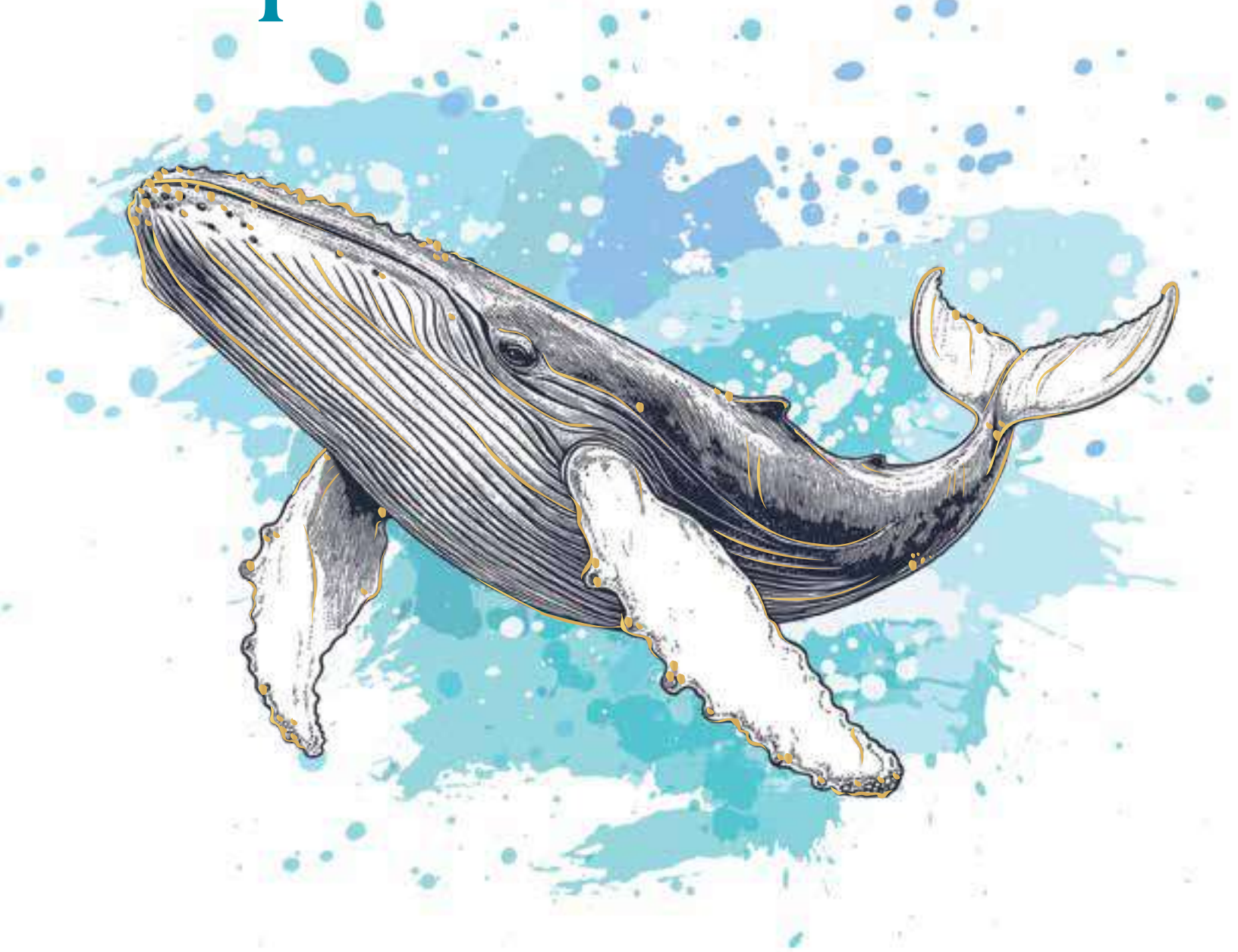
Boundless Impact



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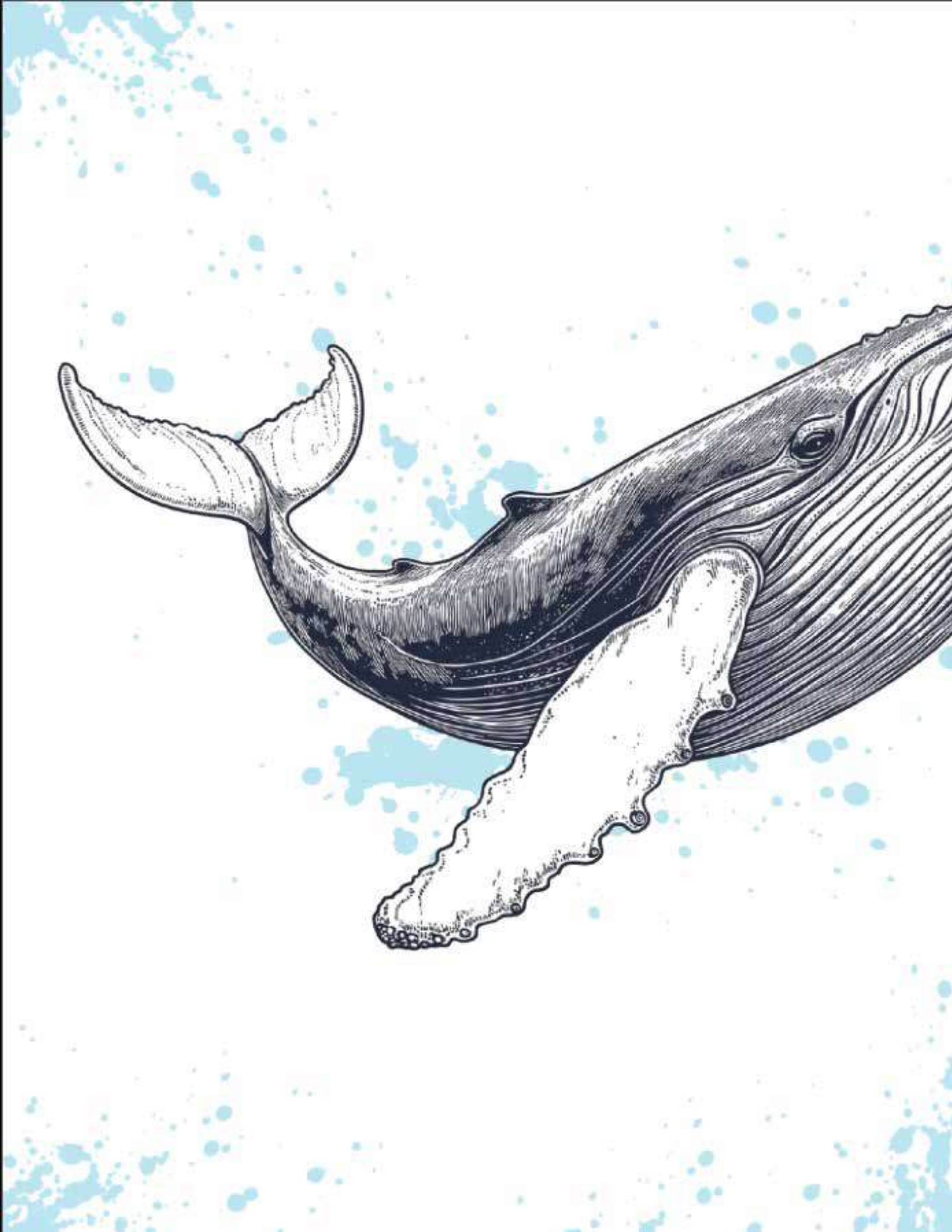
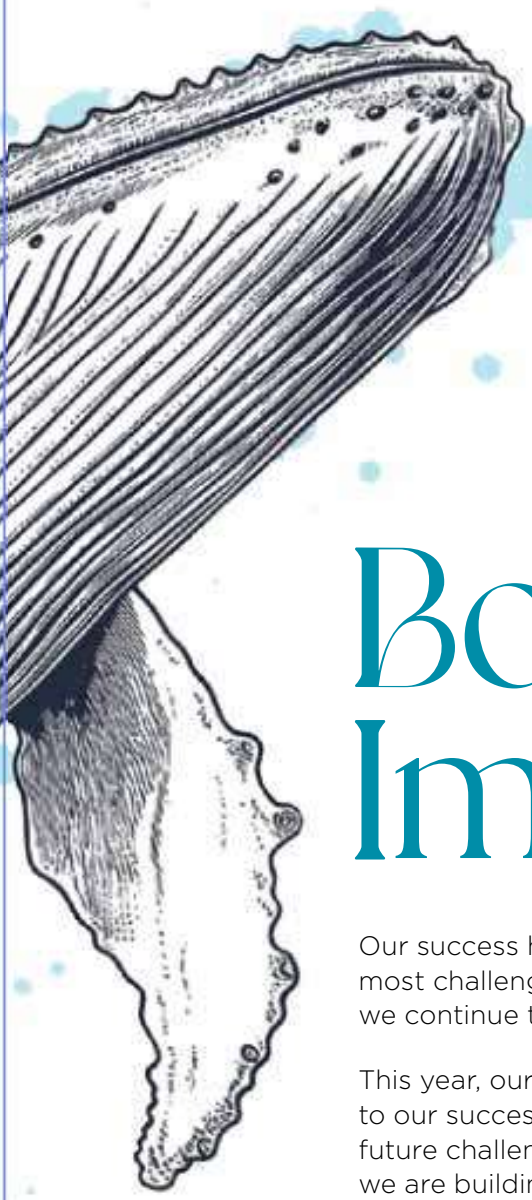




Boundless Impact

Our success has been driven by our ability to adapt, enabling us to thrive even in the most challenging conditions. With a presence across diverse markets and industries, we continue to create lasting value through innovation and sustainability.

This year, our impact extended far beyond the products we create. Fundamental to our success is our ability to evolve and stay agile, addressing both present and future challenges. Through technological advancements and sustainability initiatives, we are building a foundation for a more sustainable future to support local communities, promote environmental health, and encourage sustainable practices that create a positive, lasting impact on both people and the planet.

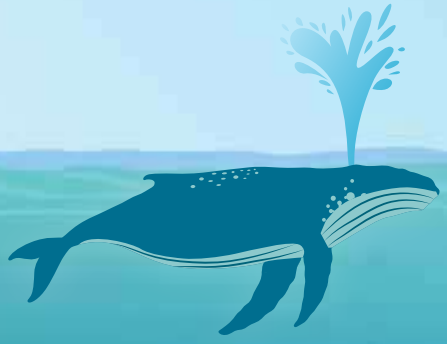
Looking ahead, Haycarb's legacy of resilience and growth will continue to guide our mission, ensuring that our impact remains boundless and transformative for years to come.

Much like whales that symbolise resilience and boundless impact, Haycarb thrives across diverse markets, creating lasting value through innovation and sustainability-ensuring a positive, enduring impact on people, the planet, and the economy.

Strategic in Every Move, Boundless in Creating Impact

Like the whale, which is majestic, resilient, and precise, Haycarb moves with intention. Every decision is deliberate. Every innovation is impactful. Each strategy mirrors a purposeful move in nature, building a sustainable future through intelligence, strength, and foresight.

Through every move, Haycarb proves that impact is no accident; it is strategic, powerful, and far-reaching.



THE BLOW
SIGNALLING CLARITY AND INTENT

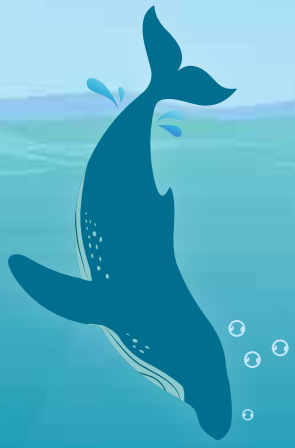
When whales surface to breathe, their powerful spout signals presence and strength with clarity.

In the same way, Haycarb rises with purpose, championing transparency as the cornerstone of our values. Our strong performance and lasting impact set new standards, driven by a relentless commitment to sustainable innovation.

THE SPY HOP
STAYING INFORMED AND AWARE

A spy hop is when a whale rises vertically out of the water to observe its surroundings. This behaviour reflects heightened awareness and clarity, as the whale surveys its environment and acts on instinct.

At Haycarb, we stay sharply attuned to global trends, enabling swift, strategic responses to capitalise on opportunities with insight, agility, and forward-thinking precision.



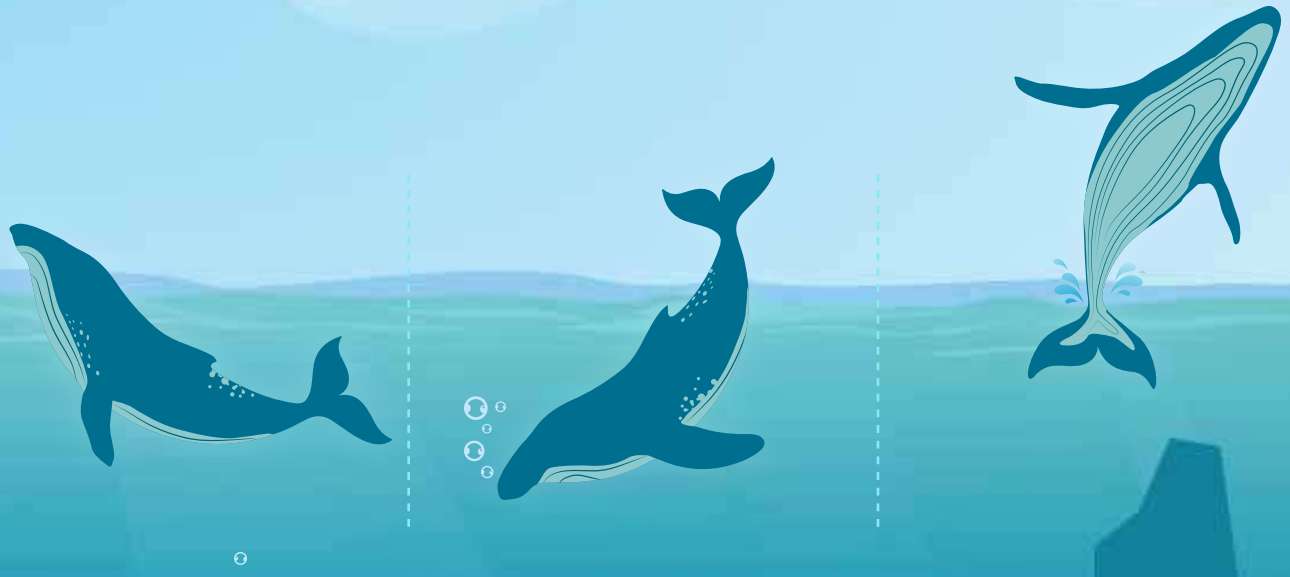
THE TAIL SLAP
MAKING A STATEMENT

A whale's powerful tail slap sends ripples across the ocean; a commanding signal used to communicate, warn rivals, or assert dominance in the vastness of its terrain.

Haycarb's manufacturing and technical excellence leading to stakeholder-centric innovations drive ripples across industries, declaring our intent to lead. We unite stakeholders, communities, and partners through effective communication, conviction, forging ethical leadership and purpose-driven collaboration.

About the Whale

The Annual Report Theme



THE HEAD LUNGE
MOVING WITH FORCE AND DIRECTION

A whale's head lunge is a swift, forceful strike; precision and power work in unison to skilfully capture its target.

Likewise, Haycarb moves forward with purpose, leveraging our strength in R&D and clean technologies to break barriers and lead sustainable innovation. Our bold actions are guided by clear intent; powerful, focused and purposeful.

THE FLUKE-UP DIVE
DIVING DEEP TO MAKE AN IMPACT

The iconic fluke-up dive signals the whale's deep, deliberate descent into the ocean's depths.

As we dive deep into every challenge, uncovering insights, optimising processes, and creating value at every level, Haycarb navigates complexity with focus and intent, emerging stronger, smarter, and more resilient.

THE BREACH
RISING ABOVE AND BEYOND

Few sights are as inspiring as a whale breaching; soaring from the depths with strength and purpose.

Our breakthroughs at Haycarb rise just as boldly; visible, transformative leaps that shatter limits and redefine what innovative and sustainable manufacturing can achieve for people, the planet, and future generations through unwavering purpose; **"Driving Value, Changing Lives"**.

Our Approach to Reporting

GRI 2-2 to 4,6

We are pleased to present Haycarb PLC's 5th Integrated Annual Report for the financial year ended 31st March 2025. This Report offers a balanced and concise account of how we navigated the challenging operating conditions that prevailed during the year to deliver value across financial, social, environmental and governance dimensions. It also outlines our vision and strategy for value creation in the year ahead.

BASIS OF PREPARATION

Reporting entity

- This Integrated Annual Report covers the operations of Haycarb PLC, its 17 subsidiaries, and 2 associate companies, collectively called 'the Group'.

Reporting cycle

- We adopt an annual reporting cycle.
- This Report builds on our previous report published for the financial year ended 31st March 2025.

Joint assurance

GRI 2-5

- A joint assurance approach ensures the integrity of our Integrated Annual Report.
- Internal assurance is obtained from the Board Audit Committee, Internal Audit and our senior management.
- External assurance is provided by Messrs. Enrst and Young on financial statements, sustainability and integrated reporting.

Changes to reporting

- No major changes to the Group's size, shareholding, structure and supply chain took place during the year under review.
- No major restatements were made to financial information disclosed in our previous Annual Report.

SCOPE AND BOUNDARY

The financial information presented in the Financial Statements and the narrative represents the Group and provides a consolidated view unless otherwise stated. The non-financial information provided in this report also presents a consolidated view and extends to include material information about risks and opportunities emerging from the operating environment and the outcomes attributable to our key stakeholders. The Group's head office is based in Sri Lanka with operations spanning 7 countries. The Group's assets in Sri Lanka accounted for 47.4% of total assets as at end-March 2025. Haycarb's group structure is set out below.

HAYCARB PLC (PARENT COMPANY) GRI 2-1

Environmental engineering

- Puritas (Pvt) Ltd **(100%)**
- Lakdiyatha (Pvt) Ltd **(49%)**
- Puricarb Pte. Ltd **(100%)**

Investment

- Haycarb Holdings Bitung Ltd **(100%)**
- Carbotels (Pvt) Ltd **(25.2%)**
- Haycarb Singapore Pte Ltd. **(100%)**

Manufacturing

- Recogen (Pvt) Ltd **(100%)**
- Ultracarb (Pvt) Ltd **(100%)**
- Carbokarn Co. Ltd **(50%)**
- CK Regen Systems Co, Ltd **(50%)**
- Shizuka Co Ltd **(50%)**
- PT Mapalus Makawanua Charcoal Industry **(100%)**
- PT Haycarb Palu Mitra **(60%)**
- Haycarb Philippines Corporation **(100%)**

Marketing and business development

- Eurocarb Products Ltd UK **(100%)**
- Haycarb Holdings Australia (Pty) Ltd **(100%)**
- Haycarb USA Inc **(100%)**
- Haycarb Activated Carbon (Pvt) Ltd **(100%)**
- Eurocarb Germany GmbH **(100%)**

THE CAPITALS

- Financial Capital
- Natural Capital
- Human Capital
- Intellectual Capital
- Social & Relationship Capital
- Digital Capital
- Manufactured Capital

OUR STAKEHOLDERS

- Shareholders
- Employees
- Customers
- Suppliers
- Business Partners
- Communities
- Government and regulators
- Certification bodies
- Financial institutions

STRATEGY

- Market growth
- Innovation led growth
- Strengthen global supply chains
- Purpose driven and committed teams
- ESG Mindset

Our Approach to Reporting

Our financial and non-financial reporting complies with all mandatory regulatory requirements while also aligning with international best practice through the adoption of numerous voluntary international and local reporting standards and codes. The regulatory and voluntary frameworks that informed the preparation of this Report is set out below.

The <IR> principles that guided the preparation of this Report

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

Financial Reporting

- Sri Lanka Financial Reporting Standards (SLFRSs)
- Sri Lanka Accounting Standards (LKASs)
- The Companies Act No. 7 of 2007
- Listing requirements of the Colombo Stock Exchange

ESG & Sustainability Reporting

- SLFRS S1 General requirements for disclosure of sustainability related financial information
- <IR> Framework
- GRI Universal Standards
- Sustainability Accounting Standards Board (SASB) - Chemical Standard
- UN Sustainable development goals (SDGs)
- Gender parity reporting framework of CA Sri Lanka.
- Non-financial reporting guidelines of CA Sri Lanka

Corporate Governance

- Listing requirements - Section 7 of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)
- Corporate Governance - Section 9 of the Colombo Stock Exchange
- Transparency in Corporate Reporting Assessment

Climate Related Reporting

- SLFRS S2 Climate related disclosures - with the incorporation of the Recommendations of the Task Force on Climate Related Financial Disclosures (TCFD)
- ISO 14064-1:2018 Organisation Level GHG Emissions/ Removal Reporting Standard
- GHG Protocol - World Resources Institute & World Business Council for Sustainable Development

Double Materiality Lens

- Financial Materiality
- Impact Materiality

Top 3 Material Topics in 2024/25

- Materials
- Regulations and compliance
- Customer satisfaction

STATEMENT OF COMPLIANCE

Our financial and non-financial reporting complies with all mandatory regulatory requirements while also aligning with international best practice through the adoption of numerous voluntary international and local reporting standards and codes. The regulatory and voluntary frameworks that informed the preparation of this Report is set out below.

FORWARD-LOOKING STATEMENTS

This Report includes statements regarding our expectations and plans for future performance given its importance to assessing our potential to create long-term value. These forward-looking statements can be found in Strategy and Resource Allocation, the Capitals Report and Future Outlook among others. These statements have been made based on our current understanding, interpretation and expectations of internal and external information but are inherently uncertain as they relate to future events, outcomes, and impacts beyond our control. Therefore, we advise users of our Integrated Annual Report to use the latest information available at the time of assessment when evaluating forward-looking statements, as future conditions may differ materially from those expressed in this Report. All forward-looking statements are provided without recourse or any liability whatsoever to the Board or other preparers of the Annual Report due to the reasons given above.

PRECAUTIONARY PRINCIPLE

In compliance with Principle 15 of the Rio Declaration on Environment and Development, we are committed to implementing cost effective measures to prevent environmental degradation where there are threats of serious or irreversible damage, despite lack of full scientific certainty.

FEEDBACK

We value feedback and welcome any suggestions you may have in terms of what you would like to see in our next report. Please direct your feedback to:

Director Finance,
Haycarb PLC
400, Deans Road,
Colombo 10,
Sri Lanka
E-mail: haycarbgroup@haycarb.com

STATEMENT OF RESPONSIBILITY

Haycarb's Board of Directors is responsible for ensuring the integrity of the Report. We, the Board of Directors hereby confirm that we have reviewed the Annual Report for 2024/25 prepared by the Senior Management in accordance with the Integrated Reporting <IR> Framework and that it addresses all relevant material matters and fairly represents the Group's integrated performance. We have authorised and approved the Report for publication.

Chairman

Managing Director

This report is available in printed form and online at https://www.haycarb.com/

Digital feedback form

GRI 2-3

Digital version of Annual Report

Our Approach to Reporting

REPORT EVOLUTION
Efforts to evolve our Integrated Annual Report to better reflect stakeholder expectations and international best practice led to the following improvements in 2024/25.

1 A separate section on the Group's sustainability and climate related risk management in line with the requirements of **SLFRS S1 and S2**.

2 Inclusion of new **Digital Capital report** on the digital initiatives carried out by Haycarb

3 Introduced **segmental performance** reviews

4 Key performance highlights are available in **multiple languages** for **wider accessibility**

5 Integrating **Braille** to the annual report in-order for stakeholders to engage independently

6 New features and improvements to the **digital annual report**

DIGITALLY INNOVATING OUR CORPORATE REPORTING

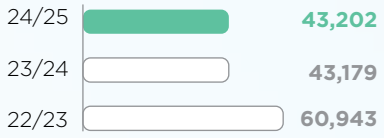
Cognisant of the growing shift toward digital communication, we continued to integrate technology into our corporate reporting with an emphasis on providing a more interactive and engaging experience to our stakeholders through a specialised web portal offering interactive features enabling comprehensive as well as customisable insights into information contained in our Annual Report. Accordingly, in 2024/25, our digital Annual Report experience included:

- A device responsive web portal with AI driven image generation, chatbot assistance and digitally enabled analysis
- Inclusion of stakeholder - user profiles
- Multilingual presentation on key highlights
- Enhanced information presentation through tools like chart generators
- Availability of new accessibility features
- An online HTML version, a flip version, video version and a pdf version with QR links to additional information
- Digital feedback forms as opposed to paper-based feedback forms that also contributes towards our efforts to minimise paper consumption

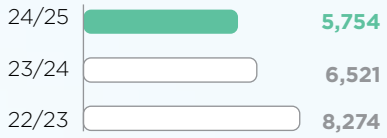
Performance Highlights

FINANCIAL HIGHLIGHTS

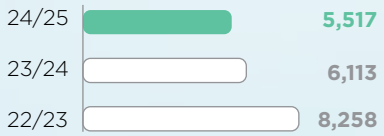
Revenue (Rs. Mn)



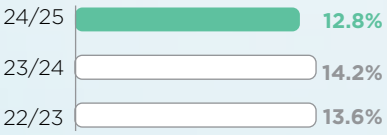
Operational Profit (Rs. Mn)



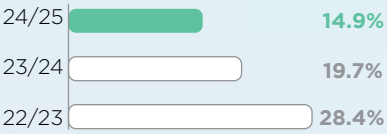
Profit Before Tax (Rs. Mn)



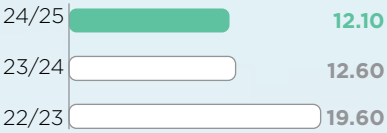
Profit Before Tax (%)



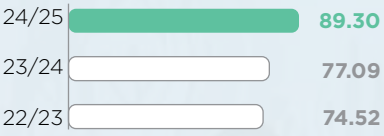
Return On Capital Employed (%)



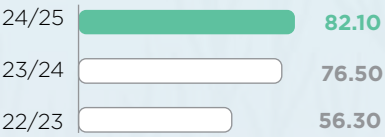
Earning Per Share (Rs.)



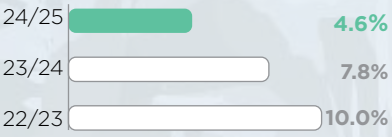
Net Asset Value per Share (Rs.)



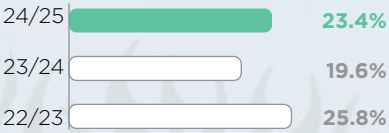
Market price per share (Rs.)



Dividend Yield (%)

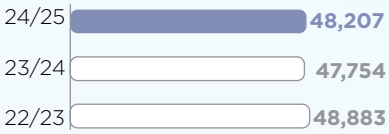


Gearing Ratio (%)

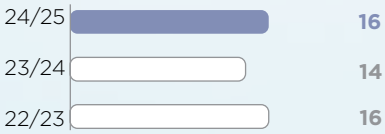


OPERATIONAL HIGHLIGHTS

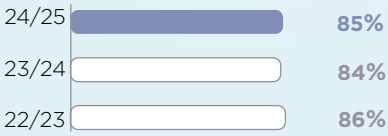
Total Production (Mt)



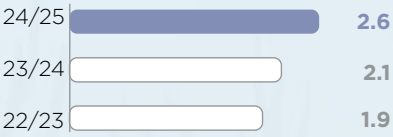
New Products Launched (Nos.)



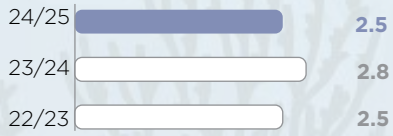
Capacity Utilisation (%)



Investments in capital expenditure (Rs. Bn)



Remuneration per Employee per annum (Rs. Mn)

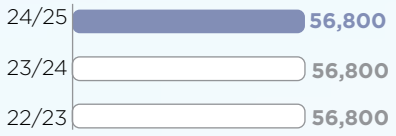


Financial Highlights

Non Financial Highlights

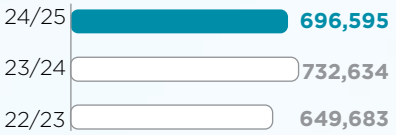
SUSTAINABILITY HIGHLIGHTS

Global Manuf. Capacity (Mt)

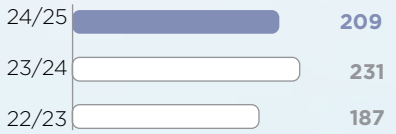


Total energy consumption (GJ)

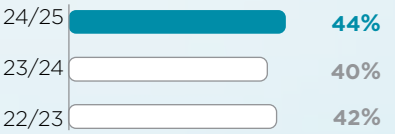
Water consumption (m^3)



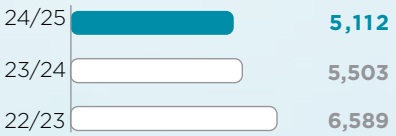
Investment in R&D (Rs. Mn)



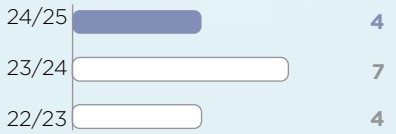
Raw material from green charcoaling sources (%)



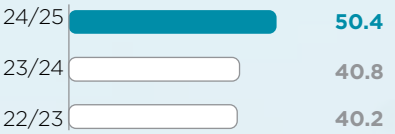
Solid waste (Mt)



Products in pipeline (Nos.)

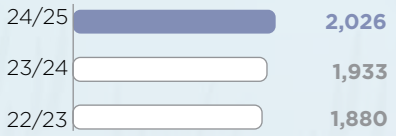


Investment in CSR (Rs. Mn)

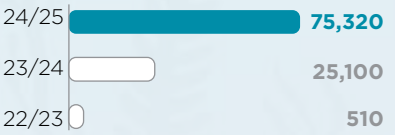


Beneficiaries of CSR (Nos.)

Number of employees (Nos.)

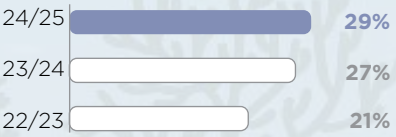


Trees Planted (Nos.)

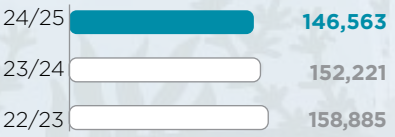


Renewable energy (GJ)

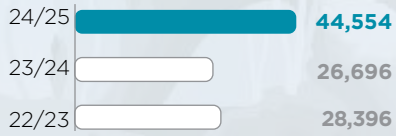
Executive Board Member Positions - Female (%)



Renewable Raw Material consumption (Mt)



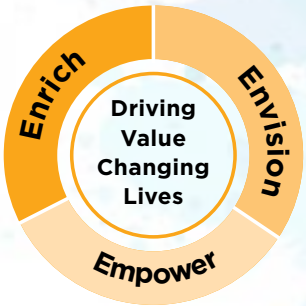
Total Carbon Emission (tCO_2e)



Haycarb at a Glance GRI 2-6

HAYCARB PLC IS A WORLD LEADER IN THE COCONUT SHELL ACTIVATED CARBON INDUSTRY, WITH OUR CUSTOMERS SPAN OVER 50 COUNTRIES. OUR PRODUCT PORTFOLIO OF OVER 1,500 PRODUCTS EMPOWERS A GROWING ENVIRONMENTALLY CONSCIOUS WORLD BY PROVIDING SOLUTIONS VITAL TO DECARBONISATION AND BUILDING A SUSTAINABLE FUTURE. OUR CULTURE OF COLLABORATIVE INNOVATION FOSTERS LONG-TERM PARTNERSHIPS WITH B2B CUSTOMERS, ENABLING THE DELIVERY OF CUSTOMISED, VALUE-ADDED SOLUTIONS.

OUR PURPOSE



Our Purpose Statement Video Version

ENVISION

Future centric outlook to be a catalyst for tomorrow's purification and energy storage solutions

EMPOWER

Employees with knowledge, skills and autonomy to create value through world class technology and processes with efficiency and accountability

ENRICH

Lives by adding value to all our stakeholders, while upholding customer centricity, innovation, technical excellence and sustainability as a way of life

Snapshot of 2024/25

Rs. 43.2 Bn
(US$ 145.2 Mn)
Revenue

Rs. 4.3 Bn
(US$ 14.4 Mn)
Profit after tax

Rs. 45.9 Bn
US$ 154.9 Mn
Total assets

16 %
Global market share

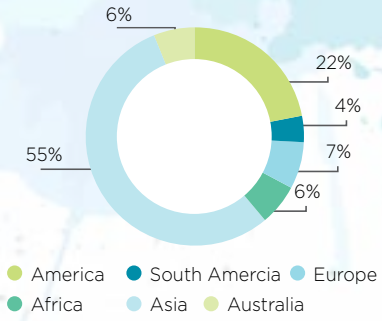
OUR VISION

To be the leading global provider of activated carbon and foremost provider of water purification systems in Sri Lanka and the region, renowned for technical excellence, customer centricity, innovation and sustainable business practices.

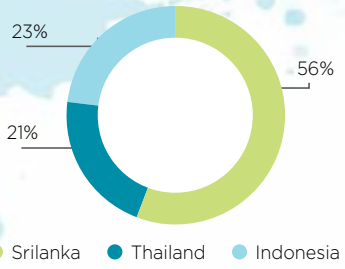
A highly skilled, innovation focused talent pool

2,026
Employees across
7 countries

Key markets in 2024/25



Manufacturing capacity in 2024/25



OUR GLOBAL PRESENCE

OUR STRATEGIC LEVERS FOR SUSTAINABLE GROWTH

Market Growth

Accelerate growth through market penetration and new market entry.

Innovation led growth

Building a future oriented product portfolio aligned with market trends.

Building global supply chains

Forge long-term global partnerships for reliable raw material sourcing.

Motivated and committed teams.

Nurture a team of empowered and motivated employees

ESG mindset

Our commitment to a sustainable tomorrow underpins every strategic choice we make.

WHAT DIFFERENTIATES US

For more details please visit our website

Milestones

OUR JOURNEY TO BECOME A GLOBAL LEADER IN COCONUT SHELL BASED ACTIVATED CARBON: FUTURE READY WITH A PORTFOLIO OF VALUE ADDED CARBONS WITHIN A ROBUST FRAMEWORK OF ENVIRONMENTAL STEWARDSHIP, SOCIAL RESPONSIBILITY AND GOOD GOVERNANCE

1973
Incorporation of Haycarb and opening Madampe Factory with 700 MT capacity per annum

1975
Listed in the Colombo Stock Exchange

1977
First export to Nevada

1984
Origination of Haycarb USA, with the incorporation of Sorbtech, a partly owned marketing company in USA. This is the first overseas investment of the group as one of the first Sri Lankan companies to venture overseas. Subsequently converted to a fully owned entity and re-branded as Haycarb USA Inc in 2014

1986
Incorporation of Haycarb Holdings Australia and Eurocarb Products establishing Haycarb's marketing presence in Australasia, UK and Europe

1990
Haycarb marks a milestone in its journey to become a leading high-quality value-added activated carbon manufacturer through the introduction of new value-added products such as pelletised carbons, impregnated carbons, washed carbons and ultra-fine powdered carbons

1993
Invested in Carbokarn Co. Ltd., Thailand, the first manufacturing plant outside Sri Lanka

1995
Formation of Puritas Pvt. Ltd. and venturing into water and waste water treatment solutions

1996
Purchase of Badalgama factory, Sri Lanka

2002
Forward integration to spent carbon Regeneration business in Thailand – CK Regen Systems Thailand

2003
Technology to manufacture green charcoal was developed through Recogen (Pvt) Ltd., which was patented and successfully accredited for carbon credits under the UN Kyoto protocol in 2008 and 2011 respectively

2005
- First manufacturing facility in Indonesia - PT Mapalus Makawanua Charcoal Industry

2010
- Entry into energy storage carbon manufacture, a high value-added market segment through innovation and commercialisation of EDLC Carbon through Ultracarb (Pvt.) Ltd

2012
- Commissioned Sri Lanka's first-ever BOT project in wastewater sector together with Veolia India for treatment of waste water at the Pasikuddah Holiday Resort
- Expansion in Thailand – invested in Shizuka

Our Journey

2013
Innovation of oil free activation technology

2014
- Consolidate regional presence as a provider of water and waste water treatment solutions with Puritas securing its first Island Infrastructure project in L. Maamendhoo, Maldives
- Entered a joint venture and established PT Haycarb Palu Mitra, Indonesia – the second manufacturing location in Indonesia
- Launched Puritas Sath Diyawara, the flagship CSR project of Hayleys Group to provide purified drinking water to communities affected by chronic kidney disease in the North Central and Uva Provinces of Sri Lanka

2015
Puritas Sath Diyawara was recognised as Asia's leading SME CSR Project at Asia Responsible Entrepreneurship Awards

2016
- "Going Beyond" initiative that uplifted communities in Sath Diyawara villages was recognised as Asia's leading Social Empowerment Project at Asia Responsible Entrepreneurship Awards
- Haycarb launched the "Haritha Angara" Eco Friendly Charcoaling Pit construction scheme in Sri Lanka, providing technical know-how and financing to its charcoal suppliers to transition to an environmentally friendly charcoaling methodology

2017
- Puritas collaborates with Veolia France for the Greater Matale Water Supply Scheme Project
- "Haritha Angara" was recognised as Asia's leading Green Leadership Project at Asia Responsible Entrepreneurship Awards

2018
Puritas Sath Diyawara was recognised as World's Best CSR Project in "Water" category at Energy Globe Awards 2017/18

2020
- Haycarb further expands its product portfolio as it successfully sets up chemical activation processes and manufacture wood carbon products for specialised applications
- Virtual Tour set up enabling virtual customer audits

2021
Gold award winner in the Engineering and Pollution Control category at The Green World Awards 2020 (UK)

2022
The strategic focus on new product development to be one of the foremost manufacturers of value added technically superior activated carbon grades is consolidated with development of Hard Carbon manufacturing process development, and commercialisation of Wood Super Premium Catalytic carbon, hydrophobic 3S Pellet Carbon manufacturing process and product development for PFAS removal applications

2023
- Haycarb celebrates its 50th anniversary with a series of CSR, cultural and religious events across all its locations
- Formalisation of ESG Roadmap 2030 with the adoption of "ACTIVATE", Haycarb's ESG Framework
- Gold Award winner at the Asia Integrated Reporting Awards for the value creation category
- Member of the UN Global Compact and Biodiversity Sri Lanka
- Incorporates Haycarb Philippines Corporation and Haycarb Singapore Pte. Ltd
- Puritas implements SAP S4/HANA ERP system
- Investment in a state-of-the-art electrochemical lab

2024
- **Launch of the commercial carbon range (HCE 4x series) for SiC composites used in Li-ion batteries**
- **Launch of commercial carbon range for PFAS removal**
- **Received multiple accolades at the Best Corporate Citizen Sustainability Awards 2024**
- **Gold award in extra large category at the National Business Excellence Awards of Ceylon Chamber of Commerce 2024**
- **Achieved international recognition by winning the prestigious ARC Awards**

Our Products GRI 2-6

OUR MAIN VALUE PROPOSITION IS A VERSATILE CORE PRODUCT THAT CAN BE ENGINEERED TO PROVIDE A MYRIAD OF SOLUTIONS FOR IMPROVING AIR QUALITY, WATER QUALITY, HEALTH AND SAFETY, GOLD MINING PRODUCTIVITY, CHEMICAL SYNTHESIS AND ENERGY STORAGE, USING RENEWABLE RAW MATERIAL SOURCES.

For more details about Haycarb Activated carbon products and services

16%

Global Market Share

ACTIVATED CARBON SEGMENT

Renewable & Potable Water

Industrial Water Treatment

Industrial Air & Gas Treatment

Personal Protection

Solvent Recovery

Petroleum & Gas

Precious Metal

Food & Beverage

Automotive

Energy Storage

Nuclear Industry

Cigarette Filters

Medical & Pharmaceutical

Catalyst Support

Chemical Industry

ENVIRONMENTAL ENGINEERING SEGMENT

Water and Wastewater Purification

Operation and Maintenance Service

Hydrocove Water Purifiers

Value Added Activated Carbon Products

Dupont Film Tech, RO, UF and NF membranes

Awards and Recognitions

Awards

S C B B B C B C B C M S

BUSINESS EXCELLENCE

National Business Excellence Awards 2024 by Chamber of Commerce of Sri Lanka
- Overall Gold Award Winner in the Extra-large category
- Winner in the Export Sector category
- Runner-up for Excellence in Performance Management
- Merit Awards for Excellence in Global Market Reach
- Merit Awards for Excellence in Capacity Building

Presidential Export Awards 2024 by Sri Lanka Export Development Board
- Best Exporter in the Coconut Shell Products category

National Industry Brand Excellence Awards 2024 by Industrial Development Board (IDB)
- Best Export Brand of the Year

Ceylon National Chamber of Industries (CNCI) Achievers Awards 2024
- Gold Award in the National Level Manufacturing Sector – Extra Large category
- Top 10 Award

31st NCE Export Awards 2023 by National Chamber of Exporters of Sri Lanka
- Silver Award in the 'Coconut and Coconut Products Sector – Extra Large Category'

Sri Lanka Coconut Awards 2024 by Coconut Development Authority of Sri Lanka
- Best Exporter Award
- Ultracarb Pvt Ltd, received recognition for its significant contributions to the coconut sector in 2023

60th session by the International Coconut Community, 2024
- Best Coconut-Based Product Manufacturer

BEST MANAGEMENT PRACTICES

Best Management Practices Company Awards 2024 by Institute of Chartered Professional Managers (CPM) of Sri Lanka
- Winner in the Activated Carbon Category
- Recognised among the Twenty Outstanding Companies

National Supply Chain Excellence Awards 2024 by Institute of Supply and Materials Management of Sri Lanka
- Special commendation for being the Best Supply Chain Practicing Organisation (Large Scale)

Tax Service Office (KPP) Pratama Palu, Indonesia
- Best Contribution for Tax Payments Award for Haycarb Palu Mitra

North Sulawesi Investment Forum (NSIF) 2024 by the Central bank of Indonesia and the North Sulawesi regional government
- Recognition for commitment to responsible business practices -PT Mapalus Makawanua Charcoal Industry

Central Sulawesi Export forum 2024
- Certificate of Appreciation for Haycarb Palu Mitra for its participation as a contributor of export products

Investment Service Awards (ALI) 2024 by the Ministry of Investment/BKPM, Indonesia
- Special Award for Haycarb Palu Mitra-Good Cooperation of Large Companies with SME Companies

CORPORATE REPORTING AND GOVERNANCE

38th International ARC Awards by MerComm, Inc. USA
- Gold for 'Cover Photo/Design' in the manufacturing and distribution category
- Silver for 'Non-Traditional Annual Report' in the manufacturing and distributing category

Best presented Annual Report Awards 2024 by South Asian Federation of Accountants (SAFA)
- Bronze award in the Manufacturing category

TAGS Awards 2024 by Institute of Chartered Accountants of Sri Lanka
- Gold Award – Manufacturing sector (Turnover above LKR 20 BN)
- Certificate of Recognition – Sustainability Reporting
- Certificate of Recognition – Corporate Governance Disclosure (Non-Financial Services)
- Certificate of Recognition – Integrated Reporting
- Certificate of Recognition – Digitally Transformative Reporting

Sustainability Reporting Awards 2024 by ACCA Sri Lanka
- Joint Runner-Up in the Manufacturing Category

Excellence in Integrated Reporting Awards 2024 by Institute of Certified Management Accountants of Sri Lanka (CMA)
- Ten Best Integrated Reports 2024
- Best Integrated Report in the Manufacturing Category

SUSTAINABILITY

Best Corporate Citizen Sustainability Awards 2024 by Ceylon Chamber of Commerce of Sri Lanka
- Top Ten best corporate citizens award
- Winner- best project sustainability awards- Haycarb PLC- Puritas Sath Diyawara and going beyond
- Category award winner for environmental integration
- Category award winner for governance
- 1st runner up award for planning and adoption of resilient practices

Green Industry Awards 2024 by Industrial Development Board, Sri Lanka
- Gold Award for Inclusive Business Development Category

Presidential Environment Awards 2024 by Sri Lanka's Central Environmental Authority
- Silver Award in the Chemical Industry category

Chairman's & Managing Director's Joint Statement

GRI 2-22

HAYCARB PLC DELIVERED RESILIENT GROWTH IN 2024/25, POWERED BY INNOVATION, SUSTAINABILITY, AND A DIVERSIFIED PRODUCT PORTFOLIO ACROSS GLOBAL MARKETS.

Mohan Pandithage
Chairman

Dear Stakeholder,

Haycarb PLC delivered a resilient performance recording pre-tax earnings of Rs.5.52 Bn and post-tax earnings of Rs. 4.27 Bn, retaining its position as a leader in innovative coconut shell activated carbon solutions for a wide range of applications. The Group demonstrated its characteristic resilience and agility to overcome multiple challenges across the value chain, leveraging its market presence, diversified product portfolio, strategic positioning and its commitment to sustainable innovation to deliver resilient growth and consistent shareholder value.

Haycarb is a purpose-driven Company, envisioning tomorrow's purification and energy storage needs, empowering our employees to provide solutions that enrich our stakeholders whilst upholding our values of customer centricity, technical excellence, and innovation, within a sustainable mindset.

Chairman's & Managing Director's Joint Statement Summary

Sinhala & Tamil | Other Languages | Video Version

HAYCARB CONTINUES TO INVEST IN THE ADVANCEMENT OF ITS TECHNOLOGY TO BE A CUTTING-EDGE INNOVATIVE COCONUT SHELL BASED ACTIVATED CARBON COMPANY

Rajitha Kariyawasan
Managing Director

STRENGTHENING OUR VALUE CHAIN

Our value chain commences with coconut shells, a by-product of the coconut industry. Our manufacturing facilities are strategically located in Sri Lanka, Thailand, and Indonesia, providing direct access to our main raw material, coconut shell-based charcoal in these countries. Our raw material procurement network also extends to other major coconut-growing countries in Asia, including the Philippines, India, and Vietnam. This extensive network has enabled us to gain valuable insights into the production and availability of raw materials, allowing us to effectively manage the cyclical volatility in demand and supply across all coconut-producing countries in Asia.

The year under review presented significant challenges as coconut harvests across all our operating countries declined due to extreme weather and climate conditions.

THE GROUP DEMONSTRATED ITS CHARACTERISTIC RESILIENCE AND AGILITY TO OVERCOME MULTIPLE CHALLENGES ACROSS THE VALUE CHAIN, LEVERAGING ITS MARKET PRESENCE, DIVERSIFIED PRODUCT PORTFOLIO, STRATEGIC POSITIONING AND ITS COMMITMENT TO SUSTAINABLE INNOVATION TO DELIVER RESILIENT GROWTH AND CONSISTENT SHAREHOLDER VALUE.

Furthermore, the increase in coconut charcoal exports from the countries we operate in exerted further pressure on raw material prices, which recorded an exponential increase during the year. Ensuring an adequate supply of raw materials is critical to optimising production and managing costs. To address this, we have strengthened our charcoal procurement teams in each of these countries to optimise our presence and supplies.

In Sri Lanka and Thailand, we have leveraged our engagement with rural communities in the eco-friendly production of coconut shell charcoal, thereby supporting local livelihoods through initiatives such as the Environment Friendly Charcoaling Units and Vertical Charcoaling Kilns. The Company has intensified its efforts to introduce eco-friendly charcoaling pits in Indonesia as part of its strategy to bolster our supply network in the region.

Our latest venture, Haycarb Philippines Corporation, has received approval from the Board of Investments of the Philippines to establish an activated carbon manufacturing facility. The first phase is scheduled to be commissioned in the first half of 2027 and will further enhance our manufacturing footprint and strengthen our position in the coconut shell-based charcoal supply chain.

To address the challenges associated with coconut shell charcoal supply chain, Haycarb has successfully developed activated carbons from alternative sustainable raw materials. This initiative was undertaken in close collaboration and consultation with our valued customers for specific applications and markets and will be pursued as a viable strategy to reduce dependence on coconut shell-based charcoal, thereby reducing the pressure on the supply chain.

MARKET DYNAMICS

A portfolio of over 1500 products catering to a vast array of applications supports revenue diversification across geographies and business segments, making our business model a resilient one. We observed strong demand for products serving the gold mining sector, driven by heightened uncertainty in global financial markets. With increasing concerns around the safety of drinking water, demand for our water purification carbons have remained robust. The value-added carbon segment sustained its growth trajectory, continuing to secure broader market acceptance. Our range of carbon for chloramine removal, pelletised carbon and chemically impregnated carbon products are steadily gaining market momentum. Our growing portfolio of energy storage carbons also gained traction and demonstrated strong performance.

Asia remained our largest and most dynamic market during the year, driven by strong and sustained demand. We also retained solid market positions in North America, Africa, and Australia, supported by long-standing partnerships and reliable service delivery. In contrast, Europe experienced a decline in demand reflecting the broader economic slowdown and its impact on industrial activity and purchasing patterns.

The Environmental Engineering business gained momentum with the recovery of the Sri Lankan economy to record a revenue of Rs. 2.02 Bn during the year. The demand for water and wastewater treatment plants, Operations and Maintenance (O&M) contracts and water distribution projects in Sri Lanka and Maldives are driving this business segment, which is expected to maintain its growth trajectory.

TECHNOLOGY, NEW PRODUCT DEVELOPMENT AND DIGITALISATION

Haycarb continues to invest in the advancement of its technology to be a cutting-edge innovative coconut carbon company that offers best-in-class products and solutions and enhances customer experience. Our newly developed range of carbons tailored for silicon anodes has gained market share. Concurrently, we are in the process of securing patents for our of hard-carbon products for Sodium-ion batteries. The ongoing global shift toward renewable energy continues to present significant growth opportunities and in anticipation of this demand, we have invested Rs. 1.23Bn to expand our manufacturing capacity for the Energy Storage Carbon portfolio during the year ended 31 March 2025.

With rising awareness of the presence and adverse impacts of perfluoroalkyl and polyfluoroalkyl substances (PFAS) particularly in North America and Europe, the Company is actively working to bring to market a new range of products,

now nearing commercialisation, designed for the effective removal of "forever chemicals." Coconut shell-based activated carbon has demonstrated high efficacy in PFAS removal while also offering a sustainable, renewable solution-enhancing its appeal across environmentally conscious markets. This position enables us to enter a new, high-potential product segment with strong prospects for long-term growth.

We have embarked on a digital transformation drive in line with the aspirations of our parent company, as we see the immense potential presented by embracing rapidly advancing AI-related technologies. The relaunching of our website integrated into the new CRM platform, factory automation and the ongoing update of ERP systems to RISE with SAP represent several key interventions.

DELIVERING VALUE TO INVESTORS

Performance 2024/25

The Haycarb Group's Revenue of Rs.43.20 Bn remained consistent with the previous year, with the appreciation of the Sri Lankan rupee which impacted the growth reported in the reporting currency. US Dollar-denominated revenue, recorded an increase of 6% to reach USD 145 Mn during the year, reflecting improvements in core performance.

Persistent shortages in coconut shells led to a significant increase in raw material prices, a worsening trend that continues to date. While this exerted significant pressure on profitability margins, the impact was partially mitigated by increased contributions from value-added products, the support extended by our valued customers to share the burden of cost increase and strategic emphasis on lean initiatives that improved efficiency. Consequently, the Group managed to contain the decline in gross profit to 9% to Rs. 12.06 Bn while gross profit margins narrowed from 31% to 28% during the year.

The moderation in Gross Profit trickled down to Operating Profits, which declined by 12% to Rs. 5.75 Bn during the year. The net exchange cost decreased to Rs.58.8 Mn. Despite the capital expenditure, investment in new businesses and increase in working capital needs we capped the net interest cost at Rs. 227.50 Mn due to prudent loan portfolio management, and reduction in market interest rates.

Haycarb recorded a Profit Before Tax of Rs.5.52 Bn for the year ending 31st March 2025, a moderation of 10% in comparison to the previous year. This decline is primarily attributed to the increase in raw material prices and the appreciation of the Sri Lankan Rupee. The tax expense decreased by 31% to Rs.1.2 Bn, owing to enhanced capital allowances on new investments. The effective tax rate decreased from 30% to 23%, resulting in a Profit After Tax of Rs.4.27 Bn, only 1% below the previous year's Post-Tax Profit of Rs.4.30 Bn. Furthermore, in USD terms, the Profit After Tax amounted to USD 14.35 Mn, reflecting a 6% increase.

GROWTH & RESILIENCE

During the year, Haycarb strengthened capabilities to manufacture value-added carbons through increasing production capacity for energy storage carbons in Sri Lanka and enhancing post-activation facilities in both locations to augment its capacities in point of use (POU) and point of entry (POE) carbons in water treatment applications, a key growth area of the business. In line with our environmental aspirations of increasing reliance on renewable energy sources, a key area of focus in the Group's ESG Roadmap "Activate", the Company also invested in the installation of roof solar PV systems. Accordingly, Property Plant and Equipment increased by 17% to Rs.12.72 Bn.

The Group's working capital expanded, driven by the increase in value of inventories by 32% to Rs.15.16 Bn. This contributed to an increase of 6% in current assets to Rs.28.14 Bn while total assets increased by 14% to Rs. 45.90 Bn.

Balance sheet growth was funded by increases in equity and borrowings; equity increased by 15% to Rs.29.68 Bn due to the growth in reserves while Interest bearing borrowings increased by Rs. 2.80 Bn to Rs. 9.08 Bn. Despite the increase in borrowings, the debt-to-equity ratio

INNOVATION & GROWTH 2024/25

NEW PRODUCTS

- Improved energy storage carbons
- Advanced PFAS removal carbons
- High-capacity chloramine removal carbons
- New products for respirator carbon for personal protection

VALUE TO STAKEHOLDERS

- Value delivered to employees **Rs. 4.9Bn**
- Value delivered to shell and charcoal suppliers **Rs.14.9Bn**
- Value to Governments
  - Sri Lanka **Rs. 1.7Bn**
  - Others **Rs. 1.7Bn**
- Value to investors
  - ROE **13.6%**
  - Dividends **Rs. 1.1Bn**
  - Share price increase **7.3%**

OUR TECHNOLOGICAL ADVANCEMENTS IN THE ENERGY STORAGE CARBONS CONTINUE TO INTRODUCE NEW PRODUCTS, FEATURES AND PROCESSES NEEDED BY THIS DYNAMIC AND EVOLVING MARKET SEGMENT.

remained at a prudent 31%, albeit an increase over the 24% recorded in the previous year.

Haycarb continued to deliver on its shareholder commitments, with Net assets per Share increasing from Rs.77.09 to Rs. 89.30.

STRATEGIC ESG INTEGRATION

The Group's ESG Framework, "Activate" sets out 13 sustainability priorities under the 5 core pillars of Restore, Inspire, Excite, Uplift and Innovate connected by mindful governance as the "Conscious Core". Sustainability governance structures established in the previous year were maintained to support the Board in its mandate to guide and oversee the implementation of the Group's ESG Framework, monitor emerging sustainability-related risks and opportunities and measure progress against goals and targets.

We remain committed to driving socio-economic empowerment across our charcoal supply chains while propagating environmentally friendly practices and high-yielding techniques in all the countries we operate. As we mark the 10th anniversary of Puritas Sath Diyawara, we celebrate a decade of impactful community service by providing over 200,000 litres of purified drinking water per day to over 45,000 people in villages that were severely affected by chronic kidney disease. Our dedication to this initiative highlights our unwavering commitment to improving the lives of those in need and fostering healthier communities.

The Group partnered with the Coconut Development Authority and the Coconut Cultivation Board in Sri Lanka sponsoring the planting of 100,000 coconut seedlings in the Northern Province, supporting the government initiative to establish a second coconut growing region in the country. The second phase of this initiative will be continued in 2025.

Our decarbonisation efforts continue with investments in solar power generation during the year, which culminated in Haycarb now fulfilling 35% of its electricity requirements in Sri Lanka through rooftop solar installations. Additionally, we are commissioning a floating solar power generation project which will meet approximately 10% of the electricity consumption in our plant in Chonburi, Thailand. In parallel we expanded rainwater harvesting initiatives in Thailand, aligned with our aspirations to increase reliance on sustainable water sourcing.

MINDFUL GOVERNANCE

Haycarb benefits from the robust governance structures and policy frameworks of the Hayleys Group. During the year, Haycarb complied with new requirements of the CSE Listing Rules Section 9 which included the publication of several policies on the corporate website including the Policy on Anti Bribery and Corruption which mandates a zero-tolerance approach for bribery and corruption. Three new Board Committees were formed in May 2024, namely the Nominations & Governance Committee, the Remuneration Committee and the Related Party Transaction Review Committee for Haycarb PLC, where supervision was exercised by the Board Committees of the parent Company.

We continued to exercise oversight over the subsidiaries through regular reporting to the Board Committees and Board as well as representation of Directors on boards of all subsidiary companies. An Executive Director of Haycarb PLC is assigned to the subsidiaries who ensure that key concerns are escalated to the main board. Financial audits of the subsidiaries are conducted by reputed external independent auditors and consolidated by Group auditors. Importantly, Group Internal Audit provides assurance on the effective functioning of internal controls to the Board of Directors.

BUILDING TALENT PIPELINES

Haycarb's holistic value proposition engages employees, for driving innovation and growth. Building strong talent pipelines is crucial for our operations particularly given the relatively high level of skilled migration from Sri Lanka.

We initiated one-on-one engagement at all levels to understand employee issues and adopt corrective action to drive increased motivation and employee well-being. Ongoing investment in training resulted in total training hours per employee increasing by 43%. The learning platforms on digital media were given high priority, encouraging specific functions to upgrade the knowledge base in line with the higher pace of ubiquitous technological advancements. As an innovative company, team dynamics are invaluable, and we will continue focusing on maintaining strong teams to drive sustainable growth through product and process innovation.

STRONG PROSPECTS

Emerging trade dynamics and geo-economic confrontations have led to a downward revision of global growth projections, with the IMF's latest forecast adjusting the growth

rate from 3.3% to 2.8%. Growth in advanced economies is expected to remain subdued, revised downward from 1.6% to 1.5%. Given the current unpredictability of the situation, the Company is closely monitoring the ongoing bi-lateral negotiations with the US Government and potential impacts that can unfold.

Meanwhile, agricultural commodity prices are projected to rise, driven by poor harvests resulting from the escalating impacts of climate change and extreme weather events.

Sri Lanka is anticipated to record GDP growth, over 3.0% forecasted by the Central Bank, alongside a moderate uptick in inflation to mid-single-digit levels. Interest rates are expected to remain low, supporting investor and consumer sentiments. The resultant increase in purchasing power, coupled with a stable policy environment, is expected to create favourable conditions for private sector growth and economic recovery.

Looking ahead, we anticipate varying growth trajectories across our product portfolios. Demand is expected to strengthen in key sectors such as energy storage, water treatment, air purification and gold recovery and resources are allocated in line with strategic priorities, to technical and R&D functions and marketing teams for new product development and expansion of market reach with the optimum mix of value-added products.

The availability of raw materials remains a critical concern which we hope to address through a multi-pronged action plan leveraging on our geographical reach in coconut producing countries in Asia and leadership in initiatives to enhance the yield and reduce the environmental footprint in charcoaling.

Manufacturing and technical excellence under our key ethos of 'Sustainable Innovation' is at the core of Haycarb's strategy and operations, and we continue to focus on enhancing our technical capabilities, new product and process developments and driving lean practices within a framework of robust Occupational, Health and Safety practices. Digitalisation will remain a strategic priority, as we strive to drive efficiency and resilience across our operations.

The Environmental Engineering segment will continue its focus on core markets in Sri Lanka and Maldives and has strengthened its business development, technical design and project execution teams to tap into the opportunities for water and wastewater treatment and water distribution projects that are in the pipeline.

ACKNOWLEDGEMENTS

Mr. James Naylor resigned from the Board of Directors with effect from 31st January 2025, in anticipation of his retirement from service in May 2025. The Board of Directors join us in thanking James for his instrumental leadership during his tenure at Haycarb and wish him a happy and fulfilling retirement.

Mr. Hisham Jamaldeen resigned from the Board of Directors on 14th November 2024, and we thank him for his strategic insights and guidance.

We express our gratitude to the team at Haycarb for upholding our values and fostering a culture of learning and innovation. Their expertise, commitment and determination were essential in driving sustainable growth, in a period of intense pressure on the challenges on supply side of our key raw material, coconut charcoal. Further, we extend our appreciation to our valued customers for their continued partnership and patronage of Haycarb products and services, and all other stakeholders for their continuous support throughout our journey. Lastly, we appreciate the Board's diligence and guidance, as we enhance our competitive edge, solidifying Haycarb's position as a global leader in activated carbon renowned for Sustainable Innovation.

Yours sincerely,

MOHAN PANDITHAGE
Chairman

RAJITHA KARIYAWASAN
Managing Director

15th May 2025

Board of Directors

MOHAN PANDITHAGE

Chairman

Appointed to the Board in November 2007

Skills and Experience

Since assuming the role of Chairman and Chief Executive of Hayleys PLC in 2009, Mr. Pandithage' s strategic vision has redefined the growth trajectory of Hayleys, transforming the Group to one of Sri Lanka's most diversified, sustainable, and socio-economically impactful enterprises. His foresight in capturing emerging opportunities and driving strategic investments in key industries have significantly enhanced the Group's earnings potential and long-term resilience. Mr. Pandithage is an accomplished industry veteran and respected leader in the field of transportation and logistics, having led the Group's Transportation Sector prior to this appointment as Chairman of the Group. He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport and has been honoured with the prestigious 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers, and was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association.

He is a Fellow of the Chartered Institute of Logistics and Transport (UK) and a Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA). He also serves as a Council Member of the Employers' Federation of Ceylon.

Mr. Pandithage also serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka.

Other Appointments

Chairman and Chief Executive of Hayleys PLC. Executive Chairman of Dipped Products PLC, Hayleys Fabric PLC, Singer (Sri Lanka) PLC, Hayleys Fibre PLC, Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC, Horana Plantations PLC, Alumex PLC, The Kingsbury PLC and Hayleys Leisure PLC. He also serves as a Non-Executive Director on the Board of Diesel and Motor Engineering PLC.

RAJITHA KARIYAWASAN

Managing Director

Appointed to the Board in January 2010

Skills and Experience

With over 30 years of experience, Mr. Kariyawasan has expertise in manufacturing, engineering, strategic management, and international business. His leadership has driven operational excellence, sustainability, and global expansion at Haycarb.

Mr. Kariyawasan holds a BSc in Engineering (Electronics & Telecommunications) from the University of Moratuwa. He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds, a Six Sigma Black Belt, certified by the Motorola University, Malaysia.

Other Appointments

He is a member of the Board of Directors of Hayleys PLC and is the Deputy Chairman of the Eco Solutions Sector and Dipped Products PLC. He is a lead member of the Hayleys ESG Steering Committee and the Nominee Director of Hayleys PLC in Sri Lanka Institute of Nanotechnology (SLINTEC). Before joining Haycarb, held the position of Director/General Manager of Ansell Lanka (Pvt) Ltd. Served as the Chairman of the Manufacturing Association of Export Processing Zone, Biyagama.

BRAHMAN BALARATNARAJAH

Deputy Managing Director

Appointed to the Board in April 2015

Skills and Experience

Mr. Balaratnarajah joined Haycarb in 1996 as a Maintenance Engineer. He became General Manager in 2010 after leading Recogen operations from 2004 to 2010. He possesses experience in engineering project management, manufacturing operations and sustainability. With a career at Haycarb spanning nearing three decades and a wealth of experience in driving operational excellence and effective project management, he currently oversees all manufacturing operations, engineering projects, the Environmental Engineering Segment, corporate sustainability and the European market expansion.

Mr. Balaratnarajah holds a First Class Degree in Mechanical Engineering from the National Institute of Technology, India, and is an alumnus of the Indian Institute of Management, Ahmedabad. He is a member of the American Society of Mechanical Engineers.

Other Appointments

Chairman of the Industrial Association of Sri Lanka, Ceylon Chamber of Commerce for 2024/25.

SARATH GANEGODA

Non-Executive Director

Appointed to the Board in November 2009

Skills and Experience

An accomplished corporate leader counting over 30 years of multifaceted experience across diverse industries, Mr. Ganegoda has held several senior leadership positions in large private sector organisations in Sri Lanka and overseas. Having served the Hayleys Group between 1987 and 2002, he rejoined in 2007 and was appointed to the Group Management Committee the same year. He is currently responsible for the Strategic Business Development Unit and Group Information Technology of Hayleys PLC.

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

Other Appointments

Executive Director of Hayleys PLC, Deputy Chairman of Alumex PLC, Non-Executive Director of Dipped Products PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Horana Plantations PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC, and Hayleys Leisure PLC. He also serves as the Chairman of Sri Lankan Airlines Ltd and Sri Lankan Catering Limited.

ARJUN SENARATNA

Non-Executive Director

Appointed to the Board in November 2005

Skills and Experience

Mr. Senaratna brings over three decades of international senior management experience in Business Development/ Leadership and Finance. He has held key leadership positions across various industries and has contributed significantly to improving corporate strategy, performance, financial oversight and results within these organisations.

Holds a Bachelor of Science (BSc) from the University of Ceylon and is a Certified Public Accountant (CPA, CMA Canada).

Other Appointments

An Independent Non-Executive Board Director of Hayleys Advantis Ltd and a Non-Executive Director of Haycarb USA Inc. He also served as a Non-Executive Board Director of Hayleys PLC from 2005 to 2011. He previously held senior positions with Amsterdam based TNT/TPG (now CEVA/Fedex); including Membership on the Global Business Development Board, and President designate TNT Indonesia. He has also been in senior/ strategic roles with Celestica (former IBM Manufacturing), Ryder, Rockwell International, Canada Steamship Lines and Pepsi Cola.

Board of Directors

MS. JEEVANI ABEYRATNE

Director – Finance & IT

Appointed to the Board in November 2009

Skills and Experience

With nearly three decades of experience in financial management, Ms. Abeyratne has been serving as the Chief Financial Officer of Haycarb Group since 2007. Her expertise encompasses financial strategy, governance, and ESG integration, contributing significantly to driving Haycarb's performance and governance standards. She is responsible for the Finance and IT functions of Haycarb Group.

Ms. Jeevani Abeyratne is a member of the Chartered Institute of Management Accountants (CIMA), UK, and holds a Master's in Law (LLM) from the University of West London.

Other Appointments

Prior to her tenure at Haycarb, Ms. Abeyratne served as the Group Finance Manager at Dipped Products PLC, a subsidiary of the Hayleys Group.

PRASANNA UDAYA KUMARA

Director – Research & Development and Technical

Appointed to the Board in February 2015

Skills and Experience

He joined Haycarb in 1988 and with over 35 years at Haycarb PLC, Mr. Udaya Kumara has been instrumental in advancing the Company's technical knowhow and quality standards. He is currently overseeing Research and Development, Technical Services, Quality Assurance, and Quality Control functions. His leadership has been pivotal in driving innovation and ensuring product excellence.

Mr. M.S.P. Udaya Kumara holds a First Class BSc (Hons.) Degree from the University of Sri Jayewardenepura, Sri Lanka, and is a Fellow Member of the Institute of Chemistry, Ceylon.

Other Appointments

Mr. Udaya Kumara serves as a Director at Haycarb USA Inc., PT Mapalus Makawanua Charcoal Industry, and PT Haycarb Palu Mitra.

ALI ASGAR MUNAVER CADERBHOY

Director – Business Development

Appointed to the Board in April 2016

Skills and Experience

Joining Haycarb PLC in 1997 as a Management Trainee, Mr. Caderbhoy has nearly three decades of experience in the activated carbon industry. He has led the establishment of key manufacturing projects in Sri Lanka and Indonesia and has been instrumental in expanding distribution networks into new market segments, driving the Company's global growth.

Mr. Ali Asgar Munaver Caderbhoy holds a Master of Arts (Hons.) in Economics and Management from the University of Aberdeen, UK.

Other Appointments

Mr. Caderbhoy serves as a Director at Haycarb Holdings (Australia) Pty Ltd., PT Mapalus Makawanua Charcoal Industry, PT Haycarb Palu Mitra, and Haycarb Activated Carbon Pvt Ltd. He previously held a directorship at Puritas (Pvt) Ltd.

MS. SHAMALIE GUNAWARDANA

Independent Non-Executive Director

Appointed to the Board on 1st March 2021

Skills and Experience

Mrs. Gunawardena is an Attorney-at-Law of the Supreme Court of Sri Lanka holding a Master's Degree in Commercial Law, UK with an array of experience in the Private and Public Sectors. She has led Fiscal Management Reform Initiatives of the Ministry of Finance and the Asian Development Bank and Legal and Judicial Reform initiatives of the Ministry of Justice and the World Bank.

Other Appointments

An in-house Senior Legal Counsel of Capital City Law, Colombo, Director of Capital City Corporate Services (Pvt) Ltd, Group Legal Consultant of International Distillers Limited, and a member of the Company Law Advisory Commission of Sri Lanka.

She has served as the Director General, Legal Affairs Department of the General Treasury, Senior Assistant Secretary/ Legal, Ministry of Finance, Director Legal/ Secretary to the Public Enterprises Reform Commission.

She has been a Director of Renuka City Hotels PLC, Information and Communication Technology Agency of Sri Lanka (ICTA) an Independent Director of DFCC Bank. She also served as a Consultant to CHEC Port City (Colombo) (Pvt) Ltd and Senior Policy Consultant on Debt for Nature swap/Debt Conversion and Sustainable Financing - UNDP.

MS. BRINDHIINI PERERA

Non-Executive Director

Appointed to the Board in October 2022

Skills and Experience

Ms. Perera has earned a Masters in Mechanical Engineering from Imperial College London, with a strong academic foundation in Manufacturing Technology and Management, Entrepreneurship, Corporate Finance, Statistical Analysis, and Applied Mathematics. She began her professional development at an early age, undertaking internships at Vallibel One PLC from the age of 13. Since then, she has gained experience at both Vallibel One and Hayleys PLC, contributing to strategic planning, operations, and engineering-driven initiatives.

Other Appointments

She serves as a Non-Executive Director in several companies listed on the Colombo Stock Exchange including Hayleys Fabric PLC, Dipped Products PLC, The Kingsbury PLC, Hayleys Leisure PLC, Singer (Sri Lanka) PLC, Vallibel One PLC, Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, and The Fortress Resorts PLC. She also serves on the Board of Eurocarb Products Ltd (UK), Haylex Ltd (UK) Delmege Limited, Otwo Biscuit (Private) Limited, The Canbury Biscuit Company Limited, Manatee Clothing Company (Pvt) Ltd and Dhammika & Priscilla Perera Foundation.

NANDA FERNANDO

Independent Non-Executive Director

Appointed to the Board in January 2024

Skills and Experience

Mr. Fernando is a Senior Banker with over four decades of experience and currently serves as a Business Consultant uplifting productivity in companies, resulting in increased stakeholder benefits. He possesses a proven record of strategic leadership, business growth, and exceptional financial performance.

Mr. Fernando is a Fellow of the Institute of Bankers Sri Lanka and holds an MBA from Sikkim Manipal University, India.

Other Appointments

Mr. Fernando is an Independent Non-Executive Director of Dipped Products PLC, Hayleys Fabric PLC, Hatton National Bank PLC, R I L Property PLC and Chairman of Assetline Finance Ltd. He is also the Managing Director of Professional Business Consultants (Pvt) Ltd, a company engaged in providing financial planning and advisory services.

He has served Sampath Bank PLC for 36 years from the year of its inception and during the last 7 years, provided effective leadership as the Managing Director, utilising his expertise to drive organisational success and deliver exceptional value to stakeholders.

Board of Directors

MS. ANOMI WANIGASEKERA

Independent Non-Executive Director

Appointed to the Board in January 2024

Skills and Experience

Senior partner of Julius & Creasy, a prominent law firm, in Sri Lanka, Ms. Wanigasekera counts over 40 years of experience in commercial law specialising in intellectual property. She heads the Intellectual Property Division, overseeing drafting of contracts and advising on regulatory and compliance matters. She contributed significantly to the field of intellectual property and commercial law through her publications.

Ms. Wanigasekera is a Member of the Bar Association of Sri Lanka and Colombo Law Society. She holds an LLM from the University of Wales and post graduate diplomas in Intellectual Property Law, International Trade Law, Banking, and Insurance Law from the Institute of Advanced Legal Studies (IALS).

Other Appointments

She is an Independent Non-Executive Director of Dipped Products PLC and Horana Plantations PLC, Chairperson of the International Trademark Association (INTA) South Asia Anti-Counterfeiting subcommittee for the term 2024/25, Vice President of Asian Patents Attorneys Association (APAA) Sri Lanka Group, Council member of APAA, and India and South Asia Global Advisory Council.

YOHAN PERERA

Independent Non-Executive Director

Appointed to the Board in April 2024

Skills and Experience

He served as the Managing Partner of KPMG Sri Lanka, while also serving on the KPMG Middle East & South Asia Board during his tenure as Managing Partner of the Firm. Mr. Perera counts over 40 years of experience in audits of conglomerates and listed companies with diversified business interests.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and a Fellow Member of the Chartered Institute of Management Accountants, UK.

Other Appointments

He is a Director of Hayleys PLC, Dipped Products PLC, Commercial Bank of Ceylon PLC, Overseas Reality PLC, E B Creasy & Company PLC, Laxapana PLC and Muller & Phipps (Ceylon) PLC. Has served as a Member of the Securities and Exchange Commission of Sri Lanka, Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and Member of the Governing Council of the Post Graduate Institute of Management of the University of Sri Jayewardenepura.

President of the Institute of Chartered Accountants of Sri Lanka during - 2006 and 2007 and Board Member of the Confederation of Asian and Pacific Accountants (CAPA) from 2004 to 2010.

TIMOTHY SPELDEWINDE

Independent Non-Executive Director

Appointed to the Board in November 2024

Skills and Experience

Mr. Speldewinde possesses wide experience in managing local as well as international facilities and has been an integral member of the MAS Group for over 30 years. He served as the CEO of Stretchline Holdings headquartered in Hong Kong, with manufacturing facilities in Sri Lanka and overseas.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants, UK.

Other Appointments

Mr. Speldewinde is an Independent Non-Executive Director of Hayleys PLC, Dipped Products PLC, and Hayleys Fabric PLC. He is also an Independent Non-Executive Director and Audit Committee Chairman of The Kingsbury PLC, Horana Plantations PLC, Ceylon Grain Elevators PLC, Three Acre Farms PLC, and Wealth Trust Securities Limited whilst also serving as a Director of Contemporary Ceylon (Pvt) Ltd.

Management Team

MOHAN PANDITHAGE
Chairman

RAJITHA KARIYAWASAN
Managing Director

BRAHMAN BALARATNARAJAH
Deputy Managing Director

MS. JEEVANI ABEYRATNE
Director (Finance and IT)

M S P UDAYA KUMARA
Director (Research & Development and Technical)

ALI ASGAR MUNAVER CADERBHOY
Director (Business Development)

PRASARSK KANCHANABATR
Senior Director (Carbokarn Co. Ltd)

BENJA KARNCHANABATR
Managing Director (Carbokarn Co. Ltd)

JAMES NAYLOR
Managing Director (Eurocarb Products Ltd. - UK)

MANUEL MARQUES
Director/Chief Operating Officer (Haycarb Holdings Australia (PTY) Ltd.)

CHRIS ROSAUER
Senior Vice-President (Haycarb USA INC.)

A.S. PATHIRATHNA
Vice-President (Haycarb USA Inc.)

GOMINDA GUNAWARDHANA
General Manager - Manufacturing and Raw Material Procurement (Sri Lanka)

KRIT KARNCHANABATR
Deputy Managing Director - Procurement (Carbokarn Co. Ltd)

Management Team

HAYCARB (SRI LANKA) EXECUTIVE DIRECTORS

MOHAN PANDITHAGE
Chairman

RAJITHA KARIYAWASAN
Managing Director

BRAHMAN BALARATNARAJAH
Deputy Managing Director

MS. JEEVANI ABEYRATNE
Director (Finance and IT)

M. S. P. UDAYA KUMARA
Director (Research & Development and Technical)

ALI ASGAR MUNAVER CADERBHOY
Director (Business Development)

GENERAL MANAGERS

GOMINDA GUNAWARDHANA
Manufacturing and Raw Material Procurement (Sri Lanka)

DEPUTY GENERAL MANAGERS

MANURA WICKRAMASINGHE
Environmental Engineering [Puritas (Pvt.) Ltd.]

CHAMINDA KORALE
Engineering Projects

SHISHIRA JAYAKODY
Research and Development

NALINDA SAMARANAYAKE
Research and Development

MANJULA RANASINGHE
Quality Assurance

ANURADHA GAMAGE
Factory Manager (Madampe)

JAGATH WICKRAMASINGHE
Factory Manager (Badalgama)

P. D. D. M. KRISHANTHA
Human Resource Management

PRASAD WEERAKOON
Finance

PRABHATH LIYANAARACHCHI
Sales and Marketing

CHRISHAN KOBBEKADUWE
Sales and Marketing

DIVISIONAL MANAGERS

SAMANTHA ATHUKORALA
R&D/Process Improvement [Puritas (Pvt) Ltd.]

ASITHA KULARATNE
Engineering Procurement

SUNIMAL MORAES
Production Planning

LASANTHA WICKRAMASEKARA
Administration (Madampe)

P. T. R. DARSHANA
Production (Madampe)

CHETHIYA DHARMADASA
Raw Material Procurement (Indonesia, Sri Lanka)

SUNIL UDUGAMPALA
Quality Assurance (Madampe)

H. SUMITH KUMARA
Production (Badalgama)

K. U. S. WARNAJITH
Sales and Marketing

D. M. SENARATHNE
Engineering Projects

AJITH PATHIRAJA
Finance

NUWAN RUPASINGHE
Business Development

LAYAN KOKILA GAMAGE
Project Engineering, Civil & Structural [Puritas (Pvt) Ltd.]

MS. RASIKA JAYAWARDENA
Information Technology

MS. PIYUMALI PREMARATNE
Finance

ARUNA SAMPATH
Sustainability and ESG

MS. KALPANA DE SILVA
Business Development

NIMAL KUMARA
Production (Badalgama)

SALIYA SAMARAJEEVA
Engineering Maintenance (Badalgama)

SUJITH RODRIGO
Engineering Projects

DEPARTMENTAL MANAGERS

SHANTHA SENEVIRATNE
Engineering Projects

HASANGA SENANAYAKE
Business Development [Puritas (Pvt) Ltd.]

SUJEEWA GURUSINGHE
Procurement R&D

LALITH HAPUARACHCHI
Quality Management Systems

NADUN HETTIARACHCHI
Production (Madampe)

SANJAYA KUMARA
Finance

GRATIAN FERNANDO
Production (Madampe)

SURESH JAYANATH
Business Development

JAGATH RATNAYAKE
Production Planning

DHAMMIKA ALWIS
Engineering Projects

CHARITH PREMATHILAKA
Production (Madampe)

HARSHANA KAMALAPRIYA
Research and Development

MAJ. RANGANA BODARAGAMA (RETD.)
Project Management (Puritas)

KEERTHI BANDARA
Finance

K A P RANJITH
Research & Development

MS. NILUSHA EKANAYAKE
Finance (Puritas (Pvt) Ltd.)

MS. DULANI SENARATH YAPA
Sales & Marketing

HARSHA LIYANAARACHCHI
Human Resources Management

MS. CHATHURI YATAWARA
Sales & Marketing

DR. LAHIRU SANDARUWAN
Research and Development

MS. AMADARA WICKRAMANAYAKE
Finance

BHAGYA RANASINGHE
Charcoal and Shell Procurement

ASANKA RASNAYAKE
Production (Badalgama)

KAVINDA FERNANDO
Finance

DINESH SAMARASENA
Engineering Maintenance (Madampe)

MS. PEMALKA PREMARATNE
Sales and Marketing

CHATHURANGA PRIYADHARSHANA
Engineering Maintenance (Madampe)

CHANDANA FONSEKA
Project Engineering and Operations (Puritas Pvt. Ltd)

BUDDHIKA AMARAKOON
Engineering Maintenance (Madampe)

ANURUDDHA GUNARATNE
Production (Badalgama)

THARINDU RUWAN
Finance

AVINGA KODITHUWAKKU
Sales and Marketing

KAVINGA RAJANAYAKE
Research and Development

NUWAN WELIGEPOLA
Charcoal Procurement

SAMPATH MARASINGHE
Quality Assurance (Madampe)

OVERSEAS SUBSIDIARIES

MARKETING

EUROCARB PRODUCTS LTD.

JAMES NAYLOR
Managing Director

ERIK MENSE
Director Sales

RICHARD BITTEL
Director Sales

HAYCARB HOLDINGS (AUSTRALIA) PTY LTD.

MANUEL MARQUES
Director/Chief Operating Officer

ROHANA BANDARA
Operations Manager

HAYCARB USA INC.

CHRIS ROSAUER
Senior Vice-President

A. S. PATHIRATHNA
Vice-President

ASITHA KARUNARATNE
Director Sales

MARSHALL BENSON
Director Sales

MANUFACTURING

CARBOKARN CO. LTD.

PRASARSK KANCHANABATR
Senior Director

BENJA KARNCHANABATR
Managing Director

KRIT KARNCHANABATR
Deputy Managing Director (Procurement)

THANANCHAI KARNCHANABATR
Director (Local Sales and Marketing)

CHAMINDA ABEYRATHNE
General Manager (Carbokarn and CK Regen Systems)

MS. CHATTIP TECHATIPMANEE
Finance Manager

MS. YAOWARECH SINGHAPOOM
Accounting Manager

ANANDA MUNASINGHE
Divisional Manager - Quality Assurance

SHIZUKA CO. LTD.

UPENDRA JAYASINGHE
Plant Manager

PT MAPALUS MAKAWANUA CHARCOAL INDUSTRY

INDIKA WIJERATNE
General Manager

PT HAYCARB PALU MITRA

INDIKA JAYASINGHE
Factory Manager

ASANKA SIRIMANNA
Departmental Manager – Charcoal Procurement Indonesia

Segment Review and Analysis

ACTIVATED CARBON SEGMENT

Utilises coconut shell charcoal to produce a range of activated carbon products for diverse applications.

Operating context in 2024/25

- Raw material supply shortages across all key source markets resulting in intensified competition and elevated prices.
- New opportunities underpinned by increasingly stringent environmental regulations.
- Advances in technology has enabled greater operational efficiency and supported targeted business development activities.
- The Sri Lankan Rupee appreciated by 6% on average in 2024/25 compared to 2023/24.

Our strategic priorities in 2024/25

- Strategic interventions to ensure an uninterrupted supply of raw materials given supply challenges.
- Market expansion and deeper penetration of existing markets.
- A strong innovation strategy with emphasis on energy storage, water purification and other emerging applications.
- Ongoing progress on our greenfield investment in the Philippines.
- Leveraged digital marketing tools to access new markets and expand our reach.

Performance in 2024/25

The Activated Carbon segment delivered commendable performance in 2024/25 despite elevated input costs and marginal increase in volume growth. Revenue increased by 0.05% to Rs 41.7 bn while profit before tax declined by -10% to Rs. 5.4 bn in 2024/25.

Markets that drove our performance in 2024/25

- Asia
- USA
- Africa
- South America
- Europe

Applications that drove our performance in 2024/25

- Gold extraction
- Water purification
- Air and gas

Applications that will drive our future growth

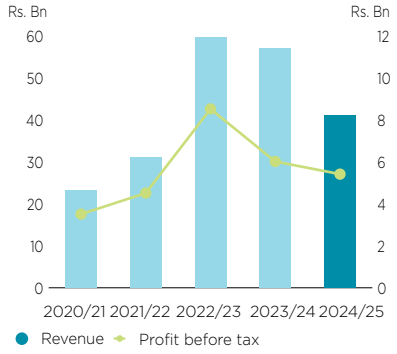
- Energy storage carbons
- Water purification carbons
- Air purification carbons
- Gold carbons

16
New products launched

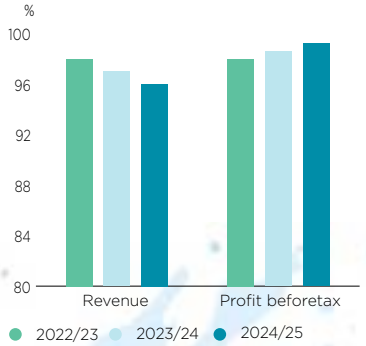
- Energy Storage applications
- Air Purification applications
- Water Purification applications

16%
Global market share

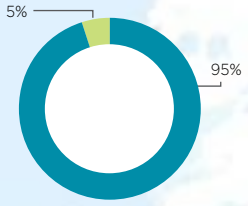
Performance Trends



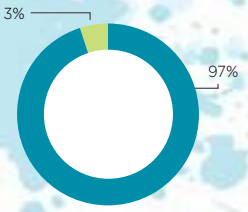
Contribution to Group performance



Contribution to Group Assets



Contribution to Group Liabilities



Digitalisation to Drive Performance

- Relaunched a revamped corporate website integrated to an advanced CRM application
- Supported employee learning through digital learning platforms

Minimising Our Environmental Impact

- Investments in renewable energy
- Sustainable water management
- Initiatives to Improve the Energy Intensity of our operations

RESPONDING TO SUPPLY CONSTRAINTS

- Given the prevailing conditions, securing adequate raw material supplies required focused strategic interventions during the year under review.
- Accordingly, we placed strong emphasis on strengthening our raw material procuremnt teams to further solidfy and expand supplier relationships in existing markets, including Sri Lanka, Thailand, and Indonesia, expanding our supplier networks in India, Philippines, and Vietnam including backward integration in Indonesia.
- While these efforts yielded considerable results, we also explored the use of alternative raw materials for certain applications.

PURSUING STRATEGIC GROWTH

- Demand for activated carbon products remained strong given its use in a variety of applications.
- Markets in Asia continued to account for over 50% of our revenue, driven primarily by products that catered to gold extraction and water purification applications.
- Focused efforts to expand our value-added carbon range proved favourable with increased revenue contributions from energy storage and water purification applications. Growth stemmed primarily from the US and Asian markets.
- Our specialised carbon product range for PFAS removal continued to gain traction in USA and Europe supported by the introduction of new regulations governing drinking water quality.

INNOVATION

- Driving innovation in line with emerging market trends remained a key area of focus in 2024/25.
- Strategic investments were made to expand and enhance the energy storage carbon range leveraging superior electro-chemical testing capabilities, and technical expertise.
- We also invested in capacity enhancements to expand production capabilities of energy storage carbons for lithium, sodium ion batteries and supercapacitors with an aim to expanding its revenue contribution to 10% over the next few years.
- R&D efforts also focused on developing new products for water and air purification to fulfil growing demand given strengthening environmental regulatory frameworks.
- Overall, strategic investments in R&D led to the launch of 16 new products in 2024/25 with 4 new products in the pipeline.

EXPANDING OUR MANUFACTURING FOOTPRINT INTO THE PHILIPPINES

- Strategic efforts undertaken over the last year to expand our manufacturing footprint into the Philippines delivered results in 2024/25 as we entered a 25 year lease with the PHIVIDEC Industrial Authority for 10 hectares of land in North Mindanao. We also completed several regulatory approvals during the year under review and plan to commence construction by 2027 after all approvals are in place.
- Notably we also obtained BOI approval for our investment, which has enabled access to numerous investment incentives.

FUTURE OUTLOOK FOR 2025/26

While demand for activated carbon products is expected to remain strong in the coming years, prevailing uncertainties in the global economy and the proposed US tariff structure pose downside risks to growth. Furthermore, supply side challenges are also likely to extend into 2025/26 as coconut yields are expected to decline further in 2025 given adverse weather conditions. While the operating environment is likely to remain challenging in 2025/26, we intend on leveraging our strong market position through sustainable innovations and operational scale to navigate these challenges and drive progress towards our strategic goals.

Segment Review and Analysis

ENVIRONMENTAL ENGINEERING SOLUTIONS SEGMENT

Delivers comprehensive, customised wastewater and water treatment solutions for a range of industries.

Operating context in 2024/25

- Macro-economic stability and recovery in Sri Lanka.
- Macro-economic challenges in the Maldives given fiscal vulnerabilities and rising external debt servicing requirements.

Our strategic priorities in 2024/25

- Deliver end-to-end, tailored industrial wastewater treatment solutions utilising in-house develop technology.
- Expand our operations in Sri Lanka and the Maldives.
- Deliver O&M services for wastewater treatment plants.
- Expand our product range in water treatment through strategic partnerships and collaborations.

Performance in 2024/25

Performance of the Environmental Engineering Solutions segment improved in 2024/25 underpinned by economic recovery in Sri Lanka. Segment revenue increased by 29% to Rs. 2.02 Bn while profit before tax widened by 10% to Rs. 62 Mn. Segment contribution to overall Group performance accounted for 3% and 1.1% respectively of total Group revenue and profit before tax.

Our Value Proposition

- Comprehensive, customisable industrial and domestic water and wastewater treatment solutions. This involves designing and building the water and wastewater treatment plants and operating and maintaining it, throughout its lifetime.
- Technical expertise and specialised laboratory capabilities to deliver customised solutions based on the specific properties of the effluents being discharged.
- We ensure maximum value for our customers investment by delivering efficient, sustainable, and cost-effective water purification and supply solutions.

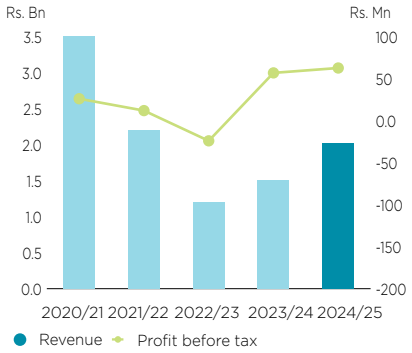
Our performance in Sri Lanka

The gradual economic recovery in Sri Lanka gave rise to new opportunities in the infrastructure and B2B segments. Capitalising on these opportunities, we successfully delivered 12 industrial wastewater treatment projects across 7 industries during the year under review while operating and managing a further 53 projects.

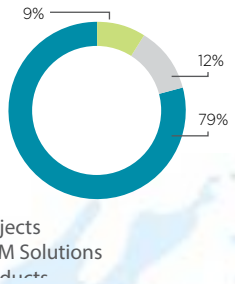
Our performance was supported by specialised expertise in water and wastewater treatment derived from the technical expertise of our staff and the testing capabilities of our state-of-the art laboratories.

These capabilities have enabled the delivery of tailored solutions that address the specific properties of the influents & the effluents being purified to meet the process requirements and discharged meeting, regulatory standards, respectively.

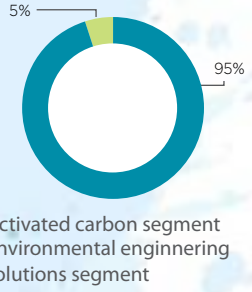
Performance Trends



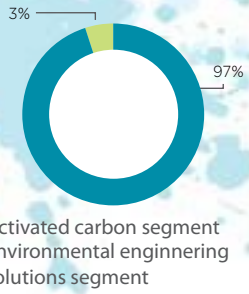
Revenue Composition



Contribution to Group Assets



Contribution to Group Liabilities



Industries we serve

- Hospitality
- Residential and Commercial Complexes
- Food & Beverage
- Textile
- Health
- Plantations
- Cosmetics
- Paint & Chemicals
- General Manufacturing

Other Products

- Hydrocove water purifiers
- Activated carbon products
- Filmtec RO/UF Membranes
- Tecofi Valves

Key Markets

- Sri Lanka
- Maldives

OUR PERFORMANCE IN THE MALDIVES

Growth in wastewater treatment solutions in the Maldives were driven by the hotels and resort sectors, as large-scale government led projects were deferred given the prevailing macro-economic environment.

Strategic focus was also directed towards expanding water treatment solutions given the country's reliance on seawater desalination to fulfil its drinking water needs. We leveraged our partnerships with Dupont Filmtec to drive sales in RO membranes and other related products.

FUTURE OUTLOOK FOR 2025/26

Our outlook for the year ahead is positive as demand for water and wastewater purification solutions and schemes in Sri Lanka is expected to grow, supported by increasing industrial activity given macro-economic stability. We also expect new opportunities for wastewater and water treatment in the Maldives, underpinned by the strong momentum in the tourism sector.

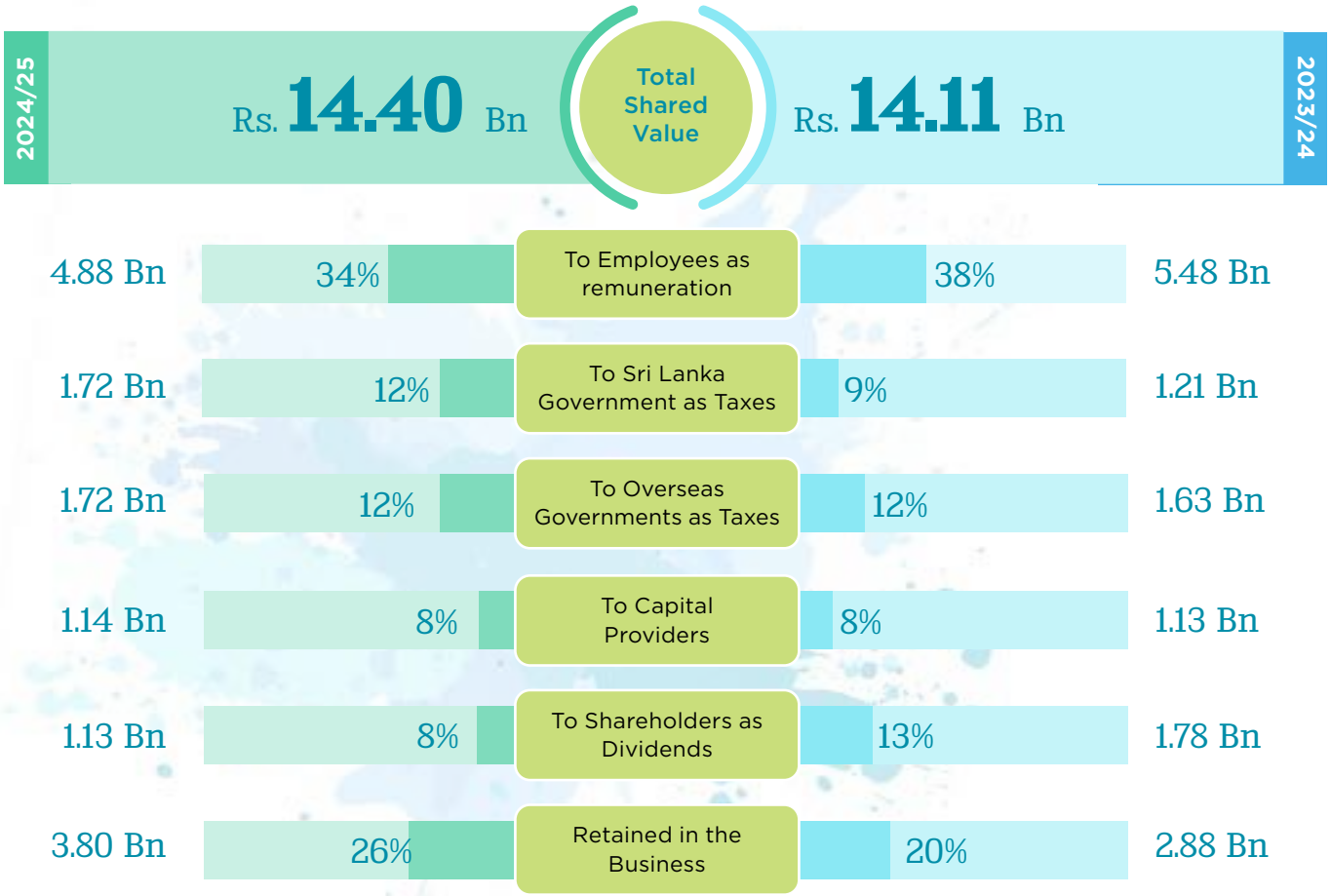
Group Value Addition and Distribution

GRI 201-1

GROUP VALUE ADDITION

	2024/25 Rs. '000	2023/24 Rs. '000
Revenue	43,201,785	43,179,205
Other operating income	321,423	178,045
	43,523,208	43,357,250
Cost of materials & services brought in	(29,124,457)	(29,252,194)
Value added	14,398,751	14,105,056

Group Value Distribution



Refer page 358 for detailed information

Waves of Value

Just as whales navigate vast oceans in pods, leaving behind ripples that influence entire ecosystems, our ESG approach creates waves of value that extend far beyond our operations. From reducing our environmental footprint, to empowering communities, and upholding strong governance, each initiative is a ripple contributing to a more sustainable and inclusive future. Our environmental and social interventions and governance structures are reflections of the values that are carried forward.

Our Value Proposition on ESG

42 Our Value Creation Model
44 Our Socio-Economic Impact
47 A Decade of Puritas Sath Diyawara
48 Progress Towards Adopting SLFRS Sustainability Reporting Standards
50 Activate - in Pursuit of a More Sustainable Future
56 Consolidated Statement on ESG Performance
59 Managing Risks & Opportunities
81 Assessing Climate Resilience
89 Our Contribution to the SDGs and UN Global Compact

Our Value Creation Model

OUR INPUTS

FINANCIAL CAPITAL
Our financial resources underpin our capacity to create value and comprise

- Shareholders' funds – **Rs. 29.6 Bn**
- Debt capital – **Rs. 9.0 Bn**

NATURAL CAPITAL
Coconut shell charcoal, a renewable resource serves as our primary raw material along with other natural inputs which include energy, water, and chemicals

- Renewable raw material consumption – **146,563 Mt**
- Water consumption – **696,595 m^3**
- Energy consumption – **1,141,695 GJ**

SOCIAL & RELATIONSHIP CAPITAL
Represents the relationships we have nurtured with customers, suppliers, communities, business partners and other stakeholders over the years.

- Customers – **>600**
- Coconut shell and charcoal suppliers – **>500**
- Investment in CSR initiatives – **Rs. 50.4 Mn**

INTELLECTUAL CAPITAL
Represents our expertise in R&D, proprietary processes, tacit knowledge acquired over 5 decades of operations and numerous certifications.

- Investment in R&D – **Rs. 209.3 Mn**
- No. of certifications - **32**

HUMAN CAPITAL
A multi-skilled team of 2,026 employees across 7 countries drive innovation and technical excellence in manufacturing.

- Investment in training and development – **Rs. 9.6 Mn**
- Investment in physical and mental health – **Rs. 68.9 Mn**

DIGITAL CAPITAL
Digital platforms, systems and competencies that enhance our business operations.

- Investments in digital platforms and systems – **Rs 31.1 Mn**
- Digital Marketing Expenditure – **Rs. 6.1 Mn**

MANUFACTURED CAPITAL
7 modern manufacturing plants across 3 countries enables consistent delivery of high-quality activated carbon products.

