

BEYOND THE *Beyond*



ENABLING INCLUSIVE COMMUNICATION THROUGH BRAILLE

The image displays a 15x15 grid of black dots on a white background. The dots are arranged in a pattern that suggests a banded structure, with a higher density of dots along the main diagonal and some off-diagonal elements, particularly in the upper and lower triangles. This pattern is characteristic of a sparse matrix, often used in numerical analysis or graph theory to represent a system of equations or a network structure.

BEYOND THE *Beyond*

The world is changing – fast and unpredictably.
At Haycarb, we move forward with clarity, courage and purpose.
We go beyond the visible to unlock what is possible,
creating solutions that purify today and power tomorrow.
This is our journey. This is Beyond the Beyond.



The Annual Report
Theme

THE FIRST LIGHT

Seeing What Lies Ahead

Just as the first light at the horizon reveals new possibilities before the world would fully awaken, Haycarb continually scans emerging trends, technologies, and customer needs to identify future opportunities ahead of the curve.

Our investments in research, advanced material science, and value-added activated carbon solutions enable us to anticipate change with agility and confidence, strengthening our readiness for the industries of tomorrow.

THE PATHWAY

Moving With Direction and Purpose

A journey towards the horizon demands clarity of direction, resilience through uncertainty, and the discipline to remain focused beyond immediate terrain.

Likewise, Haycarb advances through evolving global conditions with strategic intent, strengthening operations, enhancing sustainability, and building long-term stakeholder value through deliberate and forward-looking decisions.



THE ASCENT Rising Towards New Possibilities

Every horizon invites elevation, challenging limits while revealing broader perspectives and greater opportunities beyond.

At Haycarb, this philosophy drives our pursuit of innovation, operational excellence, and sustainable transformation. From advanced purification technologies to energy storage carbons and emerging environmental solutions, we continue expanding into new frontiers of growth.

THE BEYOND Shaping What Comes Next

The horizon is never an endpoint. Beyond every achievement lies another opportunity to innovate, create, and continue meaningful impact.

Guided by vision and strengthened by resilience, Haycarb continues shaping a future defined by sustainable progress, global relevance, and enduring value creation; moving confidently **beyond the beyond.**

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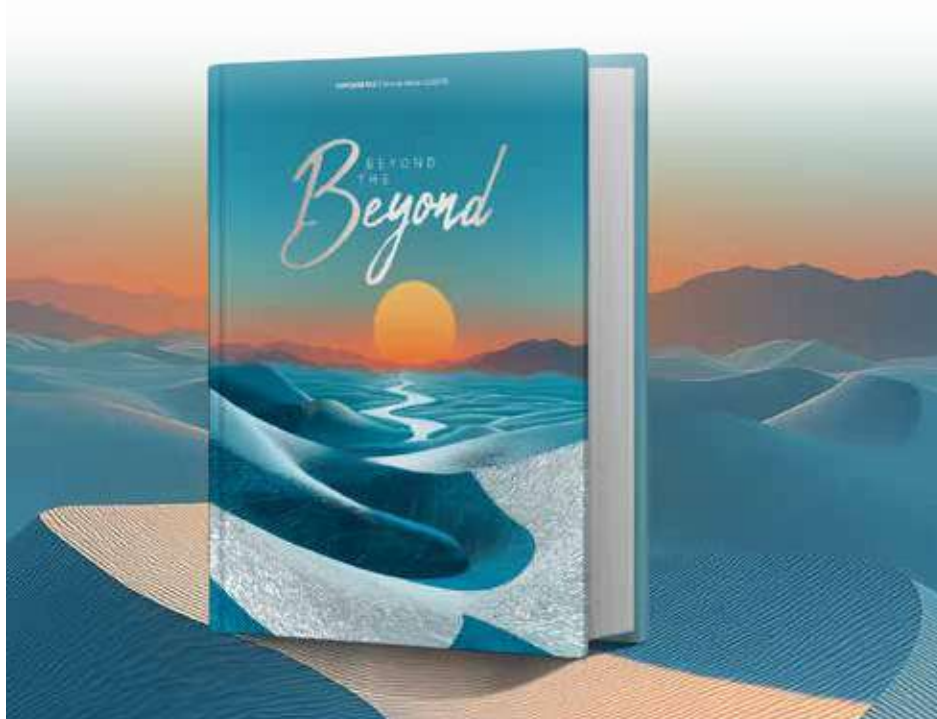
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OUR APPROACH TO REPORTING

WE ARE PLEASED TO PRESENT THE 6TH INTEGRATED ANNUAL REPORT OF HAYCARB PLC FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2026. THIS REPORT PROVIDES BALANCED AND CONCISE OVERVIEW OF THE GROUP'S PERFORMANCE, STRATEGIC DIRECTION AND VALUE CREATION JOURNEY DURING THE YEAR UNDER REVIEW. IT REFLECTS HOW THE GROUP RESPONDED TO EVOLVING MARKET DYNAMICS AND OPERATING CONDITIONS WHILE CONTINUING TO CREATE SUSTAINABLE VALUE ACROSS FINANCIAL, SOCIAL, ENVIRONMENTAL AND GOVERNANCE DIMENSIONS. THE REPORT FURTHER SETS OUT OUR STRATEGIC PRIORITIES, OUTLOOK AND APPROACH TO SUSTAINING LONG-TERM VALUE CREATION IN THE PERIODS AHEAD.



From the Depths to the Horizon Our Journey Continues

Last year, the Blue Whale symbolised our strength, scale and resilience in navigating a dynamic world. This year, the Horizon represents where that journey is taking us — towards new possibilities, sustainable growth and value creation that goes **Beyond the Beyond**.

Connected by
**Purpose
Progress
and Possibility**

Our journey continues from the depths of resilience to the horizon of opportunity, guided by innovation, sustainability and a commitment to create long-term value for all our stakeholders

2024/25 – THE WHALE
Strength. Resilience. Global Impact.

2025/26 – THE HORIZON
New Possibilities. Sustainable Future.



Like the Blue Whale, we demonstrated endurance, intelligence and adaptability – powering our growth, deepening our capabilities, and creating ripples of positive impact across the world

Like the Horizon, we look ahead with clarity and ambition – exploring new frontiers, unlocking opportunities and moving Beyond the Beyond for a more sustainable world.



Two powerful themes. One continuous journey.

Creating sustainable value for a better tomorrow.



Global Reach



Sustainable by Design.



Innovation that Matters.



Partnerships that Empower.



Value Creation that Endures

CREATING VALUE THROUGH BETTER REPORTING

We view reporting as more than a compliance requirement. It is an important means of communicating our strategy, performance and long-term value creation journey to stakeholders. During 2025/26, we introduced several enhancements to improve transparency, accessibility, comparability and the overall user experience of our Annual Report.

	Improvement	Value created
A Smarter Digital Annual Report	» AI enabled Conversational Report Intelligence » Adaptive Stakeholder Experiences » Predictive Intelligence Analytics » Multilingual & Accessible Intelligence » AI-Powered Insight Visualisation & Report Generation. » Interactive Impact Intelligence » Gamified Report Exploration	To reimagine corporate reporting through intelligent digital capabilities that enhance accessibility, stakeholder engagement and decision-usefulness, enabling users to interact with, analyse and understand information through a more personalised and intuitive reporting experience.
Sustainability Reporting	Enhanced disclosures aligned with SLFRS S1 and SLFRS S2 and obtained independent assurance over selected disclosures. Early alignment with the revised GRI Energy and Emissions Standards (GRI 102 and GRI 103), ahead of their effective date.	Strengthens the credibility, reliability and decision-usefulness of sustainability-related information while embracing emerging reporting expectations.
Financial Reporting	Early adopted SLFRS 18 ahead of its mandatory effective date and incorporated the revised presentation requirements within the financial statements. Expanded explanatory notes and disclosures of Financial Statements, providing deeper insight into financial information.	SLFRS 18 represents an important evolution in the structure and presentation of financial statements. Its adoption enhances the clarity, transparency and usefulness of Haycarb's financial information. Supports deeper analysis, research and interpretation of financial information.
Corporate Governance	Enhanced the visual presentation of Corporate Governance information through a more engaging layout and reduced reliance on narrative disclosures.	Makes important governance information easier to navigate, transforming a section often perceived as complex and narrative. This improves accessibility without compromising the depth and integrity of governance disclosures.
Accessibility Features	Continued Braille reporting and expanded video content incorporating sign-language interpretation .	Improves inclusiveness and enables a broader range of stakeholders to access and engage with our reporting.
Similar Annual Report Structure	Considerable efforts were made to maintain similar Annual report structure from year to year .	Especially to provide comparability for non-financial information for understanding progress and trends from year to year .
Concise reporting	Considerable efforts were made to maintain a concise and focused Annual Report despite the inclusion of additional disclosures arising from the adoption of SLFRS S1 and SLFRS S2.	Enhances relevance and readability by focusing on material information while minimising information overload.

THE NEXT HORIZON OF INTELLIGENT REPORTING

As stakeholder expectations continue to evolve, we have reimagined the Annual Report as an intelligent reporting ecosystem, transforming how stakeholders discover, explore and engage with information. Through conversational AI, adaptive stakeholder experiences, predictive intelligence, intelligent visualisation, sustainability intelligence and enhanced accessibility, we are creating a more personalised, inclusive and insight-driven reporting experience

INTERACTIVE IMPACT INTELLIGENCE

Enables stakeholders to explore sustainability indicators, business impacts, and future oriented scenarios through interactive dashboards and intelligent insights.

MULTILINGUAL & ACCESSIBLE INTELLIGENCE

AI powered translation, accessibility enhancements and adaptive content delivery create a more inclusive and globally accessible reporting experience.

GAMIFIED REPORT EXPLORATION

Introducing a gamified experience that promotes exploration and knowledge discovery, creating a more immersive stakeholder experience.

CONVERSATIONAL REPORT INTELLIGENCE

An AI enabled reporting companion that understands stakeholder intent, delivers contextual responses, retains conversational context, guiding users through relevant information.

PREDICTIVE INTELLIGENCE ANALYTICS

An intelligence driven analytics capability that enables stakeholders to explore trends, correlations and future oriented scenarios through a more insightful reporting experience.

AI-POWERED INSIGHT VISUALISATION & REPORT GENERATION

Transforms report content into intelligent visualisations, summaries, stakeholder-focused insights and customised report outputs, enabling more interactive exploration of information.

ADAPTIVE STAKEHOLDER EXPERIENCES

The report adapts to stakeholder profiles and interests, delivering personalised pathways, contextual recommendations and relevant insights throughout the reporting journey.



Scan the QR code
for AI guided report
exploration



Scan the QR code
for visual insights and
customised reports



Scan the QR code
to discover personalised
stakeholder insights



Scan the QR code
to explore trends and
future focused scenarios



Scan the QR code
for an engaging
exploration and discovery



Scan the QR code
to navigate impact
driven insights

OUR APPROACH TO REPORTING

Our approach to reporting reflects our commitment to transparency, accountability, and value creation. This Annual Report has been prepared in compliance with all applicable regulatory requirements and is guided by internationally recognised reporting frameworks, standards, and best practices. In addition to mandatory disclosures, we have adopted a range of voluntary local and global reporting standards and codes to provide stakeholders with a balanced and comprehensive view of our financial and non-financial performance. The reporting frameworks and standards that informed the preparation of this Report are outlined below.



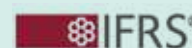
The <IR> principles that guided the preparation of this Report

- » 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 Corporate Accounting & Reporting Standard, developed by the World Resources Institute (WRI) & the World Business Council for Sustainable Development (WBCSD)



DOUBLE MATERIALITY LENS



Financial Materiality



Impact Materiality

TOP 3 MATERIAL TOPICS IN 2025/26

- » Materials
- » Regulations and compliance
- » Customer satisfaction

OUR APPROACH TO REPORTING

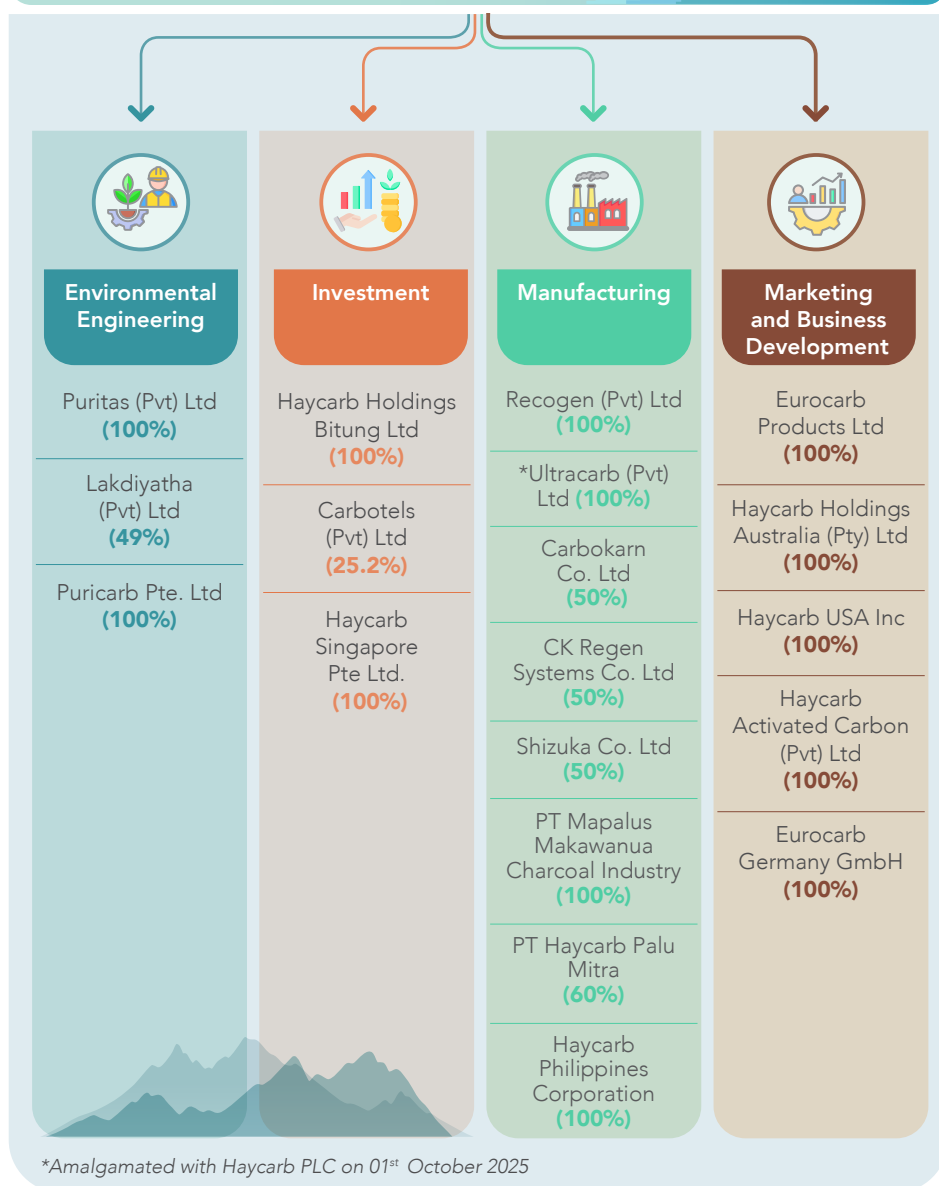
SCOPE AND BOUNDARY GRI 2-1

The financial information presented within the Financial Statements and accompanying narrative reflects the Group on a consolidated basis, unless otherwise stated. Likewise, the non-financial information contained in this Report provides a consolidated perspective of the Group, encompassing material risks and opportunities arising from the operating environment, together with the outcomes and

impacts attributable to our key stakeholder groups.

Headquartered in Sri Lanka, the Group maintains operations across eleven countries, reflecting Haycarb's extensive international footprint. As at 31 March 2026, assets located in Sri Lanka represented 61% of the Group's total asset base. The Group structure of Haycarb PLC is presented below.

HAYCARB PLC (PARENT COMPANY)



ICON NAVIGATION

Capitals



Financial Capital



Natural Capital



Intellectual Capital



Human Capital



Social and Relationship Capital



Manufactured Capital



Digital Capital

Stakeholders



Shareholders



Employees



Customers



Suppliers



Business Partners



Communities



Government



Certification bodies



Financial Institutions

Strategy



Market growth



Innovation led growth



Strengthen global supply chains



Purpose driven and committed teams



ESG Mindset

BASIS OF PREPARATION

GRI 2-2 to 6

Reporting entity

- » This Integrated Annual Report covers the operations of Haycarb PLC, its 16 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

- » A joint assurance approach ensures the integrity of our Integrated Annual Report.
- » Internal assurance is obtained from the Board Audit Committee, Internal Auditors and our Senior Management.
- » External assurance is provided as follows,

Annual Report Section	Nature of Assurance	Independent Assurance Provider
Financial Reporting	Reasonable Assurance	Messrs. Ernst & Young
Integrated Reporting	Limited Assurance	Messrs. Ernst & Young
SLFRS S1 and S2 Reporting	Limited Assurance	Messrs. Ernst & Young
GRI Indicators	Limited Assurance	Messrs. Ernst & Young
GHG Emissions	Reasonable Assurance	Control Union Inspections in line with ISO 14064-1:2018

Changes to reporting

- » No major changes to the Group's size, shareholding, structure, or supply chain took place during the year under review, except for the amalgamation of Ultracarb Company (Pvt) Ltd with Haycarb PLC, which became effective on 01st October 2025
- » Comparative information has been reclassified where necessary to align with the presentation requirements of SLFRS 18. No major restatements were made to the financial information disclosed in the previous Report, and the reclassifications had no material impact on the Group's reported financial performance, financial position, or cash flows.

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

GRI 2-3

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

GRI 2-3

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

GRI 2-3

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 2025/26 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 <http://www.haycarb.com/>



Digital
feedback form

GRI 2-3



Digital version
of Annual
Report

PERFORMANCE HIGHLIGHTS

Financial
HighlightsNon-Financial
HighlightsFINANCIAL
HIGHLIGHTS

Revenue

(Rs. Mn)

25/26	67,084
24/25	43,202
23/24	43,179

Gross Profit

(Rs. Mn)

25/26	13,380
24/25	12,062
23/24	13,269

Earnings per Share

(Rs.)

25/26	12.18
24/25	12.10
23/24	12.60

Net Asset Value per Share

(Rs.)

25/26	98.83
24/25	89.3
23/24	77.09

OPERATIONAL
HIGHLIGHTS

Total Production

(MT.)

25/26	53,200
24/25	48,207
23/24	47,754

Global Manufacturing Capacity

(MT.)

25/26	58,500
24/25	56,800
23/24	56,800

New Products Launched

(Nos.)

25/26	14
24/25	16
23/24	14

Investment in R&D

(Rs. Mn)

25/26	261
24/25	209
23/24	231

SUSTAINABILITY
HIGHLIGHTS

Total Energy Consumption

(GJ)

25/26	1,237,238
24/25	1,141,695
23/24	1,132,964

Water Consumption

(ML)

25/26	791
24/25	697
23/24	733

Beneficiaries of CSR

(No)

25/26	135,000
24/25	71,500
23/24	105,000

Trees Planted

(No)

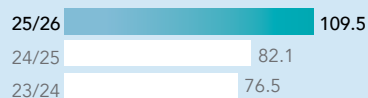
25/26	36,088
24/25	75,320
23/24	25,100

**Profit Before Tax**

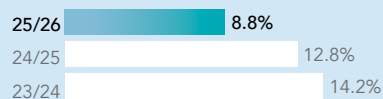
(Rs. Mn)

**Market Price per Share**

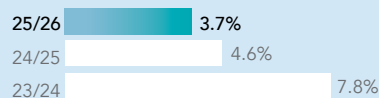
(Rs.)

**Profit Before Tax**

(%)

**Dividend Yield**

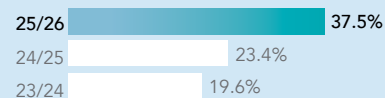
(%)

**Return on Capital Employed**

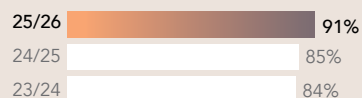
(%)

**Gearing Ratio**

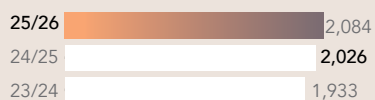
(%)

**Capacity Utilization**

(%)

**Number of Employees**

(Nos.)

**Products in Pipeline**

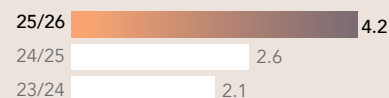
(Nos.)

**Remuneration per Employee per Annum**

(Rs. Mn)

**Investment in Capital Expenditure**

(Rs. Bn)

**Executive Board Member Positions-Female**

(%)

**Raw Material from Green Charcoaling Sources**

(%)

**Renewable Energy Consumption**

(GJ)

**Solid Waste Generation**

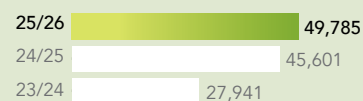
(MT)

**Renewable Raw Material Consumption**

(MT)

**Investment in CSR**

(Rs. Mn)

**Total Carbon Emission**(tCO₂e)

HAYCARB AT A GLANCE

GRI 2-6

HAYCARB PLC IS A GLOBAL LEADER IN THE COCONUT SHELL ACTIVATED CARBON INDUSTRY, SERVING CUSTOMERS ACROSS MORE THAN 50 COUNTRIES WORLDWIDE. OUR DIVERSIFIED PORTFOLIO OF OVER 1,500 ACTIVATED CARBON PRODUCTS SUPPORTS AN ENVIRONMENTALLY CONSCIOUS WORLD BY DELIVERING SOLUTIONS THAT CONTRIBUTE TO DECARBONISATION, CLEANER INDUSTRIES AND A MORE SUSTAINABLE FUTURE. GUIDED BY A CULTURE OF COLLABORATIVE INNOVATION AND TECHNICAL EXCELLENCE, WE BUILD PARTNERSHIPS WITH OUR B2B CUSTOMERS, ENABLING THE DEVELOPMENT OF CUSTOMISED, VALUE-ADDED SOLUTIONS THAT ADDRESS EVOLVING REQUIREMENTS AND EMERGING APPLICATIONS.

SNAPSHOT OF 2025/26



Revenue

Rs. **67.1** Bn
US\$ 219.8 Mn



Profit after tax

Rs. **4.3** Bn
US\$ 14.2 Mn



Total assets

Rs. **63.9** Bn
US\$ 202.5 Mn



16%
Global market share

OUR PURPOSE



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



Our Purpose Statement Video Version

OUR VISION

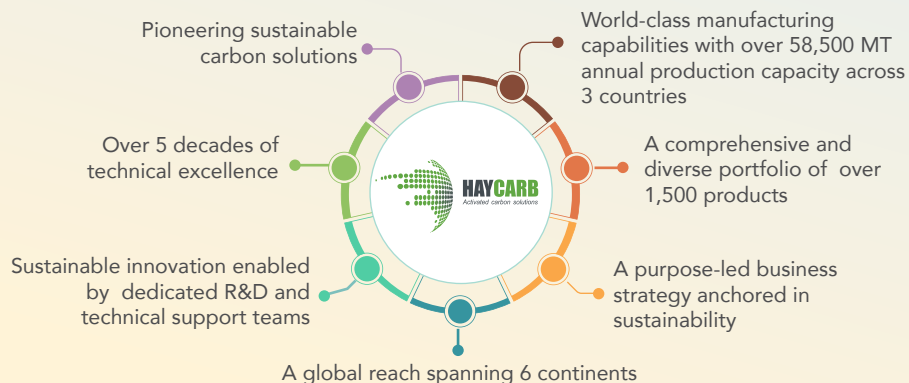
To be the leading global provider of activated carbon and foremost provider of water purification systems in Sri Lanka and the region, renowned for technical excellence, customer centricity, innovation and sustainable business practices.

A highly skilled, innovation focused talent pool

2,084 Employees

Across

8 Countries



OUR GLOBAL FOOTPRINT



Marketing Office Distributor Manufacturing

DRIVING SUSTAINABLE GROWTH THROUGH STRATEGY

**MARKET
GROWTH**

Accelerate growth through market penetration and new market entry.

**INNOVATION
LED GROWTH**

Building a future oriented product portfolio aligned with market trends.

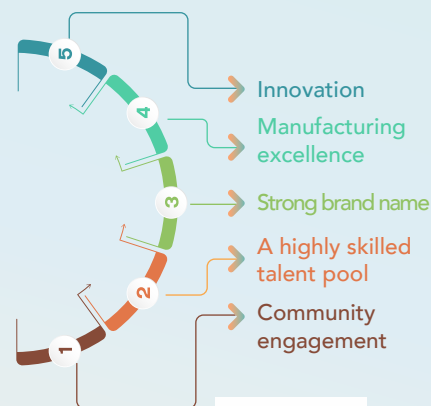
**STRENGTHEN
GLOBAL SUPPLY
CHAINS**

Forge long term global partnerships for reliable raw material sourcing.

**PURPOSE DRIVEN
AND COMMITTED
TEAMS**

Nurture a team of empowered and motivated employees.

WHAT DIFFERENTIATES US

**ESG MINDSET**

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



For more details please visit our website

53 YEARS OF RESILIENCE, GROWTH & VALUE CREATION

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

1986

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

1995

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

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

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

2013

Innovation of oil free activation technology

1993

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

2005

First manufacturing facility in Indonesia - PT Mapalus Makawanua Charcoal Industry

2015

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

1990

Introduction of new value-added products such as pelletised carbons, impregnated carbons, washed carbons and ultra fine powdered carbons

2002

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

2012

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

1984

Origination of Haycarb USA, through investment in Sorbtech. This is the first overseas investment of the group. Subsequently re-branded as Haycarb USA Inc in 2014

1996

Purchase of Badalgama factory, Sri Lanka

2010

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

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

2018

Puritas Sath Diyawara was recognised as World’s Best CSR Project in “Water” category at Energy Globe Awards 2017/18

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

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
- » Incorporated Haycarb Philippines corporation

2020

- » Haycarb further expands its product portfolio as it successfully sets up chemical activation processes and manufactures wood carbon products for specialised applications

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

2023

- » Haycarb celebrates its 50th anniversary with a series of CSR, cultural and religious events across all its locations
- » Formalisation of ESG Roadmap 2030 and adoption of ACTIVATE, Haycarb’s ESG Framework
- » Incorporates Haycarb Singapore Pte. Ltd
- » Investment in a state-of-the-art electrochemical lab

2025

- » Haycarb Group crosses a significant milestone of USD 200 Mn in revenue.
- » Launch of new sales and marketing subsidiary in Germany.
- » Doubling the existing manufacturing capacity for energy storage carbon products.
- » Recognition of the carbon range (HCE 4X series) for SiC composites as the Most Innovative Export Product of the Year at the Presidential Export Awards.
- » Expansion of Shizuka, Thailand capacity with the installation of the third Kiln

2021

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



Our journey

OUR PRODUCTS GRI 2-6

OUR MAIN VALUE PROPOSITION IS THE DEVELOPMENT OF 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

INDUSTRY APPLICATIONS OF OUR COCONUT SHELL ACTIVATED CARBON PRODUCTS



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 SOLUTIONS SEGMENT



Water and Wastewater Purification



Operation and Maintenance Services



Hydrocove Water Purifiers



Dupont FilmTec, RO, UF and NF membranes



Tecofi Valves

AWARDS AND RECOGNITIONS



BUSINESS EXCELLENCE

Presidential Export Awards 2024/25 by Sri Lanka Export Development Board

- » Ultracarb (Pvt) Ltd -Innovative Export Product of the Year
- » Haycarb PLC -Best Exporter Coconut Shell Products

Sri Lanka Coconut Awards 2025 by Coconut Development Authority

- » Outstanding Exporter – Shell Products Category
- » Special recognition “for the work done to establish the coconut industry outside the coconut triangle”
- » Ultracarb (Pvt) Ltd- Outstanding Exporter – Shell Products Category

20th Annual w3 Awards

- » Silver Award in the General Websites – Manufacturing Category

CNCI Achiever Awards 2025 by Ceylon National Chamber of Industries

- » Crystal Award in Manufacturing Sector - Extra Large Category
- » Top 10 Award winner

24th SLIM Brand Excellence Awards 2025 by Sri Lanka Institute of Marketing (SLIM)

- » Silver Award for Export Brand of the Year

NCE Export Awards 2025 by National Chamber of Exporters (NCE)

- » Silver Award: Extra-Large Category (Coconut & Coconut Products Sector)

CORPORATE REPORTING AND GOVERNANCE

TAGS Awards 2025 by Institute of Chartered Accountants of Sri Lanka

- » Gold Award – Manufacturing Companies (Group Turnover 10–50 Bn)
- » Top 10 Outstanding Corporate Reporting Excellence 2025
- » Bronze Award – Corporate Governance Disclosure (Non-Financial Services)
- » Special Recognition – Integrated Reporting, Sustainability Reporting & Digitally Transformative Reporting

SAFA Best Presented Annual Report Awards, Integrated Reporting Awards & SAARC Anniversary Awards for Corporate Governance Disclosures Competition 2024 by SAFA

- » Bronze Award - Manufacturing Sector

11th Annual CMA Excellence in Integrated Reporting Awards 2025 by Institute of Certified Management Accountants of Sri Lanka (CMA)

- » Runner-up in Best Integrated Report -Manufacturing Sector
- » Top 10 Best Integrated Reports -Overall

ACCA Sri Lanka Sustainability Reporting Awards 2025 by ACCA Sri Lanka

- » Runner-Up in the Manufacturing Category

SUSTAINABILITY AND BEST MANAGEMENT PRACTICES

Best Corporate Citizen Sustainability Awards 2025 by Ceylon Chamber of Commerce

- » Top Ten Best Corporate Citizens

Responsible Care Excellence Awards 2025 by Lanka Responsible Care Council (LRCC)

- » Silver Award

Best Management Practices Company Awards 2026 by Institute of Chartered Professional Managers (CPM) of Sri Lanka.

- » Winner in the Activated Carbon Category.
- » Recognised among the Forty Outstanding Companies.

National Green Productivity Award 2024 by Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP)

- » Gold Award

Ministry of Manpower and Transmigration of the Republic of Indonesia

- » Recognition for zero work place accidents in 2025 - PT. Mapalus Makawanua Charcoal Industry



For more details
about Awards and
Recognitions

CHAIRMAN'S AND MANAGING DIRECTOR'S JOINT STATEMENT

GRI 2-22

THE GROUP CONTINUED TO DEMONSTRATE RESILIENCE AND ADAPTABILITY AMIDST EVOLVING MARKET DYNAMICS BY FURTHER STRENGTHENING ITS POSITION WITHIN THE VALUE-ADDED CARBON CATEGORY WHILE EFFECTIVELY NAVIGATING SUPPLY CHAIN CONSTRAINTS AND AN INCREASINGLY COMPLEX GLOBAL OPERATING ENVIRONMENT TO DELIVER SUSTAINABLE GROWTH AND CONSISTENT SHAREHOLDER VALUE.



Mohan Pandithage
Chairman



DURING THE YEAR UNDER REVIEW, HAYCARB SUCCESSFULLY LAUNCHED 14 NEW PRODUCTS, REFLECTING THE GROUP'S STRONG CULTURE OF INNOVATION AND TECHNICAL EXCELLENCE. THESE INNOVATIONS EXTEND BEYOND COMMERCIAL ADVANCEMENT, CONTRIBUTING TOWARD CLEANER WATER, IMPROVED AIR QUALITY, SUSTAINABLE INDUSTRIAL DEVELOPMENT, AND THE BROADER WELL-BEING OF SOCIETY.

Dear Stakeholder,

Haycarb PLC delivered pre-tax earnings of Rs. 5.89 Bn and post-tax earnings of Rs. 4.34 Bn during the year under review, reinforcing its position as a global leader in innovative coconut shell activated carbon solutions. The Group continued to demonstrate resilience and adaptability amidst evolving market dynamics by further strengthening its position within the value-added carbon category while effectively navigating supply chain constraints and an increasingly complex global operating environment to deliver sustainable growth and consistent shareholder value.

As a purpose-driven organisation, Haycarb remains focused on addressing the world's evolving purification and energy storage needs through sustainable innovation, technical excellence and a strong culture of customer-centricity, empowered by the capabilities of our people. The Group continues to deliver advanced carbon solutions that create long-term value for stakeholders while contributing toward a cleaner and more sustainable future.

SUSTAINABLE INNOVATION

Sustainable innovation continues to remain at the core of Haycarb's long-term growth strategy, enabling the Group to respond to evolving global requirements in energy storage, gold recovery, water purification, air treatment, and other advanced industrial applications. During the year under review, Haycarb continued to invest in R&D, process development, and in new technologies, strengthening its portfolio of value-added carbons, improving sustainable practices and manufacturing efficiency.

During the year under review, Haycarb successfully launched 14 new products, reflecting the Group's strong culture of innovation and technical excellence. These innovations extend beyond commercial advancement, contributing toward cleaner water, improved air quality, sustainable industrial development, and the broader well-being of society. As a global leader in coconut shell activated carbon, Haycarb remains committed to continuous investment in sustainable innovation to deliver best-in-class products, solutions, and customer experience.

Our newly developed energy storage carbon range for silicon carbon composites and supercapacitor applications continued to gain traction. Coconut shell based activated carbon tailored for silicon carbon composites in lithium-ion battery anodes represents a significant advancement in battery technology, enabling higher energy density and faster charging, critical improvements needed in the mainstream Li-ion battery industry. Our supercapacitor carbons deliver low equivalent series resistance (ESR) and high specific capacitance, supporting enhanced overall energy storage performance. These developments strengthen Haycarb's standing in the evolving global markets for energy storage carbons, enabling the Company to capitalise on growing opportunities arising from the global transition toward renewable energy.

The Group also successfully commercialised a new range of activated carbons designed for the effective removal of perfluoroalkyl and polyfluoroalkyl substances (PFAS), addressing increasingly stringent water

treatment regulations in the United States and Europe. In parallel, Haycarb further expanded its impregnated carbon range for advanced air treatment applications while progressing the development of fine carbon products for pharmaceutical-grade applications.

MARKET DYNAMICS

Activated Carbon Segment

Haycarb's diversified portfolio of over 1,500 products catering to a wide range of applications, industries and markets continued to support revenue diversification and operational resilience during the year under review. Strong demand was witnessed across several strategic product segments, particularly within gold recovery carbons, energy storage applications and water and air purification solutions. Elevated global gold prices amid prevailing uncertainties supported strong performance in the gold recovery carbon segment, while the increase in demand for energy storage carbon was driven by expansion of AI Data Centres, transition to electric mobility and rising demand for electricity grid balancing in renewable energy expansion projects specially in China. Increasingly stringent environmental regulations and growing awareness relating to water and air quality also supported demand for purification applications globally.

The management of US tariff revision during the year, that was passed on to customers through constructive engagement and long-standing partnerships, reflected the strength of the Group's customer relationships and value proposition.

Geographically, Asia remained the Group's largest market supported by strong regional growth dynamics and increasing industrial demand for activated carbon products. China continued to remain a key market of growth during the year, and the Group will continue to strengthen its focus on the region given its long-term strategic importance and expanding industrial demand. Our market positions in North America, Africa and Australia also remained resilient, supported by long-standing partnerships, technical excellence and reliable service delivery. However, demand in Europe continued to remain subdued

AS A PURPOSE-DRIVEN ORGANISATION, HAYCARB REMAINS FOCUSED ON ADDRESSING THE WORLD'S EVOLVING PURIFICATION AND ENERGY STORAGE NEEDS THROUGH SUSTAINABLE INNOVATION, TECHNICAL EXCELLENCE AND A STRONG CULTURE OF CUSTOMER-CENTRICITY, EMPOWERED BY THE CAPABILITIES OF OUR PEOPLE.



Rajitha Kariyawasan
Managing Director

CHAIRMAN'S & MANAGING DIRECTOR'S JOINT STATEMENT SUMMARY



Sinhala &
Tamil



Other
Languages



Video
Version



CHAIRMAN'S AND MANAGING DIRECTOR'S JOINT STATEMENT

reflecting broader economic slowdowns and weaker industrial activity within the region.

Environmental Engineering Segment

The Environmental Engineering Solutions business also gained momentum during the year, supported by improving business activity in Sri Lanka and stronger demand in the Maldives. Growth was driven by increasing demand for water and wastewater treatment plants, Operations and Maintenance (O&M) contracts and water distribution projects. The Sector is also expected to explore opportunities for geographic expansion into new markets in the period ahead.

STRATEGIC INVESTMENTS AND OPERATIONAL EXCELLENCE

Haycarb's globally diversified manufacturing footprint continued to support greater operational resilience, improved access to raw materials and strategic proximity to key markets. Our most recent investment in the Philippines further strengthens this position given its strategic location and significance as one of the world's largest coconut producing nations. Upon commissioning, the plant will significantly enhance the Group's manufacturing capacity and strengthen our ability to cater to the growing global demand for activated carbon products while supporting long-term market positioning.

The expansion of energy storage carbon capacity was a key strategic investment undertaken by Haycarb during the year to capitalise on the growing demand for energy storage carbons. In anticipation of this future demand, the Group invested in doubling its energy storage carbon manufacturing capacity during the year and will continue to further strengthen and expand its capabilities in the years ahead.

Further investments undertaken during the year enhanced activation and post-activation operations across existing facilities, increasing production capacity and improving operational efficiency. In parallel, enhancements to Recogen operations strengthened access to sustainably produced coconut shell charcoal while further advancing the Group's renewable energy and sustainability aspirations.

The rapid advancement of technology, digitalisation and AI continues to create significant opportunities for productivity improvement and operational excellence. Accordingly, Haycarb accelerated its digital transformation journey during the year through progressive strategic investments across the value chain. Investments to digitalise boiler operations further enhanced operational efficiency and strengthened the safety environment across production locations. Meanwhile, automation initiatives in coconut shell charcoal procurement, post activation operations and the extensive use of digital marketing channels continue to strengthen value chain management while deepening market penetration across existing and new markets.

During the year under review, Ultracarb Pvt. Ltd. was amalgamated with Haycarb PLC. The Company was registered with the Board of Investment (BOI) of Sri Lanka in support of long-term value creation and future strategic expansion initiatives.

STRENGTHENING SUPPLY CHAINS

Activated Carbon Segment

Haycarb's manufacturing footprint remains strategically positioned across major coconut producing regions with further supply chain diversification across the Philippines, India and Vietnam. This diversified sourcing network has historically enabled the Group to proactively manage volatility in coconut harvests and coconut shell availability across sourcing markets.

However, the challenges associated with ensuring uninterrupted coconut shell charcoal supplies at sustainable prices continued during 2025/26. Although coconut harvests improved to some extent, stronger regional demand dynamics and sustained increases in charcoal and coconut exports from Southeast Asia and very strong gold recovery carbon market continued to exert pressure on raw material prices across all sourcing markets. In response, the Group implemented several targeted initiatives across its countries of operation to strengthen procurement capabilities and optimise supply chain efficiency.

In Sri Lanka, Haycarb further strengthened engagement with community-based charcoal suppliers through the Haritha Angara environment-friendly charcoaling

programme while continuing household-level shell collection initiatives through strategically located collection centres. In Indonesia, backward integration initiatives supported supply security through the establishment of two Charcoaling facilities in Surabaya, Java and in North Sulawesi while procurement operations in Thailand were further strengthened through deeper supplier engagement. The investment in the manufacturing facility in the Philippines, together with the parallel development of a charcoal procurement network within the country, will further enhance and strengthen the Group's supply chain resilience. Alongside these initiatives, the Group remained committed to the Group's long-term sustainability aspiration of sourcing over 75% of charcoal requirements sustainably by 2030.

The Group also continued exploring alternative sustainable raw materials in collaboration with customers as part of a long-term strategy to reduce dependence on coconut shell-based charcoal and ease future supply chain pressures.

Environmental Engineering Segment

Strengthening its Operations & Maintenance (O&M) and process chemical distribution network across Sri Lanka and the Maldives, Puritas secured the distributorship rights of a globally recognised leader in industrial water management solutions and chemicals. The business further enhanced its competitiveness through the sourcing of prefabricated packaged sewage treatment plants that enabled greater operational agility and cost efficiency within the local market landscape. In addition, Puritas established strategic collaborative arrangements to deliver a comprehensive value proposition in water and wastewater treatment solutions in the Maldives.

A DYNAMIC OPERATING LANDSCAPE

The Group continued to operate amidst dynamic and evolving global conditions during 2025/26. The activated carbon industry maintained strong growth momentum driven by increasing environmental awareness, stricter regulatory requirements, greater focus on pollution control and expanding access to potable water while geopolitical tension and

economic uncertainty increased gold prices and demand for gold recovery carbons. The rapid adoption of AI and the accelerating global transition towards renewable energy and electric mobility also continued to drive demand for energy storage carbon solutions.

However, geopolitical risks, revisions to import tariff structures in the United States, elevated freight costs arising from geopolitical tensions in the Middle East and continued volatility in global energy markets created operational and cost pressures across industries. Furthermore, the increasing frequency and severity of climate-related events across several operating regions further reinforced the need for greater operational resilience and proactive risk management.

Meanwhile, monetary policy conditions gradually eased across several markets during the year. Interest rates in Sri Lanka remained comparatively accommodative despite upward movements during the second half of the financial year.

Within this context, Haycarb's robust risk management framework enabled the proactive identification and management of emerging risks while positioning the Group to capitalise on opportunities. Close monitoring of macroeconomic developments, industry trends, geopolitical developments, sustainability risks and regulatory changes across all jurisdictions supported agility and responsiveness throughout the year.

DELIVERING VALUE TO INVESTORS

The Haycarb Group delivered resilient financial performance during 2025/26 amidst a challenging operating environment characterised by elevated raw material prices, geopolitical uncertainties and evolving market dynamics. Consolidated revenue increased by 55.3% to Rs. 67.08 Bn during the year under review, supported by strong performance in gold recovery carbons, energy storage carbons and water and air purification solutions as well as increase in price of activated carbon due to elevated charcoal prices. This resulted in the Haycarb Group surpassing US\$ 200 Mn milestone in turnover. In geographical terms,

Asia continued to dominate the Group's revenue mix, while significant contributions from Africa and the USA reflected strong demand for gold recovery and water purification applications respectively.

Despite significant escalation in raw material costs, proactive procurement practices across the Group's supply chain supported a 10.9% increase in gross profit to Rs. 13.38 Bn during the year. Gross profit margins remained under pressure due to sustained increases in coconut shell charcoal prices across sourcing markets, although this was partially mitigated through a higher contribution from value-added carbons, strategic lean initiatives and the continued support extended by customers in sharing the burden of raw material cost escalations. Operating profits increased to Rs. 6.93 Bn during the year under review reflecting the Group's resilience amidst a complex external environment.

Although interest rates remained stable during the year supported by lower US Federal Reserve rates and a comparatively favourable interest rate environment in Sri Lanka, finance costs increased due to higher borrowings undertaken to support working capital requirements and strategic capacity expansion initiatives. Accordingly, the Group recorded a profit before tax of Rs. 5.89 Bn and a profit after tax of Rs. 4.34 Bn during the year.

The Group's balance sheet continued to strengthen during the year supported by profitability and strategic investments undertaken to enhance production capabilities and operational resilience. Working capital investments increased during the year primarily due to higher inventory and trade receivable balances. Inventory levels increased as a result of elevated raw material prices and the strategic buildup of buffer stocks of coconut shell charcoal to ensure uninterrupted supply to customers, while trade receivables increased in line with the significant growth in turnover during the year under review.

Balance sheet growth was funded through a prudent combination of equity and borrowings as the Group continued to optimise its capital structure amidst a relatively favourable interest rate environment.

STRATEGIC ESG INTEGRATION

ACTIVATE, our 2030 ESG Roadmap, continued to guide Haycarb's sustainability journey during the year under review, driving strategic focus, resource allocation and management attention toward the Group's key sustainability priorities. Continued emphasis on decarbonising operations supported a progressive increase in renewable energy reliance while process innovation and continuous improvement initiatives enhanced operational efficiency across production locations. The Group also maintained a strong focus on sustainable water management through rainwater harvesting, recycling and reuse initiatives.

Haycarb remained committed to supporting socio-economic progress within the communities in which we operate. Active engagement with micro-, small- and medium-scale charcoal suppliers across sourcing regions continued to create economic opportunities while facilitating environmentally responsible charcoaling practices and higher-yielding techniques. The backward integration into charcoaling operations in Indonesia has significantly increased the proportion of sustainably sourced raw materials within the country, while the installation of the new steam boiler and turbine at the Recogen Plant in Sri Lanka is expected to further enhance the operational efficiency and sustainability of the facility. The Puritas Sath Diyawara programme continued to foster healthier communities by providing purified drinking water to villages affected by chronic kidney disease, while educational and community development initiatives such as Going Beyond and Sisu Divi Pahana continued to positively impact the lives of students across Sri Lanka.

The Group also continued to support environmental conservation and long-term raw material sustainability through partnerships with the Coconut Development Authority and Coconut Cultivation Board to expand coconut cultivation in Sri Lanka. These efforts form part of broader initiatives aimed at strengthening long-term supply chain sustainability while contributing toward national development priorities. The ongoing Turtle Conservation project 'Behold the Turtle' continued for another successful season, as a benchmark project to protect

CHAIRMAN'S AND MANAGING DIRECTOR'S JOINT STATEMENT



14 New Products

ENERGY STORAGE CARBONS:

3 Products

WATER PURIFICATION SOLUTIONS:

7 Products

AIR PURIFICATION:

3 Products

PHARMACEUTICAL APPLICATIONS:

1 Products



Value to stakeholders

DELIVERED TO EMPLOYEES:

Rs. 5.58 Bn

SHELL AND CHARCOAL SUPPLIERS:

Rs. 32 Bn

VALUE TO GOVERNMENTS:

Sri Lanka Rs. 0.97 Bn

Other Rs. 1.89 Bn

VALUE TO INVESTORS:

ROE 12.3%

Dividends LKR 1.21 Bn

Share Price increase 33.4%

turtle hatchlings in the Southeast coastal line near Kumana National Park, Sri Lanka.

Our sustainability framework continues to be supported by strong governance structures that enable effective Board oversight of sustainability strategy, emerging risks and opportunities, and progress against long-term sustainability goals and targets.

MINDFUL GOVERNANCE

Haycarb's fit-for-purpose governance framework continued to support agility, accountability and effective decision-making across an increasingly complex operating landscape spanning multiple jurisdictions. The diversity of experience and competencies represented on the Board continued to facilitate thoughtful deliberation and effective oversight of the Group's operations and strategic direction. As part of the Hayleys Group, Haycarb also continued to benefit from the wider governance structures, policy frameworks and oversight mechanisms established at Group level.

Oversight of subsidiary operations remained vested with the respective subsidiary Boards, while formal reporting structures and Board representations ensured timely escalation and review of key matters at Haycarb PLC Board and Sub-Committee level. Executive Directors representing Haycarb PLC on subsidiary Boards further strengthened governance oversight while the Group Internal Audit function continued to provide assurance on the effectiveness of internal controls and risk management processes. Financial audits of subsidiaries were conducted by independent external auditors and consolidated by the Group auditors.

Haycarb PLC continued to comply fully with the Corporate Governance requirements applicable to entities listed on the Colombo Stock Exchange, while the Group's governance framework remained aligned with the Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka. Our policies including the Anti-Bribery and Corruption Policy reflect our commitment to ethical business practices, effective risk management and responsible governance. In line with efforts to further

strengthen the Company's personal data protection framework, and ensure compliance with the Data Protection Act of Sri Lanka, a Data Protection officer was appointed during the year.

PEOPLE

Our people continued to remain at the centre of Haycarb's ability to create sustainable value, advancing the Group's strategic aspirations. We continued to foster a culture of empowerment, collaboration and continuous learning to support the growth and progression of our employees across the organisation.

Tailored training opportunities, structured career progression pathways and collaborative initiatives such as work improvement meetings continued to support competency development while encouraging active employee participation in organisational improvement. During the year under review, the Group invested significantly in impactful and relevant training and development while continuing to prioritise internal talent progression and career advancement opportunities.

The Group's comprehensive health and safety management framework continued to support a safe and injury-free working environment aligned with international standards and evolving industry best practice.

The establishment of a Diversity and Inclusion Policy alongside a Diversity, Equity and Inclusion framework and dedicated implementation team further strengthened the Group's commitment toward fostering an inclusive and equitable workplace culture.

Talent retention remained strong during the year, reflecting effective alignment between the Group's employee value proposition and employee expectations. Building future talent pipelines also remained a strategic priority, with partnerships established with universities, technical colleges and Divisional Secretariats, supporting socio-economic development within local communities.

STRONG PROSPECTS

Activated Carbon Segment

Looking ahead, the long-term outlook for the activated carbon industry remains positive despite continuing geopolitical uncertainties and supply chain challenges. Rapid technological advancements in AI, and the accelerating global transition toward renewable energy & electric mobility, continued strong demand for gold, increasingly stringent environmental regulations, growing emphasis on pollution management and contaminant removal, are expected to continue driving demand for activated carbon solutions across water purification, air treatment, gold mining, industrial and energy storage applications.

However, the adequate availability of coconut shell charcoal remains a key industry challenge given the long gestation period associated with coconut cultivation and the increasing impact of climate-related weather disruptions on agricultural productivity. While initiatives are underway to strengthen coconut cultivation, particularly in Sri Lanka and India, the benefits of such initiatives are expected to materialise over the medium-to-long term. Consequently, supply chain pressures are expected to persist over the short to medium-term amidst strong projected growth for the activated carbon industry.

Geopolitical uncertainties and volatility in global freight and energy markets seriously affected by the current Middle East crisis remain key challenges going forward. Global economic growth is expected to moderate in 2026 amid current geo-political tensions, elevated energy prices and prevailing macro-economic uncertainties. Sri Lanka's economic outlook also remains uncertain, with inflationary pressures and external sector vulnerabilities that are likely to persist linked to global energy prices.

Within this context, Haycarb will continue to proactively monitor developments across its operating landscape and adapt strategy accordingly to capitalise on emerging opportunities while mitigating risks. As a global leader in advanced coconut shell based activated carbon solutions, the Group remains well positioned to benefit from projected industry growth through its strong internal culture of sustainable innovation and technical expertise, with a diversified product portfolio and strategic investments in emerging applications. The Group will also continue to strengthen supply chain resilience, deepen customer engagement and leverage digital capabilities to support long-term value creation.

Environmental Engineering Segment

The Environmental Engineering Solutions business is also expected to continue its growth momentum during 2026/27 supported by increasing focus on sustainable water management, improving economic activity in Sri Lanka and the Maldives and further geographic expansion into new markets.

ACKNOWLEDGMENTS

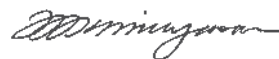
We extend our sincere appreciation to the Haycarb team for their leadership, dedication, resilience and commitment in navigating dynamic operating conditions while continuing to uphold the Group's values and strategic aspirations during a period of rapid transformational growth in energy storage carbons needing accelerated changes in the entire operational landscape. We also express our gratitude to our valued customers, business partners and all other stakeholders for their continued trust and support in enabling sustainable value creation during the year under review. Lastly, we thank the Board of Directors for their guidance and stewardship as Haycarb continues to strengthen its position as a

global leader in sustainable coconut shell based activated carbon solutions renowned for innovation, technical excellence, customer centricity and sustainable business practices

Yours sincerely,



Mohan Pandithage
Chairman



Rajitha Kariyawasan
Managing Director

21st May 2026

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 and he was named as 'Business Leader For the Year 2025' by LMD. 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, in recognition of his outstanding contributions to the industry. He 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 & 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, finance and international business development. 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 Dipped Products PLC. He is a lead member of the Hayleys ESG Steering Committee. 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

He is a member of the Group Management Committee of Hayleys PLC and the immediate past Chairman of the Industrial Association of Sri Lanka, Ceylon Chamber of Commerce.



SARATH GANEGODA

Non-Executive Director

Appointed to the Board in November 2009

Skills and Experience

Mr. Sarath Ganegoda is an accomplished corporate leader counting over 30 years of multifaceted experience across diverse industries. He 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. Mr. Ganegoda was appointed to the Board of Hayleys PLC on 24th September 2009. He is currently responsible for the Strategic Business Development Unit and Group Information Technology of Hayleys PLC. He is also the Deputy Chairman of Alumex 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

Mr. Ganegoda is an Executive Director of Hayleys PLC and 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 serves on the Boards of several private and unlisted public companies in the Hayleys Group.



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.

He 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 appointment as President designate of TNT Indonesia. He has also held senior and strategic roles with Celestica (formerly 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 an Executive, 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 in March 2021

Skills and Experience

Mrs. Gunawardana is an Attorney at Law of the Supreme Court of Sri Lanka, and holds a Master of Laws in Commercial Law (UK), with extensive experience in both the private and public sectors.

Other Appointments

She has served as the Director General, Legal Affairs Department of the General Treasury, Senior Assistant Secretary/Legal, Ministry of Finance, Legal Advisor, Economic Affairs and Fiscal Policy Department and Director Legal/ Secretary, Commission of the Public Enterprises Reform Commission. She has led Fiscal Management Reforms of Ministry of Finance/ADB and Legal Reforms of the Ministry of Justice/ World Bank. She has served as a Director of several Companies including Information and Communication Technology Agency, Post Graduate Institute of English and Government Nominee/ Independent Director, DFCC Bank, Consultant, CHEC Port City (Colombo) (Pvt) Ltd., and as a UNDP Policy Consultant on sustainable finance.

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



MS. BRINDHIINI PERERA

Non Executive Director
Appointed to the Board in October 2022

Skills and Experience

Ms. Brindhiini Perera holds a Master's degree in Mechanical Engineering from Imperial College London. She brings several years of experience across both publicly listed and privately held companies, serving in director level positions and contributing to strategic oversight and business growth initiatives.

Ms. Perera adds an important technical dimension to Board deliberations through her background in mechanical engineering. Her understanding of manufacturing environments, industrial processes, and operational efficiency brings valuable perspective to discussions relating to the Group's manufacturing and industrial operations.

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 and R I L Property PLC, R-E-D Capital Asia (Pvt) Ltd, and Chairman of Assetline Finance PLC. He is also the Managing Director of Professional Business Consultants (Pvt) Ltd, a company engaged in providing financial planning and advisory services.

He 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

Mrs. Wanigasekera is the Senior Partner of Julius & Creasy, a prominent law firm in Sri Lanka, and heads the Intellectual Property Division. Mrs. Wanigasekera is a leading Commercial Lawyer with extensive experience of over 42 years.

Mrs. Wanigasekera holds a Master's degree from the University of Wales on International Trade Law and holds Diplomas in Intellectual Property Law, International Trade Law, Banking and Insurance Law from the Institute of Advanced Legal Studies (IASL). She has contributed to many local and international journals on different topics.

Mrs. Wanigasekera has extensive experience in all Intellectual Property prosecution and enforcement and transactional matters. She also overlooks drafting and reviewing of contracts and advises on regulatory compliance matters.

Other Appointments

She is an Independent Non-Executive Director of Dipped Products PLC and Horana Plantations PLC. She is a Life Member of the Bar Association of Sri Lanka and Colombo Law Society. She is a member of the International Trademark Association (INTA). She is a member of the INTA Unfair Competition Committee and co-chairs the INTA General Advisory Council South Asia region for the term 2026–2027. Mrs. Wanigasekera is a member and Councilor of the Asian Patent Attorneys Association (APAA) and the Vice president of the Sri Lanka Group.

**YOHAN PERERA**

Senior Independent Director
Appointed to the Board in April 2024

Skills and Experience

Mr. Perera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and a Fellow Member of the Chartered Institute of Management Accountants (FCMA)- UK. He served as Managing Partner of KPMG Sri Lanka and Maldives and was a member of the KPMG Middle East & South Asia Board. Prior to being appointed as Managing Partner, he served as Head of HR, Risk Management Partner and Chief Operating Officer. He has over 40 years of audit experience across conglomerates and listed companies with diversified business interests.

Mr. Perera served as the President of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) during the years 2006 and 2007 and was a former Chairman of the Sri Lanka Auditing Standards Committee. He also served as a Board Member of the Confederation of Asian and Pacific Accountants (CAPA)

Other Appointments

Independent Non-Executive Director of Hayleys PLC, Dipped Products PLC, Overseas Realty (Ceylon) PLC, Commercial Bank of Ceylon PLC, E. B. Creasy & Co. PLC, Laxapana PLC, Muller & Phipps (Ceylon) PLC and World Vision Lanka. Has served as a Commissioner of the Securities & Exchange Commission of Sri Lanka, Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka. Member of the Governing Council of the Post Graduate Institute of Management of the University of Sri Jayewardenepura.

**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 PLC 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
CADERBHOJ**
Director (Business
Development)



**PRASARSK
KANCHANABATR**
Senior Director
(Carbokarn Co. Ltd)



**BENJA
KARNCHANABATR**
Managing Director
(Carbokarn Co. Ltd)



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)



ERIK MENSE
Managing Director
(Eurocarb Products - UK &
Germany)

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**SENIOR MANAGERS
SAMANTHA ATHUKORALA**
R&D and Process Lead [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**CHAMINDA ABEYRATHNE**
Engineering Maintenance (Madampe)**NUWAN RUPASINGHE**
Business Development**LAYAN KOKILA GAMAGE**
Project Implementation [Puritas (Pvt) Ltd.]**MS. RASIKA JAYAWARDENA**
Information Technology**MS. PIYUMALI PREMARATNE**
Finance**MS. KALPANA DE SILVA**
Business Development**NIMAL KUMARA**
Production (Badalgama)**SALIYA SAMARAJEEVA**
Engineering Maintenance (Badalgama)**SUJITH RODRIGO**
Engineering Projects**HASANGA SENANAYAKE**
Marketing & Business Development [Puritas (Pvt) Ltd.]**MS KRISHNA HEWAGAMA**
Engineering Projects**MS. AMADARA WICKRAMANAYAKE**
Finance**ARANEE PATHMANATHAN**
Occupational Health & Safety**MANAGERS****SHANTHA SENEVIRATNE**
Engineering Projects**SUJEEWA GURUSINGHE**
Procurement R&D**LALITH HAPUARACHCHI**
Quality Management Systems**SANJAYA KUMARA**
Finance**SURESH JAYANATH**
Business Development**INDIKA WIJERATHNE**
Production (Madampe)**JAGATH RATNAYAKE**
Production Planning**DHAMMIKA ALWIS**
Engineering Projects**CHARITH PREMATHILAKA**
Production (Madampe)**HARSHANA KAMALAPRIYA**
Research and Development**MAJ. RANGANA BODARAGAMA (RETD)**
O&M and Monitoring Solutions [Puritas (Pvt) Ltd.]

KEERTHI BANDARA

Finance

UPENDRA JAYASINGHE

OHS and Administration (Badalgama)

K A P RANJITH

Research & Development

MS. NILUSHA EKANAYAKE

Finance & Administration [Puritas (Pvt) Ltd.]

MS. DULANI SENARATH YAPA

Sales & Marketing

HARSHA LIYANAARACHCHI

Human Resources Management

MS. CHATHURI YATAWARA

Corporate Communications

DR. LAHIRU SANDARUWAN

Research and Development

BHAGYA RANASINGHE

Charcoal and Shell Procurement

ASANKA RASNAYAKE

Production (Badalgama)

DINESH SAMARASENA

Engineering Maintenance (Madampe)

MS. PEMALKA PREMARATNE

Sales and Marketing

CHANDANA FONSEKA

Project Implementation [Puritas (Pvt) Ltd.]

BUDDHIKA AMARAKOON

Engineering Maintenance (Badalgama)

THARINDU RUWAN

Finance

AVINGA KODITHUWAKKU

Sales and Marketing

KAVINGA RAJANAYAKE

Research and Development

NUWAN WELIGEPOLA

Charcoal Procurement

SAMPATH MARASINGHE

Quality Assurance (Madampe)

MS MANORIKA RANASINGHE

Sustainability and ESG

MS SAMEERA ATHTHANAYAKA

Technical & Proposals [Puritas (Pvt) Ltd.]

MS SEVWANDI VITHANAARACHCHI

Marketing & Business Development [Puritas (Pvt) Ltd.]

SAMEERA PERERA

Engineering Procurement

HASITHA EKANAYAKA

Quality Assurance (Badalgama)

JANAKA SAMPATH

Engineering Maintenance (Badalgama)

BUDDHIKA KUMARA

Production (Badalgama)

ANUSHKA BANDARANAYAKA

Production (Madampe)

SALIKA WIJERATHNE

Production (Badalgama)

**OVERSEAS SUBSIDIARIES
MARKETING****EUROCARB PRODUCTS LTD.****ERIK MENSE**

Managing Director

RICHARD BITTEL

Director Sales

JHENNY OLIVEROS

Director Operations

**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

MANUFACTURING**CARBOKARN CO. LTD.****PRASARSK KANCHANABATR**

Senior Director

BENJA KARNCHANABATR

Managing Director

KRIT KARNCHANABATR

Deputy Managing Director (Procurement)

MS. CHATTIP TECHATIPMANEE

Director (Finance)

THANANCHAI KARNCHANABATR

Director (Local Sales and Marketing)

ANANDA MUNASINGHE

General Manager (Carbokarn and CK Regen Systems)

MS. YAOWARECH SINGHAPOOM

Accounting Manager

CHATHURANGA PRIYADARSHANA

Manager – Engineering Maintenance

SHIZUKA CO. LTD.**ANURUDDHA GUNARATNE**

Factory Manager

PT MAPALUS MAKAWANUA**CHARCOAL INDUSTRY****INDIKA JAYASINGHE**

General Manager

PT HAYCARB PALU MITRA**SUMEDHA WARNASOORIYA**

Factory Manager

ASANKA SIRIMANNA

Manager – Charcoal Procurement (Indonesia)

HAYCARB PHILIPPINES**CORPORATION****NADUN HETTIARACHCHI**

General Manager

SEGMENT REVIEW AND ANALYSIS

ACTIVATED CARBON SEGMENT

Transforms coconut shell charcoal and other sustainable raw materials into innovative activated carbon solutions serving a broad spectrum of global, industrial and environmental applications.

Operating Environment in 2025/26

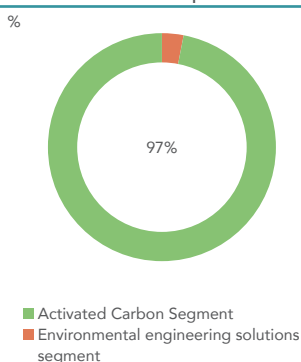
- » Continued supply limitations across key raw material sourcing markets led to elevated charcoal prices and heightened competitive pressures.
- » Tightening environmental standards globally continued to increase demand for purification-related solutions.
- » Advancements in energy storage technologies accelerated the need for specialised carbon applications.
- » Geopolitical developments and trade-related uncertainties, including proposed tariff measures in key export destinations, continued to create volatility within global supply chains.

Strategic Priorities in 2025/26

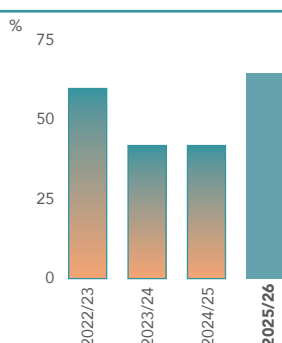
- » Increase the contribution from value-added carbon categories including energy storage, PFAS removal, air purification and specialty carbon solutions.
- » Expanding manufacturing capacity for value added products, including the scale up of energy storage carbon production facilities.
- » Strengthen and broaden raw material sourcing capabilities across strategic sourcing geographies.
- » Continue progressing the Group's greenfield manufacturing project in the Philippines.

- » Improve operational agility and efficiency through automation, digitalisation and process enhancement initiatives.
- » Expand market penetration across key growth regions including Central Asia, North America, Africa and the Middle East.

Contribution to Group Assets



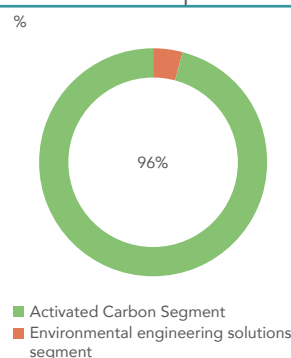
Activated Carbon Segment - Revenue



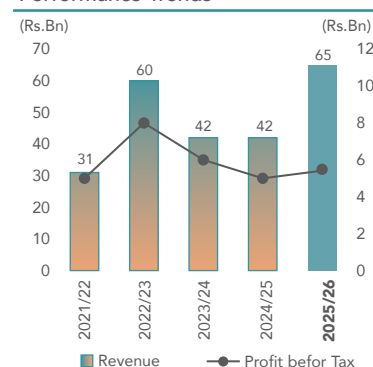
ACTIVATED CARBON SEGMENT

Revenue (Rs. Bn)	65.3
Our Team	1,979
New products Launched	14
Global Market share (%)	16

Contribution to Group Liabilities



Performance Trends



KEY MARKETS SUPPORTING PERFORMANCE IN 2025/26

- » Asia
- » North America
- » Africa
- » South America
- » Europe
- » Oceania

KEY APPLICATIONS DRIVING PERFORMANCE IN 2025/26

- » Gold recovery
- » Energy storage applications
- » Water purification
- » Air and gas purification

APPLICATIONS EXPECTED TO SUPPORT FUTURE GROWTH

- » Energy storage carbons
- » PFAS removal carbons
- » Air purification carbons
- » Water purification carbons
- » Specialty industrial carbons



DIGITALISATION TO ENHANCE PERFORMANCE

- » Expanded automation and real-time operational monitoring capabilities across manufacturing locations.
- » Enhanced data-driven decision-making through advanced analytics, reporting tools and digital insights.
- » Continued to strengthen employee capabilities through digital learning platforms and technology-enabled knowledge-sharing initiatives.
- » Continued enhancement of corporate website to expand brand presence and leveraged integrated CRM capability to improve interactions with customers.



REDUCING OUR ENVIRONMENTAL FOOTPRINT

- » Continued investments in renewable energy and energy efficiency initiatives across operations.
- » Strengthened sustainable water management practices throughout the Group.
- » Expanded initiatives aimed at improving energy efficiency and operational performance.
- » Continued focus on sustainable sourcing practices and circular economy-related initiatives.

Rs. Mn	2025/26	2024/25	Y-O-Y %
Revenue	65,273	41,679	57%
Profit after tax	4,303	4,234	2%
Total assets	61,651	44,061	40%
Total liabilities	29,413	15,447	90%

Performance in 2025/26

The Activated Carbon segment demonstrated resilience during the year despite continued supply-side challenges and a complex global operating backdrop. Performance was supported by healthy demand across gold recovery, energy storage, water purification and air purification applications together with continued focus on innovation, operational efficiencies and market diversification.

