor for over 15 years and holds the designation of Type Rating Examiner for the Civil Aviation Authority of Sri Lanka (CAASL).

In 2011, Capt. Fernando transitioned into a leadership role, first serving as Deputy Chief Pilot – Training and Standards, before being appointed Chief Pilot – Training and Standards. He is currently a commander on the A320/A330 fleet.

Presently, Capt. Fernando serves as the Acting Accountable Manager of SriLankan Airlines, while concurrently holding the positions of Chief Technical Officer and Head of Flight Operations.

4. **Mr. Chamara Perera** *Group Head of Information Technology*

Mr. Chamara Perera is an experienced professional in the airline industry, bringing over two decades of expertise in aviation technology and business process automation. Joining the national carrier in 1999, Mr. Perera has amassed extensive hands-on experience across diverse domains within IT. Over the years, he has held several key management positions, culminating in his appointment

as Head of Information Technology in 2012 and subsequently as Group Head of Information Technology, overseeing the Group's ICT strategy and operations.

Throughout his tenure, Mr. Perera has been instrumental in driving digital transformation and technology innovation across the SriLankan Airlines Group. Under his leadership, the Aviation ICT and Digital Ecosystems have evolved significantly, covering everything from ground operations to onboard connectivity, and supporting the mission-critical systems required for operational continuity.

He has spearheaded numerous pioneering initiatives focused on enhancing passenger-centric services, including the adoption of IATA's Simplifying the Business (StB) programme, introducing fast-travel solutions in line with global aviation trends. His commitment to robust IT governance has ensured the Airline's compliance with internationally recognised standards, resulting in certifications for ISO/IEC 27001:2013 – Information Security Management, ISO 9001:2015 – Software Quality Management, ISO/IEC 20000:2018 – IT Service Management and ISO/IEC 27701:2019 – Privacy Information Management.

Mr. Perera has overseen the successful transition from costly legacy systems to agile, low-cost application suites, significantly improving operational efficiency and cost rationalisation. Several in-house developed solutions have received national and international accolades for innovation and excellence. He has spearheaded the development of a strong, scalable technology platform capable of sustaining future needs and supporting the Airline's growth ambitions. Mr. Perera was instrumental in establishing state-of-the-art digital platforms encompassing e-Business and Digital Sales channels, and advanced technologies such as Artificial Intelligence (AI) and Machine Learning (ML), aimed at driving data-driven decision-making, enhancing customer engagement, improving operational efficiency, and increasing revenue generation.

Mr. Perera holds a Master of Business Administration with a specialisation in IT Management from the University of Leicester, UK. He is also a qualified Engineer, having earned a Bachelor of Science in Electronics and Telecommunication Engineering from the University of Moratuwa, Sri Lanka. He further holds professional qualifications and certifications in various IT specialisations, with accreditations from leading international bodies.

5. **Mr. Dimuthu Tennakoon** *Head of Commercial*

Mr. Dimuthu Tennakoon has over three decades of experience in the aviation industry, specialising in airline sales, financial management, revenue management and commercial planning. He served the Airline as the Head of Worldwide Sales and Distribution since 2017 and was promoted to the Head of Commercial in 2025. Currently, Mr. Tennakoon leads the Airline's worldwide Passenger Sales and Distribution, Revenue Management & Planning and Marketing Divisions.

Since joining the Airline in 1992, he has served in multiple disciplines, including finance, revenue planning, network planning, route management and pricing. Furthermore, he has held the posts of Sales Manager Dubai, Canada, Manager Maharashtra and Gujarat, Regional Manager Asia Pacific and Australasia, and Regional Manager Middle East. Following his overseas stints, he worked as General Manager Commercial Operations, leading the departments of Regional Sales, Sales Development, Product Development, Customer Affairs, SriLankan Holidays, Industry Affairs, Customer Relations (including the Airline's loyalty programme), E-Commerce, the Global Call Centre, and Channel Management, demonstrating his solid expertise in airline commercial operations. Between his tenures at SriLankan Airlines, he worked for Oman Air as the Country Manager for North India, overseeing the operation of Bombay, Delhi, Lucknow and Jaipur.

He has gained a firm reputation in the airline industry for revolutionising sales growth amid contemporary challenges, including fierce competition. An

advocate for innovative and effective commercial practices, he is well-known for his strategic planning acumen and track record of achieving the Airline's commercial objectives. He is a passionate leader who envisions organisational growth and inspires the best in his team.

He is a graduate of the University of Colombo, Faculty of Law, holding an International Master's in Business Administration from Buckinghamshire New University. Additionally, he serves as the Chairman of Sri Lanka Board of Airline Representatives.

6. **Mr. Saminda Perera** *Head of Marketing*

Mr. Saminda Perera spearheads SriLankan's Marketing and Strategic Communications Roadmap since June 2015. He counts over two decades in the air transport industry, specialising in strategic marketing and global sales. He also overlooks the Airline's Corporate Social Responsibility (CSR) arm -SriLankan Cares, SriLankan Holidays, and sustainability initiatives.

He joined the Airline as a Management Trainee during the Emirates era and went on to hold many of the Airline's prominent positions such as Acting Head of Corporate Communications, Commercial Manager -France, Regional Manager- Sri Lanka and Maldives and General Manager Worldwide Sales.

His expertise extends to the areas such as establishing the brand in newly established markets/ destinations, marketing innovation and customer-centric, holistic communication. He has led the Airline's Marketing team in many globally acclaimed marketing communication endeavors that have been recognised at international forums.

He holds a Bachelor of Commerce degree in Financial Accounting and Auditing from the University of Mumbai and a Diploma in Airline Studies (Airline Marketing, Airline Finance, Accounting, Station Management) from the International Air Transport Association (IATA).

7. **Mr. Chaminda Perera** *Head of Cargo*

Mr. Chaminda Perera joined the Airline in January 2022, bringing with him over 30 years of extensive experience in the aviation industry, with a strong focus on cargo commercial and ground handling operations.

Mr. Perera began his career in the ground handling sector at SriLankan Airlines. His passion for the commercial aspects of air cargo led him to move on to Lufthansa, where he further honed his expertise. He then advanced to China Airlines, where he managed and oversaw both commercial and ground handling supervision services teams as the Cargo Sales and Customer Services Manager. His next role took him to Emirates as Cargo Sales Manager, where he dedicated 16 years to the company, ultimately serving as the Cargo Manager for Sri Lanka before returning to SriLankan Cargo to face new challenges. Mr. Perera holds an MSc in Aviation Management from London Metropolitan University (UK), an MSc in Marketing from Asia e-University (Malaysia), and a Diploma in Transport from the Chartered Institute of Transport (UK). He is also a Chartered Member of the Chartered Institute of Logistics & Transport.

8. **Mr. Vipul Misra** *Head of Engineering*

Mr. Vipul Misra joined the Airline in 2024, assuming duties as Head of Engineering. With experience of over two decades in aircraft engineering, Mr. Misra encompasses conversance with a range of commercial airlines that includes Air India, SpiceJet, Vistara, Indigo, Air Deccan, and Kingfisher Airlines.

In his roles ranging from a licensed engineer certifying aircraft to Deputy General Manager and other such senior positions, he has been involved in the Technical Management of multiple airlines at various levels, ranging from low-cost carriers, full service carriers, start-ups, and legacy carriers, gathering wide-ranging experience and expertise.

Senior Management Team contd.

Mr. Misra holds a Master's Degree in Aerospace Law and a Post Graduate Degree in Business Administration. Along with this he holds an Aircraft Maintenance Engineer's License as well.

9. **Mr. Kshanaka Saparamadu** *Head of Revenue Management, Network & Alliances*

Mr. Kshanaka Saparamadu joined the Airline in 2000 as a Management Trainee and has held various leadership roles throughout his career in the Commercial Division. With over two decades of experience in the commercial aviation industry, including over 15 years in managerial roles, his specialisations are in Revenue Planning, Network Optimisation and Revenue Management.

He joined the Revenue Planning Department in 2001 and went on to lead the team as Revenue Planning Manager. He was thereafter elevated to the role of Manager Planning in 2010 with the enhanced responsibilities of leading both the Revenue Planning and Network Planning teams. He was subsequently appointed as Commercial Manager in the Revenue Management Department overlooking functions of Revenue Management for the European region. He was then promoted to the role of Senior Manager Revenue Management in 2021, directing the overall functions of Inventory and Pricing for the Europe and Far Eastern regions. In 2024, Mr. Saparamadu was appointed as the Head of Revenue Management, Network & Alliances and currently leads the Departments of Revenue Management, Network Planning & Research as well as International Relations of the Airline.

He holds a Bachelor's Degree, specialising in Commerce from the University of Colombo and IATA Diploma in Airline Studies (Montreal). He is also a Passed Finalist of the Chartered Institute of Management Accountants (UK).

10. **Lt. Col. Bandula Weragama** *General Manager Group Security*

Col. Bandula Weragama joined the Airline in 2012 with an unblemished service of 24 years in the Sri Lanka Army. In addition to having extensive experience in command and training within a tri-services environment, he has also served the United Nations Department of Peacekeeping Operations. Having worked with the HR, Inflight and Security Divisions, he was appointed to lead the Division of Airport and Ground Services in February 2016. He currently leads the Group Security Division, a position he assumed in April 2020. He holds a Masters in Defence Studies from the University of Kelaniya and a MSc from the University of Quetta, Pakistan.

11. **Mrs. Susan Jacob** *Group Head of Human Resources*

Appointed as the Group Head of Human Resources and a member of the leadership team in 2025, Mrs. Susan Jacob brings a significant track record of over twenty years in the HR field.

Her previous roles include Head of HR and Administration at Prima Ceylon Limited, Head of HR at Third Space Global, Manager of HR at Dialog Axiata PLC, and Assistant Manager HR at John Keells Holdings, where her contributions supported award-winning HR initiatives. Mrs. Jacob's diverse industry experience underpins her commitment to introducing leading HR practices to the airline. Her areas of expertise include Organisational Transformation, Customer Experiential Mapping (Bulk Recruitment), HR Systems, Performance Management, Talent Acquisition, and Leadership Development.

Mrs. Jacob's academic qualifications include a Master's in Business Administration from Anglia Ruskin University - UK, a Graduate Diploma in Business Administration from Wigen & Leigh College - UK, and a Diploma in General Psychology from Metropolitan College, Sri Lanka.

12. **Mr. Deepal Pallegangoda** *Senior Manager Airport & Ground Services*

Mr. Deepal Pallegangoda joined the Airline in 1991. In 1994, he departed from the Airline and joined Doha Airport, where he played a key role in establishing Qatar Airways Handling. He re-joined the Airline in 1995. He has worked in all areas of Airport operation as Duty Manager, Aircraft Dispatcher, Instructor for Airport Services (local/overseas) and Station Manager. He joined the commercial team in 2010 and worked as Sales Executive, Assistant Sales Manager, Country Manager, Manager Government Travel and Public Affairs. He was later appointed as Senior Manager Airport and Ground Services in May 2023.

He holds a Postgraduate Diploma in Service Management from the University of Colombo and a Master of Business Administration from University of Cardiff (UK). Further, he is a Certified Instructor from City and Guilds.

13. **Mrs. Thushari Perera** *Senior Manager Group Legal Affairs*

Mrs. Thushari Perera holds the position of Senior Manager Group Legal Affairs of the SriLankan Group. She commenced her career with the Human Resources Division of SriLankan Airlines Limited and was engaged in various aspects in Human Resources Management. She has gained a wealth of experience in industrial and labour relations and litigation on employee-related matters whilst working for Human Resources Division. Since joining Group Legal Affairs Department in 2013, she has been handling commercial and aviation contracts for the Group at all levels, corporate and regulatory matters, dispute resolution, multi-jurisdictional overseas and local litigation, intellectual property, industrial and labour relations and notarial work of the Group.

She is an Attorney-at-Law by profession and possesses Notary Licenses in English and Sinhala languages. She has successfully completed the Aircraft Acquisition and Financing Course conducted by International Air Transport Association (IATA). She has also successfully completed the National Diploma in Human Resources Management at the Institute of Personnel Management and the Management Development Programme conducted by the Postgraduate Institute of Management in addition to her legal education.

14. Mr. Ravi Samarasinghe
Senior Manager Cabin Services

Mr. Ravi Samarasinghe joined the Airline as a cabin crew member in 1988 and rose through the ranks up to an inflight service instructor. He was appointed as a Crew Performance Manager and inflight Service Manager subsequently. In 2024, he was appointed as the Senior Manager Cabin Services heading the inflight Services department. Prior to joining the national carrier, he possessed previous experience in the banking sector as well.

He is presently in charge of the on-board services which the Airline is renowned for managing all functions thereof. Managing the courteous cabin crew which is one of the most important tasks among many others. In addition, inflight duty free and the food and beverages served on board are other responsibilities entrusted to him.

Mr. Samarasinghe holds a Master's Degree in Business Administration from University of Suffolk (UK).

15. Mr. Kamal Athauda
Senior Manager Group Safety

Mr. Kamal Athauda accounts 30 years of experience in the airline industry. He began his career in 1995 with the Airline formerly known as AirLanka, starting in the Ground Handling Department as a load controller. In 1999, he moved to the Flight Operations division, seeking a more challenging role governed by international and statutory regulations. By 2000, he had become an ICAO-licensed flight dispatcher after completing the ICAO 201 Flight Operations Officer Course. He continued to progress in the Flight Operations discipline, demonstrating commitment and dedication across several key managerial positions such as flight dispatch, aircraft performance engineering, fuel monitoring & efficiency, technical publications and on time performance monitoring to ensure efficient and safe flight operations.

With over 25 years of experience in flight operations, Mr. Athauda assumed the role of Senior Manager Group Safety in November 2024. In this role, he has upheld the Airline's strong operational safety record, which has been built over decades. He has played a vital role in implementing and maintaining the Safety Management System to ensure safety in both flight and ground operations in accordance with ICAO regulations. Moreover, he has taken consistent steps to ensure the occupational health and safety of airline employees as a part of his responsibilities.

Mr. Athauda holds a Master's Degree in Business Administration and professional qualifications in Flight Operations and Safety.



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Management Discussion and Analysis

OPERATING ENVIRONMENT REVIEW



“The fiscal year 2024/25 presented SriLankan Airlines with a complex and evolving operating environment stemming from a blend of economic recovery, geopolitical challenges, operational cost pressures, and promising market opportunities. These factors collectively shaped the Airline’s strategic focus, operational decisions, and financial outcomes.”

Macroeconomic and Market Environment Impact on Revenues and Profitability

During the year under review, the global aviation industry experienced a resurgence, with international passenger volumes rebounding specially in both, leisure and business travel. Similarly, Sri Lanka’s tourism sector experienced a robust revival in 2024, with international arrivals surpassing 2.1 Mn marking a 38% year-on-year increase and the highest level recorded since 2019. India remained the largest source market, contributing over 416,000 arrivals, followed by Russia, the United Kingdom, Germany, and China. This resurgence was driven by increased passenger demand, strategic infrastructure developments, and supportive policy reforms. These measures significantly accelerated inbound tourism, bolstering demand for international air travel and reinforcing SriLankan Airlines’ passenger growth strategy. Nevertheless, the global and domestic environmental challenges hindered the Airline’s performance during the year under review.

In the global aviation sector, SriLankan Airlines faced several challenges that influenced its operations and profitability. According to IATA, the global airline industry experienced a 5% decline in yields year-over-year, with the Asia-Pacific region being most affected. Geopolitical tensions, notably the conflict between Israel and Iran, led to the closure of several Middle Eastern airspace corridors. In response, SriLankan Airlines adjusted its European flight routes, resulting in extended flight durations, increased fuel consumption, and reduced payload capacities. To maintain scheduled slot times, especially at congested airports like London Heathrow, departure times were advanced by an hour, which unfortunately led to passenger disruptions, including missed connections and occasional offloading. Additionally, the Red Sea crisis significantly impacted global shipping, leading to increased sea freight costs and delays. This disruption prompted a strategic shift towards air freight solutions to maintain supply chain reliability.

In response to heightened global compliance requirements over the past year, SriLankan Airlines has had to uphold rigorous adherence to international environmental standards. The Airline remains firmly committed to environmental stewardship, aligning its operations with both global and national sustainability frameworks. It ensures strict compliance with the ICAO’s Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), supported by a robust Monitoring-Reporting-Verification (MRV) system for aircraft emissions. Additionally, the Airline complies with the UK and EU Emissions Trading Schemes and meets Sustainable Aviation Fuel (SAF) mandates, reflecting its proactive and responsible approach to environmental governance.

The industry faced persistent challenges, including high operational costs, fleet and spare parts limitations, and growing environmental pressures. In the cargo segment, regional political instability, particularly in Bangladesh, posed operational and logistical challenges, further disrupting the supply chains.

Management Discussion and Analysis contd.

Operating Environment Review contd.

Operations Overview

Passenger Operations

During the year under review, SriLankan Airlines experienced a notable increase in passenger demand, reflecting the broader resurgence in global travel. However, this uptick in demand did not fully translate into revenue growth due to operational constraints and external market pressures that affected both capacity and yields.

The Airline's Available Seat Kilometers (ASK) declined by 5% year-on-year, largely due to reduced fleet availability. A significant 15% ASK reduction in the Middle East region, which serves as a key transit hub contributing nearly 50% of traffic to South Indian destinations, disproportionately impacted the network. Consequently, the overall ASK contraction understates the true revenue impact, given the strategic importance of these routes. The number of passengers travelled with the airline has reduced by 4% compared to previous year (FY23/24 3.6Mn). Seat factor remained at 78.6% which is a decrease of 0.4% compared to previous year (FY23/24 79.1%). Fleet limitations were primarily driven by delays in aircraft being released from maintenance, resulting in 487 flight cancellations due to engineering-related issues. Operational reliability was further challenged, with delayed operations. These disruptions significantly affected passenger confidence and contributed to a decline in booking volumes across several routes.

Passenger yields declined by 7% compared to the previous year, driven by a combination of internal and external pressures. Increased competitor capacity in key international markets led to downward pressure on average fares, while recurring delays and cancellations negatively affected passenger booking patterns and confidence in the Airline's reliability. Additionally, SriLankan Airlines' seat capacity share at Bandaranaike International Airport (BIA) fell to 40% in 2024/25, intensifying fare competition and further constraining revenue potential.

Despite facing significant challenges including reduced capacity, declining yields, and operational disruptions, SriLankan Airlines responded with a proactive and multifaceted strategy to stabilise performance and enhance customer satisfaction. The Airline improved its routes and pricing, adjusted flight paths to avoid geopolitical challenges, and built strong partnerships to stay visible in the market. Operational resilience was further strengthened through flight schedule optimisation, strategic aircraft redeployment, and technological upgrades aimed at improving service delivery. Recruitment reforms and alternate staffing strategies addressed critical personnel shortages, while enhanced maintenance planning and turnaround management helped reduce disruptions. These efforts have already shown positive results, with flight departure and arrival punctuality improving to nearly 70%. Collectively, these initiatives have helped the Airline maintain revenue momentum and lay a solid foundation for more reliable and efficient operations during the year.

Cargo Operations

The Cargo Division demonstrated strong operational agility during the year, driven by the implementation of a dynamic pricing strategy that responded effectively to demand fluctuations, seasonal patterns, capacity limitations, and customer segmentation. This adaptive approach enabled the Airline to maximise revenue per kilogram of cargo transported, while maintaining an optimal balance between long-term contractual agreements which provided stability and spot market opportunities, which delivered premium margins during periods of peak demand.

Cargo operations encompassed a diverse mix of general freight, perishables, and express shipments, ensuring a resilient and consistently optimised revenue stream. In the short term, strategic initiatives were centered around enhancing capacity utilisation and improving overall cargo performance. Real-time adjustments to cargo rates were made based on current demand, available space, seasonal variations, and customer profiles, enabling the capture of higher yields while minimising

underutilised capacity during off-peak periods. Cargo space was strategically allocated across product categories and customer types such as spot bookings versus contractual clients to increase load factors and reduce revenue dilution arising from underused capacity. Furthermore, by actively managing the mix of long-term fixed contracts and flexible spot bookings, the Division was able to secure stable revenues in softer markets, while retaining the flexibility to leverage premium pricing opportunities during demand surges. As a result, in FY 24/25, the cargo route yield was recorded as USD 1.29/kgs which is a 10% increase compared to previous financial year (FY 23/24 USD 1.17/Kgs)

This integrated approach to pricing, allocation, and capacity management has significantly enhanced the commercial and operational performance of the Cargo Division, reinforcing its role as a key contributor to the Airline's overall revenue generation.

Strategic Partnerships and Competitive Landscape

In a competitive regional environment featuring aggressive low-cost carriers and major full-service airlines, SriLankan Airlines refined fare structures and enhanced service quality to maintain market share. Strategic partnerships with flydubai and Air Seychelles expanded network connectivity across the Middle East, Africa, and the Indian Ocean region, while codeshare arrangements opened new markets in Europe and North America. As a proud member of the **oneworld** Alliance since 2014, SriLankan Airlines continues to benefit from shared global infrastructure, coordinated operations, and reciprocal benefits across leading international carriers, enhancing global operational synergies and commercial resilience.

Outlook

As SriLankan Airlines looks ahead to the next one to three years, it is preparing to operate within a highly dynamic and evolving landscape, shaped by macroeconomic developments, regulatory shifts, technological advancements, and changing consumer expectations. The Airline's forward-looking strategy is firmly rooted in

the principles of sustainable growth, operational excellence, customer-centric innovation, and stakeholder value creation.

A cornerstone of SriLankan Airlines' future strategy is the planned fleet expansion and wide-body fleet uniformity programme, which is expected to enhance cost efficiency, increase network reliability, and improve operational flexibility. By standardising the fleet and inducting more fuel-efficient aircraft, the Airline will not only reduce maintenance and training costs but also progress toward its decarbonisation goals.

Aligned with this, the Airline is actively pursuing network expansion across strategically identified markets where it holds or can develop a clear competitive edge. Special attention is being given to underserved or unserved destinations, particularly those neglected by larger global carriers. Through targeted route development and improved connectivity in these markets, SriLankan Airlines aims to establish strong network leadership, capture latent demand, and command a premium pricing edge.

The Airline's growth blueprint also prioritises increasing the frequency of direct flights to key source markets for tourism and diaspora travel, two segments that have historically delivered high yields and resilience. In parallel, enhanced connectivity to secondary cities and emerging regional hubs will be pursued through both direct services and partnerships with global and regional carriers, strengthening the Airline's value proposition and expanding its international footprint without proportional cost increases.

In alignment with fleet expansion, SriLankan Airlines will continue to optimise the use of available belly-hold cargo capacity, particularly in new and existing wide-body aircraft. The Cargo Division remains a key contributor to revenue and profitability, and future plans involve deepening presence in emerging cargo markets, supported by enhanced digital tracking, dynamic pricing models, and end-to-end customer logistics solutions. These efforts will

further diversify revenue streams and bolster the Airline's resilience against fluctuations in passenger traffic.

To remain competitive and customer-focused, the Airline will continue to invest in digital transformation across key operational and commercial functions. Priority areas include data analytics and Artificial Intelligence (AI) to support real-time decision-making, predictive maintenance, and dynamic pricing; enhanced end-to-end customer experience; and automation of internal workflows to improve staff efficiency and reduce operating costs. These efforts are part of a broader strategy to build a smart, responsive, and integrated airline ecosystem that delivers value through speed, simplicity, and personalisation.

In summary, SriLankan Airlines is laying the foundation for a more agile, efficient, and future-ready business. Through focused fleet and network expansion, operational innovation, sustainability leadership, and digital reinvention, the Airline is poised to capture new growth, drive stakeholder value, and play a pivotal role in shaping Sri Lanka's position in global aviation.

Management Discussion and Analysis contd.



The following section outlines a detailed explanation of the Airline's performance across each of the six capitals under the Integrated Reporting framework namely Human, Manufactured, Intellectual, Social & Relationship, Natural, and Financial Capital. This comprehensive evaluation not only highlights key achievements and challenges during the reporting period, but also provides valuable insights and strategic direction for future improvements, reinforcing our commitment to sustainable growth and stakeholder value creation.



At SriLankan Airlines, our people are our most valuable asset. The dynamic and highly skilled workforce that powers our operations across the globe is fundamental to deliver safe, reliable, and exceptional service to our customers. The human capital review provides an in-depth look at how we attract, develop, and retain talent, nurture employee engagement, and foster an inclusive, safe, and supportive work environment.

In a rapidly evolving aviation industry and a challenging economic landscape, we remain committed to build a resilient and agile workforce aligned with our strategic objectives. This review highlights our efforts to strengthen our human capital through targeted recruitment, continuous learning, competitive rewards, and robust health and wellbeing initiatives.

By investing in our people, we ensure that SriLankan Airlines not only meets current operational demands but is also well-positioned to innovate and grow sustainably into the future.

Workforce Profile and Structure

As of financial year 2024/25, SriLankan Airlines encompasses a total workforce of 6,071 employees of which 67% are male and 33% are female, comprising a diverse and highly skilled workforce distributed across various key operational and managerial roles. They are dispersed across various strategic business units.

Category	Female		Male		Total	
	No. of Employees	%	No. of Employees	%	No. of Employees	%
Managers	111	2	180	3	291	5
Flight Crew	20	0.3	252	4	272	4
Cabin Crew	645	11	295	5	940	15
Aircraft Engineers and Technicians	23	0.3	592	10	615	10
Trainees, Graded and Executive Staff	1,230	20	2,723	45	3,953	65
Total	2,029	33	4,042	67	6,071	100

Talent Management and Employee Retention

SriLankan Airlines places strong emphasis on attracting, developing, and retaining skilled professionals, particularly in critical technical and operational roles that are essential for maintaining the safety, reliability, and efficiency of its Airline operations. The Airline's human resource strategy is centered on building a resilient workforce that is not only technically competent but also aligned with the organisation's long-term values and mission.

To attract top talent, the Company follows a fair and transparent recruitment process that prioritises internal promotions and the development of homegrown talent. This approach reinforces internal career progression and institutional knowledge, while external recruitment is selectively employed to fill specialised roles and entry-level positions requiring fresh competencies. This dual strategy supports both organisational continuity and the infusion of new skills.

However, over the past year, the airline industry witnessed heightened employee turnover and SriLankan Airlines was not immune to this threat. The Company's average turnover rate stood at approximately 7%, with a majority of attrition occurring among skilled professionals. This was mainly due to the economic situation that prevailed within the country, challenging tax environment, and intensified talent poaching by Middle Eastern carriers, which continue to offer highly competitive compensation packages and

Management Discussion and Analysis contd.

Human Capital contd.

overseas career opportunities. This posed potential risks to continuity in key operational areas, including engineering, flight operations, and ground services.

In response, SriLankan Airlines implemented a range of employee retention strategies throughout the financial year. These included:

- Reviewing and adjusting compensation framework where feasible to improve competitiveness and equity.
- Expanding career development initiatives and training programmes to strengthen internal mobility and upskilling.
- Streamlining promotion and performance management processes to recognise and reward high performers more effectively.
- Improving workforce planning and succession management to mitigate operational disruptions in the event of staff exits.
- Enhancing internal communication and engagement efforts to foster a stronger sense of belonging and purpose.

To address workforce gaps and ensure uninterrupted operational efficiency, SriLankan Airlines has launched ongoing recruitment campaigns for technicians in critical maintenance roles, reinforcing the Airline's commitment to safety and regulatory compliance. Simultaneously, a mass-scale recruitment drive for airport service agents was undertaken to manage attrition and ensure continued excellence in ground handling and passenger services. These efforts are part of a broader workforce planning strategy aimed at sustaining service quality, maintaining operational resilience, and supporting the Airline's growth ambitions.

Learning and Development

Continuous learning remains a fundamental pillar of SriLankan Airlines' human capital strategy, reflecting the organisation's commitment to operational excellence, regulatory compliance, and safety leadership. During the financial year 2024/25, the Airline delivered a comprehensive portfolio of training and development programmes aimed at upskilling employees across all levels and functions.

Training initiatives were delivered through a blend of in-house subject matter experts, internationally recognised training modules, and strategic partnerships with external institutions, including collaborations with state universities for executive education. These efforts ensured that learning interventions were both technically robust and aligned with global best practices. Key focus areas included leadership development, strategic thinking, communication and negotiation skills, customer service excellence, business process re-engineering, industry-specific technical training, and change management. Additionally, significant emphasis was placed on new safety protocols and risk management frameworks, aligning with evolving industry standards.

Training was tailored to address the specific needs of diverse employee groups including frontline staff, engineers, instructors, officers, executives, and senior management, ensuring that development opportunities were relevant to individual roles and career stages. The Airline also continued its emphasis on continuous upskilling, not only to enhance day-to-day operational efficiency but also to foster a high-performance culture that is agile and future-ready. The effectiveness of training and development programmes is assessed through multiple evaluation channels, including formal post-training assessments, on-the-job performance appraisals, and ongoing feedback loops. These mechanisms allow the Airline to track improvements in employee performance, verify knowledge transfer, and ensure compliance with regulatory and operational standards.

Performance Management and Career Development

SriLankan Airlines adopts a holistic and integrated approach to performance management and career development. As part of this commitment, the Airline has implemented a suite of systems and frameworks designed to identify, nurture, and elevate talent across all levels of the organisation.

The core of the Airline's career development philosophy is a comprehensive competency framework

that defines the operational, technical, and behavioural skills required across roles and departments. This framework guides the design and delivery of all learning initiatives and ensures alignment between employee capabilities and business requirements. Moreover, the competency framework plays a critical role in preparing employees for future leadership responsibilities. High-potential individuals are identified through competency-based assessments and enrolled in specialised development tracks aimed at grooming the next generation of leaders. This pipeline approach not only addresses long-term talent needs but also enhances engagement and retention by offering clear pathways for progression.

The Annual Performance Review Process integrates goal setting, behavioural assessments, and competency evaluations, facilitating meaningful discussions between employees and managers about performance, development, and career goals. Insights from performance reviews are used to design and implement Individual Development Plans (IDPs), which serve as personalised learning roadmaps that link training efforts to both current job performance and future career progression. These IDPs are regularly reviewed and updated in collaboration with employees and line managers to reflect changing roles, emerging skills, and business priorities.

Our HR function actively invests in identifying, developing, and preparing employees to meet the evolving demands of the aviation industry and organisational growth. Key initiatives include the Management Trainee Programme, Graduate Engineers Programme, Cadet Pilot Talent Acquisitions, Technician Talent Development through Aviation School, Succession Planning, etc.

Through these structured programmes and ongoing competency development, SriLankan Airlines equips its workforce with the right skills, fostering a culture of continuous learning and readiness to take on future challenges and opportunities.

Employee Engagement and Culture

SriLankan Airlines fosters employee

engagement through a variety of corporate and thematic activities, including annual celebrations, multi-religious events, sports tournaments (e.g., Cricket Bash 2024), welfare programs, and community service initiatives. Collaborative partnerships with industry and external organisations further enrich the employee experience by providing exposure and cross-cultural learning opportunities.

Furthermore, "Warna", SriLankan Airlines' employee recognition program designed to commend and honour exceptional employees who go above and beyond their regular duties to add value to the organisation. This program highlights outstanding achievements, especially in sports and other extracurricular activities, supported by the Company Sports Council that promotes team spirit and employee wellbeing.



SriLankan Airlines won 46 Gold medals, 32 Silver medals, and 12 Bronze medals achieving overall championship at the Travel Trade Sports Club Swimming Championship 2024.

Employee engagement is continuously monitored through pulse surveys, exit interviews, retention rates, and absenteeism tracking. These insights inform initiatives aimed at building a positive, inclusive, and collaborative workplace culture.

Health, Safety, and Wellbeing

SriLankan Airlines places the highest priority on the occupational health and safety of its workforce, particularly for crew members, engineers, and ground staff who operate in demanding and high-risk environments. The Airline ensures comprehensive safety standards through regular first aid training for cabin crew and ground handling personnel, complemented by ongoing safety awareness and preventive programs designed to mitigate workplace risks and foster a culture of safety vigilance.

Recognising that employee wellbeing extends beyond physical safety, the Airline adopts a holistic approach to support the overall health and wellness of its staff. Facilities and services are tailored to promote physical, mental, and social wellbeing, including access to swimming pools, in-house welfare shops, and subsidised healthy meal options available through staff cafeterias. Mental health is given special focus through confidential access to consultation counsellors and an internal peer support network, providing employees with vital resources to manage stress and maintain psychological resilience.

To encourage an active lifestyle and strengthen team spirit, SriLankan Airlines actively promotes sports participation through its dedicated Sports Council, which organises and supports sporting events and competitions throughout the year. These initiatives not only enhance physical fitness but also foster camaraderie and social interaction among employees.

In addition, the Airline implements annual and bi-annual health campaigns targeting critical health issues, such as its comprehensive Cancer Awareness Program, which

educates and empowers employees to take proactive steps towards early detection and prevention. Also, free eye screening and free hearing screening sessions were conducted for employee, partnering with service providers. Further, awareness sessions on work-life balance are regularly conducted to help employees manage professional demands alongside personal wellbeing, thereby reducing the risk of burnout. The Airline also prioritises open and transparent communication channels to ensure employees can freely discuss wellbeing concerns and seek support when needed. Special medical schemes, such as 'Digasiri' and 'Suwasampatha', have been introduced through the Staff Welfare Society to provide additional healthcare benefits tailored specifically for employees.

Labour Relations and Compliance

The Airline maintains strong, constructive relationships with trade unions and employee associations through regular dialogue at multiple management levels. Transparent communication channels, fair negotiation processes, and timely resolution of employee concerns underpin labour harmony.

HR policies are aligned with national labour laws and aviation regulations, supported by ongoing collaboration with government bodies, regulatory authorities, employers' federations, and legal experts. This ensures compliance and fosters a fair, respectful, and equitable workplace.

Diversity, Equity, and Inclusion (DEI)

SriLankan Airlines is steadfastly committed to foster a workplace culture that embraces Diversity, Equity, and Inclusion (DEI) as integral to its organisational values and business success. The Company recognises that a diverse and inclusive workforce not only enhances creativity and innovation but also reflects the global community it serves, enabling better engagement with customers, partners, and stakeholders.

The current workforce of SriLankan Airlines exhibits a diverse and balanced age distribution. The majority of employees fall within the 21 to 50 age range, accounting for 81% of the total staff. This includes a substantial

Management Discussion and Analysis contd.

Human Capital contd.

representation from both; the 21–30 (26%) and 31–40 (37%) age groups, complemented by a portion aged 41–50 (18%). This demographic blend brings together the young talent and seasoned professionals, fostering an inclusive work environment. While younger employees contribute with adaptability, technological proficiency, and new perspectives, while senior staff contribute with institutional knowledge, mentorship, and strategic foresight. This blend of generations strengthens the organisation's ability to innovate, remain resilient, and effectively meet evolving industry demands and customer expectations.