- PPE – **Rs. 12.7 Bn**
- Capital expenditure – **Rs. 2.6 Bn.**

VALUE TRANSFORMATION PROCESS

OUR STRATEGY

- Market growth
- Innovation led growth
- Strengthen global supply chains
- Purpose-drive and committed teams

ESG Mindset

IS DELIVERED THROUGH OUR BUSINESS LINES

ACTIVATED CARBON MANUFACTURING

Understanding customer needs → Research & development → Sourcing raw materials → Manufacturing activated carbon → Ensuring product quality → Distribute to customers

ENVIRONMENTAL ENGINEERING SOLUTIONS

Understanding customer needs → Design solutions → Commissioning and quality assurance → O&M support

AND IS UNDERPINNED BY

CORPORATE GOVERNANCE | ROBUST RISK MANAGEMENT

OUR OPERATING CONTEXT

- Raw material supply shortages
- Global economic uncertainty
- Competition
- Digitalisation
- Implications of climate change

TOP FIVE MATERIAL TOPICS

- Materials
- Regulations and compliance
- Customer satisfaction
- Product Quality
- Economic performance

Top Risk and Oppotunities: R1,R2,R11,R19,R20,O1,O3,O4,O5

OUTPUTS AND IMPACTS

RT-CH-000.A

48,207Mt of Activated Carbon	**Wastewater treatment and water purification solutions**	**An array of activated carbon products**
Carbon footprint 44,554 tCO_2e	**Effluents 365,813 m^3**	**Waste 5,112 Mt**

HAYCARB
Activated carbon solutions

OUR VISION

To be the leading global brand for coconut activated carbon and a leading provider of water purification systems in Sri Lanka and in the region, renowned for technical excellence, customer centricity, innovation and sustainable business practices.

OUR PURPOSE

Driving Value Changing Lives

Enrich · Envision · Empower

OUTCOMES

FINANCIAL CAPITAL Page 118 to 123

Delivered value to providers of financial capital through resilient performance under challenging operating conditions.

- Profit after tax **Rs. 4.3 Bn**
- Return on equity **13.6%**
- Dividend per share **Rs 3.80**
- Dividend yield **4.6%**

NATURAL CAPITAL Page 124 to 135

Strategic emphasis on minimising our environmental footprint.

- Water intensity – **16.12 m^3/per revenue Rs. Mn**
- Energy intensity – **26.43 GJ/per revenue Rs. Mn**
- Carbon footprint – **44,554 tCO_2e**

SOCIAL & RELATIONSHIP CAPITAL Page 160 to 171

Strengthened relationships with suppliers and customers while promoting community upliftment and empowerment.

- Customer satisfaction score – **>90%**
- New customers – **26**
- New suppliers - **248**
- Payments to coconut shell and charcoal suppliers – **Rs 14.9 Bn**
- CSR beneficiaries – **>71,500**
- Tax payments – **Rs 3.4 Bn**

INTELLECTUAL CAPITAL Page 136 to 143

A product range that fulfils customers' current and emerging needs while contributing to environmental sustainability.

- New products launched – **16**
- Product pipeline – **4**
- Proprietary processes to support expansion in value added carbon products
- Enhanced organisational tacit knowledge

HUMAN CAPITAL Page 144 to 159

An agile and engaged team capable of navigating dynamic operating conditions.

- Employee retention rate - **91% (Permanent employees)**
- Payments to employees – **Rs. 4.9 Bn**
- Training hours per employee – **17.3**
- No. of workplace accidents – **43**

DIGITAL CAPITAL Page 180 to 188

New systems to strengthen customer engagement, improve efficiency, support organisational and drive market expansion

- Customer relationship management system (CRM)
- Digital learning platform for staff
- Digital marketing tools

MANUFACTURED CAPITAL Page 172 to 179

Investments to enhance overall capacity and support expansion in value added carbons

- Investment for value added carbon manufacturing –**Rs. 1.3 Bn**
- Leased land in the Philippines to establish a new manufacturing plant.
- Cost savings from lean initiatives – **Rs. 460.4 Mn**

SDG ALIGNMENT

STAKEHOLDERS IMPACTED

Our Socio-Economic Impact

BY COLLABORATING WITH LOCAL COMMUNITIES AND STAKEHOLDERS, WE ENSURE OUR INITIATIVES REFLECT THEIR PRIORITIES AND ACTIVELY SUPPORT THEIR WELL-BEING AND DEVELOPMENT.

Through our global footprint, which comprises manufacturing operations across 3 countries and supply chains that span over 5 countries, we directly and indirectly contributed to the socio-economic development of developing and emerging market economies in Asia. Below is a summary of how we created value in 2024/25.

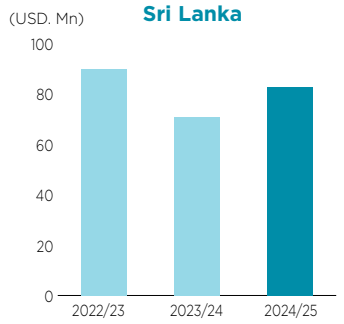
A PRODUCT PORTFOLIO THAT SUPPORTS GLOBAL SUSTAINABILITY PRIORITIES

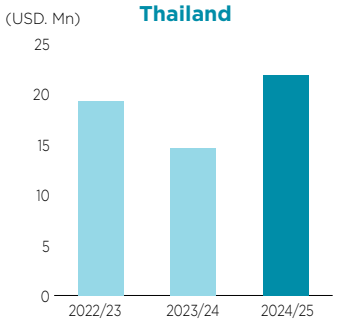
RT-CH-410a.1

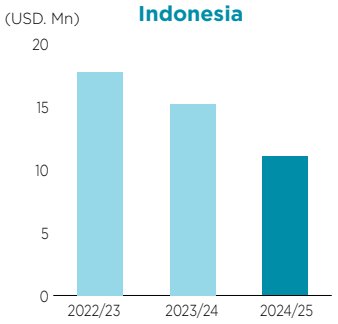
An innovative range of products that enhances resource efficiency, supports the transition to a low carbon economy and promotes sustainable water management.

Strengthened 3 Developing and Emerging Market Economies

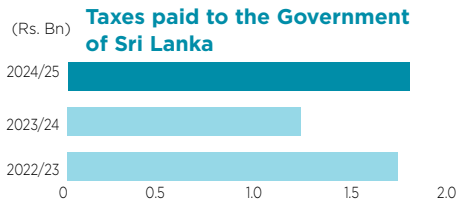
We generated foreign exchange for 3 developing and emerging market economies.

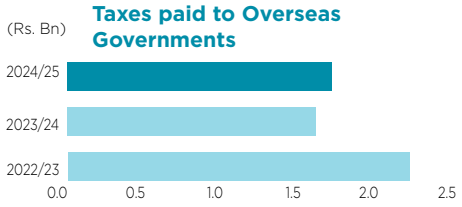






CREATED VALUE FOR GOVERNMENTS THROUGH TAX PAYMENTS.





Created direct and indirect employment opportunities

DIRECT EMPLOYMENT ACROSS BORDERS

- The company maintains direct employment for 2,026 individuals in 7 countries.

SUPPORTED LIVELIHOODS THROUGH INDIRECT EMPLOYMENT

- We promoted green charcoaling practices across our supply chains by providing technical and financial assistance to over 200 small-scale suppliers through the Haritha Angara programme in Sri Lanka and Indonesia.

Number of Employees

1,275

Sri Lanka

751

Overseas

Community engagement with a long-term focus

Impactful community engagement with a long-term focus.

- Investment in CSR initiatives – Rs 50.4 Mn
- No. of beneficiaries – >71,500

A decade long initiative dedicated to providing purified drinking water to communities in need.

Puritas Sath Diyawara – Going Beyond

Supported the education of children in 14 schools through book and stationery donations.

Sisu Divi Pahana

Provided nutritious mid-day meals to >850 children in 13 schools

PURITAS SATHDIYAWARA

Water for Life-Hayleys Group's Initiative for Healing CKD

10 Years
of providing purified drinking water to communities in need

Puritas Sath Diyawara, the Group's flagship CSR initiative marked a significant milestone, completing its 10th year of operations during the year under review. Launched in 2014, this programme was designed in response to growing health concerns related to chronic kidney disease (CKD) in communities across Sri Lanka's North, North Central and Uva provinces. It utilised the expertise of the Environmental Engineering Solutions segment in water purification and contribution from several Hayleys Group sectors to establish reverse osmosis treatment plants and distribution systems to provide purified potable water to communities in need.

>45,000
Number of people served

20
Number of projects

Rs.104.4 Mn
cumulative investment of Hayleys group

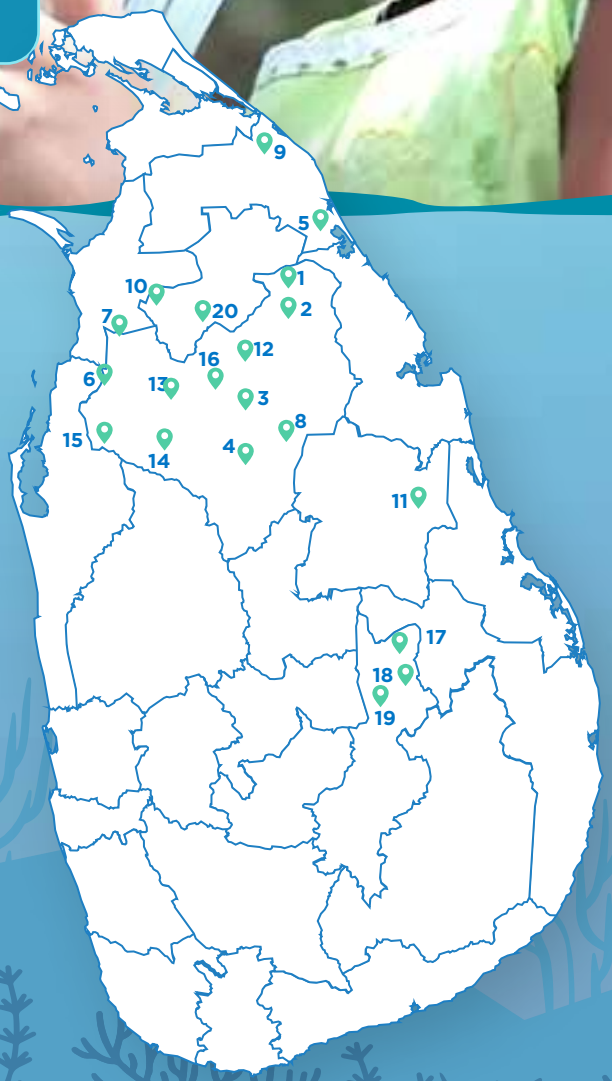
>200,000L
of water purified per day

Newly opened Project in 2024/25-Vavuniya

People served - 1,286

Our Projects

1 Maithireepura D10 Padaviya water plant
2 Balayawewa, Padaviya water plant
3 Pihimbiyagollawa water plant
4 Kiriketuwewa water plant
5 Billawa water plant
6 Welioya water plant
7 Thanthirimale water plant
8 Parangiyawadiya water plant
9 Anandapuram water plant
10 Nelumwewa water plant
11 Neriyakulam water plant
12 Rathmalgawewa water plant
13 Ulukkulama water plant
14 Meegassagama water plant
15 Pahalakidithuwakkuwa water plant
16 Dutuwewa water plant
17 Ginnoruwa water plant
18 Bathalayaya water plant
19 Agaloya water plant
20 Velankulam water plant



A Decade of Puritas Sath Diyawara

Our Journey

November 2013
Conceptualising and initialising the project

April 2014
Detailed survey at Maithreepura

May 2014
Starting construction

August 2014
Handing over of the first project at Maithreepura funded by Haycarb group

March 2015
Handing over of three projects at Pihimbiyagollewa, Kiriketuwewa and Balayawewa

June 2015
Puritas Sath Diyawara wins Asia Responsible Entrepreneurship Awards 2015 under SME CSR category

December 2015
Book donation under "Going Beyond" in Maithreepura and Balayawewa

April 2016
Handing over the 10th project at Nelumwewa including a model organic farm and waste management model (funded by Hayleys PLC)

February 2016
Puritas Sath Diyawara wins Overall Award at Hayleys Group Chairman's Award – 2015

June 2016
Puritas Sath Diyawara wins Asia Responsible Entrepreneurship Awards 2016 under Health Promotion category and Going Beyond wins under Social Empowerment category

February 2017
Puritas Sath Diyawara wins Merit Award under CSR category at JASTECA awards

December 2017
Puritas Sath Diyawara wins the National Award from Energy Globe 2017 organised by Energy Globe Foundation, Austria

January 2018
Puritas Sath Diyawara wins Overall Award at Global Energy Globe Awards 2017 for "Water" category

February 2018
Puritas Sath Diyawara wins Gold Award in CSR category at JASTECA Awards

January 2022
Sath Diyawara extends its reach to the Uva province by handing over three projects in Ginnoruwa, Bathalayaya, Agaloya in Badulla district

August 2024
Celebrates 10th year anniversary through empowering communities through Puritas Sath Diyawara

October 2024
Puritas Sath Diyawara and Puritas Sath Diyawara - Going Beyond wins Best Corporate Citizen Sustainability Award 2024 - Best Project Sustainability Award organised by the Ceylon Chamber of Commerce

March 2025
Handing over the 20th project at Velankulam, Vavuniya with UNDP funding in partnership with Sarvodaya and Puritas

Progress Towards Adopting SLFRS Sustainability Reporting Standards

In June 2023, the ISSB introduced its inaugural sustainability standards, and CA Sri Lanka issued localised versions—SLFRS S1 and S2—which will be effective from January 1, 2025. We initiated adoption of these standards during the 2023/24 financial year and have continued to enhance our sustainability processes in 2024/25. A summary of our progress is provided below.

GAP ANALYSIS
To assess our current position against the requirements of the standards to identify gaps.

CAPACITY BUILDING
Of management at all levels to understand the requirements and implementation of the new standards.

Aligning our processes with the SLFRS standards.

	Requirement	Reference	Pages
Governance	• Formed an ESG Steering Committee with cross-functional representation • Established an ESG Unit • The Committee met quarterly during the year to monitor ESG performance	✓	200-201
	• Developed a Terms of Reference for the ESG Steering Committee	✓	200-201
	• Assigned the ESG and Risk Management Committee to ensure the necessary skills and competencies are in place or developed	✓	200-201
	• ESG performance criteria are being incorporated into remuneration policies	✓	71
	• ESG data is captured through the Hayleys Sustainability Portal and audited annually	✓	52
	• Established an internal audit mechanism headed by the Haycarb Sustainability Manager	✓	
	• All sustainability and climate related risks and opportunities are reviewed by the Audit Committee and the Board of Directors.	✓	
Strategy	• Identified sustainability-related risks and opportunities likely to impact the Group's prospects	✓	59-80
	• Assessed their effects on the business model and value chain	✓	59-80
	• Identified the impacts of these sustainability related risks and opportunities on the Group's strategy and decision making.	✓	59-80
	• Quantified their impact on financial position, performance, and cash flows for the reporting period & anticipated effect over the short to medium long term	⚑	59-80
Risk Management	• Developed a sustainability risk management policy outlining processes to identify, assess, prioritise, and monitor sustainability related risks.	✓	200-201
	• Conducted a materiality assessment to identify and prioritise key sustainability risks and opportunities. • Based on insights from the materiality assessment the creation of "Activate," our 2030 ESG Roadmap with defined priorities, metrics, and targets. • ESG performance and risk assessments are reviewed quarterly; materiality is reassessed annually.	✓	107-108
Metric and targets	• Aligned metrics and targets with identified sustainability and climate-related risks and opportunities using Haycarb's risk matrix. • Mapped metrics and targets to SASB standards, GRI material topics, and the UN SDGs.	✓	53-55

	Requirement	Reference	Pages
Transitional Reliefs	**Prior Period Disclosures** • Entities are not required to provide disclosures or comparative information for periods before the initial application date.	⚙	

	Sustainability-related financial disclosures
	• In the first year, entities can publish sustainability-related financial disclosures after financial statements, within these timelines:
	  • Required Interim Report: With the next second-quarter or half-year interim report.
	  • Voluntary Interim Report: With the next interim report, but within nine months of the period end.
	  • No Interim Report: Within nine months of the period end.
		✓	48-75

	Climate-Only Disclosures (First Year) • Entities may disclose only climate-related risks and opportunities in the first year and must disclose this choice.	✓	76-88
	Comparative Information Relief • First Year: No comparative information on climate-related risks and opportunities. • Second Year: No comparative information on other sustainability-related risks and opportunities, except climate-related ones.	⚙	
	Proportionality Qualitative approach to determine anticipated financial effects of SRROs, CRROs and climate-related scenario analysis	✓	69-88
	GHG Protocol and Scope 3 disclosures Information is limited to what is reasonable, supportable, and available without undue cost or effort in measurement of Scope 3 emissions and determination of the scope of the value chain	⚙	

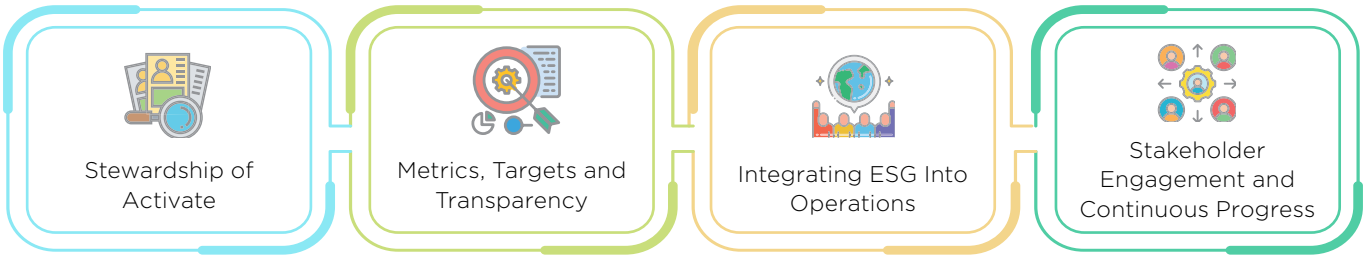
Complied ✓ In progress ⚑ Transitional relief considered ⚙

Activate - in Pursuit of a More Sustainable Future

At Haycarb, sustainability is more than a strategic priority, it's a reflection of who we are and how we choose to operate. Through "Activate", our dedicated ESG framework, we embed environmental consciousness, social empowerment, and sound governance into the core of our business model. Built around five action pillars Restore, Inspire, Excite, Uplift, and Innovate. Activate aligns our long-term ambitions with real world impact across our global operations.

Video Version

PDF Flip Version



STEWARDSHIP OF ACTIVATE

Our sustainability strategy is governed by a clearly defined structure to ensure accountability and continuity. The Board of Directors provides strategic oversight of ESG direction, with operational implementation led by the ESG Steering Committee. This committee, chaired by the Managing Director and composed of cross-functional leaders, drives coordination across departments. A dedicated ESG team and location level champions ensure that sustainability is translated into daily decision making across the business

Roles and responsibilities	
Board of Directors	Holds overall responsibility for formulating and driving the Group's sustainability roadmap. An Executive Director is tasked with overseeing the implementation of Activate, including identifying and effectively responding to the Group's sustainability and climate-related risks and opportunities. The Director is also responsible for ensuring that the Group's sustainability and climate related goals are integrated into the Group's strategy and decision making across functions.
ESG Steering Committee	Drives the formulation and implementation of Activate, including oversight of policy, risks, opportunities, initiatives and external commitments. The Committee is led by the Managing Director and comprises representatives from all functions including HR, Finance, Marketing and Sales, Business Development, Procurement, R&D, Manufacturing and Environmental Engineering.
Corporate sustainability and ESG Department	Responsible for operationalising "Activate" in collaboration with sustainability champions appointed at all locations.
Oversight from Hayleys PLC and alignment with the parent entity's sustainability aspirations	

POLICY ARCHITECTURE

Implementation of "Activate" is governed by a robust policy framework. Group-specific policies direct ESG factors which present significant risk, are a strategic focus area and/or is a criterion for success in accessing markets. Other factors are governed by the policies of the Hayleys Lifecode, which serves as the minimum standard across all entities of the Hayleys Group.

	Environment	Social	Governance
Haycarb policies	• Material and waste management policy • Energy and emission management policy • Water management policy • Environmental policy	• Human resource policies (For more details refer Human Capital, Governance page 192). • Policies related to other stakeholders • Customer management policy • Procurement policy	• Board and sub-committee charters • Information Technology (IT) policy and security policy • Policy on risk management and internal control • Vendor and third-party management policy • Intellectual Capital Policy
Hayleys Lifecode policies	• Biodiversity conservation policy • Chemical management policy	• Human resource policies • Community relations policy	• Stakeholder engagement • Business data back-up policy

Related SDGs	6, 7, 8, 12	3, 5, 8	12, 16	8, 10, 16	8
Related UN SDG targets	6.3/4/6, 7.2/3, 8.4, 12.2/4 to 6	3.9, 5.1/5, 8.5/7/8	12.6/8	8.8, 10.2, 16.1/2	8.1 /2/4
Related GRIs	301-1 to 5, 303-1 to 5, 305-1 to 3/6/7, 306-1 to 5	2-7 to 10, 305-1 to 3/6/7, 306-1 to 5, 401-1 to 3, 403-1 to 10, 404-1 to 3, 405-1/2, 406-1, 408-1, 409-1	417-1 to 3	203-1, 204-1, 413-1, 414-1/2	-
Link to capitals	Natural Capital Page 124-135	Human Capital Page 144-159	Social and Relationship Capital Page 160-171	Social and Relationship Capital Page 160-171	Intellectual Capital Page 136-143

Activate - in Pursuit of a More Sustainable Future

METRICS, TARGETS AND TRANSPARENCY

Our roadmap, which spans to 2030, outlines performance indicators ranging from emissions reduction and resource efficiency to employee engagement and community upliftment. These targets are monitored regularly and aligned with global benchmarks such as the UN Sustainable Development Goals (SDGs) and Global Reporting Initiative (GRI) standards.

Our commitment to measurable impact is further reinforced by Haycarb's introduction of bi-annual sustainability reporting, enabling transparent communication of progress and accountability to stakeholders. The Sustainability Report described the Group's progress towards achieving its ESG goals during the half yearly period. These reports were made available on its corporate website.

STAKEHOLDER ENGAGEMENT AND CONTINUOUS PROGRESS

Our ESG journey is built on strong, collaborative relationships with the people and partners who shape our impact. At Haycarb, we view stakeholder engagement not as a touchpoint, but as a continuous exchange of ideas, innovation and shared value creation.

As a pioneer in sustainable activated carbon, we actively collaborate with industry peers, regulators, academia and communities to co-create solutions that address pressing environmental and social challenges. These partnerships have enabled us to share knowledge, drive innovation and extend the reach of our impact.

Knowledge sharing & capacity building

- Meetings with suppliers, technical workshops, audits and evaluation to promote sustainable raw material sourcing and process excellence
- Collaborative partnerships and frequent engagement with customers for innovative and sustainable products and processes
- Employee awareness and training to embed sustainability at all levels
- Conducted meetings and training sessions for industry associations
- Implemented CSR initiatives focused on knowledge sharing to enhance students' understanding of sustainability within school communities
- Facilitated factory visits for university students to promote practical learning and industry exposure

Multi-stakeholder initiatives

- Partnership with the Coconut Development Authority and Coconut Cultivation Board to establish the second coconut triangle in Sri Lanka.
- Community-focused programmes such as Sisu Divi Pahana, Puritas Sath Diyawara to support health and nutrition
- Sea turtle conservation in partnership with the Department of Wildlife Conservation
- Collaborated with government agencies (e.g. MMCI – Indonesia) to report sustainability information and enhance transparency.
- Supported universities through student engagement initiatives and by facilitating industry visits.
- Partnered with certification bodies to obtain key certifications and memberships (e.g. Eco Label, Responsible Care Council)

Through these efforts, we continue to strengthen our stakeholder relationships and evolve our sustainability practices in alignment with global priorities and local realities.

RESTORE

We restore the natural world by transforming our relationship with nature using sustainable practices in our manufacturing process and by supporting projects that protect and restore ecosystems.

Key performance indicator	Source of metric used	Baseline (2022/23)	2024/25		Short-term	Medium-term	Long-term
			Progress made*	On track / Achieved / Missed	2025 target	2028 target	2030 target
Waste and effluents							
Reduction of solid waste generation (Mt per revenue Rs. Mn)	GRI	0.11	0.12 (↑9%)		↓4%	↓10%	↓15%
Reduction of wastewater generation (m^3 per revenue Rs Mn)	GRI	3.66	8.47 (↑131%)		↓2.8%	↓7%	↓10%
Materials							
Use of sustainable packaging for raw material packaging	GRI	Purchased 1,000,000 No. of Leno sacks for charcoal intake	Purchased 600,000 - 700,000 bags and sacks - reduction mainly due to increase in usage* of bulk bags (BB's) for charcoal intake.		7%	21%	25%
Water							
Sustainable water sourcing (Litres '000)	GRI		68,827(10%)		2.8%	7%	10%
Water usage dedicated to reuse and recycling sustainable practices (Litres '000)	GRI		16,361(2.3%)		4%	10%	15%
Reduction in Group water intensity (m^3 per revenue Rs. Mn)	GRI	10.66	16.12 (↑51%)		↓8%	↓20%	↓30%
Energy and emissions							
Increase in renewable energy use – as a % of total non-renewable energy consumption (GJ)	GRI		10,050 (4%)		14%	35%	50%
Increase biofuels utilisation (GJ)	GRI	Assessment in progress	-	-	-	-	-
Reduction in energy intensity (GJ per revenue Rs Mn)	GRI	19.81	26.43(↑33%)		↓2.8%	↓7%	↓10%
Ensuring science based target approach to reduce carbon footprint per revenue	Non-GRI		-		-	-	-
Reduction in Scope 1 and 2 emissions (tCO_2e)	GRI	25,952	28,097(↑8%)		↓7%	↓17.5%	↓25%
Maintain mapping of all the direct and indirect GHG emissions of the sector	GRI	Direct and indirect emissions calculated annually.	Direct and indirect emissions calculated annually.		100%	100%	100%

Activate - in Pursuit of a More Sustainable Future

INSPIRE

We inspire our teams to drive positive and meaningful change by providing them with the resources, training and support they need to succeed. We also create a culture of innovation and collaboration that encourages our employees to think outside the box and to come up with new ways to make a difference.

Key performance indicator	Source of metric used	Baseline (2022/23)	2024/25		Short-term	Medium-term	Long-term
			Progress made*	On track / Achieved / Missed	2025 target	2028 target	2030 target
Engaged team							
Maximum attrition rate	GRI	5%	9%		5%	5%	5%
Coverage of permanent employee performance appraisals	GRI	100%	100%		100%	100%	100%
Training and development							
Mapping of all training requirements across the Group (%)	Non-GRI	100%	100%		100%	100%	100%
Average hours of training per employee per annum	GRI	9 hrs	17.3 hrs		17 hrs	29 hrs	40 hrs
Health and safety							
Zero fatalities and reduce work related injuries across all manufacturing facilities. Reduce recordable incident rate Lost time injuries frequency rate	SASB	RIR – 1.8 LTIF – 0.9	RIR – 2.1 LTIF – 27.6		1.5 1	1 1	0 <1
Mandatory health screening for all employees Ensure annual 'Haycarb Health Plan' conducted for all executives (>40 years age) considered at risk.	Non-GRI		Periodic health checks conducted to identify any health issues early on.				

EXCITE

We aim to excite our customers by guaranteeing their satisfaction through the provision of unique products and excellent service. Our goal is to create a positive and memorable customer experience that leaves them wanting to come back for more.

Key performance indicator	Source of metric used	Baseline (2022/23)	2024/25		Short-term	Medium-term	Long-term
			Progress made*	On track / Achieved / Missed	2025 target	2028 target	2030 target
Customer management							
Target customer satisfaction	GRI	85%	>90%		>90%	>90%	>90%
Increase in global market share (%)	GRI	16%	Stability in demand				1%

UPLIFT

We uplift our communities and suppliers by working with them to develop meaningful and impactful projects. We believe powering micro, small and medium enterprises (MSME) and entrepreneurs, we can create a more sustainable and equitable supply chain. We also support a variety of local organisations that are working to improve the lives of people in the communities we operate in.

Key performance indicator	Source of metric used	Baseline (2022/23)	2024/25		Short-term	Medium-term	Long-term
			Progress made*	On track / Achieved / Missed	2025 target	2028 target	2030 target
Community development							
Increase in CSR beneficiaries (Nos)	GRI	>100,000	>71,500 (↓28%)		↑14%	↑35%	↑50%
Supplier value creation							
Use of green charcoal as raw material in all manufacturing locations	GRI	42%	44%		52%	67%	>75%
Supplier assessments of all suppliers on their environmental and social standards and contributions	GRI	5%	11%		15%	30%	40%

INNOVATE

We innovate products and services by investing in research and development, by developing new and innovative products and by using cutting-edge technology to improve our manufacturing and management processes. We are committed to being at the forefront of innovation in the coconut shell activated carbon industry and we believe that our products and services have the potential to make a positive impact on the world.

Key performance indicator	Source of metric used	Baseline (2022/23)	2024/25		Short-term	Medium-term	Long-term
			Progress made*	On track / Achieved / Missed	2025 target	2028 target	2030 target
Customer management							
Product and process certifications (Nos)	Non-GRI	All mandatory and strategically important certifications obtained.	32				
Sustainable innovation (Rs Mn)	Non-GRI	Continuous efforts to carry out initiatives relating to sustainable innovation.	209				

Achieved ✓ On track ⚑ Missed ⚑

*Progress percentages mentioned here against the "Activate" targets are calculated compared to the base year 2022/2023

Consolidated Statement on ESG Performance

	UOM	2024/25	2023/24	2022/23
Environmental Performance				
Resources				
Total energy consumption for operations		1,141,695	1,132,964	1,207,440
Non- renewable energy	GJ	290,821	247,352	265,139
LPG		49,404	34,207	32,865
Electricity		120,800	113,477	112,045
Diesel		34,659	33,449	59,995
Furnace Oil		84,784	65,923	59,915
Petrol		771	292	-
Kerosene		403	4	319
Renewable energy	GJ	850,874	885,612	
Solar		4,466	-	-
Self-generated energy		846,408	885,612	942,301
Electricity supplied to national grid	GJ	4,390	2,889	3,656
Out of total electricity consumed	%	3.4%	2.5%	3.3%
Energy intensity (energy per revenue)	GJ/Rs. Mn	26.43	26.24	19.81
Water consumption/ withdrawal for operations	m^3	696,595	732,634	649,683
Water intensity (water withdrawal per revenue)	m^3/Rs. Mn	16.12	16.97	10.66
Renewable raw material consumption	Mt	146,563	152,221	158,885
Coconut shells		52,600	50,468	46,592
Coconut shell charcoal		93,963	101,753	112,293
Waste				
Solid waste	Mt	5,112	5,503	6,589
Total solid non-hazardous waste	Mt	4,922	5,402	6,589
Total solid hazardous waste disposed	Mt	190	101	-
Solid waste generated per revenue	Mt/Rs. Mn	0.12	0.13	0.11
Percentage of hazardous waste shipped internationally	%	-	-	-
Waste water treated through internal treatment plants in factories	m^3	321,433	241,465	196,918
Total wastewater discharged (m^3)	m^3	365,812	269,079	223,171
Water discharged per revenue	m^3/Rs. Mn	8.47	6.23	3.66
Emission				
Carbon emitted for operations	tCO2e	44,554	26,696	28,396
Scope 1 emission		13,741	10,903	12,622
Scope 2 emission		14,356	13,485	13,330
Scope 3 emission		16,457	2,308	2,444
Biogenic emission	tCO_2e	31,429	48,658	41,305
Emission intensity (Scope 1 & 2)				
Per revenue Mn	tCO_2e/Rs Mn	0.65	0.56	0.43
Per Mt of made activated carbon	tCO_2e/Mt	0.58	0.51	0.53
Trees Planted	No.	>75,300	>25,000	>500

	UOM	2024/25	2023/24	2022/23
Social Performance				
People & Employees				
Total employees	No.	2,026	1,933	1,880
Activated carbon segment		1,926	1,835	1,768
Environmental engineering solutions segment		100	98	112
Employee turnover	No.	346	227	178
Local		280	166	128
Overseas		66	61	50
Female employees as a percentage of total employees	%	15%	14%	14%
Female employees in decision-making roles	%	29%	27%	21%
Total training hours		35,129	23,352	16,800
Average training hours per employee		17.3	12.1	8.9
Male		17.4	12.2	8.2
Female		16.9	11.5	13.3
New Recruits	No.	439	280	290
Local		346	194	142
Overseas		93	86	148
Investments in training & development	Rs. Mn	9.60	11.32	7.35
Total number of injuries	No.	43	32	30
Fatal		1	0	0
Occupational		42	32	30
Lost working days	No.	569	226	112.5
Health and safety training hours		10,811	7,404	4,980
Promotions	No.	25	28	40
Apprenticeships provided for technical education	No.	49	18	14
Profit per employee	Rs. Mn	2.1	2.2	3.5
Revenue per employee	Rs. Mn	21.3	22.4	32.4
Value added per employee	Rs. Mn	7.11	7.3	9.5
Customers				
Customer Satisfaction Index	%	>90	>90	>85
Activated carbon segment		>90	>90	>85
Environmental engineering solutions segment		>90	>90	>85
New customer acquired	No.	26	34	53
New products developed	No.	16	14	16
Revenue generated from new products	Rs. Mn	467	479	3,390
Products in pipeline	No.	4	7	4
Revenue generated	Rs. Mn	43,202	43,179	60,943
Investment in research & development	Rs. Mn	209	231	187
Suppliers and Business Partners				
Total number of Suppliers	No.	771	850	832
Coconut shells & charcoal suppliers		523	637	570
Other materials & service suppliers		248	213	262

	UOM	2024/25	2023/24	2022/23
SME coconut shells & charcoal suppliers	No.	472	555	504
New coconut shells & charcoal suppliers added during the year	No.	248	172	242
Payments to suppliers	Rs. Mn	22,228	18,303	23,730
Coconut shells & charcoal suppliers		14,867	12,828	17,613
Other materials & service suppliers		7,361	5,475	6,117
Proportion of spending on local coconut shell and charcoal suppliers	%	91	87	88
Investment in supplier development	Rs. Mn	20.6	2.5	6
Community Engagement				
Investment in CSR	Rs. Mn	50.4	40.8	40.2
Beneficiaries of CSR	No.	>71,500	>105,000	>100,000
Taxes to Government	Rs. Mn	3,444	2,834	3,954
Sri Lanka		1,721	1,206	1,756
Overseas		1,723	1,627	2,198
Governance Performance				
Values and Ethics				
Employees trained on Hayleys/Haycarb code of business conduct	No.	256	222	39
Whistle-blower cases reported and solved	No.	0	0	0
Management Systems				
Total audits conducted on management systems	No.	108	59	55
Internal Audits		90	52	48
External Audits		18	7	7
Significant non-compliances reported in management systems	No.	0	0	0
Occasions the sustainability committee met	No.	3	4	4
New certifications	No.	2	2	1
Data Privacy and Security				
Employees trained on data privacy	No.	218	73	35
Other				
Human rights violations	No.	0	0	0
Anti-corruption incidents	No.	0	0	0
Instances of socio-economic non-compliance	No.	0	0	0
Instances of environmental non-compliance	No.	0	0	0

Managing Risks & Opportunities GRI 201-2

Management of Risks and Opportunities remains a vital item on the agenda of the Board of Directors to ensure business success and continuity. A robust decision making framework is maintained to capitalise emerging opportunities while being mindful of risks.

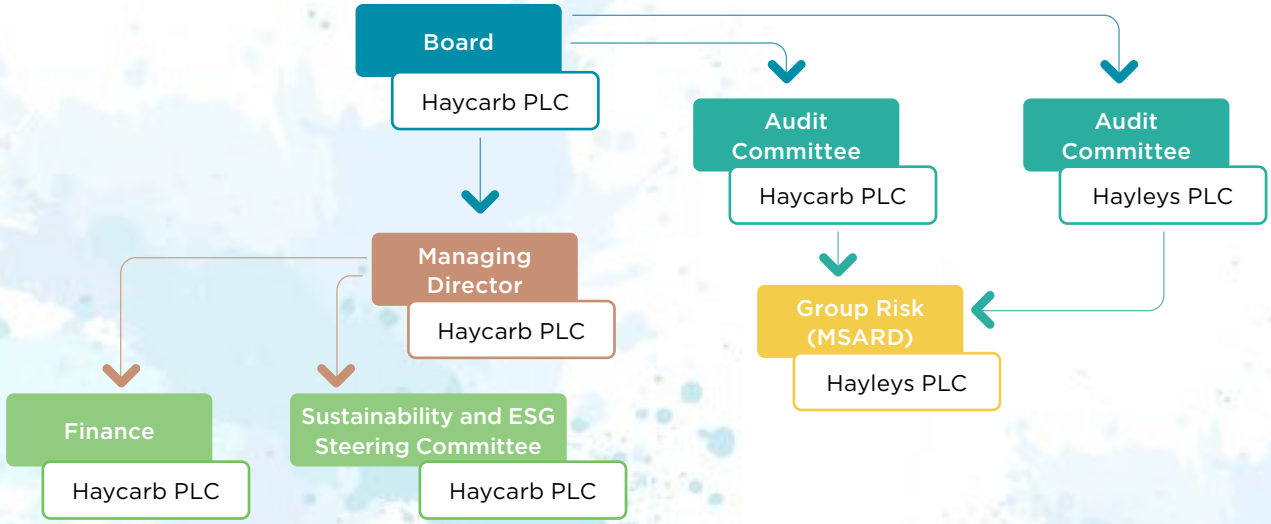
RISK GOVERNANCE

At Haycarb, responsibility for effective risk management lies with the Board of Directors and is a regular item on the agenda of the Board. The Audit Committee supports the Board in discharging its risk management duties by undertaking a more detailed review of business related, climate related and sustainability related risk and opportunities and reporting its assessments to the Board of Directors.

Haycarb's risk management approach is also reviewed by its parent entity, Hayleys PLC's Management Systems Audit and Review Department (MSARD) and feedback is provided to the Audit Committees of Hayleys PLC and Haycarb PLC on a quarterly basis. Hayleys PLC's Audit Committee undertakes sector risk reviews and provides feedback to the Group.

Haycarb Group's ESG Steering Committee is tasked with identifying and managing its sustainability and climate-related risks and opportunities as well as executing and monitoring its sustainability strategy which is described on Page 201 SRROS and CRROs. The Committee is led by the Managing Director and comprises representatives from diverse functions across the Group. .

Monitoring and managing risk is a shared responsibility across the Group and is integrated into all key decision-making processes including strategy formulation, business planning, business development, capital allocation, investment decisions, internal controls and day-to-day operations. The Group also adopts the three-lines of defense model (as illustrated below) which ensures effective segregation and discharge of duties.



THREE LINES OF DEFENSE

1 1st Line of Defence

1. Business Line Management

2 2nd Line of Defence

1. Managing Director
2. Corporate Management

3 3rd Line of Defence

1. Hayleys PLC Internal Audit Division (MSARD)
2. Audit Committee - Haycarb PLC
3. Audit Committee – Hayleys PLC
4. External Audit

Managing Risks & Opportunities

ROLES AND RESPONSIBILITIES

Haycarb PLC

The Board

- Oversight of risk management.
- Responsible for establishing an effective risk management framework.
- Approves policies.
- Reviews risk registers
- Provides guidance on the management of risk.
- Resource allocation for risk management.

Audit Committee

- Review the effectiveness of the risk management framework.
- Review and recommend policies for approval by the Board.
- Review risk registers and monitor risk evolution.
- Recommend allcoation of resources for risk.

Operational level

- Review the operating environment and competitor activity to identify potential risks.
- Identification, measurement, monitoring, management and reporting of risk.
- Effective implementation of risk management strategies.

Hayleys PLC

Management System Audit and Review Department

- Review and constructively challenge risk registers submitted.
- Collate and review key risks to assess adequacy of measures implemented.
- Make recommendations to the Management, the Audit Committee and the Board on further actions required.

IDENTIFICATION OF RISKS AND OPPORTUNITIES

Raw material procurement emerged as our primary risk in 2024/25, necessitating focused and coordinated strategic interventions to mitigate its significant impacts. We also closely monitored other keys risks and opportunities that could materially affect our business ensuring that threats were identified early and pro-actively addressed, while new opportunities were effectively leveraged.

RISK MANAGEMENT PROCESS

We adopt a formal and structured approach to managing risk. The Senior Management of the Group is responsible for identifying risks relevant to their specific functions and updating the risk register accordingly, while the risk register is reviewed at least quarterly. Identified risks are measured, managed, and monitored while the top risks are reported to the Board Audit Committee and the Board of Directors. The Group's risk management process is coordinated by the Finance Department.

Raw material procurement

Shortages across all our source markets presented significant challenges to sourcing adequate quantities of raw materials in 2024/25. Moreover, limited supply led to increased competition and upward pressure on raw material prices. While erratic weather patterns are expected to adversely affect coconut crop performance in 2025 as well, we expect coconut yields to gradually recover by mid-2026.

Climate change

Our extensive portfolio of products that address pressing environmental challenges has placed us in a strong position to capture emerging opportunities in energy storage, and air and water purification. Concurrently, the physical risks of climate change continue to pose considerable risks to our business as extreme weather events can disrupt operations while rising temperatures and water scarcity could adversely affect raw material availability and price.

Growth in the activated carbon industry

The growth forecast for the global activated carbon industry remains strong. The industry is expected to expand by a CAGR of 5.7% to 2032 driven by increasing stringency in environmental regulations, and applications in air and water treatment.

Technology and cyber security

The advancing digital technology enabled with AI offer opportunities for improving data driven decision making, providing rich insights and access to markets, personalised customer engagement, and improving operational efficiencies. Concurrently, digital integration has also increased our exposure to cyber security risks and threats.

Geopolitics

The prevailing geopolitical landscape continues to present both risks as well as opportunities for the Group. Escalating g conflicts could disrupt supply chains while contributing to volatility in commodity markets. Conversely, India's strong economic momentum and the strategic decoupling of US-China relations offer opportunities for business growth.

Shifts in global trade policy

Recent shifts in US trade policy and retaliatory trade actions by affected economies have led to an escalation in trade tensions and uncertainty which could lead to disruptions in global value chains.

Sri Lanka economic outlook

The Sri Lankan economy continued to progress in 2024 supported by broad based recovery across multiple sectors. However, given global headwinds, unprecedented global trade uncertainties and the lingering effects of the crisis, the World Bank projects Sri Lanka's economic growth to moderate to 3.5% in 2025.

Policy and regulations

Growing environmental consciousness across the world has given rise to increasingly stringent environmental regulations for emissions, water quality and air quality among others. This presents opportunities for the Group given our strategic focus on developing products for energy storage, and air and water purification.

Global economic outlook

Given the implications of shifting US trade policy dynamics, the IMF expects a near-term slowdown in global economic growth. Accordingly, global economic growth forecasts have been revised downward to 2.8% for 2025 compared to an initial forecast of 3.2% in January 2025.

Managing Risks & Opportunities

The Group measures the impact of all business, climate related and sustainability related risks by carrying out a qualitative impact assessment of each business risk on its access to finance, cost of capital, financial position, performance and cashflows over the short, medium and long term. This assessment is undertaken on an annual basis and enables the Group to ascertain the residual impact of each risk. This data driven approach to risk management has enabled the development of long-term focused risk management strategies while facilitating operational stability.

Given the integration of sustainability and climate related risk and opportunities into its enterprise risk management framework, the Group applies a uniform approach to identifying and managing its business risks as well as its sustainability and climate related risks and opportunities. This enabled a more holistic approach to risk management during the year under review while highlighting potential interdependencies among these risks. However, the climate related and sustainability related risks are separately presented on page 69 in the report.

Resource allocation for risk management is typically undertaken by the management and is approved by the Board through the strategic plan and other processes. During the year under review, the Group also enhanced its risk monitoring and management processes through the integration of numerous digital tools.

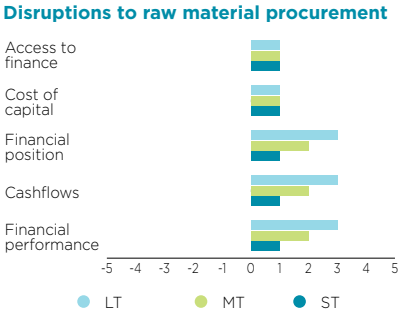
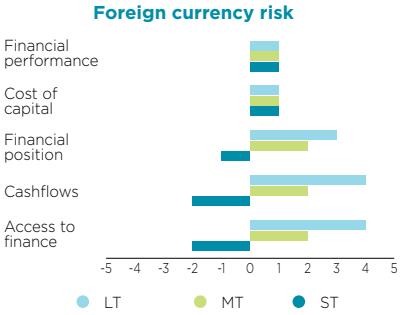
Risk identification, impact assessment, mitigation strategy and implications in the short, medium and long term

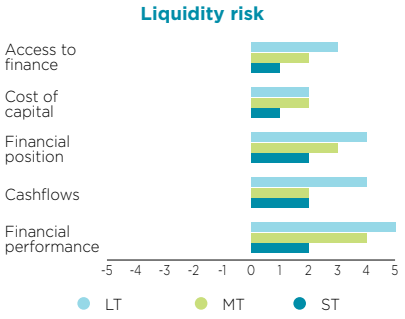
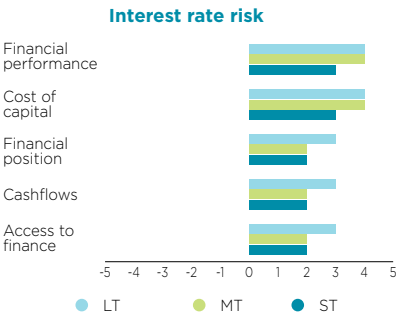
Impact of risks on access to finance, cost of capital, financial position, cashflows and financial performance

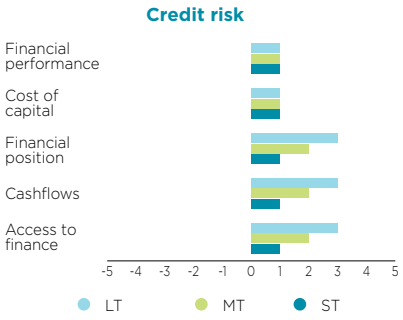
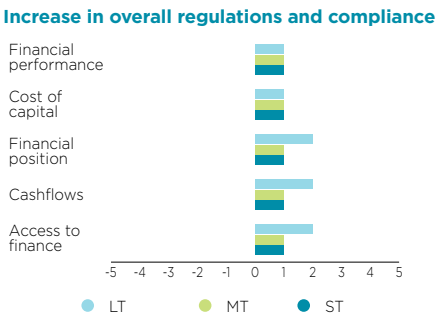
Identification of mitigation strategies

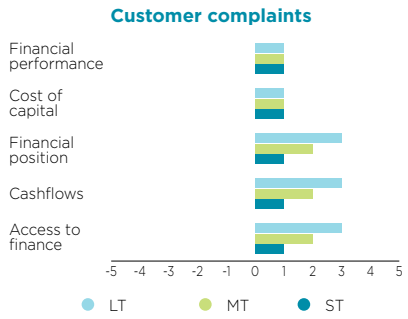
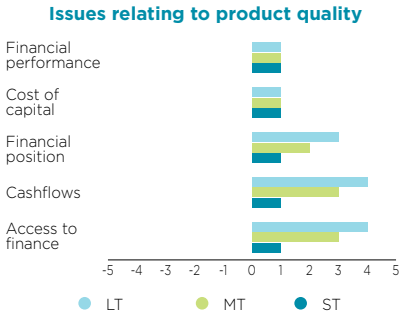
Derived the net impact of risks after mitigation on access to finance, cost of capital, financial position and financial performance

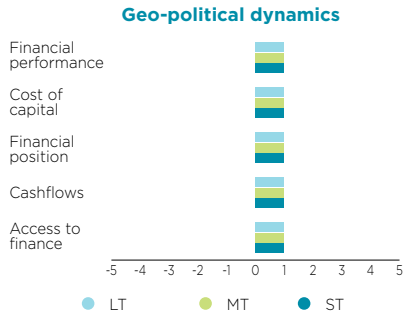
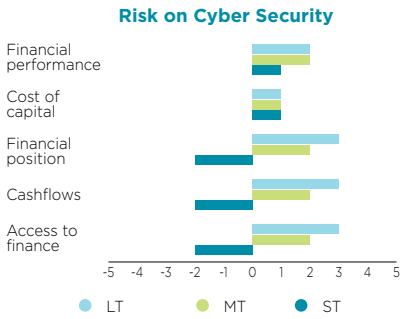
BUSINESS RELATED RISKS

Risk	Raw material procurement - R1	Foreign currency risk – R2
Overview	• Adverse impacts on the supply chain of our primary raw material, coconut shell based charcoal remains a key risk driven by fluctuations in coconut crop yields due to adverse weather conditions or other factors and increase in competition. • The shortage in supplies of our primary raw material, across all source markets led to challenges in sourcing adequate quantities for production while rising prices impacted financial performance.	• Volatility in exchange rates exposes the Group to transaction risk as its revenue is primarily denominated in US dollars while operational costs are incurred in the currency of each country of operations.
Mitigation strategies	• Coordinated efforts across our global manufacturing footprint and other major coconut producing countries in Asia to obtain adequate supplies. • Enhanced our raw material procurement teams across all source countries to strengthen collaboration with existing suppliers and expand our supplier network. • Leveraged our operational scale to access new raw material sources and commenced backward integration initiatives in Indonesia • Invested resources to build a local supplier network in proximity to our new manufacturing facility in the Philippines. • Development of activated carbon from alternative raw materials for specific markets and applications	• Entered into foreign currency forward contracts based on our foreign currency projections. • Forecasted foreign exchange rate movements and adjusted prices accordingly
Post-mitigation impact of risk on our financial performance, position and cashflows in the short, medium and long term		
Link to strategy	Global supply chain	Global supply chain, Market growth
Capitals Impacted	Financial, Natural, Social and Relationship	Financial
Material Topic	M1, M4, M5	M5

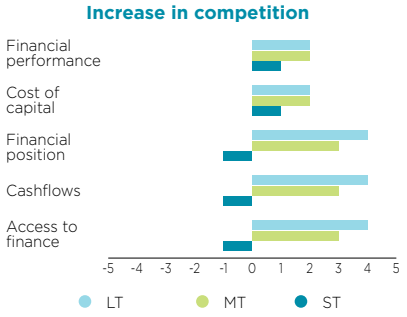
Risk	Liquidity risk - R3	Interest rate risk – R4
Overview	Financial stress and increased pressure to meet future debt obligations fully and in a timely manner.	A rise in interest rates will lead to increased finance costs adversely impacting financial performance.
Mitigation strategies	• A diversified mix of short- and long-term borrowings in multiple currencies. • Monitoring of the Group's liquidity position by its Treasury function. • Review and approval of all liquidity policies and procedures by the Board of Directors. • Balancing risk-return dynamics when investing short-term excess cashflows.	• Forecasting interest rate movements to optimise interest costs by balancing the fixed and variable interest components. • Negotiate with financial institutions for competitive rates. • Diversification of funding across multiple financial institutions. • Actively pursue concessionary funding especially for sustainable/green initiatives.
Post-mitigation impact of risk on our financial performance, position and cashflows in the short, medium and long term		
Link to strategy	Global supply chain	Global supply chain, Market growth Innovation led growth
Capitals Impacted	Financial	Financial
Material Topic	M5	M5

Risk	Credit risk - R5	Compliance risk – R6
Overview	• Implications of bad debts on financial performance and cashflows.	Increase and changes in regulatory framework posing higher risk of non-compliance resulting in fines, penalties, reputational damage and legal fees.
Mitigation strategies	• Obtained adequate credit insurance wherever possible after assessing the credit risk. • Advance payments from customers who cannot be covered by credit insurance. • Evaluation of new customers' credit worthiness against the Group's credit policy prior to extending standard payment and delivery terms and conditions. • Ongoing monitoring of customer receivables by the Senior Management of Haycarb and the Hayleys Group Management Committee.	• Ensured alignment with all regulatory requirements across all countries. • Ongoing monitoring of the regulatory environment to stay abreast of new developments. • Training and awareness on regulatory requirements provided to relevant employees of the Group. • Risk assessments were undertaken by the Board and audit Committee on a quarterly basis. • Performed internal audits across our operations to assess and ensure compliance with all regulatory requirements.
Post-mitigation impact of risk on our financial performance, position and cashflows in the short, medium and long term		
Link to strategy	Global supply chain, Market growth	All
Capitals Impacted	Financial	Financial
Material Topic	M5	M2, M5

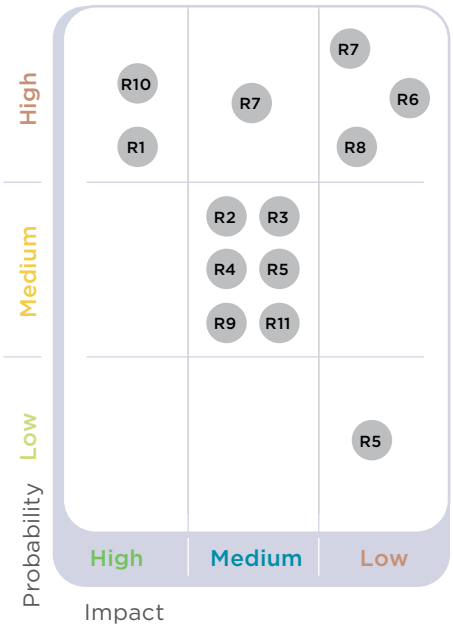
Risk	Customer satisfaction - R7	Product Quality – R8
Overview	Implications of customer dissatisfaction on revenue, reputation and business retention.	Lapses in quality can lead to customer dissatisfaction, reputational damage, production delays and re-work
Mitigation strategies	• Formal records of customer complaints to support learning and prevent the recurrence of similar incidents. • Regular quality, contamination, environmental and safety audits to identify areas for improvement and proactively prevent lapses in systems. • Proactively planned production and logistics to support timely delivery and prevent delays. • Research and development to innovate processes to increase the efficiency and precision of Pore Size Distribution (PSD) for different applications. • Expanded production capabilities to fulfill emerging customer needs.	• Robust quality management systems and compliance with numerous certifications including ISO 9001:2015 Quality Management Systems. • Defined clear quality expectations for suppliers. • Focused quality-related training for factory employees to ensure procedures are followed to meet quality standards. • Undertook root cause analysis of quality related issues to identify underlying causes and proactively implement corrective measures. • Periodic quality, contamination, environmental and safety audits to identify areas for improvement and proactively address the same.
Post-mitigation impact of risk on our financial performance, position and cash flows in the short, medium and long term		
Link to strategy	Market growth	Market growth
Capitals Impacted	Social and relationship, Financial	Manufactured, Social and Relationship, Financial
Material Topic	M3, M17, M19	M3, M6, M10, M1, M19

Risk	Geopolitical dynamics – R9	Cyber Security risk – R10
Overview	• Implications on financial performance given escalating trade uncertainties, possible trade sanctions, supply chain disruptions, and exchange rate volatility.	Adverse implications of cyber threats.
Mitigation strategies	• Geographic diversification across manufacturing, supply chains and markets. • Proactive resilience planning and crisis management. • Proactively monitored developments and assessed their implications on our business. • Increased insurance coverage where necessary.	• Periodic reviews and authorised revisions to the IT policy, and Information Security Policy. • Periodic risk assessments to identify potential vulnerabilities, threats and risks to digital assets with internal resources and bi-annual external audits by a reputed firm. • Consistent communication and awareness session of policies to all employees to ensure compliance across the Group. • Proactively ensured all operating systems, software and firmware are updated for the most recent security updates. • Regular cyber security training and awareness session with latest updates on cyber-attacks including compromising of information systems. • Conducted regular data backups and ensured backups were securely stored off-site as per the procedures in place in accordance with the information security policy • Continuous monitoring facilitated detection and real-time response to cybersecurity threats. • Conducted annual vulnerability testing for all corporate websites hosted on dedicated virtual private servers.
Post-mitigation impact of risk on our financial performance, position and cash flows in the short, medium and long term		
Link to strategy	Global supply chain, Market growth	All
Capitals Impacted	Financial, Social and Relationship	Digital
Material Topic	M2, M4, M5, M18	M14, M20

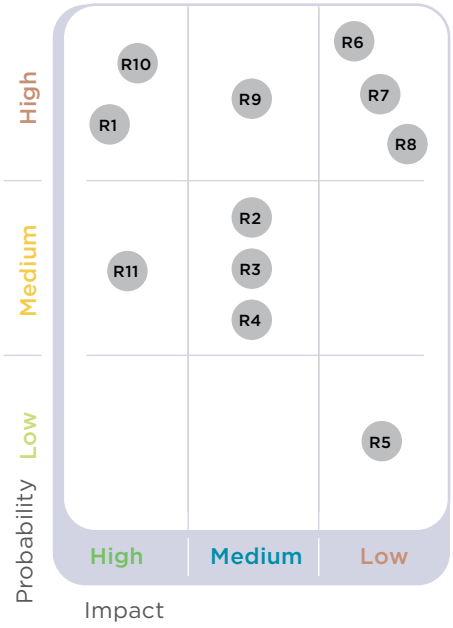
Managing Risks & Opportunities

Risk	Increased competition – R11
overview	• Intensifying competition in global markets and its implications on revenue. • Rising competition for raw materials has led to an escalation in raw material prices, adversely impacting margins.
Mitigation strategies	• Research and development to evolve our product portfolio to fulfill emerging needs of customers. • Utilised digital marketing tools to enhance market reach and support new customer acquisitions. • Deeper penetration of existing markets through superior product and service quality. • Strengthened the value-added product range with emphasis on emerging applications such as energy storage and water purification. • Collaborative partnerships with customers to align innovation with their specific needs.
Post-mitigation impact of risk on our financial performance, position and cash flows in the short, medium and long term	
Link to strategy	Global supply chain, Market growth
Capitals Impacted	Financial
Material Topic	M3,M5, M6, M17, M19 M20

Risk Assessment
Short Term



Risk Assessment
Medium to Long Term



MANAGING OUR SUSTAINABILITY AND CLIMATE RELATED RISKS AND OPPORTUNITIES

UNDERSTANDING OF THE INTERCONNECTIONS THAT EXIST BETWEEN SUSTAINABILITY AND CLIMATE RELATED RISKS , ENABLE A MORE INTEGRATED APPROACH TO RISK MANAGEMENT AND STRATEGY FORMULATION.

As part of our continued commitment to transparency and responsible business practices, we integrated the requirements of IFRS Sustainability Disclosure Standards S1 and S2 into our risk management and corporate reporting processes soon after they were issued in June 2023. This alignment has strengthened oversight of sustainability and climate related risks and opportunities that may reasonably affect the Group's financial performance, position and cashflows over different time horizons. It has also enhanced our understanding of the interconnections that exist between sustainability and climate related risks and broader business risks, enabling a more integrated approach to risk management and strategy formulation. This report aims to provide existing and prospective investors, along with other stakeholders, a concise account of how these risks were identified and managed within the Group during the year under review while providing a quantitative assessment of their financial impacts across our planning horizons.

The report is structured around the key themes of governance, strategy, risk management and metrics as defined in the standard.

Governance	Explains the governance processes, controls, and procedures we use to monitor, manage and oversee sustainability and climate related risks and opportunities.
Strategy	Describes our sustainability and climate related risks and opportunities and the strategies we have implemented for its effective management.
Risk Management	Provides information on our processes in identifying, assessing, prioritising and monitoring sustainability and climate related risks and opportunities.
Metrics	Defines the metrics and the targets we have established to determine our performance in relation to our sustainability and climate related risks and opportunities.

GOVERNANCE

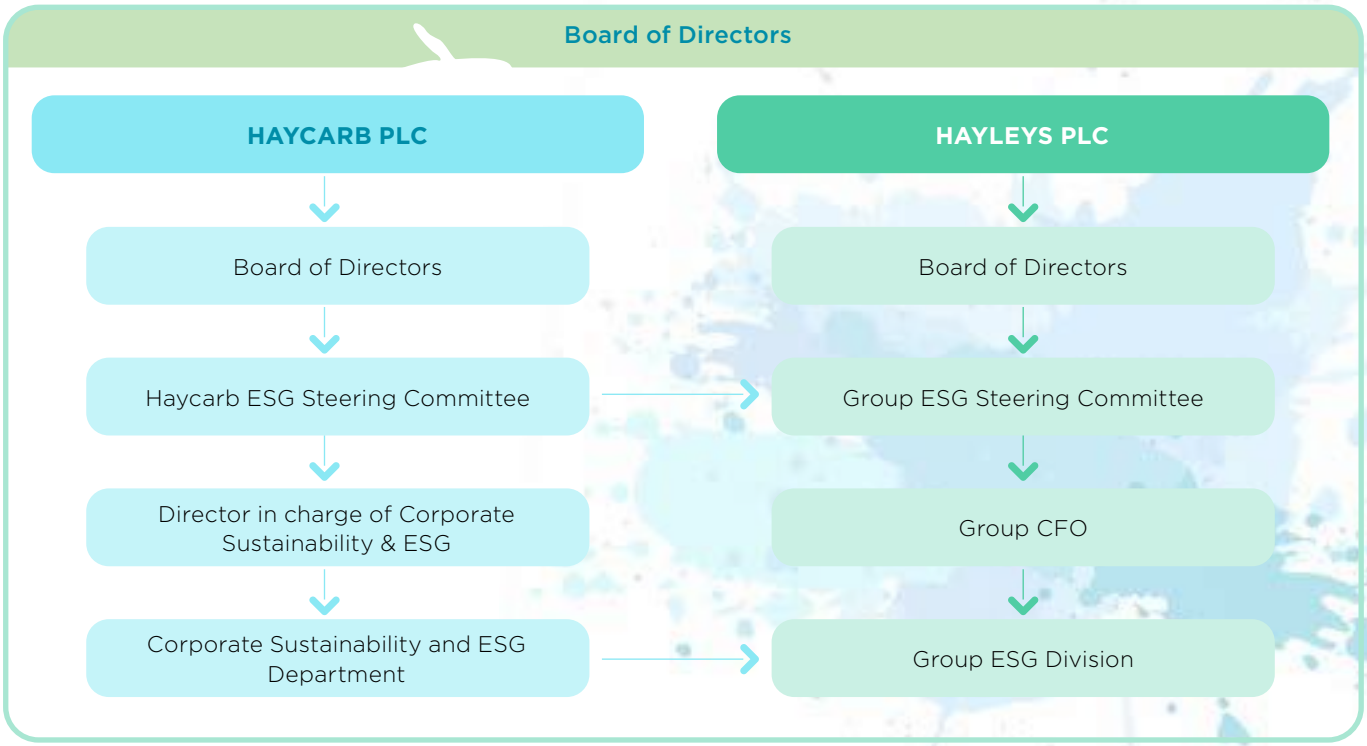
The Group has established a strong governance framework led by the Board of Directors to identify and manage its sustainability and climate-related risks and opportunities.

BOARD OF DIRECTORS

As the apex decision making authority of the Group, Haycarb's Board of Directors holds ultimate responsibility for the management of its sustainability and climate related risks and opportunities. These responsibilities include,

- Developing and implementing a strong governance framework.
- Determining the Group's sustainability strategy.
- Integrating sustainability into the Group's culture.
- Formulating and driving the Group's sustainability strategy.

An Executive Director of the Board formally oversees the identification and management of the Group's sustainability and climate related risk and opportunities, implementing "Activate" - its ESG strategy, and ensuring the Group's sustainability aspirations as articulated in "Activate" is integrated into its strategy and investment decisions.



The Board monitored and reviewed the Group's sustainability and climate related risk and opportunities and its management on a regular basis. Sustainability and climate related risks and opportunities and its effective management was taken up for discussion three times during the year under review.

ESG STEERING COMMITTEE

The Board has delegated the responsibility of identifying, managing and monitoring the Group's material sustainability and climate-related risks and opportunities to the ESG Steering Committee. The Committee's Terms of Reference guides its activities in relation to managing the Group's sustainability and climate related risks and opportunities, The roles and responsibilities of the ESG Steering Committee in 2024/25 included,

- Identifying the Group's sustainability and climate related risks and opportunities.
- Recommending the implementation of appropriate measures to effectively address identified risks and opportunities.
- Reviewing and providing guidance on the Group's sustainability and climate related policies.
- Receiving updates at least quarterly on sustainability and climate related matters including, progress against targets, key performance indicators, and strategy implementation.
- Reviewing its sustainability context and assessing its potential impact on the Group.
- Ensuring alignment of strategy with the Group's sustainability and climate aspirations.

The Managing Director leads the ESG Steering Committee and includes senior management representatives from all key functions of the Group. The Committee is responsible for ensuring that members are equipped with the skills and competencies required to identify and effectively respond to the Group's sustainability and climate-related risks and opportunities. The Committee received training during the year under review to enhance its competencies in this regard.

The Committee met three times during 2024/25 to evaluate the Group's sustainability and climate related risks and opportunities and its findings were reported to the Board on a quarterly basis.

Through the activities of the ESG Steering Committee, sustainability and climate-related risks and

opportunities have been integrated into the Group's strategic planning and risk management process, informing its decisions on significant investments and directing research and development efforts to capture emerging sustainability and climate-related opportunities. Sustainability and climate-related risks and opportunities also play a significant role in shaping the Group's long-term energy strategy even when this involves balancing strategic objectives against short-term financial returns.

CORPORATE SUSTAINABILITY AND ESG DEPARTMENT

The Group's Corporate Sustainability and ESG Department is mandated with actioning its sustainability strategy, "Activate", in collaboration with internal and external stakeholders. The responsibilities of the Department in 2024/25 included,

- Supporting ESG policy formulation in consultation with the Board, ESG Steering Committee, and the Hayleys Group ESG Division.
- Tracking, monitoring, and reporting relevant ESG metrics, and ensuring reliability and comparability of data reported.
- Driving strategic sustainability initiatives.
- Providing feedback to the Board on ESG performance, areas for potential improvement and escalation of immediate concerns.

OVERSIGHT FROM HAYLEYS PLC

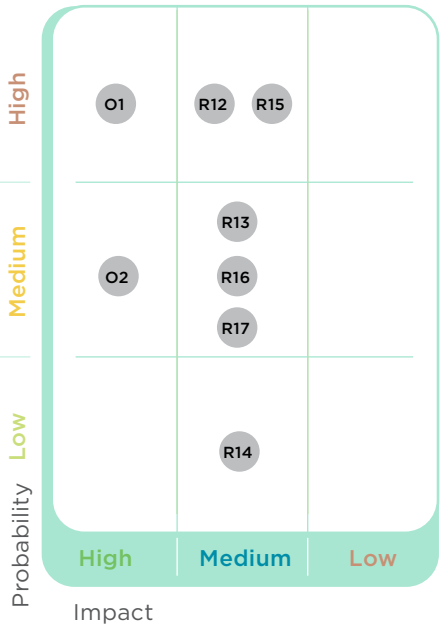
The Group's parent entity, Hayley's PLC also provides oversight of its sustainability and climate related risks and opportunities management processes.

STRATEGY

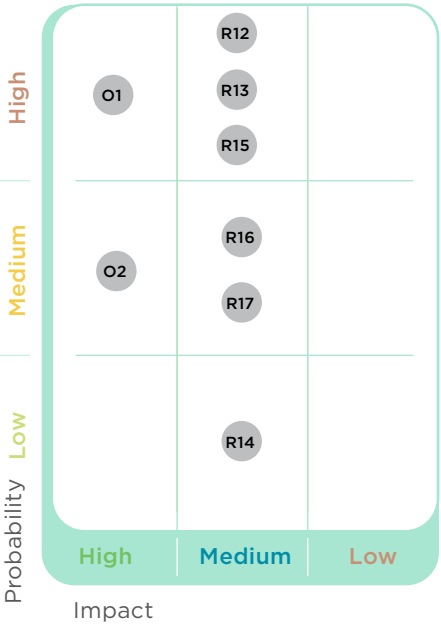
The SASB Standard for Chemicals formed the basis for identifying our sustainability related risks and opportunities while the Industry-based Guidance on Implementing SLFRS S2 and Task Force on Climate Related Financial Disclosures informed the identification of climate related risks and opportunities.
We adopted a quantitative double materiality assessment to identify material sustainability and climate related risks and opportunities for 2024/25. The assessment confirmed that the risks and opportunities for the year under review remained consistent with those identified last year. The time horizons considered in ascertaining the financial impacts of these risks and opportunities also remained consistent with last year and are as follows,

- Short term - <1 year
- Medium term – 1-3 years
- Long term - >3 years

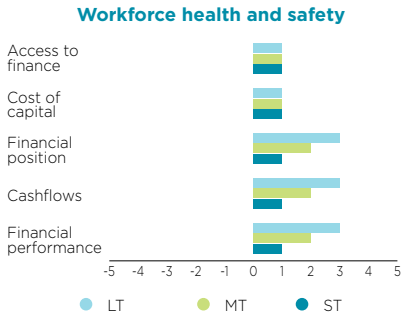
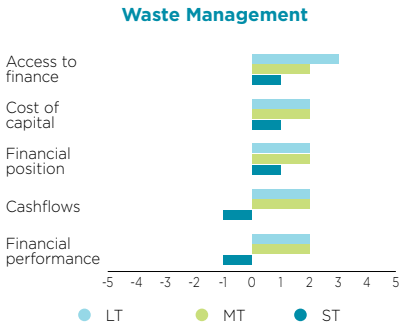
Risk Assessment
Short Term

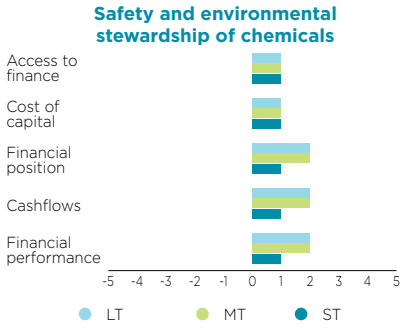
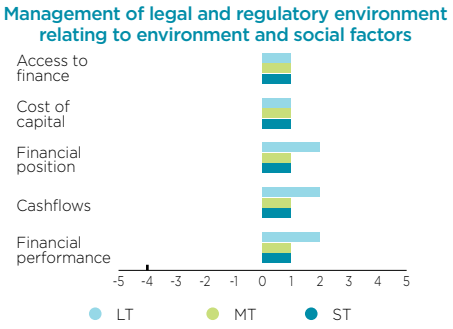


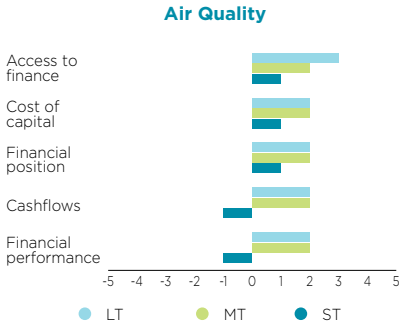
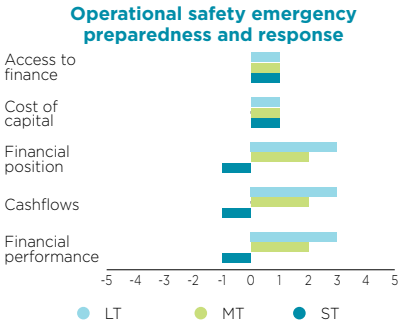
Risk Assessment
Medium to Long Term

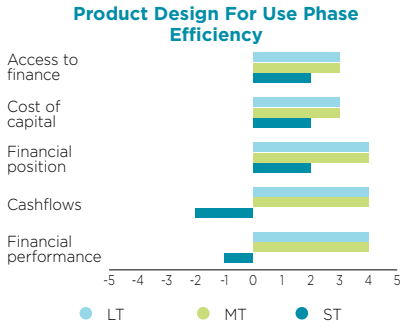
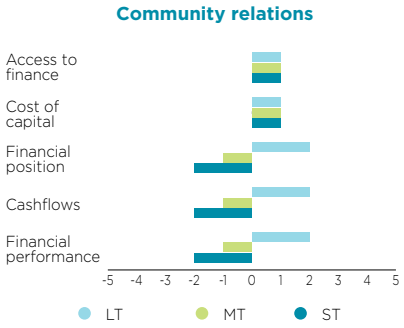


SUSTAINABILITY RELATED RISKS

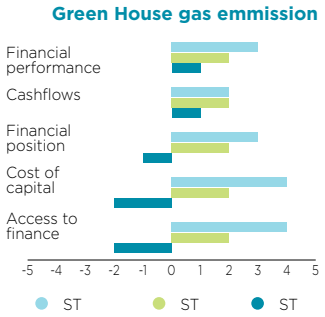
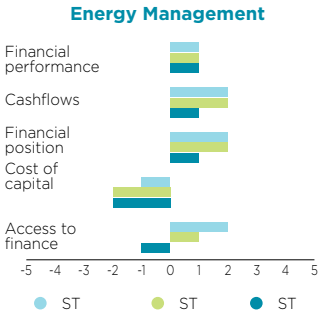
Sustainability related risks	Workforce health and safety – R12	Waste Management – R13
Time horizon	• Risk of accidents and injuries within our premises Work disruption Impact on employee well-being	• Risk of non-compliance with waste management regulations in the countries we operate in and associated penalties.
Current impact on our business model and value chain	• Financial implications that include higher health costs, litigation and work disruption. • Implications on employee motivation and productivity • Reputational Impacts	• Penalties arising from non-compliance with waste management regulations and disposal cost.
Future impact on our business model and value chain	• Reputational damage • Challenges in talent recruitment. • Negative implications on trade union relations.	• Reputational damage • Implications on our relationships with local communities.
Post-mitigation impact of risk on our financial performance, position and cashflows in the short, medium and long term		
Our strategic response	• A comprehensive occupational health and safety policy that applies to all employees and outsourced personnel operating within our premises. • Aligned our processes with international best practice through health and safety certifications including ISO 45001:2018 Occupational Health and Safety Management Systems. • A strong safety culture within the organisation (Refer page 160 for more information).	• Responsible disposal of solid waste. • Prioritised minimising, recycling and re-using solid waste generated from production processes.
Capitals Impacted	Social and Relationship, Financial	Natural , Social and Relationship, Financial
Material Topic	M4, M5, M8, M9, M15, M16,M20	M2, M5, M13, M16, M17

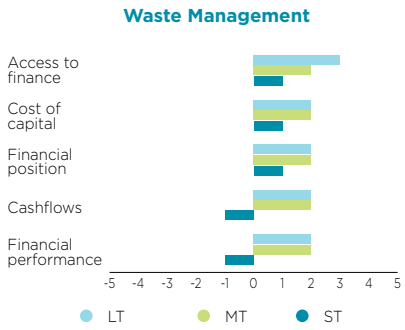
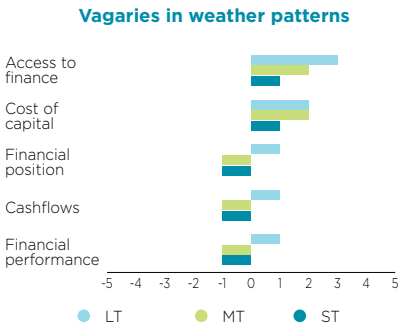
Sustainability related risks	Safety and environmental stewardship of chemicals – R14	Management of the legal and regulatory environment – R15
Overview	• Risk of accidents and chemical spills at production facilities.	• Risk of non-compliance with environmental and social legal and regulatory requirements and associated penalties and reputational damage.
Current impact on our business model and value chain	• Operational disruptions due to accidents and chemical spills at production facilities.	• Non-compliance with legal and regulatory requirements could lead to fines, penalties and reputational damage, Operational shut down and manufacturing delays.
Future impact on our business model and value chain	• Reputational harm • Challenges to talent recruitment	• The increasing stringency of regulations governing occupational health and safety, effluent management, chemical and process safety require additional capital investments and process innovations to maintain compliance.
Post-mitigation impact of risk on our financial performance, position and cash flows in the short, medium and long term		
Our strategic response	• Rigorous safety protocols and procedures for handling, storage and disposal of chemicals. • Comprehensive training to employees handling chemicals. • Compliance with all regulatory requirements related to chemical safety and environmental protection. • Emergency response plans and contingency measures to promptly and effectively handle accidents and chemical spills.	• Monitored the regulatory landscape to stay up to date on new regulatory developments. • Process innovation and capital investments to ensure compliance with all current and anticipated regulatory requirements across business locations. • Alignment with voluntary certifications to ensure best practice.
Capitals Impacted	Natural, Human	Natural, Financial
Material Topic	M2, M5, M9, M20	M2, M5, M15

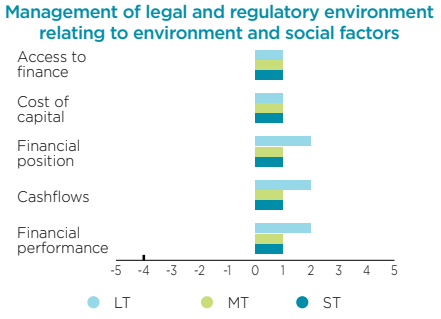
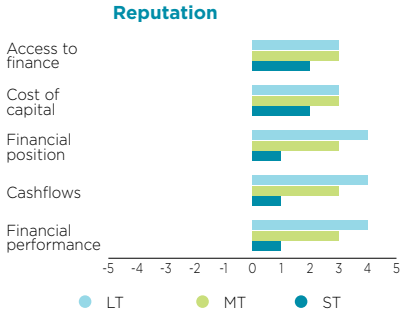
Sustainability related risks	Air quality – R16	Operational safety, emergency preparedness and response R17
Overview	• Risk of non-compliance with regulatory air quality indicators and associated penalties.	• Potential failure to prevent, detect, or effectively respond to operational hazards or emergency situations, which could result in injury, environmental damage, or significant disruption to operations
Current impact on our business model and value chain	• Penalties due to non-compliance with regulatory air quality indicators.	• Operational disruptions, damage to facilities, reputational harm and increased remediation costs associated with potential explosions, hazardous spills or other emergency situations.
Future impact on our business model and value chain	• Reputational damage • Adverse implications on community relations.	• Reputational damage
Post-mitigation impact of risk on our financial performance, position and cash flows in the short, medium and long term		
Our strategic response	• Robust mechanisms to minimise the release of harmful gases and particulates into the atmosphere. • Frequent air quality monitoring and emission testing. • Invested in R&D to develop new pollution control technologies.	• Implemented a comprehensive disaster recovery plan across our operations, • Emergency response teams at all sites. • Regular training on emergency management including fire safety, medical emergencies and chemical incident handling.
Capitals Impacted	Natural, Social and Relationship	Social and Relationship, Human, Financial
Material Topic	M2, M8, M9, M11, M17, M20	M4, M5, M8, M9, M15, M20

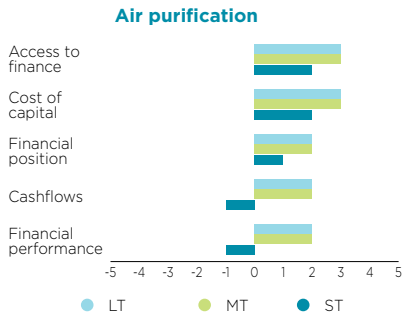
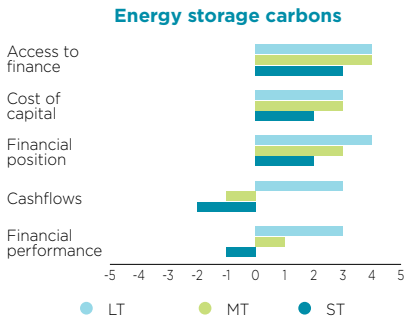
Sustainability related Opportunity	Product design for use phase efficiency – O1	Community relations – O2
Overview	• Opportunities for products that enhance material efficiency and lower energy consumption.	• Opportunity to positively impact the communities we operate in
Current impact on our business model and value chain	• Increasing environmental consciousness has given rise to new opportunities in energy storage carbons and water purification applications. • Opportunities to innovate products that improve energy efficiency, eliminate or lower greenhouse gas emissions, reduce raw material consumption, increase product longevity and reduce water consumption.	• Positive, long-standing relations with the communities we operate in has resulted in a strong social license to operate
Future impact on our business model and value chain	• Enhance our competitive position in global markets. • Improved financial performance.	• Developing positive community relations provides value to Company Image and Brand and a social license for operations in the long term
Post-mitigation impact of risk on our financial performance, position and cash flows in the short, medium and long term		
Our strategic response	• Investments in research and development to evolve the product range to capture new opportunities in emerging applications. • Develop the product range to enhance use phase efficiency in existing applications. • Conducting Product life cycle assessments	• Emphasis on recruiting from local communities creating employment opportunities. • Local procurement creating economic opportunities for local communities. • Complied with all social and environmental regulations to minimise negative implications on local communities. • Long-term focused CSR initiatives that address community needs (Refer page 160 for more information)
Capitals Impacted	Social and Relationship, Financial	Social and Relationship
Material Topic	M3, M4, M5, M6, M19	M5, M7, M11, M16, M19

CLIMATE RELATED RISKS

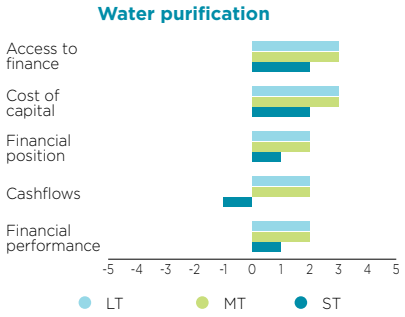
Climate related risks	Greenhouse gas emissions - R18	Energy management - R19
Overview	• Rising focus on GHG management may lead to tighter emission rules	• Implications of stricter emission regulations on our energy mix, Energy security and resilience.
Transitional/ Physical	Transition risk	Transition risk
Current impact on our business model and value chain	• Investments to decarbonise our operations. • Investments to promote green charcoaling practices within the supply chain. • Investment for renewable electricity generation	• Trade-offs in the use of energy sources taking into consideration cost, reliability of supply, related water use and air emissions. and regulatory compliance.
Future impact on our business model and value chain	• Increasing stringency in emission regulations may lead to additional costs and investments to reduce GHG emissions generated from our operations. • Supply chain pressure	• Implications on operating efficiency and risk profile. • Expand renewable energy generation and consumption
Post-mitigation impact of risk on our financial performance, position and cash flows in the short, medium and long term		
Our strategic response	• Investments in renewable energy. • Focused efforts to improve the energy efficiency of our operations.	*An energy strategy that emphasises renewable energy sources.* • Installation of roof solar and floating solar panel projects in Factories at Sri Lanka and Thailand respectively *Consistent emphasis on increasing the energy efficiency of our operations.* • Waste Heat Recovery Captured and re-purposed waste heat generated during manufacturing to support and power various stages of the production process.
Capitals Impacted	Natural	Natural
Material Topic	M2, M5, M8, M11, M12, M13, M16	M5, M6, M11

Climate related risks	Water management - R20	Vagaries in weather patterns - R21
Overview	• Disruptions to operations due to water scarcity, Non-compliance with water quality regulations	• Implications on supply chain and operational continuity.
Transitional / Physical	Physical	Physical
Current impact on our business model and value chain	• Investments to align our operations with effluent discharge regulations. • Investments to promote sustainable water consumption within our operations.	• Implications on supply chains given our reliance on agricultural inputs. • Disruptions to operations and distribution of products.
Future impact on our business model and value chain	• Disruptions to operations due to water scarcity.	• Strengthen reputation and retain our social license to operate.
Post-mitigation impact of risk on our financial performance, position and cash flows in the short, medium and long term		
Our strategic response	• Investments in rainwater harvesting and water recycling initiatives. • Emphasis on improving the water intensity of our operations. • Enhanced our understanding of our water footprint to drive focused water management initiatives. (Refer Natural Capital page 125 for more information).	• Insurance coverage across the Group. • Emergency preparedness at all manufacturing locations. • Flood management plans for all locations. • Monitor weather forecasts to increase the accuracy of projections related to raw material availability.
Capitals Impacted	Natural	Natural, Financial
Material Topic	M5, M7, M15, M16	M1, M4, M5, M16, M20

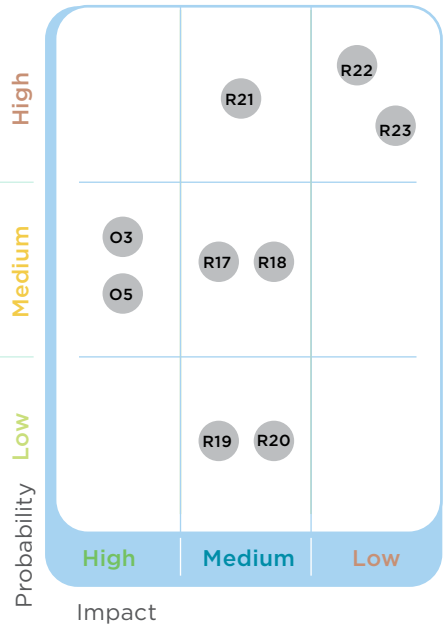
Climate related risks	Regulations – R22	Reputation – R23
Overview	• Increased regulations related to energy management and emissions.	• Growing stakeholder concerns regarding climate implications of the business
Transitional / Physical	Transition risk	Transition risk
Current impact on our business model and value chain	• Investments to align our operations with national decarbonising plans.	• Operational and supply chain implications arising from increasing stakeholder focus on the climate implications of businesses.
Future impact on our business model and value chain	• Investments arising from Increasing stringency in energy and emissions related regulations.	• Reputational damage.
Post-mitigation impact of risk on our financial performance, position and cashflows in the short, medium and long term		
Our strategic response	• Proactive Regulatory Engagement: Maintained ongoing dialogue with regulators and policymakers to stay informed of evolving environmental policies and legislative developments. • Robust Compliance Framework: Upheld strong internal policies and controls, complemented by regular risk assessments to ensure full compliance with all applicable regulatory requirements. • Transparent Environmental Reporting • Strategic Investment in Expertise: Continued investment in legal and regulatory expertise to navigate the complexities of dynamic environmental regulations. • Continuous Improvement and Innovation	• A strategic approach to managing our environmental and social impacts through "Activate". • Bi-annual disclosures on performance against goals through the Haycarb Sustainability Report. • Voluntarily aligned corporate reporting with numerous global and local sustainability standards. Aligned our processes with international best practice through certifications.
Capitals Impacted	Natural	Social and Relationship, Financial
Material Topic	M2, M5	M3, M5, M6, M8, M10, M17, M19

Climate related Opportunities	Air purification – O3	Energy storage carbons – O4
Overview	• Opportunities arising from stricter air quality regulations on industrial emissions	• Opportunities driven by the growing demand for energy storage to support renewable energy adoption
Current impact on our business model and value chain	• Increasingly stringent regulations on the air quality emitted from industrial activity presents opportunities to expand revenue streams and strengthen our global competitive position	• Increasingly stringent regulations on the air quality emitted from industrial activity presents opportunities to expand revenue streams and strengthen our global competitive position
Future impact on our business model and value chain	• Opportunities to strengthen our competitive position in global markets. • Improved financial performance	• Opportunities to strengthen our competitive position in global markets. • Improved financial performance.
Post-mitigation impact of risk on our financial performance, position and cash flows in the short, medium and long term		
Our strategic response	• Engage in research and development to evolve our products and processes in line with emerging applications. • Strategic focus on increasing penetration in emerging applications	• Engage in research and development to evolve our products and processes in line with emerging applications. • Strategic focus on increasing penetration in emerging applications
Capitals Impacted	Social and Relationship, Natural	Social and Relationship, Natural
Material Topic	M2, M5,M6, M8, M9, M11, M15	M3, M5, M6, M10

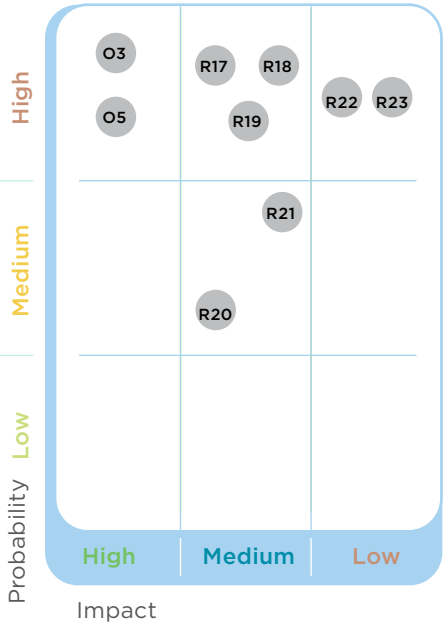
Managing Risks & Opportunities

Climate related risks	Water purification – O5
Overview	• Opportunities stemming from increasingly stringent regulations on the water quality released from industrial activity.
Current impact on our business model and value chain	• Rising regulatory requirements related to water quality presents opportunities for deeper market penetration and improved financial performance.
Future impact on our business model and value chain	• Opportunities to strengthen our competitive position in global markets. • Improved financial performance
Post-mitigation impact of risk on our financial performance, position and cash flows in the short, medium and long term	
Our strategic response	• Engage in research and development to evolve our products and processes in line with emerging applications. • Strategic focus on increasing penetration in emerging applications
Capitals Impacted	Natural
Material Topic	M2, M5, M7

Risk Assessment
Short Term



Risk Assessment
Medium to Long Term



Assessing Climate Resilience

Given our exposure to climate-related risks and opportunities, we conducted a climate resilience assessment during the year under review. Building on last year's qualitative analysis, this year's assessment applied multiple climate scenarios across our planning horizons to evaluate directional impacts on key aspects of our business model. The process strengthened the Group's understanding of how climate change could affect operations, enabling more informed strategic decisions, resource allocation, and risk management aligned with long-term resilience and value creation.

METHODOLOGY

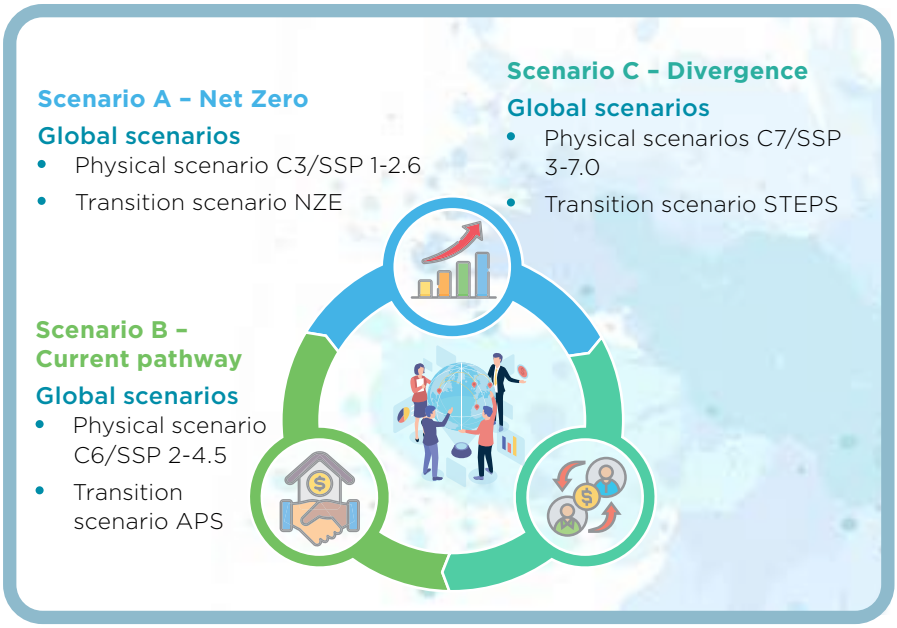
Our climate scenario analysis methodology is aligned with the approach adopted by our parent entity Hayleys PLC as well as the principles described in the TCFD framework. The global physical and transition climate scenarios considered in the development of Haycarb's climate scenarios are summarised below.

Physical climate scenarios	Intergovernmental Panel on Climate Change - Sixth assessment report (AR6)	Five potential future physical climate scenarios categorised considering both Representative Concentration Pathways (RCP) and its corresponding Socioeconomic Pathway (SSP).
Transition scenarios	International Energy Agency – World Energy Outlook 2023 transition scenarios	Three scenarios that model pathways exploring the implications of various policy choices, investment and technology trends for the energy sector.

The key assumptions related to each global physical and transition climate scenario considered in the development of Haycarb's climate scenarios is presented below.

Source	Scenario	Key assumptions
IPCC AR 6	C3/SSP 1-2.6	Low emission scenario The increase in global warming is limited to 2°C by 2100. Net zero status is achieved between 2055 and 2060. An almost 65% reduction in GHG emissions is achieved by 2050.
	C6/SSP 2-4.5	Intermediate emission scenario. The increase in global temperatures is projected to be 3°C in 2100 compared to pre-industrial levels.
	C7/SSP 3-7.0	High emission scenario. The increase in global temperatures is projected to be 4°C in 2100 compared to pre-industrial levels.
IEA 2023	Net Zero Emission (NZE) Scenario	A pathway for the energy sector to achieve net zero by 2050 through the deployment of numerous clean energy technologies without offsets from land use while also successfully achieving key energy related SDGs. Resultantly, the rise in global temperatures is limited to 1.5°C.
	Announced Pledges Scenario (APS)	Assumes governments will successfully achieve their announced climate-related commitments fully and on time. These commitments include longer term net zero targets, and pledges in Nationally Determined Contributions (NDC).
	Stated Policies Scenario (STEPS)	Considers the policies and measures currently in place along with the present efforts of governments to achieve their climate targets. A temperature rises of 2.4°C is projected by 2100 (with a probability of 50%)

Based on the above, the following three climate scenarios were developed by the Group to assess its climate resilience.



- According to the IPCC, the precipitation change will demonstrate significant regional differences and seasonal contrasts as global average of near surface air temperature increase. Precipitation is projected to very likely increase over tropical oceans and likely increase in large parts of monsoon regions. Inter-annual variability is also projected to increase.
- The IPCC also states that while near term monsoon precipitation changes are uncertain, over the long term (2081-2100) monsoon rainfall will feature a north-south asymmetry and an east-west asymmetry, Therefore, a greater increase in projected in the northern hemisphere than in the southern hemisphere and in the Asian African monsoon regions as opposed to the North American monsoon regions.
- Based on our climate related risks and opportunities assessment, we have chosen to assess the physical risks of temperature and precipitation and the transition risk of technology against the climate scenarios identified above.
- Given the reliance on an agricultural input as our key raw material, optimum climate conditions for coconut growth and yields as determined by the Central Plantation Crops Research Institute in India is given alongside.

Optimal climate conditions for coconut growth and yield

Mean temperature	27+/- 5^{0}C
Relative humidity	>60%
Rainfall (well-distributed)	2000 mm/year

*In areas of uneven distribution of rainfall, irrigation is required.

*Coconut is tolerant of a wide range in intensity and distribution of rainfall.

Source: ICAR-Central Plantation Crops Research Institute – India

Mean annual temperature and rainfall in our input sourcing and manufacturing countries

Country	Mean Annual Temperature	Mean Annual Rainfall	Meteorological Department/Government Data
Sri Lanka	27-28^{0}C [4]	2000 mm [5]	Temp: varies from 27°C in the coastal lowlands to 16°C at Nuwara Eliya central highlands Rain: varies from under 900 mm in the driest parts to over 5000mm in the wettest parts [5]
Thailand	26.3°C, with a seasonal temperature variation of 5.7°C [3]	1,542 mm [3], [10]	No direct information [9]
Indonesia	25°C–26°C [2]	1800 mm – 6000 mm [2]	No direct information [8]

Due to our reliance on water as an input to our operations, we consider water stress as an important aspect that has to be monitored and managed.

Country	Province/Town	Company Name	Water stress	
Sri Lanka	Madampe	Haycarb PLC	High	3-4
	Badalgama	Haycarb PLC	High	3-4
Indonesia	Central Sulawesi	PT Haycarb Palu Mitra	High	3-4
	Bitung	PT Mapalus Makawanua Charcoal Industry	High	3-4
Thailand	Chonburi	Carbokarn Co. Ltd	Extremely High	4-5
	Ratchaburi	Shizuka Co. Ltd	Medium to High	2-3

The key assumptions considered under each Haycarb climate scenario is given below.

Scenario	Description and assumptions	Reference global scenarios	
Scenario A – Net Zero	• An orderly global transition to a low carbon economy by reducing emissions and rapidly deploying clean energy technologies and driving energy efficiency. • A steep reduction in emissions driven by a significant decline in the demand for fossil fuels and pricing strategies for fuel. • The increase in global temperature is limited to 2°C. • Fair and effective global co-operation with advanced economies taking the lead and achieving net zero earlier than emerging market and developing economies. • Global access to electricity and clean cooking by 2030 in alignment with energy related SDGs. • Extensive investments in mitigating climate implications. • The IPCC projects a likely increase of 0.0-6.6% in the annual global land precipitation by 2081-2100 relative to 1995-2014 levels. Near-term projections are uncertain.	C3/SSP 1-2.6 [1]	NZE [6]

Key country specific assumptions			
	Short term	Medium term	Long term
Sri Lanka	Temp ↑ +0.3°C Rainfall stable at ~2000 mm/year (optimal) [1][4]	Temp ↑ +0.8°C Rainfall ↓ ~5% → still within optimal coconut range [1][4]	Temp ↑ +1.5°C Rainfall ↓ ~10% → approaching upper optimal limits [1][4]
Thailand	Temp ↑ +0.3°C Rainfall ↓ ~2% (from 1,542 mm baseline) [1][3]	Temp ↑ +0.8°C Rainfall ↓ ~5% → marginally dry [1][3]	Temp ↑ +1.3°C Rainfall ↓ ~10% → increasing dryness Yield ↓ [3][6]
Indonesia	Temp ↑ +0.3°C Rainfall ↓ ~5% from high baseline [1][2]	Temp ↑ +0.7°C Rainfall ↓ ~10% → mostly optimal, minor stress in dry zones [1][2]	Temp ↑ +1.2°C Rainfall ↓ ~15% Yield ↓ in East Java/Sulawesi, Indonesia [2][6]

Scenario	Description and assumptions	Reference global scenarios	
Scenario B – Current pathway	• Limited external investments in technology and funding to drive the transition to a low carbon economy. • Average temperatures expected to increase by approximately 2.5°C. • The IPCC projects a likely increase of 1.5-8.3% in the annual global land precipitation by • 2081-2100 relative to 1995-2014 levels. Near-term projections are uncertain.	C6/SSP 2-4.5 [1]	APS [6]

Key country specific assumptions

	Short term	Medium term	Long term
Sri Lanka	Temp ↑ +0.6°C Rainfall ↓ ~5% → still tolerable [1][4]	Temp ↑ +1.2°C Rainfall ↓ ~10% Yield ↓ [1][4][6]	Temp ↑ +2.0°C Rainfall ↓ ~15–20% Yield ↓ [1][4][6]
Thailand	Temp ↑ +0.6°C Rainfall ↓ ~5% [1][3]	Temp ↑ +1.3°C Rainfall ↓ ~10% → moderate stress Yield ↓ [3][6]	Temp ↑ +2.0°C Rainfall ↓ ~20% Yield ↓ [3][6][7]
Indonesia	Temp ↑ +0.6°C Rainfall ↓ ~10% [1][2]	Temp ↑ +1.3°C Rainfall ↓ ~15% → higher impact in East Java Indonesia [2][6]	Temp ↑ +2.0°C Rainfall ↓ ~20% Yield ↓ in dry provinces [2][6][7]

Scenario	Description and assumptions	Reference global scenarios	
Scenario C – Divergence	• Global deviation from decarbonisation goals resulting in significant weather-related impacts on businesses and communities. • No specific climate-related interventions. • Represents a continuation of the current trajectory. • Average temperatures expected to increase by approximately 4°C. • The IPCC projects a likely increase of 0.5-9.6% in the annual global land precipitation by • 2081-2100 relative to 1995-2014 levels. Near-term projections are uncertain.	C7/SSP 3-7.0 [1]	STEPS [6]

Key country specific assumptions

	Short term	Medium term	Long term
Sri Lanka	Temp ↑ +1.0°C Rainfall ↓ ~10% [1][4]	Temp ↑ +2.0°C Rainfall ↓ ~20% Yield ↓ [1][4][6]	Temp ↑ +2.5–3.0°C Rainfall ↓ 25–30% Yield ↓ [1][4][6][7]
Thailand	Temp ↑ +1.0°C Rainfall ↓ ~10% [1][3]	Temp ↑ +2.0°C Rainfall ↓ ~20% Yield ↓ [3][6]	Temp ↑ +2.7°C Rainfall ↓ ~25% → severe drought Yield ↓ [3][6][7]
Indonesia	Temp ↑ +1.0°C Rainfall ↓ ~10% [1][2]	Temp ↑ +2.0°C Rainfall ↓ ~20% Yield ↓ in Sulawesi Indonesia [2][6]	Temp ↑ +2.5–3.0°C Rainfall ↓ ~25–30% Yield ↓ in East Java Indonesia [2][6][7]

Country specific assumptions were sourced from;

1. IPCC Sixth Assessment Report (AR6)
https://www.ipcc.ch/ar6-syr

2. World Bank Climate Risk Country Profile: Indonesia
https://climateknowledgeportal.worldbank.org

3. World Bank Climate Risk Country Profile: Thailand
https://climateknowledgeportal.worldbank.org

4. World Bank Climate Risk Country Profile: Sri Lanka
https://climateknowledgeportal.worldbank.org

5. Department of Meteorology – Sri Lanka
https://www.meteo.gov.lk

6. IEA World Energy Outlook 2023
https://www.iea.org/reports/world-energy-outlook-2023

7. World Resources Institute – Aqueduct Water Risk Atlas
https://www.wri.org/aqueduct

8. Meteorology, Climatology and Geophysics Agency, Indonesia
https://www.bmkg.go.id/

9. The Meteorological Department Thailand
https://www.tmd.go.th/en

10. Statistical Abstract 2019, Department of Census and Statistics
https://www.statistics.gov.lk/abstract2019/CHAP1

RESULTS OF OUR CLIMATE SCENARIO ANALYSIS

Due to limitations in climate-financial modelling data, particularly in linking climate variables to crop yield outcomes, a full quantification of financial impacts was not feasible. However, the scenario-based analysis enhanced the Group's understanding of potential implications of climate change, supporting more informed strategic planning, resource allocation, and risk management aligned with long-term resilience and value creation.