The increasing contribution from value-added carbon applications, particularly within energy storage and water purification categories, further strengthened the Group's strategic positioning. At the same time, targeted supply chain interventions supported operational continuity amid ongoing raw material constraints.

MANAGING SUPPLY CHAIN CONSTRAINTS

- » Strategic interventions were implemented to secure uninterrupted raw material supplies amid prevailing market shortages.

- » Supplier networks across Sri Lanka, Indonesia, Thailand, India, Vietnam and the Philippines were further strengthened and expanded.
- » Backward integration initiatives, including green charcoaling operations, continued to support long-term supply chain resilience.
- » Alternative sourcing strategies and raw material options were explored for selected applications to mitigate supply-side risks.

ADVANCING STRATEGIC GROWTH

- » Strengthening strategic focus on energy storage carbons in response to rapidly growing global demand.
- » Asia continued to remain the Group's largest market supported by strong demand for purification and gold recovery applications.
- » Increased contribution from value-added carbon products supported margin enhancement and revenue diversification.

- » Growing demand for PFAS removal and environmental purification solutions supported expansion opportunities in North America and Europe.

INNOVATION

- » Innovation continued to remain a strategic focus area supported by ongoing investments in research, development and technical capabilities.
- » Continued emphasis was placed on expanding the Group's energy storage carbon portfolio.
- » Product development initiatives were accelerated to address emerging purification and environmental application requirements.
- » Investments in R&D and testing capabilities supported the development and commercialisation of innovative carbon solutions aligned with evolving customer expectations.

ENERGY STORAGE CAPACITY ENHANCEMENT

The Group continued to strengthen its strategic focus on energy storage carbons in response to growing global demand driven by electric vehicles, Data centres for AI, renewable energy storage and next-generation electronic applications.

SEGMENT REVIEW AND ANALYSIS

To support this growth, the Group enhanced manufacturing and post-activation capacities across selected operations while continuing investments in research, process optimisation and technical capabilities to strengthen its energy storage carbon portfolio.

EXPANDING MANUFACTURING FOOTPRINT

Keeping in line with strategic plans of the Company, a new kiln was installed in Shizuka, Thailand and the construction of a new green field manufacturing plant commenced in Philippines.

FUTURE OUTLOOK FOR 2026/27

Demand for activated carbon solutions is expected to remain favourable driven by increasingly stringent environmental regulations, industrial expansion, growing water purification requirements and the accelerated adoption of energy storage technologies. In particular, energy storage carbons are expected to remain a key strategic growth priority for the Group supported by increasing global demand arising from electric vehicles, renewable energy storage systems, artificial intelligence infrastructure and next-generation electronic

applications. Nevertheless, ongoing raw material supply constraints, global economic uncertainties and trade-related developments are expected to continue creating operational complexities.

Despite these challenges, the Group remains confident in its ability to leverage its global manufacturing footprint, diversified market presence, technical expertise and innovation-led strategy to strengthen resilience and deliver sustainable long-term growth.

ENVIRONMENTAL ENGINEERING SOLUTIONS SEGMENT

With over three decades of experience Puritas Provides end-to-end services in Design, Engineering, Construction Installation, Testing and Commissioning and O&M services of water and wastewater treatment solutions, contributing towards a cleaner, safer and a more sustainable future.

Operating Environment in 2025/26

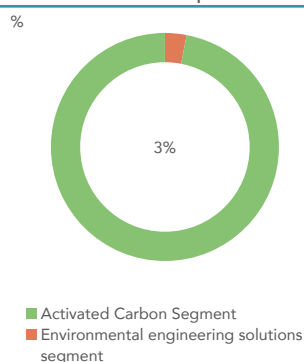
- » Improved macroeconomic stability in Sri Lanka supported increased industrial and infrastructure-related activities.
- » Recovery in the Maldives tourism sector continued to support demand for water and wastewater treatment solutions.
- » Growing environmental awareness and tightening regulatory expectations increased demand for sustainable wastewater management solutions.
- » Increasing focus on water security and desalination created further opportunities across island economies.

Strategic Priorities in 2025/26

- » Deliver integrated end-to-end wastewater treatment solutions leveraging internal expertise and technological capabilities.
- » Expand market presence and operations across Sri Lanka and the Maldives.
- » Strengthen operations and maintenance service capabilities.

- » Broaden the product portfolio through strategic partnerships and collaborations.
- » Enhance technical expertise and laboratory capabilities to provide specialised treatment solutions.

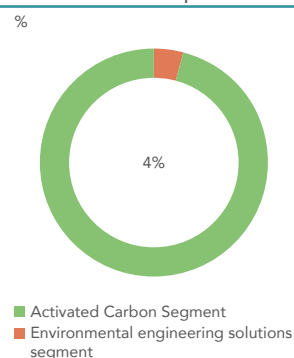
Contribution to Group Assets



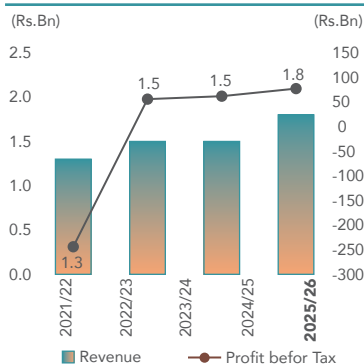
ENVIRONMENTAL ENGINEERING

Revenue (Rs. Bn)	1.93
Our Team	105
Projects won	40
Countries served	2

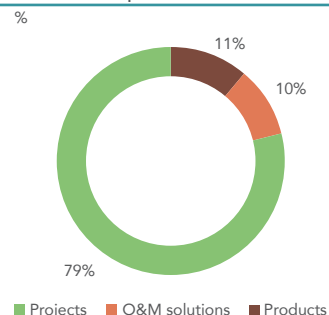
Contribution to Group Liabilities



Performance Trends



Revenue composition



INDUSTRIES SERVED

- » Hospitality
- » Residential and Commercial Developments
- » Food and Beverage
- » Textile
- » Healthcare
- » Plantations
- » Cosmetics
- » Paint and Chemicals
- » General Manufacturing

OUR SOLUTIONS

- » Water purification solutions
 - » Raw Water Treatment Plants (WTPs)
 - » Sewage Treatment Plants (STPs)
 - » Industrial Effluent Treatment Plants (ETPs)
 - » Recycling Plants
- » O&M and Monitoring Solutions
- » Premium filtration technologies including RO/UF membranes
- » Distributorship of chemicals and accessories for water/waste water treatment solutions
- » Packaged Sewage Treatment Plants
- » Infrastructure Projects (Water Supply / Sewage Schemes)

KEY MARKETS

- » Sri Lanka
- » Maldives

Rs. 000'	2025/26	2024/25	Y-O-Y %
Revenue	1,925,662	1,522,062	27%
Profit before tax	64,391	83,108	-23%
Total asset	2,216,643	1,836,369	21%
Total liabilities	1,109,168	772,643	44%

Strategic partnerships and product collaborations continued to support growth in membrane solutions and related water treatment products.

FUTURE OUTLOOK FOR 2026/27

The outlook for the Environmental Engineering Solutions segment remains positive supported by improving industrial activity, infrastructure development and increasing environmental awareness across key operating markets.

Growing demand for wastewater treatment, water reuse, desalination and sustainable water management solutions is expected to create further growth opportunities across both Sri Lanka and the Maldives in the years ahead.

The company also driving entry in to new geographic markets for delivery of specialised water and waste water treatment solutions.

Performance in 2025/26

The Environmental Engineering Solutions segment continued to record growth during the year supported by improving economic conditions and increasing demand for industrial water and wastewater treatment solutions across Sri Lanka and the Maldives.

The segment continued to leverage its engineering expertise, laboratory capabilities and customised treatment solutions to deliver sustainable and cost-effective water and wastewater treatment projects across multiple industries.

Our Value Proposition

- » Comprehensive and customisable water and wastewater treatment solutions for industrial and domestic applications.
- » Strong technical expertise and specialised laboratory capabilities enabling tailored treatment solutions.
- » End-to-end project execution capabilities spanning design, construction, operations and maintenance.
- » Sustainable and cost-effective purification solutions focused on delivering long-term customer value.

Performance in Sri Lanka

Improving economic activity and increasing industrial investments in Sri Lanka continued to create growth opportunities within the infrastructure and industrial sectors.

The segment continued delivering customised wastewater treatment projects across a range of industries while further strengthening its recurring operations and maintenance service portfolio.

Technical expertise, engineering capabilities and advanced laboratory testing facilities continued to support the delivery of efficient and sustainable treatment solutions aligned with customer and regulatory expectations.

Performance in the Maldives

Demand for water and wastewater treatment solutions in the Maldives continued to be supported by the tourism and hospitality sectors during the year under review.

The segment also continued focusing on desalination and water purification solutions to support increasing demand for potable water and sustainable water management infrastructure within the country.

GROUP VALUE ADDITION AND DISTRIBUTION

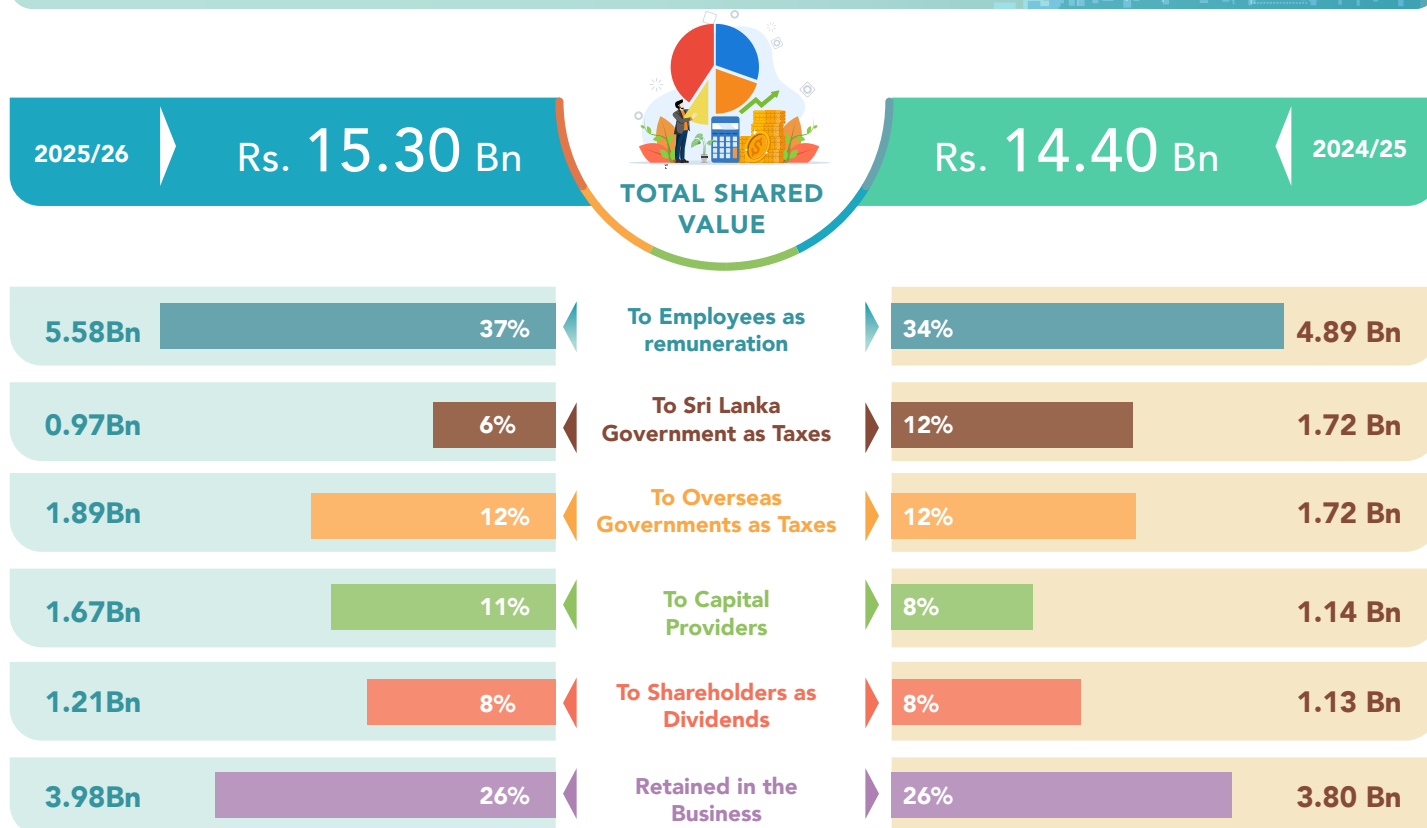
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GROUP VALUE ADDITION

	2025/26 Rs. '000	2024/25 Rs. '000
Revenue	67,083,695	43,201,785
Other operating income	307,332	321,423
	67,391,027	43,523,208
Cost of materials & services brought in	(52,085,232)	(29,124,457)
Value added	15,305,795	14,398,751

GROUP VALUE DISTRIBUTION



Refer page 453 for detailed information

For a detailed view of both direct and indirect improvements to stakeholder quality of life, along with the value created, please refer to the sections on Social Relationship Capital, Natural Capital and Our Socio - economic impact.

SUSTAINABILITY
AND VALUE
CREATION

A *Horizon* of Value

Light does not always travel in a linear path. Through atmospheric refraction, shifts in temperature and air density, it bends; subtly altering perception and revealing a broader spectrum of what exists. What is seen is shaped by conditions that constantly adjust as the environment changes.

At Haycarb, we respond to an evolving landscape; adapting to market dynamics, climate realities, and supply chain shifts with agility and intent. By aligning closely with ESG principles, we strengthen sustainable practices while creating long-term value, expanding our impact beyond immediate performance into a wider, more resilient spectrum of growth.



OUR VALUE CREATION MODEL

GRI 2-6



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 INPUTS



Financial Capital

Represents the financial resources that underpin our value creation.

- » Shareholders' funds – **Rs. 29.37 Bn**
- » Debt capital – **Rs. 20.05 Bn**



Natural Capital

We rely on a renewable, industry by-product as our primary raw material alongside other natural inputs such as energy and water.

- » Renewable raw material consumption – **178,496 MT**
- » Water consumption – **791,147m³**
- » Energy consumption – **1,237,238 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 52.7 Mn**



Intellectual Capital

The research teams, high-tech laboratory capabilities, processes aligned with international certifications and the tacit knowledge acquired over 5 decades of operations that drive our sustainable innovation.

- » Investment in R&D – **Rs. 261 Mn**
- » No. of Certifications – **32**



Human Capital

A multi-skilled, innovation-focused team of **2,084** employees across **8** countries.



Digital Capital

Digital platforms, systems and competencies that strengthen our competitive advantage.

- » Investments in digital platforms and systems – **Rs.70.5 Mn**
- » Digital Marketing Expenditure – **Rs .11.69 Mn**



Manufactured Capital

A manufacturing footprint comprising **7** modern manufacturing plants across **3** countries.

- » PPE – **Rs. 16.17 Bn**
- » Capital expenditure – **Rs. 4.15 Bn**

OUR STRATEGY



Market growth



Strengthen global supply chains



Innovation led growth



Purpose driven and committed teams

ESG MINDSET

OUR VALUE TRANSFORMATION PROCESS

ACTIVATED CARBON SOLUTIONS



Understanding Customer Needs



Research & Development



Sourcing raw materials



Manufacturing activated carbon



Ensuring product quality



Distribute to customers



Understanding customer needs



Design solutions



Commissioning and quality assurance



O&M support

ENVIRONMENTAL ENGINEERING SOLUTIONS

CORPORATE GOVERNANCE AND ROBUST RISK MANAGEMENT

OUR OPERATING CONTEXT

- » Growth potential in the activated carbon industry
- » Raw material procurement challenges
- » Talent attraction and retention
- » Geo-political dynamics
- » Economic landscape
- » Technology and digitalisation
- » Environmental risks and climate change

TOP FIVE MATERIAL TOPICS

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

TOP RISK AND OPPORTUNITIES INCLUDING CRROs AND SRROs

CRRO1, PBR1, PBR4, SRRO1, PBR3, CRRO4, SRRO2, PBR2

* CRROs - Climate Related Risk and Opportunities

* SRROs - Sustainability Related Risk and Opportunities

OUTPUTS AND IMPACTS

RT-CH-000-A



Outputs
53,200 MT
of Activated Carbon



Wastewater treatment and water purification solutions



An array of activated carbon products

Impacts

- » Carbon footprint: **49,785 tCO₂e**
- » Waste : **5,042 MT**
- » Effluents: **360,699 m³**



Climate action and decarbonisation

- » Cutting edge solutions for energy storage.
- » Specialised solutions that improve air quality while reducing emissions.



OUTCOMES FOR OUR CAPITALS



Financial Capital Page 160 to 169

Created value for providers of capital

- » Earnings per share - **Rs. 12.18**
- » Return on equity - **12.3%**
- » Dividend per share - **Rs 4.07**



Natural Capital Page 170 to 195

Strategic emphasis on mitigating our environmental impacts led to

- » Proportion of charcoal sustainably sourced - **61%**
- » Improvement in energy intensity - **7.99 GJ/ per revenue - Rs. Mn**
- » Sustainable water sourcing - **16%** of total consumption



Social & Relationship Capital Page 234 to 247

Mutually beneficial relationships with value chain partners and the community.

- » Customer satisfaction score - **>90%**
- » New customers - **19**
- » New suppliers - **104**
- » CSR beneficiaries - **> 135,000**



Intellectual Capital Page 196 to 205

A suite of products that supports industries in operating more sustainably.

- » New products launched - **14**
- » A portfolio of over **1,500** products in the activated carbon segment and over **100** solutions in environmental engineering solutions.



Human Capital Page 206 to 233

An innovation-focused, future oriented team.

- » Employee retention rate - **85.3%**
- » Payments to employees - **Rs 5.58 Bn**
- » Training hours per employee - **31.1**



Digital Capital Page 258 to 268

The strategic integration of technology strengthened our safety environment, improved our operational efficiency and market reach.

- » Digitalisation of steam Boilers.
- » Enhanced Corporate Website to Improve Customer Interactivity.
- » Digitalise Raw material Procurement system in Thailand.



Manufactured Capital Page 248 to 257

Investments in capacity enhancement

- » Investment in energy storage carbon manufacturing: **Rs. 1,425 Mn**
- » Investment for value added carbon manufacturing - **Rs. 1,264 Mn**
- » Cost savings from lean initiatives: **Rs. 1,163 Mn**

SDG ALIGNMENT



STAKEHOLDERS IMPACTED



Sustainable water management

- » Water and wastewater treatment solutions that enable recycling and reuse.



Safeguarding the wellbeing of people

- » Water purification and contaminant removal solutions.
- » Solutions that facilitate the removal of impurities in pharmaceuticals.



Promoting industrial sustainability and resource efficiency

- » Solutions that enable recovery and reuse of valuable chemicals.
- » Solutions that facilitate the efficient recovery of rare metals such as gold.

OUR SOCIO-ECONOMIC IMPACT

**THROUGH CONTINUOUS ENGAGEMENT,
WE ALIGN INITIATIVES WITH
COMMUNITY NEEDS AND PROMOTE
LONG-TERM SOCIAL WELL-BEING.**

As an organisation with a global footprint, we directly and indirectly contribute to the socio-economic development of three emerging market economies

while empowering global industries with cutting-edge solutions that drive a more sustainable future.

DRIVING GLOBAL SUSTAINABILITY THROUGH INNOVATIVE PRODUCT SOLUTIONS

RT-CH-410 a.1

CLEAN WATER AND SANITATION



Our contribution:

Our activated carbon products remove organic contaminants, heavy metals, chlorine, and PFAS (PFOA/PFOS), ensuring safe, clean water. Silver-impregnated carbons provide enhanced microbial control, while Puritas Environmental Engineering Services support sustainable water and wastewater treatment solutions that improve access to clean water and sanitation.

Applications we enable:

- » Drinking water purification
- » Wastewater treatment
- » PFAS removal
- » Point of use filtration

Our contribution:

We offer a specialised impregnated carbon range to capture harmful gases, volatile organic compounds (VOCs), and acidic pollutants. These solutions improve indoor and industrial air quality while reducing environmental emissions.

Applications we enable:

- » Industrial air purification
- » Gas phase filtration
- » Odour control
- » Toxic gas removal



AIR QUALITY AND POLLUTION CONTROL

FOOD SECURITY AND WASTE REDUCTION



Our contribution:

Haycarb food grade activated carbon is used in food and beverage applications as a natural black colourant and purifier, manufactured to strict food safety standards and compliant with FCC, E153, FDA and also ISO 22000:2018.

Applications we enable:

- » Natural colorant: Used as a black pigment in specific food applications under regulations
- » Food ingredient processing: Acts as a purification aid in production of food additives and intermediates.

Our contribution:

Haycarb's innovative energy storage carbon materials with controlled pore structure and surface chemistry enhance battery performance, energy density, and cycle life. These innovations support the transition to renewable energy and electrification.

Applications we enable:

- » High-performance carbon materials for super capacitor energy storage applications
- » Controlled pore structure and particle size energy storage carbon for lithium-ion battery anodes



CLEAN ENERGY AND ENERGY STORAGE

HEALTHCARE AND PHARMACEUTICAL SAFETY



Our contribution:

Haycarb's high-purity activated carbons with controlled particle size distribution ensure safe and efficient removal of impurities in pharmaceutical processes, supporting stringent quality and safety standards in healthcare.

Applications we enable:

- » Pharmaceutical purification
- » Decolourisation
- » Toxin removal

INDUSTRIAL
SUSTAINABILITY
AND RESOURCE
EFFICIENCY**Our contribution:**

Our activated carbons enable recovery and reuse of valuable chemicals, reduces industrial waste, and improves process efficiency. This supports circular economy practices and minimises environmental impact.

Applications we enable:

- » Solvent recovery
- » Chemical purification
- » Catalyst support
- » Emission control

Our contribution:

Haycarb activated carbon is design to serve specialised application segments, reflecting strong R&D and innovation capabilities.

Applications we enable:

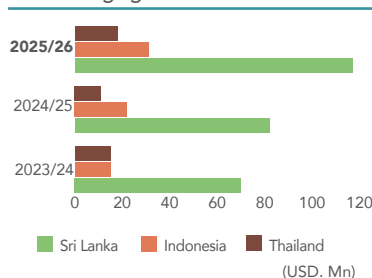
- » Industrial & Chemical Processing
- » Environmental & Sustainability Applications

OTHER SPECIAL
SOLUTIONS BASED
PRODUCT**DRIVING GROWTH IN EMERGING ECONOMIES THROUGH HAYCARB'S FOREIGN EXCHANGE EARNINGS**

Strengthened 3 developing and emerging market economies through foreign exchange earnings.

- » Sri Lanka: USD 117 Mn
- » Thailand: USD 31 Mn
- » Indonesia: USD 18 Mn

Foreign Exchange for 3 Developing and Emerging Market

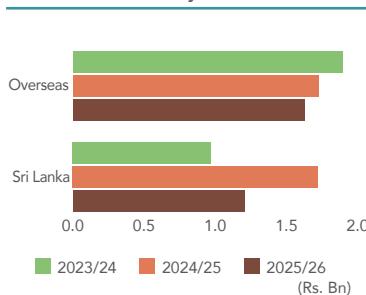
**HAYCARB AS A GENERATOR OF DIRECT AND INDIRECT EMPLOYMENT****Direct employment opportunities**

Haycarb employs 2084 individuals across its operations.

Indirect employment opportunities

Through our Haritha Angara programme, we created livelihood opportunities for over 500 small and medium-scale suppliers in Sri Lanka and Indonesia.

Government Tax Payments

**CREATOR OF VALUE FOR GOVERNMENTS THROUGH TAX CONTRIBUTIONS**

- » Taxes paid in Sri Lanka – Rs. 969 Mn
- » Taxes paid to overseas governments – Rs. 1,894 Mn

DRIVING SUSTAINED, IMPACTFUL COMMUNITY ENGAGEMENT**Long-term focused community engagement**

- » Puritas Sath Diyawara – provided purified drinking water to over 45,000 individuals in CKD affected areas in Sri Lanka.

- » Puritas Sath Diyawara – Going Beyond – supported over 2,500 school children in Sri Lanka through the donation of books and stationery.
- » Sisu Divi Pahana – mid-day meal programme supported over 800 school children.
- » Coconut plant distribution programme - During the year, the program supported Over 780 farmers in Ampara and Batticaloa, distributing over 35,000 coconut seedlings for cultivation.

DRIVING SRI LANKA'S TRANSITION TO A LOW-CARBON ECONOMY**Sustainable energy consumption**

- » 77% of our energy requirements are fulfilled through renewable energy.
- » 793,055 Kwh units were generated by Haycarb's inhouse green charcoaling operation.

Sustainable charcoaling

Promoted green charcoaling practices across our supply chain by providing technical and financial assistance.

DRIVING CUSTOMER SUSTAINABILITY

Supported over 600 customers in driving progress on their sustainability goals through sustainable innovation and a strategy anchored in sustainability.

ACTIVATE - THE CORE OF
VALUE CREATION

At Haycarb, sustainability goes beyond being a strategic focus, it represents our values and guides the way we conduct our business. Through ACTIVATE, our dedicated ESG framework, we integrate environmental responsibility, social progress and strong governance principles into every aspect of our operations. Structured around the five action pillars Restore, Inspire, Excite, Uplift and Innovate,

ACTIVATE connects our long-term goals with meaningful impact across our global presence.



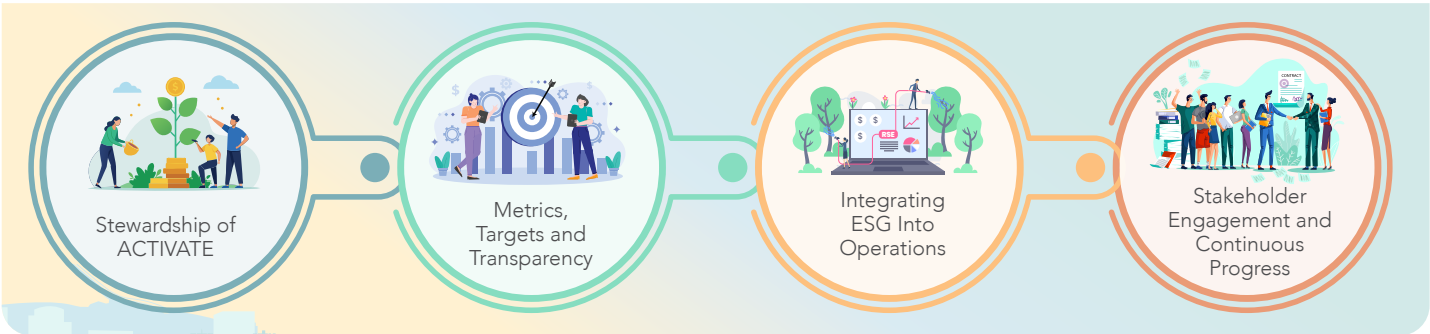
Video Version





PDF Flip Version





STEWARDSHIP OF ACTIVATE

Our sustainability strategy is supported by a well-defined governance structure that promotes accountability and long-term continuity. The Board of Directors provides strategic guidance and oversight on ESG

matters, while the ESG Steering Committee oversees operational execution. Chaired by the Managing Director and comprising cross-functional leadership representatives, the committee facilitates coordination across all business functions. In addition, a

dedicated ESG team together with site-level champions ensures that sustainability principles are embedded into everyday decision-making throughout the organisation.



Roles and responsibilities	
Board of Directors	Holds overall responsibility for formulating and driving the Group’s sustainability roadmap. The Deputy Managing 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.
Audit Committee	Overseas the integrity and reliability regarding sustainability related disclosure and internal control mechanism relating to sustainability data
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 209). » 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	 	 	 	 	
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, 102-1/2/4 to 8, 306-1 to 5	2-7 to 10, 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 170-195	Human Capital Page 206-233	Social and Relationship Capital Page 234-247	Social and Relationship Capital Page 234-247	Intellectual Capital Page 196-205

ACTIVATE - THE CORE OF VALUE CREATION

METRICS, TARGETS AND TRANSPARENCY

Our roadmap extending to 2030 sets out key performance indicators covering areas such as emissions reduction, resource efficiency, employee engagement and community development. These targets are reviewed on a regular basis and are aligned with internationally recognised frameworks including the UN Sustainable Development Goals (SDGs) and Global Reporting Initiative (GRI) standards.

Haycarb's commitment to delivering measurable impact is further strengthened through the introduction of bi-annual sustainability reporting, ensuring transparent communication of progress and accountability to stakeholders. The Sustainability Report highlighted the Group's advancements toward achieving its ESG objectives during the half-year period, and these reports were made accessible through the corporate website.

STAKEHOLDER ENGAGEMENT AND CONTINUOUS PROGRESS

Our ESG journey is founded on strong and collaborative relationships with the stakeholders and partners who contribute to our impact. At Haycarb, we consider stakeholder engagement as an ongoing process of exchanging ideas, fostering innovation and creating shared value, rather than a single interaction.

As a leader in sustainable activated carbon solutions, we actively engage with industry peers, regulators, academic institutions and local communities to develop solutions that address critical environmental and social challenges. These collaborations have helped us promote knowledge sharing, encourage innovation and broaden the positive impact of our initiatives.

Knowledge sharing & capacity building

- » Engaged with suppliers through meetings, technical workshops, audits, and evaluations to support sustainable raw material sourcing and operational excellence
- » Built collaborative partnerships and maintained regular customer engagement to develop innovative and sustainable products and processes
- » Enhanced employee awareness and provided training programs to integrate sustainability across all organisational levels
- » Organised meetings and training programs for industry associations to encourage sustainability-focused practices
- » Executed CSR initiatives centered on knowledge sharing to improve students' awareness and understanding of sustainability within school communities
- » Arranged factory visits for university students to encourage experiential learning and provide 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
- » 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)
- » Partnered with United Nations Global Compact (UNGC), Responsible Care Council (RCC) and Biodiversity Sri Lanka (BSL).

Through these initiatives, we continue to strengthen stakeholder engagement and advance our sustainability practices in line with both global priorities and local needs.

**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)	2025/26		Short-term 2027 target	Medium-term 2028 target	Long-term 2030 target
			Progress made*	On track / Achieved / Missed			
Waste and effluents							
Reduction of solid waste generation (MT per revenue Rs. Mn)	GRI	0.11	0.08 (↓30%)	🟢	↓8%	↓10%	↓15%
Reduction of wastewater generation (m³ per revenue Rs. Mn)	GRI	3.66	5.38 (↑47%)	🚩	↓5%	↓7%	↓10%
Materials							
Use of sustainable packaging for raw material packaging	GRI	Purchased 1,000,000 No. of Leno sacks for charcoal intake	Purchased 700,000 - 800,000 bags and sacks - reduction mainly due to increase in usage* of bulk bags (BB's) for charcoal intake.	🟢	14%	21%	25%
Water							
Sustainable water sourcing (Litres '000)	GRI		123,171(16%)	🟢	6%	7%	10%
Water usage dedicated to reuse and recycling sustainable practices (Litres '000)	GRI		30,483 (4%)	🚩	8%	10%	15%
Reduction in Group water intensity (m³ per revenue Rs. Mn)	GRI	10.66	11.79 (↑10.6%)	🚩	↓17%	↓20%	↓30%
Energy and emissions							
Increase in renewable energy use – (%)	GRI		9%	🚩	28%	35%	50%
Increase biofuels utilisation (GJ)	GRI	Assessment in progress	-		-	-	-
Reduction in energy intensity (GJ per revenue Rs. Mn)	GRI	19.81	18.44(↓6.9%)	🟢	↓6%	↓7%	↓10%
Reduction in Scope 1 and 2 emissions (tCO2e)	GRI	25,952	29,369 (↑7.9%)	🚩	↓14%	↓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 - THE CORE OF VALUE CREATION



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)	2025/26		Short-term 2027 target	Medium-term 2028 target	Long-term 2030 target
			Progress made*	On track / Achieved / Missed			
Engaged team							
Maximum attrition rate	GRI	5%	14.7%	🚩	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	31.1 hrs	✅	22.3 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	RIR – 2.12	🚩	3	11	0 <1
		LTIF – 0.9	LTIF – 1.4				
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)	2025/26		Short-term 2027 target	Medium-term 2028 target	Long-term 2030 target
			Progress made*	On track / Achieved / Missed			
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)	2025/26		Short-term 2027 target	Medium-term 2028 target	Long-term 2030 target
			Progress made*	On track / Achieved / Missed			
Engaged team							
Increase in CSR beneficiaries (Nos)	GRI	>100,000	>135,000 (↑35%)	✓	↑28%	↑35%	↑50%
Supplier value creation							
Use of green charcoal as raw material in all manufacturing locations	GRI	42%	61%	✓	60%	67%	>75%
Supplier assessments of all suppliers on their environmental and social standards and contributions	GRI	5%	24%	✓	25%	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)	2025/26		Short-term 2027 target	Medium-term 2028 target	Long-term 2030 target
			Progress made*	On track / Achieved / Missed			
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.	262				

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	2025/26	2024/25	2023/24
ENVIRONMENTAL PERFORMANCE				
Resources				
Total energy consumption for operations		1,237,238	1,141,695	1,132,964
Non renewable energy	GJ	289,555	290,821	247,352
LPG		55,677	49,404	34,207
Electricity		125,769	120,800	113,477
Diesel		37,795	34,659	33,449
Furnace oil		69,131	84,784	65,923
Petrol		716	771	292
Kerosene		467	403	4
Renewable energy	GJ	947,683	850,874	885,612
Solar		10,685	4,466	-
Self-generated energy		936,999	846,408	885,612
Electricity supplied to national grid	GJ	2,379	4,390	2,889
Out of total electricity consumed	%	2%	3.4%	2.5%
Energy intensity (energy per revenue)	GJ/Rs. Mn	18.44	26.43	26.24
Water consumption/ withdrawal for operations	m ³	791,147	696,595	732,634
Water intensity (water withdrawal per revenue)	m ³ /Rs. Mn	11.79	16.12	16.97
Renewable raw material consumption	MT	178,496	146,563	152,221
Coconut shells		69,099	52,600	50,468
Coconut shell charcoal		109,397	93,963	101,753
Waste				
Solid waste	MT	5,042	5,112	5,503
Total solid non-hazardous waste	MT	4,924	4,922	5,402
Total solid hazardous waste disposed	MT	118	190	101
Solid waste generated per revenue	MT/Rs. Mn	0.08	0.12	0.13
Percentage of hazardous waste shipped internationally	%	-	-	-
Waste water treated through internal treatment plants in factories	m ³	310,400	321,433	241,465
Total wastewater discharged (m ³)	m ³	360,699	365,812	269,079
Water discharged per revenue	m ³ / Rs. Mn	5.38	8.47	6.23
Emission				
Carbon emitted for operations	tCO ₂ e	49,785	45,601	27,941
Scope 1 emission		13,303	13,741	10,903
Scope 2 emission		16,066	*15,403	*14,730
Scope 3 emission		20,416	16,457	2,308
Biogenic emission	tCO ₂ e	105,286	31,429	48,658
Emission intensity (Scope 1 & 2)				
Per revenue Mn	tCO ₂ e/Rs. Mn	0.44	0.67	0.59
Per MT of made activated carbon	tCO ₂ e/ MT	0.61	0.60	0.54
Trees Planted	No.	>36,000	>75,300	>25,000

* The Scope 2 emission recalculated based on geographical grid emission factors.

	UOM	2025/26	2024/25	2023/24
SOCIAL PERFORMANCE				
People & Employees				
Total employees	No.	2,084	2,026	1,933
Activated carbon segment		1,979	1,926	1,835
Environmental engineering solutions segment		105	100	98
Employee turnover	No.	491	346	227
Local		378	280	166
Overseas		113	66	61
Female employees as a percentage of total employees	%	15.4%	14.7%	13.9%
Female employees in decision-making roles	%	29%	29%	27%
Total training hours		64,893	35,129	23,352
Average training hours per employee		31.1	17.3	12.1
Male		31.2	17.4	12.2
Female		30.4	16.9	11.5
New Recruits	No.	587	439	280
Local		444	346	194
Overseas		143	93	86
Investments in training & development	Rs. Mn	7.4	9.6	11.32
Total number of injuries	No.	50	43	32
Fatal		1	1	-
Occupational		49	42	32
Lost working days	No.	707	569	226
Health and safety training hours		19,173	10,811	7,404
Promotions	No.	31	25	28
Apprenticeships provided for technical education	No.	50	49	18
Profit per employee	Rs. Mn	2.8	2.1	2.2
Revenue per employee	Rs. Mn	32.2	21.3	22.4
Value added per employee	Rs. Mn	7.08	7.11	7.3
Customers				
Customer Satisfaction Index	%	>90	>90	>90
Activated carbon segment		>90	>90	>90
Environmental engineering solutions segment		>90	>90	>90
New customer acquired	No.	19	26	34
New products developed	No.	14	16	14
Revenue generated from new products	Rs. Mn	916	467	479
Products in pipeline	No.	3	4	7
Revenue generated	Rs. Mn	67,084	43,202	43,179
Investment in research & development	Rs. Mn	261	209	231

CONSOLIDATED STATEMENT ON ESG PERFORMANCE

	UOM	2025/26	2024/25	2023/24
Suppliers and Business Partners				
Total number of Suppliers	No.	875	771	850
Coconut shells & charcoal suppliers		567	523	637
Other materials & service suppliers		308	248	213
SME Coconut shells & charcoal suppliers	No.	518	472	555
New coconut shells & charcoal suppliers added during the year	No.	44	248	172
Payments to suppliers	Rs. Mn	44,565	22,228	18,303
Coconut shells & charcoal suppliers		32,002	14,867	12,828
Other materials & service suppliers		12,563	7,361	5,475
Proportion of spending on local coconut shell and charcoal suppliers	%	91	91	87
Investment in supplier development	Rs. Mn	19	20.6	2.5
Community Engagement				
Investment in CSR	Rs. Mn	52.7	50.4	40.8
Beneficiaries of CSR	No.	>135,000	>71,500	>105,000
Taxes to Government	Rs. Mn	2,863	3,444	2,834
Sri Lanka		969	1,721	1,206
Overseas		1,894	1,723	1,627

	UOM	2025/26	2024/25	2023/24
GOVERNANCE PERFORMANCE				
Values and Ethics				
Employees trained on Hayleys/ Haycarb code of business conduct	No.	883	256	222
Whistle-blower cases reported and solved	No.	0	0	0
Management Systems				
Total audits conducted on management systems	No.	232	108	59
Internal Audits		178	90	52
External Audits		54	18	7
Significant non-compliances reported in management systems	No.	0	0	0
Occasions the sustainability committee met	No.	3	3	4
New certifications	No.	0	2	2
Data Privacy and Security				
Employees trained on data privacy	No.	285	218	73
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

* The Scope 2 emission recalculated based on geographical grid emission factors.

EXPLORING NATURE-RELATED DEPENDENCIES

In line with SLFRS S1 and S2, we have identified and disclosed sustainability and climate related risks and opportunities that could reasonably be expected to affect the Group's resilience and financial position through our existing climate risk and financial reporting processes (refer SLFRS S1 and S2 disclosures – page 63).

At present, we have not undertaken a Taskforce on Nature-related Financial Disclosures (TNFD) aligned assessment and are only at an early, exploratory stage in considering nature-related dependencies .

Our GRI-based assessment currently does not identify biodiversity as one of our most material impact topics, because our operations and supply chain have not been found to create significant direct impacts on sensitive habitats, while other environmental topics such as energy, emissions, water and waste continue to be treated as material and are reported separately.

At the same time, we recognise that our business depends on healthy agricultural

landscapes and reliable water resources, particularly through our dependence on coconut shell and coconut shell charcoal supply chains and water-intensive manufacturing processes.

Accordingly, we are beginning to monitor these broader nature-related dependencies as part of our wider climate, resilience and risk management thinking, and expect our approach to evolve over time in line with emerging business needs, data availability and disclosure expectations.

MANAGING ENTERPRISE RISKS AND OPPORTUNITIES

GRI 201-2

Management of risks and opportunities remains a fundamental component of the Group's strategic oversight, ensuring the long-term sustainability, resilience, and value creation of the business. In an increasingly complex and volatile operating environment, the Group continues to strengthen its risk management framework to support informed decision-making, safeguard assets, and enable the timely identification and capitalisation of emerging opportunities.

The Group adopts a structured and integrated approach to risk management, embedding risk considerations across all levels of decision-making, from strategic planning to day-to-day operations. This ensures that risks are proactively managed while opportunities are systematically evaluated and leveraged in alignment with the Group's long-term strategic priorities.

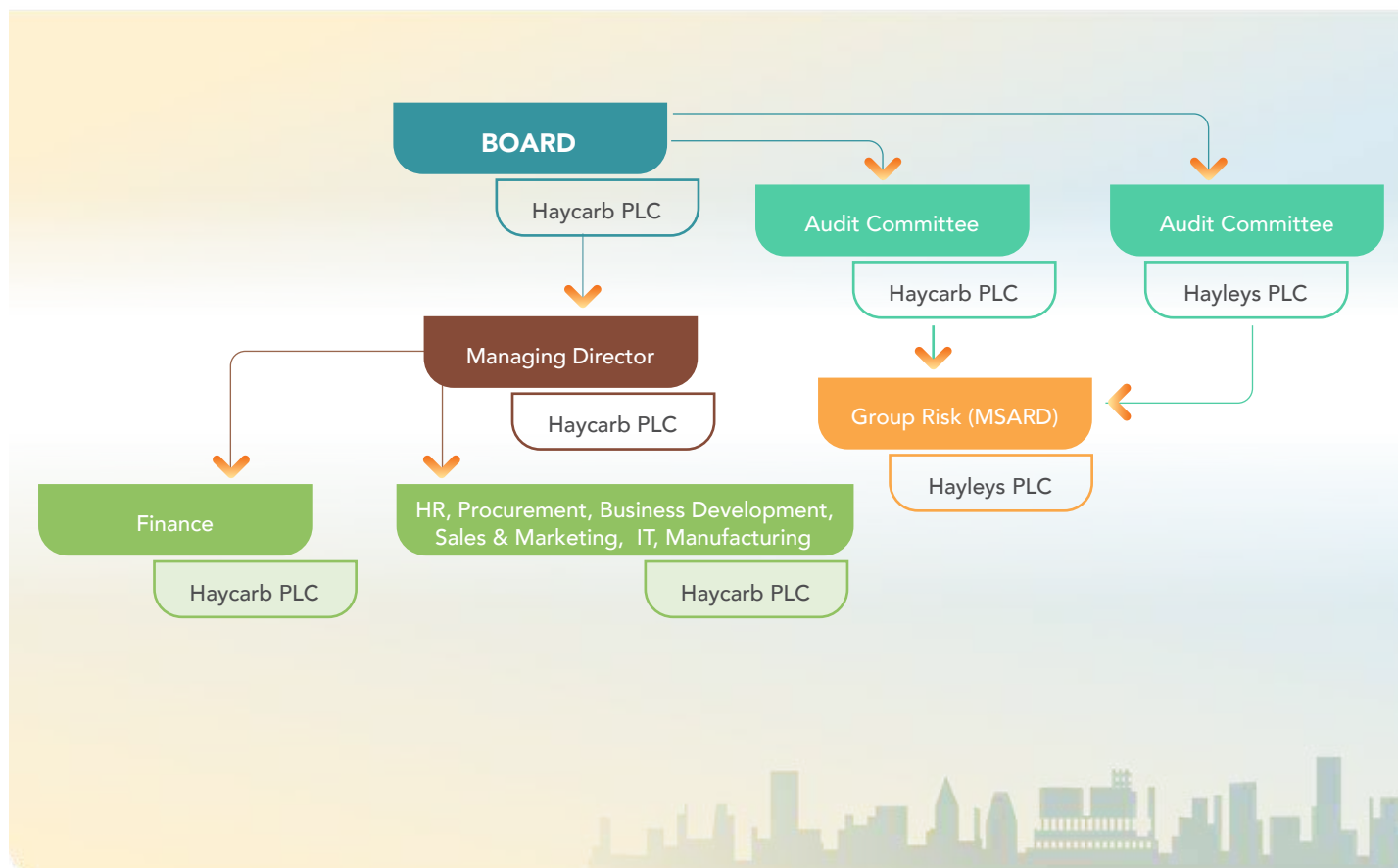
ENTERPRISE RISK GOVERNANCE FRAMEWORK

At Haycarb, ultimate responsibility for risk management rests with the Board of Directors, with risk governance forming a standing agenda item at Board deliberations. The Board is responsible for establishing and maintaining an effective risk management framework, approving key policies, and ensuring that the Group operates within an appropriate risk appetite.

The Audit Committee supports the Board in discharging its oversight responsibilities by undertaking a more detailed review of principal business risks and opportunities. The Committee regularly reviews the effectiveness of the risk management framework, evaluates risk registers, and monitors the evolution of key risks, providing recommendations to the Board where necessary.

The Group's risk management practices are further strengthened through independent oversight by the Management Systems Audit and Review Department (MSARD) of Hayleys PLC. MSARD conducts periodic reviews of risk registers, assesses the adequacy of mitigation measures, and provides and recommendations to Management, the Audit Committees, and the Board.

Risk governance is supported by a clearly defined organisational structure, enabling a coordinated and enterprise-wide approach to risk management.



THREE LINES OF DEFENCE



The Group adopts the internationally recognised three lines of defence model to ensure effective segregation of duties and accountability:

1st

Line of Defence

First Line of Defence – Business line management is responsible for identifying, assessing, and managing risks within their respective functions, ensuring effective implementation of controls and mitigation strategies.

2nd

Line of Defence

Second Line of Defence – Managing Director and Senior Management provide oversight, guidance, and coordination of risk management activities, ensuring consistency with Group policies and strategic objectives.

3rd

Line of Defence

Third Line of Defence – Independent assurance is provided by MSARD, the Audit Committees of Haycarb PLC and Hayleys PLC, and external auditors, ensuring the robustness and effectiveness of the overall risk management framework.

ROLES AND RESPONSIBILITIES



THE BOARD

- » Provides overall oversight of risk management
- » Establishes the risk management framework and risk appetite
- » Approves policies and key risk management strategies
- » Reviews risk registers and significant risk exposures
- » Ensures adequate allocation of resources for risk management

AUDIT
COMMITTEE

- » Reviews the effectiveness of the risk management framework
- » Evaluates risk registers and monitors risk evolution
- » Recommends policies and improvements to the Board
- » Assesses adequacy of mitigation measures and internal controls
- » Recommends resource allocation for risk management initiatives

OPERATIONAL
MANAGEMENT

- » Continuously monitors the operating environment and emerging risks and opportunities
- » Identifies, measures, and reports risks at functional levels
- » Implements approved risk mitigation strategies
- » Ensures alignment of operational decisions with the Group's risk framework

MANAGEMENT
SYSTEMS AUDIT
AND REVIEW
DEPARTMENT-
HAYLEYS PLC

- » Reviews risk registers submitted by Management
- » Assesses the adequacy and effectiveness of risk mitigation measures
- » Provides independent recommendations for strengthening risk management practices

MANAGING ENTERPRISE RISKS AND OPPORTUNITIES

IDENTIFICATION OF RISKS AND OPPORTUNITIES

During the year under review, the Group continued to operate within a dynamic global environment characterised by supply chain disruptions, evolving regulatory frameworks, climate-related uncertainties and shifting geopolitical dynamics. Raw material procurement remained a critical area of focus amidst increasing supply volatility and pricing pressures across key sourcing regions. Geopolitical developments and changes in global trade policies further contributed to heightened uncertainty across international markets and supply chains.

At the same time, advancements in digital technologies continued to support enhanced operational efficiency, data-driven decision-making and improved customer engagement across the Group's global operations. Macroeconomic conditions, including the global growth outlook and interest rate movements, also continued to influence market demand and capital allocation decisions, necessitating a balanced, agile and forward-looking approach to risk management and strategic execution.

RISK MANAGEMENT PROCESS

The Group adopts a formal and structured risk management process.

Senior Management is responsible for identifying and assessing risks relevant to their respective functions and maintaining updated risk registers. These registers are reviewed on a quarterly basis to ensure that emerging risks are promptly identified and existing risks are continuously monitored.

Risks are evaluated through a qualitative and, where applicable, quantitative assessment framework considering their potential impact on:

- » Access to finance
- » Cost of capital
- » Financial position
- » Cash flows
- » Operational performance

The Group places emphasis on understanding interdependencies among risks, enabling a more holistic and integrated approach to risk management.

Following the identification and assessment of risks, appropriate mitigation strategies are developed and implemented. The effectiveness of these strategies is continuously monitored, and residual risk levels are evaluated to ensure alignment with the Group's risk appetite.

Key risks and developments are regularly reported to the Audit Committee and the Board of Directors, ensuring transparency and informed decision-making at the highest level.

The overall risk management process is coordinated by the Finance function, ensuring consistency, discipline, and

integration across the Group, while increasing use of digital tools continues to enhance the timeliness and accuracy of risk monitoring and reporting.

INTEGRATING RISK WITH STRATEGY AND VALUE CREATION

Risk management at Haycarb is closely aligned with strategic planning and capital allocation processes. By embedding risk considerations into decision-making, the Group ensures that strategic initiatives are pursued with a clear understanding of associated risks and potential returns.

This integrated approach enables the Group to not only mitigate downside risks but also proactively identify and capitalise on opportunities arising from market developments, technological advancements, and evolving customer needs.

Through continuous enhancement of its risk management framework, the Group remains well-positioned to navigate uncertainty, strengthen resilience, and sustain long-term value creation for all stakeholders.



IDENTIFY

Emerging and existing risks are identified through strategic planning, operational reviews, stakeholder engagement, environmental scanning and assessment of the external business landscape.

MEASURE

Identified risks are evaluated based on their likelihood, potential impact, velocity and implications for strategy, operations, financial performance and value creation.

MANAGE

Appropriate mitigation strategies, controls and action plans are implemented to manage risks within approved risk appetite and strengthen organisational resilience.

MONITOR & REPORT

Risk exposures, mitigation effectiveness and emerging developments are continuously monitored and regularly reported to management and the Board for oversight.

BUSINESS RISK PRIORITISATION CRITERIA

The Group applies the following impact and likelihood thresholds when assessing and prioritising business risks across the relevant time horizons.

Impact Rating

Impact rating	Metric	Threshold definition
High	Revenue / PBT	PBT: more than 15% adverse impact.
	Employee turnover	More than 20% turnover or loss of critical technical / operational capability affecting continuity.
	Loss of customers	Threatened or actual loss of 10% of strategic customers.
	Reputation damage	Negative media coverage persisting for more than 6 months.
Medium	Revenue / PBT	PBT: 10% to 15% adverse impact.
	Employee turnover	15% to 20% turnover, or difficulty filling critical operational / technical roles.
	Loss of customers	Threatened or actual loss of 5% to 10% of strategic customers.
	Reputation damage	Negative media coverage persisting for 3 to 6 months.
Low	Revenue / PBT	PBT: 3% to 10% adverse impact.
	Employee turnover	10% to 15% turnover or localised skill gaps.
	Loss of customers	Threatened or actual loss of 2% to 5% of strategic customers.
	Reputation damage	Negative media coverage persisting for 1 to 3 months.
Very Low	Revenue / PBT	PBT: less than 3% adverse impact.
	Employee turnover	Less than 10% turnover.
	Loss of customers	Threatened or actual loss of less than 2% of strategic customers.
	Reputation damage	Negative media coverage persisting for less than 1 month.

MANAGING ENTERPRISE RISKS AND OPPORTUNITIES

Likelihood rating

Likelihood rating	Threshold definition
High	Approximately 60% or greater chance of occurring in the relevant time horizon.
Medium	Approximately 30% to 60% chance of occurring in the relevant time horizon.
Low	Less than 30% chance of occurring in the relevant time horizon.
Very Low	Very low probability of occurrence in the relevant time horizon.

CONNECTIVITY BETWEEN PRINCIPAL BUSINESS RISKS (PBR) AND SLFRS S1 & S2 DISCLOSURES

The Group's principal business risks presented under "Managing Risks & Opportunities" represent the broader enterprise risks and strategic uncertainties that may affect Haycarb's long-term value creation. In line with the Group's evolving sustainability and climate-related disclosure framework under SLFRS S1 and SLFRS S2, selected risks and opportunities were further evaluated through financial materiality, climate resilience and sustainability lenses.

This assessment resulted in the

identification of four(4) Climate-Related Risks and Opportunities ("CRROs") and three (3) Sustainability-Related Risks and Opportunities ("SRROs") considered most relevant to the Group's business model, strategy, operational resilience and long-term financial performance.

Several CRROs and SRROs are directly connected to the Group's principal business risks. While the enterprise risk section provides a strategic overview of these matters, the SLFRS S1 and S2 disclosures provide deeper insights into their financial effects, value chain implications, resilience considerations, scenario analysis and related

management responses across the short, medium and long term.

This integrated approach enhances connectivity between strategy, risk management, sustainability-related financial disclosures and long-term value creation. The business risks identified through the assessment of impact materiality and likelihood are presented below, together with their linkages to Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs) disclosed in accordance with IFRS S1 and IFRS S2.

Business Risk	Link to SRROs and CRROs	Threshold definition
PBR1 Raw Material Procurement	CRRO 1 – Climate Risk to Raw Material Supply	Climate-sensitive coconut shell and charcoal supply
PBR 2 Interest Rate Risk	Cross-cutting Financial Resilience Consideration	Funding resilience and strategic investment capacity
PBR 3 Compliance Risk	SRRO 1 – Environmental & Regulatory Compliance Risk	Environmental and regulatory compliance exposure
PBR 4 Geopolitical Dynamics	CRRO 3 – Renewable Energy Transition Opportunity	Supply chain, energy transition and market demand impacts
PBR 5 Cyber Security Risk	Cross-cutting Digital Resilience Consideration	Digital resilience, governance and operational continuity

PRINCIPAL BUSINESS RISKS -PBR

PBR 1 - RAW MATERIAL PROCUREMENT

Overview

The availability and pricing of coconut shell-based charcoal, the Group's primary raw material, continued to remain a key area of strategic focus during the year. Increasing competition for biomass resources and impact from adverse weather conditions, fluctuations in coconut crop yields (refer CRRO 1) and supply-side constraints across sourcing regions continued to create pressure on procurement activities and input costs. These developments posed challenges in securing adequate quantities of raw material required to support uninterrupted manufacturing operations across the Group's global footprint.

Mitigation Strategies

- » Strengthened procurement coordination with suppliers across manufacturing locations in Sri Lanka, Indonesia and Thailand and other key charcoal sourcing regions of India, Philippines and Vietnam to support continuity of supply.
- » Further enhanced regional raw material procurement teams to deepen supplier engagement and expand supplier networks.
- » Progressing backward integration initiatives in Indonesia and enhancement of coconut shell

collection centers in Sri Lanka other manufacturing locations.

- » Continued investments to establish and strengthen supplier ecosystems surrounding the Group's new manufacturing facility in the Philippines.
- » Expanded research and development initiatives relating to the use of alternative raw materials for selected applications and markets.

Post-Mitigation Impact on Financial Performance, Position and Cash Flows

Disruptions relating to raw material availability and pricing.

Time horizon	Indicative financial impact
ST (2026/27)	Incremental raw material cost increase of about LKR 5.5–8.3Bn
MT (2027/28–2029/30)	Incremental raw material cost increase of about LKR 14.3–22.8 BN compared to current year
LT (beyond 2029/30)	Incremental raw material cost increase of about LKR 29.2–43.9 BN compared to current year

Link to Strategy	Capitals Impacted	Material Topics
Market Growth , Innovation led Growth , Strengthen global supply chain ,Purpose driven and committed teams , ESG Mindset	Financial, Natural, Social and Relationship	M1 Materials M4 Product Quality

MANAGING ENTERPRISE RISKS AND OPPORTUNITIES

PBR 2 -INTEREST RATE RISK

Overview

Volatility in global and domestic interest rate environments may lead to increased borrowing costs and higher finance expenses, thereby impacting profitability and cash flow management.

Mitigation Strategies

- » Continuously monitored interest rate trends to optimise the balance between fixed and variable rate borrowings.
- » Engaged proactively with financial institutions to negotiate competitive funding terms.

- » Maintained diversified funding relationships across multiple banking partners.
- » Continued to pursue concessionary and sustainability-linked funding opportunities where appropriate.

Post-Mitigation Impact on Financial Performance, Position and Cash Flows

Exposure to increase in interest rates.

Time horizon	Indicative financial impact	
ST (2026/27)	PBT impact of 8% , if interest rate increase by 5% per annum	
MT (2027/28–2029/30)	PBT impact of 5% , if interest rate increase by 5% per annum	
LT (beyond 2029/30)	PBT impact of 4.2% if interest rate increase by 5% per annum	
Link to Strategy	Capitals Impacted	Material Topics
Market Growth , Innovation led Growth , Strengthen global supply chain	Financial Capital	M5 Economic performance M7 Geopolitical Dynamics

PBR 3 - COMPLIANCE RISK

Overview

The increasingly complex and evolving regulatory landscape across jurisdictions (refer SRRO 1) in which the Group operates may elevate the risk of non-compliance, potentially resulting in financial penalties, reputational impacts and legal exposures.

Mitigation Strategies

- » Continued strengthening compliance processes to ensure adherence to applicable laws and regulations across all operating jurisdictions.

- » Maintained ongoing monitoring of regulatory developments and emerging compliance requirements.
- » Conducted regular awareness programmes and training initiatives for relevant employees across the Group.
- » Quarterly risk assessments and compliance reviews were undertaken by the Board and Audit Committee.
- » Internal audit reviews were carried out across operations to assess the effectiveness of compliance controls and governance practices.

Post-Mitigation Impact on Financial Performance, Position and Cash Flows

Financial penalties, reputational impacts and legal exposures

The impact has been assessed as High considering the potential operational, reputational, regulatory and strategic consequences associated with non-compliance across multiple jurisdictions, notwithstanding the difficulty in precisely quantifying the potential financial effect.

Link to Strategy	Capitals Impacted	Material Topics
Market Growth , Innovation led Growth , Strengthen global supply chain ,Purpose driven and committed teams , ESG Mindset	Financial	M2 : Regulations and Compliance M12 : Environmental Impacts in Supply Chain M16 : Water Discharge and Effluent

PBR 4 - GEOPOLITICAL DYNAMICS

Overview

Escalating geopolitical uncertainties, evolving trade policies, potential sanctions, with possible supply chain disruptions energy market disruption and exchange rate volatility (refer CRRO 1 & CRRO 3) may adversely impact global business operations and financial performance.

Mitigation Strategies

- Maintained geographical diversification across manufacturing operations, sourcing networks and end markets.
- Continued proactive business resilience planning and crisis management initiatives.
- Closely monitored geopolitical developments and assessed their potential implications on operations and markets.
- Strengthened insurance coverage where considered necessary to support risk mitigation efforts.

Post-Mitigation Impact on Financial Performance, Position and Cash Flows

Geopolitical tensions, trade restrictions or international conflicts resulting in temporary disruption of export sales.

Time horizon	Indicative financial impact	
ST (2026/27)	PBT impact of 3% to 5% on a severe incident	
MT (2027/28–2029/30)	PBT impact of 3% to 5% on a severe incident	
LT (beyond 2029/30)	PBT impact of 3% to 5% on a severe incident	
Link to Strategy	Capitals Impacted	Material Topics
Market Growth, Strengthen global supply chain	Financial, Social and Relationship	M18 : Market Presence M7 : Geopolitical Dynamics M4 : Materials

PBR 5 - CYBER SECURITY

Overview

Increasing cybersecurity threats and evolving digital risks may adversely impact the confidentiality, integrity and availability of the Group's information systems and digital assets.

Mitigation Strategies

- » Periodically reviewed and strengthened the Group's IT governance framework, including Information Security Policies and related procedures.
- » Conducted regular risk assessments and vulnerability evaluations with support from both internal teams and independent external specialists to safeguard internal digital infrastructure and assets and externally hosted corporate platforms and websites.
- » Continued awareness and communication programmes across the Group to reinforce cybersecurity responsibilities and policy compliance.
- » Ensured timely implementation of critical security updates, software patches and firmware upgrades across systems.
- » Maintained structured data backup procedures with secure off-site storage arrangements aligned with information security protocols.
- » Continued real-time monitoring capabilities to facilitate early detection and response to cybersecurity incidents.

Post-Mitigation Impact on Financial Performance, Position and Cash Flows

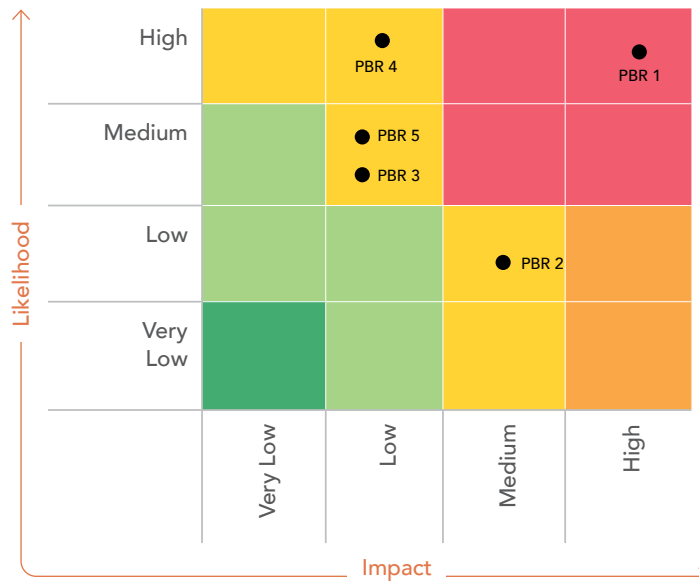
Significant disruptions to critical operational systems impacting operations, customer service etc. resulting in temporary revenue losses.

Time horizon	Indicative financial impact	
ST (2026/27)	3% to 5% of PBT on a severe impact	
MT (2027/28–2029/30)	3% to 5% of PBT on a severe impact	
LT (beyond 2029/30)	3% to 5% of PBT on a severe impact	
Link to Strategy	Capitals Impacted	Material Topics
Market Growth, Innovation led Growth, Strengthen global supply chain, Purpose driven and committed teams, ESG Mindset	Digital Capital, Financial Capital	M13: Cyber Security

MANAGING ENTERPRISE RISKS AND OPPORTUNITIES

Prioritisation of Principal Business Risks

Code	Impact	Likelihood	Summary rationale
PBR 1	High	High	Direct dependency on coconut shell and charcoal for production continuity, margins and revenue.
PBR 2	Medium	Low	The Group increased its borrowings to finance working capital and strategic expansions
PBR 3	Low	Medium	The Group operates across eleven jurisdictions, exposing it to diverse legal, regulatory, tax, compliance, geopolitical and operational environments.
PBR 4	Low	High	The Group's extensive involvement in international trade exposes it to geopolitical tensions, trade restrictions, shipping disruptions, sanctions, tariff changes
PBR	Low	Medium	The Group's increasing reliance on information technology systems, digital platforms, automation and Internet of Things (IoT)



Risk assessments were conducted across all time horizons; this figure shows long-term risk ratings only.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

INTRODUCTION

Haycarb PLC recognises that sustainability and climate-related risks and opportunities have become increasingly interconnected with the Group's long-term strategic direction, operational resilience, financial performance and stakeholder value creation. As a global leader in coconut shell activated carbon solutions operating across multiple geographies, markets and applications, the Group remains exposed to evolving environmental, social, technological, geopolitical and regulatory developments which continue to reshape the global business landscape.

During the year under review, the Group further strengthened the integration of sustainability and climate-related considerations into its governance structures, strategy formulation processes, enterprise risk management framework and operational decision-making mechanisms. This continued evolution reflects Haycarb's commitment to maintaining resilient operations while navigating emerging risks and opportunities across multiple horizons.

The Group continued to align its sustainability governance and reporting practices with the SLFRS Sustainability

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

This report presents the Group's governance structures, strategic responses, risk management approaches and metrics relating to sustainability and climate-related risks and opportunities which could reasonably be expected to affect the Group's business model, strategy, operations, financial performance and long-term resilience.

The report is structured around the following key pillars:



Governance

Explains the governance processes, controls, and procedures we use to monitor, manage and oversee sustainability and climate related risks and opportunities.



Risk Management

Provides information on our processes in identifying, assessing, prioritising and monitoring 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.



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.

SCOPE AND BASIS OF PREPARATION REPORTING ENTITY, ORGANISATION BOUNDARY AND REPORTING PERIOD

This document has been prepared to support disclosure of selected sustainability-related and climate-related risks and opportunities in line with SLFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures. It covers four climate-related risks and opportunities (CRRO 1 to CRRO 4) and three sustainability-related risks and opportunities (SRRO 1 to SRRO 3) identified through the Group's current-year assessment process.

The reporting entity is Haycarb PLC and subsidiaries. The reporting boundary is aligned to the Group financial reporting boundary used for financial reporting purposes, and the reporting boundary used for the SLFRS Sustainability Disclosure Standards is consistent with the financial reporting boundary. The reporting boundary is aligned to the Group financial reporting boundary, while extending to relevant value-chain exposures where these are necessary to understand the effect of a risk or opportunity on the business model, strategy, operations, or financial performance. The reporting period for these disclosures is the year ended 31 March 2026.

APPLICATION OF SLFRS SUSTAINABILITY DISCLOSURE STANDARDS

The Group has applied the SLFRS Sustainability Disclosure Standards as the basis for structuring governance, strategy, risk management, and metrics and targets disclosures relating to sustainability-related and climate-related matters that could reasonably be expected to affect the Group's business model, strategy, operations, financial performance and long-term resilience. The identification of potentially material SRROs and CRROs draws on comprehensive materiality assessment, stakeholder engagement and analysis of megatrends, including reference to SASB (Chemical Industry Standard),

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

The current disclosure set reflects a focused selection of seven matters for deeper analysis: four CRROs and three SRROs.

These are; CRRO 1 Physical Climate Risk to Raw Material Supply; CRRO 2 Physical climate-related water risk; CRRO 3 Transition Opportunity: Scaling Renewable Energy Adoption Driven by Fossil Fuel Price Volatility and Supply Disruptions, CRRO 4 Transition Opportunity: Growing Demand for Activated Carbon in Climate-Solution Applications; SRRO 1 Environmental Compliance and Regulatory Tightening Risk; SRRO 2 Workforce Capability and Skilled Labour Availability Risk; and SRRO 3 Occupational Health and Safety Risk.