At the heart of SriLankan Airlines' DEI commitment is the belief that every individual, irrespective of gender, age, ethnicity, disability, religion, sexual orientation, or cultural background, deserves equal opportunity to thrive. The Airline actively promotes an inclusive environment where diversity is not only respected but valued as a strategic advantage that drives organisational growth and resilience.

To uphold these principles, SriLankan Airlines maintains a neutral and equitable work environment designed to attract, develop, and retain a workforce that reflects diverse talents and backgrounds. This includes stringent policies and practices to prevent discrimination, harassment, and bias in any form. Employees are encouraged to express their authentic selves, and the Company fosters a culture of mutual respect, openness, and collaboration. Once onboarded, employees benefit from equal access to professional development programmes, leadership training, and mentorship opportunities designed to nurture potential and support career progression. Promotions and advancement decisions are rigorously based on performance, skills, and demonstrated capabilities, ensuring that all individuals have a fair chance to grow and contribute meaningfully to the organisation's success. Additionally, SriLankan Airlines actively monitors workforce data and feedback to continuously assess the effectiveness of its DEI initiatives. Through employee surveys, and open communication channels, the Company identifies

opportunities for improvement and evolves its strategies to foster a more inclusive workplace.

SriLankan Airlines' human capital strategy in 2024/25 has been marked by a strong commitment to building a skilled, engaged, and diverse workforce capable of delivering operational excellence and navigating complex market challenges. Through targeted talent acquisition, comprehensive development programs, inclusive workplace practices, and proactive risk management, the Airline positions itself to sustain growth and innovation while enhancing employee wellbeing and organisational resilience.



MANUFACTURED CAPITAL

Manufactured capital represents the essential physical and technological assets that underpin SriLankan Airlines' operational efficiency and service excellence. It includes our leased fleet of aircraft, maintenance and engineering facilities, ground support equipment, integrated IT infrastructure, in-flight catering facilities, specialised training institutes, and robust cargo-handling platforms. These physical assets not only ensure continuity of our core airline operations but also enable the delivery of high-quality services to customers and partners. As a capital-intensive industry, aviation relies heavily on the optimal functioning, continual upgrading, and risk mitigation of manufactured capital, which in turn supports financial performance, brand equity, safety compliance, and stakeholder confidence.

At SriLankan Airlines, manufactured capital is both a current enabler and a long-term driver of sustainable value. Our approach to managing this capital focuses on efficiency, resilience, and innovation, underpinned by targeted investments in operational infrastructure. Despite macroeconomic challenges, global supply chain constraints, and lifecycle pressures on specific ground handling and fleet assets, we remained agile and forward-looking in safeguarding the integrity and effectiveness of our asset base.

Fleet Management and Engineering Infrastructure

Our fleet continues to support both passenger and cargo operations across short, medium, and long-haul routes.

During the year, operational stability was challenged by engine performance issues related to the CFM engines on the A320/321 Neo fleet, further compounded by global shortages of aircraft components and spare parts. In response, we adopted a more agile approach to fleet management by implementing proactive scheduling, efficient turnaround planning, and strategic maintenance staggering. Maintenance tasks were distributed across the fleet in a way that prevented multiple aircraft from being grounded simultaneously, ensuring that enough aircraft remained operational to meet flight demands. Further, real-time monitoring of aircraft health allowed for early detection of issues and pre-emptive planning of maintenance actions before they impacted availability. Also, critical components were stocked or shared across bases to support rapid replacements without long delays. These practices supported high aircraft dispatch reliability and minimised unscheduled groundings, thereby optimising fleet availability.

The Engineering Division undertook targeted and strategic investments to enhance aircraft maintenance facilities and related technology, thereby ensuring operational reliability, regulatory compliance, and overall readiness. SriLankan Airlines made strategic engineering investments aimed at enhancing fleet availability, strengthening in-house calibration and testing capabilities, and expanding non-destructive inspection services.

These improvements support operational efficiency, reduce reliance on external service providers, and boost the Airline's capacity to meet both internal maintenance needs and third-party services. Collectively, these investments reinforce SriLankan Airlines Engineering's commitment to maintaining the highest standards of safety, reliability, and technical proficiency, ensuring the Airline's fleet remains well-prepared to meet current and future operational challenges.



Infrastructure at Ground Operations and Airport Services

Despite operating with an aging Ground Support Equipment (GSE) fleet, SriLankan Airlines' Ground Handling Division has consistently delivered reliable services by adhering to rigorous and proactive maintenance services. This approach has ensured a serviceability rate exceeding 85%, enabling uninterrupted support for scheduled and chartered flights. Strategic resource management and operational resilience have been pivotal in maintaining service standards, minimising disruptions, and sustaining passenger confidence.

Management Discussion and Analysis contd.

Manufactured Capital contd.

In parallel with maintaining equipment functionality, the Airline has focused on enhancing the physical infrastructure at its primary hub, Bandaranaike International Airport (BIA). In close partnership with Airport & Aviation Services Ltd., several key infrastructure upgrades were implemented during the year. These improvements included the extension of baggage carousels, which has significantly increased baggage handling capacity and reduced wait times for arriving passengers. Furthermore, a more efficient allocation of passenger boarding gates was introduced, facilitating smoother passenger flows and quicker aircraft turnarounds. These initiatives have collectively shortened turnaround times, improved operational efficiency, and enhanced the overall service quality experienced by passengers.

Recognising the importance of passenger comfort and satisfaction, the airport services teams undertook refurbishment projects across lounges and transit areas. These enhancements focused particularly on premium travellers and international connecting passengers, elevating the ambience and comfort of the facilities.

To complement these physical upgrades, SriLankan Airlines has embraced technological innovation to further improve ground operations and passenger processing efficiency. A key advancement was the introduction of live dashboards in the Ramp Control Centre, which provide real-time flight updates and operational data. This tool enables ramp controllers and ground staff to respond swiftly to changing circumstances, minimising delays and optimising resource deployment on the tarmac. Additionally, the Airline has actively promoted the use of self-service technologies to streamline passenger flows and reduce congestion. During the year under review, SriLankan IT Systems enabled a total self-service SMART travel path with check-in Kiosks for passenger check-in and bag tagging with a Self-Baggage Drop (SBD). As a passenger centric airline, SriLankan Airlines plans to expand the self-service capabilities at BIA with more state-of-the-art Kiosks and SBD capacity enhancements.



Infrastructure Upgrades to Enhance Onboard Customer Experience

SriLankan Airlines has made significant advancements in onboard customer service by introducing wireless In-Flight Entertainment (IFE) on select narrow-body Airbus A320 aircraft. This state-of-the-art system allows passengers to effortlessly stream a broad array of entertainment content directly to their own personal devices including smartphones, tablets, and laptops using the Airline's dedicated onboard Wi-Fi network, branded as SkyPlus. This wireless streaming solution eliminates the traditional reliance on fixed seatback screens, offering greater flexibility, comfort, and customisation for passengers. The SkyPlus network delivers a seamless and intuitive connection to SriLankan's in-flight entertainment platform, which features an expertly curated and regularly updated library of on-demand movies, television series, music playlists, podcasts, games, and more. The content was carefully selected to suit a

broad range of passenger demographics and preferences, ensuring an engaging experience for all onboard. By leveraging passengers' own devices, the wireless IFE system not only enhances user convenience but also reduces aircraft weight and maintenance costs associated with conventional seatback units. This contributes to overall fuel efficiency and supports the Airline's sustainability goals.

Catering Infrastructure and Operational Efficiency

SriLankan Catering continued to demonstrate operational strength and market leadership by optimising its production facilities and integrating smarter logistics and inventory practices. With demand steadily increasing, the unit streamlined production planning, implemented energy-saving practices, and introduced real-time kitchen monitoring to reduce waste. Enhancements to the quality assurance framework combined with consistent ISO and HACCP compliance ensured adherence to the highest standards of food safety and hygiene. From a commercial perspective, the unit introduced greater product differentiation by launching environmental sustainability-aligned packaging and branding, premium meal categories, and chef-led special menus. These not only improved customer perception but also created upselling opportunities with partner airlines and corporate clients. Investment in temperature-controlled storage and improved shelf-life management, reduced spoilage and further contributed to cost efficiency.

Cargo Infrastructure and Expansion

The Airline's Cargo Division made notable strides in infrastructure reconfiguration and future proofing. Warehousing layouts were redesigned to strengthen cold chain capabilities, with designated zones for pharmaceuticals, perishables, and high-value goods. The introduction of a real-time temperature monitoring system across critical points of the supply chain enhanced cargo integrity and regulatory compliance, especially for sensitive shipments such as vaccines and clinical trial materials.

In terms of equipment, the acquisition of high-capacity forklifts expanded heavy freight handling capacity, and several other upgrades contributed to smoother warehouse-to-aircraft workflows. Looking forward, a new cargo terminal is in the final stages of development with enhanced handling capability. The current terminal is set to be converted into a perishable and courier-handling center, increasing throughput and service differentiation. Together, these developments signal a significant step forward in positioning Colombo as a regional cargo transit hub.

Contribution to Value Creation

Manufactured capital contributes directly to both, short-term operational efficiency and long-term value creation across the business. On-board systems, baggage handling, and catering facilities directly impact customer satisfaction and loyalty. On the other hand, maintenance reliability, digitised ground operations, and fleet-wide monitoring systems drive cost savings, performance stability, and strategic scalability.

At a broader level, investments in manufactured capital influence financial outcomes by reducing asset downtime, increasing fuel efficiency, lowering repair costs, and enabling business continuity. It also supports environmental stewardship through the adoption of energy-efficient systems, greener catering practices, and emissions-conscious routing technologies. These interlinked impacts position manufactured capital as a critical contributor to the Airline's value creation model.

Interaction with Other Capitals

The performance and expansion of manufactured capital are closely tied to other forms of capital. Human capital is strengthened through infrastructure that enables technical training, skill development, and occupational safety. Financial capital is preserved and grown by reducing operational inefficiencies and extending the useful life of assets. Intellectual capital benefits from the digitisation of maintenance records, real-time monitoring tools, and knowledge capture through IT systems.

Manufactured capital also supports our social and natural capital agendas. Cleaner ground vehicles, better waste segregation systems, and low-emission catering equipment help reduce our environmental footprint. Meanwhile, improvements to passenger-facing infrastructure positively impact community engagement and reputation.

Forward Outlook and Strategic Projects

Looking ahead, SriLankan Airlines is committed to expanding its aircraft fleet over the next five years to accommodate expected increases in demand and to meet strategic connectivity objectives. Parallel investments will be made in upgrading training facilities, digital engineering capabilities, warehouse automation, and terminal infrastructure. The planned commissioning of a modern cargo terminal and repurposing of existing space for perishable goods and e-commerce handling reflects our ambition to position the Airline as a logistics hub in South Asia.

The digitalisation of maintenance, introduction of predictive analytics, and transition to more fuel-efficient fleet options will play a pivotal role in enhancing the value derived from manufactured capital. As we prepare for the next chapter of growth, our focus remains on building a resilient, efficient, and future-ready physical asset base that supports both operational excellence and long-term sustainability.

Management Discussion and Analysis contd.



INTELLECTUAL CAPITAL

SriLankan Airlines defines its intellectual capital as the collective knowledge, systems, processes and relationships that underpin the Airline's ability to operate efficiently, innovate continuously, and maintain competitive advantage in the industry. This capital encompasses knowledge management and operational know-how, digital platforms and advanced IT systems, strong brand equity, accreditation and compliance protocols and innovation.

Knowledge Management and Operational Documentation

SriLankan Airlines recognises that robust knowledge management is fundamental to maintaining high standards of safety, operational efficiency, and customer service excellence. The Airline has implemented comprehensive systems and processes to ensure that all critical knowledge ranging from operational procedures and safety protocols to technical guidelines and customer service standards is meticulously documented, continuously updated, and effectively disseminated across all relevant departments.

➤ Airline-Specific Operational Manuals and Digital Repositories

At the core of these efforts are airline-specific manuals developed and refined over the years of operational experience and regulatory compliance. These manuals cover a wide range of areas including Flight Operations, Dispatch, Engineering, Inflight Services, IT, and Business Intelligence. They contain detailed instructions on Standard Operating Procedures (SOPs), contingency plans, safety protocols, and customer handling processes.

Recognising the importance of accessibility, these manuals and related documents are maintained in easily accessible digital formats via dedicated internal repositories and knowledge management systems, ensuring that employees have immediate access to the latest information needed to perform their duties effectively.

Key operational data and insights such as historical route performance metrics, detailed fuel burn analytics, and delay trend reports are systematically collected, stored, and analysed within these systems. This rich data repository supports informed decision-making, allowing management and operational teams to optimise flight planning, enhance fuel efficiency, improve punctuality, and mitigate delays. The integration of such data into everyday operations exemplifies the Airline's commitment to data-driven management practices.

➤ Manufacturer Guidance and Directives

In addition to internal documentation, SriLankan Airlines closely integrates manufacturer guidance, such as Airbus technical memos, 'Getting to Grips' documents, and other regulatory communications, into its knowledge ecosystem. These documents are routinely reviewed and incorporated into operational manuals and training materials to ensure adherence to the latest safety standards, technological updates, and compliance requirements. By doing so, the Airline maintains alignment with global aviation standards and ensures that frontline staff and management operate with the up-to-date information.

Understanding that human capital is the cornerstone of operational excellence, SriLankan Airlines places strong emphasis on structured knowledge transfer programs. This is particularly critical in technical and operational departments. The Airline facilitates knowledge sharing through formal sessions, briefings, and mentoring initiatives that pair experienced professionals with newly recruited employees. These programs are designed not only to impart technical skills and operational procedures but also to convey experiential knowledge, operational judgment, and problem-solving techniques that are essential in dynamic and high-stakes environments.

Such knowledge transfer mechanisms ensure continuity of expertise and reduce risks associated with employee turnover or role transitions. This approach also supports career development by providing new employees with a clear pathway to gain competencies and operational insights necessary for progression.

SriLankan Airlines' IT Division embraces modern digital practices to enhance collaboration, streamline software development, and safeguard valuable institutional knowledge. These approaches support clear documentation, smooth onboarding for new team members, and long-term resilience of the Airline's digital operations, reflecting a strong commitment to innovation and continuous improvement.

Contingency procedures, safety directives, and operational updates are regularly reviewed, revised, and

maintained in real-time within these digital platforms, ensuring that employees across all levels and functions operate with the latest protocols. The Airline's commitment to maintaining up-to-date documentation is complemented by regular training and communication initiatives that reinforce understanding and adherence.

➤ **Robust Training Framework**

Alongside technological advancements, SriLankan Airlines places strong emphasis on developing human capital through a comprehensive portfolio of training programs. These initiatives are designed not only to equip employees with the necessary technical competencies but also to promote a culture of safety, sustainability, and regulatory adherence.

Initial and recurrent training programs are tailored for various employee groups across the Airline. This ensures continuous skill enhancement and up-to-date knowledge in line with industry developments and regulatory changes. To further build internal expertise and align with global aviation standards, SriLankan Airlines conducts and participates in a series of targeted technical training programs on various areas, including fatigue awareness and mitigation, aircraft performance, fuel monitoring and emissions compliance, international and domestic licensing standards, emergency and irregular operations training and human factors training etc.

Structured regulatory engagement ensures that maintenance and airworthiness management functions remain aligned with evolving aviation standards. Regular audits, technical coordination, and systematic updates to operational manuals and procedures enable timely incorporation of safety directives and regulatory changes, reinforcing compliance while supporting a culture of continuous improvement and operational readiness. Performance evaluations and structured assessments support targeted skill development initiatives, fostering a culture of continuous improvement and indirectly contributing to organisational growth. Regulatory publications, including safety directives and amendments to operational frameworks, are actively

monitored, with updates systematically cascaded through structured communication, updated procedural documentation, and targeted training to ensure organisation-wide alignment with evolving standards.

These programs collectively support several organisational goals: strict adherence to aircraft performance and fuel planning standards, efficient utilisation of fuel resources to meet sustainability targets, and readiness to undergo rigorous audits and regulatory inspections, thus maintaining the Airline's compliance posture.

IT Systems & Digital Assets

SriLankan Airlines Information Technology Division, referred to as 'SriLankan IT Systems', governs the Airline's IT and digital strategy aligning with the Airline's business plan and objectives to drive more digital businesses and smart operations with improved passenger experience by adapting state-of-the-art technologies in the aviation industry.

A significant milestone this year was the accelerated use of emerging technologies such as Artificial Intelligence (AI) and Machine Learning (ML) to drive data-driven decision-making, enhance customer engagement, and optimise operational efficiency. These advancements are integrated into the Airline's expanding digital sales platforms and e-business channels, unlocking new opportunities for revenue growth and personalised passenger services.

➤ **Introduction of AI/ML Powered New Revenue Management System**

Historically, as a network-based carrier, SriLankan Airlines faced limitations in managing Origin and Destination (O&D) based availability using traditional leg-based systems. In October 2024, the Airline transitioned to a sophisticated, real-time O&D platform powered by PROS' AI/ML driven Revenue Management Advantage (RMA) and Amadeus Revenue Availability and Active Valuation (RAAV). AI algorithms continuously evaluate market conditions, competitor pricing and remaining capacity to optimise fare classes and availability across O&D combinations.

ML helps modelling customer behaviour predicting which itineraries or price points passengers are likely to choose, and optimising how fares are adjusted. This advanced solution calculates availability across entire passenger journeys in real time, enabling smarter, data-driven decisions and more accurate fare offers. Real-time integration across all sales channels ensures optimised seat distribution and enhanced connectivity, improving profitability and passenger experience.

➤ **Adoption of Robotic Process Automation to Transform Operational Areas**

SriLankan IT is embracing Robotic Process Automation (RPA) as a key enabler in its digital transformation journey, driving a new era of operational efficiency. RPA is being leveraged to automate high-volume, repetitive tasks that traditionally consume significant time and manual effort. As part of this initiative, functions such as invoicing, reconciliations, and data validation are being strategically evaluated for RPA integration. Automating these processes is set to significantly reduce processing time, enhance accuracy, and enable smoother workflows, paving the way for faster, smarter, and more resilient operations.

➤ **Information-Driven Decision-Making**

"Airline Insight", the Management Information System (MIS) of SriLankan Airlines, serves as the core intelligence platform powering strategic and tactical decision-making across the organisation. By processing comprehensive data sets including reservations, ticketing, and travel behaviour, Airline Insight delivers real-time, actionable insights through interactive dashboards, detailed reports, and automated KPI alerts.

Designed to support both senior leadership and operational teams, the platform ensures data transparency, faster response times, and improved business agility. It enables informed decisions that enhance operational performance, optimise revenue, and elevate customer experience. As a critical pillar in the Airline's digital transformation journey, Airline Insight continues to evolve, aligning data

Management Discussion and Analysis contd.

Intellectual Capital contd.

intelligence with the Airline's long-term strategic goals.

➤ *Data-driven Aircraft Maintenance*

In its pursuit of enhanced aircraft reliability and operational efficiency, SriLankan Airlines' Engineering Division has embraced cutting-edge technological solutions that are transforming its maintenance operations. Central to this transformation are two leading platforms: AMOS and Airbus Skywise, which together form a powerful ecosystem for predictive, data-driven aircraft maintenance. The integration of AMOS and Skywise represents a significant leap forward in SriLankan Airlines' engineering capabilities. While AMOS ensures effective execution of maintenance schedules, compliance adherence, and inventory management, Skywise enhances predictive diagnostics and real-time monitoring across the fleet.

➤ *Digital Transformation of Air Cargo Operations*

SriLankan Airlines has embarked on integration of automation across cargo processing workflows and the adoption of fully digital documentation practices, prominently through the implementation of the electronic Air Way Bill (e-AWB) system. This transition to paperless processes aligns with global industry standards and supports faster, more secure cargo handling. At the heart of these technological advancements is the deployment of the iCargo Warehouse Management System (WMS) by IBS Software, a state-of-the-art platform designed to streamline and manage the full lifecycle of cargo shipments. The system oversees real-time inventory management, enabling the precise tracking of shipments within warehouse facilities; automated customs clearance processes to expedite cross-border shipments; and improved synchronisation between cargo operations and flight scheduling to optimise loading efficiency and minimise delays. Additionally, the system supports Electronic Data Interchange (EDI) with freight forwarders, customs authorities, and logistic partners, creating a unified, paperless workflow that enhances transparency and responsiveness across the supply chain.

➤ *Digitising Corporate Quality and Compliance*

Corporate quality and regulatory compliance are further strengthened through proprietary systems such as the Electronic Document Management System (EDMS) and AeroDocs, which provide operational staff with easy, up-to-date access to manuals and procedural documents. For flight crews, the Airbus Electronic Flight Bag (EFB) delivers essential manuals and real-time updates, facilitating compliance and operational readiness.

Brand & Corporate Reputation

SriLankan Airlines places immense value on its brand as a fundamental asset that drives stakeholder trust, enhances customer loyalty, and solidifies its position in the highly competitive aviation industry. The brand is not only a symbol of the Airline's operational excellence, but also a vital ambassador for Sri Lanka as a world-class travel destination. To this end, the Airline invests strategically in marketing, partnerships, and sponsorships that align with its vision to promote Sri Lanka's unique cultural heritage and natural beauty.

One of the Airline's most impactful marketing initiatives in recent years has been the 'Colours of Jaffna' campaign. This carefully crafted campaign highlights the vibrant culture, history, cuisine, and scenic landscapes of the Jaffna region, an area that has been historically less known to international travellers with SriLankan Airlines being the first national entity to promote Jaffna as a standalone destination to a global audience. By showcasing the warmth of the local communities, historic temples, and pristine coastal areas, the campaign has successfully put Jaffna on the global tourism map. The campaign's effectiveness was internationally recognised with the PATA Gold Award in 2024, one of the most prestigious honours in the travel and tourism sector. This accolade reflects the campaign's creativity, authenticity, and measurable impact on raising awareness and inspiring travel to this distinct destination. The video can be viewed by scanning the following QR code.



In parallel, SriLankan Airlines developed the 'Relive the Epic of the Ramayana Trail' campaign to deepen its engagement with the Indian market, one of the Airline's largest and most strategic customer segments. This campaign connects the Airline's brand with the rich cultural and mythological narrative of the Ramayana, inviting travellers to explore sites in Sri Lanka linked to this epic story. By intertwining cultural storytelling with travel, the Airline creates an emotional connection that differentiates it from competitors and encourages travelers to choose SriLankan Airlines as their preferred carrier for this culturally significant journey. The video can be viewed by scanning the following QR code.



Complementing these destination-focused campaigns, the Airline's dedicated communication around passenger safety, embodied in the 'Safety in the Shades of Paradise' campaign. This initiative effectively balances the promotion of Sri Lanka's natural beauty with the Airline's uncompromising commitment to the highest safety standards. Through compelling visuals and messaging, the campaign reassures passengers that their wellbeing is paramount, while simultaneously highlighting the allure of the destination. Both campaigns' innovative approach and international appeal earned Gold Star recognition at the ITB Berlin 2025 Golden City Gate Awards, affirming SriLankan Airlines' leadership in aviation marketing and passenger engagement.

Beyond campaigns, the Airline actively extends its brand presence through high-profile strategic sponsorships and partnerships. These include title sponsorships of internationally renowned sporting events such as the Great Ocean Road Running Festival in Australia and the NIKE Melbourne Marathon Festival. These sponsorships not only enhance the Airline's global visibility but also align its

brand with values of health, endurance, and international camaraderie resonating with diverse audiences and potential travellers worldwide.

Recognising the importance of maintaining customer confidence during operational challenges, SriLankan Holidays, an affiliated brand, ensures timely, transparent, and empathetic communication with passengers and suppliers during disruptions or crises. Proactive customer engagement through frequent updates and alternative travel arrangements reflects the Airline's commitment to service excellence and helps preserve the trust and goodwill essential to the brand's reputation.

To further elevate the in-flight dining experience and differentiate its culinary offerings, this strategic approach aims to infuse the Airline's menus with exclusive, high-quality culinary creations that resonate with discerning travellers seeking exceptional food experiences even at 35,000 feet.

Collectively, these initiatives demonstrate SriLankan Airlines' multifaceted approach to brand and corporate reputation management. Through award-winning marketing campaigns, strategic global partnerships, and unwavering customer focus, the Airline not only promotes Sri Lanka as a compelling travel destination but also reinforces its own identity as a safe, reliable, and culturally attuned carrier, positioning itself for sustainable growth and market leadership in the years ahead.

Maintaining Accreditation and Compliance Standards

SriLankan Airlines upholds rigorous standards for intellectual property management, maintaining compliance with multiple international certifications, including operational compliance, safety, cybersecurity, and data protection areas.

Ground Handling and Airport Services: Safety and Compliance

SriLankan Airlines places the highest priority on safety, efficiency, and regulatory compliance within its ground handling and airport services operations. As a member of the International Air Transport Association (IATA), the Airline actively participates in the IATA Safety

Audit for Ground Operations (ISAGO) program. This rigorous audit process is designed to assess and continuously improve the safety, quality, and reliability of ground handling services in line with globally recognised standards. In addition to ISAGO certification, SriLankan Airlines' ground operations strictly comply with International Civil Aviation Organisation (ICAO) standards and recommended practices. The Airline also adheres to regulations set forth by the Civil Aviation Authority of Sri Lanka (CAASL), ensuring full alignment with national safety and operational requirements.

Compliance with ICAO and local regulatory frameworks ensures that all ground service protocols including aircraft handling, passenger services, baggage management, and ramp operations are conducted safely, efficiently, and in a manner that mitigates risks. These standards form the foundation for the Airline's commitment to delivering seamless and secure airport experiences for passengers and partners alike.

SriLankan Aviation College (SLAC): Accredited Excellence in Aviation Training

A hallmark of SLAC's excellence is its broad spectrum of regulatory approvals and certifications. The college holds formal approval from the Civil Aviation Authorities of Sri Lanka, Pakistan, Nepal, and the Maldives, reflecting its ability to deliver training that meets the stringent regulatory and operational requirements across multiple jurisdictions in the region. This multi-country recognition allows SLAC to attract students and professionals from various countries, fostering a rich learning environment informed by diverse aviation contexts and standards.

Further strengthening its international standing, SLAC is accredited by the European Union Aviation Safety Agency (EASA). This prestigious certification underscores the college's adherence to the rigorous safety, quality, and training standards mandated by the European aviation community. EASA approval enables SLAC to offer training courses aligned with European norms, facilitating global recognition of its qualifications

and enhancing the mobility and employability of its graduates worldwide.

The college's commitment to quality and safety is continuously validated through regular audits conducted by the approving authorities. SLAC has successfully completed all annual audits without major non-compliance findings, a testament to its robust internal control systems, comprehensive training methodologies, and effective safety management practices. These audits rigorously evaluate all aspects of SLAC's operations, including curriculum design, instructor qualifications, training infrastructure, student assessments, and compliance with regulatory frameworks.

SriLankan Catering: Commitment to Quality, Health, Safety and Environmental Compliances

SriLankan Catering operates with a steadfast commitment to the highest standards of food safety, hygiene, quality, health, safety and environmental responsibility. The organisation is Hazard Analysis and Critical Control Points (HACCP) certified, ensuring rigorous control and monitoring throughout every stage of food production, from sourcing and preparation to storage and delivery to the aircraft. In addition, SriLankan Catering holds four ISO certifications, reflecting its adherence to globally accepted standards for Quality Management, Food Safety Management, Occupational Health and Safety Management and Environmental Management. The ISO certifications underpin the organisation's systematic approach to continual improvement, operational excellence, and customer satisfaction. Beyond food safety, SriLankan Catering fully complies with all applicable environmental laws and regulations in Sri Lanka, as well as with evolving global environmental standards within the airline catering industry.



Management Discussion and Analysis contd.

Intellectual Capital contd.

This includes responsible waste management, reduction of single-use plastics, efficient resource utilisation, and proactive measures to minimise environmental impact throughout its operations.

➤ **Regulatory Engagement and Compliance in Engineering**

The Engineering Division of SriLankan Airlines maintains a close and proactive relationship with its primary regulatory authorities, including the Civil Aviation Authority of Sri Lanka (CAASL), the European Union Aviation Safety Agency (EASA), and other relevant international bodies. This collaboration is fundamental to ensuring that both the Approved Maintenance Organisation (AMO) and Continuing Airworthiness Management Organisation (CAMO) functions operate in strict compliance with evolving aviation safety standards and regulatory requirements.

To uphold this compliance, the division actively participates in scheduled audits, technical coordination meetings, and continuous correspondence with regulators. These engagements enable SriLankan Airlines to stay ahead of regulatory developments and demonstrate transparency and commitment to safety and quality assurance.

In addition, the Engineering team rigorously monitors key regulatory publications, including Safety Directives, and amendments to critical frameworks such as Part-145 and Part-M regulations. This vigilance ensures that any changes affecting maintenance and airworthiness management are identified promptly and addressed without delay.

To effectively disseminate these regulatory updates internally, the division has established robust feedback and communication mechanisms. This includes structured Read & Sign programs that require employees to acknowledge and understand the latest directives and procedural changes. Furthermore, critical documentation such as the Maintenance Organisation Exposition (MOE), Continuing Airworthiness Management Exposition (CAME), and Engineering Procedures

Manual (EPM) are continuously updated to reflect current regulatory standards.

SriLankan Airlines Aviation Security (UL Avsec) – Safety Compliance

SriLankan Airlines Aviation Security Division has demonstrated a strong commitment to maintaining and exceeding national and international civil aviation standards throughout the fiscal year. This is evidenced by a series of prestigious accreditations and recognitions, including:

- ACC3 & RA3 Certifications for both BIA and MRIA, affirming compliance with European Union and UK Department for Transport (DfT) regulations.
- ICAO-USAP Audit success (2023), validating operational excellence as both a Ground Handler and Aircraft Operator.
- TSA recognition for BIA, confirming Last Point of Departure (LPD) status for U.S.-bound flights.
- UK exemption for Transfer Cargo, allowing re-screening exemptions at BIA.
- Australia's LPoC approval, permitting cargo uplift from Bangladesh (currently under review).

Additionally, UL Avsec oversees the protection of Security Controlled Areas (SCAs), further reinforcing its comprehensive security and compliance framework.

These achievements not only facilitate robust passenger and cargo operations but also enhance global confidence in the Airline's reliability and regulatory adherence.

Intellectual Property Protection and Comprehensive Cybersecurity Framework

At SriLankan Airlines, the protection of Intellectual Property (IP) and sensitive organisational data is regarded as a critical business imperative. The Airline adopts a proactive, multi-layered approach to IP protection, continuously monitoring digital assets through advanced IT security protocols designed to prevent unauthorised access, data breaches, and cyber threats. These protocols include state-of-the-art encryption technologies, strict identity and access management controls,

network segmentation, and regular vulnerability assessments, collectively establishing robust defensive layers to safeguard proprietary information and operational data.

The Airline proudly holds multiple internationally recognised accreditations underscoring its commitment to excellence in information security, privacy, IT service management, and quality assurance, including:

- ISO/IEC 27001:2013 – Information Security Management System, confirming rigorous management of information security risks.
- ISO/IEC 27701:2019 – Privacy Information Management System, emphasising comprehensive data privacy controls.
- ISO/IEC 20000:2018 – IT Service Management System, ensuring high standards in IT service delivery.
- ISO 9001:2015 – Quality Management System for Software Development, validating systematic quality practices in software lifecycle management.

These certifications reinforce the Airline's adherence to global best practices, embedding a structured Information Security Management System (ISMS) across the organisation to guarantee consistency, resilience, and continual enhancement.

Operating 24x7, SriLankan Airlines' Cybersecurity Operations Center (SOC) employs advanced Security Information and Event Management (SIEM) systems, real-time threat intelligence feeds, and AI-driven analytics to detect and respond to anomalies swiftly. The SOC team coordinates rapid incident response activities, threat containment, forensic investigations, and recovery actions, business continuity.

The Airline's cybersecurity infrastructure relies on a comprehensive layered defense strategy encompassing perimeter defenses such as firewalls and intrusion prevention systems, endpoint security, secure cloud access protocols, and robust Data Loss Prevention (DLP) tools. Regular user behaviour analytics and simulated phishing campaigns form an integral part of continuous staff education, addressing the human element as a critical factor in cyber defense.

SriLankan Airlines maintains strict compliance with international data protection regulations, notably the General Data Protection Regulation (GDPR), ensuring that personal data of customers, employees, and partners is handled with the utmost care throughout its lifecycle. This is supported by routine privacy impact assessments, data protection audits, and stringent oversight of third-party vendors.

Governance of cybersecurity is embedded at the highest organisational levels, with dedicated oversight from executive management and Board committees. Regular internal and external audits, ethical penetration testing, and ongoing risk evaluations inform strategic decision-making and investment in security technologies. This holistic approach fosters a culture of vigilance, accountability, and resilience throughout the organisation.

Through the integration of advanced technologies, strict policy enforcement, ongoing staff development, and adherence to regulatory requirements, SriLankan Airlines ensures the integrity, confidentiality, and availability of its intellectual property and critical data assets. This comprehensive cybersecurity framework safeguards the Airline's competitive edge, supports operational excellence, and inspires confidence among stakeholders in an increasingly complex and digital aviation environment.

Innovation & Continuous Improvement

Innovation is fostered through structured mechanisms within the organisation that actively gather and analyse feedback from customers, employees, and partners. This data-driven approach identifies pain points and opportunities for enhancement, benchmarking against global best practices.

SriLankan Catering continually strives to enhance the in-flight dining experience through innovative and differentiated product offerings that cater to diverse passenger preferences and evolving culinary trends. Central to this approach is the development of culturally appropriate menus that reflect the rich heritage and culinary

traditions of Sri Lanka, while also embracing global flavours to satisfy international palates. The menus are regularly updated to reflect global food trends and emerging dietary preferences, maintaining a competitive edge and enhancing passenger satisfaction. Understanding the diverse needs of modern travellers, SriLankan Catering offers a comprehensive range of special dietary options. Each special meal is carefully crafted to meet stringent nutritional standards and regulatory requirements without compromising on taste or presentation.

Integration with Other Capitals

SriLankan Airlines' intellectual capital supports and enhances other capitals as follows:

- ➊ Human Capital: Through structured training systems, Standard Operating Procedures (SOPs), and knowledge-sharing mechanisms, intellectual capital ensures ongoing skill development and operational excellence. Internal audits by Corporate Quality validate appropriate resource allocation for optimal operations.
- ➋ Manufactured Capital: Documented maintenance systems and safety protocols support the upkeep and security of physical assets. Corporate Quality audits ensure strict adherence to these processes.
- ➌ Customer Capital: Loyalty platforms and digital engagement tools leverage intellectual capital to enhance passenger experiences and foster long-term customer relationships.