Climate Scenario Analysis
We carried out a scenario-based climate resilience assessment using group-defined climate assumptions evaluated across short, medium, and long-term periods aligned with IPCC AR6.

Yes

Key Risks and Opportunities
Physical/Chronic risks and transition risks/opportunities were mapped.

Yes

Sufficient Climate Impact Data
Data to reliably link temperature and rainfall changes to financial variables were not available.

No

Qualitative Analysis
Robust climate-financial modelling was not feasible - we only assessed whether each risk/opportunity would likely increase or decrease over time but did not quantify financial impact, due to the above data gaps.

Assessing Climate Resilience

Risk/ opportunity	Outputs	Financial metric	Impact			Our response
			Short term	Medium term	Long term	
Scenario A – Net Zero						
Transition Risk – Technology	Orderly low-carbon transition will increase clean energy policies and regulations. Higher compliance costs and capital expenditure needed for clean technology adoption, especially in short-to-medium term. Possible coconut charcoal supply constraints and input price hikes due to global demand.	Revenue Cost	⊖ ↑	⊖ ↑	⊖ ↓	Accelerate adoption of clean technologies and improve energy efficiency.vest in R&D to enhance energy storage carbon products. Strengthen business development to enter global energy storage carbon supply chains. Seek new sources for raw material supply. Implement sustainable water management: monitor/reduce usage, manage withdrawals in stressed areas, conduct audits, invest in water-saving technologies, and plan for emergencies.
Transition Opportunity – Technology	Greater access to concessionary funding may lower financing costs. Strong growth in energy storage carbon product demand, especially short-to-medium term.	Revenue Cost	⊖ ⊖	↑ ⊖	↑ ⊖	
Chronic Physical Risk – Temperature	2°C increase keeps mean annual temperatures within optimal range for coconut growth. Lowest temperature increases among scenarios; Warming may reach coconut stress thresholds in Thailand and parts of Indonesia by long term.	Revenue Cost	⊖ ⊖	⊖ ⊖	↓ ⊖	
Chronic Physical Risk – Precipitation	Lowest projected long-term precipitation increases. Coconuts resilient to varied rainfall; Rainfall reduction (especially in Thailand) could reduce yield and increase resilience costs.	Revenue Cost	⊖ ⊖	⊖ ↑	↓ ↑	
Chronic Physical Risk – Water Availability	Industrial/domestic water sourced from surface, ground, and rainwater may be affected. Long-term droughts may lower water tables or dry water bodies; heavy rains/floods may degrade usable sources. Under Net Zero scenario, such impacts expected to be minimal or nonexistent in short and medium term.	Revenue Cost	⊖ ⊖	⊖ ↑	⊖ ↑	

Risk/ opportunity	Outputs	Financial metric	Impact			Our response
			Short term	Medium term	Long term	
Scenario B – Current pathway						
Transition Risk – Technology	Fewer transition-supportive policies expected; moderate demand for clean tech. Global demand for coconut charcoal remains uncertain, driven by multiple applications beyond energy-related products.	Revenue Cost	⊖ ↑	⊖ ↑	⊖ ↑	Continue R&D for energy storage carbons while exploring other applications. Strengthen supply chain resilience by diversifying raw material sourcing regions. Moderate focus on improving business energy resilience. Implement sustainable water management: monitor/reduce usage, manage withdrawals in stressed areas, conduct audits, invest in water-saving technologies, and plan for emergencies with a focused approach.
Transition Opportunity – Technology	Slower adoption pace; lower capital and compliance costs than Scenario A. Growth in energy storage carbon products continues, but less than in Scenario A.	Revenue Cost	⊖ ⊖	↑ ⊖	↑ ⊖	
Chronic Physical Risk – Temperature	Warming reaches ~2°C by 2040s, causing moderate coconut yield stress in Sri Lanka and Thailand.	Revenue Cost	⊖ ↑	↓ ↑	↓ ↑	
Chronic Physical Risk – Precipitation	Higher long-term precipitation increases than Scenario A. Coconut's resilience reduces expected yield impact, though uneven rainfall distribution could affect yield specifically dry zones of Thailand and eastern Indonesia. Operational impacts from extreme precipitation expected to be moderate.	Revenue Cost	↓ ↑	↓ ↑	↓ ↑	
Chronic Physical Risk – Water Availability	Water sources (surface, ground, rain) may be affected by climate change. Long-term droughts could lower groundwater and dry surface sources.	Revenue Cost	⊖ ↑	↓ ↑	↓ ↑	

Assessing Climate Resilience

Risk/ opportunity	Outputs	Financial metric	Impact			Our response
			Short term	Medium term	Long term	
Scenario C - Divergence						
Transition Risk – Technology	Slower clean tech development and adoption due to lack of incentives; abrupt policy changes possible later with higher compliance burdens.	Revenue	↓	↓	↓	Diversify activated product portfolio across various applications. Diversify supply chains to reduce risks from lower coconut yields and extreme precipitation. Geographically diversify manufacturing locations to minimise operational disruptions. Implement measures to mitigate financial losses and property damage from extreme weather.
		Cost	⊖	↑	↑	
Transition Opportunity – Technology	No specific climate actions taken; clean tech adoption depends on financial feasibility.	Revenue	⊖	⊖	⊖	
		Cost	⊖	⊖	⊖	
Chronic Physical Risk – Temperature	2.5°C rise will exceed optimal temperature for coconut growth in most countries. Likely negative impact on yields, leading to supply shortages and higher input prices.	Revenue	↓	↓	↓	
		Cost	↑	↑	↑	
Chronic Physical Risk – Precipitation	Highest projected long-term precipitation increases. Major stress on yield in all sourcing countries, especially in dry zones. Operational disruption risk from extreme precipitation is highest under this scenario.	Revenue	↓	↓	↓	
		Cost	↑	↑	↑	
Chronic Physical Risk – Water Availability	Water availability and quality will be affected, extremely at Chonburi - Thailand, Madampe - Sri Lanka and Sulawesi - Indonesia, threatening operational continuity. Worst-case scenario may impact washing operations.	Revenue	↓	↓	↓	
		Cost	↑	↑	↑	

Our Contribution to the SDGs and UN Global Compact

SDG 1: NO POVERTY

Target 1.1 - Created income-generating opportunities for **over 200 microentrepreneurs** through the Haritha Angara programme

For more details: Pages 166-167

UNGC PRINCIPLE: 1

SDG 2: ZERO HUNGER

Target 2.2 - **Mid-day school meal programme:** Provided nutritious meals to students across multiple districts

For more details: Page 169

SDG 3: GOOD HEALTH AND WELL-BEING

Targets 3.8, 3.9 - Supported clean air and water through **activated carbon and environmental solutions**

Donation of medical supplies and medicines

Promoting and preserving our employee wellbeing

For more details: Pages 150-159

UNGC PRINCIPLE: 1

SDG 4: QUALITY EDUCATION

Targets 4.3, 4.5 - **Employee training and development**

Puritas Sath Diyawara – Going Beyond

Providing laptops to low income students of State Universities of Sri Lanka

For more details: Pages 169-170

UNGC PRINCIPLE: 6

SDG 5: GENDER EQUALITY

Targets 5.5, 5.c – Strengthened **policies on anti-sexual harassment and non-discrimination**, promoted **female representation** at all levels

For more details: Page 159

UNGC PRINCIPLE: 6

SDG 6: CLEAN WATER AND SANITATION

Targets 6.1, 6.3, 6.4 - **Puritas Sath Diyawara**

Rainwater harvesting & wastewater recycling

For more details: Pages 46-47

UNGC PRINCIPLE: 8

SDG 7: AFFORDABLE AND CLEAN ENERGY

Targets 7.2, 7.3 - Fulfilled **75% of energy needs through renewable sources**

Invested in **solar power generation**

Exported electricity generated through waste-heat energy recovery to the National Grid

For more details: Page 129

UNGC PRINCIPLE: 9

SDG 8: DECENT WORK AND ECONOMIC GROWTH

Targets 8.2, 8.5, 8.7, 8.8 - Launched **innovative carbon products** and **investment in research and development**

Ensured equal pay, enforced zero tolerance on child labour, upheld labour rights, and ensured workplace safety

For more details: Pages 136-143

UNGC PRINCIPLE: 3, 4, 5, 6

SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

Targets 9.2, 9.4 - Operated across **7 facilities in 3 countries**

Promoted **eco-friendly charcoaling technology**

Expanded GHG emissions assessments

For more details: Pages 165-167

UNGC PRINCIPLE: 9

SDG 10: REDUCED INEQUALITIES

Targets 10.1, 10.2, 10.3 - Created **local recruitment opportunities** in Sri Lanka, Thailand and Indonesia

Haritha Angara Programme

For more details: Page 128

Strict non-discrimination policy across all our operations

For more details: Pages 158-159

UNGC PRINCIPLE: 6

SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Targets 12.2, 12.5 - Converted waste coconut shells into efficient products; reduced solid waste and improved process efficiency through lean practices

For more details: Pages 126-129, 134

UNGC PRINCIPLE: 8

SDG 13: CLIMATE ACTION

Target 13.2 - Despite a rise in emissions, maintained commitment to 25% carbon footprint reduction by 2030 through operational sustainability

For more details: Pages 130-132

UNGC PRINCIPLE: 7

SDG 15: LIFE ON LAND

Target 15.5 - **Behold the Turtle**

Supported the release of endangered sea turtle hatchlings under our conservation programme

For more details: Page 135

UNGC PRINCIPLE: 8, 9

SDG 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

Targets 16.5, 16.6, 16.7, 16.b

Promoted ethical behaviour and conduct in line with our Code of Business Conduct and Ethical Behaviour

Bribery and anti-corruption policy ensure zero tolerance of bribery and corruption

Encouraged stakeholder inclusion and transparency

For more details: Page 255

UNGC PRINCIPLE: 10

SDG 17: PARTNERSHIPS FOR THE GOALS

Targets 17.7, 17.11, 17.17 - Empowered small and medium scale raw material suppliers by providing technical know and financial assistance to convert coconut shells to charcoal with **green technology** and for improving operational yields.

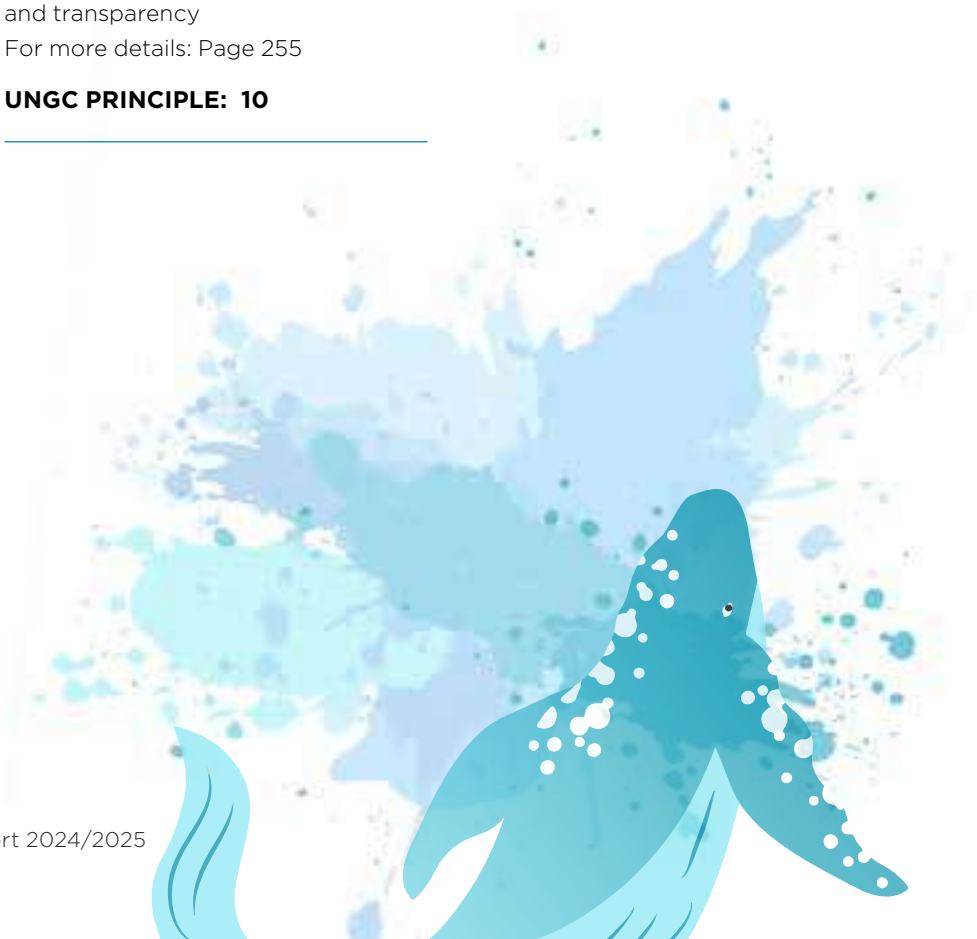
Exported activated carbon products from all three countries, contributing significantly to each economy.

Maintained key partnerships, including:

- The Wildlife Department of Sri Lanka for sea turtle conservation
- The Coconut Development Authority and Coconut Cultivation Board to promote coconut cultivation in Sri Lanka

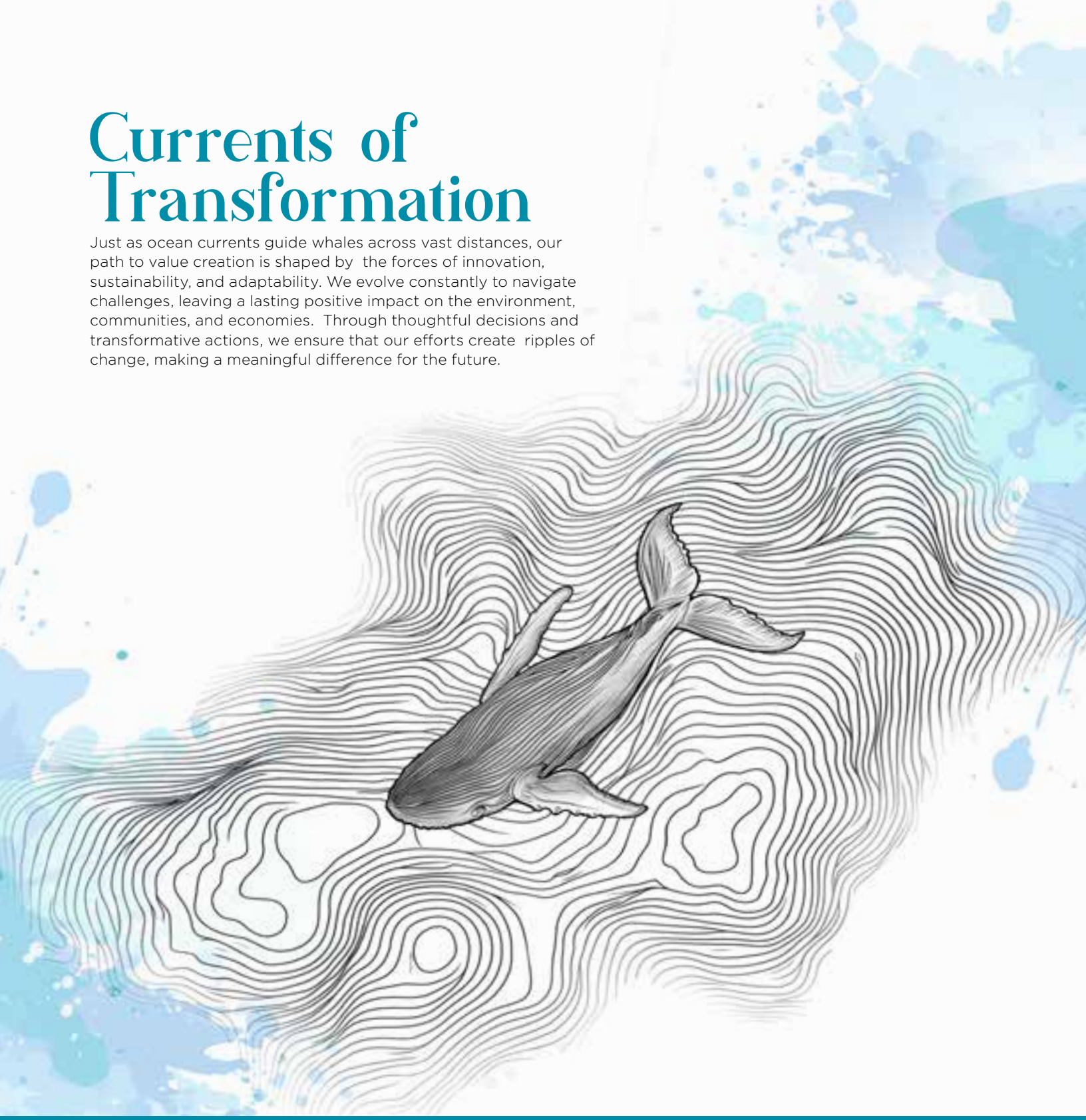
For more details: Pages 128, 135, 170

UNGC PRINCIPLE: 8, 9



Currents of Transformation

Just as ocean currents guide whales across vast distances, our path to value creation is shaped by the forces of innovation, sustainability, and adaptability. We evolve constantly to navigate challenges, leaving a lasting positive impact on the environment, communities, and economies. Through thoughtful decisions and transformative actions, we ensure that our efforts create ripples of change, making a meaningful difference for the future.



Understanding Value Creation and Impact

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Operating Environment

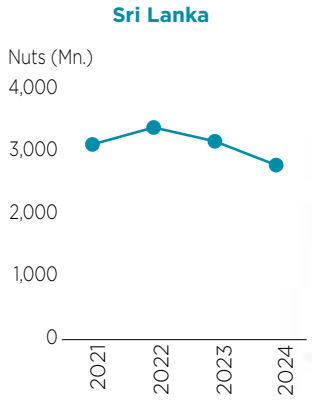
2024/25 presented unprecedented challenges as the availability of our key raw material, coconut shells and coconut shell charcoal significantly declined across all source markets. While responding to these challenges required considerable management attention and resources, we remained cognisant of the opportunities that emerged given increasing global concern over the environmental and health effects of pollution and climate change. Although shifting policy positions have introduced new uncertainties for global trade, we remain committed to navigating this evolving landscape through strategic interventions that drive progress towards our long-term strategic goals.

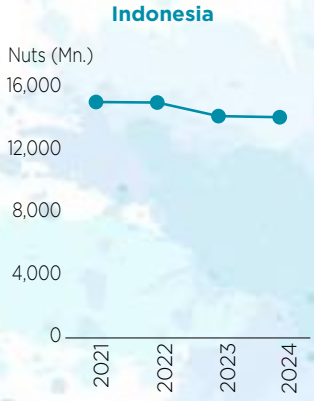
Decline in Raw Material Availability

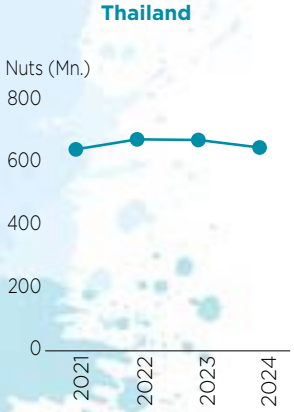
A significant shortage of our key raw material, coconut shells and coconut shell charcoal, arose across all source markets during the year under review. While the underlying factors driving the shortage in each market varied, their combined impact led to significant supply challenges, intensified competition for limited volumes and consequent price increases. The primary challenges affecting each source market are summarised below.

SOURCE COUNTRY	Sri Lanka	Indonesia	Thailand	Philippines	India
A reduction in crop yield and size due to the El Nino weather phenomenon.	✓	✓		✓	✓
A sharp increase in whole coconut exports.		✓			
Decline in fertiliser application adversely impacting yields.	✓				
Pest outbreaks	✓				✓
Heightened competition for raw materials	✓	✓	✓	✓	✓
Physical implications of climate change	✓	✓	✓	✓	✓

PRODUCTION OF COCONUT (MILLION NUTS YEAR) ACROSS KEY SOURCE MARKETS

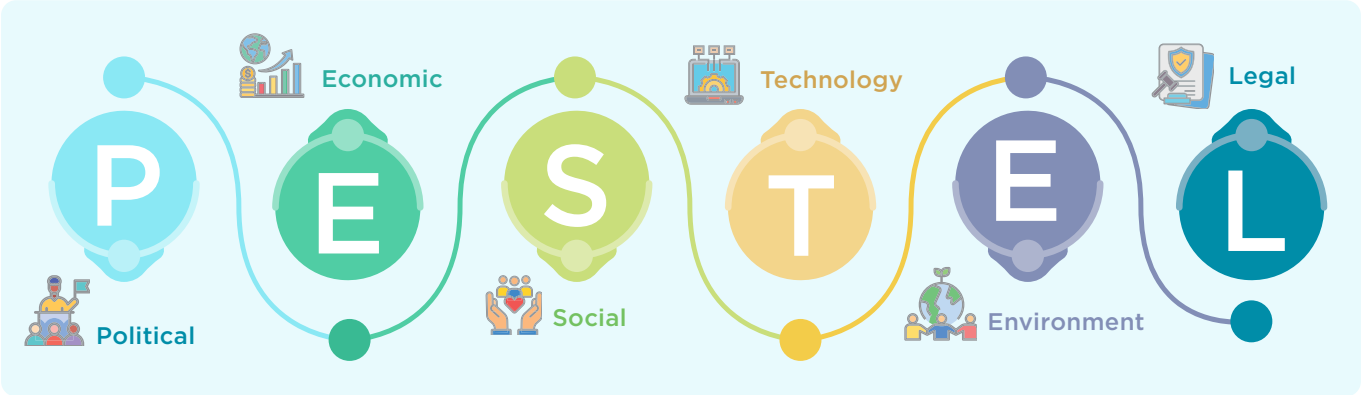






OUR RESPONSE

- Deepened relationships with existing coconut shell and coconut shell charcoal suppliers across all markets.
- Leveraged our operational scale to access new raw material sources.
- Strengthened charcoal and shell procurement teams to expand and penetrate the supply chain across all source countries in Sri Lanka, Thailand, Indonesia, Philippines, India and Vietnam.
- Re-launched the digitalised procurement measurement and payment system together with improved traceability for supply chain location management
- Actively exploring opportunities for deeper backward integration across all the countries in which we operate.



POLITICAL

GLOBAL

- Heightened geopolitical tensions and the expansion and escalation of global conflicts have resulted in the identification of state-based conflict as the top immediate risk for 2025 by the World Economic Forum (Global Risk Report, 2025).

SRI LANKA

- 2024/25 was a peaceful transition of power following presidential and parliamentary elections.
- The new GoSL remained committed to implementing the ongoing IMF-EFF programme.

IMPACT ON HAYCARB

(-) Supply chain disruptions and implications on costs

(-) Demand uncertainty

(-) Implications on commodity and energy prices

OUR RESPONSE

- Geographic diversity in manufacturing, supply chains and markets.
- Closely monitored developments in the global environment and assessed its implications on business activities.
- Created value for developing economies through tax payments, foreign exchange generation, job creation, and by strengthening economic opportunities for micro-entrepreneurs.

Link to Material Topic - M5, M19

Link to Risk and Opportunities - R2, R4, R9

Link to Strategy - Market growth

Link to future outlook – refer Haycarb Future outlook page 114

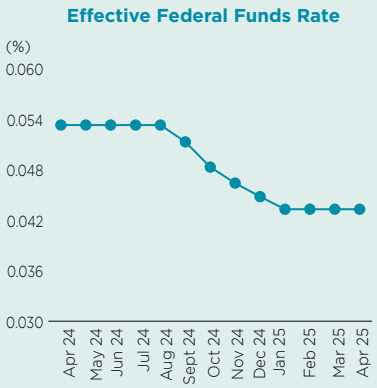
ECONOMICS

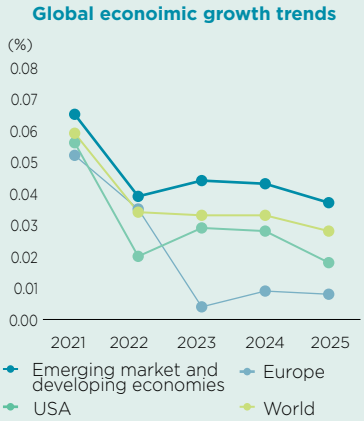
GLOBAL

- Global economic growth remained relatively stable in 2024, with an estimated increase of 3.3%, though performance varied across regions.
- While growth for 2025 was initially projected to remain at similar levels, the USA's announcement of trade tariffs at historically unprecedented levels in April 2025, subsequent shifts in its policy position and the resultant escalation in trade tensions and uncertainty has led to a downward revision in growth expectations.
- Accordingly, in April 2025, the IMF, in its reference forecast for global economic growth, revised its projections downward to 2.8% from a forecast of 3.3% in January 2025.

Federal Funds rates

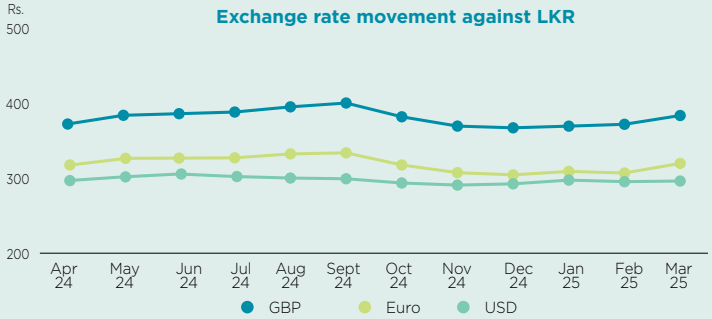
- A series of rate cuts implemented between September and December 2024 resulted in the Effective Federal Funds Rate declining to 4.33% as at end-March 2025.

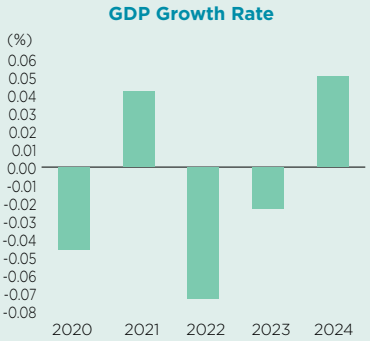




SRI LANKA

- Sri Lanka's economy continued to make progress in 2024 supported by recovery across multiple sectors.





- Gross official reserves improved to USD 6.1 Bn as at end-2024 compared with USD 4.4 Bn as at end-2023. The nation's reserve position increased further to USD 6.5 Bn as at end-March 2025.
- Sri Lanka's fiscal performance also improved in 2024 supported by reforms implemented under the IMF-EFF programme, resulting in a positive primary balance.
- Most notably, given the near-completion of the nation's international debt restructuring programme and broadbased economic recovery, international rating agencies upgraded Sri Lanka's sovereign rating, strengthening investor and stakeholder confidence.

IMPACT ON HAYCARB

(-) Exchange rate appreciation on export revenue

(+) Exchange rate appreciation on Import of raw material cost

(+) Reduction in borrowing cost

FGFGD

OUR RESPONSE

- Pursued a strategy of diversification across markets, products and innovation.
- Maintained focus on expanding our value-added product range for emerging applications.
- Leveraged technology to access new markets.
- Deepened relationships with existing customers through proactive engagement and a strong customer value proposition.
- Entered into selective forward bookings to manage exchange rate volatility.

Link to Material Topic - M5, M19

Link to Risk and Opportunities - R2, R4, R9

Link to Strategy - Market growth

Link to future outlook – refer Haycarb Future outlook page 114

SOCIAL

- The entry of Gen Z into the workforce is reshaping traditional workplace norms and pushing organisations to respond to shifting values and expectations.
- Rising inequality in income and access to opportunities is placing greater ethical responsibility on organisations to ensure fair compensation, support equal opportunity in employment, and respond to community needs.
- Increasing social and environmental consciousness is compelling organisations to embed ethical and sustainable practices across the value chain.
- A diverse and inclusive workplace is widely recognised to foster innovation and creativity while enhancing overall business performance.

IMPACT ON HAYCARB

- Financial implications that include higher health costs, litigation and work disruption.
- Challenges in employee attraction and retention.
- Implications on employee motivation and productivity.
- Positive, long-standing relations with the communities we operate in has resulted in a strong social license to operate.

OUR RESPONSE

- A holistic employee value proposition that fosters diversity, priorities wellbeing and nurtures growth (for more details refer page 144 Human Capital).
- Strategic focus on propagating ethical and sustainable business practices within our operations and along the value chain through the implementation of "Activate" (for more details refer page 50).
- Numerous voluntary health and safety, environment and quality certifications to assure stakeholders of the quality of our product propositions (for more details refer page 136 Intellectual Capital).
- Long term focused community engagement initiatives including, Puritas Sath Diyawara, Going Beyond, school book donation and the school meal programme (for more details refer page 160 social and relationship capital).
- Empowered communities through the Haritha Angara programme (for more details refer page 160 Social and Relationship Capital)

Link to Material Topic - M3, M8, M13, M15, M16

Link to Risk and Opportunities - R7, R12, O2

Link to Strategy - Market growth, strengthen global supply chains, Purpose-driven and committed teams, ESG mindset

Link to future outlook – refer Haycarb Future outlook page 114

Operating Environment

TECHNOLOGY

- The rapid evolution of technology has presented a range of new opportunities for businesses.
  - The growing integration of digital tools and platforms has facilitated increased market reach and enhanced customer convenience.
  - Technological advances are empowering manufacturing excellence by providing access to cutting edge tools, precision instruments and superior automation systems.
  - Data analytics and AI support data-driven decision making and operational efficiencies.
  - Emerging clean technologies have driven demand for specialised activated carbon products.
- However growing reliance on digital systems have also increased exposure to cyber threats and elevated the risk of data breaches.

IMPACT ON HAYCARB

- Adverse implications of cyber threats.
- Emerging opportunities for value added activated carbon products and access to new markets.
- Opportunities to enhance customer engagement and convenience through system integration.
- Potential for operational efficiency and reduction of waste and cost optimisation.

OUR RESPONSE

- Developed and implemented a digital marketing strategy to strengthen our digital presence and access new markets.
- Integrated technology into business operations to enhance occupational health and safety, automate routine processes, facilitate data analytics and support data-driven strategic decision making.
- A comprehensive IT security management strategy that encompasses policies, investments in the latest cybersecurity technology, regular audits and employee training (for more details refer Digital Capital).

Link to Material Topic - M3, M8, M13, M15, M16

Link to Risk and Opportunities - R7, R12, O2

Link to Strategy - Market growth, strengthen global supply chains, Purpose-driven and committed teams, ESG mindset

Link to future outlook – refer Haycarb Future outlook page 114

ENVIRONMENT

- Unsustainable levels of production and consumption continue to drive increasing levels of pollution, climate change and biodiversity loss.
- Air pollutants such as black carbon and methane are accelerating the pace of climate change while contaminants in freshwater and marine environments such as PFAS, micro and nano-plastics are increasingly affecting human and ecosystem health.
- While the physical effects of climate change continue to rise and adverse weather events increase in frequency and intensity, global commitment to a low carbon transition remains uneven.

IMPACT ON HAYCARB

- The shortage in supplies of our primary raw material and the price increase.
- Stringency in emission regulations may lead to additional costs and investments to reduce GHG emissions generated from our operations.
- Implications on operating efficiency and risk profile.
- The global transition to a low carbon economy presents opportunities to strengthen our financial performance and competitive position.
- Rising regulatory requirements related present business opportunities for activated carbon for challenges such as PFAS removal and providing the water treatment solutions of Puritas.
- Regulations on the air quality emitted from industrial activity.

OUR RESPONSE

- R&D to develop new products that minimise the environmental implications of industrial activity.
- Strategic focus on minimising our environmental impacts through the implementation of "Activate".
- Diversified supply chains across multiple coconut-producing countries to mitigate risks of climate change.
- Complied with all environmental regulations in the countries we operate in.

Link to Material Topic - M1, M2, M7, M10, M11, M12, M13, M17

Link to Risk and Opportunities - R18,R23,O3,O4,O5

Link to Strategy - ESG mindset

Link to future outlook – refer Haycarb Future outlook page 114

LEGAL

- Our global footprint requires compliance with country specific regulatory frameworks across multiple jurisdictions.
- These regulatory landscapes are dynamic, requiring proactive monitoring to ensure timely compliance and prevent inadvertent non-compliance.

IMPACT ON HAYCARB

- Regulatory non-compliance resulting in fines, penalties, reputational damage and compliance cost.

OUR RESPONSE

- We proactively monitored the regulatory landscape across all jurisdictions to ensure compliance.
- Maintained compliance with all legal and regulatory requirements during the year under review.
- Aligned our processes with global best practice through voluntary certifications related to occupational health and safety, quality and environmental management.

Link to Material Topic - M1, M2, M7, M10, M11, M12, M13, M17

Link to Risk and Opportunities - R6,R15,R22

Link to Strategy - Market growth, Innovation led growth, Strengthen global supply chain, Purpose-driven and Committed teams, ESG mindset

Link to future outlook – refer Haycarb Future outlook page 114

Our Strategic Framework
SWOT & TOWS: Strategy in Motion

At Haycarb, our strategic planning process is grounded in a holistic evaluation of both internal capabilities and the evolving external environment. By rigorously assessing our strengths and weaknesses and analysing the opportunities and threats that shape our operating landscape, we have refined our strategic direction for the year ahead. This integrated TOWS analysis provides a structured lens through which we identify growth pathways, mitigate risks, and enhance organisational resilience. This analysis explores four critical strategic dimensions:

- Strengths–Opportunities (SO): How can we harness our core strengths to capitalise on emerging opportunities?
- Strengths–Threats (ST): How can our strengths be deployed to offset or navigate potential threats?
- Weaknesses–Opportunities (WO): How can new opportunities help us overcome internal limitations?
- Weaknesses–Threats (WT): How can we reduce the impact of our weaknesses while effectively managing external threats?

The insights derived from this framework inform the strategic priorities of the Group for Financial Year 2024/25, as presented below.

- Priority / Immediate Action
- Medium Priority / Monitor Closely
- High Risk / Strategic Mitigation Required

		Opportunities (O)	Threats (T)
		O1 Strong Demand in Asia-Pacific, Indian markets and rising demand in Africa for sustainable carbon solutions **O2** Technological breakthroughs in green manufacturing and AI-driven process optimisation **O3** Regional integration and strategic alliances for raw material security and joint ventures **O4** Transition to low carbon economy	**T1** Intensifying competition and margin compression **T2** Global economic volatility and regional instability **T3** Persistent supply chain fragility and logistic cost surges **T4** Growth of alternative materials due to scarcity of coconut shell charcoal **T5** Regulatory shifts on carbon intensive input
Strengths (S)	**S1** Strong global brand presence and market leadership **S2** Advanced R&D capability and innovation agility **S3** Embedded sustainability and ethical business practices **S4** Experienced and adaptive leadership team **S5** Strong financial discipline and stable performance	**SO STRATEGIES** Expand premium product footprint in East Asia and India to meet growing demand **(S1, O1)** Accelerate R&D for next-gen carbon products and green applications **(S2, S5, O2, O4)** Expand Environmental Engineering Solutions to Maldives and Southeast Asia **(S1, O3)** Strengthen Haycarb's sustainability positioning through certifications and disclosures **(S3, O2)**	**ST STRATEGIES** Strengthen supplier networks near raw material hubs to reduce disruption risk and promote backward integration through green charcoaling technologies for long-term sustainability and supply assurance **(S3, T3)** Innovate to reduce threat of substitutes and diversify raw inputs **(S2, S3, T4)** Scenario-based financial planning to respond to global uncertainty **(S4, T2)** Expand high-margin product portfolio to reduce impact of price competition **(S5, T1)** Digitalised raw material procurement and raw material availability tracking systems will enhance supply chain resilience or similar wording **(S2, T3)**
Weaknesses (W)	**W1** Exposure to commodity price fluctuations **W2** Overdependence on coconut shell-based raw material **W3** Escalating production and operational costs **W4** High capital intensity and liquidity demands	**WO STRATEGIES** Set up or partner in other coconut-producing countries to diversify sourcing **(W2, W3, O1)** Invest in green production, automation and energy-efficient processes **(W3, W4, O2)** Backward integration and strategic partnerships to secure material supply **(W2, O3)**	**WT STRATEGIES** Hedge against raw material price volatility and currency fluctuation **(W1, T2)** Accelerate R&D for non-coconut-based alternatives to meet specific segments **(W2, W3, T4)** Explore blended financing options with competitive interest rates including long term financing to facilitate capacity expansion and sustainability strategies of the company whilst maintaining competitive position **(W4, T1)**

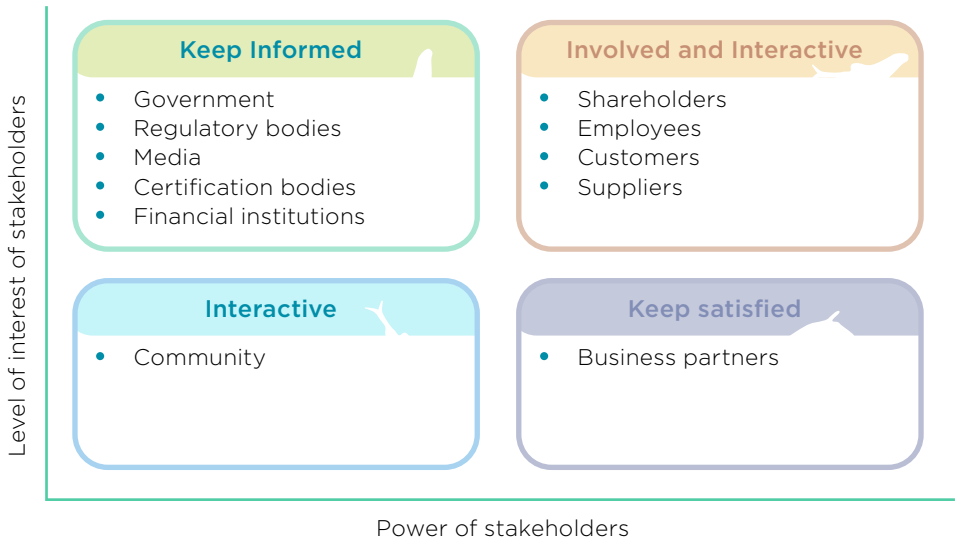
Listening to Our Stakeholders GRI 2-29

The challenging operating environment that prevailed during the year necessitated strengthening engagement with our key stakeholders. We prioritised proactive and open dialogue to gain insights into their key concerns and issues and adapted strategies accordingly. Our stakeholder engagement process is as follows.

Based on the above, our engagement approach and mechanisms of engagement are determined. Our engagement strategies based on the level of interest and potential influence of stakeholders is set out below.

Stakeholder mapping enables us to prioritise our stakeholders according to their interest in and influence on the Group. This supports the development of customised engagement mechanisms for open and interactive communication.

An analysis of our stakeholders during the year under review, led to the following stakeholder map for 2024/25.



Listening to Our Stakeholders

SHAREHOLDERS

Key concerns in 2024/25

- Financial performance, position and resilience.
- Opportunities for sustainable growth.
- Corporate governance
- Adequacy of risk management
- Corporate reputation.

Our response

- Strategic interventions to secure adequate supplies of raw material to support stable volumes.
- Revised prices upward to support margin management.
- Pursued strategic expansion in growth markets.
- Ongoing emphasis on innovation and expansion of the value added product portfolio to strengthen margins
- Drove progress on expanding our manufacturing footprint to the Philippines.
- Robust risk management to identify and respond to risks and opportunities including climate related risks

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Sharing business insights →	Obtaining feedback ←
• Annual reports	• Annual General Meeting
• Quarterly performance updates	• Feedback through institutional investors
• Press Releases and Investors Section in the Corporate Website	• Shareholder proposals and resolutions

Frequency of engagement
Quarterly / Annually

Level of engagement
Involved and interactive

VALUE CREATED IN 2024/25

Rs. 4.3 Bn	Rs. 12.10	13.6%
Profit after tax	EPS	ROE

Link to capitals – Financial

Link to strategic priorities – Market growth

Link to SDG –

EMPLOYEES AND TRADE UNIONS

Key concerns in 2024/25

- Fair remuneration and job security.
- A safe and inclusive work environment
- Opportunities for training and development.
- Career progression

Our response

- Goal setting and Performance Appraisals with fair and equitable remuneration for all employees based on skills, competencies and performance
- Strengthened the safety culture within the Group.
- Continuous learning with investment of Rs. 9.6 million and launching digital learning platform.
- Introduced a post onboarding review system to support the integration of new recruits.
- Fostered a diverse and inclusive work environment.

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Sharing business insights →	Obtaining feedback ←
• Monthly townhall meetings	
• Open dialogue with trade unions	
• Open door policy	
• A year-round engagement calendar.	

Frequency of engagement
Frequent

Level of engagement
Involved and interactive

VALUE CREATED IN 2024/25

Rs. 4.9 Bn	Rs. >70 Mn	17.3
Payments to employees	Investments in health and safety	Average training hours per employee

Link to capitals – Human

Link to strategic priorities – Purpose-driven and committed teams

Link to SDG –

CUSTOMERS

Key concerns in 2024/25

- Ability to manage optimum capacity utilisation and ensure product availability
- Rising prices.
- Capacity to innovate.
- Product quality and timely delivery.
- Sustainable and ethical business practices.

Our response

- New product development through R&D to deliver tailored solutions that fulfill specific customer needs.
- Numerous initiative to source adequate supplies of raw materials are procured from all countries in supply chain
- Capacity enhancement.
- Delivered on several ESG goals outlined in "Activate".
- Robust manufacturing and quality assurance systems along with numerous certifications such as ISO and GMP to ensure consistent product quality.

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Sharing business insights →	Obtaining feedback ←
• Open dialogue to communicate the challenges in securing raw materials • Customer visits to our factories • In-person customer visit • Regular engagement through digital platforms • Trade shows and exhibitions	

Frequency of engagement
Frequent

Level of engagement
Involved and interactive

VALUE CREATED IN 2024/25

>90%	16	Rs. 209.3 Mn
Customer satisfaction score	New products launched	Investment in R&D

Link to capitals – Social and relationship , Financial

Link to strategic priorities – Market growth, ESG Mindset

Link to SDG –

SUPPLIERS

Key concerns in 2024/25

- Sourcing adequate supplies of coconut shells amidst the shortage.
- Competitive prices and timely payments.
- Building long term relationships
- Technical support and capacity building
- Environmental and social compliance.

Our response

- Strengthened our supplier value proposition.
- Maintained emphasis on ethical procurement practices and timely payments.
- Engaged in capacity building through supplier audits and other initiatives.
- Propagated green charcoaling practices among suppliers.

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Sharing business insights →	Obtaining feedback ←
• Continuous engagement through in-person interactions. • Engagement through digital platforms. • Supplier screening processes • Supplier audits	

Frequency of engagement
Frequent

Level of engagement
Involved and interactive

VALUE CREATED IN 2024/25

Rs. 14.9 Mn	Rs. 20.6 Mn	>500
Payments to coconut shell and charcoal suppliers	Investment in capacity building	Total number of coconut shell and charcoal suppliers supported

Link to capitals – Social and relationship , Financial

Link to strategic priorities – Strengthening global supply chain, ESG Mindset

Link to SDG –

Listening to Our Stakeholders

BUSINESS PARTNERS

Key concerns in 2024/25

- Collaboration to address the short supply in raw materials.
- Professionalism and accountability
- Robust risk management and corporate governance
- Corporate reputation

Our response

- Coordinated efforts across the Group to secure raw material supplies.
- Transparent business practices
- Equitable distribution of technical capabilities, employee training and market expansion opportunities across all business entities.
- Timely communication of financial and relevant information.
- Systematised corporate governance practices, risk mapping and mitigation strategies.
- Fair distribution of business profits.

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Sharing business insights →	Obtaining feedback ←
• Continuous engagement through in-person interactions, and on-site meetings. • Engagement through mobile and digital platforms	

Frequency of engagement
Frequent

Level of engagement
Keep satisfied

VALUE CREATED IN 2024/25

>95%	>28 years	>13 years
Business partner satisfaction rate	Relationship in Thailand	Relationship in Indonesia

Link to capitals – Social and relationship, Financial

Link to strategic priorities – Market growth, Strengthening global supply chain

Link to SDG –

COMMUNITY

Key concerns in 2024/25

- Employment opportunities
- Environmental and social concerns

Our response

- Emphasis on local recruitment across our operations.
- Empower micro and small scale entrepreneurs with environmental friendly, high yielding raw material processing systems in the countries we operate.
- Provided purified drinking water to communities in CKD affected areas through the Puritas Sath Diyawara programme a long-standing initiative spanning 10 years.

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Sharing business insights →	Obtaining feedback ←
• Long term focused, impactful community development initiatives.	• Grievance handling mechanisms

Frequency of engagement
As and when required

Level of engagement
Interactive

VALUE CREATED IN 2024/25

Rs. 50.4	>71,500	10th
Investment in CSR initiatives	CSR beneficiaries	Anniversary of the Puritas Sath Diyawara initiatives

Link to capitals – Social and relationship, Financial

Link to strategic priorities – ESG mindset

Link to SDG –

GOVERNMENT, INDUSTRY, REGULATORY BODIES AND MEDIA

Key concerns in 2024/25

- Compliance with all laws and regulations of the countries we operate in.
- Transparency and accountability.
- Knowledge sharing with industry partners.
- Responsible and ethical corporate practices.

Our response

- Adhered to all relevant laws and regulations in each country of operation.
- Ensured timely and accurate disclosures.
- Timely payment of taxes and other related government payments.
- Maintained strong corporate governance and risk mitigation frameworks.
- Ensured equity in recruitment and employee career progression.
- Engaged in impactful, long-term focused CSR initiatives with specific emphasis on education, nutrition and access to potable water.

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Sharing business insights →	Obtaining feedback ←
• Engagements through digital platforms including the company website.	• Engagement through audits, industry forums and associations
• One-on-one engagement	

Frequency of engagement
Regular, as and when required

Level of engagement
Keep informed

VALUE CREATED IN 2024/25

Rs. 3.4 Bn	Zero	USD. 115.2 Mn
Tax payments	Instances of non-compliance with regulatory requirements	Foreign exchange earnings for 3 developing economies

Link to capitals – All capitals

Link to strategic priorities – All strategic priorities

Link to SDG –

CERTIFICATION BODIES

Key concerns in 2024/25

- Compliance with the requirements set out by each certification body.
- Transparency, accuracy and timeliness of disclosures.

Our response

- Complied with all requirements of the certification bodies.
- Disclosed all required information in a timely manner.

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Sharing business insights →	Obtaining feedback ←
• Periodic disclosures	• Audits • Training sessions
• Collaborative meetings with the Haycarb team	

Frequency of engagement
Regular, as and when required

Level of engagement
Keep informed

VALUE CREATED IN 2024/25

100%	2	>90%
Compliance with requirement of the certification bodies	New certifications obtained in 2024/25	Score on systems and process audits

Link to capitals – Intellectual, Natural

Link to strategic priorities – Market growth and ESG mindset

Link to SDG –

FINANCIAL INSTITUTIONS

Key concerns in 2024/25

- Meet debt obligations in a timely manner.
- Adherence to debt covenants.
- Accurate disclosure of financial information.
- Robust and responsible financial management.

Our response

- Timely repayment of capital and interest.
- Disclosed all required information accurately and in a timely manner.
- Prudent financial management

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Sharing business insights →	Obtaining feedback ←
• One-on-one engagement • Open dialogue through mobile and digital platforms	

Frequency of engagement
Regular, as and when required

Level of engagement
Keep informed

VALUE CREATED IN 2024/25

100 %
Timely debt payments

> 95 %
Digitalisation of operations with financial institutions

> 5 Years
Relationship with most banking partners

Link to capitals – Financial

Link to strategic priorities – Market Growth

Link to SDG –

Determining Material Issues

GRI 3-1 to 3

Given a global footprint spanning over 50 countries, Haycarb operates in a dynamic and constantly evolving business environment. Therefore, the Group undertakes a comprehensive materiality assessment once a year to identify, assess and prioritise the matters most material to the Group and its stakeholders, to facilitate its effective management. Our materiality assessment incorporates both retrospective insights and forward-looking considerations, enabling a comprehensive and balanced evaluation.

Double materiality

We adopt a double materiality lens, considering both organisational materiality and impact materiality to determine our material topics.

- Organisational materiality – impact of potential topics on the Group's value creation process and
- Impact materiality – impact of potential topics on our stakeholders and the environment.

Our materiality assessment process aligns with our parent entity Hayley PLC's Group Material Assessment Policy and is summarised below.

Establish process parameters
Following a careful assessment of emerging risks and opportunities in the external environment, the core competencies of the Group, developments and best practice in the corporate reporting landscape, and other relevant factors, the Hayleys Group ESG Division sets out an extensive list of over 60 potential material issues.

Filtering
We evaluated these topics using a double materiality lens, quantitatively assessing each topic considering both the relative importance of each topic to the Group as well as to our stakeholders. The filters considered for this assessment is presented alongside.

Filters considered

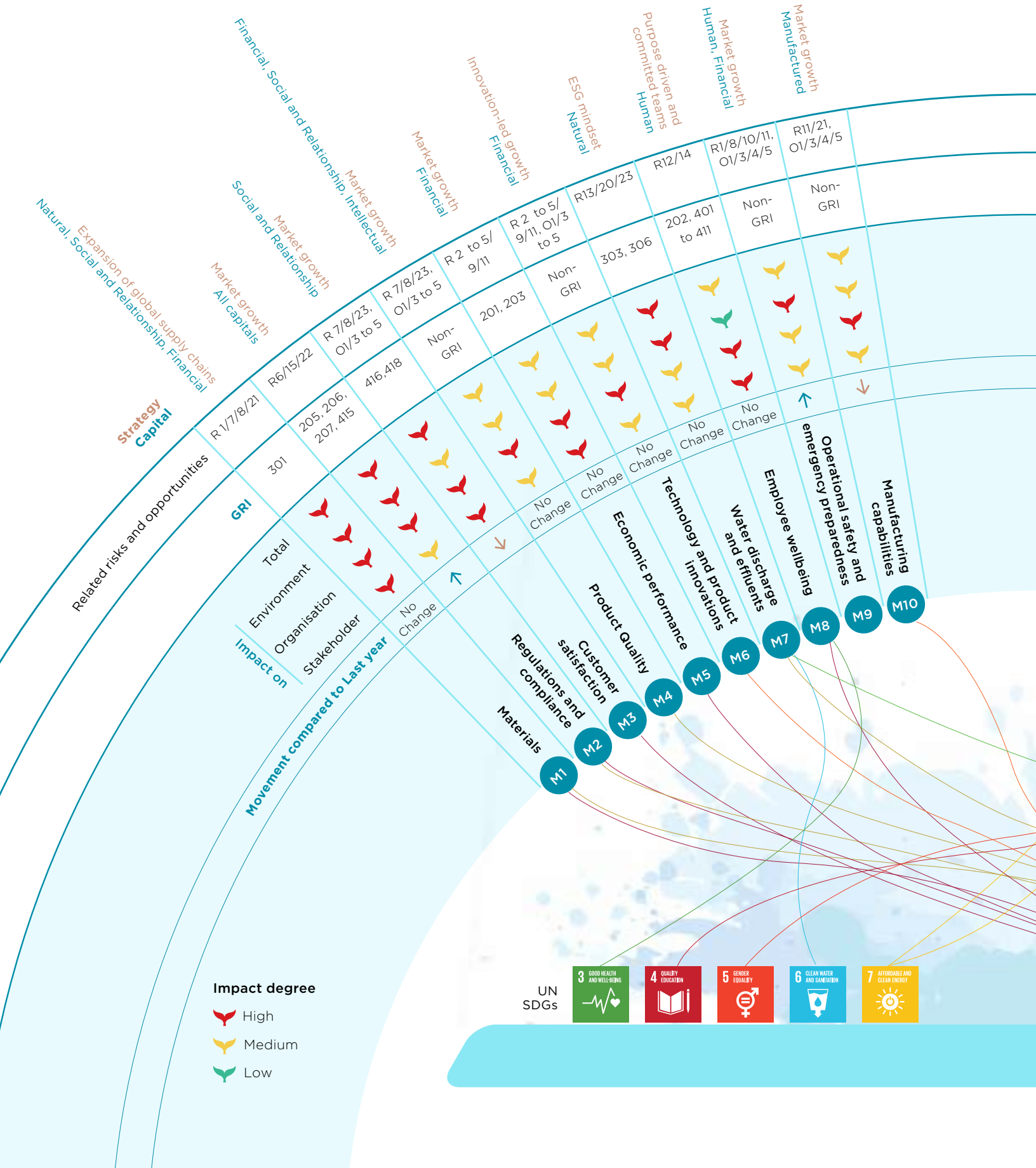
Organisational materiality	Impact materiality
• Financial impact • Innovation opportunity • Reputation • Externalities • Strategic link • Risk	• Customers • Employees • Shareholders • Suppliers • Business partners • Government • Community • Environmental impact

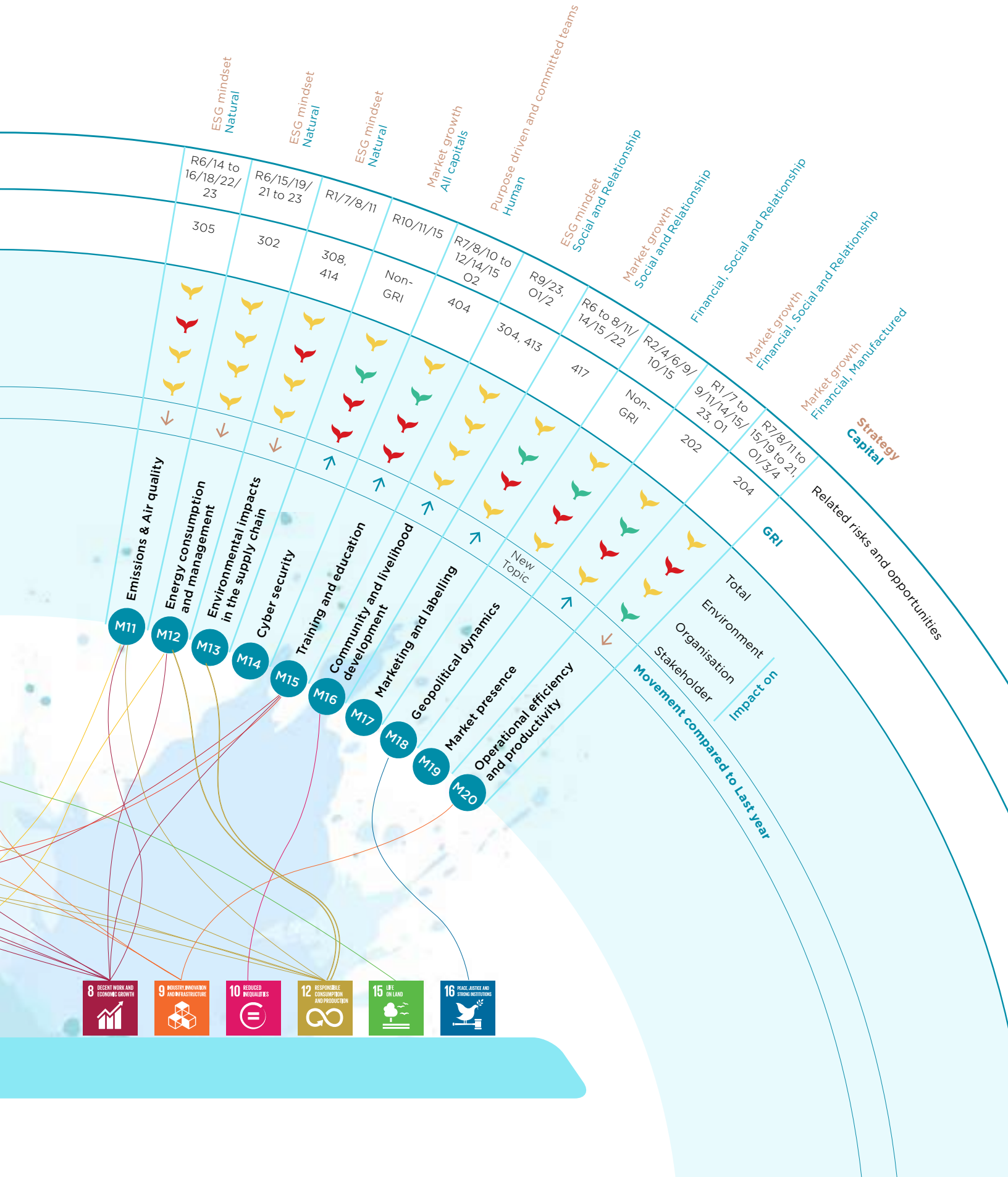
Evaluate the importance of relevant matters
The results obtained from the scoring was then reviewed, analysed and challenged through internal discussion until consensus was reached.

Determining disclosures
Through this process, material topics for 2024/25 was identified.

Our materiality assessment for 2024/25 led to the addition of geopolitical dynamics as a new material topic while best practices along the value was no longer considered material. Our material topics for the year under review are presented below.

Determining Material Issues




Strategy
Capital
Related risks and opportunities
GRI
Impact on
Total
Environment
Organisation
Stakeholder
Movement compared to Last year
M11 Emissions & Air quality
M12 Energy consumption and management
M13 Environmental impacts in the supply chain
M14 Cyber security
M15 Training and education
M16 Community and livelihood development
M17 Marketing and labelling
M18 Geopolitical dynamics
M19 Market presence
M20 Operational efficiency and productivity
Market growth Financial, Manufactured
Market growth Financial, Social and Relationship
Financial, Social and Relationship
Market growth Social and Relationship
ESG mindset Social and Relationship
Purpose driven and committed teams Human
Market growth All capitals
ESG mindset Natural
ESG mindset Natural
ESG mindset Natural
R7/8/11 to 15/19 to 21; O1/3/4
204
R1/7 to 9/11/14/15/23; O1
202
R2/4/6/9/10/15
Non-GRI
R6 to 8/11/14/15/22
417
R9/23; O1/2
304, 413
R7/8/10 to 12/14/15 O2
404
R10/11/15
Non-GRI
R1/7/8/11
308, 414
R6/15/19/21 to 23
302
R6/14 to 16/18/22/23
305
New Topic
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Strategy and Resource Allocation

WE WILL CONTINUE OUR JOURNEY TOWARDS REALISING OUR CORPORATE PURPOSE OF DRIVING VALUE AND CHANGING LIVES TO CREATE A SUSTAINABLE AND PROSPEROUS FUTURE FOR HAYCARB AND ITS STAKEHOLDERS

Our strategy is shaped by our vision and purpose and strives to carefully align our core competencies with emerging opportunities in the external environment while mitigating risks. This approach enabled us to adapt to the challenging operating conditions that prevailed during the year, guiding strategic interventions and resource allocation to deliver value to our stakeholders.

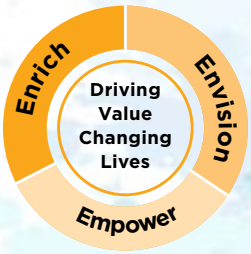
Text in blue, highlight information related to the Environmental Engineering segment.

DRIVERS OF OUR STRATEGIC PLANNING PROCESS

OUR VISION

To be the leading global brand for Coconut Activated Carbon and a leading provider of water purification systems in the region renowned for technical excellence, customer centricity, innovation and sustainability.

OUR PURPOSE



ACTIVATE – OUR 2030 ESG ROADMAP

Insights gained through stakeholder engagement

Risks and opportunities stemming from our operating environment

Our core competencies

- Market growth
- Innovation led growth
- Strengthen global supply chains
- Purpose-driven and committed teams

ESG mindset

Strategy Enablers

- Corporate governance and robust risk management
- NPD process and Operational Excellence
- Digitalisation
- Maximise customer value elements
- ESG Road map

MARKET GROWTH

Strategic interventions in 2024/25

- Strategic business development and marketing initiatives to expand markets in USA, Asia, Africa and South America
- Strengthened engagement with customers to proactively and transparently communicate the prevailing supply chain challenges to gain their acceptance and support
- Strategic interventions to expand the revenue contribution of value-added carbon products through
  - Strategic marketing initiatives to promote our value-added product range for energy storage and PFAS treatment in water purification.
  - Capacity enhancements to support expanding production volumes in these applications.
  - Leveraged state-of-the-art electro-chemical testing capabilities to develop superior products for energy storage.
  - Successful NPD activities in Energy Storage carbon and PFAS removal carbons
- Advanced our capacity enhancement efforts in the Philippines by leasing suitable property within the PHIVIDEC Industrial Authority industrial zone in Cagayan de Oro.
- Leveraged a digital marketing strategy to strengthen brand presence and access new markets.

- Environmental Engineering Solutions enhance the presence in water and wastewater solutions in Sri Lanka and the Maldives, and expand the market share in O&M solutions including the supply of chemicals, components, equipment and related services for purification projects.

Link to Stakeholders

Shareholders
Customers

Link to Capitals

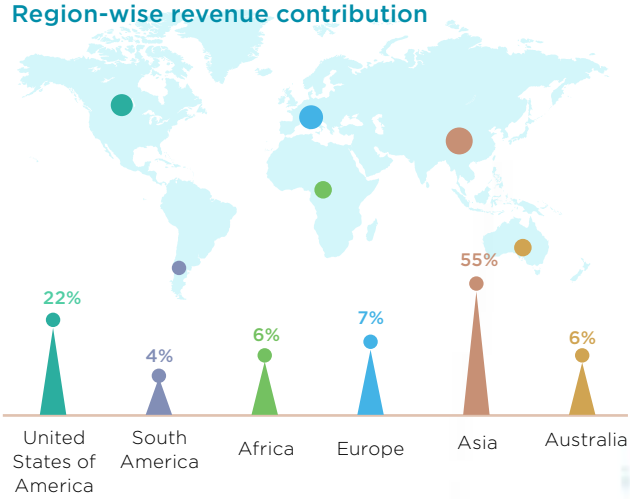
Financial
Social & Relationship

Link to SDGs

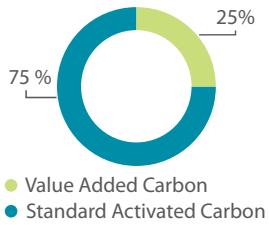
RESOURCE ALLOCATION

- Investments to enhance manufacturing capacity of value-added carbons – **Rs. 1,226.10 Mn**
- Business development expenditure – **Rs 119.03 Mn**
- Investment in technology and digital platforms – **Rs 31.09 Mn**

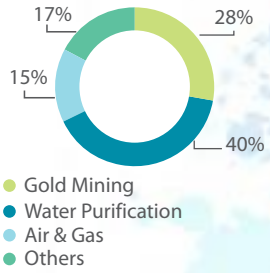
Region-wise revenue contribution



Revenue Composition



Revenue mix by application



43.2 Bn

(+0.1%)
Revenue

5.5 Bn

(-10%)
Profit before tax

16%

Global market share in the activated carbon segment

Strategy and Resource Allocation

Our Short Term Plans

- Maintain our focus on increasing penetration in Asia, North, East & West Africa, South America, and the Middle East while expanding our market share in USA and Europe.
- Strategic emphasis on expanding the market reach of our value-added carbon range for energy storage and water purification applications with emphasis on USA, Europe, South Korea, China and India.
- Commence constructing our manufacturing plant in the Philippines to facilitate expansion and growth of markets.

- Environmental Engineering Solutions segment – Deepen penetration in Sri Lanka and the Maldives through the provision of customised treatment solutions and related products.

Our Medium to Long Term Plans

- Activated carbon segment: Increase global market share by 1% through
  - A strategic innovation strategy that strengthens our market position in value added carbons.
  - Market expansion
  - Deeper penetration in existing markets.
- Explore opportunities to provide regeneration services in developed markets

- Environmental Engineering Solutions segment: Deepen market penetration in Sri Lanka and the Maldives by delivering comprehensive, customisable treatment solutions, O&M services and related products including projects through strategic partnerships

INNOVATION LED GROWTH

Strategic interventions in 2024/25

- Focused innovation to expand the value-added carbon range with emphasis on energy storage and water purification applications including PFAS removal.
- Utilised data driven insights gained from in-house laboratory expertise to assess and enhance the performance of energy storage carbon range for super capacitors, Si-carbon composites and Sodium ion batteries.
- Strengthened the competencies of the R&D team through focused training and development and recruitment of professionals with specialised skills.
- Maintained an innovation focused organisational culture that promoted scientific experimentation, creativity and knowledge-sharing.

Link to Stakeholders

Shareholders
Customers

Link to Capitals

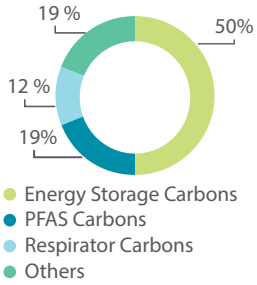
Financial, Intellectual, Social & Relationship

Link to SDGs

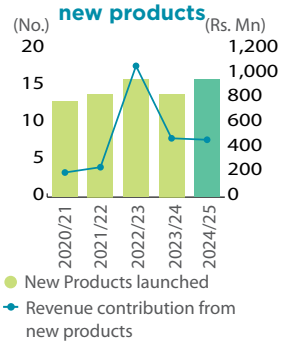
RESOURCE ALLOCATION

- Investment in research and development – **Rs. 209.33 Mn**
- A team of over 60 multi-skilled professionals
- A specialised electrochemical laboratory equipped with state-of-the art equipment.
- An innovation driven culture.

New Products by application



No. of & revenue from new products



16
New products launched

4
New products in the pipeline

Our Short Term Plans

- Pursue innovation in the energy storage product range in line with evolving market needs.
- Grow the proportion of total revenue derived from value-added carbons to 30%.
- Innovate processes to enhance production capabilities in value added carbons, improve productivity and minimise our environmental footprint.
- Leverage digitalisation to improve real-time production data capture, optimise costs, support data-driven decision making.

- Environmental Engineering Solutions segment development of user friendly and compact domestic sewage treatment plant modules

Our Medium to Long Term Plans

- Align our product portfolio with emerging opportunities to increase the proportion of revenue derived from value added carbons to 40%.
- Develop proprietary processes to optimise production of value-added carbons.
- Digitalise our processes to support data-driven decision making while optimising production and costs.

- Environmental Engineering Solutions segment capitalise on opportunities for industrial wastewater recycling focusing on Zero Liquid Discharge (ZLD)

STRENGTHEN GLOBAL SUPPLY CHAINS

Strategic interventions in 2024/25

- Strengthened supplier relationships & deployment of additional resources across all major coconut producing countries in Asia including Indonesia, India, Philippines and Vietnam to expand our supplier base.
- Expanded raw material sourcing in Indonesia through backward integration initiatives and establishing a new raw material procurement sites.
- New charcoal production site in Galle, Sri Lanka.
- Collaborated with the Sri Lanka Coconut Cultivation Board to plant 100,000 coconut tree saplings in the Northern Province.
- Responsible sourcing by propagating green charcoaling practices and capacity building opportunities for local suppliers.
- Successful development of activated carbon from alternative raw materials.

- Environmental Engineering Solutions segment strengthened partnership with Dupont Filmtec by providing improved desalination solutions

Link to Stakeholders
Suppliers
Business partners

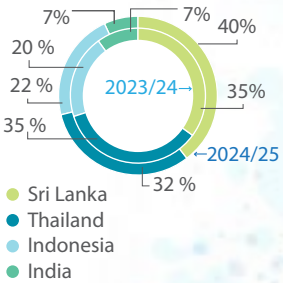
Link to Capitals
Financial
Social & Relationship

Link to SDGs

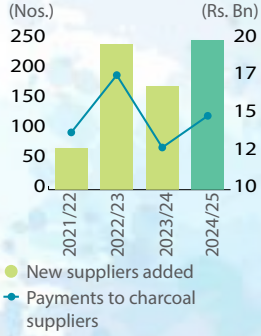
RESOURCE ALLOCATION

- Investments to support backward integration – **Rs. 33.99 Mn**
- Payments to coconut shells and charcoal suppliers – **Rs. 14.87 Bn**
- Supplier capacity building – **Rs. 20.60 Mn**
- Coconut tree planting initiative – **75,000 trees** planted

Raw material sourcing composition (Mt)



New suppliers and payments to suppliers



248
(+44%)
Suppliers added in 2024/25

11%
Suppliers assessed for environmental and social considerations

Our Short Term Plans

- Strategic emphasis on strengthening supplier relationships and expanding and diversifying our supplier base across multiple countries.
- Backward integration and propagation of green charcoaling technology to facilitate an uninterrupted supply of raw materials.
- Increase the number of suppliers assessed for social and environmental considerations
- Support initiatives to strengthen coconut crop production in the countries we operate in, commenced sponsorship of planting 100,000 in the Eastern Province in Sri Lanka in 2025/26.
- Environmental Engineering Solutions segment collaborations with new and existing sub contractors to deliver medium and large scale water treatment solutions

Our Medium to Long Term Plans

- Strengthen the diversity and resilience of our supply chains.
- Increase the proportion of coconut charcoal sourced sustainably to more than 75% by 2030.
- Expand the proportion of suppliers assessed for environmental and social considerations to 40% by 2030.
- Environmental Engineering Solutions segment to enter into strategic alliances with Zero Liquid Discharge (ZLD) experts to improve portfolio on recycling solutions

PURPOSE-DRIVEN AND COMMITTED TEAMS

Strategic interventions in 2024/25

- Improved the HR governance structure to support the execution of our HR strategy.
- Strengthened occupational health and safety through numerous initiatives that included,
  - The designation of 206 employees as health and safety champions and appointment of departmental health and safety sub-committees.
  - Strengthened near-miss incident monitoring through improved record-keeping and analysis.
- Thrust as a continuous learning organisation to transform employee skills through technology & digital learning platforms
- Introduced a post-on-boarding review system to support the integration of new recruits.
- Fostered a diverse and inclusive work environment.
- Increased training and reinforcement of safety culture

Link to Stakeholders

Employees

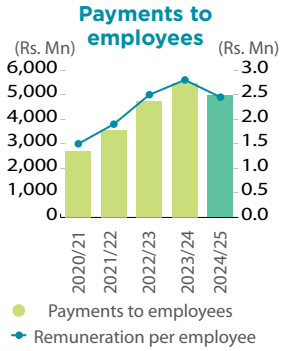
Link to Capitals

Human

Link to SDGs

RESOURCE ALLOCATION

- Payments to employees – **Rs. 4.88 Bn**
- Investment in occupational health and safety – **Rs. >70 Mn**
- Investment in training and development – **Rs. 9.60 Mn**
- Investments in HR related digital initiatives – **Rs. 0.75 Mn**



91%

Employee retention rate

17.3

Average training hours per employee

Our health and Safety Record	24/25	23/24	% Change
Occupational injuries and diseases	43	32	+34%
Total recordable incident rate (TRIR)	2.1	1.58	+33%
Total no. of lost days due to occupational injuries/ diseases	569	226	+152%

Our Short Term Plans

- Evolve our employee value proposition to attract, engage and retain high-performing talent.
- Continued focus on strengthening occupational health and safety and promoting overall employee wellbeing.
- Leverage digital learning platforms to transform employee skills.
- Ongoing emphasis on developing talent pipelines.
- Promote a diverse and inclusive work environment.

Our Medium to Long Term Plans

- Foster a diverse, high-performing team of employees who are empowered to deliver on Haycarb's long term goals through collaboration and innovation.
- Creating a purpose driven organisational culture and a learning organisation
- Foster Sustainable Innovation in every function

ESG MINDSET

Strategic interventions in 2024/25

- Strategic focus on achieving goals in "Activate".
- Externally verified our Scope 1 and 2 emissions while expanding our Scope 3 emissions assessment to 7 of the 15 categories identified by the GHG Protocol
- Expanded our solar power generation capacity up to 5,648 kWp .
- Installed a reverse osmosis plant to recycle wastewater for production processes in Badalgama Sri Lanka
- Puritas Sath Diyawara, completed a decade of providing purified drinking water to communities in CKD affected areas and other ongoing CSR investments
- Increased rainwater harvesting by 50% in Ratchaburi, Thailand

Link to Stakeholders

Government, Communities

Link to Capitals

Natural, Social

Link to SDGs

RESOURCE ALLOCATION

- Investments in solar power generation – **Rs 600.05 Mn**
- Investment in the reverse osmosis plant for water recycling – **Rs 81.77 Mn**
- Coconut tree planting initiative – **Rs 5.69 Mn**

Our environmental impacts in 2024/25		2024/25	2023/24	% Change
Carbon footprint *	tCO_2e	**44,554**	26,696	+67
Energy intensity	GJ/Rs. Mn	**26.43**	26.24	+1
Water withdrawal	m^3	**696,595**	732,634	-5
Waste	Mt	**5,111**	5,503	-7

*Scope 3 reporting range increased which is included in above (Refer page 56). Scope 1 and 2 increase only, accounts for 15% mainly due to the increase in washed carbon quantities.

75%

Energy requirements fulfilled through renewable energy

1,523.6 MWh

Total Solar generation in 2024/25

For further details on the "Activate" ESG road map 2030

Our Short Term Plans

- Strategic interventions to achieve our 2030 ESG aspirations as set out in "Activate" (refer page 50)

Our Medium to Long Term Plans

- Deliver on our 2030 sustainability commitments as outlined in "Activate" (refer page 50)

Future Outlook

GLOBAL OUTLOOK

The IMF projects global economic output to moderate in 2025 given escalating trade tensions and uncertainty. The near universal tariff measures issued by the USA in April 2025 and subsequent countermeasures implemented by trading partners have pushed global effective tax rates to levels not seen in over a century. While the complexities of global trade and the prevailing uncertainty present significant challenges to arriving at reliable forecasts, the IMF projects the following in its reference forecast for global economic output in 2025 and 2026.

	2024	2025	2026
Global economic growth	3.3%	2.8%	3.0%
Emerging market and developing economies	4.3%	3.7%	3.9%
China	5.0%	4.0%	4.0%
India	6.5%	6.2%	6.3%
Advanced economies	1.8%	1.4%	1.5%
USA	2.8%	1.8%	1.7%
Europe	0.9%	0.8%	1.2%

Source: IMF, World Economic Outlook April 2025

World Bank economic forecast	2024	2025	2026
Sri Lanka	5%	3.5%	3.1%
Thailand	2.5%	1.8%	1.6%
Indonesia	5.0%	4.7%	4.8%

Source: IMF, World Economic Outlook April

COUNTRY OUTLOOK

Sri Lanka

While the positive growth momentum witnessed in 2024 is expected to continue going forward, the World Bank projects economic expansion to moderate over the medium term underpinned by the lasting impacts of the economic crisis, structural impediments to growth and the prevailing global uncertainties.

Thailand

The World Bank expects Thailand's economic growth to moderate in 2025 given the slowdown in global economic expansion, rising global trade policy uncertainties and a likely increase in tariffs on exports to the USA.

Indonesia

Growth forecast for Indonesia has also been revised downward, given the implications of a potential slowdown in global economic growth.

INDUSTRY OUTLOOK

DEMAND DYNAMICS

- The global activated carbon industry is expected to expand at a 4% to 9% CAGR to 2032.
- Increasingly stringent regulations on air and water pollution alongside global decarbonisation efforts are expected to drive growth.
- The Asia Pacific region dominates global consumption of activated charcoal given strong demand from China and India for water treatment applications.
- The USA and Europe also projected to show strong growth going forward, given regulations limiting the presence of PFAS in potable water and other regulatory developments related to gas emissions and industrial wastewater disposal.

SUPPLY CHAIN CONSTRAINTS

- Supply chain constraints are expected to persist into 2025/26 before a potential recovery in mid-2026.
- Adverse weather conditions are expected to continue to affect coconut yields in major producing countries such as Sri Lanka, Philippines, Thailand and Indonesia for 2025.
- Supply shortages and intensifying competition is likely to maintain upward pressure on prices.
- While demand from China is expected to remain strong, potential export restrictions by major producing countries to stabilise local prices and manage supplies, could improve availability of raw materials to some extent.

Through these strategies we expect to deliver the following results in 2025/26.

Targets	2025/26
Revenue growth	5%
ROE	>10%
Gearing	<50%

Future Outlook

HAYCARB FUTURE OUTLOOK

MARKET GROWTH

- Market expansion and diversification with specific focus on increasing penetration in Asia, North, East and West Africa, South America, USA and the Middle East.
- Strategic emphasis on expanding the contribution from the value-added carbon range which includes energy storage carbons, water purification carbons for PFAS removal and air purification carbon products.
- Initiate construction of our new manufacturing facility in the Philippines.
- Innovation to drive new product development in line with emerging needs.

INNOVATION LED GROWTH

- Increase in proportion if revenue and profit from innovative and value added carbon ranges including energy storage carbon ranges.
- Innovative processes that enhance productivity and maximise our environmental footprint.
- Digital tool that inspire operational efficiency and data driven decision making.

STRENGTHEN THE GLOBAL SUPPLY CHAIN

- Strategic interventions to strengthen supplier networks across all major source markets to ensure an uninterrupted supply of raw materials.
- Expand and diversify our supplier networks in Vietnam, India and Philippines.
- Backward integration where and propagating green charcoaling technologies

PURPOSE DRIVEN AND COMMITTED TEAMS

- Deliver value to employees through a strong people proposition that prioritises fair remuneration, well-being, and growth and development.

ESG MINDSET

- Maintain our commitment to achieving our 2030 ESG goals.

ENVIRONMENTAL ENGINEERING

- Given the positive economic outlook for Sri Lanka and the region and the increasing concern for the safety of drinking water, growth of water and waste water purification solution segment supported by a suite of related accessories, chemicals and ORM support is expected to grow.

Cradles of Growth

Just as whales nurture their young in the safety of the ocean's depths, we are committed to carefully nurturing our resources—whether natural, human, or technological. Through sustainable practices, responsible management, and continuous development, we ensure that the resources we depend on today will continue to thrive for future generations, supporting our mission of creating a lasting, positive impact.

Nurturing Our Resources

118 Financial Capital
124 Natural Capital
136 Intellectual Capital
144 Human Capital
160 Social and Relationship Capital
172 Manufactured Capital
180 Digital Capital

Financial Capital

Haycarb maintained financial stability in 2024/25, achieving a revenue of Rs. 43.2 Bn and a net profit of Rs. 4.27 Bn. Despite rising raw material costs, strategic expansions in Asia and the USA strengthened our market position. We optimised costs, ensuring resilience. Asset growth and stable funding reinforce our commitment to innovation. ***Just as whales play a vital role in maintaining ocean ecosystems, Haycarb's financial stability ensures sustainable growth and resilience in the business landscape.***

JEEVANI ABEYRATNE
Director – Finance & IT

MANAGEMENT APPROACH

our management approach is centered on financial prudence, operational efficiency, and sustainable growth. We prioritise strategic market expansions, cost optimisation, and investment in innovation to enhance profitability. A robust governance framework ensures compliance, risk management, and ethical decision-making. By aligning financial strategies with long-term sustainability goals, we create value for stakeholders while reinforcing our commitment to environmental responsibility and business resilience.

43,202
Revenue (Rs. Mn)

5,517
Profit Before Tax (Rs. Mn)

4,271
Profit After Tax (Rs. Mn)

OUR STRATEGIC PRIORITIES IN 2024/25

- Prudent management of loan portfolio
- Proactive measures to manage exchange rate vulnerabilities
- Adherence to all compliance standards
- Higher focus on digitalisation to drive financial efficiency

PROGRESS MADE IN 2024/25

Return on Capital Employed: **14.9 %**

Operating Profit: **Rs. 5.8 Bn**

Total Assets: **Rs. 45.9 Bn**

Gearing ratio: **23.4 %**

WAY FORWARD

Short term

- Optimise production and process cost structures and working capital management
- Funding of ongoing capital investments in capacity expansion, innovation led growth and achieving ESG targets together with working capital requirements, with a cost effective and balanced maturity portfolio.
- Enhance Treasury Management Software and Portals and integrate to proposed RISE with SAP implementation.

Medium to Long term

- Explore green funding options to minimise cost of capital
- Further strengthen Financial Risk Management framework with appropriate mitigatory tools

Capital trade-offs	Short-term	Long term
IC	↑	↑
NC	↑	↑
S&RC	↑	↑
MC	↑	↑
DC	↑	↑

Link with material topics

M1, M2, M7, M11, M12

Link with key risks and opportunities / SRROs / CRROs

R2, R3, R4, R5, R6, R9, R15

Alignment with strategic priorities

- Overall strategies

Contribution to SDGs

VALUE CREATED IN 2024/25

- In 2024/25, we generated LKR 43.2 Bn in group revenue, reflecting strong market demand and product innovation
- Our operating profit reached LKR 5.8 Bn, supported by improved cost efficiencies and scale advantages.
- LKR 307 Mn was allocated to R&D, digital transformation, and product innovation initiatives.
- Employee-related benefits and development programs accounted for LKR 4.88 Bn, reinforcing our people-first culture
- We returned LKR 1.13 Bn to shareholders through dividends, demonstrating our commitment to delivering investor value.
- Our sustainability investments exceeded LKR 600 Mn, enabling key progress in emissions reduction, renewable energy, and circular practices.

DIGITALISATION

We continue to invest in digital financial systems to enhance transparency, accuracy, and real-time visibility across our operations. Automation of financial processes has improved efficiency, minimis ed manual errors, and strengthened internal controls. These digital advancements also support better forecasting and data-driven decision-making, ensuring resilient financial performance and strategic agility.

Rs. 24.4 Bn

Market capitalisation as at 31st March 2025

Rs. 12.10

Earnings per Share

Rs. 89.30

Net asset per share

4.6 %

Dividends yields

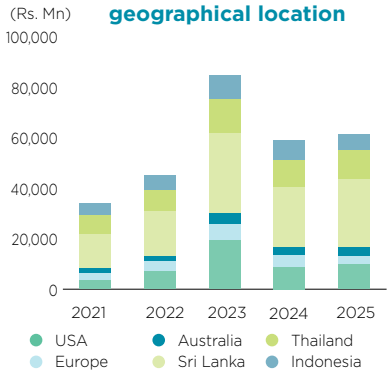
CONSOLIDATED REVENUE REMAINED RELATIVELY STABLE AT RS. 43.2 BN DURING THE YEAR UNDER REVIEW WHILE CONSOLIDATED OPERATING PROFIT MODERATED BY 12% TO RS. 5.8 BN IN 2024/25 WHILE PRE-TAX PROFITS EASED BY 9.8% TO RS. 5.52 BN.

Haycarb's consolidated revenue for the year remained stable at Rs. 43.20 Bn compared to the previous year.

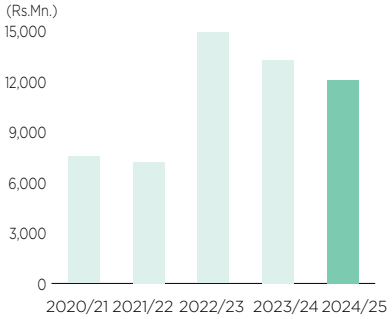
However. it is notable that the USD denominated revenue reflects a growth of 6% compared to 2023/24, given that the highest proportion of sales are transacted in USD.

The growth in sales resulted from the increased proportion of value-added carbons in the sales mix coupled with higher sales prices implemented in the latter half of the year to partially offset the rapidly escalating cost of raw materials.

Revenue generated by geographical location



Gross profit



Revenue across geographical locations remained healthy overall, although the European segment experienced a 27% decline due to market challenges and shift in dynamics within the region.

Meanwhile Environmental engineering sector demonstrated strong growth, reporting revenue of Rs. 2.02 Bn for the financial year 2024/25. This represents a 29% increase compared to the previous year, which was driven by improved macroeconomic conditions in Sri Lanka, which provided new opportunities in water and wastewater treatment solutions.

GROSS PROFIT

The Group's gross profit declined by 9% to Rs. 12.06 Bn, with the gross profit margin contracting from 31% in 2023/24 to 28% during the year. This margin pressure was primarily driven by significant increase in raw material costs over the year, attributed to declining coconut crop yields and heightened competition for limited supplies. The impact was moderately mitigated by increased contribution from value-added products, the continued support of our valued customers in partially sharing the burden of rising costs, and a strategic focus on lean initiatives, which contributed Rs. 460.41 Mn in efficiency gains.

OVERHEAD EXPENSES

Overhead expenses recorded an increase in the currencies of each country of operations, however, Sri Lankan rupee denominated group overhead value declined by 4% to 6.63 Bn during the year.

NET FINANCE EXPENSES

Haycarb's net finance cost declined by 37% to Rs. 0.25 Bn in 2024/25. Despite the capital expenditure and increase in working capital needs the net interest cost was capped at Rs. 273.77 Mn due to prudent loan portfolio management, and reduction in interest rates. The net exchange loss decreased to Rs.58.79 Mn compared to Rs. 306.62 Mn previous year.

PROFITABILITY

Haycarb reported an operating profit and profit before tax of Rs. 5.75 Bn and Rs. 5.52 Bn, respectively. The reduction of 12% and 10% of operating profit and profit before tax reflects the surge in raw material prices. The activated carbon segment reported Rs. 5.44 Bn pre-tax profits accounting for 99% of the group profit before tax, while the environmental engineering solutions segment improved in profitability to Rs. 62.19 Mn compared to Rs. 56.37 Mn last year.

The total share of profits from equity accounted investees returned to profitability recording Rs. 15.42 Mn during the year compared to a loss of Rs. 8.83 Mn reported in 2023/24.

Underpinned by the reduction in tax expenses, the Group's consolidated post-tax profits dipped only by a modest 1% to Rs. 4.27 Bn in 2024/25.

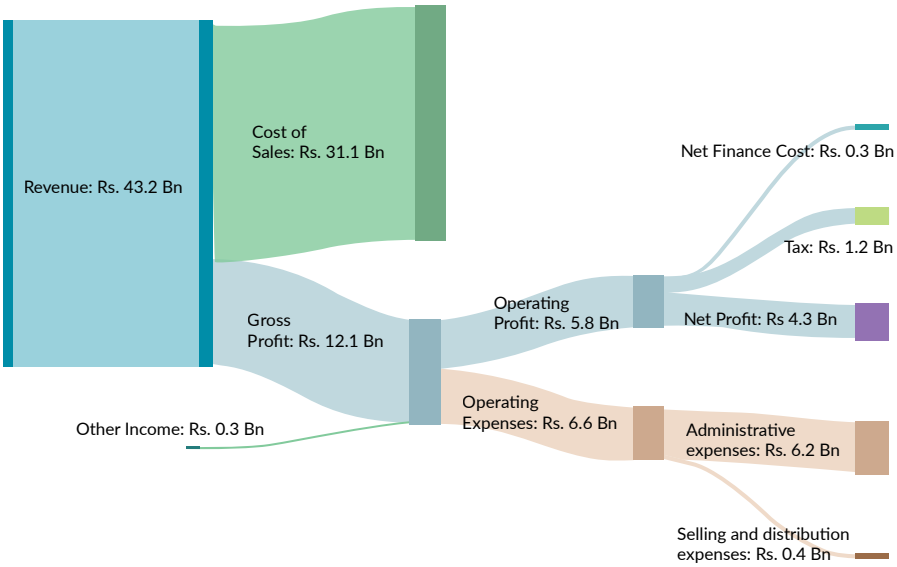
TAXATION

GRI 207-1 to 4

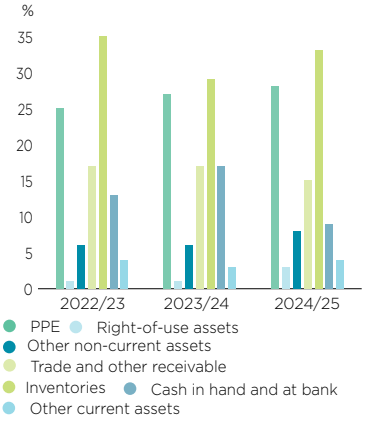
The Group's tax expenses declined by 31% to Rs. 1.25 Bn during the year. This reduction was primarily due to the decline in profitability and enhanced capital allowances granted on investments in new businesses.

Haycarb's Board of Directors and Audit Committee formulates and directs its tax strategy while the CFO and the finance team guides its implementation. The Internal Audit Team monitors the Group's compliance with tax regulations on an ongoing basis while the external auditors conducts an independent evaluation at the end of the fiscal year. The Group's CFO is responsible for liaising with the tax authorities and filing tax returns with the respective departments of the Inland Revenue in a timely manner. Haycarb complied with all tax regulations of each country of operation with no incidents of non-compliance recorded during the year under review.

Sankey diagram on the income statement



Asset composition



CASHFLOW

Cash generated from operations before changes in working capital amounted to Rs. 7.31 Bn for the year, an increase of Rs. 1.04 Bn compared to the previous year. However, the Group reported a net cash outflow of Rs. 0.35 Bn from operating activities, primarily due to increased investments in inventory, driven by significant rise in raw material prices and increase in inventory at marketing offices to ensure uninterrupted supplies to our customers. Net cash outflows from investing activities totaled Rs. 2.3 Bn, with the Group's ongoing efforts to expand capacity of value-added carbon manufacturing and renewable energy initiatives. Meanwhile, net proceeds from interest-bearing borrowings rose by Rs. 1.5 Bn. Reflecting the net negative cash flows from operating and investing activities, the Group's cash and cash equivalents declined by Rs. 2.7 Bn during the year.

ASSET STRENGTH

The Group's total asset base expanded by 13.6% to Rs. 45.89 Bn as of end-March 2025, primarily driven by capital investments of Rs. 2.5 Bn in property, plant, and equipment, along with a Rs. 3.6 Bn increase in inventory. Additionally, Haycarb's Right-of-Use Assets increased to Rs. 1.45 Bn, reflecting the recognition of a newly leased long-term property in the Philippines, in accordance with SLFRS 16. Other non-current financial assets increased to Rs. 2.29 Bn, mainly due to fair value adjustments of quoted equity investments.

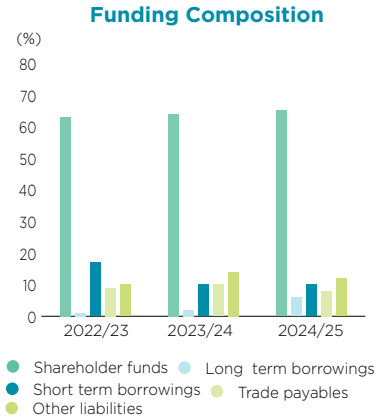
FUNDING PROFILE

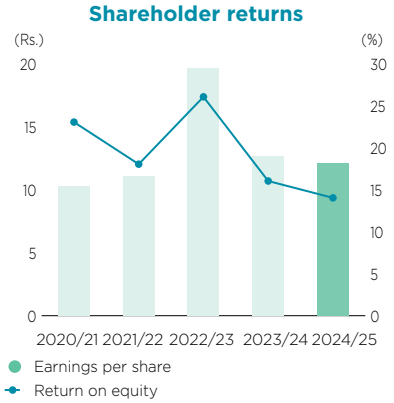
The Group's funding profile remained strong despite an increase in its gearing ratio to 23.4% as at end March 2025.

The Group's total borrowings expanded by 45% to Rs. 9.08 Bn (including non-current lease liabilities) as at end-March 2025. The Group relied on long-term borrowings for several capital projects resulting in an increase to Rs. 1.36 Bn as at end March 2025 compared to Rs. 0.25 Bn in 2023/24. Meanwhile non-current lease liabilities widened to Rs. 1.39 Bn during the year due to the long-term lease on the Right-of-Use property in the Philippines for the new manufacturing plant. The Group's short-term interest-bearing loans and borrowings increased by 10% to Rs. 4.55 Bn as at end March 2025 predominantly due to investments in inventory.

Supported by stable performance and profit retention, Haycarb's Shareholders' Funds expanded by 15% to Rs. 29.7 Bn as at end March 2025.

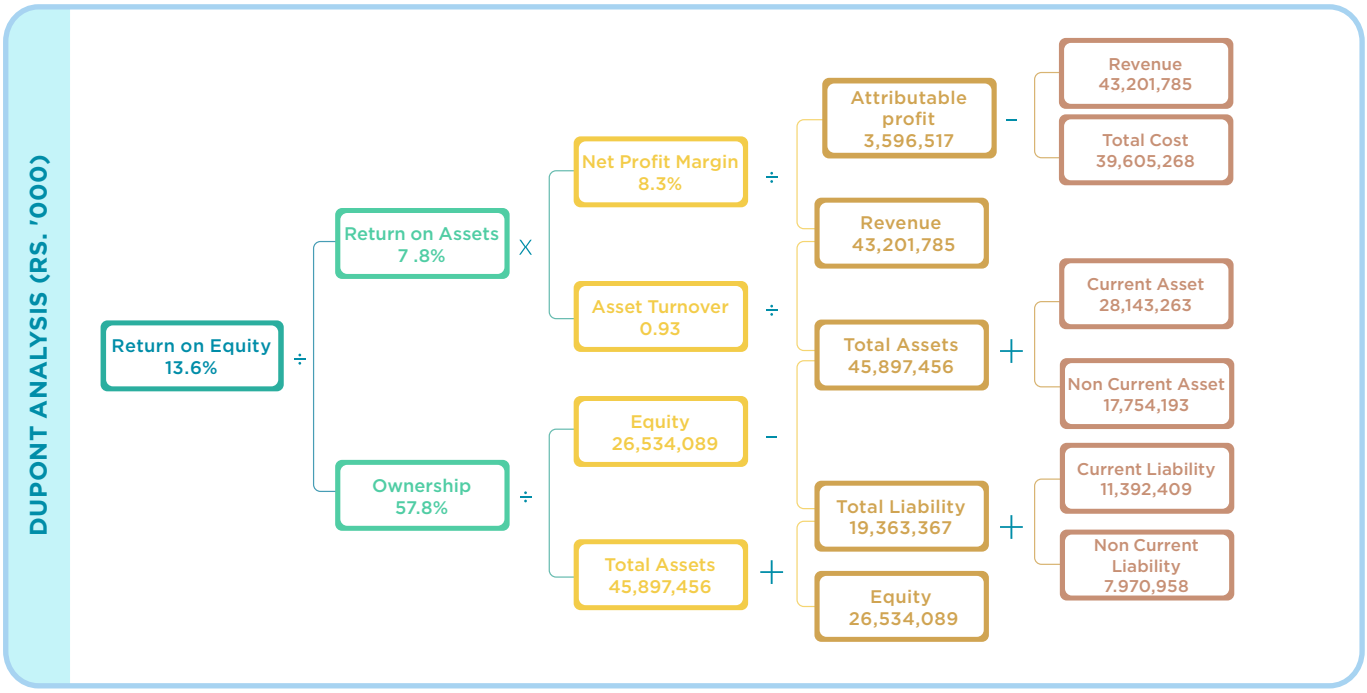
Financial Capital





VALUE CREATION FOR SHAREHOLDERS

Despite facing significant challenges, the Group delivered a resilient performance, with earnings per share (EPS) recording only a marginal decline to Rs. 12.10 in 2024/25, compared to Rs. 12.60 in the previous year. Return on Equity (ROE) stood at 13.6%, down from 17% in 2023/24. Meanwhile, the Group's net assets per share increased to Rs. 89.30 as of end-March 2025, marking a rise from Rs. 77.09 recorded a year earlier. Total dividends per share declined to Rs. 3.80 in 2024/25 from Rs. 6.00 in the prior year.