VALUE CHAIN DESCRIPTION

The Group's selected climate-related and sustainability-related risks and opportunities are assessed across relevant parts of the value chain, including upstream supply, own operations and downstream market or customer interfaces. The value-chain mapping breaks this into upstream raw materials and procurement, own operations including manufacturing, processing, packaging and office functions, and downstream distribution, logistics, customer demand/customer management, and product end of life.

The value-chain mapping identifies key dependencies and impacts across these stages. Upstream, Haycarb depends on coconut shell availability from tropical agricultural systems, charcoal supplier networks, climatic stability in coconut-growing regions, supplier technical capability, contract stability, and logistics for raw material aggregation. Within own operations, the key dependencies include energy supply, water availability, skilled workforce, process efficiency, product quality systems, environmental permits, ESG governance and data systems, and capital allocation. Downstream, the mapping highlights industrial and municipal demand for activated carbon, regulatory-driven demand in water and air applications, customer expectations on product performance and sustainability, freight and export logistics, and end-of-life pathways including waste handling and regeneration/reuse opportunities.

This value-chain mapping supports the positioning of CRRO 1 mainly in upstream sourcing and procurement, CRRO 2 mainly in own operations and selected upstream exposure, CRRO 3 mainly in own operations through energy-intensive manufacturing and related capex decisions and CRRO 4 mainly in downstream demand and product/market development. It also supports the three selected SRROs being located predominantly within own operations, while still recognising downstream and stakeholder implications for regulatory compliance, labour capability and health and safety performance.

BASIS OF MATERIALITY

The Group's disclosure focus is based on sustainability-related and climate-related risks and opportunities that could reasonably be expected to affect cash flows, access to finance, or cost of capital over the short, medium or long term. Materiality is considered using both qualitative and quantitative factors.

Materiality judgements consider quantitative factors as well as qualitative factors, entity-specific and external factors, possible future events with uncertain outcomes, and changed circumstances. Qualitative considerations include the nature of exposure, affected geographies, affected parts of the value chain, strategic relevance, resilience implications, stakeholder expectations and regulatory or market context.

FINANCIAL MATERIALITY THRESHOLD

The Group applies a threshold based approach in assessing whether identified sustainability related risks and opportunities are financially material for disclosure purposes. Profit before tax (PBT) is used as the primary financial reference point in this assessment, as it provides a consistent basis for evaluating the significance of potential adverse financial effects on the Group.

An adverse effect of approximately more than 10% of PBT is regarded as high, between approximately 7%-10% as medium, between approximately 3%-7% as low and approximately 3% or less as very low.

FUNCTIONAL CURRENCY

The functional currency and presentation currency applied in these disclosures is Sri Lankan Rupees (LKR), consistent with the Group's internal and financial reporting context. Quantified financial effects, where included in the climate-related analysis, have therefore been expressed in LKR unless a non-financial operating unit is more appropriate.

TIME HORIZONS

The basis-of-preparation uses the following disclosure horizons across the current disclosures:

- » Short term as 1 year (FY 2026/27)
- » Medium term as 2- 3 years (FY 2027/28 to FY 2029/30)
- » Long term as beyond 3 years (FY 2029/30 and beyond)

These time horizons align with the Company's strategic planning framework, where short-term corresponds to annual operational budgeting, medium term aligns with the three-year business plan for capital allocation and market strategy, and long-term supports strategic assessments of supply chain resilience and climate adaptation. This alignment ensures climate-related risks and opportunities directly inform Board and management decision making processes

SIGNIFICANT JUDGEMENTS AND UNCERTAINTIES

Preparation of this disclosure requires management to apply judgement in determining the scope of selected risks and opportunities, the boundaries of analysis, the relevance of value-chain exposures, the selection of metrics and targets, and the level of detail appropriate for disclosure. Estimation uncertainty remains relevant where the assessment depends on scenario assumptions, operational projections, evolving regulatory conditions, changing market demand, external climate variables, and management actions that may alter future outcomes.

Area	Key judgement or uncertainty	Disclosure approach
Selection of material CRROs and SRROs	Judgement is required to determine which matters are sufficiently significant for inclusion in the focused disclosure set.	The current-year process uses a consolidated selected set of four CRROs and three SRROs for detailed disclosure.
Reporting boundary	Judgement is required to align the disclosure boundary with the Group financial reporting boundary and relevant value-chain exposures.	The disclosure applies the financial reporting boundary and extends analysis to relevant upstream, own-operations and downstream interfaces where needed.
Time horizons	Judgement is required in assigning effects to ST, MT and LT.	The disclosure uses ST FY 2026/27, MT FY 2027/28 to FY 2029/30, and LT beyond FY 2029/30.
Financial materiality assessment	Judgement is required in interpreting when a matter becomes financially material and decision-useful for disclosure.	The disclosure uses a threshold based approach that takes PBT as the primary financial reference point and is supported by revenue, cost, EBITDA, employees, capex and resilience considerations rather than a single mechanical trigger.
Use of scenarios and forward-looking assumptions	Uncertainty arises from climate, operational, market and strategic assumptions in assessing anticipated effects and resilience.	Forward-looking statements are framed as scenario-based, directional or sensitivity-based where relevant rather than as forecasts.
Metrics and targets completeness	Judgement is required on which KPIs are mature enough for disclosure and how to align them to roadmap commitments.	The disclosures uses currently monitored management metrics and roadmap-linked indicators, with further refinement possible in later reporting cycles.
External variables	Uncertainty arises from climate variability, regulatory developments, demand conditions, supply availability and other external factors beyond the Group's direct control.	The disclosures explain exposure and response without overstating certainty regarding future outcomes.
Data maturity and overlap	Judgement is required where overlapping issues are consolidated into fewer reportable items.	Standalone disclosures are limited to seven selected matters, while overlapping items are embedded as drivers within the chosen CRROs/SRROs.

PROPORTIONALITY

The Group's disclosures are prepared on a proportional basis, using information that is reasonable and supportable at the reporting date and available without undue cost or effort, while focusing on matters assessed as most relevant to decision making and long term resilience. Proportionality is applied when determining the depth of explanation and quantification for each risk or opportunity, taking into account data availability, the maturity of internal methodologies and the degree of estimation uncertainty.

In practice, this means the level of detail varies by issue. Climate related risks and opportunities that are already supported by stronger internal analysis, such as

CRRO 1, CRRO 2, CRRO 3 and CRRO 4, are accompanied by more developed quantitative or semi quantitative information, including scenario style sensitivities and directional financial indications. Other risks and opportunities that were considered in the assessment but not selected as standalone disclosures are addressed in a more concise manner, or embedded within the narrative for the selected CRROs and SRROs, where separate quantification would currently involve a higher level of uncertainty or would not add meaningful decision useful insight for readers.

GOVERNANCE

GOVERNANCE FRAMEWORK FOR SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Haycarb PLC has established a governance framework to oversee sustainability-related risks and opportunities (SRROs), across its global operations. The framework supports integration of sustainability considerations into strategic planning, enterprise risk management, capital allocation and operational decision-making.

The governance structure is supported through:

- » Board-approved mandates and governance structures
- » Committee Terms of Reference (TORs)

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- » Delegated management responsibilities
- » Sustainability-related policies and procedures
- » Integrated risk management processes
- » Periodic monitoring and reporting mechanisms

BOARD OVERSIGHT RESPONSIBILITIES

The Board of Directors retains ultimate accountability for overseeing SRROs across the Group. The Board's responsibilities are formalised through the Group's ESG Roadmap 2030 ACTIVATE, Board mandates, Committee Terms of Reference and enterprise risk management structures.

The Board oversees the integration of sustainability considerations into:

- » Group strategy and long-term planning
- » Enterprise risk management
- » Capital allocation and major investments
- » Supply chain and operational resilience
- » Sustainability-related disclosures
- » Climate-related and nature-related governance practices

The Board also oversees the identification, assessment and prioritisation of material SRROs that may affect the Group's

operations, financial performance and long-term resilience.

DELEGATION TO COMMITTEES

To support effective governance over sustainability and climate-related risks and opportunities, the Board delegates oversight responsibilities to various Board Sub Committees and management-level governance structures.

The governance framework operates through coordinated reporting, escalation and oversight mechanisms to ensure accountability, transparency and effective management of material sustainability and climate-related matters.

The key governance structures supporting sustainability oversight include:

AUDIT COMMITTEE

The Audit Committee oversees the integrity and reliability of sustainability-related disclosures and internal control mechanisms relating to sustainability data, reporting processes and governance structures.

THE COMMITTEE:

- » Reviews sustainability-related disclosures before it is published within the Annual Report.

- » Oversees the effectiveness of internal controls relating to sustainability reporting.
- » Reviews assurance readiness relating to sustainability disclosures.
- » Monitors the reliability and consistency of sustainability-related information.
- » Reviews sustainability related risks and opportunities reporting integrated within the enterprise risk management framework.

NOMINATIONS AND GOVERNANCE COMMITTEE

The nominations and Governance Committee oversees Board composition, ensure appropriate skills and experience in sustainability climate change and stakeholder governance and arrange training and capacity development for the Board of Directors where needed.

SUSTAINABILITY GOVERNANCE STRUCTURE



BOARD COMPETENCY AND SKILLS DEVELOPMENT

The Board and Executive Management collectively possess extensive experience across finance, manufacturing, global operations, supply chain management, sustainability, risk management and international business operations.

To ensure appropriate oversight of SLFRS S1 and S2 climate-related disclosures, the self-assessment was conducted in FY 2025/26 evaluating the Board Audit Committee members' competencies in climate risk assessment, scenario analysis, and sustainability reporting frameworks. The assessment identified existing strengths in financial materiality evaluation and risk governance, and highlighted opportunities for enhanced training in climate-related risk management. The Group continues to strengthen sustainability-related governance capabilities through:

- » Ongoing management engagement
- » Industry benchmarking
- » Sustainability-focused strategic discussions
- » Participation in sustainability-related initiatives and forums
- » Internal coordination across operational functions

Continuous enhancement of sustainability-related reporting and governance practices

As sustainability disclosure standards and stakeholder expectations continue to evolve, the Group intends to progressively strengthen governance competencies relating to climate-related risks and opportunities through structured training programs and periodic competency assessments.

BOARD REPORTING AND INFORMATION FLOWS

The Board receives periodic quarterly updates relating to SRROs through:

- » ESG Steering Committee updates
- » Enterprise risk management reviews
- » Sustainability performance monitoring
- » Strategic planning discussions

- » Operational risk assessments

Material sustainability-related matters may also be escalated outside normal reporting cycles where operational, financial, reputational or strategic implications are considered significant.

INTEGRATION OF SUSTAINABILITY INTO STRATEGY AND DECISION-MAKING

Sustainability considerations continue to be integrated into the Group's strategic planning and operational decision-making processes.

This includes integration into:

- » Capital allocation decisions
- » Operational expansion projects
- » Energy management initiatives
- » Manufacturing optimisation projects
- » Product development initiatives
- » Supply chain strategies
- » Risk management frameworks
- » Long-term strategic planning

The Group continues to recognise sustainability as a key strategic enabler supporting operational resilience, innovation, customer relevance and long-term value creation.

OVERSEEING AND MONITORING OF SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

During the year, the Board exercised oversight of sustainability-related risks and opportunities (SRROs) through periodic reviews of the Group's sustainability governance framework, strategic priorities and enterprise risk management processes. The Board continued to oversee the integration of sustainability and climate-related considerations into the Group's strategy, operational planning, capital allocation and risk management activities across its global operations.

The Board reviews, on a quarterly basis, emerging sustainability and climate-related developments that may affect the Group's

operations, financial performance, supply chain resilience and long-term strategic direction. These reviews include stakeholder expectations, regulatory developments, environmental and climate-related risks, nature-related dependencies, raw material availability challenges, supply chain vulnerabilities, energy-related developments and transition-related market changes across varying time horizons.

The Board periodically reviews sustainability-related policies, strategic initiatives and operational developments relating to sustainable sourcing, energy management, operational efficiency, climate resilience, employee wellbeing, occupational health and safety and environmental stewardship. The Board also reviews the progress of strategic sustainability initiatives, including backward integration projects, renewable energy initiatives and sustainability-focused operational investments across the Group.

The Board further oversees the identification, assessment and prioritisation of material sustainability-related risks and opportunities through the Group's enterprise risk management framework, ensuring sustainability considerations are integrated into strategic and operational decision-making. In evaluating major investments and operational initiatives, the Board considers trade-offs associated with sustainability-related risks and opportunities, including operational resilience, long-term competitiveness, resource availability and evolving stakeholder expectations.

The Board also oversees the establishment of sustainability-related objectives, targets and key performance indicators relating to material sustainability-related risks and opportunities. Progress against such targets is monitored quarterly through updates provided by Executive Management, the ESG Steering Committee and relevant operational functions.

In addition, the Board continues to monitor evolving sustainability-related disclosure requirements, including developments relating to SLFRS Sustainability Disclosure Standards, climate-related disclosures and emerging nature-related reporting frameworks, with the objective of progressively strengthening the Group's

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sustainability governance and reporting practices.

MANAGEMENT ROLE IN THE GOVERNANCE PROCESS

The Board is supported by Executive Management and designated management-level governance structures in overseeing sustainability-related risks and opportunities (SRROs) across the Group. Management is responsible for implementing the Board-approved sustainability strategy and integrating sustainability considerations into operational activities, risk management processes and day-to-day decision-making. The Group has established governance processes, controls and procedures to support the identification, monitoring, management and escalation of material sustainability-related risks and opportunities, while ensuring alignment with broader enterprise risk management and operational governance frameworks.

ESG STEERING COMMITTEE

The Board has delegated responsibility for identifying, managing and monitoring the Group's material sustainability and climate-related risks and opportunities to the ESG Steering Committee. The Committee operates in accordance with its Terms of Reference, which guide its activities in relation to the oversight and management of the Group's sustainability and climate-related matters. The key roles and responsibilities of the ESG Steering Committee during 2025/26 included;

- » Overseeing the implementation of the Group's sustainability strategy,
- » Monitoring material sustainability and climate-related risks and opportunities,
- » Reviewing sustainability-related initiatives and supporting integration of sustainability considerations into strategic and operational decision-making processes.

The ESG Steering Committee is chaired by the Managing Director and comprises senior management representatives from key functions across the Group. The Committee is responsible for ensuring that its members possess the skills and competencies required to identify, assess and effectively respond

to the Group's sustainability and climate-related risks and opportunities. During the year under review, the Committee continued to strengthen its competencies through ongoing engagement and sustainability-related capacity-building initiatives.

The Committee met three times during 2025/26 to evaluate the Group's sustainability and climate-related risks and opportunities, with key findings and recommendations reported to the Board on a quarterly basis.

Through the activities of the ESG Steering Committee, sustainability and climate-related considerations continued to be integrated into the Group's strategic planning and enterprise risk management processes, supporting decision-making relating to significant investments, operational initiatives and research and development activities aimed at capturing emerging sustainability and climate-related opportunities. Sustainability and climate-related risks and opportunities also continued to play a significant role in shaping the Group's long-term energy strategy and operational resilience initiatives, including instances where long-term strategic objectives were balanced against short-term financial considerations.

CORPORATE SUSTAINABILITY AND ESG DEPARTMENT

Haycarb's Corporate Sustainability and ESG Department is primarily responsible for driving the implementation of ACTIVATE in collaboration with relevant internal and external stakeholders. The Department supports the integration of sustainability and ESG considerations across the Group's operations, governance structures and strategic decision-making processes.

The Department's key responsibilities for 2025/26 include:

- a. Supporting the development and implementation of ESG policies, frameworks and strategic sustainability initiatives
- b. Tracking, monitoring and reporting ESG metrics and material sustainability-related information to support effective decision-making.

- c. Facilitating the integration of ESG considerations into operational and strategic decision-making processes through the provision of relevant qualitative and quantitative analysis.
- d. Monitoring stakeholder engagement outcomes, identifying material ESG-related risks and opportunities and providing periodic updates and strategic feedback to the Board on ESG performance and emerging sustainability-related matters.

CONTINUOUS IMPROVEMENT

Haycarb remains committed to continuously strengthening its sustainability governance framework and disclosure practices through:

- » Periodic training and awareness programmes for Directors, senior management and relevant employees;
- » Enhancement of sustainability-related data collection processes, systems and internal controls across the Group;
- » Progressive strengthening of assurance processes over sustainability-related disclosures and data;
- » Continuous improvement of stakeholder engagement mechanisms to support transparent and meaningful disclosures; and
- » Ongoing integration of sustainability-related considerations into strategic planning, risk management and operational decision-making processes across the Group.

RISK MANAGEMENT METHODOLOGY FOR ASSESSING CLIMATE-RELATED AND SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

The Group applies a structured methodology across selected CRROs and SRROs using a broader enterprise approach that considers impacts across the value chain and evaluates material items through identification, assessment, prioritisation and monitoring stages. Identification is based on sources of guidance, materiality assessment, stakeholder engagement and analysis of megatrends, and the assessment includes both qualitative and quantitative review of potential vulnerability and impact.

The approach is value-chain based. Risks and opportunities are considered across upstream supply, own operations and downstream interfaces, and then linked to the parts of the business model most exposed to disruption, cost pressure, regulation, capability requirements, demand shifts or transition opportunity. This value-chain framing supports a more decision-useful assessment than a narrow site-only view because several of the most material matters originate outside direct legal operations but still affect financial performance and resilience through sourcing

systems, customer demand or supply-chain dependencies.

IDENTIFICATION

Identification of risks and opportunities starts with a broader universe of sustainability-related and climate-related matters gathered through internal operational review, management inputs, strategic planning discussions, stakeholder considerations and value-chain mapping. The value-chain assessment then links these issues to specific dependencies and

impacts across raw materials, procurement and sourcing, manufacturing, processing and packaging, office functions, distribution and logistics, customer demand/customer management, and product end of life, allowing Haycarb to identify where material climate or sustainability pressures arise and how they may be transmitted into strategy, operations or financial effects.

For the four selected climate-related risks and opportunities, identification draws on a combination of internal data, external data and management analysis.

Evidence type	Main components
Internal operating and financial data	Raw material sourcing volumes and rates by geography and supplier; supplier concentration and source-country dependence; production and sales mix by product and application; energy and fuel use; renewable energy generation; water use and water-source mix; washing-intensity and operational water-use assumptions; site-level engineering and operational information; financial performance indicators; capex and project pipeline information; compliance information; and strategic plans for product mix and capacity development.
External climate and market data	Climate and weather information; rainfall variability and hydrological stress patterns; El Niño related disruption patterns; agricultural productivity conditions in sourcing regions; fuel-price developments and supply volatility; market demand trends; customer application trends in water purification, air purification, emissions control and energy-related uses; environmental and other regulatory developments; and relevant macroeconomic or sector information used to assess exposure, timing and plausibility.

The identification of the four CRROs draws on the internal and external evidence summarised above, including key production, input, water, energy, market, regulatory and climate related data for major operating and sourcing geographies.

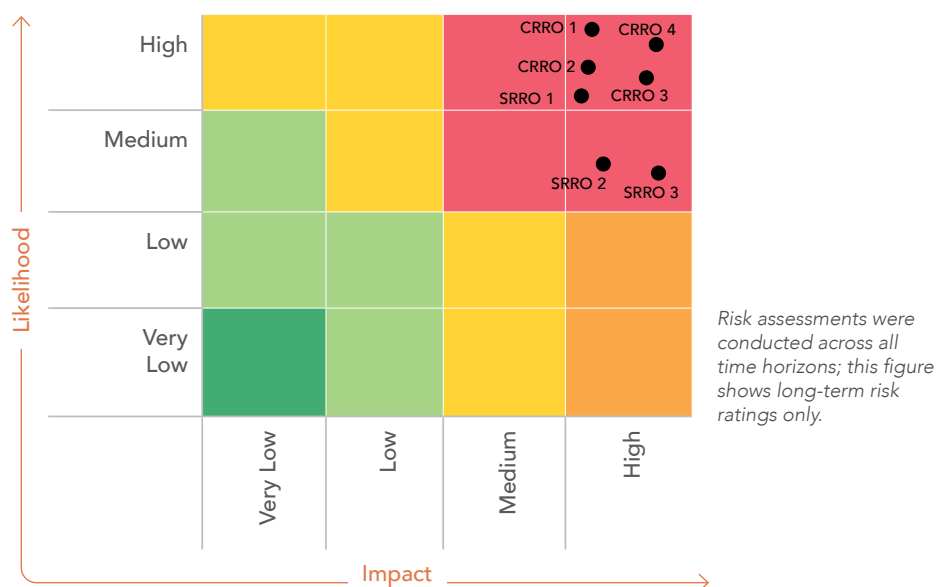
ASSESSMENT

Assessment uses both qualitative and quantitative information, depending on the issue and data availability. It focuses primarily on potential effects on profit before tax (PBT), applying the PBT based sensitivity thresholds set out in the Basis of Preparation, and also considers effects on revenue, cost of sales, cash flows, access to finance and overall resilience, including possible future events with uncertain outcomes.

IMPACT / LIKELIHOOD MATRIX

The Group uses an impact likelihood matrix to identify, assess and prioritise climate and sustainability related risks and opportunities

across all considered time horizons. Items are assessed based on the severity of their potential effect and their likelihood, so that more material items are prioritised for deeper review and disclosure.



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Prioritisation Criteria: Impact

Impact rating	Metric	Threshold definition
High	PBT	PBT: more than 10% adverse impact.
	Employee turnover	More than 20% turnover or loss of critical technical / operational capability affecting continuity.
	Loss of customers	Threatened or actual loss of 10% of strategic customers.
	Reputation damage	Negative media coverage persisting for more than 6 months.
Medium	PBT	PBT: 7% adverse impact.
	Employee turnover	15% to 20% turnover, or difficulty filling critical operational / technical roles.
	Loss of customers	Threatened or actual loss of 5% to 10% of strategic customers.
	Reputation damage	Negative media coverage persisting for 3 to 6 months.
Low	PBT	PBT: 5% adverse impact.
	Employee turnover	10% to 15% turnover or localised skill gaps.
	Loss of customers	Threatened or actual loss of 2% to 5% of strategic customers.
	Reputation damage	Negative media coverage persisting for 1 to 3 months.
Very Low	Revenue / PBT	PBT: less than 3% adverse impact.
	Employee turnover	Less than 10% turnover.
	Loss of customers	Threatened or actual loss of less than 2% of strategic customers.
	Reputation damage	Negative media coverage persisting for less than 1 month.

Prioritisation Criteria: Likelihood

Likelihood rating	Threshold definition
High	Occurs every 1–3 years
Medium	Occurs every 3–5 years
Low	Occurs every 5–10 years
Very Low	Occurs less often than once in 10 years.

Based on this process, CRRO 1–4 and SRRO 1–3 were prioritised for standalone disclosure; other topics (for example, customer decarbonisation pressure, standalone energy security, standalone extreme weather damage, supply chain traceability, product quality and technology or innovation adoption) were assessed but treated as drivers within the seven selected matters.

Assessment combines several layers: mapping each issue to the value chain and key transmission channels; considering

inherent exposure in terms of dependency, sensitivity and strategic relevance; linking to current year operational and financial baselines where possible; and assessing anticipated effects using directional, scenario based or sensitivity based analysis rather than point forecasts where future uncertainty is high.

PRIORITISATION

Prioritisation is based on the impact likelihood matrix and the Group's PBT based materiality lens, focusing on items with the

strongest combination of impact, likelihood and decision useful relevance. Overlapping topics are consolidated rather than disclosed separately (for example, extreme weather within CRRO 1 and CRRO 2, energy security within CRRO 3, supply chain traceability within CRRO 1, and technology or innovation adoption within CRRO 4 and strategic capex).

As a result, some matters remain important in business terms without becoming standalone SRROs/CRROs where they are more decision usefully treated as drivers or sub factors within broader selected matters.

MONITORING CLIMATE RISKS AND OPPORTUNITIES

Monitoring of climate related and sustainability related risks and opportunities is carried out through periodic management review and a defined set of indicators and KPIs for each selected CRRO and SRRO. Performance against these indicators, together with progress on related targets, is reported to the Board and relevant committees in line with the governance

arrangements described in the Governance section and is summarised in more detail in the Metrics and Targets section.

CHANGES IN CLIMATE RISK AND OPPORTUNITY MANAGEMENT PROCESSES COMPARED WITH THE PREVIOUS REPORTING PERIOD

In 2024/25, Haycarb reported a broader set of 17 climate related and sustainability related risks and opportunities across the value chain. For the current reporting period, this population was re evaluated using the updated impact-likelihood thresholds and the strengthened materiality lens, and overlapping items were deliberately consolidated into a smaller number of more decision useful themes. Physical raw material and water related risks, which were previously described through multiple separate items (for example, raw material disruption, water stress, extreme weather damage to operations and elements of supply chain sustainability), have been brought together into two primary CRROs focused on coconut shell/charcoal supply and water availability and hydrological variability.

Transition related topics such as renewable energy, energy security, customer decarbonisation expectations and demand growth for environmental applications have been streamlined into two CRROs centered on demand for climate solution applications and the renewable energy transition, with the remaining transition drivers treated as

components of these themes rather than standalone disclosures. Several sustainability related risks that were previously listed separately (including technology adoption, product quality/process consistency and elements of social and community exposure) have been embedded within broader compliance, capability and safety considerations instead of being duplicated. At the same time, a new sustainability related risk on workforce capability and skilled labour availability has been added as a distinct SRRO, reflecting the growing importance of specialist technical, operational and engineering skills for maintaining safe, efficient and resilient activated carbon operations. As a result, the current year disclosure focuses on four CRROs and three SRROs that together capture the most material climate related and sustainability related exposures and opportunities for Haycarb while reducing fragmentation and overlap in the risk narrative.

INTEGRATION WITH OVERALL RISK MANAGEMENT

Haycarb integrates our four Climate-Related Risks and Opportunities and three Sustainability-Related Risks and Opportunities into our overall risk management framework through a structured governance model based on the Three Lines of Defense.

STRATEGY

CLIMATE TRANSITION AND ADAPTATION PLANS

Haycarb's climate transition and adaptation plans for the four climate related risks and opportunities focus on strengthening raw material resilience, water stewardship, energy transition, operational adaptation and selective growth in higher value activated carbons, with a mix of near term operational actions and longer term capital and capability investments. These plans are embedded throughout this disclosure in the Strategy, Risk Management and Metrics and Targets discussions, and are being integrated into sourcing strategies, site level water and energy programmes, product and portfolio development, and medium term capital allocation to reduce exposure to climate sensitive supply, water and energy constraints while preserving and selectively expanding growth options.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

GRI 201-2

Haycarb has identified four material climate-related risks and opportunities, CRROs, that could reasonably be expected to affect its business model, operations, value chain, financial position, performance, cash flows, access to finance or enterprise value over the short, medium and long term. These comprise both climate-related risks and climate-related opportunities arising from physical climate effects, transition dynamics, and evolving market demand for climate-solution products.

CRRO	Primary area of impact	Main strategic relevance	Financial effect assessment
CRRO 1: Climate Risk to Raw Material Supply	Feedstock sourcing and supply chain	Securing raw materials and protecting margins	Quantified cost of sales impact; qualitative long term view.
CRRO 2: Climate Related Water Risk Arising from Changes in Water Availability. Water Quality and Hydrological Variability	Manufacturing sites and local water sources	Ensuring process water availability and license to operate	Quantified revenue impacts stress years; qualitative long term view
CRRO 3: Opportunity for Scaling Renewable Energy Adoption Driven by Fossil Fuel Price Volatility and Supply Disruption	Energy mix at manufacturing sites	Reducing fossil fuel exposure and stabilising energy costs though increasing renewable energy	Quantified cost and earnings sensitivities.
CRRO 4: Opportunity due to Growing Market Demand for Value-Added Carbons Used in Energy Storage, and Advanced Water & Air Purification	Customer markets and product portfolio	Growing value added climate solution revenues	Quantified illustrative revenue uplift and earnings resilience

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CRRO 1: CLIMATE RISK TO RAW MATERIAL SUPPLY (COCONUT SHELL AND COCONUT SHELL CHARCOAL)

Description:

CRRO 1 is the risk that climate-related disruption to coconut-growing systems and charcoal conversion networks reduces the availability of coconut shells and coconut shell charcoal, increases procurement costs, and constrains Haycarb's ability to manufacture coconut-shell-based activated carbon. The risk affects major revenue-generating applications including gold

recovery, air purification, water purification, and energy storage carbon because these products depend on coconut-shell-derived feedstock.

Physical/transition:

CRRO 1 is primarily a physical climate risk with both chronic and acute characteristics. The chronic element arises from rainfall variability, tree ageing, insufficient replanting, and changing agricultural productivity, while the acute element arises from El Niño-linked droughts, rainfall deficits, and short-term supply shocks;

secondary transition-related features may also affect supply economics.

Time period: S, M, L

Current Year Effects Of CRRO On Business Model And Value Chain And Where It Is Impacted:

While the business model remains highly dependent on coconut shell charcoal, the current assessment indicates CRRO 1 has not resulted in material financial effects on the Group's business model and value chain in FY 2025/26.

Anticipated Effects on Business Model and Value Chain

Horizon	Business Model Effect	Value Chain Effect
Short-term (FY 2026/27)	Production expansion increases feedstock intensity, elevating working capital requirements and raw material costs, directly impacting gross margins and cost of sales.	Greater procurement volumes strain supply aggregation and necessitate higher-cost fallback imports.
Medium-term (FY 2027/28 to FY 2029/30)	Financial resilience depends on pricing discipline to offset El Niño-driven cost volatility and margin compression. Potential revenue growth constraints if price increases cannot be passed through.	Supplier financial stress during climate events and elevated inventory management costs.
Long-term (FY 2029/30 and beyond)	Transition from low-cost charcoal reliance to climate-resilient sourcing strategy requires strategic capex for backward integration, diversification, and efficiency improvements to sustain profitable growth.	Structural agricultural climate resilience becomes critical for long-term cost competitiveness and supply security.

Concentration

Horizon	Business Model Effect	Value Chain Effect
Short-term (FY 2026/27)	Value chain: Upstream sourcing and import channels. Business model: Activated carbon and energy carbon production lines.	Sri Lanka
Medium-term (FY 2027/28 to FY 2029/30)	Value chain: Agricultural supplier base and logistics networks. Business model: Procurement, inventory management, and pricing strategy.	Sri Lanka, Thailand, Indonesia
Long-term (FY 2029/30 and beyond)	Value chain: Multi-country agricultural sourcing and supplier development. Business model: Strategic capital allocation and product-mix diversification.	Multi-country

How Haycarb Has Responded to or Plans to Respond to CRRO In Business Strategy and Decision:

Direct adaptation actions already in place or planned include backward integration into shell supply, multi-country sourcing, efficiency improvements, evaluation of alternative raw materials, and phased expansion planning. In Sri Lanka specifically,

the strategy focuses on sustaining or reducing reliance on local charcoal volumes while diversifying import channels to enhance supply resilience and cost stability.

Indirect adaptation actions include product-mix management toward higher-value-added products, pricing discipline and pass-through where possible, inventory strategy,

and selective phasing of capacity expansion where feedstock security is a constraint.

How Haycarb is resourcing, and plans to resource the above (resource allocation- financial and non-financial):

Financial resourcing for CRRO 1 is expected to come through procurement effort, working capital, inventory management, backward-

integration spending, supplier development, and strategic capex or operating changes that improve carbon yield or reduce exposed charcoal per unit of output.

Indicative resource needs are concentrated in Sri Lanka due to the largest charcoal spend, reliance on imported fallback volumes (requiring adequate foreign currency reserves and import financing capacity), and planned energy storage carbon expansion. Maintaining sufficient liquidity for import procurement is critical to supply continuity, although Indonesia and Thailand also remain relevant as part of the Group's multi-country sourcing resilience.

Non-financial resourcing includes management attention to sourcing strategy, supplier diversification, monitoring of key climate-sensitive source countries, and commercial discipline in product and pricing decisions.

Progress Of the Plans and Initiatives:

- » **Green Charcoal Intake**
 - o 2025/26: 61%
 - o 2024/25: 44%
- » **Backward integration shell procurement percentage**
 - o 2025/26: SL - 20%, Thailand - 62% , Indonesia - 18%
 - o 2024/25: SL - 34% , Thailand - 66% , Indonesia - 0%

More info on targets and progress listed under "Metrics & Targets" Section in Page 104.

Current Year Financial Effects:

The current assessment indicates CRRO 1 has not resulted in material financial effects in 2025/26.

Significant Risk of Material Adjustments Within The Next Annual Reporting Period

CRRO 1 has been considered in assessing forward looking assumptions relevant to margins, utilisation, inventory and procurement costs for the next financial year. At the reporting date, CRRO 1 creates meaningful sensitivity in these assumptions; however, no asset specific impairment or other material adjustment has been identified solely on the basis of this risk in the absence of more specific triggering evidence.

Anticipated Financial Effects Over Short, Medium and Long Term:

The anticipated financial effects are presented as scenario based sensitivities rather than forecasts. The main quantitative channel is incremental raw material cost increase driven by climate related pressure on coconut shell and charcoal availability, with resulting effects on cost of sales and margin resilience.

Climatic / operational driver	Indicative driver (quantified)	Time horizon	Indicative financial impact	Qualitative description
Immediate expansion in Sri Lanka with first step Energy storage carbon demand, ongoing elevated procurement prices and near term climate variability affecting coconut shell and charcoal supply	Sri Lanka local charcoal cost increase band of about 25%–35%; India import band of about 30%–40%; Indonesia and Thailand local charcoal bands of about 15%–25% and 10%–20% respectively	ST (2026/27)	Incremental raw material cost increase of about 5.5–8.3 bn LKR	Represents near term expansion linked charcoal intensity and immediate supply stress effects, concentrated mainly in Sri Lanka where local and imported charcoal purchases are largest and Energy Storage Carbon expansion is most significant
El Niño sensitive window around 2027 combined with larger Activated Carbon, specifically EC throughput, tighter shell availability and stress on suppliers and import channels across Sri Lanka, Indonesia and Thailand	Sri Lanka local charcoal cost increase band of about 60%–90%; India import band of about 80%–120%; Indonesia and Thailand local charcoal bands of about 40%–70%	MT (2027/28–2029/30)	Incremental raw material cost increase of about 14.3–22.8 bn LKR compared to current year	Period of highest combined stress, as climate driven supply tightness overlaps with higher charcoal requirements from AC and Energy Storage Carbon expansion and stronger reliance on higher cost fallback import channels.
Structural plantation ageing, inadequate replanting and repeated climate volatility leading to persistent feedstock tightness and higher charcoal prices across sourcing countries	Sri Lanka local charcoal cost increase band of about 120%–180%; India import band of about 140%–200%; Indonesia and Thailand local charcoal bands of about 90%–140% and 80%–120% respectively	LT (2030 onwards)	Incremental raw material cost increase of about 29.2–43.9 bn LKR compared to current year	Long run structural stress case in which sustained climate and agricultural pressures tighten supply across multiple geographies, requiring significant adaptation in sourcing, efficiency, product mix and commercial response to preserve growth and margin resilience

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

These effects are concentrated first in Sri Lanka, then in Indonesia and Thailand, with imported fallback channels adding additional cost sensitivity in severe stress conditions.

Climate Resilience (Summary)

Climate resilience for CRRO 1 was assessed in FY 2025/26 using the common Net Zero and Divergence scenario framework applied across the wider workstream. Net Zero was used as a directional comparator, while Divergence was used as the principal

quantitative case because it includes stronger assumptions on rainfall variability, El Niño linked disruption, shell availability and charcoal cost escalation, consistent with the 5–15% cost pressure and 1–3% to 2–7% revenue band logic used in the CRRO 1 financial effects tables. The business model was assessed as resilient in the short term (with Low to Medium downside in stress years) but increasingly conditional in the medium and long term, where resilience depends on sourcing diversification, backward integration and product mix

discipline to keep cost of sales and PBT effects within the management ranges disclosed for this risk.

Scenario-Based Resilience Interpretation By CRRO

The table below summarises how the CRRO's resilience is interpreted under the Net Zero and Divergence scenarios, and the main conditions under which the business model remains viable in each case.

CRRO	Primary climate / transition focus	Net Zero scenario (NZ) – resilience conditions	Divergence scenario (DV) – resilience conditions	Overall resilience conditions
CRRO 1 – Physical climate risk to raw material supply (coconut shell and charcoal)	Rainfall variability, ENSO/ El Niño, coconut yield and plantation dynamics, agricultural adaptation	Lower long-run physical stress and stronger adaptation support more stable coconut yields and shell availability; feedstock risk is reduced but not eliminated.	Higher rainfall variability, amplified ENSO impacts and weaker adaptation increase risk of feedstock tightness, price escalation and supply shocks.	Resilience depends on backward integration, multi-country sourcing, efficiency and product-mix management to maintain feedstock security and margin resilience, especially under DV.

Further detail on the risk-specific resilience assessment, including scenario analysis and supporting context, is provided in the Climate Resilience section (page 94–100).

Significant Judgement and Uncertainties:

Several significant judgments and uncertainties are embedded in the CRRO 1 analysis. These include the use of the 2025/26 charcoal purchase cost base of 27.86 bn LKR as the principal climate-sensitive financial baseline, the calibration of geography-specific cost increase bands by horizon, the interpretation of El Nino-related stress windows, the treatment of imported fallback channels, and assumptions about pass-through, sourcing adjustment, inventory strategy, and margin protection. There is also uncertainty around how rainfall variability, agricultural productivity,

replanting, plantation ageing, supplier conversion capability, and regional sourcing responses will interact in practice across different countries and seasons, which is why financial effects are expressed as ranges and scenario-based sensitivities rather than point forecasts.

Methodology:

The CRRO 1 analysis combines internal operating and financial data (raw material quantities and rates, local/import mix, expansion linked charcoal needs and internal revenue comparisons) with future production assumptions tailored for this assessment. Climate and market assumptions draw on internal sourcing risk analysis and external evidence on rainfall variability, El Niño linked disruption, coconut productivity and physical stress in key sourcing geographies, using a

divergence pathway as the main quantitative case and a net zero aligned pathway as a qualitative comparator. Climate sensitive exposure is assessed as the incremental increase in charcoal related raw material costs relative to the current year charcoal cost base, across Sri Lankan, Indonesian and Thai charcoal streams and fallback imports, assuming that expansion increases charcoal intensity and that realised outcomes depend on pass through, sourcing flexibility, inventory management, product mix and operating response rather than raw material cost escalation alone.

Proportionality:

The CRRO 1 analysis reflects proportionality by focusing the heaviest quantification on the areas that are most material and supportable with evidence. Sri Lanka is treated as the principal quantitative driver because it combines the largest charcoal spend, dependence on imported fallback volumes, and planned energy storage carbon expansion, while Indonesia and Thailand are also quantified because they carry large local charcoal volumes. Other source-country exposures are captured through import and climate-context assumptions rather than unnecessary false precision, and scenario-based financial ranges are used instead of point forecasts because the purpose of the disclosure is to show plausible exposure under climate stress rather than exact future procurement outcomes.

**CRRO 2: PHYSICAL CLIMATE-RELATED
WATER RISK ARISING FROM CHANGES
IN WATER AVAILABILITY, WATER
QUALITY, AND HYDROLOGICAL
VARIABILITY ACROSS OPERATIONS AND
KEY UPSTREAM SUPPLY LOCATIONS.**
Description:

CRRO 2 is the risk that climate-related changes in rainfall patterns, hydrological variability, water quality, groundwater stress, and associated regulatory tightening reduce the reliable availability of usable water required for steam generation, washing, cooling, and other operational needs across key Haycarb manufacturing locations. The risk is most acute in Sri Lanka and Thailand, where key plants depend on groundwater, surface water, and rainwater harvesting systems that are sensitive to dry-season stress, low-flow conditions, reservoir allocation pressure, and rainfall variability. Activated carbon production depends on water both directly and indirectly. All energy storage carbon grades in Sri Lanka are treated as washing dependent, and most Sri Lankan water and air purification grades, together with a smaller share of Thai production, also require washing as part of post activation processing.

Physical/transition:

CRRO 2 is primarily a physical climate risk, but it also includes important transition-like regulatory features because groundwater abstraction, industrial water use, tariff setting, and effluent discharge standards can tighten in response to climate stress and water-sector reform. The chronic element arises from longer-term changes in rainfall reliability, low-flow conditions, salinity pressure, groundwater stress, and increasing need for treatment, recycling, storage, and alternate sourcing, while the acute element arises from drought periods, severe dry-season constraints, extreme rainfall and flood events, and operational water-quality disruptions.

Time Period: S, M, L
**Current Year Effects of CRRO On
Business Model And Value Chain and
Where It Is Impacted:**

While the business model remains highly dependent on reliable water access, the current assessment indicates CRRO 1 has not resulted in material financial effects on the Group's business model and value chain in FY 2025/26.

**Anticipated Effects On Business Model And Value Chain**

Horizon	Business Model Effect	Value Chain Effect
Short-term (FY 2026/27)	Higher washing demand from energy storage carbon ramp-up increases revenue sensitivity to dry-season water usability and availability constraints.	Greater operational dependence on rainwater harvesting, reverse osmosis, and storage infrastructure at water-intensive sites.
Medium-term (FY 2027/28 to FY 2029/30)	Water availability becomes more tightly linked to the viability of expected product mix and growth plans, with potential constraints of higher-margin washed grades.	Water allocation, quality degradation, and emerging regulatory constraints increase the need for resilience capex and operational balancing across sites.
Long-term (FY 2029/30 and beyond)	Business model resilience depends on expanded water adaptation investments and achieving lower water-intensity per unit of output to sustain profitable growth.	Structural hydrological stress and regulatory pressure raise the importance of long-term water resilience measures including alternative sources and efficiency technologies.

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Concentration

Horizon	Concentration	Main Geography
Short-term (FY 2026/27)	Value chain: Washing and boiler operations at major production sites. Business model: Energy storage carbon production and washed-grade revenue streams.	Sri Lanka
Medium-term (FY 2027/28 to FY 2029/30)	Value chain: Own operations (washing, steam generation, treatment). Business model: Product-mix strategy and expansion planning.	Sri Lanka, then Thailand
Long-term (FY 2029/30 and beyond)	Value chain: Multi-site operations and strategic capex allocation. Business model: Water-intensity reduction and climate-resilient production model.	Sri Lanka, Thailand, selected Indonesia hotspots

How Haycarb Has Responded To Or Plans To Respond To CRRO In Business Strategy And Decision Making:

Direct adaptation actions already in place or planned include rainwater harvesting, existing reverse osmosis treatment in Sri Lanka, proposed expansion of RO and recycling capacity, storage enhancement, alternate sourcing, and site-level operational allocation of water toward the highest-value grades when constraints arise.

Haycarb Badalgama already has RO capacity and rainwater contribution, while Shizuka in Thailand relies significantly on harvested rainwater, showing that water adaptation is already embedded in operations. Indirect adaptation actions include product-mix prioritisation, growth planning that explicitly considers water intensity, and treatment of energy storage carbon as a strategically prioritised grade where washing water becomes constrained.

The strategy combines technical measures with commercial and operating decisions that prioritise higher value production when water becomes a binding constraint.

How Haycarb Is Resourcing, And Plans To Resource The Above (Resource Allocation- Financial And Non-Financial):

Financial resourcing for CRRO 2 is expected to come through targeted capex and opex related to reverse osmosis, recycling, storage, alternate sourcing, rainwater

harvesting, and broader process-water management. The analysis recognises that water itself is not the main cash-cost driver, but resilience capex and the avoidance of lost production make water-related investment strategically important, especially in Sri Lanka where total projected water demand is expected to rise from about 460,840 m3 in 2025/26 to around over ~600,000 m3 in the medium term and over ~700,00 m3 in the long term.

Non-financial resourcing includes site-level operational planning, technical management of water treatment and recycling systems, monitoring of water regulation, and management attention to product and capacity choices under water constraints.

Progress of the plans and initiatives:

- » **Sustainable water sourcing:**
 - o 2025/26: 123,171 m3 (16% of total water consumption)
 - o 2024/25: 85,188.31 m3 (12% of total water consumption)
- » **Volume of water recycled:**
 - o 2025/26: 30,483 m3 volume of water recycled (4% of total water consumption)
 - o 2024/25: 16,361 m3 volume of water recycled (2% of total water consumption)

» Water intensity:

- o 2025/26: 11.79 m3/Rs Mn revenue
- o 2024/25: 16.12 m3/Rs Mn revenue (27% year on year water intensity reduction)

More info on targets and progress listed under "Metrics & Targets" Section in Page 105.

Current year financial effects:

The current assessment indicates CRRO 2 has not resulted in material financial effects in 2025/26.

Significant Risk of Material Adjustments Within the Next Annual Reporting Period:

A significant risk of material adjustment within the next annual reporting period is not identified solely from CRRO 2 on the reporting date because current operations remain functional and no asset-specific impairment trigger has been identified only on the basis of this risk. However, there is significant sensitivity in assumptions relevant to expected production, water treatment, storage, resilience capex, and the viability of washed product mix in Sri Lanka and selected Thai facilities, so the risk remains relevant to forward-looking estimates and planning judgments.



Anticipated Financial Effects Over Short, Medium and Long Term:

For CRRO 2, the primary financial transmission channel is potential reduction in expected production where usable washing grade water becomes constrained

by climate related water stress, quality deterioration, groundwater pressure or tighter abstraction and effluent controls. The scenario analysis focuses mainly on washing dependent grades because these are the most operationally flexible and financially

sensitive part of the water balance, and the resulting revenue sensitivity bands are expressed as incremental reductions relative to current year Group revenue.

Climatic / operational driver	Indicative driver (quantified)	Time horizon	Indicative financial impact	Qualitative description
Climate related dry season stress, rainfall variability and hydrological variability reducing usable washing grade water at key Sri Lankan and Thai sites, affecting washing intensive EC and purification grades	Usable washing water loss of about 5%–10% in a severe short term stress year	ST (2026/27)	Incremental Revenue sensitivity band of about ~0.5–1.7 bn LKR, ~1%–3% of Group revenue in a severe stress year	Mainly affects washing dependent water and air purification volumes; Energy Storage Carbon is generally prioritised under stress, so downside is concentrated in other washed grades rather than in total production shutdowns
Same climate and regulatory drivers, combined with higher dependence on washing intensive production as Energy Storage Carbon ramp up and growth in washed grades increase total washing water demand in Sri Lanka and selected Thai operations	Usable washing water loss of about 15%–30% in a severe medium term stress year	MT (2027/28–2029/30)	Incremental Revenue sensitivity of ~ 2–6 bn LKR in the early medium term and around 2–8 bn LKR by 2028/29, roughly ~3%–9% of current Group revenue per severe stress year	Larger share of expected revenue becomes washing dependent; under more severe divergence cases, some expected Energy Storage Carbon production may also be affected if resilience measures (RO, recycling, storage, alternate sourcing) and prioritisation are insufficient
Longer term rainfall variability, low flow pressure, groundwater stress and tighter abstraction/effluent controls creating recurrent constraints on usable washing grade water if adaptation does not keep pace	Usable washing water loss of about 20%–30% in severe long term stress years (with higher recurrence risk under divergence)	LT (beyond 2029/30)	Incremental Revenue sensitivity band of about ~3–8.0 bn LKR per severe event year, roughly ~5%–12% of current Group revenue	Long term outcomes depend increasingly on expansion of RO, recycling, rainwater harvesting, storage and alternate sourcing; absent sufficient adaptation, repeated stress years could produce cumulative medium to high downside for washing dependent growth and margin resilience

Climate Resilience (Summary):

Climate resilience for CRRO 2 was assessed in FY 2025/26 using the common Net Zero and Divergence scenario framework. Net Zero assumes more orderly water sector adaptation and lower effective shortfalls in usable washing water, while Divergence assumes stronger hydrological stress and tighter water related constraints, consistent

with the 1–3% and 2–7% revenue downside ranges used for short , medium and long term stress years in the CRRO 2 financial effects table. Operations were assessed as reasonably resilient in the short term (with Limited current year impact identified solely from CRRO 2), but medium and long term resilience depends increasingly on expansion of RO, recycling, storage and alternate sourcing, and on product allocation

discipline, to keep downside within those disclosed bands if severe stress years recur.

Scenario-based resilience interpretation by CRRO

The table below summarises how the CRRO's resilience is interpreted under the Net Zero and Divergence scenarios, and the main conditions under which the business model remains viable in each case.

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CRRO	Primary climate / transition focus	Net Zero scenario (NZ) – resilience conditions	Divergence scenario (DV) – resilience conditions	Overall resilience conditions
CRRO 2 – Physical climate-related water risk	Hydrological variability, groundwater stress, dry-season low flows, water-quality and regulatory pressure	More orderly investment in water resilience, storage, treatment and reuse reduces effective shortfalls in usable washing water; severe events still occur but are better buffered.	Stronger and more frequent low-flow periods, tighter abstraction and effluent controls and higher climate stress raise the probability that water becomes a binding operational constraint.	Resilience depends on expanding RO, recycling, storage and alternate sourcing and on disciplined prioritisation of washing water to higher-value grades, particularly under DV.

Further details on the risk-specific resilience assessment, including scenario analysis and supporting context, is provided in the Climate Resilience section (page 94-100).

Significant Judgement and Uncertainties:

Significant judgements include the assumed washing intensity for Sri Lankan energy storage carbon, the assumed washed share of Sri Lankan purification products, the treatment of severe stress years, the degree of prioritisation afforded to energy storage carbon in constrained periods, and assumptions around regulatory tightening, water quality deterioration and site level adaptation effectiveness. Uncertainty remains around the frequency and severity of dry season constraints, rainfall reliability, groundwater performance, treatment efficiency, the timing of resilience capex, and the extent to which product mix can be flexed without disproportionate commercial downside. Financial effects are therefore expressed as scenario based revenue sensitivity bands rather than point estimates.

Methodology:

The CRRO 2 analysis uses internal water use data, current and projected production mix, assumed washing intensities and qualitative climate stress pathways to estimate how reductions in usable washing grade water affect washed production and related revenue. Baselines include current year water use and source mix profiles by

geography, with particular emphasis on Sri Lanka given its concentration of washed premium products and planned energy carbon growth. The methodology assumes energy storage carbon is prioritised over lower value washed grades when water is constrained, with RO, recycling, storage, alternate sourcing and rainwater harvesting partly mitigating but not eliminating severe stress risk. Scenario logic applies severe stress year usable water loss assumptions across the short, medium and long term and translates these primarily to washed grades and energy storage carbon where water becomes a binding constraint.

Proportionality:

The CRRO 2 analysis applies proportionality by concentrating the heaviest quantification on Sri Lanka and then Thailand, where current and projected washing-dependent production is most material. Indonesia is included qualitatively and in baseline water-use terms because its absolute exposure is smaller in this analysis even though freshwater usability remains relevant in selected upstream sites.

This proportionality logic overlaps partly with CRRO 1 in Sri Lanka because both risks become more material where expansion heightens dependence on climate-sensitive inputs, but the financial transmission channels remain distinct.

CRRO 3: OPPORTUNITY FOR SCALING RENEWABLE ENERGY ADOPTION DRIVEN BY FOSSIL FUEL PRICE VOLATILITY AND SUPPLY DISRUPTIONS.

Description:

Volatility in fossil fuel prices and potential supply disruptions, driven by geopolitical conditions and global energy market dynamics, create a strategic opportunity for Haycarb to accelerate renewable energy adoption across our operations. Activated carbon production is energy-intensive and depends materially on furnace oil, LPG and diesel for kilns, drying and other thermal processes, which exposes the business to cost fluctuations and supply risk when fossil energy markets tighten. In Sri Lanka, domestic LPG and transport fuel prices have been revised repeatedly, with individual adjustments in recent years often falling in the roughly 10% to 25% range, demonstrating the reality of fuel-price volatility in one of Haycarb's major manufacturing bases. This operating context strengthens the strategic case for replacing a larger share of fossil fuel demand with solar, biomass-based generation and waste-heat recovery where technically feasible.

Time period: S, M, L

Current Year Effects of CRRO On Business Model and Value Chain and Where It Is Impacted:

While the business model remains highly energy-dependent and has undertaken renewable energy transition to a certain level, the current assessment indicates CRRO 3 has not resulted in material financial effects on the Group's business model and value chain in FY 2025/26.

Anticipated Effects on Business Model And Value Chain

Horizon	Business Model Effect	Value Chain Effect
Short-term (FY 2026/27)	Accelerated renewable energy adoption reduces fossil fuel cost exposure and improves EBITDA margin resilience against fuel price volatility. Cost savings from completed dryer conversions and planned renewable projects begin to materialise.	Operational energy mix shifts further toward renewables, reducing dependency on imported fossil fuels and enhancing supply security at key production sites.
Medium-term (FY 2027/28 to FY 2029/30)	Continued renewable energy investments improve cost competitiveness, enabling more stable pricing strategies and strengthening profitability from energy-intensive washed grades and energy storage carbon expansion.	Energy self-sufficiency increases at major sites, reducing exposure to grid reliability issues and fuel logistics disruptions. Enhanced operational flexibility through diversified energy sources.
Long-term (FY 2029/30 and beyond)	Near-complete transition to renewable energy positions the business model for long-term cost leadership, regulatory compliance with emerging carbon pricing mechanisms, and competitive advantage in sustainability-focused markets. Strategic capex in renewable infrastructure delivers sustained margin benefits.	Structural reduction in fossil fuel dependency creates resilient, low-carbon operations aligned with customer sustainability requirements and regulatory expectations. Energy efficiency gains reduce overall energy intensity per unit of production.

Concentration

Horizon	Business Model Effect	Value Chain Effect
Short-term (FY 2026/27)	Value chain: Upstream sourcing and import channels. Business model: Activated carbon and energy carbon production lines.	Sri Lanka
Medium-term (FY 2027/28 to FY 2029/30)	Value chain: Agricultural supplier base and logistics networks. Business model: Procurement, inventory management, and pricing strategy.	Sri Lanka, Thailand, Indonesia
Long-term (FY 2029/30 and beyond)	Value chain: Multi-country agricultural sourcing and supplier development. Business model: Strategic capital allocation and product-mix diversification.	Multi-country

How Haycarb Has Responded To Or Plans To Respond To CRRO In Business Strategy And Decision Making:

Haycarb has responded through the ACTIVATE ESG Roadmap, which sets a target to increase renewable energy usage by 50% relative to the 2022/23 baseline and prioritises practical decarbonisation levers that also improve energy security.

Actions already implemented or underway include solar installations in Sri Lanka, dendro-based Recogen generation, waste-heat recovery for steam generation, selected

LPG-to-waste-heat dryer conversions, and design choices in new projects that favour renewable or waste-heat-based configurations.

Strategically, this opportunity is considered in capital planning, plant engineering and expansion decisions by favouring technologies that reduce reliance on externally purchased fossil fuels in energy-intensive sites. While current year focus was Recogen expansion and floating solar, future resourcing is expected to include solar and waste heat recovery projects.

How Haycarb is resourcing, and plans to resource the above (resource allocation-financial and non-financial):

Financial resourcing for CRRO 3 is occurring through direct capital allocation to renewable energy and waste-heat projects, supported by both internal funding and external green finance where appropriate. Around LKR 600 million was spent on solar installations in Sri Lanka in the prior year and two rooftop solar installations were financed using a green loan from banks at a more favorable rate. While current year focus was Recogen expansion and floating solar, future resourcing is expected to include solar installation and waste heat recovery projects, together with engineering, project management and

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operating support to integrate these systems into day-to-day production.

Non-financial resourcing also includes site-level technical capability, operational process redesign and management oversight to ensure renewable energy projects are aligned with production reliability and expansion plans.

Progress Of The Plans And Initiatives :

- » **Total renewable energy consumption**
 - o 2025/26: 77%
 - o 2024/25: 75%
- » **Total solar electricity generation**
 - o 2025/26: 3,152,155 kWh
 - o 2024/25: 1,523,609 kWh

(Energy intensity reduction from 26.43 to 18.44 GJ per Rs Mn revenue representing 30% y-o-y reduction)

More info on targets and progress listed under “Metrics & Targets” Section in Page 106.

Current year financial effects:

The current assessment indicates CRRO 3 has not resulted in material financial effects in 2025/26.

Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year:

CRRO 3 has been considered in assessing forward-looking assumptions relevant to energy costs, fossil-fuel price exposure, and renewable-energy investment returns for the next financial year. At the reporting date, CRRO 3 does not create significant risk of material adjustments to the carrying value of assets or liabilities in the next annual reporting period. Renewable-energy and waste-heat investments are progressing in

line with plan, and no material adjustment has been identified on the basis of this opportunity.

Anticipated financial effects over short, medium and long term:

The anticipated financial effects are expected to differ by time horizon. In the short term, Haycarb is expected to incur higher capital expenditure and associated implementation costs as solar, floating solar, Recogen upgrades and additional waste-heat systems are developed and commissioned. In the medium to long term, these investments are expected to lower the company's exposure to fossil fuel cost escalation and supply disruption, thereby reducing pressure on cost of sales and supporting greater stability of operating margins and revenue conversion.

Climatic / operational driver	Indicative driver (quantified)	Time horizon	Indicative financial impact	Qualitative description
Fossil fuel price volatility and supply risk affecting kilns, dryers, steam generation and plant logistics at the current energy mix	2025/26 energy profile: total energy about 1,237,238 GJ with approximately 289,555 GJ non renewable and about 947,683 GJ renewable (77% of total)	ST (near term; FY 2026/27)	Cost of sales sensitivity on roughly 289,555 GJ of non renewable energy to fuel price shocks in the 10%–25% range observed in recent LPG and diesel revisions in Sri Lanka	Short term financial profile is still driven by residual fossil exposure; repeated fuel price revisions in Sri Lanka and similar risks in other geographies can move manufacturing costs materially on the non renewable portion before additional renewable projects are implemented
Same fossil price and supply drivers, with a higher share of thermal and electrical demand met through solar, Recogen and waste heat projects under ACTIVATE	Renewable energy usage already about 9% above the 2022/23 baseline by 2025/26, with a medium term ambition of around 30% above baseline through identified solar, Recogen and waste heat projects	MT (2027/28–2029/30)	Potential reduction in fossil-driven cost pressure of around 5%–15% relative to a no-transition case; possible positive effect on revenue/ earnings resilience of approximately 0% to +10%	Medium term effects are expected once additional solar, Recogen and waste heat systems are operational, reducing net fossil consumption and dampening the pass through of external fuel price shocks into cost of sales and EBITDA.
Persistent fossil price volatility combined with fully embedded renewable and waste heat configurations in core plants and planned expansions	Long term ACTIVATE ambition to sustain a renewable energy usage increase of around 50% versus the 2022/23 baseline, supported by further solar (including floating solar), Recogen and waste heat projects	LT (beyond 2029/30)	Structural cost-of-sales reduction of around 10%–15% versus a high-fossil-energy pathway; potential improvement in earnings resilience of approximately +5% to +15%	Long term effects are structurally positive as renewable and waste heat systems become part of the base asset configuration, lowering reliance on external fossil fuels and reducing the risk that future fuel market shocks materially disrupt production economics

Climate resilience (summary)

Climate resilience for CRRO 3 was assessed through current year strategy and capital planning using the common scenario framework and operational energy data. Under both Net Zero and Divergence, higher renewable energy use improves resilience by reducing exposure to approximately 289,555 GJ of current non renewable energy and the associated 5–10% short term fossil driven

cost of sales sensitivity and 5–15% medium to long term cost reduction ranges already used in the CRRO 3 financial effects table. Net Zero is more supportive of long run renewable deployment and cost stability, but even under Divergence the opportunity was assessed as resilient and increasingly value protective as ACTIVATE projects progress and a larger share of energy demand is met from renewable and waste heat sources.

Scenario-based resilience interpretation by CRRO

The table below summarises how the CRRO's resilience is interpreted under the Net Zero and Divergence scenarios, and the main conditions under which the business model remains viable in each case.

CRRO	Primary climate / transition focus	Net Zero scenario (NZ) – resilience conditions	Divergence scenario (DV) – resilience conditions	Overall resilience conditions
CRRO 3 – Transition opportunity: renewable-energy adoption	Fossil-fuel price volatility, energy transition pace, renewable and waste-heat deployment	Faster transition and stronger policy support enhance the business case for renewables; higher renewable share reduces fossil-driven cost volatility and strengthens earnings resilience.	Fossil prices remain volatile and policy progress is more uneven; renewable projects still improve resilience by lowering exposure to external fuel markets, but implementation may be more challenging.	Resilience depends on executing ACTIVATE projects (solar, Recogen, waste heat) to reduce dependence on purchased fossil fuels and stabilise cost of sales across both NZ and DV.

Further details on the risk-specific resilience assessment, including scenario analysis and supporting context, is provided in the Climate Resilience section (page 94-100).

Significant judgement and uncertainties:

Significant judgment is involved in defining which energy sources and projects count toward the ACTIVATE target, especially where legacy waste-heat systems existed before the baseline year. Pre-2022/23 waste-heat kiln use is excluded from the ACTIVATE target increase calculation to avoid overstating progress from grandfathered assets, while new post-baseline renewable and waste-heat projects are included. There is also uncertainty around the timing, cost and performance of planned renewable projects, future fossil fuel price pathways, regional fuel-pricing policy changes and the extent to which future capacity expansions will alter total energy demand. These factors may influence the pace at which the company can move from our current estimated 9% increase above baseline toward its medium-term ambition of around 30% above baseline.

Methodology:

Operational energy data are taken from site level records for fossil fuels, grid electricity, renewable electricity and waste heat steam, with in facility renewable use distinguished from total generation. Progress against the ACTIVATE target is assessed relative to a 2022/23 baseline, counting only post baseline renewable and waste heat projects to avoid overstating gains. Anticipated financial effects and resilience implications are evaluated qualitatively and semi quantitatively by considering the share of energy still dependent on furnace oil, LPG and diesel, the proportion already met by renewables, the status of committed projects, recent fuel price developments and the Group's revenue, cost of sales and expansion profile, with impacts expressed as fossil displacement, cost of sales sensitivity and earnings resilience ranges rather than single point forecasts.

Proportionality:

The CRRO 3 analysis is proportionate because energy is a core input into Haycarb's manufacturing model and non-renewable energy remained material at about 289,555 GJ in 2025/26 despite the company's already high renewable share. The issue therefore affects production economics, capital allocation, emissions performance, and resilience across multiple manufacturing geographies. This proportionality logic overlaps partly with CRRO 2 where energy and water resilience interact operationally, but CRRO 3 remains primarily focused on fossil-fuel dependence and related transition opportunity value.

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CRRO 4: OPPORTUNITY FOR GROWING MARKET DEMAND FOR VALUE- ADDED CARBONS USED IN ENERGY STORAGE, ADVANCED WATER AND AIR PURIFICATION

Description:

The global transition toward a lower carbon and more resource constrained economy is expected to increase demand for activated carbon products used in energy storage and environmental applications, including supercapacitors, silicon carbon battery systems, drinking water and wastewater

treatment, reuse and remediation systems, solvent recovery, flue gas treatment, VOC removal and gas purification. For Haycarb, the main transition linked growth opportunity is the expansion of energy storage carbon products, supported by existing sales into energy, water and air/gas segments and planned increases in energy carbon production capability in Sri Lanka.

Time period: S, M, L

CURRENT YEAR EFFECTS OF CRRO ON BUSINESS MODEL AND VALUE CHAIN AND WHERE IT IS IMPACTED:

While Haycarb's air and water purification portfolio has consistently generated revenue growth, this climate-related opportunity specifically focuses on energy storage carbon revenue driven by transition scenarios. As energy storage carbon expansion remains in early stages, CRRO 4 has not resulted in material financial effects on the Group's business model and value chain in FY 2025/26.

Anticipated Effects on Business Model and Value Chain

Horizon	Business Model Effect	Value Chain Effect
Short-term (FY 2026/27)	Energy storage carbon capacity expansion in Sri Lanka begins to materialise revenue growth from transition-driven demand (decarbonisation, electrification). Higher revenue per unit from energy storage carbon improves overall product mix margins as volumes scale.	Production scheduling and country-level product mix shift toward energy storage carbon in Sri Lanka, while Thailand and Indonesia maintain water and air purification supply. Customer qualification and technical know-how development accelerate.
Medium-term (FY 2027/28 to FY 2029/30)	Revenue growth accelerates as energy storage carbon reaches larger commercial scale, driven by battery storage expansion and grid decarbonisation trends. Business model increasingly captures transition-sensitive demand premium while maintaining resilient baseline from water/air purification. Potential for market share gains in high-value energy storage applications.	Country-level product mix optimisation matures, with Sri Lanka specialised in energy storage carbon and regional facilities optimised for application-specific production. Process conversion capability and product qualification expand market access.
Long-term (FY 2029/30 and beyond)	Business model positioned for sustained revenue growth and margin expansion aligned with global decarbonisation, electrification, and environmental compliance trends. Energy storage carbon becomes material revenue contributor with premium pricing power. Water and air purification revenues benefit from climate-linked water stress, wastewater treatment needs, and emissions standards.	Integrated value chain supports both transition response (energy storage carbon for decarbonisation) and adaptation response (water/air purification for climate-driven environmental quality needs). Manufacturing capability positioned for long-term climate-aligned demand.





Concentration

Horizon	Concentration	Main Geography
Short-term (FY 2026/27)	Value chain: Product development, production scheduling, and technical qualification of export customer applications Business model: Energy storage carbon revenue stream and margin structure optimisation.	Sri Lanka (energy storage carbon), Thailand and Indonesia (water/air purification)
Medium-term (FY 2027/28 to FY 2029/30)	Value chain: Application-specific production specialisation with energy storage carbon concentrated in Sri Lanka and water/air purification across multiple countries; customer mix diversification. Business model: Dual revenue streams (transition-upside from energy storage carbon + resilience floor from water/air purification).	Sri Lanka (primary energy storage carbon), Thailand and Indonesia (supporting resilience)
Long-term (FY 2029/30 and beyond)	Value chain: Optimised production network with climate-aligned product portfolio and market-facing capability. Business model: Climate-resilient revenue diversification across transition and adaptation demand drivers.	Multi-country with strategic specialisation by application

How Haycarb Has Responded To Or Plans to Respond to CRRO In Business Strategy and Decision Making:

Haycarb's planned response is a targeted expansion of value added production capability, with Sri Lankan output increasingly directed toward energy storage carbon while maintaining existing water and air oriented product mixes in Thailand and Indonesia. In FY 2025/26, the Group invested approximately 1.4 bn LKR in expanding the energy storage carbon facility in Sri Lanka, with this expansion expected to increase energy carbon capacity over the short and medium term and align production more closely with transition sensitive demand segments, while remaining within the Group's current financial sensitivity thresholds for a high impact.