Looking Ahead

As SriLankan Airlines moves forward into the next fiscal year and beyond, the focus on strengthening and evolving intellectual capital remains paramount. The Airline is committed to continuous investment in cutting-edge technologies, enhancing IT infrastructure, and expanding the skillsets of its human capital through targeted training and development programs. Embracing innovations such as artificial intelligence, machine learning, and advanced data analytics will enable more efficient operations, improved customer experiences, and smarter decision-making. Additionally, ongoing

efforts to safeguard intellectual property and data through robust cybersecurity frameworks will be intensified to stay ahead of emerging cyber threats. By fostering a culture of knowledge sharing, collaboration, and innovation, SriLankan Airlines aims to maintain its competitive edge in the dynamic aviation industry and support sustainable growth in an increasingly digital future.

Management Discussion and Analysis contd.



SOCIAL AND RELATIONSHIP CAPITAL

As the national carrier of Sri Lanka, SriLankan Airlines serves as a vital conduit between the island nation and the global community. Our role transcends mere transportation; we facilitate trade, tourism, cultural exchange, and international connectivity, all while championing the country's interests on the world stage. In delivering on this mandate, social and relationship capital remains a foundational pillar of our value creation process. Grounded in trust, transparency, and mutual respect, our engagements with passengers, employees, partners, and communities underpin sustainable and inclusive growth. This section provides a comprehensive review of our efforts to cultivate robust stakeholder relationships, elevate customer satisfaction, foster community wellbeing, and maintain the highest standards in health, safety, and security during the financial year.

Stakeholder Relationships and Engagement

Our strategic approach is deeply rooted in an appreciation of the diverse stakeholder ecosystem integral to our operations. From leisure travellers and business clients to government bodies and local communities, we recognise that their perspectives and needs are critical to shaping our business direction. We embrace a proactive, transparent, and inclusive engagement model, which ensures that feedback from all stakeholders informs decision-making and operational excellence. Passengers remain at the core of our value proposition. Recognising their

evolving preferences and heightened expectations, we strive to deliver seamless, memorable travel experiences that combine convenience, comfort, and personalised service. We also engage closely with communities, particularly those whose livelihoods are intertwined with the tourism sector, supporting small-scale entrepreneurs and vendors to promote inclusive economic growth. Our partnerships extend to travel trade professionals such as agents and tour operators, as well as regulatory authorities, suppliers, and service providers all contributing to a cohesive, high-quality service ecosystem. Engagement mechanisms span multiple channels, including detailed customer surveys, social media sentiment analysis, and mystery audits, allowing us to capture real-time insights and adapt swiftly. Strategic discussions with corporate clients and sales agents provide valuable inputs that guide route planning and marketing strategies. Our collaboration with local communities through CSR forums and liaison groups ensures that our social contributions remain relevant and impactful.

Customer Value and Experience

Enhancing customer loyalty and convenience remains a key strategic priority for SriLankan Airlines. A range of targeted initiatives are currently being implemented to rebuild and strengthen customer confidence, focusing on expanding the global loyalty base, delivering a seamless travel experience, and fostering ongoing community engagement. Central to this strategy is a commitment to understanding individual

passenger needs and delivering personalised, memorable experiences that reflect the Airline's dedication to service excellence. Continuous staff training and process refinement further support this objective, ensuring that exceptional service remains a hallmark of the SriLankan Airlines brand.

Thematic Campaigns

As part of its ongoing efforts to position Sri Lanka as a unique and emotionally resonant travel destination, SriLankan Airlines launched thematic campaigns such as "Colours of Jaffna" and "Ramayana Trails" which are mentioned in detail under Intellectual Capital. These initiatives were designed to forge a deep emotional connection between travellers and the island's rich cultural and historical heritage. Leveraging the power of digital storytelling, the campaigns featured compelling video narratives, interactive content, and collaborations with influencers to evoke a sense of place and curiosity long before passengers set foot on a flight. By immersing audiences in Sri Lanka's vibrant traditions and mythologies, SriLankan Airlines successfully elevated brand engagement while promoting inbound tourism through meaningful and memorable content.

Customer Satisfaction Measurement

SriLankan Airlines adopts a structured and data-driven approach to customer satisfaction, primarily using the Net Promoter Score (NPS) framework, complemented by qualitative feedback gathered across key customer

touchpoints such as check-in, baggage handling, transfer desks, and lounges. This comprehensive feedback mechanism enables the Airline to map the customer journey in detail, identify service gaps, and take timely corrective actions to enhance the overall travel experience. All feedback is consolidated and published via the Management Information System (MIS), supported by customised dashboards that visually represent key metrics and trends. Insights derived from this data are regularly reviewed during management meetings to inform strategic decisions and drive continuous improvement. In parallel, dedicated audits and inspections are carried out across operational areas to maintain service quality and uphold high standards of customer care. Looking ahead, the Airline is exploring the use of advanced artificial intelligence tools to gain deeper passenger insights, enabling a more nuanced understanding of both existing and emerging consumer segments. This forward-looking approach is integral to adapting to global travel trends and elevating the passenger experience in an increasingly dynamic aviation landscape.

► *Customer Value and Experience in SBU Level*

SriLankan Airlines continues to prioritise customer engagement across all its Strategic Business Units through a range of personalised and interactive initiatives. SriLankan Aviation College (SLAC) regularly organises educational exhibitions and open days, creating opportunities for one-on-one interactions with prospective students and industry stakeholders, thereby fostering stronger relationships and trust within its community.

In the Catering segment (SLC), the Serendib Lounge was upgraded with an enhanced food menu tailored to reflect customer preferences and global culinary trends. Each Airline client is supported by a dedicated account manager, with bi-annual or seasonal menu workshops conducted in collaboration with Airline F&B and brand teams. These workshops incorporate tastings, cultural and dietary considerations, and route-specific preferences, ensuring customised and high-quality offerings. Real-time communication channels and joint

performance reviews further enhance collaboration and service delivery.

The Cargo Division leveraged both digital and physical platforms to strengthen its market presence, participating in high-profile international exhibitions such as Air Cargo Southeast Asia (Singapore) and Air Cargo India (Mumbai). A 24x7 dedicated call center and active social media engagement ensured consistent and accessible communication with clients and partners.

► *Digitisation Efforts Foster Customer Engagement*

SriLankan Holidays (SLH) tailored its holiday packages based on customer preferences and past travel data, enhancing customer satisfaction and engagement. Through active social media interactions and prompt responses to reviews, the division fostered trust and loyalty. Promotional and product campaigns were strategically designed to align with emerging travel trends. Notably, during FY 2024/25, the FlySmiLes loyalty programme underwent significant enhancements, including the launch of the FlySmiLes Family Programme, which enabled family members to pool and redeem miles collectively strengthening brand affinity through shared travel experiences. SriLankan Airlines' FlySmiLes loyalty website has undergone a complete transformation, unveiling a modern, user-friendly interface with a fresh new look. The redesign brings significant enhancements to both UI and UX, including mobile responsiveness and a simplified homepage that improves accessibility and customer engagement. Members can now seamlessly purchase miles and generate vouchers with added security via OTP authentication. This upgrade has led to greater customer satisfaction by delivering a streamlined, user-centric experience while maintaining consistent branding across all SriLankan digital platforms. Additionally, the launch of a dedicated merchant portal significantly expanded redemption opportunities, further enhancing the overall value proposition of the loyalty programme.



SriLankan Airlines continues to push the boundaries of digital innovation with the launch of YAANA, its pioneering, AI-enabled chatbot on the official website. This milestone marks the Airline's commitment to transforming customer service through intelligent automation and personalised support. YAANA currently assists users by providing instant responses to queries, enhancing the overall browsing and booking experience. In the upcoming financial year, SriLankan Airlines' IT Systems Team has ambitious plans to evolve YAANA into a fully integrated virtual travel assistant. Future enhancements will enable YAANA to support end-to-end passenger needs, including flight bookings, mobile check-in, real-time itinerary management, and personalised updates all through a conversational interface. This vision reflects a shift towards smarter, frictionless travel powered by AI, making it easier for passengers to interact with the Airline whenever and wherever they choose.



In line with global digital aviation trends, SriLankan Airlines focused on delivering a personalised and seamless passenger journey through its mobile app. Enhancements included tailored content

Management Discussion and Analysis contd.

Social & Relationship Capital contd.

and services, streamlined digital check-in and boarding processes, as well as the introduction of self-service and touchless options to improve convenience, safety, and operational efficiency. Real-time communication through push notifications and alerts ensured that passengers remained informed at every stage of their journey.

Employee Relations and Engagement

Our workforce is a critical enabler of our success. Throughout the year, we have invested in initiatives aimed at fostering an inclusive, supportive, and motivated work environment. Mental health and wellbeing programmes targeted at frontline and operational staff have helped build resilience amid industry challenges. Leadership development initiatives have been designed to nurture the next generation of airline professionals, while open communication channels and employee feedback mechanisms continue to shape workplace policies and culture. These efforts have collectively strengthened staff morale, enhanced productivity, and fostered a shared sense of purpose aligned with our organisational values.

Engagement with Business Partners

SriLankan Airlines continued to strengthen its global network through strategic partnerships, including interline and codeshare agreements. These collaborations have significantly expanded the Airline's connectivity, offering passengers seamless access to a wider range of destinations via convenient one-stop connections. This strategic expansion not only enhances the Airline's competitiveness in long-haul markets but also delivers greater value and flexibility to its growing customer base. During the financial year, SLA entered into a new interline agreement with flydubai and a codeshare agreement with Air Seychelles, which are explained in detail in Our Operations Section.

SriLankan Aviation College (SLAC) further diversified its training portfolio through key partnerships. A new agreement with the Sri Lanka Air Force enables enhanced practical training for students enrolled in the EASA Part 66 Basic Course in Aircraft Maintenance.

Additionally, a collaboration with Aviation Australia now offers the Australian Diploma of Aircraft Maintenance Engineering, expanding SLAC's international accreditation, range of training solutions and appeal to the wider market.

SriLankan Catering (SLC) continued to elevate its culinary offerings, helping attract and retain flagship airline clients by delivering exceptional in-flight dining experiences.

SriLankan Engineering (SLE) strengthened its operational excellence through close collaboration with suppliers and service providers. These partnerships focused on rigorous quality control, performance monitoring, joint training programmes, and real-time communication and coordination. Emphasis was also placed on sustainable and cost-effective sourcing practices, ensuring the highest standards of aircraft maintenance and long-term operational efficiency.

Fostering Strong Regulatory Partnerships to Advance Operational Excellence

At SriLankan Airlines, the safety and wellbeing of our passengers, employees, and stakeholders remain the cornerstone of our operations. Our relationship with national and international regulatory bodies extends beyond compliance and is rooted in ongoing dialogue, mutual trust, and continuous improvement.

Our operational divisions actively engage with International Civil Aviation Organisation (ICAO) and Civil Aviation Authority of Sri Lanka (CAASL) in the implementation and advancement of the ICAO Safety Management System (SMS), ensuring our internal systems align with global aviation safety frameworks. Over the year, our teams conducted over 50 internal quality assurance audits and facilitated frequent refresher training and emergency preparedness drills, shaped by insights and standards developed in close coordination with these regulators. This proactive collaboration contributed to the seamless renewal of our Air Operator Certificate (AOC) and the continued maintenance of prestigious global accreditations, including the IATA

Operational Safety Audit (IOSA) and IATA Safety Audit for Ground Operations (ISAGO).

In the area of aviation security, our Aviation Security (UL Avsec) Division works in partnership with regulatory agencies to design and implement robust, forward-looking security frameworks. Beyond securing SriLankan Airlines operations at home base and overseas the division extends its expert services to other carriers at both Colombo and Mattala airports giving due consideration to security regulations of the client airlines. Through joint initiatives with global and local authorities, the UL Avsec team has integrated advanced screening technologies and risk-based analytics, ensuring alignment with evolving international security protocols.

The Ground Handling Division further exemplifies this collaborative approach, maintaining strong ties with both CAASL and International Air Transportation Association (IATA). The division's continued accreditation under the Ground Handling Supplier Certification and ISAGO audit process reflects a shared commitment to operational excellence. Its work with Airport and Aviation Services Sri Lanka Ltd. (AASL), civil aviation authorities at international stations, and partner handlers ensures that ground operations consistently meet and evolve alongside global regulatory expectations.

Our Engineering Division maintains an active and structured relationship with CAASL, the European Union Aviation Safety Agency (EASA), and other international authorities. Regular audits, technical coordination sessions, and real-time regulatory updates support the alignment of our Approved Maintenance Organisation (AMO) and Continuing Airworthiness Management Organisation (CAMO) functions. These engagements enable us to promptly implement regulatory amendments such as updates to Part-145/Part-M through structured Read & Sign programmes, revised procedures, and targeted training, ensuring consistency and technical excellence across all engineering operations. Ongoing technical

coordination and structured updates to operational procedures ensure alignment with evolving regulatory expectations, supporting transparent relationships with regulators and reinforcing SriLankan Airlines' commitment to safety and continuous improvement. These practices contribute to building stakeholder trust and sustaining confidence in the Airline's operational integrity.

SriLankan Aviation College (SLAC) continues to expand its role as a regional hub for aviation education, supported by formal approvals from the Civil Aviation Authorities of Sri Lanka, Pakistan, Nepal, and the Maldives, along with accreditation from EASA. These regulatory endorsements are built on ongoing quality assurance collaborations and demonstrate SLAC's contribution to elevating aviation training standards in the region.



SriLankan Catering (SLC) maintains continuous engagement with food safety authorities and certification bodies to uphold stringent global standards. The Division's operations remain aligned with internationally recognised protocols such as ISO and HACCP, reinforcing its commitment to safety, hygiene, and regulatory accountability in airline catering.

The Information Technology Division, certified under ISO/IEC 27001, works closely with industry and regulatory auditors to sustain a secure and compliant digital infrastructure. These partnerships support the implementation of data protection and cyber resilience measures, ensuring the Airline's IT systems meet the highest global standards in information security.

Through these integrated, multi-tiered relationships, SriLankan Airlines ensures its operations are not only compliant but responsive to the evolving expectations of the global aviation ecosystem. Our sustained engagement with regulatory stakeholders across all business functions strengthens operational resilience, fosters innovation, and positions the Airline as a trusted leader in regional and international aviation.

Commitment to Communities and Social Impact

SriLankan Airlines' Corporate Social Responsibility (CSR) platform, SriLankan Cares, is a staff-funded charity dedicated to creating meaningful social impact across Sri Lanka. Guided by strategic pillars, its initiatives focus on child welfare, environmental sustainability, and youth talent development, reflecting the collective commitment of airline employees to uplift communities through compassion and volunteerism.

In financial year 2024/25, SriLankan Cares delivered targeted interventions such as school infrastructure improvements, digital literacy programmes, and nutrition support, directly benefiting underprivileged children. Environmental initiatives included coastal clean-ups, reforestation efforts, and plastic reduction campaigns, reinforcing our alignment with the UN Sustainable Development Goals (SDGs). Furthermore, we collaborated with educational institutions and NGOs to provide vocational training, mentorship, and leadership development opportunities for youth, helping to foster economic empowerment and social mobility.

Health and Wellness Outreach

During the financial year, four health-focused outreach programmes were conducted in various areas. These included awareness sessions on mental

and physical wellbeing, general medical consultations, vision screenings, and the distribution of free medicines and spectacles. Carried out in collaboration with doctors, psychologists, and sponsors, these initiatives reflected SriLankan Cares' commitment to enhancing health outcomes in rural and underserved communities.

Education and Youth Empowerment

Youth education and career exposure were key focuses during the year. SriLankan Cares supported for Sri Lanka's first children's literature festival enabled author sessions in schools and care centers. University students explored aeronautical engineering through a field visit, while the 'Day with a Plane' initiative introduced aviation to schoolchildren across multiple institutions. Book donations in November and December enriched libraries in underserved communities.

Child Welfare and Community Engagement

SriLankan Cares supported vulnerable children and community groups through meaningful engagements. A group of paediatric cancer patients experienced a memorable aviation-themed day, including a hangar tour and an onboard meal. Further, essential supplies were donated to over 500 cancer patients and caregivers as part of a staff-funded initiative, now in its fourth consecutive year. These efforts highlight the Airline's ongoing commitment to compassion-driven community support.

International Day Celebrations

Global observances were marked through inclusive outreach. World Children's Day featured aviation-themed experiences for children from development centers, while International Women's Day included wellness workshops and community sessions focused on health, education, and self-care.

Management Discussion and Analysis contd.

Social & Relationship Capital contd.



On World Children's Day 2024, a special program was organised for the children, providing them with a day of fun and learning on the travel and tourism industry of Sri Lanka with a visit to SriLankan Airlines' 747 hangar, an opportunity to board an aircraft.

🔗 *Environmental Stewardship*

SriLankan Cares advanced environmental responsibility through hands-on conservation efforts. A mangrove clean-up in Negombo engaged youth and local community members, while an awareness tour in March, aligned with the International Day of Forests, concluded with a forest reserve clean-up.

🔗 *Infrastructure and Community Access Improvement*

To support education and community health in underserved regions, infrastructure enhancement initiatives were carried out. Reverse Osmosis (RO) drinking water systems were installed in two rural schools to help combat chronic kidney-related illnesses linked to unsafe water sources. Moreover, digital learning capabilities were strengthened in another community through the donation of multimedia equipment. These efforts, supported by international partners, reflect a continued commitment to improving access to safe water and modern educational tools in vulnerable areas.

Looking Ahead

As SriLankan Airlines embarks on a transformative journey, we reaffirm our commitment to nurturing and expanding our social and relationship capital. Future priorities include leveraging digital innovation to deepen engagement with frequent flyers and partners, launching scalable community programmes that align with national development goals, and advancing inclusivity across all touchpoints of the passenger and employee experience.

Harnessing data-driven insights will enable more responsive and personalised stakeholder engagement, while maintaining our steadfast dedication to world-class safety and security standards will continue to build public confidence.

Through authentic relationships, collaborative partnerships, and an unwavering commitment to service excellence, SriLankan Airlines will continue to soar as a responsible national carrier proudly representing Sri Lanka on the global stage.



NATURAL CAPITAL

Our relationship with natural capital is defined by our responsibility to protect the environment while delivering reliable, global aviation service. As a national carrier, we are deeply aware of the environmental footprint associated with our operations. Our strategic focus on sustainability includes measurable efforts to minimise adverse environmental impacts, improve operational efficiency, contribute to environmental goals of the global aviation industry and create a corporate culture where environmental sustainability is embedded in our mindset. Our natural capital strategy focuses on six key areas: Carbon Footprint Reduction, Resource Efficiency and Waste Reduction, Environmental Compliance, Conservation and Protection of Biodiversity, Child and Youth Empowerment, and Community Empowerment.

Reducing Our Carbon Footprint

Aircraft fuel consumption is the largest contributor to our carbon emissions and operational cost. In response, we continue to pursue a fleet strategy that emphasises fuel-efficient aircraft, such as the Airbus Neo series, which offer a significant reduction in emissions.

Operationally, our Flight Operations team implements Airbus-recommended green operating procedures and optimised flight planning to maximise

fuel efficiency. Our cross-functional teams also work collectively to optimise aircraft weight and improve in-flight performance.

On the engineering front, SriLankan Engineering carries out specific tasks aimed at improving the fuel efficiency of aircraft such as regular exterior cleaning and engine core wash that has proven benefits in fuel efficiency improvement.

Net zero emissions by 2050 is a goal endorsed by ICAO and IATA, effectively making it an industry-wide goal for emission control. SriLankan Airlines has taken multiple steps in this regard that spans the compliance, operational and technical aspects of our business. In terms of compliance, the Airline is strictly adhering to the ICAO CORSIA requirements of emission reporting, and it also adheres to the region-specific regulations such as EU/UK ETS and Refuel EU mandates.

As part of its ongoing commitment to sustainability reporting, the Group has undertaken verification of Greenhouse Gas (GHG) emissions from its operations for the second consecutive year, in accordance with the GHG Protocol. For the financial year under review, the Group verified its Scope 1 and Scope 2 emissions, with the process

conducted by Control Union Inspections (Pvt) Ltd. Scope 1 and Scope 2 refer to categories of GHG emissions defined by the GHG Protocol. Scope 1 includes direct emissions from sources owned or controlled by the Group. Scope 2 emissions are indirect GHG emissions which are a consequence of the Group's energy use but occur at sources owned or controlled by another entity, typically a utility provider. Further details regarding the reporting boundaries and scope of the verification are provided below.

Through this voluntary initiative, the Group aims to enhance transparency in environmental sustainability data and contribute to regulatory efforts that emphasise the importance of environmental responsibility and climate action. Additionally, the insights gained from this exercise will be used to further strengthen the Group's environmental performance.

Management Discussion and Analysis contd.

Natural Capital contd.

Group GHG emission disclosure for the FY 23/24 and 24/25 is as below.

MT CO ₂ e (Mn)	FY 23/24			FY 24/25			Difference %
Operation type	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total	
Cargo Operations	0.001	0.001	0.002	0.001	0.001	0.002	6
Ground Handling	0.003	0.001	0.004	0.004	0.001	0.004	10
SriLankan Engineering	0.001	0.002	0.003	0.001	0.002	0.002	(16)
SriLankan Catering	0.007	0.005	0.012	0.008	0.005	0.012	2
Airline (excluding above functions)	1.192	0.002	1.193	1.182	0.002	1.184	(1)
Total Airline Group GHG emissions	1.204	0.010	1.213	1.194	0.010	1.204	(1)

Notes:

- Assessment conducted according to the guidelines of GHG Protocol.
- Reporting periods are 1st April to 31st March of the respective financial years.
- Metric Tonne of Carbon dioxide equivalent (CO₂e) is the unit used to compare an account for emissions of various Green House Gases based on their global warming potential.
- Scope 1 direct emissions and Scope 2 purchased energy emissions are disclosed.
- Materiality of the assessment is set at 5%.

Driving Energy Efficiency

Energy efficiency is central to our facilities management strategy. The Airline has adopted a series of measures including energy-efficient lighting, solar tubes for natural illumination, and optimised air-conditioning usage. Our Properties & Facilities team closely monitors energy consumption across all areas to identify opportunities for reduction.

Moreover, we operate a biogas unit that supplies part of the cooking gas needs for our staff canteen, reflecting our intent to diversify energy sources where feasible.

Water Stewardship and Conservation

Water is a vital input in our operations, our water management approach combines, the use of water-saving fixtures, and reuse initiatives such as using treated wastewater for gardening. These measures align with our goal of managing water use efficiently and responsibly across our facilities.

A recent LKR 12.6 Mn investment in upgrading our wastewater treatment infrastructure at our Katunayake facilities, underscores our commitment towards safeguarding water resources.

Waste Management and Circularity

Our waste strategy prioritises reduction and segregation at source, and reuse where possible. Employees are actively engaged in waste segregation at source, which facilitates recycling through authorised vendors. In addition, our in-house teams drive process improvements to reduce paper usage, enabled by digital platforms such as modern ERP systems and e-signature tools.

Similarly, our repair and reuse programmes for furniture and wheelchairs significantly reduce the need for new purchases and divert waste from landfills. Our resource recovery partnerships contribute meaningfully to circularity outcomes.

Maintaining Environmental Compliance

Environmental compliance remains a priority. We continue to meet international aviation standards through programmes such as ICAO's CORSIA, the UK Emissions Trading Scheme (ETS), and the EU ETS. Domestically, we align with the National Environmental Act of Sri Lanka, particularly in areas such as, effluent management and chemical and hazardous waste management within our Maintenance, Repair and Overhaul (MRO) facility.

Biodiversity Protection and Community Engagement

Though our primary operations occur within controlled airport environments, we remain committed to conserving local ecosystems. We have partnered with the Department of Forest Conservation Sri Lanka to support the protection of the Negombo Lagoon mangrove ecosystem, adjacent to our Katunayake operations. This includes conservation activities and community engagement initiatives that promote biodiversity awareness.

Biodiversity preservation is a central theme in our environmental strategy, and we aim to expand our partnerships with conservation stakeholders, Department of Wildlife Conservation, over the time.

Adapting to Climate Risks

We have developed Standard Operating Procedures (SOPs) for managing extreme weather events and climate-related disruptions. Our advanced flight planning systems and procedures enable us to optimise routes in response to adverse conditions, ensuring passenger safety and operational continuity.

Innovating for Sustainability

Innovation is a key driver of environmental progress. The continued

success of the award-winning 'Mathaka' upcycling project, which was featured at the Sri Lanka Design Festival 2025, demonstrates how sustainability and creativity can intersect to deliver both environmental and brand value.



Award-winning 'Mathaka' upcycling project, which was featured at the Sri Lanka Design Festival 2025

Our environmental policy now requires departments to consider sustainability in new project evaluations, strengthening the role of environmental responsibility in operational and strategic decision-making.

Comfort meets sustainability in Business Class by introducing new eco-friendly pillow covers and headrest covers (antimacassars of the seats) made from recycled PET plastic (R-PET). Further, the ongoing installation of eco-friendly, lightweight aircraft carpet made from regenerated nylon, aimed at reducing overall flight weight and subsequently lowering fuel costs, while reducing the use of fresh nylon derived from fossil fuels and supporting the waste removal from the environment. These are two significant innovative efforts by the Airline to promote sustainability in its operations.

Looking Ahead

As we are planning to implement Environmental Management System in 2025, we remain committed to maturing our environmental performance in alignment with international standards. From emissions reduction and resource optimisation to external partnerships and staff engagement, SriLankan Airlines continues to lay the foundation for a more sustainable, responsible aviation future.

Management Discussion and Analysis contd.



The financial year 2024/25 was marked by both operational constraints and strategic cost management efforts that shaped the Airline's overall financial performance. Despite the global recovery in air travel, the Airline faced several challenges that limited its ability to fully capitalise on industry resurgence due to geopolitical unrest, supply chain challenges, fleet shortages and aircraft maintenance delays. However, the unwavering resilience of the Company in finding solutions and capitalising on the industry resurgence enabled it to manage operations and maintain service continuity.

Despite a decline in passenger revenue primarily driven by reduced capacity and yields the Group recorded a profit before finance cost and taxation of 29.7 Bn. This outcome was largely supported by reduced fuel prices and strong performance from its Strategic Business Units (SBUs), particularly from air terminal and other services. However, the Group recorded a net loss of LKR 2.7 Bn, primarily driven by the net finance cost including Exchange Gain/(Loss) on interest-bearing liabilities totalling LKR 31.6 Bn.

Group's Financial Performance	2024/25	2023/24	Variance	
	LKR Mn	LKR Mn	LKR Mn	%
Revenue	303,094	339,592	(36,498)	(11)
Operating Expenses	(274,104)	(301,357)	(27,253)	9
Other Income and Gains	1,661	1,486	175	12
Operating Profit / (Loss) before Exchange Gains/ (Losses) and Unscheduled Repair Cost	30,651	39,720	(9,069)	(23)
Exchange Gain/(Loss) excluding Interest Bearing Liabilities	1,262	1,943	(681)	(35)
Unscheduled Repair Cost of Neo Engines	(2,228)	(11,572)	(9,344)	81
Operating Profit / (Loss) after Exchange Gains/ (Losses) and Unscheduled Repair Cost	29,685	30,091	(406)	(1)
Penalty Charges on Breach of Agreement	-	(11,837)	(11,837)	100
Profit before Finance Cost and Taxation	29,685	18,254	11,431	63
Net Finance Cost	(31,574)	(9,847)	21,727	(221)
Profit/(Loss) before Taxation	(1,889)	8,407	(10,296)	(122)
Income Tax Expenses	(846)	(482)	364	(76)
Profit/(Loss) for the Year	(2,735)	7,925	(10,660)	(135)

Earnings

During the year under review, the global aviation sector witnessed a strong rebound, with international passenger traffic. Mirroring this global momentum, Sri Lanka's tourism industry made a notable comeback in 2024, attracting over 2.1 Mn international visitors, a 38% increase compared to the previous year.

Despite the increased tourist arrival, the Airline catered to 3.5 Mn passengers, a 4% decrease from the previous year. Passenger revenue for the financial year 2024/25 stood at LKR 234.5 Bn, a decrease of 15% compared to the previous year (2023/24: LKR 276.2 Bn). This reduction, however, is primarily attributable to the global reduction of yields and the capacity constraints due

to limited availability of aircraft, delays in releasing aircraft from maintenance, and engineering-related disruptions the Airline experienced throughout the year. At the Airline level, Available Seat Kilometers (ASK) declined by 5% year-over-year, with a notable 15% reduction in the Middle East region impacting network connectivity, particularly to South Indian destinations, which rely heavily on Middle Eastern traffic flows.

The Group cargo revenue grew by 2% in the 2024/25 financial year, reaching LKR 32 Bn. This growth was primarily driven by a 9% increase in yield, enabled through the implementation of a dynamic pricing strategy. By tailoring rates based on factors such as demand patterns, available capacity, seasonal fluctuations, and customer segmentation, the Airline successfully captured higher yields while optimising space utilisation particularly during off-peak periods.

Beyond core passenger and cargo operations, SriLankan Airlines derives considerable value from its SBUs, which continue to demonstrate revenue growth and resilience. During the year under review, the Company made significant strides in enhancing its service quality to deliver a customer-centric experience as the sole ground handler at Bandaranaike International Airport (BIA). As a result, the Group generated a total revenue of LKR 24.9 Bn from air terminal and related services, an increase of 17% compared to the previous year (2023/24: LKR 21.2 Bn). The revenue generated from other sources also witnessed a year-on-year growth of 10%.

Expenditure

Expenditure at Group level before Exchange Loss/Gain and Unscheduled Repair Cost decreased by 9%. A detailed breakdown of the Group's expenses is presented in the table below.

	2024/25		2023/24		Variance	
	LKR Mn	%	LKR Mn	%	LKR Mn	%
Aircraft Fuel Cost	91,687	30	115,119	35	(23,432)	(20)
Employee Cost	32,799	11	32,261	10	538	2
Airport, Enroute and Passenger Expenses	38,601	13	39,187	12	(586)	(1)
Aircraft Maintenance and Overhaul Costs	43,783	14	40,359	12	3,424	8
Depreciation/ Amortisation	15,975	5	14,138	4	1,837	13
Rentals on Short Term Leases Aircraft and Spare Engines	3,556	1	10,723	3	(7,167)	(67)
Selling, Marketing and Advertising Expenses	20,286	7	22,082	7	(1,796)	(8)
Crew Expenses	9,469	3	9,701	3	(232)	(2)
Other Operating Expenses	17,949	6	17,786	5	163	1
Operating Expenses before Exchange (Gain)/Loss and Unscheduled Repair Cost	274,104	89	301,357	90	(27,253)	(9)
Exchange (Gain)/Loss excluding interest-bearing liabilities	(1,262)	(0.4)	(1,943)	(1)	(681)	35
Unscheduled Repair Cost of Neo Engines	2,228	1	11,572	3	(9,344)	(81)
Expenses after Exchange (Gain)/Loss and Unscheduled Repair Cost	275,070	89	310,986	93	(35,916)	(12)
Penalty Charges on Breach of Agreement	-	-	11,837	4	(11,837)	(100)
Expenses before Finance Cost and Taxation	275,070	89	322,823	97	(47,753)	(15)
Net Finance Cost	31,574	10	9,847	3	21,727	221
Income Tax Expense	846	0.3	482	0.1	364	76
Total Expenses	307,490	100	333,152	100	(25,662)	(8)

Aircraft fuel expenses accounted for 30% of Group's total expenses. During the year under review, aircraft fuel costs declined by 20% compared to 2023/24, primarily due to a significant reduction in global fuel prices from USD 2.72 per US gallon in previous year to USD 2.46 per US gallon, coupled with lower usage resulting from reduced operations.

The short-term lease rental costs for aircraft and spare engines have reduced by 67% compared to previous financial year. The short-term lease rental costs for aircraft and spare engines for 2023/24 was LKR 10.7 Bn for wet lease aircraft and for the spare engines due to unavailability of spare engine support on wide-body aircraft. During the year under review, enhanced spare engine availability through improved support enabled the Airline to reduce its reliance on leased engines, resulting in a reduction in lease-related expenses. In addition, improved operational fleet availability reduced the need for wet-leased aircraft, further contributing to the overall cost savings.

Management Discussion and Analysis contd.

Financial Capital contd.

During the year under review, SriLankan Airlines increased its provision related to unscheduled repairs of Airbus A320/321 Neo aircraft engines. In 2023/24, a provision of LKR 11.6 Bn was recognised. This was further increased by LKR 2.2 Bn in 2024/25, following revised estimates based on actual repair cost and revised forecasts. In line with the Company's cost-saving agenda, stringent measures were implemented to reduce operational expenditure. A key initiative in this effort was the launch of a strategic transformation project, an in-depth review aimed at challenging existing spending patterns to build a more resilient future. The project focused on minimising costs, optimising resource deployment, enhancing operational efficiency, and strengthening overall industry competitiveness. Concurrently, SriLankan Airlines undertook a meticulous evaluation of supply chain costs to identify inefficiencies and mitigate associated risks.

Financial Position

As of 31 March 2025, the Group reported total assets of LKR 189.3 Bn, with right-of-use assets comprising LKR 64.8 Bn. Total liabilities stood at LKR 568.8 Bn, including LKR 91.3 Bn in state bank loans and a USD 175 Mn Sovereign Guaranteed International

Bond. With regard to the state bank debt, the Government of Sri Lanka (GoSL) has undertaken to repay these obligations over a five-year period on behalf of SriLankan Airlines, as part of the ongoing debt restructuring process. The restructuring of the Sovereign Guaranteed International Bond, is currently underway supported by GoSL.

The Company received LKR 6.3 Bn in equity investments from the Government of Sri Lanka during April and September 2024, and January 2025, to address urgent operational cash shortfalls and to meet interest obligations on state bank borrowings as interim support, until the restructuring is finalised.

Cash Position

During the financial year, the Group's cash flow from operating activities marked positive LKR 64.2 Bn. However, after settling finance costs amounting to LKR 24.8 Bn and recording net cash outflows of LKR 38.9 Bn from financing activities- including repayment of lease and other interest-bearing liabilities, the Group reported a net decrease in cash and cash equivalents of LKR 3 Bn.