OUR BUSINESS CASE

Market leadership position

Global presence

Capacity to innovate with state-of-the-art machinery and equipment

Capable team and strategic partnerships

Responsible business practices and sustainability

Financial ratios		2024/25	2023/24	2022/23
Profitability highlights				
Revenue	Rs. Mn	43,202	43,179	60,943
Gross Profit	Rs. Mn	12,062	13,269	14,879
Gross Profit margin	%	27.9%	30.7%	24.4%
Operating profit	Rs. Mn	5,754	6,521	8,274
Operating profit margin	%	13.3%	15.1%	13.6%
Profit before tax	Rs. Mn	5,517	6,113	8,258
Profit before tax margin	%	12.8%	14.2%	13.6%
Profit after tax	Rs. Mn	4,271	4,306	6,505
Profit after tax margin	%	9.9%	10.0%	10.7%
Return on equity (%)	%	13.6%	16.3%	26.3%
Return on capital employed (%)	%	14.9%	19.7%	28.4%
Return on Assets	%	9.3%	10.7%	16.2%
Interest cover ratio	No. of times	21.15	33.86	6.90
Effective Tax Rate	%	22.6%	29.6%	21.2%
Efficiency ratios				
Asset turnover ratio	No. of times	0.94	1.07	1.52
Inventory holding days	Days	178	156	118
Debtor days	Days	59	57	45
Creditor days	Days	14	14	8
Cash conversion cycle	Days	223	199	155
Liquidity ratios				
Current ratio	No. of times	2.47	2.22	2.06
Quick asset ratio	No. of times	1.14	1.25	1.01
Solvency position				
Total assets	Rs. Mn	45,897	40,214	40,191
Total liabilities	Rs. Mn	16,221	14,516	14,979
Shareholders' funds	Rs. Mn	26,534	22,905	22,142
Non Controlling Interest	Rs. Mn	3,143	2,793	3,071
Total debt	Rs. Mn	9,084	6,283	8,755
Equity/Assets	No. of times	0.65	0.64	0.63
Debt/equity		30.6%	24.4%	34.7%
Gearing ratio	%	23.4%	19.6%	25.8%
Debt/Total assets	%	19.8%	15.6%	21.8%
Investor position				
No. of shares outstanding	Number	297,123,750	297,123,750	297,123,750
Earnings per share	Rs.	12.10	12.60	19.60
Dividends per share	Rs.	3.80	6.00	5.65
Net asset value per share	Rs.	89.30	77.09	74.52
Market price per share	Rs.	82.10	76.50	56.30
Market capitalisation	Rs. Mn	24,394	22,730	16,728
P/E ratio	No. of times	6.78	6.07	2.87
Dividend payout	%	31.4%	47.6%	28.8%
Dividend cover	No. of times	3.19	2.10	3.47
Dividend yield	%	4.6%	7.8%	10.0%

Natural Capital

"Strategically managing our interactions with the natural environment has enabled meaningful reductions in our environmental footprint while advancing our long-term sustainability goals. ***Much like the whale- symbolising strength and balance in nature-our actions reflect a deep respect for the ecosystems that support us.*** *This approach helps us minimise impact while contributing positively to environmental resilience and sustainable growth"*

BRAHMAN BALARATNARAJAH
Deputy Managing Director

MANAGEMENT APPROACH

Our approach to managing natural capital focuses on the sustainable use and conservation of natural resources critical to our operations. We prioritise responsible sourcing, particularly of coconut shell, coconut shell charcoal, responsible management of our energy consumption, effluent management and implement practices that conserve water, and biodiversity. Through community engagement, continuous monitoring, and innovative environmental strategies, we aim to reduce our ecological footprint and enhance resilience against climate risks, supporting long-term environmental sustainability.

44,554
Carbon Footprint (tCO_2e)

10,366
Sea Turtle Hatchlings

>75,000
Trees planted

OUR STRATEGIC PRIORITIES IN 2024/25

- Strengthening energy resilience through renewable energy investments
- Sustainable water consumption
- Sustainable Material Sourcing
- Reducing our carbon footprint
- Minimising waste and effluents

PROGRESS MADE IN 2024/25 TOWARDS ACHIEVING OUR ESG ASPIRATIONS

Energy Intensity (GJ/rev Rs. Mn) (+33%) **MISSED** — **26.4**

Water Intensity (m^3/rev Rs.Mn) (+51%) **MISSED** — **16.1**

Emission Intensity (tCO_2e/rev Rs. Mn) **MISSED** — **0.58**

Sustainable water sourcing from total water consumed (m^3) **ACHIEVED** — **10 %**

WAY FORWARD

Short Term

- Implement initiatives to drive progress towards our 2030 ESG goals.
- Extend the coverage of our scope 3 emissions assessment.
- Monitor progress made on our ESG commitments through internal ESG audits and regular reviews.
- Capacity enhancement of Recogen

Medium to long term

- Expand solar energy usage across our operations to support long-term sustainability goals
- ESG audits and staff training programs will be strengthened to enhance compliance and performance

Capital trade-offs

	Short-term	Long term
FC	↓	↑
S&RC	↑	↑
MC	-	↑

Link with material topics

M1, M2, M7, M11, M12

Link with key risks and opportunities / SRROs / CRROs

- R1, R13, R14, R15, R16, R17, R18, R19, R20, R21, R22

Alignment with strategic priorities

- Market growth
- Innovation led growth
- ESG mindset
- Strengthen global supply chains

Contribution to SDGs

VALUE CREATED IN 2024/25

- Extended our Scope 3 emissions assessment to include 4 new categories as defined by the GHG Protocol.
- Obtained external verification of our GHG emissions.
- Commenced solar power generation.
- Invested in a reverse osmosis plant to purify wastewater of production processes.
- Ongoing emphasis on sourcing coconut charcoal sustainably.

DIGITALISATION

At Haycarb, we leverage our digital capital to strengthen the stewardship of our natural capital. The fusion of digital insight and environmental responsibility supports our mission to drive sustainable innovation while preserving the natural ecosystems that sustain our business.

75%

Energy requirement are met through renewable sources

5%

Reduction in water withdrawal

44%

Coconut charcoal requirements sourced sustainably

Rs. 8.2 Mn

Invested in environment-related CSR initiatives

OUR PRIMARY RAW MATERIAL COMPRISES COCONUT SHELLS AND CHARCOAL PRODUCED FROM COCONUT SHELLS, ACCOUNTING FOR MORE THAN 70% OF OUR TOTAL RAW MATERIAL INPUTS. OVER 60% OF COCONUT SHELLS IN SRI LANKA ARE DISCARDED BY HOUSEHOLDS AND OUR HARITHA ANGARA PROGRAM HAS ENABLED ITS RECOVERY, PROMOTING CIRCULARITY.

GOVERNANCE

The 'Restore' pillar of Activate, articulates our commitment to sustainable natural capital management through clearly defined policies and time-bound goals aimed at minimising our environmental impacts across materials, waste, energy, emissions, water and effluents. This structured framework has enabled a strategic approach to enhancing the sustainability of our operations and facilitated the effective allocation of resources to deliver on our environmental commitments.

MANAGEMENT OF THE LEGAL AND REGULATORY FRAMEWORK

GRI 2-23, **RT-CH**-530a.1

UNGC Principle 7,8

The prevailing regulatory requirements for environmental impact management in Sri Lanka, Indonesia and Thailand, focus on water, effluent and waste (hazardous and non hazardous) discharge. While specific regulations on energy and emissions management also have been enacted in some of the countries we operate in or export to, increasing global focus on the implications of climate change, pollution and ecosystem degradation could lead to new and more stringent environmental regulations over the medium to long term.

Considering this, we have proactively and strategically integrated sustainable practices into our business operations through the development and implementation of our ESG framework. Activate is driven by a robust governance structure which has supported reductions in our environmental footprint during the year under review. This proactive approach places us in a strong position to meet potential future regulatory requirements while also positioning us to capture emerging opportunities in a world more focused on environmental sustainability.

While we ensure our operations comply with all relevant environmental laws and regulations, we have also aligned our operations with international best practice through numerous voluntary certifications including ISO 14001:2015 Environmental Management Systems and WQA Sustainability Certification. During the year under review, we also received the Sri Lanka Eco label and Ethical Trading certifications. We conduct environmental audits quarterly to monitor our environmental performance against the milestones set out in Activate and action plans are developed to address areas of concern. Our environmental management system is externally verified annually through surveillance / re-certification audits by the relevant certification bodies. No instances of non-compliance with any environmental related regulations were reported during the year under review.

70 %

of raw material inputs are sourced from renewable sources

RAW MATERIALS

GRI 301-1, **RT-CH**-410b

Our production process involves converting a renewable waste material into a range of products that contribute to advancing global environmental priorities. Our primary raw material comprises coconut shells and charcoal produced from coconut shells, accounting for more than 70% of our total raw material inputs. Over 60% of coconut shells in Sri Lanka are discarded by households and our Haritha Angara program has enabled its recovery, promoting circularity.

Our non-renewable material consumption consisted primarily of packing materials and chemicals. Chemicals accounts for less than 0.5% of total input costs. Our products do not contain any substances classified under Category 1 or 2 for health or environmental hazards according to the Globally Harmonised System (GHS) of Classification and Labelling of Chemicals. We have implemented stringent processes and practices in line with the Hayleys Lifecode Chemical Management Policy to ensure safe storage and use of chemicals and prevent spills. Emphasis was also placed on

Our material footprint in 2024/25 is given below. GRI 301-2,3

Raw material	2024/25	2023/24	Y-o-y % change
Renewable materials			
Coconut shells (MT)	52,600	50,468	4%
Coconut shell charcoal (MT)	93,963	101,753	-8%
Packing materials* (Nos)	308,733	**353,762	-13%
Non-renewable materials			
Packing materials* (Nos)	691,542	**518,431	33%
Chemicals (Mt)	1,629	1,903	-14%
Chemicals (Litres)	1,343,804	1,826,121	-26%

*Only bags and sacks were taken into account

**Comparative figures recalculated to align with the actual quantity based on targets set in our ESG roadmap

process reformulations to minimise the consumption of chemicals.

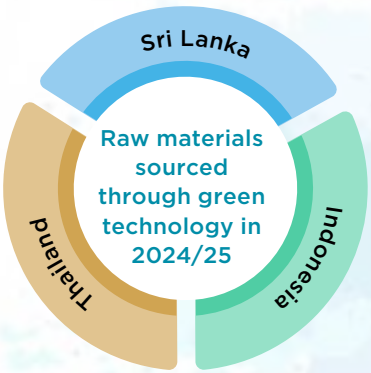
Consumption of coconut shells and coconut shell charcoal declined by 4% during the year under review reflective of challenges in sourcing. Resultantly, emphasis was placed on increasing resource efficiency and minimising waste to support production volumes. This included, the re-use of by-products after subjecting it to cleaning and separation processes. Alternative raw materials such as palm shell, candle nut and wood also considered for certain applications.

Conscious efforts to promote sustainable packaging alternatives led to the use of sustainable packaging solutions and reuse of raw material packaging in alignment with the "Activate" milestone.

We did not utilise any recycled materials within our production processes while no incidents of product reclaims or their packing materials took place during the year under review.

SOURCING COCONUT CHARCOAL SUSTAINABLY

Sourcing coconut charcoal sustainably remained a key strategic priority for the Group. We continued to promote our proprietary green charcoaling technology within our supply chains in Sri Lanka, Indonesia and Thailand with aspirations of increasing the total percentage sourced through sustainable methods to more than 75% by 2030.



Sri Lanka

- **Rs. 20.6 Mn** invested in promoting green charcoaling practices within the supply chain.
- **2 new** closed pits established in 2024/25

Thailand

- We continued to provide technical support to suppliers to enhance green charcoaling practices.
- **80%** vertical kiln capacity utilisation enhancement in 2024/25

Indonesia

- We continued to provide technical support to suppliers to enhance green charcoaling practices.

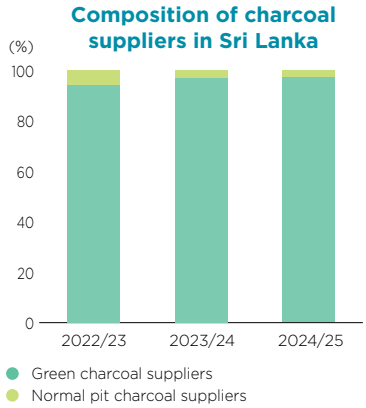
2030 "Activate" Aspiration

>75 %

Usage of green charcoal

44 %

Our performance in 2024/25



We continued to enhance the resilience of our raw material base through sustainable agricultural initiatives, including our coconut planting program (For more details refer page 170) , which supports the expansion of Sri Lanka's coconut-growing regions.

PROPRIETARY GREEN CHARCOALING TECHNOLOGY

RT-CH-130a.1, UNGC Principle 9

Haritha Angara closed pits

- This technology converts open pit charcoaling to a closed pit unit.

Vertical kiln charcoaling

- Vertical kilns convert coconut shells into charcoal by heating them in an enclosed, upright structure with limited air.

- As a result, greenhouse gases and harmful gases produced during the process are combusted within the system and are not released into the environment.
- These systems require energy only for initiation with subsequent energy requirements fulfilled through the exothermic energy generated during the process. As a result, this technology optimises energy consumption.

Recogen

- Recogen utilises a patented technology to convert coconut shells to charcoal while producing electricity from the thermal energy produced during the process.
- The greenhouse gases and harmful gases produced during the charcoaling process are combusted within the closed system preventing its release into the environment.
- The heat generated during the process is utilised to operate a boiler and steam turbine to generate electricity, a portion of which is consumed internally, with the excess supplied to the National Grid.
- 1,219,549 kWh of electricity was supplied to the national grid in 2024/25.

75 %

Of energy requirements fulfilled through renewable energy sources in 2024/25

17 %

Increase in electricity supplied to the national grid through Recogen in 2024/25

Rs. 600 Mn

Invested in solar power generation in 2024/25

ENERGY MANAGEMENT GRI 302-1

Consistent process innovations have enabled the Group to significantly reduce its reliance on non-renewable energy sources over the years. Approximately 75% of our energy requirements in 2024/25 were fulfilled through renewable energy sources comprising primarily exothermic energy generated from our production process. Recent investments in solar power generation has also contributed to reducing our grid-based electricity consumption. Aligning with our commitment to increasing our renewable electricity reliance to 50% by 2030, we invested an additional Rs. 600 Mn during the year under review to expand our solar power generation capacity. This contributed to a 4% of renewable electricity power consumption during the year under review.

2030 "Activate" Aspiration

50 %

Increase in renewable energy (Electricity) usage

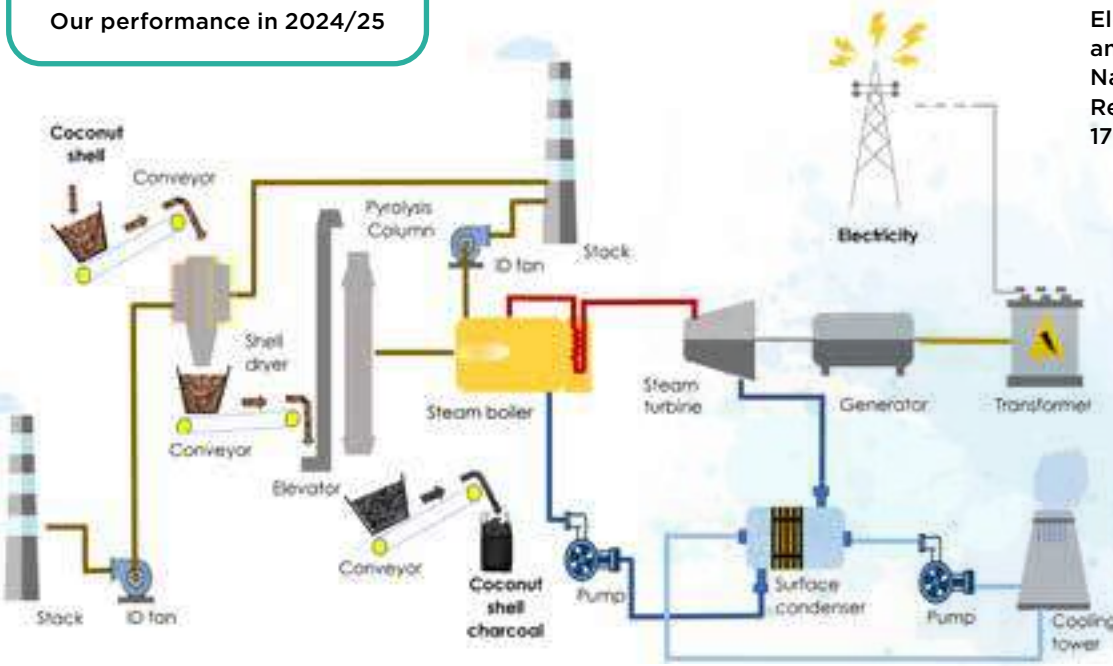
+4 %

Our performance in 2024/25

Solar power capacity and power generated in 2024/25

Location	Solar power capacity (kWp)
Ulracarb - Madampe, Sri Lanka	900
Ulracarb - Badalgama, Sri Lanka	672
Haycarb - Madampe, Sri Lanka	2,000
Haycarb - Badalgama, Sri Lanka	2,076
Total	5,648

Electricity generated and supplied to the National Grid through Recogen increased by 17% in 2024/25



*Process of converting coconut shells to charcoal while **operating a boiler and producing electricity** from the thermal energy produced during the process.*

Furthermore, consistent commitment to improving the energy intensity of our operations led to numerous process innovations in 2024/25. These included,

- Dryer upgrades to reduce fuel consumption during the drying operation.
- Experiments to ascertain the possibility of using waste heat for drying operations.
- Energy audits to identify opportunities to enhance energy efficiency.
- Lean projects to enhance energy efficiency.

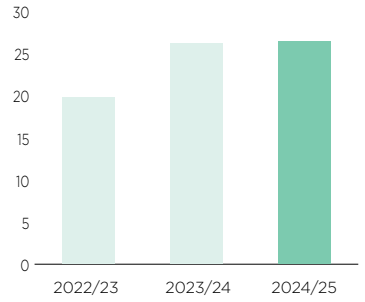
During the year under review, non-renewable energy reliance increased by 18% compared with the previous year, primarily given an increase in furnace oil consumption. Boiler operations across our facilities were halted for periodic safety checks and increased washing requirements resulting in the need for standby boilers, which led to the increase in furnace oil consumption.

The Group's key energy metrics for the year under review are given below. GRI 302-2 to 5

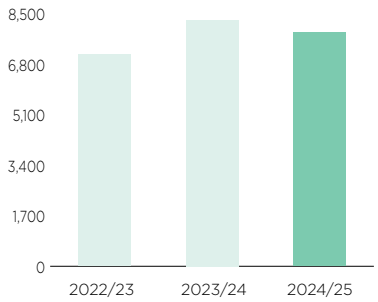
Energy consumption (GJ)	2024/25	2023/24	Y-o-y % change
Non-renewable sources	290,821	247,352	18%
Furnace oil	84,784	65,923	29%
Electricity	120,800	113,477	6%
Diesel	34,659	33,449	4%
LPG	49,404	34,207	44%
Petrol	771	292	164%
Kerosene	403	4	9975%
Renewable sources	850,874	885,612	-4%
Solar	4,466	-	-
Electricity generated through waste heat (Recogen)	5,584	5,915	-6%
Self-generated energy (Recovered through waste heat)	840,824	879,697	-4%
Total energy consumption	1,141,695	1,132,964	1%
% grid electricity consumed	11%	10%	6%
% renewable sources	75%	78%	-4%
Energy intensity (GJ/revenue Rs. Mn)	26.43	26.24	1%
Energy intensity (GJ/revenue USD Mn)	7,864.95	8,294.58	-5%

*Energy consumption was calculated based on type of energy source consumed quantity,density & net calorific value

Energy intensity (GJ/Revenue Rs. Mn)



Energy intensity (GJ/Revenue USD Mn)



The Group's energy intensity also ticked up to 26.43 GJ/Rs. Mn in 2024/25 compared with 26.24 GJ/Rs. Mn in 2023/24. The energy intensity of our operations is directly linked to the proportions of standard and value-added carbons produced during the year. Resultantly, an increase in the proportion of value-added carbons in the product mix contributed to the increase in energy intensity.

EMISSIONS MANAGEMENT

GRI 305-1 to 3, , RT-CH-110a, RT-CH-120a.1

Our emission management strategy has been developed in alignment with our short, medium and long-term emission reduction aspirations

2030 "Activate" Aspiration

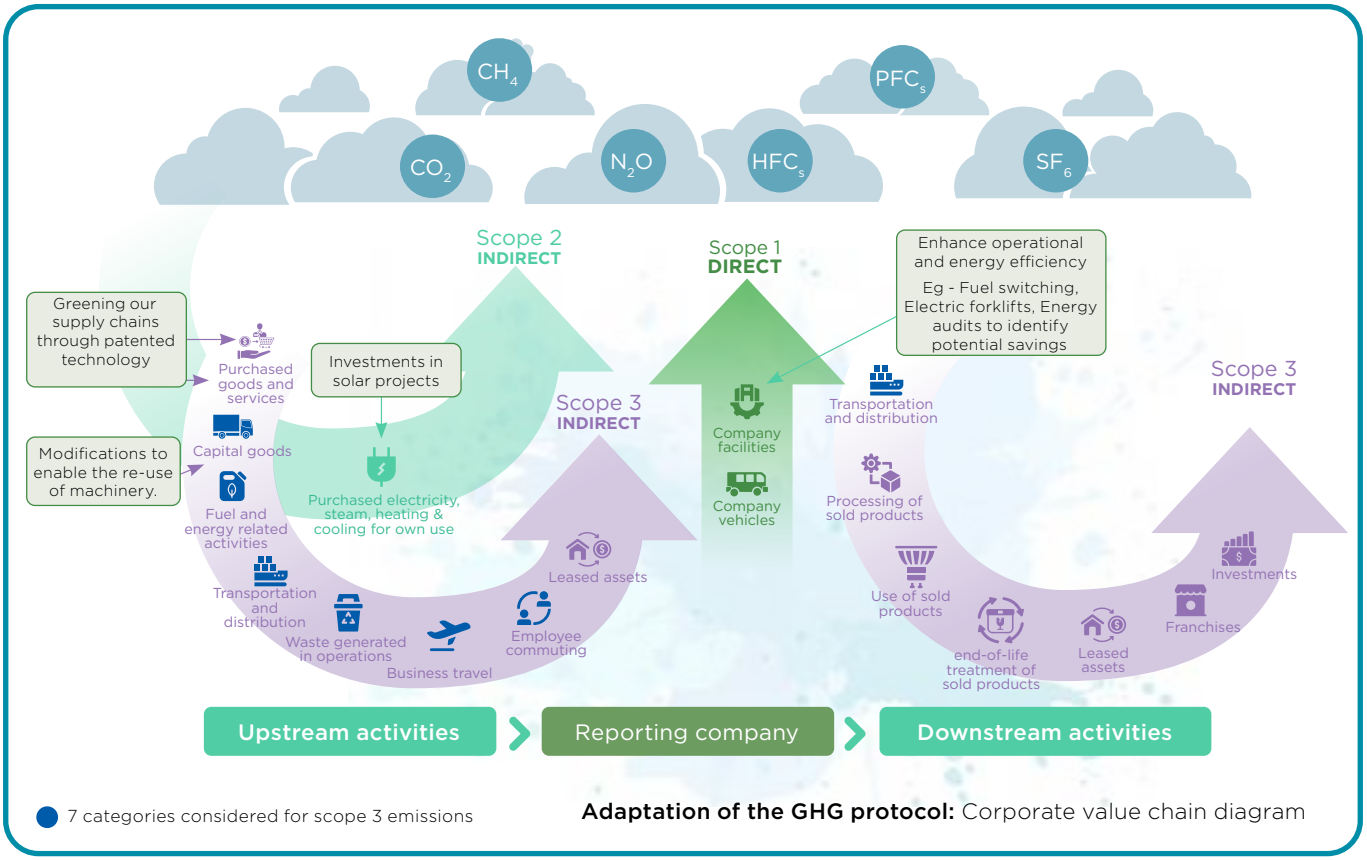
25 %

Reduction in Scope 1 and 2 emissions (tCO_2e)

+8 %

Our performance in 2024/25

defined in "Activate". We measure our GHG emissions in accordance with the Greenhouse Gas (GHG) Protocol Corporate Standard and ISO 14064 Greenhouse Gases and utilising emission conversion factors from the UK DEFRA 2024 guidelines, the GHG Protocol cross sector tools, and locally relevant data sources including the Sri Lanka Energy Balance 2019 and the CEB Statistical Digest 2020 to ensure accuracy and regional relevance. During the year under review, we obtained independent external verification of our Scope 1 and 2 emissions while expanding our Scope 3 emissions assessment to include an additional four categories. Consequently, our Scope 3 emissions assessment now covers 7 of the 15 categories specified by the Greenhouse Gas (GHG) Protocol Corporate Standard



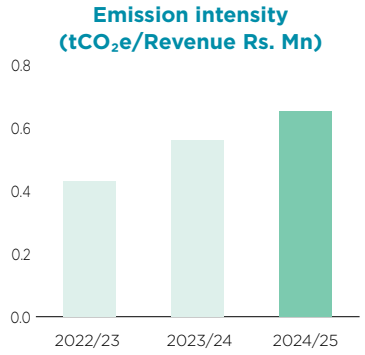
Adaptation of the GHG protocol: Corporate value chain diagram

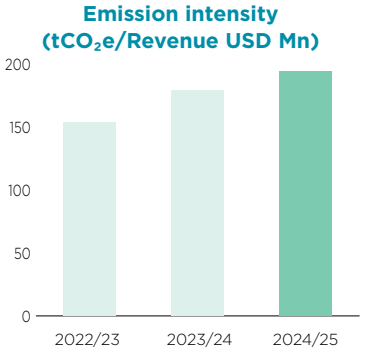
The Group is committed to reducing its carbon footprint by 25% by 2030 and maintained focus on increasing its renewable energy reliance while improving energy efficiency.

However, during the year under review, the Group's Scope 1 and Scope 2 emissions increased by 15%, reflective of the increase in non-renewable energy consumption. Meanwhile, Haycarb's emission intensity also rose by 15% given the tilt towards value added activated carbon production.

Our carbon footprint metrics for 2024/25 are given below. GRI 303-4 to 7

Carbon footprint (tCO_2e)	2024/25	2023/24	Y-o-Y % change
Scope 1 emissions	13,741	10,903	26%
Scope 2 emissions	14,356	13,485	6%
Scope 3 emissions	16,457	2,308	613%
Total emissions	44,554	26,696	67%
GHG emission intensity tCO_2e/MT of made activated carbon	0.58	0.51	14%
GHG emission intensity tCO_2e/revenue Rs. Mn	0.65	0.56	15%
GHG emission intensity tCO_2e/revenue USD Mn	193.56	178.54	8%
Biogenic emissions	31,429	48,658	-35%





Third-Party Verification for GHG Emissions (2024/25)

1 %

Reduction in surface water withdrawn in 2024/25

50 %

Increase in rainwater harvested in 2024/25

2.3 %

Water recycled.

Haycarb's manufacturing process complies with all relevant environmental regulations and has been verified through continuous monitoring and third-party audits. Air pollutants such as VOCs, POPs, and HAPs are thermally destroyed at high temperatures. Dust extractors are installed to capture particulate matter, while appropriate emission control systems are used to manage NOx and SOx levels. These measures ensure that emissions remain within regulated limits and significant pollution is prevented. Further, we do not engage in importing or exporting ozone-depleting substances.

WATER AND EFFLUENT MANAGEMENT

GRI 303-1, 2, RT-CH-140a

We utilise water primarily for our production process, employee consumption and the general upkeep of our premises. Operations in water-stressed locations in Sri Lanka (classified as highly stressed by the Food and Agriculture Organisation) and medium-to-

100 %

Water requirements at the Shizuka factory in Thailand fulfilled through harvested rainwater in 2024/25

high stress regions in Thailand and Indonesia (as classified by the World Resource Institute's Aqueduct Water Risk Atlas), have necessitated an increased emphasis on the sustainable consumption of this valuable resource.

During the year under review, total surface water withdrawn by the Group reduced by 1% compared to 2023/24 supported by substantial increases in rainwater harvested and waste water recycled. Surface water withdrawn also declined by 5% compared to the baseline defined in "Activate".

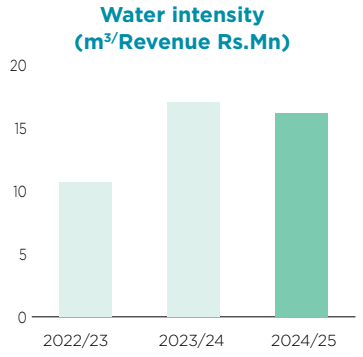
Capacity enhancements made at the Shizuka factory in Thailand and our Badalgama factory in Sri Lanka during 2023/24 contributed to a 50% increase in rainwater harvested during 2024/25. Furthermore, recycled water used for the general upkeep of our premises increased by 33% during the year under review as our PT Mapalus Makawanua factory in Indonesia, obtained the necessary government approvals to do so.

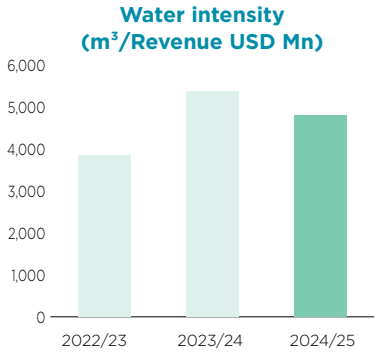
Additional investments were made during the year under review to establish a 120 m^3 Reverse Osmosis plant at the Badalgama factory to recycle wastewater for production purposes.

The water assessment initiated in 2023/24 across all Sri Lankan factories was also completed during the year. This assessment included detailed water audits at each manufacturing plant and led to the development of water pumping diagrams to enhance our understanding of our water interaction at each location while strengthening the verification and validation of data flows.

Details of our water consumption in 2024/25 is given below. GRI 303-3,5

Water withdrawal and consumption (m^3)	2024/25	2023/24	Y-o-Y % change
Surface water	423,776	429,191	-1%
Ground water	196,142	250,156	-22%
Rainwater	68,827	45,839	50%
Municipal water	7,849	7,448	5%
Total water withdrawn/consumed	696,595	732,634	-5%
Water intensity – (m^3/revenue Rs. Mn)	16.12	16.97	-5%
Water intensity – (m^3/revenue USD Mn)	4,798.73	5,363.71	-11%





WASTEWATER TREATMENT PLANTS LOCATED AT ALL MANUFACTURING SITES ARE UTILISED TO TREAT EFFLUENTS GENERATED FROM OUR OPERATIONS PRIOR TO RESPONSIBLE DISCHARGE. EFFLUENT TREATMENT ALIGNS WITH ALL RELEVANT ENVIRONMENTAL STANDARDS IN THE COUNTRIES WE OPERATE IN.

Wastewater treatment plants located at all manufacturing sites are utilised to treat effluents generated from our operations prior to responsible discharge. Effluent treatment aligns with relevant environmental standards in the countries we operate in. We monitor the quality of treated wastewater on an ongoing basis and discharged water consistently met all parameters specified by the environmental authorities in Sri Lanka and overseas in 2024/25. No incidents of non-compliance regarding discharged water quality during the year under review were reported.

2030 "Activate" Aspiration

15 %

Reduction in solid waste generation intensity

+9 %

Our performance in 2024/25

Effluents (m^3)	2024/25	2023/24	Y-o-Y % change
Total wastewater discharged	365,812	269,079	36%

WASTE

GRI 306-1 to 5, **RT-CH**-150a.1

Our waste management approach is guided by the 7R principle of Reduce, Reuse, Reclaim, Replace, Repair, Recycle and Reject. Waste generated from our operations is segregated based on type and re-purposed and re-used where possible. Waste that cannot be recycled or reused is segregated and disposed in compliance with all regulatory requirements. Given a more accurate waste assessment which included the consolidation of hazardous waste generated across all manufacturing facilities, hazardous waste generated from our operations shows significant increase during the year under review, due to improvement in reporting processes. Concurrently, non-hazardous waste generated from our operations declined by 9% in 2024/25.

Our waste related metrics for the year under review are given below.

Waste (Kg)	2024/25	2023/24	Y-o-Y % change
Amount of non-hazardous waste generated	4,922,346	5,401,984	-9%
Waste diverted from disposal			
Composting	1,371,788	60,813	2156%
Recycled	797,393	1,504,027	-47%
Reused	2,292,267	3,178,731	-28%
Waste directed to disposal	460,898	658,413	-30%
Amount of hazardous waste generated	189,721	*101,160	88%
% recycled	16%	28%	-42%

*Comparative figures restated due to improved measurement methods

BEHOLD THE TURTLE – SEA TURTLE CONSERVATION INITIATIVE

GRI 304-2

We continued to support the conservation of sea turtles, an endangered species in Sri Lanka during the year under review. This initiative is carried out at the Kumana National Park in collaboration with the Wildlife Department of Sri Lanka. The project involves,

- Protecting sea turtle eggs
- Assisting hatchlings' return to the sea
- Counting and record keeping of the different species of sea turtles and their eggs
- Maintaining the hatchery and lodge.

10,366

sea turtle hatchlings returned to the sea in 2024/25

Intellectual Capital

Our Intellectual Capital forms the foundation of value creation, developing new product pipelines for emerging needs and a sustainable future. Strategic innovation and a strong brand known for technical excellence have enhanced the Group's competitiveness and ensured sustainable growth. ***Whales possess extraordinary cognitive abilities, including long-term memory and problem-solving skills-reflecting the kind of intelligence we cultivate within our teams to drive sustained innovation, value creation, and boundless impact.***

PRASANNA UDAYA KUMARA
Director – Research & Development and Technical

MANAGEMENT APPROACH

Sustainable innovation underpins our Intellectual Capital management approach and involves utilising innovation to expand and refine our product range to deliver value to customers while promoting a more sustainable world. We also continuously innovating our processes to enhance productivity and efficiency while minimising the environmental impacts of our operations. The Innovation Policy guides innovation at Haycarb, aligning research and development efforts with emerging market trends, strategic objectives and sustainability aspirations

The Brand

HAYCARB
Activated carbon solutions

32
Certifications

>1,500
Activated Carbon products

>100
Environmental Engineering products & Solutions

OUR STRATEGIC PRIORITIES IN 2024/25

- Future-focused sustainable innovation
- Process excellence through compliance with a range of certifications
- Strengthened global brand visibility
- Promoted an innovation culture
- Building strategic alliances with partners, suppliers and customers

PROGRESS MADE IN 2024/25 TOWARDS SUSTAINABLE INNOVATION

New products Launched **16**

Rs. **209** Mn Investment in R&D

Products in Pipeline **4**

Rs. **460** Mn Savings from Process Improvements

WAY FORWARD

Short Term and going forward

- Consistently align R&D efforts with emerging opportunities and market trends.
- Continuously invest in innovating our processes to deliver products that fulfill customer specifications.
- Deliver process excellence in compliance with numerous external accreditations.
- Strengthen innovation capabilities within the Group by fostering an innovation culture.
- Secure patents for new products developed in the energy storage carbon range

Capital trade-offs	Short-term	Long term
FC	↓	↑
S&RC	↑	↑
NC		↑

Link with material topics

M3, M6

Link with key risks and opportunities / SRROs / CRROs

R7, R8, O1, O3, O4, O5

Alignment with strategic priorities

- Market growth
- Innovation led growth
- ESG mindset

Contribution to SDGs

VALUE CREATED IN 2024/25

- Maintained a strong product pipeline for emerging applications through strategic R&D initiatives.
- Enhanced proprietary processes to deliver high quality products for emerging applications.
- Strengthened the global visibility of the Haycarb brand through strategic marketing initiatives that included a focused digital marketing strategy.
- Ongoing emphasis on strengthening our innovation capabilities through learning and development.

DIGITALISATION

Haycarb's digitalisation efforts enhanced intellectual capital by embedding knowledge, systems, and brand value. A data-driven marketing strategy-using analytics, SEO, and targeted advertising-boosted brand visibility and customer insights. Optimised platforms and scalable tools continue to drive innovation, improve responsiveness, and strengthen our position in evolving global markets.

Rs.466.9Mn

Revenue generated from new products during 2024/25

Organisational Tacit Knowledge

2

New Certifications

1

Re-certification

INNOVATION THAT DRIVES A MORE SUSTAINABLE FUTURE

DRIVERS OF INNOVATION

Customer insights
Gained through deep engagement with customers.

Market trends
Obtained through proactive monitoring of new developments in the market.

R&D team
A team of highly skilled chemists and engineers drive our product and process innovation.

Organisational tacit knowledge
Gained over 50 years of operations

An innovation culture
Fosters continuous knowledge sharing, brainstorming and experimentation.

INNOVATION OUTCOMES

New product development

Process innovation

16
New Products

INNOVATION THAT DRIVES A MORE SUSTAINABLE FUTURE

Strategic innovation has enabled us to continuously evolve our product range to fulfill customers' current and future needs while contributing to broader global sustainability priorities. Innovation in 2024/25 aimed primarily to enhance value for customers in emerging applications and resulted in the introduction of 16 new products.

Our innovation focus areas in 2024/25 are summarised below.

Energy Storage Carbons

Innovative energy carbon materials that focus on applications in supercapacitors, Li-ion batteries and Sodium-ion batteries.

8 New Products

PFAS Carbons

Advanced activated carbon media for the removal of PFAS from water to enhance the safety and quality of drinking water.

3 New Products

ABEK/ABE Respirator Carbon for Personal Protection

Advanced carbon materials for protective filters and masks to safeguard against chemical agents in various high-risk environments.

2 New Products

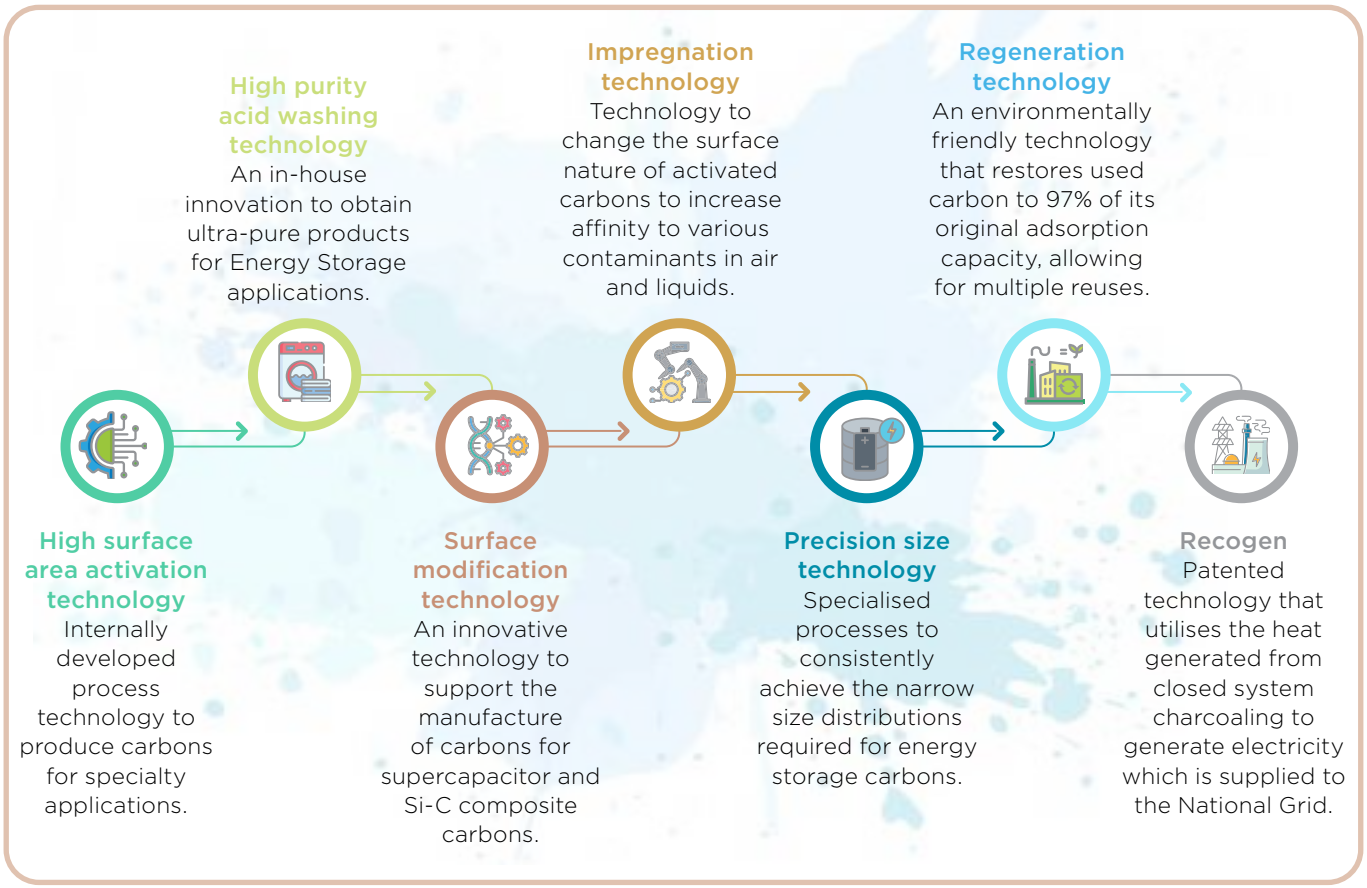
High-capacity Chloramine Removal Carbon

A premium coconut based and wood based, catalytic activated carbon range produced using proprietary technology to remove chloramine, hydrogen sulfide, heavy metals, disinfection by-products and other emerging contaminants in water purification applications.

Pelleted Carbon for H2S Removal

High-capacity coconut shell-based pelletised activated carbons specifically designed for acid gas removal in industrial waste gas treatment, sewage treatment

We also hold a portfolio of proprietary technologies that support the sustainable manufacture of activated carbon products. These include



INNOVATION THROUGH RESEARCH EXCELLENCE

Our newly established electrochemical laboratory hosts a comprehensive range of advanced equipment to drive innovation and new product development for energy storage applications. Advanced capabilities have enabled the development of small-scale batteries and capacitors within our laboratory, facilitating insights into its performance under various real-world conditions. These insights have enabled us to refine our product propositions to cater to the specific needs of customers.

The laboratory supports electrode fabrication for various electrochemical energy storage systems including Lithium-ion batteries, Sodium-ion batteries and supercapacitors. This is facilitated by key processes such as slurry preparation, electrode coating, drying, precision cutting Vaccuum drying and cell assembly for both coin and pouch cells.

Key equipment that supports our innovation in energy storage carbon applications include,

MBRAUN Glovebox

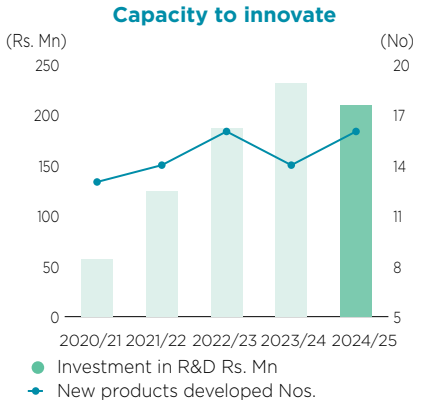
This instrument utilises an inert argon atmosphere to create an ultra-low oxygen and water environment to support precision and reliability when assembling Lithium ion and Sodium ion batteries and super-capacitors.

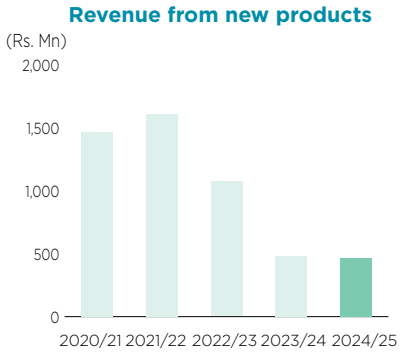
Arbin Battery Tester

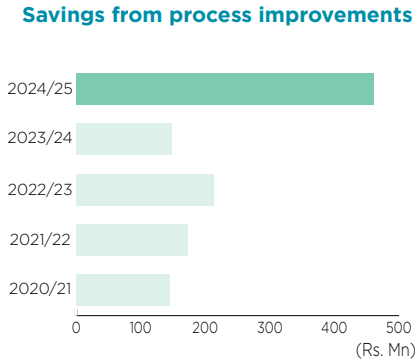
The integration of an Arbin Battery Tester with a Gamry Electrochemical Workstation has enabled advanced battery testing capabilities such as capacity grading, aging analysis, and impedance measurements within our laboratory facilities. This has strengthened the accuracy and reliability of data related to battery performance, providing richer technical insights to support innovation.

CAPACITY TO INNOVATE

Customer-centric innovation has enabled us to consistently fulfill and exceed customer expectations while responding to emerging market opportunities. Our commitment to broaden our product portfolio through continuous research and development has led to a strong pipeline of new products, strengthening our competitive edge in an intensely competitive industry while positioning us for future growth.







THE HAYCARB BRAND

Haycarb is a leader in the coconut shell activated carbon industry holding a strong 16% share of the global market. Our market strength is underpinned by manufacturing excellence, technical expertise, advanced R&D capabilities and a culture of knowledge sharing demonstrated over 5 decades of operations. A purpose-led approach to achieving our strategic ambitions has positioned us as a trusted partner, customers can rely on to realise their own sustainability aspirations. During the year under review, the Group continued to strengthen the visibility of the Haycarb brand in global markets by leveraging strategic marketing initiatives by overseas subsidiaries, a strong digital marketing strategy and participation at global trade shows.

PROCESS EXCELLENCE CERTIFICATIONS

We comply with numerous local and international certifications in quality, food safety environmental management and occupational health and safety. This has supported the benchmarking of our processes to international best practices while providing assurance to third parties about the integrity of our business processes. Below are a list of key certifications and affiliations we have obtained for our processes.

Certifications				
Haycarb Group	Quality Management	Food Safety Management	Environmental Management	Occupational health and safety
Haycarb - Sri Lanka	• ISO 9001:2015 Recertification by SLSI – Sri Lanka • Certificate of Conformity, Covid-19 Management System SLS 1672: 2020 from SLSI – Sri Lanka	• ISO 22000:2018 Certification from SGS – Sri Lanka • HACCP Certification from SGS – Sri Lanka • GMP Certification from SGS – Sri Lanka • Halal Certification from the Halal Accreditation Council • KOSHER Certification Orthodox Union – USA • NSF Product Certification by NSF International USA	• ISO 14001:2015 Recertification by SGS – Sri Lanka • WQA Sustainability Certification WQA – USA • ECO Label Sri Lanka - National Cleaning Production Centre	• ISO 45001:2018 Occupational health and safety
PT Mapalus Makawanua Industry – Indonesia	• ISO 9001: 2015 Recertification by SLSI – Sri Lanka	• Halal Certification from the Halal Accreditation Council • KOSHER Certification Orthodox Union – USA • NSF Product Certification by NSF International USA	• ISO 14001:2015	
Haycarb Palu Mitra – Indonesia	• ISO 9001: 2015 Recertification by SLSI – Sri Lanka	• Halal Certification from the Halal Accreditation Council • NSF Product Certification by NSF International USA	• ISO 14001:2015	
Carbokarn – Thailand	• ISO 9001: 2015 Recertification by SGS – Thailand	• NSF Product Certification by NSF International USA	• ISO 14001: 2015 Recertification by SLSI – Sri Lanka	
CK Regen Systems – Thailand	• ISO 9001:2015 Recertification by SGS – Thailand		• ISO 14001:2015 Recertification by SLSI – Sri Lanka	
Shizuka – Thailand	• ISO 9001: 2015 Recertification by SGS – Thailand		• ISO 14001:2015	
Eurocarb Products – UK	• ISO 9001: 2015 Certification REACH registration		• ISO 14001:2015	

Certifications				
Haycarb Group	Quality Management	Food Safety Management	Environmental Management	Occupational health and safety
Puritas Sri Lanka	• ISO 9001: 2015 Recertification by SLSI – Sri Lanka • C1 Grade on Main Construction Contractor's Registration – CIDA Sri Lanka • EM1 Grade on Specialist Construction Contractor's Registration – CIDA Sri Lanka			

Human Capital

Driving innovation and creating long-term value lies in the commitment and capabilities of the Haycarb team. We are committed to fostering a supportive work environment where wellbeing is prioritised, talent is nurtured and our employees are empowered to realise their full potential while contributing to sustainable business growth. ***Whales adapt their behaviours based on environmental changes and learn from each other. Our employees are adaptable and continuously upscale their skills.***

BRAHMAN BALARATNARAJAH
Deputy Managing Director

A Team of
2,026
Across 7 countries

1,926
Activated Carbon Segment

100
Environmental Engineering Segment

MANAGEMENT APPROACH

Our comprehensive employee value proposition fosters an engaging and supportive work environment that nurtures wellbeing and growth while attracting, developing and retaining talent aligned with the Group's long term strategic aspirations.

OUR STRATEGIC PRIORITIES IN 2024/25

- Talent acquisition and retention
- Diversity, equity and inclusion
- Training and development
- Employee wellbeing
- Technological integration
- Employee engagement activities

PROGRESS MADE IN 2024/25 TOWARDS ACHIEVING OUR ESG ASPIRATIONS

Employee attrition **ON TRACK** — **9%**

04 — No. of serious workplace injuries / occupational diseases **MISSED**

% of permanent employees receiving performance appraisals. **ACHIEVED** — **100%**

17.3 — No. of hours of training per employee per annum **ON TRACK**

WAY FORWARD

Short term and going forward

- Ongoing emphasis on nurturing a learning organisation and supporting the development and career progression of employees.
- Strengthen overall employee well-being with specific emphasis on occupational health and safety.
- Ongoing emphasis on fostering a diverse and inclusive work environment.
- Leverage digital tools to enhance operational efficiency of the HR function.
- Engage with educational and professional institutions to strengthen our employer branding and build talent pipelines.

Capital trade-offs	Short-term	Long term
FC	↓	
IC		↑

Link with material topics

- M2, M8, M9, M15

Link with key risks and opportunities / SRROs / CRROs

- R6, R12, R14, R15, R17

Alignment with strategic priorities

- Purpose driven and committed teams
- Market growth
- Innovation led growth
- ESG mindset

Contribution to SDGs

VALUE CREATED IN 2024/25

- Further structural improvements to HR governance to enhance employee responsiveness and support strategy execution.
- Ongoing efforts to strengthen occupational health and safety within the organisation led to
  - Designation of 206 employees as health and safety champions within operational locations and offices.
  - Appointment of health and safety sub-committees for each department.
  - Strengthened near-miss incident monitoring through improved record keeping and trend analysis.
- Enhanced support to new recruits through the introduction of the post-onboarding review system.
- Consistently supported employee growth and career progression through investments in training and development.
- Initiatives to foster a diverse, inclusive and respectful work environment.
- Transforming employee skills through a digital platform "HayLearn" accessible online

DIGITALISATION

As part of our ongoing commitment to enhancing workforce capabilities and fostering a culture of continuous learning, we have successfully integrated advanced technology into our human capital strategy. The introduction of our **E-Learning** Portal revolutionised the way we approach employee training and development by offering flexible, self-paced learning opportunities to our team members, regardless of their geographical location. HR Information Management System, including performance appraisals continue to be supported by a robust HRIS system.

Rs. 4.9 Bn

(-11%) Payments to employees

Rs. 68.9 Mn

(+19%) Invested in physical and mental healthcare

Rs. 9.6 Mn

(-15%) Invested in training and development

Rs. >70 Mn

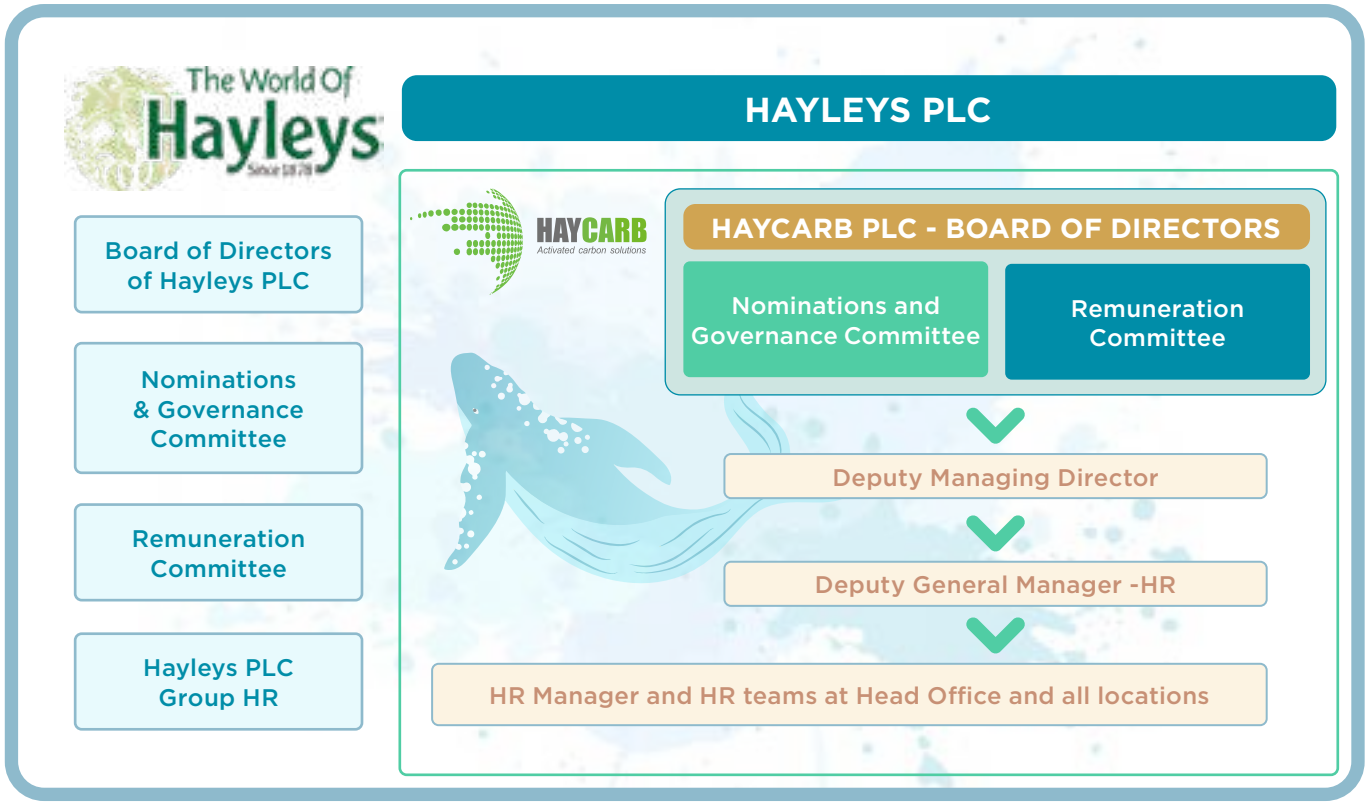
(-30%) Invested in strengthening occupational health and safety

HAYCARB'S PURSUIT OF EXCELLENCE AND INNOVATION IS ANCHORED IN THE DEDICATION AND PROFICIENCY OF OUR TEAM. WE ARE COMMITTED TO BUILDING A FUTURE-READY WORKFORCE BY PROVIDING CONTINUOUS DEVELOPMENT, MEANINGFUL OPPORTUNITIES, AND A SUPPORTIVE ENVIRONMENT WHERE WELL-BEING IS INTEGRAL TO SUCCESS.

HR GOVERNANCE

Our people management framework is closely aligned with our parent entity, Hayleys PLC. Our HR policies, procedures and practices comply with all regulatory requirements of the countries we operate in and also align with global best practice in human rights and child labour, reflecting our commitment as signatories to the UN Global Compact. During the year under review, Haycarb implemented further structural improvements to its HR function to support the execution of strategy, strengthen HR operations and enhance responsiveness to employee needs. The Group's new HR governance structure is given below.

The Group's HR strategy and policies are formulated centrally at the Group's Head Office in Colombo, Sri Lanka while operations at each manufacturing site is managed by dedicated on-site HR departments. Head Office oversight ensures consistency in policies, practices and procedures as well as regulatory compliance across all operational sites. Centrally developed HR strategies and policies are communicated to the HR Departments at each manufacturing location directly and through the respective country heads.



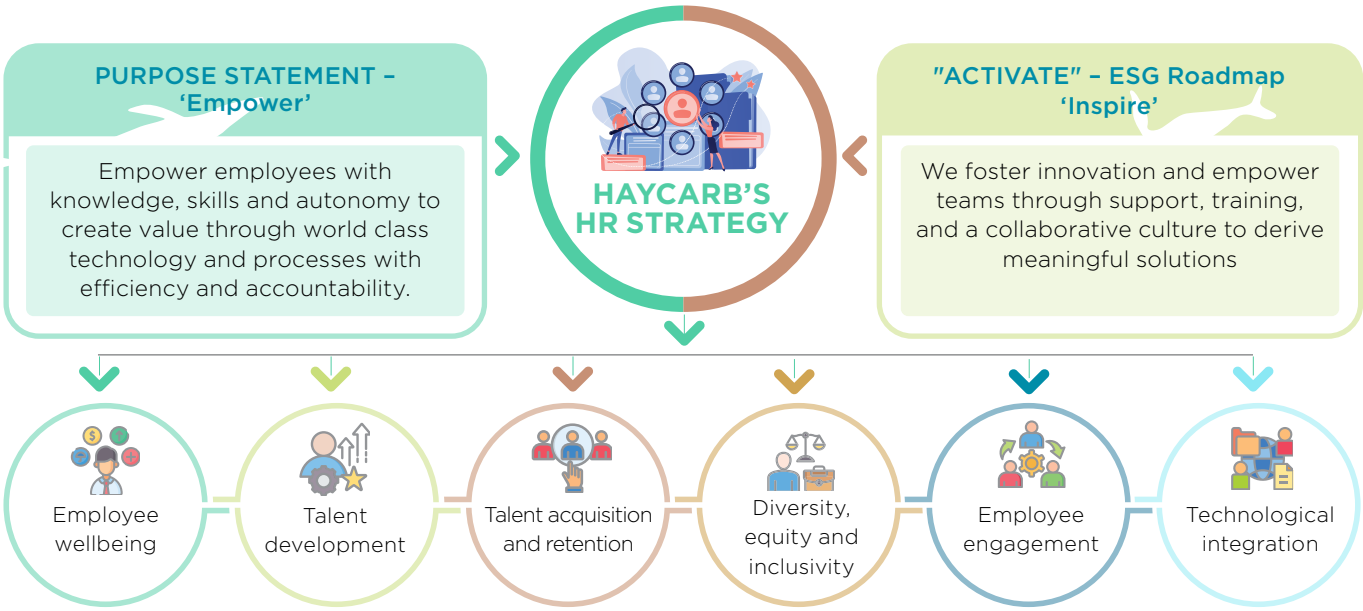
Policy formulation follows a formal and structured approach and takes into consideration the regulatory requirements of each country of operations, and industry best practice. The Group's policy framework includes policies for the prevention of child labour and forced or compulsory labour.

HAYCARB'S HR POLICIES

Talent Management	Human Rights and Ethical Practices	Safe Place to Work	Grievance Mechanisms	Industrial Telations	Discplinary
Recruitment and selection	Human rights policy	Health and safety policy	Grievance handling policy	Industrial relations policy	Discplinary policy
Learning and development	No forced labour policy	No harassment and abuse policy			
Talent management and succession planning	Minimum age policy	Anti-sexual harassment policy			
Performance Management	No discrimination policy				
Remuneration policy	Whistleblower policy				

OUR HR STRATEGY

Our HR strategy is purpose-led and strategically aligned to reflect our ESG aspirations.



TALENT ACQUISITION AND RETENTION

Team Profile

GRI 2-7, 8, 408-1, 409-1, 202-2, 411-1

Our team comprises 2,026 employees across 7 countries with approximately 63% based in Sri Lanka. We do not employ staff on a part-time basis. Approximately 515 outsourced staff were employed within our premises and engaged in non-core activities at production locations. We do not sanction child labour or forced / compulsory labour within our organisation and no incidents were reported during the year.

All management positions in Sri Lanka were held by individuals from Sri Lanka while approximately 83% and 86% of positions in Indonesia and Thailand were held by individuals from the respective countries. Further, the Group did not employ any indigenous peoples in 2024/25, therefore there were no incidents of violations invloving the rights of indigenous people.

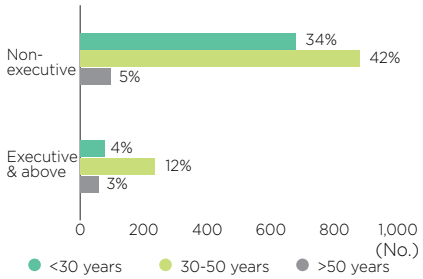
Recruitment and Retention

GRI 401-1

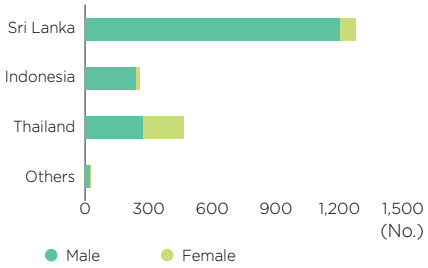
A strong employee proposition delivered through a holistic HR strategy enabled the Group to maintain a healthy employee retention ratio of 91% in 2024/25. The Group employed 439 new employees in 2024/25 of which 129 were new positions created to support business expansion.

The Group's recruitment process is governed by its Recruitment Policy, ensuring transparency and impartiality in recruitments. We continued to invest in numerous initiatives to strengthen

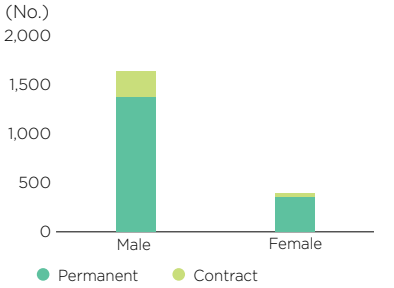
Age analysis of employees GRI 405-1



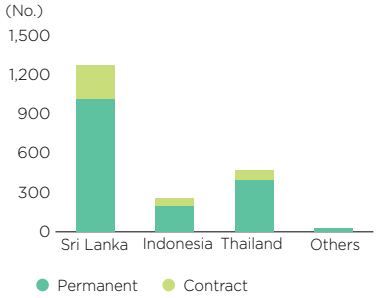
Employees by region and gender



Employees by contract and gender

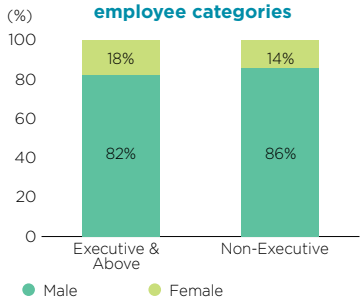


Employees by contract and region



GRI 405-1

Team composition by employee categories



5 %

2030 "Activate" Aspiration
Employee attrition

9 %

Our performance in 2024/25

Haycarb's Internship Programme

Our internship programme offers students and graduates practical experience related to all aspects of activated carbon manufacturing. Over a period of 3-6 months, participants are given cross-functional exposure in areas including engineering, finance, IT, HR, sales and marketing, business development, sustainability and purchasing. Concurrently, participants' skills and long term potential are assessed and permanent positions are extended to suitable candidates.

No. of interns participating in this programme in 2024/25 - **55**

our employer branding and develop talent pipelines with the competencies required to assume roles within the Group.

Collaborations with universities and higher educational institutions were also strengthened during the year under review. Visits to manufacturing sites were facilitated to provide students with insights into real-world industrial operations. We also made considerable investments in developing internal talent, enabling career progression through targeted training and development programmes.

New developments in 2024/25

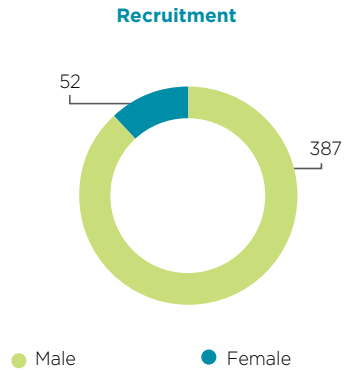
- Introduced post-onboarding reviews.
- Facilitated university student visits to manufacturing locations.

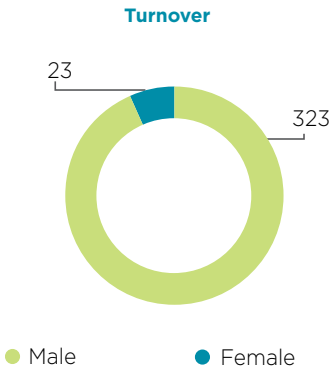
To support integration and strengthen retention, post-onboarding reviews were introduced for new employees. Two reviews were conducted for all employees. The first review was conducted two weeks post-joining to ascertain new recruits' initial experience, ensure role clarity, understand any challenges faced and determine if any immediate support was needed. The second review was conducted upon the completion of six months' employment and evaluated employees' fitness to the job, performance, engagement, career aspirations and overall satisfaction.

Approximately 346 individuals resigned from the Group during the year under review, and exit interviews were conducted by the HR function with all of them. Women accounted for approximately 7% of resignations in 2024/25.

RECRUITMENT AND TURNOVER ANALYSIS FOR 2024/25

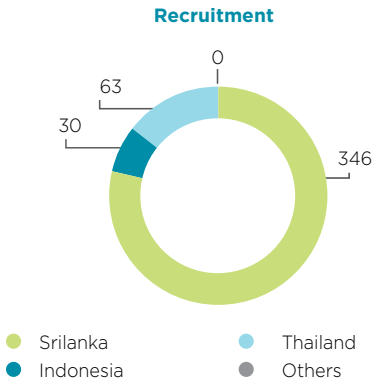
By Gender

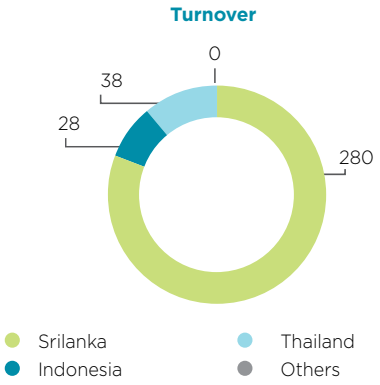




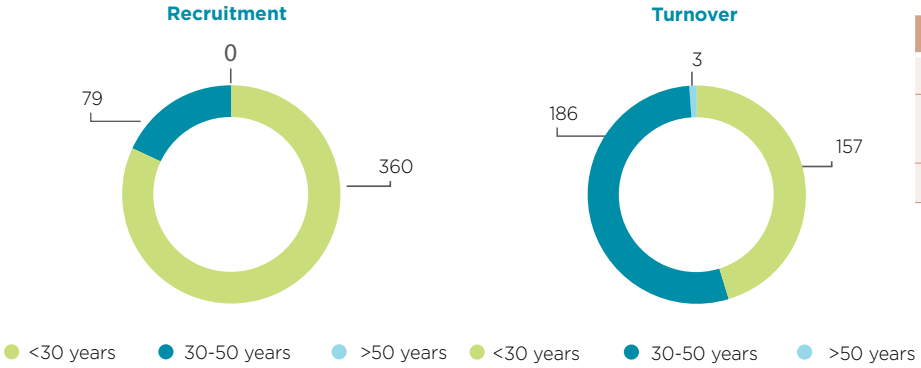
	Recruitment	Turnover
Male	**387** (88%)	**323** (93%)
Female	**52** (12%)	**23** (7%)

By Region





	Recruitment	Turnover
Sri Lanka	**346** (79%)	**280** (81%)
Indonesia	**30** (7%)	**28** (8%)
Thailand	**63** (14%)	**38** (11%)



	Recruitment	Turnover
<30 years	**360** (82%)	**157** (45%)
30-50 years	**79** (18%)	**186** (54%)
>50 years	**0** (0%)	**3** (1%)

EMPLOYEE WELL-BEING

RT-CH-320a.2

Employee wellbeing remained a key priority, with initiatives focused on physical health, mental resilience, emotional health and work-life balance. Our programs aimed to foster a supportive and inclusive environment, enhancing overall engagement and productivity.

Occupational Health and Safety

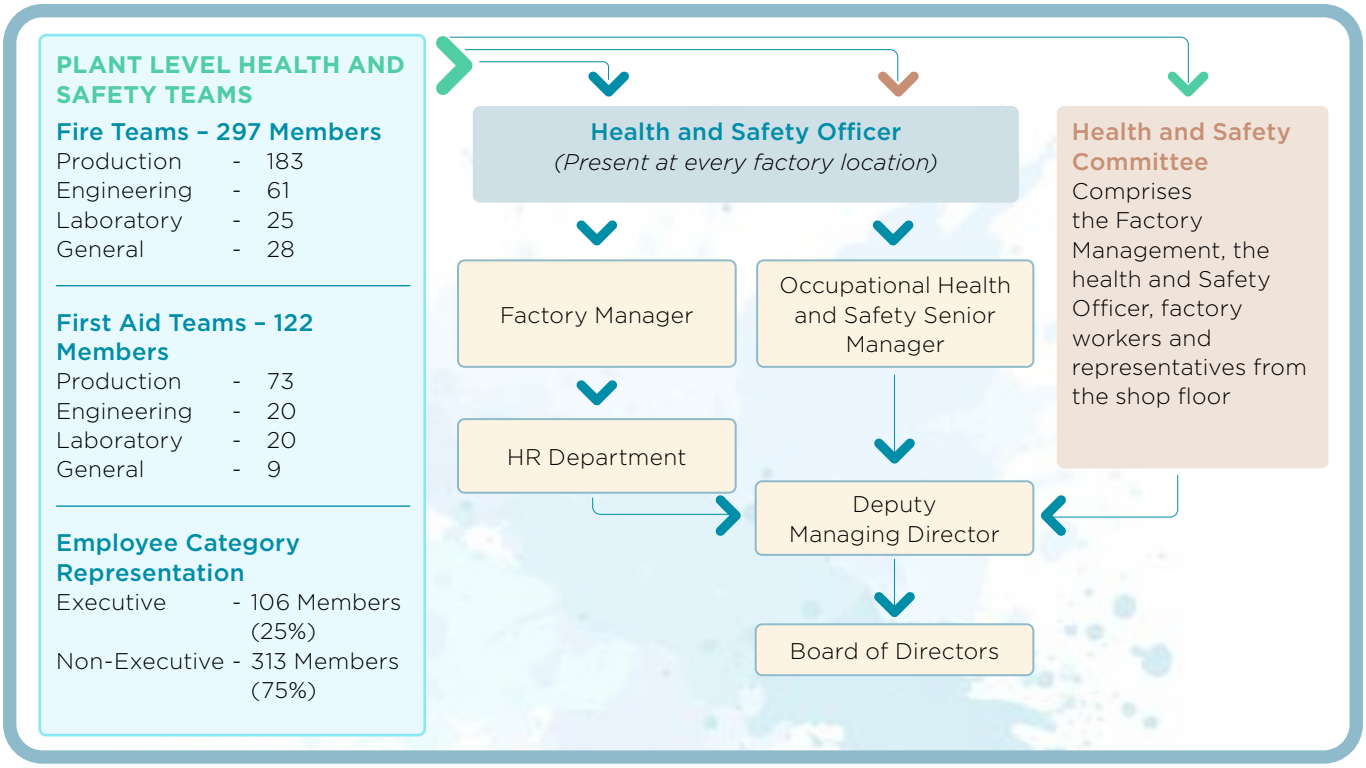
Governance at Haycarb

GRI 403-1, 8

Given the inherent operational risks associated with manufacturing, occupational health and safety remains at the core of our approach to safeguarding employee wellbeing. A formal structure has been established to manage occupational health and safety within the Group, with accountability assigned across designated roles and the Board providing oversight. The Group's governance structure for the management of occupational health and safety is given below.

The Group has implemented a comprehensive health and safety management system that encompasses all employees and

SAFETY AND GOVERNANCE STRUCTURE



outsourced personnel across the Group. The policy was developed in adherence with country specific occupational health and safety regulations, and the requirements of ISO 45001:2018 Occupational Health and Safety Management Systems accreditation.

During the year under review, the Group strengthened occupational health and safety governance through the designation of 206 employees as health and safety champions across its locations. These individuals were tasked with promoting a culture of vigilance and risk prevention.

We also established, health and safety sub-committees in each department to address less significant health and safety related risks. Significant risks continued to be reviewed and managed by the Health and Safety Officer and Health and Safety Committee established at each location.

While identifying health and safety related risks and hazards is a shared responsibility among all employees, designated accountability lies with the Health and Safety Champions, Health and Safety Officer, the Health and Safety Sub-Committees and the Health and Safety Committees.

Periodic health and safety related concerns are reported to the Health and Safety Senior Manager and the HR Department, who in turn reports them to the Deputy Managing Director. Occupational health and safety concerns are also discussed in detail at health and safety committee meetings headed by the Deputy Managing Director. The Board is informed on significant health and safety matters through regular meetings.

Managing Occupational Health and Safety

GRI 403-2, 3, 4, 6, 7, 410-1

The Group's health and safety management system guides its occupational health and safety risk and hazard identification and mitigation processes. These processes were reviewed quarterly to assess alignment with internal standards and evolving operating conditions. Processes requiring attention were escalated to the health and safety committee for review and implementation of additional control measures.

Health and safety champions, officers, sub-committees actively engaged in hazard identification, reporting and incident investigation. Monitoring of near-miss incidents was strengthened during the year under review through the implementation of dedicated record books in each department. This initiative has enhanced the tracking and root cause analysis of near-miss health and safety incidents, enabling the implementation of proactive mitigation measures and the identification of additional training needs.

New developments in 2024/25

- 206 health and safety champions appointed
- Established departmental health and safety sub-committees.
- Strengthened reporting of near-miss incidents

Open communication continues to enable swift action in addressing health and safety concerns across the Group. Health and safety committees meet on a quarterly basis to monitor, evaluate, and continually improve existing occupational health and safety systems. Health and safety Clear communication channels and appropriate alarm systems ensure notification of potential health and safety hazards across the production floor while ongoing engagement with Group management enables open discussion related to health and safety concerns.

Health and safety audits were performed periodically to assess compliance with health and safety policies procedures and processes.

INCIDENT INVESTIGATION AT HAYCARB

Initial reporting by operational teams → Analysed by the incident reporting committee → Development of improvements and corrective action. → Implementation of improvements and corrective action and presented to the management and respective committees.

WE ARE COMMITTED TO A WORKPLACE WHERE SAFETY AND PERSONAL GROWTH ARE INSEPARABLE. OUR APPROACH TO HUMAN CAPITAL PRIORITISES WELL-BEING, CAPABILITY-BUILDING, AND LONG-TERM RESILIENCE, ALL OF WHICH UNDERPIN OUR INTEGRATED STRATEGY GRI 403-5

The Group's ESG department carried out audits regularly to assess compliance with internal safety policies and standards while the internal Q&S department performed quarterly audits to ensure alignment with ISO 450001:2018 Occupational Health and Safety Management Systems requirements. Health and safety deviations, and areas for improvement identified during these audits were communicated to each department and an action plan was developed to address them.

Numerous health and safety initiatives have been implemented across our manufacturing facilities. These include,

- Fire protection and safety systems
- Safety visualisations including sign boards and warning boards.
- Permit to work system.
- Provision of personal protective equipment which includes safety shoes, goggles, earmuffs, helmets, aprons and gloves.
- First aid boxes and medical rooms with qualified personnel.
- Toolbox talk with worker participation.
- Periodic mock drills for response to fire and chemical spillage and emergency situations
- Earthquake preparedness measures, including regular evacuation drills, structural safety assessments, and employee training on emergency response protocols
- Safety trainings (Refer below)
- Spot audits

Engaging in health and safety related training is mandatory for all employees. During the year under review, health and safety related training covered,

- Fire Safety Training and Emergency Mock Drill
- First Aid Training
- Boiler Operation and Safety Awareness
- Chemical Spill Management and Handling Procedures
- Comprehensive Workplace Safety Awareness
- Electrical Safety and Hazard Prevention
- Fire Pump System Design and Selection
- Forklift Operation and Safety
- General Safety Practices and Personal Hygiene
- Lockout-Tagout Safety Protocol
- Managing Workplace Stress and Achieving Work-Life Balance
- Mental Well-being through Mindfulness
- Occupational Health and Safety
- Personal Protective Equipment (PPE) and Proper Usage
- Risk Assessment, Safety Practices, and Accident Prevention
- Safety Procedures for Hot Work and Spark Hazards

We provided the following health and safety related benefits to team members,

- First aid centres at with qualified personnel.
- Surgical hospitalisation insurance cover for executives.
- A medical expenses fund for factory employees.
- Annual health check-ups for every employee in manufacturing locations.

Despite strong emphasis on occupational health and safety, we are deeply saddened to report an unfortunate incident at our Badalgama facility. The incident involved a pressure failure of one of the boilers resulting in the death of one employee. Fourteen others sustained injuries and we ensured that all received immediate first aid and comprehensive medical care, with management closely overseeing their treatment and recovery. All relevant stakeholders, including the Police, the Central Environmental Authority, and the Labor Office were informed of the incident immediately. Systematic and independent investigations were also immediately initiated both internally and with the assistance of external technical experts to determine the root cause.

In response to the findings of these thorough investigations, we have implemented a series of enhanced safety measures and best practices across all operations. Key actions include the initiation of a boiler digitalisation project to introduce secondary monitoring from a centralised control room, a comprehensive review of existing operational control procedures, and expansion of the boiler training program to include a wider range of employees. The periodic and planned boiler inspections by third parties were augmented by immediate third party boiler audits

and integrity testing in all locations, and introduction of a random boiler inspection program. These measures underscore our unwavering commitment to the safety and well-being of our employees and the continuous improvement of our operational safety standards.

Physical and Mental Well-Being

The Group has also established numerous initiatives to promote the overall physical and mental wellbeing of its team. These include,

- Mental health awareness campaigns which include sessions conducted by external professionals as well as internal awareness sessions. Mental wellbeing training to improve mental health awareness and provide emotional support. Training focuses on strengthening employees' stress management skills, building resilience and supporting them in balancing work and life.
- Fitness and wellness programmes through yoga and Zumba sessions. The Group actively supports gym memberships and participation in sports tournaments.
- Counselling and employee assistance programmes (EAP) which encompasses psychological support and confidential counselling.

10,811 Hrs

Health and safety related training

5.3 Hrs

Hours of health and safety related training per employee in 2024/25

Safeguarding Employees Against Long-Term Health Risks

RT-CH-320a.2

We proactively evaluate the impact of our operations on the long-term health and well-being of our employees and have established safety standards for processes identified as posing such risks. Compliance with these standards is continuously monitored, and corrective measures are implemented as required. Factory floor employees involved in processes with potential health implications are provided with appropriate personal protective equipment (PPE), and all factory staff receive regular training on its proper use and importance. Periodic health screenings are conducted to enable early detection of any health concerns. Furthermore, processes have been automated where possible to minimise long term health risks.

Operational Safety, Emergency Preparedness and Response

GRI 403-6, **RT-CH**-540a

We have implemented a comprehensive disaster recovery plan across our operations, supported by regular training for all employees and outsourced personnel operating within our premises. Emergency response teams are in place at all sites and are equipped to respond promptly to emergencies. These teams receive regular training in multiple aspects of emergency management, including fire safety, medical emergencies and chemical incident handling.

RT-CH-320a.1, **RT-CH-540a**.1,2

	Total
Process safety incidents count (PSIC)	39
Process safety total incident rate (PSTIR)	1.89
Process safety incident severity rate (PSISR)	1.89
Number of transport incidents	Zero

GRI 403-9, 10	2024/25	2023/24	% annual change
Occupational injuries and diseases	43	32	+34%
Total no. of lost days due to occupational injuries/diseases	569	226	+152%
Total recordable incident rate (TRIR)	2.1	1.58	+33%
Fatality rate for direct employees	1	Zero	-
Fatality rate for contract employees	Zero	Zero	-

No work related ill health was recorded during the year under review.

NURTURING A LEARNING ORGANISATION

We actively nurture a culture of learning and development to ensure that employees remain up-to-date with the skills and knowledge needed to drive innovation and capture opportunities in emerging appication and markets, in a rapidly evolving human environment. It also promotes continuous improvement, enabling a future ready team, that is equipped with the competencies needed to drive long-term business growth and value creation.

DEVELOPING TRAINING PLANS

Executives and above

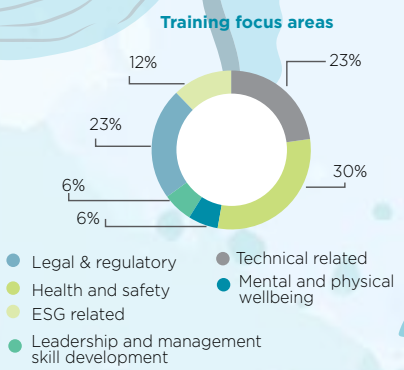
- The Learning and Development Team develops customised annual training plans for each employee.
- Training plans incorporate skill gaps identified during the year-end performance review and the technical requirements of specific processes.
- Input is also obtained from Departmental Heads to ensure training plans align with the Group's strategic goals and individual KPIs.

Non-executives

- Heads of departments prepare Annual Training Plans for each function based on functional and individual training needs.

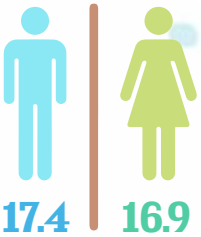
OUR TRAINING RECORD IN 2024/25 GRI 404-1 to 3, 410-1

Staff category	Average training hours per head
Assistant Manager and above	29
Executive	47
Non-executive	12



We conducted multiple training programs to enhance the skills of all our service providers in security, janitorial, transport, and other sectors. The training covered human rights, anti-harassment, safe chemical handling, grievance processes, and Haycarb policy awareness. Currently, the Group does not offer transition assistance programs.

Average hours of training per year per employee



PERFORMANCE MANAGEMENT

Our performance management system ensures the alignment of individual objectives with organisational goals and serves to drive organisational performance through a culture of continuous learning and development.

At the beginning of each year, employees are set measurable performance objectives in line with organisational goals. While employees receive regular feedback during their daily responsibilities, a formal performance appraisal is conducted at the year-end to assess performance against established goals. During this process, constructive feedback is given to support employee development while skill gaps identified during the performance appraisal informs the development of the next years' training plan.

During the year under review, all (100%) permanent employees received performance appraisals.

Training and development → Performance management → Empowering our team → Succession planning

DELIVERY OF TRAINING AT HAYCARB

Ongoing training and development opportunities
Aligned with organisational strategic objectives and tailored to support individual professional development, ongoing training comprises formal training, on-the-job training and mentoring.

Lifelong learning
Support for undergraduate, postgraduate and professional studies on a case-by-case basis.

Job rotation
Local and overseas opportunities to broaden skills and enhance cross functional understanding.

E-learning and digitalisation
Self-paced learning through HayLearn, providing access to industry best practice, skill development modules and online courses.

Orientation programmes
Structured sessions for new recruits to support integration and job preparedness.

External training programmes
Local and overseas training programmes conducted by professional bodies.

Overseas placements
A three-year programme for high-performing employees at Haycarb's global offices or manufacturing facilities to develop global competencies and cultural awareness.

Virtual training
Online sessions via Teams and Zoom ensuring accessibility for employees across different locations.

New recruits

Onboarding sessions, orientation and on-the-job training helps new employees integrate smoothly into the Group as well as their job

Employees undergoing role changes

Specialised training is provided to prepare employees for their new roles and facilitate a smooth transition.

40

2030 "Activate" Aspiration
Average training hours per employee per annum

17.3

Our performance in 2024/25

100 %

2030 "Activate" Aspiration
Coverage of permanent employee performance appraisals.

100 %

Our performance in 2024/25

EMPOWERING OUR TEAM

Work improvement meetings remained a key platform for employees to brainstorm and contribute innovative ideas to enhance operational efficiency and productivity while minimising waste. Work improvement meetings are led by the Deputy Managing Director in Sri Lanka and are held quarterly at each manufacturing location. Representatives from all levels of the organisation including selected factory employees participate at these meetings.

During the year under review, Significant no of ideas proposed at work improvement meetings were implemented resulting in cost savings of Rs. 460Mn.

SUCCESSION PLANNING

We continued to engage in succession planning to develop a strong leadership pipeline within the organisation to drive the Group's long term strategic objectives.

High potential individuals in middle management positions were identified for their leadership capabilities and strategic thinking and were developed through targeted programmes to prepare them for the next level of responsibility. 20 employees were identified for 16 positions during the year.

EMPLOYEE ENGAGEMENT

Fostering a motivated and connected workforce remains a key priority for the Group. We are committed to building a workplace culture that encourages open dialogue, mutual respect, and meaningful collaboration across all levels of the organisation.

Monthly townhall meetings serve as a valuable platform for employees to engage directly with senior management, ask questions, voice concerns, and stay informed about company developments. These sessions reinforce transparency and trust across the organisation. Additionally, the Group engages regularly with trade union representatives to proactively address employee concerns and ensure alignment on key workplace matters.

Throughout the year under review, a variety of engagement initiatives were implemented at both local and overseas locations to promote camaraderie and strengthen team spirit

To further enhance employee connection and purpose-driven involvement, the Group also encouraged participation in volunteering activities linked to sustainability initiatives such as the "Behold the Turtle" project. Internal communication was strengthened through the introduction of a monthly internal newsletter, which helped us share updates, celebrate achievements, and unify teams across locations. In addition, internal quiz programs were conducted to promote continuous learning and engagement in an interactive and collaborative manner.

HR Activity Calendar

- Annual Buddhist Pirith ceremony
- International Women's Day
- Traditional New Year Celebrations & games
- Mother's Day
- World Water Day
- World Coconut Day
- Tree Planting Day
- Multi Religious Ceremonies
- Art Day
- Family Sports/Fun Day

Industrial Relations

GRI 2-30, 402-1,407-1 **UNGC Principle** 3

We uphold employees' right to freedom of association and collective bargaining. In Sri Lanka, approximately 43% of employees are members of trade unions. We maintain open dialogue with trade unions through our open-door policy as well as structured communication mechanisms. These include,

- Monthly townhall meetings which provided a platform for open discussion, employee feedback and operational updates by senior management.
- Regular meetings with union representatives to strengthen collaboration and maintain a positive working relationship with trade unions.
- Annual employee gatherings at both local and overseas locations to promote camaraderie and employee engagement.

As a result, no disputes were recorded during the year under review. We provide a reasonable notice period to employees prior to implementing operational changes.

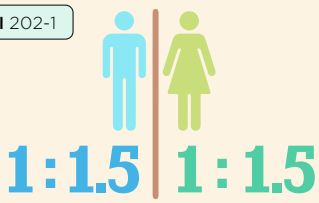
REMUNERATION AND BENEFITS

GRI 201-3

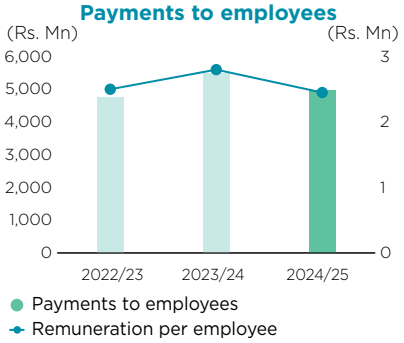
The Group's Remuneration Policy ensures fair and equitable compensation for all employees while adhering to statutory payments including EPF and ETF obligations in Sri Lanka and other global statutory retirement funds and pension schemes.

Standard entry level wages by gender compared to local minimum wage

GRI 202-1



Payments to employees



Refer page no. 307 for total employee benefits paid

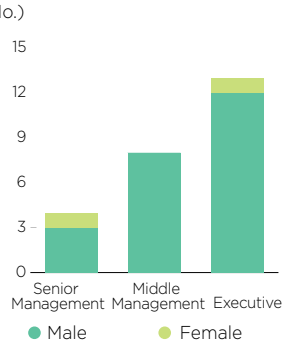
Remuneration of employees at executive level and above is performance-driven with rewards linked to the year-end performance

GRI 401-2

appraisal. Meanwhile, remuneration for shop floor employees is determined through collective agreements negotiated every two years. In addition to competitive compensation, permanent employees are entitled to a range of benefits designed to support their well-being and professional growth. Benefits provided to only permanent employees are listed below.

Average tenure with the company	Years
Senior Management	18
Middle Management	16
Executive	8

Composition of Internal Promoti



375

Staff with over 10 years of service

Wellbeing Related Benefits

- Healthcare insurance – hospitalisation.
- Medical reimbursements – outpatient medical expenses and spectacles.
- Personal accident cover
- Disability and invalidity cover
- Personal protective equipment.
- Company doctor service

Occupational Benefits

- Subsidised meal facility
- Uniforms
- Department, shift, attendance, travelling allowances.
- Attendance bonus
- Overtime
- Bonus
- Subsistence/ Official duty

Professional Growth Related Benefits

- Subscriptions payments for professional bodies

Other Benefits

- Contribution to statutory retirement funds and schemes
- Loan schemes
- Travelling and transport allowance
- Vehicle maintenance
- Death donation scheme
- Membership of Hayleys Group Recreation Club
- School bag and stationery for children of employees.
- Long-service awards
- Cash awards for children of employees who passed the Grade 5 scholarship exam, highest achievements in O/Level and Government University entrance exams
- Workmen's compensation insurance

Celebration of International Women's Day 2025

The Group also recognises both achievements and service commitment, honouring the outstanding contributions of employees that drive organisational success while celebrating long-serving employees for their years of dedication and loyalty.

DIVERSITY, EQUITY AND INCLUSION

GRI 406-1 **UNGC Principle** 6

Haycarb continued to place importance on promoting diversity and inclusion within its workforce. A supporting HR policy framework that upholds equal opportunity, non-discrimination and anti-sexual harassment continue to drive these efforts. We have also established a dedicated grievance handling mechanism to address any harassment-related concerns, ensuring a safe, respectful and equitable work environment for all employees. This proactive approach has led to fair and equitable treatment of all employees across the organisation, with no major incidents of discrimination reported during the year under review.

AN INCLUSIVE AND RESPONSIVE POLICY FRAMEWORK

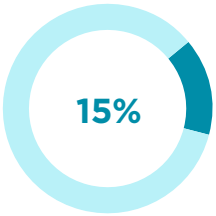
Anti-sexual harassment policy | **Equal opportunity policy** | **Non-discrimination policy**

Key initatives implemented in 2024/25 to promote a more gender diverse organisation

- Parental leave beneifts provided to both mothers and fathers, allowing both parents dedicated time to care for and bond with their new-born or adopted child. The Group provides 12 weeks leave to new mothers in line with statutory requirementes while offering 7 working days of paid leave to new fathers. The Group also offers gift vouchers to new parents to support expenses.
- 154.5 hours of diversity, equity and inclusivity related training were provided to employees to build awarenss, reduce bias and promote a culture of inclusivity and respect.
- Several women's empowerment programmes were conducted aimed at strengthening their leadership skills, and supporting their career progression.
- Structured mentoring and counselling programmes were offered to female employees to support their career development.

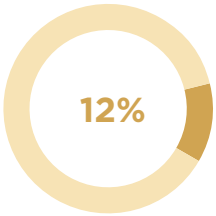
During the year under review, the Group also celebrated International Women's Day based on the theme 'Accelerate Action'. This programme aimed to recognised and appreciate the contribution of our female employees while inspiring them to excel and grow to reach their full potential. Over 50 employees participated in this programme which included members of senior management.

Gender diversity at Haycarb

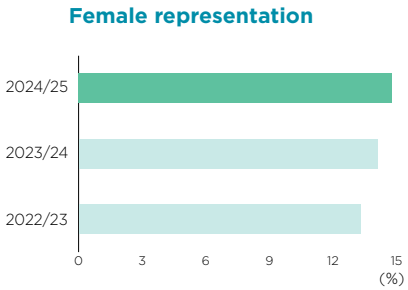


Total female representation

Female representation at Board leval



Female representation among new recruits



Gender diversity based on employee category

	Male	Female	Total
Finance, IT, HR and administration	73	67	140
Marketing and business development	39	17	56
Engineering and project management	295	10	305
R&D / technical	161	41	202
Operations and ESG	1,161	162	1,323
Total	1,729	297	2,026

100 %

Proportion of females who received a performance bonus

Ratio of basic salary and remuneration of women to men

GRI 405-2

1:1

Parental Leave and Retention (GRI 401-3)	Number	% of Workforce
Maternity leave availed	7	2% ●
Returned to work after maternity leave	7	100% ●
Resignations after maternity leave	0	0% ●
Retained within the organisation after 12 months taking maternity leave	7	100% ●
Paternity leave availed	35	2% ●

● % of Female workforce ● % of Male workforce

100 %

Return to work rate after parental leave

100 %

Retention rate after parental leave

Social and Relationship Capital

Our Social and Relationship Capital, comprising long-standing partnerships with customers, suppliers, business partners and communities, were integral in navigating the challenges that emerged during the year. We continued to nurture these relationships by deepening engagement, strengthening collaboration and creating mutual value, just as how ***certain whale pods have shown the ability to develop a social hierarchy with signs of self-recognition, leadership and a culture-like society among the members of the pod.***

ALI ASGAR MUNAVER CADERBHOY
Director - Business Development

MANAGEMENT APPROACH

We adopt a strategic, long-term approach to managing our Social and Relationship Capital built on trust, ethical business practices and shared value creation. Our focus on nurturing collaborative, transparent, long-term relationships with customers, suppliers, business partners and communities has enabled us to remain resilient amidst emerging challenges while delivering sustained value.

>600
Customers

>500
Coconut shell and charcoal suppliers

>71,500
CSR Beneficiaries

OUR STRATEGIC PRIORITIES IN 2024/25

- Delivering, innovative, customised value propositions to customers.
- Deepened relationships with existing suppliers while diversifying and expanding our supplier network
- Long-term, mutually beneficial partnerships with business partners.
- Impactful community engagement
- Leveraging digital platforms to foster customer engagement and stakeholder dialogue
- Strengthening brand reputation through ethical and responsible business practices

PROGRESS MADE IN 2024/25 TOWARDS ACHIEVING OUR ESG ASPIRATIONS

Customer satisfaction score **ACHIEVED** — >90%

CSR Beneficiaries **MISSED** — -32%

% of Green charcoal raw material in all manufacturing locations **MISSED** — 44%

% of supplier assessment of all suppliers on their environmental and social standards and contribution. **MISSED** — 11%

WAY FORWARD

Short Term

- Leverage scale to diversify and expand our supplier network across geographical region

Medium to Long Term

- Focused innovation to deliver products that fulfill specific customer needs while capturing emerging opportunities in energy storage carbons and water purification.
- Strengthen our position as a sustainable activated carbon producer that customers can rely on to deliver on their sustainability commitments.
- Deliver long term value to communities through long-term focused CSR initiatives.

Capital trade-offs	Short-term	Long term
FC	↓	↑

Link with material topics

- M2, M3, M4, M6, M13, M16, M17, M19, M20,

Link with key risks and opportunities / SRROs / CRROs

- R1, R6, R7, R8, R11, O2

Alignment with strategic priorities

- Market growth
- Expansion of global supply chains
- ESG mindset

Contribution to SDGs

VALUE CREATED IN 2024/25

- Deepened engagement with existing customers while tailoring our value propositions in line with customer needs.
- Leveraged digital marketing tools and market-specific technology to expand market reach.
- Strengthened relationships with our extensive supplier network through open engagement and mutual value creation.
- Focused initiatives to diversify the supplier network across multiple geographic locations.
- Strengthened collaboration with business partners to overcome supply chain challenges.
- Long-term focused community engagement initiatives that address vital community needs.

DIGITALISATION

Haycarb revamped its corporate website with a responsive design and enriched content to enhance stakeholder engagement. The platform improves communication, accessibility, and trust, reinforcing relationships and supporting social and relationship capital. This digital upgrade reflects our values and commitment to being a forward-thinking, stakeholder-focused business.

26

New Customer Acquisitions

Rs. 14.9 Bn

Payments to charcoal suppliers **(+16%)**

Chemical and other suppliers **Rs. 7.4 Bn**

>90%

Customer satisfaction score in the Activated Carbon segment

Rs. 50.4 Mn

Investment in community engagement initiatives

DELIVERING VALUE TO CUSTOMERS

Strategic priorities in 2024/25

During the year under review, we focused on strengthening engagement with customers while enhancing the delivery of customised solutions through tailored, sustainably developed product propositions and continuous innovation. Our Customer Management Policy continued to guide our approach to customer relationship management, enabling us to deliver long-term value and positioning ourselves as a partner that customers can consistently trust and rely on.

Accessing new markets

Pursued new customer acquisitions through tailored engagement strategies designed to address the unique dynamics of each market.

Leveraged specialised tools and market specific language to connect more effectively with potential customers.

Relaunched the corporate website with enhanced engagement features including a chatbot to provide instant, 24/7 support for inquiries. Built-in analytics provided deeper insights into visitor behaviour providing valuable information to better understand our audience and tailor our marketing strategies.

Continued to enhance visibility through participation at global trade shows in numerous countries in growth markets.

Strengthened the digital marketing

Successful revamp and relaunch of our corporate website.

Implemented a Customer Relationship Management (CRM) system to streamline and personalise our communications.

Innovation

Close collaboration with customers to innovate products that fulfilled their specific needs.

Consistently engaged in research and development to develop new products to capture opportunities in emerging applications.

Strengthened customer engagement

Open and transparent communication to effectively convey supply chain challenges and the need for price adjustments given rising costs.

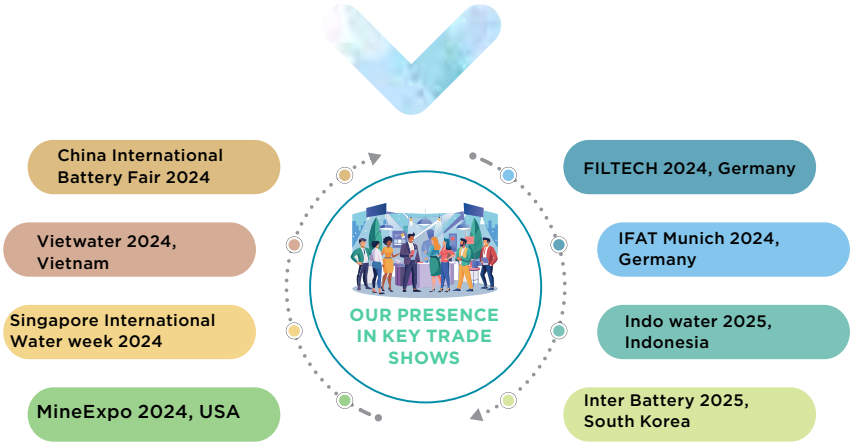
Direct, in-person engagement through customer visits and phone calls to resolve technical issues and enhance the delivery of customised propositions.

Deepen our insights into the specific needs of customers to enhance long term value creation.

Commitment to sustainability

Maintained our commitment to delivering sustainable value propositions, contributing responsibly to our customers' sustainability commitments.

Secured EcoVadis Gold certification, offering independent validation of our sustainable operations and ethical business conduct.



OUR CUSTOMER VALUE PROPOSITION

Product range

A comprehensive product and service portfolio across the activated carbon and environmental engineering solutions segments that can be tailored to fulfil specific customer needs.

Product quality and timely delivery

We have established stringent quality assurance processes at critical points in the value chain to support the delivery of high-quality solutions to customers. We also comply with a range of international and local certifications to align our processes with international best practice.

Active engagement with shipping partners, and on-site warehousing in key markets supports timely delivery and competitive pricing.

Responsible marketing and labelling

Product labelling at Haycarb is conducted in line with specific customer requirements and complies with national and international standards and certifications such as ISO and NSF. These frameworks guide the accurate presentation of product specifications, safety information, handling instructions, and traceability details. We also follow internal quality protocols and industry best practices to ensure transparency and accuracy. Marketing communications are reviewed to prevent misleading claims and ensure alignment with regulatory requirements. During the reporting period, no incidents of non-compliance related to product and service information, labelling, or marketing communications were reported.

GRI 417

Customer health and safety GRI 417-1 to 3

We have implemented numerous procedures and process to ensure our products and services do not cause harm to end users. This is of particular significance given a product range that caters to the food and beverage industry. Our Food Safety policy outlines are commitment to producing products that are free from physical, chemical and biological contamination. Additionally, stringent quality control measures in compliance with numerous food-safety related certifications have been implemented across our processes to facilitate food safety. During the year under review, approximately 45% of our products were assessed for health and safety concerns and no incidents of non-compliance were reported.

Social and Relationship Capital

DELIVERING RESULTS IN 2024/25

GRI 2-6 b iii

Customer satisfaction was consistently monitored to ensure our approach to value creation was consistent with customer needs.

Customer satisfaction is assessed through an annual survey that evaluates satisfaction levels across multiple indicators including engagement, quality, packaging, delivery and complaint resolution.