This expansion can be described as a direct transition response, because it reconfigures manufacturing toward applications most exposed to decarbonisation, electrification, water quality regulation and environmental compliance. It can also be characterised as an indirect adaptation response, because maintaining capacity in water and air purification products positions the Group to respond to climate linked

water stress, wastewater treatment needs, industrial emissions standards and growing requirements for contaminant removal in gas streams.

How Haycarb Is Resourcing, And Plans to Resource the Above (Resource Allocation- Financial and Non-Financial):

Haycarb is resourcing this opportunity through a combination of financial and non financial commitments. Financial resourcing includes capital allocated to energy carbon expansion, process conversion capability and product qualification. Non financial resourcing covers technical knowhow, product development effort, customer qualification work and production planning discipline to manage country level mix shifts. Operationally, Sri Lanka is planned to carry the main burden of energy carbon scaling, while Thailand and Indonesia support resilience and continuity in other application categories.

Taken together, CRRO 4 is being resourced through manufacturing expansion, product mix optimisation and market facing capability development rather than a single one off capex decision.

Progress of the plans and initiatives:

- » Capex spent on energy storage carbon expansion in Sri Lanka: 1.4 LKR BN
- » Revenue through sales percentage of climate-solution applications
 - o 2025/26: Air purification 10%, Energy Carbon 6%, Water purification 34%
 - o 2024/25: Air purification 9%, Energy Carbon 2%, Water purification 38%
- » Production volume percentage of climate solution applications:
 - o 2025/26: Air purification 7%, Energy Carbon 1%, Water purification 39%
 - o 2024/25: Air purification 12%, Energy Carbon 1%, Water purification 45%

More info on targets and progress listed under "Metrics & Targets" Section in Page 107.

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Current year financial effects:

The current assessment indicates CRRO 4 has not resulted in material financial effects in 2025/26. (energy storage carbon revenue has not yet reached the Group's materiality threshold for high impact).

Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year:

CRRO 4 has been considered in assessing forward-looking assumptions relevant to demand growth for Energy Storage Carbon, water purification, and air purification products, as well as related production

capacity and capital allocation for the next financial year. At the reporting date, CRRO 4 does not create significant risk of material adjustments to the carrying value of assets or liabilities in the next annual reporting period. Market development for climate-solution carbons is progressing as anticipated, and no material adjustment has been identified on the basis of this opportunity.

Anticipated financial effects over short, medium and long term:

Anticipated financial effects are described as a range based opportunity assessment

that combines internal baselines with external scenario demand views. In the short and medium term, effects arise mainly from expanding Sri Lankan energy carbon output and from continued demand support in water and air purification, with energy carbons providing the strongest transition linked upside and purification channels offering a more resilient demand base in the long term.

Climatic / operational driver	Indicative driver (quantified)	Time horizon	Indicative financial impact	Qualitative description
Growing demand for value added energy storage carbons and advanced water and air purification products under tightening decarbonisation, water and emissions standards, with first step Energy Storage Carbon expansion in Sri Lanka	Energy Storage Carbon volume increases by about two thirds from the FY 2025/26 level, with almost all additional output dedicated to climate solutions; current Energy Storage Carbon revenue about 3.23 bn LKR.	ST (FY 2026/27)	Energy Storage Carbon revenue is expected to be around 4–5 bn LKR, implying an incremental uplift of roughly 1–2 bn LKR versus the current baseline.	Short term effects are led by Energy Storage Carbon mix improvement, while water and air purification revenues of about ~20 bn LKR and ~5 bn LKR respectively continue to provide a broad climate solution revenue base
Same transition and adaptation drivers, with Energy Storage Carbon expansion to early MT and later MT levels and continued structural demand for water and air purification across all climate scenarios	Energy Storage Carbon saleable output roughly triples versus the FY 2025/26 level by later MT, with around half of each MT phase dedicated to climate solutions	MT (FY 2027/28–FY 2029/30)	Energy Storage Carbon revenue is expected to be in the range of about 5–10 bn LKR, implying an uplift of roughly 2–10 bn LKR versus the current baseline.	Medium term effects represent the main uplift period, with higher Energy Storage Carbon volumes providing significant upside while water and air purification demand remains structurally supported by water stress, reuse requirements and industrial emissions controls
Longer term evolution of decarbonisation, electrification and environmental regulation affecting demand for Energy Storage Carbon water and air products across different climate and policy pathways	Energy Storage Carbon volumes are held at the later MT level in the long term planning case, with more than half of output dedicated to climate solutions and scenario dependent upside or downside, and Energy Storage Carbon revenue per MT held at the FY 2025/26 realised level for sensitivity purposes.	LT (beyond FY 2029/30)	Indicative Energy Storage Carbon revenue of about 12.5 bn LKR, sustaining an incremental uplift of around 9–10 bn LKR versus the current baseline, before any further scenario driven variation in price or volume.	Long term financial effects remain positive but become more scenario sensitive for Energy Storage Carbon than for purification; portfolio resilience arises from the combination of high upside Energy Storage Carbon exposure with more persistent and regulation driven water and air purification revenues

Climate resilience (summary)

Climate resilience for CRRO 4 was assessed as the ability of the value added carbon opportunity set to remain relevant across multiple climate pathways. Net Zero provides the strongest upside for energy storage carbons, consistent with the Net Zero-scenario demand spreads and Energy Storage Carbon revenue uplift ranges already used in the CRRO 4 tables (for example, moving from the current 3.23

bn LKR Energy Storage Carbon baseline toward the higher ST, MT and LT opportunity bands), while Divergence still supports water and air purification demand because physical water stress, wastewater reuse and industrial emissions controls remain significant under weaker transition pathways. The portfolio was therefore assessed as resilient overall, with scenario sensitive upside in energy storage carbons and a more persistent demand floor in water and

air purification across both Net Zero and Divergence.

Scenario-based resilience interpretation by CRRO

The table below summarises how the CRRO's resilience is interpreted under the Net Zero and Divergence scenarios, and the main conditions under which the business model remains viable in each case.

CRRO	Primary climate / transition focus	Net Zero scenario (NZ) – resilience conditions	Divergence scenario (DV) – resilience conditions	Overall resilience conditions
CRRO 4 – Transition opportunity: value-added carbons for energy, water and air	Energy transition, electrification, water and air-quality regulation, adaptation demand	Strong transition increases demand for energy storage carbons (Energy Storage Carbon) and maintains strong demand for water and air purification; upside is highest for Energy Storage Carbon under NZ.	Slower transition reduces Energy Storage Carbon upside, but water and air purification demand remains supported by physical climate impacts and regulatory responses to water stress and air pollution.	Portfolio resilience comes from diversification: Energy Storage Carbon provides high upside in NZ, while water and air purification provide a resilient demand base in both NZ and DV, so the opportunity does not rely on a single climate outcome.

Further detail on the risk-specific resilience assessment, including scenario analysis and supporting context, is provided in the Climate Resilience section (page 94-100).

Significant judgement and uncertainties:

The main judgements in this assessment are the mapping of demand pathways to the transition scenarios used in the analysis; the use of market-demand series for energy storage carbon, water purification and air purification applications; and the translation of those external demand signals into company-relevant product opportunity channels. Additional judgement is involved in treating Sri Lanka as the main energy-carbon growth location, holding Thailand and Indonesia at FY 2025/26 product-mix levels, and treating the Philippines qualitatively rather than quantitatively in the current phase. Financial uncertainty also remains around realised pricing, product qualification timing, conversion efficiency, customer uptake, and utilisation ramp-up. For audit-defensible modelling, these uncertainties are managed through range-based quantification rather than point

forecasts, with management using price and utilisation sensitivities in the internal model and updating them as execution progresses.

Methodology:

The methodology combines external climate scenarios with internal operational and financial data, using FY 2025/26 realised revenue, MT sold and revenue per MT by channel and geography as the baseline, together with planned Energy Storage Carbon capacity expansions in Sri Lanka, and an assumption that Thailand and Indonesia follows an extrapolated FY 2025/26 mix. Demand shifts for energy storage, water and air applications under Net Zero, Current Pathway and Divergent scenarios are mapped into channel level revenue opportunity ranges over current, short, medium and long term, positioning uplift within lower, central or upper bands versus the baseline, with energy storage carbons currently produced only in Sri Lanka. The anticipated financial effects are taken primarily from Sri Lanka's energy storage carbon expansion and its associated revenue, with potential future projections

to incorporate upside from other climate solution grades such as air and water purification. Resilience is assessed by testing that channels remain positive across pathways and that the portfolio retains material value through diversification, supporting scenario linked uplift methodology anchored in realised data.

Proportionality:

This disclosure applies proportionality by placing the greatest analytical emphasis on energy storage carbons, then air and water purification, because those are the channels most directly linked to the transition opportunity being assessed and the channels management intends to combine with internal financial modelling. Broader applications remain in the overall business model discussion but do not need the same depth of scenario analysis within CRRO 4. This proportionality overlaps with CRRO 2 where water purification has adaptation-linked demand relevance, but the financial logic in CRRO 4 is opportunity-led rather than risk-loss-led.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Haycarb has identified three material sustainability-related risks and opportunities, SRROs, that could reasonably be expected

to affect its business model, operations, value chain, financial position, performance, cash flows, access to finance or enterprise value over the short, medium and long term. These risks are presented separately from

climate-related risks and opportunities, CRROs, although certain sustainability-related risks may also be influenced by broader climate, environmental or regulatory developments.

SRRO	Primary area of impact	Main strategic relevance	Financial effect assessment
SRRO 1: Environmental Compliance and Regulatory Tightening Risk	Own operations	License to operate, permitting, environmental controls and expansion readiness	Qualitative, with potential future capex and opex implications
SRRO 2: Workforce Capability and Skilled Labour Availability Risk	Own operations and technical functions	Operational continuity, technical capability, maintenance reliability and automation readiness	Qualitative, with potential future training, recruitment and capability-building costs
SRRO 3: Occupational Health and Safety Risk	Own operations and contractor activities	Workforce protection, operational integrity, regulatory exposure and production continuity	Qualitative, with potential future safety investment, disruption and reputational implications

SRRO 1: ENVIRONMENTAL COMPLIANCE AND REGULATORY TIGHTENING RISK

Time Horizon: M, L

Description:

SRRO 1 is the risk that tightening environmental regulations relating to air emissions, wastewater discharge, waste management, environmental permitting and environmental monitoring increase compliance requirements across Haycarb's manufacturing footprint in Sri Lanka, Thailand and Indonesia, and for future operations in the Philippines.

Over time, regulators in these jurisdictions may strengthen requirements relating to stack emissions, boiler and kiln operation, effluent quality, solid and hazardous waste handling, groundwater abstraction, environmental reporting and site-level

monitoring. This may require additional controls, investments or operating changes at plant level.

In Sri Lanka, the risk is linked to requirements under the National Environmental Act and the Environmental Protection License regime administered by the Central Environmental Authority. In Thailand, it is linked to the Environmental Quality Act and factory environmental rules. In Indonesia, it is linked to environmental regulations issued by the Ministry of Environment and Forestry. For future operations in the Philippines, relevant requirements include the Clean Air Act, Clean Water Act and Ecological Solid Waste Management Act.

Although this is presented as a sustainability-related risk rather than a climate-specific risk, part of the regulatory tightening

overtime may also be influenced by broader climate, air-quality and environmental policy developments.

Current Year Effects on The Business Model and Value Chain:

No material current-year effects of SRRO 1 on the Group's business model and value chain were identified in FY 2025/26.

As SRRO 1 is primarily qualitative in nature, the assessment was not based solely on financial thresholds but also considered other impact criteria described in the Risk Management section, including potential loss of customers and reputation damage.

Anticipated Effects on Business Model and Value Chain

Horizon	Business Model Effect	Value Chain Effect
Short-term (FY 2026/27)	Maintaining environmental compliance is necessary to preserve license to operate and avoid production interruptions. Business model resilience depends on continued regulatory engagement and operating discipline to meet permit conditions and stakeholder expectations.	Ongoing compliance requirements for kiln, boiler, washing, wastewater treatment, and waste-handling activities at major manufacturing sites. Process configuration and permitting timelines affect production scheduling and operational continuity.
Medium-term (FY 2027/28 to FY 2029/30)	Evolving environmental standards and customer sustainability expectations may require enhanced compliance investments and operational adjustments. Failure to maintain compliance could result in loss of customers, reputation damage, and constraints on production capacity or market access.	Stricter wastewater quality standards, air emissions limits, and waste management requirements may necessitate process upgrades, treatment infrastructure investment, and enhanced monitoring systems across production sites.
Long-term (FY 2029/30 and beyond)	Long-term business model resilience depends on proactive environmental performance that exceeds minimum compliance to maintain stakeholder confidence, customer approval, and competitive positioning in sustainability-focused markets. Strategic investments in cleaner production technologies support both regulatory resilience and market differentiation.	Structural improvements in environmental performance through advanced treatment technologies, process efficiency, and circular economy approaches (waste reduction, resource recovery) become critical to sustaining license to operate and meeting customer expectations.

Concentration

Horizon	Concentration	Main Geography
Short-term (FY 2026/27)	Value chain: Own operations (kiln, boiler, washing, wastewater treatment, waste handling) and site management. Business model: Regulatory compliance, permitting processes, and stakeholder engagement.	Sri Lanka, Thailand, Indonesia
Medium-term (FY 2027/28 to FY 2029/30)	Value chain: Wastewater treatment systems, air emission controls, waste management infrastructure, and environmental monitoring. Business model: Customer retention, reputation management, and regulatory risk mitigation.	Sri Lanka, Thailand, Indonesia
Long-term (FY 2029/30 and beyond)	Value chain: Integrated environmental management systems and cleaner production infrastructure across operations. Business model: Proactive environmental leadership, stakeholder confidence, and long-term license to operate.	Multi-country

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

Strategic Response and Decision-Making:

Haycarb's response to SRRO 1 is to embed environmental compliance into operating and investment decisions across the manufacturing footprint, rather than treating it as a stand-alone legal requirement.

Strategic responses include maintaining and strengthening site-level environmental management systems, integrating environmental requirements into process design and project planning, improving monitoring and control of emissions, effluent and waste streams, and using maintenance, housekeeping and process-efficiency measures to reduce compliance risk at source.

Site-level environmental management systems are structured around applicable regulatory frameworks, including the NEA and EPL regime in Sri Lanka, Thai effluent and emissions standards for factories, Indonesian wastewater and air-emission regulations, and, for future Philippine operations, the Clean Air, Clean Water and Ecological Solid Waste Management Acts.

Environmental compliance is also managed through a structured legal and other requirements process, supported by site-level procedures and compliance tracking aligned with recognised environmental management practices, such as ISO 14001-style compliance registers and local licensing requirements. This provides a systematic basis to identify applicable obligations, monitor regulatory change, assign responsibilities and support timely corrective or preventive action as standards evolve.

How Haycarb Is Resourcing, And Plans to Resource the Above:

Resourcing for SRRO 1 includes both financial and non-financial commitments across Sri Lanka, Thailand and Indonesia.

Financial resourcing includes, and is expected to continue to include capital and operating expenditure on emissions-control systems, effluent-treatment and waste-handling infrastructure, environmental monitoring equipment, permit-related upgrades and broader site-level environmental improvements.

Non-financial resourcing includes environmental management capability, technical and engineering oversight, site-level operating discipline, training on environmental procedures, regulatory monitoring and management attention to compliance-related planning and decision-making.

Taken together, SRRO 1 is being resourced through a combination of environmental infrastructure, operational controls and management systems.

Progress Of Plans and Initiatives:

- » Environmental regulatory non-compliance incidents

o 2025/26: 0	2024/25: 0
- » Compliance related certifications achieved.

o 2025/26: 32	2024/25: 32

Further information on related targets and progress is provided in the Metrics and Targets section on page 108.

Current -Year Effects on The Business Model and Value Chain:

The current assessment indicates SRRO 1 has not resulted in material financial effects in FY 2025/26.

Given the primarily qualitative nature of this risk, financial effects are difficult to quantify in isolation from ongoing operational compliance costs.

Significant Risk of Material Adjustments to Carrying Value of Assets and Liabilities in The Next Financial Year:

Not identified.

Anticipated Financial Effects on The Business Model and Value Chain:

At present, Haycarb does not have sufficiently reasonable and supportable information to provide a robust quantitative financial assessment of SRRO 1 on a standalone basis. The effects are therefore disclosed qualitatively. As the Group's disclosure maturity develops and regulatory frameworks become more certain, future disclosures are expected to include more quantified financial estimates.

Resilience Mapping:

From a strategy-resilience perspective, SRRO 1 is mapped as a managed operating and license-to-operate risk. Resilience depends on maintaining visibility over environmental obligations, anticipating regulatory change, integrating compliance needs into project and plant decisions, and sustaining environmental systems and operating discipline to support compliant production.

The business model is expected to remain resilient provided Haycarb continues to invest in environmental capability, monitoring, treatment and control systems, and continues to manage compliance proactively as standards tighten.

Further information is available in the Natural Capital and Manufacturing Capital sections on pages 170-198 and 248-257.

Significant Judgements and Uncertainties:

Key judgements for SRRO 1 include the expected pace and direction of environmental regulatory change in Sri Lanka, Thailand, Indonesia and the Philippines; the compliance areas most likely to require additional investment or operational change; and the extent to which future plant upgrades or expansion plans may need to be adjusted in response.

Uncertainty remains around the timing and stringency of future regulations, enforcement intensity, permitting timelines, stakeholder expectations and the scale of site-specific upgrades that may be required over time. There is also uncertainty as to how far future environmental tightening may be influenced by broader climate, air-quality and sustainability policy developments.

For these reasons, SRRO 1 is presented as a qualitative strategic exposure, supported by management systems, compliance processes and environmental performance indicators, rather than as a quantified financial scenario.

SRRO 2: WORKFORCE CAPABILITY AND SKILLED LABOUR AVAILABILITY RISK**Time Horizon: M, L****Description:**

SRRO 2 is the risk that challenges in attracting, developing and retaining skilled employees, particularly in technical, engineering, maintenance and operational roles, affect Haycarb's ability to operate plants efficiently, maintain critical equipment and sustain product quality and safety across its manufacturing footprint in Sri Lanka, Thailand and Indonesia.

This risk is relevant because activated carbon manufacturing depends on experienced

operators, technicians, supervisors and engineers, as well as emerging capabilities in automation, process control, maintenance reliability, digital systems and Industry 4.0 readiness. Labour-market conditions in key operating geographies may become more challenging over time as skills gaps, workforce ageing, migration pressures and demand for higher technical capability continue to shape manufacturing employment markets.

Current Effects on The Business Model and Value Chain:

No material current-year effects of SRRO 2 on the Group's business model and value chain were identified in FY 2025/26.

As SRRO 2 is primarily qualitative in nature, the assessment considered impact criteria described in the Risk Management section, including employee turnover and loss of customers. While an increase in employee attrition has been observed compared to last year, this has not yet breached materiality thresholds. Core operations continue, and further impacts are expected only if workforce conditions tighten in future periods.

Anticipated Effects on Business Model and Value Chain

Horizon	Business Model Effect	Value Chain Effect
Short-term (FY 2026/27)	Higher training and recruitment costs to maintain capable plant teams and preserve technical know-how. Operational efficiency depends on successful onboarding, knowledge transfer, and retention of critical technical roles. Potential minor delays or inefficiencies where specialised skills are not immediately available.	Ongoing pressure on plant operations, equipment maintenance, and process control capability. Knowledge transfer and structured onboarding programs are essential to reduce dependence on experienced individuals. Automation function and digital tools deployment begin to reduce reliance on scarce skills in specific tasks.
Medium-term (FY 2027/28 to FY 2029/30)	Increased investment in training, succession planning, and retention initiatives for critical technical, engineering, and digital roles. Greater dependence on automation, standardisation, and process-control systems to mitigate skills scarcity. Risk of operational inefficiencies or product quality impacts if capability gaps widen, particularly as manufacturing becomes more sophisticated.	Workforce planning aligned with expansion, automation, and Industry 4.0 readiness. Cross-skilling and internal capability development become critical to support more automated and digitally controlled manufacturing environments. Potential constraints on expansion timelines if technical capabilities lag operational requirements.
Long-term (FY 2029/30 and beyond)	Business model resilience depends on developing internal technical, digital, and cross-functional capabilities aligned with advanced manufacturing requirements. Strategic investment in automation and process control reduces vulnerability to labor-market constraints while supporting operational excellence and competitive positioning. Failure to build capabilities could constrain growth or erode operational reliability.	Integrated workforce strategy supports automated, process-controlled, and digitally enabled manufacturing footprint. Succession planning, knowledge management, and continuous upskilling embedded in operational culture. Capability depth in automation, maintenance reliability, and digital systems becomes structural competitive advantage.



MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

Concentration

Horizon	Concentration	Main Geography
Short-term (FY 2026/27)	Value chain: Plant operations, maintenance, technical supervision, and process control at manufacturing sites. Business model: Training and recruitment costs, operational continuity, and efficiency maintenance.	Sri Lanka, Thailand, Indonesia
Medium-term (FY 2027/28 to FY 2029/30)	Value chain: Technical, engineering, maintenance, automation, and digital systems capabilities across operations. Business model: Capability development investment, automation capex, and operational risk mitigation.	Sri Lanka, Thailand, Indonesia
Long-term (FY 2029/30 and beyond)	Value chain: Comprehensive technical and digital capability across multi-site operations, maintenance, and process control systems. Business model: Long-term capability investment, automation-enabled efficiency, and operational resilience	Multi-country

Strategic Response and Decision-Making:

Haycarb's response to SRRO 2 is to embed workforce capability into operational planning, succession thinking and continuous improvement across the manufacturing footprint.

Strategic responses include training and upskilling for operators, technicians and engineers; structured onboarding and knowledge transfer to reduce dependence on a small number of experienced individuals; development of supervisors and technical staff to support plant reliability and process discipline; and alignment of workforce planning with expansion, automation, process-control and maintenance needs at sites in Sri Lanka, Thailand and Indonesia.

This is reinforced by the establishment of a dedicated automation function in FY 2025/26 and by automation initiatives already underway at the energy carbon factory in Sri Lanka. These developments show that capability-building is being linked directly to evolving operating and technology requirements, rather than being treated as a general HR matter.

In this context, workforce strategy increasingly includes not only retention and recruitment, but also the development of technical, digital and cross-functional capabilities needed to support more automated and process-controlled manufacturing environments.

How Haycarb Is Resourcing, And Plans to Resource, The Above:

Resourcing for SRRO 2 includes both financial and non-financial commitments across key operating geographies.

Financial resourcing includes training budgets, recruitment costs, selected retention and development initiatives for critical roles, and investment in automation, digital tools, process-monitoring systems and related operational support measures that reduce dependence on scarce skills in specific tasks. This includes resourcing associated with the newly established automation function and automation underway at one of the energy carbon factories in Sri Lanka.

Non-financial resourcing includes management attention to succession planning, site-level technical leadership, cross-training, internal knowledge transfer, role-specific capability development and coordination between HR, operations,

engineering, automation and maintenance teams.

Taken together, SRRO 2 is being resourced through a combination of people development, organisational planning, cross-skilling and operational capability-building.

Progress of plans and initiatives:

- » Average training hours per employee per year is 31.1
- » 14.7% attrition rate
- » 100% Coverage of permanent employee performance appraisals

Further information on related targets and progress is provided in the Metrics and Targets section on page 109.

Current -Year Effects on The Business Model and Value Chain:

The current assessment indicates SRRO 2 has not resulted in material financial effects in FY 2025/26.

Given the primarily qualitative nature of this risk, financial effects are difficult to quantify in isolation from ongoing training, recruitment, and operational costs.

Significant Risk of Material Adjustments to Carrying Value of Assets and Liabilities in The Next Financial Year:

Not identified.

Anticipated financial effects on the business model and value chain:

At present, Haycarb does not have sufficiently reasonable and supportable information to provide a robust quantitative financial assessment of SRRO 2 on a standalone basis. The effects are therefore disclosed qualitatively. As the Group's disclosure maturity develops and workforce planning data becomes more granular, future disclosures are expected to include more quantified financial estimates.

Resilience Mapping:

From a strategy-resilience perspective, SRRO 2 is mapped as a managed workforce and operational-capability risk. The business model is expected to remain resilient provided Haycarb continues to build internal technical capability, maintain knowledge continuity and align workforce development with the operational, maintenance and technology needs of its plants in Sri Lanka, Thailand, Indonesia and, in future, the Philippines.

Resilience is strongest where critical know-how is spread across teams rather than concentrated in a few individuals, where training and succession planning support continuity, and where automation and process-control systems reduce dependence on individual manual interventions in selected operations.

The establishment of the automation function and the automation underway at the Sri Lanka energy carbon factory support resilience by strengthening process consistency, operating discipline and continuity, while complementing broader cross-skilling and workforce-development efforts.

Further information is available in the Human Capital and Manufacturing Capital sections on pages 206-233 and 248-257.

Significant Judgements and Uncertainties:

Key judgements for SRRO 2 include identifying the roles most critical to operational continuity, assessing how quickly capability needs may change as plants expand or technologies evolve, and determining the extent to which internal development, retention, cross-skilling and automation can offset external labour-market constraints.

Uncertainty remains around labour availability, wage pressure, employee mobility, retirement and ageing trends, migration-related labour dynamics in Thailand, and the pace at which more advanced technical, digital and maintenance capabilities will be required across manufacturing operations.

For these reasons, SRRO 2 is presented as a qualitative strategic exposure, supported by people-related metrics and management actions, rather than as a quantified financial scenario.

SRRO 3: OCCUPATIONAL HEALTH AND SAFETY RISK

Time Horizon: S, M, L

Description:

SRRO 3 is the risk that occupational health and safety incidents arising from high-temperature activation processes, steam systems, pressurised equipment, heavy industrial machinery, material handling and supporting utilities cause harm to employees or contractors, damage facilities or disrupt production across Haycarb's manufacturing operations.

This risk is particularly relevant in activated carbon manufacturing because kiln operations, boilers, dryers, pressure equipment, hot surfaces, moving machinery, dust, noise, maintenance work and utility systems all require disciplined controls and competent operation to prevent injuries and unsafe events.

The risk is managed not only through site-level procedures, but through a broader health and safety framework aligned with recognised manufacturing good practice and occupational health and safety management principles such as those reflected in ISO 45001.

Current Effects on The Business Model and Value Chain:

No material current-year effects of SRRO 3 on the Group's business model and value chain were identified in FY 2025/26. As SRRO 3 is primarily qualitative in nature, the assessment was not based solely on financial thresholds but also considered other impact criteria described in the Risk Management section, including reputational damage, employee turnover and loss of customers.

The number of health and safety incidents recorded during FY 2025/26 confirms SRRO 3 has had a direct current-year operational impact at manufacturing sites. While this incident has operational and reputational implications, it has not resulted in material financial effects. This reinforces the importance of safety controls, supervision, and incident-prevention measures.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

Anticipated Effects on Business Model and Value Chain

Horizon	Business Model Effect	Value Chain Effect
Short-term (FY 2026/27)	Continued investment in safety-critical equipment, inspections, certifications, and training essential to maintain license to operate and avoid operational disruptions. Potential reputational impacts from require reinforced safety leadership and stakeholder engagement to maintain customer and regulatory confidence.	Ongoing safety management systems, risk assessments, safe-work procedures, permit-to-work controls, and incident reporting processes across manufacturing sites. Enhanced workforce and contractor training for higher-risk tasks involving kilns, boilers, pressure systems, confined spaces, and material handling. Incident learnings drive reinforcement of critical safety controls.
Medium-term (FY 2027/28 to FY 2029/30)	Business model resilience depends on maintaining strong health and safety performance to protect asset value, preserve license to operate, and avoid regulatory action or reputational damage. Failure to prevent serious incidents could result in operational disruption, increased insurance costs, regulatory penalties, customer loss, or constraints on expansion approvals. Greater emphasis on safety leadership, accountability, and workforce engagement.	Continued evolution of ISO 45001-style management systems emphasising hazard identification, risk control, worker participation, and continual improvement. Integration of safety considerations into equipment selection, maintenance planning, and project design for expansions. Enhanced preventive maintenance discipline and safety-critical equipment reliability.
Long-term (FY 2029/30 and beyond)	Long-term business model sustainability requires embedding health and safety as a foundational operating requirement, not standalone compliance. Strategic investments in engineering controls, automation, and safer process design reduce inherent hazards while supporting operational excellence. Strong safety culture becomes competitive advantage for talent attraction, customer confidence, and regulatory relationships.	Structural improvements in workplace safety through advanced engineering controls (guarding, interlocks, ventilation), monitoring devices, emergency-response capability, and safety-critical equipment reliability. Mature safety management systems with strong leadership, competence development, and incident-prevention culture embedded across manufacturing footprint.

Concentration

Horizon	Concentration	Main Geography
Short-term (FY 2026/27)	Value chain: Site-level operations, maintenance, contractor management, and safety-critical equipment (kilns, boilers, pressure systems). Business model: Safety investment, operational continuity, and reputational risk management.	Sri Lanka, Thailand, Indonesia
Medium-term (FY 2027/28 to FY 2029/30)	Value chain: Manufacturing operations, maintenance systems, project design, and contractor control across sites. Business model: Multi-country regulatory compliance (occupational health and safety legislation, factory registration, boiler/pressure equipment certification), stakeholder confidence, and operational risk mitigation.	Sri Lanka, Thailand, Indonesia
Long-term (FY 2029/30 and beyond)	Value chain: Comprehensive safety culture across operations, maintenance, engineering, and project execution. Business model: Long-term asset value protection, license to operate, and stakeholder trust.	Multi-country

Strategic Response and Decision-Making:

Haycarb's response to SRRO 3 is to treat occupational health and safety as a foundational operating requirement across the manufacturing footprint, rather than as a stand-alone compliance activity.

Strategic responses include maintaining and strengthening site-level health and safety management systems; applying risk assessments, safe-work procedures, permit-to-work controls and incident reporting processes; integrating safety considerations into equipment selection, maintenance planning and project design; and reinforcing workforce and contractor training for higher-risk tasks involving kilns, boilers, pressure systems, confined spaces, electrical work and material handling.

Management response also includes continued review of incident learnings, reinforcement of critical safety controls, and further emphasis on leadership, accountability and workforce engagement in safety practices.

This approach is consistent with recognised manufacturing safety practice and with ISO 45001-style management principles, which emphasise hazard identification, risk control, worker participation, incident prevention and continual improvement. In Sri Lanka, the approach is also relevant to the requirements of the Factories Ordinance and related regulations covering factory registration, steam boiler registration and certification, dangerous occurrences, industrial diseases, first aid, excessive noise and other workplace safety conditions.

How Haycarb Is Resourcing, And Plans to Resource, The Above:

Resourcing for SRRO 3 includes both financial and non-financial commitments across Sri Lanka, Thailand and Indonesia.

Financial resourcing includes expenditure on guarding, interlocks, ventilation, boiler and pressure-equipment inspection and certification, maintenance of safety-critical equipment, personal protective equipment, first-aid arrangements, monitoring devices, emergency-response capability and broader site-level safety improvements. In FY 2025/26, Haycarb invested LKR 354 million in boiler replacement and digitalisation enabling remote monitoring from isolated control rooms, reducing the need for operators to work in close proximity during inspections and maintenance. Two boilers at our two manufacturing locations in

Sri Lanka were digitised as a pilot, with testing and monitoring in progress. Non-financial resourcing includes site-level safety leadership, training and refresher programmes, safety champions training, contractor control, incident investigation, preventive maintenance, safety committee structures and management oversight of health and safety performance.

Taken together, SRRO 3 is being resourced through a combination of engineering controls, maintenance discipline, workforce competence and management systems.

Progress Of Plans and Initiatives:

- » Average training hours per employee per year
 - o 2025/26: 31.1 o 2024/25: 17.3
- » Attrition rate
 - o 2025/26: 14.7% o 2024/25: 9%
- » 100% Coverage of permanent employee performance appraisals

Further information on related targets and progress is provided in the Metrics and Targets section on page 110.

Current Year Effects on The Business Model and Value Chain:

The current assessment indicates SRRO 3 has not resulted in material financial effects in FY 2025/26. Given the primarily qualitative nature of this risk, financial effects are difficult to quantify in isolation from ongoing safety expenditure, maintenance, training, and operational costs.

Significant Risk of Material Adjustments to Carrying Value of Assets and Liabilities in The Next Financial Year:

Not identified

Anticipated Financial Effects on The Business Model and Value Chain:

At present, Haycarb does not have sufficiently reasonable and supportable information to provide a robust quantitative financial assessment of SRRO 3 on a standalone basis. The effects are therefore disclosed qualitatively.

As the Group's disclosure maturity develops and health and safety data becomes more granular, future disclosures are expected to include more quantified financial estimates.

Resilience Mapping:

From a strategy-resilience perspective, SRRO 3 is mapped as a managed operational-integrity and workforce-protection risk.

The business model is expected to remain resilient provided Haycarb continues to maintain fit-for-purpose health and safety systems, competent supervision, disciplined maintenance, contractor control and effective operating procedures across its plants in Sri Lanka, Thailand and Indonesia.

Resilience is strongest where hazards are systematically identified, higher-risk equipment such as boilers and pressure systems is properly inspected and maintained, emergency response is prepared, and safe behaviours are reinforced through training, leadership and worker participation.

This is consistent with international safety practice in higher-risk manufacturing, where resilience depends on combining engineering safeguards, preventive maintenance, formal management systems and a strong safety culture rather than relying on any single control.

Further information is available in the Human Capital section on page 206-233.

Significant Judgements and Uncertainties:

Key judgements for SRRO 3 include assessing which activities and equipment create the most significant safety exposure at each site, determining the level of control and supervision needed for higher-risk tasks, and deciding how far safety systems, training and maintenance practices should evolve as operations expand or change.

Uncertainty remains around the timing and nature of equipment failures, human error, contractor performance, maintenance quality, site-specific hazards and the extent to which future regulatory expectations or enforcement practices may tighten across jurisdictions.

There is also judgement involved in determining how closely site-level controls align with recognised standards and best practice, including ISO 45001-type management principles and local regulatory requirements for boilers, pressure vessels, dangerous occurrences and worker protection.

For these reasons, SRRO 3 is presented as a qualitative strategic exposure, supported by health and safety metrics and management controls, rather than as a quantified financial scenario.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

CLIMATE RESILIENCE

Climate resilience is assessed using two climate pathways applied consistently across the SRRO/CRRO workstream:

- » Net Zero scenario (NZ): qualitatively aligned to lower warming pathways such as SSP1 2.6, with stronger global mitigation and adaptation efforts, earlier peak in greenhouse gas emissions, and more orderly transitions in key sectors.
- » Divergence scenario (DV): qualitatively aligned to higher stress pathways such as SSP2 4.5, with slower mitigation, higher physical climate stress, more frequent extremes, and more uneven adaptation and policy responses.

Both scenarios are evaluated over short, medium and long term horizons consistent with the CRRO assessment (ST, MT, LT) and are used as the common reference for CRRO 1–4.

CLIMATIC DRIVERS AND HYDRO CLIMATIC STRESSORS

a. Rainfall variability and ENSO / El Niño

Rainfall patterns in tropical regions relevant to Haycarb are strongly modulated by the El Niño–Southern Oscillation (ENSO), with El Niño phases typically associated with:

- » Reduced rainfall and drought conditions in parts of South Asia and Southeast Asia.
- » Higher frequency of seasonal rainfall deficits and heat extremes.
- » Increased interannual variability in soil moisture and river flows.

Under Net Zero:

» Mitigation and adaptation reduce the longer term intensification of extremes, but ENSO remains an important driver of periodic droughts and rainfall anomalies.

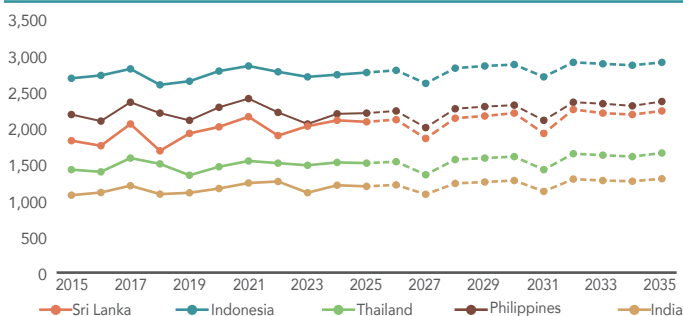
Under Divergence:

Higher background warming amplifies the hydrological response to ENSO, increasing the probability of:

- » Deeper or more persistent droughts in affected years.
- » Stronger swings between drought and heavy rainfall events.
- » Greater stress on both rain fed agriculture and water supply systems.

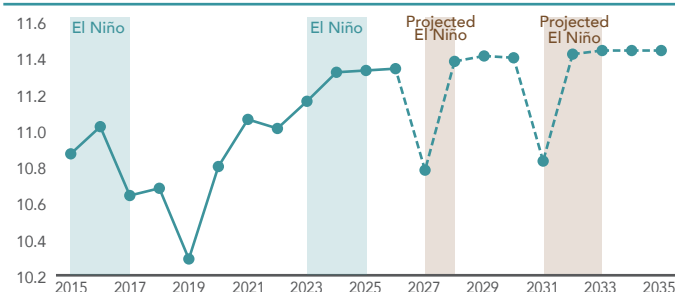
Rainfall Projection - Manufacturing and Sourcing Countries (2015–2035)

Projected based on SSP2-4.5 trajectory. Higher mean but also higher volatility expected.



El Niño Yield Impact on Manufacturing and Sourcing Countries - Historical vs Projected (2015–2035)

Compounded aging + El Niño stress visible in downward spikes.



b. Surface and groundwater systems

Climate resilience also depends on how rainfall changes propagate into:

- » Surface water flows, reservoirs and river systems.
- » Groundwater recharge and drawdown.
- » Water quality (including salinity, contaminants and temperature).

Under Net Zero

More orderly adaptation in water management and infrastructure (e.g. storage, treatment, managed aquifer recharge) can moderate effective stress on surface and groundwater systems.

Under Divergence

Increased evaporation, altered monsoon patterns and more intense extremes can lead to:

- » Reduced dry season baseflows and reservoir storage.
- » Greater pressure on groundwater levels and abstraction limits.

- » Higher sensitivity of groundwater quality (e.g. salinity) to climate variability.

c. Agricultural and crop system resilience

Climate resilience of coconut and other feedstock related crops is assessed through:

- » Temperature and heat stress: higher mean temperatures and heatwaves affect flowering, fruit set and yield.
- » Rainfall and soil moisture stress: rainfall deficits and altered seasonality reduce yields and increase tree stress.
- » Tree age and replanting dynamics: ageing plantations and under replanting reduce long term productive capacity.
- » Pests and diseases: climate change can alter pest and disease pressures.

Under Net Zero:

Lower long term warming and stronger adaptation (e.g. replanting, better varieties, improved agronomy) support more stable long run yield trajectories, although ENSO driven variability remains.

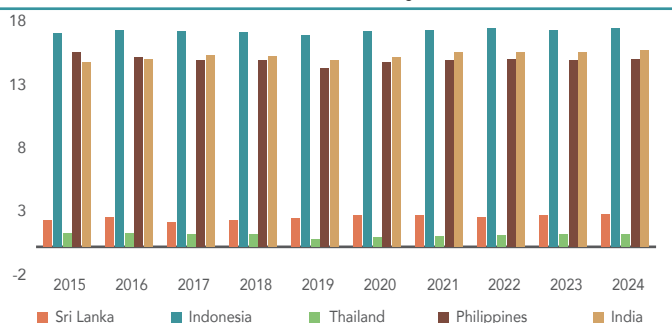
Under Divergence:

- » Probability of multi year yield decline
- Vulnerability of ageing plantations where replanting lags.

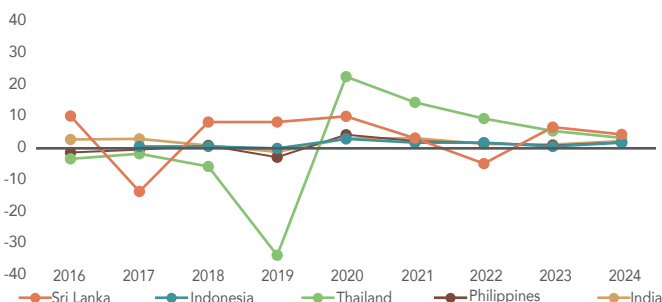
- » Need for more intensive adaptation just to maintain current output.

All-Country Yield Comparison - Manufacturing and Sourcing Countries (Million Tonnes)

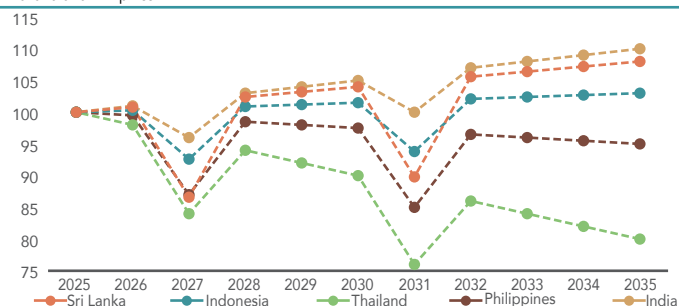
Indonesia and India dominate. Thailand is smallest and declining.

**YoY % Change in Yield - Manufacturing and Sourcing Countries**

Volatility visible in Sri Lanka and Philippines post El Nino years.

**Coconut Shell Availability Projection- Manufacturing and Sourcing Countries**

Shell availability tracks nut production minus domestic consumption growth, Tightest in Thailand and Philippines.

**d. Water availability and hydrological resilience**

Water resilience is assessed by linking climate patterns to:

- » Hydrological regimes: baseflows, low flow conditions, reservoir inflows, and seasonal deficits.
- » Groundwater stress: recharge vs abstraction; susceptibility to drawdown; policy limits on abstraction.
- » Quality and usability: changes in salinity, contaminants and temperature affecting usable intake for industrial use.

Under Net Zero:

- » Better adaptation in water infrastructure, demand management and policy reduces effective shortages.
- » Climate driven stress remains, but is moderated by increased storage, treatment, reuse and allocation reforms.

Under Divergence:

- » More frequent and severe low flow periods and droughts increase the probability that surface and groundwater constraints become binding.
- » Regulatory responses (e.g. tighter abstraction limits, effluent standards, tariffs) become more stringent in response to stress.

These hydro climatic themes underpin CRRO 2 (water risk) and interact with CRRO 3 (where water and temperature conditions can influence renewable energy and waste heat performance at plant level) and CRRO 4 (where water stress supports demand for advanced water purification carbons).

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

TRANSITION DYNAMICS AND DECARBONISATION PATHWAYS

Climate resilience is also shaped by decarbonisation and broader transition dynamics, particularly:

- » Net Zero aligned transition pathway: expansion of renewables, electrification, energy storage, and stricter emissions and water regulations.
- » Policy and market responses: carbon pricing, standards, incentives for low carbon products and technologies.
- » Technology trajectories: battery and supercapacitor adoption, water treatment and reuse technologies, industrial emissions controls.

Under Net Zero:

- » Faster decarbonisation and electrification increase demand for energy storage carbons used in supercapacitors and advanced battery systems.
- » More stringent water and emissions regulations reinforce demand for water and air purification carbons.

- » Renewable energy deployment and waste heat use reduce long term vulnerability to fossil fuel price shocks and supply disruptions.

Under Divergence:

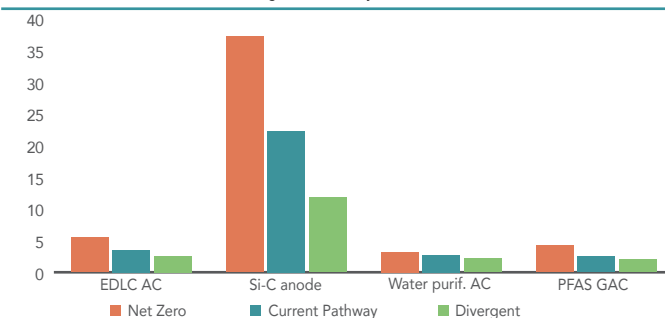
- » Transition progress is slower and more uneven; energy carbon demand still grows but less strongly and more variably.

- » Physical climate impacts (e.g. water stress, air quality concerns) still drive adaptation, supporting persistent demand for purification carbons even when energy transition policies are weaker.

- » Fossil fuel price volatility and supply risk remain elevated, sustaining the strategic case for renewable energy adoption as a resilience measure.

These transition dynamics provide the climate resilience context for CRRO 3 (renewable energy opportunity) and CRRO 4 (portfolio of climate solution carbons).

Segment Growth of Value-Added Carbon Under Each Selected Scenario
How much each value-added carbon segment scales by scenario.



SCENARIO OVERVIEW TABLE

A high level resilience view across Net Zero and Divergence can be structured as follows:

Anticipated Effects on Business Model and Value Chain

Dimension	Net Zero (NZ)	Divergence (DV)	Resilience implication
Rainfall & ENSO	ENSO remains influential; long term intensification of extremes is more limited; adaptation reduces impacts of droughts and heavy rainfall.	Higher background warming amplifies ENSO impacts; more frequent and intense droughts and heavy rainfall events.	NZ supports more stable long run planning; DV requires greater buffer capacity and contingency across feedstock and water systems.
Surface & groundwater	Stronger investment in storage, treatment, reuse and regulated abstraction improves effective resilience.	Greater risk of chronic groundwater stress and more binding abstraction constraints; quality issues more likely.	NZ reduces effective washing water shortfalls; DV makes water a more binding constraint in stress periods.
Crop systems (e.g. coconut)	Lower warming and improved agronomy help stabilise yields, but ENSO variability still affects production.	Higher warming, more frequent extremes and under replanting increase long run yield and availability risk.	NZ makes structural feedstock stress less likely; DV increases need for diversification and backward integration.
Transition & markets	Faster decarbonisation, stronger regulation and technology deployment; higher demand for energy, water and air solution carbons; strong policy support for renewables.	Slower, uneven transition; physical impacts still drive adaptation; energy carbon upside is lower, but purification demand remains robust.	NZ offers higher upside for energy storage carbons and clearer renewable investment signals; DV still supports purification demand and energy security investments.

RESILIENCE SENSITIVITY BY CRRO, HORIZON AND SCENARIO

The table below summarises scenario sensitivity and resilience labels by CRRO and horizon within this overarching climate resilience frame:

CRRO	Horizon	Scenario	Primary climate / transition stressor	Indicative downside band	Sensitivity label*	Description
CRRO 1 – Raw material (coconut shell and charcoal)	ST	Divergence	El Niño-linked rainfall variability; short-term shell and charcoal tightness	Within management stress bands for cost-of-sales pressure	Medium	Short-term resilience supported by multi-country sourcing and fallback imports.
CRRO 1 – Raw material (coconut shell and charcoal)	MT	Divergence	Repeated rainfall and yield stress; tighter shell availability; higher charcoal prices	Within 5%–15% cost-pressure and 1%–3% to 2%–7% impact bands	High	Medium-term resilience increasingly conditional on sourcing diversification and disciplined expansion.
CRRO 1 – Raw material (coconut shell and charcoal)	LT	Divergence	Structural agricultural constraints; ageing plantations; under-planting	Up to Medium–High downside under prolonged stress	High	Long-term resilience depends on continued adaptation and geographic diversification.
CRRO 2 – Water risk	ST	Divergence	Short-term dry-season stress; reduced usable washing water in severe years	~1%–3% of Group revenue downside in severe stress year	Low	Short-term resilience supported by current water-mix, RO and prioritisation.
CRRO 2 – Water risk	MT	Divergence	Rising washing demand; greater hydrological and regulatory pressure	~2%–7% of Group revenue downside in severe stress year	Medium	Medium-term resilience depends on expanding RO, recycling, storage and alternate sourcing.
CRRO 2 – Water risk	LT	Divergence	Structural hydrological pressure; repeated stress years	~2%–7% downside per severe stress year with higher recurrence risk	Medium	Long-term resilience depends on sustained water-resilience investment and lower water-intensity.
CRRO 3 – Renewable-energy transition opportunity	ST	Net Zero / Divergence	Fossil-fuel price volatility on current non-renewable share	Illustrative 5%–10% cost-of-sales sensitivity in stress cases	Medium	Short-term resilience improves as renewable and waste-heat projects start offsetting fossil exposure.
CRRO 3 – Renewable-energy transition opportunity	MT	Net Zero	Renewable share moving toward medium-term increase above baseline	Illustrative 5%–15% reduction in fossil-driven cost pressure vs no-transition case	Low	Medium-term resilience strengthened by higher renewable share and better cost predictability.
CRRO 3 – Renewable-energy transition opportunity	LT	Net Zero / Divergence	Structural shift toward higher renewable and waste-heat use	Illustrative +5%–15% improvement in earnings resilience vs high-fossil pathway	Limited	Long-term resilience becomes increasingly value-protective as fossil dependence declines.



MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

CRRO	Horizon	Scenario	Primary climate / transition stressor	Indicative downside band	Sensitivity label*	Description
CRRO 4 – Value-added carbons (Energy Storage Carbon, water, air)	ST	Net Zero	Early-stage demand response in Energy Storage Carbon, water and air channels	Within current-year revenue and utilisation bands	Limited	Short-term resilience anchored in existing purification demand and initial Energy Storage Carbon growth.
CRRO 4 – Value-added carbons (Energy Storage Carbon, water, air)	MT	Net Zero	Stronger transition and adaptation demand for Energy Storage Carbon and purification	Energy Storage Carbon upside increases materially; purification demand remains positive	Limited	Medium-term resilience supported by high Energy Storage Carbon upside and robust purification demand.
CRRO 4 – Value-added carbons (Energy Storage Carbon), water, air)	LT	Divergence	Slower transition but persistent water stress and emissions concerns	Energy Storage Carbon upside more muted; water and air demand provide a stable floor	Limited	Long-term resilience is portfolio-based, with purification channels supporting the opportunity.

*Resilience sensitivity labels legend

The labels in the table are used as follows:

- » Limited: Minor effect, typically up to around 3% of PBT.
- » Low: Noticeable but manageable stress, around 3%–5% of PBT.
- » Medium: Material stress requiring active adaptation, roughly 5%–7% of PBT or within existing management bands.
- » High: Potentially critical stress if unmanaged, generally above about 10% of PBT or beyond current management bands.

INPUTS USED

The climate resilience assessment draws on the following data sources:

- » IPCC AR6 Shared Socioeconomic Pathways: SSP1-2.6 (Net Zero-aligned, ~1.8°C by 2100) and SSP2-4.5 (Divergence, ~2.7°C by 2100)
- » IEA Net Zero Emissions by 2050 Scenario (NSE) and Announced Pledges Scenario (APS) for transition pathways
- » National Determined Contributions (NDCs) for Sri Lanka, Indonesia, and Thailand
- » NOAA Oceanic Niño Index (ONI) historical data (1950–2025) for El Niño and La Niña event identification
- » IPCC AR6 regional climate projections for South Asia and Southeast Asia (rainfall, drought frequency, monsoon variability)
- » World Bank Climate Change Knowledge Portal regional data for precipitation, temperature, and hydrological extremes
- » FAO FAOSTAT coconut production, yield, and harvested area time-series (1961–2024) for Sri Lanka, Indonesia, Thailand, India, Philippines, Vietnam
- » National coconut authorities data on plantation age profiles, replanting rates, and vulnerability assessments
- » Peer-reviewed literature on coconut yield responses to temperature, rainfall, and ENSO variability
- » Regional surface-water flow records, dry-season baseflow data, reservoir inflows, and groundwater-level monitoring for Sri Lanka, Thailand, Indonesia
- » National water resource assessments and regulatory abstraction limits (Sri Lanka Water Resources Board; Thailand Department of Groundwater Resources; Indonesian Ministry of Public Works)

- » WRI Aqueduct Water Risk Atlas for baseline water stress and climate-driven stress indices
- » Water quality data including salinity intrusion risk and groundwater contamination indices
- » BloombergNEF global energy storage and battery market forecasts (2025–2050), including supercapacitor and activated carbon demand
- » IEA Global EV Outlook and Energy Storage Market reports for battery deployment under Net Zero scenarios
- » Market intelligence on water and air purification activated carbon demand drivers and regulatory trends
- » World Bank and IMF carbon pricing and emissions regulation forecasts
- » Internal operational data: historical and current water sourcing mix by source type and location; renewable-energy and waste-heat capacity; energy consumption by fuel type; coconut shell and charcoal sourcing volumes, costs, and supplier locations; manufacturing water intensity, washing-water requirements, and wastewater recycling rates

ASSUMPTIONS USED

The following key assumptions underpin the climate resilience assessment:

- » Scenario selection: Net Zero (SSP1-2.6) and Divergence (SSP2-4.5) represent boundary cases of plausible climate and transition futures, not precise forecasts.
- » ENSO and rainfall variability: ENSO remains a key driver under both scenarios. Under Divergence, higher warming amplifies hydrological responses, increasing drought intensity and duration.
- » Adaptation effectiveness: Net Zero assumes stronger adaptation (water infrastructure, crop replanting, agronomy) moderates climate stress. Divergence assumes slower, uneven adaptation with greater residual stress.

- » Agricultural resilience: Coconut yields remain sensitive to rainfall, temperature, and replanting. Divergence assumes ageing plantations and under-replanting increase structural yield risk; Net Zero assumes improved varieties and agronomy partially offset stress.
- » Water system resilience: Net Zero assumes investment in storage, treatment, recycling, and managed abstraction improves water availability. Divergence assumes more frequent low-flow periods and tighter regulatory constraints increase shortage probability.
- » Transition pace: Net Zero assumes faster decarbonisation and stronger regulation drive robust demand for energy storage and purification carbons. Divergence assumes slower transition but persistent purification demand from physical climate impacts.
- » No catastrophic tipping points: The assessment excludes abrupt, non-linear climate events (e.g., monsoon collapse, ice-sheet failure) that would materially worsen outcomes.
- » Time horizon consistency: Short-, medium-, and long-term horizons applied consistently across all CRROs and scenarios, aligned with business planning.
- » Materiality framework: Climate-related effects assessed using the same quantitative thresholds and qualitative criteria (strategic, operational, reputational) as SRROs.

REPORTING PERIOD

The climate resilience assessment was carried out in FY 2025/26 using the same time horizons as CRROs and SRROs. While climate resilience was also assessed in FY 2024/25, the current year assessment includes a more in-depth analysis of how each climatic driver (ENSO variability, rainfall patterns, hydrological stress, agricultural resilience, and transition dynamics) impacts the Group's climate-related risks and opportunities.

SIGNIFICANT AREAS OF UNCERTAINTY CONSIDERED IN THE CLIMATE RESILIENCE ASSESSMENT

- » **ENSO variability and timing:** The frequency, intensity, and duration of future El Niño and La Niña events cannot be predicted precisely. Actual timing and severity may differ materially from historical patterns and model projections.
- » **Regional climate outcomes:** Climate models show substantial spread in regional rainfall, temperature, and hydrological projections for South and Southeast Asia monsoon-dependent regions. Local outcomes may fall outside scenario-aligned boundary cases.
- » **Agricultural adaptation and replanting:** Coconut yield resilience depends on farmer-level replanting decisions, variety improvements, and agronomy practices influenced by economic incentives, land tenure, and policy support. Actual adaptation rates are highly uncertain and region-specific.
- » **Groundwater behaviour and regulation:** Groundwater recharge, drawdown, and quality responses to climate variability are poorly understood in many sourcing and manufacturing regions. Regulatory responses (abstraction limits, tariffs) may tighten faster or slower than assumed.
- » **Transition pace and policy implementation:** The speed and consistency of decarbonisation, renewable-energy deployment, and emissions/water regulation are subject to policy uncertainty, geopolitical developments, and technology costs. Actual pathways may not align with either scenario.
- » **Market demand elasticity:** Demand growth for energy storage carbons, water purification, and air purification products depends on uncertain technology adoption rates, regulatory drivers, and competitive positioning over medium- to long-term horizons.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

- » **Quantification limitations:** Many climate-resilience effects, particularly medium to long term, cannot yet be quantified with sufficient reliability for standalone financial reporting. Sensitivity bands and indicative ranges should be interpreted as illustrative rather than precise forecasts.
- » **Interaction and cascading effects:** Climate and transition risks do not operate in isolation. Feedstock stress may coincide with water shortages; renewable-energy opportunities may be constrained by supply-chain disruptions; regulatory responses may accelerate unexpectedly. Combined or cascading effects could materially alter resilience outcomes.

As the Group's climate-scenario modeling and data availability improve, future disclosures are expected to provide more granular quantification and reduced uncertainty ranges.

METRICS & TARGETS CROSS INDUSTRY METRICS

Greenhouse Gas Emissions (GHG)

Basis of Determination of Organisational Boundary and Operational Boundary

Organisational Boundary

The boundary includes all greenhouse gas emission sources under operational control across all facilities and associated residential premises.

Operational Boundary

The operational boundary includes direct and indirect emissions categorised as:

- » **Scope 1:** Direct GHG emissions from fuel combustion in dryers, kilns, boilers, generators, forklifts, and vehicles, as well as fugitive emissions from refrigerants and CO₂ fire extinguishers, wastewater treatment emissions, and fertiliser-related emissions.
- » **Scope 2:** Indirect emissions from purchased electricity consumed within operations.

- » **Scope 3:** Other indirect emissions occurring across the value chain including categories considered material to the organisation (This year 7 categories were reported out of 15 categories).

Methodology used for the measurement and disclosure of GHG Emissions

GHG emissions were quantified and disclosed in accordance with the requirements and principles of the International Organisation for Standardisation ISO 14064-3:2018 standard and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The organisational and operational boundaries were defined based on operational control, and emissions were calculated using internationally recognised emission factors, activity data, and applicable global warming potentials (GWPs). The GHG emissions inventory was independently verified by Control Union Inspections (Pvt) Ltd.

Summary of GHG Emissions

Scope	2025/26 (mtCO ₂ e)
Scope 1	13,302.64
Scope 2	16,066.10
Scope 3	20,416.15
Total	49,784.89

GHG Scope 1 and Scope 2 Emissions

Description	Greenhouse gas emissions (metric tons CO ₂ e) 2025/26		
	Scope 1	Scope 2	Total
Consolidated accounting group	13,302.64	16,066.10	29,369
Other investee (investment in associate, joint ventures)	-	-	-
Total (Operational control approach)	13,302.64	16,066.10	29,369

Key Assumptions and Sources of GHG Measurement

Global Warming Potential (GWP) values and emission factors published by the Intergovernmental Panel on Climate Change (IPCC) have been used to assess the climate impact of relevant greenhouse gases. Where IPCC emission factors are not directly available, other internationally recognised sources have been applied.

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
Scope 1	Stationary combustion	Dryers Kilns Boilers Generators	SAP records	IPCC emission factors	IPCC
	Mobile combustion	Forklifts Vehicles	SAP records	IPCC emission factors	IPCC
	Fugitive Emissions	Refrigerant Leakages /Refilling CO2 Fire Extinguishers Leakages/Refilling Waste Water Treatment Fertiliser Emission	SAP records, Logbook records	IPCC emission factors	IPCC
Scope 2	Electricity Consumption	Indirect emissions from imported electricity (location based - grid)	Utility bills	Sri Lanka Energy Balance 2022 (Sustainable Energy Authority) DEFRA 2025 emission factors	
Scope 3	Capital goods	Total expenditure on capital goods (USD)	Procurement records	U.S. Environmental Protection Agency (EPA)	
	Fuel and Energy Related Activities (not included in scope 1 and 2)	Extraction, production, and transportation of fuels consumed by the company (well-to-tank) and T & D loss	SAP records	DEFRA 2025 emission factors IEA Life Cycle Upstream Emission Factors 2023 (Pilot Edition) Statistical Digest 2024	
	Upstream transportation and distribution	Transportation of purchased goods from suppliers to company sites (both imported and local raw materials)	Freight invoices and logistics records	DEFRA emission factors India GHG emission factors	
	Waste generated in operations	Disposal and treatment of waste generated through operations	Waste disposal records and contractor invoices	IPCC emission factors	
	Business travel	Employee travel for work purposes using third-party transport	Travel invoices and corporate travel records	IPCC emission factors	
	Employee commuting	Daily travel of employees between home and workplace	Survey data collected from staff questionnaires	India GHG emission factors	
	Downstream transportation and distribution	Transportation and distribution of finished products, both locally and for exports	Freight invoices and logistics records	DEFRA emission factors	

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

GHG Scope 3 Emissions

Scope 3 Greenhouse Gas emissions include the categories defined under the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

Scope 3 emission trends

Category		2025/26	2024/25
Category 2	Capital goods	295.84	393.04
Category 3	Fuel- and energy-related activities not included in Scope 1 greenhouse gas emissions or Scope 2 greenhouse gas emissions	7,061.12	4,222.20
Category 4	Upstream transportation and distribution	2,902.42	2,330.15
Category 5	Waste generated in operations	254.52	304.73
Category 6	Business travel	82.41	90.14
Category 7	Employee commuting	412.98	443.29
Category 9	Downstream transportation and distribution	9,406.83	8,673.05
Total Scope 3 Emissions		20,416.15	16,456.60

Climate-Related Physical Risks

A detailed assessment of climate-related physical risks to assets and business activities, including the amount and percentage vulnerable to such risks, has not yet been completed at this stage and is planned for future reporting cycles.

Climate-Related Transition Risks

A detailed assessment of climate-related transition risks to assets and business activities, including the amount and percentage vulnerable to such risks, has not yet been completed at this stage and will be developed as scenario and policy analyses are expanded.

Climate-Related Opportunities

- » Energy Storage Carbon Expansion: 1.4 Bn LKR
- » Rooftop Solar: 600 Mn LKR

These amounts are based on current plans and involve judgements and uncertainties, including future market conditions, project timing and cost outcomes.

No detailed assessment has yet been completed of the amount and percentage of assets or business activities exposed to climate-related opportunities of this nature, and this will be considered in future reporting cycles.

Capital Expenditure

- » Planned Energy Storage Carbon Expansion: 5.5 Bn LKR
- » Commissioning of Recogen new boiler and turbine: 650 Mn LKR

These amounts are based on current plans and involve judgements and uncertainties, including future market conditions, project timing and cost outcomes.

Internal Carbon Pricing

Internal carbon pricing is not applied at this stage; any future introduction would depend on evolving regulatory, market and internal strategic considerations, and would involve significant judgement and uncertainty.

Remuneration

Executive management remuneration is not explicitly linked to CRROs as of FY 2025/26. The Group may consider the integration of climate-related metrics into executive remuneration structures in future periods as disclosure maturity and climate-related targets evolve.

INDUSTRY SPECIFIC METRICS

Sustainability Accounting Standards Board (SASB) Index

Please refer pages number 127 and 128 for the detail SASB disclosure index.

CLIMATE-RELATED TARGETS

Haycarb uses a mix of quantitative metrics and management ranges to track climate related performance, focusing on indicators that link directly to raw material resilience,

water security, energy transition and value added growth. The metrics and targets in this section are anchored to current year operational data and defined baselines and are designed to show both progresses

already achieved and the sensitivity of future performance to climate related risks and opportunities across the short, medium and long term.