Financial Performance of the Subsidiary

SriLankan Catering recorded an operating profit during the year of LKR 5.9 Bn (FY 2023/24 LKR 5.8 Bn), a 2% increase compared to the previous financial year. The net profit during the year was LKR 4.8 Bn (FY 2023/24 LKR 4.1 Bn), 17% increase compared to previous financial year. These favourable results were largely attributed by a significant rise in passenger arrivals and the launch of operations by new airlines, along with favourable exchange rates.

SLC recorded a turnover of LKR 14.1 Bn (FY 2023/24 LKR 14 Bn) mainly from Inflight Catering and airport restaurants (Public and Transit). The revenue from flight kitchen has increased by 8%, in USD terms (FY 2023/24 USD 32 Mn). SriLankan Airlines, being the main customer of Inflight Catering, contributed 58% of the total Inflight Catering turnover and utilised 68% of the total number of meals produced during the year.

Outlook

While the Group continues to operate under tight financial conditions, the groundwork laid in 2024/25, focuses on cost optimisation and increase in revenue for greater financial resilience. Enhanced monitoring mechanisms, robust liquidity management, and continued operational efficiencies while enhancing customer satisfaction, will be critical in 2025/26 as the Airline strives toward a sustainable financial recovery.

In summary, our performance across the six capitals demonstrates a balanced and forward-looking approach to value creation. By continuously strengthening our financial resilience, operational assets, intellectual capabilities, people development, stakeholder relationships, and environmental stewardship, we are positioning the Airline for sustainable long-term growth. These integrated efforts underscore our commitment to delivering measurable impact while embracing innovation, adaptability, and responsible governance in an evolving global landscape.



Corporate Governance Report

The Board and Management of SriLankan Airlines believe that sound Corporate Governance is essential for the sustainability of the Company's performance and that adoption of good governance practices is an essential requirement in State Owned Enterprises as the Board of Directors discharge fundamentally a role of stewardship.

The Company is committed to continuously enhance the standards of Corporate Governance principles and practices to improve and maintain a healthy balance of fairness, responsibility, transparency, and accountability.

SriLankan Airlines is in compliance with the following frameworks of legislation, codes and voluntary practices as part of its Corporate Governance adopted by the Board of Directors.

- The Companies Act No. 7 of 2007
- Articles of Association of the Company
- Guidelines on Corporate Governance and Operational Manual for State Owned Enterprises issued under Public Enterprises Circular No. 01/2021 dated 16 November 2021.
- Internal Company rules and processes and industry specific rules and regulations.

The Board of Directors

Composition of the Board

In terms of the Articles of Association of the Company, the Government of Sri Lanka, acting through the Secretary to the Treasury, appoints the Board of Directors as long as the Government holds more than 50 percent of the shares of the Company. As the public ownership of enterprises is vested in the Government, the Board of Directors is directly accountable to the Government.

The role of the Board

The Board provides strategic direction to support the achievement of the objective of the Company and ensures that the strategic plan is aligned with the national policies and priorities.

The Board demarcates a clear division of responsibilities amongst the Management that facilitates the balance of power and authority.

Board's core responsibilities are to;

- ensure that adequate delegation of authority to the Management especially in making operational decisions facilitating the effective implementation of the strategic directives.
- ensure that the Company is in possession of a sound and reliable Management information system which facilitates decision making and accountability.
- ensure the integrity of the accounting and financial reporting systems, control systems such as risk management and operational control, uphold compliance with the laws, regulations, and relevant standards.
- ensure that the key processes and procedures including the operational, administrative and financial processes are properly documented and updated periodically.
- ensure disclosure of maximum information of both financial and non-financial nature to its stakeholders without compromising any statutory or operational requirements through the Company's website.

The following processes are in place in order to provide timely and accurate information to Directors to perform their responsibilities;

- All Directors receive accurate, relevant, timely, clear and balanced information
- The Company Secretary acts as the point of contact for the flow of information between Committees, the Board and Directors, and other key Management.
- The CEO along with the respective Heads of Divisions present their submissions to the Board and provide the necessary clarifications requested by the Board.

- In addition, all Board Papers are made available in electronic format, in line with the Company's sustainability initiatives.

Board functions are supported by robust Information Technology, enabling Board members to access their Board Papers via a secure connection and participate at meetings even remotely.

Delegation to Board Subcommittees

The Airline has in place Board subcommittees to fulfil better governance and best practices. These committees comprise directors who can bring their expertise and experience to the assigned committees. The duties are set out in formal Terms of Reference. The Secretary to the Board subcommittees is the Company Secretary.

The committees meet regularly to consider and discuss matters falling within their authority and accountability specified in the Terms of Reference. Their observations and recommendations are regularly reported to the Board.

Indemnities to Directors

In accordance with the Articles of Association of the Company, the Directors are granted an indemnity from the Company to the extent permitted by law in respect to liabilities incurred as a result of the performance of their duties in their capacity as Directors to the Company. The indemnity would not provide any coverage to the extent the Director is proven to have acted fraudulently or dishonestly. The Company has maintained Directors and Officers Liability Insurance cover throughout the year.

Role of the Chairman and Chief Executive Officer

Distinction between strategic and operational matters is clearly established in terms of division of responsibility of the Chairman and the Chief Executive Officer. The Chairman of the Board of Directors is a non-executive appointment and focuses on strategic issues and

monitors the business and Senior Management Team. He ensures Board procedures are followed and all Board Members effectively participate during meetings.

The CEO is responsible for day-to-day management of the business and leadership of the senior management team, and execution of the Group's strategic and operational plans. The Chairman meets with the CEO regularly to discuss any issues pertaining to the Company's performance, operational matters and human resources.

Internal Control and Enterprise Risk Management

The internal control framework currently in place is set by the enterprise risk management framework, financial control, internal audit and supporting policies. The aim of the Company's internal control framework is to assure that operations are effective and well aligned with the strategic goals. The internal control framework intends to ensure correct, reliable, complete and timely financial reporting and management information. The framework endorses ethical values, good corporate governance and risk management practices.

Statutory Compliance

The Board of Directors, to the best of their knowledge and belief, are satisfied that all statutory payments related to employees of the Airline have been made in a timely manner.

Enterprise Risk Management

Operating within one of the most dynamic and highly volatile industries in the world, SriLankan Airlines (SLA) faces a wide spectrum of risks that evolve rapidly and often emerge without warning. In response to this challenging landscape, SLA has institutionalised a comprehensive Enterprise Risk Management (ERM) framework that is both proactive and deeply embedded into its strategic and operational fabric. This integrated approach to risk management enables the Airline to make informed decisions, enhance organisational resilience, and pursue sustainable value creation for all stakeholders.

SLA recognises that risk is not merely a threat to be mitigated, but also a critical input into long-term planning and performance. The Airline's ERM framework, inspired by leading global standards such as ISO 31000, COSO framework, and industry-specific guidance from IATA, has been tailored to reflect the complexities of the aviation industry and the unique characteristics of SLA's operational environment. It spans the entire organisation including all Business units enabling the early identification, comprehensive assessment, and timely mitigation of risks that could impact the Airline's strategy, reputation, financial position, or operational continuity.

By systematically embedding risk thinking into day-to-day activities and decision-making processes, SLA enhances its ability to anticipate disruptions, drive innovation responsibly, and respond to internal and external shocks with agility and confidence.

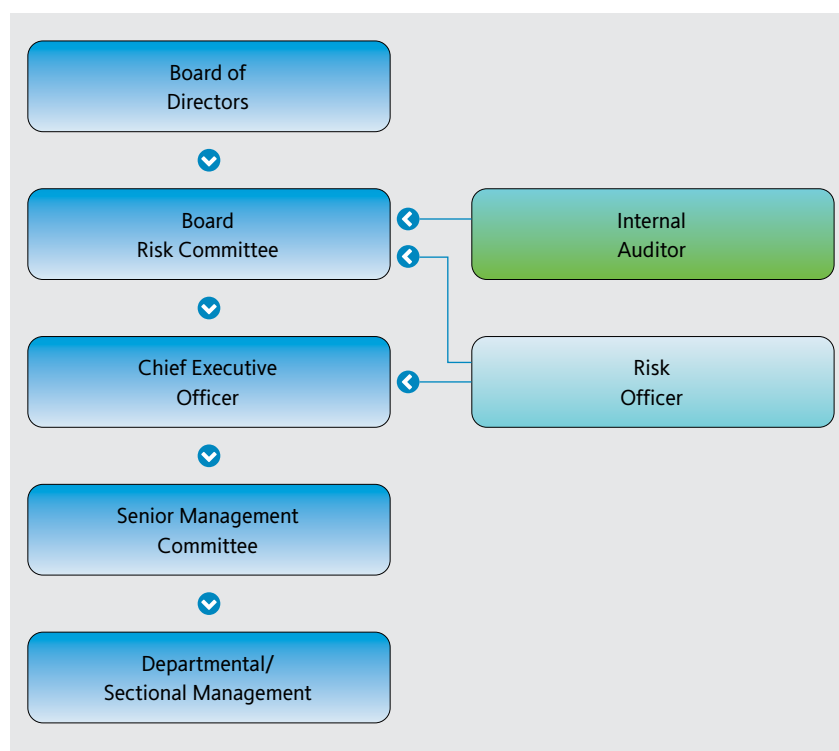
Risk Governance Structure

At the core of SLA's ERM system lies a well-defined governance structure that ensures accountability, oversight, and cross-functional coordination. This layered approach ensures that risk responsibilities are clearly allocated across all levels of the organisation:

- **Board of Directors:** The Board of Directors is responsible for risk oversight of the Company.
- **Board Group Risk Committee:** The Risk Committee which is a Board Sub Committee has been delegated authority from the Board to identify and assess the risks that could have

an impact on the business operations of the Company and its subsidiary and assess the impact of such risks both financial and non-financial. The deliberations of the Board Group Risk Committee should facilitate the BOD to address the impact of the risk affecting the operations and take appropriate actions to mitigate any adverse impact.

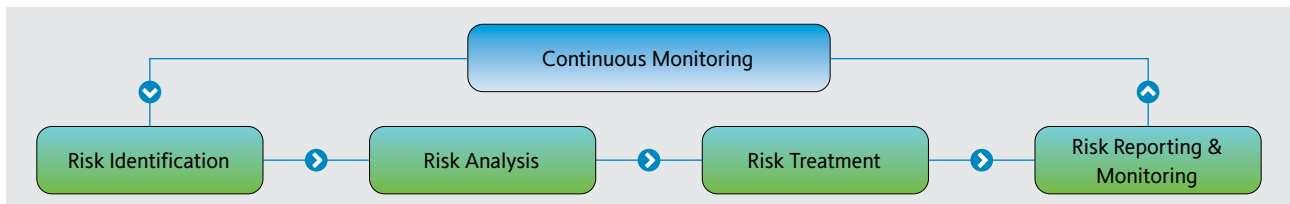
- **Chief Executive Officer (CEO):** Leads the strategic risk agenda, ensuring that risk management is aligned with corporate goals and embedded into the decision-making processes.
- **Risk Officer (Manager Group Risk Management):** Oversees the Group-wide implementation of risk management policies and frameworks, facilitating cross-departmental collaboration and continuous improvement.
- **Business Unit Heads:** Act as primary risk owners, responsible for the day-to-day identification, mitigation, escalation, and reporting of risks within their functional domains.
- **Group Internal Audit:** Provides independent assurance on the robustness of the ERM framework, evaluating the adequacy of controls, mitigation plans, and governance processes.



Integrated Risk Management Framework

SLA's ERM framework operates on a continuous and iterative cycle of risk management activities that ensure both comprehensiveness and adaptability:

1. **Risk Identification:** Conducted at departmental level, this step captures existing and emerging risks across strategic, operational, financial, technological, and compliance domains.
2. **Risk Assessment:** Identified risks are evaluated based on their likelihood of occurrence and potential impact, and are then categorised by severity significant, high, medium, or low to inform prioritisation and escalation.
3. **Risk Mitigation:** Targeted mitigation strategies and action plans are formulated based on risk criticality. High and significant risks are escalated to the CEO and Risk Officer for cross-functional resolution.
4. **Monitoring & Reporting:** SLA maintains Risk Registers in a centralised data base that is regularly updated by risk owners and reviewed by senior management. This enables real-time visibility into the risk landscape and facilitates dynamic reporting and decision-making.



Key Risk Themes and the Evolving Landscape (2024/25)

During the financial year 2024/25, SLA operated in an environment marked by heightened volatility and structural challenges. Despite recovering global passenger demand, a combination of internal constraints and external shocks shaped the risk landscape, underscoring the importance of robust ERM practices.

Capital Adequacy and Liquidity

SLA continues to operate under significant financial pressure, primarily driven by its negative equity position, legacy debt burden, and limited access to external funding. While operational cash flows during the year under review were sufficient to meet current obligations, challenges in addressing historical liabilities and investing in critical areas such as fleet renewal present ongoing risks to the Airline's long-term competitiveness and strategic positioning.

In response, SLA has actively engaged in restructuring its debt with the support of the Government as a key measure to stabilise its financial position.

Fleet Constraints and Operational Disruptions

A key operational challenge during the year was the constrained availability of aircraft to support SLA's planned network. Factors such as delays in fleet renewal, extended maintenance cycles, and engine-related limitations impacted schedule integrity, leading to operational disruptions and revenue pressures.

To address ongoing fleet availability challenges, SLA implemented a range of strategic and operational initiatives focused on optimising aircraft utilisation and enhancing schedule reliability. Key

measures included dynamic schedule adjustments, improvements in engine availability, and active engagement in fleet renewal planning.

Global Supply Chain Pressures

Supply chain fragility including spare part shortages, vendor backlogs, and longer lead times continued to impact the timely execution of Maintenance, Repair, and Overhaul (MRO) activities. Compounded by a global shortage of certified aviation engineers, these challenges placed additional stress on service delivery and schedule reliability.

Human Capital Constraints

SLA contended with a shortage of aviation-specialised talent, both within Sri Lanka and globally. High attrition, brain drain, and challenges in attracting and retaining technical personnel affected the continuity of key operational functions, including engineering and flight operations.

To address these challenges, SLA leverages its aviation training arm to develop a sustainable talent pipeline while expanding recruitment efforts both locally and internationally to enhance workforce stability and support operational efficiency.

Outlook and Strategic Priorities for ERM (2025/26)

As SLA navigates a post-crisis recovery phase, its risk management function will remain pivotal in supporting strategic transformation, operational continuity, and financial stability. Key risk management priorities for 2025/26 include:

- ➊ **Expanding Digital Risk Intelligence:** Develop real-time Risk dashboards to improve visibility and responsiveness.
- ➋ **Building Organisational Capability:** Scaling up risk literacy through targeted awareness campaigns, leadership training, and embedded accountability in performance reviews.
- ➌ **Enhancing Cross-Functional Resilience:** Promoting collaboration among finance, supply chain, engineering, and operations to reduce silos and strengthen systemic risk preparedness.
- ➍ **Engaging with External Stakeholders:** Collaborating with regulators, leasing companies, and creditors to address legacy financial challenges and support strategic restructuring efforts.

Conclusion

Risk is an inherent part of aviation, but it is also a source of insight, innovation, and strategic foresight. SriLankan Airlines' enterprise-wide approach to risk management reflects its commitment to resilient operations, transparent governance, and long-term stakeholder value. As the Airline continues to evolve in an increasingly complex operating environment, ERM will remain central to sustaining competitive advantage and securing a sustainable future.

- ➎ **Strengthening Strategic Integration:** Enhancing the alignment between enterprise risk insights and corporate planning to drive timely, evidence-based decisions.



***POISED
FOR
SAFETY***

Annual Report of the Board of Directors

The Board of Directors of SriLankan Airlines Limited, take pleasure in presenting the Annual Report for the year ended 31 March 2025.

Principal Activities and Business Review

The principal business activities of the Company are the operation of international, scheduled/non-scheduled air services for the carriage of passengers, freight and mail as the designated carrier of Sri Lanka. Providing air terminal services at the Bandaranaike International Airport ("BIA") and the Mattala Rajapaksa International Airport ("MRIA"), sale of duty-free goods on-board, marketing inbound and outbound holiday packages constitute other main activities of the Company. Providing third party aircraft maintenance, provision of flight operation services and conducting aviation related training constitute ancillary activities of the Company. There was no significant change in the nature of activities of the Company during the financial year. The Group consists of the Company and its wholly owned Subsidiary SriLankan Catering Limited, whose principal activity is the provision of Inflight Catering Services to airlines operating through BIA and MRJA. Other ancillary activities consist of operating public and transit restaurants, heat-to-eat frozen meal range, provision of laundry services and managing the transit hotel.

Financial Statements and Auditor's Report

The complete Financial Statements duly signed by the Group Chief Financial Officer and the two Directors and the Auditor's Report thereon for the year ended 31 March 2025 are attached to this Report.

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 71 to 114.

Group Turnover

The turnover of the Group amounted to LKR 303,094 Mn (2023/24: LKR 339,592 Mn). A detailed analysis of Group Turnover is given in Note 20 to the Financial Statements. Transactions between the Company and its fully owned Subsidiary, SriLankan Catering Limited is conducted at fair market prices.

Results

The Group's net loss for the year after taxation is LKR 2,735 Mn (2023/24: LKR 7,925 Mn profit). Group incurred a taxation expense of LKR 846 Mn (2023/24: LKR 482 Mn). The Statement of Profit or Loss for the year is given on page 67.

Group Investment

Group capital expenditure during the year on Property, Plant and Equipment amounted to LKR 1,952 Mn (2023/24: LKR 1,693 Mn).

Property, Plant and Equipment

The net book value of the Property, Plant and Equipment of the Group as at the reporting date amounted to LKR 12,191 Mn (2023/24: LKR 11,582 Mn).

Details of Property, Plant and Equipment and their movements are given in Note 3 to the Financial Statements.

Stated Capital

The Stated Capital of the Company amounts to LKR 203,860,665,500.

Reserves

Total accumulated loss as at 31 March 2025 amount to LKR 596,461 Mn (2023/24: LKR 592,627 Mn).

Capital Reserves of LKR 8,292 Mn (2023/24: LKR 8,542 Mn). Movement in these Reserves is shown in the Statement of Changes in Equity in the Financial Statements.

Corporate Donations

The Group did not make any donations during the year.

Taxation

The Company is liable for income tax for all its business activities with effect from 1 April 2018 based on the Inland Revenue Act No 24 of 2017. The Company is liable for tax on its overseas operations in countries where there are no double tax treaties at present.

The Income from Flight Kitchen and Transit Restaurant was exempted from income tax up to 31 May 2021 and then taxable at concessionary rate of 15% for eight years ending on 31 May 2029 as per the agreement with Board of Investment (BOI). The income from other sources are liable at the normal rate.

Share Information

Share information as at 31 March 2025 is as follows;

Share Ownership	No. of shares	% of holding
Government of Sri Lanka	2,034,006,469	99.77%
Employees Provident Fund	1,863,676	0.09%
Others	2,736,510	0.14%

Compliance with Law and Regulations

The Company at all times ensured that it complied with the applicable laws and regulations. The Officers responsible for compliance, tables a report on the compliance at the quarterly meetings of the Audit Committee.

Related Party Transactions

Related Party transactions are disclosed in Note 28 to the Financial Statements.

Contingent Liabilities and Capital Commitments

Contingent Liabilities as at 31 March 2025 and Commitments made on Capital Expenditure as at that date are given in Note 25 to the Financial Statements.

Annual Report of the Board of Directors contd.

Events Occurring after the Reporting Date

No circumstances have arisen since the reporting date that would require adjustment or disclosure, other than those disclosed in Note 27 to the Financial Statements.

Human Resource/Employment Policies

The Company continued to invest in human capital development and to implement an effective workforce aligned around new business priorities and to ensure that its employees are developing the skills and knowledge required for the future success of the Company. Employment policies of the Group respect the individual and offer equal career opportunities regardless of gender, race, or religion. Occupational health and safety standards receive substantial attention. The number of persons employed by the Company at the year-end was 6,071 (2023/24: 5,935) and by the Subsidiary was 713 (2023/24: 737).

Statutory Payments

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

Environmental Protection

The Group's business activities can have direct and indirect effects on the environment. It is the Group's policy to keep adverse effects on the environment to a minimum and to promote co-operation and compliance with the relevant authorities and regulations.

Going Concern

As noted in the Statement of Directors' Responsibilities, the Directors have adopted the going concern basis in preparing the Financial Statements based on the assurance of the Secretary to the Treasury, that the Government of Sri Lanka will provide financial support, if needed, to the Company for the year 2024/25 to continue as a going concern until the entity is restructured.

The Board of Directors

In accordance with Article 79 of the Articles of Association of the Company, the Directors are appointed by the

Secretary to the Treasury. Brief profiles of the Directors are given on pages 13 to 15 of the Annual Report.

Seventeen Board Meetings were convened during the financial year and the attendance of the Directors were as follows;

Name of the Director during the Financial Year 2024/25	No. of Board Meetings Attended for the Period of Directorship
Mr. Asoka Pathirage (Chairman) (Resigned w.e.f. 9th October 2024)	07/07
Mr. Malik J. Fernando (Resigned w.e.f. 9th October 2024)	06/07
Dr. Shridhir Sariputta Hansa Wijayasuriya (Resigned w.e.f. 9th October 2024)	04/07
Mr. Joseph Michael Jayanth Perera (Resigned w.e.f. 9th October 2024)	06/07
Mr. Ananda Wijetilaka Atukorala (Resigned w.e.f. 14th October 2024)	07/07
Mr. A.K.D.D.D. Arandara cum Treasury Representative	16/17
Mr. A.M.A.A. Lakmal Ratnayake (Resigned w.e.f. 15th October 2024)	05/07
Mr. D.D. Shiran Chaminda Dammage (Resigned w.e.f. 31st May 2024)	02/02
Mr. Frank Niranjan Arulpragasam (Appointed w.e.f. 11th June 2024 & resigned w.e.f. 15th October 2024)	05/05
Mr. Sarath Ganegoda (Chairman) (Appointed w.e.f. 9th October 2024)	10/10
Mr. Rohan Goonetilleke (Appointed w.e.f. 9th October 2024)	10/10
Flt. /Lt. (Retd.) Mr. Sugath Rajapakse (Appointed w.e.f. 9th October 2024)	09/10
Mr. Vipula Gunatilleka (Appointed w.e.f. 14th October 2024)	09/10
Dr. Harsha Cabral, PC (Appointed w.e.f. 24th October 2024)	06/09
Mr. Dumith Fernando (Appointed w.e.f. 24th October 2024)	08/09
Mr. Senarath D. Liyanage (Appointed w.e.f. 12th December 2024)	05/06

Members of Audit Committee

The following members comprise the Audit Committee.

Committee Members Financial Year 2024/25	No. of Meetings Attended
Mr. Joseph Michael Jayanth Perera (Resigned w.e.f. 9th October 2024)	4/4
Mr. A.K.D.D.D. Arandara cum Treasury Representative	6/7
Mr. D.D. Shiran Chaminda Dammage (Resigned w.e.f. 31st May 2024)	1/1
Mr. Malik J. Fernando (Resigned w.e.f. 25th June 2024)	1/1

Committee Members Financial Year 2024/25	No. of Meetings Attended
Dr. Shridhir Sariputta Hansa Wijayasuriya (Resigned w.e.f. 25th June 2024)	1/1
Mr. Ananda Atukorala (Resigned w.e.f. 14th October 2024)	3/4
Mr. Frank Niranan Arulpragasam (Appointed w.e.f. 25th June 2024 and Resigned w.e.f. 15th October 2024)	3/3
Mr. Vipula Gunatilleka - Chairman (Appointed w.e.f. 25th October 2024)	3/3
Mr. Rohan Goonetilleke (Appointed w.e.f. 25th October 2024)	3/3
Mr. Dumith Fernando (Appointed w.e.f. 25th October 2024)	3/3
Flt. /Lt. (Retd.) Mr. Sugath Rajapakse (Appointed w.e.f. 10th January 2025)	2/2
Mr. Senarath D. Liyanage (Appointed w.e.f. 10th January 2025)	1/2

The Audit Committee Report is given on page 59 to 60 of this Annual Report.

Board Human Resources and Remuneration Committee

The primary objective of the Human Resources and Remuneration Committee is to lead to establish a formal and transparent procedure for the development of a remuneration policy and the establishment of a remuneration structure.

A remuneration policy has been formulated based on market and industry factors and individual performance for the Group. The Human Resources and Remuneration Committee meets as required.

The following members of the Board comprises of the Human Resources and Remuneration Committee;

Committee Members Financial Year 2024/25	No. of Meetings Attended
Mr. Malik J. Fernando (Resigned w.e.f. 9th October 2024)	4/5
Dr. Shridhir Sariputta Hansa Wijayasuriya (Resigned w.e.f. 9th October 2024)	1/5
Mr. Joseph Michael Jayanth Perera (Resigned w.e.f. 9th October 2024)	5/5
Mr. A.K.D.D.D. Arandara cum Treasury Representative	9/10
Mr. A.M.A.A. Lakmal Ratnayake (Resigned w.e.f. 15th October 2024)	3/5
Mr. Rohan Goonetilleke - Chairman (Appointed w.e.f. 25th October 2024)	6/6
Flt. /Lt. (Retd.) Mr. Sugath Rajapakse (Appointed w.e.f. 25th October 2024)	6/6
Dr. Harsha Cabral, PC (Appointed w.e.f. 25th October 2024)	5/6

Board Group Risk Committee (BGRC)

The Board Group Risk Committee is required to identify and assess the risks that could have an impact on the business operations of the entity, quantify the impact of such risks both financial and non-financial. The deliberations of the BGRC should facilitate the Board of Directors to address the impact of the risks affecting the operations of the entity and take appropriate actions to mitigate any adverse impact.

The following members of the Board comprises of the Board Group Risk Committee;

Committee Members Financial Year 2024/25	No. of Meetings Attended
Mr. Joseph Michael Jayanth Perera (Resigned w.e.f. 9th October 2024)	2/2
Dr. Shridhir Sariputta Hansa Wijayasuriya (Resigned w.e.f. 9th October 2024)	1/2
Mr. A.K.D.D.D. Arandara cum Treasury Representative - Chairman	3/3
Mr. Ananda Atukorala (Resigned w.e.f. 14th October 2024)	1/2
Mr. Frank Niranan Arulpragasam (Resigned w.e.f. Resigned w.e.f. 15th October 2024)	2/2
Mr. Vipula Gunatilleka (Appointed w.e.f. 25th October 2024)	1/1
Mr. Dumith Fernando (Appointed w.e.f. 25th October 2024)	1/1
Mr. Senarath D. Liyanage (Appointed w.e.f. 10th January 2025)	1/1

Related Party Review Committee

The inaugural meeting of the Related Party Review Committee was held on 25th March 2025. The Related Party Review Committee is responsible for identifying, assessing, and reviewing all

Annual Report of the Board of Directors contd.

transactions and relationships involving related parties that could affect the entity's business operations or financial position. The committee evaluates the nature and extent of such transactions to ensure transparency, compliance with regulatory requirements, and adherence to the entity's internal policies. The deliberations of the Related Party Review Committee enable the Board of Directors to address any potential conflicts of interest, assess risks related to related party dealings, and take appropriate actions to safeguard the integrity and fairness of the entity's operations.

The following members of the Board comprises of the Related Party Review Committee;

Committee Members Financial Year 2024/25	No. of Meetings Attended
Mr. A.K.D.D.D. Arandara cum Treasury Representative - Chairman	1/1
Mr. Vipula Gunatilleka	1/1
Mr. Dumith Fernando	1/1

SriLankan Catering Limited, Subsidiary

The current Board of Directors of SriLankan Catering Limited:-

Mr. Sarath Ganegoda (Chairman)
Mr. A.K.D.D.D. Arandara cum Treasury Representative
Mr. Rohan Goonetilleke
Flt. /Lt. (Retd.) Mr. Sugath Rajapakse
Mr. Vipula Gunatilleka
Dr. Harsha Cabral, PC
Mr. Dumith Fernando

Directors' Remuneration

Total paid for the Financial year is LKR 3.2 Mn.

Directors' Shareholdings

By virtue of office, the Government of Sri Lanka Nominee Director Mr. Sarath Ganegoda/Chairman holds 03 Ordinary Shares of the Company.

Interests Register

The Company maintains the Interests Register conforming to the provisions of the Companies Act No.7 of 2007. All Directors of the Company have disclosed their interests in other companies to the Board and those interests are recorded in the Directors' Interests Register conforming to Sections 192 (1) and 192 (2) of the Companies Act, No. 7 of 2007.

Directors' Interests in Contracts

The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company other than those disclosed in Note 28 to the Financial Statements.

Annual General Meeting

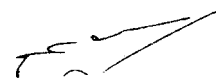
The Forty Seventh Annual General Meeting of the Company will be held on Friday, 12th September 2025 at 3.00 p.m. at 'Mihilaka Medura' Bandaranaike Memorial International Conference Hall (BMICH), Buddhaloka Mawatha Colombo 7, Sri Lanka.

The notice of the Annual General Meeting is on page 123 of the Annual Report.

Auditors

In accordance with Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka, the Auditor General is hereby appointed Auditors of the Company. Details of audit fees are set out in Note 22 to the Financial Statements. The Auditors, do not have any relationship (other than of an Auditor) with the Company or its Subsidiary.

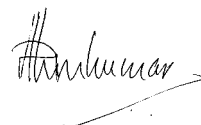
Signed on behalf of the Board,



Sarath Ganegoda
Chairman



Vipula Gunatilleka
Director



Mrs. Dalrene Thirukumar
Group Head of Corporate Secretarial Services/Company Secretary

29th July 2025
Katunayake

Board Audit Committee Report

ROLE AND RESPONSIBILITIES

The scope and responsibilities of the Board Audit Committee (BAC) of SriLankan Airlines are governed by the Board Audit Committee Charter which is approved by the Board of Directors. The purpose of the Board Audit Committee is to assist the Board of Directors of SriLankan Airlines Limited in fulfilling its oversight responsibilities by providing an independent review of the system of internal controls, the financial reporting system, the governance process, the internal audit and external audit functions and the process for monitoring compliance with laws and regulations.

COMMITTEE COMPOSITION

During the year ended 31 March 2025, the composition of the Board underwent significant changes. Mr. Jayanth Perera (Pro-tem Chairman, appointed on 31 May 2024) served until his resignation on 9 October 2024 and Mr. Shiran Dammage (former Audit Committee Chairman) resigned on 31 May 2024. Mr. Malik Fernando (Member) and Dr. Hansa Wijayasuriya (Member) both stepped down on 25 June 2024. Mr. Ananda Atukorala resigned effective 14 October 2024, while Mr. Niranjana Arulpragasam, who was appointed on 25 June 2024, resigned effective 15 October 2024.

Following these changes in Board composition, several new appointments were made to ensure continuity and effective governance. Mr. Vipula Gunatilleka was appointed as the Chairman of the Board Audit Committee on 25 October 2024, along with Mr. Rohan Goonetilleke and Mr. Dumith Fernando, who were appointed as members on the same date. Subsequently, Flt. Lt. (Retd.) Mr. Sugath Rajapakse and Mr. Senarath Liyanage

were appointed as members on 10 January 2025. Mr. A.K.D.D. Arandara continued his service on the Audit Committee from the previous financial year and remained a member throughout the reporting period.

MEETINGS

The Board Audit Committee had seven (7) meetings during the year ended 31 March 2025. The Senior Manager of Group Assurance & Advisory Services and the Chief Executive Officer attended these meetings, while other members of SriLankan Airlines management participated as necessary to provide briefings on pertinent matters within their areas of responsibility.

During the reporting period, the following representatives from the National Audit Office (NAO) attended meetings in their official capacity, namely Ms. Surangi Gunathilake, Ms. N.D.N.C. Kumari and Ms. A.M.M.G.S.S.J.B. Abeykoon. Additionally, Mr. Bandula Abeyratne, representing the Ministry of Finance (MoF), participated as the designated Ministry representative.

GROUP ASSURANCE AND ADVISORY SERVICES DIVISION

The Group Assurance and Advisory Services (GAAS) Division of SriLankan Airlines is responsible for carrying out internal audits and providing independent assurance on the effectiveness of risk management, control and governance processes. The division reports functionally to the Board Audit Committee and administratively to the Chairman of the Board, reinforcing its organisational status and ensuring independence in audit planning and reporting.

KEY ACTIVITIES OF THE BAC DURING THE FINANCIAL YEAR

It is the fundamental responsibility of the Chief Executive Officer and Management to ensure the timely delivery of accurate, complete and reliable information to the Audit Committee. This enables the Committee to effectively fulfill its Board oversight responsibilities, which encompass, among other duties, providing well-informed recommendations to the Board of Directors on the adoption of the financial statements and key policy documents. During the financial year under review, the Audit Committee carried out a range of important activities in line with its mandate.

- ➊ Reviewed the interim and year-end Audited Financial Statements prepared by the management and recommended for Board approval.
- ➋ Reviewed the Company's monthly financial performance, focusing on key metrics, budget variances and underlying trends and engaged with management to understand significant deviations.
- ➌ Periodically reviewed the status of outstanding debtors, including debtors age analysis and assessments of their recoverability. Based on the management recommendation, the Committee recommended the write-off of irrecoverable receivables as appropriate.
- ➍ Reviewed the inventory write-off recommendation submitted by management for reasonableness prior to submission for the Board approval.
- ➎ Reviewed and monitored the Internal Audit function to ensure its independence, adequacy of resources and the effectiveness of its reporting lines and authority.

Board Audit Committee Report contd.

- Reviewed and approved the GAAS engagement plan to ensure alignment with organisational objectives and key risk areas.
- Reviewed the Internal Audit Charter and the SLA Audit Committee Charter and recommended for Board approval.
- Reviewed internal audit reports and management responses and engaged with the management for discussions when necessary.
- Reviewed whistleblowing complaints and prioritised them, where appropriate, based on factors such as credibility, urgency, alignment with organisational objectives and potential impact on the regulatory framework.
- Reviewed management's quarterly compliance dashboards to assess the reported adherence to all relevant laws and regulations.
- Reviewed the Company's specific policies submitted to the Audit Committee, emphasising management's responsibility for their development, implementation and ongoing governance.



Vipula Gunatillake

Chairman - Audit Committee

Board Audit Committee

24 June 2025

Statement of Directors' Responsibilities

The responsibilities of the Directors in relation to the Financial Statements of the Company and the Group differ from the responsibilities of the Auditors which are set out in their report appearing on page 63.

The Companies Act No.7 of 2007 requires the Directors to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at end of the financial year and of the Profit or Loss of the Company and the Group for the financial year. In preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made, and applicable accounting standards have been followed.