During the year under review, 8 new questions related to our sustainability commitments were included in the survey to gain insights and strengthen alignment with customer expectations. Topics covered included health and safety, carbon footprint reduction goals, social considerations, and transparency of disclosures.

Notably, our customer satisfaction score for the year under review remained strong at 90%.

CUSTOMER SATISFACTION INDICATORS

- Customer Management
- Quality
- Packaging
- Delivery
- Complaint resolution

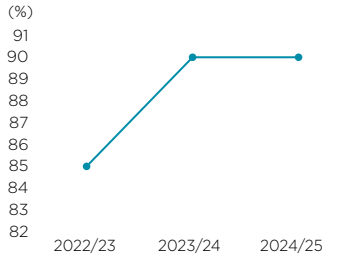
26

New end-customer acquisitions

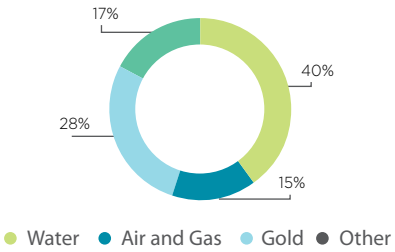
95%

Customer retention rate

Customer satisfaction score



Customer profile by application



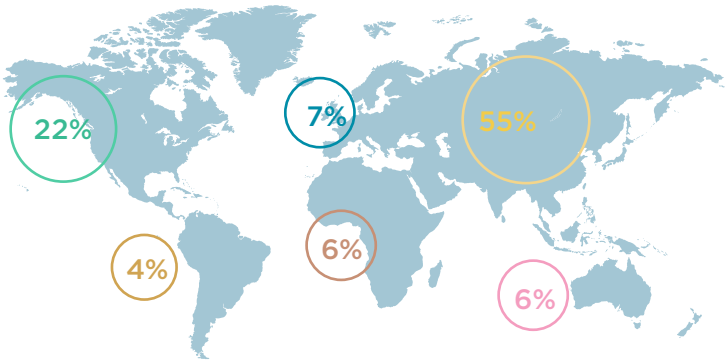
Our Customer Base

- **>370** customers across **50** countries in the Activated Carbon segment.
- **>250** customers representing industries, institutions, municipalities, and end-customers in the Environmental Engineering Solutions segment.

Customer satisfaction scores

- **>90%** in the Activated Carbon segment
- **>90%** in the Environmental Engineering Solutions segment

CUSTOMER PROFILE BY GEOGRAPHIC DISTRIBUTION



SUPPLIER RELATIONSHIPS

GRI 2-6 b ii, 408-1,409-1

UNGC Principle 4, 5

Strategic priorities in 2024/25

- Deepened engagement through continuous, direct, in-person interactions with our extensive supplier base.
- Emphasised responsible sourcing and upheld strong ethical standards across all procurement activities.
- Utilised our operational scale to access raw material sources requiring advanced supply chain capabilities and resource allocation.
- Deployed personnel to Indonesia, India, Philippines, and Vietnam to strengthen supplier engagement through in-person interaction.
- Invested significant resources to develop a local supplier network for our greenfield investment in the Philippines.
- Commenced charcoal production in Galle, Sri Lanka.
- Established a new charcoal purchasing outlet in Makassar, Indonesia.
- Maintained focus on propagating green charcoaling practices in line with our sustainability commitments.

Considerable resources were invested in strengthening our supply chain to ensure an uninterrupted supply of raw materials during the year under review. We continued to deepen relationships with existing suppliers in Sri Lanka, Thailand, Indonesia, India and the Philippines while forging new partnerships to broaden our global supplier network.

Our procurement policy outlines our approach to creating value for our suppliers and establishes the minimum standard all Group companies must follow in procurement. This ensures compliance with all legal and regulatory requirements while ensuring consistency in implementation across the Group, enabling ethical and responsible value creation for suppliers. Our procurement policy specifically prohibits the use of child labour and forced and compulsory labour across our supply chain. Accordingly, no incidents of child labour or forced/compulsory labour were reported during the year under review.

Delivering Results in 2024/25

248

New coconut shell and charcoal suppliers added to our global supplier network.

Rs. 14.9 Bn

Payments to coconut shell and charcoal suppliers.
(Rs.7.4 Bn payments to chemical and other suppliers)

Rs. 20.6 Mn

Invested in capacity building of suppliers.

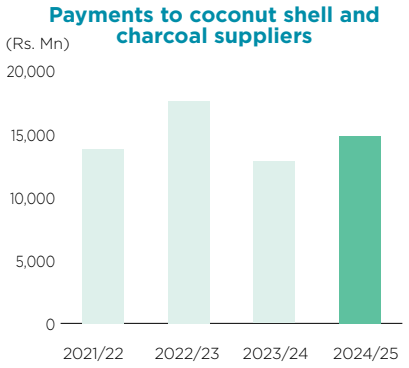
44 %

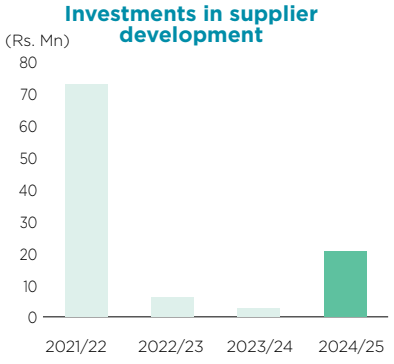
Supplies sourced from green charcoaling practices

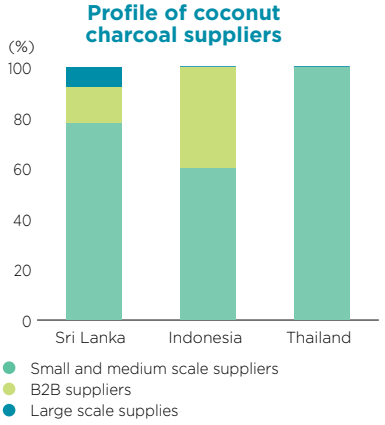
91 %

Payments to local coconut shell and charcoal suppliers

OUR SUPPLIER VALUE PROPOSITION







STRENGTHENING LOCAL SUPPLY CHAINS

GRI 204-1

Strategic focus was maintained on local sourcing, fostering economic opportunities for our communities while enhancing our contribution to the respective national economies through job creation. Local procurement has also enabled us to reduce our upstream Scope 3 emissions related to transportation. The proportion of raw materials sourced locally by each geographic location during the year under review is given alongside.

Geographic location	% of local sourcing
Sri Lanka	80
Thailand	100
Indonesia	100

OUR SUPPLIER PROFILE

Activated carbon segment - Primarily suppliers of coconut shells and coconut charcoal but also includes chemicals and packaging material suppliers and service providers.

In Sri Lanka, our supplier base of coconut shell and coconut charcoal exceeds 500. Of these, over 200 are micro-entrepreneurs and are members of the Haritha Angara programme.

Environmental Engineering Solutions segment –The Environmental Engineering Solutions segment primarily engages with a wide network of subcontractors, including those specialising in civil, mechanical, electrical, and plumbing (MEP) works, as well as OEMs and suppliers of materials, equipment, plant and machinery, chemicals, and spare parts. The segment currently works with over 20 suppliers from countries such as China, Taiwan, Japan, India, the USA, Singapore, Italy, Germany, and across Europe. We have also partnered with over 48 subcontractors to deliver diverse water and wastewater treatment solutions across Sri Lanka and the Maldives, covering various project scopes, capacities, and levels of technical complexity.

SUPPLIER ASSESSMENT

GRI 414 -1, 2, 308-1, 2

Ongoing supplier assessments enabled us to monitor and enhance environmental and social responsibility across our value chain while strengthening overall resilience. Suppliers are assessed for a range of environmental and social criteria including water and air pollution, waste disposal, fuel usage, labour practices, and health and safety measures. We assessed 111 (including 73 charcoal suppliers) on social and environmental criteria during the year under review with 25% from charcoal suppliers rated Good/Very Good while 25% were identified as having potential adverse environmental and social implications. We collaborated with these suppliers to develop action plans to address these concerns within an agreed timeline. No supplier contracts were terminated due to environmental and social concerns. 2.5% of new suppliers were also assessed using environmental and social criteria prior to onboarding during the year under review

GREENING OUR SUPPLIER CHAINS

Haritha Angara Programme – Sri Lanka

Creating value for our micro-entrepreneurial supplier base in Sri Lanka through our award-winning Haritha Angara Programme continued into 2024/25. This initiative promotes environmentally friendly charcoaling practices while supporting participants' socio-economic development. Now in its 09th year of operation, our focus on creating long term value for suppliers played a vital role in enabling the procurement of adequate raw material supplies to support production. Value created in 2024/25 for participants of the Haritha Angara programme is set out below.

Technical support
Engineering design and technical support during construction to ensure the closed pits meet all the technical standards necessary for environmentally friendly charcoaling.

Training
Training to educate suppliers on how to operate and maintain the closed pit charcoaling pits.

Ethical procurement practices
We procure the produced coconut charcoal at market prices and ensure upfront payment upon delivery.

Financial support
Financial assistance to set up pits and chambers for charcoaling.

Regular assessments
Regular assessments to ensure pits fulfill technical specifications and provide feedback on any improvements required.

Delivering Results in 2024/25

2
New on-boarded micro-entrepreneurs during the year

2
New pits established in Sri Lanka in 2024/25

>350
Suppliers supported

Rs. 20.6 Mn
Investment in 2024/25

Rs. 193.6 Mn
Cumulative Investment

Social and Relationship Capital

COMMUNITY RELATIONSHIPS

GRI 413-1, 2, 203-1, 2, **RT-CH**-210a.1

We actively nurture strong partnerships with our communities through strategic development programmes that drive positive and meaningful change. Our community engagement initiatives adopt a long-term focus and aim to address urgent community needs. Our approach to CSR is guided by the Hayley's Group Community Relationships Policies which outline key areas of focus for strategic community development. These priorities include education, health and wellbeing and livelihood development. Key highlights are as follows.

In financial year 2024/25, we implemented over 90 major CSR projects across our operations in Sri Lanka, Thailand, and Indonesia, addressing key local priorities such as education, livelihoods, environmental stewardship, and community health. Further, there have been no reported negative impacts on local communities during the reporting period.

Rs. 50.4 Mn

Investment in CSR initiatives in 2024/25

>12,000

Employee volunteer hours

>71,500

Beneficiaries in Sri Lanka, Thailand and Indonesia

OUR COMMITMENT TO THE COMMUNITY

Sri Lanka

Nurturing future generations through education

- **Rs. 15.3 Mn** spent on provision of mid-day meals to students in 13 schools
- **Rs. 5.8 Mn** spent on distribution of laptops to students in universities
- **Rs. 5.2 Mn** worth school books and supplies donated to school children

Addressing the basic needs of our community

- **Rs. 8.5 Mn** spent on Puritas - Sathdiyawara water purification project
- **Rs. 1.6 Mn** worth spent on health ministry carbon project

Overseas

Thailand

- Investment in CSR initiatives - **Rs. 2.1 Mn**
- CSR Beneficiaries - **>1,950**

Indonesia

- Investment in CSR initiatives - **Rs. 1.5 Mn**
- CSR Beneficiaries - **>1,100**

As a result, 100% of our manufacturing facilities and Puritas (Pvt) Ltd had local community engagement programs in place, demonstrating full operational commitment under our community engagement framework.

PURITAS SATH DIYAWARA – A DECADE OF COMMUNITY COMMITMENT

Puritas Sath Diyawara, the Group's flagship CSR initiative, sponsored by the Business Sectors of Hayleys Group together with Haycarb, marked a major milestone by completing its 10th year of operations during the year under review. Launched in 2014 in response to the rising incidence of chronic kidney disease (CKD) in Sri Lanka's North, North Central, and Uva provinces, the programme leverages the expertise of the Environmental Engineering Solutions segment to provide clean drinking water to affected communities. It involves the design and build of reverse osmosis treatment plants with integrated distribution systems. Operating on a unique, village-managed self-sustaining model, Sath Diyawara continues to deliver purified potable water to thousands of families in need.

ADDITIONAL SUPPORT PROVIDED TO COMMUNITIES

- Numerous social and economic initiatives to uplift the wellbeing of the community

PURITAS SATH DIYAWARA – GOING BEYOND

An extension of the Puritas Sath Diyawara programme, the Going Beyond initiative aims to address the broader socio-economic needs of the communities in the CKD affected areas. The Group continued to support the education of school children through book and stationery donations, while also empowering women and the youth by extending support for entrepreneurial initiatives.

Rs 12.1 Mn
Books and stationery donations during the year

14
schools supported

>3,500
children positively impacted

Highlights of our impact over the last decade

Rs. 104.4 Mn
Cumulative investment of the Hayleys Group

Rs. 8.52 Mn
Investment by Haycarb Group during the year

>200,000 L
Water purified a day

>45,000
People positively impacted

Highlights in 2024/25

Rs. 59.15 Mn
Cumulative investment of the Hayleys Group

8
Years of Operation

During the year, Hayleys Group continued supporting school children under the Puritas Sath Diyawara - Going Beyond. (Haycarb Group invested Rs. 1.8 million in this initiative during the year)

SCHOOL MEAL PROGRAMME

Support extended to the school meal programme continued for the third consecutive year, reaffirming our commitment to creating a long-term impact by enhancing the health and well-being of school children in our communities. This initiative involved providing children at 13 schools with a nutritious mid-day meal, helping to improve their health, concentration and overall school performance.

Rs 15.2 Mn
Investment during the year

>170,000
Meals provided

13
Schools supported

>850
Children positively impacted

Social and Relationship Capital

SUPPORTING THE HEALTH CARE SECTOR OF THE NATION

Haycarb continues to donate medical grade activated carbon to the Ministry of Health of Sri Lanka to be distributed among the National Hospitals to treat patients who have ingested poisonous substances.

>10,000

Petients benefited

Rs. 1.5 Mn

Investment by Haycarb

ASSISTANCE TO UNIVERSITY STUDENTS

As part of CSR initiatives, Haycarb donated laptops to students across 9 universities, supporting digital access and empowering higher education through technology.

>140

Students benefited

Rs. 5.8 Mn

Investment by Haycarb

In addition to the above formally structured community engagement initiatives, we continued to empower our communities by creating economic opportunities through direct employment and local procurement. Moreover, compliance with all environmental and social regulations and ambitious goals to address pressing global environmental and social challenges assist in minimising any adverse impacts on local communities and the environment.

STRENGTHENING RURAL COMMUNITIES THROUGH COCONUT CULTIVATION

In line with national agricultural goals and our sourcing strategy, we expanded our community engagement through collaborative replanting efforts with the Coconut Development Authority, Coconut Cultivation Board, and Coconut Research Institute. During the year, we planted 75,000 coconut seedlings, completing our commitment to plant 100,000 trees in the Northern Province.

Following this success, we pledged to plant an additional 100,000 trees in the Eastern Province, supporting efforts to expand coconut cultivation and establish a second coconut triangle in Sri Lanka. This initiative strengthens rural livelihoods and deepens relationships with the coconut-growing communities that are vital to our supply chain.

INDUSTRY INITIATIVES AND ASSOCIATIONS

GRI 2 - 28

Haycarb is an active member of numerous industry associations and leverages these platforms to contribute to initiatives that support the growth and development of the sector. We also actively engage with the Coconut Research Institute of Sri Lanka (CRI) to support research related to increasing crop yields and deepening our understanding of the various properties of coconut shells.

Memberships in industry associations

- The Ceylon Chamber of Commerce
- International Chamber of Commerce – Sri Lanka
- The European Chamber of Commerce of Sri Lanka
- Export Development Board
- Industrial Association of Sri Lanka
- American Chamber of Commerce in Sri Lanka
- Chamber of Construction Industry of Sri Lanka
- National Chamber of Exporters of Sri Lanka
- The Ceylon National Chamber of Industries
- The National Chamber of Commerce of Sri Lanka

COLLABORATIVE PARTNERSHIPS WITH BUSINESS PARTNERS

GRI 2 - 6 c

Strong, long-standing partnerships with business partners built on open communication and trust remained integral to navigating challenging operating conditions and strengthening resilience.
We continued to nurture these relationships with a long term focus through collaborative, mutual value creation.

Joint venture partners in Thailand and Indonesia

Long-standing, collaborative partnerships with joint venture partners in Thailand and Indonesia enabled a coordinated approach to addressing the supply chain challenges that emerged during the year. These partnerships were vital in ensuring adequate raw material supplies at each manufacturing location, managing industrial relations, strengthening local marketing and sales of activated carbon and facilitating impactful community engagement in the respective countries.

- Thailand - **> 28** year relationship
- Indonesia - **> 13** year relationship

Veolia

Environmental Engineering Solutions segment's long-standing partnership with Veolia, the world's largest water service provider, specialising in water management, wastewater management and energy services, has enabled the Group to develop large-scale water and wastewater treatment systems in Sri Lanka using the latest European technology and expertise.

- Veolia - **> 13** year relationship

Front-end partners

Maintained collaborations with numerous front-end partners to support technical, product and market development activities in the Environmental Engineering Solutions sector.

Manufactured Capital

Our Manufactured Capital is central to our ability to produce high-quality activated carbon products for diverse applications. We continued to enhance our Manufactured Capital through strategic investments, positioning ourselves to capture emerging opportunities while delivering on our long-term sustainability commitments.
Much like the whale-resilient, efficient, and adaptive in its journey-we navigate transformation with strength, precision, and purpose-driven innovation.

BRAHMAN BALARATNARAJAH
Deputy Managing Director

MANAGEMENT APPROACH

Our approach to managing our physical assets are rooted in sustainable innovation, enhancing capacity and improving products and processes to a more sustainable future. Capital investments align with our long-term strategic priorities, sustainability, commitments and customer needs, and involve robust assessment by cross-functional teams. Haycarb leverages engineering expertise to repurpose used machinery, optimising capital expenditure and reducing its environmental footprint.

7
Production facilities across 3 countries

Asset Base (PPE)

Rs. 6.9 Bn
Local

Rs. 5.8 Bn
Overseas

OUR STRATEGIC PRIORITIES IN 2024/25

- Our greenfield investment in the Philippines
- Capacity enhancements to capture emerging opportunities
- Enhancing the capacity of value-added carbon manufacturing
- Strengthening the sustainability of our operations

PROGRESS MADE IN 2024/25

Investment in efficiency yield and production process: Rs. 55 Mn

Investment in wastewater treatment plant: Rs. 114 Mn

Decrease in Carbon Foot print through Solar Investment: 531 tCO_2e/Year

Investment in Solar power generation during 2024/25: Rs. 600 Bn

WAY FORWARD

Short Term

- Construction of the manufacturing facility in the Philippines - Phase 1
- POU Carbon capacity improvement in Sri Lanka and Thailand.
- Expansion of Kiln capacity in Thailand (Shizuka) - June 2025.
- Expansion in solar power generation in Sri Lanka and Thailand.
- Upgrade Recogen to enhance its electricity generation capacity within the year.

Medium to Long Term

- Explore opportunities to expand our manufacturing footprint into India.
- Ongoing capacity expansions to increase penetration in the energy storage carbon.
- Expansion of Regeneration capacity.
- Expansion of the Philippines project - Phase 2 and 3

Capital trade-offs

	Short-term	Long term
FC	↓	↑
MC	↑	
S&RC	↑	↑
NC		↑

Link with material topics

- M10,M20

Link with key risks and opportunities / SRROs / CRROs

- R8, R21

Alignment with strategic priorities

- Market growth
- Innovation led growth
- ESG mindset

Contribution to SDGs

VALUE CREATED IN 2024/25

- Obtained Preliminary approvals for the 8th Manufacturing location in Philippines.
- Sustainability focus related investment including installation of solar panels in Sri Lanka.
- Enhancement of capacity and efficiency for value added carbon ranges in Sri Lanka and Thailand.
- Enhanced production capacity to manufacture energy storage carbons in Sri Lanka.
- Augment capacity to manufacture POU water carbons in Sri Lanka and Thailand.
- Automation and digitalisation of monitoring and recording of process parameters.
- Augment ETP facilities in line with increased capacities RO technology implemented in Badalgama.
- Construction of new laboratory and office complex at Badalgama Sri Lanka.

DIGITALISATION

During the year, we advanced the automation and digitalisation of our operational processes, with a key focus on the real-time monitoring and recording of critical process parameters. This transformation involved the integration of sensor-based technologies, data acquisition systems, and centralised digital dashboards to track variables such as temperature, pressure, flow rates, and energy consumption with enhanced accuracy and consistency.

85%

Capacity Utilisation

Rs. 12.7 Bn

PPE at the end of March 2025

Rs. 2.6 Bn

Capital Expenditure

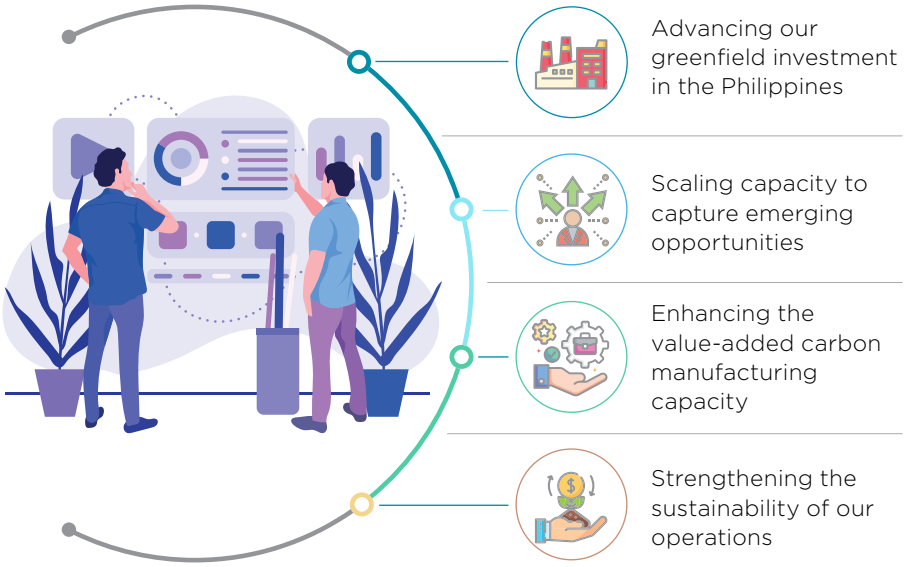
Rs. 1.25 Bn

Investment to enhance the production capacity of energy storage carbon

NUMEROUS MANUFACTURING BEST PRACTICES, INCLUDING LEAN MANUFACTURING, SIX SIGMA, 5S AND KAIZEN HAVE BEEN IMPLEMENTED WITHIN OUR MANUFACTURING FACILITIES TO MAINTAIN A CULTURE OF 'ZERO PRODUCT DEFECTS'.

ENHANCING CAPACITY FOR SUSTAINABLE GROWTH

Consistent investments in enhancing manufacturing capacity have enabled us to drive economies of scale, improve operational efficiency and respond more effectively to the evolving needs of our customers. During the year under review, we invested Rs. 2.5 Bn to enhance our Manufactured Capital to support future growth. Key focus areas in 2024/25 included,



EXPANDING OUR FOOTPRINT TO THE PHILIPPINES

Given its potential to diversify and strengthen our supply chain along with its strategic positioning to serve key markets, we continued to make progress on our strategic greenfield investment in the Philippines.

Having incorporated Haycarb Philippines Corporation in December 2023, during the year we obtained the BOI approval for our investment and after evaluation of multiple sites and selected the PHIVIDEC Industrial Authority in North Mindanao, Mindanao Island.

We are presently in the process of obtaining other relevant approvals from the Ministry of Finance and the Department of Environmental and Natural Resources. Both approvals are expected within 2025/26 financial year. Construction is scheduled to advance in three phases as follows, commencing from first half of 2027.

Level	Planned capacity enhancement
Phase 1	4,500 MT per annum
Phase 2 & 3	6,750 MT per annum

SCALING CAPACITY TO CAPTURE

EMERGING OPPORTUNITIES

Increasingly stringent environmental regulations and the global transition to a low carbon economy have presented numerous growth opportunities for our value-added product range. Accordingly, we invested Rs. 1.25 Bn in numerous initiatives to enhance the production capacity of value-added products with specific emphasis on energy storage and water purification applications.

Activated Carbon for POU Applications

The enactment of the National Primary Drinking Water Regulation in the USA in April 2024, and the establishment of legally enforceable Maximum Contaminant Levels for six per- and polyfluoroalkyl substances (PFAS) in drinking water has presented growth opportunities in water purification. During the year under review, capacity enhancements were undertaken in Sri Lanka and Thailand to facilitate increase production of POU Carbons.

Energy storage carbons

Increased emphasis on renewable energy generation has elevated the role of energy storage in ensuring battery range and efficiency. Therefore, significant investments were made to increase the production capacity of energy storage carbons by 50% during the year under review. Additionally, ongoing investments in the electro-chemical laboratory has enabled the production of small-scale batteries allowing us to provide enhanced insights to customers on the real-world performance of our carbons.

ACHIEVING MANUFACTURING EXCELLENCE SUSTAINABLY

Several investments were also made in 2024/25 to further our sustainability commitments. These included,

- Rs. 600 Mn additional investments in solar power generation increasing the renewable energy generation capacity to 5,648 kWp.
- Rs. 114 Mn invested in enhancing wastewater treatment system and implement wastewater recycling and re-use system with the capacity of 128m3 per day.
- Rs. 55 Mn invested in enhanced the efficiency and yields of production processes.
- Value addition for by-products to increase its commercial relevance.
- Rain water harvesting

OPERATIONAL EFFICIENCY AND PRODUCTIVITY

We adopt the 3R (Reduce, Reuse, Recycle) approach to drive operational efficiency and productivity within our production processes while reducing waste. Numerous manufacturing best practices, including Lean Manufacturing, Six Sigma, 5S and Kaizen have been implemented within our manufacturing facilities to maintain a culture of 'zero product defects'.

Maintenance of plant and machinery is aligned with the Preventive Maintenance pillar of Total Productive Maintenance (TPM) minimising loss of productivity due to machine breakdowns.

Rs. 460 Mn

31 lean initiatives were implemented during 2024/25 resulting in cost savings

Manufactured Capital

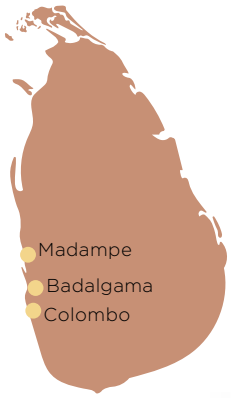
Our locations

OUR MANUFACTURING EXPERTISE

Our manufacturing footprint covers 3 countries and 7 manufacturing facilities as described below.

OUR MANUFACTURING FACILITIES

PRODUCTION FACILITIES IN SRI LANKA



31,800 TPA

Production Capacity

56%

of Total Production Capacity

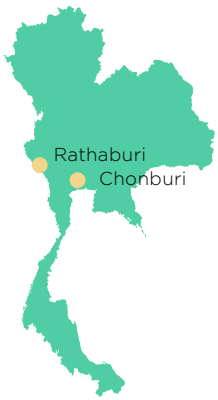
Haycarb Madampe
Designed for the manufacture of standard and value-added carbons and includes impregnated carbon

Haycarb Badalgama
Designed for the manufacture of standard and value-added carbons and including washed and pelletised carbons.

Ultracarb
A high-tech manufacturing facility for the manufacture of energy storage carbons.

Recogen
Sustainable manufacturing of charcoal through a mechanised process with integrated power

PRODUCTION FACILITIES IN THAILAND



Carbokarn-Chonburi
Designed for the manufacture of standard and value-added carbons and including washed and pelletised carbons.

Shizuka-Ratchaburi
Standard carbon manufacturing.

CK Regen Systems - Chonburi
Regeneration of spent carbon.

12,000 TPA

Production Capacity

3,600 TPA

Regeneration Capacity

21%

of total Production Capacity

PRODUCTION FACILITIES IN INDONESIA

PT Mapalus Makawanua Charcoal Industry - Bitung
Manufactures standard and value-added carbons and washed carbon

PT Haycarb Palu Mitra - Palu
Standard carbon manufacturing.

13,000 TPA

Production Capacity

23%

of Total Production Capacity

STATE-OF-THE-ART LABORATORY INFRASTRUCTURE

State-of-the-art laboratory infrastructure is of significant importance in driving innovation and ensuring the quality of our finished goods.

The analytical laboratory at our Head Office in Colombo, Sri Lanka, is well-equipped with a range of high-tech equipment to support the Group's research and development initiatives.

8

laboratories across our manufacturing locations.

Manufactured Capital

Quality assurance laboratories established at each production location enables standard and specific testing of carbons to ensure finished goods meet the technical specifications of customers.

Key laboratory equipment that supports innovation and technical excellence in the Activated Carbon segment includes,

Equipment	Capability
Inductively coupled plasma mass spectrometric (ICP-MS) analyser	Ability to measure metal constituents at trace levels (ppt levels) enables the production of activated carbon with high purity.
Atomic absorption spectroscopy (AAS)	Ability to measure metal constituents in activated carbon facilitates the production of value-added activated carbons and enables maintaining required purity levels for the specialised carbon product portfolio.
ONH Element analyser	Ability to measure surface functional groups (Oxygen, Nitrogen, Hydrogen) in surface modified/treated activated carbon.
Surface area analyser	Measures pore geometry of activated carbon (pore area, pore diameter, pore size distribution, pore volumes of micropores and meso pores) and facilitates fundamental development work.
Laser particle size analysers	Ability to measure particle size and distribution facilitates the ability to maintain the correct drop in pressure at the end application.
Gas displacement pycnometer	Ability to measure high-precision volume measurements and true density calculations of activated carbon.
Coin and pouch cell assembling equipment	Our electrochemical laboratory equipped with instruments related to both coin and pouch cell assemble process specially for sodium ion, lithium ion and supercapacitor cells.
m-Braun Glovebox	Glovebox usually used to maintain dry and inert (Usually use high pure argon) atmosphere to assemble sodium ion, lithium ion and supercapacitor cells.
Arbin Battery tester and Gamry electrochemical workstation	Arbin battery tester together with Garmy electrochemical workstation used to test electrochemical performance of sodium ion, lithium ion and supercapacitor cells.
New investments in 2024/25	
Gas breakthrough testing facility	Developed in collaboration with Donaldson USA for SO2, NH3, and Toluene.

ENVIRONMENTAL ENGINEERING SOLUTION SEGMENT

Our Environmental Engineering segment is supported by in-house laboratory facilities capable of conducting key analyses of various in-fluents and effluents. These resources help support the development of new projects, enable process improvements, and allow for treatment plant capacity enhancements with minimal additions and reduced costs. Our company is also recognised by the Central Environmental Authority as a specialist and consultant in the field of water pollution control.

Warehousing

Access to a well-distributed global warehousing network continues to support efficient logistics and inventory management. Our marketing offices in the USA, Europe and Australia maintain warehousing facilities enabling the timely delivery of finished goods and fulfillment of urgent customer orders. We also maintain warehousing facilities at each manufacturing location to store raw materials, semi-finished and finished goods. Additional warehouses are also maintained within proximity to seaports to facilitate the shipment of finished goods. Ongoing investments in enhancing our warehousing network led to the addition of 2 new warehouses in Indonesia for collection of Charcoal.

Digital Capital

"Haycarb is focusing on digital technologies to drive positive change and improve its operations, services and processes. ***Just as whales rely on deep intelligence, communication, and navigation to thrive in vast oceans,*** *we leverage digital tools to boost performance, enhance safety, elevate customer experiences, and expand our reach. Digitalization is used to nurture the learning culture, equipping every team member to navigate change with confidence."*

MS. JEEVANI ABEYRATNE
Director – Finance & IT

MANAGEMENT APPROACH

Haycarb leverages digitalisation as a strategic enabler, integrating advanced technologies to drive operational efficiency and customer engagement. At the same time, we uphold strong governance practices to ensure the security, reliability, and alignment of our IT systems with business objectives, while prioritising cybersecurity and data privacy to safeguard our digital assets and stakeholder information.

An array of digital platforms and systems

OUR STRATEGIC PRIORITIES IN 2024/25

- Enhancing our performance with digital tools
- Strengthening occupational health and safety
- Enhancing the customer experience
- Expanding our market reach through digital marketing
- Fostering a learning culture

PROGRESS MADE IN 2024/25

Views on interactive reports and newsletters: > 2500

Increase in engaged traffic: 54%

Engagement rate in LinkedIn: 14%

Increase in new users visiting the website: 25%

WAY FORWARD

Short Term

- Digitalisation of production data capture & automation of production flow management
- RISE with SAP – Upgrade in Sri Lanka and other manufacturing locations
- Steam boiler digitisation to monitor and optimise performance of boiler operations
- Digital tools will be further used to support marketing initiatives and customer engagement efforts.

Medium to Long Term

- Automation of production & warehouse facilities
- Exploring opportunities to responsibly integrate AI tools to support and empower employees in their roles
- Seamless data capture & improve connectivity to stakeholders

Capital trade-offs

	Short-term	Long term
FC	↓	↑
DC	↑	↑
S&RC	↑	↑

Link with material topics

- M2, M9, M14

Link with key risks and opportunities / SRROs / CRROs

- R10, R17

Alignment with strategic priorities

- Market growth
- Innovation led growth
- Strengthen global supply chains
- Purpose-driven and committed teams
- ESG mindset

Contribution to SDGs

VALUE CREATED IN 2024/25

- Enhanced our Search Engine Optimisation, Pay-Per-Click advertising, and social media marketing to further increase brand visibility and market reach
- Enhanced the customer experience through the relaunch of the corporate website, integrated with CRM platform to ensure seamless and fast communication.
- Implemented numerous systems to enhance occupational health and safety, operational efficiency and support a learning culture.
- Ongoing emphasis on strengthening cybersecurity.
- Introduced an e-learning platform with structured training modules, enabling employees to upskill at their convenience from any location.

DIGITALISATION

Our Digital Capital encompasses the digital platforms, systems and tools that underpin our value creation process by driving operational efficiencies and deepening and broadening customer interactions. As our strategic reliance on digitalisation increases, we also maintain a strong focus on strengthening cybersecurity to protect our systems and maintain data privacy and security of all our stakeholders.

>50,600

Users visited the web site

Rs. 6.1 Mn

Digital marketing spend

Zero

Security breaches and customer data loss incidents

Rs. 31.1 Mn

Invested in IT infrastructure & systems

Digital Capital

AT HAYCARB, WE HAVE ESTABLISHED A ROBUST GOVERNANCE FRAMEWORK TO EFFECTIVELY MANAGE OUR TECHNOLOGY AND INFORMATION ASSETS, ENSURING THE SECURITY OF OUR SYSTEMS.

Haycarb considers digitalisation a critical enabler of operational excellence, supporting efficiency, productivity, and enhanced customer engagement across the value chain.

From internal operations to external communications, digital tools play a vital role in strengthening health and safety, expanding our global presence, and fostering a culture of continuous learning. Recognising the growing reliance on technology, we also remain committed to robust cybersecurity measures to safeguard our digital infrastructure and stakeholder information.

The following illustration outlines the key tools and systems in place that enable us to deliver on these strategic priorities.

Secured By

Enhancing the stakeholder experience

Provide exceptional service and support to customers

- FinQuest - Game based learning
- Virtual factory tour access to customers

Operational Excellence

Corporate Reporting Excellence

Fostering a learning culture

Promote employee growth through flexible and digital learning opportunities

- HayLearn : E-learning platform
- Training & development programmes

Strengthening occupational health and safety

Ensure a safe and healthy work environment

- Acetone Gas detection and alert system
- Temperature and humidity monitoring systems

Expanding our market reach

Increase brand visibility and market penetration through digital marketing

- Improve Search Engine Optimisation (SEO)
- Pay-Per-Click advertising
- Improve & deploy digital content and optimise social media presence

Enhancing performance with digital tools

Improve efficiency and productivity through digital tools

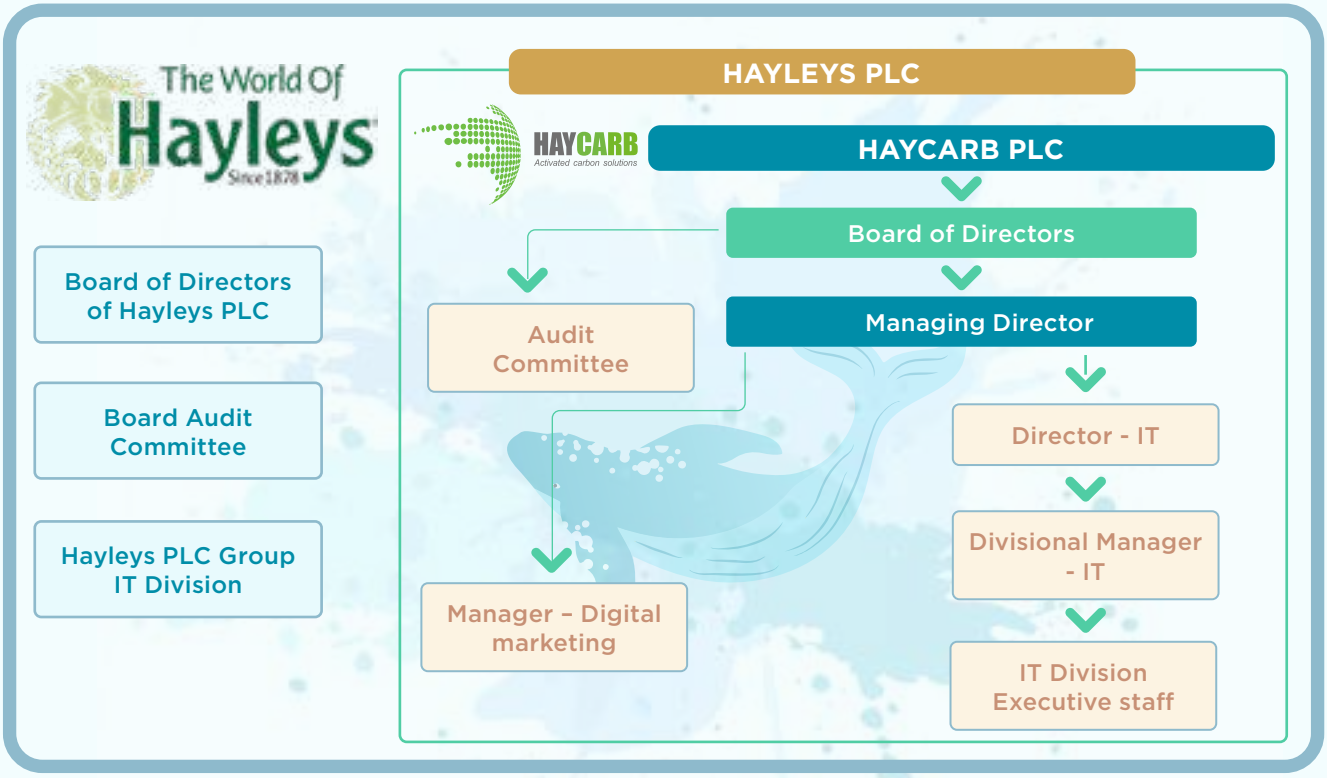
- Corporate website revamp
- Raw material procurement and information system
- CRM implementation
- ERP upgrades and expansion
- Maintenance and update of IT hardware and software
- Digital annual report with AI powered chatbot

Governance, Cybersecurity and Data protection

GOVERNANCE

At Haycarb, we have established a robust governance framework to effectively manage our technology and information assets, ensuring the security of our systems. Our Board of Directors provides overall oversight of IT and cybersecurity risk management, while the Board Audit Committee monitors the effectiveness of the cybersecurity risk management process and evaluates the adequacy of threat mitigation strategies. Additionally, we benefit from the oversight of Hayleys PLC, with the Hayleys Group IT Division and Chief Information Security Officer overseeing Haycarb's cybersecurity management strategy. The Heads of IT divisions within the Hayleys Group convene monthly to assess emerging threats, evaluate new security guidelines, and align with industry best practices, ensuring that Haycarb's cybersecurity approach remains proactive and up-to-date.

The Group's new IT governance structure is given below.



PROACTIVE CYBERSECURITY MANAGEMENT AND DATA SECURITY

GRI 418-1

We monitor cybersecurity risks and evaluate the probability of its occurrence and potential impact on our business on a quarterly basis. Based on the risk assessment, action plans are updated by the Haycarb IT team. Our Information Security Policy guides our approach to managing information security related risks, informing the implementation of information security procedures and practices. We utilse a range of data security tools and servers to safeguard critical user data and prevent data losses.

External auditors audit our data security processes periodically to assess the adequacy of control measures, enabling continuous improvement of data security measures within the Group. Team members also undergo periodic training to protect our digital assets against user related risks. Disaster recovery drills on our core systems are conducted annually to ensure business continuity.

During the year under review, no instances of system security breaches, data losses, breaches of customer privacy, or losses of customer data were reported.

Digital Capital

Group IT policy

- Group Connectivity
- Disaster recovery plans
- External security audits
- IT equipment & software procurement, maintenance, use and disposal.
- Access control and management
- System communications and network management

Group information security policy

- Confirmation of information
- Confidentiality, availability and integrity of information.
- Protection of information from unauthorised access.
- Information security training
- Reporting breaches of information security
- Regulatory requirements
- Business continuity plans
- IT Policy embedded into employee induction programmes.

Guidelines for corporate website

- Guidelines for secure web development
- Guidelines for web hosting enforcement.

Launch of the HayLearn e-learning platform

Launch of CRM and the relaunch of the website

DIGITALISATION FOR OPERATIONAL EXCELLENCE

Improve digital infrastructure & customer interface

Corporate website revamp

The Group's corporate website was redesigned to enhance the user experience and support its digital marketing strategy. The revamped website offers,

- Consistency in global branding across international markets.
- Multi-lingual capabilities enhancing accessibility
- Seamless integration with the CRM system.
- Serves as a scalable, always-on platform for lead generation, product discovery, and stakeholder engagement
- An improved user journey and retention through intuitive navigation and improved load times.
- A centralised platform to communicate Haycarb's innovation, sustainability commitments and global presence.

AI-powered chatbot

Integrated into the revamped corporate website, the AI-powered chatbot enhances responsiveness, automates routine interactions, and supports global lead engagement. While measurable impact is not yet available, it assists international visitors in real time with instant, multilingual support, consent-based data collection, and seamless backend integration to streamline inquiry management.

Enhancing procurement and supplier engagement

Charcoal procurement system revamp

Significant enhancements made to the charcoal and coconut shell procurement system during the year under review. These included,

- Enhancing the accuracy of weighbridge readings.
- Eliminating potential manual errors and discrepancies.
- Enabling precise measurements of charcoal quality parameters including moisture content, foreign matter and dust levels.
- Real-time reports to streamline financial transactions and improve transparency.

Charcoal supplier visit data portal

To support accurate record keeping of visits made to charcoal suppliers, the Charcoal Supplier Visit Data Portal was introduced during the year under review. This system captures supplier data and locations of all charcoal and coconut shell suppliers in real time, significantly reducing the time taken for supplier visit reporting and increasing the efficiency of the documentation process.

Virtual engagement platform for global stakeholder connectivity

This platform facilitates global connectivity and stakeholder engagement by offering guided virtual tours of production facilities, enabling transparent operations and customer trust. It supports virtual interactions with existing and potential customers, allowing real-time discussions and relationship building. Additionally, it provides a channel for resolving technical issues efficiently and conducting remote plant audits for certification purposes, ensuring compliance and operational excellence.

Streamlining operations with integrated technology

Upgrades to SAP

The SAP system was upgraded to an EHP 8.0.

- Access new features and optimise system performance to enhance operational efficiency and reduce maintenance costs.
- Ensure systems comply with all regulatory requirements
- Enhance the security features of our systems
- Prepare for future innovations including the transition to RISE with SAP in 2024/25

Hardware and software updates

Ongoing emphasis on implementing hardware and software updates has enabled,

- Enhanced data security.
- Improved system performance.
- Compatibility across systems and locations.
- Access to new tools and improvements.
- Compliance with regulatory requirements.

CRM implementation

A strategic digital initiative, the CRM enables the centralisation of customer information into a unified platform enabling,

- Real-time visibility and better service delivery.
- Improved customer engagement through swifter, more consistent, and personalised communications.
- Sales process automation by streamlining the lead-to-quote process, tracking opportunities and reducing manual interventions.
- Analytics, account planning, sales forecasting and market intelligence.
- Collaboration across global operations strengthening key account management and supporting global growth.

Fostering a learning culture

HayLearn : E-learning platform

The introduction of an E-Learning Portal has supported the delivery of flexible, self-paced training to team members across all locations. Over 203 courses covering 19 areas have been made available on the platform reinforcing our commitment to creating a learning culture while aligning employee training and development with organisational strategic goals.

Training and development

Significant investments were made to enhance the digital skills and competencies of our team through training and development.

- **>930** training hours
- **>360** employees covered

Strengthening occupational health & safety

Acetone gas detection and alert system

Acetone gas detection and alert systems were installed at the Madampe and Badalgama factories to enhance the monitoring of acetone vapour within the manufacturing environment. The system provides real-time dashboards and historical data analysis alongside instant alerts to factory staff if levels exceed specified limits significantly enhancing the occupational health and safety of our manufacturing facilities.

Temperature and humidity monitoring systems

A real-time temperature detection system was installed in the main panel rooms at our manufacturing facilities in Madampe and Badalgama, Sri Lanka, to monitor and ensure temperatures remained below the preset threshold. The system provides real-time alerts if temperatures exceed specified limits, enabling corrective action and reducing the risk of fire and unexpected power failures.

DIGITAL MARKETING

Search Engine Optimisation (SEO)

During the year under review, we integrated SEO into our marketing strategy to enhance the Group's visibility in organic search results across global markets.*

+25 %
New users

+50 %
International traffic

+25 %
Returning users

+22
Keyword Rankings (within top 50 positions

>37,500
Backlinks** (with >800 new quality links)

+11 %
Domain authority

* The period considered here was June 2024 to March 2025 against the same period last year

**Backlinks are incoming links from other websites that show our site is reliable.

Pay-Per-Click Advertising (PPC)

PPC campaigns were executed across Google Search and Display, targeting high-intent keywords and priority markets. The ads generated direct inquiries, particularly from regions with previously low visibility, highlighting the campaign's success in unlocking new market opportunities.

>3 Mn
Impressions

>82,700
Clicks

2.44 %
Clicks-Through-Rate

>140
Direct inquiries

Digital content and social media platforms

We continued to strengthen digital communication by deploying interactive content on social media platforms such as LinkedIn, Facebook, YouTube and X to strengthen global visibility and communicate with potential customers.

>11,300
Interactions

>14,900
Page views

>14,900
Page views

>6,900
Views

>2,500
Views on interactive reports and newsletters

DIGITALISATION FOR CORPORATE REPORTING EXCELLENCE

As part of our commitment to transparency and innovation, Haycarb has embraced digitalisation to enhance corporate reporting. Our Digital Annual Report powered with an AI Chatbot for interaction and hosted in a Microsite revolutionizes stakeholder interaction.

The AI chatbot provides instant, tailored responses to user queries, making it easier for stakeholders to navigate and understand key insights. Additionally, we've incorporated gamification elements into the microsite, offering an engaging and interactive way to explore our performance and achievements. These advancements not only improve accessibility but also promote deeper engagement, aligning with our goal of delivering an exceptional and user-friendly reporting experience.

Annual report microsite	AI-powered chatbot	FinQuest - Game based learning
Dive into our dynamic and interactive microsite to explore our full annual report	Get instant answers to your questions with our AI chatbot, making navigation a breeze	Incorporates digital game-based learning elements to enhance stakeholder engagement and understanding of report content through interactive, educational experiences.

Tides of Resilience

Much like the Marguerite formation of whales, renowned for its strategic coordination and collective strength, our governance framework is designed to provide robust protection and enduring stability. By seamlessly integrating risk management with best-in-class governance structures, we establish a resilient foundation that not only safeguards stakeholder interests but also fosters innovation and drives sustainable growth.

Mindful Governance

190 Chairman's Message on Corporate Governance
192 Corporate Governance
238 Annual Report of the Board of Directors on the Affairs of the Company
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246 Audit Committee Report
249 Remuneration Committee Report
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254 Statement by the Senior Independent Director
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Corporate Governance

CHAIRMAN'S MESSAGE

GRI 2-22

DURING THE YEAR WE CONTINUED TO EMPHASIZE THE INTEGRATION OF ESG PRINCIPLES INTO OUR BUSINESS STRATEGY. OUR SUSTAINABILITY FRAMEWORK HAS GUIDED OUR EFFORTS TO CREATE LASTING VALUE FOR ALL STAKEHOLDERS.

The Haycarb Group operates through a network of twenty legal entities spread across eleven countries, necessitating effective and disciplined cross-border oversight. Managing this geographically diverse footprint is made more demanding by the need to adhere to varying legal and regulatory standards that are unique to each jurisdiction. As the global landscape continues to evolve at varying paces across regions, the Group remains unwavering in its dedication to the highest standards of corporate governance, anchored firmly in the principles of transparency, accountability, and ethical conduct. These values form the cornerstone of Haycarb's long-term success and sustainability.

The governance structure underwent notable changes during the year, driven by several key factors, including the incorporation of a subsidiary in Germany, the resignation and retirement of certain Board members, and appointment of new directors to fill those vacancies. In addition, key Board committees were reconstructed to ensure alignment with recent regulatory developments. Collectively, these changes alongside the ongoing refinement of governance frameworks have significantly enhanced the Board's capacity to deliver strategic oversight and respond effectively to emerging challenges.

During the year we continued to emphasise the integration of ESG principles into our business strategy. Our Sustainability Framework has guided our efforts to create lasting value for all stakeholders, from adoption of ethical conduct policies, including the Anti-Bribery and Anti-Corruption Policy, to our proactive adoption of the revised Section 9 of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange, we continue uphold the highest standards as a responsible corporate citizen in Sri Lanka.

I am pleased to affirm that Haycarb has adhered to the Code of Best Practice on Corporate Governance - 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

The Integrated Annual Report serves as a testament to our unwavering commitment to accountability and transparency. By exceeding mandatory disclosure requirements, we aim to provide stakeholders with a holistic view of our governance practices and sustainability initiatives. Our focus extends beyond compliance, showcasing the dedication to advancing ESG priorities and driving long-term value creation.

As we look to the future, our focus remains on delivering greater value to shareholders, fostering resilience amidst changing industry dynamics, and maintaining our reputation as a benchmark for exemplary corporate governance.

I extend my heartfelt appreciation to the Board of Directors, the Management team, our employees, and all stakeholders for their unwavering commitment to uphold Haycarb's purpose-driven vision.

By fostering transparency in our disclosures and decision-making, we empower stakeholders and foster enduring trust. This approach ensures not only regulatory compliance but also reflects our steadfast commitment to the true spirit of mindful governance.

Mohan Pandithage
Chairman

15th May 2025
Colombo

HIGHLIGHTS 2024/25

GOVERNANCE HIGHLIGHTS

EXPANSION

- Haycarb commenced expansion its manufacturing footprint to the Philippines through Haycarb Philippines Corporation, and further strengthened its marketing presence by setting up a dedicated marketing entity in Germany.

POLICY FRAMEWORK

- The Company's governance policies were published on the corporate website (www.haycarb.com) to ensure transparency and public accessibility.

SUSTAINABILITY

- Mid-term sustainability review reports were published during the financial year, in September 2024 and February 2025.

EVALUATIONS

- Self-Evaluations by the Board
- Evaluation of the CEO by the Board

APPOINTMENTS

- Mr. Yohan Perera assumed the role of Senior Independent Director (w.e.f 14th November 2024)
- Mr. Timothy Speldewinde was appointed as an Independent Non-Executive Director (w.e.f. 22nd November 2024)

RESIGNATIONS

- Mr. Hisham Jamaldeen as the Senior Independent Director (w.e.f. 14th November 2024)
- Mr. James Naylor as an Executive Director (w.e.f. 31st January 2025)

NEW COMMITTEES OF THE BOARD

- Nominations and Governance Committee (w.e.f. 16th May 2024)
- Remuneration Committee (w.e.f. 16th May 2024)
- Related Party Transactions Review Committee (w.e.f. 16th May 2024)

THE COMPANY HAS FULLY COMPLIED WITH THE LATEST REGULATORY PRONOUNCEMENTS, INCLUDING SECTION 9 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE, THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA, AND THE RECENTLY INTRODUCED SLFRS SUSTAINABILITY STANDARDS S1 AND S2.

GOVERNANCE PROCESS CREATING VALUE

GRI 2-23,24

Inputs

Collective Responsibilities

- Strategic guidance
- Policy framework
- Resource management
- Risk management
- Accountability
- Performance oversight

Compliance Framework

- Companies Act No.7 of 2007
- CSE Listing Rules
- Articles of Associations
- Code of Best Practice on Corporate Governance by ICASL
- GRI Standards
- IFRS/SLFRS Sustainability Standards
- Legal and regulatory requirements of countries other than Sri Lanka where Group Companies are located

Governance Processes

Outputs

The Board meets quarterly and minutes are maintained by the Company Secretary

Committees conduct detailed reviews on matters delegated and brief the Board

Meetings & Minutes

Work of Committees

Induction & Training

Information

Board members undertake learning activities and new Directors are given a formal induction to the Company

Financial and non-financial, qualitative and quantitative information are reviewed regularly supporting oversight and decision making

Outcomes

Informed and objective decision making and approvals + Increased awareness and management of impacts + Early identification of warning signs

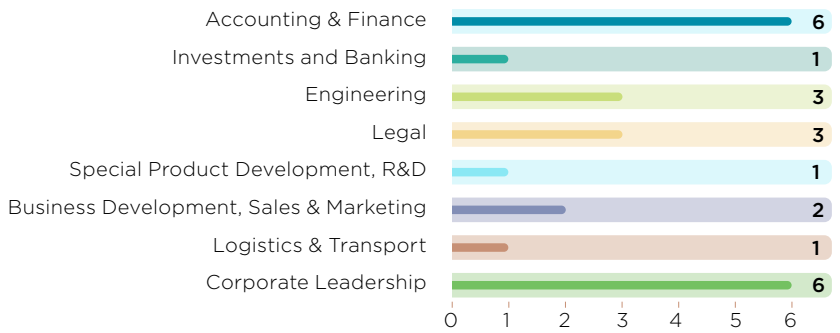
Sustainable growth and profitability > Value created for stakeholders > Contribution to Sustainable Development Goals

COMPOSITION IS KEY

GRI 2-9, 17, 405-1

As of 31st March 2025, the Board comprised 14 Directors, whose profiles are presented on pages 28 to 32 of this Report. The Board includes six Executive Directors, among them the Chairman and the Managing Director, and eight Non-Executive Directors, five of whom are independent. This composition ensures compliance with Section 9.8 of the Colombo Stock Exchange Listing Rules, which requires a minimum of one-third independent representation on the Board. The diverse mix of skills, experience, and perspectives among the Directors enables robust and objective deliberation on matters brought before the Board. A summary of the Board's collective strengths is provided below.

Board Skill Composition

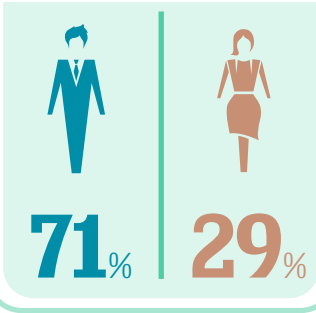


(A Director may have multiple skills)

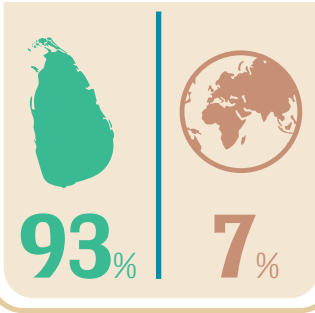
Balanced Composition of the Board as of March 31, 2025

Executive Directors (including Chairman and MD)	43%
Non-Independent Non-Executive Directors	21%
Independent Non-Executive Directors	36%

Gender Representation of the Board



Nationality Representation of the Board



Age Diversity of the Board of Directors

> 60	65%
55 – 60	14%
50 – 55	14%
< 50	7%

Tenure on the Board (Years)

> 15	36%
10 – 15	14%
5 – 10	7%
< 5	43%

NOMINATIONS AND GOVERNANCE

GRI 2-10

The Nominations and Governance Committee supports the Group in identifying suitable candidates for Board appointments as required. The Committee assesses prospective Directors based on their skills, competencies, experience, and personal attributes, while also considering the overall composition and diversity of the Board. The primary criterion is to select the most qualified individual who aligns with the Company's strategic needs and satisfies the Board's requirements for independence and diversity.

FIT & PROPER CRITERIA / DETERMINING INDEPENDENCE

GRI 2-13, 18

The criteria for determining whether a Director is 'fit and proper' to discharge their duties and independence, where applicable, are defined under Section 9 of the CSE Listing Rules. Haycarb adhered to these criteria throughout the year in its Board evaluation processes. Self-declarations were obtained from all Directors during the year and were duly reviewed and assessed.

APPOINTMENT, RETIREMENT AND RESIGNATIONS

Directors are appointed by the Board in accordance with the Company's Articles of Association and are subsequently reappointed by the shareholders at the Annual General Meeting. The Board recommends suitable candidates for appointments based on the advice of the Nomination and Governance Committee. Upon appointment, the details of new Directors are duly disclosed to the Colombo Stock Exchange, in line with regulatory requirements.

a. A brief resume of the Director

b. The nature of his expertise in relevant functional areas

c. The names of companies in which the Director holds directorships or memberships in Board Committees

d. Whether such Director can be considered 'Independent' in accordance with the CSE Listing Rules

The Board is empowered to appoint Directors to fill any casual vacancies that may arise during the year. In accordance with the Articles of Association, such appointments are valid until the next Annual General Meeting, at which point the appointed Directors are required to stand for election by the shareholders. This process ensures active shareholder participation in the appointment of Directors.

One-third of the Directors in office retire at each Annual General Meeting by rotation with the Directors who have served for the longest period since their appointment/re-appointment retiring first. Retiring Directors are generally eligible for re-election. The names of the Directors who are submitted for election or re-election are given in the Notice of Meeting and their resume is provided in the Annual Report to enable shareholders to make an informed decision on their election.

Provisions of the Articles of the Company do not require the Director who is the Managing Director to retire by rotation.

SUBCOMMITTEES OF THE BOARD

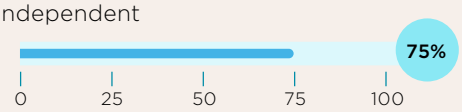
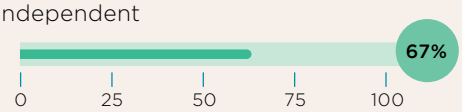
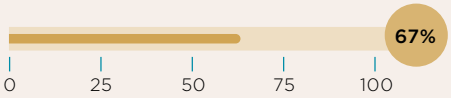
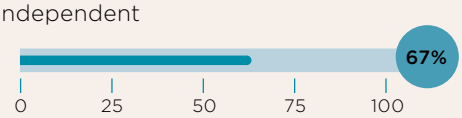
GRI 2-9

During the year, the Board established the Nominations and Governance Committee, the Remuneration Committee and the Related Party Transactions Review Committee to aid in fulfilling its obligations in accordance with the recently introduced CSE Listing Rules, Section 9 on Corporate Governance.

Before the formation of these three new committees, the respective committees of the parent company Hayleys PLC discharged the duties towards the Haycarb Board.

The Company has its Audit Committee, responsible for overseeing financial reporting, risk management, internal controls, and assessing the work of both External and Internal Auditors, including the Independence of the External Auditor.

The composition and respective areas of oversight of the subcommittees are summarised below.

Board Committee	Composition	Areas of Oversight
Audit Committee (Refer pages 246 to 248 for Report of the Committee)	Comprises three Independent Non-Executive Directors and one Non-Executive Director. % of committee members who are independent  	• Evaluating the integrity of the financial statements and adequacy of internal controls • Review of the key risk exposures and measures in place to mitigate risks • Internal Audits • External Audit
Nominations and Governance Committee (Refer pages 251 to 253 for Report of the Committee)	Comprises two Independent Non-Executive Directors and one Non-Executive Director. % of committee members who are independent  	• Appointment of Key Management Personnel • Establish and maintain a formal procedure for the appointment of new directors • Succession Planning • Effectiveness of the Board and its Committees
Remuneration Committee (Refer pages 249 to 250 for Report of the Committee)	Comprises two Independent Non-Executive Directors and one Non-Executive Director. % of committee members who are independent  	• Remuneration policy for Key Management Personnel • Goals and targets for Key Management Personnel • Performance evaluation
Related Party Transactions Review Committee (Refer pages 244 to 245 for Report of the Committee)	Comprises two Independent Non-Executive Directors and one Non-Executive Director. % of committee members who are independent  	• Review of all related party transactions of the Group. • Monitor that all related party transactions are transacted on normal commercial terms • Oversight on disclosure of related party transactions

A FRAMEWORK FOR COMPLIANCE

GRI 2-27

The Group's compliance framework has evolved beyond meeting regulatory requirements, reflecting its commitment to adopting global best practices and maintaining high standards of governance. In line with this approach, the Group incorporated the SASB Standards for the chemicals sector and adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). No instances of non-compliance or legal actions were reported during the year. The current structure of the Group's compliance framework is outlined below. There have been no significant instances of non-compliance with laws and regulations during the reporting period.

Regulatory Frameworks

- Companies Act No.7 of 2007
- Sri Lanka Accounting and Auditing Standards Act No.15 of 1995
- Section 9 on the Corporate Governance Rules for listed Companies issued by the Colombo Stock Exchange (CSE)
- Inland Revenue Act No. 24 of 2017 and amendments thereto
- Customs Ordinance No. 17 of 1869
- Foreign Exchange Control Act No. 12 of 2017
- Industrial Disputes Act No. 43 of 1950
- The Shop and Office Employees Act No. 15 of 1954
- Factories Ordinance No. 45 of 1942
- All legal and regulatory framework of countries where the Group Companies are operating.
- Continued Listing Requirements of the Colombo Stock Exchange - Section 7.

Voluntary Standards, Codes and Frameworks

- "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka
- Integrated Reporting Framework
- Global Reporting Initiative Standards
- Recommendations of the Taskforce on Climate Related Financial Disclosures
- IFRS S1 and S2 Sustainability Reporting Standards/ SLFRS Sustainability Standards
- Chemicals Sustainability Accounting Standard
- Requirements of Environmental & Social Certifications
- Requirements of the Environmental Quality Standards and Certifications.
- Sustainability Accounting Standards Board (SASB) Disclosures.
- Non-Financial Reporting Guidelines of the Institute of Charted Accountants of Sri Lanka.

Internal Mechanisms

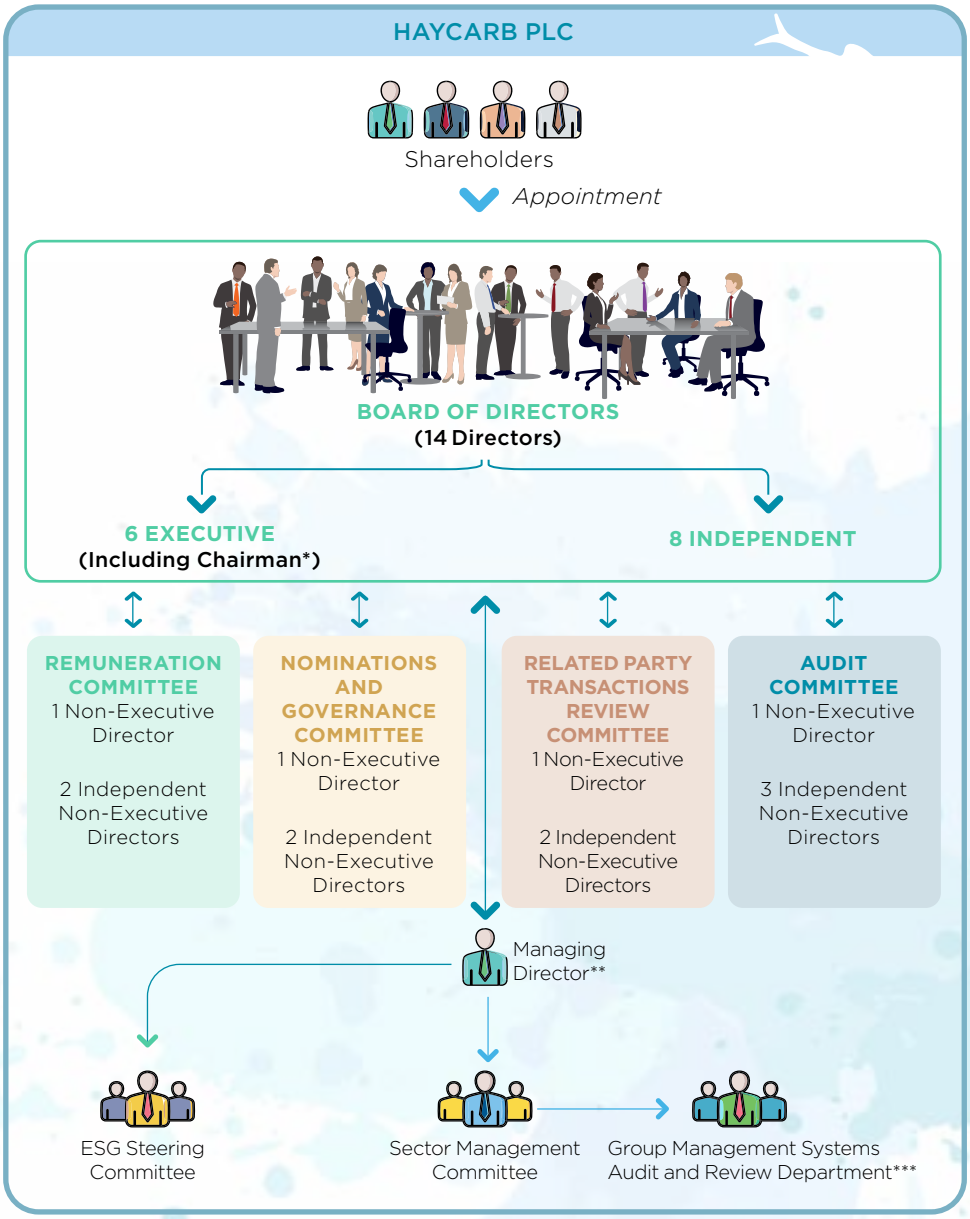
- The Articles of Association
- Charters of the Board of Directors and the Subcommittees
- "Hayleys Life code" – ESG Framework
- The Hayleys Way
- "Activate" - ESG Roadmap 2030
- Haycarb's Policies and Procedures
- Delegation of Authority Limits /SOPs

A FIT FOR PURPOSE GOVERNANCE STRUCTURE

GRI 2-9

The Group has 20 Companies including 17 subsidiaries and 2 associates. The governance structure of the Group facilitates the line of sight to the Board on the geographically diverse operations as set out alongside.

GOVERNANCE STRUCTURE AND DELEGATION



Structure Highlights

20	Companies
3	Manufacturing entities in Sri Lanka, including Haycarb PLC (parent)
5	Sales, marketing and business development entities in the UK, USA, Australia, India and Germany
3	Manufacturing entities in Thailand
1	Manufacturing entity in the Philippines
2	Manufacturing entities in Indonesia
3	Entities including an associate relating to environmental engineering
2	Investment entities
1	Associate entity in Leisure sector

**The Executive Chairman of Hayleys PLC is the Executive Chairman of Haycarb PLC.*

***The Managing Director /CEO is also on the Board of Hayleys PLC and is part of the Group Management Committee which meets 4 times a month.*

****The Sector Internal Controls are audited by the Hayleys PLC's Group Management Systems Audit and Review Department, ensuring consistent best practices are followed across the Group.*

ROLES AND RESPONSIBILITIES

GRI 2-12

Chairman

Leads the Board, preserving good corporate governance and ensuring that the Board works ethically and effectively.

Responsibilities:

- Setting the ethical tone for the Board and Company.
- Setting the Board's annual work plan and the agendas, in consultation with the Company Secretary and the Managing Director.
- Building and maintaining stakeholder trust and confidence.
- Ensuring effective participation of all Board members during Board meetings.
- Facilitating and encouraging discussions amongst all Directors of matters set before the Board and ensuring a balance of power is maintained between Executive and Non-Executive Directors (NED's).
- Monitoring the effectiveness of the Board.

Senior Independent Director (SID)

Provides guidance to the Chairman on matters of governance of the Company.

Responsibilities:

- Set corporate values facilitating an equitable balance between key stakeholder interests.
- Uphold high standards of ethics, integrity and support executive leadership whilst monitoring their conduct.
- Promote high standards of corporate governance and compliance.
- Meet with NEDs to facilitate discussion and communication of governance matters and communicate same to Chairman.
- Maintain sufficient contact with shareholders and be available in case they have concerns which cannot, or should not, be addressed by the Chairman or Executive Directors.
- Act on the results of any performance evaluation of the Chairman.

Managing Director/Chief Executive Officer

Accountable for implementation of Haycarb PLC strategic plan and driving performance.

Responsibilities:

- Appointing and ensuring proper succession planning of the corporate management team and assessing their performance.
- Developing the Company's strategy for consideration and approval by the Board.
- Developing and recommending to the Board budgets supporting the Company's long-term strategy.
- Monitoring and reporting to the Board on the performance of the Company and its compliance with applicable laws and Corporate Governance principles.
- Establishing an organisational structure for the Company which is appropriate for the execution of strategy.
- Ensuring a culture that is based on the Company's values.
- Ensuring that the Company operates within the approved risk appetite.

Company Secretaries

The office of the Company Secretary is integral to the effective functioning of the Board. Secretarial services to the Board are provided by Hayleys Group Services (Private) Limited. The Company Secretary guides the Board on discharging its duties and responsibilities, promoting best practices in Corporate Governance.

Responsibilities include.

- Ensuring the conduct of Board and General Meetings in accordance with the Articles of Association and relevant legislation.
- Maintaining statutory registers and the minutes of the Board and Committee meetings.
- Prompt communication to regulators and shareholders.
- Filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary.
- All Directors have access to the advice and services of the Company Secretary. Appointment and removal of the Company Secretary is a matter for the Board.

Oversight of Subsidiaries

The following mechanisms facilitate oversight of the geographically diverse interests by the Board of Haycarb PLC:

- Mr. Mohan Pandithage is the Chairman of all entities in the Group other than PT. Mapalus Makawanua Charcoal Industry and PT. Haycarb Palu Mitra where he holds the office of President Commissioner and President Director respectively.
- Mr. Rajitha Kariyawasan (Managing Director) is on the Board of all Group entities except for one Associate company
- Mr. Sarath Ganegoda serves on the Boards of two entities of Australia and Indonesia and an Associate company in Sri Lanka.
- Ms. Jeevani Abeyratne (Finance Director) is on the Board of all Group entities, except two associate entities.
- Mr.Brahman Balaratnarajah (Deputy Managing Director) serves on the Boards of ten entities in Sri Lanka, Thailand, USA, Singapore, Philippines and Indonesia
- Mr. Ali Asgar Munaver Carderbhoy (Director - Business Development) serves on the Board of seven entities in Sri Lanka, Australia, India, Philippines, Singapore and Indonesia
- Mr. James Naylor (resigned w.e.f. 31st January 2025) serves on the Board of the UK entity.
- Mr. M.S.P. Udaya Kumara (Director – Research & Development and Technical) serves on the Board of six entites in Sri Lanka, USA, Philippines, Singapore and Indonesia.
- Ms. Brindiini Perera serves on the Board of the UK entity.
- Mr. Arjun Senaratna serves on the Board of the USA entity

SUSTAINABILITY GOVERNANCE

GRI 2-12, 14, 23

HAYCARB LAUNCHED "ACTIVATE", ITS OWN ESG FRAMEWORK WHICH BUILDS ON THE HAYLEYS LIFECODE TO CUSTOMISE THE SAME TO MEET OUR NEEDS

READINESS FOR IFRS/SLFRS SUSTAINABILITY STANDARDS

Haycarb commenced its journey to report with IFRS as soon as they were launched, spending time and effort to understand the standards and build awareness of sustainability reporting within the Group. Accordingly, training was carried out for the entire leadership of the Group including the Executive Directors to ensure there is alignment of understanding and that every department understands their responsibilities with regard to sustainability reporting, underscoring that sustainability requires the active participation of every employee and stakeholder.

Governance and strategy pillars are in place and we are now focusing on the Risk Management aspect of sustainability reporting. Haycarb reported using the SASB for Chemicals which has the most similar industry description but observed that this is not a good fit as many of the sustainability issues in the standard are not relevant to the Group. Consequently, we explored GRI concepts of ESRS to determine the Group's SRROs and CRROs, to ensure the targets and metrics in place align with our business model and impacts across the value chain.

ALIGNING FINANCIAL & SUSTAINABILITY REPORTING BOUNDARIES

The ESG Framework has been implemented across all locations and entities. This includes reporting on material topics relevant to both the Group and the industry sector. We firmly believe that any location not reporting ESG information poses a potential unidentified and unassessed risk to the Group.

STRENGTHENING OVERSIGHT OF ESG IMPLEMENTATION

The Board is responsible for formulating the Group's ESG strategies, policies, goals, and targets. To support the implementation of its ESG agenda across all Group companies, an ESG Steering Committee has been established at the parent company Board level.

The composition of the ESG Steering Committee:

- Chaired by the Managing Director
- Four Executive Directors including, Deputy Managing Director, who heads the Sustainability Division and the Finance Director
- 7 members of the Corporate Management Team

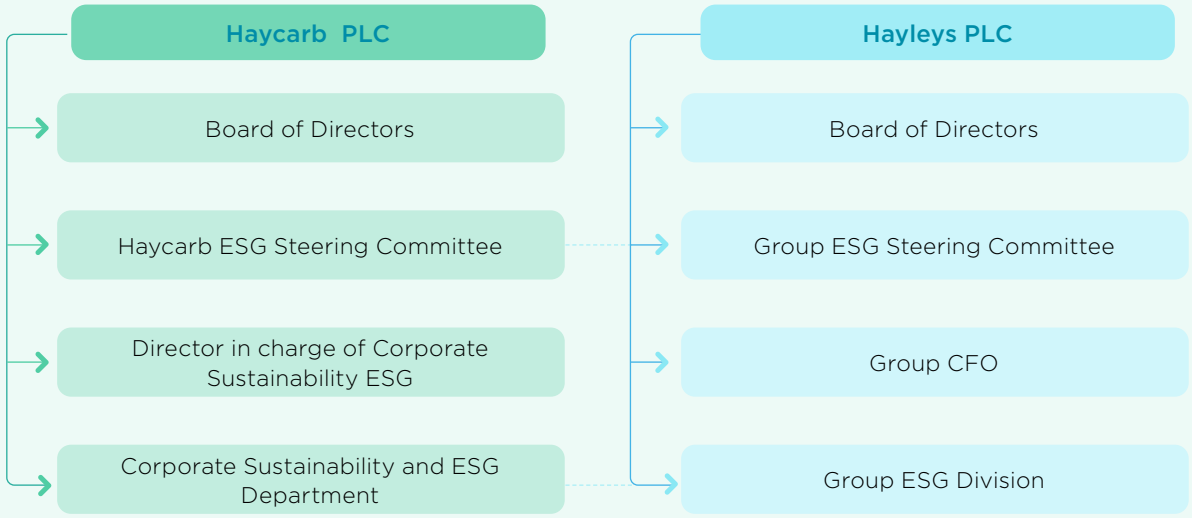
The responsibilities of the ESG Steering Committee:

- Provide oversight and monitor the execution of (Activate and the Hayleys Life code) including progress against environmental, social and governance targets in the short, medium and long-term.
- Identify sustainability related risks and opportunities (SRROs) including climate related risks and opportunities (CRROs) and recommend the implementation of appropriate measures to effectively address these dynamics.
- Review and provide guidance on ESG related policies and programmes required to drive the Group's ESG Framework and strategy.
- Review and approve the Group's stakeholder engagement strategy which allows management to identify, understand and respond to stakeholders' legitimate concerns.
- Review emerging trends and issues in the ESG areas and assess potential impact on the Group.

The ESG Steering Committee held 3 meetings during the year to discharge its duties.

The committee is supported by the dedicated Corporate Sustainability & ESG Department of the Company.

Sustainability Governance Composition



CODE OF BUSINESS CONDUCT

GRI 205-2

The Haycarb Group has adopted and published an internal Code of Business Conduct and Ethics policy, aligned with the business principles of its parent entity, "The Hayleys Way".

The Board plays an integral role in shaping the Group's organisational culture through setting the right tone at the top and ensuring that behaviour of all internal stakeholders is aligned to the Group's core values.

The Group is committed to maintaining the highest degree of integrity, ethics and transparency in all its operations, which includes measures to prevent the risk of corruption. These measures include monitoring of compliance to all relevant laws and regulations through the Internal Audit function, a clearly articulated and communicated whistleblowing policy and grievance mechanisms. Code of Business Conduct and Ethics sets the tone for ethical behaviour across the Group.

All employees including Key Management Personnel of the Group are bound by this Code which is based on the following principles:

- Commitment to conduct its business operations with honesty, integrity and with respect to the rights and interests of all stakeholders.
- All Group companies and employees are required to comply with the laws and regulations of the countries in which they operate.
- Every employee shall be responsible for the implementation of and compliance with the Code in his/her environment.

ANTI-BRIBERY & ANTI-CORRUPTION POLICY

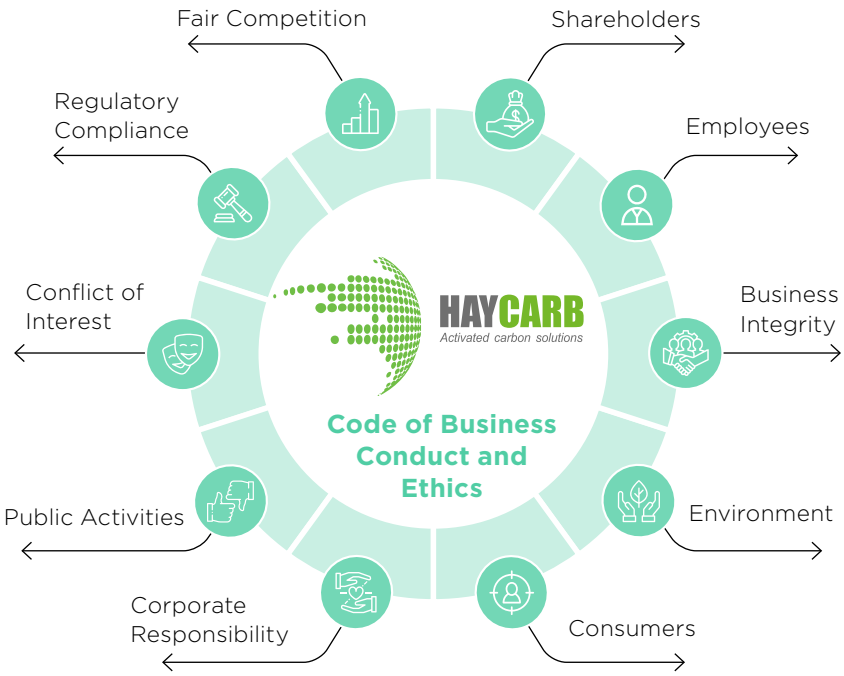
GRI 205-1, 3, 2-26 | UNGC Principle 10

The Haycarb Anti-Bribery and Anti-Corruption Policy emphasises zero tolerance for bribery and corruption. The policy is applicable to the Board of Directors and all employees of Haycarb PLC and its subsidiaries and includes guidelines on gifts, hospitality and promotional expenses, facilitating payments, political contributions and donations, charitable donations, commission payments to third parties and partner due diligence among others.

The Group is in compliance to ISO 9001:2015 quality management system which requires the evaluation of external entities, that provide goods and services under contract as to their compliance on anti-corruption and anti-bribery policies. The Group is committed to compliance with anti-corruption laws of all the geographies it operates.

All new recruits receive training on the Group's Code of Conduct which includes Anti Bribery and Corruption provisions within three months of joining. Information on accessibility, anonymity, processes and the policies relating to the Anti-Bribery & Anti-Corruption are communicated to all employees including all the Directors through the intranet and other related/adjacent trainings.

No confirmed incidents of corruption covering employees who were disciplined or dismissed for corruption, contracts and no contracts with business partners were terminated due to corruption. There were also no public legal cases regarding corruption during the year. All operations were assessed for risks related to corruption during the reporting period.



HUMAN RIGHTS

GRI 2-23 | UNGC Principle 1, 2

As a participant to the United Nations Global Compact, Haycarb has committed to its ten Principles of preserving Human Rights. Haycarb Group also abides by the Human Rights Policy implemented by its parent Hayleys PLC.

Key aspects of the policy include the following:

- Fair treatment: Equality of opportunity and treatment for the purpose of eliminating discrimination
- Non-harassment: Creating an environment free of all forms of workplace harassment
- Abolishing child, forced and compulsory labour in both our operations and along our value chain in working with subcontractors and suppliers
- Freedom of Association and Collective Bargaining
- Promoting health and safety by providing appropriate safety measures and precautions at all locations

WHISTLEBLOWING AND GRIEVANCE MECHANISMS

GRI 2-25, 26

Mechanisms are in place for employees and other stakeholders to seek advice or report concerns about unethical or unlawful behaviour including corruption and bribery. The Haycarb's Whistleblower policy enables anonymous reporting of matters of concern regarding possible inappropriate financial reporting, internal controls or other issues that may require internal investigation. Information on accessibility, anonymity, processes and the policy relating to the whistleblowing service is communicated to all employees.

Scan this QR code for policies published in the Haycarb website (www.haycarb.com) in line with section 9.2 of the listing rules on Corporate Governance.

ANTI-COMPETITIVE BEHAVIOUR

GRI 206-1

There were no legal actions for anti-competitive behaviour, anti-trust and monopoly parties in 2024/25. Policies are set out in the Hayleys Lifecode and publicly available on the Hayleys corporate website.

EXTERNAL AUDITOR

The External Auditor is appointed by the shareholders at the Annual General Meeting in line with the provisions of the Companies Act. The Board makes recommendations in consultation with the Audit Committee in this regard. The Audit Committee monitors and reviews the External Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional and regulatory requirements.

Assignment of non-audit services to External Auditors is reviewed by the Audit Committee to determine the potential impairment of independence and objectivity of the External Auditor in carrying out his duties and responsibilities.

Shareholders approved the reappointment of Messrs. Ernst & Young (Chartered Accountants) as the External Auditor for 2024/25 at the AGM held on 27th June 2024. In compliance with Section 163 (3) of the Companies Act No. 07 of 2007, the External Auditors submit a statement annually confirming their independence in relation to the external audit.

CONFLICT OF INTEREST

GRI 2-15

A Director or KMP is prohibited from using his or her position, or access to confidential or price- sensitive information, for personal benefit or benefit of any third party, whether financially or otherwise. Directors notify the Board promptly of any conflicts of interest they may have in relation to particular items of business or other Directorships. Directors do not participate in and excuse themselves from the Meeting when the Board considers matters in which a conflict may arise.

MEETINGS, MINUTES & INFORMATION

Board meetings are held quarterly with provision for additional meetings as and when required. An annual calendar is prepared by the Company Secretaries and dates and times are agreed at the commencement of the financial year. Meeting agendas are set by the Chairman in consultation with the MD and the Company Secretary. These are made available to the Directors seven days before the meeting together with the relevant papers, allowing members sufficient time to review the papers and seek clarification in preparation for the meeting. Regular agenda items include performance review, risk management and approval of financial statements besides other matters.

Senior Management Personnel attend Board meetings on invitation to make presentations and update the Board on internal and external developments that impact the business. Management is open and transparent with the Board and directors are encouraged to seek further information or clarification as may be required to make an effective contribution.

All Board minutes are circulated to members within two weeks of the Board meeting and formally approved at the subsequent Board meeting. Directors' concerns regarding matters which are not resolved unanimously are recorded in the minutes.

Resolutions concerning business matters may be passed by circulation, within regulations. However, if a single Director deems it necessary that such resolution must be decided at a Board meeting and not by circulation, the Chairman shall put the resolution to be decided in a meeting.

INDUCTION & TRAINING FOR DIRECTORS GRI 2-17

On appointment, directors are provided with an orientation pack with all relevant external and internal regulation documents and a tour of a factory. Directors are kept abreast of applicable legislation and regulation, relevant sector developments and changes in the risk and general business environment on an ongoing basis. Directors undertake training and professional development as they consider necessary, which requirements are coordinated through the Company Secretary. Many are members of the Sri Lanka Institute of Directors and attend sessions from time to time. Directors also undertake other Continuous Professional Development (CPD) programmes in their personal capacity to update their knowledge on relevant and emerging topics.

APPRAISAL OF MD/CEO

GRI 2-18

The Board assesses the performance of the MD/CEO annually in line with goals agreed at the beginning of the year with the Board. These goals encompass the Board's expectations in the short, medium and long term. Performance is reviewed at the end of the financial year taking into account the performance of the Group, operating environment and constructive feedback is provided. The outcome of the performance appraisal is linked to the annual increments for the fixed remuneration and determines the variable pay. The Remuneration Committee reviews and evaluates the performance of Managing Director of the Company. The committee comprises of two Independent Non-Executive Directors and one Non-Executive Director of which two are Independent. The committee met once during the year.

BOARD EFFECTIVENESS

The Chairman and Remuneration Committee are responsible for evaluating the performance of the Executive Directors and committees through an annual self-evaluation of its own performance. The results of the evaluation are assimilated and submitted to the Chairman for discussion at a Board meeting.

REMUNERATION

GRI 2-19 to 21

The Board is assisted by the Remuneration Committee of Haycarb in determining remuneration of Executive Directors, Non-Executive Directors, KMP and others. Remuneration policy and schemes are designed to attract and retain the skills, capabilities and experience required to pursue business objectives.

REMUNERATION POLICY

GRI 2-19

Remuneration of KMP and Executive Directors is linked to sustainable value creation objectives in line with Haycarb' s strategy as agreed by the Board and the Managing Director/ CEO which are then cascaded to direct reports and others below. Please refer page 249 for the Report of the Remuneration Committee and Terms of Reference.

The remuneration of the NED's except Hayleys Group Directors, comprise a fee for being a Director of the Board and additional fee for being a member of a committee. Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices. They do not receive any performance related / incentive payments. Services of HR professionals are sought when required, by the Board and Remuneration Committee in discharging their responsibilities.

LEVEL AND MAKE UP OF REMUNERATION

The remuneration packages of Executive Directors are designed to attract eminent professionals as directors with the requisite skills and experience. Remuneration of Executive Directors is compliant with the provisions of Schedule "G" of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023 and comprises fixed and variable components with the variable component linked to performance. No special early termination clauses are included in the contract of employment of Executive Directors that would entitle them to extra compensation. However, such compensation, if any, would be determined by the Board of Directors. Please refer page 306 for the total Directors' Remuneration.

ACCOUNTABILITY & AUDIT

This report provides a balanced assessment of the Company's financial position, performance and prospects in compliance with applicable laws and voluntarily adopted reporting standards, codes and frameworks set out on page 196. The Company's position and prospects have been discussed in sufficient depth in the following sections of this annual report.

- Chairman's and Managing Director's Joint Message page 22 to 27.
- Strategy and Resource Allocation on page 108 to 113.

- Managing risks and Opportunities on page 59 to 80.
- Capitals on page 117 to 188.

The Board approved the quarterly reports prior to publication and dissemination to the public through the CSE and the corporate website within 45 days of first three quarters and within 2 months of the last quarter. The Audit Committee reviewed and recommended the Financial Statements for approval to the Board. Price sensitive information, which may have an impact on the shares of the Company, has been disclosed in a comprehensive but concise manner to the Colombo Stock Exchange on a timely basis. Reports required by regulators including the Department of Inland Revenue, Sri Lanka Accounting & Auditing Standards Monitory Board, and the Colombo Stock Exchange have been filed in a timely manner in compliance with specified requirements. The following reports set out further information required by the Code:

- The Directors' Report on page 238 to 242 (including the declaration that the company is a going concern).
- The Statement of Directors' Responsibility on page 243.
- Report of the Auditors on page 271.

DIRECTORS INTERESTS AND RELATED PARTY TRANSACTIONS

Directors declare their business interests on appointment and quarterly thereafter which are maintained in a register by the Company Secretary. The Register is available for inspection in terms of the Companies Act. Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed on note 33, page 338 to this report.

The Related Party Transactions Review Committee reviews all transactions that require approval in line with the Group's Related Party Transactions Policy and regulatory requirements. Related party transactions are disclosed in Note 33 to the Financial Statements on page 338 to 340.

The Board determined that the total number of Board seats on public listed companies that can be held by a director is 20. The Board is satisfied that all Directors allocate sufficient time to enable them to discharge their duties and responsibilities.

The total number of directorships, names of listed and unlisted both companies in Sri Lanka (as of 31st March 2025) in which such Directors serve in an executive or non-executive capacity are disclosed in below table. (non-listed Hayleys Group companies are not included)

Name of the Director	No of Board seats held in listed Companies		No of Board seats held in un-listed Companies	
	Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mr. Mohan Pandithage *(Chairman)*	**11 Companies** • Hayleys PLC • Dipped Products PLC • Singer (Sri Lanka) PLC • Hayleys Fabric PLC • The Kingsbury PLC • Horana Plantations PLC • Kelani Valley Plantations PLC • Hayleys Leisure PLC • Talawakelle Tea Estates PLC • Hayleys Fibre PLC • Alumex PLC	**01 Company** • Diesel & Motor Engineering PLC	**120 Nos Hayleys Group Companies**	**10 Companies** • Beata Power (Pvt) Ltd • Joule Power (Pvt) Ltd • Ocean Network Express Lanka (Private) Limited • The Beach Resorts Ltd • Delmege Forsyth & Co. Exports (Pvt) Ltd • Delmege Coir (Pvt) Ltd • Delmege Forsyth & Co. (Shipping) Ltd • Delmege Freight Services (Pvt) Ltd • Lewis Shipping (Pvt) Ltd • Lewis Brown Air Services (Pvt) Ltd
Mr. Rajitha Kariyawasan *(Managing Director)*	**03 Companies** • Hayleys PLC • Dipped Products PLC • Hayleys Fibre PLC	-	**14 Nos Hayleys Group Companies**	**01 Company** • Sri Lanka Institute of Nanotechnology (Pvt) Ltd

Name of the Director	No of Board seats held in listed Companies		No of Board seats held in un-listed Companies	
	Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mr. Brahman Balaratnarajah *(Deputy Managing Director)*	-	-	**03 Nos Hayleys Group Companies**	-
Mr. Sarath Ganegoda *(Non-Executive Director)*	**02 Companies** • Hayleys PLC • Alumex PLC	**08 Companies** • Dipped Products PLC • Hayleys Fabric PLC • Singer (Sri Lanka) PLC • Hayleys Leisure PLC • Horana Plantations PLC • Kelani Valley Plantations PLC • Hayleys Fibre PLC • The Kingsbury PLC	-	**52 Nos Hayleys Group Companies + 02 Other** • Sri Lankan Airlines Ltd • Sri Lankan Catering Limited
Mr. Arjun Senaratna *(Non-Executive Director)*	-	-	-	**01 Company** • Hayleys Advantis Limited
Mrs. Jeevani Abeyaratne *(Executive Director)*	-	-	**02 Nos Hayleys Group Companies**	-
Mr. M.S.P. Udaya Kumara *(Executive Director)*	-	-	**02 Nos Hayleys Group Companies**	-
Mr. Ali Asgar Munaver Caderbhoy *(Executive Director)*	-	-	**01 No of Hayleys Group Company**	-
Mrs. Shamalie Gunawardana *(Independent Non-Executive Director)*	-	-	-	**01 Company** • Capital City Corporate Services (Private) Limited
Ms. Brindhiini Fernando *(Non-Executive Director)*	-	**10 Companies** • Hayleys Fabric PLC • Dipped Products PLC • The Kingsbury PLC • Hayleys Leisure PLC • Singer (Sri Lanka) PLC • Vallibel One PLC • Lanka Tiles PLC • Lanka Walltiles PLC • Royal Ceramics Lanka PLC • The Fortress Resorts PLC.	-	**04 Companies** • Delmege Limited • Otwo Biscuit (Private) Limited • The Canbury Biscuit Company Limited • Manatee Clothing Company (Pvt) Ltd

Name of the Director	No of Board seats held in listed Companies		No of Board seats held in un-listed Companies	
	Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mrs. Anomi Wanigasekera *(Independent Non-Executive Director)*	-	**02 Companies** • Horana Plantations PLC • Dipped Products PLC	**05 Companies** • Julius & Creaasy • Jacey Advisory Services (Private) Ltd • Jacey Trust Services (Private) Ltd • Jacey & Lanka (Private) Ltd • Jacey & Company	-
Mr. Nanda Fernando *(Independent Non-Executive Director)*	-	**04 Companies** • Dipped Products PLC • Hayleys Fabric PLC • Hatton National Bank PLC • R I L Property PLC	**01 Company** • Professional Business Consultants (Pvt) Ltd	**01 Company** • Assetline Finance Ltd
Mr. Yohan Perera *(Independent Non-Executive Director - SID)*	-	**07 Companies** • Hayleys PLC • Dipped Products PLC • Commercial Bank of Ceylon PLC • Overseas Reality PLC • E B Creasy & Company PLC • Laxapana PLC • Muller & Phipps Ceylon PLC	-	-
Mr. Timothy Speldewinde *(Independent Non-Executive Director)*	-	**06 Companies** • Hayleys Fabric PLC • Dipped Products PLC • The Kingsbury PLC • Horana Plantations PLC • Ceylon Grain Elevators PLC • Three Acre Farms PLC	**01 Company** • Contemporary Ceylon (Pvt) Ltd	**01 Company** • WealthTrust Securities Limited

MEETINGS AND DIRECTORS' ATTENDANCE

The Attendance of Directors at Board and Subcommittee meetings held during the Financial Year 2024/25 is given bellow.

Name of the Director	Gender	Date of Appointment	Tenure on the Board (Years)	
Mr. Mohan Pandithage (Chairman)		01.01.2007	>15	
Mr. Rajitha Kariyawasan (Managing Director)		04.01.2010	>15	
Mr. Brahman Balaratnarajah (Deputy Managing Director)		01.04.2015	10-15	
Mr. Sarath Ganegoda		01.11.2009	>15	
Mr. Arjun Senaratna		01.11.2005	>15	
Mrs. Jeevani Abeyratne		01.11.2009	>15	
Mr. M.S.P. Udaya Kumara		15.02.2015	10-15	
Mr. Ali Asgar Munaver Caderbhoy		01.04.2016	5-10	
Mrs. Shamalie Gunawardana		01.03.2021	<5	
Ms. Brindhiini Perera		19.10.2022	<5	
Mrs. Anomi Wanigasekera		03.01.2024	<5	
Mr. Nanda Fernando		03.01.2024	<5	
Mr. Yohan Perera (appointed w.e.f. 01st April 2024) (SID)		01.04.2024	<5	
Mr. Timothy Speldewinde (appointed w.e.f. 22nd November 2024)		22.11.2024	<5	
Mr. James Naylor (resigned w.e.f. 31st January 2025)		01.04.2016	5-10	
Mr. Hisham Jamaldeen (resigned w.e.f. 14th November 2024)		15.03.2017	5-10	

Ex – Excused
N/a – Not applicable to this meeting
ED - Executive Director
NED - Non-Executive Director
INED - Independent Non-Executive Director
C - Subcommittee Chairman
M - Subcommittee Member

	Board Meetings						Board Subcommittee Meetings																		
							Audit Committee						Related Party Transactions Review Committee						Nominations and Governance Committee				Remuneration Committee		
	Membership	Quarter - 1	Quarter - 2	Quarter - 3	Quarter - 4	Attendance	Membership	Quarter - 1	Quarter - 2	Quarter - 3	Quarter - 4	Attendance	Membership	Quarter - 1	Quarter - 2	Quarter - 3	Quarter - 4	Attendance	Membership	Quarter - 2	Quarter - 4	Attendance	Membership	Quarter - 2	Attendance
	ED	✓	✓	✓	✓	4/4																			
	ED	✓	✓	✓	✓	4/4																			
	ED	✓	✓	✓	✓	4/4																			
	NED	✓	Ex	Ex	✓	2/4							M	✓	✓	Ex	✓	3/4	M	Ex	✓	1/2	M	Ex	0/1
	NED	✓	✓	✓	✓	4/4	M	✓	Ex	✓	✓	3/4													
	ED	✓	✓	✓	✓	4/4																			
	ED	✓	✓	✓	✓	4/4																			
	ED	✓	✓	✓	✓	4/4																			
	INED	✓	✓	✓	✓	4/4																			
	NED	✓	✓	✓	Ex	3/4																			
	INED	✓	✓	✓	✓	4/4																			
	INED	✓	✓	✓	✓	4/4	M	✓	✓	✓	✓	4/4	M	✓	✓	✓	✓	4/4	M	✓	✓	2/2	M	✓	1/1
	INED	✓	✓	✓	✓	4/4	C	✓	✓	✓	✓	4/4	C	✓	✓	✓	✓	4/4	C	✓	✓	2/2	C	✓	1/1
	INED	N/a	N/a	✓	✓	2/2	M	N/a	N/a	✓	✓	2/2													
	ED	✓	✓	N/a	N/a	2/2																			
	INED	✓	✓	N/a	N/a	2/2																			

RISK GOVERNANCE

The Board holds ultimate responsibility for risk management. The Board has adopted a framework for Risk Management and processes to identify, assess, monitor and manage risks. The Board has widened the responsibility of the Audit Committee to oversee the Risk Management process of the Company.

Reflecting the increase in complexities in the control environment, managing emerging risks was a key priority during the year. The Audit Committee played a virtual role in monitoring changes to the Company's risk landscape.

IT AND CYBER SECURITY GOVERNANCE

The Haycarb Group has established a robust governance structure to safeguard its IT systems and manage technology and information assets, as detailed under 'Digital Capital' on page 180.

RELATIONS WITH SHAREHOLDERS

The Board is accountable to shareholders and is committed to reporting performance and other regulatory matters in a timely manner with sufficient information to provide a clear understanding on the subject.

COMMUNICATION WITH SHAREHOLDERS

Haycarb engages shareholders are engaged through multiple channels which include the Annual General Meeting (AGM), Annual Report, interim Financial Statements, a dedicated investor relations page on the Company's website and notification of key events through announcements to the CSE which are disseminated to the public via the CSE's website. Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries and at the Annual General Meeting. All significant issues and concerns of shareholders are referred to the Board with the views of the Management.

CONSTRUCTIVE USE OF ANNUAL GENERAL MEETING (AGM)

GRI 2-16

The Board encourages the active participation of shareholders at the AGM and makes arrangements accordingly. The Chairman, Board members and Chairpersons of Board Subcommittees are available for discussion at the AGM and respond to questions directed to them by the Chairman. Additionally, KMPs of the Group are also present, to contribute to the meeting.

The Notice of the AGM and the Proxy forms are circulated to the shareholders 15 working days prior to the AGM. The annual report is uploaded to the Company website and forwarded to Colombo Stock Exchange at the same time. Shareholders who request a printed copy of the Annual Report will be provided a copy. This allows all the shareholders to review the documentation and participate effectively at the AGM. Separate resolutions are prepared for each item of business, giving shareholders the opportunity to vote on each of such issue, separately. Voting procedures at the AGM are circulated to the shareholders in advance.