Organisation GHG Emission Reduction Target

Metric/measurement/KPI	» Total Scope 1 and 2 GHG emissions (tCO₂e) » GHG emission intensity (tCO₂e per Rs Mn revenue) » Percentage of reduction in Scope 1 & 2 emissions
Objective	To reduce greenhouse gas (GHG) emissions across operations and value chain in alignment with climate change mitigation goals and applicable reporting standards.
Scope	The boundary includes all greenhouse gas emission sources under operational control across all facilities and associated residential premises.
Period	2025 - 2030
Base Period	2022 - 2023
Milestones and interim targets	» By 2030: 25% reduction in Scope 1 & 2 emissions » By 2027: 14.3% reduction in Scope 1 & 2 emissions
Target type	Gross GHG emissions reduction target
Target type (absolute or intensity)	Absolute target
Alignment to Sectoral Decarbonisation approach	The target is not derived using a Sectoral Decarbonisation Approach (SDA). Instead, it follows an absolute emissions reduction pathway based on internal baseline emissions.
Entity's plan to use Carbon credits to offset GHG emissions	No carbon credits are currently used to offset greenhouse gas emissions.
Alignment with jurisdiction and commitment	Aligned with national environmental regulations and the Paris Agreement.
Validation	As of 31st March 2026, no third-party assurance has been obtained for this target
Review Process	» Performance is quarterly reviewed by the Sustainability Steering Committee and communicated to the Board of Directors through quarterly Board Meetings. » Relevant mitigation actions are being implemented to support future reductions
Metrics for monitoring progress	» Annually: Scope 1, Scope 2 and Scope 3 GHG emission » Annually: GHG emissions reduction (tCO₂e)
Revision	Reviewed and revised in line with updates to the ACTIVATE ESG Roadmap (currently planned as required by significant changes in business strategy, regulations, or sustainability priorities). Next Planned Review: FY 2026/27
Performance during the year and status at year end	» Scope 1 and 2 total GHG emissions - o 2025/26: 29,369 tCO₂e - o 2024/25: 29,144 tCO₂e » GHG emission intensity - o 2025/26: 0.44 tCO₂e per Rs Mn revenue - o 2024/25: 0.67 tCO₂e per Rs Mn revenue » Scope 1 and Scope 2 greenhouse gas emissions increased by 1% compared to 2024/25

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES



CRRO 1- Physical Climate Risk to Raw Material Supply (Coconut Shell and Coconut Shell Charcoal)

Metric/measurement/ KPI	» Percentage of total charcoal input classified as green charcoal » Percentage of charcoal sourced through backward integration (Through Haycarb's backward integration program, shells are collected at selected internal locations and converted into charcoal)
Objective	Strengthening feedstock resilience through geographical supplier diversification, and improve visibility over supplier-level environmental and climate performance
Scope	Applies to Group procurement of coconut shell and coconut shell charcoal across Sri Lanka, Indonesia, Thailand, Philippines and India (imports).
Period	2025 - 2030
Base period	2024 -2025
Milestones and interim targets	» By 2027: 61% green charcoal usage » By 2030: 75% green charcoal usage
Target type	Intensity Target
Alignment with jurisdiction and commitment	Internal target; no specific external jurisdictional or international commitment currently applicable
Validation	As of 31st March 2026, no third-party assurance has been obtained for this target
Review process	» Progress is monthly reviewed by the Sustainability Working Committee and quarterly reviewed by the Sustainability Steering Committee » Progress is communicated to the Board of Directors through quarterly Board Meetings
Metrics for monitoring progress	» Annually: Raw material sourcing mix by geography » Annually: Green charcoal share » Annually: Charcoal cost variance
Revision	Reviewed and revised in line with updates to the ACTIVATE ESG Roadmap (currently planned as required by significant changes in business strategy, regulations, or sustainability priorities). Next Planned Review: FY 2026/27
Progress achieved during the year and status at year end	» 2025/26: 61% Use of green charcoal » 2024/25: 44% Use of green charcoal Backward integration shell procurement percentage » 2025/26 SL - 20%, Thailand - 62%, Indonesia - 18% » 2024/25 SL - 34%, Thailand - 66%, Indonesia - 0%

CRRO 2- Physical Climate-Related Water Risk Arising From Changes In Water Availability, Water Quality, And Hydrological Variability Across Operations

Metric/measurement/KPI	» Water intensity (m3 per MT/ m3 per Rs Mn Revenue) » Percentage of water sourced by different water sources in Sri Lanka, Thailand and Indonesia. » Percentage of sustainable water source » Volume and percentage of water reused or recycled
Objective	Reduce vulnerability of Activated Carbon production, specifically Energy Carbon, to water stress, support operational continuity, and improve long-term efficiency and resilience in water sourcing and use
Scope	Covers all manufacturing operations located in Sri Lanka, Indonesia, Thailand, and Philippines
Period	2025 - 2030
Base period	2022 -2023
Milestones and interim targets	» By 2030: 10% Sustainable water sourcing » By 2030: 15% Water usage dedicated to reuse and recycling » By 2030: 30% Reduction in group water intensity
Target type	Intensity Targets
Alignment with jurisdiction and commitment	Internal target; no specific external jurisdictional or international commitment currently applicable
Validation	As of 31st March 2026, no third-party assurance has been obtained for this target
Review process	» Progress is monthly reviewed by the Sustainability Working Committee and quarterly reviewed by the Sustainability Steering Committee » Progress is communicated to the Board of Directors through quarterly Board Meetings » Annual incorporation into SLFRS S1/S2 disclosures
Metrics for monitoring progress	» Monthly: Water consumption in each manufacturing location » Annually: Water source mix by geography » Annually: Water reuse/ recycle quantities
Revision	Reviewed and revised in line with updates to the ACTIVATE ESG Roadmap (currently planned as required by significant changes in business strategy, regulations, or sustainability priorities). Next Planned Review: FY 2026/27
Progress achieved during the year and status at year end	» Sustainable water source 2025/26: 123,171 m3 (16% of total water consumption) 2024/25: 85,188.31 m3 (12% of total water consumption) » Volume of water recycled 2025/26: 30,483 m3 volume of water recycled (4% of total water consumption) 2024/25: 16,361 m3 volume of water recycled (2% of total water consumption) » Water intensity: 2025/26: 11.79 m3/Rs Mn 2024/25: 16.12 m3/Rs Mn 27% year on year water intensity reduction

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

CRRO 3- Transition Opportunity: Scaling Renewable Energy Adoption Driven by Fossil Fuel Price Volatility and Supply Disruptions

Metric/measurement/KPI	» Increase in renewable energy use » Reduction in energy intensity (GJ per Rs Mn revenue) » Total installed solar capacity (kW)
Objective	Reduce fossil-fuel dependence, manage energy cost volatility, and support ACTIVATE energy and emissions goals
Scope	Covers all manufacturing operations located in Sri Lanka, Indonesia, Thailand, and Philippines (2027/28 onwards)
Period	2025 - 2030
Base period	2022 - 2023
Milestones and interim targets	» By 2027: 29% Increase in Renewable Energy Use » By 2030: 50% Increase in Renewable Energy Use
Target type	Intensity target
Alignment with jurisdiction and commitment	» Aligns with national decarbonisation targets (e.g. country-specific NDCs). » Supports the goals of the Paris Agreement
Validation	As of 31st March 2026, no third-party assurance has been obtained for this target
Review process	» Progress is monthly reviewed by the Sustainability Working Committee and quarterly reviewed by the Sustainability Steering Committee » Progress is communicated to the Board of Directors through quarterly Board Meetings
Metrics for monitoring progress	» Monthly: Renewable energy shares » Annually: Energy intensity
Revision	Reviewed and revised in line with updates to the ACTIVATE ESG Roadmap (currently planned as required by significant changes in business strategy, regulations, or sustainability priorities). Next Planned Review: FY 2026/27
Progress achieved during the year and status at year end	» Total renewable energy consumption 2025/26: 77% 2024/25: 75% » Total solar electricity generation 2025/26: 3,152,155 kWh 2024/25: 1,523,609 kWh » Energy intensity reduction from 26.43 to 18.44 GJ per Rs Mn revenue representing 30% y-o-y reduction

CRRO 4- Transition Opportunity: Growing Demand for Activated Carbon in Climate-Solution Applications

Metric/measurement/KPI	» Percentage of Group revenue from climate-solution applications (Energy carbon, Air purification, Water purification) » Number of new products developed for climate-solution applications
Objective	Expand exposure to higher-growth environmental end markets and strengthen the Group's position in purification and emissions-control applications
Scope	Global activated carbon product portfolio, relevant markets, and climate-solution applications including Energy carbon, Air purification, Water purification
Period	2025 - 2030
Base period	2024 - 2025
Milestones and interim targets	While formal targets have not yet been established for this opportunity, indicators are disclosed as management metrics used to monitor performance, assess risk exposure, and support future target-setting.
Target type	Absolute targets
Alignment with jurisdiction and commitment	No specific external jurisdiction or international commitment currently applicable
Validation	As of 31st March 2026, no third-party assurance has been obtained for this target
Review process	Internally reviewed on quarterly basis
Metrics for monitoring progress	» Monthly: Revenue mix by product category » Quarterly: Number of new products » Quarterly: Investment in Research and Development
Revision	Revisions are planned as required by significant changes in business strategy, regulations
Progress achieved during the year and status at year end	» Revenue through sales percentage of climate-solution applications 2025/26: Air purification 10%, Energy Carbon 6%, Water purification 34% 2024/25: Air purification 9%, Energy Carbon 2%, Water purification 38% » Production volume percentage of climate solution applications: 2025/26: Air purification 7%, Energy Carbon 1%, Water purification 39% 2024/25: Air purification 12%, Energy Carbon 1%, Water purification 45%

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

SUSTAINABILITY RELATED TARGETS

SRRO 1- Environmental Compliance and Regulatory Tightening Risk

Metric/measurement/KPI	Number of environmental regulatory non-compliance incidents per year Number of compliance related certifications achieved annually
Objective	Maintain regulatory compliance, reduce disruption and penalty risk, and ensure preparedness for tighter environmental standards
Scope	All manufacturing operations and supporting facilities subject to environmental regulation
Period	2025 - 2030
Base period	2024 - 2025
Milestones and interim targets	» By 2026: achieve ISO 14001 certification coverage for 100% of manufacturing facilities » Maintain zero environmental fines and penalties related to operational non-compliance on annual basis
Target type	Absolute target
Validation	As of 31st March 2026, no third-party assurance has been obtained for this target
Review process	Quarterly review by ESG Steering Committee
Metrics for monitoring progress	» Annual: Number of environmental non-compliance incidents recorded per year » Annual: Number of new certifications and recertifications
Revision	Reviewed and revised in line with updates to the ACTIVATE ESG Roadmap (currently planned as required by significant changes in business strategy, regulations, or sustainability priorities). Next Planned Review: FY 2026/27
Progress achieved during the year and status at year end	» Environmental regulatory non-compliance incidents 2025/26: 0 2024/25: 0 » Compliance related certifications achieved 2025/26: 32 2024/25: 32

SRRO 2- Workforce Capability and Skilled Labor Availability Risk

Metric/measurement/KPI	» Percentage of permanent employees receiving performance appraisals » Average training hours per employee per year » Attrition rate in technical and operational roles » Training hours per employee per year
Objective	Strengthen workforce capability, retain critical technical knowledge, and support consistent operational performance across global manufacturing operations
Scope	Group employees in all manufacturing locations, with emphasis on technical, operational, engineering, maintenance, and quality roles
Period	2025 - 2030
Base period	2022/23
Milestones and interim targets	» By 2030: achieve average employee training hours 40 » By 2027: achieve average employee training hours 25 » By 2030: maintain maximum Attrition rate 5% or Below » By 2030: 100% Coverage of permanent employee Performance Appraisals
Target type	Intensity targets
Validation	As of 31st March 2026, no third-party assurance has been obtained for this target
Review process	» Progress is quarterly reviewed by the Sustainability Steering Committee » Progress is communicated to the Board of Directors through quarterly Board Meetings
Metrics for monitoring progress	» Annual: Employee training hours » Annual: Appraisal coverage » Annual: Attrition
Revision	Reviewed and revised in line with updates to the ACTIVATE ESG Roadmap (currently planned as required by significant changes in business strategy, regulations, or sustainability priorities). Next Planned Review: FY 2026/27
Progress achieved during the year and status at year end	» Average training hours per employee per year 2025/26: 31.1 2024/25: 17.3 » Attrition rate 2025/26: 14.7% 2024/25: 9% » 100% Coverage of permanent employee performance appraisals

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES - SLFRS S1 AND S2 DISCLOSURES

SRRO 3- Occupational Health and Safety Risk

Metric/measurement/KPI	» Number of fatalities » Recordable incident rate (RIR) » Lost time injury frequency rate (LTIFR)
Objective	Prevent harm to employees and contractors, maintain safe operating conditions, and minimise operational disruption from safety incidents
Scope	Group employees and contractors across all manufacturing sites
Period	2025 - 2030
Base period	2022 - 2023
Milestones and interim targets	» Maintain zero fatalities and reduce work related injuries across all manufacturing facilities » Reduce recordable incident rate Lost time injuries frequency rate (annual target in under review)
Target type	Absolute targets
Validation	As of 31st March 2026, no third-party assurance has been obtained for this target
Review process	» Monthly reviewed in the health and safety meeting » Progress is reported quarterly to the ESG Steering Committee and Board meeting
Metrics for monitoring progress	» Annual: Number of fatal accidents » Quarterly: Lost Time Injury Frequency (LTIF) » Quarterly: Recordable Incident Rate (RIR) » Annually: Number of regulatory OHS violations
Revision	Reviewed and revised in line with updates to the ACTIVATE ESG Roadmap (currently planned as required by significant changes in business strategy, regulations, or sustainability priorities). Next Planned Review: FY 2026/27
Progress achieved during the year and status at year e	» Number of fatalities: 2025/26: 1 2024/25: 1 » Recordable incident rate (RIR): 2025/26: 2.12 2024/25: 2.1 » Lost time injury frequency (LTIF): 2025/26: 1.4 2024/25: 27.6



CONNECTIVITY BETWEEN CRROS, SRROS AND FUTURE FINANCIAL STATEMENTS

The Group assessed the current and anticipated financial effects of the identified Climate-Related Risks and Opportunities

(CRROs) and Sustainability-Related Risks and Opportunities (SRROs) in accordance with SLFRS S1 and SLFRS S2. While these matters did not have a material effect on the Group's consolidated financial statements for the year ended 31 March 2026, the assessment indicates that several of these risks and opportunities could materially influence

future revenues, operating costs, capital expenditure requirements, working capital needs, asset utilisation and cash flows over the short and medium term. Accordingly, these matters have been incorporated into the Group's strategic planning, investment decisions, capital allocation framework and long-term financial forecasting processes.

Risk Reference	Risk Description	Current-Year Financial Statement Impact	Potential Future Financial Statement Connectivity
CRRO 1	Climate Risk to Raw Material Supply	Not material during FY 2025/26	May influence inventory costs, cost of sales, gross margins, working capital requirements and operating cash flows through impacts on coconut shell and charcoal availability.
CRRO 2	Physical Climate-Related Water Risk	Not material during FY 2025/26	May influence operating costs, production continuity, water management expenditure, resilience investments, capital expenditure and operating cash flows.
CRRO 3	Growing Demand for Activated Carbon in Climate-Solution Applications	Not material during FY 2025/26	May contribute to future revenue growth, improved profitability, capacity expansion requirements and enhanced returns on invested capital.
CRRO 4	Renewable Energy Adoption Driven by Fossil Fuel Price Volatility and Supply Disruptions	Not material during FY 2025/26	May influence future energy costs, renewable energy investments, capital expenditure requirements, operating margins and cash flow generation.
SRRO 1	Environmental Compliance and Regulatory Tightening Risk	Not material during FY 2025/26	May increase future compliance expenditure, environmental investments, operating costs and capital expenditure requirements arising from evolving environmental regulations.
SRRO 2	Workforce Capability and Skilled Labour Availability Risk	Not material during FY 2025/26	May influence employee costs, training expenditure, productivity, operational continuity and future growth execution capabilities.
SRRO 3	Occupational Health and Safety Risk	Not material during FY 2025/26	May influence operating continuity, employee-related costs, insurance costs, compliance expenditure and productivity levels in the event of significant incidents.

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON SLFRS S1 AND S2 DISCLOSURES



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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF HAYCARB PLC ON THE SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES PRESENTED IN THE INTEGRATED ANNUAL REPORT 2025/26

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 SLFRS Sustainability-related Financial Disclosures (the "Subject Matter") contained in Haycarb PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (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 Sri Lanka Sustainability Disclosure Standards, SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 – Climate-related Disclosures ("Criteria").

Such Criteria were specifically designed for the disclosure of material information on sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making

decisions relating to providing resources to the entity; 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 6 May 2026. 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.

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.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, 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, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

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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:

- » Conducted interviews with selected key management personnel and relevant staff to understand the business, value chain and sustainability reporting process of the Company.
- » Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified.
- » Performed procedures to understand the Company's disclosures in relation to the Conceptual Foundation of SLFRS S1, including fair presentation, materiality, reporting entity, and connected information
- » Conducted procedures to understand the governance processes, controls and procedures employed by the Company to monitor, manage and oversee climate-related risks and opportunities, supported by relevant evidence.
- » Perused the minutes of the Board of Directors and Board Audit Committee meetings from the financial year to ensure alignment with the content of governance related disclosures.
- » Conducted procedures to comprehend the Company's strategy for managing identified sustainability-related risks and opportunities, supported by relevant evidence and calculations.
- » Performed analytical procedures to obtain explanations and supporting evidence regarding the Company's processes for identifying, assessing, prioritising, and monitoring sustainability-related risks and opportunities, including their integration into the overall risk management framework.
- » Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified sustainability-related risks and opportunities, including progress towards any targets the Company has set during the assurance engagement.
- » Performed procedures to assess the Company's disclosures and compliance with the General Requirements of SLFRS S1.
- » Conducted procedures to evaluate the disclosures regarding judgments and uncertainties in the process of preparing the Company's sustainability-related financial disclosures.

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

Emphasis of matter

There are inherent limitations in the identification, measurement and disclosure of underlying Subject Matter against the applicable Criteria due to forward looking information, uncertainties and management judgements. For clarity, our engagement does not extend to providing assurance

on the accuracy or achievability of these forward-looking information, uncertainties and management judgements.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to SLFRS Sustainability-related Financial Disclosures for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.

Restricted Use

This report is intended solely for the information and use of Haycarb PLC for the purpose of providing an assurance conclusion on the Subject Matter based on the Criteria and is not intended to be and should not be used by anyone other than those specified parties.

Chartered Accountants

05 June 2026
Colombo

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE SUSTAINABILITY REPORTING CRITERIA PRESENTED IN THE INTEGRATED ANNUAL REPORT



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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF HAYCARB PLC ON THE SUSTAINABILITY REPORTING CRITERIA PRESENTED IN THE INTEGRATED ANNUAL REPORT FY 2025/26

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 2026 (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 06 May 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made

to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our independence and quality management

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

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

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, 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, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

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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 2026, in order for it to be in accordance with the Criteria.

05 June 2026
Colombo

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE INTEGRATED ANNUAL REPORT



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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF HAYCARB PLC ON THE INTEGRATED ANNUAL REPORT 2025/26

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 its 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 the Haycarb PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (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) initially developed by the International Integrated Reporting Council (IIRC) and currently maintained by the Integrated Reporting and Connectivity Council (IRCC) of the IFRS Foundation. (the "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 the Haycarb PLC on 6 May 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in

accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our independence and quality management

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

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

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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 organization's strategy and how the organization 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 2026, in order for it to be in accordance with the Criteria.

05 June 2026
Colombo

GRI CONTENT INDEX

Statement of use	Haycarb PLC has reported in accordance with the GRI Standards for the period from 01st April 2025 to 31st March 2026
GRI 1 used	GRI 1: Foundation 2021

GRI Standard/ Other Source	Disclosure	Page Reference	Omissions		
			Requirement(S) Omitted	Reasons	Explanations
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organisational details	10, 481			
	2-2 Entities included in the organisation's sustainability reporting	11			
	2-3 Reporting period, frequency and contact point	11			
	2-4 Restatement of information	11,184,449			
	2-5 External assurance	11			
	2-6 Activities, value chain and other business relationships	11,14,40,18, 239, 240, 245			
	2-7 Employees	210			
	2-8 Workers who are not employees	210			
	2-9 Governance structure and composition	294-295			
	2-10 Nomination and selection of the highest governance body	307			
	2-11 Chair of the highest governance body	340			
	2-12 Role of the highest governance body in overseeing the management of impacts	281,296,			
	2-13 Delegation of responsibility for managing impacts	298			
	2-14 Role of the highest governance body in sustainability reporting	11			
	2-15 Conflicts of interest	304			
	2-16 Communication of critical concerns	296, 297			
	2-17 Collective knowledge of the highest governance body	67, 301, 308			
	2-18 Evaluation of the performance of the highest governance body	308,304			
	2-19 Remuneration policies	308			
	2-20 Process to determine remuneration	308			



GRI Standard/ Other Source	Disclosure	Page Reference	Omissions		
			Requirement(S) Omitted	Reasons	Explanations
	2-21 Annual total compensation ratio	-	-	Confidential constraints	Confidential information of the company
	2-22 Statement on sustainable development strategy	20-25,270			
	2-23 Policy commitments	11, 275, 284, 291, 299-300			
	2-24 Embedding policy commitments	275,299			
	2-25 Processes to remediate negative impacts	239,290			
	2-26 Mechanisms for seeking advice and raising concerns	290			
	2-27 Compliance with laws and regulations	278, 280			
	2-28 Membership associations	245			
	2-29 Approach to stakeholder engagement	139-145			
	2-30 Collective bargaining agreements	226,228			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	146-149			
	3-2 List of material topics	146-149			
	3-3 Management of material topics	146-149			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149 M5			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	38			
	201-2 Financial implications and other risks and opportunities due to climate change	54-62,71			
	201-3 Defined benefit plan obligations and other retirement plans	228			
	201-4 Financial assistance received from government			Not applicable	We did not receive any significant financial assistance from a government

GRI CONTENT INDEX



GRI Standard/ Other Source	Disclosure	Page Reference	Omissions		
			Requirement(S) Omitted	Reasons	Explanations
Market presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	228			
	202-2 Proportion of senior management hired from the local community	210			
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	244			
	203-2 Significant indirect economic impacts	244			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	241			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 205: Anti corruption 2016	205-1 Operations assessed for risks related to corruption	290			
	205-2 Communication and training about anti anticorruption policies and procedures	290			
	205-3 Confirmed incidents of corruption and actions taken	290			
Anti-competitive behavior					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 206: Anti competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	290,292			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
	207-1 Approach to tax	163			

GRI Standard/ Other Source	Disclosure	Page Reference	Omissions		
			Requirement(S) Omitted	Reasons	Explanations
	207-2 Tax governance, control, and risk management	163			
	207-3 Stakeholder engagement and management of concerns related to tax	163			
	207-4 Country-by-country reporting	163			
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
	301-1 Materials used by weight or volume	173,175			
	301-2 Recycled input materials used	175			
	301-3 Reclaimed products and their packaging materials	175			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 103: Energy 2025	103-1 Energy policies and commitments	176			
	103-2 Energy consumption and self-generation within the organisation	176,177,180			
	103-3 Upstream and downstream energy consumption	177,180			
	103-4 Energy intensity	177			
	103-5 Reduction in energy consumption	177			
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	187			
	303-2 Management of water discharge-related impacts	187			
	303-3 Water withdrawal	187,188			
	303-4 Water discharge	187,188,189			
	303-5 Water consumption	187,188			
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149 M12			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Page Reference	Omissions		
			Requirement(S) Omitted	Reasons	Explanations
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	-		Not applicable	We do not operate in such areas with high biodiversity value
	101-2 Management of biodiversity impacts	190-193			
	101-3 Access and benefit-sharing	-		Not applicable	We do not operate in such areas with high biodiversity value
	101-4 Identification of biodiversity impacts	-			
	101-5 Locations with biodiversity impacts	-			
	101-6 Direct drivers of biodiversity loss	-			
	101-7 Changes to the state of biodiversity	-			
	101-8 Ecosystem services	190,192-193			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149 M10			
GRI 305: Emissions 2016	102-1 Transition plan for climate change mitigation	181,182			
GRI 102: Climate Change 2025	102-2 Climate change adaptation plan	181,183,184			
	102-3 Just transition			Not applicable	Our climate initiatives do not cause job redundancies, staff relocations, or negative community impacts.
	102-4 GHG emission reduction targets and progress	186,184			
	102-5 Scope 1 GHG emissions	184			
	102-6 Scope 2 GHG emissions	184			
	102-7 Scope 3 GHG emissions	184			
	102-8 GHG emissions intensity	184			
	102-9 GHG removals in the value chain	184,186			
	102-10 Carbon credits	186			

GRI Standard/ Other Source	Disclosure	Page Reference	Omissions		
			Requirement(S) Omitted	Reasons	Explanations
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 306: Waste 2020	306-1 Waste generation and significant waste- related impacts	189			
	306-2 Management of significant waste-related impacts	189			
	306-3 Waste generated	189			
	306-4 Waste diverted from disposal	189			
	306-5 Waste directed to disposal	189			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149 M12			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	241			
	308-2 Negative environmental impacts in the supply chain and actions taken	241, 242			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149 M8			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	211,215			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	228-229			
	401-3 Parental leave	232			
Labor/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149 M8			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	226			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149 M8			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	215,216			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Page Reference	Omissions		
			Requirement(S) Omitted	Reasons	Explanations
	403-2 Hazard identification, risk assessment, and incident investigation	218			
	403-3 Occupational health services	218			
	403-4 Worker participation, consultation, and communication on occupational health and safety	216, 218			
	403-5 Worker training on occupational health and safety	218			
	403-6 Promotion of worker health	218			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	218			
	403-8 Workers covered by an occupational health and safety management system	215, 218			
	403-9 Work-related injuries	220			
	403-10 Work-related ill health	220			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	223, 225			
	404-2 Programs for upgrading employee skills and transition assistance programs	223			
	404-3 Percentage of employees receiving regular performance and career development reviews	223, 225			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	211, 302			
	405-2 Ratio of basic salary and remuneration of women to men	231			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 406: Non discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	231, 209, 230, 231			

GRI Standard/ Other Source	Disclosure	Page Reference	Omissions		
			Requirement(S) Omitted	Reasons	Explanations
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
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	226			
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	210,240,291			
Forced or compulsory labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	210,240			
Security practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	223,225			
Rights of indigenous peoples					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	210			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	148-149			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	244			
	413-2 Operations with significant actual and potential negative impacts on local communities	244			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Page Reference	Omissions		
			Requirement(S) Omitted	Reasons	Explanations
Supplier social assessment					
GRI 3: Material	3-3 Management of material topics	148-149			
Topics 2021					
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	241			
	414-2 Negative social impacts in the supply chain and actions taken	241			
GRI 3: Material	3-3 Management of material topics	148-149			
Topics 2021					
GRI 415: Public Policy 2016	415-1 Political contributions	340			
Customer health and safety					
GRI 3: Material	3-3 Management of material topics	148-149			
Topics 2021					
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	238			
	416-2 Incidents of non compliance concerning the health and safety impacts of products and services	238			
Marketing and labeling					
GRI 3: Material	3-3 Management of material topics	148-149			
Topics 2021					
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	238			
	417-2 Incidents of non compliance concerning product and service information and labeling	238			
	417-3 Incidents of non compliance concerning marketing communications	238			
Customer privacy					
GRI 3: Material	3-3 Management of material topics	148-149			
Topics 2021					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	261			

SASB / SUSTAINABILITY DISCLOSURE INDEX

INDUSTRY SPECIFIC METRICS

Sustainability Accounting Standards Board (SASB) Index



Chemical Standard – Sustainability Disclosure Topics and Accounting Metrics

Topic	Accounting metrics	UOM	Code	Page	Notes
Greenhouse Gas Emissions	(1) Gross global Scope 1 emissions.	Kg CO ₂ e Mn %	RT-CH-110a.1	184	Scope 1 GHG emissions are reported voluntarily and are not subject to emissions-limiting regulations in the countries where we operate. Accordingly, the % covered under such regulations is reported as 0%.
	(2) % covered under emissions-limiting regulations.			Refer Note	
	Discussion of long-term and short-term strategy or plan to manage emissions		RT-CH-110a.2	181	
Air quality	Air emissions of the pollutants: NOX (excluding N ₂ O), SOX, VOCs, HAPs	MT	RT-CH-120a.1	Refer Note	Consolidated quantified data for NOx, SOx, VOCs and HAPs is not currently available. Air emissions are managed through permits, monitoring, emission control systems and regulatory compliance.
Energy management	(1) Total energy consumed	GJ	RT-CH-130a.1	177	
	(2) % grid electricity			177	
	(3) % renewable	%		177	
	(4) Total self-generated energy			177	
Water management	(1) Total water withdrawn		RT-CH-140a.1	188	Approximately 82% of total water withdrawal/consumption is from regions with High or Extremely High Baseline Water Stress. A region-wise breakdown has not been separately disclosed.
	(2) Total water consumed			188	
	(3) % of each in regions with High or Extremely High Baseline Water Stress			Refer Note	
	Number of incidents of environmental non-compliance	Number	RT-CH-140a.2	187	
	Description of water management risks		RT-CH-140a.3	187	
Hazardous waste management	Amount of hazardous waste generated, and % recycled	MT %	RT-CH-150a.1	189-190	
Community relations	Engagement processes to manage risks and opportunities associated with community interests.		RT-CH-210a.1	244	
Workforce Health & Safety	(1) Total recordable incident rate (TRIR)	Rate	RT-CH-320a.1	222	
	(2) Fatality rate for (a) direct employees (b) contract employees			220	

SASB / SUSTAINABILITY DISCLOSURE INDEX

Topic	Accounting metrics	UOM	Code	Page	Notes
Workforce Health & Safety Contd.	Efforts to assess, monitor, reduce exposure of employees and contract workers to long-term (chronic) health risks		RT-CH-320a.2	215-216	
Product Design for Use-phase Efficiency	Revenue from products designed for use phase resource efficiency	Rs. Mn	RT-CH-410a.1	42	
Safety & Environmental Stewardship of Chemical	(1) % of products that contain GHS Category 1 and 2 Health and Environmental Hazardous Substances	% by revenue	RT-CH-410b.1	175	
	(2) of such products that have undergone a Hazard assessment	%		175	
	Discussion of strategy to (1) manage chemicals of concern		RT-CH-410b.2	173-175	
	(2) develop alternatives with reduced human and/or environmental impact			173-175	
Genetically Modified Organisms	% of products by revenue that contain GMOs % by revenue		RT-CH-410c.1	N/A	Haycarb's product portfolio does not contain genetically modified organisms
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	172	
Operational Safety, Emergency Preparedness & Response	(1) Process Safety Incidents Count (PSIC)	Number	RT-CH-540a.1	222	
	(2) Process Safety Total Incident Rate (PSTIR)	Rate		222	
	(3) Process Safety Incident Severity Rate (PSISR)			222	
	Number of transport incidents	Number	RT-CH-540a.2	222	
Activity Metrics					
Production by reportable segment	Production quantity - Activated Carbon	MT	RT-CH-000.A	40	

OUR CONTRIBUTION TO THE SDGS AND UN GLOBAL COMPACT



SDG 1: NO POVERTY

Target 1.1 - Created income-generating opportunities for over 500 microentrepreneurs through the Haritha Angara programme

For more details: Pages 242

UNGC Principle: 1



SDG 2: ZERO HUNGER

Target 2.2 - Sisu Diwi pahana and Mid-day school meal programme: Provided nutritious meals to students across multiple districts

For more details: Page 244



SDG 3: GOOD HEALTH AND WELL-BEING

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

Infrastructure development support to selected hospitals, strengthening local health-care service capacity

For more details: Pages 215-222

UNGC Principle: 1



SDG 4: QUALITY EDUCATION

Targets 4.3, 4.5 - Employee training and development

Puritas Sath Diyawara – Going Beyond

Providing support with books and other learning materials.

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

For more details: Pages 244-245

UNGC Principle: 6



SDG 5: GENDER EQUALITY

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

Introduction of DEI policy in 2025/26

For more details: Page 229-231

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 244 and 187

Industrial wastewater treatment plants and environmental engineering solutions

UNGC Principle: 8



SDG 7: AFFORDABLE AND CLEAN ENERGY

Targets 7.2, 7.3 - Fulfilled 77% of energy needs through renewable sources

Invested in solar power generation

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

For more details: Page 177-179

UNGC Principle: 9



SDG 8: DECENT WORK AND ECONOMIC GROWTH

Targets 8.2, 8.5, 8.7, 8.8 - Investment in R&D, digitalisation and manufacturing excellence

Employment of over 2,000 employees across eight countries, supported by ongoing training and development

Occupational health, safety and employee wellbeing initiatives. For more details: Pages 196-205 and 206-233

UNGC Principle: 3, 4, 5, 6



SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

Targets 9.4, 9.5 - Investment in cleaner technologies, sustainable charcoaling and energy-efficient manufacturing

Focused R&D investments delivering advanced solutions such as energy-storage and PFAS removal carbons, alongside a steady pipeline of newly developed products

For more details: Pages 176-180 and 196-205

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 242

Strict non-discrimination policy across all our operations

For more details: Pages 209-210

Community development and livelihood support programmes across sourcing regions

UNGC Principle: 6



SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Targets 12.2, 12.5, 12.6 - Converted waste coconut shells into efficient products; reduced solid waste and improved process efficiency through lean practices

ACTIVATE ESG framework, sustainability reporting and integration of environmental and social criteria into procurement and risk management

For more details: Pages 173-175 and 189-190

UNGC Principle: 8

OUR CONTRIBUTION TO THE SDGS AND UN GLOBAL COMPACT



SDG 13: CLIMATE ACTION

Target 13.2, 13.3 - Despite a rise in emissions, maintained commitment to 25% carbon footprint reduction by 2030 through operational sustainability

SLFRS S2 align climate reporting

Internal climate training and external disclosures that build awareness of Haycarb's climate risks and performance

For more details: Pages 183-186 and 63-113



UNGC Principle: 7

SDG 14: LIFE BELOW WATER

Target 14.2 - Behold the Turtle

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

For more details: Page 191-192



SDG 15: LIFE ON LAND

Target 15.2-Haritha Angara cleaner charcoaling and tree-planting initiatives that promote more sustainable use of natural resource-based inputs in sourcing regions.

For more details: Page 191-192

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 116 - 117

UNGC Principle: 10



SDG 17: PARTNERSHIPS FOR THE GOALS

Targets 17.7, 17.11, 17.16, 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 242 and 191-193

UNGC Principle: 8, 9

OPERATING ENVIRONMENT

THE INDUSTRY ALSO CONTINUED BENEFITING FROM GROWTH IN AIR PURIFICATION APPLICATIONS DRIVEN BY TIGHTENING INDUSTRIAL EMISSION STANDARDS, INDOOR AIR QUALITY CONCERNS AND INCREASING ENVIRONMENTAL COMPLIANCE REQUIREMENTS ACROSS DEVELOPED AND EMERGING MARKETS. MEANWHILE, INCREASING GLOBAL ADOPTION OF ELECTRIC VEHICLES, RENEWABLE ENERGY STORAGE SYSTEMS AND ADVANCED ELECTRONICS CONTINUED TO SUPPORT GROWING INTEREST IN SPECIALISED ACTIVATED CARBON SOLUTIONS USED IN ENERGY STORAGE APPLICATIONS INCLUDING SUPERCAPACITORS AND BATTERY TECHNOLOGIES.



As Haycarb continued to look beyond today's horizons and progress toward future possibilities, the Group remained focused on navigating immediate challenges while embracing emerging opportunities within an increasingly dynamic global landscape. The operating environment during 2025/26 continued to evolve amidst shifting geopolitical, economic, technological, environmental, and regulatory developments that are reshaping industries and stakeholder expectations worldwide. In driving toward its long-term strategic aspirations, understanding the broader external environment and responding to change with agility and discipline remained essential in strengthening resilience, enabling sustainable growth, and positioning the Group to move confidently beyond conventional boundaries.

INDUSTRY ANALYSIS – GLOBAL ACTIVATED CARBON INDUSTRY

The global activated carbon industry continued to demonstrate resilient growth during the year under review, supported by increasing environmental regulations, rising industrialisation, growing water purification requirements and expanding demand for specialised sustainable solutions across multiple end-use sectors. Activated carbon continues to play a critical role in water treatment, air purification, food and beverage processing, pharmaceutical applications, gold recovery and emerging energy storage technologies.

Global demand for activated carbon remained primarily driven by tightening environmental standards relating to water and air quality. Increasing global focus on the removal of contaminants such as PFAS ("forever chemicals"), volatile organic compounds (VOCs), industrial pollutants and wastewater contaminants continued to support long-term demand growth for activated carbon solutions. Industry reports indicate that activated carbon remains one of the preferred and most commercially viable technologies for PFAS remediation and advanced purification applications.

The global activated carbon market is also expected to witness continued long-term expansion. Multiple industry analyses

project steady growth in the global activated carbon market supported by increasing investments in municipal water treatment, industrial filtration systems, emission control applications and sustainable purification technologies. Market studies estimate the global activated carbon market to grow at compound annual growth rates ranging between approximately 8% to 9% over the medium to long term.

COCONUT SHELL BASED ACTIVATED CARBON INDUSTRY

Within the broader activated carbon industry, coconut shell-based activated carbon continues to gain increasing strategic importance owing to its superior adsorption characteristics, lower ash content, higher hardness and renewable raw material base. Coconut shell activated carbon is widely preferred for high-purity applications including drinking water purification, air purification, pharmaceuticals, food processing and energy storage applications. Industry sources indicate that coconut shell-based activated carbon markets are expected to continue expanding steadily over the coming years driven by increasing preference for sustainable and high-performance carbon solutions.

Demand for activated carbon used in water treatment applications remained particularly strong during the year under review. Increasing concerns relating to drinking water quality, wastewater treatment and industrial discharge standards continued to accelerate investments in purification technologies globally. Reports indicate that water treatment continues to account for a significant proportion of global activated carbon consumption, while PFAS remediation is emerging as an important long-term growth driver for the industry.

The industry also continued benefiting from growth in air purification applications driven by tightening industrial emission standards, indoor air quality concerns and increasing environmental compliance requirements across developed and emerging markets. Meanwhile, increasing global adoption of electric vehicles, renewable energy storage systems and advanced electronics continued to support growing interest in

OPERATING ENVIRONMENT

specialised activated carbon solutions used in energy storage applications including supercapacitors and battery technologies.

Geographically, Asia continued to remain a key growth region for activated carbon demand supported by industrial expansion, urbanisation and increasing environmental investments across several regional economies. North America also continued to witness strong demand momentum supported by stricter water treatment regulations and growing PFAS remediation requirements. However, global supply chains continued to face certain challenges during the year including raw material availability constraints, geopolitical uncertainties,

freight cost volatility and elevated energy prices, which created cost pressures across the industry.

The coconut shell charcoal market also experienced continued supply-side pressures during the year. Industry reviews indicate increasing export volumes and pricing trends for coconut shell charcoal-based activated carbon products reflecting sustained global demand and raw material tightness across several producing regions.

Despite prevailing macroeconomic uncertainties, the long-term outlook for the activated carbon industry remains favourable supported by growing environmental

awareness, increasingly stringent purification standards, rising industrial demand and the transition towards more sustainable and advanced purification technologies globally.

(Sources – Fortune Business Insights, International Coconut Community (ICC) Market Review)

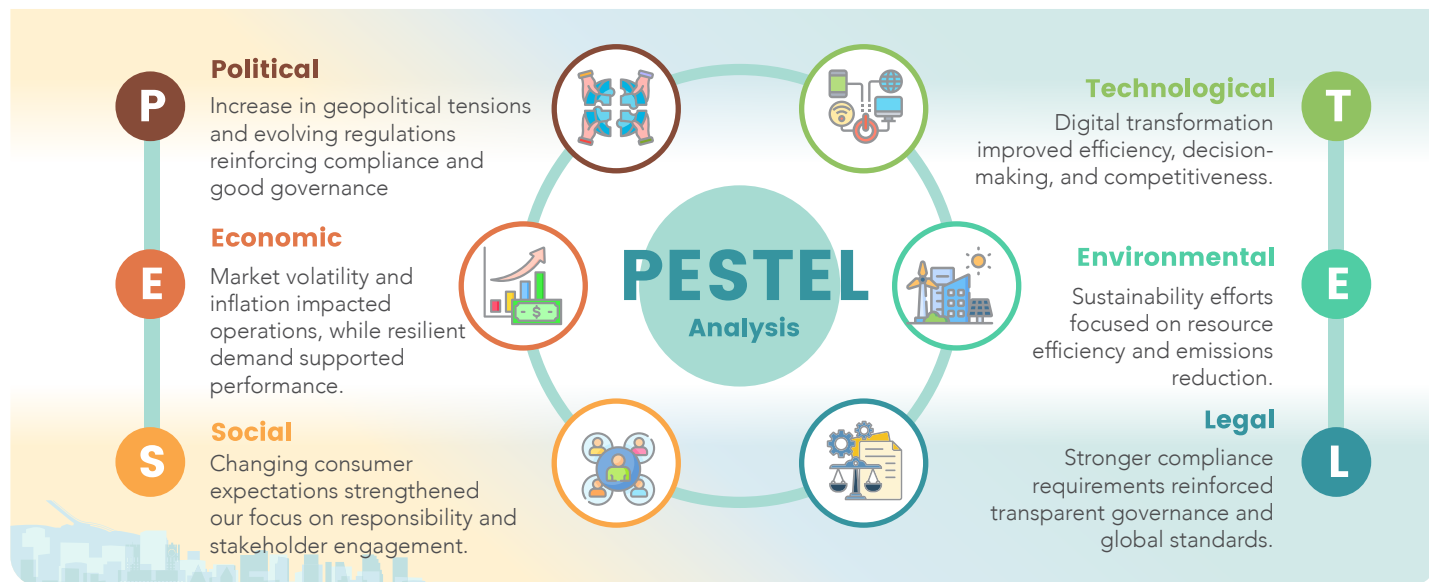


Global Market Share
Driving Sustainable
Growth

16%

OUR INDUSTRY POTENTIAL AND POSITIONING - FIVE FORCES MODEL





HIGHLIGHTS

- » Increasing geopolitical fragmentation and shifting global alliances continued to reshape international trade and regulatory environments heightening uncertainty across global markets during 2025/26. (World Economic Forum – Global Risks Report 2026).
- » Escalating tensions in the Middle East and the outbreak of conflict in early 2026 disrupted global energy markets and supply chains, resulting in higher energy, logistics, and freight costs, as well as extended shipment lead times.
- » Changes to the US import tariff framework during 2025/26 created additional uncertainty for global exporters and manufacturers.

IMPACT ON HAYCARB

- (-) Supply chain disruptions and implications on costs
- (-) Demand uncertainty
- (-) Implications on commodity and energy prices

OUR RESPONSE

- » A robust Enterprise Risk Management Framework that enables effective identification, assessment, mitigation and monitoring of emerging risks.
- » Geographic diversity across markets, supply chains and operations.
- » Deep customer engagement to develop collaborative strategies to mitigate emerging challenges arising as a result of geopolitical dynamics.
- » Robust internal procedures and processes to ensure compliance with all regulatory developments across jurisdictions.

Link to Material Topic - M2,M7

Link to Risk and Opportunities - PBR4, SRRO1

Link to Strategy - Market growth

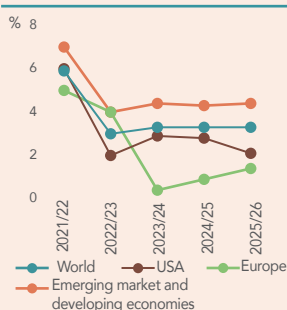
Link to future outlook – refer Haycarb Future outlook page 156-158

OPERATING ENVIRONMENT

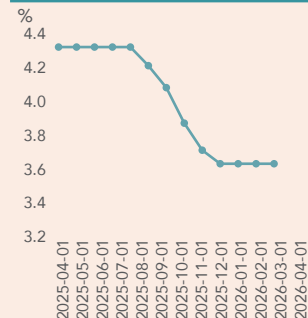
GLOBAL

- » The global economy remained resilient despite elevated trade uncertainties, expanding by 3.3% in 2025. Growth was driven by investments in technology including artificial intelligence, policy stimuli and accommodative financial conditions. Advanced economies grew by 1.7% while economic expansion in emerging market and developing economies amounted to 4.4% in 2025.
- » The US Federal Reserve introduced three progressive rate cuts during 2025 resulting in the effective Federal Funds rate declining to 3.5-3.75% as at end-March 2026 from 4.25-4.50% as at end-March 2025.

Global Economic Growth Rate



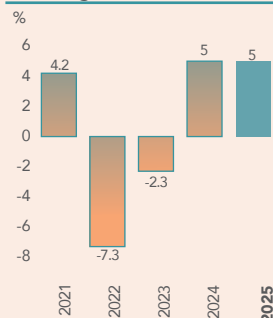
Effective Federal Funds Rate



SRI LANKA

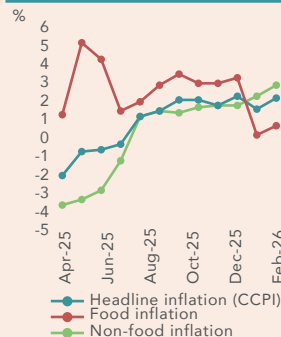
- » The Sri Lankan economy maintained its growth momentum despite elevated global uncertainty and an extreme weather event in November 2025. Inflation remained low providing headroom for accommodative monetary policy. Fiscal performance improved further during 2025 with the primary balance recording a notable surplus for the third consecutive year reflective of the GoSL's commitment to revenue based fiscal consolidation, prudent fiscal reforms and careful expenditure rationalisation. The External Sector also improved as reflected in a current account surplus for the third consecutive year. Strong tourism earnings, and workers' remittances coupled with robust export earnings upheld external sector performance despite a wider trade deficit driven primarily by the resumption of vehicle imports. Gross Official Reserve position improved to USD 6.8 Bn as at end-December 2025. (Central Bank of Sri Lanka – Annual Economic Review 2025)
- » However, the war in the Middle East which commenced in February 2026, presents significant implications for the Sri Lankan economy, particularly if it persists for a prolonged period.

GDP growth Rate



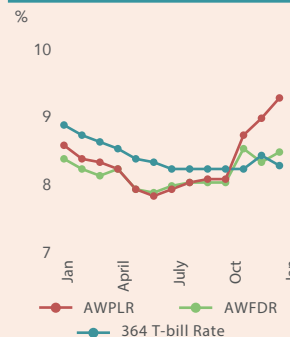
- » Real GDP expanded by 5% in 2025, consistent with growth levels in 2024.

Inflation Rate



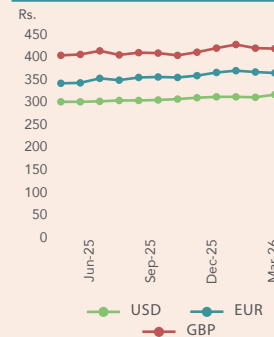
- » Headline inflation reverted to positive territory in August 2025 following 11 consecutive months of deflation. Accordingly, the CCPI-based headline inflation stood at 2.2% in March 2026 and is expected to reach CBSL's target rate of 5% during the second quarter of 2026.

Interest Rates



- » Market interest rates trended upward toward the latter half of 2025/26.
- » Accordingly, the Average Weighted Prime Lending Rate reached 9.39% in March 2026 compared with 8.39% in March 2025.

Exchange Rate



- » The Sri Lankan Rupee depreciated by 5.6% to Rs. 309.99/USD as at end-December 2025 (end-December 2024: 292.58/USD). The currency depreciated a further 1.6% to Rs. 315.19/USD as at end-March 2026.



OTHER COUNTRIES IN WHICH WE OPERATE

Key economic indicators in 2025	Thailand	Indonesia
GDP growth	2.4%	5.1%
Inflation	1.5%	2.7%
Currency movement against the US dollar	10.3% appreciation	3.5% depreciation

(IMF World Economic Outlook 2025 and IMF Country Article IV Consultation Reports [Thailand & Indonesia])

IMPACT ON HAYCARB

- (+) Exchange rate depreciation on export revenue
- (-) Exchange rate depreciation on import of raw material cost
- (-) Increase in borrowing cost

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,M12,M18](#)

[Link to Risk and Opportunities - PBR2](#)

[Link to Strategy - Market growth - Refer Haycarb Future Outlook page 156-158](#)

ECONOMIC LANDSCAPE

HIGHLIGHTS

- » Changing workforce demographics and the growing presence of younger generations are influencing workplace expectations, organisational culture, and employee engagement practices at Haycarb.
- » Increasing focus on social equity and inclusive growth is reinforcing the importance of fair employment practices, employee wellbeing, and community development initiatives across the Group's operations.
- » Heightened awareness of environmental and social responsibility continues to drive the integration of sustainable and ethical practices throughout Haycarb's value chain.
- » Maintaining a diverse and inclusive workforce supports innovation, collaboration, and long-term business performance across Haycarb's global operations.

IMPACT ON HAYCARB

- (-) Increased employee-related expenses, potential legal exposure, and operational disruptions may impact financial performance.
- (-) Difficulties in attracting and retaining talent could affect employee engagement, productivity, and overall operational efficiency.
- (+) Strong long-term relationships with local communities continue to reinforce Haycarb's social licence to operate.

OUR RESPONSE

- » Fostered an inclusive employee value proposition focused on diversity, wellbeing, employee engagement, and continuous development. (refer Human Capital page 206-233)
- » Continued embedding ethical and sustainable business practices across operations and the value chain through the ACTIVATE initiative. (Refer Page 44)

SOCIAL

OPERATING ENVIRONMENT



SOCIAL

- » Maintained internationally recognised certifications relating to health and safety, environmental management, and quality assurance to strengthen stakeholder confidence. (Refer Intellectual Capital page 203)
- » Continued long-term community development initiatives including Puritas Sath Diyawara, Going Beyond, school book donations, and school meal programmes. (Refer Social Capital page 244)
- » Supported community empowerment and sustainable livelihoods through the Haritha Angara programme. (Refer Social and Relationship capital page 242)

Link to Material Topic - M3, M8, M14, M15, M17

Link to Risk and Opportunities - SRRO2, SRRO3

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 156-158

HIGHLIGHTS

- » Rapid technological advancements continue to create new growth opportunities across industries.
- » Data analytics and AI-driven insights are supporting improved decision-making and greater operational efficiency.
- » Increased adoption of digital platforms has expanded market access and improved customer engagement and convenience.
- » Advanced manufacturing technologies, automation systems, and precision tools are enhancing operational excellence and productivity.
- » Emerging clean technologies are increasing demand for specialised activated carbon solutions.
- » Greater dependence on digital infrastructure has also heightened exposure to cybersecurity threats and data privacy risks.

IMPACT ON HAYCARB

- (-) Increasing dependence on digital systems has elevated exposure to cybersecurity and data protection risks.
- (+) Growing demand for advanced and value-added activated carbon solutions continues to create opportunities for market expansion.
- (+) Enhanced digital integration is improving customer connectivity, responsiveness, and service efficiency.
- (+) Technology-driven process improvements are supporting greater operational efficiency, waste reduction, and cost optimisation.

OUR RESPONSE

- » Strengthened digital engagement initiatives to enhance market visibility and expand access to new customer segments.
 - » Increased the integration of advanced technologies across operations to improve safety, automate processes, and enhance operational efficiency.
 - » Leveraged data analytics and digital tools to support informed decision-making and strategic planning.
 - » Continued to strengthen cybersecurity practices through robust IT governance, regular system assessments, technology investments, and employee awareness programmes.
- (Refer Digital Capital Page 258 - 268)

Link to Material Topic - M3, M4, M6, M13, M19

Link to Risk and Opportunities -SRRO3, CRRO4

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 156-158

TECHNOLOGY

HIGHLIGHTS

- » Unsustainable production and consumption patterns continue to accelerate pollution, climate change, and biodiversity loss, while pollutants such as methane, black carbon, PFAS, and microplastics increasingly threaten human and ecosystem health.
- » Climate-related impacts and extreme weather events are becoming more frequent and severe, despite uneven global progress towards a low-carbon transition.

IMPACT ON HAYCARB

- (-) Limited availability and rising costs of key raw materials continue to place pressure on operations and profitability. Stricter emission and air quality regulations may require additional investments to reduce greenhouse gas emissions and enhance environmental performance.
- (-) These developments may impact operational efficiency and increase the overall business risk profile.
- (+) The global shift towards a low-carbon economy creates opportunities to enhance competitiveness and long-term financial performance.
- (+) Increasing regulatory focus on water and air quality is driving demand for activated carbon solutions, including PFAS removal and Puritas water treatment technologies.
- (+) Tightening industrial emission standards continue to increase the relevance of sustainable air purification solutions.

OUR RESPONSE

- » Continued investment in R&D to develop sustainable products that reduce the environmental impact of industrial activities. (Refer Intellectual Capital page 196-205)
- » Maintained strategic focus on reducing environmental footprints through the implementation of ACTIVATE initiatives. (refer Natural Capital page 170-195)
- » Strengthened supply chain resilience through diversification across multiple coconut-producing regions.
- » Ensured compliance with applicable environmental regulations across all operating countries.

Link to Material Topic - M1, M2, M9, M10, M11, M12, M16

Link to Risk and Opportunities - SRRO1, CRRO1, CRRO2, CRRO3, CRRO4

Link to Strategy - ESG mindset

Link to future outlook – Refer Haycarb Future outlook page 156-158

HIGHLIGHTS

- » Haycarb and its global operations require compliance with diverse and evolving regulatory frameworks across multiple jurisdictions.
- » Proactive monitoring and timely adaptation remained essential to ensure compliance and minimise the risk of inadvertent breaches.

IMPACT ON HAYCARB

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

OUR RESPONSE

- » Continuously reviewed regulatory developments across all operating jurisdictions to ensure ongoing compliance.
- » Maintained adherence to all applicable legal and regulatory obligations during the year under review.
- » Enhanced operational practices in line with international best standards through voluntary certifications in environmental management, quality assurance, and occupational health and safety (Refer intellectual Capital Page 203 for Certifications)

Link to Material Topic - M1, M2, M9, M10, M11, M12

Link to Risk and Opportunities - SRRO1, PBR3

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 156-158

OUR STRATEGIC FRAMEWORK

SWOT & TOWS

Our strategic planning process is shaped by a future-focused vision that connects our enduring strengths with emerging global opportunities, while reinforcing the principles of the Haycarb Strategy, Capitals Connectivity, and long-term Value Creation. Through a comprehensive understanding of our internal capabilities and the rapidly evolving external environment, we continuously refine our strategic direction to strengthen resilience, accelerate sustainable growth, and deliver meaningful impact for all stakeholders.

Anchored in integrated thinking, our SWOT and TOWS framework serves as a strategic compass that aligns operational excellence, innovation, sustainability leadership, and stakeholder value creation across the Group. By connecting our financial, manufactured,

intellectual, human, social and relationship, and natural capitals, the framework enables Haycarb to create synergies across businesses and markets while driving sustainable outcomes beyond immediate performance.

Our framework explores four interconnected strategic dimensions:

- » Strengths–Opportunities (SO): Leveraging our core strengths, technological expertise, and global presence to capture emerging opportunities and create sustainable value.
- » Strengths–Threats (ST): Utilising our capabilities, integrated business model, and strategic agility to navigate uncertainties and mitigate external risks.

» Weaknesses–Opportunities (WO): Transforming opportunities into pathways for overcoming internal limitations, strengthening competitiveness, and enhancing capital connectivity.

» Weaknesses–Threats (WT): Building resilience, adaptability, and operational discipline to minimise vulnerabilities in an increasingly dynamic global landscape.

The insights derived from this integrated framework shape the Group's strategic priorities for the financial year ahead, guiding Haycarb toward a future defined by sustainable innovation, intelligent growth, connected capital stewardship, and enduring value creation for shareholders, customers, communities, and the environment



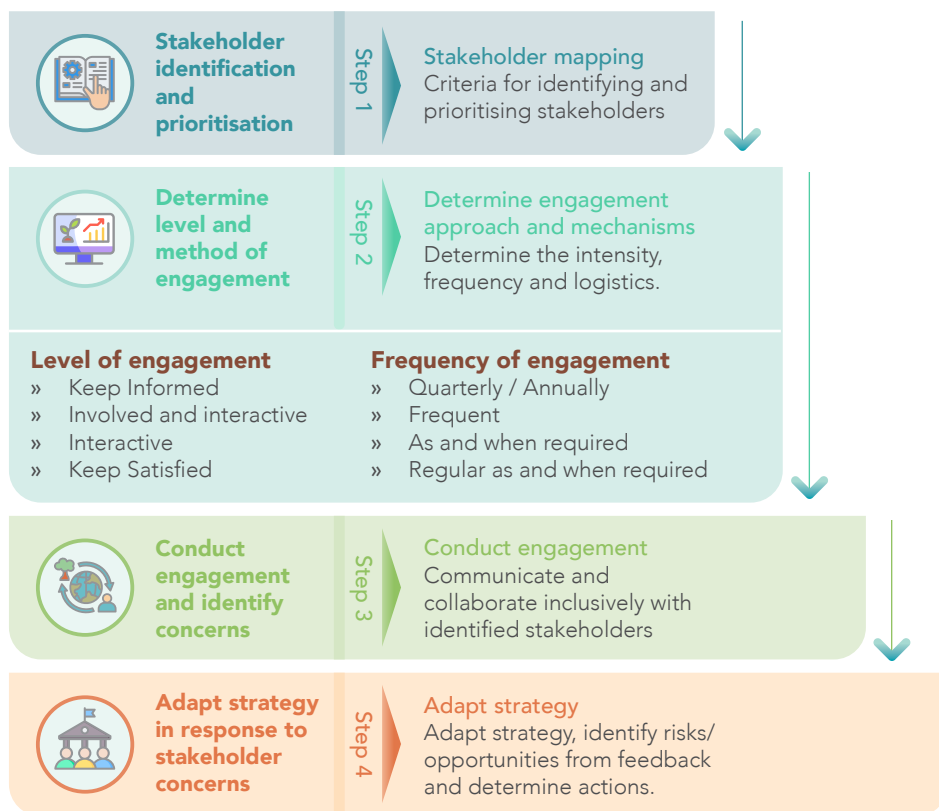
- Priority / Immediate Action
- Medium Priority / Monitor Closely
- High Risk / Strategic Mitigation Required

		Opportunities (O)	Threats (T)
		O1 Strong growth across Asia-Pacific, with increasing demand in Africa for sustainable carbon solutions O2 Breakthrough advancements in green manufacturing and AI-driven process optimisation O3 Greater regional integration and strategic partnerships to secure raw materials and support joint ventures O4 Ongoing shift toward a low-carbon economy	T1 Increasing competitive pressure leading to tighter profit margins T2 Geo-political tensions with middle east crisis affecting logistics, freight cost and energy cost T3 Ongoing supply chain challenges along with gradually rising logistics and freight costs in the current environment T4 Expansion of substitute materials driven by limited coconut shell charcoal availability T5 Evolving regulations affecting carbon-intensive inputs
Strengths (S)	S1 Strong global brand recognition and leading market position S2 Robust R&D capabilities with a high level of innovation agility S3 Deep commitment to sustainability and responsible business practices S4 Experienced leadership team with strong adaptability S5 Sound financial management and consistent, stable performance S6 A leadership position in ability to develop, manufacture and market energy storage carbon	SO STRATEGIES - Broaden the presence of premium products across East Asia and India to capitalise on rising market demand (S1, O1) - Advance R&D initiatives for next-generation carbon solutions and sustainable applications (S2, S5, O2, O4) - Scale Environmental Engineering Solutions operations into the Maldives and Southeast Asian markets (S1, O3) - Expansion of energy storage carbon capabilities through strategic expansions and collaborative R&D with customers.(S6,O2)	ST STRATEGIES - Strengthen supplier networks near key raw material hubs while advancing backward integration through sustainable green charcoaling technologies (S3, T3) - Drive innovation to minimise substitution risks and diversify raw material inputs (S2, S3, T4) - Greater alignment to sustainable energy usage through internal expertise and latest technologies (S3,T2) - Expand the high-margin product portfolio to mitigate pricing pressures and strengthen profitability (S5, T1) - Implement digitalised procurement and raw material tracking systems to improve supply chain resilience and visibility (S2, T3)
	Weaknesses (W) W1 Exposure to volatility in commodity prices W2 Dependence on coconut shell-based raw material supply chains W3 Rising manufacturing, energy, and operational expenditure W4 Significant capital investment requirements and working capital pressures	WO STRATEGIES - Diversify sourcing through partnerships in key coconut-producing regions (W2, W3, O1) - Invest in green production, automation, and energy efficiency (W3, W4, O2) - Strengthen backward integration and strategic supply partnerships (W2, O3)	WT STRATEGIES - Implement hedging strategies to manage raw material price and currency volatility (W1, T2) - Accelerate R&D on alternative non-coconut-based solutions for targeted market segments (W2, W3, T4) - Explore blended and long-term financing solutions to support capacity expansion, sustainability initiatives, and competitive positioning (W4, T1)

LISTENING TO OUR STAKEHOLDERS GRI: 2-29

HAYCARB MAINTAINS STRUCTURED PROCESSES TO IDENTIFY AND ENGAGE MEANINGFULLY WITH DIVERSE STAKEHOLDER GROUPS. THE GROUP'S ENGAGEMENT MECHANISMS PRIORITISES ACTIVE DIALOGUE WHICH ENABLES THE PROACTIVE IDENTIFICATION OF STAKEHOLDER PRIORITIES AND CONCERNS WHILE ENSURING EFFECTIVE COMMUNICATION OF RELEVANT INFORMATION TO STAKEHOLDERS IN A TRANSPARENT, TIMELY AND ACCESSIBLE MANNER. FEEDBACK RECEIVED THROUGH STAKEHOLDER ENGAGEMENT ACTIVELY INFORMS THE GROUP'S MATERIALITY ASSESSMENT, STRATEGY FORMULATION AND CORPORATE REPORTING PROCESSES ENSURING THE ALIGNMENT OF VALUE CREATION WITH STAKEHOLDER PRIORITIES.

OUR APPROACH TO ELEVATING STAKEHOLDER ENGAGEMENT



The Group utilises stakeholder mapping to prioritise its stakeholder groups based on their level of interest and potential influence on its activities. This has enabled the development of tailored engagement mechanisms to facilitate effective dialogue. Haycarb's strategy for engagement with each stakeholder group is set out below.



LISTENING TO OUR STAKEHOLDERS

Together with our key stakeholders, we continued to strengthen meaningful engagement and create sustainable value throughout 2025/26, as outlined below.

Stakeholder group	How we engaged	Key concerns in 2025/26
 SHAREHOLDERS The individual and institutional investors who provide capital to drive our growth.	Our engagement with shareholders was timely and transparent and included opportunities for feedback. Key engagement channels included, » Annual General Meeting » Annual Report » Quarterly performance updates » Press releases and the corporate website » Shareholder proposals and resolutions. Frequency of engagement: Quarterly/annually Level of engagement: Involved and interactive Form of Feed Back: AGM discussions, reports, and performance updates	» Consistent financial performance and resilience » Sustainable, long-term growth » Robust corporate governance » Adequacy of risk management » Strong corporate reputation
 EMPLOYEES AND TRADE UNIONS The 2,084 employees across 8 countries that drive progress on our strategic aspirations.	We fostered a culture of open communication and collaboration through » An open-door policy » Monthly townhall meetings » A monthly newsletter » Transparent dialogue with trade unions » A year-round engagement calendar. Frequency of engagement: Frequent Level of engagement: Involved and interactive Form of Feed Back: Meetings, newsletters, and open communication channels	» Fair remuneration and rewards. » Job security. » Training and development » Career progression » Occupational health and safety and wellbeing. » An inclusive work environment
 CUSTOMERS The over 600 end-customers and distributors we serve across 50 countries. Generate revenue and encourage continuous improvement through feedback	Open dialogue enabled collaborative partnerships with customers while facilitating close monitoring of satisfaction levels. Engagement channels included, » Customer visits to our factories » In-person visits to customer locations » Customer satisfaction surveys » Engagement through digital channels. » Trade shows and exhibitions Frequency of engagement: Frequent Level of engagement: Involved and interactive Form of Feed Back: Surveys, direct communication, and service improvements	» Rising prices. » Product quality, reliability and timely delivery. » Capacity to innovate. » Sustainable and ethical business practices.



Our response	Value delivered in 2025/26	Connectivity to		
		Link to SDG	Strategy	Capital
» Strategic interventions to capture opportunities in value-added product segments and high potential markets to capitalise on emerging opportunities in a growing industry. » Strengthened global supply chains to ensure an uninterrupted supply of raw materials to fulfill demand. » Invested in capacity enhancement to fulfil rising demand and support future growth. » Robust risk management to proactively identify and mitigate risks while capturing emerging opportunities.	» Profit after tax: Rs. 4.3 Bn » Earnings per share: Rs. 12.18 » Return on equity: 12.3% » Dividend per share: Rs. 4.07	 		
» Fair and equitable remuneration for all employees with rewards linked to performance, skills and competencies. » Provided a range of in-person, digital and on-the-job training opportunities to foster a culture of learning. » Focused initiatives to strengthen the safety culture within the Group. » Introduced a Diversity, Equity and Inclusion policy and developed a DEI Framework to strengthen diversity and inclusion within the Group.	» Payments to employees: Rs. 5.58 Bn » Investments in training and development: Rs. 7.4 Mn » Average training hours per employee: 31.1 hours » Investments in health and safety: Rs > 199 Mn » Trade union action: Zero	 		
» Sustainable innovation to develop tailored products that fulfilled customers' specific needs. » Leveraged global supply chains to ensure adequate supply of raw materials to fulfill customer requirements. » Enhanced capacity to fulfill growing demand. » Sustained commitment to delivering on the long-term sustainability goals set out in ACTIVATE. » Robust quality assurance systems and alignment with a range of local and international certifications.	» Customer satisfaction score: >90% » Customer retention rate: >95% » New products launched: 14 » Investment in R&D: Rs. 261 Mn	 	 	

LISTENING TO OUR STAKEHOLDERS



Stakeholder group	How we engaged	Key concerns in 2025/26
 SUPPLIERS A network of over >500 suppliers spanning multiple countries. Ensure reliable access to quality raw materials and services	Responding to the prevailing supply chain challenges, we strengthened engagement with suppliers through, » Ongoing engagement through procurement teams » Capacity building initiatives. » Engagement through digital platforms. » Supplier assessments and audits Frequency of engagement: Frequent Level of engagement: Involved and interactive Form of Feed Back: Supplier evaluations, meetings, and digital engagement.	» Access to adequate supplies of coconut shells and charcoal given the prevailing supply constraints » Competitive pricing and timely payments. » Long-term partnerships » Technical guidance and capacity building » Environmental and social compliance
 BUSINESS PARTNERS Represents our joint venture partners in Thailand and Indonesia as well as long-standing technical and front-end partners in the Environmental Engineering Solutions segment. Support market expansion, innovation, and operational efficiency.	We engaged closely with business partners to foster mutual value creation. Engagement was conducted through » In-person interactions and on-site meetings. » Communication through digital and mobile platforms. Frequency of engagement: Frequent Level of engagement: Keep satisfied Form of Feed Back: Regular meetings and collaborative communication	» Collaboration, professionalism and accountability » Robust risk management and sound corporate governance » Strong corporate reputation
 COMMUNITY The local communities that live in proximity to and engage with our operations in Sri Lanka, Thailand and Indonesia. Strengthens social license to operate and promotes sustainable development	Our engagement with local communities is long-term focused and strives to address pressing community needs. This includes, » Impactful community engagement initiatives. » Formal grievance handling processes allow community members to raise concerns and provide feedback. » Strategic focus on local recruitment and procurement. Frequency of engagement: As and when required. Level of engagement: interactive Form of Feed Back: grievance handling, community programs, and local engagement	» Employment opportunities » Environmental and social concerns.