The Directors are responsible for ensuring that the Company and its Subsidiary keep sufficient accounting records to disclose with reasonable accuracy of the financial position of the Company and the Group for ensuring that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No.7 of 2007. They are also responsible for taking reasonable measures to safeguard the assets of the Group, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

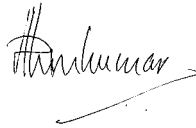
The Directors continue to adopt the 'Going Concern' basis in preparing the Financial Statements, after considering the Government of Sri Lanka's (GoSL) continuous support to the Company by way of providing letters of comfort to obtain bank facilities, and also considering GoSL's efforts in the restructuring of the Company in a view to strengthen the Operational and Financial Position of the Company. Further the GoSL by way of Cabinet approval dated 23rd June 2025 (and the letter issued by the Secretary to the Treasury on 30th June 2025) has confirmed that the GoSL will continue to extend the required financial support to the Company to

continue its operations as a 'Going Concern' until the proposed restructuring process is completed as described under Note 2.1.1 to the Financial Statements.

The Directors have taken steps to ensure that the Auditors have been provided with every opportunity to undertake whatever inspections they considered appropriate to enable them to form their opinion on the Financial Statements.

The Directors confirm that to the best of their knowledge, all taxes, levies and financial obligations of the Company and its Subsidiary as at the reporting date have been paid or adequately provided for in the Financial Statements.

By Order of the Board of Directors,



Mrs. Dalrene Thirukumar
*Group Head of Corporate Secretarial
Services/Company Secretary*

29th July 2025

Independent Auditor's Report



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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

AAV/B/SLAL/FA/2025/03

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

12 August 2025

Chairman SriLankan Airlines Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the SriLankan Airlines Limited and its subsidiary for the year ended 31 March 2025 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the SriLankan Airlines Limited ("Company") and its subsidiary (Group) for the year ended 31 March 2025 comprising the statement of financial position as at 31 March 2025 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic

Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of Matter

(a) Materiality Uncertainty Related to Going Concern

I draw attention to Note 2.1.1 to the financial statements, that discloses the Group recorded a net loss of Rs.2,735.28 million during the year ended 31 March 2025 (2024 - profit of Rs.7,925.01 million) with an accumulated loss of Rs.596,461.28 million (2024 - Rs. 592,626.52 million) and, as of that date, the Group's current liabilities exceeded its current assets by Rs.346,479.55 million (2024 - Rs.327,144.66 million) and total equity of the Group as of the reporting date is a negative Rs.379,519.61 million (2024 - negative Rs.381,723.67 million). Further, Company recorded a net loss of Rs.7,594.56 million during the year ended 31 March 2025 (2024 - profit of Rs.3,870.86 million) with an accumulated loss of Rs.616,306.06 million (2024 - Rs.607,613.60 million) and, as of that date, the Company's current liabilities exceeded its current assets by Rs.368,296.84 million (2024 - Rs.344,130.60 million) and total equity of the Company as of reporting date is a negative Rs.403,172.55 million (2024 - negative RS.400,534.71 million).





The existence of such events or conditions, along with other matters as set forth in Note 2.1.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's/ the Company's ability to continue as a going concern.

(b) Aircraft Predelivery Payments

I draw attention to Note 5 to the financial statements, relating to the aircraft predelivery payments as at 31 March 2025 amounting to Rs.5,692 million (USD 19.21 million), as the Company has made a claim for the recovery of the said amount together with damages through the dispute resolution mechanism set out in the agreement with the supplier.

My opinion is not modified in respect of these matters.

1.4 Other information included in the Group's 2025 Annual Report

The other information comprises the information included in the Group's 2025 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my 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 my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

1.5 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company and the Group are required to maintain proper books and records of all their income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company and the Group.

Independent Auditor's Report contd.



1.6 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.



2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

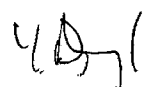
2.2.4 to state that the resources of the Company had not been procured and utilised economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

G.H.D. Dharmapala
Auditor General (Actg)

Statement of Financial Position

		Group		Company	
As at 31 March 2025	Note	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
ASSETS					
Non-current Assets					
Property, Plant and Equipment	3.	12,190.98	11,582.46	8,224.16	7,470.61
Right of Use Assets	4.	64,791.84	74,848.14	64,654.20	74,648.10
Aircraft Predelivery Payments	5.	5,692.34	5,774.00	5,692.34	5,774.00
Aircraft Maintenance Reserve	6.	46,565.36	37,389.27	46,565.36	37,389.27
Aircraft and Spare Engine Deposits	7.	6,714.72	6,129.29	6,714.72	6,129.29
Intangible Assets	8.	61.52	51.94	56.55	44.82
Investments	9.1	0.40	0.40	42.44	42.44
		136,017.16	135,775.50	131,949.77	131,498.53
Current Assets					
Inventories	10.	7,439.72	7,493.15	6,824.85	6,983.64
Trade and Other Receivables	11.	24,660.24	27,022.97	22,870.91	25,586.27
Aircraft Maintenance Reserve	6.	11,928.75	17,168.29	11,928.75	17,168.29
Aircraft and Spare Engine Deposits	7.	1,620.41	2,838.31	1,620.41	2,838.31
Investments	9.2	2,390.13	2,508.42	1,641.66	1,715.99
Cash and Bank Balances	12.	5,200.39	8,842.07	5,134.74	8,466.98
		53,239.64	65,873.21	50,021.32	62,759.48
Total Assets		189,256.80	201,648.71	181,971.09	194,258.01
EQUITY AND LIABILITIES					
Equity					
Stated Capital	13.	208,649.23	202,360.67	208,649.23	202,360.67
Reserves	14.	8,292.44	8,542.18	4,484.28	4,718.22
Accumulated Losses		(596,461.28)	(592,626.52)	(616,306.06)	(607,613.60)
		(379,519.61)	(381,723.67)	(403,172.55)	(400,534.71)
Non-current Liabilities					
Interest Bearing Liabilities	15.	102,694.00	133,108.77	102,291.24	132,532.88
Other Liabilities	16.	66,363.22	57,245.74	64,534.24	55,369.76
		169,057.22	190,354.51	166,825.48	187,902.64
Current Liabilities					
Sales in Advance of Carriage	17.	40,623.56	44,977.47	40,623.56	44,977.47
Other Liabilities	16.	22,400.84	21,658.63	22,400.84	21,658.63
Trade and Other Payables	18.	108,459.00	95,113.21	127,254.34	109,174.99
Interest Bearing Liabilities	15.	228,235.79	231,268.56	228,039.42	231,078.99
		399,719.19	393,017.87	418,318.16	406,890.08
Total Liabilities		568,776.41	583,372.38	585,143.64	594,792.72
Total Equity and Liabilities		189,256.80	201,648.71	181,971.09	194,258.01

These financial statements are prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

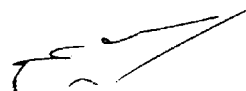


Yasantha Dissanayake
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board by:



Vipula Gunatilleka
Director



Sarath Ganegoda
Director

The Accounting Policies and Notes on pages 71 through 114 form an integral part of these Financial Statements.

29 July 2025
Colombo

Statement of Profit or Loss

Year ended 31 March 2025	Note	Group		Company	
		2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Revenue	20.	303,093.89	339,591.65	296,506.00	333,614.09
Expenditure					
Aircraft Fuel Cost		(91,687.41)	(115,119.33)	(91,687.41)	(115,119.33)
Employee Cost		(32,798.56)	(32,261.33)	(30,159.20)	(29,845.14)
Airport, Enroute and Passenger Expenses		(38,600.92)	(39,186.89)	(45,437.50)	(46,713.52)
Aircraft Maintenance and Overhaul Costs		(43,783.25)	(40,358.53)	(43,783.25)	(40,358.53)
Depreciation/Amortisation		(15,974.55)	(14,138.07)	(15,679.72)	(13,869.28)
Rentals on Short Term Leases Aircraft and Spare Engines		(3,555.58)	(10,722.70)	(3,555.58)	(10,722.70)
Selling, Marketing and Advertising Expenses		(20,286.30)	(22,082.36)	(20,280.47)	(22,077.80)
Crew Expenses		(9,468.56)	(9,701.41)	(9,468.56)	(9,701.41)
Other Operating Expenses		(17,948.77)	(17,786.36)	(13,414.85)	(12,759.04)
		28,989.99	38,234.67	23,039.46	32,447.34
Other Income and Gains	21.	1,661.32	1,485.64	1,661.32	1,485.64
Operating Profit / (Loss) before Exchange Gains/ (Losses) and Unscheduled Repair Cost		30,651.31	39,720.31	24,700.78	33,932.98
Exchange Gain/(Loss) excluding Interest Bearing Liabilities		1,261.61	1,943.17	1,524.08	3,260.78
Unscheduled Repair Cost of Neo Engines	18.	(2,228.41)	(11,572.39)	(2,228.41)	(11,572.39)
Operating Profit/(Loss) after Exchange Gains/(Losses) and Unscheduled Repair Cost		29,684.51	30,091.09	23,996.45	25,621.37
Penalty Charges on Breach of Agreement	18.	-	(11,837.12)	-	(11,837.12)
Profit before Finance Cost and Taxation		29,684.51	18,253.97	23,996.45	13,784.25
Net Finance Cost					
Finance Income	23.1	804.79	823.06	742.40	710.90
Finance Cost	23.2	(36,303.24)	(37,387.22)	(36,236.73)	(37,311.84)
Exchange Gain/(Loss) on Interest Bearing Liabilities	23.3	3,924.53	26,716.81	3,903.32	26,687.55
		(31,573.92)	(9,847.35)	(31,591.01)	(9,913.39)
Profit /(Loss) before Taxation		(1,889.41)	8,406.62	(7,594.56)	3,870.86
Income Tax Expense	24.	(845.87)	(481.61)	-	-
Profit/(Loss) for the Year		(2,735.28)	7,925.01	(7,594.56)	3,870.86

The Accounting Policies and Notes on pages 71 through 114 form an integral part of these Financial Statements.

Statement of Comprehensive Income

Year ended 31 March 2025	Note	Group		Company	
		2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Profit / (Loss) for the Year		(2,735.28)	7,925.01	(7,594.56)	3,870.86
Other Comprehensive Income / (Loss)					
Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods:					
Actuarial Gain/(Loss) on Gratuity	16.3	(1,366.80)	(729.62)	(1,338.25)	(773.72)
Deferred Tax Impact on Actuarial Gain/ (Loss) on Gratuity	24.2	8.57	(13.23)	-	-
Actuarial Gain/(Loss) on Leave Encashment	16.3	0.46	(460.39)	6.41	(456.97)
Deferred Tax Impact on Actuarial Gain/ (Loss) on Leave Encashment	24.2	1.79	1.03	-	-
Revaluation of Property, Plant and Equipment	3.	-	(23.54)	-	-
Deferred Tax Impact on Revaluation of Property, Plant and Equipment	24.2	6.77	7.06	-	-
Total Other Comprehensive Income/ (Loss) for the Year, Net of Tax		(1,349.21)	(1,218.69)	(1,331.84)	(1,230.69)
Total Comprehensive Income/(Loss) for the Year, Net of Tax		(4,084.49)	6,706.32	(8,926.40)	2,640.17

The Accounting Policies and Notes on pages 71 through 114 form an integral part of these Financial Statements.

Statement of Changes in Equity

Year ended 31 March 2025 GROUP	Stated Capital LKR. Mn	Revaluation Reserve LKR. Mn	Capital Reserve LKR. Mn	Accumulated Losses LKR. Mn	Total LKR. Mn
Balance as at 01 April 2023 (Restated)	96,360.67	7,823.56	991.74	(599,605.96)	(494,429.99)
Advance to Stated Capital (Note 13)	3,500.00	-	-	-	3,500.00
Issue of Shares (Note 13)	102,500.00	-	-	-	102,500.00
Transfer of Revaluation Reserve based on Asset Utilisation	-	(256.64)	-	256.64	-
Profit for the year	-	-	-	7,925.01	7,925.01
Other Comprehensive Income	-	(16.48)	-	(1,202.21)	(1,218.69)
Total Comprehensive Income / (Loss)	-	(16.48)	-	6,722.80	6,706.32
Balance as at 31 March 2024	202,360.67	7,550.44	991.74	(592,626.52)	(381,723.67)
Advance to Stated Capital (Note 13)	1,288.56	-	-	-	1,288.56
Issue of Shares (Note 13)	5,000.00	-	-	-	5,000.00
Transfer of Revaluation Reserve based on Asset Utilisation	-	(256.51)	-	256.51	-
Profit for the year	-	-	-	(2,735.28)	(2,735.28)
Other Comprehensive Income	-	6.77	-	(1,355.99)	(1,349.22)
Total Comprehensive Income / (Loss)	-	6.77	-	(4,091.27)	(4,084.50)
Balance as at 31 March 2025	208,649.23	7,300.70	991.74	(596,461.28)	(379,519.61)

Year ended 31 March 2025 COMPANY	Stated Capital LKR. Mn	Revaluation Reserve LKR. Mn	Capital Reserve LKR. Mn	Accumulated Losses LKR. Mn	Total LKR. Mn
Balance as at 01 April 2023 (Restated)	96,360.67	3,960.47	991.74	(610,487.76)	(509,174.88)
Advance to Stated Capital (Note 13)	3,500.00	-	-	-	3,500.00
Issue of Shares (Note 13)	102,500.00	-	-	-	102,500.00
Transfer of Revaluation Reserve based on Asset Utilisation	-	(233.99)	-	233.99	-
Profit for the year	-	-	-	3,870.86	3,870.86
Other Comprehensive Income	-	-	-	(1,230.69)	(1,230.69)
Total Comprehensive Income / (Loss)	-	-	-	2,640.17	2,640.17
Balance as at 31 March 2024	202,360.67	3,726.48	991.74	(607,613.60)	(400,534.71)
Advance to Stated Capital (Note 13)	1,288.56	-	-	-	1,288.56
Issue of Shares (Note 13)	5,000.00	-	-	-	5,000.00
Transfer of Revaluation Reserve based on Asset Utilisation	-	(233.94)	-	233.94	-
Profit for the year	-	-	-	(7,594.56)	(7,594.56)
Other Comprehensive Income	-	-	-	(1,331.84)	(1,331.84)
Total Comprehensive Income / (Loss)	-	-	-	(8,926.40)	(8,926.40)
Balance as at 31 March 2025	208,649.23	3,492.54	991.74	(616,306.06)	(403,172.55)

The Accounting Policies and Notes on pages 71 through 114 form an integral part of these Financial Statements.

Statement of Cash Flows

Year ended 31 March 2025	Note	Group		Company	
		2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Cash Flows From / (Used in) Operating Activities					
Profit / (Loss) before Income Tax Expense		(1,889.41)	8,406.62	(7,594.56)	3,870.86
Adjustments for:					
Depreciation / Amortisation / Impairment		15,974.55	14,138.07	15,679.72	13,869.27
Finance Cost	23.2	36,303.24	37,387.22	36,236.73	37,311.84
Loss/ (Gain) on Disposal of Property, Plant and Equipment Intangible Assets and ROU		3.55	0.71	3.05	0.15
Finance Income	23.1	(804.79)	(823.06)	(742.40)	(710.90)
Provision for Impairment of Receivables	11.3	(161.83)	(187.97)	(164.42)	(134.44)
Allowance for Slow Moving Inventory	10.1	326.40	171.54	327.10	174.81
Provision for Impairment of Maintenance Reserve	6.2	6,159.76	11,878.14	6,159.76	11,878.14
Rent Concession	15.4	-	(44.97)	-	(44.97)
Effect on Unrealised Exchange (Gain) / Loss		(4,248.84)	(27,797.68)	(4,227.68)	(27,768.41)
Write Back of Sales in Advance		(4,122.23)	(1,474.09)	(4,122.23)	(1,474.09)
Provision for Retirement Benefit Obligation	16.3	1,513.20	1,595.32	1,382.08	1,427.02
Operating Profit/ (Loss) before Working Capital Changes		49,053.60	43,249.85	42,937.15	38,399.28
Decrease /(Increase) in Inventories		(272.97)	(1,691.72)	(168.31)	(1,765.93)
(Decrease)/Increase in Sales in Advance of Carriage		(231.68)	(6,939.36)	(231.68)	(6,939.36)
(Increase)/Decrease in Trade and Other Receivables		2,310.97	6,851.88	2,879.78	2,869.85
Increase/(Decrease) in Trade and Other Payables		23,644.36	(46,039.16)	28,459.31	(37,936.69)
(Increase)/Decrease in Maintenance Reserves		(11,128.50)	(12,886.65)	(11,128.50)	(12,886.65)
Decrease/ (Increase) in Aircraft Security Deposits		834.30	(1,156.80)	834.30	(1,156.80)
Cash Generated From/(Used in) Operations		64,210.08	(18,611.96)	63,582.05	(19,416.30)
Finance Cost Paid		(24,816.34)	(53,051.62)	(24,816.34)	(53,051.62)
Retirement Benefits Paid	16.3	(1,213.32)	(1,517.53)	(1,053.94)	(1,434.64)
Income Tax Paid		(653.60)	(895.83)	-	(33.83)
Net Cash Flows from/ (Used in) Operating Activities		37,526.82	(74,076.94)	37,711.78	(73,936.39)
Cash Flows from/(Used in) Investing Activities					
Interest Received		411.39	378.78	306.46	299.71
Acquisition of Property, Plant and Equipment (Investment)/ Realisation of Short Term Investment		(2,054.85)	(1,422.01)	(1,969.55)	(1,355.53)
Acquisition of Intangible Assets		70.89	(200.76)	69.47	131.44
Proceeds from Disposal of Property, Plant and Equipment and Intangible Assets		(30.43)	(5.48)	(29.79)	(5.48)
Net Cash Used in Investing Activities		(1,599.76)	(1,241.88)	(1,620.36)	(929.71)
Cash Flows from/(Used in) Financing Activities					
Equity infusion by GOSL		6,288.56	106,000.00	6,288.56	106,000.00
Repayment of Interest Bearing Liabilities		(5,852.95)	(1,985.64)	(5,852.95)	(1,985.64)
Repayment of Lease Liabilities	15.4	(39,359.27)	(34,690.31)	(39,172.44)	(34,511.69)
Net Cash from/ (Used in) Financing Activities		(38,923.66)	69,324.05	(38,736.83)	69,502.67
Net Increase/(Decrease) in Cash and Cash Equivalents		(2,996.60)	(5,994.77)	(2,645.41)	(5,363.43)
Cash and Cash Equivalents at the beginning of the year	12.	(14,647.84)	(8,653.07)	(15,022.93)	(9,659.50)
Cash and Cash Equivalents at the end of the year	12.	(17,644.44)	(14,647.84)	(17,668.34)	(15,022.93)

The Accounting Policies and Notes on pages 71 through 114 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1. General

Company

SriLankan Airlines Limited (“the Company”) is a Limited Liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business is located at Airline Centre, Bandaranaike International Airport, Katunayake, Sri Lanka.

SriLankan Airlines Limited is the ultimate parent of the Group.

Subsidiary – SriLankan Catering Limited

SriLankan Catering Limited (“the Subsidiary”) a fully owned subsidiary of SriLankan Airlines is a Limited Liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business is located at Airline Centre, Bandaranaike International Airport, Katunayake, Sri Lanka.

1.2. Principal Activities and Nature of Operations

Company

The principal activities of the Company consist of operating international scheduled, non-scheduled air services for the carriage of passengers, freight and mail as the designated carrier of Sri Lanka. Providing Air Terminal services at the Bandaranaike International Airport (“BIA”) and Mattala Rajapaksa International Airport (“MRIA”), sale of duty free goods on-board, marketing inbound and outbound holiday packages constitute other main activities. Providing third party aircraft maintenance, flight operation services and conducting aviation related trainings constitute ancillary activities of the Company.

Subsidiary – SriLankan Catering Limited

The principal activity of SriLankan Catering Limited (“the Subsidiary”) is to provide in-flight catering services to airlines operating through BIA and MRJA. Other ancillary activities consist of operating public and transit restaurants, provision of laundry services and managing the transit hotel.

1.3 Date of Authorisation for Issue

The financial statements for the year ended 31 March 2025 were authorised for issue by the Board of Directors on the 29th July 2025.

2. GENERAL ACCOUNTING POLICIES

2.1. Basis of Preparation

The Financial Statements of the Company and the Group have been prepared on an accrual basis and under historical cost convention, unless otherwise indicated including for land and buildings and Flight Kitchen Equipment that has been measured at fair value.

All values are presented in Sri Lankan Rupees Millions, except when otherwise indicated.

2.1.1 Going Concern

During the year under review, the Group recorded a loss of LKR. 2,735.28 Mn (2024 – profit of LKR. 7,925.01 Mn) and an accumulated loss of LKR. 596,461.28 Mn (2024 – LKR. 592,626.52 Mn) as at 31 March 2025. Furthermore, the Group’s current liabilities exceeded its current assets by LKR. 346,479.55 Mn (2024 – LKR. 327,144.66 Mn) and the total equity of the Group as of the reporting date is a negative LKR. 379,519.61 Mn (2024 – negative LKR. 381,723.67 Mn).

The Company recorded a loss of LKR. 7,594.56 Mn (2024 – profit of LKR. 3,870.86 Mn) and an accumulated loss of LKR. 616,306.06 Mn (2024 – LKR. 607,613.60 Mn) as at 31 March 2025. Furthermore, the Company’s current liabilities exceeded its current assets by LKR. 368,296.84 Mn (2024 – LKR. 344,130.60Mn) and the total equity of the Company as of reporting date is a negative LKR. 403,172.55 Mn (2024 – negative LKR. 400,534.71Mn).

The Government of Sri Lanka (GoSL) has decided not to pursue the privatisation option at present and to support SriLankan Airlines going forward, concentrating on restructuring the debt of the airline to improve its financial standing and solidify its position in the national economy. The Company

has developed a five-year business plan with specific objectives for fleet expansion, market leadership restoration, and revenue enhancement. To combat the capacity restrictions, the airline is planning to increase its fleet gradually over the next five years, with 3 wide-body additions planned for 2025/26. Moreover, the airline will be focusing on the strategic positioning of the carrier serving as a bridge to connect the strong markets via Colombo, and also to extend operations by offering direct services and increased frequencies. Similarly, the airline has extended its focus on implementing strategies to increase efficiency with cost-reduction measures and improved productivity which will result in favourable operational outcomes. Further the airline is also pursuing growth opportunities in its Strategic Business Units (SBUs).

The Government is directly supporting repayment of debt from two state banks, which is approved by the Cabinet of Ministers and included in the National Budget. In light of this, it is expected that the GoSL would enter into agreements with those banks for loan capital and interest repayments over the next five years. Furthermore, GoSL is expected to provide support for the restructuring of the USD 175 million Sovereign Guaranteed International Bond. The financial advisor along with the GOSL, are currently evaluating proposals to negotiate with the bondholders in the restructuring of same.

The proposed restructuring of the state bank loans LKR 91,315.23 Mn and the international Bond LKR 62,677.04 Mn, will improve the net current liability position of the group significantly.

The GOSL, by way of a Cabinet approval dated 23 June 2025 and the letter issued by the Secretary to Treasury dated 30 June 2025, has confirmed that the GOSL will continue to extend the required financial support to the Company to continue its operations as a Going Concern. Confirming its continuous support, GoSL has infused a total of LKR 6.3 Bn as equity to support the liquidity position of the Company in three tranches: LKR 1.5Bn in April 2024, LKR 2.4Bn in September 2024

Notes to the Financial Statements contd.

and LKR 2.4Bn in January 2025 during year under review. Further the Board of Directors are evaluating alternate funding arrangements with a view to strengthening the liquidity position of the company.

The Board of Directors are of the view that the Company's liquidity position will strengthen in the future due to the implementation of the aforementioned actions and continued support of the Government in the restructuring of the company's debt. Considering these factors, the Board of Directors are of the view that the preparation and presentation of these financial statements as a going concern is appropriate

2.1.2 Statement of Compliance

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS) as issued by the Institute of Chartered Accountants of Sri Lanka. The preparation and presentation of these financial statements is in compliance with the Companies Act No. 07 of 2007.

2.1.3 Comparative Information

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

2.1.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Group's functional and presentation currency. All financial information presented in Sri Lankan Rupees Million, unless otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 01 on 'Presentation of Financial Statements'.

2.2. Basis of Consolidation

The Financial Statements comprise of Financial Statements of the Company and its subsidiary for the year ended 31 March 2025. Financial Statements of the Company's subsidiary has been prepared for the same reporting year using consistent accounting policies.

2.2.1 Business Combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

2.2.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity

when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

2.2.3. Non-controlling Interests

For each business combination, the Group elects to measure any non-controlling interests in the acquire either: at fair value; or at proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Acquisition of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore, no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.2.4 Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.2.5 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

2.3.1 Significant Accounting Judgements, Estimates And Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(a) Judgements

(i) Contingent Liabilities – Litigations

The Group has several pending litigations with various parties at the end of the reporting period. The Board of Directors, after due consultation with the Group's legal counsel, assesses the merits of each case and makes necessary provisions when it is determined that there would be a possibility of an outflow of resources in the future.

Where the Directors do not anticipate any significant liability in respect of any contingent liabilities arising in the course of business of the Group in respect of legal actions, other claims and potential claims being made against the Group by customers, suppliers and employees, the amounts concerned are disclosed in Note 25.2.

(ii) Leases

Contract are assessed for 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 in exchange for consideration. Factors considered to assess whether a contract conveys the right to control the use of an identified asset are; the contract involves the use of an identified asset, the Group has the right to obtain substantially all of the economic benefits from use of the

asset throughout the lease period; and the Group has the right to direct the use of the asset.

(b) Estimates

(i) Depreciation/Amortisation of Property, Plant and Equipment and Intangible Assets

Management assigns useful lives and residual values to property, plant and equipment and Intangible Assets based on the intended use of assets and the economic lives of these assets. Management reviews the residual values, useful lives and depreciation/ amortisation method at each reporting date and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies in these assets. Changes in useful lives and residual values of these assets may result in revision of future depreciation or amortisation charges. (Refer Policy 2.4.3. (b) and 2.4.4)

(ii) Frequent Flyer Programme

Award credits are accounted for as a separately identifiable component of revenue. The consideration is allocated to award credits based on their fair value and is accounted as a liability (deferred revenue) in the consolidated statement of financial position.

Estimation techniques are used to determine the fair value of a mile/ credit and reflect the weighted average of a number of factors i.e. fare per sector, flight upgrades and partner rewards. Historical trends of redemption are used as the basis of the fair value calculations.

Adjustments to the fair value of miles are also made for miles not expected to be redeemed by members and for expired miles.

A level of judgement is exercised by management due to the diversity of inputs that go into determining the fair value of miles.

(iii) Maintenance Reserve

The Company makes monthly payments to lessors on account of several aircraft and engines which are under leases based on agreed terms towards maintenance. These monthly payments

are based on the number of hours or cycles flown or passage of time. Periodically management evaluates the recoverability of such payments based on best estimates of the amounts recoverable. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. (Refer Note 6)

(iv) Provision for Aircraft Maintenance and Overhaul Costs

The Company is obligated to carry out heavy maintenance checks on the airframe, engines and landing gears, which are under leases based on agreed terms towards maintenance. Provision for heavy maintenance cost is made progressively in the financial statements based on utilisation or time depending on the nature of the overhaul. In arriving at the provision, assumptions are made on the estimated condition of the asset at the time of check, the material and overhead costs to be incurred and the timing of when the check is to be carried out. These assumptions are formed based on past experience and are regularly reviewed to ensure the reasonability. Any revision in assumptions and estimations that causes a material effect to the provision would be adjusted prospectively in the financial statements. (Refer note 16.1).

(v) Provision for aircraft return conditions

Company is obliged to re-deliver leasehold aircraft at a certain condition which lessors specified in the lease agreements. Aircraft return conditions includes assumptions relating to expected costs, escalation rates, discount rates commensurate with the expected obligation maturity. In arriving at the provision, assumptions are made on the expected condition of the asset at the time of redelivery, the estimated material and overhead costs to be incurred at the time of the redelivery. These assumptions are formed based on past experience and are annually reviewed to ensure they are reasonable Any revision in assumptions and estimations that causes a material effect to the provision would be adjusted prospectively in the financial statements. (Refer note 16.2)

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(vi) Provisions for Air Transportation Services Related Direct Operating Expenses

The operation of air transportation services inevitably involves the making of various provisions on direct expenses, such as fuel, ground handling charges, landing and parking charges, inflight meals, reservation systems booking fees and information technology related expenses. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making provisions for carrying values of liabilities as at the end of the Reporting period.

(vii) Inventories

The Group reviews the existence and usability of inventories based on physical verification and expiry. Provisions are made when Management determines obsolete stock.

(viii) Impairment of Financial Assets

The Group assesses at each Reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Management uses judgment in estimating such impairment considering the duration of outstanding, security and any other factors management is aware of that indicates uncertainty in recoverability.

(c) Assumptions

(i) Defined Benefit Plan

The cost of the retirement benefit plan of staff based in Sri Lanka is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increases, retirement age, other demographic factors and going concern of the Company. Due to the long term nature of the plan, such estimates are subject to significant uncertainty. (Refer Note 2.4.16 (a))

(ii) Revaluation of Property Plant and Equipment

Land and building and flight kitchen equipment are measured at revalued amounts using the services of an

independent qualified valuer. Such valuer uses assumptions and valuation techniques to determine the fair value. The basis of valuation is disclosed in Note 3.

2.4. Summary of Significant Accounting Policies

2.4.1. Foreign Currency Translation

The financial statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling during the period of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. The resultant foreign exchange gains and losses are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing at the period of the initial transactions.

2.4.2. Taxation

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

(i) Current Income 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 also includes any tax arising from dividends.

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

Company

(a) Local Taxation

The Company is liable for income tax for all its business activities with effect from 1 April 2018 based on the Inland Revenue act No 24 of 2017

(b) Overseas Taxation

The Company is liable for tax on its overseas operations in countries where there are no double tax treaties at present.

Subsidiary - SriLankan Catering Limited

The Income from Flight Kitchen and Transit Restaurant was exempted from income tax up to 31 May 2021 and then taxable at concessionary rate of 15% for 8 years ending on 31 May 2029 as per the agreement with Board of Investment (BOI). The income from other sources are liable at the normal rate.

(ii) Deferred Income Tax

Deferred Income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. 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.

2.4.3 Property, Plant and Equipment

(a) Cost and Valuation

All items of property, plant and equipment are initially recorded at

cost. Cost includes expenditure that is directly attributable to the acquisition or construction. Where land and buildings and flight kitchen equipment are subsequently revalued, such revalued property, plant and equipment are carried at revalued amounts less any subsequent depreciation thereon and impairment. All other property, plant and equipment are stated at historical cost less depreciation and/or accumulated impairment losses, if any.

Land and buildings and flight kitchen equipment measured at revalued amounts and any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss, in which case the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Valuations are performed with an adequate frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be reliably measured.

Cost of repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Property, plant and equipment includes amongst others the following:

(i) Aircraft Rotable Spares

Aircraft rotatable spares, which are treated as tangible assets, are initially recorded at cost and depreciated over the estimated useful life. This item is grouped under "Aircraft Related Equipment".

(ii) Capital Work-in-Progress

Capital work-in-progress is stated at cost which include all costs incurred from the date of acquisition to the date on which it is commissioned. When commissioned, capital work-in-progress is transferred to the appropriate category under property, plant and equipment and depreciated over the estimated useful life.

(b) Depreciation

Provision for depreciation is calculated by using a straight-line method on cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the following estimated useful lives in equal instalments.

Aircraft Related Equipment	over shorter of 08 years or lease period
Plant & Equipment	over periods ranging from 3 to 10 years based on the type of equipment
Buildings	over the expected useful life ranging from 15 to 50 years
Improvements on aircraft on leases	over shorter of 10 years or lease period

The residual values, useful lives and depreciation method are reviewed at each reporting date and adjusted prospectively when appropriate.

The depreciation rates stated above are applicable to all periods presented.

(c) De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the reporting period the asset is derecognised.

(d) Transfer of Revaluation Reserve to Retained Earnings based on function of asset utilisation

An annual transfer from the revaluation surplus to retained earnings is made for the incremental depreciation due to the revaluation (difference between

depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost) for buildings on leasehold land.

2.4.4 Intangible Assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and the cost of the assets can be measured reliably. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortisation and any accumulated impairment losses.

The cost of acquisition or development of computer software that is separable from an item of related hardware is capitalised separately and amortised over a period not exceeding 5 years on a straight line basis. The amortisation period and the amortisation method are reviewed at each reporting date. The carrying value of this asset is reviewed at each reporting date for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

2.4.5 Leases

At inception of a contract, the Group 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 Group assesses whether: –

- ➊ the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- ➋ the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- ➌ the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare

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cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

2.4.5.1. Right of Use (ROU) Assets

The Group 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 present value of future lease payments 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 to the required return condition, less any lease incentives received.

(a) Lease of Aircraft and Spare Engines

The Company leases Aircraft and Engines in its fleet. The leases of Aircraft and Spare Engines typically run for a period of 02 to 15 years.

The Aircraft leases include a provision for the Return Condition of the Aircraft; an estimate of costs to be incurred by the lessee in restoring the underlying asset to the condition required by the terms and conditions of the leases (Note 15.2) are added to the ROU asset as the obligation is created. Other aircraft maintenance and overhaul expenses (except aircraft heavy maintenance, engine overhaul and landing gear overhaul expenses) are recognised in the Statement of Profit or

Loss on an incurred basis, the respective accounting policy disclosed in Note 2.4.15.

The payment of the deposit at the inception of the lease and the other lease payments all originate from the same transaction. Therefore, the difference between the present value and the principal amount of the deposit paid at inception is regarded as an additional amount payable by the lessee.

The deposit is within the scope of SLFRS 9 and must initially be accounted for at fair value and the excess between the principal amount of the deposit over its fair value is within the scope of SLFRS 16 Leases. The accounting policy for Deposits is given under Note 2.4.9.

Lease of Aircraft for which the lease term ends within 12 months have not been considered and is accounted in the same way as short-term leases and included and disclosed under Rentals on Leased Aircraft in the Statement of Profit or Loss

(b) Lease of Land and Buildings

The Group leases its land and buildings in Sri Lanka and overseas. Some leases of land and buildings contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility.

The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

(c) Lease of Vehicles

The Group leases vehicles over terms of 02 to 05 years.

Depreciation of Right of Use of Assets

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined

on the same basis as those of property 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.

2.4.5.2. 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 Group's incremental borrowing rate prevailing at the inception of the lease. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

- ➊ fixed payments, including in-substance fixed payments;
- ➋ variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- ➌ amounts expected to be payable under a residual value guarantee; and
- ➍ the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group 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 Group's assessment of whether it will exercise a purchase, extension or termination option.