All Shareholders are encouraged to exercise their voting rights. The Company has an effective mechanism to record and count all proxy votes lodged for each resolution. In the event there are a significant proportion of the votes cast against a resolution, the Board will take steps to understand the reasons behind the vote results and determine if any actions are required. The outcome of the vote on each resolution is informed to the CSE, soon after the conclusion of the AGM.

SUSTAINABILITY REPORTING

GRI 2-14

Integration of ESG reporting into the Governance framework is set out above on page 197. Environmental, Social and Governance (ESG) metrics are included in the relevant sections of the Annual Report as set out below:

Economic Sustainability	Financial Capital	page 118
Environment	Natural Capital	page 124
Labour Practices	Human Capital	page 144
Society	Social and Relationship Capital	page 160
Product Responsibility	Social and Relationship Capital	page 160
Shareholder Identification, Engagement and Effective Communication	Investor Information	page 368

COMPLIANCE WITH THE "CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE 2023" ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

The Institute of Chartered Accountants of Sri Lanka issued a revised "Code of Best Practice on Corporate Governance" in December 2023, effective from 01st April 2024.

Haycarb PLC's compliance is presented below.

Code Ref.	Requirement	Compliance and Implementation	Compliance
SECTION I : THE COMPANY			
A	**Directors**		
A.1	**The Board**		
A.1	The Board - direct, lead and control the Company	As of 31st March 2025, The Board comprises 14 directors of whom 6 are Executive and 8 are Non-Executive of whom 5 are Independent. They are responsible for providing strategic direction, putting in place a policy framework, financial reporting and other information systems, internal controls, performance review, risk management and resource allocation and leading and controlling the Company.	Yes
A.1.1	The Regularity of Board meetings, structure and process of submitting information	The Board meets quarterly with provision to meet more frequently if required. Attendance of meetings is given on page 208. Information for the meeting is provided to Board members in advance and typically include the following information: • Minutes of the previous Board meeting and any Committee meetings during the quarter under review. • Financial and operational information including progress on agreed Key Performance Indicators. • Financial statements for the relevant quarter and year to date together with comparatives for the corresponding period of the previous financial year and budgets. • Forecasted performance for the financial year. • A Risk Register including key business risks on strategic, operational, financials, investments, governance, Information Technology and System Security (ISS) aspects of the business. The Risk Register also include Sustainability Related Risks/Opportunities (SRROs) and Climate Related Risks/Opportunities (CRROs) affecting the business. • Compliance statements confirming regulatory compliance and other matters considered necessary in accordance with policies of the Group and Board. These statements include information regarding breaches of internal controls or fraud detected during the period together with any action taken or confirm the absence thereof. • Report on number of calls to whistleblowing line or a confirmation that there were no calls recorded. • Information on human resources and capital expenditure. • Share trading of the Company and related party transactions by Key Management Personnel. • Documents to which the Company seal has been affixed to. • Resolutions on other matters referred to the Board.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
A.1.2	Roles and responsibilities of the Board	The Board Charter sets out the responsibility of the Board. The Board is responsible to the shareholders for creating and delivering long term sustainable shareholder value through entrepreneurial leadership. The Board is responsible to: • Providing direction and guidance to the Company in the formulation of high-level medium and long-term strategies which are aimed at promoting the sustainable long-term success of the Company. • Appointing and reviewing the performance of the Chairman and Managing Director. • Ensure Executive Directors and Key Management Team possesses the skills, experience and knowledge to implement strategy effectively, with proper succession arrangements in place. • Reviewing, approving and monitoring annual corporate plans, corporate budget and capital expenditure. • Reviewing and approving major acquisitions, disposals and major investments by the management within their limits of authority. • Ensure effective systems to secure the integrity of information, internal controls, business continuity and risk management. • Ensure compliance with laws, regulations and ethical standards. • Ensure all stakeholder interests are considered in corporate decisions. • Set and communicate values/standards, with adequate attention being paid to accounting policies/practices and fostering compliance with financial regulations. • Adequacy and the integrity of the Internal Control Systems over financial reporting and Management Information Systems are reviewed by the Board/Audit Committee. • Ensuring that Financial Statements are published quarterly, and the Annual Report is published at the end of the financial year. • Determining any changes to the discretions/authorities delegated from the Board to the Key Management Team. • Approving any amendments to constitutional document. • Ensure the availability of Information Communication Technology (ICT) roadmap in line with business strategy. • Recognising sustainable business development and ESG risks and opportunities in corporate strategy, decisions and activities and consider the need for adopting integrated reporting.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
A.1.3	Act in accordance with laws and agreed to obtain independent professional advice	The Board has set in place a framework of policies and procedures and risk management to ensure compliance with relevant laws and international best practices with regards to the operations of the Haycarb Group. Directors have the ability to obtain independent professional advice as deemed necessary and these functions are coordinated by the Group Legal Department or Group Finance, as and when it is necessary.	Yes
A.1.4	Access to the advice and services of the Company Secretary	All Directors have access to the advice and services of the Company Secretary. These functions are provided by Hayleys Group Service (Private) Limited., who are responsible for ensuring follow up of Board procedures, compliance with rules and regulations, directions and laws, keeping and maintaining minutes and relevant records of the Group.	Yes
		The qualifications of the Company Secretary and the Role of the Company Secretary are aligned with Schedules "A" and "A2" of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.	
		The Parent Company, Hayleys PLC has obtained insurance cover for the Board of Directors and Key Management Personnel in the Group which covers the Directors of the Haycarb Group as well.	
A.1.5	Independent Judgement	Directors bring their independent judgment to bear on decisions taken by the Board on matters relating to strategy, performance, resource allocation, risk management, compliance and standards of business conduct.	Yes
		The composition facilitates a balance of power and effective participation by all Directors.	
		Many of the Board members are independent professionals who conform to professional codes of conduct which require the exercise of independent judgement in discharge of their duties.	
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	The Board of Directors dedicates adequate time and effort to ensure that their duties and responsibilities towards the Company and the Board are discharged. Dates of regular Board meetings and Board Subcommittee meetings are scheduled well in advance and the relevant papers for the meetings are provided for its members in advance giving sufficient time for review. Directors are expected to be familiar with the contents of papers uploaded/circulated at the meeting.	Yes
A.1.7	Call for a resolution	Any Director can call for a resolution to be presented to the Board if deemed necessary.	Yes
A.1.8	Board induction and training, regularly review of training and development needs of the Directors	Directors recognise the need for continuous training and expansion of their knowledge and skills to effectively discharge their duties and are encouraged to attend sessions of the Sri Lanka Institute of Directors and other corporate forums on relevant matters. As independent professionals, many of the Directors also conform to Continuing Professional Development requirements of their respective professional organisations. Board members are also given insights into regulatory changes that may impact the industry at Board meetings by KMPs.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
		Audit Committee members receive updates on regulatory changes relating to matters entrusted to the Committee on a regular basis to ensure that they are updated on regulatory requirements impacting reporting and risk management processes. They are also given insights into organisation wide initiatives to strengthen internal controls, risk management and financial reporting processes at the same meetings.	
A.2	**Chairman and Chief Executive Officer (CEO)**		
A.2	Chairman and Chief Executive Officer (CEO)	Functions of Chairman and Chief Executive Officer are separated facilitating a balance of power. The Chairman of the parent serves as the Chairman of Haycarb PLC while the Managing Director serves as the CEO.	Yes
A.3	**Chairman's Role**		
A.3.1	Chairman's role	The role of the Chairman involves, • Conducting of Board meetings ensuring effective participation of both Executive and Non-Executive Directors. The Chairman plays a key role in preserving good Corporate Governance. • Approving the agenda for each meeting prepared in consultation with the Managing Director, other Directors and Company Secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management, and compliance. • Sufficiently detailed information of matters included in the agenda be provided to the Directors on a timely manner. • Ensuring that all Directors are aware of their duties and responsibilities and the Board and Committee structure through which it will operate in discharging its responsibilities. • The effective participation of both Executive and Non-Executive Directors is secured and all Directors are encouraged to make an effective contribution within their respective capabilities. • Ensure the views of Directors on issues under considerations are ascertained and a record of such deliberations are reflected in the minutes. • All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusions of matters of corporate concern on the agenda. • Maintaining the balance of power between Executive and Non-Executive Directors. • The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
A.4	**Financial Acumen**		
A.4	Availability of financial acumen	The Board comprises six (6) professional accountants, all of whom are members of recognised accounting bodies and possess the necessary financial acumen. Members of the Board have ample experience in handling matters related to finance through leadership in numerous organisations across sectors. Hence the Board has sufficient financial acumen and knowledge to offer guidance on matters of finance.	Yes
A.5	**Board Balance**		
A.5.1	Majority of Non-Executive Directors	8 out of 14 Directors on the Board are Non-Executive Directors. The composition of the Executive and Non-Executive Directors (the latter are over one-third of the total number of Directors), satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange. The roles of the Chairman and the Managing Director are also segregated.	Yes
A.5.2	Independent Non-Executive Directors	5 out of 8 Non-Executive Directors are independent, which is in compliance with the requirement for 1/3rd of directors to be non-executive. The Board has determined that 5 Independent Non-Executive Directors satisfy the criteria for "Independence" set out in the Listing Rules.	Yes
A.5.3	Director's independency	Non-Executive Directors' profiles reflect their calibre and the weight their views carry in Board deliberations. Each is independent of management and free from any relationship that can interfere with independent judgement. The balance of Executive, Non-Executive and Independent Non-Executive Directors on the Board ensures that no individual Director or small group of Directors dominates Board discussion and decision-making.	Yes
A.5.4	Annual declaration by Non-Executive Directors	The Board determines the independence of Directors on an annual basis based on annual declarations submitted by each Non-Executive Director based on the requirements of the Code as set out in schedule "C" of the "Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.	Yes
A.5.5	Annual determination of independence of Directors	The Board determines the independence or non-independence of each Non-Executive Director on an annual basis, based on such an annual declaration made on decided criteria and other information available to the Board, based on the requirements of the Code as set out in A.5.5 of the "Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.	Yes
A.5.6	Alternate Directors	There are no alternate Directors as of 31st March 2025.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
A.5.7	Senior Independent Director (SID)	The Chairperson is not the CEO of the Company; however, he is not an Independent Director. In order to comply with section 9.6.3 of the CSE Listing Rules and "Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka", the Company has appointed a Senior Independent Director (SID) with effect from 01st November 2023. Mr.Hisham Jamaldeen who held this position until 18th November 2024 resigned, and Mr. Yohan Perera was appointed to this position on the same date. Please refer page 254 to the statement by Senior Independent Director (SID) given in this report.	Yes
A.5.8	Confidential discussions with SID	The Senior Independent Director makes himself available for confidential discussions with other Directors who may have concerns if necessary. The Senior Independent Director makes himself available to all meetings with majority, significant and minority shareholders and be made aware of their concerns by the Company Secretary.	Yes
A.5.9	Meetings with Non-Executive Directors by the Chairman	The Chairman holds a meeting with only Non-Executive Directors at least once a year.	Yes
A.5.10	Resolutions / recording of dissent in minutes	All matters of the Company are recorded in the Board minutes with sufficient details to enable a proper assessment to be made of the deliberation and any decisions taken at the meeting.	Yes
A.6	**Supply of Information**		
A.6.1 & A.6.2	Timely information to the Board.	The Chairman ensures that all Directors are briefed on issues arising at Board meetings by requiring management to provide comprehensive information including both quantitative and qualitative information for the Board Meetings provided in advance to the Board/subcommittee meetings. The Directors have free and open access to Management at all levels to obtain further information or clarify any concerns they may have. They also have the right to seek independent professional advice at the Company's expense and copies of advice obtained in this manner are circulated to other Directors who request it. Any Director who does not attend a meeting is updated on proceedings prior to the next meeting through: • Formally documented minutes of discussions. • By clarifying matters from the Board Secretary. • Separate discussions at start of meeting regarding matters arising for the previous meeting. • The minutes of the meetings are provided to Directors within two weeks after the meeting date. • Archived minutes and Board papers accessible electronically at the convenience of the Directors.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
A.7	**Appointments to the Board; Nominations and Governance Committee**		
A.7.1	Composition of Nominations and Governance Committee	The Company formally appointed its own Nominations and Governance committee on 16th May 2024 and makes recommendations to the Board on all new Board appointments.	Yes
A.7.2	Functions of the committee	The Nominations and Governance Committee annually assess the composition of the Board to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessment will take into account when new Board appointments are considered and when incumbent Directors come up for re-election, including a process to determine that such proposed Board appointees are "fit and proper". In assessment of Directors to the Board, the Company is compliant to the "fit and proper" assessment criteria detailed in schedule "D" of the "Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.	Yes
A.7.3	Succession plan for Chief Executive Officer (CEO)	The Committee ensure that there is a succession plan for the CEO and for all Key Management Personnel and determine the training and development requirements for those identified.	Yes
A.7.4	Disclosure to Shareholders	On appointment, a brief resumé of the Director including his current and previous appointments and whether he is Independent, Non-Executive or Executive is sent to the CSE and published in the CSE website.	Yes
A.7.5	The Nominations and Governance Committee disclosure in Annual Report	The Nominations and Governance committee report given on page 251.	Yes
A.7.6	Terms of reference for Nominations and Governance Committee	Terms of reference for the Nominations and Governance Committee complying with Schedule "E" of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.	Yes
A.8	**Re-election**		
A.8.1, A.8.2, A.8.3	Directors to submit themselves for Re-election	One third of the Directors retire at each AGM with those who have served the longest period after their last appointment/ re-appointment. Retiring Directors may offer themselves for re-election. The Managing Director does not retire by rotation. Directors appointed during the year to fill casual vacancies cease to hold office at the next AGM and may offer themselves for re-election by shareholders.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
A.9	**Appraisal of Board Performance**		
A.9.1, A.9.2, A.9.3, A.9.4	Appraisal of Board and Committee performance	The Chairman and Remuneration Committee are responsible for evaluating the performance of Executive Directors and Committees. The Board undertake an annual self-evaluation of its own performance, that of its Committees, Chairman, Non-Executive Directors and Executive Directors. The outcome of these evaluations is made available to the Nominations and Governance Committee. The Board has an established a process to review the participation, contribution and engagement of each Director at the time of re-election.	Yes
A.10	**Disclosure of Information in Respect of Directors**		
A.10.1	Information relating to Directors	• Profiles of Board members are given on Page 28 to 32. • The members' attendance for Board meetings are given on Page 208 to 209. • Membership of Subcommittees and attendance at Subcommittee meetings are given on page 208 to 209.	Yes
A.11	**Appraisal of Chief Executive Officer (CEO)**		
A.11	Appraisal of Chief Executive Officer (CEO)	Prior to the commencement of each financial year, the Board in consultation with the Chief Executive Officer, set reasonable financial and nonfinancial targets which are in line with short, medium and long-term objectives of the Company, achievement of which should be ensured by the Chief Executive Officer. A monthly performance evaluation is performed at which actual performance is compared to the budget. The Chief Executive Officer is responsible to provide the Board with explanations for any adverse variances together with actions to be taken.	Yes
B	**Directors' Remuneration**		
B.1	**Remuneration Procedure**		
B.1	Remuneration Procedure	The Company formally appointed its own Remuneration Committee on 16th May 2024 and evaluates the remuneration for Executive and Non-Executive Directors.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
B.2	**Remuneration Committee**		
B.2.1, B.2.2, B.2.3, B.2.4, B.2.5, B.2.6, B.2.7, B.2.8, B.2.9, B.2.10, B.2.11, B.2.12, B.2.13, B.2.14, B.2.15, B.2.16	Remuneration Committee	The Remuneration Committee report is given on page 249 which gives in detailed the duties and functions of the Committee. The Remuneration Committee report is in line with the schedule "I" of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka. The Committee follows the guidelines given in schedule "G" of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka, in designing schemes of performance related remuneration. The Terms of reference of the Remuneration Committee is in line with the schedule "H" of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.	Yes
B.3	**Disclosure of Remuneration**		
B.3.1, B.3.2	Disclosure of remuneration	The Report of the Remuneration Committee on page 249 provides a statement on Remuneration Policy. The composition of the Committee, scope and number of meetings held are given in the Remuneration Committee report. The total for Directors' Remuneration is given on page 306	Yes
C	**Relations with Shareholders**		
C.1	**Constructive use of the Annual General Meeting (AGM) and Conduct of General Meetings**		
C.1.1	Notice of AGM	The Board uses the AGM to communicate with shareholders and encourage their participation. The notice and the agenda of the Annual General Meeting are sent to the shareholders 15 working days prior to the meeting. The Annual Report is published on the Company's website and CSE website.	Yes
C.1.2	Separate resolution for substantially separate items	A separate resolution is proposed at an Annual General Meeting on each substantially separate item. Adoption of the Annual Report of the Board of Directors on the affairs of the Company, Statement of Compliance and the Financial Statements with the Independent Auditor's Report is considered as a separate resolution. A form of Proxy is provided with the Annual Report to all shareholders to direct their Proxy to vote.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
C.1.3	Votes and use of Proxy	The Company ensures that all valid proxy appointments received for General Meetings are properly recorded and counted. For each resolution, where a vote has been taken on a show of hands, the Company ensures that the records at the meeting are made available with Company Secretary on behalf of the Company. The level of proxies lodged on each resolution is conveyed to the Chairman. When, in the opinion of the Board, a significant proportion of votes have been cast against a resolution at any General Meeting, the Board takes steps to understand the reasons behind the vote results and determine if any actions are required.	Yes
C.1.4	Answer questions at the Annual General Meeting (AGM)	The Chairman of the Board arranges the Chairman of the Audit, Remuneration, Nominations and Related Party Transactions Review Committees and the Senior Independent Director to be available to answer queries at the AGM when necessary.	Yes
C.1.5	A summary of the procedures governing voting at General Meetings	The Company Circulates, along with every notice of General Meeting, a summary of the procedures governing voting at General Meetings.	Yes
C.2	**Communication with Shareholders**		
C.2.1	Channel to reach all Shareholders of the Company	The modes of communication between the Company and the shareholders are the Annual Reports, Interim Reports, Announcements made through the Colombo Stock Exchange, other press releases and Annual / Extraordinary General Meetings. Shareholders may raise concerns they have, with the Chairman, the Managing Director or the Secretaries, as appropriate. The soft version of the Annual Report is posted on the Company Website upon release to the Stock Exchange. The website also features news and latest updates of the Company. The active participation of shareholders at the Annual General Meeting is encouraged. The Board believes the AGM is a means of continuing effective dialogue with shareholders. The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters which are important to them. The AGM is also used to adopt the financial statements for the year.	Yes
C.2.2, C.2.3	Implementation of the policy and methodology for communication with Shareholders	Annual Report and Financial Statement of the Company are available on the Company website enabling all shareholders to access the Annual Report and Financial Statements. However, a shareholder could be provided with a printed copy of the Annual Report if requested in writing to do so. A copy of the interim Financial Statements is released to the Colombo Stock Exchange and posted on their website. Copies of all public announcements are made available to the CSE for dissemination to the public.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
C.2.4	Disclosure of contact person	Shareholders can forward their inquiries via electronic media (e-mail, telephone call or in writing) to the relevant person to raise queries. The contact person for such communication is the Company Secretary. Shareholder communication is with the Company Secretary Hayleys Group Services (Private) Limited (Ms. C. Gunawardena – Tel: +94 11 2627653)	Yes
C.2.5	Major issues and concerns of Shareholders	All the major issues relating to shareholders are brought to the attention of the Board.	Yes
C.2.6	Person to be contacted with regard to Shareholders matters	The Company Secretary holds the responsibility to be contacted in relation to shareholders matters.	Yes
C.2.7	Process for responding to Shareholders matters	The Chairman and the Directors answer all the queries raised by the shareholders at the AGM and Extraordinary General Meetings. The Board in conjunction with the Company Secretary formulates the process for addressing shareholders matters.	Yes
C.3	**Major and Material Transactions**		
C.3.1, C.3.2, C.3.3	Disclosure of material transactions	Transactions, if any, which materially affect the Net Asset base of Haycarb PLC, will be disclosed in the Quarterly / Annual Financial Statements. During the year, there were no major transactions as defined by Section 185 (1),(2),(3) of the Companies Act No 07 of 2007 which materially affect the asset base of Haycarb PLC or consolidated Group asset base. The Company in addition complies with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulation of the Securities Exchange Commission (SEC) and by the Colombo Stock Exchange (CSE) which are contained in the section 9.14 (Related Party Transactions) of the listing rules.	Yes
D	**Accountability and Audit**		
D.1	**Financial and Business reporting (The Annual Report)**		
D.1.1, D.1.2	Balance and understandable assessment	The Company has presented balanced and understandable Financial Statements which gives a true and fair view of the performance and financial position on a quarterly and annual basis. In the preparation of Financial Statements, the Company has complied with the requirements of the Companies Act No 07 of 2007 and requirements of Sri Lanka Financial Reporting Standards (SLFRS) and Securities and Exchange Commission. Price sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner. The Annual Report also conforms to the GRI Standards on Sustainability Reporting published by the Global Reporting Initiative, Integrated Reporting Framework published by the International Integrated Reporting Council and the SLFRS on sustainability reporting S1 and S2 in accordance with transitional relief.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
D.1.3	CEO's & CFO's approval on Financial Statements prior to Board approval	The Finance Director and two other Directors have signed the Financial Statements on behalf of the Board. Responsibilities of Board of Directors and Directors statement on internal controls are given in page 241 on this report.	Yes
D.1.4	The Directors' Report	The Annual Report of the Board of Directors on the affairs of the Company is given on page 238 of this Annual Report which contains the following: • Declaration that the Company has not engaged in activities that contravene laws and regulations of Sri Lanka. • Declaration by the Directors on all material interests in contracts involving the Company and has refraining from voting on matters in which they were materially interested. • Equitable treatment to shareholders. • Compliance with best practices of corporate governance. • Information relating to PPE has been given in note 13 to the Financial Statements. • Review of internal controls, risk management and reasonable assurance of effectiveness and adherence. • Going concern of the business.	Yes
D.1.5	Statement of Directors responsibility and statement on internal controls and Auditor's Report	The Statement of Directors Responsibilities for the Financial Statements is given in page 243. The Auditors' Report is available on page 271.	Yes
D.1.6	Management Discussion and analysis	The Management discussion and analysis has been structured based on the integrated reporting framework issued by International Integrated Reporting Council. Chairman's and Managing Director's Joint Message given in page 22 to 27 in this Report provides an analysis of the Group's performance during the financial year including industry structure and developments, risk management, opportunities and threats, financial performance, social and governance activities carried out by the Company and prospects for the future.	Yes
D.1.7	Summon an EGM to notify serious loss of capital	In the event the net assets of the Company fall below 50% of the value of the Company's Stated Capital, the Directors will forthwith summon an Extraordinary General Meeting to notify shareholders' the remedial action being taken. However, such an event has not taken place since the adoption of the New Companies Act No 07 of 2007.	Yes
D.1.8	Related Party Transaction disclosure	A process has been placed to capture related parties and related party transactions. The related party transactions are properly documented. The responsibility of keeping records of the related party transactions lies with the Company Secretary. The Company has adequately and accurately disclosed the related party transactions in page 338 to this report.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
D.2	**Risk Management and Internal Control**		
D.2.1, D.2.1.2, D.2.1.3, D.2.1.4, D.2.1.5, D.2.1.6, D.2.1.7	Framework for Risk Management	The Board of Directors reserves the primary responsibility on business risk management. The Board has adopted a framework for Risk Management and the processes to identify, assess, monitor and manage risks. The Risk Framework is in line with the schedule "K" of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka. The Board established the responsibility to the Audit Committee to oversee the Risk Management process of the Company. The Board ensures the Company has carried out a robust assessment of principle risks. The Risk Management Framework, processes and responsibilities are given on the page 59 to this report. The Audit Committee with its responsibility to oversee the Risk Management process has described its activities under Risk Management in the Audit Committee Report on page 246 to this report.	Yes
D.2.2, D.2.2.1, D.2.2.2, D.2.2.3, D.2.2.4	Monitoring sound system of Internal Control	The Board is responsible for the Group's internal control and its effectiveness. Internal controls are established with emphasis on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all controls required, including financial, operational and compliance controls and risk management. The important procedures in place to discharge this responsibility are as follows, • The Directors are responsible for the establishment and monitoring of financial controls appropriate for the operation within the overall Group policies. • The Audit Committee reviews the plans and activities of the Internal Audits and the Management Letters of External Auditors. • The Hayleys Group Management, Audit and System Review Department report on key control elements and procedures followed by the Haycarb Group that are selected according to the Annual Audit Plan. • The Board has established the responsibility to the Audit Committee to ensure carrying out the reviews of the process and effectiveness of internal controls. • The Board ensures its responsibilities in maintaining a sound system of Risk Management and Internal Controls are in line with the schedule "L" of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
D.3	**Audit Committee**		
D.3.1	Composition of Audit Committee	The Audit Committee comprises of three Independent Non-Executive Directors and one Non-Executive Director. The Committee is chaired by an Independent Non-Executive Director. Refer Audit Committee Report on page 246	Yes
D.3.2	Audit Committee Terms of reference - The Committee's purpose, duties & responsibilities	Refer Audit Committee Report on page 246	Yes
D.3.3	Disclosures in Annual Report	Refer Audit Committee Report on page 246	Yes
D.4	**Risk Committee**		
D.4	Risk Committee	The Board of Directors reserve the primary responsibility on Business Risk Management. The Board has adopted a framework for Risk Management and the processes to identify, assess, monitor and manage risks. The Risk Framework is in line with the schedule "K" of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka. The Board has winded the responsibility of the Audit Committee to oversee the Risk Management process of the Company. The Board ensures the Company has carried out a robust assessment of principle risks. The Risk Management Framework, processes and responsibilities are given on the page 59 to this report. The Audit Committee with its responsibility to oversee the Risk Management process has described its activities under Risk Management in the Audit Committee Report on page 246 to this report.	Yes
D.5	**Related Party Transactions Review Committee**		
D.5,D.5.1	Related Party Transactions	The Board ensures that the Company does not engage in transactions with "Related Parties" in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.	Yes
D.5.2	Related Party Transactions Review Committee	The Company formally appointed its own Related Party Transactions Review Committee on 16th May 2024.	Yes
D.5.3	Terms of reference	Refer Related Party Transactions Review Committee Report on page 244	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
D.6	**Code of Business Conduct and Ethics**		
D.6	Code of Business Conduct and Ethics	The Directors, Members of the Senior Management Team and all employees are bound by the Code of Business Conduct and Ethics, applicable to the Hayleys Group the "Hayleys Way". The Code consists of important topics like conflict of interest, bribery and corruption, entertainment and gifts, accurate accounting and record keeping, fair & transparent procurement practices, corporate opportunities, confidentiality, fair dealing, protection & proper use of Company assets including information assets, sexual harassment, discrimination & abuse, compliance with laws, rules and regulations and encouraging the reporting of any illegal, fraudulent or unethical behaviour. The Board ensures the compliance with the code and non-compliance may reasons to go for disciplinary action.	Yes
D.6.1	Disclosure and compliance	The Directors and Key Management Personnel are complying to this code.	Yes
D.6.2	Process to identify and report price sensitive information	The Company has a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Yes
D.6.3	Shares purchased by directors and key management personnel	The Company has a policy and a process for monitoring, and disclosure of shares purchased by any Director and Key Management Personnel. Details of Directors share holdings are given in page 238 of the Annual Report of the Board of Directors on the affairs of the Company.	Yes
D.6.4	Whistleblowing Policy	The Company has established a procedure to deal with complaints received from employees, customers, suppliers and any other party in relation to non-compliance with Companies Code of Business Conduct and Ethics.	Yes
D.6.5	Training on the Code of Business Conduct and Ethics	The Company conducts trainings on the code of conduct for new employees as part of induction training.	Yes
D.6.6	The process for company-wide dissemination of the policy	The Company has a process to disseminate the code, company-wide.	Yes
D.6.7	Affirmation of Code in the Annual Report by the Chairman	The Chairman affirms that he is not aware of any violation of any other provisions of the Code of Business Conduct and Ethics in the Annual Report.	Yes
D.7	**Corporate Governance Disclosure**		
D.7	Disclosure of adherence to Corporate Governance	The extent to which the Company adheres to established principles and practices of good Corporate Governance is disclosed in this report.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
SECTION II : SHAREHOLDERS			
E	**Institutional Investors**		
E.1	**Shareholder voting**		
E.1	Shareholder voting	All investors are notified of the Annual General Meeting, and all their views, comments and suggestions are encouraged. The Company maintains continuous dialogue with institutional investors, based on a mutual understanding of objectives. Impartiality is maintained on shareholder votes at the AGM based on individual holding and weightage. Shareholders are encouraged to participate of the AGM and vote on matters set before them.	Yes
E.2	**Evaluation of Governance Disclosures**		
E.2	Evaluation of governance disclosures	Institutional investors are encouraged to give due consideration to all relevant factors drawn to their attention when evaluating Companies' governance arrangement particularly in relation to Board structure and composition. All shareholders are provided sufficient information to facilitate and encourage effective shareholder participation including governance matters. Please refer Investor information on Page 368.	Yes
F	**Other Investors**		
F.1	**Investing/ Divesting Decision**		
F.1	Investing/ Divesting decision	Individual shareholders, investing directly in shares of Company are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. The Company believes that the rational investors remain with the Company without divesting. There are no restrictions for investing or divesting in the Company shares.	Yes
F.2	**Shareholder Voting**		
F.2	Shareholder voting	All shareholders are encouraged to actively participate in the AGM and they have the independence of using their votes as they wish.	Yes
SECTION III : OTHER MATTERS			
G	**Internet of Things and Cybersecurity**		
G.1	Identify connectivity and related cybersecurity risks	This function was complied with by the Group Head of IT of the Parent Company for the year under review. The Board was also updated on the findings.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
G.2	Appoint a Chief Information Security Officer (CISO) and allocate budget to implementing a Cybersecurity Policy	The Hayleys Group has a Chief Information Security Officer (CISO) and a cybersecurity policy has been implemented. The Company cybersecurity policy includes a robust cybersecurity risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting process, scope and regularity of an Information Communication Technology (ICT) audit, and the need for cybersecurity insurance. Please refer page 210 on IT and Cybersecurity governance.	Yes
G.3	Include Cybersecurity on Board agenda	It is a regular agenda item for the Board meetings. The matters taken up for the discussion on the Board meeting agenda includes • Potential cybersecurity risks in the company's business model • CISO's security strategy and status of the current projects • Compliance with the cybersecurity risk management process and incident reports • Findings and recommendations from independent reviewers	Yes
G.4	Obtain Independent periodic review and assurance to review effectiveness of cybersecurity risk management	A firm of external consultants were engaged to review the effectiveness of the Group's cybersecurity risk management. The Company is complying with the Schedule "O" contains a "Board cybersecurity checklist" described in the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.	Yes
G.5	Disclosures in Annual Report	The Company disclose in the Annual Report, the process to identify and manage cybersecurity risks. Please refer page 210 on IT and cybersecurity governance.	Yes
H	**Sustainability: ESG Risk and Opportunities**		
H.1, H.1.1	Board to consider Sustainability Related Risks and opportunities	The Board is responsible for identifying and assessing the impact of Sustainability Related Risks and Opportunities (SRROs) and Climate Related Risks and Opportunities (CRROs) and oversee strategies designed to respond to such risks. The Board has established an ESG Steering Committee, and the Committee is headed the Managing Director. The Company established Sustainability and ESG division reporting to the Deputy Managing Director. Please refer page 59 to 87 for detailed emphasis of Company's sustainability strategy.	Yes
H.2, H.2.1	Consider views of stakeholders in managing sustainability related risks and opportunities	The Board and Key Management Personnel continuously engage with and consider views of the stakeholders to better understand and manage Company's Sustainability/ ESG Risks and Opportunities.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
H.3, H.3.1, H.3.1.1, H.3.1.2	Establishment of a Governance Framework which includes Sustainability/ESG factors	The Board address Sustainability factors through a process of environmental governance and social governance. • The Company follows an integrated approach on Environmental Governance that takes into consideration the direct and indirect economic, social, health and environmental implications on business strategies, plans, decisions and operations. • The Company also follows an integrated approach for social governance to engage with groups such as community, customers, employees, suppliers etc. • The Company launched its ESG Roadmap "ACTIVATE" embedding ESG drivers across all aspects of the Company's business strategy and operations. • The Deputy Managing Director oversea the implementation of the ESG roadmap 2030 circulated in "Activate". • The ESG Steering Committee led by the Director in charge of corporate sustainability and ESG was established to drive the formulation and implementation of the ESG Roadmap. Please refer page number 200 on Company's approach to sustainability governance.	Yes
H.4, H.4.1, H.4.2, H.4.3	Structure for measuring on all pertinent aspects of sustainability using financial and non-financial measures	The Company has in place a system to capture ESG data from all of its operational locations. The Company's ESG related data is consolidated within the Haycarb Corporate Sustainability and ESG Divisions and performance is reported to ESG steering committee, Management Team and to the Board of Directors. The Data also reported to Hayleys Group ESG Steering Committee and the Hayleys Group Management Committee. Please refer page 201.	Yes
H.5.H.5.1, H.5.2, H.5.3, H.5.4	Annual Report to contain sufficient information on sustainability related risks and opportunities	Please refer on Page 59 to 87.	Yes
I	**Special Considerations for Listed Entities**		
I.1, I.1.1, I.1.2, I.1.3, I.1.4	Establishment and Maintenance of Policies relating to governance and disclosures through Company's website	The policies relating to governance have been published on its corporate website (www.haycarb.com)	Yes
I.2,I.2.1	Policy on matters relating to the Board of Directors	The Company has established and maintained a formal policies governing the matters relating to the Board of Directors for items (a), (b), (c), (d), (e), (f). (g), (h), (i), (j) under I.2.1 of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.	Yes
I.2.2	Confirmation of Compliance	The Company confirms the compliance to policy on matters relating to Board of Directors referring to items (a), (b), (c), (d), (e), (f). (g), (h), (i), (j) Under I.2.1 of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.	Yes

COMPLIANCE WITH THE "CONTINUING LISTING REQUIREMENTS" - SECTION 07 FOR LISTED COMPANIES ISSUED BY THE COLOMBO STOCK EXCHANGE

This section has presented Haycarb PLC's compliance in line with the "Continuing Listing Requirements" under the Section 07 issued by the Colombo Stock Exchange (CSE).

Section Ref.No	Requirement	Comment / Reference within the Report	Compliance Status
7.1	Dividend Payment - Announcement to the CSE	The Company make an immediate announcement to CSE upon authorising a dividend distribution as described in Rule 7.1	Yes
7.4	Interim Financial Statements	The Company prepare and submit Interim Financial Statements to CSE, within the criteria described in Rule 7.4	Yes
7.5	Circulation of Annual Report	The Company ensure that the Annual Report is made available to all shareholders of the Company and given to CSE within relevant period described in section 7.5 from the close of the Financial Year.	Yes
7.6	Contents of Annual Report		
(i)	Names of persons who were Directors of the Company	Board of Directors - Page 28 to 32	Yes
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Group Profile - Page 374 to 377	Yes
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Investor Information - Page 368 to 371	Yes
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the minimum public holding requirement	Investor Information - Page 368 to 371	Yes
(v)	A statement of each Director's holding and CEO's holding in shares of the entity at the beginning and end of each financial year	Investor Information - Page 368 to 371	Yes
(vi)	Information pertaining to material foreseeable risk factors of the entity	Managing Risk and Opportunities - Page 59 to 80	Yes
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Page 106	Yes
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land/Building holdings and investment properties	Property Plant and Equipment - Page 311	Yes
(ix)	Number of shares representing the Entity's stated capital	Investor Information - Page 368 to 371	Yes
(x)	The distribution of shareholders under each class of securities and the percentage of their holdings	Investor Information - Page 368 to 371	Yes

Section Ref.No	Requirement	Comment / Reference within the Report	Compliance Status
(xi)	Financial ratios and market price information	Investor Information - Page 368 to 371	Yes
(xii)	Significant changes in the Group's Fixed Assets, and market value of land, if the value differs substantially from the book value	Property Plant and Equipment - Page 311	Yes
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Not Applicable for financial year 2024/25.	N/A
(xiv)	Information in respect of Employee Share Ownership Schemes	Not Applicable for financial year 2024/25.	N/A
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Corporate Governance - Page 232 to 237	Yes
(xvi)	Related party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited Financial Statements, whichever is lower	The Related Party Transactions are disclosed in note no. 33 of the Page 338.	Yes
(xvii) to (xxi)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities. Infrastructure Bonds and/or Shariah Compliant Debt Securities listed on the CSE	Not Applicable for financial year 2024/25.	N/A
7.8	Disclosure of dealings by Directors and CEO	The Company make an announcement to the Exchange pertaining to the relevant interest/changers in shares held by its Directors and CEO as described in Rule 7.8.	Yes
7.13	Minimum public holding	As a listed Company in the main board, the Company maintained the minimum public holding under specified criteria. Refer Investor Information on Page 368 to 371.	Yes

COMPLIANCE WITH COLOMBO STOCK EXCHANGE LISTING RULES - SECTION 09 ON CORPORATE GOVERNANCE

This section covers Haycarb PLC's extent of adherence to the requirements of the Section 09 on the "Corporate Governance" Rules for Listed Companies issued by the Colombo Stock Exchange (CSE).

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.1	**Applicability of Corporate Governance Rules**		
9.1.1 9.1.2 9.1.3	Extent of Compliance with Corporate Governance Rules	The extent of compliance with the Corporate Governance Section 09 of the listing rules issued by CSE is tabulated below.	Yes
9.2	**Policies**		
9.2.1	Availability of Policies	The following policies which are mandated by the revised CSE listing rules are currently in place. The Company has uploaded them to the Company's website (www.haycarb.com) in accordance with the Corporate Governance Rules of the Colombo Stock Exchange. • Policy on matters relating to the Board of Directors • Policy on Board Committees • Policy on Corporate Governance, Nominations and re-election • Policy on Risk Management and Internal Controls • Policy on Remuneration • Policy on Whistleblowing • Policy on Anti-Bribery and Corruption • Policy on Corporate Disclosures • Policy on Control and Management of Company Assets and Shareholder Investments • Human Rights Policy • Policy on Environment, Social and Governance (ESG) Sustainability – Social Policies • Policy on Environment, Social and Governance (ESG) Sustainability – Environmental Policies • Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees including policies on Trading in the entity's Listed Securities	Yes
9.2.2	Waivers and Exemptions	At present there are no waivers and exemptions applicable to the Company.	N/A
9.2.3	Disclosures in the Annual Report	Please refer section 9.2.1.	Yes
9.2.4	Availability of Policies to Shareholders	The Company will provide any of the above policies to its shareholders, upon a written request.	Yes
9.3	**Board Committees**		
9.3.1	Establishment of Board Committees	The Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee are in place. Refer Page 244 to 253	Yes

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.3.2	Board Composition, Responsibilities and Disclosures	The composition of all Committees are in line with the revised CSE listing rules. The Responsibilities of these committees are in line with the rule set out and required disclosures have been made.	Yes
9.3.3	Chairperson of Board Committees	The Chairperson of the Board is not the Chairperson for any of the Sub Committees.	Yes
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders**		
9.4.1	Record maintains	The Company Secretary maintains records of all resolutions and the following information of General Meetings. (The number of Shares in respect of which proxy appointments, number of votes in favour against and number of shares in respect of vote was directed to be abstained).	Yes
9.4.2	Communication and relation with Shareholders and Investors	The Company has an established policy on communication and relations with shareholders and investors, which is published on its corporate website (www.haycarb.com) Shareholder communication is with the Company Secretary, Hayleys Group Services (Private) Limited (Ms. C. Gunawardena – Tel: +94 11 2627653)	Yes
9.5	**Policy on matters relating to the Board of Directors**		
9.5.1	Availability of policy on governing matters relating to Board of Directors	The Company maintains a Policy on matters relating to the Board of Directors. The Policy specifies the minimum number of meetings which a Director is required to attend, which is 50% of the meetings.	Yes
9.5.2	Disclosures in the Annual Report	The Company confirms the existence of policies governing the matters relating to Board of Directors.	Yes
9.6	**Chairperson and CEO**		
9.6.1	Chairperson and CEO	The Chairperson is not the CEO of the Company, also he is not an Independent Director. In order to comply with section 9.6.3 of the Listing Rules, the Company has alredy appointed a Senior Independent Director (SID).	Yes
9.6.2	Rationale for appointing of a Senior Independent Director (SID)	The Company made a market announcement for appointing of a Senior Independent Director (SID). The announcement was made within the stipulated time period as specified in Listing Rules.	Yes
9.6.3 (b) & (c)	Meetings by Senior Independent Director (SID)	The SID held separate meetings with the Non-Executive Directors without the presence of Executive Directors and Chairman, to discuss matters and concerns pertaining to the Company.	Yes
9.6.4	Rationale for appointing SID	The rationale is given in the statement of the Senior Independent Director (SID) on Page 254	Yes

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.7	**Fitness of Directors and CEOs**		
9.7.1 9.7.2	Appointment of "Fit and Proper" Persons	The Board has a formal and transparent process in place for the succession and appointment of Directors. The Nominations and Governance Committee processes and short-lists candidates and makes recommendations to the Board for approval. The attributes and experience required from potential appointees are identified and agreed prior to the search process, considering the combined knowledge, experience and diversity of the Board, in relation to the Companies strategic plans and any gaps thereof. The candidate's other directorships and commitments are also considered to ensure sufficient time to discharge their role effectively. All appointments are duly notified to CSE.	Yes
9.7.3	Fit and Proper Assessment Criteria a) Honesty, integrity and reputation b) Competence and Capability c) Financial soundness	The assessment criteria detailed in the revised CSE listing rules have been incorporated into the annual declaration of the Directors.	Yes
9.7.4	Annual Declarations from Directors and CEO	The Directors have provided declarations, confirming that each of them has continuously satisfied the "fit and proper" assessment criteria set out in the CSE revised listing rules. These declarations to be made annually.	Yes
9.7.5	Disclosures in the Annual Report	Disclosures are made in the Annual Report of the Board of Directors given on page 238.	Yes
9.8	**Board Composition**		
9.8.1	Board at minimum to consist of Five (5) Directors	The Company is complied with the requirement. The Board of Directors of the Company consists of Fourteen (14) Directors as of 31st March 2025.	Yes
9.8.2	Minimum number of independent Directors (Minimum 2 or 1/3 of total number, whichever is higher)	The Company is complied with the minimum number of Independent Directors. The Board of Directors of the Company consists of Five (5) Independent Directors as of 31st March 2025.	Yes
9.8.3 9.8.4	Criteria for determining independence	The Company is complied with the criteria for determining independence of a director.	Yes
9.8.5	Declarations	Annual Declaration was obtained from the Board of Directors incorporating the provisions made under the revised CSE listing rules as of 31st March 2025.	Yes
9.9	**Alternate Directors**		
9.9	Appointment of Alternate Directors	No Alternate Directors were appointed to represent Non-Executive Directors.	Yes

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.10	**Disclosures relating to Directors**		
9.10.1	Policy on the maximum number of Directorships	The Board Charter defines the maximum number of Directorships its Board members shall be permitted to hold. All the Directors are in compliance with this requirement. (Company policy on maximum number of Directorships which a Director can hold in listed Companies is 20)	Yes
9.10.2	Appointment of new Director	The Company has made immediate market announcements on appointment of new Directors.	Yes
9.10.3	Changes to the Composition	The Company will make an immediate announcement regarding any changes to the composition of the Board Committees referred to Rule 9.3.	Yes
9.10.4	Disclosures in the Annual Report In relation to Directors	The Company discloses the following information relating to the Directors in its Annual Report. (a) Please refer to page 28 to 32 for profiles of Directors (b) Please refer to page 208 and 209 for expertise in relevant functional areas (c) Please refer to page 238 on the Annual Report of the Board of Directors for the statement on material business relationships (d) Please refer to page 193 for classification of Directorships (e) Please refer to page 205 for Directorships in other companies (f) Please refer to page 208 for details of Board meeting attendance (g) Please refer to the respective Committee Reports on pages 244 to 253 for details of the Directors serving on each Committee. (h) Please refer to the respective Committee Reports on pages 244 to 253 for details of the Committee meetings held & attended by each member. (i) Please refer to page 254 for statement by the Senior Independent Director	Yes
9.11	**Nominations and Governance Committee**		
9.11.1	Availability of Nominations and Governance Committee	The Company formally appointed its own Nominations and Governance Committee on 16th May 2024.	Yes
9.11.2	Appointment and re-election of Directors	The Committee follows a formal procedure in appointment and re-election of Directors.	Yes
9.11.3	Terms of Reference	The Committee has adopted a Term of Reference which defines the scope, authority and duties. Revised Terms of Reference in line with the CSE listing rules was approved in November 2023.	Yes
9.11.4 (1)	Composition - Minimum of three (3) Directors, out of which a minimum of two (2) members shall be Independent Directors	The Company is complying throughout the year with the revised CSE listing rules. The committee comprises of two Independent Non-Executive Directors and one Non-Executive Director.	Yes
9.11.4 (2)	Composition - Independent Director shall be appointed as the Chairperson of the Committee	An Independent Director functions as the Chairman of the Committee.	Yes

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.11.4 (3)	Composition - The Chairperson and the members of the Committee shall be identified in the Annual Report	The Chairman and the members of the Committee are identified in the Nominations & Governance Committee report given on page 251.	Yes
9.11.5	Functions	The functions of the Nominations and Governance Committee are given in the Nominations and Governance Committee report.	Yes
9.11.6	Disclosures in the Annual Report	The Disclosure requirements are covered in the Nominations and Governance Committee Report given on page 251.	Yes
9.12	**Remuneration Committee**		
9.12.1	Definition of Remuneration	The Company has established a formal and transparent policy on remuneration. The remuneration is defined in terms of cash and non-cash benefits.	Yes
9.12.2	Remuneration Committee	The Company formally appointed its own Remuneration Committee on 16th May 2024.	Yes
9.12.3 9.12.4	Remuneration Policy - Executive Directors/ Non-Executive Directors	The remuneration Committee has established a formal and transparent procedure for fixing the Executive Directors' remuneration. The remuneration of Non-Executive Directors is based on the principal of non-discriminatory pay practices ensuring their independence is not impaired.	Yes
9.12.5	Terms of Reference	The Committee has adopted a Terms of Reference which define the scope, authority and duties in compliance with the revised CSE listing rules.	Yes
9.12.6	Composition	The Committee comprises of two Independent Non-Executive Directors and one Non-Executive Director.	Yes
9.12.7	Functions	The Company has documented the functions of the Committee in Terms of Reference. All functions are effectively discharged by the Committee.	Yes
9.12.8	Disclosures in the Annual Report	Disclosure requirements are covered in the Remuneration Committee Report given on page 249.	Yes
9.13	**Audit Committee**		
9.13.1	Audit and Risk Committees	While the Board of Directors reserves the primary responsibility on business risk management, the Board establishes the responsibility to the Audit Committee to oversee the risk management process of the company.	Yes
9.13.2	Terms of Reference	The Committee has adopted a Terms of Reference which define the scope, authority and duties.	Yes
9.13.3	Composition	The Audit Committee comprises of three Independent Non-Executive Directors and one Non-Executive Director. The Audit Committee met four times during the year. The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors. The Managing Director and the Finance Director of the Company attend the Committee meeting by invitation. The Chairman of the Audit Committee is a Senior Chartered Accountant.	Yes

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.13.4	Functions	The Functions of the Committee are effectively summarised in the Audit Committee Report on page 246.	Yes
9.13.5	Disclosures in the Annual Report	Please refer to the Audit Committee in page given 246.	Yes
9.14	**Related Party Transactions Review Committee**		
9.14.1	Availability of Related Party Transactions Review Committee	The Company formally appointed its own Related Party Transactions Review Committee on 16th May 2024.	Yes
9.14.2 (1) & (2)	Composition	The Committee comprises of two Independent Non-Executive Directors and one Non-Executive Director.	Yes
9.14.3	Functions	The Functions of the Committee are effectively summarised in the Related Party Committee Report on page 244.	Yes
9.14.4	General requirements	The Committee met four (4) times during the financial year 2024/25. The Committee members have adequate knowledge and expertise to assess all aspects of Related Party Transactions and where necessary allowed to obtain appropriate professional and expert advice from appropriately qualified persons.	Yes
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	The Committee takes into account the provision of the said CSE listing rules when reviewing related party transactions.	Yes
9.14.6	Shareholder Approval	A situation to obtain the shareholder approval as per revised CSE listing rules has not arisen during the year.	Yes
9.14.7	Immediate Disclosures	A situation has not arisen where immediate disclosure is required to be made as per revised CSE listing rules.	Yes
9.14.8	Disclosures in the Annual Report	The Related Party Transactions are disclosed in note no. 33 of the Page 338. Disclosure requirements are covered in the Related Party Transactions Review Committee Report given on page 244.	Yes
9.14.9	Acquisition and Disposal of assets from/to related parties	The Company has not acquired/disposed substantial assets from/to related parties.	Yes
9.14.10	Exempted Related Party Transactions	The provisions of the sections are considered when evaluating the Related Party Transactions by the Committee.	Yes
9.16	**Additional Disclosures**		
9.16	(i) Declaration of all material interests (ii) Review of internal and compliance controls (iii) Compliance with laws, rules and regulations (iv) Material Non-Compliance	Disclosure requirements are covered in the Annual Report of the Board of Directors given on page 238. Material non-compliance with any Law or Regulation has not arisen during the year 2024/25.	Yes

Annual Report of the Board of Directors on the Affairs of the Company

GENERAL

The Board of Directors of Haycarb PLC ("the Company") has pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company and of the Group for the year ended 31st March 2025.

The details set out herein provide the pertinent information required by the Companies Act No.07 of 2007 ("the Companies Act"), the Listing Rules of the Colombo Stock Exchange ("CSE"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and are guided by recommended best accounting practices.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW OF THE YEAR

The principal activities of the Group and its management team are shown on page 374 to 377 respectively of this Report. The Joint Statement from the Chairman and the Managing Director describe the Group's affairs and mention important events of the year. The results for the year are set out in the Consolidated Statement of Profit or Loss page 274.

The Directors to the best of their knowledge and belief confirm that the Group has not engaged in any activities that contravene laws and regulations.

The Financial Statements were reviewed and approved by the Board of Directors on 15th May 2025.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Group are given on page 274 to 356.

AUDITOR'S REPORT

Auditor's Report on the Financial Statements is given on page 271 to 273.

ACCOUNTING POLICIES

The accounting policies adopted by the Company and its subsidiaries in the preparation of the Financial Statements are given on page 282 to 303. There were no changes in the accounting policies adopted.

DIRECTORS' INTERESTS IN TRANSACTIONS

The Directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act No.07 of 2007. Note 33 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

DIRECTORS` INTERESTS IN SHARES

Directors of the Company who have relevant interests in the shares of the Company have disclosed their shareholding and any acquisitions/ disposals to their Boards, in compliance with Section 200 of the Companies Act.

INTERESTS REGISTER

The Company, in compliance with the Companies Act No.7 of 2007, maintains an Interests Register. Particulars of entries in the Interests Register are detailed below.

Hayleys PLC holds 201,251,030 shares (67.73%) in Haycarb PLC. Mr. Mohan Pandithage, Mr. Sarath Ganegoda, Mr. Rajitha Kariyawasan, Mr. Yohan Perera and Mr. Timothy Speldewinde are Directors of Hayleys PLC.

200,000 shares were purchased by Mr. Rajitha Kariyawasan, Managing Director (Executive Director) jointly with Mrs. K. H. S. Kariyawasan of Haycarb PLC during the year.

DIRECTORS' SHAREHOLDINGS

Details relating to shareholdings of Directors are given below.

Name of the Director	As at 31/03/2025	As at 31/03/2024
Mr. Mohan Pandithage (Chairman)	23,790	23,790
Mr. Rajitha Kariyawasan* (Managing Director)	3,179,671	2,979,671
Mr. Brahman Balaratnarajah (Deputy Managing Director)	30,040	30,040
Mr. Sarath Ganegoda	73,150	73,150
Mr. Arjun Senaratna	-	-
Mrs. Jeevani Abeyratne	-	-
Mr. M.S.P. Udaya Kumara	4,620	4,620
Mr. Ali Asgar Munaver Caderbhoy	-	-
Mrs. Shamalie Gunawardana	-	-
Ms. Brindhiini Perera	-	-
Mrs. Anomi Wanigasekera	-	-
Mr. Nanda Fernando	-	-
Mr. Yohan Perera (appointed w.e.f. 01st April 2024)	2,500	2,500
Mr. Timothy Speldewinde (appointed w.e.f. 22nd November 2024)	-	-
Mr. Hisham Jamaldeen (resigned w.e.f. 14th November 2024)	-	-
Mr. Sujeewa Rajapakse (resigned w.e.f. 01st April 2024)	-	-
Mr. James Naylor (resigned w.e.f. 31st January 2025)	-	-

** Jointly with Mrs. K.H.S. Kariyawasan*

DIRECTORS' REMUNERATION

Executive Directors` Remuneration is determined within an established framework. The total remuneration of Executive Directors for the year ended 31st March 2025 is Rs. 376,630,000 (2023/2024 - Rs. 340,184,000), which includes the value of perquisites granted to them as part of their term of service. The total remuneration of Non-Executive Directors for the year ended 31st March 2025 is Rs. 11,200,000 (2023/2024 – Rs. 10,800,000), determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

DIRECTORS' INDEMNITY AND INSURANCE

The ultimate parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Group.

SUBSIDIARIES

The Shareholders of the following Subsidiaries, being private companies registered under Companies Act, have unanimously agreed to dispense with the requirement to maintain an Interests Register.

- Recogen (Private) Limited
- Puritas (Private) Limited
- Ultracarb (Private) Limited

DONATIONS

GRI 415-1

The donations made during this year by the Company and the Group amounted to Rs. 15,805,000 and Rs. 20,751,000 respectively (2023/24 – Rs 21,624,000/- and Rs 34,078,000/-)

The Donations made by the Company and the Group are disclosed in Note 9.1 on page 306.

No donations were made for political purposes.

DIRECTORATE GRI 2-11

The names of the Directors who served during the year are given below and their brief profiles appear on page 28 to 32 of this report.

Executive Directors

Mr. Mohan Pandithage (Chairman)

Mr. Rajitha Kariyawasan (Managing Director)

Mr. Brahman Balaratnarajah (Deputy Managing Director)

Mrs. Jeevani Abeyratne

Mr. M.S.P. Udaya Kumara

Mr. Ali Asgar Munaver Caderbhoy

Mr. James Naylor (resigned w.e.f. 31st January 2025)

Non-Executive Directors

Mr. Sarath Ganegoda

Mr. Arjun Senaratna

Ms. Brindhiini Perera

Independent Non-Executive Directors

Mrs. Shamalie Gunawardana

Mrs. Anomi Wanigasekera

Mr. Nanda Fernando

Mr. Yohan Perera (appointed on 01st April 2024)

Mr. Timothy Speldewinde (appointed on 22nd November 2024)

Mr. Sujeewa Rajapakse (resigned on 01st April 2024)

Mr. Hisham Jamaldeen (resigned on 14th November 2024)

With a view to improving the collective effectiveness and performance of the Board, Board and Subcommittees evaluations were carried out during the year, including an assessment of the systems and processes which are in place.

None of the Directors or their close family members have any material business relationship with other Directors of the Company.

Mr. Timothy Speldewinde was appointed to the Board with effect from 22nd November 2024, in terms of Article 27(2) of the Articles of Association of the Company, Shareholders will be requested to re-elect them at the Annual General Meeting.

In terms of Article No. 29(1) of the Articles of Association of the Company, Mr. M.S.P. Udaya Kumara, Mr. Brahman. Balaratnarajah, Mrs. Shamalie Gunawardana and Mr. Sarath Ganegoda retire by rotation and being eligible to offer themselves for re-election.

Notice has been given of the intention to propose ordinary resolutions in terms of Section 211 of the Companies Act for the re-appointment of Mr. Mohan Pandithage and Mr. Arjun Senaratna and who are over seventy years of age, resolving that the age limit of seventy years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid directors.

The Directors of the Subsidiaries are given on page 374.

In accordance with Rule 9.8.5 of the Listing Rules of CSE, Independent Directors have submitted a signed and dated declaration as per the

specimen given in Appendix 9A of Corporate Governance Rules of CSE.

BOARD SUBCOMMITTEES

The Company had established and maintains the following Subcommittees, each of which is responsible to the Board.

- Audit Committee
- Related Party Transactions Review Committee
- Nominations and Governance Committee
- Remunerations Committee

Please refer to Subcommittee Reports given on page 244 to 253.

RELATED PARTY TRANSACTIONS

The related party transactions of the Group during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rules.

Please refer Related Party Transactions Review Committee Report on page 244.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to present a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on page 243 which forms an integral part of the Annual Report of the Board of Directors.

AUDITORS

The Financial Statements for the year have been audited by Messrs Ernst & Young, Chartered Accountants.

The Auditors, Messrs Ernst & Young, Chartered Accountants, were paid Rs. 2,851,000 (2023/24 – Rs 2,568,000) and Rs. 4,883,000 (2023/24 – Rs 4,545,000) as audit fees by the Company and the Group respectively. In addition, they were paid Rs.3,404,000 (2023/24 – Rs 3,336,000) and Rs. 6,090,000 (2023/24 – Rs 4,602,000) by the Company and the Group, for non-audit related work, which consisted mainly of tax advisory services.

As far as the Directors are aware, the Auditors of the Company and of the Subsidiaries do not have any relationships (other than that of an Auditor) with the Company or any of its Subsidiaries other than those disclosed above. The Auditors also do not have any interests in the Company or any of its Group companies.

Messrs Ernst & Young, Chartered Accountants have expressed their willingness to continue in office and in accordance with the Companies Act a resolution proposing the re-appointment of Messrs Ernst & Young, Chartered Accountants, as Auditors and to authorise the directors to determine their remuneration is being proposed at the Annual General Meeting.

GROUP REVENUE

The revenue of the Group was Rs. 43,201,785,000 (2023/24 – Rs.43,179,205,000) in the year under review. A detailed analysis of the Group's revenue is given in Note 6 to the Financial Statements.

The Group's revenue from international trade, which includes the revenue of overseas subsidiaries in addition to exports from Sri Lanka amounted to Rs. 41,937,921,000 (2023/24– Rs. 41,646,596,000). Trade between Group companies is conducted at fair market prices.

PROFITS

The Group's profit before tax amounted to Rs. 5,516,969,000 (2023/24 – Rs 6,113,254,000). After a deducting Rs. 1,246,127,000 (2023/24 – Rs 1,807,625,000) for taxation, the profit was Rs. 4,270,842,000 (2023/24– Rs 4,305,629,000). When non-controlling interest of Rs. 674,325,000 (2023/24 – Rs 561,700,000) was deducted, the profit attributable to the equity holders of the Company was Rs. 3,596,517,000 (2023/24 – Rs 3,743,929,000).

STATED CAPITAL AND RESERVES

The stated capital of the Company, consisting of 297,123,750 ordinary shares, amounts to Rs. 331,774,000. There was no change in stated capital during the year.

Total Group reserves as of 31st March 2025 amount to Rs. 26,202,315,000 comprising Capital Reserves of Rs.1,070,985,000 and Revenue Reserves of Rs. 25,131,330,000. Composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

DIVIDEND

The first interim dividend of Rs. 0.60 per share was paid to the shareholders on 18th July 2024. The second interim dividend of Rs. 1.10 per share was paid to the shareholders on 21st October 2024. The third interim dividend of Rs. 0.50 per share was paid to the shareholders on 22nd January 2025. The fourth interim dividend of Rs. 1.60 per share was paid to the shareholders on 23rd April 2025.

The Directors have confirmed that the Company satisfied the solvency test requirement under Section 56 of the Companies Act for all dividends paid. Solvency certificates were obtained from the Auditors in respect of the dividends paid.

STATUTORY PAYMENTS

The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on page 243.

CAPITAL EXPENDITURE

Capital expenditure during the year, on property, plant and equipment by the Group and by the Company amounted to Rs.2,556,983,000 (2023/24 – Rs. 2,134,787,000) and Rs. 1,026,890,000 (2023/24– Rs 1,215,298,000) respectively. Information relating to movements in property, plant and equipment is given in Note 13 to the Financial Statements.

MARKET VALUE OF PROPERTIES

The freehold land of the Group has in general been subjected to routine revaluation by independent qualified valuers. The most recent revaluations in respect of the Group were carried out as of 31st March 2025.

Details of revaluations, carrying values and market values are provided in Note 13 to the Financial Statements. The statement on the value of real estate on page 311 gives details of freehold land held by the Group.

EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the Reporting date that would require adjustments, other than those disclosed in Note 38 to the Financial Statements.

ESG RISK AND OPPORTUNITIES

The Company's business activities can have direct and indirect effects on the environment. It is the policy of the Company to conduct its activities in an environmentally responsible manner in order to keep adverse effects to a minimum and to ensure compliance with the relevant regulations.

CORPORATE GOVERNANCE

The Company has complied with the revised Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange and the recommendations provided in the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The Corporate Governance Report on page from 190 to 237 discusses this further.

Mr. Yohan Perera was appointed as the Senior Independent Director, in accordance with the Corporate Governance requirements. The Board was of the opinion that Mr. Mohan Pandithage should remain as the Executive Chairman of the Company due to his extensive experience, deep insights and domain knowledge evidenced through the leadership provided to the Group. Please refer the Senior Independent Director's Report on page 254.

The Directors and the Managing Director satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. There were no non-compliances by any Director or CEO during the financial year.

The Directors have declared all material interests in contracts involving the Company and the Group and they refrain from voting on matters in which they have a material interest.

The Board has updated themselves with the applicable laws, rules and regulations and are aware of the changes to the Listing Rules and other regulatory requirements.

There has been no non-compliance with laws or regulations and the Directors to the best of their knowledge and belief confirm that the Company nor the Group have engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company and the Group by the Government or any regulatory authority in any jurisdiction where the Group companies operate.

INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records, reliability of financial information generated and cyber security.

All internal controls which include financial controls, operational and compliance controls and risk management have been reviewed by the Board of Directors and they have obtained reasonable assurance of the effectiveness of the existing controls. The successful adherence to existing controls has been ascertained and improvements have been carried out where necessary. The Board is satisfied with the Group's adherence to and the effectiveness of these controls.

POLICIES

The Company has adopted the following policies, with effect from 1st October 2024, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange.

- Policy on matters relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance, Nominations and re-election
- Policy on Risk Management and Internal Controls

- Policy on Remuneration
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption
- Policy on Corporate Disclosures
- Policy on Control and Management of Company Assets and Shareholder Investments
- Human Rights Policy
- Policy on Environment, Social and Governance (ESG) Sustainability – Social Policies
- Policy on Environment, Social and Governance (ESG) Sustainability – Environmental Policies
- Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees including policies on Trading in the entity's Listed Securities

The Policy on Internal code of Business Conduct and Ethics, which is in line with "The Hayleys Way", serves as the Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees. The "Activate - ESG Framework 2030" includes a suite of environmental, social and governance-related policies which are applicable across the Group.

The Company has adopted own policies including "Activate" its ESG Roadmap 2030 in line with the ESG framework of Hayleys PLC.

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

Details relating to material issues pertaining to employees and industrial relations are given in Human Capital on page 144.

EXPOSURE TO RISK

The Group has a structured risk management process in place support its operations. The Audit Committee plays a major role in this process. The risk management section referred on page 59 to 80 elaborates these practices and the risk factors.

GOING CONCERN

The Directors believe, after reviewing the financial position and the cash flow of the Group, that the Group has adequate resources to continue operations well into the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

SHAREHOLDERS

The Company has made all endeavors to ensure the equitable treatment of shareholders.
The Board has established a comprehensive mechanism such as Related Party Transactions Review Committee and regular interactions with shareholders to ensure the interests of the shareholders as a whole are safeguarded.

SHARE INFORMATION

Information relating to earnings, dividends, net assets, market value per share and share trading is given on page 371.

MAJOR SHAREHOLDINGS

The twenty major shareholders as of 31st March 2025 are given on page 369 in this Report.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday, 26th June 2025 at 9.00 a.m. at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10.
The Notice of the Annual General Meeting appears on page 381.

For and on behalf of the Board,

Mohan Pandithage
Chairman

Rajitha Kariyawasan
Managing Director

Hayleys Group Services (Private) Limited
Secretaries

No. 400, Deans Road
Colombo 10

15th May 2025

Statement of Directors' Responsibility

The Directors are responsible, under Sections 150 (1), 151, 152 (1), 153 (1) and 153 (2) of the Companies Act No. 07 of 2007 ('the Companies Act'), to ensure compliance with the requirements set out therein 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 the end of the financial year and of the profit and loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148, of the Companies Act to ensure that proper accounting records are kept to enable, determination of the financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected. They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries that adequate resources exist to support the Company on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken proper and sufficient measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The Directors have confirmed that the Company satisfied the solvency test requirement under Section 56 of the Companies Act for all dividends paid. Auditors' solvency certificates have been obtained as required.

The External Auditors, Messrs Ernst & Young, Chartered Accountants who were re-appointed in terms of the Companies Act were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on pages 271 to 273 sets out their responsibilities in relation to the Financial Statements.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its subsidiaries as at the Balance Sheet date have been paid or provided where relevant.

By Order of the Board,

Hayleys Group Services (Private) Limited
Secretaries

15th May 2025

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee ("the Committee") of the Company was established in May 2024 in compliance with the Governance Rules stipulated in Section 9 of the Listing Rules of Colombo Stock Exchange.

COMPOSITION OF THE COMMITTEE

The Committee is appointed by and is responsible to the Board of Directors and comprises two Independent Non-Executive Directors and one Non- Executive Director.

The current members of the committee are Mr. Yohan Perera (Chairman), Mr. Nanda Fernando (Independent Non-Executive Directors) and Mr. Sarath Ganegoda (Non-Executive Director).

ATTENDANCE AT COMMITTEE MEETINGS

The Committee meets on a quarterly basis or as often as may be deemed necessary. During the financial year 2024/25, the Committee met four times to review the related party transactions.

The Chairman of the Committee is an Independent Non-Executive Director. Profiles of the Committee members are given in Pages 28 to 32.

The Chairman, Managing Director, Director Finance and any other officers as may be required by the Committee attend the meetings by invitation.

The Company Secretaries act as the Secretaries to the Committee and Minutes of Committee meetings are tabled at the Board meetings, thereby providing the Directors access to the deliberations of the Committee.

THE DUTIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- To review in advance all proposed related party transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from the management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the Management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/ non-recurrent related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining "competent independent advice" from independent professional experts with regard to the value of the substantial asset of the related party transaction.
- To ensure that there is an adequate and effective process in place to capture information which is relevant to its review function.

TASKS OF THE COMMITTEE

The Committee reviewed the related party transactions and their compliances of Haycarb PLC and its subsidiaries and communicated the same to the Board.

The Committee in its review process, recognised the adequacy of the content and quality of the information forwarded to its members by the Management.

Name of the Member	Directorship status	Committee Membership status	No of meetings eligible to Attend	Number of meetings Attended
Mr. Yohan Perera	Independent Non-Executive Director/SID	Chairman	4	4
Mr. Nanda Fernando	Independent Non-Executive Director	Member	4	4
Mr. Sarath Ganegoda	Non-Executive Director	Member	4	3

POLICY AND TERMS OF REFERENCE

The Committee has established a clear Policy and Terms of Reference approved by the Board, setting forth the procedure to identify the related parties and the process of reporting the transactions with related parties to the Committee on a quarterly basis. The Policy outlines the composition of the Committee, meeting procedures and the responsibilities of the Committee. It also specifies the approval processes and disclosure requirements, including market announcements and Annual Report disclosures. The Policy guides the Committee and makes them responsible for ensuring that no director or major shareholder takes advantage of their position to the detriment of the interest of minority shareholders.

DISCLOSURES

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in note 33 to the financial statements given in page 338 to this report.

DECLARATION BY THE COMMITTEE

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on page 238 of this Annual Report.

Yohan Perera
Chairman - Related Party Transactions Review Committee

15th May 2025

Audit Committee Report

The Audit Committee ("the Committee") is appointed by and is responsible to the Board of Directors of the Company in fulfilling its oversight responsibilities on financial reporting. It will review the financial reporting process, the integrity of the financial statements, the systems of internal control, the audit process and the Company's process for monitoring compliance with laws and regulations.

COMPOSITION OF THE AUDIT COMMITTEE

The Members who served on the Committee during the Financial Year 2024/25 are as follows:

- Mr. Yohan Perera** - Chairman
- Mr. Nanda Fernando**
- Mr. Arjun Senaratne*
- Mr. Timothy Speldewinde** (appointed as a member on 22nd November 2024)

*Non-Executive Director

**Independent Non-Executive Director

The Chairman of the Committee is a senior Chartered Accountant. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, UK. The other Members possess relevant knowledge, qualifications and experiences in financial reporting, control, legal and regulatory requirements.

Brief profiles of each Member are provided on pages 28 to 32 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

Hayleys Group Services (Private) Limited, the Secretary of the Company, act as the Secretary to the Committee.

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors to make sure that new developments relating to the functions of the Committee are updated. The Terms of Reference of the Committee are clearly defined in the Charter of the Committee. The Terms of Reference of the Committee were last reviewed and approved by the Committee in February 2024.

The 'Rules on Corporate Governance' under the Listing Rules of the Colombo Stock Exchange and 'Code of Best Practice on Corporate Governance' issued by the Institute of Chartered Accountants of Sri Lanka in 2023, further regulate the composition, roles and functions of the Committee.

MEETINGS OF THE AUDIT COMMITTEE

The Committee meets as often as may be deemed necessary. It met four times to discuss the quarterly and annual Financial Statements for the financial year under review.

The Chairman of the Board, Managing Director, Deputy Managing Director and Finance Director of the Company, Hayleys Group Chief Financial Officer and Head of Group Management Audit and System Review Department (MA&SRD) attend the meetings of the Committee by invitation. The External Auditors are also invited to be present where relevant.

The proceedings of the Committee are reported quarterly to the Board of Directors by tabling the minutes of the Committee Meetings and update by the Chair of the Committee on matters that require the attention of the Board.

Audit Committee meeting papers, including the agenda, minutes and related reports and documents, are circulated to the Committee Members in advance.

The attendance of the Members at these meetings is as follows:

Name of the Member	Directorship status	Committee Membership status	No of meetings eligible to Attend	Number of meetings Attended
Mr. Yohan Perera	Independent Non-Executive Director/SID	Chairman	4	4
Mr. Arjun Senaratna	Non-Executive Director	Member	4	3
Mr. Nanda Fernando	Independent Non-Executive Director	Member	4	4
Mr. Timothy Speldewinde (appointed as a member on 22nd Nov 2024)	Independent Non-Executive Director	Member	2	2

THE AUTHORITY OF THE AUDIT COMMITTEE

- Recommend the appointment, reappointment, dismissal, service period and fees of the External Auditor.
- Establish and maintain a direct communication channel with the External Auditor.
- Resolve any issues regarding financial reporting between the Management and the External Auditor.
- Pre-approve all audit and non-audit services performed by the External Auditor and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the Management and External Auditor as necessary to carry out the assigned duties.

ACTIVITIES IN 2024/25

The Committee, inter alia, engaged in the following activities during the financial year under review:

FINANCIAL REPORTING SYSTEM

The Committee reviewed the quality and integrity of the financial reporting system adopted by the Group in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Heads of Finance and Directors in Charge of operating units and the Finance Director. The Committee recommended the Financial Statements to the Board for its deliberations and approval. The Committee, in its evaluation of the financial reporting system, also recognised the adequacy of the content and quality of routine management information reports forwarded to the management, regulatory authorities and shareholders.

Further, the Committee reviewed the procedures established by the Management to comply with regulatory requirements and is satisfied that financial reporting requirements under the Listing Rules of the Colombo Stock Exchange, Companies Act No. 07 of 2007, Securities and Exchange Commission Act and other relevant financial reporting related regulations and requirement are met.

INTERNAL CONTROL SYSTEMS

The Committee reviewed the process to assess the adequacy and effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that Group assets are safeguarded and the financial reporting system can be relied upon in the preparation and presentation of Financial Statements.

The Hayleys Group MA&SRD regularly reports on key control elements and procedures in Group companies that are selected according to a Group annual Internal Audit Plan. Internal Audits are outsourced wherever necessary, to leading audit firms in line with the annual audit plan. The Committee obtained significant findings and recommendations together with the Management's responses on the review of the internal controls carried out by the internal auditors and provided recommendations for improvement. Follow up reviews were scheduled to ascertain that audit recommendations are being acted upon.

The Committee also evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources. The Committee appraised the independence of the Hayleys Group MA&SRD, in the conduct of their assignments.

The Annual Internal Audit Plan is approved by the Audit Committee and its progress is reviewed on a quarterly basis in order to reflect the changing business needs and to ensure new and emerging risks are considered. During the financial year 2024/25, four (04) internal audits were performed.

RISK MANAGEMENT

The Committee obtained and reviewed statements from the Heads of Business Sectors identifying their respective major business risks, and mitigation action taken or contemplated for the management of these risks. The COSO Enterprise Risk Reporting Process is presently being implemented within the Group.

The Committee also conducted ESG risk assessments during the year, thereby identifying, prioritising and monitoring sustainability-related-risks and opportunities.

The Committee reviewed the risk management, internal controls, business continuity planning, information security system and potential cyber risks in the Group and appropriate remedial actions were recommended to the Management and the Board.

A review of the insurance policies and their adequacy was also carried out.

EXTERNAL AUDIT

During the year under review, the Committee held meetings with the External Auditor to review the nature, approach, scope of the audit, Audit Plan and the Audit Management Letters of Group Companies.

Actions taken by the Management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads of business units. Remedial action was recommended wherever necessary.

The Committee has reviewed the other services provided by the External Auditor to the Group to ensure that their objectivity and independence as External Auditor has not been impaired. The Committee provides the opportunity to External Auditor to meet the Audit Committee Members independently, if necessary.

The Committee annually reviews the appointment of the External Auditor and makes recommendations to the Board accordingly. During the year under review, the Committee assessed the independence and effectiveness of the External Audit function and is satisfied that the independence of the External Auditor had not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the External Auditor and the level of audit and non-audit fees received by the Auditor, in order to ensure that it did not compromise their independence.

The Committee obtained written assurance from the External Auditors that they are and have been independent throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements and has made a determination of the independence of auditors based on the same.

The current External Auditor, Messrs. Ernst & Young, Chartered Accountants was initially appointed as External Auditor w.e.f. FY 2011/12 and continues to hold that position at present. A partner rotation of the Auditors takes place periodically. A rotation of partner took place in financial year 2021/22.

APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, continue as External Auditors for the financial year ending 31st March 2026 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the financial year 2024/25.

COMPLIANCE

The Committee obtained written assurances from the Managing Director and Finance Director of the Company on the status of the Group's operations and finances. The Committee also received representations on the adequacy of provisions made for possible liabilities and reviewed reports tabled by Group Companies certifying their compliance with relevant statutory requirements. Further, the Committee obtained regular updates from the Head of HR and Legal regarding compliance matters.

ETHICS AND GOOD GOVERNANCE

The Committee continuously emphasised on upholding ethical values of the staff members. In this regard, the Internal Code of Business Conduct and Ethics, the policies on Whistleblowing and Anti-Bribery and Corruption were put in place. The Policies were followed by educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistleblowing or identified through other means. The Whistleblower Policy guarantees strict confidentiality of the identity of the Whistleblowers.

SRI LANKA ACCOUNTING STANDARDS

The Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/ LKAS) applicable to the Company and made recommendation to the Board of Directors. The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals. The Committee has pursued the assistance of Messrs. Ernst & Young to assess and review the existing SLFRS policies and procedures adopted by the Group and continuously monitors the progress of implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

SUPPORT TO THE COMMITTEE

The Committee received information and support from the Management during the year to enable it to carry out its duties and responsibilities effectively.

EVALUATION OF THE COMMITTEE

An independent evaluation of the effectiveness of the Committee was carried out by the other members of the Board during the year, and considering the overall conduct of the Committee and its contribution on the overall performance of the Company, the Committee has been rated as highly effective.

Yohan Perera
Chairman- Audit Committee

15th May 2025

Remuneration Committee Report

The Remuneration Committee ("the Committee") of the Company was established in May 2024 in compliance with Section 9 of the Listing Rules of Colombo Stock Exchange.

COMPOSITION OF THE COMMITTEE

The Committee is appointed by and is responsible to the Board of Directors and comprises two Independent Non-Executive Directors and one Non-Executive Director.

The current members of the Committee are Mr. Yohan Perera (Chairman), Mr. Nanda Fernando (Independent Non-Executive Directors) and Mr. Sarath Ganegoda (Non-Executive Director).

ATTENDANCE AT COMMITTEE MEETINGS

The Committee met once during the year.

The Chairman of the Committee is an Independent Non- Executive Director.

The Remuneration Committee has well defined Terms of Reference outlining the Committee's composition, quorum, authority, responsibilities and meeting related matters.

The members of the Committee are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgement.

Hayleys Group Services (Private) Limited, the Secretaries of the Company, acts as the Secretary to the Committee.

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The Committee is responsible to the Board to determine the policy of the remuneration package of the Directors and Senior Management.

The Committee evaluates, assesses and recommends to the Board of Directors on matters that may affect Human Resources Management of the Company and specifically include;

- Review and approve the Remuneration Policy of the Company and its specific application to the Directors and Senior Management.
- Review the process of determination of the compensation of the Managing Director, Executive Directors and Senior Management.
- Review and approve guidelines, policies and parameters for the compensation structures for Senior Management of the Company.
- Evaluate the performance of the Managing Director and Senior Management against the predetermined targets and goals.
- Review information related to Executive Directors' and Senior Management pay from time to time to ensure same is in par with the market/industry rates.
- Approve the guidelines and parameters for annual salary increments and bonuses.

REMUNERATION POLICY

The remuneration policy of the Company/Group is to attract, motivate and retain a highly qualified and experienced executive team, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

The remuneration packages which are linked to individual performances are aligned with the Company's/ Group's short-term and long-term strategy.

Name of the Member	Directorship status	Committee Membership status	No of meetings eligible to Attend	Number of meetings Attended
Mr. Yohan Perera	Independent Non-Executive Director/SID	Chairman	1	1
Mr. Nanda Fernando	Independent Non-Executive Director	Member	1	1
Mr. Sarath Ganegoda	Non-Executive Director	Member	1	-

All Non-Executive Directors (other than Directors who are employed by Hayleys PLC) receive a fee for serving on the Board and serving on sub committees. They do not receive any performance related incentive payments.

ACTIVITIES IN 2024/2025

During the year the Committee reviewed the performance of the Executive Directors and Senior Management based on the targets set in the previous year.

The Committee also reviewed Managing Director's, Executives Directors, and Senior Management's compensation packages and implemented market corrections to total compensation packages in line with the market median.

The aggregate remuneration of the Executive and Non-Executive Directors for the financial year amounted to Rs. 387,830,000/-

Yohan Perera
Chairman - Remuneration Committee

15th May 2025

Nominations and Governance Committee Report

The Board has an established Nominations and Governance Committee which complies with Section 9 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

The Board has approved well-defined terms of reference outlining the Committee's purpose, composition, quorum, authority, responsibilities, and meeting related matters.

Hayleys Group Services (Private) Limited, the Secretaries of the Company, acts as the Secretary to the Committee.

COMPOSITION OF THE COMMITTEE

The Committee is appointed by and is responsible to the Board of Directors and comprises two Independent Non-Executive Directors and one Non-Executive Director.

The current members of the Committee are Mr. Yohan Perera (Chairman), Mr. Nanda Fernando (Independent Non-Executive Directors) and Mr. Sarath Ganegoda (Non-Executive Director).

ATTENDANCE AT COMMITTEE MEETINGS

The Committee had two formal meetings during the year and the member attendance records are given below.

DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

- To establish and maintain a formal and transparent procedure to evaluate and recommend the appointment of Directors of the Company considering the required skills, experience and qualifications necessary.
- To establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- To consider and recommend (or not recommend) the re-election of current directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- To establish and maintain a suitable process for the periodic evaluation of the performance of the Board Directors and the Managing Director of the Company to ensure their responsibilities are satisfactorily discharged.
- To review the succession plans for Board of Directors and Senior Management.
- To review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices.
- To review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
- To receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the Securities and Exchange Commission Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

ACTIVITIES DURING THE YEAR

The Committee reviewed and evaluated the profiles of proposed Directors and recommended their appointment to the Board. The Committee also reviewed the structure and composition of the Board and Board Committees and recommended additions to Committees. Board performance evaluation was carried out and discussed at Board meetings. This

Name of the Member	Directorship status	Committee Membership status	No of meetings eligible to Attend	Number of meetings Attended
Mr. Yohan Perera	Independent Non-Executive Director/SID	Chairman	2	2
Mr. Nanda Fernando	Independent Non-Executive Director	Member	2	2
Mr. Sarath Ganegoda	Non-Executive Director	Member	2	1

entails the evaluation of performance of the Board, its Committees and the performance of the Managing Director.

Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Managing Director.

The Policies of the Company were reviewed during the year and necessary amendments were incorporated. The Committee ensured that the Policies were uploaded on the Company website. Subcommittee Charters and Terms of Reference were reviewed and amended where necessary. The list of Policies of the Company is given on page 241 of the Report of the Board of Directors.

The Committee also checked the Independence of the Directors against the criteria for independence as set out in the Listing Rules. The Committee ensured that the declaration of independence is carried out by the Independent Directors and concluded that all Independent Directors of the Company meet the criteria for determining independence. The Committee also evaluated all the Directors against the Fit and Proper assessment criteria.

The Committee ensured that Corporate Governance rules stipulated by the Colombo Stock Exchange are adhered to by the Board and the Company throughout the year. It has further established Board diversity by bringing a wide range of experience and skills, age and gender diversity to the Board to make certain that the Board effectively performs its duties.

Newly appointed Directors were inducted to the Board by giving adequate information on the Group companies and their respective local and foreign operations. They were also updated on the listing rules on corporate governance and securities market regulations. An update was given to the Board on the Data Protection Act and the Anti Bribery and Corruption Act.

RE-APPOINTMENTS / RE-ELECTIONS

One Third (1/3) of all directors, except the Managing Director and those who have been appointed to the Board since the last Annual General Meeting, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the Annual General Meeting.

Accordingly, the Committee has recommended to re-elect Mr. M.S.P. Udaya Kumara, Mr. Brahman. Balaratnarajah, Mrs. Shamalie Gunawardana and Mr. Sarath Ganegoda, to the Board at the Annual General Meeting to be held on 26th June 2025, based on their performance and the contribution made to achieve the objectives of the Board.

Mr. M.S.P. Udaya Kumara, an Executive Director, was appointed to the Board on 15th February, 2015, and last re-appointed as a Director in June 2022. His directorships and other principal commitments are given in the profile on page 30. He does not serve on any Board Committees.

Mr. Brahman Balaratnarajah, an Executive Director, was appointed to the Board on 1st April, 2015, and last re-appointed as a Director in June 2023. His directorships and other principal commitments are given in the profile on page 29. He does not serve on any Board Committees.

Mrs. Shamalie Gunawardana, an Independent Non-Executive Director, was appointed to the Board on 1st March, 2021 and last re-appointed as a Director in June 2023. Her directorships and other principal commitments are given in the profile on page 31. She does not serve on any Board Committees.

Mr. Sarath Ganegoda, a Non-Executive Director, was appointed to the Board on 1st November, 2009 and last re-appointed as a Director in June 2023. His directorships and other principal commitments are given in the profile on page 29. He serves as a member of the Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committees of Haycarb PLC.

Mr. Timothy Speldewinde, an Independent Non-Executive Director who was appointed to the Board on 22nd November 2024 will come up for re-election at the Annual General Meeting. His profile in page 32 set out his other principal commitments and directorships. He serves as a member of the Audit Committee of Haycarb PLC.

Due to the invaluable contribution made to the Board as a result of their many years of experience, industry knowledge and business acumen, the Committee has recommended to reappoint Mr. Mohan Padithage and Mr. Arjun Senaratna who are over seventy years and who retire in terms of Section 210 of the Companies Act No. 7 of 2007.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given from pages 230 to 237.

Yohan Perera
Chairman - Nominations and Governance Committee

15th May 2025

Statement by the Senior Independent Director

Profile of Mr. Yohan Perera is given on page 32 of this report.

In order to comply with Section 9. 6. 3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company designated me as the Senior Independent Director (SID) of the Company with effect from 14th November 2024. (Mr. Hisham Jamaldeen, served as the Senior Independent Director until such time).

Section 9.6.3 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka provide that in situations where the Chairman and Chief Executive Officer ("CEO") are the same person or where the Chairman is not an Independent Director, a Senior Independent Director shall be appointed. At Haycarb PLC although the Chairman is not the CEO, he is not an Independent Director.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director (SID) provides guidance to the Chairman on matters of governance of the Company.

The role of the Senior Independent Director also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.

The Senior Independent Director makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company should the need arise.

ACTIVITIES DURING THE YEAR

In line with the regulatory requirements, I presided over the following meetings and exercised my voting rights where necessary.

Meetings were held with the Non-Executive Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Directors were appraised.

A meeting was held with only the Independent Directors. Discussions were held on matters relating to the Company and the operations of the Board.

The outcome of these meetings together with recommendations were duly informed to the Chairman and the Board.

The Company follows a policy of strict compliance with mandatory requirements while embracing voluntary adherence, in order to enhance stakeholder acceptance and making a positive impact on value creation.

I believe that I have fulfilled the obligations entrusted to the Senior Independent Director in accordance with the Corporate Governance guidelines.

Yohan Perera
Senior Independent Director

15th May 2025

Independent Assurance Report for the GRI Standard

Shape the future with confidence

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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS HAYCARB PLC ON THE SUSTAINABILITY REPORTING CRITERIA PRESENTED IN THE INTEGRATED ANNUAL REPORT FY 2024/25

Scope

We have been engaged by Haycarb PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Haycarb PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Haycarb PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

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

Criteria applied by Haycarb PLC

In preparing the Subject Matter, Haycarb PLC applied the following criteria ("Criteria"):

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

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

Haycarb PLC's responsibilities

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

Ernst & Young's responsibilities

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

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Haycarb PLC on 23 April 2025.

Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our independence and quality management

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

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

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

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Independent Assurance Report for the GRI Standard

Description of procedures performed

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

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

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

Our procedures included:

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

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

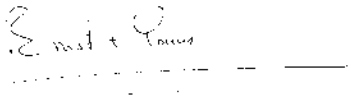
Emphasis of matter

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

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

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Haycarb PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.



29 May 2025

Colombo

Independent Assurance Report for the Integrated Annual Report

Shape the future with confidence

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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF HAYCARB PLC ON THE INTEGRATED ANNUAL REPORT 2024/25

Scope

We have been engaged by Haycarb PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Haycarb PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in Haycarb PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

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

Criteria applied by Haycarb PLC

In preparing the Subject Matter, Haycarb PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Haycarb PLC's responsibilities

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

Ernst & Young's responsibilities

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

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with Haycarb PLC on 23 April 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our independence and quality management

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

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Independent Assurance Report for the Integrated Annual Report

experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

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

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

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

Our procedures included:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organisation's strategy and how the organisation creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

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

Emphasis of matter

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

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

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Haycarb PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

29 May 2025
Colombo

GRI Content Index

Statement of use	Haycarb PLC has reported in accordance with the GRI Standards for the period from 01st April 2024 to 31st March 2025
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT (S) OMITTED	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	9, 380			
	2-2 Entities included in the organisation's sustainability reporting	8-9			
	2-3 Reporting period, frequency and contact point	8,13			
	2-4 Restatements of information	8, 127, 134			Restated hazardous waste and packing material comparative data due to improved methodology and alignment with ESG roadmap baseline targets.
	2-5 External assurance	8, 255-258			
	2-6 Activities, value chain and other business relationships	8, 16-17, 20,170			
	2-7 Employees	148			
	2-8 Workers who are not employees	148			
	2-9 Governance structure and composition	193-194, 197			
	2-10 Nomination and selection of the highest governance body	194			
	2-11 Chair of the highest governance body	239			
	2-12 Role of the highest governance body in overseeing the management of impacts	198			
	2-13 Delegation of responsibility for managing impacts	194			
	2-14 Role of the highest governance body in sustainability reporting	200-201			
	2-15 Conflicts of interest	203			
	2-16 Communication of critical concerns	210			
	2-17 Collective knowledge of the highest governance body	193, 204			

GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT (S) OMITTED	REASON	EXPLANATION
	2-18 Evaluation of the performance of the highest governance body	204			
	2-19 Remuneration policies	204			
	2-20 Process to determine remuneration	204			
	2-21 Annual total compensation ratio	204	2-21 a,b,c	Confidentiality constraints	Confidential information of the company
	2-22 Statement on sustainable development strategy	22-27			
	2-23 Policy commitments	192,202			
	2-24 Embedding policy commitments	192			
	2-25 Processes to remediate negative impacts	203			
	2-26 Mechanisms for seeking advice and raising concerns	203			
	2-27 Compliance with laws and regulations	196			
	2-28 Membership associations	171			
	2-29 Approach to stakeholder engagement	99			
	2-30 Collective bargaining agreements	156			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	105			
	3-2 List of material topics	106-107			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M5			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	40			
	201-2 Financial implications and other risks and opportunities due to climate change	59- 88			
	201-3 Defined benefit plan obligations and other retirement plans	156, 296-297			
	201-4 Financial assistance received from government	-		Not applicable	We did not receive any significant financial assistance from a government

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT (S) OMITTED	REASON	EXPLANATION
Market presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M8			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	156			
	202-2 Proportion of senior management hired from the local community	148			
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M5			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	168-170			
	203-2 Significant indirect economic impacts	168-170			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M20			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	166			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M2			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	202			
	205-2 Communication and training about anti-corruption policies and procedures	202			
	205-3 Confirmed incidents of corruption and actions taken	202			
Anti-competitive behavior					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M2			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	203			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	106 - 107 M2			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT (S) OMITTED	REASON	EXPLANATION
GRI 207: Tax 2019	207-1 Approach to tax	121			
	207-2 Tax governance, control, and risk management	121			
	207-3 Stakeholder engagement and management of concerns related to tax	121			
	207-4 Country-by-country reporting	121			
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M1			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	126-127			
	301-2 Recycled input materials used	127			
	301-3 Reclaimed products and their packaging materials	127			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M12			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	129-130			
	302-2 Energy consumption outside of the organisation	130			
	302-3 Energy intensity	130			
	302-4 Reduction of energy consumption	130			
	302-5 Reductions in energy requirements of products and services	130			
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M7			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	132-133			
	303-2 Management of water discharge-related impacts	132-133			
	303-3 Water withdrawal	133			
	303-4 Water discharge	134			
	303-5 Water consumption	133			
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M16			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT (S) OMITTED	REASON	EXPLANATION
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-		Not applicable	We do not operate in such areas with high biodiversity value
	304-2 Significant impacts of activities, products and services on biodiversity	135			
	304-3 Habitats protected or restored	-		Not applicable	We do not operate in such areas with high biodiversity value
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-		Not applicable	We do not operate in such areas with high biodiversity value
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M11			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	130-132			
	305-2 Energy indirect (Scope 2) GHG emissions	130-132			
	305-3 Other indirect (Scope 3) GHG emissions	130-132			
	305-4 GHG emissions intensity	132			
	305-5 Reduction of GHG emissions	132			
	305-6 Emissions of ozone-depleting substances (ODS)	132			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	132			
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M7			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	134			
	306-2 Management of significant waste-related impacts	134			
	306-3 Waste generated	134			
	306-4 Waste diverted from disposal	134			
	306-5 Waste directed to disposal	134			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	106 - 107 M13			

GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT (S) OMITTED	REASON	EXPLANATION
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	166			
	308-2 Negative environmental impacts in the supply chain and actions taken	166			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M8			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	148-150			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	157			
	401-3 Parental leave	159			
Labor/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M8			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	156	402-1-b	Confidentiality constraints	Confidential information of the company
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M8			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	150-151			
	403-2 Hazard identification, risk assessment, and incident investigation	151			
	403-3 Occupational health services	151			
	403-4 Worker participation, consultation, and communication on occupational health and safety	151			
	403-5 Worker training on occupational health and safety	152			
	403-6 Promotion of worker health	151-153			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	151-152			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT (S) OMITTED	REASON	EXPLANATION
	403-8 Workers covered by an occupational health and safety management system	150-151			
	403-9 Work-related injuries	153	403-9-iv,v	Confidentiality constraints	Confidential information of the company
	403-10 Work-related ill health	153			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M15			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	154			
	404-2 Programs for upgrading employee skills and transition assistance programs	154-155			
	404-3 Percentage of employees receiving regular performance and career development reviews	154			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M8			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	148, 193			
	405-2 Ratio of basic salary and remuneration of women to men	159			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M8			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	158			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M8			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	156			

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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT (S) OMITTED	REASON	EXPLANATION
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M8			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	148,165			
Forced or compulsory labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M8			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	148,165			
Security practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M8			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	154			
Rights of indigenous peoples					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M8			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	148			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M16			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	168-170			
	413-2 Operations with significant actual and potential negative impacts on local communities	168			
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M13			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	166			
	414-2 Negative social impacts in the supply chain and actions taken	166			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT (S) OMITTED	REASON	EXPLANATION
Public policy					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M2			
GRI 415: Public Policy 2016	415-1 Political contributions	239			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M3			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	163			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	163			
Marketing and labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M17			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	163			
	417-2 Incidents of non-compliance concerning product and service information and labeling	163			
	417-3 Incidents of non-compliance concerning marketing communications	163			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	106-107 M3			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	184			

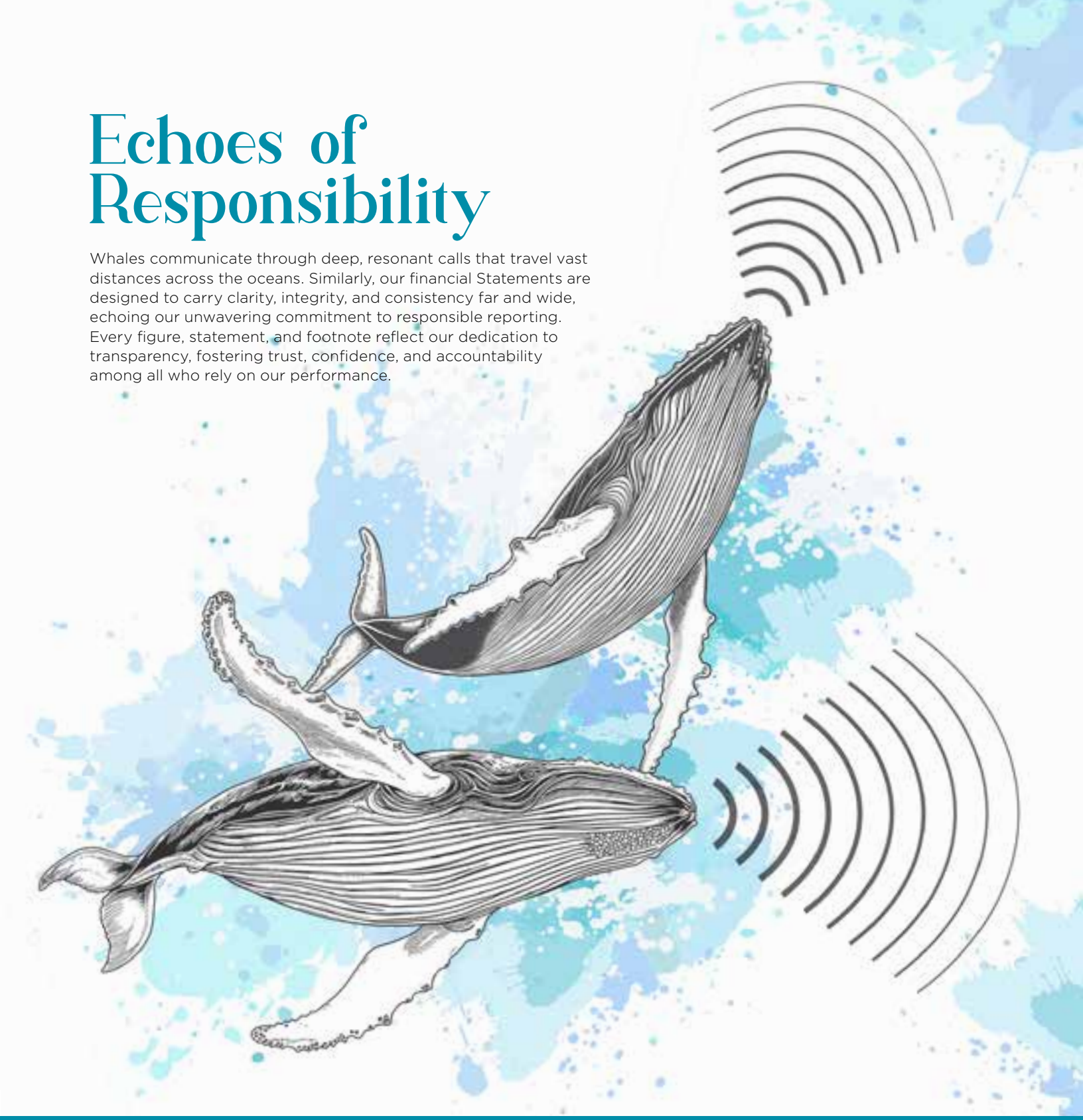
SASB Disclosure and Index

Table: Chemical Standard – Sustainability Disclosure Topics and Accounting Metrics

Topic	Accounting metrics	UOM	Code	Page
Greenhouse Gas Emissions	(1) Gross global Scope 1 emissions. (2) % covered under emissions-limiting regulations.	Kg CO_2-eq Mn %	RT-CH-110a.1	(1) 132 (2) N/A
	Discussion of long-term and short-term strategy or plan to manage emissions		RT-CH-110a.2	132
Air quality	Air emissions of the pollutants: NOX (excluding N2O), SOX, VOCs, HAPs	Mt	RT-CH-120a.1	132
Energy management	(1) Total energy consumed (2) % grid electricity (3) % renewable, (4) Total self-generated energy	GJ %	RT-CH-130a.1	(1) 130 (2) 130 (3) 130 (4) 130
Water management	(1) Total water withdrawn, (2) Total water consumed. (3) % of each in regions with High or Extremely High Baseline Water Stress	m^3 %	RT-CH-140a.1	(1) 133 (2) 133 (3) 83
	Number of incidents of environmental non-compliance	Number	RT-CH-140a.2	133
	Description of water management risks		RT-CH-140a.3	133
Hazardous waste management	Amount of hazardous waste generated, and % recycled	Mt %	RT-CH-150a.1	134
Community relations	Engagement processes to manage risks and opportunities associated with community interests.		RT-CH-210a.1	168
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) (2) Fatality rate for (a) direct employees (b) contract employees	Rate	RT-CH-320a.1	(1) 153 (2) 153
	Efforts to assess, monitor, reduce exposure of employees and contract workers to long-term (chronic) health risks		RT-CH-320a.2	150
Product Design for Use-phase Efficiency	Revenue from products designed for use phase resource efficiency	Rs. Mn	RT-CH-410a.1	44
Safety & Environmental Stewardship of Chemicals	(1) % of products that contain GHS Category 1 and 2 Health and Environmental Hazardous Substances, (2) % of such products that have undergone a hazard assessment.	% by revenue %	RT-CH-410b.1	126
	Discussion of strategy to (1) manage chemicals of concern (2) develop alternatives with reduced human and/or environmental impact		RT-CH-410b.2	126
Genetically Modified Organisms	% of products by revenue that contain GMOs	% by revenue	RT-CH-410c.1	N/A
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry.		RT-CH-530a.1	126
Operational Safety, Emergency Preparedness & Response	(1) Process Safety Incidents Count (PSIC) (2) Process Safety Total Incident Rate (PSTIR) (3) Process Safety Incident Severity Rate (PSISR)	Number, Rate	RT-CH-540a.1	153
	Number of transport incidents	Number	RT-CH-540a.2	153
Activity Metrics				
Production by reportable segment	Production quantity - Activated Carbon	Mt	RT-CH-000.A	42

Echoes of Responsibility

Whales communicate through deep, resonant calls that travel vast distances across the oceans. Similarly, our financial Statements are designed to carry clarity, integrity, and consistency far and wide, echoing our unwavering commitment to responsible reporting. Every figure, statement, and footnote reflect our dedication to transparency, fostering trust, confidence, and accountability among all who rely on our performance.