Our response	Value delivered in 2025/26	Connectivity to										
		Link to SDG	Strategy	Capital								
» Maintained a strong supplier value proposition. » Strengthened community-based coconut shell collection to support charcoal suppliers in accessing raw materials. » Structured performance feedback and capacity building to facilitate continuous improvement. » Propagated green charcoaling practices along the supply chain across all countries. » Maintained ethical procurement practices and timely payments.	» Payments to coconut shell and charcoal suppliers: Rs. 32 Bn » Investment in capacity building: Rs. 19 Mn » Created economic opportunities through charcoal local procurement. <table><thead><tr><th></th><th>% locally sourced</th></tr></thead><tbody><tr><td>Sri Lanka</td><td>85%</td></tr><tr><td>Thailand</td><td>100%</td></tr><tr><td>Indonesia</td><td>100%</td></tr></tbody></table>		% locally sourced	Sri Lanka	85%	Thailand	100%	Indonesia	100%	   	 	 
	% locally sourced											
Sri Lanka	85%											
Thailand	100%											
Indonesia	100%											
» Maintained strategic alignment across our operations to foster mutual value creation. » Facilitated the equitable distribution of technical capabilities, training and opportunities for market expansion across all business entities. » Timely communication of financial and relevant information. » Fair distribution of business profits. » Structured corporate governance practices, risk mapping and mitigation strategies. » Transparent business conduct.	» Business partner satisfaction score: >95% » Length of relationships with partners » Thailand: >29 years » Indonesia: >14 years	   	 	 								
» Uplifted local communities through employment opportunities enabled by our focus on local talent recruitment. » Empowered micro- and small-scale entrepreneurs through technical support and capacity building initiatives across all countries of operations. » Numerous long-standing community engagement initiatives which included, » Puritas Sath Diyawara – provided purified drinking water to over 45,000 individuals in CKD affected areas in Sri Lanka. » Puritas Sath Diyawara – Going Beyond – donation of school suppliers to over 4,000 school children in local communities in Sri Lanka » Sisu Divi Pahana – mid-day meal programme which supports over 800 school children.	» Investment in CSR initiatives: Rs. 52.7 Mn » Individuals positively impacted: >135,000	     		 								

LISTENING TO OUR STAKEHOLDERS



Stakeholder group	How we engaged	Key concerns in 2025/26
 GOVERNMENT, INDUSTRY, REGULATORY BODIES AND MEDIA Represents the governments and regulatory bodies that shape our operating environment in the countries we operate in. Traditional and digital media platforms offer opportunities to engage with our stakeholders.	We maintain collaborative partnerships with governments and regulatory entities across all countries of operations while ensuring full compliance with all regulatory requirements. Our engagement approach includes, » One-on-one engagement » Engagement through digital platforms including the corporate website. » Audits, industry forums and associations. Frequency of engagement: Regular, as and when required. Level of engagement: Keep informed. Form of Feed Back: Regular reporting, meetings, and compliance updates	» Regulatory compliance » Transparency and accountability. » Responsible and ethical corporate practices » Collaborative relationships with industry partners.
 CERTIFICATION BODIES Independent organisations that assess our processes and verify compliance with the requirements of international and local standards and certifications.	We maintained transparent engagement through, » Periodic disclosures » Collaborative meetings with the Haycarb team » Audits » Training sessions Frequency of engagement: Regular, as and when required. Level of engagement: Keep informed. Form of Feed Back: Audit responses, corrective actions, and progress updates	» Compliance with established certification requirements » Transparency, accuracy and timeliness of disclosures
 FINANCIAL INSTITUTIONS The institutions that provide debt capital and other banking facilities to drive our strategic aspirations.	We maintained cordial relations with financial institutions through » One-on-one engagement » Open dialogue through mobile and digital platforms Frequency of engagement: Regular, as and when required. Level of engagement: Keep informed. Form of Feed Back: Financial reports and ongoing discussions	» Fulfill debt obligations in a timely manner. » Adhere to debt covenants » Accurate disclosure of financial information » Robust and responsible financial management

Our response	Value delivered in 2025/26	Connectivity to		
		Link to SDG	Strategy	Capital
» Complied with all relevant regulatory requirements of each country of operations. » Ensured the timely payment of all taxes and regulatory dues. » Provided timely and accurate disclosures. » Robust corporate governance practices and risk management » Created economic opportunities through job creation. » Impactful long-term focused CSR initiatives.	» Taxes paid: Rs. 2,863 Mn » Instances of non-compliance with regulatory requirements: Zero » Foreign exchange earned for three developing economies: USD 166 Mn	     	    	      
» Adhered to all the requirements set out by the certification bodies. » Ensured timely and accurate disclosures.	» Compliance with the requirements of the certification bodies: 100% » Recertifications: 6 » Score on systems and process audits: > 90%	  	 	 
» Timely repayment of capital and interest. » Ensured accurate and timely disclosures of all required information. » Prudent financial management	» Timely debt payments: 100% » Digitalisation of operations with financial institutions: >95% » Relationships with most banking partners: > 5 Years	  		

DETERMINING MATERIAL TOPICS

GRI 3-1 to 3

Haycarb Group performs a materiality assessment annually to identify and prioritise the matters most significant to its business

and stakeholders. Our material topics are determined through an integrated assessment of the external environment,

stakeholder expectations, strategic priorities, enterprise risks and key value creation drivers.

MATERIALITY ASSESSMENT PROCESS



EXTERNAL ENVIRONMENT

Assessing emerging trends, market developments and external factors shaping the business landscape.



STRATEGY

Evaluating alignment with strategic priorities, business objectives and long-term growth ambitions.



RISKS & OPPORTUNITIES

Considering key risks and opportunities that may influence performance, resilience and value creation



STAKEHOLDER PERSPECTIVES

Understanding the expectations and interests of stakeholders across the value chain.



DOUBLE MATERIALITY ASSESSMENT

Evaluating both financial significance to the Group and impacts on stakeholders and the environment.

Organisational Materiality

- » Financial impact
- » Innovation opportunity
- » Reputation
- » Externalities
- » Strategic link
- » Risk

Impact Materiality

- » Customers
- » Employees
- » Shareholders
- » Suppliers
- » Business partners
- » Government
- » Community
- » Environmental



20 Material Topics

Identifying and prioritising the matters most significant to the Group and its stakeholders.

The materiality assessment was reviewed and validated by the Corporate Management Team and approved by the Board of Directors as part of the Group's annual reporting and sustainability governance processes. Our materiality assessment process is aligned with the Hayleys Group Material Assessment Policy, ensuring a consistent and structured approach across the Group.

Our materiality assessment for 2025/26 led to the addition of "Energy cost" as a new material topic while "Marketing and labelling" was no longer considered material. The changes reflect evolving operating conditions, stakeholder expectations and emerging business priorities. Our material topics for the year under review are presented herewith. Each material topic is linked to the Group's

strategic priorities, principal business risks, capitals and applicable GRI disclosures to strengthen connectivity across the Annual Report.

DOUBLE MATERIALITY

We apply a double materiality lens to identify the matters most significant to the Group and its stakeholders. This approach considers both the potential effects of sustainability-related matters on the Group's ability to create long-term value and the impacts of the Group's activities on stakeholders, society and the environment.

Organisational Materiality – Evaluates how a matter could influence the Group's strategy, business model, performance, cash flows, access to finance and long-term value creation.

Impact Materiality – Assesses the actual or potential impacts of the Group's activities on stakeholders, communities and the environment across the value chain.

FINANCIAL STATEMENT CONNECTIVITY

Following the double materiality assessment, the Group evaluates how identified sustainability-related matters, risks and opportunities may influence its financial position, financial performance and cash flows over the short, medium and long term. This assessment considers the potential impact of material matters on revenues, operating costs, capital expenditure requirements, asset values, financing arrangements, liquidity and long-term value creation.

The assessment also examines the extent to which material matters may affect strategic decision-making, resource allocation and

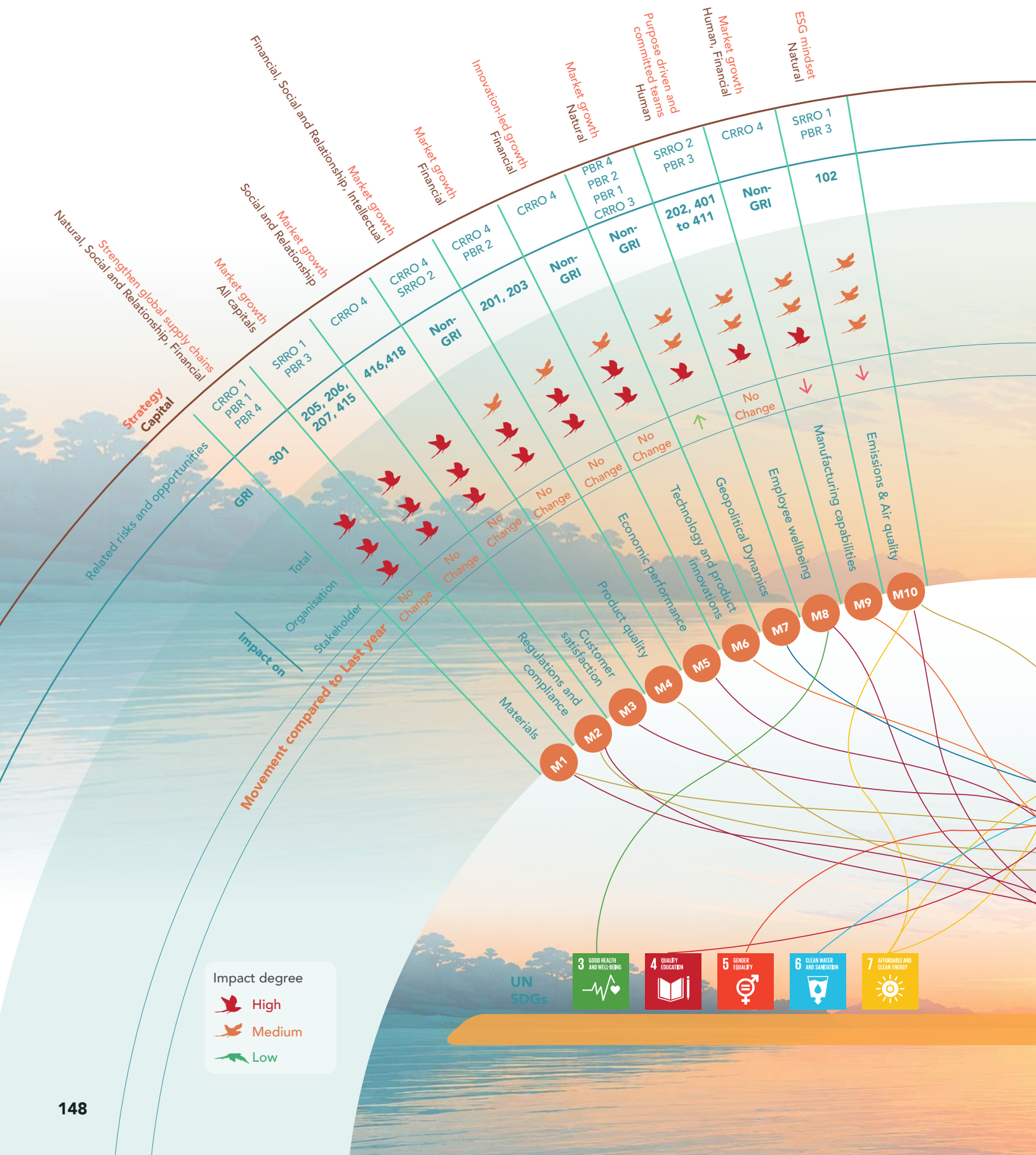
the resilience of the Group's business model across different operating environments. Where relevant, the evaluation considers both current period financial effects and potential future implications that may influence recognised amounts, disclosures, estimates, assumptions or management actions.

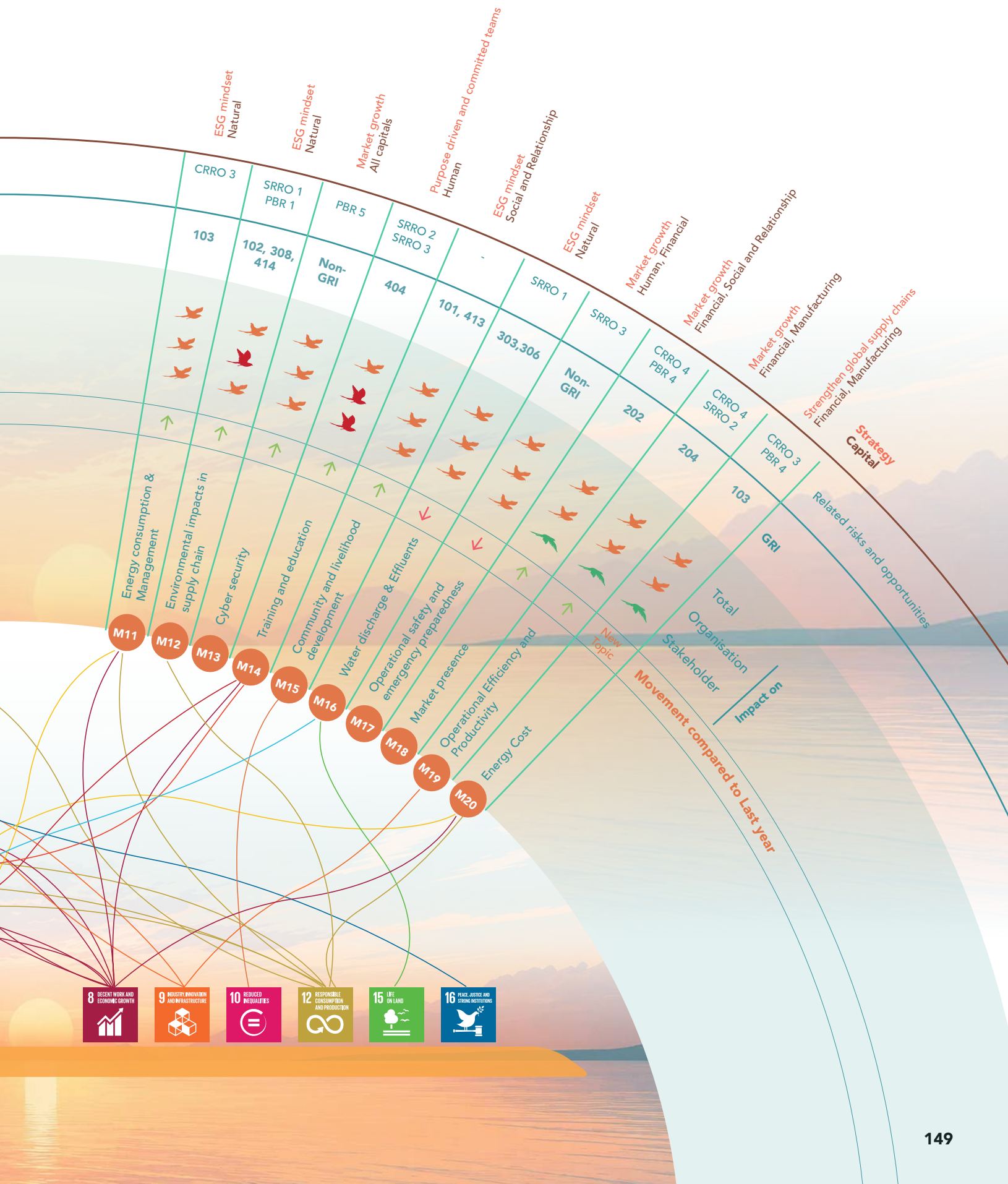
The insights derived from this assessment support enhanced connectivity between sustainability-related disclosures, principal business risks, strategic priorities and the consolidated financial statements, enabling a more integrated understanding of the factors that drive the Group's long-term performance and value creation.



DETERMINING MATERIAL TOPICS

GRI 3-1 to 3





STRATEGY AND RESOURCE ALLOCATION

WE WILL CONTINUE PROGRESSING TOWARDS FULFILLING OUR CORPORATE PURPOSE OF CREATING VALUE AND TRANSFORMING LIVES, WHILE BUILDING A SUSTAINABLE AND PROSPEROUS FUTURE FOR HAYCARB AND ALL ITS STAKEHOLDERS.

Our strategy is driven by our vision and purpose, focusing on aligning our key strengths with emerging external opportunities while proactively managing potential risks. This approach allowed us to respond effectively to the challenging operating environment during the year, informing strategic decisions and resource deployment to create sustainable value for our stakeholders.

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



Risks and opportunities stemming from our operating environment



Insights gained through stakeholder engagement

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 2025/26

- » Expanded market presence in Asia, Africa, USA and South America through strategic business development, marketing initiatives and deep customer engagement.
- » Strengthened customer engagement to transparently communicate supply chain-related challenges to secure their continued support.
- » Maintained strategic emphasis on increasing the revenue share of the value-added activated carbon range, with specific emphasis on energy storage, water and air purification applications. This entailed,
 - » Strategic business development and customer engagement.
 - » Strategic R&D to drive new product development and product customisation for superior performance.
 - » Capacity enhancement for energy storage carbon production and other value added carbon products including PFAS removal carbons.
- » Expanded production capacity by over 1,700 MT across production locations to fulfil growing market demand.
- » Commenced construction of the new manufacturing plant in the Philippines. The new plant will enhance production capacity by 7,500 MT and is expected to commence phased operations in 2027/28.
- » Leveraged technology and digitalisation to enhance the strategic decision-making process, strengthen customer engagement, improve operational excellence, and enhance our safety environment.

Environmental Engineering Segment:

Ongoing efforts to capture new opportunities in Sri Lanka and the Maldives while driving market expansion into specific new geographic regions for the delivery of specialised water and waste-water treatment solutions.

Link to Stakeholders

Shareholders
Customers

Link to Capitals

Financial, Social &
Relationship, Digital

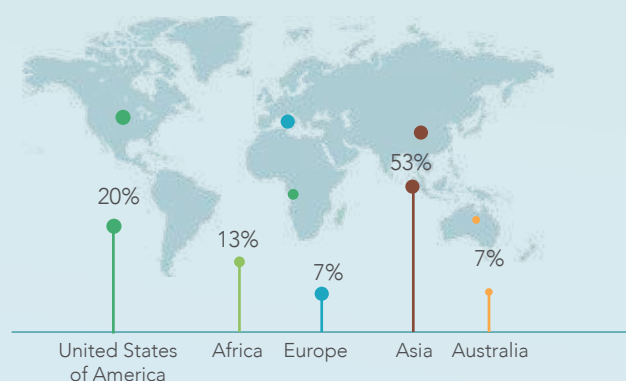
Link to SDGs



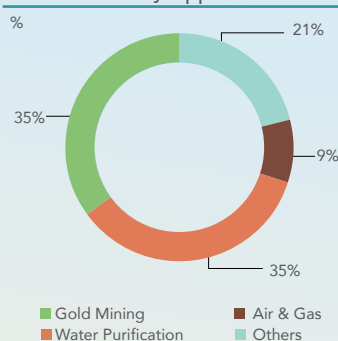
RESOURCE ALLOCATION

- » Investments to enhance manufacturing capacity of value-added carbons - **Rs. 1,264 Mn**
- » Investment to enhance energy storage carbon capacity - **Rs.1,425 Mn**
- » Investment in technology and digital platforms - **Rs 70.5 Mn**

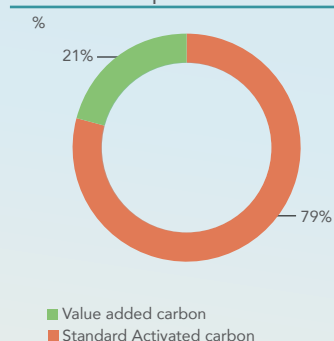
Region-wise revenue contribution



Revenue Mix by Application



Revenue Composition



Revenue

Rs. 67Bn (+55%)

Profit before tax

Rs. 5.9Bn (+7%)

Global market share in the
activated carbon segment

16%

STRATEGY AND RESOURCE ALLOCATION

OUR SHORT TERM PLANS

- » Sustained focus on strengthening our market position with specific emphasis on Asia, East & West Africa, South America and the Middle East while driving deeper penetration in USA and Europe.
- » Ongoing focus on deepening penetration of our value-added carbon range to expand the proportion of total revenue derived from value added carbons to 30%.
- » Commence operations at our manufacturing plant in the Philippines.
- » Leverage digitalisation to enhance real-time production data capture, support data driven decision making, and improve operational efficiency.

Environmental Engineering Solutions segment:

- » Strengthening our market position in Sri Lanka and the Maldives while expanding into new markets through the delivery of comprehensive and customisable wastewater and water treatment solutions, O&M services and related products.

OUR MEDIUM TO LONG TERM PLANS

- » Strengthening market position of value-added carbons to increase its revenue contribution to 40%.
- » Market expansion.
- » Deepen penetration in existing markets.
- » Expand our offerings in activated carbon regeneration in developed market.
- » Digitalise our processes to support data-led decisions and operational efficiency.

Environmental Engineering Solutions segment:

Expand into new markets in Africa, Middle East and South East Asia



INNOVATION LED GROWTH

STRATEGIC INTERVENTIONS IN 2025/26

- » Investments in R&D to drive innovation in value-added carbons with specific focus on energy storage, PFAS removal, water and air purification.
- » Upgraded in-house laboratories to drive innovation and improve performance of cutting-edge carbon technologies, including Si-C composite materials for lithium-ion batteries and next-generation PFAS removal solutions.
- » Strengthened our capacity to innovate by building cross-functional R&D teams and recruiting specialist talent.
- » Facilitated specialised training and development opportunities to improve team competencies in emerging applications such as battery technologies, adsorption science and advanced analytical techniques.
- » Fostered an innovation focused organisational culture that promoted scientific experimentation, creativity and knowledge sharing.
- » Collaborative R&D and technical interventions to increase operational efficiencies and optimise usage of materials.

Link to Stakeholders

Shareholders
Customers

Link to Capitals

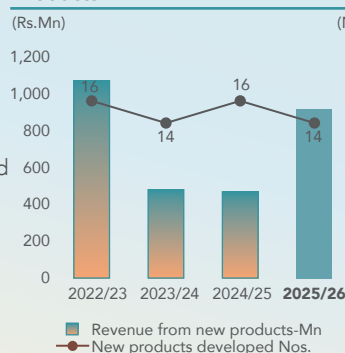
Financial, Intellectual,
Social & Relationship

Link to
SDGs

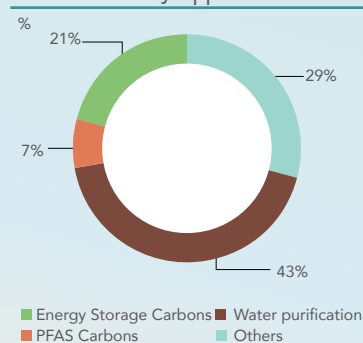
RESOURCE ALLOCATION

- » Investment in research and development – **Rs. 261.88 Mn**
- » A team of over **60** multi-skilled professionals
- » A specialised electrochemical laboratory equipped with state-of-the art equipment.
- » An innovation driven culture.

No. of & Revenue from New Products



Revenue Mix by Application

New products
launched

14

New products in
the pipeline

3



OUR SHORT TERM PLANS

- » Sustained focus on innovating advanced carbon technologies for enhancing solutions for energy storage applications, PFAS removal, water and air purification.
- » Leverage superior testing capabilities to drive innovation and produce high performing products.
- » Strategic focus on talent development to advance our innovation goals.

Environmental Engineering Solutions segment: Introduced user-friendly and compact Domestic Packaged Sewage Treatment Plant (PSTP) module, focus is to penetrate the market and establish a strong presence by promoting these innovative, sustainable wastewater treatment solutions across residential and commercial sectors.

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 cost

Environmental Engineering Solutions segment: Capitalise on opportunities for industrial wastewater recycling focusing on Zero Liquid Discharge (SLD).



STRENGTHEN GLOBAL SUPPLY CHAINS

STRATEGIC INTERVENTIONS IN 2025/26

- » Strengthened engagement with suppliers across our global supply chain spanning Sri Lanka, Indonesia, Thailand, Philippines, Vietnam and India to ensure supply continuity at optimal prices.
- » Indonesia – Established two strategically located environmentally friendly (Haritha Angara) charcoaling hubs to strengthen charcoal supplies to manufacturing plants in Indonesia.
- » Sri Lanka – Improved operational efficiency of Recogen through installation of new boiler and turbine
- » Expanded coconut shell collection at household level through three new collection centres in Sri Lanka.
- » Ongoing emphasis on propagating green charcoaling practices (Haritha Angara initiative) and capacity building of micro-, small- and medium scale suppliers across all locations
- » Ongoing efforts to promote coconut cultivation in Sri Lanka in collaboration with Coconut Cultivation Board in the Eastern Province.
- » Established new partnerships to expand the product and service range.

Link to Stakeholders

Suppliers
Business partners

Link to Capitals

Financial
Social & Relationship

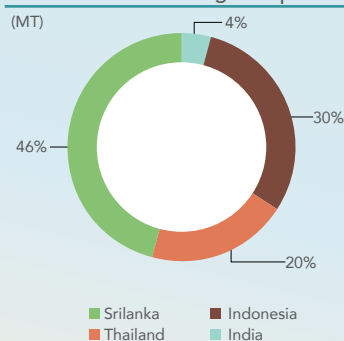
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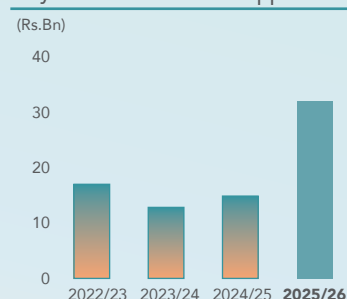
RESOURCE ALLOCATION

- » Investments to support backward integration – **Rs.833.3 Mn**
- » Payments to coconut shells and charcoal suppliers – **Rs. 32 Bn**
- » Supplier capacity building – **Rs. 19 Mn**
- » Coconut tree planting initiative – **>35,000** trees planted

Raw Material Sourcing Composition



Payments to Charcoal Suppliers



Suppliers added
in 2025/26

104

Suppliers assessed for
environmental and social
considerations

24%

STRATEGY AND RESOURCE ALLOCATION



OUR SHORT TERM PLANS

- » Strategic focus on expanding our supplier network while maintaining geographic diversity across major coconut producing countries.
- » Strengthen supplier relationships through proactive engagement and a strong supplier value proposition.
- » Expand internal charcoaling capabilities of Carbokarn Thailand by enhancing the efficiency of the vertical kiln operations and installing Haritha Angara charcoaling hub to promote sustainable charcoal production.
- » Ongoing emphasis on propagating green charcoaling practices along the supply chain and uplifting our suppliers' sustainability performance.
- » Establishing and nurturing the raw material supply network in Philippines.

Environmental Engineering Solutions segment- Collaborate with new and existing vendors to deliver medium- and large-scale water treatment solutions.

OUR MEDIUM TO LONG TERM PLANS

- » Strengthen supply chain resilience by maintaining geographic diversity and expanding into alternative sustainable raw materials.
- » Increase the proportion of sustainably sourced coconut charcoal to more than 75% by 2030.
- » Expand the proportion of suppliers assessed for sustainability considerations to 40% by 2030.

Environmental Engineering Solutions segment- Capitalise on opportunities for Specialised and Advanced technological partners



PURPOSE-DRIVEN AND COMMITTED TEAMS

STRATEGIC INTERVENTIONS IN 2025/26

- » Maintained a strong employee value proposition that resonated with team expectations.
- » Strengthened our safety environment through structured occupational health and safety initiatives
- » Nurtured a culture of learning through investments in training and development.
- » Focused initiatives to foster diversity and inclusivity through the establishment of an internal diversity, equity and inclusion framework.
- » Strengthened talent pipelines through partnerships with universities and technical colleges.
- » Ongoing emphasis on team engagement to understand their needs and expectations and foster an environment of collaboration and camaraderie.
- » Digitalisation initiatives to enhance team learning, improve productivity and enhance the efficiency of the HR function.

[Link to Stakeholders](#)
Employee

[Link to Capitals](#)
Human

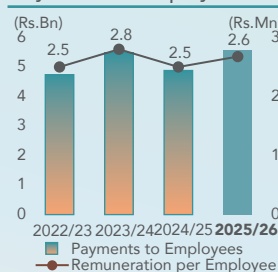
[Link to SDGs](#)



RESOURCE ALLOCATION

- » Payments to employees – **Rs. 5.58 Bn**
- » Investment in occupational health and safety – **> Rs. 119 Mn**
- » Investment in training and development – **Rs. 7.4 Mn**

Payments to Employees



Employee retention rate

85.3%

Average training hours per employee

31.1

Our health and Safety Record	25/26	24/25	% Change
Occupational injuries and diseases	50	43	+16%
Total recordable incident rate (TRIR)	2.1	2.1	+0%
Total no. of lost days due to occupational injuries/ diseases	707	569	+24%

OUR SHORT TERM PLANS

- » Maintain value proposition to attract and retain talent to drive sustainable innovation
- » Maintain emphasis on safeguarding the health and wellbeing of our team.
- » Nurture a learning environment through investments in training and development.
- » Invest in digital tools to enhance learning opportunities and automate routine processes.
- » Strengthen diversity within our teams.

Environmental Engineering Solutions segment -

- » All of the above in collaboration with Haycarb Group HR initiatives
- » Expand our team to support targeted business development.
- » Recruit specialist talent to deliver high performance water and wastewater treatment solutions.

OUR MEDIUM TO LONG TERM PLANS

- » Robust succession planning to ensure operational continuity.
- » Future focus our teams through learning and development.
- » Maintain a strong safety culture.
- » Evolve our employee value proposition in line with employee expectations.

Environmental Engineering Solutions segment -

Aligned with the medium to long term plans with Haycarb Group plans.



ESG MINDSET

STRATEGIC INTERVENTIONS IN 2025/26

- » Improved resource efficiency and reduced waste by
 - » Introducing by-product activation in production.
- » Promoted sustainable coconut charcoaling within our supply chain by
 - » Increasing efficiency of vertical kiln charcoaling in Thailand.
 - » Establish Environment friendly (Haritha Angara) own charcoaling facilities in 2 locations in Indonesia to supply 25% of raw material requirement in Indonesia.
 - » Improving efficiency of charcoaling in Recogen Plant in Sri Lanka by installation of new turbine and boiler, to increase the generation of renewable energy.
- » Strengthened our reliance on renewable energy sources and enhanced energy efficiency of our processes.
- » Commissioned floating solar panels in Phanat Nikon District, Thailand to supply 12% of electricity consumption in Carbokan factory complex.
- » Ongoing emphasis on progressing our climate ambitions while strengthening resilience to climate related physical risks.
- » Maintained focus on sustainable water management.
- » Impactful community engagement through the Puritas Sath Diyawara programme, Going Beyond programme and other initiatives.

Link to Stakeholders

Government,
Communities

Link to Capitals

Natural, Social and
Relationship

Link to
SDGs

RESOURCE ALLOCATION

- » Investments in solar power generation – **Rs 50.3 Mn**
- » Coconut tree planting initiative – **Rs 31.9 Mn**

Our environmental impacts in 2025/26		25/26	24/25	% Change
Carbon footprint *	tCO ₂ e	49,785	45,601	9%
Energy intensity	GJ/Rs. Mn	18.44	26.43	-30%
Water withdrawal	ML	791	697	13%
Waste	MT	5,042	5,111	-1%



For further details on the
ACTIVATE ESG road map 2030

Energy requirements
fulfilled through
renewable energy

77%

Total Solar generation
in 2025/26

3,152 MWh

OUR SHORT TERM PLANS

- » Strategic interventions to achieve our 2030 ESG aspirations as set out in ACTIVATE (refer page 44)

OUR MEDIUM TO LONG TERM PLANS

- » Deliver on our 2030 sustainability commitments as outlined in ACTIVATE (refer page 44)

FUTURE OUTLOOK

GLOBAL ECONOMIC OUTLOOK

The global economic outlook remains closely linked to geopolitical developments, particularly the conflict in the Middle East and its impact on energy markets and supply chains. Under a baseline scenario where the conflict remains contained and disruptions ease by mid-2026, the IMF's April 2026 World Economic Outlook projects a moderation in global growth. However, a prolonged or intensifying conflict could elevate downside risks, leading to weaker growth prospects amid persistent inflationary pressures and tighter financial conditions.

	2025	2026	2027
Global economic growth	3.4%	3.1%	3.2%
Advanced economies	1.9%	1.8%	1.7%
USA	2.1%	2.3%	2.1%
Euro area	1.4%	1.1%	1.2%
Emerging market and developing economies	4.4%	3.9%	4.2%
China	5.0%	4.4%	4.0%
India	7.6%	6.5%	6.5%

Source: IMF, World Economic Outlook April 2026

	2025	2026	2027
World Bank economic forecast			
Sri Lanka	5%	3.6%	3.8%
Thailand	2.4%	1.3%	2.3%
Indonesia	5.1%	4.7%	5.2%

World Bank economic forecast April 2026

COUNTRY OUTLOOK



SRI LANKA

Global uncertainties, the war in the Middle East and climate related risks present significant downside risks to the Sri Lankan economic outlook. However, improved fiscal and external resilience places the nation in a stronger position to withstand these pressures while broader domestic economic conditions remain conducive to sustained growth across all three sectors of Agriculture, Industry and Services.



THAILAND

Economic growth is expected to moderate as the World Bank projects higher energy prices given the war in the Middle East to exacerbate domestic structural constraints which include, elevated household debt levels, tight credit conditions and a slow tourism recovery.



INDONESIA

The World Bank projects the economy to expand at 4.7% in 2026 as higher oil prices and cautious investor sentiment is expected to be partially offset by commodity revenues and state-led investment initiatives.

INDUSTRY OUTLOOK

DEMAND
DYNAMICS

- » The growth momentum in the global activated carbon industry is expected to continue with an expected expansion approximately 4% to 9% CAGR over the medium to long term, based on estimates from various industry reports
- » Increasingly stringent environmental regulations, a stronger emphasis on controlling pollution, investments in water and air purification infrastructure and global efforts to transition to a low carbon economy are expected to drive growth.
- » Regionally, Asia Pacific is expected to dominate global demand for activated carbon products followed by the USA.
- » The United States and Europe are also expected to demonstrate sustained growth, driven by increasingly stringent regulatory frameworks, including restrictions on PFAS in potable water, as well as tightening standards on air emissions and industrial wastewater discharge, which are expected to support continued demand for advanced purification solutions.

SUPPLY CHAIN
CONSTRAINTS

- » Supply chain challenges are expected to persist given the strong demand for coconut shell-based activated carbon products and limited scalability of raw material supply of coconut shells.
- » Competition for raw materials is likely to remain intense driving pressure on prices.
- » Adverse weather conditions are expected to disrupt coconut yields in key producing countries such as Sri Lanka, Thailand, Philippines and Indonesia.

Through these strategies we expect to deliver the following results in 2026/27.

Targets	2026/27
Revenue growth	>5%
ROE	>10%
Gearing	<50%

FUTURE OUTLOOK



HAYCARB FUTURE OUTLOOK

**MARKET
EXPANSION**

- » Accelerate market diversification and deepen market presence across Asia, Africa, South America, the USA and the Middle East.
- » Continue increasing the contribution from value-added carbon solutions, including energy storage carbons and other specific grade carbons for water, and air purification applications.
- » Commission the manufacturing facility in the Philippines and expand the energy storage carbon production facility.
- » Foster innovation to support the development of new products aligned with evolving market requirements.

**INNOVATION-
DRIVEN GROWTH**

- » Enhance the share of revenue and profitability generated from innovative and value-added carbon solutions, particularly within the energy storage sector.
- » Implement advanced processes that improve operational productivity while strengthening environmental performance.
- » Leverage digital technologies to improve operational excellence and enable data-driven decision-making.

**STRENGTHEN THE
GLOBAL SUPPLY
CHAIN**

- » Undertake strategic initiatives to reinforce supplier networks across key sourcing regions to ensure continuity of raw material supply.
- » Further broaden and diversify supplier partnerships across Vietnam, India and the Philippines.
- » Expand backward integration initiatives while promoting sustainable green charcoaling technologies.

**PURPOSE DRIVEN
AND COMMITTED
TEAMS**

- » Continue creating value for employees through a strong people-focused proposition centred on fair rewards, employee well-being, and continuous growth and development.

**ESG
MINDSET**

- » Remain committed to achieving the Group's 2030 ESG aspirations and targets.

**ENVIRONMENTAL
ENGINEERING**

- » Supported by favorable economic conditions in Sri Lanka and the region, together with growing concerns surrounding safe drinking water, the water and wastewater purification solutions segment is expected to record continued growth, supported by a comprehensive portfolio of accessories, chemicals and O&M-related services.

MANAGING OUR
CAPITALS

A *Horizon* of Progress

Traditional and modern navigation relies on ocean currents, winds, and large-scale patterns that shape route and efficiency. Mariners use the horizon as a constant reference point; guiding direction while interpreting the forces that move beneath it.

Similarly, Haycarb advances through strategic foresight, anticipating global movements instead of reacting to them. Haycarb harnesses its key resources and capabilities while maintaining clear alignment with its strategic objectives, advancing through foresight and proactively anticipating global shifts rather than merely reacting to them.





FINANCIAL CAPITAL



Haycarb demonstrated strong financial resilience in 2025/26, recording its highest-ever annual turnover of LKR 67 billion and surpassing the USD 200 million revenue milestone despite a challenging operating environment. Total assets grew by 37% to LKR 63 billion. The Group remained focused on safeguarding and growing shareholder wealth through sustainable value creation, while investing strategically to strengthen its competitive position and support future growth. Backed by a strong financial platform, **Haycarb is well-equipped to pursue opportunities beyond the visible horizon**, transforming ambition into long-term value and ensuring resilience in an evolving global landscape.

MS. JEEVANI ABEYRATNE
Director – Finance & IT

STRATEGIC ROLE

Financial Capital enables operational resilience, strategic expansion and long-term value creation across global operations. Disciplined capital allocation and liquidity management support growth investments while maintaining resilience amid economic and geopolitical uncertainties.

MANAGEMENT APPROACH

We manage Financial Capital through disciplined treasury oversight, prudent working capital management and continuous monitoring of liquidity, foreign exchange and funding exposures, balancing operational needs, strategic investments and shareholder returns.

OUR STRATEGIC PRIORITIES IN 2025/26



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 2025/26

13.4
%

Return of Capital Employed

Rs.
6.9
Bn

Operating Profit

Rs.
63.8
Bn

Total Assets

37.5
%

Gearing Ratio

**32.5**
Rs. BnMarket capitalisation as
at 31st March 2026**98.83**
Rs.

Net assets per share

**12.18**
Rs.

Earnings per Share

**3.7**
%

Dividends yields

FUTURE OUTLOOK

Maintaining financial resilience and funding flexibility will remain critical amid economic volatility and geopolitical uncertainty. Disciplined capital allocation, diversified funding structures and prudent treasury management will continue supporting growth and long-term competitiveness.

DIGITALISATION

We continued to strengthen our digital financial infrastructure to improve transparency, accuracy, and real-time visibility across the Group. Enhanced automation and system integration increased process efficiency, reinforced internal controls, and enabled more informed decision-making, supporting financial resilience and long-term value creation.

VALUE CREATED IN 2025/26

- » In 2025/26, we generated LKR 67.1 Bn in group revenue, reflecting strong market demand and product innovation.
- » Our operating profit reached LKR 6.9 Bn, supported by improved cost efficiencies and scale advantages.
- » LKR 331.5 Mn was allocated to R&D, digital transformation, and product innovation initiatives.
- » Employee-related benefits and development programs accounted for LKR 5.58 Bn, reinforcing our people-first culture
- » We returned LKR 1.21 Bn to shareholders through dividends, demonstrating our commitment to delivering investor value.
- » Total assets increased by 37% to LKR 63 Bn, driven by investments of LKR 4.1 Bn in capital expenditure and a LKR 13.4 Bn increase in working capital to support growth initiatives, operational capacity, and future value creation.

WAY FORWARD

Short Term

- » Optimise production costs, process efficiencies, and working capital to enhance cash generation and returns.
- » Secure cost-effective funding for growth, capital investments, ESG initiatives, and working capital requirements while maintaining a balanced debt portfolio.
- » Strengthen treasury capabilities through digitalisation, automation, and integration with the proposed RISE with SAP platform.

Medium Term to Long Term

- » Diversify funding sources and explore sustainable financing options to optimise the cost of capital.
- » Enhance financial risk management through robust treasury controls and appropriate hedging strategies.
- » Maintain an efficient capital structure to support growth and financial resilience.
- » Develop a data-driven, future-ready treasury function to support strategic decision-making.
- » Align funding and capital allocation strategies with long-term growth, sustainability, and value creation objectives

67,084

Revenue (Rs. Mn)

5,887Profit Before Tax
(Rs. Mn)**4,341**Profit After Tax
(Rs. Mn)

FINANCIAL CAPITAL

THE INDICATIVE US DOLLAR REVENUE ROSE TO USD 219.81 MN IN 2025/26, COMPARED TO USD 145.16 MN IN THE PREVIOUS YEAR REFLECTING A GROWTH OF 51.4%. THIS STRONG TOPLINE PERFORMANCE REFLECTS A COMBINATION OF VOLUME EXPANSION, FAVOURABLE PRODUCT MIX IMPROVEMENTS, STRATEGIC PRICE REVISIONS AND CONTRIBUTION FROM RECENT CAPACITY EXPANSIONS.



Consolidated revenue of the Haycarb Group increased significantly to Rs. 67.08 Bn in 2025/26, recording a growth of 55.3% compared to Rs. 43.20 Bn in the previous financial year. This strong top-line performance reflects a combination of volume expansion, favourable product mix improvements, strategic price revisions and contribution from recent capacity expansions.

A significant proportion of the Group's sales are denominated in USD. The indicative US dollar revenue rose to USD 219.81 Mn in 2025/26, compared to USD 145.16 Mn in the previous year reflecting a growth of 51.4%.

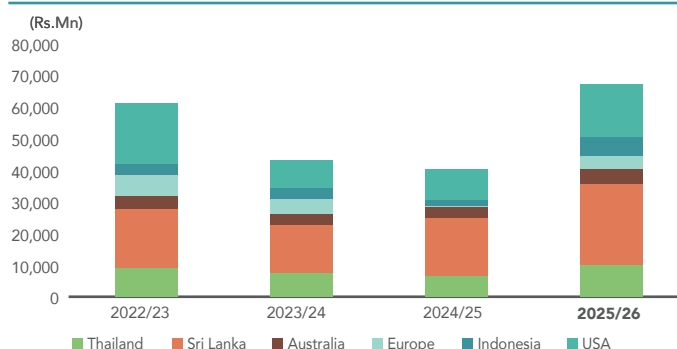
In terms of product applications revenue growth was driven by strong demand for gold recovery and energy storage carbons, supported by favourable commodity prices and expanding applications linked to artificial intelligence, renewable energy and electric vehicles, alongside steady demand for water and air purification solutions. Geographically, Asia remained the Group's largest market, while demand in Europe

continued to be influenced by prevailing macroeconomic pressures, including their impact on industrial activity and purchasing patterns.

Environmental Engineering Solutions recorded revenue of Rs. 1.93 Bn in 2025/26 compared to Rs. 2.02 Bn in 2024/25. The segment continued to support the Group's integrated value proposition through the delivery of water and wastewater treatment solutions, Operations and Maintenance (O&M) contracts and related environmental infrastructure projects across its key markets.

Further, Ultracarb (Pvt) Limited was amalgamated with Haycarb PLC, effective 1st October 2025, and the accounting impact of this amalgamation is reflected only in the Company-level financial statements of Haycarb PLC. As Ultracarb was already a wholly owned subsidiary, the Group's consolidated financial performance remains unaffected and continues to reflect the underlying operational performance across key markets and product categories.

Revenue Generated by Geographical Location



GROSS PROFIT

The Group's gross profit increased to Rs. 13.38 Bn in 2025/26, compared to Rs. 12.06 Bn in the previous financial year. However, the gross profit margin moderated to 19.9% from 27.9% in 2024/25, reflecting continued cost pressures encountered during the year under review.

Cost of sales was impacted by escalations in raw material costs, particularly coconut shell charcoal, due to supply constraints across sourcing markets and heightened

competition for limited supplies, alongside elevated logistics and energy costs experienced during the year. These pressures were partially mitigated through increased contributions from value-added carbon products, strategic pricing actions in selected markets, proactive procurement strategies and closer supplier engagement to support continuity of supply. Continued focus on operational efficiency and cost optimisation initiatives across manufacturing locations, contributing Rs. 1,163 Mn to the bottom line, also supported to manage cost increases during the year.

Profitability Trend



OVERHEAD EXPENSES

The Group's overhead expenses comprised of administrative, selling, distribution, research and development costs increased by 10.9% to Rs. 7.35 Bn in 2025/26, compared to Rs. 6.63 Bn in the previous financial year, reflecting the scale-up of operations in line with revenue growth, expansion of manufacturing capacity, increased promotional costs and continued investments to support the Group's strategic priorities. The Company focused on cost optimisation, process standardisation and productivity improvements leveraging digital tools and technologies where appropriate, to minimise overhead increases. These measures, together with the growth in revenue, reduced overhead to revenue ratio by 35.1% to 9.6%.

EXCHANGE GAIN/LOSS UNDER OPERATING PROFIT

The Group recorded an exchange gain of Rs. 597 Mn in 2025/26, reported under operating profit, compared to an exchange loss of Rs. 74 Mn in the previous year, arising from exchange fluctuations relating to trade receivables and payables reflecting higher depreciation of the reporting currencies against the USD. This classification has been made in line with the guidelines set out in SLFRS 18 – Presentation and Disclosures in Financial Statements.

FINANCE AND INVESTMENT ACTIVITIES

Finance expenses on loans and borrowings increased to Rs. 988 Mn in 2025/26, compared to Rs. 510 Mn in the previous financial year. The increase was primarily driven by higher borrowings utilised to support elevated working capital requirements and ongoing capacity expansion initiatives during the year under review.

The Group also recorded a net exchange loss of Rs. 276 Mn on foreign currency denominated borrowings, reported under financing activities, compared to a net exchange gain of Rs. 16 Mn in the previous financial year. These foreign currency borrowings are underpinned by export revenues and foreign currency receivables.

Interest income earned from investing activities, recorded under investment income, amounted to Rs. 155 Mn in 2025/26, compared to Rs. 236 Mn in the previous financial year.

The Group continues to adopt a prudent treasury management approach, aiming to mitigate the overall impact of higher financing costs and currency movement volatility during the year.

PROFITABILITY

The Group's operating profit increased by 22.1% to Rs. 6.93 Bn in 2025/26, compared to Rs. 5.68 Bn in the previous financial year, supported by strong revenue growth and improved operating scale. However, the operating profit margin moderated to 10.3% in 2025/26 from 13.2% in 2024/25, reflecting the combined impact of margin pressures across the value chain.

From a segmental perspective, the Activated Carbon segment continued to be the primary contributor to pre-tax profits contributing 99% to the sector, while the Environmental Engineering Solutions segment reported PBT of Rs. 77.4 Mn in 2025/26 a drop of 7.5% profitability compared to last year.

Consequently, profit after tax increased marginally to Rs. 4.34 Bn in 2025/26, compared to Rs. 4.27 Bn in 2024/25, demonstrating the Group's ability to sustain bottom-line performance despite a challenging operating environment.

TAXATION

GRI: 207-1 to 4

The Group's tax expense increased to Rs. 1.55 Bn in 2025/26, compared to Rs. 1.25 Bn in the previous financial year, primarily reflecting higher profitability during the year under review changes in the geographic mix of earnings across jurisdictions and the impact of enhanced capital allowances claimed on new business in the previous financial year.

TAX GOVERNANCE AND COMPLIANCE

GRI: 207-2

Haycarb's Board of Directors and Audit Committee oversee the Group's tax strategy and governance framework, while the Chief Financial Officer and finance team are responsible for implementation across all operations. Given the Group's presence across multiple jurisdictions, qualified external tax consultants have been appointed in each country to support compliance and provide regular guidance on local tax regulations.

The Group also engages a reputed international tax consultancy firm to advise on global tax developments, including transfer pricing regulations and OECD guidelines. Based on such guidance, appropriate transfer pricing policies and tax governance procedures have been established to support transparency, consistency, and compliance across all jurisdictions.

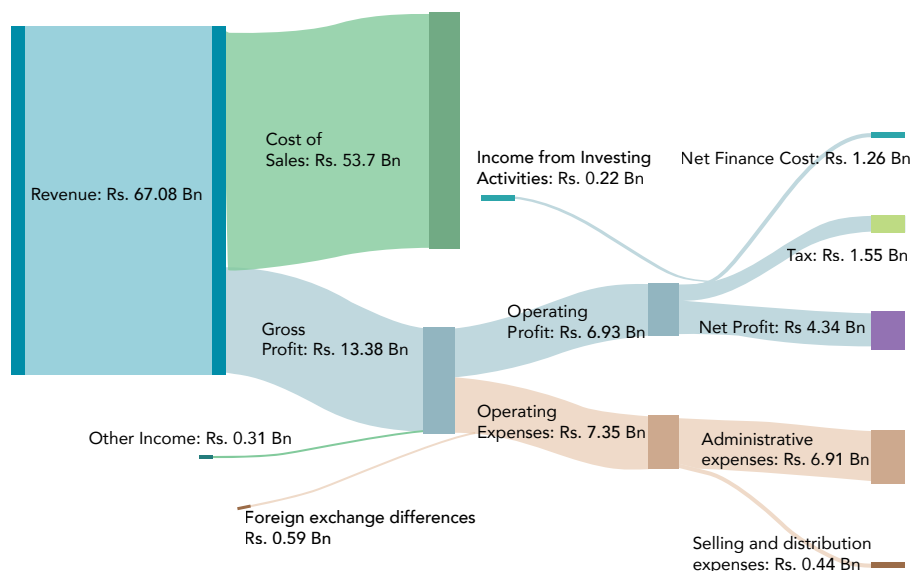
The Group maintains ongoing engagement with key stakeholders, including tax authorities, customers, and supply chain partners, to address tax-related matters and support the smooth functioning of operations. Haycarb complies with applicable Country-by-Country ("CbC") reporting requirements and other statutory tax obligations in relevant jurisdictions, with all required filings submitted within prescribed timelines.

The Internal Audit function continuously monitors compliance with tax laws and regulations, supported by independent reviews performed by external auditors. The Chief Financial Officer is responsible for liaising with tax authorities and overseeing the timely filing of tax returns across the Group's operating jurisdictions.

FINANCIAL CAPITAL

During the year under review, the Group complied with all applicable tax laws and regulations, and no material incidents of tax non-compliance were recorded.

Sankey diagram on the income statement



The Group digitalised its treasury operations with a cloud based cash and liquidity management platform enhancing visibility over global cash positions, liquidity movements, and funding requirements across the Group. The system enabled improved cash forecasting, centralised monitoring of bank balances, and more efficient treasury decision-making while strengthened collaboration with the Hayleys Group Treasury function, enabling greater synergies in cash and currency management.

ASSET STRENGTH

The Group's total asset base expanded by 39.2% to Rs. 63.9 Bn as at 31st March 2026, compared to Rs.45.9 Bn in the previous financial year, depicting sustained balance sheet growth in line with the expansion of operations. This increase was primarily driven by working capital investments undertaken to support growth and capital investments in property, plant and equipment reflecting manufacturing capacity enhancements.

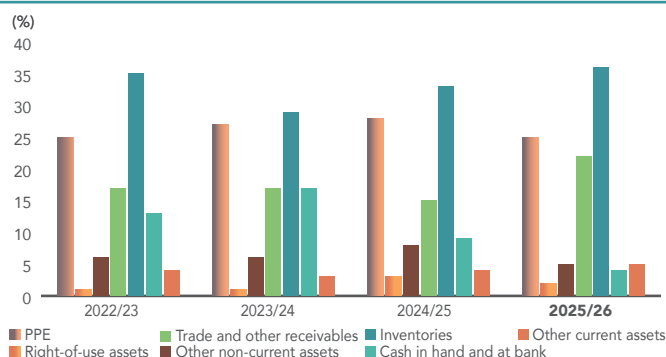
Overall, the strengthening of the Group's asset base in 2025/26 reflects disciplined capital deployment, enhanced operational resilience and long-term value creation.

CASHFLOW

Cash generated from operations before changes in working capital amounted to Rs. 8.94 Bn in 2025/26, compared to Rs. 7.31 Bn in the previous financial year. However, the Group reported a net cash outflow of Rs. 5.58 Bn from operating activities, primarily due to higher working capital requirements arising mainly from significant raw material price increases and expansion in revenue during the year.

Net cash outflows from investing activities totalled Rs. 3.96 Bn, reflecting continued capital investments to expand value-added manufacturing capacity and support strategic growth initiatives. Financing activities resulted in a net cash outflow of Rs. 1.23 Bn, largely driven by dividend payments and increase in interest payments. Reflecting the net negative cash flows from operating, investing and financing activities, the Group's cash and cash equivalents declined to a negative Rs. 10.61 Bn during the year under review.

Asset Composition

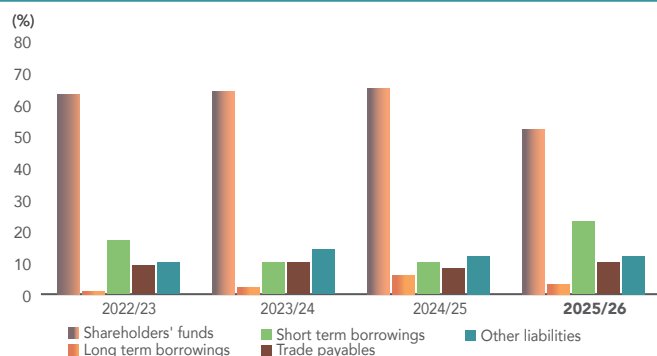


Funding Profile

The Group's total interest-bearing borrowings increased significantly by more than two folds, to Rs. 20.05 Bn (including non-current lease liabilities) as at 31st March 2026, compared to Rs. 9.08 Bn in the previous financial year.

Long-term borrowings increased to Rs. 2.20 Bn, reflecting funding requirements for capacity expansion and strategic investments, while non-current lease liabilities remained broadly stable at Rs. 1.23 Bn. Short-term borrowings increased notably by more than three folds to Rs. 14.69 Bn, primarily to support elevated inventory levels and higher receivables in line with the substantial expansion in revenue and operations during the year.

Funding Composition



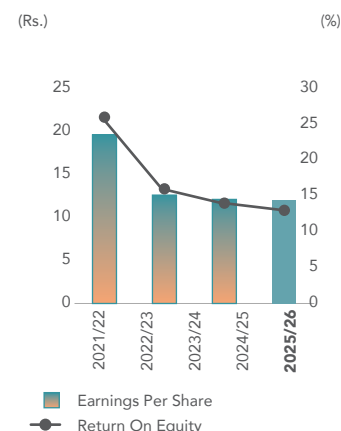
While the funding profile remains robust, the gearing ratio moved upwards to 37.5 % during the period under review to fund working capital and expansion of capacity.

Supported by stable performance and profit retention, Shareholders' Funds expanded by 10.7% to Rs. 29.37 Bn as at end-March 2026, reinforcing the Group's capital structure while supporting the funding of its strategic growth initiatives.

VALUE CREATION FOR
SHAREHOLDERS

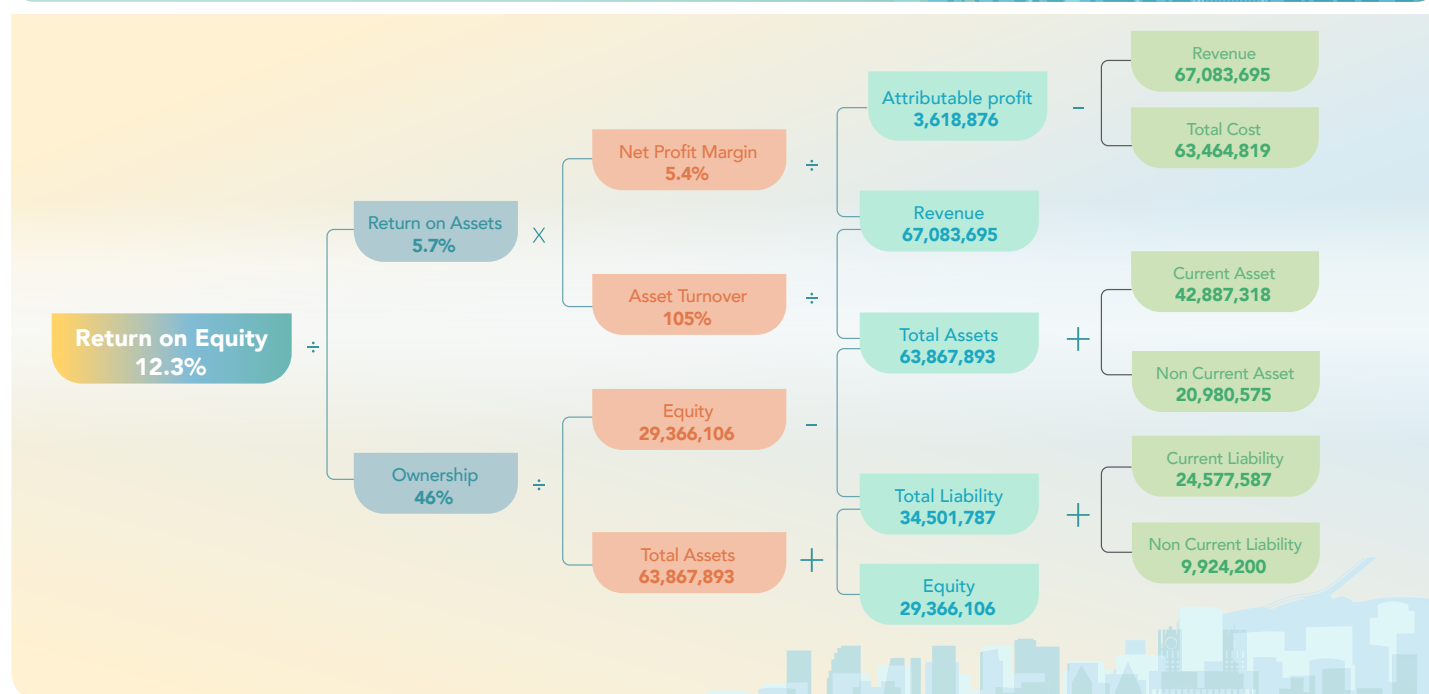
In the context of a challenging operating environment, the Group delivered improved value to shareholders in 2025/26. Earnings per share remained stable at Rs. 12.18, while Return on Equity stood at 12.3%, demonstrating sustained profitability amid continued balance sheet growth. The Group's net assets per share increased by 10.6% to Rs. 98.83 as at 31st March

Shareholder Return



2026, compared to Rs. 89.30 in the prior financial year. Total dividends per share for the year amounted to Rs. 4.07 in 2025/26, compared to Rs. 3.80 in 2024/25, reflecting a 7.1% increase and the Group's continued commitment to delivering shareholder returns while supporting growth.

DUPONT ANALYSIS (RS. '000)



FINANCIAL CAPITAL

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

		2025/26	2024/25
Profitability highlights			
Revenue	Rs. Mn	67,084	43,202
Gross Profit	Rs. Mn	13,380	12,062
Gross Profit margin	%	19.9%	27.9%
Operating profit	Rs. Mn	6,935	5,679
Operating profit margin	%	10.3%	13.1%
Profit before tax	Rs. Mn	5,887	5,517
Profit before tax margin	%	8.8%	12.8%
Profit after tax	Rs. Mn	4,341	4,271
Profit after tax margin	%	6.5%	9.9%
Return on equity (%)	%	12.3%	13.6%
Return on capital employed (%)	%	13.4%	15.5%
Return on Assets	%	6.8%	9.3%
Interest cover ratio	No. of times	7.24	11.78
Effective Tax Rate	%	26.3%	22.6%
Efficiency ratios			
Asset turnover ratio	No. of times	1.05	0.94
Inventory holding days	Days	158	178
Debtor days	Days	58	59



		2025/26	2024/25
Creditor days	Days	21	14
Cash conversion cycle	Days	195	223
Liquidity ratios			
Current ratio	No. of times	1.74	2.47
Quick asset ratio	No. of times	0.80	1.14
Solvency position			
Total assets	Rs. Mn	63,868	45,897
Total liabilities	Rs. Mn	30,522	16,221
Shareholders' funds	Rs. Mn	29,366	26,534
Non Controlling Interest	Rs. Mn	3,980	3,143
Total debt	Rs. Mn	20,050	9,084
Equity/Assets	No. of times	0.52	0.65
Debt/equity	%	60.1%	30.6%
Gearing ratio	%	37.5%	23.4%
Debt/Total assets	%	31.4%	19.8%
Investor position			
No. of shares outstanding	Number	297,123,750	297,123,750
Earnings per share	Rs.	12.18	12.10
Dividends per share	Rs.	4.07	3.80
Net asset value per share	Rs.	98.83	89.30
Market price per share	Rs.	109.50	82.10
Market capitalisation	Rs. Mn	32,535	24,394
P/E ratio	No. of times	8.99	6.78
Dividend payout	%	33.4%	31.4%
Dividend cover	No. of times	2.99	3.19
Dividend yield	%	3.7%	4.6%

FINANCIAL CAPITAL

FINANCIAL CAPITAL CONNECTIVITY

1. STRATEGIC PRIORITIES ENABLED

- » Market Growth
- » Innovation-Led Growth
- » Strengthen Global Supply Chain
- » ESG Mindset
- » Purpose-Driven & Committed Teams

Key Strategic Focus Areas

- » Revenue growth
- » Working capital management
- » Capacity expansion
- » Treasury optimisation
- » Sustainable capital allocation
- » Shareholder value creation

2. MATERIAL TOPICS CONNECTED

- » M5 Economic Performance
- » M9 Manufacturing Capabilities
- » M18 Market Presence
- » M6 Technology & Product Innovations
- » M3 Customer Satisfaction
- » M12 Environmental Impacts in Supply Chain
- » M2 Regulations & Compliance
- » M13 Cyber Security
- » M1 Materials
- » M20 Energy Cost

3. RISKS & OPPORTUNITIES CONNECTED

Principal Business Risks

- » PBR 2 Interest Rate Risk
- » PBR 3 Compliance Risk
- » PBR 4 Geopolitical Dynamics
- » PBR 5 Cyber Security Risk

SRROs / CRROs

- » SRRO 2: Workforce Capability and Skilled Labour Availability Risk

Strategic Responses

- » Prudent treasury management
- » Working capital optimisation
- » Diversified market expansion
- » Capacity enhancement investments
- » Strategic pricing actions

4. CAPITAL CONNECTIVITY

Financial Capital	Intellectual Capital	Human Capital	Social & Relationship Capital	Natural Capital	Digital Capital
Supports capacity expansion and operational scalability	Supports innovation, process optimisation and product development	Supports workforce capability and productivity enhancement	Strengthens investor confidence, supplier relationships and stakeholder trust	Supports sustainable sourcing and ESG investments	Supports treasury integration, analytics and operational visibility

5. CAPITAL TRADE-OFFS

Strategic Initiative	Capital Strengthened	Capital Potentially Pressured	Nature of Trade-Off
Capacity expansion investments	Manufactured Capital / Financial Capital	Financial Capital	Higher funding requirements
Working capital build-up	Social & Relationship Capital / Financial Capital	Financial Capital	Higher inventory and receivable financing needs
Sustainability investments	Natural Capital / Social & Relationship Capital	Financial Capital	Longer investment recovery periods
Digital treasury integration	Digital Capital / Financial Capital	Financial Capital	Technology implementation expenditure
Dividend distribution	Social & Relationship Capital	Financial Capital	Balancing shareholder returns with growth funding

6. LONG-TERM VALUE CREATION

» Sustained revenue growth	» Enhanced shareholder returns
» Improved operational resilience	» Stronger liquidity management
» Greater capital efficiency	» Improved funding flexibility
» Strengthened market leadership	» Enhanced investor confidence
» Scalable long-term growth platform	» Balanced and sustainable value creation

CONTRIBUTION TO SDG'S





NATURAL CAPITAL



At Haycarb, Horizon embodies our vision for a future where business growth and nature thrive together. Through the responsible stewardship of natural capital, we

reduce our environmental footprint, strengthen ecosystem resilience, and create sustainable value for generations to come. By integrating environmental considerations into our decision-making and operations, we enhance long-term resilience, support biodiversity, and contribute to a more sustainable and regenerative future

BRAHMA BALARATNARAM
Deputy Managing Director

STRATEGIC ROLE

Natural Capital supports operational resilience through responsible sourcing, environmental stewardship and resource efficiency. Sustainable raw material sourcing, renewable energy adoption and climate-conscious practices remain essential for operational continuity and long-term sustainability.

MANAGEMENT APPROACH

We manage Natural Capital through environmental governance, sustainable sourcing initiatives, renewable energy adoption and continuous monitoring of emissions, waste and resource utilisation, while strengthening water stewardship and circularity-focused practices.

OUR STRATEGIC PRIORITIES IN 2025/26



Strengthening energy resilience and renewable energy transition



Water stewardship and sustainable water sourcing



Sustainable raw material sourcing



Climate action and operational de-carbonisation



Integrated waste management and circularity

PROGRESS MADE IN 2025/26 TOWARDS ACHIEVING OUR ESG ASPIRATIONS

18.4

Energy Intensity
(GJ/Revenue)
ACHIEVED

0.08

Solid Waste
(MT/Revenue)
ACHIEVED

11.8

Water Intensity
(m³/Revenue)
MISSED

16
%

Sustainable Water
Sourced
ACHIEVED


77
%

Energy requirements are met through renewable sources


61
%

Coconut charcoal requirements sourced sustainably


88
%

Non hazardous waste diverted to recycling and reuse


16.4
Rs. Mn

Invested in environment-related CSR

FUTURE OUTLOOK

As climate-related risks and stakeholder expectations intensify, sustainable resource management and climate resilience will become increasingly important. Renewable energy adoption, circularity initiatives and strengthened environmental stewardship will support long-term resilience and responsible value creation.

DIGITALISATION

At Haycarb, we utilise our digital capabilities to enhance the responsible management of our natural resources. By integrating data-driven insights with environmental stewardship, we advance sustainable innovation while safeguarding the ecosystems that underpin our operations.

VALUE CREATED IN 2025/26

- » Improved renewable energy contribution through commissioned solar installation in Sri Lanka.
- » Investment to enhance electricity generation of "Recogen" the Group's own green charcoaling facility involves waste heat recovery.
- » Fuel switching from furnace oil to LPG, where possible improving energy efficiency and reducing emissions.
- » Increased the share of sustainably sourced water through recycling, re-use and rainwater harvesting process across operations.
- » Scaling up of charcoal dust (by product) activation and process optimisation to reduce manufacturing waste.
- » Backward integration to establish proprietary green charcoaling facilities in North Sulawesi and Java, Indonesia.
- » Improved financial quantification of climate related risks and opportunities.

WAY FORWARD

Short Term

- » Extend the coverage of our scope 3 emissions assessment.
- » Monitor progress made on our ESG commitments through internal ESG audits and regular reviews.

Medium and Long Term

- » Progress towards ACTIVATE 2030 environmental aspirations
- » ESG audits and staff training programs will be strengthened to enhance compliance and performance
- » Incorporate sustainability and climate related risk and opportunities to inform company strategy and resource allocation.

49,785

Carbon Footprint (tCO₂e)

11,781

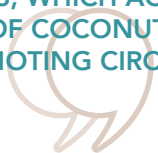
Sea Turtle Hatchlings

>35,000

Coconut trees planted

NATURAL CAPITAL

OUR PRIMARY RAW MATERIALS COMPRISE COCONUT SHELLS AND COCONUT SHELL-BASED CHARCOAL, WHICH COLLECTIVELY ACCOUNT FOR OVER 70% OF OUR TOTAL RAW MATERIAL REQUIREMENT. THROUGH OUR GREEN CHARCOALING PROGRAMME, HARITHA ANGARA, WE FACILITATE THE RECOVERY OF COCONUT SHELLS ACROSS ALL OUR PRODUCTION LOCATIONS, INCLUDING INDONESIA AND THAILAND, MATERIALS THAT WOULD OTHERWISE BE TREATED AS WASTE. IN SRI LANKA ALONE WE ENABLE RECOVERY OF COCONUT SHELLS DISCARDED BY HOUSEHOLDS, WHICH ACCOUNTS FOR 60% OF COCONUT USAGE, PROMOTING CIRCULARITY.