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.

2.4.5.3. Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.4.5.4 COVID-19-related rent concessions

The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

2.4.6. Inventories

Inventories consist of Aircraft and Ground Service related stocks, Raw materials and Consumables.

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is the sum of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted Average cost method is applied in the calculation of cost of inventories. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

2.4.7. Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing is required for an asset, the Group makes an assessment of the assets' recoverable amount. When the carrying amount of an asset exceeds

its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.4.8. Fair Value Measurement

The Group measures its land and buildings and flight kitchen equipment at fair value. Fair value related disclosures are disclosed in the Note 03.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ➊ In the principal market for the asset or liability, or
- ➋ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of such assets is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All the assets for which fair value is measured are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ➊ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- ➋ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ➌ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as Property, Plant and Equipment. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.4.9. Financial Instruments

2.4.9.1. Financial Assets

Initial Recognition and Measurement

Financial Assets are classified as Amortised cost, Fair value through other comprehensive income (FVOCI) and Fair value through profit or loss (FVTPL).

Financial assets (including assets designated at fair value through profit or loss) are initially recognised on the transaction date at which the Group becomes a party to the contractual provisions of the instrument.

A financial asset is measured initially at fair value. For an item not at fair value through profit or loss, transaction

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costs that are directly attributable to its acquisition or issue is considered.

Subsequent Measurement

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

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

The Group has Trade and Other Receivables, Aircraft Maintenance Reserve, Aircraft and Spare Engine Deposits, Short Term Investments and Cash and Bank Balances classified as Financial Assets subsequently measured at amortised cost.

De-recognition

The Group 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 or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of:

- (i) the consideration received (including any new asset obtained less any new liability assumed) and

- (ii) any cumulative gain or loss that had been recognised in Other Comprehensive Income is recognised in profit or loss.

Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost or at fair value through other comprehensive income.

The Group uses simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The judgements and associated assumptions have been made that reflect historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances.

2.4.9.2. Financial Liabilities

Initial Recognition and Measurement

All Financial liabilities (including liabilities designated at fair value through profit or loss) are initially recognised on the transaction date at which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired; Fair value through profit or loss (FVTPL) or other financial liabilities.

A financial liability is measured initially at fair value. For an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue is considered.

Subsequent Measurement

The Group has Interest Bearing Loans and Borrowings, Provision for Aircraft Maintenance and Overhaul Cost, Trade and Other Payables classified as Financial Liabilities.

Subsequent to initial recognition, financial liabilities are measured at amortised cost.

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.4.9.3. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4.10. Aircraft Maintenance Reserve

Aircraft Maintenance Reserve consists of payments made to lessors on a monthly basis for the future overhaul of engines, airframes and aircraft components in terms of lease agreements. The Company recovers the cost incurred on overhauls of engines, airframes and aircraft components (up to the amount already paid to the reserve) from lessors against such reserve on completion of the maintenance event.

Based on the nature Aircraft Maintenance Reserve has been classified as a financial

asset and the relevant accounting policy for this category of financial assets is stated in Note 2.4.9.1 above.

2.4.11. Trade and Other Receivables

Trade debtors, including deposits and other debtors (excluding non-financial assets classified under deposits and other receivables which are measured at cost) classified and accounted for as loans and receivable. Based on the nature the relevant accounting policy for this category of financial assets is stated in Note 2.4.9.1 above.

2.4.12. Investments

Investment in Subsidiary

In the Company's financial statements, investment in the subsidiary company has been accounted for at cost, net of any impairment for other than temporary diminution in value.

2.4.13. Short term Investments

Short term Investments are the fixed deposits at Banks with maturity more than three months. Short term investment has been measured at its amortised cost.

2.4.14. Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash at bank and in hand, call deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

In the statement of cash flows, cash and cash equivalents consist of cash at bank, cash in hand and call deposits in banks net of outstanding bank overdrafts. Investments with short maturities (i.e. three months or less from date of acquisition) are also treated as cash equivalents. Bank overdrafts are disclosed under Interest bearing liabilities in the statement of financial position.

2.4.15. Provisions

(i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of

resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

(ii) Aircraft Maintenance and Overhaul Costs

The Group recognises aircraft maintenance and overhaul expenses (except aircraft heavy maintenance, engine overhaul and landing gear overhaul expenses) on an incurred basis. Aircraft heavy maintenance, engine overhaul and landing gear overhaul expenses are accounted as specified in Note 2.3.1 (b) (iv). For engine overhaul costs covered by "power by-hour" third-party maintenance agreements, the cost is expensed at an agreed fixed rate per hour over the tenure of the agreement

(iii) Provision for aircraft return conditions

Provision for aircraft return conditions (restoration obligations) represents the estimate of the cost to meet the contractual lease end obligations on certain aircraft and engines at the time of re-delivery. At lease commencement, the present value of the expected cost for each restoration obligation considering the existing fleet plan and long-term maintenance schedules is recognised as a provision and are capitalised as part of the right-of-use asset and depreciated over the lease term. Unwinding of the associated discount is recognised as a finance cost over the lease term. Subsequent changes to the estimated cost for each restoration obligation is accounted for as a remeasurement to the provision for aircraft return conditions with a corresponding impact to the related right-of-use asset, if available, and depreciated over the remaining lease term. Otherwise, the remeasurement is accounted in the statement of Profit or Loss. The basis of estimation specified in Note 2.3.1 (b) (v).

2.4.16. Retirement Benefit Obligation

(a) Defined Benefit Plan-Gratuity

Gratuity is a defined benefit plan; the Company and its Subsidiary are liable to pay in terms of Gratuity Act No. 12 of 1983 and the Minimum Retirement Age of Workers Act, No. 28 of 2021. The Group measures the present value of the defined benefit plan of the local employees with the advice of an Actuary every year using the Projected Unit Credit method.

The retirement benefit of overseas station employees are estimated based on the applicable legislation.

The Group recognises the actuarial gain/loss arising from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in the statement of profit or loss.

The gratuity liability is not externally funded. This item is grouped under "Other Long Term Liabilities" in the statement of financial position.

Overseas-based employees are covered under legislations/ schemes applicable in their host countries.

(b) Defined Benefit Plan-Leave encashment

The Group is liable for the accumulated leave which is unutilised from the end of the reporting period based on local employment contracts at retirement. The Group's net obligation towards unutilised accumulated leave is measured at the present value of the defined benefit plan of the local employees with the advice of an Actuary every year using the Projected Unit Credit method.

The Group recognises the actuarial gain/loss arising from leave encashment in other comprehensive income and expenses related to leave encashment in the statement of profit or loss.

The leave encashment liability is not externally funded. This item is grouped under "Other Liabilities" in the statement of financial position.

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(c) Defined Contribution Plans – Employees’ Provident Fund and Employees’ Trust Fund

Employees based in Sri Lanka are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 15% and 3% of gross emoluments to Employees’ Provident Fund and Employees’ Trust Fund whilst the Subsidiary contributes 12% and 3% respectively.

Overseas-based employees are covered under legislations/ schemes applicable in their host countries.

2.4.17. Frequent Flyer Programme

The Company operates a frequent flyer programme ‘FlySmiLes’ that provides travel awards to members of the program based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of redemption, which is then used to project the expected utilisation of these benefits. The fair value of credits awarded is estimated by reference to the weighted average value of the services for which the award credits may be redeemed. These estimates are reviewed at each reporting date and the liability is adjusted accordingly. Miles accrued through utilising the services of programme partners and paid for by the participating partners are also accounted for as deferred revenue until they are utilised. A liability is not recognised for miles that are expected to expire.

2.4.18. Revenue Recognition

The Group recognises revenue based on a five-step model on revenue arising from contracts with customers.

Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

(a) Airline Revenue

Revenue is generated principally from the carriage of passengers, cargo, excess baggage and mail, rendering of airport terminal services, engineering services, air charters and related activities.

- (i) Passenger, cargo, excess baggage sales and other related fees are recognised as operating revenue when the transportation/ facility is provided.
- (ii) The value of unused tickets and airway bills is included in current liabilities as sales in advance of carriage. The value of unused tickets and airway bills are recognised as revenue if they remain unutilised at defined expiry.
- (iii) Revenue from the provision of airport terminal services is recognised upon rendering of services.
- (iv) Revenue from provision of third party maintenance services is recognised upon completion of such event.
- (v) Revenue from the provision of flight operation services is recognised upon rendering of services.

(b) Sale of Goods

The Group recognises revenue as and when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Revenue excludes value added sales taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods and continuing management involvement with the goods.

(c) Dividend income

Dividend income is accounted for when the shareholders’ right to receive the payment is established.

(d) Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest method.

(e) Other income

Other income is recognised on an accrual basis.

2.4.19. Expenditure Recognition

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment and right of use asset in a state of efficiency has been charged to the statement of profit or loss. For the purpose of presentation of the statement of profit or loss, the “nature of expenses” method has been adopted, on the basis that it presents fairly the elements of the Group’s performance.

2.4.20. Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of that asset.

2.4.21. Segment Reporting

A segment is a distinguishable component of the Group that is engaged in providing services within a particular economic environment which is subject to risks and rewards that are different from those of other segments.

Primary segments are determined based on the geographical spread of operations as the Group’s risks and rate of return are predominantly affected by the fact that it operates in different countries. The analysis of turnover by origin of sale is derived by allocating revenue to the area in which the sale was made. Expenses that cannot be directly identifiable to a particular segment are not segregated and disclosed.

Management considers that there is no suitable basis for allocating assets and related liabilities to geographical segments. Accordingly, segment assets, segment liabilities and other segment information by geographical segment are not disclosed.

The secondary reporting by business segment is based on the nature of services provided by the Group. The Group is engaged in two main business segments – Air transportation and in-flight catering services through its subsidiary.

The amendments will be effective for annual reporting periods beginning on or after 01 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group / Company's financial statement.

2.5. New Accounting Standards issued but not yet effective as at Reporting Date

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's financial statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

2.5.1. SLFRS 17 Insurance Contracts

This standard does not apply to the group, so it has no effect in this context

2.5.2. Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

Notes to the Financial Statements contd.

3. PROPERTY, PLANT AND EQUIPMENT

3.1. Group

	Land and Buildings	Plant & Equipment	Improvements to Aircraft on Leases	Aircraft Related Equipment	Advances/ Capital Work-in- Progress	Total 2025	Total 2024
	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn
Cost/ Revaluation							
Balance as at 01 April	6,397.96	11,845.35	572.15	11,525.00	0.27	30,340.73	30,429.63
Acquisitions/Modifications/ Improvements	3.39	992.15	-	956.52	(0.27)	1,951.79	1,669.77
Disposals/Retirements	-	(18.49)	-	(79.70)	-	(98.19)	(1,758.67)
Balance as at 31 March	6,401.35	12,819.01	572.15	12,401.82	-	32,194.33	30,340.73
Accumulated Depreciation							
Balance as at 01 April	404.78	8,401.02	548.25	9,404.22	-	18,758.27	18,969.91
Charge for the Year	311.28	539.50	7.36	484.44	-	1,342.58	1,232.68
Disposals/Retirements	-	(17.80)	-	(79.70)	-	(97.50)	(1,444.32)
Balance as at 31 March	716.06	8,922.72	555.61	9,808.96	-	20,003.35	18,758.27
Net Book Value as at 31 March	5,685.29	3,896.29	16.54	2,592.86	-	12,190.98	11,582.46

3.2 (a) The Fair Value of the land and buildings of the Company were determined by means of a revaluation carried out respectively by Ranjan J Samarakone (A.I.V Sri Lanka – Corporate Valuer) an independent valuer during the financial year ended 31 March 2023 and the Fair Value of the buildings and the flight kitchen equipment of the Subsidiary were determined by Mr. A.R. Ajith Fernando, an incorporated chartered valuer as at 31 March, 2023.

Details of Group's land, building and other plant and equipment stated at valuation are indicated below;

Asset	Method of Valuation	Effective date of valuation	Significant unobservable inputs	Revalued Amount LKR Mn.	Sensitivity of fair value to unobservable inputs	Level of Fair value Hierarchy
Land - Colombo	Open Market Value This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	31-Mar-23	Estimated price per perch LKR.20 Mn	715.00	Positively correlated sensitivity	Level 3
Buildings - Colombo / Katunayake	Depreciated Replacement Cost This method considers the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. Further, in relation to buildings on leasehold premises, the underlying properties have been considered as "freehold basis" in assessing the related fair values. This assumption is based on Management's assessment that there will be uninterrupted continuation of the relevant leases which are of strategic importance for the continuation of the underlying operations.	31-Mar-23	Estimated price per square feet LKR. 850- LKR. 15,000 Management's assessment of uninterrupted continuation of relevant land leases	3,804.48	Positively correlated sensitivity	Level 3

Asset	Method of Valuation	Effective date of valuation	Significant unobservable inputs	Revalued Amount LKR Mn.	Sensitivity of fair value to unobservable inputs	Level of Fair value Hierarchy
Subsidiary						
Buildings - Katunayake	Depreciated Replacement Cost This method considers the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. Further, in relation to buildings on leasehold premises, the underlying properties have been considered as "freehold basis" in assessing the related fair values. This assumption is based on Management's assessment that there will be uninterrupted continuation of the relevant leases which are of strategic importance for the continuation of the underlying operations.	31-Mar-23	Estimated price per square feet Rs 4,000 - Rs 12,000 Management's assessment of uninterrupted continuation of relevant land leases	1,762.70	Positively correlated sensitivity	Level 3
Flight Kitchen Equipment included under Plant and Equipment - Katunayake	Depreciated Replacement Cost This method considers the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.	31-Mar-23	Fair value was derived using the Net Replacement Cost (NRC) approach for each equipment	2,532.03	Positively correlated sensitivity	Level 3

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cost	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount 2025	Net Carrying Amount 2024
	LKR. Mn.	LKR. Mn	LKR. Mn	LKR. Mn
Land and Buildings	3,101.56	2,623.60	477.96	365.29
Plant and Equipment	2,669.39	2,510.24	159.15	139.48

- (b) During the year, the Group acquired property, plant and equipment to the aggregate value of LKR. 1,951.79 Mn (2024 - LKR. 1,669.77 Mn). Cash payments amounting to LKR.2,054.85 Mn (2024 -LKR.1,422.01 Mn) were made during the year to acquire property, plant and equipment.
- (c) Group and Company property, plant and equipment includes fully depreciated assets having a gross carrying amount of LKR. 16,315.31 Mn (2024 - LKR. 15,765.48 Mn).
- (d) There are no property, plant and equipment mortgaged for bank facilities.

Notes to the Financial Statements contd.

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

3.3. Company

	Land and Buildings	Plant & Equipment	Improvements to Aircraft on Leases	Aircraft Related Equipment	Advances/ Capital Work-in- Progress	Total 2025	Total 2024
	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn
Cost/Revaluation							
Balance as at 01 April	4,614.74	9,263.01	572.15	11,525.00	0.27	25,975.17	26,099.01
Acquisitions/Modifications/ Improvements/Transfers	-	910.24	-	956.52	(0.27)	1,866.49	1,626.83
Disposals/Retirements	-	(17.74)	-	(79.70)	-	(97.44)	(1,750.67)
Balance as at 31 March	4,614.74	10,155.51	572.15	12,401.82	-	27,744.22	25,975.17
Accumulated Depreciation							
Balance as at 01 April	347.32	8,204.77	548.25	9,404.22	-	18,504.56	18,934.11
Charge for the Year	253.31	367.83	7.36	484.44	-	1,112.94	1,014.77
Disposals/Retirements	-	(17.74)	-	(79.70)	-	(97.44)	(1,444.32)
Balance as at 31 March	600.63	8,554.86	555.61	9,808.96	-	19,520.06	18,504.56
Net Book Value as at 31 March	4,014.11	1,600.65	16.54	2,592.86	-	8,224.16	7,470.61

3.4 a) The fair value of the Company's Land and Buildings was determined by means of a revaluation by Mr. Ranjan. J Samarakone (A.I.V.Sri Lanka – Corporate Valuer) an independent valuer during the financial year ended 31 March 2023. The results of such revaluation were incorporated in the Financial Statements effective from 31 March 2023.

Details of Company's land and buildings stated at valuation are indicated below;

Asset	Method of Valuation	Effective date of valuation	Significant unobservable inputs	Revalued Amount LKR Mn.	Sensitivity of fair value to unobservable inputs	Level of Fair value Hierarchy
Land - Colombo	Open Market Value This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	31-Mar-23	Estimated price per perch LKR.20 Mn	715.00	Positively correlated sensitivity	Level 3
Buildings - Colombo / Katunayake	Depreciated Replacement Cost This method considers the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. Further, in relation to buildings on leasehold premises, the underlying properties have been considered as "freehold basis" in assessing the related fair values. This assumption is based on Management's assessment that there will be uninterrupted continuation of the relevant leases which are of strategic importance for the continuation of the underlying operations.	31-Mar-23	Estimated price per square feet LKR. 850- LKR. 15,000 Management's assessment of uninterrupted continuation of relevant land leases	3,804.48	Positively correlated sensitivity	Level 3

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cost	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount 2025	Net Carrying Amount 2024
	LKR. Mn.	LKR. Mn	LKR. Mn	LKR. Mn
Land and Buildings	1,246.74	1,046.80	199.94	237.10

- b) During the year, the Company acquired property, plant and equipment to the aggregate value of LKR. 1,866.49 (2024 - LKR. 1,626.83 Mn). Cash payments amounting to LKR. 1,969.55 Mn (2024 - LKR. 1,355.53 Mn) were made during the year to acquire property, plant and equipment.
- c) Property, plant and equipment of the Company includes fully depreciated assets having a gross carrying amount of LKR. 16,315.31 (2024 - LKR. 15,765.48 Mn).
- d) There are no property, plant and equipment mortgaged for bank facilities.

4. RIGHT OF USE ASSETS

4.1. Right of Use Asset Movement

Group	Aircraft and Spare Engines LKR. Mn	Land & Building LKR. Mn	Vehicles LKR. Mn	Aircraft Simulator LKR. Mn	Total 2025 LKR. Mn	Total 2024 LKR. Mn
Cost						
Balance as at 01 April	132,036.66	4,180.85	180.79	5,875.64	142,273.94	132,110.62
Additions	4,355.96	140.87	62.49	-	4,559.32	17,298.76
Disposals	(849.90)	-	(9.04)	-	(858.94)	(7,069.85)
Adjustments	-	-	-	-	-	(65.57)
Balance as at 31 March	135,542.72	4,321.72	234.24	5,875.64	145,974.32	142,273.94
Depreciation						
Balance as at 01 April	62,763.93	1,728.98	98.12	2,834.77	67,425.80	61,613.75
Depreciation	13,636.07	509.71	67.53	396.64	14,609.95	12,881.17
Disposals	(849.90)	-	(3.37)	-	(853.27)	(7,069.12)
Balance as at 31 March	75,550.10	2,238.69	162.28	3,231.41	81,182.48	67,425.80
Net Book Value as at 31 March	59,992.62	2,083.03	71.96	2,644.23	64,791.84	74,848.14

Notes to the Financial Statements contd.

Company	Aircraft and Spare Engines LKR. Mn	Land & Building LKR. Mn	Vehicles LKR. Mn	Aircraft Simulator LKR. Mn	Total 2025 LKR. Mn	Total 2024 LKR. Mn
Cost						
Balance as at 01 April	132,036.66	3,488.57	180.79	5,875.64	141,581.66	131,488.40
Additions	4,355.96	140.86	62.49	-	4,559.31	17,226.84
Disposals	(849.90)	-	(9.04)	-	(858.94)	(7,069.85)
Adjustments	-	-	-	-	-	(63.73)
Balance as at 31 March	135,542.72	3,629.43	234.24	5,875.64	145,282.03	141,581.66
Depreciation						
Balance as at 01 April	62,763.93	1,236.75	98.12	2,834.77	66,933.57	61,167.71
Depreciation	13,636.07	447.29	67.53	396.64	14,547.53	12,834.97
Disposals	(849.90)	-	(3.37)	-	(853.27)	(7,069.12)
Balance as at 31 March	75,550.10	1,684.04	162.28	3,231.41	80,627.83	66,933.56
Net Book Value as at 31 March	59,992.62	1,945.39	71.96	2,644.23	64,654.20	74,648.10

Short Term leases

The Group has elected not to recognise Right of Use Assets and lease liabilities for short-term leases of Aircraft, Land and Buildings and Vehicles that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Rentals on Leased Aircraft / Spare Engines	3,555.58	10,722.70	3,555.58	10,722.70
Rentals on Land & Buildings	156.21	121.39	156.21	121.39
Rentals on Vehicles	87.41	101.68	87.41	101.68

Low Value Assets

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

5. AIRCRAFT PREDELIVERY PAYMENTS

Pre-delivery payments (PDPs) as of 31 March 2025 consist of PDPs made for four Airbus A350-900 aircraft which were to be delivered in 2020 and 2021 amounting to LKR. 5,692.34 Mn (USD 19.21 Mn).

The Company has made a claim for the recovery of the above amount together with damages through the dispute resolution mechanism as set out in the agreement with the Supplier. The process of recovery is being carried out with the advice of the Hon. Attorney General of Sri Lanka and the Solicitors in the United Kingdom appointed by the Company. Timelines for the process have been agreed by the parties which spans for more than one year. Accordingly, the related balance has been classified as non-current.

There is no information available to the Company at this point of time to believe that the outcome of the recovery of PDPs could be unfavorable to the Company.

In accordance with paragraph 92 of LKAS 37, the Company is constrained in terms of the applicable rules and regulations of the dispute resolution mechanism to provide information where confidentiality requirements need to be maintained.

6. AIRCRAFT MAINTENANCE RESERVE

	Group / Company	
	2025 LKR. Mn	2024 LKR. Mn
Balance as at 01 April	79,240.94	97,765.31
Additions	17,368.95	19,484.59
Amounts setoff upon redelivery	(7,621.26)	(22,842.86)
Recoveries	(6,240.45)	(6,597.94)
Exchange gain /(loss)	(1,167.11)	(8,568.18)
	81,581.07	79,240.94
Provision for impairment (Note 6.2)	(23,086.96)	(24,683.38)
Net Recoverable Balance as at 31 March (Note 6.1)	58,494.11	54,557.56

6.1. Current / Non-current Classification

	Gross LKR. Mn	Provision for impairment LKR. Mn	Net LKR. Mn	Amount Recoverable within one year LKR. Mn	Amount Recoverable after one year LKR. Mn
Balance as at 31 March 2025	81,581.07	(23,086.96)	58,494.11	11,928.75	46,565.36
Balance as at 31 March 2024	79,240.94	(24,683.38)	54,557.56	17,168.29	37,389.27

6.2. Movement of Provision for impairment

	2025 LKR. Mn	2024 LKR. Mn
Balance as at 1 April	24,683.38	35,791.70
Charged during the year	6,159.76	11,878.14
Amounts setoff upon redelivery	(7,621.26)	(22,842.86)
Adjustments *	186.49	3,481.06
Exchange (gain)/ loss	(321.41)	(3,624.66)
Balance as at 31 March	23,086.96	24,683.38

*Adjustments represents transfer of provisions between Maintenance Reserve and Future Aircraft Maintenance and Overhaul cost as a result of schedule or scope changes in overhaul events. The corresponding adjustment of the same is included in provision for future Aircraft Maintenance and Overhaul cost given under Note 16.

Notes to the Financial Statements contd.

7. AIRCRAFT AND SPARE ENGINE DEPOSITS

7.1. (a). Movement

	Group / Company	
	2025 LKR. Mn	2024 LKR. Mn
Balance as at 01 April	8,967.60	8,060.46
Additions	469.30	1,501.93
Unwinding effect	435.94	411.19
Recoveries	(1,469.31)	(345.14)
Exchange gain/ (loss)	(68.40)	(660.84)
	8,335.13	8,967.60

(b). Current / Non-current Classification

	2025 LKR. Mn	2024 LKR. Mn
Receivable with in one year	1,620.41	2,838.31
Receivable after one year	6,714.72	6,129.29
	8,335.13	8,967.60

8. INTANGIBLE ASSETS

	Group				Company			
	Software LKR. Mn	Capital Work-in Progress LKR. Mn	Total 2025 LKR. Mn	Total 2024 LKR. Mn	Software LKR. Mn	Capital Work-in Progress LKR. Mn	Total 2025 LKR. Mn	Total 2024 LKR. Mn
Cost								
Balance as at 1 April	1,230.66	2.60	1,233.26	1,559.75	1,130.17	2.60	1,132.77	1,459.26
Acquisitions/ Modifications/ Improvements	31.63	-	31.63	5.48	31.00	-	31.00	5.48
Disposals/Retirements	-	-	-	(265.14)	-	-	-	(265.14)
Transfers/ Adjustments	-	-	-	(66.83)	-	-	-	(66.83)
Balance as at 31 March	1,262.29	2.60	1,264.89	1,233.26	1,161.17	2.60	1,163.77	1,132.77
Accumulated Amortisation								
Balance as at 1 April	1,181.32	-	1,181.32	1,423.95	1,087.95	-	1,087.95	1,333.54
Charge for the Year	22.05	-	22.05	22.51	19.27	-	19.27	19.55
Disposals/Retirements	-	-	-	(265.14)	-	-	-	(265.14)
Balance as at 31 March	1,203.37	-	1,203.37	1,181.32	1,107.22	-	1,107.22	1,087.95
Net Book Value as at 31 March	58.92	2.60	61.52	51.94	53.95	2.60	56.55	44.82

As at the reporting date, Intangible Assets of the Group and Company include fully amortised assets having a gross carrying amount of LKR.1,145.07 Mn and LKR.1,058.43 Mn (2024 - LKR.1,119.76 Mn and LKR.1,037.04 Mn) respectively.

9. INVESTMENTS

9.1. Non-current Investments

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Investments in Subsidiary in Sri Lanka				
- SriLankan Catering Limited (940,268,456 shares, 100% holding)	-	-	42.24	42.24
- Air Lanka (Private) Limited (40,000 Shares) *	0.40	0.40	0.20	0.20
	0.40	0.40	42.44	42.44

* 50% of Share Capital of Air Lanka (Private) Limited is held by the Company and the remaining 50% is held by the Subsidiary.

Air Lanka (Private) Limited is a dormant Company since inception and has not been consolidated due to materiality.

9.2. Current Investments

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Fixed Deposits at Bank	2,390.13	2,508.42	1,641.66	1,715.99

The company Fixed Deposit at Bank has been placed as security for Letters of Credit Issued to Lessors.

10. INVENTORIES

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Engineering related stock	8,740.08	8,622.79	8,740.08	8,622.79
Ground Service Equipment related stock	857.76	686.65	857.76	686.65
Raw materials and Consumables	1,757.87	1,780.74	1,023.09	1,150.62
	11,355.71	11,090.18	10,620.93	10,460.06
Allowance for obsolete stock (Note 10.1)	(3,915.99)	(3,597.03)	(3,796.08)	(3,476.42)
	7,439.72	7,493.15	6,824.85	6,983.64

The cost of inventory recognised as an expense in profit or loss amounted to LKR 9,682.89 Mn and LKR 6,413.62 Mn for Group and Company respectively. (2024-LKR 11,009.10 Mn and LKR 7,638.53 Mn).

10.1. Allowance for Obsolete Stock

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Balance as at 01 April	3,597.03	3,440.21	3,476.42	3,316.33
Provision made during the year	326.40	171.54	327.10	174.81
Written-off during the year	(7.44)	(14.72)	(7.44)	(14.72)
Balance as at 31 March	3,915.99	3,597.03	3,796.08	3,476.42

Notes to the Financial Statements contd.

11. TRADE AND OTHER RECEIVABLES

11.1. Trade and Other receivables

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Trade Receivables	20,135.03	21,377.58	18,494.62	20,150.14
Provision for Impairment of Receivables (Note 11.3)	(2,093.55)	(2,255.38)	(1,976.11)	(2,140.53)
	18,041.48	19,122.20	16,518.51	18,009.61
Deposits, Advances, Prepayments and other receivables	6,524.40	7,832.64	6,258.04	7,508.53
	24,565.88	26,954.84	22,776.55	25,518.14
Loans and Advances to Company Officers	94.36	68.13	94.36	68.13
	24,660.24	27,022.97	22,870.91	25,586.27

Trade receivables are non-interest bearing and are generally on 30 days credit term.

11.2. As at 31 March the Age Analysis of Trade Receivables is as follows :

As at 31 March 2025, Trade receivables amounting to LKR. 2,093.55 Mn. related to the Group and LKR. 1,976.11 Mn. related to the Company were impaired and fully provided for. Refer below Note 11.3 for the movement in provision for impairment of trade receivables.

	Total	Neither Past Due nor Impaired	Past Due and Impaired				
			30-60	61-90	91-180	181-365	>365
	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn
Balance as at 31 March 2025							
Group							
Trade Receivables	20,135.03	17,671.60	388.11	80.93	15.95	7.90	1,970.54
Provision for Impairment of Receivables (Note 11.3)	(2,093.55)	-	(22.42)	(76.74)	(15.95)	(7.90)	(1,970.54)
	18,041.48	17,671.60	365.69	4.19	-	-	-
Company							
Trade Receivables	18,494.62	16,358.28	156.04	4.19	6.39	7.90	1,961.82
Provision for Impairment of Receivables (Note 11.3)	(1,976.11)	-	-	-	(6.39)	(7.90)	(1,961.82)
	16,518.51	16,358.28	156.04	4.19	-	-	-

11. TRADE AND OTHER RECEIVABLES (CONTD..)

	Total	Neither Past Due nor Impaired	Past Due and Impaired				
			30-60	61-90	91-180	181-365	>365
	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn
Balance as at 31 March 2024							
Group							
Trade Receivables	21,377.58	18,753.79	148.94	70.36	129.62	75.73	2,199.14
Provision for Impairment of Receivables (Note 11.3)	(2,255.38)	-	-	-	(2.78)	(72.29)	(2,180.31)
	19,122.20	18,753.79	148.94	70.36	126.84	3.44	18.83
Company							
Trade Receivables	20,150.14	17,906.43	28.79	49.03	28.14	72.29	2,065.46
Provision for Impairment of Receivables (Note 11.3)	(2,140.53)	-	-	-	(2.78)	(72.29)	(2,065.46)
	18,009.61	17,906.43	28.79	49.03	25.36	-	-

11.3. Movement for Provision for Impairment of Receivables

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Balance as at 1 April	2,255.38	2,443.35	2,140.53	2,274.97
Provision/ (reversal) for the year	(161.83)	(187.97)	(164.42)	(134.44)
Balance as at 31 March	2,093.55	2,255.38	1,976.11	2,140.53

As at the Reporting date provision for impairment relating to related parties amounted to LKR. 1,222.12 Mn and LKR. 1,120.89 Mn for Group and Company respectively. (2024- LKR. 1,240.04 Mn for Group and LKR. 1,137.36 Mn for Company).

12. CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS**Components of Cash and Cash Equivalents****12.1. Favourable Cash and Cash Equivalent Balances**

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Cash and Bank Balances	5,200.39	8,842.07	5,134.74	8,466.98

12.2. Unfavourable Cash and Cash Equivalent Balances

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Bank Overdrafts (Note 15)	(22,844.83)	(23,489.91)	(22,803.08)	(23,489.91)
Total Cash and Cash Equivalents for the purpose of statement of cash flows	(17,644.44)	(14,647.84)	(17,668.34)	(15,022.93)

Notes to the Financial Statements contd.

13. STATED CAPITAL

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Ordinary shares issued and fully paid as at 31 March (Note 13.1)	203,860.67	198,860.67	203,860.67	198,860.67
Advance to Share Capital (Note 13.2)	4,788.56	3,500.00	4,788.56	3,500.00
	208,649.23	202,360.67	208,649.23	202,360.67

13.1. Ordinary shares issued and fully paid

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
As at the 1 April	198,860.67	96,360.67	198,860.67	96,360.67
Issued during the year	5,000.00	102,500.00	5,000.00	102,500.00
As at 31 March	203,860.67	198,860.67	203,860.67	198,860.67
Movement in number of shares	Nos.	Nos.	Nos.	Nos.
As at the 1 April	1,988,606,655	963,606,655	1,988,606,655	963,606,655
Issued during the year	50,000,000	1,025,000,000	50,000,000	1,025,000,000
As at 31 March	2,038,606,655	1,988,606,655	2,038,606,655	1,988,606,655

13.2. Advance to Share Capital

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
As at the 1 April	3,500.00	-	3,500.00	-
Advance received	6,288.56	106,000.00	6,288.56	106,000.00
Issue of shares	(5,000.00)	(102,500.00)	(5,000.00)	(102,500.00)
As at 31 March	4,788.56	3,500.00	4,788.56	3,500.00

14. RESERVES

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Revaluation Reserve	7,300.70	7,550.44	3,492.54	3,726.48
Capital Reserve*	991.74	991.74	991.74	991.74
Balance as at 31 March	8,292.44	8,542.18	4,484.28	4,718.22

*The Capital Reserve represents the difference between the face value and the fair value of the bonds received as consideration for Equity in 2021/22.

15. INTEREST BEARING LIABILITIES

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Current Liabilities				
Bonds (Note 15.1)	62,677.04	59,380.19	62,677.04	59,380.19
Deferred Settlement Plans with Aircraft Lessors (Note 15.2)	7,288.73	3,240.67	7,288.73	3,240.67
Lease Liability (Note 15.4)	44,109.96	52,948.42	43,955.34	52,758.85
Short Term Loan	91,315.23	92,209.37	91,315.23	92,209.37
Bank Overdraft (Note 12)	22,844.83	23,489.91	22,803.08	23,489.91
	228,235.79	231,268.56	228,039.42	231,078.99
Non-current Liabilities				
Lease Liability (Note 15.3)	98,468.22	127,110.04	98,065.46	126,534.15
Deferred Settlement Plans with Aircraft Lessors (Note 15.2)	4,225.78	5,998.73	4,225.78	5,998.73
	102,694.00	133,108.77	102,291.24	132,532.88

15.1. International Bond*(a) Current / Non-current Classification*

	Group / Company	
	2025 LKR. Mn	2024 LKR. Mn
Payable within one year included under Current Liabilities*	62,677.04	59,380.19
	62,677.04	59,380.19

*The 7% sovereign guaranteed international bonds issued by SriLankan Airlines Limited ("SLA") in 2019 matured on 25 June 2024. In line with Sri Lanka's debt restructuring policy, SLA has been negotiating the timeline and manner of payment under the international bonds in relation to which the interest had fallen due on 25 December 2022, 25 June 2023, 25 December 2023 and 25 June 2024 and in respect of the principal repayment which fell due on the 25 June 2024.