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Financial Calendar

Financial Report	Date of Publish
01st Quarter Report	13th August 2024
02nd Quarter Report	13th November 2024
03rd Quarter Report	6th February 2025
04th Quarter Report	16th May 2025
Annual Report 2024/25	02nd June 2025

Annual General Meeting	Date
52nd Annual General Meeting	26th June 2025

Dividends	Date
1st Interim Dividend declared	28th June 2024
1st Interim Dividend paid	18th July 2024
2nd Interim Dividend declared	30th September 2024
2nd Interim Dividend paid	21st October 2024
3rd Interim Dividend declared	30th December 2024
3rd Interim Dividend paid	22nd January 2025
4th Interim Dividend declared	27th March 2025
4th Interim Dividend paid	23rd April 2025

Independent Auditor's Report

Shape the future with confidence

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HAYCARB PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Haycarb PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as of 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.

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

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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

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

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Key audit matter	How our audit addressed the key audit matter
CARRYING VALUE OF INVENTORIES As at 31 March 2025, the carrying value of inventory amounted to Rs. 15.2 Bn net of provision of Rs. 0.31 Bn for slow moving and obsolete inventory as disclosed in Note 19 to the financial statements. We considered the carrying value of inventories as a key audit matter due to: • the materiality of the reported inventory balance which represented 33% of the Group's total assets as of the reporting date; and • significant judgements applied by the management in the determination of cost and net realizable value of inventories which include judgements related to long–expiry and continued use of activated carbon and charcoal, and moisture level adjustments as disclosed in Notes 3.10, 5.7 and 19 to the financial statements.	Our procedures included the following key procedures: • understood the process involved in the measurement of the inventories • observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported • tested relevant key controls and assessed the reasonableness of moisture level adjustments made to raw materials and finished goods by observing moisture checks • assessed the reasonableness of judgements applied by management, especially in relation to the long-expiry and continued use of activated carbon and charcoal as well as in arriving at the net realisable value. We also evaluated the adequacy of the disclosures in Notes 3.10, 5.7 and 19 to the financial statements.

Other Information Included in the 2025 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

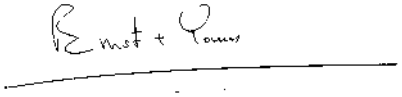
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2440.



15 May 2025
Colombo

Statement of Profit or Loss

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Revenue	6	43,201,785	43,179,205	23,070,243	20,684,291
Cost of sales		(31,139,438)	(29,910,375)	(17,645,648)	(15,009,748)
Gross profit		12,062,347	13,268,830	5,424,595	5,674,543
Other operating income	7	321,423	178,045	1,031,843	1,405,202
Selling and distribution expenses		(395,530)	(367,249)	(119,033)	(133,186)
Administrative expenses		(6,234,640)	(6,558,529)	(3,056,094)	(3,066,987)
Results from operating activities		5,753,600	6,521,097	3,281,311	3,879,572
Finance income	8.1	957,271	1,392,835	693,207	829,913
Finance cost	8.2	(1,209,317)	(1,791,852)	(767,090)	(910,418)
Net finance cost		(252,046)	(399,017)	(73,883)	(80,505)
Share of profit/(loss) of equity accounted investees (net of tax)	17.1	15,415	(8,826)	-	-
Profit before tax	9	5,516,969	6,113,254	3,207,428	3,799,067
Tax expense	10.3	(1,246,127)	(1,807,625)	(470,811)	(818,793)
Profit for the year		4,270,842	4,305,629	2,736,617	2,980,274
Profit attributable to:					
Owners of the parent		3,596,517	3,743,929	2,736,617	2,980,274
Non-controlling interest		674,325	561,700	-	-
Profit for the year		4,270,842	4,305,629	2,736,617	2,980,274
Earnings per share					
Basic/Diluted earnings per share (Rs.)	11.1	12.10	12.60	9.21	10.03
Dividend per share (Rs.)	12			3.80	6.00

The notes to the Financial Statements on pages 282 to 356 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Comprehensive Income

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Profit for the year		4,270,842	4,305,629	2,736,617	2,980,274
Other comprehensive income					
Items that will be reclassified to statement of profit or loss in subsequent periods					
Net exchange differences on translation of foreign operations		19,991	(1,575,017)	-	-
Items that will not be reclassified to statement of profit or loss in subsequent periods					
Actuarial gain/(loss) on defined benefit obligations	27.1	86,473	(239,962)	96,115	(237,100)
Revaluation of land	13	272,103	-	286,414	-
Net gain on equity investment designated at fair value through OCI	21	1,000,912	109,856	1,000,912	109,856
Tax effect on other comprehensive income	10.4	(119,306)	71,667	(114,758)	71,130
Total other comprehensive income/(loss) for the year (net of tax)		1,260,173	(1,633,456)	1,268,683	(56,114)
Total comprehensive income for the year (net of tax)		5,531,015	2,672,173	4,005,300	2,924,160
Total comprehensive income attributable to:					
Owners of the parent		4,751,914	2,545,984	4,005,300	2,924,160
Non-controlling interest		779,101	126,189	-	-
		5,531,015	2,672,173	4,005,300	2,924,160

The notes to the Financial Statements on pages 282 to 356 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Financial Position

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Assets					
Non-current assets					
Property, plant and equipment	13.1/13.2	12,724,363	10,838,262	6,073,239	5,261,582
Right-of-Use Assets	14.1	1,452,294	490,940	152,680	259,905
Intangible assets	15	421,411	347,380	144,044	121,796
Investments in subsidiaries	16.1	-	-	1,097,792	1,094,769
Investments in equity accounted investees	17	599,342	583,927	92,903	92,903
Non-current financial assets	21	2,287,969	1,285,225	2,238,300	1,237,388
Deferred tax assets	28.1	268,814	239,963	-	-
Total non-current assets		17,754,193	13,785,697	9,798,958	8,068,343
Current assets					
Inventories	19	15,156,266	11,506,658	5,591,040	4,470,465
Trade and other receivables	20	7,076,724	6,711,349	6,516,450	4,651,326
Amounts due from subsidiaries	18.3	-	-	208,206	989,239
Amounts due from other related parties	18.4	60,971	47,870	41,812	18,372
Amounts due from equity accounted investees	18.5	84,483	127,165	792	567
Other current assets	22	1,677,099	1,313,385	840,728	480,469
Cash in hand and at bank	23	4,087,720	6,722,126	1,141,503	3,679,709
Total current assets		28,143,263	26,428,553	14,340,531	14,290,147
Total assets		45,897,456	40,214,250	24,139,489	22,358,490
Equity and liabilities					
Equity					
Stated capital	24	331,774	331,774	331,774	331,774
Capital reserves	25.1	1,070,985	891,290	720,587	520,097
Revenue reserves	25.2	25,131,330	21,681,998	15,690,514	13,008,591
Total equity attributable to equity holders of the Company		26,534,089	22,905,062	16,742,875	13,860,462
Non-controlling interest		3,142,562	2,792,786	-	-
Total equity		29,676,651	25,697,848	16,742,875	13,860,462

Statement of Financial Position

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Non-current liabilities					
Interest bearing loans and borrowings	26.1	1,360,386	253,719	333,852	66,111
Non current lease liability	14.2	1,387,727	416,518	126,748	218,763
Defined benefit obligations	27.1	1,833,504	1,737,269	1,396,842	1,351,969
Deferred tax liabilities	28.2	246,779	192,185	129,385	125,541
Total non-current liabilities		4,828,396	2,599,691	1,986,827	1,762,384
Current liabilities					
Trade and other payables	29	3,472,421	4,203,895	2,040,631	2,771,646
Other current liabilities	30	404,500	393,561	44,337	56,980
Amounts due to subsidiaries	18.1	-	-	275,059	81,604
Amounts due to other related parties	18.2	2,439,313	2,379,820	588,829	817,434
Income tax payable	31	422,725	731,423	-	384,505
Current portion of lease liability	14.2	101,587	85,960	33,804	41,507
Interest bearing loans and borrowings	26.2	4,551,863	4,122,052	2,427,127	2,581,968
Total current liabilities		11,392,409	11,916,711	5,409,787	6,735,644
Total liabilities		16,220,805	14,516,402	7,396,614	8,498,028
Total equity and liabilities		45,897,456	40,214,250	24,139,489	22,358,490

The notes to the Financial Statements on pages 282 to 356 form an integral part of these Financial Statements.

I certify that the Financial Statements set out on pages 274 to 356 have been prepared in accordance with the Companies Act No: 07 of 2007.

Jeevani Abeyratne
Director-Finance

The Board of Directors are responsible for these financial statements.

Signed for and on behalf of the Board by,

Mohan Pandithage
Chairman

15th May 2025

Rajitha Kariyawasan
Managing Director

15th May 2025

Statement of Changes in Equity - Consolidated

	Note	Attributable to equity holders of the parent							Non controlling interest	Total equity
				Revenue Reserves				Total		
		Stated capital	Capital reserves	Fair Value reserve of financial assets at FVTOCI	Foreign currency translation reserves	General reserves	Retained earnings			
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31st March 2023		331,774	891,290	1,086,871	4,687,634	519,353	14,624,899	22,141,821	3,070,745	25,212,566
Profit for the year		-	-	-	-	-	3,743,929	3,743,929	561,700	4,305,629
Other comprehensive income										
Net exchange difference on translation of foreign operations		-	-	-	(1,143,430)	-	-	(1,143,430)	(431,587)	(1,575,017)
Actuarial loss on define benefit obligations	27 (ii)	-	-	-	-	-	(235,064)	(235,064)	(4,898)	(239,962)
Tax on other comprehensive income	10.4	-	-	-	-	-	70,693	70,693	974	71,667
Net gain on equity instruments designated at fairvalue through OCI	21	-	-	109,856	-	-	-	109,856	-	109,856
Total other comprehensive income for the year			-	109,856	(1,143,430)	-	(164,371)	(1,197,945)	(435,511)	(1,633,456)
Dividends to equity holders	29.1	-	-	-	-	-	(1,782,743)	(1,782,743)	(404,148)	(2,186,891)
Balance as at 31st March 2024		331,774	891,290	1,196,727	3,544,204	519,353	16,421,714	22,905,062	2,792,786	25,697,848
Profit for the year		-	-	-	-	-	3,596,517	3,596,517	674,325	4,270,842
Other comprehensive income										
Revaluation of land	13.1		271,980	-	-	-	-	271,980	123	272,103
Net exchange difference on translation of foreign operations		-	-	-	(88,774)	-	-	(88,774)	108,765	19,991
Actuarial gain / (loss) on define benefit obligations	27 (ii)	-	-	-	-	-	91,600	91,600	(5,127)	86,473
Tax on other comprehensive income	10.4	-	(92,285)	-	-	-	(28,036)	(120,321)	1,015	(119,306)
Net gain on equity instruments designated at fairvalue through OCI	21	-	-	1,000,912	-	-	-	1,000,912	-	1,000,912
Total other comprehensive income for the year		-	179,695	1,000,912	(88,774)	-	63,563	1,155,397	104,776	1,260,173
Dividends to equity holders	29.1	-	-	-	-	-	(1,129,070)	(1,129,070)	(429,325)	(1,558,395)
Recovery for the period		-	-	-	-	-	6,183	6,183	-	6,183
Balance as at 31st March 2025		331,774	1,070,985	2,197,639	3,455,430	519,353	18,958,907	26,534,089	3,142,562	29,676,651

- Capital Reserves relate to the revaluation of land.
- Fair Value Reserves consists of net unrealised gains/(losses) araising from fair valuation of equity investments designated at FVTOCI, excluding the impact arising from impairment of assets.
- Foreign currency translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.
- The General Reserves and Retained Earnings represent reserves available for distribution.

Statement of Changes in Equity - Company

	Note	Stated capital	Capital reserves	Revenue Reserves			Total equity
				General reserves	Fair Value reserve of financial assets at FVTOCI	Retained earnings	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31st March 2023		331,774	520,097	519,353	1,086,871	10,260,950	12,719,045
Profit for the year		-	-	-	-	2,980,274	2,980,274
Other comprehensive income							
Actuarial loss on employee benefit obligations	27.1	-	-	-	-	(237,100)	(237,100)
Tax effect on other comprehensive income	10.4	-	-	-	-	71,130	71,130
Net gain on equity instruments designated at fairvalue through OCI	21	-	-	-	109,856	-	109,856
Total other comprehensive income for the year		-	-	-	109,856	(165,970)	(56,114)
Dividends to equity holders	29.1	-	-	-	-	(1,782,743)	(1,782,743)
Balance as at 31st March 2024		331,774	520,097	519,353	1,196,727	11,292,511	13,860,462
Profit for the year		-	-	-	-	2,736,617	2,736,617
Other comprehensive income							
Revaluation of land	13.2		286,414			-	286,414
Actuarial gain on employee benefit obligations	27.1	-	-	-	-	96,115	96,115
Tax effect on other comprehensive income	10.4	-	(85,924)	-	-	(28,834)	(114,758)
Net gain on equity instruments designated at fairvalue through OCI	21	-	-	-	1,000,912	-	1,000,912
Total other comprehensive income for the year		-	200,490	-	1,000,912	67,281	1,268,683
Dividends to equity holders	29.1	-	-	-	-	(1,129,070)	(1,129,070)
Recovery for the period		-	-	-	-	6,183	6,183
Balance as at 31st March 2025		331,774	720,587	519,353	2,197,639	12,973,522	16,742,875

- Capital Reserves relate to the revaluation of land.
- Fair Value Reserves consist of net unrealised gains/(losses) arising from fair valuation of equity investments designated at FVTOCI, excluding the impact arising from impairment of assets.
- The General Reserves and Retained Earnings represent reserves available for distribution.

The notes to the Financial Statements on pages 282 to 356 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Operating activities					
Profit before tax		5,516,969	6,113,254	3,207,428	3,799,067
Adjustments for:					
Depreciation and impairment of property, plant and equipment	13.1/13.2	1,005,837	881,704	379,416	305,872
Amortisation/ derecognition of Right-of-Use Assets		105,181	97,649	36,812	35,939
Amortisation of intangible assets	15	25,660	22,389	22,350	21,962
Net loss on disposal of property, plant and equipment	7	16,999	9,057	12,318	13,803
Net loss on translation of foreign currencies		(58,894)	(387,334)	(116,100)	(300,593)
Exchange difference on translation of foreign operations		(58,109)	(965,363)	-	-
Finance income	8.1	(957,271)	(1,392,835)	(693,207)	(829,913)
Finance cost	8.2	1,209,317	1,791,852	767,090	910,418
Dividend income from subsidiaries	7	-	-	(507,106)	(1,198,812)
Share of (profit)/loss of equity accounted investees	17.1	(15,415)	8,826	-	-
Provision for slow moving inventories	19.1	(195,782)	3,303	12,344	46,390
Provision / (reversal) for unrealised profit on inventories	19	205,105	(355,126)	-	-
Write off of inventory	19.1	233,409	78,791	-	-
Impairment of trade receivable	20.1	738	5,255	-	-
Provision for defined benefit obligations	27 .1	278,798	361,173	235,766	233,997
Cash generated from operations before working capital changes		7,312,542	6,272,595	3,357,111	3,038,130
Working capital adjustments:					
(Increase)/decrease in trade and other receivables and prepayments		(653,892)	97,433	(2,149,448)	(449,690)
(Increase)/decrease in amounts due from related parties		29,581	30,984	757,368	(332,407)
(Increase)/decrease in inventories		(3,892,341)	2,753,143	(1,132,919)	589,710
Increase/(decrease) in trade and other payables		(782,883)	364,688	(806,006)	701,784
Increase/(decrease) in amounts due to related parties		(61,258)	542,754	(157,525)	514,262
		1,951,749	10,061,597	(131,419)	4,061,789
Interest paid	8.2	(463,929)	(570,993)	(187,611)	(228,823)
Income tax paid	31	(1,732,237)	(1,575,434)	(1,042,165)	(560,426)
Employee benefit paid	27.1	(109,690)	(38,336)	(93,154)	(22,456)
Net cash flows from/(used in) operating activities		(354,107)	7,876,834	(1,454,349)	3,250,084

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Investing activities					
Proceeds from sale of property, plant and equipment		28,244	9,916	109,912	-
Purchase and construction of property, plant and equipment		(2,556,983)	(2,134,787)	(1,026,890)	(1,215,298)
Investment in subsidiary		-	-	(3,023)	-
Settlement of financial asset at amortised cost	21	1,066	850	-	-
Purchase of intangible assets	15	(99,691)	(80,483)	(44,598)	(56,539)
Interest received	8.1	236,428	410,268	151,644	352,075
Dividends received	8.1/7	80,516	93,613	587,618	1,292,420
Net cash flows from / (used) in investing activities		(2,310,420)	(1,700,623)	(225,337)	372,658
Net cash inflow/(outflow) before financing activities		(2,664,527)	6,176,211	(1,679,686)	3,622,742
Financing activities					
Proceeds from interest bearing borrowings	26.1	1,904,496	636,120	746,496	170,000
Repayment of interest bearing borrowings	26.1	(411,817)	(419,702)	(257,739)	(290,241)
Payments to lease creditors	14.2	(155,944)	(120,212)	(49,794)	(45,992)
Dividends paid to equity holders of the parent	29.1	(939,788)	(1,466,415)	(939,788)	(1,466,415)
Dividends paid to non-controlling interests		(429,325)	(404,148)	-	-
Net cash flows from/(used in) financing activities		(32,378)	(1,774,357)	(500,825)	(1,632,648)
Net increase/(decrease) in cash and cash equivalents		(2,696,905)	4,401,854	(2,180,511)	1,990,094
Cash and cash equivalents at the beginning of the year	23.2	2,855,825	(1,546,029)	1,199,390	(790,704)
Cash and cash equivalents at the end of period	23.2	158,920	2,855,825	(981,121)	1,199,390
Analysis of cash and cash equivalents as at 31st March					
Cash in hand and bank balances	23.2	1,633,747	2,751,328	235,608	995,630
Short term deposits	23.2	2,453,973	3,970,798	905,895	2,684,079
		4,087,720	6,722,126	1,141,503	3,679,709
Bank overdrafts and short term loans	23.2	(3,928,800)	(3,866,301)	(2,122,624)	(2,480,319)
Cash and cash equivalents		158,920	2,855,825	(981,121)	1,199,390

The notes to the Financial Statements on pages 282 to 356 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

GRI 2-1

1.1. Reporting Entity

Haycarb PLC is a Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office of the Company is located at No. 400, Deans Road, Colombo 10.

All companies in the Group are limited liability companies and of the nineteen companies, six [viz., Haycarb PLC, Puritas (Pvt) Ltd., Recogen (Pvt) Ltd., Ultracarb (Pvt) Ltd., Lakdiyatha (Pvt) Ltd., and Carbotels (Pvt) Ltd.] are incorporated and domiciled in Sri Lanka. The information on incorporation and principal activities of all the Group companies including foreing are given on page 374 and 377 of the Annual Report.

1.2. Consolidated Financial Statements

The Consolidated Financial Statements for the year ended 31st March 2025 comprise "the Company" referring to Haycarb PLC as the holding Company and the "Group" referring to companies that have been consolidated therein together with the group's interest in equity accounted investees.

1.3. Nature of Operations and Principal Activities of the Company and the Group

Descriptions of the nature of operations and principal activities of the Company, its subsidiaries and equity accounted investees are given on page 374 and 377 to the Financial Statements. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

The parent undertaking and controlling party of the Company is Hayleys PLC.

1.4. Approval of Financial Statements

The Consolidated Financial Statements of Haycarb PLC and its subsidiaries (collectively, the Group) for the year ended 31st March 2025 were authorised for issue by the Directors on 15th May 2025.

1.5. Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

2. BASIS OF PREPARATION

2.1 Statement of Compliance.

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for:

- Lands which are recognised as property plant and equipment which are measured at cost at the time of the acquisition and subsequently carried at fair value.
- Financial instruments reflected as fair value through profit or loss which are measured at fair value.
- Financial instruments designated as fair value through other comprehensive income (OCI) which are measured at fair value.
- Employee benefit obligations which are determined based on actuarial valuations.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.3. Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs), which is also the Company's functional and presentation currency. Subsidiaries whose functional currencies are different as they operate in different economic environments are reflected in Note 40 to the Financial Statements.

2.4. Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.5. Comparative Information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements.

The presentation and classification of the Financial Statement of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.6. Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs '000), except when otherwise indicated.

2.7. Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of Consolidation

The consolidated financial statements encompass the Company, its subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investees (Associates and Joint Ventures). Subsidiaries and equity-accounted investees are disclosed in Note 16 and 17 to the Financial Statements.

3.1.1. Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee, including:

- The contractual arrangement (s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting right.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3.1.2. Consolidation of Subsidiaries with Different Accounting Periods

The financial statements of all subsidiaries in the Group other than those mentioned in Note 41 to the financial statements are prepared for a common financial year, which ends on 31st March.

The subsidiaries with 31st December financial year ends prepare for consolidation purposes, additional financial information as of the same date as the financial statements of the parent.

The Financial Statements of the equity accounted investees are prepared for the same reporting period as the Group.

3.1.3. Equity-Accounted Investees (Investment in Associates)

An equity accounted investee is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within Share of profit of an associate and a joint venture in the statement of profit or loss.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the equity accounted investees. Any change in Other Comprehensive Income of those investees is presented as part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gain and loss resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as "Share of profit or loss of equity-accounted investees" in the Statement of Profit or Loss .

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss .

3.2. Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measures the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in the administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 – "Financial Instruments", is measured at fair value with the changes in fair value recognised in the Statement of Other Comprehensive Income in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the Statement of Profit or Loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Profit or Loss..

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion the cash-generating unit retained.

3.3. Foreign currency

3.3.1. Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the Statement of Profit or Loss. Tax charges and credit attributable to exchange differences on this monetary items are also recognised in Other Comprehensive Income.

Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e. translation differences on items of which fair value gain or loss is recognised in OCI or the Statement of Profit or Loss are also recognised in OCI or statement of profit or loss respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

3.3.2. Foreign Operations

On consolidation, the assets and liabilities of foreign operations are translated into Sri Lanka Rupees at the rate of exchange prevailing at the reporting date and their Statements of Profit or Loss are translated at exchange rates prevailing at the dates of the transactions. The exchange

differences arising on translation for consolidation are recognised in Other Comprehensive Income. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3.3.3. Current versus Non-current Classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.4. Fair Value Measurement

The Group measures financial instruments such as investments which are designated as Fair Value Through Other Comprehensive Income, financial assets at fair value through profit or Loss and derivatives; non-financial assets such as owner occupied lands, at fair value at each reporting date.

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value 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.

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

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions - Note 36
- Quantitative disclosures of fair value measurement hierarchy - Note 36.
- Property (land) under revaluation model - Note 36.
- Financial instruments (including those carried at amortised cost) - Note 36.

3.5. Property, Plant and Equipment

The Group applies the requirements of LKAS 16 on "Property, Plant and Equipment" in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

3.5.1. Basis of Recognition

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.5.2. Basis of Measurement

Items of property, plant and equipment including construction in progress are measured at cost net of accumulated depreciation and accumulated impairment loss, if any, except for land which is measured at fair value.

3.5.3. Owned Assets

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation of land is done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in 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. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

3.5.4. Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant and equipment are recognised in the Statement of Profit or Loss as incurred.

3.5.5. Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gain and loss on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gain are not classified as revenue.

3.5.6. Depreciation

Depreciation is recognised in the Statement of Profit or `useful lives of each part of an item of property, plant and equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Description	Period
Buildings	**20-50 years**
Plant and machinery	10-40 years
Stores equipment	05-10 years
Motor vehicles	05 years
Furniture, fittings and office equipment	02-10 years
Data processing equipment	04 years
Laboratory equipment	05 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised. The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

3.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.6.1. Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.6.1.1. Right-of-use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Description	Period
Land	02-25 years
Buildings	5-10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as more fully described in Note 3.11– Impairment of Assets.

3.6.1.2. Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value

guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Note 14.2 to the Financial Statements.

3.6.1.3. Short-term Leases and Leases Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment and motor vehicle (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3.6.2. Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Profit or Loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.7. Intangible Assets

3.7.1. Basis of Recognition.

An intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.7.2. Basis of Measurement

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in Statement of Profit or Loss in the year in which the expenditure is incurred.

3.7.3. Useful Economic Lives and Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.7.4. Derecognition of Intangible Assets

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gain or loss arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in Statement of Profit or Loss when the asset is derecognised.

3.7.5. Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment loss. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

3.7.6. Other Intangible Assets

Other intangible assets which are acquired by the Group, with finite useful lives, are measured on initial recognition at cost. Following initial recognition ERP systems are carried at cost less accumulated amortisation and accumulated impairment losses.

3.7.7. Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the Statement of Profit or Loss as incurred.

3.7.8. Amortisation

Amortisation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, trademark and brand name, from the date on which they are available for use. The estimated useful lives are as follows:

Description	Period
Softwares	5-10 years
Product development	5 years

3.8. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

3.8.1. Financial Assets

3.8.1.1. Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business

model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

3.8.1.2. Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with recycling of cumulative gain and loss upon derecognition (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gain and loss upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised (Debt instruments)

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate method (EIR) and are subject to impairment. Gain and loss are recognised in the Statement of Profit or Loss when the asset is derecognised, modified, or impaired.

The Group's financial assets at amortised cost includes trade receivables, short term deposits and cash and cash equivalents.

Financial assets at fair value through OCI (Debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Profit or Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to Profit or Loss.

Financial Assets Designated at Fair Value through OCI (Equity Instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 on "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gain and loss on these financial assets are never recycled to the Statement of Profit or Loss. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gain are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes listed and non listed equity instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through Profit or Loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Profit or Loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the Statement of Profit or Loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through Profit or Loss. Embedded derivatives are measured at fair value with changes in fair value recognised in Profit or Loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the

cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through Profit or Loss category.

3.8.1.3. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e,: removed from the Group's consolidated financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either

(a). the Group has transferred substantially all the risks and rewards of the asset, or

(b). the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.8.1.4. Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 36
- Debt instruments at fair value through OCI Note 36
- Trade receivables, including contract assets Note 19 and 20

For trade receivables and contract assets, the Group applies a simplified approach in calculating Expected Credit Loss (ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs) at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The key inputs used for measurement of ECL are likely to be the term structures of the following variables:

Probability of Default (PD)
PD estimates are estimates at a certain date, which are calculated based on statistical models, and assessed using various categories based on homogeneous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. The Group forecast PD by incorporating forward looking economic variables (unemployment, GDP growth, inflation, interest rate and using lag effect of these variables).

Loss Given Default (LGD)
LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties.

Exposure at default (EAD)
EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

The Group has used these parameters from internally–developed statistical models using historical data. All inputs were adjusted to reflect forward-looking information and future economic scenarios.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- Stage 1 : The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
- Stage 2 : When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3 : For loans considered credit- impaired the Group recognises the lifetime expected credit losses. The method is similar to that of Stage 2 assets, with the PD set at 100%.

3.8.2. Financial Liabilities

3.8.2.1. Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts and derivative financial instruments.

3.8.2.2. Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading

and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss so designated at the initial date of recognition, and only if criteria of SLFRS 9 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

Financial liabilities at amortised cost
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

Financial Guarantee Contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3.8.2.3. Derecognition
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 derecognition 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.

3.8.3. Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if,

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

3.8.4. Derivative Financial Instruments and Hedge Accounting
3.8.4.1. Initial Recognition and Subsequent Measurement
The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

3.9. Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 36 to the Financial Statements.

3.10. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- All inventory items, except manufactured inventories and work-in-progress are measured at weighted average directly attributable cost.
- Manufactured inventories and work-in-progress are measured at weighted average factory cost which includes all direct expenditure and appropriate share of production overhead based on normal operating capacity but excluding borrowing costs.
- Projects in progress consists of material, labour and other cost of personnel directly engaged in providing the service, including supervisory personnel and attributable overheads.

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

3.11. 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 indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the tenth year.

Impairment losses of continuing operations are recognised in the Statement of Profit or Loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31st March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired. Basis and assumptions for impairment test are given in Note 15.

3.12. Cash and Cash Equivalents

Cash in hand and at bank and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and short-term borrowings as they are considered an integral part of the Group's cash management.

3.13. Employee Benefits GRI 201-3

3.13.1. Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contributions respectively.

3.13.2. Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 on "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 27. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Actuarial gains or losses are recognised in full in the Other Comprehensive Income.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on "Employee Benefit". However, for entities of the Group operating in Sri Lanka, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

The liability is not externally funded. This liability is computed based on legal liability method or the following basis by the respective entities.

Length of each service (Years)	Number of month's salary for completed year of service
Up to 20	½
20 up to 25	¾
25 up to 30	1
30 up to 35	1 ¼
Over 35	1 ½

3.13.3. Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.14. Provisions

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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.15. Grants and Subsidies

Grants and subsidies are recognised where there is a reasonable assurance that the grant / subsidy will be received and all attaching conditions, if any, will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

3.16. Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the Note 35 to the Financial Statements.

3.17. Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.18. Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has several operating segments which are described in Note 34 to these Financial Statements. In all operating segments, the Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable Consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Significant Financing Component

The Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract

inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Where long-term advances are received from customers, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component. There are no any long term advances received from customers which need to be discounted.

Rendering of Services
Environmental Engineering Sector within the Group engage in the provision of services to its customers. The Group recognises revenue from services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Construction Contracts
In relation to contracts which involve the construction of assets on behalf of its customer, the Group assesses the nature of the respective contracts as to whether such is reflective of goods or services transferred at a point in time or satisfied over a period of time.

The Group determines that arrangements include transfers of a good or service over time when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The entity's performance creates or enhances an asset (e.g. work-in-progress) that the customer controls as the asset is created or enhanced
- The entity's performance does not create an asset with an alternative use the entity and the entity has an enforceable right to payment for performance completed to date.

When either of the above criteria is met, the Group recognises revenue on the respective contracts similar to the rendering of services. If an entity is unable to demonstrate that control transfers over time, the presumption is that control transfers at a point in time, and revenue is recognised similar to the sale of goods.

Contract Assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Interest
Interest income and expense are recognised in the Statement of Profit or Loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

The calculation of effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental cost that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income is presented in finance income in the Statement of Profit or Loss.

Fees and Commission
Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income are recognised as the related services are performed.

Rental Income
Rental income is recognised in the Statement of Profit or Loss as it accrues.

Dividend
Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established which in the case of quoted securities is the ex-dividend date

Grants
Grants are recognised initially as deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

Gain and Loss
Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant and equipment and are recognised net within "other income" in profit or loss.

Other Income
Other income is recognised on an accrual basis.

3.19. Expenses

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. For the purpose of presentation of the Statement of Profit or Loss, the function of expense method is adopted. Repairs and renewals are charged to Statement of Profit or Loss in the year in which the expenditure is incurred.

3.19.1. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.19.2. Finance Income and Finance Cost

Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in the Statement of Profit or Loss. Interest income is recognised as it accrues in the Statement of Profit or Loss.

Finance cost comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in the Statement of Profit or Loss.

3.20. Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised directly in Equity or in Other Comprehensive Income.

3.20.1. Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.20.2. Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in the Statement of Profit or Loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

3.20.3. Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables that are stated with the amount of sales tax.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

3.20.4. Social Security Contribution Levy (SSCL)

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of manufacturing, supply of services or whole/ retail sales, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No. 25 of 2022, at the rate of 2.5%, with effect from 1st October 2022 and subsequent amendments thereto.

4. GENERAL

4.1. Events Occurring after the Reporting Date

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

4.2. Earnings per Share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.3. Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method".

Interest paid is classified as a financing cash flow. Dividend and interest income are classified as cash flows from investing activities. Dividends paid are classified as financing cash flows.

4.4. Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chairman and the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

4.5. Changes in Accounting Policies and Disclosures

4.5.1. New and Amended Standards and Interpretations

No significant impact resulted on the financial statements of the Group due to changes in Accounting Standards and disclosures during the year

4.6. Standards Issued but not yet Effective

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

4.6.1. SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS

9 and SLFRS 15 on or before the date it first applies SLFRS 17. The amendments are not expected to have a material impact on the Group financial statement

4.6.2. 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.

The amendments will be effective for annual reporting periods beginning on or after 1 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 financial statement

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements in conformity with SLFRS/ LKAS's requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes.

5.1. Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects from present macro-economic conditions, the circumstances of the external environment, or are inconsistent with historical trends. Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern ans the management do not intend either to liquidate or to cease operations of the Group. Therefore, the Financial Statements continue to be prepared on the going concern basis.

5.2. Taxation

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has Rs. 369 Mn (2024: Rs.104 Mn) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

On this basis, the Group has determined that it cannot recognise deferred tax assets on tax losses carried forward and described in Note 28 to the Financial Statements.

5.3. Measurement of the Employee Benefit Obligations

The present value of the employee benefit obligations is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates. Further details about employee benefit obligation are provided in Note 27 to the Financial Statements.

5.4. Revaluation of property, plant and equipment

The Group measures the freehold land (classified as property, plant and equipment) at revalued amounts, with changes in fair value being recognised in OCI. The freehold lands were valued by reference to transactions involving properties of a similar nature, location and condition.

The Group engaged a valuation specialist to assess fair values as at 31st March 2025 for the freehold lands. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 36 to the Financial Statements.

5.5. Impairment of Property, Plant and Equipment and Intangible Assets other than Goodwill

The impairment analysis is principally based upon discounted estimated cash flows from the use and eventual disposal of the assets. Factors like lower than anticipated sales and resulting decreases of net cash flows and changes in the discount rates could lead to impairment. Further details are disclosed in Notes 13 and 15 to the Financial Statements.

5.6. Consolidation of Entities in which the Group Holds 50% of the Voting Rights

The Group holds 50% of the issued share capital of Carbokarn Company Ltd., (CK) Thailand which in turn is the Parent Company of two fully-owned subsidiaries; CK Regen Systems Co. Ltd. and Shizuka Co. Ltd. The Group also holds 50% of the issued capital of Solar One Ceylon (Pvt) Ltd. Although the Group holds 50% of the issued capital of the mentioned entities they are considered as subsidiaries for financial reporting after due consideration of the agreements with partners and the current operating arrangement.

5.7. Valuation of Inventories

The Group has applied judgement in the determination of impairment in relation to inventories that are slow moving or obsolete. The Group's impairment assessment in relation to such inventories take into account factors such as the ageing of items of inventories, dates for possible expiry and expectations in relation to how the inventories will be utilised or sold. Judgement has also been applied by Management in determining net realisable value of inventories (NRV). The estimates and judgements applied in the determination of NRV are influenced by expectations of sales relating to identified goods and historically realised sales prices.

At the physical verification, the weight of Charcoal and Activated Carbon stocks with different moisture level are recomputed based on the standard moisture levels of 12% and 6% respectively and compared with the book balances recorded at the same standard rates.

6 REVENUE

Timing of revenue recognition

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Sale of goods and Services					
Goods transferred at a point in time		60,102,997	57,427,904	23,070,243	20,684,291
Services transferred over time		1,359,261	1,325,875	-	-
		61,462,258	58,753,779	23,070,243	20,684,291
Intra group revenue		(18,260,473)	(15,574,574)	-	-
Total revenue from contracts with customers	6.2	43,201,785	43,179,205	23,070,243	20,684,291

6.1 Contract Balances

Contract assets of the Group relating to projects in progress amount to Rs. 293,223,000/- (2024 – Rs. 293,142,000/-) and is reflected within Inventories in Note 19. Contract liabilities of the Group relate to payments received in advance as reflected in Note 30 and amounting to Rs. 404,500,000/- (2024 – Rs. 393,561,000/-)

6.2 Geographical Segment Revenue by customer destination

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Revenue outside Sri Lanka		41,937,922	41,646,596	22,884,499	20,518,078
Revenue in Sri Lanka		1,263,863	1,532,609	185,744	166,213
	6	43,201,785	43,179,205	23,070,243	20,684,291

7 OTHER OPERATING INCOME

For the year ended 31st March	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Export incentive income	27,891	5,470	-	-
Gain on disposal of property, plant and equipment	1,990	4,905	-	-
Loss on disposal of property, plant and equipment	(18,989)	(13,962)	(12,318)	(13,803)
Fees for marketing services	-	-	96,209	86,943
Sundry income	310,531	181,632	377,238	22,325
Rental income	-	-	11,217	11,217
Income from technical consultations	-	-	52,391	99,708
Dividend income -subsidiaries	-	-	507,106	1,198,812
	321,423	178,045	1,031,843	1,405,202

8 NET FINANCE COST

8.1 Finance Income

For the year ended 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Dividend income - quoted	77,306	91,546	77,306	91,546
- unquoted	3,210	2,067	3,206	2,062
Interest income on loans and receivables	236,428	410,268	151,644	352,075
Foreign exchange gain	640,327	888,954	461,051	384,230
Total finance income	957,271	1,392,835	693,207	829,913

8.2 Finance Cost

For the year ended 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest cost - Short-term borrowings	327,073	406,077	74,896	64,326
- Long-term borrowings	136,856	164,916	112,715	164,497
Interest on lease liabilities	46,267	25,289	20,490	3,365
Foreign exchange loss	699,121	1,195,570	558,989	678,230
Total finance costs	1,209,317	1,791,852	767,090	910,418
Net finance cost	(252,046)	(399,017)	(73,883)	(80,505)

9 PROFIT BEFORE TAX

For the year ended 31st March	Consolidated	
	2025	2024
	Rs. '000	Rs. '000
Parent	3,207,428	3,799,067
Subsidiaries	3,088,651	3,210,112
Equity accounted investees	15,415	(8,826)
	6,311,494	7,000,353
Unrealised profit on intra-group sales	(205,105)	355,126
Intra-group adjustments	(589,420)	(1,242,225)
	5,516,969	6,113,254

9 PROFIT BEFORE TAX CONTD.

9.1 Profit before tax is stated after charging all expenses including the following:

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Depreciation on property, plant and equipment	13.1/13.2	1,005,837	881,704	379,417	305,872
Amortisation of Right-of-Use Assets	14.1	106,538	97,649	38,168	35,939
Amortisation of intangible asset	15	25,660	22,389	22,350	21,962
Directors' emoluments including Non-Executive Directors' consultation fees		387,830	350,984	321,273	282,935
Auditor's remuneration (fees and expenses)					
Ernst & Young		4,883	4,545	2,851	2,568
Others		38,293	44,466	-	-
Fees paid to Auditors for non-audit work					
Ernst & Young		6,090	4,602	3,404	3,336
Others		8,819	7,435		
Donations		20,751	34,078	15,805	21,624
Provision for slow moving inventories	19.1	37,627	82,094	12,344	46,390
Provision of unrealised profits in inventories		205,105	(355,126)	-	-
Impairment of trade receivable	20.1	738	5,255	-	-
Staff training and development cost		9,559	11,321	6,947	9,338
Legal/litigation fees		7,967	8,611	3,209	5,277
Staff costs	9.1.1	4,969,399	5,235,341	2,088,871	2,367,495

9.1.1 Staff Costs

For the year ended 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Defined contribution plan cost	365,035	277,812	243,342	177,637
Defined benefit plan cost	278,798	361,173	235,766	233,997
Other staff cost	4,325,566	4,596,356	1,609,763	1,955,861
	4,969,399	5,235,341	2,088,871	2,367,495
Number of employees at year end	2,026	1,933	1,128	1,016

10 TAX EXPENSE

10.1 The Company has applied the tax rate introduced by the Inland Revenue (Amendment) Act No. 45 of 2022, certified on 19 December 2022, for both income tax and deferred taxation. Accordingly, a tax rate of 30% has been used for income tax and deferred tax across all segments in Sri Lanka for the current year and previous year. The resulting impact has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Corporate taxes of non-resident companies within the group have been computed based on their domestic tax status in their respective jurisdictions.

Tax rates of non resident Companies

Company	Income tax rate
Carbokarn Co.Ltd	20%
CK Regen Systems Co.Ltd	20%
Eurocarb Germany GmbH	30%
Eurocarb Products Ltd	19%
Haycarb Holdings Australia (Pty) Ltd	30%
Haycarb Holdings Bitung Ltd.	Tax exempted
Haycarb Philippine Corporation Ltd.	Tax holiday
Haycarb Singapore Pte Ltd.	17%
Haycarb USA Inc.	21%
PT Haycarb Palu Mitra	22%
PT Mapalus Makawanua Charcoal Industry	22%
Puricarb Pte.Ltd	17%
Shizuka Co.Ltd	20%

10 TAX EXPENSE CONTD.

10.3 Tax Expense

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Sri Lanka taxes					
Parent		371,792	732,841	371,792	732,841
Subsidiaries		87,313	26,735	-	-
		459,105	759,576	371,792	732,841
Overseas taxes					
Subsidiaries		621,570	764,672	-	-
		1,080,675	1,524,248	371,792	732,841
Under/(over) provision in respect of previous years					
Parent		209,934	(25,047)	209,934	(25,047)
Subsidiaries		(773)	(24,771)	-	-
	10.5	209,161	(49,818)	209,934	(25,047)
Deferred taxation					
Parent		(110,915)	110,999	(110,915)	110,999
Subsidiaries		15,651	14,645	-	-
	10.5	(95,264)	125,644	(110,915)	110,999
Tax on dividend income	10.5	51,555	207,551	-	-
Tax expense reported in the statement of profit or loss	10.5	1,246,127	1,807,625	470,811	818,793

10.4 Tax effect on other comprehensive income

Deferred tax related to items charged or credited directly to other comprehensive income during the year.

For the year ended 31st March	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Tax effect of actuarial (gain)/loss on defined benefit obligations	(27,021)	71,667	(28,834)	71,130
Tax effect on revaluation surplus	(92,285)	-	(85,924)	-
Tax charged directly to other comprehensive income	(119,306)	71,667	(114,758)	71,130

10.5 Reconciliation of accounting profit to income tax expense

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Profit before tax		5,516,969	6,113,254	3,207,428	3,799,067
Share of profit of equity accounted investees	17.1	(15,415)	8,826	-	-
Consolidation adjustments		788,695	887,098	-	-
		6,290,249	7,009,178	3,207,428	3,799,067
Tax exempt income		(1,047,874)	(1,785,351)	(738,383)	(1,451,216)
Aggregated disallowable expenses		2,862,203	3,100,256	1,316,749	1,176,875
Aggregated allowable expenses		(3,379,851)	(1,976,089)	(2,693,235)	(1,443,439)
Tax losses brought forward		(103,531)	(95,106)	-	-
Other taxable income		167,183	402,408	146,748	361,516
Tax losses carried forward		369,272	103,531	-	-
Taxable income		5,157,651	6,758,827	1,239,307	2,442,803
Tax @ 20%		304,274	199,072	-	-
Tax @ 22%		160,127	367,258	-	-
Tax @ 30%		570,300	953,488	371,792	732,841
Tax at other rates		45,974	4,430	-	-
		1,080,675	1,524,248	371,792	732,841
Under/(over) provision in respect of previous years	10.3	209,161	(49,818)	209,934	(25,047)
Deferred tax charge/(reversal)	10.3	(95,264)	125,644	(110,915)	110,999
Tax on dividend income	10.3	51,555	207,551	-	-
Tax expense for the year		1,246,127	1,807,625	470,811	818,793
Effective tax rate		23%	30%	15%	22%

11 EARNINGS / NET ASSET PER SHARE

11.1 Earnings per Share

Basic Earnings per Share

The calculation of basic earning per share is based on the net profit attributable to ordinary shareholders of the parent divided by the weighted average number of ordinary shares outstanding during the year.

Diluted Earnings per Share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the parent and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year.

11 EARNINGS / NET ASSET PER SHARE CONTD.

Basic/diluted earning per share calculated as follows;

For the year ended 31st March	Consolidated 2025	Consolidated 2024	Company 2025	Company 2024
Profit attributable to ordinary shareholders of the parent (Rs.'000)	3,596,517	3,743,929	2,736,617	2,980,274
Weighted average number of ordinary shares (No.)	297,123,750	297,123,750	297,123,750	297,123,750
Basic/diluted earnings per ordinary share (Rs.)	12.10	12.60	9.21	10.03

11.2 Net Assets per Share

For the year ended 31st March	Consolidated 2025	Consolidated 2024	Company 2025	Company 2024
Net assets attributable to equity holders (Rs.'000)	26,534,089	22,905,062	16,742,875	13,860,462
Number of ordinary shares (No.)	297,123,750	297,123,750	297,123,750	297,123,750
Net assets per share (Rs.)	89.30	77.09	56.35	46.65

12 DIVIDEND PER SHARE

For the year ended 31st March	2025 Rs. '000	2024 Rs. '000
1st interim dividend 2024/25 - Rs. 0.60/- per share (Final dividend 2022/23 - Rs. 1.00/- per share)	178,274	297,124
2nd Interim dividend - Rs. 1.10/- per share (1st interim Dividend 2023/24 - Rs. 2.00/- per share)	326,836	594,247
3rd Interim dividend - Rs. 0.50/- (2nd Interim dividend 2023/24 - Rs. 2.00/- per share)	148,562	594,248
4th Interim dividend -Rs. 1.60/- (3rd Interim dividend 2023/24- Rs. 1.00/- per share)	475,398	297,124
	1,129,070	1,782,743
Dividend per ordinary share-Rs.	3.80	6.00
Dividend payout ratio	31%	48%

12.1 Compliance with Section 56 and 57 of Companies Act No. 07 of 2007

Compliance with Section 56 and 57 of Companies Act No. 07 of 2007	Dividend	Approval of solvancy certificate
As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to recommending the dividends.	1st interim dividend 2nd interim dividend 3rd interim dividend 4th interim dividend	A statement of solvency completed and duly signed by the Board of Directors and the certificate of solvency audited by Messrs Ernst & Young, Chartered Accountants obtained prior to payment of the dividends.

13 PROPERTY, PLANT AND EQUIPMENT

13.1 Consolidated

For the year ended 31st March	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture fittings and office equipment	Data processing equipment	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost or valuation							
At 31st March 2023	2,262,784	3,325,120	10,766,312	440,767	395,144	116,872	17,306,999
Additions during the year	37,666	283,888	1,629,000	30,212	16,866	21,441	2,019,073
Disposals during the year	-	(1,230)	(132,084)	(19,491)	(14,189)	(7,738)	(174,732)
Effect of movement in exchange rates	(103,831)	(319,072)	(1,008,449)	(39,031)	(37,386)	-	(1,507,769)
At 31st March 2024	2,196,619	3,288,706	11,254,779	412,457	360,435	130,575	17,643,571
Revaluation of land	272,103	-	-	-	-	-	272,103
Additions during the year	237,753	277,332	1,973,543	25,384	74,487	14,574	2,603,073
Disposals during the year	-	(6,318)	(71,154)	(11,647)	(1,474)	-	(90,593)
Reclassification	(179,791)	179,791	-	-	-	-	-
Effect of movement in exchange rates	(1,971)	62,215	139,932	5,109	5,279	-	210,564
At 31st March 2025	2,524,713	3,801,726	13,297,100	431,303	438,727	145,149	20,638,718
Accumulated Depreciation							
At 31st March 2023	-	1,074,803	7,046,014	266,172	299,239	95,017	8,781,245
Depreciation charge for the year	-	141,180	653,413	48,118	26,492	12,501	881,704
Disposals during the year	-	(241)	(116,949)	(17,110)	(13,831)	(7,628)	(155,759)
Effect of movement in exchange rates	-	(135,639)	(705,377)	(26,848)	(29,775)	-	(897,639)
At 31st March 2024	-	1,080,103	6,877,101	270,332	282,125	99,890	8,609,551
Depreciation charge for the year	-	148,013	774,521	42,910	24,475	15,918	1,005,837
Disposals during the year	-	(1,093)	(31,230)	(11,647)	(1,380)	-	(45,350)
Effect of movement in exchange rates	-	22,697	102,269	3,766	3,793	-	132,525
At 31st March 2025	-	1,249,720	7,722,661	305,361	309,013	115,808	9,702,563
Provision for impairment							
At 31st March 2025	-	-	(25,543)	-	-	-	(25,543)
At 31st March 2024	-	-	(25,543)	-	-	-	(25,543)
Net book value							
At 31st March 2025	2,524,713	2,552,006	5,548,896	125,942	129,714	29,341	10,910,612
At 31st March 2024	2,196,619	2,208,603	4,352,135	142,125	78,310	30,685	9,008,477
Capital work-in-progress							
At 31st March 2025							1,813,751
At 31st March 2024							1,829,785
Carrying value							
At 31st March 2025	2,524,713	2,552,006	5,548,896	125,942	129,714	29,341	12,724,363
At 31st March 2024	2,196,619	2,208,603	4,352,135	142,125	78,310	30,685	10,838,262

13 PROPERTY, PLANT AND EQUIPMENT CONTD.

(a) Capital work-in-progress represents the amount of expenditure recognised under property plant and equipment during the period of the construction of a capital asset. Movement of capital work-in-progress is given below.

Movement of capital work-in-progress	Consolidated		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
Balance at the beginning of the year	1,829,785	1,714,071	1,151,752	1,238,719
Additions during the year	2,507,997	884,141	1,439,976	150,046
Capitalised during the year	(2,524,031)	(768,427)	(1,723,658)	(237,013)
Balance at the end of the year	1,813,751	1,829,785	868,070	1,151,752

(b) Freehold Land carried at re-valued amount:

Company Name	Location	Last revaluation date	Land extent	Number of buildings	Unobservable input per perch Avg. Rs. '000	Carrying value as at 31st March 2025 Rs. '000	Cost as at 31st March 2025 Rs. '000
Haycarb PLC	Madampe Factory - Madampe	31.03.2025	30A-0R-37.2P	18	63	305,232	124,587
	Badalgama Factory -Badalgama	31.03.2025	28A-0R-12.8P	25	73	328,785	154,561
	Heenagara Estate Kuliyapitiya	31.03.2025	10 A	2	34	55,000	56,809
	Wewalduwa Stores - Wewalduwa	31.03.2025	2A-1R-36.04 P	6	1,387	549,160	4,309
						1,238,177	340,266
Ultracarb (Pvt) Ltd	Badalgama, Makandura -Badalgama	31.03.2025	19A-1R-11.3P	-	72	222,187	221,027
Recogen (Pvt) Ltd	Badalgama Factory - Badalgama	31.03.2025	10A-3R-15 P	5	78	135,547	38,093
Carbokarn Co. Ltd	Chonburi Province - Thailand	31.03.2025	15A-2R-22P	22	104	259,579	214,780
Shizuka Co. Ltd.	Ratchburi Province - Thailand	31.03.2025	24A-2R-19P	12	33	128,348	90,141
PT Mapalus Makawanua Charcoal Industry	Bitung City - Indonesia	31.03.2025	11A -3R-16P	8	204	387,412	154,618
PT Haycarb Palu Mitra	Palu City - Indonesia	31.03.2025	6A-3R-37.5P	18	137	153,463	179,803
						2,524,713	1,238,728

Significant increase / (decrease) in estimated price per perch in isolation would result in a significantly higher / (lower) fair value on linear basis.

(c) The cost of fully depreciated property plant and equipment which are still in use at the reporting date is as follows.

As at 31st March	2025 Rs. '000	2024 Rs. '000
Buildings	369,768	404,214
Machinery and equipments	4,005,925	3,313,037
Motor vehicles	160,549	108,117
Furniture fittings and office equipments	457,833	354,688
	4,994,075	4,180,056

(d) On reassessment of fair value of the Group's assets, it has been identified that there is no impairment of property, plant & equipment other than disclosed above which requires provision in the Financial Statements.

(e) There were no assets pledged by the Group as securities for facilities obtained from the Banks other than those disclosed below,

Company Name	Details of assets	Banks mortgaged to	Cost Rs. '000	Carrying Value Rs. '000
PT Mapalus Makawanua Charcoal Industry	Land	BNI	177,281	387,412
	Building	BNI	260,459	120,551
PT Haycarb Palu Mitra	Land	HSBC (Indonesia)	93,333	153,463
	Building	HSBC (Indonesia)	323,893	178,487
	Machinery and equipment	HSBC (Indonesia)	733,592	309,617

(f) A borrowing cost of Rs. 12,675,000/- have been capitalised under property, plant and equipment during the year ended 31st March 2025.(2023/24 – Nil).

(g) Land owned by the Group was revalued as at 31st March 2025 by independent Chartered Valuation Surveyors. The fair value of the land was determined based on transaction observed in the market, appropriately adjusted for differences in the nature, location or condition of the specific property.

(h) There were no restrictions that existed on the title to the property, plant and equipment of the Group as at the reporting date.

(i) During the Financial Year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 2,557 million (2023/24 - Rs. 2,134 million) on cash basis.

13 PROPERTY, PLANT AND EQUIPMENT CONTD.

13.2 Company

For the year ended 31st March	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture fittings and office equipment	Data processing equipment	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost or valuation							
At 31st March 2023	936,221	925,730	3,045,263	150,127	85,614	99,267	5,242,222
Additions during the year	15,208	264,190	994,109	-	7,317	21,441	1,302,265
Disposals during the year	-	(1,230)	(87,729)	-	(1,797)	(2,818)	(93,574)
At 31st March 2024	951,429	1,188,690	3,951,643	150,127	91,134	117,890	6,450,913
Additions during the year	333	125,523	1,126,492	-	45,473	12,751	1,310,572
Revaluation of land	286,414	-	-	-	-	-	286,414
Disposals during the year	-	(15,243)	(108,282)	(1,695)	(4,298)	(559)	(130,077)
At 31st March 2025	1,238,176	1,298,970	4,969,853	148,432	132,309	130,082	7,917,822
Accumulated Depreciation							
At 31st March 2023	-	170,634	1,688,810	92,496	56,038	81,461	2,089,439
Depreciation charge for the year	-	22,215	247,184	20,451	5,232	10,790	305,872
Disposals during the year	-	(241)	(75,119)	-	(1,697)	(2,714)	(79,771)
At 31st March 2024	-	192,608	1,860,875	112,947	59,573	89,537	2,315,540
Depreciation charge for the year	-	28,116	314,236	15,545	7,422	14,097	379,417
Disposals during the year	-	(1,093)	(5,194)	(1,560)	-	-	(7,847)
At 31st March 2025	-	219,631	2,169,917	126,932	66,995	103,634	2,687,110
Impairment Provision							
At 31st March 2025	-	-	(25,543)	-	-	-	(25,543)
At 31st March 2024	-	-	(25,543)	-	-	-	(25,543)
Net book value							
At 31st March 2025	1,238,176	1,079,339	2,774,393	21,500	65,314	26,448	5,205,169
At 31st March 2024	951,429	996,082	2,065,225	37,180	31,561	28,353	4,109,830
Capital work-in-progress							
At 31st March 2025							868,070
At 31st March 2024							1,151,752
Carrying amount							
At 31st March 2025	1,238,176	1,079,339	2,774,393	21,500	65,314	26,448	6,073,239
At 31st March 2024	951,429	996,082	2,065,225	37,180	31,561	28,353	5,261,582

(a) The cost of fully depreciated property plant and equipment which are still in use at the reporting date is as follows.

As at 31st March	2025 Rs. '000	2024 Rs. '000
Buildings	1,574	1,081
Machinery and equipments	1,079,135	710,634
Motor Vehicles	70,513	71,476
Furniture Fittings & Office Equipments	114,237	74,841
	1,265,459	858,032

(b) There were no assets pledged by the Company as securities for facilities obtained from the Banks.

(c) There were no restrictions that existed on the title to the property, plant and equipment of the Company as at the reporting date.

(d) During the Financial Year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 1,027 million (2023/24 - Rs.1,215 million) on cash basis.

(e) There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2024/25.(2023/24 – Nil).

13.3 Valuation method of free hold lands

Valuation Technique	Significant Unobservable Inputs	Sensitivity of Fair Value Measurement to Inputs
Market Comparable Method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for any differences in the nature, size, location or condition of the specific property	Market value of land (Price per perch). Valuer has used range of prices for respective lands based on their recently transacted cost	Estimated fair value would increase/ (decrease) if the price per perch would increase/ (decrease).

14 RIGHT OF USE ASSETS / LEASE LIABILITIES

14.1 Right of Use Assets

As at 31st March	Consolidated				Company	
	Land	Buildings	Total	Total	Buildings	
	2025	2025	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost						
At the beginning of the year	-	540,997	540,997	437,241	261,282	152,904
Additions during the year	1,080,388	57,004	1,137,392	323,548	-	261,282
Derecognition during the year	-	(70,432)	(70,432)	(198,672)	(70,432)	(152,904)
Effects of movements in exchange rates	1,501	(2,629)	(1,128)	(21,120)	-	-
At the end of the year	1,081,889	524,940	1,606,829	540,997	190,850	261,282
Accumulated Amortisation						
At the beginning of the year	-	50,057	50,057	153,786	1,377	118,342
Charge for the year	21,608	84,930	106,538	97,649	38,168	35,939
Derecognition during the year	-	(1,375)	(1,375)	(198,672)	(1,375)	(152,904)
Effects of movements in exchange rates	30	(715)	(685)	(2,706)	-	-
At the end of the year	21,638	132,897	154,535	50,057	38,170	1,377
At the end of the year	1,060,251	392,043	1,452,294	490,940	152,680	259,905

14 RIGHT OF USE ASSETS / LEASE LIABILITIES CONTD.

14.2 Lease Liability

As at 31st March	Consolidated				Company	
	Land	Buildings	Total	Total	Buildings	
	2025	2025	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	-	502,478	502,478	292,895	260,270	41,615
Additions during the year	1,080,388	57,004	1,137,392	323,548	-	261,282
Accretion of interest	30,056	46,267	76,323	25,289	20,490	3,365
Payments to lease creditors	(30,919)	(125,025)	(155,944)	(120,212)	(49,794)	(45,992)
Derecognition during the year	-	(70,414)	(70,414)	-	(70,414)	-
Effect of movement in exchange rates	1,499	(2,020)	(521)	(19,042)	-	-
At the end of the year	1,081,024	408,290	1,489,314	502,478	160,552	260,270
Current portion of lease liability	9,990	91,597	101,587	85,960	33,804	41,507
Non-current portion of lease liability	1,071,034	316,693	1,387,727	416,518	126,748	218,763
At the end of the year	1,081,024	408,290	1,489,314	502,478	160,552	260,270

14.3 Amounts recognised in the statement of profit or loss

For the year ended 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amortisation of Right-of-Use Assets	84,930	97,649	38,168	35,939
Accretion of interest	46,267	25,289	20,490	3,365
Total amount recognised in the statement of profit or loss	131,197	122,938	58,658	39,304

Aging analysis of lease liability

Consolidated	Total	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31.03.2025	1,489,314	-	26,356	75,231	107,809	266,060	1,013,858
As at 31.03.2024	502,478	-	20,529	65,431	95,910	320,608	-

Company	Total	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31.03.2025	160,552	-	8,107	25,697	37,716	89,032	-
As at 31.03.2024	260,270	-	9,950	31,557	46,365	172,398	-

15 INTANGIBLE ASSETS

As at 31st March	Consolidated				Company		
	Software	Goodwill	Product development	Total	Software	Product development	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost							
As at 31st March 2023	156,516	257,206	257,370	671,092	109,927	122,502	232,429
Additions during the year	31,246	-	49,237	80,483	7,302	49,237	56,539
Effect of movement in exchange rates	(3,694)	-	(18,110)	(21,804)	-	-	-
Derecognitions	(281)	-	-	(281)	-	-	-
As at 31st March 2024	183,787	257,206	288,497	729,490	117,229	171,739	288,968
Additions during the year	-	-	99,691	99,691	-	44,598	44,598
Effect of movement in exchange rates	(561)	-	6,387	5,826	-	-	-
As at 31st March 2025	183,226	257,206	394,575	835,007	117,229	216,337	333,566
Accumulated amortisation							
As at 31st March 2023	137,947	55,164	188,582	381,693	91,498	53,712	145,210
Amortisation for the year	6,115	-	16,274	22,389	5,688	16,274	21,962
Derecognitions	(168)	-	-	(168)	-	-	-
Effect of movement in exchange rates	(3,694)	-	(18,110)	(21,804)	-	-	-
As at 31st March 2024	140,200	55,164	186,746	382,110	97,186	69,986	167,172
Amortisation for the year	8,468	-	17,192	25,660	6,074	16,276	22,350
Effect of movement in exchange rates	(561)	-	6,387	5,826	-	-	-
As at 31st March 2025	148,107	55,164	210,325	413,596	103,260	86,262	189,522
Net book value							
At 31st March 2025	35,119	202,042	184,250	421,411	13,969	130,075	144,044
At 31st March 2024	43,587	202,042	101,751	347,380	20,043	101,753	121,796

(a) The cost of fully depreciated intangible assets which are still in use at the reporting date is as follows.

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
Fully depreciated intangible assets	79,311	41,833	37,257	36,203

15 INTANGIBLE ASSETS CONTD.

Goodwill

There have been no permanent impairment of intangible assets that require a provision during the year. The method used in estimating the recoverable amount of intangible assets of Haycarb USA Inc Rs. 13,791,000/-., PT Mapalus Makawanua Charcoal Industry Rs, 49,656,000/- and Shizuka Co. Ltd. Rs. 138,595,000/- were based on the value in use, which was determined by discounting the future cash flows generated for the continuing use of the unit

The key assumptions used are given below:

Business growth	-	based on historical growth rate and business plan.
Inflation	-	based on the current inflation rate and the percentage of the total cost subjected to the inflation
Discount rate	-	Average market borrowing rate adjusted for the risk premium, which is 10% for PT Mapalus Makawanua Charcoal Industry, 9% for Haycarb USA Inc. and 8.5% for Shizuka Co. Ltd.
Margin	-	based on current margin and business plan.

Software

Software includes purchased software and licenses and is amortised over the period of the expected economic benefit.

Product Development

The Group has recognised an intangible asset in respect of new product developments. The Management is in the opinion that the Group is capable of generating future economic benefits through these products. This is being equally amortised over a period of 3 to 5 years.

Research expenses on product development have been charged to the Statement of Profit or Loss

16 INVESTMENTS IN SUBSIDIARIES

16.1 Company Investments in Subsidiaries

As at 31st March	Company Holding		No.of Shares		Cost	
	2025	2024	2025	2024	2025	2024
	%	%	No.	No.	Rs. '000	Rs. '000
Unquoted investments						
Eurocarb Products Ltd.	100	100	100,000	100,000	4,064	4,064
Haycarb Holdings Australia (Pty) Ltd.	100	100	150,000	150,000	951	951
Puritas (Pvt) Ltd.	100	100	700,000	700,000	18,000	18,000
Haycarb USA Inc.	100	100	1,285,000	1,285,000	168,080	168,080
PT Mapalus Makawanua Charcoal Industry *	2	2	707	707	1,025	1,025
Carbokarn Co. Ltd.	50	50	250,000	250,000	64,771	64,771
Recogen (Pvt) Ltd.	100	100	37,000,000	37,000,000	370,000	370,000
Haycarb Holdings Bitung Ltd.	100	100	1,400,000	1,400,000	141,736	141,736
Ultracarb (Pvt) Ltd.	100	100	25,000,000	25,000,000	250,000	250,000
PT.Haycarb Palu Mitra	60	60	1,290,000	1,290,000	168,268	168,268
Haycarb Activated Carbon (Pvt) Ltd.	100	100	336,797	336,797	7,874	7,874
Haycarb Singapore Pte Ltd.	100	100	10,000	-	3,023	-
Company investment in subsidiaries (at cost)					1,197,792	1,194,769
Provision for fall in value of investment in Recogen (Pvt) Ltd.					(100,000)	(100,000)
Company investment in subsidiaries					1,097,792	1,094,769

*The remaining 98% of PT Mapalus Makawanua Charcoal Industry is held by Haycarb Holdings Bitung Ltd.which is a fully owned subsidiary of Haycarb PLC.

16.2 Indirect Investments in Subsidiaries

As at 31st March		Effective Holding		No.of Shares		Value	
		2025	2024	2025	2024	2025	2024
Investor	Investee	%	%	No.	No.	Rs. '000	Rs. '000
Unquoted investments							
Haycarb Holdings Bitung Ltd.	PT Mapalus Makawanua Charcoal Industry	98	98	36,395	36,395	362,574	362,574
Carbokarn Co.Ltd	CK Regen Co.Ltd.	50	50	75,000	75,000	17,050	17,050
Carbokarn Co.Ltd	Shizuka Co. Ltd.	50	50	137,500	137,500	57,264	57,264
Puritas (Pvt) Ltd	Puricarb Pte Ltd.	100	100	50,000	50,000	6,638	6,638
Puricarb Pte Ltd	Haycarb Philippine Corporation	100	-	300,000	-	16,998	-
Haycarb Singapore Pte Ltd	Eurocarb Germany GmbH	100	-	25,000	-	7,858	-

The countries of incorporation and the principal activities of the above companies are given on pages 374 and 377.

17 INVESTMENT IN EQUITY ACCOUNTED INVESTEES

As at 31st March	Note	Holding 2025 %	Holding 2024 %	No of shares 2025 No.	No of shares 2024 No.	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Carbotels (Pvt) Ltd.	17.1	25.2	25.2	9,290,311	9,290,311	597,734	582,827	92,903	92,903
Lakdiyatha (Pvt) Ltd.	17.1	49.0	49.0	2,450,000	2,450,000	1,608	1,100	-	-
						599,342	583,927	92,903	92,903

17.1 Movement in equity accounted investees

As at 31st March	Lakdiyatha (Pvt) Ltd 2025 Rs. '000	Lakdiyatha (Pvt) Ltd 2024 Rs. '000	Carbotels (Pvt) Ltd 2025 Rs. '000	Carbotels (Pvt) Ltd 2024 Rs. '000	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000
At the beginning of the year	1,100	16,315	582,827	576,438	583,927	592,753
Share of profit of equity accounted investees(Note 17.2)	508	(15,215)	14,907	6,389	15,415	(8,826)
At the end of the year	1,608	1,100	597,734	582,827	599,342	583,927

17.2 Summarised financials of equity accounted investees

As at 31st March	Lakdiyatha (Pvt) Ltd 2025 Rs. '000	Lakdiyatha (Pvt) Ltd 2024 Rs. '000	Carbotels (Pvt) Ltd 2025 Rs. '000	Carbotels (Pvt) Ltd 2024 Rs. '000	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000
Statement of financial position						
Non current asset	127,746	196,559	2,188,854	2,154,853	2,316,600	2,351,412
Current asset	30,324	47,905	210,752	180,590	241,076	228,495
Total assets	158,070	244,464	2,399,606	2,335,443	2,557,676	2,579,907
Non current liabilities	-	(32,160)	(21,056)	(21,738)	(21,056)	(53,898)
Current liabilities	(154,788)	(210,059)	(6,590)	(899)	(161,378)	(210,958)
Total liabilities	(154,788)	(242,219)	(27,646)	(22,637)	(182,434)	(264,856)
Net Assets	3,282	2,245	2,371,960	2,312,806	2,375,242	2,315,051
Group carrying amount of the investment	1,608	1,100	597,734	582,827	599,342	583,927
Revenue	18,874	36,274	-	-	18,874	36,274
Profit/ (loss) from continuing operation	25,114	(40,372)	64,038	34,729	89,152	(5,643)
Profit after tax	1,036	(31,050)	59,154	25,353	60,190	(5,697)
Total comprehensive income	1,036	(31,050)	59,154	25,353	60,190	(5,697)
Group share of profit for the year	508	(15,215)	14,907	6,389	15,415	(8,826)

18 RELATED PARTY DISCLOSURES

18.1 Amounts due to Subsidiaries

As at 31st March	Company	
	2025	2024
	Rs. '000	Rs. '000
Carbokarn Co. Ltd.	150,332	-
Haycarb USA Inc.	378	4,149
Eurocarb Products Ltd.	40,702	16,133
Haycarb Holdings Australia (Pty) Ltd.	1,267	28,490
Haycarb Holdings Bitung Ltd.	10,970	12,843
Puritas (Pvt) Ltd.	5,956	1,845
Recogen(Pvt) Ltd.	39,103	16,221
Shizuka Co. Ltd.	24,818	-
Ultracarb(Pvt) Ltd.	1,533	1,923
	275,059	81,604

18.2 Amounts due to Other Related Parties

As at 31st March		Consolidated		Company	
		2025	2024	2025	2024
	Relationship	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Hayleys PLC	Parent	370,687	272,152	363,153	238,803
Advantis Express (Pvt) Ltd.	Affiliate	4,396	-	4,396	-
Advantis Freight (Pvt) Ltd.	Affiliate	13,335	7,103	12,438	6,357
Advantis Projects & Engineering (Pvt) Ltd.	Affiliate	2,327	8,506	1,940	8,457
Chas P. Hayley & Company (Pvt) Ltd.	Affiliate	1,173	1,450	1,173	1,450
Charles Fibre (Pvt) Ltd.	Affiliate	157,515	-	-	-
CEVA Logisitics Lanka (Private) Limited	Affiliate	230	3,783	230	3,783
Clarion Shipping (Private) Limited	Affiliate	-	401	-	401
Cosco Lanka (Pvt) Ltd.	Affiliate	-	186	-	186
Dipped Products PLC	Affiliate	899	-	899	-
Energynet (Pvt) Ltd.	Affiliate	-	7,474	-	6,662
Fentons Limited	Affiliate	186,031	536,251	186,031	536,251
Hayleys Aventura (Pvt) Ltd.	Affiliate	5,771	4,130	5,771	4,130
Hayleys Business Solutions (Pvt) Ltd.	Affiliate	2,222	518	2,053	499
Hayleys Fibre PLC	Affiliate	-	122,925	-	-
Hayleys Lifesciences (Pvt) Ltd.	Affiliate	3,796	321	3,500	298
Hayleys Travels (Pvt) Ltd.	Affiliate	4,609	4,705	4,528	4,705
Kelani Valley Plantations PLC	Affiliate	-	63	-	-
Key Management Personnel - Carbokarn Co. Ltd. *	Affiliate	1,682,504	1,404,352	-	-
Logiwiz Ltd.	Affiliate	407	519	407	519
Mountain Hawk (Pvt) Ltd	Affiliate	-	247	-	247
Mountain Hawk Express (Pvt) Ltd.	Affiliate	112	4,157	-	4,157
Sri Lanka Shipping Company Limited	Affiliate	930	503	930	503
The Kingsbury PLC	Affiliate	1,192	-	1,192	-
Toyo Cushion Lanka (Pvt) Ltd.	Affiliate	793	-	-	-
Other Hayleys Group companies	Affiliate	384	74	188	26
		2,439,313	2,379,820	588,829	817,434

*Equity partners of the Carbokarn Group have provided loans to these companies for working capital requirements at the current market rates prevailing in Thailand, which is MLR (Thailand) -1% per annum during the financial year.

18 RELATED PARTY DISCLOSURES CONTD.

18.3 Amounts due from Subsidiaries

As at 31st March	Company	
	2025 Rs. '000	2024 Rs. '000
Carbokarn Co. Ltd.	158,088	259,582
Eurocarb Products Ltd.	-	102,231
Haycarb Holdings Australia (Pty) Ltd.	-	101,700
Haycarb Singapore Pte Ltd.	17,874	-
Puritas (Pvt) Ltd.	28,643	40,039
PT Mapalus Makawanua Charcoal Industry	2,353	1,308
PT Haycarb Palu Mitra	1,244	90,137
Puricarb Pte Ltd.	4	4
Recogen (Pvt) Ltd.	-	78,936
Ultracarb (Pvt) Ltd.	-	315,302
	208,206	989,239

18.4 Amounts due from Other Related Parties

As at 31st March		Consolidated		Company	
	Relationship	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Hayleys PLC	Parent	589	292	-	-
Advantis Express (Pvt) Ltd.	Affiliate	204	-	-	-
Chas P Hayley & Company (Pvt) Ltd.	Affiliate	5,980	16,038	-	-
Creative Polymats (Pvt) Ltd.	Affiliate	508	434	-	-
Dipped Products PLC	Affiliate	37,757	15,407	36,166	13,839
Fentons Limited	Affiliate	2,459	2,348	2,321	2,321
Haycolour (Pvt) Ltd.	Affiliate	230	162	-	-
Hayleys Agriculture Holding Ltd.	Affiliate	148	139	-	-
Hayleys Fibre PLC	Affiliate	1,627	692	1,588	600
Kelani Valley Plantation PLC	Affiliate	501	230	-	-
Logiwiz Ltd	Affiliate	1,102	1,741	-	-
Martin Bauer Hayleys (Pvt) Ltd.	Affiliate	330	-	-	-
Mountain Hawk (Pvt) Ltd	Affiliate	219	-	-	-
Mountain Hawk Express (Pvt) Ltd	Affiliate	-	311	-	-
Ravi Industries Ltd	Affiliate	188	2,366	-	-
Rileys (Pvt) Ltd.	Affiliate	3,017	3,049	1,161	1,167
Singer (Sri Lanka) PLC	Affiliate	3,356	2,419	-	-
Singer Finance (Lanka) PLC	Affiliate	106	-	-	-
S & T Interiors (Pvt) Ltd.	Affiliate	522	-	-	-
The Kingsbury PLC	Affiliate	216	216	-	-
Toyo Cushion Lanka (Pvt) Ltd.	Affiliate	550	550	403	403
Volanka (Pvt) Ltd.	Affiliate	130	-	131	-
Other Hayleys group companies	Affiliates	1,232	1,476	42	42
		60,971	47,870	41,812	18,372

18.5 Amounts due from equity accounted investees

As at 31st March	Relationship	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Lakdiyatha (Pvt) Ltd.	Associate	84,483	127,165	792	567
		84,483	127,165	792	567

19 INVENTORIES

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Raw materials and consumables		6,390,816	5,382,759	3,144,189	2,871,907
Finished and semi finished goods		10,035,676	7,384,883	2,667,062	1,806,425
Project in progress		293,223	293,142	-	-
Provision for unrealised profits		(1,252,201)	(1,047,096)	-	-
		15,467,514	12,013,688	5,811,251	4,678,332
Provision for write down of inventories	19.1	(311,248)	(507,030)	(220,211)	(207,867)
Total inventories at the lower of cost and net realisable value		15,156,266	11,506,658	5,591,040	4,470,465

19.1 Movement of provision for write down of inventories

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
At the beginning of the year		507,030	503,727	207,867	161,477
Provision for slow moving inventories		37,627	82,094	12,344	46,390
Write off during the year		(233,409)	(78,791)	-	-
At the end of the year	19	311,248	507,030	220,211	207,867

20 TRADE AND OTHER RECEIVABLES

As at 31st March		Consolidated		Company	
		2025	2024	2025	2024
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables - External customers		7,211,607	6,860,503	2,026,484	2,034,983
- Inter Company		-	-	4,442,130	2,583,516
Less: Provision for impairment on trade receivable	20.1	(182,719)	(181,981)	-	-
		7,028,888	6,678,522	6,468,614	4,618,499
Loans to employees		47,836	32,827	47,836	32,827
		7,076,724	6,711,349	6,516,450	4,651,326

20.1 Movement of provision for impairment on trade receivable

For the year ended 31st March		Consolidated		Company	
		2025	2024	2025	2024
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year		181,981	176,726	-	-
Impairment of trade receivables		738	5,255	-	-
At the end of the year	20	182,719	181,981	-	-

20.2 The age analysis of trade receivables is as follows.

Consolidated	Total	Neither past due nor impaired	0-60 Days	61-120 Days	Above 120 Days
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31st March 2025	7,211,607	5,402,492	1,538,053	122,038	149,024
Balance as at 31st March 2024	6,860,503	5,328,137	1,118,180	71,025	343,161

Company	Total	Neither past due nor impaired	0-60 Days	61-120 Days	Above 120 Days
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31st March 2025	2,026,484	1,149,594	876,890	-	-
Balance as at 31st March 2024	2,034,983	1,730,869	296,470	7,644	-

Loans to employees (over Rs. 20,000/- included below).

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	8,306	5,939	8,306	5,939
Granted during the year	18,322	4,150	18,322	4,150
	26,628	10,089	26,628	10,089
Repaid during the year	(5,029)	(1,783)	(5,029)	(1,783)
At the end of the year	21,599	8,306	21,599	8,306
Number of loans over Rs. 20,000/-	18	31	18	31

No loans have been given to the Directors of the Company.

21 NON - CURRENT FINANCIAL ASSETS

As at 31st March		Consolidated		Company	
		2025	2024	2025	2024
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Equity investments designated at FVTOCI					
Unquoted equity shares					
Quality Seed Co. Ltd.		490	490	490	490
Barrack Gold Corporation		193	193	-	-
Effect of movement in exchange rates		95	110	-	-
		778	793	490	490
Quoted equity shares Dipped Products PLC					
Fair value at the beginning of the year		1,236,898	1,127,042	1,236,898	1,127,042
Change in fair value		1,000,912	109,856	1,000,912	109,856
Fair value at the end of the year	21.1	2,237,810	1,236,898	2,237,810	1,236,898
Equity investments designated at FVTOCI		2,238,588	1,237,691	2,238,300	1,237,388
Financial assets at amortised cost					
Receivable from suppliers					
At the beginning of the year		47,534	56,792	-	-
Settlements during the year		(1,066)	(850)	-	-
Effect of movement in exchange rates		2,913	(8,408)	-	-
At the end of the year		49,381	47,534	-	-
Total non-current financial assets		2,287,969	1,285,225	2,238,300	1,237,388

21 NON - CURRENT FINANCIAL ASSETS CONTD.

21.1 Market price and cost of investments in quoted shares

As at 31st March Dipped Products PLC	No of shares	Market price per share	Market Value Rs. '000	Total cost Rs. '000
As at 31st March 2025	40,687,460	Rs. 55.00	2,237,810	40,170
As at 31st March 2024	40,687,460	Rs. 30.40	1,236,898	40,170

22 OTHER CURRENT ASSETS

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deposits and payments in advance	1,070,141	814,596	700,392	302,534
Other receivables	484,658	452,424	20,122	133,656
Tax recoverable	122,300	46,365	120,214	44,279
	1,677,099	1,313,385	840,728	480,469

23 CASH IN HAND AND AT BANK

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash in hand	11,670	17,677	7,508	14,419
Bank balances	1,622,077	2,733,651	228,100	981,211
Short-term deposits	2,453,973	3,970,798	905,895	2,684,079
	4,087,720	6,722,126	1,141,503	3,679,709

23.1 Currency wise analysis of cash in hand and at bank

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lankan Rupees	1,196,613	2,945,118	674,773	2,553,178
United States Dollars	1,804,944	2,295,540	447,604	989,569
Sterling pounds	39,008	49,124	13,724	27,807
Euros	23,509	127,396	5,402	109,155
Australian Dollars	39,816	69,439	-	-
Indonesian Rupiah	154,927	530,408	-	-
Thai Baht	726,147	594,651	-	-
Maldivian Rufiyaa	102,756	110,450	-	-
	4,087,720	6,722,126	1,141,503	3,679,709

23.2 For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following:

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash in hand and at bank	1,633,747	2,751,328	235,608	995,630
Short-term deposits	2,453,973	3,970,798	905,895	2,684,079
Bank overdrafts & short term borrowings	(3,928,800)	(3,866,301)	(2,122,624)	(2,480,319)
Cash and cash equivalents for the purpose of statement of cash flow	158,920	2,855,825	(981,121)	1,199,390

24 STATED CAPITAL

As at 31st March	Company	
	2025	2024
	Rs. '000	Rs. '000
Issued and fully paid - ordinary shares		
At the beginning of the year - 297,123,750 (1st April 2023 -297,123,750)	331,774	331,774
At the end of the year - 297,123,750 (31st March 2024 - 297,123,750)	331,774	331,774

25 RESERVES

As at 31st March		Consolidated		Company	
		2025	2024	2025	2024
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Capital Reserves	25.1	1,070,985	891,290	720,587	520,097
Revenue Reserves	25.2	25,131,330	21,681,998	15,690,514	13,008,591

25 RESERVES CONTD.

25.1 Capital Reserves - Attributable to equity holders of the parent

As at 31st March	Revaluation surplus Rs. '000	Reserve on amalgamation Rs. '000	Legal reserve Rs. '000	Total Rs. '000
Consolidated				
Balance as at 1st April 2023	858,864	25,885	6,541	891,290
Tax effect on revaluation	-	-	-	-
Balance as at 31st March 2024	858,864	25,885	6,541	891,290
Revaluation of lands	271,980	-	-	271,980
Tax effect on revaluation	(92,285)	-	-	(92,285)
Balance as at 31st March 2025	1,038,559	25,885	6,541	1,070,985
				-
Company				
Balance as at 1st April 2023	428,049	92,048	-	520,097
Tax effect on revaluation	-	-	-	-
Balance as at 31st March 2024	428,049	92,048	-	520,097
Revaluation of lands	286,414	-	-	286,414
Tax effect on revaluation	(85,924)	-	-	(85,924)
Balance as at 31st March 2025	628,539	92,048	-	720,587

- Legal reserve relates to a statutory reserve created under Carbokarn Co. Ltd. Thailand.
- Amalgamation reserve of Rs. 25,885,000/- in consolidated financial statements consists of Rs. 23,758,000/- created at the time of amalgamation of Deltacarb Ltd and Pelaco Ltd with Haycarb PLC in year 1999 and year 2004 respectively. Balance Rs. 2,127,000/- is attributable to amalgamation of PT Mapalus Makawanua Charcoal Industry in 2012.
- Amalgamation reserve of Rs.92,048,000/- in company financial statements recorded in 2022/23 is due to amalgamation of Haycarb Value Added Products (Pvt) Ltd with Haycarb PLC on 28th December 2022.
- Revaluation surplus consists of net surplus resulting from the valuation of Property, plant and equipment. The unrealised amount cannot be distributed to shareholders.

25.2 Revenue Reserves

As at 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Fair Value Reserve of Financial Assets at FVTOCI	2,197,639	1,196,727	2,197,639	1,196,727
Foreign currency translation reserves	3,455,430	3,544,204	-	-
General reserve	519,353	519,353	519,353	519,353
Retained Earnings				
Haycarb PLC	12,973,522	11,292,511	12,973,522	11,292,511
Subsidiaries	5,503,447	4,662,679	-	-
Associates	481,939	466,524	-	-
	18,958,908	16,421,714	12,973,522	11,292,511
	25,131,330	21,681,998	15,690,514	13,008,591

Fair Value Reserve of Financial Assets at FVTOCI
Fair value reserve comprises the cumulative net change in fair value of financial assets designated as fair value through other comprehensive income(FVTOCI).

Foreign currency translation reserve
Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

General Reserve
General reserve which is a revenue reserve represents the amounts set aside by the board of directors for general application.

26 INTEREST-BEARING LOANS AND BORROWINGS

26.1 Non - current portion of interest bearing loans and borrowings

		Consolidated		Company	
		2025	2024	2025	2024
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non-current interest-bearing loans and borrowings					
Secured term loans					
At the beginning of the year		509,470	300,783	167,760	294,594
loans obtained during the year		1,904,496	636,120	746,496	170,000
Effect of movements in foreign exchange rates		(18,700)	(7,731)	(18,162)	(6,593)
		2,395,266	929,172	896,094	458,001
Repayments during the year		(411,817)	(419,702)	(257,739)	(290,241)
At the end of the year		1,983,449	509,470	638,355	167,760
Repayable within one year	26.2	(623,063)	(255,751)	(304,503)	(101,649)
Repayable after one year	26.3	1,360,386	253,719	333,852	66,111

26.2 Current portion of interest bearing loans and borrowings

	Consolidated		Company	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short-term interest bearing borrowings				
Short-term loans	2,853,600	2,722,298	1,120,581	1,409,436
Bank overdrafts	1,075,200	1,144,003	1,002,043	1,070,883
Short-term borrowings and bank overdraft	3,928,800	3,866,301	2,122,624	2,480,319
Current portion of long term interest bearing borrowings	623,063	255,751	304,503	101,649
Total current interest-bearing loans and borrowings	4,551,863	4,122,052	2,427,127	2,581,968
Total interest bearing loans and borrowings	5,912,249	4,375,771	2,760,979	2,648,079

26 INTEREST-BEARING LOANS AND BORROWINGS CONTD.

26.3 Analysis of secured term loans by year of repayment

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Repayable between 1-2 years from the year end		542,113	212,506	257,281	56,667
Repayable between 2-5 years from the year end		818,273	41,213	76,571	9,444
Total non-current borrowings	26.1	1,360,386	253,719	333,852	66,111

26.4 Long term interest bearing loans and borrowings

Company	Lender	Rate of interest	31.03.2025 Rs. '000	31.03.2024 Rs. '000	Repayment terms	Security
Haycarb PLC	The Hongkong & Shanghai Banking Corporation Ltd	1 Month HSBC Bank cost of funds +3%	9,444	66,111	16 monthly installments	None
	Pan Asia Banking Corporation PLC	3 Month SOFR + 3.5% p.a with a rebate of 2% p.a	324,408	-	35 monthly equal capital repayment	None
Ultracarb (Pvt) Ltd.	The Hongkong & Shanghai Banking Corporation Ltd	1 Month HSBC Bank cost of funds +3% *	25,278	176,944	16 monthly installments	None
	Nations Trust Bank PLC	Monthly AWPLR (to be reviewed every 3 months from the loan granted date)	498,153	-	53 monthly equal capital repayment with 6 month grace period from the date of loan granted	None
Haycarb Holding Australia Pty Ltd.	Power Torque Finance	2.95%	1,319	2,715	53 monthly equal capital repayment with 6 month grace period from the date of loan granted	None
	Chattel Mortgage	7.89%	6,384	7,949	48 equal monthly installments commencing from March 2022	None
Recogen (Pvt) Ltd.	Nations Trust Bank PLC	Monthly AWPLR (to be reviewed every 3 months from the loan granted date)	495,400	-	53 monthly equal capital repayment with 6 month grace period from the date of loan granted	None
Total secured term loans repayable after one year			1,360,386	253,719		

Fair value of the interest-bearing loans and borrowings of the Group Rs.5,912,249,000/- (31 st March 2024-Rs. 4,375,770,511/-) Company Rs.2,760,979,000/- (31st March 2024- Rs.2,648,079,165/-).

* Loans granted under the green loan principles of HSBC.

26.5 Currency wise analysis of interest bearing loans and borrowings

As at 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Sri Lankan Rupees	2,756,565	823,885	1,298,467	365,024
United States Dollars	2,605,671	2,987,847	1,462,512	2,283,055
Australian Dollars	10,150	13,098	-	-
Indonesian Rupiah	539,863	529,821	-	-
Sterling Pounds	-	21,120	-	-
	5,912,249	4,375,771	2,760,979	2,648,079

27 DEFINED BENEFIT OBLIGATIONS

27.1 Details of defined benefit obligatins

	As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
(i)	**Expenses recognised in the statement of profit or loss**					
	Current service cost	27 (iv)	113,933	172,143	79,217	73,420
	Interest cost	27 (iv)	164,865	189,030	156,549	160,577
	The total expense recognised in administrative expenses in the statement of profit or loss		278,798	361,173	235,766	233,997
(ii)	**Actuarial gains and losses recognised directly in OCI**					
	Actuarial gain/ (loss) recognised in OCI	27 (iv)	86,473	(239,962)	96,115	(237,100)
			86,473	(239,962)	96,115	(237,100)
(iii)	**Present value of defined benefit obligations**					
	Present value of defined benefit obligations	27 (iv)	1,833,504	1,737,269	1,396,842	1,351,969
			1,833,504	1,737,269	1,396,842	1,351,969

(iv) Movement of provision for defined benefit obligations

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
At the beginning of the year		1,737,269	1,230,526	1,351,969	903,328
Interest cost	27 (i)	164,865	189,030	156,549	160,577
Current service cost	27 (i)	113,933	172,143	79,217	73,420
Benefits paid		(109,690)	(38,336)	(93,154)	(22,456)
Actuarial gain/ (loss) on defined benefit obligations	27 (ii)	(86,473)	239,962	(96,115)	237,100
Release due to employee transfers		-	-	(1,624)	
Effect of movement in exchange rates		13,600	(56,056)	-	-
At the end of the year		1,833,504	1,737,269	1,396,842	1,351,969
Legal Liability		1,473,744	1,051,178	974,682	863,726

27 DEFINED BENEFIT OBLIGATIONS CONTD.

27.1 Actuarial assumptions

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	%	%	%	%
Sri Lanka				
Discount rate:	11.00	12.00	11.00	12.00
Salary escalation rate	10.00	11.00	10.00	11.00
Indonesia				
Discount rate:	6.97	10.00		
Salary escalation rate	8.50	8.50		
Thailand				
Discount rate:	2.75	2.75		
Salary escalation rate	2.5	2.5		

Assumptions regarding future mortality are based on the A1967/70 for staff/executive and A1949/52 for worker,issued by the institute of Actuaries, London.

The demographic assumptions underlying the valuation are with respect to retirement age early withdrawal from service and retirement on medical grounds.

27.2 Distribution of the Employee Benefit Obligations over Future Working Lifetime

Values appearing in the Financial Statements are sensitive to the changes in the financial and non financial assumptions used.

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Less than or equal to 1 Year	209,709	191,543	94,899	89,506
Over 1 year and less than or equal to 5 year	405,531	370,322	332,929	320,112
Over 5 year and less than or equal to 10 year	698,762	665,676	551,347	544,925
Over 10 years	519,502	509,728	417,667	397,426
	1,833,504	1,737,269	1,396,842	1,351,969

The expenses recognised is included in administration expenses in the Financial Statements. LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the employee benefit that employees have earned in return for their service in the current and prior periods and discount that benefits using the Projected Unit Credit Method in order to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables that will influence the cost of the benefit. As per LKAS 19 gain or loss arising from actuarial valuation is recognised in other comprehensive income.

The Actuarial Valuation was carried out by a professionally qualified Actuary, Actuarial and Management Consultant (Pvt) Ltd. for Srilanka and Thailand entities and Kantor Konsultan Aktuaria Tubagus Syafrial & Ammn Nangasan for Indonesia entities as at 31st March 2025.

27.3 Sensitivity Analysis - Salary Escalation rate/Discount rate

Values appearing in the Financial Statements are sensitive to the changes in the financial and non financial assumptions used.

As at 31st March		Consolidated		Company	
		2025	2024	2025	2024
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Discount rate	+1%	1,698,506	1,612,090	1,292,115	1,248,368
Discount rate	-1%	1,982,134	1,890,003	1,515,279	1,469,274
Salary escalation rate	+1%	1,986,612	1,908,005	1,521,774	1,489,038
Salary escalation rate	-1%	1,692,290	1,594,655	1,284,746	1,229,895

28 DEFERRED TAX ASSETS / LIABILITIES

28.1 Deffered Tax Assets

As at 31st March		Consolidated	
		2025	2024
	Note	Rs. '000	Rs. '000
At the beginning of the year		239,963	244,159
Origination and reversal of temporary differences	28.1.2	28,851	(4,196)
At the end of the year		268,814	239,963

28.1.1 Deffered tax assets are attributable to the followings

As at 31st March		Consolidated	
		2025	2024
	Note	Rs. '000	Rs. '000
Consolidated			
Property, plant and equipment		(2,081)	(6,872)
Inventory provision		23,955	87,539
Debtor provision		51,597	51,213
Carried forward tax losses		79,711	5,835
Defined benefit obligations		108,381	97,796
Unrealised exchange gains		5,322	3,602
Other items		1,929	850
Net deferred tax asset	28.1	268,814	239,963

28 DEFERRED TAX ASSETS / LIABILITIES CONTD.

28.1.2 Movement of Deffered Tax Assets and the composition

Consolidated Rs. 000	Balance as at 31.03.2024	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Effect of movement in exchange rate	Balance as at 31.03.2025
Property, plant and equipment	(6,872)	4,789	-	2	(2,081)
Inventory provision	87,539	(63,584)	-	-	23,955
Debtor provision	51,213	384	-	-	51,597
Carried forward tax losses	5,835	73,876	-	-	79,711
Defined benefit obligations	97,796	10,287	2,073	(1,775)	108,381
Unrealised exchange gains	3,602	1,647	-	73	5,322
Other items	850	1,079	-	-	1,929
Net deferred tax asset	239,963	28,478	2,073	(1,700)	268,814

Consolidated Rs. 000	Balance as at 31.03.2023	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Effect of movement in exchange rate	Balance as at 31.03.2024
Property, plant and equipment	(2,496)	(4,376)	-	-	(6,872)
Inventory provision	100,263	(12,724)	-	-	87,539
Debtor provision	49,005	2,208	-	-	51,213
Carried forward tax losses	-	5,835	-	-	5,835
Defined benefit obligations	89,770	13,535	110	(5,619)	97,796
Unrealised exchange gains	5,742	(2,140)	-	-	3,602
Other items	1,875	(1,025)	-	-	850
Net deferred tax asset	244,159	1,313	110	(5,619)	239,963

28.2 Deffered tax Liabilities

As at 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
At the beginning of the year	192,185	136,709	125,541	85,673
Origination and reversal of temporary differences	54,594	55,476	3,844	39,868
At the end of the year	246,779	192,185	129,385	125,541

28.2.1 Deffered tax liabilities are attributable to the followings

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Property, plant and equipment	(934,428)	(718,585)	(787,159)	(622,446)
Inventory provision	69,419	64,569	66,063	62,360
Carried forward tax losses	16,422	24,057	-	-
Defined benefit obligations	421,893	408,084	419,053	405,566
Unrealised exchange gains	(4,405)	29,407	(5,127)	28,870
Other items	184,320	283	177,785	109
Net deferred tax liabilities	(246,779)	(192,185)	(129,385)	(125,541)

28.2.2 Movement of deferred tax liabilities and the composition

Consolidated Rs. 000	Balance as at 31st March 2024	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2025
Property, plant and equipment	(718,585)	(123,558)	(92,285)	(934,428)
Inventory provision	64,569	4,850	-	69,419
Carried forward tax losses	24,057	(7,635)	-	16,422
Defined benefit obligations	408,084	42,903	(29,094)	421,893
Unrealised exchange gains (losses)	29,407	(33,812)	-	(4,405)
Other items	283	184,037	-	184,320
Net deferred tax liabilities	(192,185)	66,785	(121,379)	(246,779)

Consolidated Rs. 000	Balance as at 31st March 2023	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2024
Property, plant and equipment	(547,415)	(171,170)	-	(718,585)
Inventory Provisions	50,872	13,697	-	64,569
Carried forward tax losses	28,532	(4,475)	-	24,057
Defined benefit obligations	272,645	63,882	71,557	408,084
Unrealised exchange gains/(losses)	57,170	(27,763)	-	29,407
Other items	1,487	(1,204)	-	283
Net deferred tax liabilities	(136,709)	(127,033)	71,557	(192,185)

28 DEFERRED TAX ASSETS / LIABILITIE CONTD.

28.2.3 Movement of deferred tax liabilities and the composition:

Company Rs. 000	Balance as at 31st March 2024	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2025
Property, plant and equipment	(622,446)	(78,789)	(85,924)	(787,159)
Inventory Provisions	62,360	3,703	-	66,063
Defined benefit obligations	405,566	42,321	(28,834)	419,053
Unrealised exchange gains/losses	28,870	(33,997)	-	(5,127)
Other items	109	177,676	-	177,785
Net deferred tax liabilities	(125,541)	110,914	(114,758)	(129,385)

Company Rs. 000	Balance as at 31st March 2023	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2024
Property, plant and equipment	(458,765)	(163,681)	-	(622,446)
Inventory Provisions	48,443	13,917	-	62,360
Defined benefit obligations	270,998	63,438	71,130	405,566
Unrealised exchange gains/losses	51,535	(22,665)	-	28,870
Other items	2,116	(2,007)	-	109
Net deferred tax liabilities	(85,673)	(110,998)	71,130	(125,541)

29 TRADE AND OTHER PAYABLES

As at 31st March		Consolidated		Company	
	Note	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trade payables		1,015,537	1,351,339	614,309	672,506
Freight Payables		227,434	669,787	171,716	593,678
Salaries and wages		673,159	631,291	632,914	602,032
Dividend payable	29.2	211,138	142,607	211,138	142,607
Accrued expenses and other payables		1,345,153	1,408,871	410,554	760,823
		3,472,421	4,203,895	2,040,631	2,771,646

29.1 Currency wise analysis of trade and other payables

As at 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Sri Lankan Rupees	835,532	1,594,009	587,949	1,447,687
Sterling Pounds	58,033	175,803	1,404	1,262
United States Dollars	1,947,151	1,701,174	1,451,278	1,322,697
Euros	29,454	40,470	-	-
Indonesian Rupiah	152,879	132,721	-	-
Thai Baht	429,823	519,901	-	-
Australian Dollars	19,549	39,817	-	-
	3,472,421	4,203,895	2,040,631	2,771,646

29.2 Dividend Payable

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
At the beginning of the year					
Recognised under dividend payable		142,607	27,530	142,607	27,530
Recognised under related party		201,251	-	201,251	-
Declared during the year		1,129,070	1,782,743	1,129,070	1,782,743
Dividends paid to equity holders of the parent		(939,788)	(1,466,415)	(939,788)	(1,466,415)
At the end of the year		533,140	343,858	533,140	343,858
Recognised under related party		322,002	201,251	322,002	201,251
Recognised under dividend payable	20.9	211,138	142,607	211,138	142,607

30 OTHER CURRENT LIABILITY

As at 31st March	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Payments received in advance	404,500	393,561	44,337	56,980
	404,500	393,561	44,337	56,980

31 INCOME TAX PAYABLE/(RECEIVABLE)

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
At the beginning of the year		685,058	609,544	340,225	192,857
Tax on current year's profit	10.5	1,080,675	1,524,248	371,792	732,841
Tax on dividend income	10.5	51,555	207,551	-	-
Under/(Over) provision in respect of previous years	10.5	209,161	(49,818)	209,934	(25,047)
Payments made during the year		(1,732,237)	(1,575,434)	(1,042,165)	(560,426)
Effect of movement in exchange rates		6,213	(31,033)	-	-
At the end of the year		300,425	685,058	(120,214)	340,225
Income tax receivable at the end of the year	22	122,300	46,365	120,214	44,280
Income tax payable at the end of the year		422,725	731,423	-	384,505

32 PRINCIPAL SUBSIDIARIES WITH MATERIAL NON- CONTROLLING INTEREST

Summarised financial information in respect of Haycarb PLC's subsidiaries that have material non controlling interest, reflecting amount before inter-company eliminations, is set out below.