GOVERNANCE

The 'Restore' pillar of ACTIVATE articulates our commitment to the sustainable management of natural capital through clearly defined policies and time-bound targets aimed at minimising our environmental impacts across materials, waste, energy, emissions, water and effluents. This approach provides a structured and consistent framework through which environmental considerations are integrated into our operational processes, enabling a more disciplined and coordinated response to sustainability priorities.

By establishing clear targets and measurable outcomes, the framework supports ongoing monitoring and continuous improvement, ensuring that progress is systematically tracked and aligned with our broader environmental objectives. It also facilitates a more focused and efficient allocation of resources, directing investments towards initiatives that deliver meaningful environmental benefits.

Collectively, this structured approach has strengthened our ability to enhance the sustainability of our operations, while supporting the effective delivery of our environmental commitments in a manner that is both responsible and aligned with long-term value creation.

MANAGEMENT OF LEGAL AND REGULATORY FRAMEWORK

RT-CH-530a.1

UNGC Principle 7,8

The legal and regulatory framework for managing environmental impacts arising from industrial activity in Indonesia, Sri Lanka and Thailand presently places strong emphasis on water use, effluent discharge, air emissions, waste management and pollution control. In parallel, energy efficiency, greenhouse gas emissions management and climate-related disclosures are increasingly being shaped by evolving policy expectations, customer requirements, voluntary standards and emerging sustainability reporting frameworks. Given the rising significance of environmental and climate-related risks over the next

decade (Global Risk Report 2026, World Economic Forum), new and more stringent environmental requirements are expected to emerge across both operating and export markets, requiring continued monitoring, preparedness and proactive compliance management.

We have adopted a proactive approach to managing our environmental impacts by embedding sustainability into our business strategy through the development and implementation of ACTIVATE, our 2030 ESG Roadmap. Supported by robust governance and effective resource allocation, ACTIVATE has enabled us to make impactful changes to our processes to support more efficient and sustainable operations. This proactive approach strengthens our capacity to comply with potential future regulatory developments while enabling alignment with material sustainability concerns of our stakeholders.

During 2025/26, we complied fully with all relevant environmental laws and regulations in the countries we operate in. Accordingly, no instances of non-compliance with any environmental regulations occurred during the year under review. In addition to regulatory compliance, we have also committed to aligning our operations with the best international practice through numerous voluntary certifications. These include ISO 14001:2015 Environmental Management Systems, ISO 14064-1:2018 Greenhouse Gases, ISO 9001:2015 Quality Management Systems, WQA Sustainability Certification, Eco Label Sri Lanka, and Ethical Trading certification, where applicable across our operations.

We monitor our environmental impacts against the targets set out in ACTIVATE through the Hayleys Group's sustainability data gathering system, which enables monthly collection and review of environmental performance data from manufacturing locations. Quarterly environmental audits further support this process by identifying deviations, assessing root causes and developing corrective action plans to realign performance with established goals. In addition, relevant certification bodies verify our environmental management

framework annually through surveillance and recertification. No instances of non-compliance with any environmental related regulations were reported during the year.

SUSTAINABLE RAW MATERIAL SOURCING

GRI: 301-1, RT-CH-410b.2

Our primary raw materials comprise coconut shells and coconut shell-based charcoal, which collectively account for over 70% of our total raw material requirement. Through our green charcoaling programme, Haritha Angara, we facilitate the recovery of coconut shells across all our production locations, including Indonesia and Thailand, materials that would otherwise be treated as waste. In Sri Lanka alone more than 60% of coconut shells are discarded by households. We enable their recovery, promoting circularity.

Sustainable sourcing of coconut shell-based charcoal continued to be a key strategic focus, with the objective of increasing the

proportion of sustainably sourced charcoal to exceed 75% by 2030.

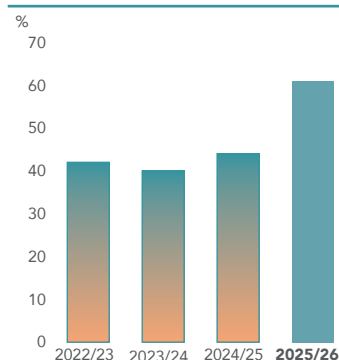
The Green Charcoaling programme (Haritha Angara) continues to support suppliers to shift from conventional open pit charcoaling to a more controlled closed-pit process. Unlike open pit methods, which can release smoke and methane due to incomplete combustion, Haritha Angara directs volatile gases back into the system for combustion. Introduced by Haycarb over a decade ago, the model has now been adopted by almost all suppliers in Sri Lanka, helping improve combustion efficiency, reduce uncontrolled smoke emissions and produce more consistent coconut shell charcoal. Testing carried out on the process confirmed that no methane emissions were detected under the tested operating conditions.

During the year under review, the Group extended its backward integration into charcoaling operations in Indonesia through the Haritha Angara Programme, developing

charcoaling pits in North Sulawesi and Java with an investment of Rs. 272.3 Mn.

This initiative has significantly increased the Indonesian manufacturing operations' reliance on raw materials produced through green charcoaling methods. It represents a meaningful step towards achieving the Group's 2030 target of increasing the proportion of sustainably sourced charcoal.

Sustainable Coconut Charcoal Sourcing



NOTABLE DEVELOPMENTS DURING THE YEAR



- Enhanced coconut shell collection centers in Sri Lanka, with new facilities established in Melsiripura, Mawanella, and Avissawella, increasing supply into the Group's green charcoaling facility, Recogen



- Enhance the use of alternative sustainable raw materials such as Palm shell and candle nut charcoal for the manufacturing process



- Backward integration to establish proprietary green charcoaling facilities in North Sulawesi and Java, Indonesia reducing reliance on the open charcoal supplier market



- Process innovation to enhance the charcoal dust activation enabling greater recovery of by-products and waste



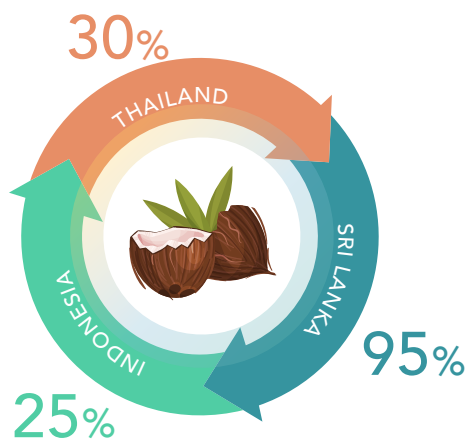
- Continued support for sustainable agricultural initiatives in collaboration with the Coconut Development Authority and the Coconut Cultivation Board, to establish a secondary coconut triangle in Sri Lanka

NATURAL CAPITAL



RAW MATERIALS SOURCED THROUGH GREEN TECHNOLOGY IN 2025/26

Charcoal requirement met through green charcoaling for each manufacturing location



SRI LANKA

- » Rs. 19 Mn Invested in promoting green charcoaling practices within the supply chain.
- » 433 closed pits were supported for maintenance in 2025/26.
- » 95% of Sri Lanka's charcoal requirement met through green charcoaling.



INDONESIA

- » Established two new green charcoaling plants incorporating backward integration in North Sulawesi and Java Island investing Rs. 272.3 Mn.
- » 25% of Indonesia's charcoal requirement met through green charcoaling.



THAILAND

- » Ongoing provision of technical support to suppliers to promote the adoption of sustainable charcoaling practices.
- » 30% of Thailand's charcoal requirement met through green charcoaling, supported by backward integrated vertical kiln capacity utilisation.

PROPRIETARY GREEN CHARCOALING TECHNOLOGY

RT-CH-130a.1

UNGC Principle 9



Haritha Angara Closed Pit Charcoaling

This technology converts open pit charcoaling to a closed pit unit. As a result, greenhouse gases and harmful gases produced during the process are combusted within the system and are



Vertical Kiln Charcoaling

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

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.

The system also combusts harmful greenhouse and harmful gases produced during the process within the system.



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.

476,662 kWh of electricity was supplied to the national grid in 2025/26.

RT-CH-410b.1

Haycarb's non-renewable material consumption comprised primarily of packing materials and chemicals. Given that Haycarb's production process relies primarily on steam activation, chemical usage is limited accounting 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) for Classification and Labelling of Chemicals. The Hayleys Life Code Chemical Management Policy guides our approach to the safe storage and handling of chemicals. We also place emphasis on process reformulations to minimise the consumption of chemicals.

The activation of carbon is carried out through heat-based processes; accordingly, the use of chemicals in the activation stage is absent. However, chemicals are required for washing processes associated with certain carbon grades during post-activation value addition. Approximately 80% of total chemical usage is attributable to the chemical washing of water treatment/POU product lines, with the balance utilised in the production of pelletised carbon for air purification and solvent recovery applications.

With the expansion of our market portfolio into value-added carbons; particularly Activated Carbon for Point-of-Use (POU) applications and "Energy Storage Carbons" the Group's requirement for washing chemicals has increased in recent years. Recognising the associated environmental implications, we are actively piloting reduction and substitution initiatives aimed at minimising chemical usage without compromising product quality.

During the year, we implemented targeted process improvements to reduce the use of hazardous chemicals, enhance chemical efficiency, and lower the environmental footprint of operations. Key initiatives include:

» **Perchloric acid reduction in laboratory digestion**

Piloted microwave digestion at Haycarb Madampe to reduce the use of perchloric acid in selected activated carbon testing processes, with plans to extend the method to other Haycarb facilities.

» **Hot water washing for selected wood carbon products**

Introduced hot water washing at approximately 75°C to improve washing efficiency and reduce chemical and water use. Initial results showed a reduction in NH_2OH use from 111 kg to 74 kg per batch, secondary washing water use from 45,000 L to 36,000 L per batch, and shorter washing cycles.

» **ETP chemical optimisation**

Implemented controlled pre-neutralisation of acidic and alkaline effluent streams before final treatment, reducing the need for additional neutralising agents while supporting lower sludge generation and improved treatment efficiency.

Raw material consumption of coconut shells and coconut shell charcoal increased by 22% during the year under review, largely

driven by higher production output and the expanded manufacture of value-added activated carbon grades, which typically require greater conversion and processing intensity. This also included the recovery and reuse of certain by-products following appropriate cleaning and separation processes.

In addition, alternative raw materials such as palm shells, candle nut, and wood were evaluated for suitability in specific applications.

GRI: 301-2,3

No recycled materials were incorporated into the production process and packaging material during the year, and there were no instances of product recalls or returns of packaging materials recorded over the reporting period.

The usage of packing material increased compared to last year. The Group continued to use bulk bags in place of single use bags where applicable to curtail significant increase in packaging.



Raw Material	GRI: 301-1	2025/26	2024/25	% Change
Renewable materials				
Coconut shells (MT)		69,099	52,600	31%
Coconut shell charcoal (MT)		109,397	93,963	16%
Candle nut charcoal (MT)		3,668	2,445	50%
Packing materials* (Nos)		340,546	308,733	10%
Non-renewable materials				
Packing materials* (Nos)		919,038	691,542	33%
Chemicals (MT)		2,014	1,629	24%
Chemicals (Litres)		382,894	1,343,804	-72%
* Only bags and sacks were taken into account				

NATURAL CAPITAL



Targeted usage of green charcoaling 2030 - ACTIVATE

> 75%



Usage of green charcoaling

> 61%



Energy requirements fulfilled through renewable energy sources

> 77%



Invested in solar power generation

Rs. 50.3Mn

ENERGY MANAGEMENT GRI: 103-1

Our approach to responsibly managing our energy footprint is guided by our sustainability strategy. ACTIVATE sets out goals and targets for reducing our reliance

on fossil fuels and improving the energy efficiency of our processes. Our sustained commitment to driving progress on our energy aspirations supports Sri Lanka's commitment to increasing its renewable

energy reliance to 70% and reducing its overall electricity demand by 30,000 GWh by 2035, a goal developed as part of its Nationally Determined Contribution in alignment with the Paris Agreement.

Focused efforts to reduce our energy consumption during 2025/26 included, GRI: 103-2



Oversight of energy consumption

- » Centralised monitoring of electricity and fuel consumption across all manufacturing locations.
- » Monthly reviews by senior management including the Deputy Managing Director to ensure consumption aligns with established goals.
- » Quarterly reviews by the Managing Director.



Energy audits to identify opportunities for energy efficiency improvements

- » Expanded the scope of bi-annual energy audits to identify efficiency improvements across high-energy processes, including post-activation drying, compressed air systems, boilers, steam use and other utility-intensive operations.
- » Prioritised actions based on operational feasibility, expected energy savings and contribution to ACTIVATE energy intensity targets.



Process improvements

- » Continued process optimisation and equipment modifications to improve energy efficiency across production operations, reduce avoidable energy losses and improve operational reliability.
- » Implemented a pilot fuel-switching initiative by replacing LPG use with covered waste heat for selected dryer operations, contributing to lower fossil fuel consumption.



Renewable energy and waste heat utilisation

- » Optimised generation from existing commissioned solar installations in Sri Lanka and progressed the floating solar installation in Thailand, which is expected to strengthen renewable electricity contribution following commissioning.
- » Advanced preparatory work for the planned Recogen turbine capacity enhancement from 1,200 kW to 1,720 kW in FY 2026/27, enabling greater use of waste heat-based renewable electricity in operations.



ENERGY EFFICIENCY HIGHLIGHTS IN 2025/26



Waste Heat Pilot Project 5,400 GJ/year

estimated annual energy
saving through replacing LPG
in a selected dryer process



Solar Generation 5,485 GJ → 11,348 GJ

solar energy generation
from 2024/25 to 2025/26

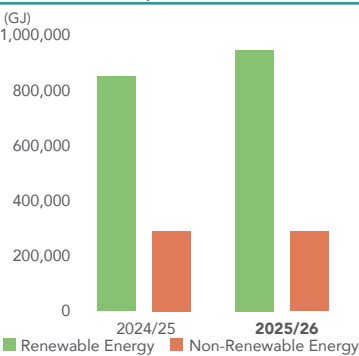


Energy consumption (GJ)	GRI: 103-2-5, RT-CH 130a.1	2025/26	2024/25	Y-o-y % change
Non-renewable sources		289,555	290,821	-0.44%
Furnace oil		69,131	84,784	-18%
Electricity		125,769	120,800	4%
Diesel		37,795	34,659	9%
LPG		55,677	49,404	13%
Petrol		716	771	-7%
Kerosene		467	403	16%
Renewable sources		947,683	850,874	11%
Solar		10,685	4,466	139%
Electricity generated through waste heat (Recogen)		2,855	5,584	-49%
Self-generated energy (Recovered through waste heat)		917,470	840,824	9%
Newly established waste heat utilisation projects		16,674	-	100%
Total energy consumption		1,237,238	1,141,695	8%
% grid electricity consumed		10%	11%	-8%
% renewable sources		77%	75%	2%
Energy intensity (GJ/revenue Rs. Mn)		18.44	26.43	-30%
Energy intensity (GJ/revenue USD Mn)		5,628.64	7,864.95	-28%

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

NATURAL CAPITAL

Renewable and Non-Renewable Energy Consumption



Approximately 77% of the Group’s energy requirements are fulfilled through renewable energy sources, significantly reducing its reliance on external non-renewable energy. This is enabled by

- » Waste heat recovery within our production processes, which continues to represent the largest share of the Group’s renewable and recovered energy use.
- » Waste heat recovery for renewable electricity generation through Recogen.
- » Renewable electricity generation through rooftop solar installations.

INVESTMENTS MADE OVER THE PAST YEARS TO EXPAND RENEWABLE ENERGY USAGE AT HAYCARB CONTINUED TO YIELD RESULTS.

Rooftop solar

Rooftop solar installations in Sri Lanka continued to contribute to the Group’s renewable electricity mix during 2025/26, with generation increasing as previously commissioned systems operated for the full reporting year.

Solar energy generation increased from 5,485 GJ in 2024/25 to 11,347.7 GJ in 2025/26, supporting reduced reliance on grid electricity.

Energy consumption (GJ)	2025/26	2024/25	% Change
Renewable energy	947,683	850,874	11%
Non-renewable energy	289,555	290,821	-0.4%
Total Energy	1,237,238	1,141,695	8%



Recogen

Recogen continued to support Haycarb’s renewable energy model by recovering waste heat energy from the charcoaling process to generate steam that is converted to renewable electricity. A portion of this electricity is used within Haycarb’s

operations, while the surplus is exported to the Sri Lankan national grid, supporting the country’s renewable energy transition.

During 2025/26, work was carried out for the planned turbine capacity enhancement from 1,200 kW to 1,720 kW, which is expected



to increase waste heat-based renewable electricity generation in FY 2026/27.

Floating Solar Installation

Haycarb advanced its renewable energy transition in Thailand with the installation of a 1.09 MW floating solar system at Carbokarn, reported as the first initiative of its kind in the Phanat Nikon District. Designed to maximise clean energy generation while optimising the use of available water surfaces, the project supplies approximately 12% of Carbokarn's electricity requirement. This milestone strengthens the site's energy resilience, reduces reliance on grid electricity, and contributes directly to Haycarb's ACTIVATE 2030 commitments on renewable energy adoption and operational decarbonisation.



RE Utilisation for electricity (kWh)	2025/26	2024/25	% Change
Solar	2,967,992	1,240,431	139%
Recogen	793,018	1,551,161	-49%

ENERGY CONSUMPTION AND INTENSITY STATS COMPARED TO LAST YEAR



Increase in total energy consumption

+ 8%



Increase in renewable energy consumption

+ 11%



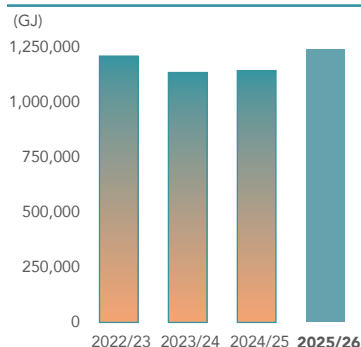
Improvement/reduction in energy intensity

30.21%

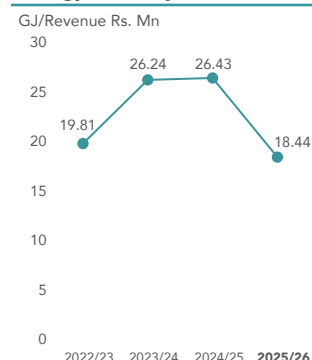
Despite a 8% increase in total energy consumption during the year, Haycarb reduced its energy intensity per revenue from 26.24 GJ/Revenue Rs. Mn to 18.44 GJ/Revenue Rs. Mn, improving beyond the 2022/23 baseline established under

the ACTIVATE energy intensity target. This reflects the Group's ability to support growth while improving energy productivity, particularly as the business continues to shift towards more value-added activated carbon products.

Energy Consumption



Energy Intensity



NATURAL CAPITAL

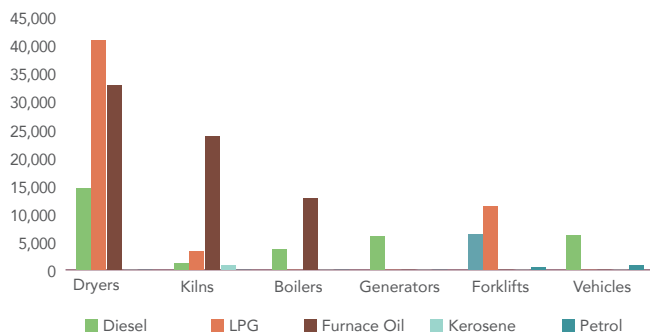
Significant energy consumption within our value chain includes energy consumption for dryers and kilns.

Our energy footprint for 2025/26 is as follows;

Energy Footprint 2025/26	GRI 103-2	UOM	Diesel	LPG	Furnace Oil	Kerosene	Petrol
Dryers		GJ	14,535	40,652	32,751	-	-
Kilns		GJ	1,190	3,335	23,633	463	-
Boilers		GJ	3,615	-	12,747	-	-
Generators		GJ	5,940	-	-	-	-
Fork Lifts		GJ	6,303	11,310	-	-	96
Vehicles		GJ	6,091	-	-	-	485
Miscellaneous		GJ	122	380	-	4	135
Total		GJ	37,795	55,677	69,131	467	716

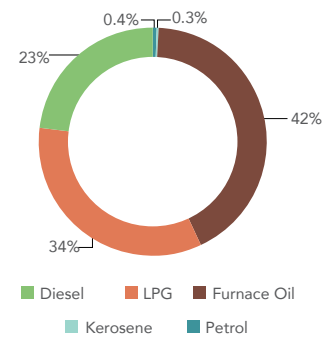
Energy Consumption by Source

(GJ)



Fossil Fuel Energy Consumption

(GJ)



GRI 103-2-B	UOM	2025/26	2024/25	Y-o-y Difference
Purchased electricity consumption	kWh	34,935,753	33,555,612	4%
	GJ	125,769	120,800	4%

GRI 103-2-C	UOM	2025/26	2024/25	Y-o-y Difference
Self-generated renewable electricity consumption (Recogen)	kWh	793,018	1,551,161	-49%
	GJ	2,855	5,584	-49%

GRI 103-2-D	UOM	2025/26	2024/25	Y-o-y Difference
Self-generated electricity sold	kWh	660,825	1,219,549	-46%
	GJ	2,379	4,390	-46%
Recogen Export	kWh	476,662	936,369	-49%
Solar Export	kWh	184,163	283,180	-35%

GRI 103-3

Haycarb has not yet quantified upstream and downstream energy consumption. Management may consider energy quantification in future reporting periods to comply with this early adoption standard. However, related value chain GHG emissions have been quantified separately using applicable emission factors.

CLIMATE ACTION

GRI: 102-1, 2 RT-CH-110a.1, 110a.2

Our operations are vulnerable to climate-related transition and physical risks while the versatility of our product range in delivering on sustainability priorities presents a range of climate related opportunities. During the year under review, Haycarb reviewed its climate-related risks and opportunities to ensure their continued relevance. Based on this assessment, the Group re-defined its climate related risks and opportunities as follows.

- » Climate related transition risks
 - o Policy and legal
 - o Reputation
- » Climate related physical risks
 - o Acute physical risks – Extreme weather events
 - o Chronic physical risks – Rise in temperature, changes to precipitation, water stress and scarcity
- » Climate related opportunities
 - o Products and services
 - o Resilience

Given this context, Haycarb's climate transition plan seeks to reduce the GHG emissions arising from its operations in support of global and local efforts to transition to a low carbon economy. Concurrently, its climate adaptation plan aims to strengthen business resilience to chronic climate related physical risks.



OUR CLIMATE TRANSITION PLAN

The Group's climate transition plan is actioned through ACTIVATE, Haycarb's 2030 ESG roadmap. Underpinned by a robust policy framework, ACTIVATE prioritises emission reduction across all its manufacturing locations while supporting its value chain partners' transition to a low carbon economy through sustainable innovation and supplier engagement.

The Group's emission reduction goals are set out in ACTIVATE, which aligns with our parent company's ESG Roadmap; Hayleys LifeCode. These goals are informed by Sri Lanka's Nationally Determined Contribution to reduce cumulative GHG emissions by 20.09% by 2035 in alignment with the Paris Agreement. Detailed information about our efforts to decarbonise our operations are set out below.



OUR CLIMATE ADAPTATION PLAN

As the physical implications of climate change progressively intensify around the world, the imperative to build resilience continues to increase. While extreme weather events could affect operational continuity, chronic risks of climate change could affect raw material availability, quality and production efficiency with adverse implications on our team and the livelihoods of our supplier network while also impacting the wellbeing of our employees.

Accordingly, we have integrated climate adaptation into our ESG strategy to strengthen business resilience to climate related risks. Data from numerous sources, including scenario analysis as reported in SLFRS Sustainability Reporting (please refer page 63) informed the development of our climate change adaptation plan.

NATURAL CAPITAL



GOVERNANCE

The Board of Directors and ESG Committee is responsible for the stewardship of the Group's climate transition and climate adaptation plans.

(Please refer Corporate governance, and SLFRS Sustainability Reporting for more information).



POLICY FRAMEWORK



Energy policy



Water Policy



Innovation policy



Procurement policy



STRATEGIC INTEGRATION AND RESOURCE ALLOCATION



Progress is tracked through ACTIVATE milestones and management reviews.



Facility upgrade roadmap



Annual capital expenditure planning

OUR CLIMATE TRANSITION PLAN

GRI 102-1



Increase renewable and circular energy

- » Expand solar power generation at factory premises.
- » Improve renewable electricity generation and export through waste-heat recovery (Recogen).
- » Continue to explore renewable electricity procurement through market-based mechanisms where available and commercially feasible
- » Ongoing emphasis on strengthening waste heat recovery systems.



Sustainable innovation

- » Improve energy intensity and raw material efficiency through R&D and process improvements.
- » Develop activated carbon solutions for purification, emissions control and energy storage applications.



Improve thermal efficiency and reduce fossil fuel dependence

- » Substitute conventional fuels in kilns with steam generated using waste heat recovered from charcoaling operations.
- » Improve energy intensity of our production process.



Supply chain and upstream interventions

- » Promote sustainable charcoaling practices to reduce emissions while strengthening livelihood resilience.



Energy management and continuous improvement

- » Improve site-level energy management practices.
- » Monitor energy performance.
- » Implement energy efficiency initiatives across utilities and production lines.



Capital expenditure incurred for climate transition plan

15%

OUR CLIMATE ADAPTATION PLAN

GRI 102-2

Water stewardship and conservation

- » Improve water efficiency through process optimisation and monitoring.
- » Increase rainwater harvesting, reuse and recycling where feasible.
- » Strengthening monitoring of water withdrawal and discharge to ensure compliance and effective management.

Operational resilience

- » Preventive maintenance and infrastructure upgrades to withstand extreme weather.
- » Contingency planning for power interruptions.
- » Improved drainage and site risk controls where relevant.
- » Review insurance and business continuity measures where relevant.

Worker safety and wellbeing

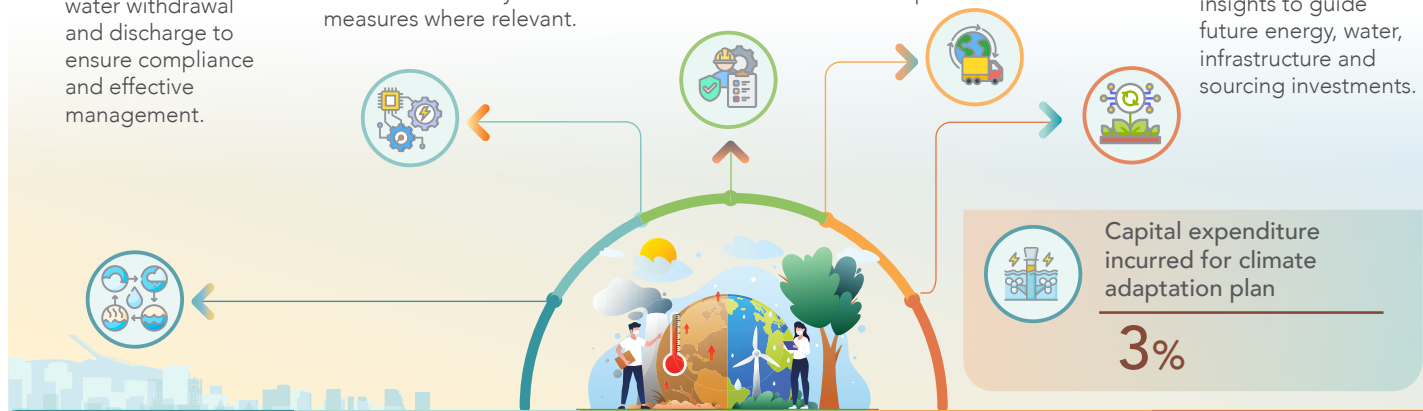
- » Strengthen heat stress controls for employees.
- » Maintain health and safety protocols for extreme weather conditions.
- » Provide climate adaptation awareness and training.

Supply chain resilience

- » A diversified supplier base across geographic regions.
- » Maintaining mutually beneficial supplier relationships.
- » Strengthening buffer stocks.
- » Raw material diversification where possible.

Sustainable innovation

- » Develop water-efficient processes and reuse systems to reduce exposure to water scarcity.
- » Improve drying, washing and utility systems to perform better under heat and rainfall variability.
- » Use climate risk insights to guide future energy, water, infrastructure and sourcing investments.

**MANAGING CLIMATE ACTION RESPONSIBLY**

Haycarb's climate action plans are shaped not only by operational priorities, but also by insights gathered through stakeholder engagement. As we improve energy efficiency, expand renewable and recovered energy use, strengthen water stewardship and promote sustainable charcoaling, we remain mindful of the potential impacts these changes may have on employees, suppliers, communities and the surrounding environment.

Within our operations, climate-related improvements are implemented through employee engagement, training and safety controls to ensure that teams are supported through changes in processes, equipment and work practices. Where operational transitions are required, we focus on building internal capability, safeguarding

employee wellbeing and minimising disruption to production continuity.

Our supplier network also plays an important role in this transition, particularly in relation to coconut shell charcoal sourcing. Through initiatives such as Haritha Angara and related supplier engagement programs, Haycarb continues to provide technical guidance and support to suppliers as they adopt more sustainable charcoaling practices. Further details are provided under Social and Relationship Capital on page 242.

We also take care to manage the environmental footprint of our climate-related projects. Prior to renewable energy installations, infrastructure upgrades or site-level modifications, relevant screenings and legal requirements are completed to minimise potential impacts on nearby habitats and ecosystems. Overall, our

climate action plans are intended to reduce emissions and resource intensity while complementing biodiversity conservation efforts, including habitat improvement and pollinator-support initiatives at selected locations.

Progress against our environmental commitments is tracked through the ACTIVATE 2030 ESG Roadmap, which is structured around five pillars: RESTORE for environmental stewardship, INSPIRE for employees, UPLIFT for communities and the supply chain, EXCITE for customers, and INNOVATE for products and solutions. Within Natural Capital, emphasis is placed on the RESTORE pillar, including renewable energy, emissions, energy intensity, water stewardship, waste management, circularity and responsible sourcing. Further details are provided in the ACTIVATE ESG Roadmap on page 44.

NATURAL CAPITAL

Climate-related risks and opportunities are assessed separately through the Group's SLFRS S1 and S2 disclosure process, including climate risk mapping, value chain impact assessment, scenario analysis, resilience assessment and evaluation of current and anticipated financial effects. These disclosures provide further detail on

how climate-related risks and opportunities are identified, prioritised, quantified and integrated into strategy, risk management and capital allocation. Further details are provided in the SLFRS S1 and S2 section on page 63.



Haycarb's GHG emissions throughout the years are as follows:

GRI: 102-5-7, 2-4

Year	Scope	Emissions (tCO ₂ e)	Biogenic emissions (tCO ₂ e)
2022/23	Scope 1	12,622	41,305
	Scope 2*	14,589	
	Scope 3	2,444	
2023/24	Scope 1	10,903	48,658
	Scope 2*	14,730	
	Scope 3	2,308	
2024/25	Scope 1	13,741	31,429
	Scope 2*	15,403	
	Scope 3	16,457	
2025/26	Scope 1	13,303	105,286
	Scope 2*	16,066	
	Scope 3	20,416	

*Scope 2 emissions have been recalculated from the base year using applicable country-specific grid emission factors

GRI: 102-9, RT-CH - 110a.1, 120a.1

Haycarb monitors Scope 1 and 2 emission intensity using both production-based and revenue-based indicators, enabling a more balanced assessment of emissions performance in relation to operational output and business growth.

GRI: 102 - 9

During 2025/26, emission intensity per revenue reduced from 0.67 tCO₂e/Revenue Rs. Mn to 0.44 tCO₂e/ Revenue Rs. Mn, reflecting improved emissions efficiency relative to revenue generated. Production based emissions increased marginally from 0.60 tCO₂e/MT to 0.61 tCO₂e/MT during the year.

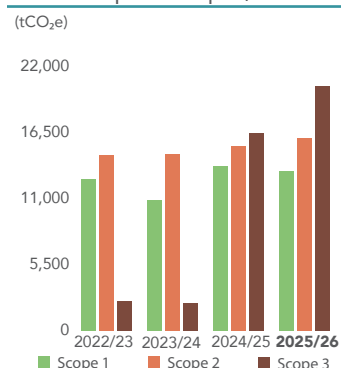
This improvement was supported by the Group's continued focus on renewable and

recovered energy use, energy efficiency initiatives, solar generation and process optimisation. While production-based emission intensity remains slightly above earlier baseline levels, the year-on-year reduction reflects progress in improving the carbon efficiency of operations. The Group will continue to prioritise energy efficiency, fuel switching, waste heat recovery and renewable energy expansion to further reduce emission intensity over time.

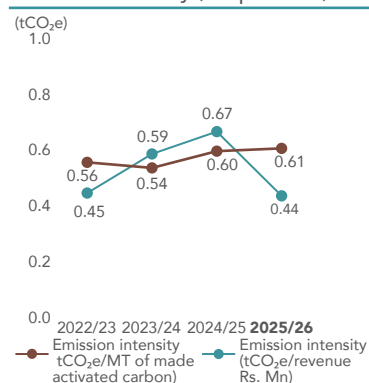
Expanding scope 3 emissions transparency

During the year, Haycarb continued to strengthen the transparency and completeness of its greenhouse gas inventory by assessing Scope 3 emissions across 7 of the 15 categories identified by the GHG Protocol. This reflects the same Scope 3 category coverage as the previous reporting year, enabling greater consistency in year-on-year assessment.

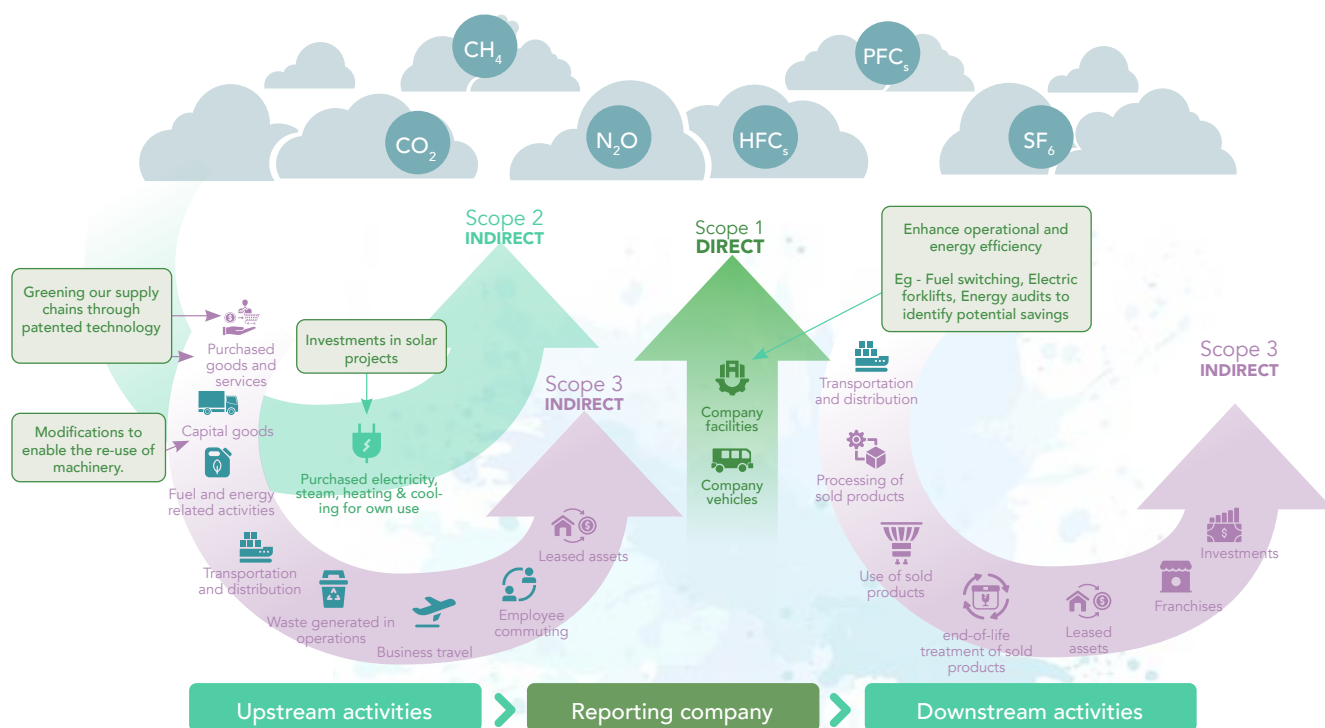
GHG Footprint- Scope1, 2 & 3



Emission Intensity (Scope 1 & 2)



Haycarb obtained third-party verification from Control Union Inspections (Pvt) Ltd for our FY 2025/26 organisational GHG inventory, prepared in accordance with ISO 14064-1:2018.



● 7 categories considered for scope 3 emissions

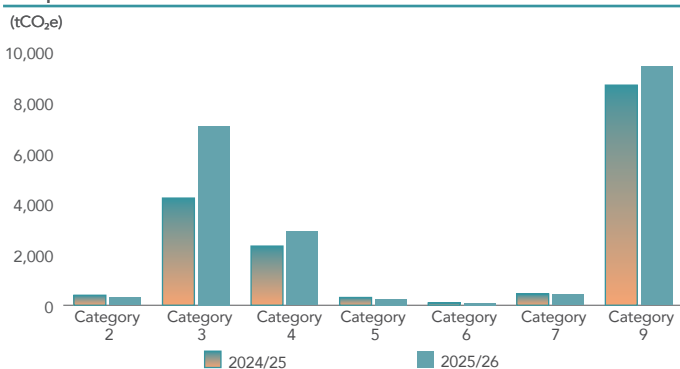
Adaptation of the GHG protocol: Corporate value chain diagram

The categories assessed include capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, and downstream transportation and distribution. This continued category-level assessment improves visibility of emissions across Haycarb's value chain and supports more informed climate risk management, supplier engagement and decarbonisation planning.

Going forward, Haycarb will continue to strengthen Scope 3 data quality and explore opportunities to expand category coverage, particularly in areas where improved supplier, product and downstream data can support more complete value chain emissions reporting. This will also support

for evolving disclosure expectations under SLFRS S1 and S2, GRI and other climate-related reporting frameworks.

Scope 3 Emissions



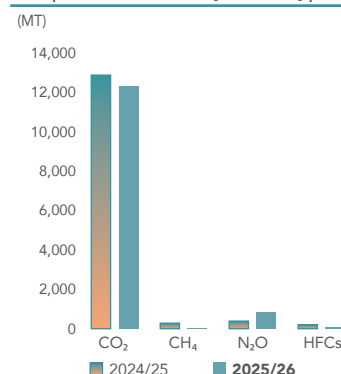
NATURAL CAPITAL



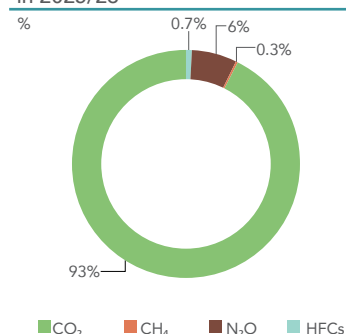
Year	Scope	2024/25 Emissions (MT)	2025/26 Emissions (MT)
Scope 1 GHG emissions	CO ₂	12,875	12,329
	CH ₄	281	39
	N ₂ O	385	861
	HFCs	200	74
	PFCs	0	0
	SF ₆	0	0
	NF ₃	0	0
Total Scope 1 GHG emissions (tCO ₂ e)		13,740	13,303
Scope 2 GHG emissions (location- based)	CO ₂	15,403	16,066
	CH ₄	0	0
	N ₂ O	0	0
Total Scope 2 GHG emissions (location- based) (tCO ₂ e)		15,403	16,066

**Scope 2 emissions have been recalculated from the base year using applicable country-specific grid emission factors*

Scope 1 Emissions by GHG Type



Scope 1 Emissions by GHG Type in 2025/26



GRI: 102-9, 10

The Group does not currently undertake GHG removals within its value chain. Moreover, given the Group's present focus on reducing direct GHG emissions, carbon credits were not utilised to offset its GHG emissions in 2025/26.

GRI: 102-4

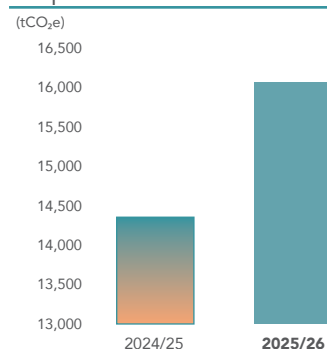
The Group's Scope 1 and Scope 2 GHG performance targets are disclosed under the ACTIVATE 2030 ESG Roadmap section of this Report on page 44.

RT-CH - 120a.1

We manage our manufacturing operations in compliance with applicable environmental

regulations, licence conditions and site-level air emission requirements. Across our operations, we use emission control systems, including dust extraction and process-specific pollution control mechanisms, to manage particulate matter and regulated air pollutants such as NOx and SOx. NOx and SOx emissions are monitored periodically in line with regulatory requirements, permit conditions and operational needs, with available monitoring results indicating compliance with applicable limits. VOCs, POPs and HAPs generated through relevant process streams are managed through high-temperature thermal destruction, supporting the prevention of significant air pollution. We also do not engage in the import or export of ozone-depleting substances.

Scope 2 GHG Emissions



WATER AND EFFLUENT MANAGEMENT

GRI 303-1-5, RT-CH-140a.1, 140a.2, 140a.3

Haycarb's interaction with water is primarily for its production process, employee consumption and ancillary operational needs across its manufacturing facilities. Water is obtained from multiple sources, including surface water, ground water, municipal water supplies and rainwater harvesting systems.

Haycarb conducts water risk assessments annually across its manufacturing locations using the World Resources Institute's Aqueduct Water Risk Atlas. The assessment considers baseline water stress, seasonal

variability, flood risk and drought risk at site and regional level, supporting water stewardship and climate adaptation planning.

The 2025/26 assessment indicated that water stress exposure remained broadly consistent with the previous year. Approximately 82% of the Group's total water withdrawal and consumption was from operations in areas assessed as High or Extremely High baseline water stress, excluding rainwater-dependent operations monitored separately due to their lower reliance on groundwater, surface water or municipal sources.

We are committed to the responsible consumption of water within our operations. Consistent with this commitment, targets for the sustainable consumption of water has been incorporated into our ESG strategy, with an emphasis on reducing freshwater withdrawal, improving water intensity and increasing reuse and recycling of wastewater. Findings from the annual water risk assessments inform internal water planning and management initiatives. Key measures implemented across our operations to support sustainable water consumption include,

HIGHLIGHTS IN 2025/26

GRI: 303-1-5, RT-CH-140a.1, 140a.2, 140a.3



92.7ML

Rainwater harvested
(+35% compared to
2024/25)



30.5ML

Water recycled and
reused (+86%
compared to 2024/25)



14%

Increase
in water withdrawn
compared to 2024/25



100%

water requirement at the
Shizuka factory sourced
through harvested rainwater

RAINWATER HARVESTING AND SHIZUKA WATER RESILIENCE

Haycarb strengthened alternative water sourcing during 2025/26, with 92,688 m³ of rainwater harvested across operations, a 35% increase compared to 2024/25. This was supported by continued rainwater harvesting practices at the Shizuka factory, where 100% of the site's water requirement was met through harvested rainwater during the year, reducing reliance on external freshwater sources.

WATER RECYCLING AND REUSE

Water recycling and reuse increased to 30,483 m³ in 2025/26, an 86% increase compared to 2024/25. This improvement was supported by the operation of the RO system, which enabled treated water to be

reused not only for gardening and auxiliary uses, but also in selected process applications, improving circular water use across operations.



NATURAL CAPITAL

HOT WATER WASHING FOR IMPROVED WATER EFFICIENCY

Haycarb continued to pilot hot water washing for selected wood carbon products to improve washing efficiency and reduce water requirements. Under this method, acid is added to deionised hot water at approximately 75°C, improving washing effectiveness within a shorter cycle time and reducing the water required for secondary washing.

The pilot reduced secondary washing water use from approximately 45,000 litres to 36,000 litres per batch, while also reducing washing cycle times from around 24 hours to 15 hours for primary washing and 22 hours to 15 hours for secondary washing. The project also supports chemical reduction objectives, including lower NH_2OH use per batch, which is discussed further under the Raw Materials section of this Report.

WATER WITHDRAWAL

Total water withdrawal increased by 14% during 2025/26, mainly reflecting higher production-related water demand and changes in the Group's product mix. In particular, the increased production of energy storage carbon grades contributed to higher water requirements, as these products require more intensive washing to meet specific quality and performance specifications.

While overall withdrawal increased, responsible water management remains a critical priority for Haycarb. The Group continued to manage higher water demand through rainwater harvesting, RO-enabled recycling and reuse, process-level monitoring and site-level efficiency measures. Water availability is also addressed as a material climate-related risk under CRRO 2: Physical Water Stress Affecting Water Availability for Activated Carbon Production in the SLFRS S1 and S2 section on page 63.

Water withdrawal by source GRI: 303-3

Source	UOM	2025/26	2024/25	Y-o-Y change
Surface water	ML	325	424	-23%
Ground water	ML	364	196	86%
Municipal water	ML	9	8	18%
Rainwater	ML	93	69	35%
Third party drinking water	ML	0.15	0	
Total	ML	791.15	697	14%

For reporting purposes, total water withdrawal is considered equivalent to total water consumption, as all withdrawn water is assumed to be consumed within operations.

Water discharge by destination GRI: 303-4

UOM	2025/26
Surface water	ML 276
Land applications	ML 81
Seawater	ML 4
Total discharge	ML 361

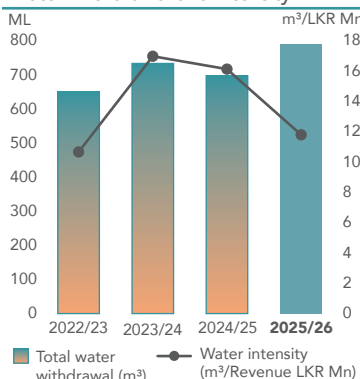
During the year under review, a deeper evaluation of water sources utilised by third-party suppliers led to a more accurate classification of the Group's water withdrawal by source, resulting in notable changes to its surface water and ground water withdrawal percentages.

WATER CONSUMPTION AND WATER INTENSITY TRENDS GRI: 303-5

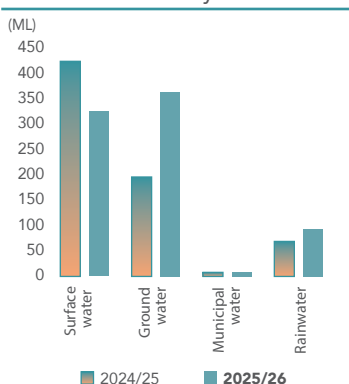
Total water consumption increased from 697 ML in 2024/25 to 791 ML in 2025/26, mainly due to higher production requirements and the increased share of value-added activated carbon grades, including energy storage carbons, which require more intensive washing.

Despite this increase, water intensity improved from 16.12 m³/Revenue Rs. Mn to 11.79 m³/Revenue Rs. Mn, reflecting improved water productivity relative to revenue generation, supported by higher-value product mix, rainwater harvesting, RO-enabled reuse and process-level efficiency measures.

Water Withdrawal and Intensity



Water Withdrawal by Source

EFFLUENT MANAGEMENT RT-CH 140a.2

We have established effluent treatment plants at all manufacturing locations to treat wastewater generated from our operations prior to its responsible discharge. Treatment of effluents complies with all relevant environmental regulations and standards specified by the environmental authorities in the countries we operate in. No incidents of non-compliance related to discharged water quality was recorded in 2025/26.

Aligned with our focus on reducing freshwater withdrawal, we continued to recycle and reuse treated wastewater for non-potable purposes such as gardening and site landscaping. During 2025/26, the operation of RO systems further enabled treated water to be reused in selected process applications, strengthening circular water use within our operations.

WASTE GRI: 306-1 to 5 RT-CH-150a.1

Our commitment to responsible waste management is guided by the waste hierarchy approach with emphasis placed on prevention, re-use and recycling. Consistent focus on process optimisation, reuse and recovery initiatives continue to support resource efficiency and the reduction of waste generated from our production process.

Key measures implemented in 2025/26 to support responsible waste management include,

- » By-product activation.
- » Process optimisation initiatives to reduce rejects, fines, and material losses.
- » Reuse and recovery of suitable by-products within production cycles.
- » Segregation of waste streams at source to improve recycling outcomes.
- » Reduction of packaging waste through material optimisation and supplier collaboration.
- » Responsible disposal of non-recoverable waste in line with regulatory requirements

Waste-related data is collected and monitored at site level through standardised internal reporting mechanisms. Data is tracked by waste type, quantity, treatment method, and disposal route, supported by weighbridge records, contractor invoices, and internal logs. Waste data is consolidated periodically for management review, sustainability reporting, and performance tracking, ensuring consistency with reporting frameworks and internal governance requirements. Trends are monitored over time to identify opportunities for further waste reduction and circularity improvement.

Waste water Discharged

Effluent (ML) GRI: 303-4	2025/26	2024/25	Y-o-Y change
Industrial waste water	305	315	-3%
Non industrial waste water	52	51	1%
RO discharge	4	0	100%
Total waste water discharged	361	366	-1%

WASTE MANAGEMENT HIERARCHY



ensure compliance with contractual, legal and environmental requirements include,

- » Verification of valid operating licenses and permits.
- » Review of waste handling, transport, treatment, and disposal methods.
- » Contractual obligations requiring compliance with applicable legislation.
- » Periodic reviews and audits where applicable, supported by waste transfer records and disposal documentation.

We engage with licensed third-party waste management service providers for the responsible disposal of waste. Due diligence conducted on these service providers to

NATURAL CAPITAL

Our waste related performance for 2025/26 is presented below

Waste (MT)	2025/26	2024/25	Y-o-y % change
Total Waste Generated	5,042	5,112	-1%
Amount of non-hazardous waste generated	4,924	4,922	0%
Waste diverted from disposal	4,397	4,461	-1%
Composted*	69	1,423	-95%
Recycled	3,816	746	411%
Reused	512	2,292	-78%
Waste directed to disposal	527	461	14%
Landfill**	470	456	3%
Energy Recovery	57	5	966%
Amount of hazardous waste generated	118	190	-38%
Waste diverted from disposal	6	10	-43%
Recycled***	5	9	-48%
Reused	1	1	4%
Waste directed to disposal	112	179	-37%
Incineration****	2	2	21%
Energy Recovery****	110	178	-38%
% Recycled (Non Hazardous)	77%	15%	411%

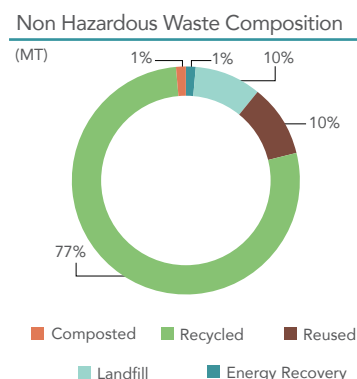
*Food and gardening waste are sent for composting.

**Landfilled waste mainly includes clinker, slag residue and municipal waste.

***Recycled hazardous waste includes e-waste and other applicable streams.

****Hazardous waste directed for incineration and energy recovery is sent to authorised, compliant institutions

Improved waste classification accuracy led certain materials previously reported as reused to be reclassified as recycled. Energy recovery was also separately disclosed for both years, improving consistency, comparability and transparency in reporting non-hazardous waste management streams.



At Group level, Hayleys LifeCode sets out biodiversity-related commitments and targets that guide the broader environmental stewardship agenda of the Hayleys Group. While Haycarb does not currently maintain a standalone company-level biodiversity target under ACTIVATE, biodiversity considerations are integrated into our Natural Capital management approach through responsible sourcing, water stewardship, climate resilience, site-level habitat initiatives and community-based conservation programs.

Water-related ecosystem dependencies and risks are assessed through the Group's annual water risk assessment process using the WRI Aqueduct Water Risk Atlas. This assessment considers baseline water stress, seasonal variability, flood risk and drought risk across manufacturing locations, and is discussed further under Water and Effluent Management.

OUR BIODIVERSITY MANAGEMENT APPROACH

GRI: 101-2

Haycarb applies a precautionary and mitigation-based approach to biodiversity management, focusing on avoiding and minimising adverse impacts where possible,

BIODIVERSITY

BIODIVERSITY AND ECOSYSTEM STEWARDSHIP

GRI: 101-2, 8

Haycarb recognises that its operations and value chain are connected to natural ecosystems across Sri Lanka, Thailand and Indonesia, where the Group operates manufacturing facilities and sources coconut shells and coconut shell charcoal. While Haycarb does not operate within formally designated protected areas, certain operations and value chain activities are located in regions characterised by tropical ecosystems, agricultural landscapes and coastal environments that support biodiversity, ecosystem services and local livelihoods.

The Group's biodiversity-related impacts arise primarily from land use associated with manufacturing operations, water withdrawal and discharge, emissions, waste generation and upstream raw material sourcing. These impacts are managed through environmental compliance, site-level monitoring, internal environmental audits, supplier engagement, operational controls, and project-level screenings.

Haycarb's business model is also dependent on ecosystem services, particularly the availability of coconut shells as a renewable raw material and water required for production, washing and ancillary operations. The resilience of agricultural systems, rainfall patterns, soil health and water availability therefore remain important to long-term raw material security and operational continuity.



Approach	How Haycarb applies it	Related initiatives
Avoid	Environmental screenings and regulatory approvals are carried out prior to site-level modifications, infrastructure upgrades and renewable energy installations to avoid or minimise potential impacts on surrounding ecosystems.	Project-level environmental screening, compliance with environmental approvals, site-level planning.
Minimise	Operational impacts are managed through pollution prevention, water stewardship, effluent treatment, waste segregation, emissions management, and environmental audits.	ETPs, RO systems, waste management, ISO 14001, energy and emissions reduction.
Restore / enhance	Selected operational spaces are enhanced through green areas, pollinator gardens, ecological buffers and use of compost and recycled water.	Pollinator gardens at Madampe and Badalgama, green spaces in Thailand, vegetation initiatives.
Conserve	Haycarb supports species and habitat conservation beyond its operational boundaries through targeted partnerships.	Behold the Turtle program with the Department of Wildlife Conservation.
Strengthening ecosystem resilience	Value-chain initiatives support coconut cultivation, farmer resilience, and long-term raw material availability.	Eastern Province coconut seedling distribution, Sustainable Charcoaling initiatives such as Haritha Angara and supplier engagement.

Haycarb PLC does not currently use biodiversity offsets.

while supporting habitat enhancement and conservation initiatives where feasible.

BEHOLD THE TURTLE: SUPPORTING SEA TURTLE CONSERVATION

GRI: 101-2

Haycarb's Behold the Turtle program continued to support sea turtle conservation in Sri Lanka through its long-standing partnership with the Department of Wildlife Conservation. The initiative contributes to the protection of sea turtle nesting sites, safeguarding of eggs, assisted release of hatchlings, maintenance of hatchery facilities, and systematic recording of nesting and hatching data.

During the 2025/26 season, the program recorded 150 nests and protected 16,545 eggs, the highest number of eggs recorded since the commencement of the initiative. A total of 11,781 hatchlings were released to the sea during the year. The season also recorded higher sand temperatures, which presented additional challenges for hatchling success and nest management. Hatchling outcomes may vary from season to season due to natural factors such as sand

temperature, weather patterns, predation and nest viability.

In December 2025, conservation activities were relocated to Peanut Farm Beach, south of Arugam Bay, to strengthen site-level conservation efforts in a high-priority nesting area. The program continued to be implemented in line with its established objectives, supported by employee volunteer

participation and the sustained collaboration of the Department of Wildlife Conservation.

Through Behold the Turtle, Haycarb contributes to biodiversity conservation beyond its operational boundaries, reinforcing the RESTORE pillar of the ACTIVATE 2030 ESG Roadmap and supporting broader ecosystem stewardship in coastal habitats.



NATURAL CAPITAL



Behold the Turtle: Conservation Progress:

Season	Year	No. of eggs protected	No. of hatchlings released
Season 1	2020/21	4,048	2,051
Season 2	2021/22	2,024	1,200
Season 3	2022/23	5,635	3,969
Season 4	2023/24	10,894	4,223
Season 5	2024/25	15,725	10,467
Season 6	2025/26	16,545	11,781

Note: Nest-level data was recorded for the 2025/26 season, during which 150 nests were recorded. Hatchling release numbers may vary across seasons due to natural conditions such as sand temperature, weather patterns, predation and nest viability.

Through this initiative, Haycarb contributes to the protection of marine biodiversity and coastal ecosystems beyond its operational footprint.

SUPPORTING COCONUT CULTIVATION IN THE EASTERN PROVINCE

GRI: 101- 2, 8

As part of Haycarb’s commitment to strengthening raw material resilience and supporting rural livelihoods, the Group continued its coconut seedling distribution initiative in the Eastern Province of Sri Lanka. Implemented in partnership with the Coconut Cultivation Board, the program supports

national efforts to expand coconut cultivation beyond the traditional Coconut Triangle, including the development of coconut-growing areas in the North and East.

Under this initiative, Haycarb supports farmers by bridging the cost gap after the Government subsidy, enabling coconut seedlings to be provided to farmers free of charge. This model strengthens farmer participation by reducing the upfront cost of cultivation, while supporting the long-term expansion of coconut planting in areas with suitable agricultural potential.

During the year, the program supported 784 farmers across Ampara and Batticaloa,



SUPPORTING COCONUT CULTIVATION IN THE EASTERN PROVINCE



Farmers supported

784



Districts covered

Ampara and Batticaloa



Coconut seedlings distributed

35,786



Farmer-owned land supported for coconut planting

558 Acres



Implementation partner

Coconut Cultivation Board

distributing 35,786 coconut seedlings for planting across approximately 558 acres of farmer-owned land. In addition to supporting farmer livelihoods, the initiative contributes to the long-term resilience of Haycarb’s coconut-based value chain by encouraging the establishment of future coconut cultivation capacity in Sri Lanka.

The latter part of the year presented implementation challenges, particularly following Cyclone Ditwah, which caused widespread flooding, landslides and agricultural disruption across Sri Lanka. The cyclone affected all districts and created significant challenges for agricultural recovery and replanting, including nursery and seedling management.

Despite these conditions, Haycarb and its partners continued to progress the programme, reflecting the Group's commitment to long-term value chain resilience, farmer support and environmental stewardship under the UPLIFT and RESTORE pillars of the ACTIVATE 2030 ESG Roadmap.

While primarily focused on strengthening raw material resilience and farmer livelihoods, the initiative also contributes to maintaining vegetative cover and supporting agro-ecosystems in emerging coconut-growing regions.

EMBEDDING BIODIVERSITY WITHIN INDUSTRIAL LANDSCAPES

GRI: 101-2

Haycarb continued to strengthen site-level biodiversity initiatives during the year, with

a focus on integrating nature-based spaces within operational environments. These initiatives support the RESTORE pillar of the ACTIVATE 2030 ESG Roadmap by improving ecological value at selected sites, while also encouraging employee engagement with environmental stewardship. For more information on ACTIVATE ESG Roadmap please see page X

At the Madampe and Badalgama sites, pollinator gardens were maintained as functional habitats for butterflies, bees and other indicator species. The Madampe pollinator garden repurposed an underutilised area into a living ecological buffer using native and adapted plant species, recycled water and compost generated on site. In addition to supporting pollinator activity, the presence and diversity

of these species provide a practical, low-tech indication of site-level environmental conditions, complementing formal environmental monitoring systems.

In Thailand and Indonesia, vegetable gardens and green spaces continued to be maintained within factory premises, supporting local biodiversity while strengthening employee connection to food systems, land stewardship and resource-conscious practices. Together, these initiatives demonstrate how manufacturing sites can contribute to ecological value alongside core production activities.

Key Site Level Initiatives

Initiative	Location	Key contribution
Pollinator gardens	Madampe and Badalgama, Sri Lanka	Support habitats for butterflies, bees and other pollinator species within industrial premises
Ecological buffer using native and adapted plants	Madampe and Badalgama, Sri Lanka	Repurposes underutilised space while using recycled water and site-generated compost
Vegetable gardens and green spaces	Thailand operations	Support local biodiversity and employee engagement with food systems and land stewardship
Recycled water and compost use	Selected sites in Sri Lanka, Thailand and Indonesia	Strengthens circular resource use in maintaining biodiversity spaces

These initiatives support habitat creation at site level and demonstrate how operational spaces can incorporate ecological value alongside industrial activity.

HAYCARB'S KEY ECOSYSTEM SERVICE DEPENDENCIES AND CONTRIBUTIONS

GRI: 101-8

Ecosystem service category	Relevance to Haycarb	How it is addressed
Provisioning services	Coconut shells and coconut shell charcoal are key renewable raw materials for activated carbon production. Water is also required for production, washing, and ancillary operations.	Responsible coconut shell and charcoal sourcing, supplier engagement, coconut seedling distribution in the Eastern Province, rainwater harvesting, RO-enabled water reuse and water risk assessment using WRI Aqueduct.
Regulating services	Climate regulation, water regulation, soil stability and coastal protection influence raw material availability, operational resilience and community wellbeing.	Renewable and recovered energy use, emissions reduction initiatives, water stewardship, effluent treatment, sustainable charcoaling and climate adaptation planning.
Supporting services	Pollination, soil health and habitat quality support agricultural productivity and ecosystem resilience across coconut-growing landscapes.	Pollinator gardens, ecological buffers, native/adapted planting, compost use, recycled water use and coconut cultivation support.
Cultural services	Coastal ecosystems and biodiversity contribute to conservation awareness, employee engagement and community connection to nature.	Behold the Turtle program, employee volunteer participation, environmental awareness and site-level green spaces.

NATURAL CAPITAL



WAY FORWARD

While Haycarb does not currently maintain a standalone company-level biodiversity target under ACTIVATE, it contributes to the broader biodiversity direction set

by Hayleys LifeCode and continues to integrate biodiversity considerations into responsible sourcing, water stewardship, climate resilience, circularity and site-level habitat enhancement initiatives.

Going forward, Haycarb will explore opportunities to strengthen biodiversity monitoring, enhance site-level initiatives and progressively define more site-relevant indicators, including practical measures for tracking habitat enhancement and ecosystem condition where feasible

NATURAL CAPITAL CONNECTIVITY

1. STRATEGIC PRIORITIES ENABLED

- » ESG Mindset
- » Strengthen Global Supply Chain
- » Innovation-Led Growth
- » Market Growth
- » Purpose-Driven & Committed Teams

Key Strategic Focus Areas

- » Renewable energy transition
- » Climate adaptation & resilience
- » Sustainable sourcing
- » Water stewardship
- » Circularity & waste reduction

2. MATERIAL TOPICS CONNECTED

- » M11 Energy Consumption
- » M10 Emissions & Air Quality
- » M1 Materials
- » M12 Environmental Impacts in Supply Chain
- » M16 Water Discharge & Effluents
- » M2 Regulations & Compliance
- » M6 Technology & Product Innovations
- » M17 Operational Safety & Emergency Preparedness

3. RISKS & OPPORTUNITIES CONNECTED

Principal Business Risks

- » PBR1 Raw Material Procurement
- » PBR 3 Compliance Risk

SRROs / CRROs

- » SRRO 1: Environmental Compliance and Regulatory Tightening Risk
- » CRRO 1 Climate Risk to Raw Material Supply
- » CRRO 2 Physical climate-related water risk
- » CRRO 3 Scaling Renewable Energy Adoption

Strategic Responses

- » ACTIVATE 2030 ESG Roadmap
- » Renewable energy expansion
- » Green charcoaling integration
- » Climate adaptation planning

4. CAPITAL CONNECTIVITY

Financial Capital	Intellectual Capital	Human Capital	Social & Relationship Capital	Natural Capital	Digital Capital
Supports sustainability investments and renewable energy transition	Improves operational efficiency and resilient infrastructure	Supports sustainable innovation and process optimisation	Supports climate awareness, safety and workforce resilience	Strengthens supplier engagement and community stewardship	Supports environmental monitoring and climate data management

5. CAPITAL TRADE-OFFS

Strategic Initiative	Capital Strengthened	Capital Potentially Pressured	Nature of Trade-Off
Renewable energy investments	Natural Capital / Manufactured Capital	Financial Capital	Higher short-term capital expenditure
Green charcoaling expansion	Natural Capital / Social & Relationship Capital	Financial Capital	Longer investment payback periods
Water recycling and reuse systems	Natural Capital / Manufactured Capital	Financial Capital	Increased operational and maintenance costs
Climate adaptation infrastructure	Manufactured Capital / Natural Capital	Financial Capital	Higher resilience investment requirements
Sustainable sourcing initiatives	Natural Capital / Social & Relationship Capital	Manufacturing Capital	Supplier transition and sourcing complexity

6. LONG-TERM VALUE CREATION

» Enhanced climate resilience	» Improved renewable energy utilisation
» Stronger raw material sustainability	» Reduced environmental footprint
» Improved water stewardship	» Enhanced supply chain resilience
» Better regulatory readiness	» Improved operational efficiency
» Strengthened stakeholder trust	» Long-term sustainable growth

CONTRIBUTION TO SDG's





INTELLECTUAL CAPITAL



Innovation and long-term value creation at Haycarb are driven by the strength and potential of our people. We cultivate a supportive environment where wellbeing is prioritised, talent is developed, and individuals are empowered to grow and contribute to sustainable progress.

Much like the horizon that continually shifts forward as we move towards it, our teams embrace change with agility, continuously building capabilities and expanding their skills to navigate opportunities beyond today's boundaries.

PRASANNA UDAYA KUMARA
Director – Research & Development and Technical

STRATEGIC ROLE

Intellectual Capital strengthens innovation, differentiation and long-term market leadership through technical expertise, research capability and continuous product development. Investments in R&D support emerging applications including energy storage carbons and advanced purification solutions.

MANAGEMENT APPROACH

We manage Intellectual Capital through investments in research capability, technical training and collaborative innovation initiatives. Our approach strengthens scientific expertise, product innovation and process optimisation while leveraging digital technologies and analytical capabilities.

OUR STRATEGIC PRIORITIES IN 2025/26



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 2025/26

14
Nos.

New products Launched

3
Nos.

Products in Pipeline

Rs.
261
Mn

Investment in R&D

Rs.
1,163
Mn

Savings from Process Improvements



**916**
Rs. Mn

Revenue generated from new products during 2025/26

**50+**
Years

Organisational Tacit Knowledge

**>100**
%

Increase in lean savings

**6**
Nos.

Recertification

FUTURE OUTLOOK

Innovation and technical differentiation are expected to become increasingly important competitive drivers. Continued advancements in research capability, AI-assisted analytics and product innovation will support emerging applications and strengthen long-term market positioning.

DIGITALISATION

Haycarb's digitalisation journey strengthened Intellectual Capital through integrated technologies, data-driven insights, and scalable platforms, enhancing innovation, agility, and brand value while driving progress beyond the horizon in evolving global markets.