In 2025, with the approval of the Cabinet of Ministers, SLA appointed Lazard Freres SAS as its international financial adviser who has come up with a restructuring plan which has been approved by the Cabinet of Ministers. The financial adviser is in engagement with the Ad hoc committee of bondholders for a potential restructuring plan. SLA has also appointed Norton Rose Fulbright LLP as its international legal adviser to communicate with the bondholders and the Trustee.

On 11 June 2025, SLA received a statutory demand from the Delegate of the Trustee that SLA shall make the full payment on or before 02 July 2025 with an indication of a possible winding up application against SLA under the Companies Act No 07 of 2007 of Sri Lanka if SLA fails to do so. Upon SLA filing a petition seeking injunction preventing such winding up application, after consideration of the submissions made by SLA and GOSL the Commercial High Court has issued an enjoining order in favour of SLA.

The Attorney General's Department is appearing for the GOSL in the said winding up application and has taken up the position that no cause of action has arisen for instituting a winding up application against SLA.

(b) Foreign currency denomination

	Group / Company	
	2025 Mn	2024 Mn
Capital	175.00	175.00
Unpaid Interest	36.57	22.60
Bonds - USD denominated (Mn)	211.57	197.60

Notes to the Financial Statements contd.

15. INTEREST BEARING LIABILITIES (CONTD..)

(c) Movement in Bonds

	Group / Company	
	2025 LKR. Mn	2024 LKR. Mn
Balance as at 01 April	59,380.19	60,353.66
Accumulated interest	4,167.62	4,422.12
Unrealised exchange loss/(gain)	(870.77)	(5,395.59)
Balance as at 31 March	62,677.04	59,380.19

15.2. Differed Settlement Plans with Aircraft Lessors

	Group / Company	
	2025 LKR. Mn	2024 LKR. Mn
(a) Current / Non-current Classification		
Payable within one year included under Current Liabilities	7,288.73	3,240.67
Payable after one year but not more than five years	4,225.78	5,998.73
	11,514.51	9,239.40
(b) Foreign currency denomination		
Deferred Settlement Plans with Aircraft Lessors - USD Denominated (Mn)	38.87	30.75

(c) Movement in deferred Settlement Plans with Aircraft Lessors

	Group / Company	
	2025 LKR. Mn	2024 LKR. Mn
Balance as at 01 April	9,239.40	-
Additions	8,197.24	11,571.68
Payments	(5,852.95)	(1,985.63)
Unrealised exchange loss/(gain)	(69.18)	(346.65)
Balance as at 31 March	11,514.51	9,239.40

15. INTEREST BEARING LIABILITIES (CONTD...)

15.3. Interest bearing Borrowings - Terms and Repayment Schedule

Company

Lender	Balance as at 31 March 2025 LKR. Mn	Balance as at 31 March 2024 LKR. Mn	Repayment Term	Security
(a) Bank Loans				
Interest linked to SOFR				
Bank of Ceylon	9,628.13	9,766.25	Payment on maturity December, 2025	Letter of Comfort from Ministry of Finance
Bank of Ceylon	12,590.63	12,771.25	Payment on maturity December, 2025	Letter of Comfort from Ministry of Finance
Bank of Ceylon	7,406.25	7,512.50	Payment on maturity December, 2025	Letter of Comfort from Ministry of Finance
Bank of Ceylon	1,481.25	1,502.50	Payment on maturity December, 2025	Treasury Guarantee
Peoples Bank	9,628.13	9,766.25	Payment on maturity December, 2025	Letter of Comfort from Ministry of Finance
Peoples Bank	12,590.63	12,771.25	Payment on maturity December, 2025	Letter of Comfort from Ministry of Finance
Peoples Bank	7,406.25	7,512.50	Payment on maturity December, 2025	Letter of Comfort from Ministry of Finance
Peoples Bank	1,594.56	1,617.47	Payment on maturity December, 2025	Treasury Guarantee
Interest linked to AWPLR				
Bank of Ceylon	12,900.00	12,900.00	Payment on maturity December, 2025	Letter of Comfort from Ministry of Finance
Peoples Bank	13,350.00	13,350.00	Payment on maturity December, 2025	Letter of Comfort from Ministry of Finance
Peoples Bank	1,351.90	1,351.90	Payment on maturity December, 2025	Treasury Guarantee
Peoples Bank	1,387.50	1,387.50	Payment on maturity December, 2025	Treasury Guarantee

The approval of the Cabinet was received for the restructuring of state bank debt and is included in the National Budget . The Ministry of Finance is currently in the process of finlising the formalitites with the respective banks on the same.

Notes to the Financial Statements contd.

15. INTEREST BEARING LIABILITIES (CONTD...)

15.3. Interest bearing Borrowings - Terms and Repayment Schedule contd.

(b) International Bond

Lender	Balance as at 31 March 2025 LKR. Mn	Balance as at 31 March 2024 LKR. Mn	Repayment Term	Security
Fixed Interest Rate				
International Bond	62,677.04	59,380.19	Payment on maturity in June 2024	Government Guarantee for USD 175 Mn.

(c) Overdraft Facility

Lender	Balance as at 31 March 2025 LKR. Mn	Balance as at 31 March 2024 LKR. Mn	Repayment Term	Security
Interest linked to SOFR				
Bank of Ceylon	20,182.99	20,851.14	USD 70 Mn Revolving	Mortgage over the shares of Subsidiary - SriLankan Catering Limited
Interest linked to AWPLR				
Peoples Bank	2,620.09	2,638.77	"Payment on maturity December, 2025"	Treasury Guarantee

(d) Differed Settlement Plans with Aircraft Lessors

Lender	Balance as at 31 March 2025 LKR. Mn	Balance as at 31 March 2024 LKR. Mn	Repayment Term	Security
Settlement Plan I	2,569.20	3,645.04	Monthly payment ending May, 2027.	-
Settlement Plan II	3,678.99	4,770.25	Monthly payment ending May, 2027.	-
Settlement Plan III	3,340.70	824.11	Monthly payment ending September, 2026.	-
Settlement Plan IV	651.75	-	Monthly payment ending March, 2026.	-
Settlement Plan V	1,273.87	-	Monthly payment ending February, 2026.	-

Interest bearing liabilities denominated in USD were converted to Sri Lankan Rupees at the exchange rate of LKR. 296.25 (2024 - LKR 300.50) as at 31 March 2025.

15. INTEREST BEARING LIABILITIES (CONTD...)

15.4. Lease Liability

(a) Current / Non-current Classification

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Payable within one year included under Current Liabilities	44,109.96	52,948.42	43,955.34	52,758.85
After one year but not more than five years included under Non-Current Liabilities	96,240.68	117,868.75	95,837.92	117,292.86
More than 5 Years included under Non-current Liabilities	2,227.54	9,241.29	2,227.54	9,241.29
Total lease liabilities as at 31 March	142,578.18	180,058.46	142,020.80	179,293.00

(b) Lease Liability denominated in Foreign Currencies

	Group		Company	
	2025 Mn	2024 Mn	2025 Mn	2024 Mn
Denominated in EUR	8.85	9.89	8.85	9.89
Denominated in USD	460.19	575.36	460.19	575.36

(c) Movement in Lease Liability

Group	Gross Payable 2025 LKR. Mn	Finance Charges for future periods 2025 LKR. Mn	Net Payable 2025 LKR. Mn	Net Payable 2024 LKR. Mn
Balance as at 01 April	210,619.86	(30,561.40)	180,058.46	214,032.53
Additions during the year	5,273.95	(1,102.13)	4,171.82	17,075.29
Payments during the year	(48,552.58)	9,193.31	(39,359.27)	(34,690.31)
Concession received on rent	-	-	-	(44.97)
Adjustments	(0.04)	-	(0.04)	148.86
Disposal	(6.60)	0.46	(6.14)	(0.82)
Exchange loss / (gain)	(2,617.93)	331.28	(2,286.65)	(16,462.12)
Balance as at 31 March	164,716.66	(22,138.48)	142,578.18	180,058.46

Company	Gross Payable 2025 LKR. Mn	Finance Charges for future periods 2025 LKR. Mn	Net Payable 2025 LKR. Mn	Net Payable 2024 LKR. Mn
Balance as at 01 April	207,430.87	(28,137.87)	179,293.00	213,131.04
Additions during the year	5,273.95	(1,102.13)	4,171.82	17,003.37
Payments during the year	(48,299.70)	9,127.26	(39,172.44)	(34,511.69)
Concession received on rent	-	-	-	(44.97)
Adjustments	-	-	-	148.84
Disposal	(6.60)	0.46	(6.14)	(0.82)
Exchange loss / (gain)	(2,596.72)	331.28	(2,265.44)	(16,432.77)
Balance as at 31 March	161,801.80	(19,781.00)	142,020.80	179,293.00

Notes to the Financial Statements contd.

16. OTHER LIABILITIES

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Payable after one year				
Provision for Aircraft Maintenance and Overhaul Cost (Note 16.1 (b))	47,838.86	40,246.93	47,838.86	40,246.93
Aircraft Return Cost Liability (Note 16.2.(b))	6,508.78	6,596.21	6,508.78	6,596.21
Retirement Benefit Obligation (Note 16.3.(b))	10,947.21	9,281.00	10,186.60	8,526.62
Deferred Tax Liability (Note 24.2)	1,068.37	1,121.60	-	-
	66,363.22	57,245.74	64,534.24	55,369.76
Payable within one year				
Provision for Aircraft Maintenance and Overhaul Cost (Note 16.1 (b))	19,550.36	19,675.31	19,550.36	19,675.31
Aircraft Return Cost Liability (Note 16.2.(b))	2,850.48	1,983.32	2,850.48	1,983.32
	22,400.84	21,658.63	22,400.84	21,658.63

16.1. Provision for Future Aircraft Maintenance and Overhaul Cost

(a) Movement

	Group / Company	
	2025 LKR. Mn	2024 LKR. Mn
As at 1 April	59,922.24	70,930.90
Provisions during the year	13,060.47	8,444.75
Adjustments	(243.31)	(3,481.06)
Utilisation	(4,346.51)	(10,249.12)
Exchange (gain)/ loss	(1,003.67)	(5,723.23)
As at 31 March	67,389.22	59,922.24

(b) Current / Non-current Classification

Payable within one year included under Other Liabilities	19,550.36	19,675.31
After one year included under Other Long Term Liabilities	47,838.86	40,246.93
	67,389.22	59,922.24

16.2. Aircraft Return Cost

	Group / Company	
	2025 LKR. Mn	2024 LKR. Mn
(a) Movement		
As at 1 April	8,579.53	9,876.86
Unwinding effect of Return cost	501.39	447.68
Settlements	(1,011.89)	(153.18)
Amounts setoff upon redelivery	-	(429.71)
Addition	222.23	230.59
Adjustments	1,187.00	(268.28)
Exchange (gain)/ loss	(119.00)	(1,124.43)
As at 31 March	9,359.26	8,579.53
(b) Current / Non-current Classification		
Incurred within one year included under Other Liabilities	2,850.48	1,983.32
After one year included under Other Long Term Liabilities	6,508.78	6,596.21
	9,359.26	8,579.53

16.3. Retirement Benefit Obligation

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
(a). Gratuity				
Balance as at 01 April	8,649.54	7,664.59	7,948.99	7,000.34
Current service cost	580.38	464.34	539.78	423.80
Interest cost	894.06	1,090.38	810.00	970.82
Actuarial loss / (gain)	1,366.80	729.62	1,338.25	773.72
Payments during the year	(1,082.67)	(1,299.39)	(927.58)	(1,219.69)
Balance as at 31 March	10,408.11	8,649.54	9,709.44	7,948.99

16.3 (b) Provision for Leave Encashment

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Balance as at 01 April	631.46	348.64	577.63	303.20
Interest Cost	38.76	40.58	32.30	32.42
Actuarial (gain)/loss during the year	(0.46)	460.39	(6.41)	456.97
Benefits paid during the year	(130.66)	(218.15)	(126.36)	(214.96)
Balance as at 31 March	539.10	631.46	477.16	577.63
Total Retirement Benefit Obligation	10,947.21	9,281.00	10,186.60	8,526.62

The Actuarial Valuation was carried out by professionally qualified actuary, Mr. M.Poopalanathan of Actuarial & Management Consultants (Pvt) Ltd for the Reporting Date based on the following key assumptions;

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
(i) Rate of Interest				
-LKR	10.5%	13.0%	11.0%	12.0%
-USD	4.0%	6.0%	-	-
(ii) Rate of Salary Increase				
-LKR	8.0%	10.0%	10.0%	11.0%
-USD	3.0%	3.0%	-	-
(iii) Average Expected Remaining Service Life	10.61 Years	11.85 Years	9.3 Years	8.8 Years

*As per the statutory regulations, the retirement age is 60 years.

Notes to the Financial Statements contd.

16. OTHER LONG-TERM LIABILITIES (CONTD.)

16.3. Retirement Benefit Obligation (Contd.)

Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employee benefit liability measurement.

The sensitivity of the statement of comprehensive income and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Increase /(Decrease) in			Effect on Retirement Benefit Obligation			
Discount Rate	Salary Escalation Rate	Exchange Rate	2025		2024	
			Company LKR. Mn	Subsidiary LKR. Mn	Company LKR. Mn	Subsidiary LKR. Mn
1%	-	-	(644.65)	(56.54)	(507.89)	(49.27)
-1%	-	-	735.46	68.20	578.17	59.09
-	1%	-	751.21	68.50	598.63	59.35
-	-1%	-	(668.37)	(56.20)	(532.73)	(48.98)
-	-	1%	27.60	-	27.60	-
-	-	-1%	(27.60)	-	(27.60)	-

Maturity Analysis

	Less than three months	3 to 12 Months	1 to 5 year	More than 5 years	Total
Group	617.84	825.61	4,503.07	5,000.69	10,947.21
Company	555.94	799.14	4,274.49	4,557.03	10,186.60

17. SALES IN ADVANCE OF CARRIAGE

Sales in advance of carriage generally represents the value of unutilised tickets and related balances which have not expired.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Trade and Other Payables	86,644.46	68,480.73	105,439.80	82,542.51
Unscheduled Repair Cost of Engines*	8,363.33	14,795.36	8,363.33	14,795.36
Penalty Charges on Agreement Breach **	13,451.21	11,837.12	13,451.21	11,837.12
	108,459.00	95,113.21	127,254.34	109,174.99

* The provision reflects the estimated cost payable on repair of CFM Neo engines taking into the consideration of expected manufacturer credits. The corresponding effect on the Profit and Loss is LKR 2,228.41 Mn.

**The Company was unable to fulfil its obligations under the agreement signed with Rolls Royce (RR) in respect of engines for A350 aircraft. As the Company did not take delivery of A350 aircraft, RR claimed for the loss of business under the said agreement. Accordingly, the Company agreed to provide future business to RR as a settlement by entering into new agreements. As a result of the pandemic and other technical issues, the Company could not fulfill a part of the new contracts. Therefore, RR invoiced the Company for this breach and has put forward a combined settlement proposal. The Company has made provisions for the same including interest accrued in terms of the agreements. Negotiations are ongoing with RR for a settlement plan.

19. FINANCIAL INSTRUMENTS

19.1. Classification of Financial Instruments

Financial assets and liabilities in the table below are split into categories in accordance with SLFRS 9 - Financial Instruments

	2025 LKR. Mn	2024 LKR. Mn
Group		
Financial Instruments measured at amortised cost		
Financial Assets		
Trade and Other Receivables, excluding Advances and Prepayments	18,041.48	19,122.20
Aircraft Maintenance Reserve	58,494.11	54,557.56
Aircraft and Spare Engine Deposits	8,335.13	8,967.60
Investments	2,390.13	2,508.42
Cash and Bank Balances	5,200.39	8,842.07
	92,461.24	93,997.85
Financial Liabilities		
Interest Bearing Loans and Borrowings	188,351.61	177,526.17
Lease Liability	164,716.67	210,619.86
Provision for Aircraft Maintenance and Overhaul Cost	67,389.22	59,922.24
Return Cost Provision	9,359.24	8,579.52
Trade and Other Payables	100,998.28	93,419.84
	530,815.02	550,067.63

	2025 LKR. Mn	2024 LKR. Mn
Company		
Financial Instruments measured at amortised cost		
Financial Assets		
Trade and Other Receivables, excluding Advances and Prepayments	19,934.81	21,731.65
Aircraft Maintenance Reserve	58,494.11	54,557.56
Aircraft and Spare Engine Deposits	8,335.13	8,967.60
Investments	1,641.66	1,715.99
Cash and Bank balances	5,134.74	8,466.98
	93,540.45	95,439.78
Financial Liabilities		
Interest Bearing Loans and Borrowings	188,309.86	177,526.17
Lease Liability	161,801.80	207,430.87
Provision for Aircraft Maintenance and Overhaul Cost	67,389.22	59,922.24
Return Cost Provision	9,359.24	8,579.52
Trade and Other Payables	119,793.62	107,648.62
	546,653.74	561,107.42

Notes to the Financial Statements contd.

20. REVENUE AND SEGMENT INFORMATION

20.1. Revenue

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Scheduled services - Passenger	234,481.45	276,249.95	234,481.45	276,249.95
- Cargo	31,953.04	31,377.09	32,350.74	31,645.61
- Excess Baggage	2,546.81	2,364.34	2,546.81	2,364.34
	268,981.30	309,991.38	269,379.00	310,259.90
Air Terminal and Other Services	24,895.62	21,227.33	25,178.22	21,425.39
Duty Free	1,948.44	1,824.12	1,948.44	1,824.12
Non-Scheduled Services	0.34	104.68	0.34	104.68
Flight Catering	7,268.19	6,444.14	-	-
Total	303,093.89	339,591.65	296,506.00	333,614.09

20.2. Segment Information

(a) Primary Reporting by Geographical Segment - Revenue by Origin of Sale - (Group)

	Sri Lanka	Asia (excluding Sri Lanka)	Europe & Africa	Middle East	North & South America	Australia/ Pacific	Total 2025
	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn
Revenue 2025							
Scheduled services - Passenger	45,115.63	75,266.86	42,853.20	31,090.38	9,999.91	30,155.47	234,481.45
- Cargo	10,598.73	15,427.94	2,578.66	1,875.39	1.81	1,470.51	31,953.04
- Excess Baggage	400.60	921.11	87.95	878.94	120.83	137.38	2,546.81
	56,114.96	91,615.91	45,519.81	33,844.71	10,122.55	31,763.36	268,981.30
Air Terminal and Other Services	24,895.62	-	-	-	-	-	24,895.62
Duty Free	-	993.70	136.39	389.69	-	428.66	1,948.44
Non-Scheduled Services	0.34	-	-	-	-	-	0.34
Flight Catering	7,268.19	-	-	-	-	-	7,268.19
Segment Revenue	88,279.11	92,609.61	45,656.20	34,234.40	10,122.55	32,192.02	303,093.89

	Sri Lanka	Asia (excluding Sri Lanka)	Europe & Africa	Middle East	North & South America	Australia/ Pacific	Total 2024
	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn
Revenue 2024							
Scheduled services - Passenger	57,751.22	89,440.38	47,464.56	34,609.79	11,922.39	35,061.61	276,249.95
- Cargo	9,206.69	15,087.32	3,353.67	2,275.16	13.65	1,440.60	31,377.09
- Excess Baggage	328.74	878.67	78.53	854.61	113.35	110.44	2,364.34
	67,286.65	105,406.37	50,896.76	37,739.56	12,049.39	36,612.65	309,991.38
Air Terminal and Other Services	21,227.33	-	-	-	-	-	21,227.33
Duty Free	-	1,021.51	91.21	437.79	-	273.62	1,824.12
Non-Scheduled Services	104.68	-	-	-	-	-	104.68
Flight Catering	6,444.14	-	-	-	-	-	6,444.14
Segment Revenue	95,062.80	106,427.88	50,987.97	38,177.35	12,049.39	36,886.27	339,591.65

20. REVENUE AND SEGMENT INFORMATION (CONTD.)

(b) Secondary Reporting by Business Segment

	Business Segment				Business Segment			
	Airline	Flight Catering	Inter-segment	Group	Airline	Flight Catering	Inter-segment	Group
	2025	2025	eliminations	2025	2024	2024	eliminations	2024
	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn
Revenue								
Sales to external customers	296,506.00	14,104.76	(7,516.87)	303,093.89	333,614.09	13,970.77	(7,993.21)	339,591.65
Results								
Profit / (Loss) After Tax	(7,594.56)	4,859.28	-	(2,735.28)	3,870.86	4,054.15	-	7,925.01
Other Segment Information								
Assets	181,971.09	27,348.41	(20,062.70)	189,256.80	194,258.01	23,003.89	(15,613.19)	201,648.71
Liabilities	585,143.64	3,652.84	(20,020.07)	568,776.41	594,792.72	3,978.83	(15,399.17)	583,372.38
Acquisition of Property, Plant and Equipment	1,866.49	85.30	-	1,951.79	1,626.83	42.94	-	1,669.77
Acquisition of Intangible Assets	31.00	0.63	-	31.63	5.48	-	-	5.48
Depreciation and Amortisation	15,679.72	294.83	-	15,974.55	13,869.28	268.79	-	14,138.07
Finance Cost	36,236.73	66.51	-	36,303.24	37,311.84	75.38	-	37,387.22
Exchange loss on Interest Bearing Liabilities	(3,903.32)	(21.21)	-	(3,924.53)	(26,687.55)	(29.26)	-	(26,716.81)
Finance Income	742.40	62.39	-	804.79	710.90	112.16	-	823.06
Tax Expense / (Reversal)	-	845.87	-	845.87	-	481.61	-	481.61
Operating Expenses excluding exchange loss	273,466.54	8,154.24	(7,516.88)	274,103.90	301,166.75	8,183.43	(7,993.20)	301,356.98
Inventory written off	7.44	-	-	7.44	14.72	-	-	14.72

21. OTHER INCOME AND GAINS

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Profit on Disposal of Property, Plant and Equipment	3.05	0.15	3.05	0.15
Miscellaneous Income	1,658.27	1,485.49	1,658.27	1,485.49
	1,661.32	1,485.64	1,661.32	1,485.64

Notes to the Financial Statements contd.

22. OPERATING LOSS

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Stated after charging:				
Aircraft Insurance	1,420.20	1,646.27	1,420.20	1,646.27
Franchise Fees	1,431.39	1,161.18	1,431.39	1,161.18
Allowance for Slow Moving Inventory	326.40	171.54	327.10	174.81
Auditors' Remuneration				
- Audit	20.26	13.71	17.15	12.56
Provision for Impairment of Receivables	(161.83)	(187.97)	(164.42)	(134.44)

23. NET FINANCE COST

23.1. Finance Income

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Interest Income	804.79	823.06	742.40	710.90
	804.79	823.06	742.40	710.90

23.2. Finance Cost

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Interest on Loans and International Bond	15,286.50	18,359.39	15,286.50	18,359.39
Interest on Deferred Settlement Plans for Suppliers	944.71	706.08	944.71	706.08
Interest Cost Bank Overdrafts and Overdue Supplier Balances	10,377.33	7,340.46	10,377.33	7,340.46
Finance Charges on Lease Liabilities	9,193.31	10,533.61	9,126.80	10,458.23
Unwinding effect of Return cost	501.39	447.68	501.39	447.68
	36,303.24	37,387.22	36,236.73	37,311.84

23.3. Exchange Loss on Interest Bearing Liabilities

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Exchange (gain)/ loss on Lease Liabilities	(2,286.65)	(16,462.12)	(2,265.44)	(16,432.86)
Exchange (gain) / loss on Other Interest Bearing Liabilities	(1,637.88)	(10,254.69)	(1,637.88)	(10,254.69)
	(3,924.53)	(26,716.81)	(3,903.32)	(26,687.55)
Net Finance Cost	31,573.92	9,847.35	31,591.01	9,913.39

24. TAXATION

Tax Expense

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
The major components of income tax expense are as follows:				
Current income tax				
Current tax expense on ordinary activities for the year	881.98	676.29	-	-
Deferred tax expense	(36.11)	(194.68)	-	-
	845.87	481.61	-	-

24.1. Reconciliation between Current Tax Expense and the product of Accounting Loss.

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Accounting Profit/ (Loss) before Tax	(1,889.41)	8,406.62	(7,594.56)	3,870.86
Less: (Profit)/ Loss exempt from income tax	(23.73)	(3.39)	-	-
Profit / (Loss) liable for income tax	(1,913.14)	8,403.23	(7,594.56)	3,870.86
Net of Allowable and Disallowable Expenses	(29,235.41)	(42,313.98)	(29,422.31)	(43,368.72)
Tax Losses incurred	(31,148.55)	(33,910.75)	(37,016.87)	(39,497.86)
Taxable Profit arising from the company	-	-	-	-
Taxable Profit arising from the subsidiary	5,868.76	5,587.20	-	-
Less: Losses set off	-	-	-	-
	5,868.76	5,587.20	-	-
Income tax liability at 15%	859.88	831.62	-	-
Income tax liability at 30%	40.86	64.46	-	-
Current Income Tax Expense	900.74	896.08	-	-

24.2. Deferred Tax Liability- Subsidiary

	2025 LKR. Mn	2024 LKR. Mn
Balance at the beginning of the year	1,121.60	1,311.13
Charged to profit & loss	(36.11)	(194.67)
Charged to the other comprehensive income	(17.12)	5.14
Balance at the end of the year	1,068.37	1,121.60

Notes to the Financial Statements contd.

24.2. Deferred Tax Liability- Subsidiary contd.

Deferred Tax Relates to the Following:

Deferred Tax Liability Arising on:

	2025	2024	Recognised in Profit or Loss 2025	Recognised in OCI 2025
	LKR. Mn	LKR. Mn	LKR Mn	LKR. Mn
Property, Plant and Equipment	23.54	36.70	(13.16)	-
Revaluation of Property, Plant and Equipment	952.22	958.99		(6.77)
Intangible Assets	0.53	0.85	(0.32)	-
ROU Asset	20.66	30.06	(9.40)	-
Unrealised exchange gain	404.91	458.09	(53.18)	-
	1,401.86	1,484.69		
Deferred Tax Assets Arising on:				
Gratuity	(209.61)	(210.17)	9.13	(8.57)
leave encashment liability	(18.58)	(16.15)	(0.65)	(1.79)
Allowance for obsolete and slow-moving inventory	(18.73)	(18.84)	0.11	-
Provision for trade debtors	(2.53)	(1.90)	(0.63)	-
Lease Liability	(84.04)	(116.03)	31.99	-
	(333.49)	(363.09)		
Net deferred tax liability	1,068.37	1,121.60		
Net deferred tax expense			(36.11)	(17.12)

Deferred tax liability has been calculated based on the future tax rates applicable to each segment. According to the BOI agreement for Flight Kitchen, Transit Restaurants, Transit Hotel, and Airline Laundry are liable at a concessionary rate of 15% until 31 May 2029, and other income at 30% which is the tax rate effective from 01 October 2022 as per the Inland Revenue Act No 24 of 2017.

24.2. Deferred Tax Liability- Company

Deferred Tax Liability Arising on:

	2025	2024	Movement during the year 2025
	LKR. Mn	LKR. Mn	LKR. Mn
Property, Plant & Equipment	(1,232.30)	(1,132.89)	99.41
Revaluation of Land - Colombo	(205.38)	(205.38)	-
Revaluation of Buildings	(1,549.27)	(1,549.27)	-
Net Right of Use Assets and Liabilities	23,209.98	31,393.47	8,183.49
Retirement Benefit Obligation	3,055.98	2,557.99	(497.99)
Provision for Slow Moving Stocks	1,138.82	1,042.93	(95.89)
Provision for Impairment of Receivables	592.83	642.16	49.33
Provision for Aircraft Maintenance and Overhaul Cost	20,216.77	17,976.67	(2,240.10)
Aircraft Return Cost	2,807.78	2,573.86	(233.92)
	48,035.21	53,299.54	5,264.33

Company

The rate of tax used is 30% (2024 - 30%) which is the tax rate that is expected to be applied to the temporary differences when they reverse, based on the tax laws enacted as at the reporting date. A net deferred tax asset amounting to LKR. 48,035.21 Mn as at 31 March 2025 was not recognised in the financial statements as it is not probable that the future taxable profits will be adequate to utilise the available deferred tax assets in the foreseeable future.

Deferred tax asset is not computed on tax losses carried forward at the reporting date amounting to LKR 304,273.30 Mn (2024-LKR 278,959.18).

25. COMMITMENTS AND CONTINGENCIES

25.1. Capital Expenditure Commitments

The Group and Company's commitment for acquisition of property, plant and equipment incidental to the ordinary course of business were as follows:

	Group		Company	
	2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Authorised and contracted but not provided for				
Tangible	811.92	170.26	811.92	170.26
Intangible	3.75	42.40	3.75	42.40
	815.67	212.66	815.67	212.66
Authorised but not contracted for				
Tangible	2,219.05	2,348.58	2,219.05	2,348.58
Intangible	64.11	92.00	64.11	92.00
	2,283.16	2,440.58	2,283.16	2,440.58
	3,098.83	2,653.24	3,098.83	2,653.24

25.2. Contingencies

Company

The Contingent liabilities are based on claims made of LKR. 8,087.24Mn as at 31 March 2025 (2024: LKR. 4,717.17 Mn). The Contingent Liability includes a penalty levied by an overseas tax authority pertaining to payment of airport taxes amounting to LKR 438.46 Mn, Service Tax disputes with an overseas tax authority amounting to LKR 2,256.01 Mn, interest on delayed settlements amounting to LKR 2,044.13, aircraft return condition disputes amounting to LKR 1,185 Mn and employee & passenger related claims of LKR 2,163.64 Mn.

No provision has been made in these financial statements as the Directors do not anticipate any significant liability in respect of any contingent liabilities arising in the course of business of the Company in respect of legal actions, other claims and potential claims being made against the Company by customers, suppliers and employees.

Subsidiary

In the opinion of the Company's lawyers, there are no pending litigations against the Company, other than the several pending Labour tribunal cases that will have an impact on the reported financial results of the future operations of the Company. A sum of LKR. 4.88 Mn has been deposited for these cases.

26. ASSETS PLEDGED

Group / Company

Refer Note 15.3 for details of the assets pledged against facilities obtained.

27. EVENTS OCCURRING AFTER THE REPORTING DATE

Aircraft Induction

a) 03 June 2025, the company took delivery of one A330-200 wide body aircraft on an operating lease term.

Notes to the Financial Statements contd.

28. RELATED PARTY DISCLOSURES

28.1. GROUP & COMPANY

28.1.1. Transactions with Key Management Personnel (KMP)

Related parties include KMPs defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and its Subsidiary. Such KMPs include the Board of Directors, Chief Executive Officer and Other Senior Management Executives of the Group who meet the criteria described above.

In line with the Group/ Company policy which stipulate that any transaction between the Group and the related party (where the affiliates of the Company, the Directors, Employees or their close family members have an interest) shall be disclosed, the associated declarations made by the KMPs have been considered.

(a) The significant transactions carried out by the KMP in the ordinary course of business during the reporting period are as follows;

	2025 LKR. Mn	2024 LKR. Mn
Short Term Benefits	563.32	446.97
Post-employment Benefits	74.55	33.97
Termination Benefits	69.38	-

Key Management Personnel and their spouses and dependent children are also entitled for free of charge air tickets on seat availability basis.

(b) KMPs of the Group holds positions in other companies, which had trading transactions with the Group during the year and which are identified below;

- Mr. Ashoka Pathirage, Chairman (from April 2024 to September 2024) of the Group serves in Softlogic Holding PLC and its Subsidiaries, Asiri Hospital Holding PLC and its Subsidiaries and Odel PLC and its Subsidiaries in the capacity of Chairman / Managing Director/ Director respectively. During the period of six months Group had transactions LKR 15.31 Mn for staff hospitalisation with Asiri Hospital Holding PLC and its Subsidiaries. During the period of six months 0.48 Mn transactions had with Softlogic City Hotels (Pvt) Ltd for accommodation. There are no balance outstanding as at 30 September 2024. (FY 2023/2024 - Group had transactions LKR 65.37 Mn with related companies).
- Dr. Shridhir Sariputta Hansa Wijayasuriya a Director (from April 2024 to September 2024) of the Company also serves as a Director in Dialog Axiata PLC. During the period of six months Group had LKR 6.73 Mn transactions with Dialog Axiata PLC for telecommunication and related services and the balance outstanding as at 30 September 2024 was LKR 0.55 Mn. (FY 2023/2024 - Group had transactions amounting to LKR 2.32 Mn with related Companies).
- Mr. Jayanth Perera, a director (from April 2024 to September 2024) of the Group also serves the Board of McLaren's Group of Companies. During the period of six months, Group had transactions LKR 0.02 Mn with McLaren's Group of Companies for supply of goods and there are no balance outstanding as at 30 September 2024. (FY 2023/2024 - Group had transactions amounting to LKR 4.69 Mn with related Companies).
- Mr. Sarath Clement Ganegoda, Chairman (from October 2024) of the Group and Dr. Harsha Cabral, Director (from October 2024) of the Group serve in Hayleys Group of Companies, in the capacity of Director. In the period of six months the Group had transactions LKR 163.31 Mn for Cargo Services. Hayleys Group of Companies as General Sales Agent had transactions amounting to LKR 113.8 Mn. The Group had transactions with Hayleys Group of Companies to obtain goods and services amounting to LKR 1.87 Mn. The balance outstanding as at 31 March 2025 was 59.48 Mn.
- Dr. Harsha Cabral, Director (from October 2024) of the Group serve in Chevron Lubricants Lanka PLC, in the capacity of Director. In the period of six months Group had transactions LKR 21.07 Mn for Supply of Lubricants and there are no balance outstanding as at 31 March 2025.

28. RELATED PARTY DISCLOSURES (CONTD.)

28.1. Group & Company (Contd.)

28.2. Group

The Government of Sri Lanka (GOSL) being the Major Shareholder of the Company has the controlling power over the Group.

The following collectively significant transactions have been carried out with entities controlled by the GOSL in the ordinary course of business.