As at 31st March	Carbokarn Co. Ltd (group)		PT.Haycarb Palu Mitra	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	9,510,873	8,865,578	1,870,965	2,096,744
Profit before tax	1,495,141	955,724	249,741	529,428
Cash flows from operating activities	940,594	150,859	144,521	443,277
Cash flows from investing activities	(228,304)	(247,066)	(49,931)	(84,843)
Cash flows from financing activities	(618,812)	(40,679)	(97,297)	(352,246)
Non-current assets	2,878,789	2,913,185	666,393	715,686
Current assets	5,268,614	4,250,634	917,533	837,848
Total assets	8,147,403	7,163,819	1,583,926	1,553,534
Non-current liabilities	335,231	243,650	22,234	23,497
Current liabilities	2,560,149	2,271,377	270,230	359,061
Total liabilities	2,895,380	2,515,027	292,464	382,558
Equity attributable to the owners of the company	2,626,011	2,324,396	774,877	702,586
Non-controlling interest	2,626,011	2,324,396	516,549	468,390
Non-controlling interest (%)	50	50	40	40

33 RELATED PARTY TRANSACTIONS

Transactions with key management personnel

The Directors of the Company are considered the key management personnel of the Company.

Loans to Directors

No loans have been granted to Directors of the Company

Transactions with parent, subsidiaries, equity accounted investees and other related companies

Relationship with subsidiaries and equity accounted investees are explained in Note 16 and 17 also under Group companies in page 374 and 377 Business segment classification is also given under Group companies.

i) Companies within the Group engage in trading transactions under normal commercial terms and conditions. Outstanding current account balances at the year end are unsecured and charged with weighted average cost of debt rate. Settlements occur in cash.

ii) Companies of Haycarb group have paid charges on office space and other services such as export shipping, secretarial, data processing, personnel administration and other functions obtained from Hayleys PLC.

iii) Haycarb PLC provides factory space to its subsidiaries and charges rent. In addition, the Company incurres common expenses such as administration and personnel cost. Such costs are chared to subsidiaries

iv) No provision was made in respect of related party receivables

v) Details of guarantees given in respect of related parties are given in Note 35 to the Financial Statements

vi) No security has been obtained for related party receivables and all related party dues are payable on demand.

vii) Interest on related party dues are decided based on the inter bank lending rates, associated risk and purpose for which funds are used.

viii) There are no related parties or related party transactions other than those disclosed in Note 33 to the Financial Statements.

ix) *a) Non-Recurrent Related Party Transactions*
There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the Group as per 31 st March 2025 audited Financial Statements, which required additional disclosures in financial statements under Colombo Stock Exchange listing Rule 9.14.8 (1) and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

b) Recurrent Related Party Transactions
Recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2025 audited Financial Statements, which required additional disclosures in the financial statements under Colombo Stock Exchange listing Rule 9.14.8 (2) and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission are disclosed below.

Transactions with related parties	Year ended 31.03.2025		Year ended 31.03.2024	
	Value of transaction	Percentage of Gross Revenue	Value of transaction	Percentage of Gross Revenue
Sales of activated carbon from Haycarb PLC to Haycarb USA Inc.	7,526,501	17%	6,134,284	14%

x) Transactions with Advantis Projects & Engineering (Pvt) Ltd, Air Global (Pvt) Ltd., Alco Industries (Pvt) Ltd., Alumex PLC, Amaya Leisure PLC, Chas P. Hayley Company (Pvt) Ltd., Civaro Lanka (Pvt) Ltd., Dipped Products PLC, Fentons Limited, Hanwella Rubber Products Ltd., Haylex (Japan) Ltd., Hayleys Agriculture Holdings Ltd., Hayleys Aventura (Pvt) Ltd., Hayleys Consumer Products (Pvt) Ltd., Hayleys Fabrics PLC, Hayleys Fibre PLC, Hayleys Industrial Solutions Ltd., Hayleys Lifesciences (Pvt) Ltd., Haymat (Pvt) Ltd., Horana Plantations PLC, Kelani Valley Plantations PLC, Logiventures (Pvt)Ltd., Logiwiz (Pvt) Ltd., Mabroc Teas (Pvt) Ltd., North South Lines (Pvt) Ltd., Pan Asia Bank PLC, Quaity Seeds Co.Ltd., Ravi Industries (Pvt) Ltd., Rileys (Pvt) Ltd., Royal Ceramics PLC, Sampath Bank PLC, Singer (Sri Lanka) PLC, Singer Finance PLC, Thalawakelle Tea Estates PLC, The Kingsburry PLC and Toyo Cushion Lanka (Pvt) Ltd. are given below under details of related party transactions with affiliates.

33 RELATED PARTY TRANSACTIONS CONTD.

RELATED PARTY DISCLOSURES

Year ended 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Fully-owned subsidiaries				
Sales of Activated Carbon	-	-	9,863,066	8,559,384
Sales of raw material and consumables	-	-	111,239	100,939
Purchase of raw material	-	-	56,160	31,828
Reimbursement of salaries/Bonus	-	-	351,319	333,183
Dividend Income	-	-	115,047	770,238
Current account interest received	-	-	20,745	74,466
Current account interest Paid	-	-	13	-
Rental Income	-	-	14,080	14,080
Purchase of services	-	-	338,546	275,099
Investment	-	-	3,023	-
Income on Services rendered	-	-	152,419	86,148
Partly-owned subsidiaries				
Sales of goods and services	-	-	3,451	10,906
Sale of raw material & consumables	-	-	148,871	15,952
Income from services provided	-	-	117,247	126,777
Dividend Income	-	-	392,060	428,574
Purchase of services	-	-	8,332	-
Reimbursement of salaries/Bonus	-	-	1,161	-
Equity accounted investees				
Services related expenses paid	-	-	225	-
Services related Income received	1,330	1,330	-	-
Parent - Hayleys PLC				
Services related expenses paid	738,117	707,109	700,551	671,563
Dividend paid	764,754	1,207,506	764,754	1,207,506
Affiliates				
Sales of goods and services	1,013,320	476,836	389,144	436,667
Purchase of goods and services	1,912,575	1,209,356	1,177,598	948,011
Dividend Income	80,512	91,547	80,512	93,608
Interest Income	-	48	-	48
Interest paid	25,314	-	25,314	-
Loans obtained from/(repaid to) PABC	899,394	-	584,898	-
Loans obtained from/(repaid to) Directors Carbokarn Co. Ltd.	278,152	(137,806)	-	-

34 SEGMENT ANALYSIS

The segmental information is based on two segment formats. The business segment is considered as primary format and based on the nature of the business. The geographic segment is considered as secondary format and based on the geographical location of the business.

34.1 Business Segments

34.1.1 Turnover -Net

For the year ended 31st March	External	Intra-group	Consolidated	
			2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Activated carbon	41,679,723	17,766,647	59,446,370	57,196,792
Environmental engineering	1,522,062	493,826	2,015,888	1,556,987
	43,201,785	18,260,473	61,462,258	58,753,779
Intra-group sales			(18,260,473)	(15,574,574)
			43,201,785	43,179,205

34.1.2 Profit before tax

For the year ended 31st March	Consolidated	
	2025	2024
	Rs. '000	Rs. '000
Activated carbon	5,439,367	6,065,714
Environmental engineering	62,187	56,366
Purification -associate	508	(15,215)
Leisure-associate	14,907	6,389
	5,516,969	6,113,254

34 SEGMENT ANALYSIS CONTD.

34.1.3 Assets and Liabilities

As at 31st March	Total Assets		Provision for Liabilities and Charges		Trade and Other Payables	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Activated carbon	43,472,105	37,890,585	2,080,283	1,929,454	3,685,092	4,313,578
Environmental engineering	1,826,009	1,739,738	-	-	191,829	283,878
	45,298,114	39,630,323	2,080,283	1,929,454	3,876,921	4,597,456
Investment in associates and others	599,342	583,927				
	45,897,456	40,214,250				

34.1.4 Capital expenditure and depreciation

As at 31st March	Capital Expenditure		Depreciation	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Activated carbon	2,550,148	2,132,084	1,000,721	867,221
Environmental engineering	6,835	2,703	5,116	14,483
	2,556,983	2,134,787	1,005,837	881,704

34.1.5 Cashflows from

As at 31st March	2025		2024	
	Activated carbon Rs. '000	Environmental engineering Rs. '000	Activated carbon Rs. '000	Environmental engineering Rs. '000
Operating activities	(475,721)	121,615	8,017,862	(141,028)
Investing activities	(2,314,869)	4,449	(1,677,827)	(22,796)
Financing activities	(8,805)	(23,573)	(1,757,928)	(16,429)
	(2,799,395)	102,491	4,582,107	(180,253)

34.2 Geographical Segments

34.2.1 Turnover- Net

For the year ended 31st March	External Rs. '000	Intra-group Rs. '000	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000
USA	9,752,844	-	9,752,844	8,815,622
Europe	3,352,928	-	3,352,928	4,579,068
Australia	3,343,314	-	3,343,314	3,306,989
Sri Lanka	18,440,156	8,589,363	27,029,519	23,390,216
Thailand	6,376,238	5,271,691	11,647,929	10,714,963
Indonesia	1,936,305	4,399,419	6,335,724	7,946,921
	43,201,785	18,260,473	61,462,258	58,753,779
Intra-group sales			(18,260,473)	(15,574,574)
			43,201,785	43,179,205

34.2.2 Profit before tax

For the year ended 31st March	Consolidated	
	2025 Rs. '000	2024 Rs. '000
USA	249,205	220,630
Europe	(173,231)	(156,458)
Australia	371,018	523,491
Sri Lanka	3,159,032	2,791,315
Thailand	1,495,141	955,724
Indonesia	626,738	1,466,838
	5,727,903	5,801,540
Consolidation adjustments	(210,934)	311,714
	5,516,969	6,113,254

34.2.3 Assets and Liabilities

As at 31st March	Total Assets		Non-Interest Bearing Liabilities			
			Provision for Liabilities and Charges		Trade and Other Payables	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
USA	6,874,681	4,683,888	-	-	377,725	259,166
Europe	1,442,634	1,830,750	-	-	102,833	213,726
Australia	1,548,960	1,446,664	-	-	150,090	127,241
Sri Lanka	21,735,900	18,258,097	1,655,299	1,735,400	2,287,413	3,098,877
Thailand	8,147,403	7,968,850	218,224	182,852	540,661	536,450
Indonesia	5,548,536	5,442,074	206,760	194,054	418,199	361,996
	45,298,114	39,630,323	2,080,283	2,112,306	3,876,921	4,597,456
Investments in equity accounted investees	599,342	583,927				
	45,897,456	40,214,250				

34.2.4 Capital expenditure and depreciation

As at 31st March	Capital Expenditure		Depreciation	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
USA	8,550	-	215	3,289
Europe	4,124	10,163	8,723	13,101
Australia	-	12,596	3,665	4,273
Sri Lanka	2,199,195	1,781,875	495,655	377,486
Thailand	286,143	214,526	361,730	333,775
Indonesia	58,972	115,627	135,848	149,782
	2,556,983	2,134,787	1,005,837	881,705

35 COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments

The approximate amount of capital expenditure approved by the Directors and contracted for as at 31st March 2025, for, which no provision has been made in the Financial Statements amounts to Rs. 219,066,114/- (2023/24 – Rs. 962,585,411/-) for the Group and Rs. 165,546,030/- (Rs. 2023/24 – Rs. 560,783,525/- for the Company. Capital expenditure approved by the Directors but not contracted for was Rs. Rs. 383,977,733/- (2023/24 – Rs. 195,582,972/-) for the Group and Rs. 265,086,134/- (2023/24 – Rs. 83,990,000/-) for the Company.

Contingent liabilities

Contingent liabilities as at 31st March 2025 on guarantees given by Haycarb Group to third parties amounted to Rs. 8,027,176,131/- (2023/24 – Rs. 8,532,997,390/-) of this sum, Rs. 6,436,706,930/- (2023/24 – Rs. 6,832,096,870/-) relates to facilities obtained by subsidiaries.

36 FAIR VALUE MEASUREMENT

Set out below is a comparison by class of the carrying amount and fair value of the Group's financial instruments and certain non-financial assets that are carried in the financial statements.

Consolidated		Carrying Amount		Fair Value	
As at 31st March		2025	2024	2025	2024
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets					
Equity instruments designated at fair value through OCI					
- Quoted equity shares		2,237,810	1,236,898	2,237,810	1,236,898
- Unquoted equity shares		778	793	778	793
Total	21	2,238,588	1,237,691	2,238,588	1,237,691
Financial assets at amortised cost					
- Trade and other receivables	20	7,028,888	6,678,522	7,028,888	6,678,522
- Loans to employees	20	47,836	32,827	47,836	32,827
- Amounts due from other related parties	18.4	60,971	47,870	60,971	47,870
- Amounts due from equity accounted investee	18.5	84,483	127,165	84,483	127,165
- Cash and short term deposits	23	4,087,720	6,722,126	4,087,720	6,722,126
Total		11,309,898	13,608,510	11,309,898	13,608,510
Non-Financial Assets					
Freehold land	13.1	2,524,713	2,196,619	2,524,713	2,196,619
Total		2,524,713	2,196,619	2,524,713	2,196,619
Financial Liabilities					
Interest-bearing loans and borrowings					
- Lease liabilities	14.2	1,489,314	502,478	1,489,314	502,478
- Long term loans	26.1	1,983,449	509,470	1,983,449	509,470
- Short term loans and bank overdraft	26.2	3,928,800	3,866,301	3,928,800	3,866,301
Trade and other payables	29	3,472,421	4,203,895	3,472,421	4,203,895
Amounts due to other related parties	18.2	2,439,313	2,379,820	2,439,313	2,379,820
Total		13,313,297	11,461,964	13,313,297	11,461,964

Company		Carrying Amount		Fair Value	
As at 31st March		2025	2024	2025	2024
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets					
Equity instruments designated at fair value through OCI					
- Quoted equity shares	21	2,237,810	1,236,898	2,237,810	1,236,898
- Unquoted equity shares	21	490	490	490	490
Total	21	2,238,300	1,237,388	2,238,300	1,237,388
Financial assets at amortised cost					
- Trade and other receivables	20	6,468,614	4,618,499	6,468,614	4,618,499
- Loans to employees	20	47,836	32,827	47,836	32,827
- Amounts due from subsidiaries	18.3	208,206	989,239	208,206	989,239
- Amounts due from other related parties	18.4	41,812	18,372	41,812	18,372
- Amounts due from equity accounted investees	18.5	792	567	792	567
- Cash and short term deposits	23	1,141,503	3,679,709	1,141,503	3,679,709
Total		7,908,763	9,339,213	7,908,763	9,339,213
Non-Financial Assets					
Freehold land	13.2	1,238,176	951,429	1,238,176	951,429
Total		1,238,176	951,429	1,238,176	951,429
Financial Liabilities					
Interest-bearing loans and borrowings					
- Lease liabilities	14.2	160,552	260,270	160,552	260,270
- Long term loans	26.1	638,355	167,760	638,355	167,760
- Short term loans and bank overdraft	26.2	2,122,624	2,480,319	2,122,624	2,480,319
Trade and other payables	29	2,040,631	2,771,646	2,040,631	2,771,646
Amounts due to subsidiaries	18.1	275,059	81,604	275,059	81,604
Amounts due to other related parties	18.2	588,829	817,434	588,829	817,434
Total		5,826,050	6,579,033	5,826,050	6,579,033

36 FAIR VALUE MEASURMENT CONTD.

The 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 of the measurement date. The following methods and assumptions were used to estimate the fair values;

The carrying value of available for sale financial instruments at fair value through OCI and financial instruments at fair value through profit or loss at fair value.

Cash and short term deposits, trade and other receivables, amounts due to/from related parties and trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.

The Fair value of financial assets at amortised cost and financial liabilities at amortised cost is not significantly different from the value based on amortised cost methodology.

Long term loans and lease liabilities approximate their carrying amount as majority of the loan portfolio consist loan obtained at variable interest rates.

The methods and assumptions used to estimate fair value of freehold land are disclosed in Note 13.

Fair Value Hierarchy
The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : Quoted (Unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs that have a significant effect on the recorded fair value that are not based on observable market data

Level 3 : Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31st March 2025 the Group/Company held the following financial assets carried at fair value in the Statement of Financial Position.

Assets Measured at Fair Value		Consolidated				Company			
As at 31st March 2025	Note	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Quoted equity shares	21	2,237,810	-	-	2,237,810	2,237,810	-	-	2,237,810
Unquoted equity shares	21	-	-	778	778	-	-	490	490
Property, plant and equipment									
Freehold land	13	-	-	2,524,713	2,524,713	-	-	1,238,176	1,238,176

During the reporting period ended 31st March 2025, there were no transfers between Level 1 and Level 2 fair value measurements.

As at 31st March 2024 the Group/Company held the following financial assets carried at fair value in the Statement of Financial Position.

Assets Measured at Fair Value		Consolidated				Company			
As at 31st March 2024	Note	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Fair value through OCI									
Quoted equity shares	21	1,236,898	-	-	1,236,898	1,236,898	-	-	1,236,898
Unquoted equity shares	21	-	-	793	793	-	-	490	490
Property, plant and equipment									
Freehold land	13	-	-	2,196,619	2,196,619	-	-	951,429	951,429

37 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from financial instruments:

1 Credit risk

2 Liquidity risk

3 Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

Financial risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework which includes developing and monitoring the Group's financial risk management policies.

The Group's financial risk management policies are established to identify, quantify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls, and to monitor financial risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligation

The Group Audit Committee oversees how management monitors compliance with the Group's financial risk management policies and procedures, and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of financial risk management policies and procedures, the results of which are reported to the Group Audit Committee.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The maximum risk position of above mentioned assests which are generally subject to credit risk are equal to their carrying amount (without consideration of collateral, if available). Following table shows the maximum credit risk positions.

37 FINANCIAL RISK MANAGEMENT CONTD.

For the year ended 31st March 2025	Note	Non current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due to related parties	Total
Consolidated							
Short term deposits	23	-	-	-	2,453,973	-	2,453,973
Loans to employees	20	-	-	47,836	-	-	47,836
Equity shares - Unquoted	21	778	-	-	-	-	778
- Quoted	21	2,237,810	-	-	-	-	2,237,810
Trade and other receivables	20	-	-	7,028,888	-	-	7,028,888
Financial assets at amortised cost	21	49,381	-	-	-	-	49,381
Amounts due from related parties	18.4	-	-	-	-	60,971	60,971
Amounts due from equity accounted investees	18.5	-	-	-	-	84,483	84,483
Cash in hand and at bank	23	-	1,633,747	-	-	-	1,633,747
Total credit risk exposure		2,287,969	1,633,747	7,076,724	2,453,973	145,454	13,597,867

For the year ended 31st March 2024	Note	Non current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due to related parties	Total
Consolidated							
Short term deposits	23	-	-	-	3,970,798	-	3,970,798
Loans to employees	20	-	-	32,827	-	-	32,827
Equity shares - Unquoted	21	793	-	-	-	-	793
- Quoted	21	1,236,898	-	-	-	-	1,236,898
Trade and other receivables	20	-	-	6,678,522	-	-	6,678,522
Financial assets at amortised cost	21	47,534	-	-	-	-	47,534
Amounts due from related parties	18.4	-	-	-	-	47,870	47,870
Amounts due from equity accounted investees	18.5	-	-	-	-	127,165	127,165
Cash in hand and at bank	23	-	2,751,328	-	-	-	2,751,328
Total credit risk exposure		1,285,225	2,751,328	6,711,349	3,970,798	175,035	14,893,735

For the year ended 31st March 2025	Note	Non current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due to related parties	Total
Company							
Short term deposits	23	-	-	-	905,895	-	905,895
Loans to employees	20	-	-	47,836	-	-	47,836
Equity shares - Unquoted	21	490	-	-	-	-	490
- Quoted	21	2,237,810	-	-	-	-	2,237,810
Trade and other receivables	20	-	-	6,468,614	-	-	6,468,614
Amounts due from subsidiaries	18.3	-	-	-	-	208,206	208,206
Amounts due from related parties	18.4	-	-	-	-	41,812	41,812
Amounts due from equity accounted investees	18.5	-	-	-	-	792	792
Cash in hand and at bank	23	-	235,608	-	-	-	235,608
Total credit risk exposure		2,238,300	235,608	6,516,450	905,895	250,810	10,147,063

For the year ended 31st March 2024	Note	Non current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due to related parties	Total
Company							
Short term deposits	23	-	-	-	2,684,079	-	2,684,079
Loans to employees	20	-	-	32,827	-	-	32,827
Equity shares - Unquoted	21	490	-	-	-	-	490
- Quoted	21	1,236,898	-	-	-	-	1,236,898
Trade and other receivables	20	-	-	4,618,499	-	-	4,618,499
Amounts due from subsidiaries	18.3	-	-	-	-	989,239	989,239
Amounts due from related parties	18.4	-	-	-	-	18,372	18,372
Amounts due from equity accounted investees	18.5	-	-	-	-	567	567
Cash in hand and at bank	23	-	995,630	-	-	-	995,630
Total credit risk exposure		1,237,388	995,630	4,651,326	2,684,079	1,008,178	10,576,601

37 FINANCIAL RISK MANAGEMENT CONTD.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group has established credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Further, SLECIC cover or other forms of credit insurance is obtained for most exports.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are individuals or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers.

The maximum exposure to credit risk for trade and other receivables at the reporting date by currency-wise was as follows:

As at 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Sri Lankan Rupees	495,140	462,827	383,212	403
Australian Dollars	156,888	93,136	-	-
Sterling Pounds	27,879	23,954	122,390	67,453
Euros	428,075	310,666	279,404	176,206
United States Dollars	4,607,972	4,540,520	5,690,836	4,374,437
Thai Baht	536,755	407,373	-	-
Maldivian Rufiya	83,907	84,604	-	-
Indonesian Rupiah	692,272	755,441	-	-
	7,028,888	6,678,521	6,475,842	4,618,499

Investments

Credit risk from investments in equity market and balances with the financial institutions are managed by the Group. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Cash and cash equivalents

The Group held cash in hand and at bank equivalents of Rs. 4,087,720,000/- as at 31 March 2025 (2024 -Rs. 6,722,126,000/-) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which group cash balances held are as follows;

Bank Name	Rating
Bank of Ceylon	AA- (lka)
Bank of China Limited	A- (lka)
Citibank N.A.	AAA (lka)
Commercial Bank of Ceylon PLC	AA- (lka)
Deutsche Bank Limited Company	A- (lka)
DFCC Vardhana Bank Limited	A- (lka)
Hatton National Bank PLC	AA- (lka)
Hongkong & Shanghai Banking Corporation Limited	AAA (lka)

Bank Name	Rating
Nations Trust Bank PLC	A- (lka)
National Development Bank PLC	AA- (lka)
Pan Asia Banking Corporation PLC	BBB (lka)
People's Bank	AA (lka)
Sampath Bank PLC	AA- (lka)
Seylan Bank PLC	A+ (lka)
Standard Chartered Bank	AAA (lka)

Source - http://www.fitchratings.lk

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The Group Treasury monitors the cash flows in subsidiary and Group level and obtains adequate bank facilities to meet the funding requirements. The Group does not concentrate on a single financial institution, thereby minimising the expose to liquidity risk through diversification of funding sources. The Group aims to fund investment activities of the individual and group level by funding the long term investment with long term loans. Short term investments are funded using short term loans.

The monthly liquidity position is monitored by the group treasury. All liquidity policies and procedures are subject to review and approval by Board of Directors.

The table below summarises the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2025						
Consolidated						
Interest bearing loans and borrowings	1,075,200	2,461,304	1,015,359	1,360,386	-	5,912,249
Lease liability	-	26,356	75,230	107,809	1,279,919	1,489,314
Trade and other payables	766,452	1,077,887	1,628,082	-	-	3,472,421
	1,841,652	3,565,547	2,718,671	1,468,195	1,279,919	10,873,984

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2024						
Consolidated						
Interest bearing loans and borrowings	1,144,003	2,171,422	806,627	253,719	-	4,375,771
Lease liability	-	20,529	65,431	416,518	-	502,478
Trade and other payables	631,291	1,408,871	2,163,733	-	-	4,203,895
	1,775,294	3,600,822	3,035,791	670,237	-	9,082,144

37 FINANCIAL RISK MANAGEMENT CONTD.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2025						
Company						
Interest bearing loans and borrowings	1,002,043	1,196,707	228,377	333,852	-	2,760,979
Lease liability	-	8,108	25,697	37,716	89,031	160,552
Trade and other payables	546,775	1,018,216	475,640	-	-	2,040,631
	1,548,818	2,223,031	729,714	371,568	89,031	4,962,162

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2024						
Company						
Interest bearing loans and borrowings	1,070,883	1,409,436	101,649	66,111	-	2,648,079
Lease liability	-	9,951	31,556	218,763	-	260,270
Trade and other payables	602,032	760,823	1,408,791	-	-	2,771,646
	1,672,915	2,180,210	1,541,996	284,874	-	5,679,995

Market risk

Market risk refers to the possibility that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market prices. It encompasses four key types of risk: interest rate risk, currency risk, commodity price risk, and other price risks such as equity price risk. Financial instruments exposed to market risk include loans and borrowings, deposits, and financial assets measured at fair value through Other Comprehensive Income (OCI). The primary objective of market risk management is to effectively monitor and control these exposures within acceptable limits, while maximising returns.

The sensitivity analysis in the following sections relate to the position as at 31st March 2025.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analysis exclude the impact of movements in market variables on the carrying value of pension and other post-retirement obligations, provisions and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analysis:

- The statement of financial position sensitivity relates to equity instruments designated as fair value through OCI.
- The sensitivity of the relevant Income Statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March 2025.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of change in market interest rates relates to the Group's short-term obligations and long-term obligations with floating interest rates which is managed with prudent management of loan portfolio.

Interest rate sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's and Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

As at 31st March	Effect on Profit before Tax			
	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Increase in borrowing rates by 100 basis points	(75,948)	(57,801)	(27,610)	(26,481)
Decrease in borrowing rates by 100 basis points	75,948	57,801	27,610	26,481

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group is exposed to currency risk on sales, purchases and borrowings and net investments in foreign subsidiaries that are denominated in a currency other than the respective functional currencies of the Group. The currencies in which these transactions primarily denominated are US Dollar, Australian Dollar, Sterling Pound, Thai Baht, Indonesian Rupiah, Maldivian Rufiya and Euros.

The Group evaluates foreign currency translation exposure on a case-by-case basis and, where necessary, employs forward contracts to hedge against fluctuations arising from the translation of its foreign operations.

Foreign currency sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant of the Group's and Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Group's and Company's exposure to foreign currency changes for all other currencies is not material.

37 FINANCIAL RISK MANAGEMENT CONTD.

As at 31st March	Increase (Decrease)	Effect on Profit before Tax			
		Consolidated		Company	
		2025	2024	2025	2024
	%	Rs. '000	Rs. '000	Rs. '000	Rs. '000
United States Dollars	1%	18,601	21,470	30,297	18,438
	-1%	(18,601)	(21,470)	(30,297)	(18,438)
Thai Baht	1%	8,331	4,821	-	-
	-1%	(8,331)	(4,821)	-	-
Indonesian Rupiah	1%	1,545	6,233	-	-
	-1%	(1,545)	(6,233)	-	-
Sterling Pounds	1%	89	(1,239)	1,489	981
	-1%	(89)	1,239	(1,489)	(981)
Austrailian Dollars	1%	1,670	1,097	-	-
	-1%	(1,670)	(1,097)	-	-
Euros	1%	4,221	3,976	3,886	2,971
	-1%	(4,221)	(3,976)	(3,886)	(2,971)
Maldivian Rufiya	1%	1,867	1,951	-	-
	-1%	(1,867)	(1,951)	-	-

Commodity Risk

The Group is affected by the volatility of certain commodities that is required for ongoing manufacturing process. Due to the significantly increased volatility of the price of the underlying, the management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. Group constantly monitor the Raw material price of Charcoal and other consumables for downwards trends and invest in bulk purchase when low prices are prevalent. Management may revise the selling price based on the commodity prices whenever possible.

Equity price risk

The Group does not engage in equity trading other than holding of equity shares as a strategic investments on long term basis. Equity shares are assessed at fair value using valuation techniques of fair value hierarchy.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of stated capital, reserves, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group has not given any collateral as at 31st March 2025 other than those disclosed in Note 13

The gearing ratio at the reporting date was as follows:

As at 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest bearing borrowings -external	5,912,249	4,375,771	2,760,979	2,648,079
Interest bearing borrowings -related party	1,682,504	1,404,352	-	-
Lease liability	1,489,314	502,478	160,552	260,270
Total equity	29,676,652	25,697,848	16,742,875	13,860,462
Total equity and debt	38,760,719	31,980,449	19,664,406	16,768,811
Gearing ratio percentage (%)	23.4	19.6	14.9	17.3
Debt to equity ratio (%)	30.6	24.4	17.4	21.0

38 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the Balance Sheet date, which would require adjustment to or disclosure in the Financial Statements except for the following,

39 FOREIGN CURRENCY TRANSLATION

The principal exchange rates used for translation purposes were:

	Average		Year End	
	2025	2024	2025	2024
US Dollars	297.606	316.540	296.250	299.875
Australian Dollars	193.535	207.681	186.164	195.578
Sterling Pound	380.746	397.958	383.436	378.712
Thai Baht	8.587	8.982	8.731	8.227
Indonesian Rupiah	0.0185	0.0206	0.0179	0.0189
Euros	319.075	343.561	319.654	324.495
Indian Rupee	3.518	3.823	3.460	3.597

40 FUNCTIONAL CURRENCY

The Group's functional currency is Sri Lanka Rupee, except in the following subsidiaries:

Company	Functional Currency
PT Mapalus Makawanua Charcoal Industry	Indonesian Rupiah
PT Haycarb Palu Mitra	Indonesian Rupiah
Haycarb Holdings Bitung Ltd.	United States Dollar
Eurocarb Products Ltd.	Sterling Pounds
Haycarb Holdings Australia (Pty) Ltd.	Australian Dollars
Haycarb USA Inc.	United States Dollar
Carbokarn Co. Ltd.	Thai Baht
CK Regen Systems Co. Ltd.	Thai Baht
Shizuka Co. Ltd.	Thai Baht
Puricarb Pte. Ltd.	Euro
Haycarb Activated Carbon (Pvt) Limited	Indian Rupee
Haycarb Philippines Corporation	Philippine Peso
Haycarb Singapore Pte.Ltd.	United States Dollar
Eurocarb Germany GmbH.	Euro

41 COMPANIES WITH DIFFERENT ACCOUNTING YEARS

The Financial Statements of Carbokarn Co. Ltd., CK Regen Systems Co. Ltd., Shizuka Co. Ltd., Thailand, Haycarb Holdings Australia (Pty) Ltd., Australia, Haycarb USA, USA and PT Mapalus Makawanua Charcoal Industry, PT Haycarb Palu Mitra, Indonesia which has financial year end as 31st December.

These subsidiaries with 31st December financial year end prepare additional financial information for consolidation purpose as of the same date as the Financial Statements of the parent.

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Statement of Group Value Added

Group Value added

As at 31st March	2025 Rs. '000	2024 Rs. '000
Revenue	43,201,785	43,179,205
Other operating income	321,423	178,045
	43,523,208	43,357,250
Cost of materials & services brought in	(29,124,457)	(29,252,194)
Value added	14,398,751	14,105,056

DISTRIBUTION OF VALUE ADDED

As at 31st March		2025 %	2025 Rs.'000	2024 %	2024 Rs.'000
To Employees as remuneration		34	4,882,926	38	5,475,303
To Government revenue					
	Sri Lanka	12	1,720,888	9	1,206,306
	Overseas	12	1,722,830	12	1,627,493
To Providers of Capital		8	1,138,254	8	1,132,693
-Interest on Borrowings			463,929		570,993
-Minority Interest			674,325		561,700
To Shareholders as Dividends		8	1,129,070	13	1,782,743
Retained in the business		26	3,804,783	20	2,880,518
- Depreciation			1,005,863		1,001,742
- Profit retained			2,798,920		1,878,776
		100	14,398,751	100	14,105,056

History of Dividends and Scrip Issues

Year ended 31st March	Issue	Basis	No.of shares Rs. '000	Cum.No.of shares Rs. '000	Dividend	Dividend Rs. '000
1975	-	-	-	125		-
1976	Right issue (at Rs.10)	2:05	50	175	5%	88
1977	-	-		175	15%	263
1978	Right issue (at Rs.10)		67	242	15%	375
1979	Right issue (at Rs.10)		133	375	15%	600
1980	Right issue (at Rs.10)		271	646	15%	1,050
1981	Right issue (at Rs.10)		460	1,105	18%	2,013
1982	Right issue (at Rs.10)		382	1,487	20%	3,000
1983	Right issue (at Rs.10)		432	1,920	0%	-
1984	Right issue (at Rs.10)		527	2,446	25%	5,750
1985	Right issue (at Rs.10)		554	3,000	20%	6,000
1986	Right issue (at Rs.10)	1:06	500	3,500	30%	9,750
1987	Right issue (at Rs.10)		935	4,435	50%	19,500
1988	Right issue (at Rs.10)		65	4,500	33%	14,850
1989	Script Issue	1:03	1,500	6,000	50%	30,000
1990	Script Issue	1:03	1,500	7,500	45%	33,750
1991	Script Issue	1:05	1,500	9,000	35%	31,500
1992	Script Issue	1:06	1,500	10,500	30%	31,500
1993	-	-	-	10,500	25%	26,250
1994	Issued to employees	1:10	1,050	11,550	25%	28,875
1995	-	-	-	11,550	25%	28,875
1996	Script Issue	1:05	2,310	13,860	35%	48,510
1997	Script Issue	1:05	2,772	16,632	35%	58,212
1998	Script Issue	1:06	2,772	19,404	30%	58,212
1999	Script Issue	1:06	3,234	22,638	30%	67,914
2000	-	-	-	22,638	35%	79,233
2001	Script Issue	1:06	3,773	26,411	40%	105,644
2002	-	-	-	29,712	Rs.3.00 p.s	89,137
2003	-	-	-	29,712	Rs.3.00 p.s	89,137
2004	-	-	-	29,712	Rs.1.50 p.s	44,569
2005	-	-	-	29,712	Rs.1.50 p.s	44,569
2006	-	-	-	29,712	-	-
2007	-	-	-	29,712	Rs.1.00 p.s	29,712
2008	-	-	-	29,712	Rs.2.50 p.s	74,282
2009	-	-	-	29,712	Rs.2.75 p.s	81,709
2010	-	-	-	29,712	Rs.5.00 p.s	148,562
2011	-	-	-	29,712	Rs.5.00 p.s	148,562
2012	-	-	-	29,712	Rs.5.50 p.s	163,418
2013	-	-	-	29,712	Rs.7.00 p.s	207,986
2014	-	-	-	29,712	Rs.6.00 p.s	178,274
2015	-	-	-	29,712	Rs.6.00 p.s	178,274
2016	-	-	-	29,712	Rs.6.00 p.s	178,274
2017	-	-	-	29,712	Rs.6.00 p.s	178,274
2018	-	-	-	29,712	Rs.6.00 p.s	178,274
2019	-	-	-	29,712	Rs.8.00 p.s	237,699
2020	-	-	-	29,712	Rs.15.00 p.s	445,686
2021	Share Split	1:10		297,124	Rs.3.70 p.s	1,099,358
2022	-	-	-	297,124	Rs.2.80 p.s	831,946
2023	-	-	-	297,124	Rs.5.65 p.s	1,678,749
2024	-	-	-	297,124	Rs.6.00 p.s	1,782,743
2025	-	-	-	297,124	Rs.3.80 p.s	1,129,070

Ten Year Financial Review

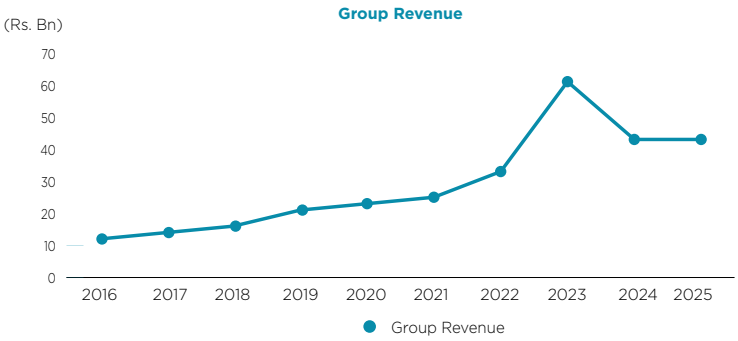
Year ended 31st March	10 year compound growth (%)	2025 Rs. '000	2024 Rs. '000	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000
Trading Results							
Group Turnover	14%	43,201,785	43,179,205	60,943,256	33,160,474	25,484,559	22,822,743
Profit before taxation	18%	5,516,969	6,113,254	8,258,032	4,655,988	4,490,262	2,175,806
Group taxation	20%	(1,246,127)	(1,807,625)	(1,752,544)	(934,848)	(923,755)	(409,762)
Profit after tax	17%	4,270,842	4,305,629	6,505,488	3,721,140	3,566,507	1,766,044
Minority Interest	14%	(674,325)	(561,700)	(682,328)	(433,586)	(519,673)	(207,448)
Profit attributable to equity holders of the parent	18%	3,596,517	3,743,929	5,823,160	3,287,554	3,046,834	1,558,596
Balance Sheet							
Share capital	0%	331,774	331,774	331,774	331,774	331,774	331,774
Capital reserves	6%	1,070,985	891,290	891,290	994,758	686,284	675,744
Revenue reserves	18%	25,131,330	21,681,998	20,918,757	16,845,411	12,383,079	8,313,697
Minority interest	18%	3,142,562	2,792,786	3,070,745	2,648,637	1,751,304	1,335,444
Total Equity	17%	29,676,651	25,697,848	25,212,566	20,820,580	15,152,441	10,656,659
Property, plant & equipment, investments and non-current assets	13%	17,332,782	13,438,317	12,519,315	11,103,590	9,198,546	6,672,299
Intangible assets	5%	421,411	347,380	289,399	258,465	233,141	226,873
Current assets	17%	28,143,263	26,428,553	27,382,477	28,650,022	15,961,230	12,546,480
Current liabilities	11%	(11,392,409)	(11,916,711)	(13,265,019)	(16,948,351)	(8,662,229)	(7,733,503)
Provisions and creditors due after one year	20%	(4,828,396)	(2,599,691)	(1,713,606)	(2,243,146)	(1,578,247)	(1,055,490)
Net Assets	17%	29,676,651	25,697,848	25,212,566	20,820,580	15,152,441	10,656,659
Ratios & Statistics							
Return on shareholders' equity (%)	-	14%	16%	26%	18%	23%	17%
Dividend (Rs.'000)	20%	1,129,070	1,782,743	1,678,749	831,946	1,099,358	445,686
Dividend per share	20%	3.80	6.00	5.65	2.80	3.70	1.50
Annual sales growth index (Base - 2015)		362%	362%	511%	278%	214%	191%
Earnings per share at year end * (Rs.)	18%	12.10	12.60	19.60	11.06	10.25	5.25
Net assets per share at year end * (Rs.)	17%	89.30	77.09	74.52	60.80	44.55	31.37
Market price per share (Rs.)	-8%	82.10	76.50	56.30	50.20	93.00	160.00
Price earning ratio	-1%	6.78	6.07	2.87	4.54	9.07	3.05
Current ratio (Times)	5%	2.47	2.22	2.06	1.69	1.84	1.62
Liquidity ratio (Times)	11%	1.88	1.66	1.56	0.76	1.07	0.76

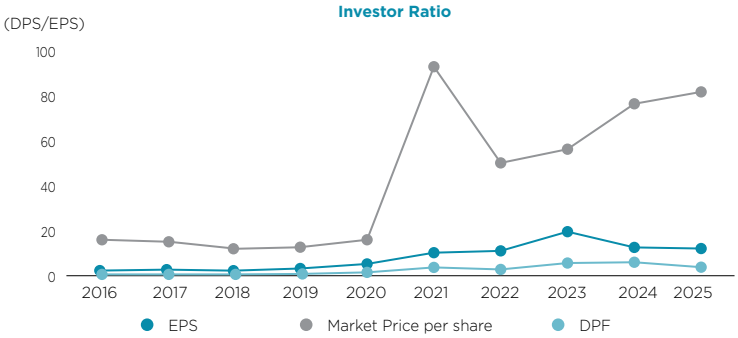
Figures in brackets indicate deductions.

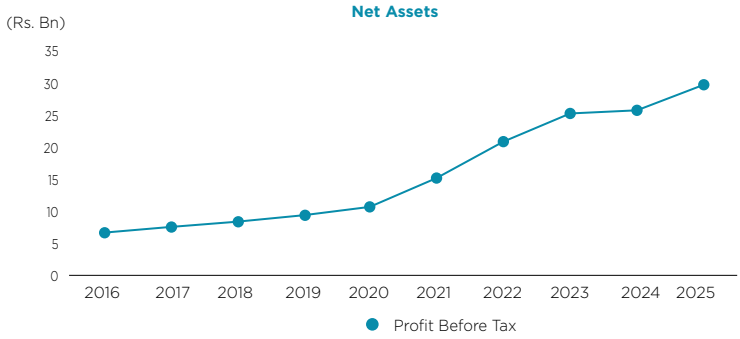
* All previous year calculations are adjusted to the share sub division of 1:10 that took place on 10th February 2021 for comparison purpose.

** Market price per share for previous years are not re-stated based on subdivision of shares on February 2021.

2019	2018	2017	2016
Rs. '000	Rs. '000	Rs. '000	Rs. '000
20,917,945	15,518,079	13,553,576	11,705,825
1,352,898	926,423	1,189,535	1,119,078
(271,196)	(152,799)	(249,735)	(220,910)
1,081,702	773,624	939,800	898,168
(126,291)	(101,260)	(135,436)	(216,950)
955,411	672,364	804,364	681,218
331,774	331,774	331,774	331,774
675,744	648,703	717,597	570,848
7,242,868	6,447,363	5,696,455	5,013,363
1,102,415	909,771	776,762	710,435
9,352,801	8,337,611	7,522,588	6,626,420
6,412,662	6,105,545	5,953,584	5,161,474
248,504	285,856	279,201	263,598
12,313,966	8,891,056	8,002,701	7,204,985
(8,802,222)	(6,041,736)	(5,808,013)	(5,244,079)
(820,109)	(903,110)	(904,885)	(759,558)
9,352,801	8,337,611	7,522,588	6,626,420
12%	9%	12%	12%
237,699	178,274	178,274	178,274
0.80	0.60	0.60	0.60
175%	130%	114%	98%
3.22	2.26	2.71	2.29
27.77	25.00	22.70	19.91
127.00	120.00	151.00	160.00
3.95	4.08	5.58	6.98
1.40	1.47	1.38	1.37
0.93	0.80	0.77	0.70







Indicative US Dollar Financial Statements

STATEMENT OF PROFIT OR LOSS - FOR INFORMATION PURPOSE ONLY

For the year ended 31st March	Consolidated		Company	
	2025	2024	2025	2024
	USD '000	USD '000	USD '000	USD '000
Revenue	145,164	136,410	77,519	65,345
Cost of sales	(104,633)	(94,492)	(59,292)	(47,418)
Gross profit	40,531	41,918	18,227	17,927
Other operating income	1,080	562	3,467	4,439
Selling and distribution expenses	(1,329)	(1,160)	(400)	(421)
Administrative expenses	(20,949)	(20,719)	(10,269)	(9,689)
Results from operating activities	19,333	20,601	11,025	12,256
Finance income	3,217	4,400	2,329	2,622
Finance cost	(4,063)	(5,661)	(2,578)	(2,876)
Net Finance cost	(846)	(1,261)	(249)	(254)
Share of profit of equity accounted investees (net of tax)	52	(28)	-	-
Profit before tax	18,539	19,312	10,776	12,002
Tax expense	(4,187)	(5,711)	(1,582)	(2,587)
Profit for the year	14,352	13,601	9,194	9,415
Profits attributable to:				
Equity holders of the parent	12,086	11,826	9,194	9,415
Non-controlling interest	2,266	1,775	-	-
Profit for the year	14,352	13,601	9,194	9,415
Earnings per share				
Basic/Diluted earnings per share (USD)	0.041	0.040	0.031	0.032
Dividend per share (USD)	0.013	0.019	0.013	0.019

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS

The above should be read together with the Auditor's opinion and the notes to the Financial Statements.

Indicative US Dollar Financial Statements

STATEMENT OF FINANCIAL POSITION - FOR INFORMATION PURPOSE ONLY

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	USD '000	USD '000	USD '000	USD '000
Assets				
Non-current assets				
Property, plant and equipment	42,951	36,143	20,500	17,546
Right-of-use assets	4,902	1,637	515	867
Intangible assets	1,422	1,158	486	406
Investments in subsidiaries	-	-	3,706	3,651
Investment in equity accounted investees	2,023	1,947	314	310
Other non-current financial assets	7,723	4,286	7,555	4,126
Deferred tax assets	907	800	-	-
Total non-current assets	59,928	45,971	33,076	26,906
Current assets				
Inventories	51,160	38,372	18,873	14,908
Trade and other receivables	23,888	22,380	21,996	15,511
Amounts due from subsidiaries	-	-	703	3,299
Amounts due from other related parties	206	160	141	61
Amounts due from equity accounted investees	285	424	3	2
Other current assets	5,661	4,380	2,838	1,602
Cash in hand and at bank	13,798	22,416	3,853	12,271
Total current assets	94,998	88,132	48,407	47,654
Total assets	154,926	134,103	81,483	74,560
Equity and liabilities				
Equity				
Stated capital	1,129	1,129	1,129	1,129
Capital reserves	3,615	2,972	2,432	1,734
Revenue reserves	84,823	72,281	52,955	43,358
Total equity attributable to equity holders of the Company	89,567	76,382	56,516	46,221
Non-controlling interests	10,608	9,313	-	-
Total equity	100,175	85,695	56,516	46,221

Indicative US Dollar Financial Statements

STATEMENT OF FINANCIAL POSITION - FOR INFORMATION PURPOSE ONLY

As at 31st March	2025 USD '000	2024 USD '000	2025 USD '000	2024 USD '000
Non-current liabilities				
Interest bearing loans & borrowings	4,592	846	1,127	220
Non current lease liability	4,684	1,389	428	730
Defined benefit obligations	6,189	5,793	4,715	4,508
Deferred tax liabilities	833	641	437	419
Total non-current liabilities	16,298	8,669	6,707	5,877
Current liabilities				
Trade and other payables	11,719	14,019	6,888	9,244
Other current liabilities	1,365	1,312	150	190
Amounts due to subsidiaries	-	-	928	272
Amounts due to other related parties	8,234	7,936	1,987	2,726
Income tax payable	1,427	2,439	-	1,282
Current lease liability	343	287	114	138
Interest bearing loans & borrowings	15,365	13,746	8,193	8,610
Total current liabilities	38,453	39,739	18,260	22,462
Total liabilities	54,751	48,408	24,967	28,339
Total equity and liabilities	154,926	134,103	81,483	74,560

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS

The above should be read together with the Auditors opinion and the notes to the Financial Statements.

Statement of Profit or Loss - Horizontal and Vertical Analysis

STATEMENT OF PROFIT OR LOSS - HORIZONTAL ANALYSIS

Horizontal analysis of profit and loss statements, this financial analysis technique evaluates changes in financial performance over time. It involves comparing line items from income statements across previous year

For the period ended 31st March	2025		2024		2023		2022		2021
Consolidated	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000
Revenue	43,201,785	0%	43,179,205	-29%	60,943,256	84%	33,160,474	30%	25,484,559
Cost of sales	(31,139,438)	4%	(29,910,375)	-35%	(46,064,358)	78%	(25,942,668)	45%	(17,947,691)
Gross profit	12,062,347	-9%	13,268,830	-11%	14,878,898	106%	7,217,806	-4%	7,536,868
Other operating income	321,423	81%	178,045	-11%	200,630	-20%	249,988	165%	94,287
Selling and distribution expenses	(395,530)	8%	(367,249)	-33%	(550,508)	111%	(260,576)	18%	(219,930)
Administrative expenses	(6,234,640)	-5%	(6,558,529)	5%	(6,254,737)	52%	(4,128,162)	39%	(2,975,521)
Results from operating activities	5,753,600	-12%	6,521,097	-21%	8,274,283	169%	3,079,056	-31%	4,435,704
Finance income	957,271	-31%	1,392,835	-59%	3,392,719	46%	2,321,003	523%	372,789
Finance cost	(1,209,317)	-33%	(1,791,852)	-47%	(3,411,387)	372%	(722,727)	123%	(324,030)
	-		-		-				
Net finance income/(cost)	(252,046)	-37%	(399,017)	2037%	(18,668)	-101%	1,598,276	3178%	48,759
Share of profit of equity accounted investees (net of tax)	15,415	-275%	(8,826)	-465%	2,417	-111%	(21,344)	-468%	5,799
Profit before tax	5,516,969	-10%	6,113,254	-26%	8,258,032	77%	4,655,988	4%	4,490,262
	.		-		-				
Tax expense	(1,246,127)	-31%	(1,807,625)	3%	(1,752,544)	87%	(934,848)	1%	(923,755)
Profit for the year	4,270,842	-1%	4,305,629	-34%	6,505,488	75%	3,721,140	4%	3,566,507

STATEMENT OF PROFIT OR LOSS - VERTICAL ANALYSIS

Vertical analysis of profit and loss accounts is a financial analysis technique that presents each item in the income statement as a percentage of total revenue.

For the period ended 31st March	2025		2024		2023		2022		2021
Consolidated	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000
Revenue	43,201,785	100%	43,179,205	100%	60,943,256	100%	33,160,474	100%	25,484,559
Cost of sales	(31,139,438)	-72%	(29,910,375)	-69%	(46,064,358)	-76%	(25,942,668)	-78%	(17,947,691)
Gross profit	12,062,347	28%	13,268,830	31%	14,878,898	24%	7,217,806	22%	7,536,868
Other operating income	321,423	1%	178,045	0%	200,630	0%	249,988	1%	94,287
Selling and distribution expenses	(395,530)	-1%	(367,249)	-1%	(550,508)	-1%	(260,576)	-1%	(219,930)
Administrative expenses	(6,234,640)	-14%	(6,558,529)	-15%	(6,254,737)	-10%	(4,128,162)	-12%	(2,975,521)
Results from operating activities	5,753,600	13%	6,521,097	15%	8,274,283	14%	3,079,056	9%	4,435,704
Finance income	957,271	2%	1,392,835	3%	3,392,719	6%	2,321,003	7%	372,789
Finance cost	(1,209,317)	-3%	(1,791,852)	-4%	(3,411,387)	-6%	(722,727)	-2%	(324,030)
	-								-
Net finance income/(cost)	(252,046)	-1%	(399,017)	-1%	(18,668)	0%	1,598,276	5%	48,759
Share of profit of equity accounted investees (net of tax)	15,415	0%	(8,826)	0%	2,417	0%	(21,344)	0%	5,799
Profit before tax	5,516,969	13%	6,113,254	14%	8,258,032	14%	4,655,988	14%	4,490,262
	.								-
Tax expense	(1,246,127)	-3%	(1,807,625)	-4%	(1,752,544)	-3%	(934,848)	-3%	(923,755)
Profit for the year	4,270,842	10%	4,305,629	10%	6,505,488	11%	3,721,140	11%	3,566,507

Statement of Financial Position - Horizontal Analysis

Horizontal analysis of a balance sheet is a method used to evaluate changes in a company's financial position over time by comparing line items across multiple periods.

Consolidated	2025		2024		2023		2022		2021
As at 31 March	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000
Assets									
Non-current assets									
Property, plant and equipment	12,724,363	17%	10,838,262	6%	10,214,282	15%	8,895,684	38%	6,424,329
Investment property			-		-		-		-
Right-of-use assets	1,452,294	196%	490,940	73%	283,455	168%	105,870	-35%	163,849
Intangible assets	421,411	21%	347,380	20%	289,399	12%	258,465	11%	233,141
Investments in equity accounted investees	599,342	3%	583,927	-1%	592,753	0%	590,336	-4%	615,302
Other non-current financial assets	2,287,969	78%	1,285,225	8%	1,184,666	-14%	1,378,880	-29%	1,932,662
Deferred tax assets	268,814	12%	239,963	-2%	244,159	84%	132,820	113%	62,403
Total non-current assets	17,754,193	29%	13,785,697	8%	12,808,714	13%	11,362,055	20%	9,431,686
Current assets									
Inventories	15,156,266	32%	11,506,658	-18%	13,986,769	-12%	15,807,144	83%	8,621,022
Trade and other receivables	7,076,724	5%	6,711,349	0%	6,709,919	-21%	8,473,480	96%	4,316,402
Amounts due from other related parties	60,971	27%	47,870	-54%	104,195	-41%	177,244	1063%	15,242
Amounts due from equity accounted investees	84,483	-34%	127,165	25%	101,824	60%	63,611	67%	38,090
Other current assets	1,677,099	28%	1,313,385	-7%	1,406,878	39%	1,010,819	59%	634,841
Cash in hand and at bank	4,087,720	-39%	6,722,126	33%	5,072,892	63%	3,117,724	33%	2,335,633
Total current assets	28,143,263	6%	26,428,553	-3%	27,382,477	-4%	28,650,022	79%	15,961,230
Total assets	45,897,456	14%	40,214,250	0%	40,191,191	0%	40,012,077	58%	25,392,916
Equity and liabilities									
Equity									
Stated capital	331,774	0%	331,774	0%	331,774	0%	331,774	0%	331,774
Capital reserves	1,070,985	20%	891,290	0%	891,290	-10%	994,758	45%	686,284
Revenue reserves	25,131,330	16%	21,681,998	4%	20,918,757	24%	16,845,411	36%	12,383,079
Total equity attributable to equity holders of the Company	26,534,089	16%	22,905,062	3%	22,141,821	22%	18,171,943	36%	13,401,137
Non-controlling interest	3,142,562	13%	2,792,786	-9%	3,070,745	16%	2,648,637	51%	1,751,304
Total equity	29,676,651	15%	25,697,848	2%	25,212,566	21%	20,820,580	37%	15,152,441
Non-current liabilities									
Interest bearing loans and borrowings	1,360,386	436%	253,719	81%	140,194	-79%	677,152	45%	467,591
Non current lease liability	1,387,727	233%	416,518	102%	206,177	281%	54,051	-52%	112,674
Defined benefit obligations	1,833,504	6%	1,737,269	41%	1,230,526	8%	1,143,285	33%	858,505
Deferred tax liabilities	246,779	28%	192,185	41%	136,709	-63%	368,658	164%	139,477
Total non-current liabilities	4,828,396	86%	2,599,691	52%	1,713,606	-24%	2,243,146	42%	1,578,247
Current liabilities									
Trade and other payables	3,472,421	-17%	4,203,895	14%	3,703,807	9%	3,398,755	80%	1,886,784
Other current liabilities	404,500	3%	393,561	-5%	413,884	-24%	547,047	2%	538,498
Amounts due to other related parties	2,439,313	2%	2,379,820	45%	1,635,815	-25%	2,186,028	74%	1,256,334
Income tax payable	422,725	-42%	731,423	13%	645,285	50%	428,797	-29%	600,524
Current lease liability	101,587	18%	85,960	-1%	86,718	46%	59,361	-6%	63,206
Interest bearing loans and borrowings	4,551,863	10%	4,122,052	-39%	6,779,510	-34%	10,328,363	139%	4,316,882
Total current liabilities	11,392,409	-4%	11,916,711	-10%	13,265,019	-22%	16,948,351	96%	8,662,228
Total liabilities	16,220,805	12%	14,516,402	-3%	14,978,625	-22%	19,191,497	87%	10,240,475
Total equity and liabilities	45,897,456	14%	40,214,250	0%	40,191,191	0%	40,012,077	58%	25,392,916

Statement of Financial Position - Vertical Analysis

Vertical analysis of a balance sheet is a financial analysis technique that presents each item as a percentage of total assets.

Consolidated	2025		2024		2023		2022		2021
As at 31 March	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000
Assets									
Non-current assets									
Property, plant and equipment	12,724,363	28%	10,838,262	27%	10,214,282	25%	8,895,684	22%	6,424,329
Right-of-use assets	1,452,294	3%	490,940	1%	283,455	1%	105,870	0%	163,849
Intangible assets	421,411	1%	347,380	1%	289,399	1%	258,465	1%	233,141
Investments in equity accounted investees	599,342	1%	583,927	1%	592,753	1%	590,336	1%	615,302
Other non-current financial assets	2,287,969	5%	1,285,225	3%	1,184,666	3%	1,378,880	3%	1,932,662
Deferred tax assets	268,814	1%	239,963	1%	244,159	1%	132,820	0%	62,403
Total non-current assets	17,754,193	39%	13,785,697	34%	12,808,714	32%	11,362,055	28%	9,431,686
Current assets									
Inventories	15,156,266	33%	11,506,658	29%	13,986,769	35%	15,807,144	40%	8,621,022
Trade and other receivables	7,076,724	15%	6,711,349	17%	6,709,919	17%	8,473,480	21%	4,316,402
Amounts due from other related parties	60,971	0%	47,870	0%	104,195	0%	177,244	0%	15,242
Amounts due from equity accounted investees	84,483	0%	127,165	0%	101,824	0%	63,611	0%	38,090
Other current assets	1,677,099	4%	1,313,385	3%	1,406,878	4%	1,010,819	3%	634,841
Cash in hand and at bank	4,087,720	9%	6,722,126	17%	5,072,892	13%	3,117,724	8%	2,335,633
Total current assets	28,143,263	61%	26,428,553	66%	27,382,477	68%	28,650,022	72%	15,961,230
Total assets	45,897,456	100%	40,214,250	100%	40,191,191	100%	40,012,077	100%	25,392,916
Equity and liabilities									
Equity									
Stated capital	331,774	1%	331,774	1%	331,774	1%	331,774	1%	331,774
Capital reserves	1,070,985	2%	891,290	2%	891,290	2%	994,758	2%	686,284
Revenue reserves	25,131,330	55%	21,681,998	54%	20,918,757	52%	16,845,411	42%	12,383,079
Total equity attributable to equity holders of the Company	26,534,089	58%	22,905,062	57%	22,141,821	55%	18,171,943	45%	13,401,137
Non-controlling interest	3,142,562	7%	2,792,786	7%	3,070,745	8%	2,648,637	7%	1,751,304
Total equity	29,676,651	65%	25,697,848	64%	25,212,566	63%	20,820,580	52%	15,152,441
Non-current liabilities									
Interest bearing loans and borrowings	1,360,386	3%	253,719	1%	140,194	0%	677,152	2%	467,591
Non current lease liability	1,387,727	3%	416,518	1%	206,177	1%	54,051	0%	112,674
Defined benefit obligations	1,833,504	4%	1,737,269	4%	1,230,526	3%	1,143,285	3%	858,505
Deferred tax liabilities	246,779	1%	192,185	0%	136,709	0%	368,658	1%	139,477
Total non-current liabilities	4,828,396	11%	2,599,691	6%	1,713,606	4%	2,243,146	6%	1,578,247
Current liabilities									
Trade and other payables	3,472,421	8%	4,203,895	10%	3,703,807	9%	3,398,755	8%	1,886,784
Other current liabilities	404,500	1%	393,561	1%	413,884	1%	547,047	1%	538,498
Amounts due to other related parties	2,439,313	5%	2,379,820	6%	1,635,815	4%	2,186,028	5%	1,256,334
Income tax payable	422,725	1%	731,423	2%	645,285	2%	428,797	1%	600,524
Current lease liability	101,587	0%	85,960	0%	86,718	0%	59,361	0%	63,206
Interest bearing loans and borrowings	4,551,863	10%	4,122,052	10%	6,779,510	17%	10,328,363	26%	4,316,882
Total current liabilities	11,392,409	25%	11,916,711	30%	13,265,019	33%	16,948,351	42%	8,662,228
Total liabilities	16,220,805	35%	14,516,402	36%	14,978,625	37%	19,191,497	48%	10,240,475
Total equity and liabilities	45,897,456	100%	40,214,250	100%	40,191,191	100%	40,012,077	100%	25,392,916

Investor Information

1. STOCK EXCHANGE LISTING

The Interim Financial Statements for the fourth quarter ended 31st March 2025, have been submitted to the Colombo Stock Exchange as required by the Listing Rules.

2. SHAREHOLDERS

Haycarb PLC - Ordinary Shareholders as at 31st March 2025.

No. of shares held	Residents			Non-residents			Total		
	No. of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%
1 _ 1,000	4,318	1,192,266	0.40	18	7,624	0.00	4,336	1,199,890	0.40
1,001 _ 10,000	2,091	8,171,851	2.75	25	134,022	0.05	2,116	8,305,873	2.80
10,001 _ 100,000	674	20,519,893	6.91	18	455,642	0.15	692	20,975,535	7.06
100,001 _ 1,000,000	115	28,916,541	9.73	9	2,980,746	1.00	124	31,897,287	10.73
OVER 1,000,000	7	226,793,220	76.33	3	7,951,945	2.68	10	234,745,165	79.01
TOTAL	7,205	285,593,771	96.12	73	11,529,979	3.88	7,278	297,123,750	100.00

No. of shares held	Residents			Non-residents			Total		
	No. of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%
Category									
Individuals	6,856	56,143,654	18.90	65	9,370,463	3.15	6,921	65,514,117	22.05
Institutions	349	229,450,117	77.22	8	2,159,516	0.73	357	231,609,633	77.95
TOTAL	7,205	285,593,771	96.12	73	11,529,979	3.88	7,278	297,123,750	100.00

As at 31st March 2025, there were 7,278 (31st March 2024 - 7,364) registered shareholders.

3. MARKET VALUE

The market value of Haycarb PLC, ordinary shares during the year.

	2024/2025		2023/2024	
Highest Price	Rs. 93.40	30/01/2025	Rs. 79.10	12/03/2024
Lowest Price	Rs. 70.10	19/04/2024	Rs. 51.80	30/05/2023
Closing Price	Rs. 82.10	28/03/2025	Rs. 76.50	28/03/2024

	2024/2025	2023/2024
No. of Transactions	21,147	16,258
No. of shares traded	30,829,341	17,891,683
Value of shares traded (Rs.)	2,534,603,977.40	1,245,585,637.00

4. TOP 20 SHAREHOLDERS

No.	Name of the Shareholder	No.of Shares as at 31/03/2025	%	No.of Shares as at 31/03/2024	%
1	Hayleys PLC No. 3 Share Investment Account	201,251,030	67.73	201,251,030	67.73
2	Employee's Provident Fund	13,230,763	4.45	13,230,763	4.45
3	Mr. T. Ueda	5,000,200	1.68	4,824,200	1.62
4	Dr. D. Jayanntha	4,525,000	1.52	4,077,600	1.37
5	Mr. H.S.R. Kariyawasan/Mrs. K.H.S. Kariyawasan	3,179,671	1.07	2,979,671	1.00
6	Mrs. J.K.P. Singh	1,721,745	0.58	1,878,586	0.63
7	Mr. S. Rameshan	1,649,680	0.56	1,649,680	0.56
8	Employees Trust Fund Board	1,607,076	0.54	1,167,287	0.39
9	Mr. Z.G. Carimjee	1,350,000	0.45	1,350,000	0.45
10	Mr. H.S.Gill	1,230,000	0.41	1,230,000	0.41
11	DFCC Bank A/c 1	1,000,000	0.34	1,000,000	0.34
12	Mrs. S. Vasudevan/Mr. S. Vasudevan	1,000,000	0.34	1,004,876	0.34
13	Mr. R. C. D. De Silva	998,995	0.34	-	-
14	GF Capital Global Limited	886,100	0.30	350,000	0.12
15	Miss. M.P. Radhakrishnan	830,443	0.28	778,443	0.26
16	Miss A. Radhakrishnan	788,691	0.27	760,000	0.26
17	Mr. Arunachalam Arulthakshanan	710,780	0.24	710,780	0.24
18	Mr. Radhakrishnan Maheswaran (Deceased)	700,010	0.24	700,010	0.24
19	Mr. W.K.G.N. Perera	700,000	0.24	700,000	0.24
20	Harnam Holdings SDN BHD	664,929	0.22	710,000	0.24
	SUBTOTAL	243,025,113	81.79		
	OTHERS	54,098,637	18.21		
	TOTAL	297,123,750	100.00		

5. DIRECTORS' SHAREHOLDINGS -(AS DEFINED IN COLOMBO STOCK EXCHANGE RULES)

Name of the Director	As at 31/03/2025	As at 31/03/2024
Mr. A.M. Pandithage	23,790	23,790
Mr. H.S.R. Kariyawasan*	3,179,671	2,979,671
Mr. B. Balaratnarajah	30,040	30,040
Mr. S.C. Ganegoda	73,150	73,150
Mr. A.M. Senaratna	-	-
Mrs. M.J.A.S. Abeyratne	-	-
Mr. M.S.P. Udaya Kumara	4,620	4,620
Mr. A.A.M. Caderbhoy	-	-
Mrs. H.M.N.S. Gunawardana	-	-
Ms. K.A.D.B. Perera	-	-
Mrs. A.I. Wanigasekera	-	-
Mr. M.N.R. Fernando	-	-
Mr. P.Y.S. Perera (Appointed on 1st April 2024)	2,500	2,500
Mr.T.A.B.Speldewinde (Appointed on 22nd November 2024)	-	-
Mr. J.D. Naylor (Resigned w.e.f 31st January 2025)	-	-
Mr. M.H. Jamaldeen (Resigned w.e.f 14th November 2024)	-	-
Mr. S.Rajapakse (Resigned w.e.f 01st April 2024)	-	-
	3,313,771	3,113,771

* Shares held jointly with Mrs. K.H.S. Kariyawasan

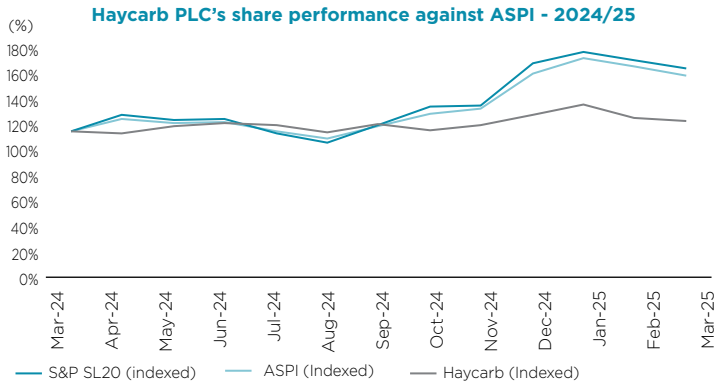
6. PUBLIC HOLDING

Publick Holding	31/03/2025	31/03/2024
Market Capitalization as at 31st March Rs.	24,393,859,875.00	22,729,966,875.00
Public holding percentage of the Company (%)	31.15	31.22
No of public shareholders	7,271	7,358
Float-adjusted market capitalisation Rs.	7,599,089,712.90	7,096,295,658.38

The Company complies with option 2 of the Listing Rules 7.13.1 (i) (a) – which requires 5% Public Holding.

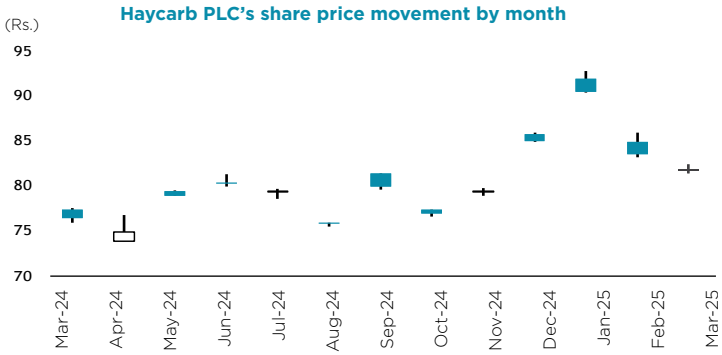
SRI LANKAN EQUITY MARKET

Sri Lanka's equity market performed significantly well in 2024/25. The All Share Price Index and the Standard & Poor's Sri Lanka20 (S&P SL20) index of the Colombo Stock Exchange expanded by 39% and 29% respectively in 2024/25. Meanwhile, market capitalisation rose by 24% to Rs. 5,606.4 billion as at 31st March 2025. CSE's average daily turnover in share trading also increased significantly to Rs. 2.2 Bn in 2024/25 compared with Rs. 1.7 Bn in 2023/24. However, it's worth noting that this 2024 figure remains below the turnover levels seen in previous years, such as Rs. 2.97 billion in 2022 and Rs. 4.88 billion in 2021.



HAYCARB'S SHARE PERFORMANCE

Haycarb's share price increased by 7.3% to Rs. 82.10 as at 31st March 2025. Meanwhile, the beta of Haycarb's share amounted to 91. Haycarb calculated its beta based on the daily movement of its share price against the movement of the ASPI over a Three-month period from 1st January 2025 to 31st March 2025.



SHAREHOLDER RETURN IN 2024/25

Haycarb's market price per share increased by 7.3% to Rs. 82.10 as at end-March 2025. The Company's market capitalisation stood at Rs. 24.4 billion as at the same date.

Meanwhile the Group paid 1st, 2nd, 3rd and 4th interim dividends of Rs. 0.60, Rs. 1.10, Rs. 0.50 and Rs. 1.60 per share respectively resulting in a total dividend of Rs. 3.80 per share in 2024/25. Accordingly, the Group's total dividend payment for the year under review amounted to Rs. 1,129 million

The Group's earnings per share declined by 4% to Rs. 12.10 during 2024/25 reflective of in the moderation performance.

Overall, total shareholder returns on the Haycarb share in 2024/25 amounted to 11.9% compared with 46.5% in 2023/24.

TSR= (End Price - Start Price +Dividends)/Start Price ×100

Summary of shareholder returns over the last 4 years

Discription	2024/25	2023/24	2022/23	2021/22
Closing price (Rs.)	82.10	76.50	56.30	50.20
Price to earnings ratio	6.76	6.07	2.87	4.54
Price to book ratio	0.92	0.99	0.76	0.83
Net assets per share (Rs.)	89.30	77.09	74.52	60.80
Earnings per share (Rs.)	12.10	12.60	19.60	11.06
Dividend per share (Rs.)	3.80	6.00	5.65	2.80
Dividend payout ratio (%)	31	48	29	25
ROE (%)	14	16	26	18

Quarterly Analysis

1. QUARTERLY FINANCIAL DATA

As at 31st March	Q1		Q2		Q3		Q4	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Revenue	10,059,288	10,215,398	10,506,856	11,391,110	10,868,343	10,700,624	11,767,298	10,872,073
Profit before tax	1,212,173	1,060,275	1,099,926	1,519,245	1,515,085	1,976,669	1,689,785	1,557,065
Tax expense	355,398	294,582	315,549	454,443	406,422	520,316	168,758	538,284
Profit after tax	856,775	765,693	784,377	1,064,802	1,108,663	1,456,353	1,521,027	1,018,781
Profit attributable to equity holders of the parent	742,471	631,176	671,806	959,106	831,709	1,279,980	1,350,531	873,667
Profit attributable to non-controlling interest	114,304	134,517	112,571	105,696	276,954	176,373	170,496	145,114
Total comprehensive income for the period, net of tax	1,225,078	(130,578)	1,466,506	1,432,187	938,008	1,719,607	1,901,423	(349,043)
Non current assets	14,466,309	12,459,005	15,039,034	12,731,828	16,720,975	13,191,897	17,754,193	13,785,697
Current assets	26,342,413	25,847,478	27,632,170	25,282,116	27,843,153	26,292,672	28,143,263	26,428,553
Total equity	26,744,652	24,784,864	27,884,322	25,540,230	28,679,950	26,665,590	29,676,651	25,697,848
Non current liabilities	2,933,131	2,138,727	2,925,594	2,156,799	3,857,011	2,142,010	4,828,396	2,599,691
Current liabilities	11,130,939	11,382,892	11,861,288	10,316,915	12,027,167	10,676,969	11,392,409	11,916,711

2 QUARTERLY INVESTOR DATA

As at 31st March	Q1		Q2		Q3		Q4	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Market Value of Shares								
Last traded price	80.50	60.00	80.00	68.00	85.10	64.20	81.80	76.50
Basic earnings per share	2.50	2.12	2.26	3.23	2.80	4.31	4.55	2.94
Diluted earnings per share	2.50	2.12	2.26	3.23	2.80	4.31	4.55	2.94
Highest price recorded for the three months ending	84.40	61.20	81.50	76.50	87.60	69.00	93.40	79.10
Lowest price recorded for the three months ending	70.10	51.80	71.00	60.00	76.30	61.80	79.10	64.10
Market Capitalisation (Rs. Mn)	23,918	17,798	23,770	20,204	25,285	19,075	24,394	22,730
Share Trading Information								
No. of transactions	4,859	2,897	3,045	6,530	6,231	2,723	7,012	2,723
No. of shares traded	6,980,517	2,113,524	3,991,891	8,411,979	10,414,893	1,958,812	9,442,040	1,958,812
Value of shares traded (Rs.'000)	552,253	120,453	314,633	601,758	847,948	127,311	819,771	127,311

Glossary of Financial Terms

ACTUARIAL GAINS AND LOSSES
Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

AMORTIZATION
The systematic allocation of the depreciable amount of an intangible asset over its useful life

CAPITAL EMPLOYED
Shareholders' funds plus non-controlling interests and interest bearing borrowings.

CASH EQUIVALENTS
Liquid investments with original maturity periods of three months or less.

CONTINGENT LIABILITY
A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

CURRENT RATIO
Current assets divided by current liabilities. A measure of liquidity

CURRENT SERVICE COST
Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

DEFERRED TAXATION
The tax effect of timing differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date.

DIVIDEND COVER
Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT
Dividend per share as a percentage of the earnings per share. Dividend Yield Dividend per share as a percentage of the market price. A measure of return on investment.

DIVIDEND YIELD
Dividend per share as a percentage of the market price. A measure of return on investment.

DPS
Dividend per share (DPS) is the sum of declared dividends issued by a company for every ordinary share outstanding. The figure is calculated by dividing the total dividends declared during the year by the number of outstanding ordinary shares issued.

EBIT
Earnings Before Interest and Tax.

EBITDA
Earnings before interest expense, tax, depreciation and amortization (includes other operating income). Note that EBITDA includes interest income, fair value gains and losses on investment property and share of results of equity accounted investees but excludes exchange gains or losses on its foreign currency denominated debt and cash.

EFFECTIVE TAX RATE
Income tax expense divided by profit before tax.

EPS
Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock.

EQUITY
The value of an asset after all the liabilities or debts have been paid.

FAIR VALUE
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.

FINANCIAL ASSET
Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

FINANCIAL INSTRUMENT
Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

FINANCIAL LIABILITY
Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

GEARING
Proportion of total interest-bearing borrowings to capital employed.

INTEREST COVER
Profit before tax and net finance cost divided by net finance cost. Measure of an entity's debt service ability.

KEY MANAGEMENT PERSONNEL (KMP)
KMP are those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

MARKET CAPITALISATION
Number of shares in issue multiplied by the market value of a share at the reported date.

NET ASSETS PER SHARE
Total equity attributable to equity holders divided by the weighted average number of ordinary shares in issue. A basis of share valuation

NON-CONTROLLING INTEREST
Equity in subsidiary not attributable, directly or indirectly, to a parent.

OTHER COMPREHENSIVE INCOME
An entry that is generally found in the shareholders' equity section of the balance sheet.

PRICE EARNINGS RATIO
Market price of a share divided by earnings per share as reported at that date.

RETURN ON CAPITAL EMPLOYED
Profit before tax and net finance cost divided by average capital employed.

SEGMENTS
Constituent business units grouped in terms of similarity of operations and location.

VALUE ADDITION
The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

WORKING CAPITAL
Capital required to finance day- to-day operations, computed as the excess of current assets over current liabilities.

Group Profile

	Incorporation	Stated/Share Capital	Group Interest
HAYCARB PLC Manufacturing and Marketing of Activated Carbon	1973 in Sri Lanka	Rs. 331,773,750	Parent Company
EUROCARB PRODUCTS LTD. Distributors of Activated Carbon Products and Technology in Europe	1986 in UK (Bristol, England)	£ 100,000	100% (Subsidiary)
HAYCARB HOLDINGS AUSTRALIA (PTY) LTD. Distributors of Activated Carbon Products and Technology in Australia	1989 in Australia (Victoria, Australia)	AUD 150,000	100% (Subsidiary)
CARBOKARN CO. LTD. Manufacture and Sale of Activated Carbon	1993 in Thailand (Bangkok, Thailand)	THB 50,000,000	50% (Subsidiary)
CK REGEN SYSTEMS CO. LTD. Regeneration of Spent Carbon	2002 in Thailand (Bangkok, Thailand)	THB 15,000,000	50% (Subsidiary)
HAYCARB USA INC. Distributors of Activated Carbon Products and Technology and Coir Fibre Pith in the USA	1983 in USA (Woodlands, Texas, USA)	USD 1,287,900	100% (Subsidiary)
PURITAS (PVT) LTD. Environmental Engineering	1995 in Sri Lanka	Rs. 18,000,000	100% (Subsidiary)
RECOGEN (PVT) LTD. Charcoal Making and Power Generation	1997 in Sri Lanka	Rs. 370,000,000	100% (Subsidiary)
PT MAPALUS MAKAWANUA CHARCOAL INDUSTRY Manufacture and Sale of Activated Carbon	1985 in Indonesia (Bitung, Indonesia)	IDR. 37,102,000,000	100% (Subsidiary)
HAYCARB HOLDINGS BITUNG LTD. Investment	2005 in British Virgin Islands	USD 1,400,000	100% (Subsidiary)
CARBOTELS PRIVATE LTD. Investor in Tourist Resorts	1991 in Sri Lanka	Rs. 434,315,640	25.2% (Associate)
ULTRACARB PRIVATE LTD. Manufacture and Sale of Value Added Activated Carbon	2010 in Sri Lanka	Rs. 250,000,000	100% (Subsidiary)

	Directors		
	A.M. Pandithage (Chairman)	S. Rajapakse (Resigned on 01st April 2024)	Ms. K.A.D.B. Perera
	H.S.R. Kariyawasan (Managing Director)	M.S.P. Udaya Kumara	Ms. A I Wanigasekara
	B. Balaratnarajah	A.A.M. Caderbhoy	M N R Fernando
	A.M. Senaratna	J.D. Naylor (Resigned on 31st January 2025)	P Y S Perera (Appointed on 01st April 2024)
	S.C. Ganegoda	M.H. Jamaldeen (Resigned on 14th November 2024)	T A B Speldewinde (Appointed on. 22nd November 2024)
	Ms. M.J.A.S. Abeyratne	Ms. H.M.N.S. Gunawardana	
	A.M. Pandithage (Chairman)	H.S.R. Kariyawasan	Ms. K.A.D.B Perera
	J.D. Naylor	R. Bittel	Ms. M.J.A.S. Abeyratne Mr. Erik Mense
	A.M. Pandithage (Chairman)	M. Marques	L.R.M.R.A.L Karunaratne
	H.S.R. Kariyawasan	B.P.R. Liyanage (Resigned from 01st April 2024)	A.A.M. Caderbhoy
	Ms. M.J.A.S. Abeyratne	S.C. Ganegoda	
	A.M. Pandithage (Chairman)	K. Karnchanabatr	B. Balaratnarajah
	P. Kanchanabatr (Senior Director)	Y.P.A.S. Pathirathna	T. Karnchanabatr
	H.S.R. Kariyawasan	Ms. C. Karnchanabatr	
	B. Karnchanabatr (Managing Director)	Ms. M.J.A.S. Abeyratne	
	A.M. Pandithage (Chairman)	K. Karnchanabatr	Ms. M.J.A.S. Abeyratne
	P. Kanchanabatr (Senior Director)	Y.P.A.S. Pathirathna	B. Balaratnarajah
	H.S.R. Kariyawasan	Ms. C. Karnchanabatr	T. Karnchanabatr
	B. Karnchanabatr (Managing Director)		
	A.M. Pandithage (Chairman)	Y.P.A.S. Pathirathna	M S P Udaya Kumara
	H.S.R. Kariyawasan	A.M. Senaratne	L.R.M.R.A.L Karunaratne
	Ms. M.J.A.S. Abeyratne	B. Balaratnarajah	Chris Rosauer
	A.M. Pandithage (Chairman)	Ms. M.J.A.S. Abeyratne	B. Balaratnarajah
	H.S.R. Kariyawasan	I.A.S.L. Athukorala	M.L. Wickramasinghe
	A.M. Pandithage (Chairman)	Ms. M J A S Abeyratne	
	H.S.R. Kariyawasan	B. Balaratnarajah	
	A.M. Pandithage	B. Balaratnarajah	Ms. M.J.A.S Abeyratne
	(President Commissioner)	M.S.P. Udaya Kumara	L.R.M.R.A L. Karunaratne
	S.C. Ganegoda	A.A.M. Caderbhoy	G.M.G Gunawardena
	H.S.R. Kariyawasan (President Director)	R. Mapahena	
	A.M. Pandithage (Chairman)	H.S.R. Kariyawasan	
	A.M. Senaratna	Ms. M.J.A.S. Abeyratne	
	A.M. Pandithage (Chairman)		
	S.C. Ganegoda		
	A.M. Pandithage (Chairman)	B. Balaratnarajah	
	H.S.R. Kariyawasan	M.S.P. Udaya Kumara	
	Ms. M.J.A.S. Abeyratne	A.A.M. Caderbhoy	

Group Profile

	Incorporation	Stated/Share Capital	Group Interest
LAKDIYATHA (PVT) LTD. Sewage and Wastewater Treatment Plant	2011 in Sri Lanka	Rs. 50,000,000	49% (Associate)
SHIZUKA CO. LTD. Manufacture and Sale of Activated Carbon	2012 in Thailand (Ratchaburi Province, Thailand)	THB 20,000,000	50% (Subsidiary)
PT HAYCARB PALU MITRA Manufacture and Sale of Activated Carbon	2012 in Indonesia (Palu, Indonesia)	IDR 20,508,850,000	60% (Subsidiary)
PURICARB (PTE.) LTD. Engineering Consultancy Services	2014 in Singapore	USD 50,001	100% (Subsidiary)
HAYCARB ACTIVATED CARBON (PVT) LTD. Business Development	2017 in India	INR 3,367,970	100% (Subsidiary)
HAYCARB SINGAPORE PTE LTD Investment and Marketing	2024 in Singapore	USD 10,000	100% (Subsidiary)
HAYCARB PHILIPPINES CORPORATION Manufacturing and Marketing of Activated Carbon	2024 in Philippines	PESO 3,171,708	100% (Subsidiary)
EUROCARB GERMANY GMBH Distributors of Activated Carbon Products	2025 in Germany	EUR 25,000	100% (Subsidiary)

	Directors		
	A.M. Pandithage	G. Dourdin	
	H.S.R. Kariyawasan	S.R. Singh	
	L. Teague		
	A.M. Pandithage (Chairman)	Y.P.A.S. Pathirathna	B. Karnchanabatr (Managing Director)
	P. Kanchanabatr (Senior Director)	Ms. M.J.A.S. Abeyratne	K. Karnchanabatr
	H.S.R. Kariyawasan	Ms. C. Karnchanabatr	
	J. Yauri (President Commissioner)	A.M. Pandithage (President Director)	B. Balaratnarajah
	Ms. M.J.A.S. Abeyratne	H.S.R. Kariyawasan	Ronny
	M.S.P. Udaya Kumara	A.A.M. Caderbhoy	K.A. Karman
	A.M. Pandithage (Chairman)	Ms. M.J.A.S. Abeyratne	
	H.S.R. Kariyawasan	Wong Yong Fei	
	A.M. Pandithage (Chairman)	Ms. M.J.A.S. Abeyratne	Elindram Srinivasulu
	H.S.R. Kariyawasan	A.A.M. Caderbhoy	
	A.M. Pandithage (Chairman)	Ms. M.J.A.S. Abeyratne	Wong Yong Fei
	H S R Kariyawasan	A. A. M. Caderbhoy	
	B Balaratnarajah	M. S. P. Udaya Kumara	
	A.M. Pandithage (Chairman)	Ms. M.J.A.S. Abeyratne	Ronald D. Policarpio
	H S R Kariyawasan	A. A. M. Caderbhoy	
	B Balaratnarajah	M. S. P. Udaya Kumara	
	J.D. Naylor	Ms. Katja Bulic	

Country Report

Sri Lanka's economy recorded a notable recovery in 2024 following the most severe economic crisis recorded in its post-independent history. While recovery was recorded across most sectors, growth was driven by strong performance in industry and services, particularly in the manufacturing, construction and tourism sectors. This positive trajectory is expected to continue over the short to medium term supported by macro-economic and political stability, stable inflation, expansionary monetary policy, positive investor sentiment and proactive and reactive policy measures to cushion the impact of prevailing global economic uncertainties. Continued commitment to the IMF-EFF program and implementation of necessary structural reforms also remain key imperatives to support sustainable growth in the medium term.

USD **99** Bn

GDP 2024

USD. **16.2** Bn

Total Export 2024

Sri Lanka's economic recovery

EXTERNAL DEBT RESTRUCTURING PROGRAMME

The successful completion of the International Sovereign Bond exchange in December 2024 and the restructuring of China Development Bank liabilities provided the nation with significant financial relief. This included,

- An upfront debt stock reduction by USDS 3.0 bn with potential to increase to USD 4.3 bn in the event of an economic downturn or decrease to USD 1.8 bn if economic performance exceeds the IMF baseline.
- A reduction of USD 9.6 bn in debt service payments over the 4 year IMF-EFF programme.
- A 33% reduction in the coupon rate to 4.3%.
- An extension of the average maturity profile by approximately 6 years.

SOVEREIGN CREDIT RATING UPGRADE

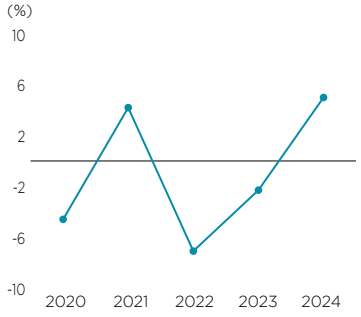
The successful completion of Sri Lanka's International Sovereign Bond restructuring and broad-based macro-economic recovery, led to the upgrade of Sri Lanka's sovereign credit rating by international rating agencies.

- Moody's Ratings upgraded Sri Lanka's soveriegn credit rating to Caa1 from Ca.
- Fitch Ratings upgraded Sri Lanka's soverign credit rating to CCC+ from RD.

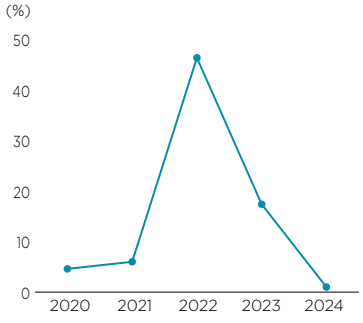
GDP growth expanded by 5.0% in 2024/25 following contractions of 7.3% and 2.3% respectively in 2022 and 2023.

Following a peak of 46.4% in 2022, the CCPI has steadily declined and reached deflationary levels from September 2024. CCPI stood at 1.2% in 2024.

Real GDP growth



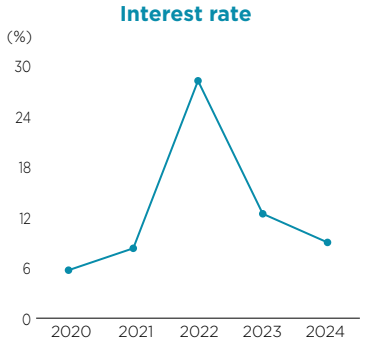
Inflation

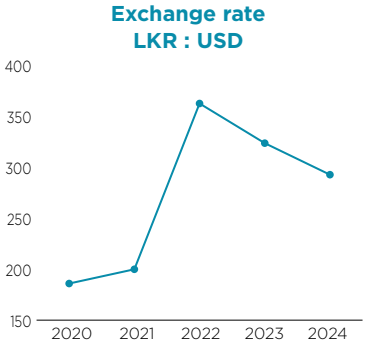


Sri Lanka's economic recovery

Aggressive monetary policy tightening in response to the economic crisis was eased from June 2023 resulting in the gradual decline in interest rates. Accordingly. AWPR declined from 28.2% in 2022 to 8.9% in 2024.

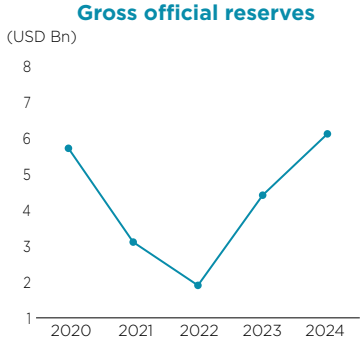
The Sri Lankan Rupee has recorded two consecutive years of appreciation following the sharp depreciation of 81.5% during 2022. Accordingly, the Sri Lanka Rupee stood at Rs. 296.25/ USD as end-March 2025.

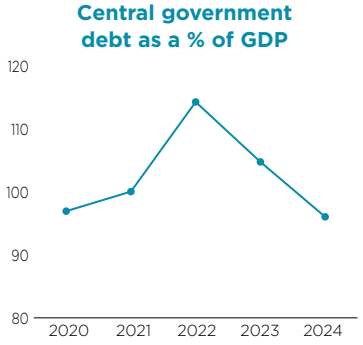




Sri Lanka's Gross Official Reserve position improved significantly to USD 6.5 Bn by end-March 2025, exceeding the net international reserve target set for 2024 under the IMF-EFF programme.

Central government debt as a percentage of GDP declined to 96.1% in 2024 driven by economic growth reported and the impact of the Sri Lankan Rupee appreciation on foreign currency denominated debt.





Corporate Information GRI 2-1

NAME OF COMPANY
Haycarb PLC

LEGAL FORM
A quoted public company with limited liability.
Incorporated in Sri Lanka in 1973

COMPANY NUMBER
PQ 59

STOCK EXCHANGE LISTING
The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

SECRETARIES
Hayleys Group Services (Pvt) Ltd.
400, Deans Road, Colombo 10, Sri Lanka
Phone: +94 11 262 7650
Email: info.sec@hayleys.com

REGISTERED OFFICE
400, Deans Road, Colombo 10, Sri Lanka.
Phone: +94 11 262 7000, 267 7364
Fax: +94 11 269 9630
Email: haycarbgroup@haycarb.com
www.haycarb.com

BANKERS
Bank of Ceylon
Bank of China
Citibank N.A.
Commercial Bank of Ceylon PLC
Deutsche Bank
DFCC Vardhana Bank
Hatton National Bank
Hongkong & Shanghai Banking Corporation
Nations Trust Bank
NDB Bank
Pan Asia Bank
People's Bank
Sampath Bank
Seylan Bank
Standard Chartered Bank

AUDITORS
Messrs Ernst & Young,
Chartered Accountants,
Rotunda Towers,
No: 109, Galle Road,
Colombo 03, Sri Lanka.

PARENT COMPANY
Hayleys PLC

ACCOUNTING YEAR END
31st March

Designed & produced by
emagewise
Softwave Printing and Packaging (Pvt) Ltd

Notice of Annual General Meeting

HAYCARB PLC

Company Registration No. PQ 59

NOTICE IS HEREBY GIVEN THAT THE FIFTY SECOND ANNUAL GENERAL MEETING OF HAYCARB PLC will be held on **Thursday, 26th June 2025 at 9.00 a.m.** at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10 for the following purposes;

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2025, with the Report of the Auditors thereon.

2. To re-elect as a Director Mr. T.A.B. Speldewinde, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 27(2) of the Articles of Association of the Company.

3. To re-elect as a Director Mr. M.S.P. Udaya Kumara, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.

4. To re-elect as a Director Mr. B. Balaratnarajah, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.

5. To re-elect as a Director Mrs. H.M.N.S. Gunawardana, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.

6. To re-elect as a Director Mr. S.C. Ganegoda, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.

7. To propose the following resolution for the re-appointment of Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No.07 of 2007.

   Ordinary Resolution
   'That, Mr. Abeyakumar Mohan Pandithage, who is over seventy years of age be and is hereby re-appointed as a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to him.'

8. To propose the following resolution for the re-appointment of Mr. A.M. Senaratna, in terms of Section 211 of the Companies Act No.07 of 2007.

   Ordinary Resolution
   'That, Mr. Arjun Michael Senaratna, who is over seventy years of age be and is hereby re-appointed as a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to him.'

9. To authorise the Directors to determine donations and contributions to charities for the ensuing year.

10. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2025/26 and to authorise the Directors to determine their remuneration.

11. To consider and if thought fit, to pass the following Special Resolutions to amend the existing Articles in the Articles of Association of the Company ;

    Special Resolution (1)
    IT IS HEREBY RESOLVED THAT Article 27(1) of the Articles of Association of the Company be deleted in its entirety and be replaced by the following Article;

    "27(1) Unless otherwise determined by ordinary resolution of the shareholders of the Company, the number of Directors shall not be less than five (5) and not more than fifteen (15)."

    Special Resolution (2)
    IT IS HEREBY RESOLVED THAT Articles 27(4), 27(5), 27(6), 27(7) and 27(8) of the Articles of Association of the Company be deleted in their entirety, and be replaced by the following Articles 27(4) (i) to 27(4) (vi);

    "27(4) Alternate Directors

    (i) An Alternate Director shall only be appointed under exceptional circumstances by any Director ('appointor'), giving notice in writing left at the office of the Company and approved by the Board to be an Alternate Director of the Company to act in their place during their absence, subject to applicable laws, rules and regulations. Any such appointment shall not exceed a period of one (1) year from the date of appointment.

(ii) If an Alternate Director is appointed for a Non-Executive Director such Alternate should not be an Executive of the Company. Similarly, if an Alternate Director is appointed for an Independent Director, the person so appointed shall meet the criteria for independence under applicable laws, rules and regulations. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate qualifies as an Independent Director before the appointment is made.

(iii) In the event a Director appoints another Director to be his Alternate Director he shall thereupon be entitled to exercise (in addition to his own right of voting as a Director) such appointor's rights at meetings of the Board. A person shall not act as an Alternate Director for more than one Director.

(iv) An Alternate Director shall on his giving an address for such notice to be served upon him be entitled to receive notices of all meetings of Directors and to attend and vote as a Director, at any such meeting at which the Director appointing him is not personally present and generally at such meetings to perform all the functions of his appointor as a Director in the absence of such appointor.

(v) The attendance of any Alternate Director at any meeting including Board Committee meetings shall be counted for the purpose of the quorum.

(vi) An Alternate Director may be appointed for a specified period (not exceeding one (1) year) or until the happening of a specified event, but he shall ipso facto cease to be an Alternate Director if his appointor ceases for any reason to be a Director."

Special Resolution (3)

IT IS HEREBY RESOLVED THAT the existing Articles 27(9), 27(10) and 27(11) of the Articles of Association of the Company be renumbered as Articles 27(5), 27(6) and Article 27(7) respectively.

By Order of the Board,
HAYCARB PLC

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED
Secretaries

Colombo.
28th May 2025

Notes to shareholders:

1. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/her and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.

2. The Annual Report of the Company for 2024/25 is available on the corporate website www.haycarb.com and on the Colombo Stock Exchange website - www.cse.lk. If you wish to have a printed copy of the Annual Report, please forward the duly completed Request Form - Annexure A' to the office of the Secretaries.

Contact Person	:	Ms. Chameera Gunawardena
Contact Number	:	+94 11 2627653
Email Address	:	chameera.gunawardena@secretarial.hayleys.com
Mailing Address	:	**Hayleys Group Services (Private) Limited** Secretaries for Haycarb PLC No. 400, Deans Road, Colombo 10.

Form of Request for a Printed Copy of The Annual Report 2024/25

Annexure A

HAYCARB PLC

Company Registration No. PQ 59

Date:.....

Hayleys Group Services (Private) Limited,
Secretaries for **Haycarb PLC**,
No. 400, Deans Road,
Colombo 10.

ANNUAL REPORT OF HAYCARB PLC - 2024/25

I hereby request you to send me a printed copy of the Annual Report of **Haycarb PLC**.

.....
Signature

- Corporate Shareholders - Form should be signed by duly authorised person.
- Joint Shareholders - Form may be signed by the principal Shareholder.

Name of Shareholder (as registered in the Company or in the CDS)	
NIC No./CDS Account No./Company No.	
Address	
Contact No.	

Notes:

1. The Annual Report of the Company for 2024/25 is available on the corporate website www.haycarb.com and on the Colombo Stock Exchange website - www.cse.lk

2. You may contact the undernoted person for any requests and queries.

   Contact Person : Ms. Chameera Gunawardena
   Contact Number : +94 11 2627653
   Email Address : chameera.gunawardena@secretarial.hayleys.com
   Mailing Address : Hayleys Group Services (Private) Limited,
   Secretaries for Haycarb PLC,
   No. 400, Deans Road,
   Colombo 10.

3. A printed copy of the Annual Report will be forwarded within 8 market days from the date of receiving this Request Form.

Form of Proxy

HAYCARB PLC

Company Registration No. PQ 59

I/We ..... (full name of Shareholder)

NIC No./Reg. No. of Shareholder .....

of ..... being Shareholder/Shareholders of **HAYCARB PLC** hereby appoint:

1. ..... (full name of proxyholder)

   NIC No. of proxyholder .....

   of ..... or, failing him/them.

2. ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our proxy to attend and vote as indicated hereunder for me/us and on my/our behalf of at the Fifty Second Annual General Meeting of the Company to be held on Thursday, 26th June 2025 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

		For	Against
1.	To adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2025, with the Report of the Auditors thereon.		
2.	To re-elect as a Director Mr. T.A.B. Speldewinde, as set out in the Notice.		
3.	To re-elect as a Director Mr. M.S.P. Udaya Kumara, as set out in the Notice.		
4.	To re-elect as a Director Mr. B. Balaratnarajah, as set out in the Notice		
5.	To re-elect as a Director Mrs. H.M.N.S. Gunawardana, as set out in the Notice.		
6.	To re-elect as a Director Mr. S.C. Ganegoda, as set out in the Notice.		
7.	To re-appoint Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.		
8.	To re-appoint Mr. A.M. Senaratna, in terms of Section 211 of the Companies Act No. 07 of 2007.		
9.	To authorise the Directors to determine donations and contributions to charities for the ensuing year.		
10.	To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2025/26 and to authorise the Directors to determine their remuneration.		
11.	To pass the Special Resolutions to amend the Articles of Association of the Company as set out in the Notice.		
	Special Resolution (1)		
	Special Resolution (2)		
	Special Resolution (3)		

Signed on this ..... day of .....2025.

.....

Signature of Shareholder

(Instructions are given overleaf)

Form of Proxy

INSTRUCTIONS:

1. The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. Delayed Proxy Forms shall not be accepted.
2. A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.
3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.
4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
5. The duly completed Proxy Form must be dated and signed by the Shareholder.
6. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy can vote as he/she thinks fit.
7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.
8. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
9. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/ Banker with whom the account is maintained.

Notes

Notes

HAYCARB

Activated carbon solutions