Name of the Company	Relationship	Nature of Transactions	Transaction Amount		Receivable/ (Payable) Balance	
			2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
Ceylon Petroleum Corporation	Government owned	Fuel	(50,213.08)	(63,161.16)	181.69	728.44
Airport and Aviation Services Ltd.	Government owned	Landing, Aero Bridge, Lounge, Rent, Franchise fees , & Garbage Incineration charges , etc	(5,161.49)	(4,179.17)	(3,667.87)	(1,531.65)
Civil Aviation Authority of Sri Lanka	Government controlled	Licenses, permits and Levies	(21,449.90)	(23,219.81)	(26,286.53)	(12,822.88)
Mihin Lanka (Pvt) Ltd	Government owned	Warehouse Rent	0.58	0.58	1,013.40	1,013.40
Sri Lanka Insurance Corporation	Government owned	Insurance Services	(1,420.20)	(1,646.27)	-	-
Bank of Ceylon*	Government owned	Loan	-	-	(44,006.25)	(44,452.50)
		Short term Deposits	-	-	115.94	2,921.65
		Bank Overdraft	-	-	(20,182.99)	(20,851.14)
		Interest	(7,471.92)	(8,424.95)	-	-
Peoples Bank *	Government owned	Loan	-	-	(47,308.98)	(47,756.86)
		Short term Deposits	-	-	1.44	0.87
		Bank Overdraft	-	-	(2,620.09)	(2,638.77)
		Interest	(6,458.06)	(8,162.88)	-	-

As of the Reporting date the Group has utilised Bank Guarantee facility of LKR. 2891.38 Mn (2024 - LKR. 2,416.71 Mn) from Bank of Ceylon.

*Refer note 15.3 for details of government guarantees and letters of comfort provided on behalf of the Company.

Balances from / to entities controlled by the GOSL are included under Trade and Other Receivables/Payables and Interest bearing Liabilities in the Statement of Financial Position.

As at the Reporting date provision for impairment relating to related parties amounted to LKR. 1,222.12 Mn and LKR. 1,120.89 Mn for Group and Company respectively. (2024- LKR. 1,240.04 Mn for Group and LKR. 1,137.36 Mn for Company).

Limited disclosures have been made applying the exemption available in LKAS 24 - 'Related Party Disclosures' for transactions with all government controlled/ related entities.

Notes to the Financial Statements contd.

28. RELATED PARTY DISCLOSURES (CONTD.)

28.3. Company

Significant Transactions including the following collectively have been carried out with subsidiary and entities controlled by the Government of Sri Lanka (GOSL) in the ordinary course of business.

Name of the Company	Relationship	Nature of Transactions	Transaction Amount		Receivable/ (Payable) Balance	
			2025 LKR. Mn	2024 LKR. Mn	2025 LKR. Mn	2024 LKR. Mn
SriLankan Catering Limited	Subsidiary	Freight Services	524.64	305.04	(20,062.41)	(14,360.25)
		Flight Catering and Other Services	(7,932.07)	(10,788.47)	-	-
Ceylon Petroleum Corporation	Government owned	Fuel	(50,565.31)	(63,602.94)	172.81	682.27
Airport and Aviation Services Ltd.	Government owned	Landing, Aero Bridge, Lounge, Rent, Franchise fees & Garbage Incineration charges	(6,313.15)	(5,336.61)	(3,864.03)	(1,693.99)
Civil Aviation Authority of Sri Lanka	Government controlled	Licences, permits and Levies	(21,449.90)	(23,219.81)	(26,286.53)	(12,822.88)
Mihin Lanka (Pvt) Ltd	Government owned	Warehouse Rent	0.58	0.58	1,013.40	1,013.40
Sri Lanka Insurance Corporation	Government owned	Insurance Services	(1,420.20)	(1,646.27)	-	-
Bank of Ceylon*	Government owned	Loan	-	-	(44,006.25)	(44,452.50)
		Short term Deposits	-	-	115.94	2,921.65
		Interest	(7,471.92)	(8,424.95)	-	-
		Bank Overdraft	-	-	(20,182.99)	(20,851.14)
Peoples Bank *	Government owned	Loan	-	-	(47,308.98)	(47,756.86)
		Short term Deposits	-	-	1.44	0.87
		Interest	(6,458.06)	(8,162.88)	-	-
		Bank Overdraft	-	-	(2,620.09)	(2,638.77)

As of the Reporting date the Company has utilised Bank Guarantee facility of LKR. 2,863.93 Mn (2024 - LKR. 2,389.25 Mn) from Bank of Ceylon.

*Refer note 15.3 for details of government guarantees and letters of comfort provided on behalf of the Company.

Balances from / to entities controlled by the GOSL are included under Trade and Other Receivables/Payables and Interest bearing Liabilities in the Statement of Financial Position.

As at the Reporting date provision for impairment relating to related parties amounted to LKR. 1,120.89 Mn. (2024- LKR. 1,137.36 Mn).

Limited disclosures have been made applying the exemption available in LKAS 24 - 'Related Party Disclosures' for transactions with all government controlled/ related entities.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets comprise of trade and other receivables and cash and short-term deposits that are derived directly from its operations.

The corporate management periodically reviews and updates a comprehensive risk management matrix and has identified the following financial risks that have a significant impact.

- (i) Market Risk
 - Interest rate risk
 - Currency risk
- (ii) Liquidity risk
- (iii) Credit Risk

The Group reviews its risk management policies and procedures on regular basis to reflect changes in markets and other financial risk taking activities and these are governed by appropriate policies and procedures to ensure that risks are identified, measured and managed in accordance with set policies and procedures.

- (i) Market Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The Group's policy is to maintain an appropriate balance between fixed and variable rate borrowings including aircraft leasing in order to mitigate the effect of interest rate fluctuations.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Group/Company loss before tax would have been affected through the impact on floating rate borrowings as follows.

	Effect on Profit /(Loss) before Tax			
	2025		2024	
	Group LKR. Mn	Company LKR. Mn	Group LKR. Mn	Company LKR. Mn
Increase in Interest Rate above Floor Rate				
+1%	915.91	915.91	922.09	922.09

* Increase in interest rates result in an increase in losses

Interest rates of facilities obtained from banks are subject to floor rates. Accordingly, the above sensitivity may not be applicable if the interest rates are below the floor rate.

Notes to the Financial Statements contd.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Foreign Currency Risk

Foreign Currency Risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Group is exposed to the effect of foreign exchange rate fluctuations because of its foreign currency denominated revenue, expenses, borrowings and other financial instruments.

Group manages its foreign exchange exposure by a policy of matching as far as possible, receipts and payments in each individually significant currency.

The following table demonstrates the sensitivity to a reasonably possible change in Sri Lankan Rupee (LKR) against US dollar (USD), with all other variables held constant, of the Group /Company loss before tax (due to changes in the fair value of outstanding monetary assets and liabilities recorded in statement of financial position as of the reporting date). The Group's exposure to foreign currency changes for all other currencies is not material.

	Effect on Profit / (Loss) before Tax			
	2025		2024	
	Group LKR. Mn	Company LKR. Mn	Group LKR. Mn	Company LKR. Mn
Appreciation/(Depreciation) of USD against LKR				
+1%	3,837.84	3,837.84	4,045.01	4,033.27
-1%	(3,837.84)	(3,837.84)	(4,045.01)	(4,033.27)

* Appreciation of USD results in an increase in losses.

USD denominated assets and liabilities were converted to Sri Lankan Rupees at the exchange rate of LKR 296.25 (2024 LKR 300.50) as at 31 March 2025.

(ii) Liquidity Risk

The Liquidity Risk is the risk that the Group may not be able to meet its present and future cash obligations when they fall due. The Group monitors its risk of shortage of funds using a daily/ weekly / monthly and annual cash management and budgeting process. Group obtains multiple sources of funding from financial institutions including long term and short term loans, bank overdraft facilities, supplier financing, leases in order to mitigate the risk.

The table below summarises the maturity profile of the Group's/Company's financial liabilities based on contractual undiscounted payments.

2025	Undiscounted Contractual Cash Flows						Total	Carrying Value
	On demand	Less than three months	3 to 12 Months	2 to 5 year	More than 5 years			
	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn		
Group								
Interest Bearing Liabilities	22,844.83	62,677.04	96,581.56	6,248.18	-	188,351.61	188,351.61	
Lease Liability	13,752.61	9,420.41	28,741.60	110,394.27	2,407.78	164,716.67	142,578.18	
Aircraft Maintenance and Overhaul Cost	11,311.14	756.43	7,482.79	47,822.90	15.96	67,389.22	67,389.22	
Return Cost Liability	2,143.82	706.68	-	3,957.45	2,551.31	9,359.26	9,359.26	
Trade and Other Payables	-	100,998.28	-	-	-	100,998.28	100,998.28	
	50,052.40	174,558.84	132,805.95	168,422.80	4,975.05	530,815.04	508,676.55	
Company								
Interest Bearing Liabilities	22,803.08	62,677.04	96,581.56	6,248.18	-	188,309.86	188,309.86	
Lease Liability	13,752.61	9,420.41	27,986.74	108,234.26	2,407.78	161,801.80	142,020.80	
Aircraft Maintenance and Overhaul Cost	11,311.14	756.43	7,482.79	47,822.90	15.96	67,389.22	67,389.22	
Return Cost Liability	2,143.82	706.68	-	3,957.45	2,551.31	9,359.26	9,359.26	
Trade and Other Payables	-	119,793.62	-	-	-	119,793.62	119,793.62	
	50,010.65	193,354.18	132,051.09	166,262.79	4,975.05	546,653.76	526,872.76	

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

2024	Undiscounted Contractual Cash Flows						Total	Carrying Value
	On demand	Less than three months	3 to 12 Months	2 to 5 year	More than 5 years			
	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn	LKR. Mn		
Group								
Interest Bearing Liabilities	23,489.91	96,752.50	48,868.47	8,415.29	-	177,526.17	177,526.17	
Lease Liability	23,218.29	9,630.41	29,598.25	138,409.02	9,763.91	210,619.88	180,058.44	
Aircraft Maintenance and Overhaul Cost	10,976.37	-	8,698.94	40,246.93	-	59,922.24	59,922.24	
Return Cost Liability	1,983.32	-	-	4,399.54	2,196.67	8,579.53	8,579.53	
Trade and Other Payables	-	93,419.84	-	-	-	93,419.84	93,419.84	
	<u>59,667.89</u>	<u>199,802.75</u>	<u>87,165.66</u>	<u>191,470.78</u>	<u>11,960.58</u>	<u>550,067.66</u>	<u>519,506.22</u>	
Company								
Interest Bearing Liabilities	23,489.91	96,752.50	48,868.47	8,415.29	-	177,526.17	177,526.17	
Lease Liability	23,218.29	9,630.41	28,808.47	136,009.80	9,763.91	207,430.88	179,293.00	
Aircraft Maintenance and Overhaul Cost	10,976.37	-	8,698.94	40,246.93	-	59,922.24	59,922.24	
Return Cost Liability	1,983.32	-	-	4,399.54	2,196.67	8,579.53	8,579.53	
Trade and Other Payables	-	107,648.62	-	-	-	107,648.62	107,648.62	
	<u>59,667.89</u>	<u>214,031.53</u>	<u>86,375.88</u>	<u>189,071.56</u>	<u>11,960.58</u>	<u>561,107.44</u>	<u>532,969.56</u>	

(iii) Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk mainly from its operating activities (primarily for trade receivables).

The sale of passenger and cargo transportation is primarily through IATA accredited sales agents. The credit risk of such sales is relatively small owing to a broad diversification. Settlements from these agents are collected by IATA through their passenger and cargo settlement schemes. The funds collected are settled directly to the airline by IATA which gives further assurance of the credit worthiness of such agents.

Receivables and payables among major airlines are primarily settled via the IATA Clearing House. Receivables and payables are generally netted and settled on weekly intervals, which lead to a clear reduction in the risk of default. For other service relationships, collateral is required depending on the nature and scope of the services rendered. Such collaterals from debtors include bank guarantees, security deposits and other mechanisms.

Impairment is made for doubtful accounts receivable whenever risks are identified.

Capital Management

Based on the factors more fully described in Note 2.1.1 to these Financial Statements, the Government of Sri Lanka has demonstrated its commitment to support the Group by the way of Providing sovereign guarantees/letters of comfort for debt financing together with Capital Infusion and restructuring of debt.

Notes to the Financial Statements contd.

30. COMPARATIVE INFORMATION

The presentation and classification of following item which is related to Trade and Other Payables and Interest Bearing Liabilities in these Financial Statements are amended to conform with the current year's classification in order to provide better presentation.

Statement of Financial Position	Group		
	As Disclosed Previous Year LKR. Mn	Reclassification LKR. Mn	Current Presentation LKR. Mn
Current Liabilities			
Trade and Other Payables	101,597.30	(6,484.09)	95,113.21
Interest Bearing Liabilities	224,475.86	6,792.70	231,268.56
Income Tax Liability	308.61	(308.61)	-

Statement of Financial Position	Company		
	As Disclosed Previous Year LKR. Mn	Reclassification LKR. Mn	Current Presentation LKR. Mn
Current Liabilities			
Trade and Other Payables	115,826.08	(6,651.09)	109,174.99
Interest Bearing Liabilities	224,286.29	6,792.70	231,078.99
Income Tax Liability	141.61	(141.61)	-

The above classification did not have any impact on comprehensive income, earnings per share, operating , investing and financing cashflows for the year ended 31 March 2025.

Glossary

Available Seat Kilometers (ASK)

The product of seats offered for sale and distance over which they are carried.

Revenue Per RPK

The revenue per RPK relates the passenger revenue to RPK.

Available Ton Kilometers (ATK)

This is the measure of transport production. The ATK produced by a flight is the capacity for payload of the aircraft measured in tons multiplied by the distance flown.

Unit Cost

The unit cost relates the total operating costs from airline operations to ATK.

Revenue Passenger Kilometers (RPK)

The product of passengers carried and the distance over which they are carried.

Overall Yield

Overall yield relates the net traffic revenue to RTK. The net traffic revenue being the sum of the passenger, excess baggage, cargo and mail revenue from scheduled and non-scheduled services.

Revenue Ton Kilometers (RTK)

The product of passenger and cargo carried in tons and the distance over which they are carried.

Breakeven Load Factor

The load factor required to equate revenue from airline operations with operating costs.

Load Factor

The percentage relationship of revenue loads to capacity provided. The passenger load factor relates RPK to ASK while the overall load factor relates RTK to ATK.

Ten Year Review (Company)

		2016	2017	2018	2019
Income Statement					
Revenue	LKR Mn	129,480.41	135,491.19	161,433.87	180,340.32
Operating Expenditure	LKR Mn	137,311.44	146,760.80	175,883.85	206,344.66
Net Profit/(Loss)	LKR Mn	(12,621.69)	(28,929.99)	(17,213.57)	(44,022.67)
Balance Sheet					
Share Capital / Stated Capital	LKR Mn	51,617.44	51,617.44	51,617.44	51,617.44
Non Current Assets	LKR Mn	23,548.01	24,660.56	37,476.46	36,596.59
Current Assets	LKR Mn	26,901.02	26,973.07	30,090.50	40,742.41
Total Assets	LKR Mn	50,449.03	51,633.63	67,566.96	77,338.99
Current Liabilities	LKR Mn	100,334.44	126,302.55	130,358.61	227,081.67
Yield/Unit Cost					
Overall Yield	LKR tkm	79.06	80.08	84.24	91.32
Unit Cost	LKR tkm	58.72	61.61	65.74	74.31
Revenue per RPK	LKR/RPK	8.2	8.4	8.6	9.4
Production					
Passenger Capacity	ASK Mn	15,790.28	15,608.10	18,487.54	18,925.40
Overall Capacity	ATK Mn	2,165.21	2,167.92	2,549.88	2,577.53
Traffic					
Passengers carried	Nos. Thousands	4,328	4,446	5,839	5,663
	RPK Mn	12,727.66	12,455.05	15,280.78	15,689.19
Passenger Load Factor	%	80.60	79.80	82.65	82.90
Cargo carried	Tonnes	102,082	116,221	132,958	125,753
	RTK Mn	356.76	374.46	401.66	408.71
Overall Load carried	RTK Mn	1,484.77	1,475.29	1,749.14	1,806.58
Overall Load Factor	%	68.57	68.05	68.60	70.09
Staff					
Average strength	Nos.	6,959	7,021	7,019	6,794
Revenue per employee	LKR	18,606,181	19,297,991	22,999,555	26,544,057
Capacity per employee	Tonne-km	311,139	308,776	363,283	379,383
Load carried per employee	Tonne-km	213,359	210,126	249,201	265,908
Fleet					
Narrow Body	Nos.	8	11	13	13
Wide Body	Nos.	13	13	13	14
Aircraft in Service at year end	Nos.	21	24	26	27
Aircraft Utilisation	Blk. Hrs. per day	12.02	12.44	13.25	12.60

	2020	2021	2022	2023	2024	2025
	180,151.02	50,693.85	132,936.23	365,171.77	333,614.09	296,506.00
	190,321.69	81,405.99	170,209.86	330,568.53	312,739.14	275,694.95
	(47,197.86)	(45,231.46)	(166,369.68)	(73,621.53)	3,870.86	(7,594.56)
	51,617.44	79,352.43	96,360.67	96,360.67	202,360.67	208,649.23
	150,013.50	122,471.42	122,685.53	132,772.81	131,498.53	131,949.77
	31,176.10	31,909.99	55,458.64	66,681.95	62,759.48	50,021.32
	181,189.60	154,381.41	178,144.17	199,454.76	194,258.01	181,971.09
	242,821.23	253,218.98	358,161.14	498,306.50	406,890.08	418,318.16
	99.03	146.86	147.06	253.97	220.17	199.20
	74.22	105.23	89.02	163.87	149.53	142.29
	10.2	21.8	15.0	24.4	22.2	19.2
	18,041.41	3,816.40	10,144.12	15,188.00	15,425.45	14,714.85
	2,454.30	794.52	1,531.28	2,044.45	2,072.57	1,908.92
	5,256	167	1,468	3,484	3,619	3,466.05
	14,547.97	748.13	4,968.59	11,793.72	12,198.65	11,571.61
	80.64	19.60	48.98	77.65	79.08	78.64
	113,971	56,406	97,695	80,827	84,210	83,801
	363.31	244.93	400.16	294.56	296.62	296.63
	1,664.49	312.26	847.33	1,355.99	1,394.50	1,338.08
	67.82	39.30	55.33	66.33	67.28	70.10
	6,693	5,965	5,833	5,440	5,935	6,071
	26,916,333	8,498,550	22,790,370	67,127,164	56,211,304	48,839,730
	366,697	133,196	262,520	375,819	349,211	314,432
	248,691	52,349	145,265	249,263	234,962	220,405
	13	12	12	12	12	13
	12	12	12	11	9	9
	25	24	24	23	21	22
	12.18	2.98	7.21	10.14	11.48	12.46

Route Map

117 Destinations in 59 Countries

SriLankan Airlines brings more of the world to you



SriLankan Airlines now serves
117 destinations in 59 countries in
Europe, the Middle East, South Asia,
South East Asia, the Far East, Australia and
North America



Milestones

2013/2014

Commissioning of Flight Simulator for Airbus A330 pilot training. In December 2013, the Company cutover the passenger services system to Amadeus Altea.

In March 2014, the Company entered into financing arrangement with a syndicate of banks to secure a USD 150 Mn. medium –term loan.



2016/2017

Induction of two A320Neo aircraft in February 2017 and March 2017 – the first two A320/A321 Family New Engine Option Aircraft joined the fleet. SriLankan launched services to eleven exciting new destinations. – Lahore, Jakarta, Dhaka, Calcutta, Madurai, Varanasi, Bodhgaya, Muscat, Bahrain, Seychelles and Gan Islands.

The Company was awarded “top travel award“, “Best Airline in South Asia“, “Best Full Services Airline in Central and South Asia” for the second consecutive year at the Future Travel Experience Asia 2016. The “Airline claimed the “Training Excellence Award” and “Best HR Strategy in line with Business” at the 7th Asia Employer Brand Awards.

2017/2018

The Company took the delivery of three brand new airbuses A321-200Neo aircraft in June 2017, October 2017 and December 2017 accordingly as part of the aircraft fleet.

SriLankan, launched services to four new destinations- Melbourne, Hyderabad, Coimbatore and Visakhapatnam.

The airline received a four star rating of excellence from airline passenger experiences association (APEX) and at Future Travel Experiences Award 2017- Singapore. The Airline walked away with an award for outstanding services for the third consecutive year. The Company also won the "Innovation in commercial airlines cabins " award at the In-flight Asia Pacific Awards in Singapore -2017.

2014/2015

The Company entered into oneworld alliances in May 2014. In June 2014, the Company for the first time issued a five-year International Bond.

The Company took delivery of three brand new A330-300 aircraft in October 2014 and March 2015 respectively as part of a wide body aircraft re-fleeting programme.

2015/2016

The Airline was shortlisted for four prestigious titles: Best in the Region Asia and Australasia, Best inflight Publication, 'Best Ground Experience' at APEX Passenger Choice Awards 2015. This is the first time the Airline has been nominated for four categories. The Airline won superior Achievement Award for Passenger Experience in the Asia and Australasia – September 2015 APEX Portland Oregon and best full service airline, Central and South Asia – Future Travel Experience Awards Asia 2015 – Singapore.

The Company took delivery of four Brand New A330-300 aircraft in August and November and two aircraft in December 2015, as part of the wide-body aircraft re-fleeting programme.

2018/2019

The Company took delivery of another brand new Airbus A321Neo aircraft in July 2018, which completed the induction of the Neo fleet.

SriLankan Airlines became the world's most punctual airline in the month of September 2018 in the key categories of 'Global Airlines' and 'Major Airlines', rated by the flight data analysis company Flightstats.com.

SriLankan Airlines maintained the Airline Passenger Experiences Association (APEX) four star rating for the second consecutive year and also received several prestigious international awards. These include the World's Leading Airline to the Indian Ocean for the third consecutive year and three Golden City Gate Awards at ITB Berlin.

2020/21

Awarded the Platinum Standard status by APEX Health Safety for passenger safety and wellbeing during air travel, post-COVID.

Awarded "Four Star rating for Major Official Airline" for 2021 by The Airline Passenger Experience Association (APEX), at the Future Travel Experience (FTE) Virtual Expo Award ceremony.

Cargo flights were incorporated into the schedule for the very first time, in order to support Sri Lankan exporters during the global pandemic and with a view to find alternative revenue streams in the face of declining passenger travel.

Operated special passenger flights in order to repatriate Sri Lankans stranded overseas due to border closures arising from the pandemic and special cargo flights were operated to help with the transport of urgent medical supplies.

2021/22

Awarded the Diamond Status-APEX Health and Safety Audit powered by Simplyflying 2021 and "Best in managing health at work" Asian Leadership Awards 2021 for passenger safety and wellbeing during air travel, post-Covid.

SriLankan Airlines won the prestigious World's Leading Airline to the Indian Ocean and Asia's Leading Airline to the Indian Ocean at the World Travel Awards 2021 for the consolidated presence in the South Asian region as well as the Marketing Carrier- PATA Gold Awards 2021 for the campaign, 'Say Bonjour to Paris'.

**2024/25**

SriLankan Airlines won the prestigious APEX 'Best Entertainment Award' in Central/Southern Asia and retained its status as a 'Four Star Major Airline' in the APEX Official Airline Ratings at the FTE APEX Asia Expo, Singapore, 2024.

The Company recognised as the 'Leading International Airline in South Asia' under the Visitors' Choice Awards category at the South Asian Travel Awards (SATA), 2024.

SriLankan Airlines won a Gold Award in the category of "Marketing-Carrier" at the Pacific Asia Travel Association (PATA) Gold Awards, 2024.

SriLankan Airlines Cargo won the Silver Award in the Airline Category at the National Logistics Awards, organised by the Sri Lanka Logistics and Freight Forwarders Association (SLFFA), 2024.

SriLankan Airlines secured the 'Emerging Cargo Airline' award at the Arabian Cargo Awards, Dubai, 2024.

The Company honored as the 'Best Airline Partner for Tamil Nadu' at Tamil Nadu State Tourism Awards, 2024

2019/2020

SriLankan Airlines celebrated 40 years of service in September 2019. National Carrier received the global 'Best Marketing Innovation' award from the Airline Passenger Experience Association (APEX). SriLankan also secured a Four-Star rating in the major airlines' category for the 3rd consecutive year.

SriLankan Airlines won PATA Gold award for 'Two Cities, One Spirit' campaign and another three awards in Golden City Gate awards, ITB Berlin 2019.

The Company received the First Star awards in 3 categories ("Airline International", "Music International" and "Campaign") at Golden City Gate Awards ITB - Berlin 2020.

SriLankan Airlines won the prestigious 'World's Leading Airline' and 'Asia's Leading Airline to the Indian Ocean' title at World Travel Awards Asia & Oceania.

2022/23

SriLankan Airlines won the APEX Passenger Choice Awards for Best Food & Beverage and Best Seat Comfort in Central/Southern Asia at APEX Asia EXPO, Singapore, 2023.

The company won the prestigious 'Best Aviation Sustainability Program Award' at the Sheikh Mohammed Bin Rashid Al Maktoum (SMBR) Global Aviation Awards, 2022.

Awarded the Gold Award in the category of 'Marketing-Carrier' at the 27th Pacific Asia Travel Association (PATA) Gold Awards, 2022.

SriLankan Airlines was recognised as the Airline of the Year - Visitors' Choice, at the 2022 South Asian Travel Awards (SATA) and awarded the World's Leading Airline to the Indian Ocean at 2022 World Travel Awards.

2023/24

SriLankan Airlines won a Gold Award in the category of 'Marketing-Carrier' at the 28th Pacific Asia Travel Association (PATA) Gold Awards, 2023.

The company was crowned as the 'Leading International Airline - South Asia' at the South Asian Travel Awards (SATA), 2023.

SriLankan Airlines Cargo was aptly named the 'Best International Cargo Airline' at the India Cargo Awards (dubbed the 'Oscars of the Cargo Industry'), 2023.

SriLankan Airlines' IT has achieved the incredible feat of winning 'IT Team of the Year' award at Women in IT Awards Asia, 2023.

Corporate Information

Name of the Company

SriLankan Airlines Limited

Company Registration Number

PB 67

Legal Form

Limited Liability Company

Board of Directors

Mr. Sarath Ganegoda (Chairman)
Mr. A.K.D.D.D. Arandara cum Treasury Representative
Flt/Lt. (Retd) Mr. Sugath Rajapakse
Mr. Rohan Goonetilleke
Mr. Vipula Gunatilleka
Dr. Harsha Cabral, PC
Mr. Dumith Fernando
Mr. Senarath D. Liyanage

Audit Committee

Mr. Vipula Gunatilleka (Chairman)
Mr. A.K.D.D.D. Arandara cum Treasury Representative
Flt/Lt. (Retd) Mr. Sugath Rajapakse
Mr. Rohan Goonetilleke
Mr. Dumith Fernando
Mr. Senarath D. Liyanage

Board Human Resource and Remuneration Committee

Mr. Rohan Goonetilleke (Chairman)
Flt/Lt. (Retd) Mr. Sugath Rajapakse
Dr. Harsha Cabral, PC
Mr. A.K.D.D.D. Arandara cum Treasury Representative

Board Group Risk Committee

Mr. A.K.D.D.D. Arandara cum Treasury Representative - (Chairman)
Mr. Vipula Gunatilleka
Mr. Dumith Fernando
Mr. Senarath D. Liyanage

Related Party Review Committee

Mr. A.K.D.D.D. Arandara cum Treasury Representative - (Chairman)
Mr. Vipula Gunatilleka
Mr. Dumith Fernando

Board Ethics Committee

Dr. Harsha Cabral, PC (Chairman)
Mr. A.K.D.D.D. Arandara cum Treasury Representative
Mr. Dumith Fernando

Company Secretary/ Group Head of Corporate Secretarial Services

Mrs. Dalrene Thirukumar (ACG, MBA (AUS))

Bankers

Bank of Ceylon
People's Bank
Standard Chartered Bank
Citibank
Sampath Bank
Nations Trust Bank
Hatton National Bank
Commercial Bank of Ceylon
Cargills Bank
Pan Asia Bank

Auditors

Auditor General
National Audit Office
306/72
Polduwa Road
Battaramulla

Registered Office

SriLankan Airlines Limited
Airline Centre
Bandaranaike International Airport
Katunayake
Sri Lanka

Corporate Website

www.srilankan.com

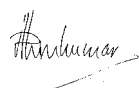
Notice of Meeting

NOTICE IS HEREBY GIVEN that the Forty Seventh Annual General Meeting of the shareholders of SriLankan Airlines Limited will be held on Friday, 12th September 2025 at 3.00 p.m. at the 'Mihilaka Medura' Bandaranaike Memorial International Conference Hall (BMICH), Baudhaloka Mawatha, Colombo 7, Sri Lanka, for the following purposes:

1. To consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended 31 March 2025 together with the Report of the Auditors thereon.
2. To pass the following Ordinary Resolution set out below to re-elect as Director Mr. Rohan Goonetilleke who has completed 71 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 07 of 2007.
"IT IS HEREBY RESOLVED that Mr. Rohan Goonetilleke who has completed 71 years of age be and is hereby re-elected a Director of the Company and it is hereby declared as provided for in Section 211 (1) of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Mr. Rohan Goonetilleke.
3. To pass the following Ordinary Resolution set out below to re-elect as Director Flt./Lt. (Retd.) Mr. Sugath Rajapakse who has completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 07 of 2007.
"IT IS HEREBY RESOLVED that Flt./Lt. (Retd.) Mr. Sugath Rajapakse who has completed 70 years of age be and is hereby re-elected a Director of the Company and it is hereby declared as provided for in Section 211 (1) of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Flt./Lt. (Retd.) Mr. Sugath Rajapakse.

The Auditor General shall audit the Organisation in terms of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

By Order of the Board of
SriLankan Airlines Limited



Mrs. Dalrene Thirukumar
Group Head of Corporate Secretarial Services/Company Secretary

20th August 2025
Katunayake

Notes:

1. The Annual Report of SriLankan Airlines for 2024/25, is available on the
 - (i) Corporate website – https://www.srilankan.com/en_uk/corporate/annual-reports
 - (ii) Shareholder Community site - <https://shareholders.srilankan.com>
 - (iii) Members may also access the Annual Report and Financial Statements on their mobile phones by scanning the following QR code.



2. This report will only be available in PDF format in terms of the Public Enterprise Circular no. 01/2024 dated 28th February 2024.
3. A member is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the company. A form of proxy accompanies this notice.
4. The completed Form of Proxy must be submitted 48 hours before the meeting to be valid, not later than 3.00pm on 10th September 2025
 - via email to comsec@srilankan.com
 - by hand or post to the registered office of the Company, SriLankan Airlines Limited, Airline Centre, Bandaranaike International Airport, Katunayake.
5. A person representing a corporation is required to carry a certified copy of the resolution authorising him/her to act as the representative of the corporation. A representative need not to be a member.
6. Shareholders who wish to appoint a member of the Board of Directors as his/her proxy to represent them at the AGM may do so by completing the Form of Proxy.
7. Shareholders may send their questions/comments on the items listed in the Agenda of the Notice Convening the AGM by email to comsec@srilankan.com or by hand or post to the registered office of the Company, SriLankan Airlines Limited, Airline Centre, Bandaranaike International Airport, Katunayake not less than 3 days before holding the meeting.

In the event the Company is required to take any action in relation to the Annual General Meeting due to any communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of publication on the Company website- www.srilankan.com/AGM, Shareholder Community site <https://shareholders.srilankan.com> and the National Newspapers.

**In the event of any inconsistency or conflict between the English version of this document and versions in other languages, the English version shall prevail.*

Notes

Notes contd.

[illegible]

Form of Proxy

*I/We, of

being a Shareholder/Shareholders of SRILANKAN AIRLINES LIMITED hereby appoint: of

..... or failing *him/her, one of the following Directors;

Mr. Sarath Ganegoda	or failing him,
Mr. A.K.D.D. Arandara	or failing him,
Mr. Rohan Goonetilleke	or failing him,
Mr. Dumith Fernando	or failing him,
Mr. Flt./Lt. (Retd.) Mr. Sugath Rajapakse	or failing him,
Mr. Vipula Gunatilleka	or failing him,
Dr. Harsha Cabral, PC	or failing him,
Mr. Senarath D. Liyanage	or failing him,

as *my/our proxy to represent *me/us and vote on *my/our behalf at the Forty Seventh Annual General Meeting of SriLankan Airlines Limited to be held on Friday, 12th September 2025 at 3.00 p.m. at 'Mihilaka Medura' Bandaranaike Memorial International Conference Hall (BMICH), Bauddhaloka Mawatha, Colombo 7, Sri Lanka, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

- | | For | Against |
|---|--------------------------|--------------------------|
| 1. To consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended 31 March 2025 together with the Report of the Auditors thereon. | ☐ | ☐ |
| 2. To pass the following Ordinary Resolution set out below to re-elect as Director Mr. Rohan Goonetilleke who has completed 71 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 7 of 2007.
"IT IS HEREBY RESOLVED that Mr. Rohan Goonetilleke who has completed 71 years of age be and is hereby re-elected a Director of the Company and it is hereby declared as provided for in Section 211 (1) of the Companies Act No. 7 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Mr. Rohan Goonetilleke. | ☐ | ☐ |
| 3. To pass the following Ordinary Resolution set out below to re-elect as Director Flt./Lt. (Retd.) Mr. Sugath Rajapakse who has completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 7 of 2007.
"IT IS HEREBY RESOLVED that Flt./Lt. (Retd.) Mr. Sugath Rajapakse who has completed 70 years of age be and is hereby re-elected a Director of the Company and it is hereby declared as provided for in Section 211 (1) of the Companies Act No. 7 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Flt./Lt. (Retd.) Mr. Sugath Rajapakse. | ☐ | ☐ |

The Auditor General shall audit the Organisation in terms of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

Signed this day of.....Two Thousand and Twenty Five.

..... Signature/s

Note:

(a) * Please delete the inappropriate word

If no words are deleted or there is in the view of the proxy holder 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.

*In the event of any inconsistency or conflict between the English version of this document and versions in other languages, the English version shall prevail.

Form of Proxy contd.

Instructions as to Completion of the Form of Proxy

1. To be valid, the completed Form of Proxy should reach 48 hours before the time fixed for the Annual General Meeting either by:-
 - 1.1 Post or hand delivered to the Company Secretary's Office, SriLankan Airlines Limited, Airline Centre, Bandaranaike International Airport. Katunayake Or
 - 1.2 Scanned and emailed to the email address
comsec@srilankan.com
2. A proxy need not be a Member of the Company.
3. In perfecting the Form of Proxy, please ensure that all the details are legible.
4. Please indicate with an '✓' in the space provided how your proxy to vote on each resolution. If no indication is given the proxy, in his/her discretion, will vote, as he/she thinks fit.
5. In the case of a Company / Corporation, the proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
6. In the case of proxy signed by the Attorney, the Power of Attorney must be deposited at the Registered Office at "SRILANKAN AIRLINES LIMITED", Airline Centre, Bandaranaike International Airport, Katunayake for registration.

 SriLankan Airlines



www.srilankan.com

Airline Centre, Bandaranaike International Airport, Katunayake, Sri Lanka.