VALUE CREATED IN 2025/26

- » A strategic commitment to sustainable innovation enabling the development of new, cutting-edge products that advance global sustainability priorities.
- » Investments in research and development to maintain a strong product pipeline for emerging applications.
- » Elevated the technical skills and competencies of our team through specialised training opportunities in emerging applications.
- » Upgraded laboratory capabilities for advanced carbon testing and research to drive innovation.
- » Strengthened global brand visibility through targeted strategic marketing initiatives.

WAY FORWARD

Short Term and going forward

- » Maintain our emphasis on sustainable innovation.
- » Ongoing R&D to facilitate product innovation for emerging opportunities.
- » Deliver process excellence in compliance with numerous external accreditations.
- » Sustained focus on up skilling our teams in emerging technical domains.
- » Foster an innovation culture that promotes scientific experimentation.

32

Nos. Certifications

>1,500

Activated Carbon products

>100

Environmental Engineering products & Solutions

INTELLECTUAL CAPITAL

THE GROUP CONTINUES TO STRENGTHEN AND SCALE ITS INTELLECTUAL CAPITAL THROUGH INVESTMENTS IN ADVANCED LABORATORY CAPABILITIES, MULTIDISCIPLINARY RESEARCH EXPERTISE, DIGITALISATION, AND STRATEGIC INNOVATION IN EMERGING APPLICATION AREAS SUCH AS ENERGY STORAGE CARBONS, WATER PURIFICATION, AND AIR PURIFICATION SOLUTIONS.



GOVERNANCE OF INTELLECTUAL CAPITAL

Haycarb PLC maintains structured governance over its intellectual capital to support sustainable innovation, operational excellence, and long-term competitiveness. Governance mechanisms oversee research and development activities, digital systems, cybersecurity, data integrity, and the responsible adoption of emerging technologies, including Artificial Intelligence (AI). The Board and management provide oversight on innovation investments, technology-related risks, and knowledge management practices to ensure that intellectual assets remain aligned with strategic priorities and future growth opportunities.

Protecting and Scaling Intellectual Property

Haycarb PLC protects its intellectual property through robust confidentiality practices, controlled access protocols, cybersecurity frameworks, and secure digital systems that safeguard proprietary process technologies, specialised formulations, technical know-how, and research data.

The Group continues to strengthen and scale its intellectual capital through investments in advanced laboratory capabilities, multidisciplinary research expertise, digitalisation, and strategic innovation in emerging application areas such as energy storage carbons, water purification, and air purification solutions.

CREATING VALUE THROUGH SUSTAINABLE INNOVATION

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

ACCELERATING INNOVATION

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 2025/26 aimed primarily to enhance value for customers in emerging applications

and resulted in the introduction of 14 new products. Our innovation focus areas in 2025/26 are summarised below.



TALENT -OUR FUTURE READINESS

Strengthened multi-disciplinary R&D teams, Enhanced our technical competencies in emerging domains such as battery technologies, adsorption science and advanced analytical techniques.



ENHANCED CARBON TESTING CAPABILITIES

Upgraded laboratories with advanced testing capabilities to strengthen activated carbon performance evaluation, including micro level impurity detections and electrochemical performance testing.



INVESTMENTS IN RESEARCH AND DEVELOPMENT

Focused on scaling advanced carbon technologies.



ARTIFICIAL INTELLIGENCE AND DIGITAL INNOVATION

Artificial Intelligence and digital technologies support innovation by improving efficiency, enabling data-driven insights, and accelerating product and process development.

TALENT – OUR FUTURE READINESS

A highly skilled R&D team

Our team of over 30 chemists and specialist professionals drive our innovation, enabling the development of new products for emerging applications that consistently fulfill and exceed customer expectations. During

the year under review, we strengthened team capabilities in electrochemistry and analytical chemistry through specialist talent recruitment and collaboration within multi-disciplinary R&D teams.

We also strengthened team capabilities by facilitating opportunities for specialist training and development in emerging domains

such as battery technologies, adsorption science and advanced analytical techniques. These opportunities included exposure to global exhibitions, advanced manufacturing technologies, and industry webinars.

ENHANCED CARBON TESTING CAPABILITIES

World class laboratory capabilities

Consistent investments in upgrading our research and testing laboratories have accelerated innovation in emerging domains such as battery technologies. During the year under review, we strengthened our capabilities in electrochemical testing to support innovation in energy storage applications through installing a cylindrical battery assembly line.

We also invested in world-class material characterisation analysers to capture minute deviations in high throughput surface area, pore size and laser particle size to facilitate the development of new formulations and processes. This elevated product performance while enabling the expansion of our value-added product range.



INTELLECTUAL CAPITAL

OUR TECHNOLOGICAL EXCELLENCE

**HIGH PURITY ACID WASHING TECHNOLOGY**

An in-house innovation to obtain ultra-pure products for Energy Storage applications.

**HIGH SURFACE AREA ACTIVATION TECHNOLOGY**

Internally developed process technology to produce carbons for specialty applications.

**SURFACE MODIFICATION TECHNOLOGY**

An innovative technology to support the manufacture of carbons for supercapacitor and Si-C composite carbons.

**IMPREGNATION TECHNOLOGY**

Technology to change the surface nature of activated carbons to increase affinity to various contaminants in air and liquids.

**PRECISION SIZE TECHNOLOGY**

Specialised processes to consistently achieve the narrow size distributions required for energy storage carbons.

**RECOGEN TECHNOLOGY**

Patented technology that utilises the heat generated from closed system charcoaling to generate electricity which is supplied to the National Grid.

**REGENERATION TECHNOLOGY**

An environmentally friendly technology that restores used carbon to 97% of its original adsorption capacity, allowing for multiple reuses.



Through continuous innovation and advanced carbon technologies, Haycarb delivers solutions for a cleaner energy, cleaner air and a better environment.

Cutting-edge innovation for a more sustainable tomorrow

Aligned with its sustainable innovation strategy, Haycarb developed numerous new products focused on energy storage, water and air purification applications in 2025/26. A summary of new products, we launched during the year under review and the attributes that underpinned their strong market position are summarised below.



New Products

14

ENERGY STORAGE CARBONS

Activated carbon for Silicon – Carbon Composite Materials

The outstanding surface area and pore volume of our premium carbon product for Silicon Carbon composite materials enables superior battery efficiency and extended cycle life. Silicon-carbon composite materials are a breakthrough in battery technology, offering higher energy density that enables extended driving range and fast charging in electric vehicles. This advanced product is utilised in applications such as renewable energy storage and smart grid management systems, power tools, and Unmanned Aerial Vehicles (UAVs).



New products in 2025/26

3



WATER PURIFICATION SOLUTIONS

Haycarb's activated carbon solutions support sustainable water purification across domestic, industrial, and municipal applications. Produced from renewable coconut shell-based raw materials, these solutions effectively remove contaminants including VOCs, heavy metals, PFAS, and organic impurities. Engineered with high adsorption efficiency and optimised pore structures, they deliver reliable performance and enhanced water quality while supporting responsible water management, environmental protection, and global access to safe and sustainable water resources for industrial pollutants, hazardous chemicals, wastewater discharge, and landfill leakage.

New products in 2025/26



PFAS

1



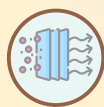
Others

6



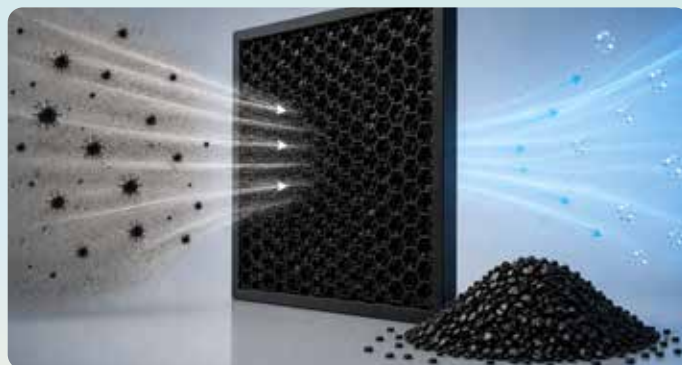
AIR PURIFICATIONS SOLUTION

Haycarb's activated carbon products help improve air quality and environmental health through advanced purification solutions for industrial, environmental, and personal protection uses. Made from renewable raw materials, they efficiently remove VOCs, odors, hazardous gases, and airborne pollutants. They are widely applied in emission control, respirators, solvent recovery, and bio gas purification systems, supporting regulatory compliance and energy efficiency. These solutions promote sustainable industrial development while reducing environmental impact and improving air quality for future generations.



New products
in 2025/26

3



INTELLECTUAL CAPITAL

PHARMACEUTICAL APPLICATIONS

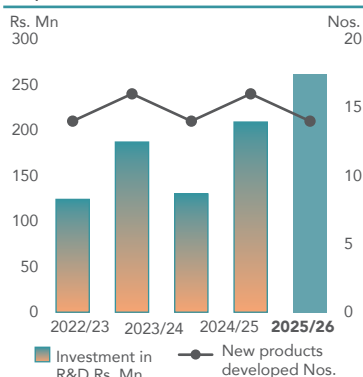
Haycarb's coconut shell-based pharmaceutical-grade activated carbon that meets strict pharmacopoeia and quality standards for the healthcare and pharmaceutical industries. With high surface area and specialised pore structure, it enables effective impurity removal, purification, and solvent recovery in API and drug manufacturing. These sustainable products also support cosmetics and personal care applications for deep cleansing.



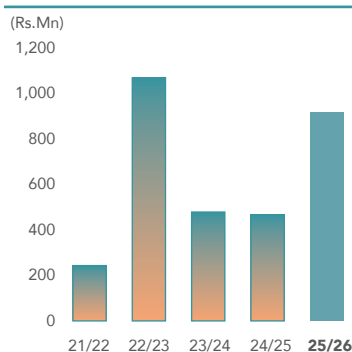
New products
in 2025/26

1

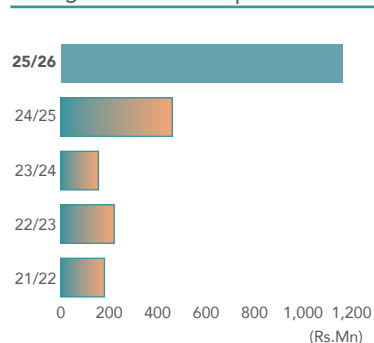
Capacity to Innovate



Revenue from New Products



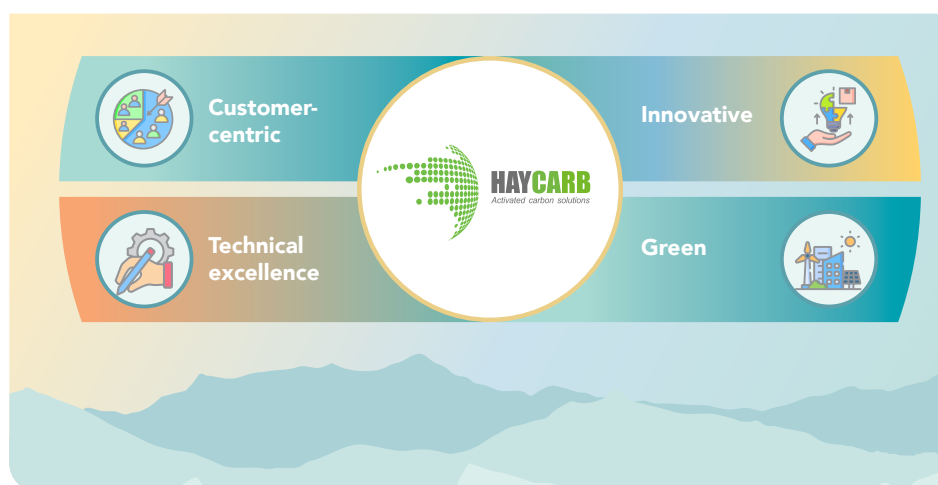
Savings from Process Improvements



THE HAYCARB BRAND AND COMPETITIVE RESILIENCE

Haycarb's globally recognised brand is a strategic asset that enhances customer trust, supports premium market positioning, and strengthens long-term competitiveness across international markets. Built on over five decades of technical expertise, sustainability leadership, and consistent product quality, the brand enables differentiated value creation in advanced applications while strengthening resilience against evolving market, regulatory, and competitive dynamics. Long-standing customer relationships, innovation capabilities, and trusted operational standards continue to reinforce Haycarb's position as a preferred global activated carbon solutions provider, while supporting the effective management of SRROs and

OUR BRAND ATTRIBUTES



CRROs through enhanced market resilience, stakeholder confidence, and sustainable growth opportunities.

QUALITY, STANDARDS & ASSURANCE

We adhere to a wide range of local and internationally recognised certifications relating to quality, food safety, environmental management, and occupational health and safety. These certifications reinforce our commitment to operational excellence, continuous improvement, and compliance with global best practices, while providing assurance to customers and stakeholders on the integrity and reliability of our business 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 » 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	

INTELLECTUAL CAPITAL

Haycarb Group	Quality Management	Food Safety Management	Environmental Management	Occupational health and safety
Shizuka – Thailand	» ISO 9001: 2015 Recertification by SGS – Thailand		» ISO 14001:2015	
Eurocarb Products – UK	» ISO 9001: 2015 Certification » REACH registration		» ISO 14001:2015	
Puritas Sri Lanka	» ISO 9001: 2015 Recertification by SLSI – Sri Lanka » C1 Grade on Main Construction Contractor's Registration for water supply and sewerage - CIDA Sri Lanka » EM1 Grade on Specialist Construction Contractor's Registration for heavy steel fabrication, plumbing and drainage works and electrical installation - CIDA Sri Lanka			




















INTELLECTUAL CAPITAL CONNECTIVITY

1. STRATEGIC PRIORITIES ENABLED

- » Innovation-Led Growth
- » Market Growth
- » ESG Mindset
- » Strengthen Global Supply Chain

Key Strategic Focus Areas

- » Sustainable innovation
- » Product development
- » Research & development
- » Artificial Intelligence integration
- » Technical excellence
- » Brand strengthening
- » Process innovation

2. MATERIAL TOPICS CONNECTED

- » M6 Technology & Product Innovations
- » M4 Product Quality
- » M3 Customer Satisfaction
- » M13 Cyber Security
- » M9 Manufacturing Capabilities
- » M2 Regulations & Compliance
- » M11 Energy Consumption
- » M12 Environmental Impacts in Supply Chain

3. RISKS & OPPORTUNITIES CONNECTED

Principal Business Risks

- » Innovation Obsolescence Risk
- » Product Quality Risk
- » Market Competitiveness Risk

SRROs / CRROs

- » SRRO 2: Workforce Capability and Skilled Labour Availability Risk
- » CRRO 4 Growing market demand for value-added carbons

Strategic Responses Investment in R&D

- » AI-enabled innovation
- » Product pipeline strengthening
- » Laboratory upgrades
- » Process innovation
- » Technical capability enhancement

4. CAPITAL CONNECTIVITY

Financial Capital	Intellectual Capital	Human Capital	Social & Relationship Capital	Natural Capital	Digital Capital
Supports premium products, revenue growth and long-term profitability	Strengthens process efficiency and manufacturing innovation	Builds technical competencies, scientific expertise and innovation culture	Enhances customer trust, brand value and stakeholder confidence	Supports sustainable product innovation and environmental solutions	Enables AI, data analytics and digital innovation capability

5. CAPITAL TRADE-OFFS

Strategic Initiative	Capital Strengthened	Capital Potentially Pressured	Nature of Trade-Off
Investment in R&D and laboratories	Intellectual Capital / Digital Capital	Financial Capital	Higher short-term research and technology expenditure
Development of innovative sustainable products	Intellectual Capital / Natural Capital	Manufacturing Capital	Longer product development and commercialisation cycle
AI-enabled innovation and analytics	Intellectual Capital / Digital Capital	Human Capital	Capability transition and upskilling requirements
Strengthening certifications and compliance	Intellectual Capital / Social & Relationship Capital	Financial Capital	Higher compliance and certification costs
Process innovation initiatives	Intellectual Capital / Manufactured Capital	Human Capital	Operational adaptation and process transition requirements

6. LONG-TERM VALUE CREATION

» Enhanced innovation capability	» Sustainable product innovation	» Enhanced customer trust
» Strengthened global competitiveness	» Improved market resilience	» Higher process efficiency
» Improved product quality	» Future-ready product portfolio	

CONTRIBUTION TO SDG'S





HUMAN CAPITAL



At Haycarb, Horizon reflects our commitment to building a future-ready workforce. By fostering wellbeing, continuous learning, and professional growth, we empower our people to adapt, innovate, and create long-term value. Through Horizon, we invest in the capabilities that drive sustainable business growth and strengthen our resilience in an evolving world. By nurturing a culture of agility, collaboration, and excellence, we equip our employees with the skills, knowledge, and confidence to navigate change, seize new opportunities, and contribute to Haycarb's long-term success.

BRAHMAN BALARATNARAJAH
Deputy Managing Director

STRATEGIC ROLE

Human Capital supports operational resilience, innovation and organisational adaptability through a skilled and engaged workforce. Leadership development, employee wellbeing and continuous learning remain essential in supporting sustainable growth and manufacturing excellence.

MANAGEMENT APPROACH

We manage Human Capital through learning programmes, leadership development initiatives, succession planning and employee wellbeing practices. Our approach strengthens workplace safety, technical competencies and employee engagement while fostering an inclusive performance-driven culture.

OUR STRATEGIC PRIORITIES IN 2025/26



Talent attraction & retention



Diversity, equity and inclusion



Training and development



Employee wellbeing



Technology, digital & AI transformation



An engaged workforce & integrated culture

PROGRESS MADE IN 2025/26 TOWARDS ACHIEVING OUR ESG ASPIRATIONS

14.7
%

Employee Attrition
MISSED

1

No. of serious workplace injuries / Occupational diseases
MISSED

31.1

No. of hours of training per employee per annum
ON TRACK

100
%

% of permanent employees receiving performance appraisals.
ACHIEVED

**5.58**
Rs. Bn

(+14%) Payments to employees

**7.4**
Rs. Mn

(-22.9%) Invested in training and development

**119.7**
Rs. Mn

(+71%) Invested in occupational health and safety

**85.3**
%

(-6.2%) Employee retention rate

FUTURE OUTLOOK

Workforce adaptability, technical capability and leadership resilience will become increasingly important as operations become more technology-driven. Continuous learning, leadership succession and employee wellbeing will remain priorities in supporting future-ready organisational capability.

DIGITALISATION

Digitalisation and AI underpin our human capital strategy, fostering innovation, learning, and efficiency. AI-powered platforms, e-learning, and HRIS systems enable personalised development, employee-led digital solutions, data-driven decisions, and the growth of an agile, future-ready workforce

VALUE CREATED IN 2025/26

- » Improved HR governance by establishing a Health and safety management system to ensure occupational health and safety.
- » Strengthened and continue to strengthen occupational health and safety practices by;
 - o Implementation of a boiler digitalisation programme to enhance the safety environment at production facilities.
 - o Provide appropriate Personal protective Equipment and regular trainings to employees.
- » Strengthened talent pipelines through strategic partnerships with universities across Sri Lanka and active participation in career fairs.
- » Fostered employee growth and career advancement through sustained investment in training and development.
- » Fostered a culture of collaboration and belonging through numerous engagement activities.
- » Leveraged digitalisation and applied AI knowledge gained through extensive training programs to enhance employee learning and improve productivity across the workforce.
- » Established a Diversity, Equity and Inclusion Policy and an internal framework to strengthen diversity and inclusion within Haycarb.

WAY FORWARD

Long Term

- » Strengthen leadership pipelines through robust succession planning.
- » Evolve our employee value proposition in line with employee needs and expectations.
- » Sustain a strong focus on occupational health and safety, while continuously advancing overall employee wellbeing.
- » Leverage digital and AI-enabled solutions to enhance the efficiency, responsiveness, and effectiveness of Human Capital processes and service delivery.

**2,084**

Across 8 countries

1,979

Activated Carbon Segment

105

Environmental Engineering Segment

HUMAN CAPITAL

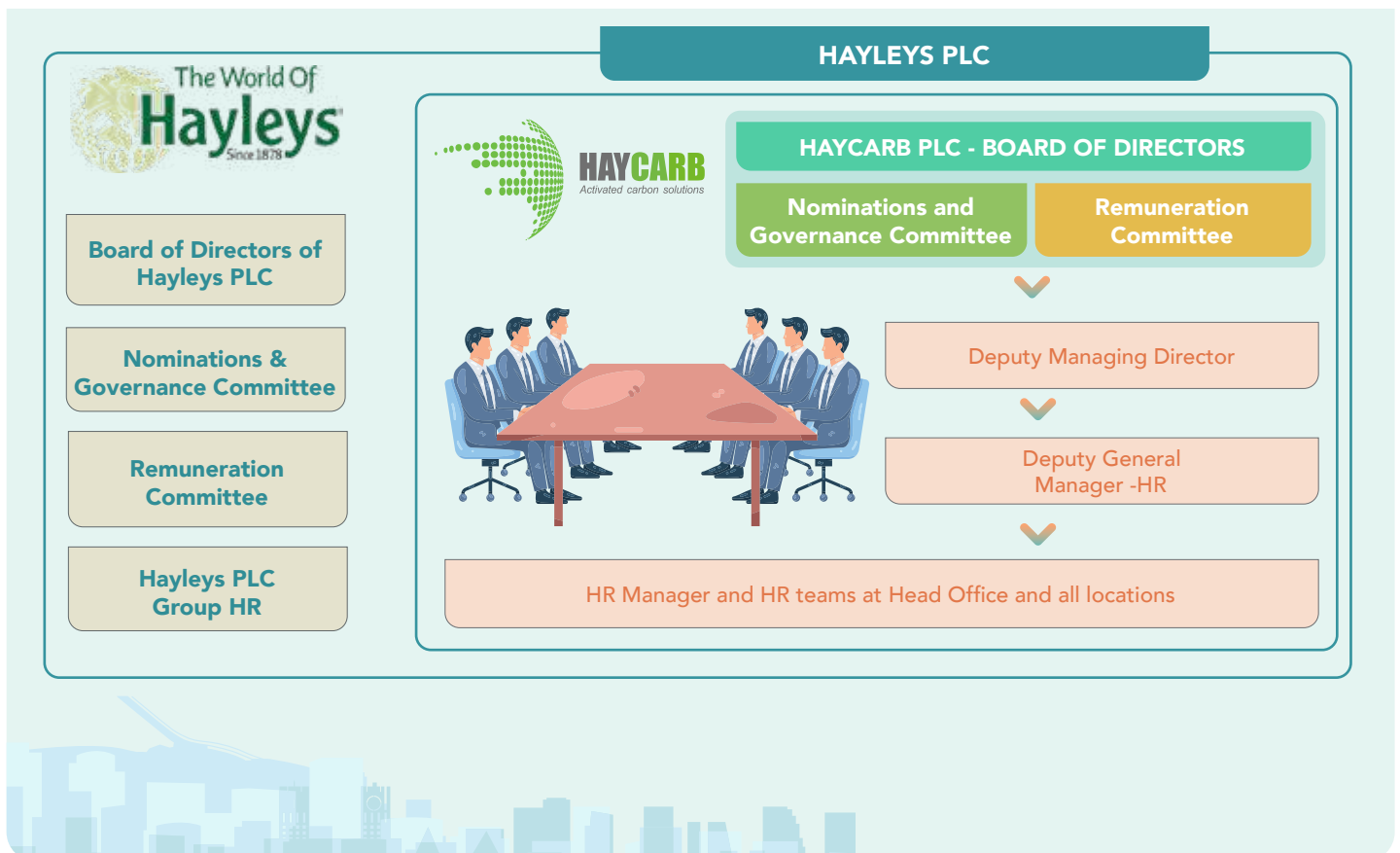
OUR ABILITY TO DRIVE INNOVATION AND SUSTAIN HIGH PERFORMANCE IS POWERED BY THE STRENGTH AND CAPABILITY OF OUR PEOPLE. WE ARE DEDICATED TO SHAPING A FUTURE-READY WORKFORCE THROUGH CONTINUOUS LEARNING, DIVERSE OPPORTUNITIES, AND AN INCLUSIVE ENVIRONMENT WHERE EMPLOYEE WELL-BEING REMAINS CENTRAL TO LONG-TERM SUCCESS.

HR GOVERNANCE

Our approach to people management is grounded in fairness, consistency, and respect for human rights across all countries of operation. The Group's HR governance framework is closely aligned with our parent company, Hayleys PLC, ensuring consistency in policies, procedures, and people practices, while complying with country specific labour laws, regulatory requirements, and globally accepted human rights standards.

The Group's human resource policy framework is centrally developed at the

Head Office in Sri Lanka and implemented across all operations through Country Heads and dedicated on site HR teams. Policy development follows a structured and inclusive approach, incorporating local legal requirements, international labor standards, and best practices in ethical employment. A comprehensive suite of employment policies provides a consistent foundation for effective people management across the Group, covering key areas such as recruitment, performance management, learning and development, talent management and grievance handling thereby ensuring the equitable, transparent, and respectful treatment of all employees.





HAYCARB'S HR POLICIES

TALENT MANAGEMENT	HUMAN RIGHTS AND ETHICAL PRACTICES	SAFE PLACE TO WORK	GRIEVANCE MECHANISMS	INDUSTRIAL RELATIONS	DISCIPLINARY	DIVERSITY, EQUITY AND INCLUSION
» Recruitment and selection » Learning and development » Talent management and succession planning » Performance management » Remuneration policy	» Human rights policy » No forced labour policy » Minimum age policy » No discrimination policy » Whistleblower policy » Parental leave policy	» Health and safety policy » No harassment and abuse policy » Anti-sexual harassment policy	» Grievance handling policy	» Industrial relations policy	» Disciplinary management policy	» DEI policy

DIVERSITY, EQUITY AND INCLUSION (DEI) POLICY INTRODUCED IN 2025/26 GRI: 406-1

A significant milestone in the Company's human capital journey is the strengthened focus on the Diversity, Equity and Inclusion (DEI) policy. This initiative is actively shaping a more inclusive workplace culture by embedding fairness and equal opportunity into recruitment, development, and career progression practices. Through awareness programmes and inclusive HR practices, DEI is helping to ensure that diversity is not only respected but actively leveraged as a source of strength for innovation and performance.

During the year under review, no incidents involving violations of the Company's Diversity, Equity and Inclusion (DEI) Policy were reported.

As a result of the robust human resource policies and people-centric practices implemented across the Group, Haycarb continued to achieve the following outcomes during the year, reflecting our ongoing commitment towards employee wellbeing, engagement, talent development and organisational excellence.



Zero tolerance for child labour and compulsory or forced labour



Respecting Non discrimination, Labour Rights and human Rights



Zero tolerance on bribery, corruption & anti-sexual harassment

In addition, all existing policies were reviewed to ensure continued relevance and alignment with evolving regulatory requirements and prevailing industry best practices.

HUMAN CAPITAL

HAYCARB'S HR STRATEGY

Haycarb's HR strategy is crafted centrally at the Head Office in Sri Lanka and implemented by the on-site HR functions at each operational location. The Group's HR strategy is developed in alignment with its strategic priorities and is underpinned by its purpose and ESG aspirations.



BUSINESS STRATEGY


**PURPOSE
STATEMENT –
'EMPOWER'**

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


**HAYCARB'S HR
STRATEGY**

**ACTIVATE –
'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.


**EMPLOYEE
WELLBEING**

**TALENT
DEVELOPMENT**

**TALENT
ATTRACTION AND
RETENTION**

**DIVERSITY AND
INCLUSIVITY**

**AN ENGAGED
WORKFORCE
& INTEGRATED
CULTURE**

**TECHNOLOGY, DIGITAL
& AI
TRANSFORMATION**

OUR TALENT PROFILE AND STABILITY

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

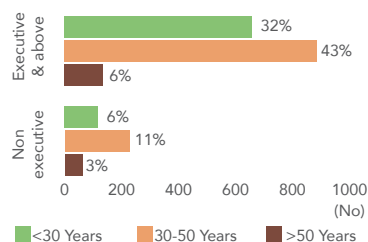
- » Operations across 8 countries, with a strong emphasis on local employment
- » Predominantly permanent workforce, supporting operational continuity
- » High average tenure, reflecting strong retention and organisational loyalty
- » Zero tolerance for child labour, forced labour, or discrimination

Our team of 2,084 employees operate across 8 countries with approximately 64% based in Sri Lanka. Approximately 492 outsourced staff operated within our premises in 2025/26 and engaged in non-core activities at production locations. Part-time employment is not practiced within the organisation. Our HR policy framework strictly prohibits child labour and forced or compulsory labour, with no such incidents reported during the year under review.

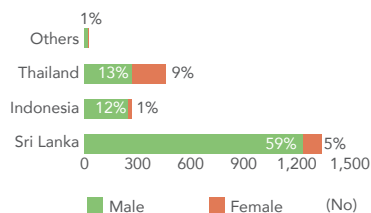
The Group places strong emphasis on recruiting from local communities. Accordingly, all management positions in Sri Lanka were held by Sri Lankans while approximately 57% and 67% of positions in Indonesia and Thailand were held by individuals from the respective countries. Since the Group's staff composition did not include individuals from indigenous communities, no incidents of violations involving the rights of indigenous people were recorded during the year under review.

GRI: 401-1, 405-1

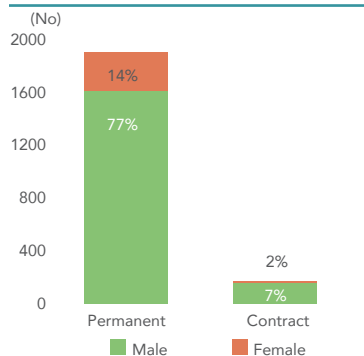
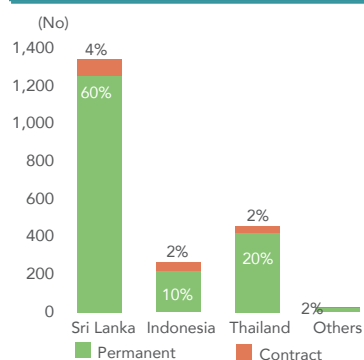
Age Analysis of Employees



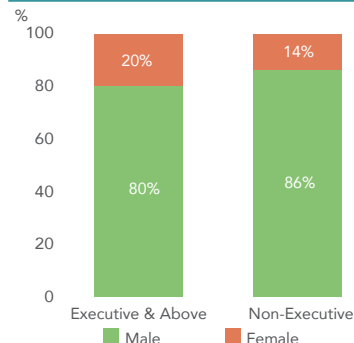
Employees by Region and Gender

OUR SKILLS QUALIFICATIONS
AND EXPERTISE

Our innovative business model sets a high standard for talent aligned with the values of innovation, integrity, and dynamism.

Employees by Employment
Type and GenderEmployees by Employment
Type and Gender

With the horizon firmly focused on long-term leadership, our HR strategy combines disciplined talent acquisition with strong knowledge management to ensure the sustained availability of critical competencies

Team Composition by Employee
Category

essential for enduring competitive advantage.

In shaping the future, Haycarb's candidate profile is aligned with the following attributes:

- » Technically competent and safety-conscious professional with a strong foundation in manufacturing excellence and quality standards.
- » Digitally savvy and innovative, with the ability to leverage technology, data, and continuous improvement practices to drive performance.
- » Agile and ethical team player with strong communication skills, global mindset, and commitment to sustainability and ESG principles.



HUMAN CAPITAL

EVALUATING HUMAN CAPITAL KPIs TO DRIVE VALUE TOWARDS HORIZON


**WORKFORCE
CAPABILITY
DEVELOPMENT**

- » Training ROI
- » Gap Closure Leadership
- » Development Succession Readiness


**WORKFORCE
ANALYTICS & TALENT
SUSTAINABILITY**

- » Predictive Attrition
- » Voluntary Attrition
- » Workforce Attrition
- » Productivity Trends
- » Talent Pipeline Health


**EMPLOYEE
EXPERIENCE &
ENGAGEMENT**

- » Employee Engagement
- » Employee Wellbeing
- » Employee Satisfaction


**BUSINESS &
FINANCIAL VALUE
CREATION**

- » Productivity Improvements
- » Cost Savings from Improvements
- » Initiatives ROI from Learning & Development
- » Operational Efficiency Improvements

THE GROUP CELEBRATES LONG-SERVING TEAM MEMBERS THROUGH LONG SERVICE AWARDS, RETIREMENT BENEFITS AND FAREWELL EVENTS IN APPRECIATION OF THEIR YEARS OF DEDICATION AND LOYALTY. THE GROUP ALSO ACKNOWLEDGES OUTSTANDING ACHIEVEMENTS AND CONTRIBUTIONS THAT PLAY A VITAL ROLE IN DRIVING ORGANISATIONAL SUCCESS.

**EMPLOYER BRANDING AND
TALENT ATTRACTION**

At Haycarb PLC, our employer brand reflects our values driven culture and long term commitment to our people. Guided by an innovative business model and a clear horizon of sustainable growth, we attract and retain talent that embodies innovation, integrity, and dynamism. Through disciplined recruitment, robust knowledge management, and a strong focus on safety, wellbeing, and continuous development, we ensure the sustained availability of critical capabilities while strengthening our position as an employer of choice in the manufacturing sector.

TALENT RETENTION

The Group maintained a healthy employee retention ratio of 85.3% in 2025/26 underpinned by a strong employee value proposition that was responsive to employee expectations. A notable proportion of our team have served the Group for many years as shown below.

EMPLOYEE VALUE PROPOSITION (EVP)

Haycarb PLC's Employee Value Proposition offers long-term career stability, a strong culture of safety and integrity, and continuous opportunities to build technical, digital, and leadership capabilities within a values-driven, globally operating manufacturing organisation.



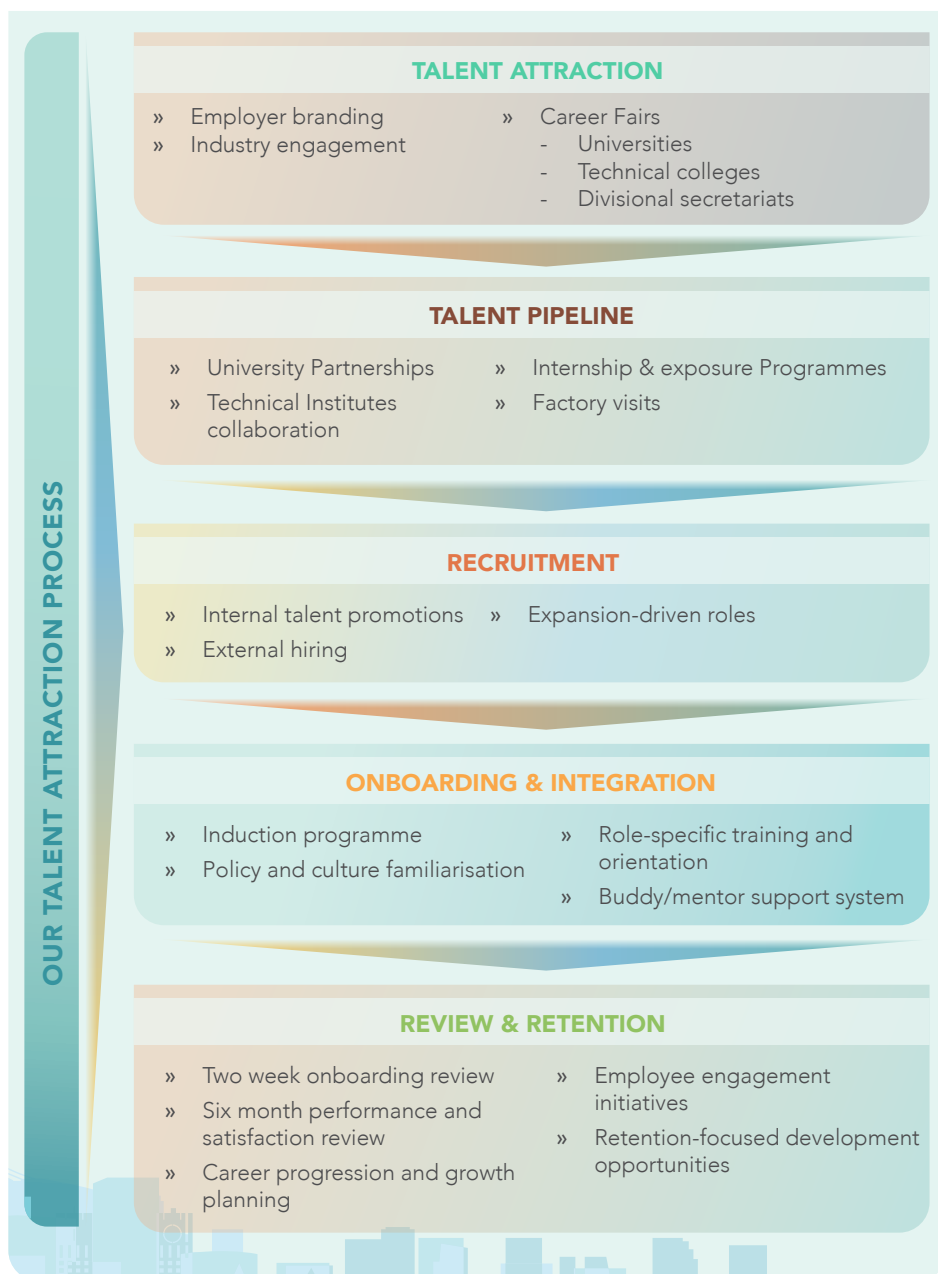
2030 ACTIVATE Aspiration
Employee attrition

5%



Our performance
in 2025/26

> 14.7%



TALENT MOVEMENTS

Haycarb adopts a balanced approach by considering both internal and external recruitments when filling vacancies, the Group recruited 587 employees in 2025/26.

Of these, 47 were to new positions created to support business expansion.

Building on this recruitment strategy, the Group continued to invest in strengthening its employer brand while developing talent pipelines through collaborations with universities and technical colleges. Haycarb participated in numerous career fairs conducted by universities, technical colleges and Divisional Secretariat Offices to identify and connect the right talent to suitable opportunities. These included the



ENGGENESIS Career Fair 2025 organised by the Faculty of Engineering, University of Colombo, Touch the Peak 2026 organised by the Applied Sciences Faculty of the University of Sri Jayewardenepura, the Galigamuwa Career Fair organised in Kegalle by the Galigamuwa Divisional Secretariat Office, and career fairs organised by the Pannala Divisional Secretariat and the Thalawakele Divisional Secretariat Offices among others. The Group also engaged with technical education students at the Kuliyapitiya Technical College, the Kurunegala Area VTAs and Don Bosco Negombo. Furthermore, factory visits for over 50 university and technical colleges students were also facilitated in 2025/26 alongside internship opportunities for over 61 students and graduates.

Following recruitment, Haycarb ensures effective workforce integration through a structured onboarding and induction framework. All new employees participate in a comprehensive induction programme designed to strengthen organisational alignment, role clarity, and early-stage retention. Functional training plans were also introduced during the year to further support capability development from the outset.

To ensure sustained integration, a structured review process is applied post-joining. A two-week review assesses initial role understanding and addresses early challenges, followed by a six-month review covering performance evaluation, employee satisfaction, and career aspirations. This enables timely feedback and supports continuous development and engagement

During the year under review, 491 individuals resigned from the Group with women accounting for approximately 8% of resignations. Exit interviews were conducted by the HR Department for all departing employees to obtain feedback on their experiences and support continuous improvement in employee engagement, workplace practices, and retention strategies.

HUMAN CAPITAL



HAYCARB'S INTERNSHIP PROGRAMME

Our internship programme supports youth employability and talent development by offering students and graduates structured, hands on exposure across the activated carbon manufacturing value chain. Conducted over a period of three to six months, to provide practical industry exposure to young undergraduates in a state-of-the-art facility equipped with world-class equipment and technology.

EMPLOYEE DEVELOPMENT AND TALENT GROWTH



No. of interns participating

61

Average length of service by employee category

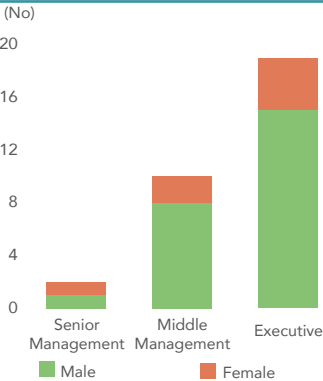
Initiative	Years
Senior Managers	19
Middle Managers	16
Executives	7



Employees with over 10 years of experience at Haycarb

431

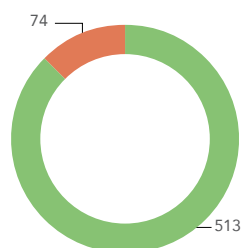
Composition of Internal Promotion



RECRUITMENT AND TURNOVER ANALYSIS FOR 2025/26

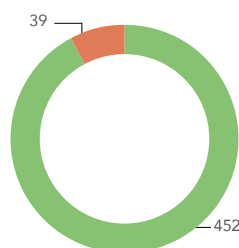
GRI: 401-1

Recruitment Gender Wise



Female Male

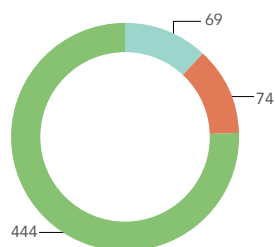
Turnover Gender Wise



Female Male

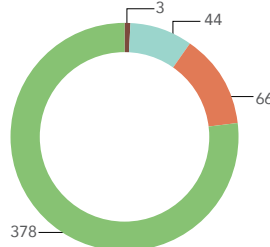
	Recruitment	Turnover
Male	513 (87%)	452 (92%)
Female	74 (13%)	39 (8%)

Recruitment Region Wise



Sri Lanka Indonesia
Thailand

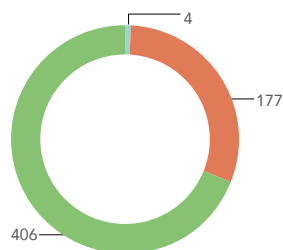
Turnover Region Wise



Sri Lanka Indonesia
Thailand Others

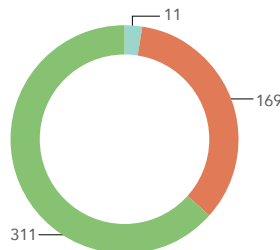
	Recruitment	Turnover
Sri Lanka	444 (75%)	378 (77%)
Indonesia	74 (13%)	66 (13%)
Thailand	69 (12%)	44 (9%)
Other	0	3 (1%)

Recruitment Age Wise



< 30 years 30 - 50 years > 50 years

Turnover Age Wise



< 30 years 30 - 50 years > 50 years

	Recruitment	Turnover
<30 years	406 (69%)	311 (63%)
30-50 years	177 (30%)	169 (34%)
>50 years	4 (1%)	11 (2%)

EMPLOYEE WELL-BEING

RT-CH 320a.2

Employee wellbeing remains a key priority, with initiatives focused on physical health, mental resilience, emotional health and work-life balance. The Company is committed to fostering a supportive and

inclusive work environment, enhancing employee well-being and workplace safety. By empowering employees to grow, adapt and move forward with confidence, these efforts support the organisation's journey towards sustainable growth and long-term value creation.

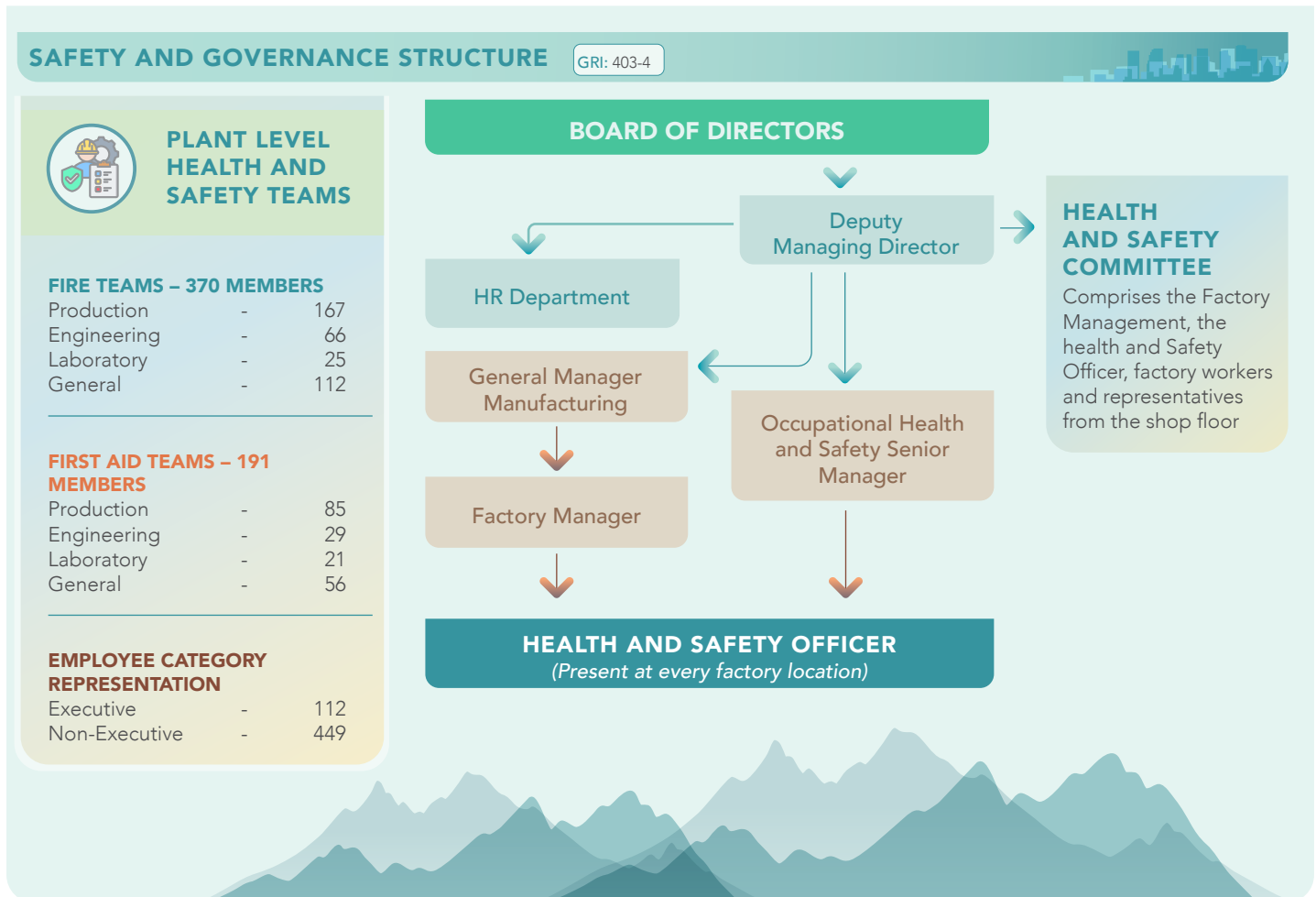
Occupational health and safety

GRI: 403-1, 8

Given the inherent risks associated with manufacturing operations, occupational health and safety remain a fundamental priority in safeguarding employee wellbeing. The Group has established a formal and robust framework to manage.

HUMAN CAPITAL

Occupational health and safety, with clearly defined roles and responsibilities and oversight provided at Board level. The governance structure supporting the effective management of occupational health and safety across the Group is outlined below.



While the identification of health and safety risks is considered a shared responsibility involving the active participation of all employees, designated roles within the Group hold specific responsibilities in identifying and managing health and safety risks as presented below.



ROLES AND RESPONSIBILITIES



Board of Directors

- » Provides overall oversight of occupational health and safety across Haycarb operations.
- » Periodic monitoring of Haycarb's health and safety performance and related matters.



Deputy Managing Director

- » Provides strategic leadership to Plant Health and Safety Committees, ensuring compliance, fostering a strong safety culture, and driving continuous improvement in HSE performance across all manufacturing sites.



Health and Safety Committees (Established at all manufacturing plants)

- » Oversees the implementation of health and safety policies, procedures, and initiatives at plant level.
- » Reviews workplace incidents, identifies key risks, and recommends corrective and preventive actions to enhance workplace safety.



Occupational Health and Safety Manager (Head Office)

- » Coordinates and monitors the Group's occupational health and safety management framework across all operations.
- » Supports the implementation of health and safety standards, compliance requirements, training, and continuous improvement initiatives.



Factory Manager

- » Ensures effective implementation and compliance with health and safety policies and procedures within the factory premises.
- » Monitors operational safety performance and ensures timely corrective actions for identified risks and incidents.



HR Department

- » Facilitates employee health and wellbeing initiatives, including awareness programmes, training, and compliance-related activities.
- » Maintains health and safety-related employee records and supports the implementation of occupational health initiatives.



Department-level Health and Safety sub-committees

- » Identifies, addresses and monitors less significant health and safety risks.
- » Reports on all identified health and safety risks to the Health and Safety Committee.



Health and Safety Champions

- » Promotes a safety culture through vigilance, compliance with health and safety guidelines and risk prevention.
- » Safety Champions are provided formal training and knowledge to support the factory occupational health and safety management system. They help identify hazards, control risks, and promote safe work practices across operations, including work involving contractors and other business partners.



Sustainability Department

- » Supports internal and external health and safety audits across operations.
- » Collates and reports health and safety data, including lost working days and incident metrics, through the Hayleys Group CUBE data collection platform.

HUMAN CAPITAL

GRI: 403-2, 3, 4, 6, 8, 403-7

The Group has implemented a comprehensive occupational health and safety management system covering all employees and outsourced personnel across its operations. This framework has been developed in compliance with country specific health and safety regulations and aligned with the requirements of ISO 45001:2018 Occupational Health and Safety Management Systems.

Building on the occupational health and safety governance framework established in the previous year, which included the appointment of 206 employees as Health and Safety Champions across Group locations, further measures continued to reinforce safety awareness and proactive risk prevention. Departmental health and safety sub-committees were in place to address lower-level risks, while significant risks continued to be monitored and managed by the Health and Safety Officer and site-level Health and Safety Committees.

While the identification of health and safety risks is a shared responsibility across the workforce, clear accountability is maintained through Health and Safety Champions, departmental sub-committees, Health and Safety Officers, and Health and Safety Committees.

Health and safety matters are periodically reported to the Senior Manager – Health and Safety and the Human Resources Department, who escalate matters to the Deputy Managing Director as required. Key occupational health and safety issues are reviewed at committee meetings chaired by the Deputy Managing Director, with significant matters reported to the Board through regular updates.

Haycarb has established a structured and systematic process to identify work-related hazards and assess risks for both routine and non-routine activities across all manufacturing locations. Hazard identification and risk assessments are carried out through Job Safety Analysis (JSA), Hazard Identification and Risk Assessment (HIRA), workplace inspections,

task-based risk assessments, contractor risk assessments, change management reviews, incident and near-miss investigations, and emergency preparedness drills. Routine activities are reviewed periodically, while non-routine activities such as maintenance work, shutdowns, commissioning, modifications, and emergency situations are assessed prior to execution through permit-to-work systems and task-specific risk assessments.

Identified risks are controlled using the hierarchy of controls, prioritising elimination and substitution where feasible, followed by engineering controls, administrative controls, and personal protective equipment (PPE) as the last line of defense.

Haycarb ensures the quality and effectiveness of its hazard identification, risk assessment and mitigation processes through,

- » Standardised procedures, formats and risk matrices which are applied consistently across the Group.
- » Deployment of competent personnel, with formal training in risk assessment methodologies and legal requirements, as safety officers, engineers, executives and members of occupational health and safety committees.
- » Regular internal and external occupational health and safety audits, workplace inspections, and monitoring of leading indicators such as near-miss reporting.
- » The incorporation of findings from incidents, near-misses, audits, and employee feedback for the continuous improvement of its Occupational Health and Safety Management System.
- » Corrective and preventive action plans with defined responsibilities and timelines for identified gaps, recurring hazards, and high-risk activities.
- » Regular reviews of incident trends, near-miss data, risk ratings, audit findings, and compliance status by plant management



DEVELOPMENTS IN 2025/26

The Group initiated the digitalisation of boilers across its factories to facilitate early detection of faults and anomalies. Digitalisation enables on-site and off-site monitoring of critical boiler parameters such as temperature, steam pressure, steam flow rate, feed water quality and flue gas conditions, enabling swift corrective action in the event of anomalies, thereby strengthening the overall safety of our operations.

and senior management through monthly and quarterly occupational health and safety review meetings. These reviews support data-driven decisions, prioritisation of resources, and updates to risk registers, procedures, safe work practices, and training programmes.

- » Group-wide communication of key learnings from incidents and near-misses to prevent recurrence.
- » Active monitoring of performance indicators such as RIR, LTIFR, audit closure rates, and near-miss reporting levels to inform management reviews processes, support the continuous improvement of the Group's occupational health and safety management system and overall safety culture.

GRI: 403-5

The Group actively encourages all workers to report work-related hazards, unsafe conditions, incidents, and near-misses through multiple channels including;

- » Direct reporting to supervisors, safety representatives and the safety department.
- » Safety suggestion boxes
- » Occupational health and safety committee meetings
- » Safety training sessions

The Group's open-door policy also encourages employees to report hazards and near-misses immediately without fear of consequences. The Group maintains strict no-retaliation policies to protect employees who report safety concerns and near-misses in good faith. All reports are formally recorded, promptly investigated, and corrective and preventive actions are implemented with employees informed of actions taken following their reports.

Workers have the clear right to remove themselves from work situations they believe could cause injury or illness, without requiring permission when immediate danger exists. Employees are made aware of this right during safety training sessions. Workers who exercise this right are required to inform their supervisor or safety personnel immediately. Workers are protected through formal complaint procedures, investigations of any reported retaliation, and disciplinary action through its HR function as per the HR policy against anyone who disciplines workers for removing themselves from dangerous situations

All work-related incidents are investigated based on severity and include an immediate assessment of the scene, evidence collection, witness accounts, and determining root causes. Investigations prioritise underlying hazards, system problems, and contributing factors, as opposed to merely the immediate cause. Corrective action follows the hierarchy of controls with an emphasis on permanent solutions rather than temporary fixes. Incident reports record investigation findings and include recommended improvements to Haycarb's Occupational Health and Safety Management System, training programmes, work procedures, or safety equipment. Findings are shared across manufacturing locations to prevent the occurrence of similar incidents at other factories. The implementation of corrective measures is tracked to ensure its completion and is subjected to follow-up checks to ensure its effectiveness. Incident reports are considered closed only upon confirmation that corrective actions are successfully in place and are effective.

Haycarb's manufacturing facilities provide numerous occupational health services to employees including,

- » Medical examinations before employment.
- » Regular health checks for workers exposed to specific hazards (such as dust, noise, or chemicals), fitness-for-work assessments, and workplace health monitoring.

The analysis of health surveillance data, medical screening results and health trends over time serves as an additional mechanism to identify health and safety risks.

A qualified nurse is available on-site, and a qualified doctor visits the factory once a week. Service quality is maintained through credentialed healthcare professionals, regular reviews of health records and surveillance programmes, and employee feedback. Employees can access these services during working hours at no cost.

All new employees receive training on general safety rules, emergency procedures, hazard recognition, PPE requirements, incident reporting, and worker rights and responsibilities during the induction. Annual refresher training reinforces key safety concepts and updates employees on policy changes.

Employees receive health and safety training tailored to their roles and responsibilities. Health and safety training in 2025/26 focused on;

- » Boiler operation and safety awareness
- » Confined space entry procedures
- » Forklift operation and safety
- » Hot work and fire prevention
- » Chemical spill management and Handling
- » Machine guarding and lockout/tagout
- » Work permits
- » Working at heights
- » Electrical safety / Lock Out Tag Out (LOTO)

- » Working with moving machines and machine guarding
- » Emergency preparedness (First aid, fire fighting etc)
- » Personal Protective Equipment (PPE) awareness
- » Requirements of ISO 45001:2018 Occupational Health and Safety Management Systems

The Haycarb team also has access to numerous non-occupational medical services through factory medical rooms. These include,

- » Basic medical consultations
- » First aid and emergency care
- » Health advice and counseling
- » Referrals to external healthcare providers
- » Annual health check-ups (basic screening)

Haycarb factories also offer voluntary health promotion services addressing major non-work-related health risks including,

- » Cardiovascular disease prevention (blood pressure and cholesterol screening, nutrition guidance)
- » Diabetes awareness and management support
- » Stress management and mental health awareness
- » Nutrition and healthy eating education
- » Communicable disease information and awareness programmes covering dengue, malaria and leptospirosis.
- » Information and care following extreme weather events.
- » Furthermore, all employees are provided medical insurance while employees over the age of 35 have access to employee medical tests while employees over the age of 60 years receive medical fitness assessments annually.

HUMAN CAPITAL

OUR HEALTH AND SAFETY RECORD IN 2025/26



The Group's ESG function conducted regular audits to assess compliance with internal occupational health and safety policies and standards, while the internal Quality and Safety (Q&S) department carried out quarterly audits to verify alignment with the requirements of ISO 45001:2018 Occupational

Health and Safety Management Systems. Any health and safety non conformances and improvement opportunities identified through these audits were communicated to the relevant departments, followed by the development and implementation of appropriate action plans

GRI: 403-09,10	2025/26
Occupational injuries and diseases	50
Total no. of lost days due to occupational injuries/diseases	707
Total recordable incident rate (TRIR)	2.12
Total no. of fatalities due to work related injuries and ill health	1
Fatality rate for contract employees	0

SAFETY AND GOVERNANCE STRUCTURE



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.



Health and safety related training

19,173 Hrs



Health and safety related training per employee

9.1 Hrs



Supported employees affected by Cyclone Ditwa

93

PROMOTING PHYSICAL AND MENTAL WELLBEING

The Group continued to strengthen employee wellbeing through a range of initiatives supporting both physical and mental health. Mental wellbeing was promoted through awareness programmes, professional counselling, Employee Assistance Programmes (EAPs), and targeted training focused on stress management, resilience, and work-life balance. Physical wellbeing was encouraged through fitness and wellness initiatives, including yoga and Zumba sessions, support for gym

memberships, and participation in sports tournaments. Together, these initiatives foster a healthier, more supportive workplace environment, enabling employees to maintain their wellbeing, enhance engagement, and perform at their best.

The Group continued to strengthen its commitment to employee wellbeing and a positive workplace culture through a series of targeted initiatives aimed at enhancing both physical and mental wellness, as well as improving the overall work environment.

Key initiatives undertaken during the year include:

- » Workplace Enhancements: Significant improvements were made to the work environments at the Puritas, Haycarb Procurement location, and Badalgama facilities, ensuring safer, more comfortable, and more engaging workspaces for employees.
- » Psychological Support: Employees were provided with access to psychological support services and confidential counselling, reinforcing the Group's commitment to mental health and emotional wellbeing.
- » Enhanced Medical Support: In select cases, medical insurance benefits were extended beyond standard coverage to further support employees' healthcare needs, ensuring timely and adequate medical assistance when required.
- » Fitness and Wellness Programmes: Employee wellbeing was actively promoted through regular yoga and Zumba sessions, together with support for gym memberships, encouraging a healthier and more balanced lifestyle.
- » Sports and Physical Activity Engagement: The Group supported employee gym memberships and encouraged participation in sports tournaments, fostering teamwork, energy, and an active lifestyle across the workforce.

SUPPORTING MOTHERS' MENTAL WELLBEING

Haycarb provides a dedicated mental health support benefit for maternal wellbeing. This covers counselling and therapy for pre-natal, post-natal, and post-partum conditions and is extended to both female employees and wives of male employees. All services are delivered through company-approved counsellors and psychologists, reflecting Haycarb's commitment to inclusive and family-oriented employee wellbeing support.



SUWA DIWI PROGRAMME

With a strong focus on enhancing employee well-being and promoting work-life balance, a structured training series under the Suwa Diwi Programme was implemented across the Organisation. This initiative was designed to support employees' mental, physical, and emotional wellbeing, fostering a healthier, more resilient, and engaged workforce.

During the year under review, the following training series were conducted:

- » A "How to Maintain Mental Wellbeing and Happiness" training series aimed at

strengthening mental resilience and promoting a positive and supportive work environment.

- » A Life Coaching training series conducted to guide employees in achieving better work-life balance and developing a more purposeful approach to personal and professional growth.
- » A Non-Communicable Disease Awareness training series delivered to enhance understanding of key health risks and encourage proactive preventive healthcare practices among employees.



HUMAN CAPITAL

SAFEGUARDING EMPLOYEES AGAINST LONG-TERM HEALTH RISKS

Haycarb proactively evaluates the impact of its operations on the long-term health and well-being of its team. The Group has established safety standards for processes with potential to cause long-term health risks with compliance monitored continuously, and corrective action implemented when necessary. We provide personal protective equipment (PPE) to employees involved in processes that could cause long-term health implications alongside regular training on its appropriate use. We conduct periodic health screenings to facilitate the early detection of any health concerns. Moreover, processes with the potential to cause long term risks have been automated where possible.

OPERATIONAL SAFETY, EMERGENCY PREPAREDNESS AND RESPONSE

A comprehensive disaster recovery plan has been developed for all operational locations and is supported by training for all employees and outsourced personnel operating within our premises. We have established trained emergency response teams at all sites and are equipped to respond promptly to emergency situations. Emergency response teams receive regular training in multiple aspects of emergency management including fire safety, medical emergencies and chemical incident handling.

RT-CH-320a.1, 540a.1,2	2025/26	2024/25	Annual Change%
Process safety incidents count (PSIC)	33	39	-15%
Process safety total incident rate (PSTIR)	1.40	1.89	-26%
Process safety incident severity rate (PSISR)	1.40	1.89	1.89
Number of transport incidents	0	0	Zero

Cyclone Ditwah - November 2025 - Sri Lanka

Ditwah caused some of the worst flooding and landslides Sri Lanka has experienced in decades. Employee support during cyclone Ditwa Financial assistance was extended to affected employees in line with Group policy and proportionate to the level of damage incurred. Support included monetary aid, dry rations, medical supplies, deep-cleaning services and essential cleaning materials. Beyond financial support, the Group maintained close personal engagement with affected employees, offering encouragement and reassurance while supporting their recovery and rebuilding efforts.



No of employees supported

93



Distributed as flood relief benefits

Rs. 73 Mn

NURTURING A LEARNING ORGANISATION



Haycarb fosters a strong culture of continuous learning, enabling innovation, enhancing capability building, and driving sustained progress towards strategic objectives, while actively supporting employees in their career growth and development journey.

DEVELOPING TRAINING PLANS

GRI: 404-1, 2

Executives and above

In alignment with Haycarb's purpose of developing empowered people and future-ready capabilities to deliver sustainable value, the Group follows a structured, needs-based approach to learning and development. Strategic priorities, individual KPIs, and competency gaps identified

through the year-end performance review process are systematically used to design targeted development plans for executive and senior-level employees. These plans are focused on strengthening technical, behavioural, and digital competencies required to effectively respond to evolving business needs.

Non-executives

Annual training plans are developed by the respective Heads of Department based on functional requirements, individually identified skill gaps, and development needs, ensuring alignment with operational priorities and workforce development objectives.

KEY TRAINING INITIATIVES IMPLEMENTED DURING 2025/26

- » Lean Green Belt training programme to 25 Executive employees
- » "Be the Safety Champion" Training Series to promote a proactive safety culture across teams.
- » People Leaders Development Programme (PLDP) to support leadership development.
- » "Work Smarter: Everyday AI Skills" training series to support the effective integration of AI in daily workplace practices..
- » Technical Drive Training Series for the Environmental Engineering Services Team to strengthen technical expertise in key areas.



Average hours of training per year per employee
Male | Female

31.2 | 30.4



Investment in learning and development in 2025/26.

Rs. 7.4 Mn

AVERAGE TRAINING HOURS PER HEAD

GRI: 410-1

By Staff Category

Executive

57.0

Non-executive

24.8



HUMAN CAPITAL

Haycarb utilises numerous mechanisms to deliver training to support team development. These include;



**STRUCTURED
LEARNING AND
DEVELOPMENT**

Conducted in line with the approved annual training plan to ensure employees are equipped with the required knowledge, skills, and competencies.



**LIFELONG
LEARNING**

Providing support for undergraduate, postgraduate and professional studies on a case-by-case basis.



**JOB
ROTATIONS**

Local and overseas opportunities to broaden skills and enhance cross functional understanding.



**EXTERNAL
TRAINING
PROGRAMMES**

Local and overseas training opportunities conducted by professional bodies.



**OVERSEAS
PLACEMENTS**

Opportunities to develop global competencies and cultural awareness through a 3-year programme at Haycarb's global offices or manufacturing offices.



**DIGITAL LEARNING
PLATFORMS**

Digital learning opportunities were expanded through virtual training platforms and access to over 200 self-paced courses via the HayLearn LMS.



**ORIENTATION
PROGRAMMES**

A structured programme for new recruits to support a smooth transition into their respective roles.



**SPECIALISED
TRAINING**

Offered to employees undergoing role change to facilitate a smooth transition.



Training focus in 2025/26

Legal and regulatory	Leadership and management skill development
Health and safety	Sustainability
Technical competency development	Mental and physical wellbeing
Technology integration and digitalisation	Lean manufacturing

GRI: 404-1, 2, 404-3

Beyond focusing on internal employees, we also conducted multiple training programmes for our service providers in security, janitorial, transport, and other sectors. The training covered human rights, anti-harassment, safe chemical handling, grievance procedures, and awareness of Haycarb policies.

PERFORMANCE MANAGEMENT

The Group's performance management framework is designed to align individual objectives with organisational goals, driving overall performance while fostering a culture of continuous learning and development.

At the start of each year, employees are assigned measurable performance targets aligned with strategic objectives. While ongoing feedback is provided throughout the year in the course of day to day operations, a formal performance appraisal is conducted at year end to evaluate achievements against agreed goals. This process includes constructive feedback to support employee growth, with identified skill gaps informing the development of the subsequent year's learning and development plans.

During the year under review, performance appraisals were completed for 100% of permanent employees.

Employees making significant contributions to Group success are recognised through performance-linked bonuses, salary increments and career advancement opportunities. Meanwhile, team performance is celebrated through, team gatherings, and celebratory events.

EMPOWERING OUR TEAM

Empowering employees remains central to the Group's commitment to building a high-performance, innovation-driven culture. Through continuous learning opportunities, structured training programmes, access to modern technologies, and inclusive engagement platforms, employees are encouraged to contribute ideas, drive improvements, and take ownership of their work. Supported by regular leadership engagement and a strong focus on wellbeing and professional development, the Group continues to cultivate a resilient,



capable, and future-ready workforce that supports sustainable growth and long-term value creation.

SUCCESSION PLANNING

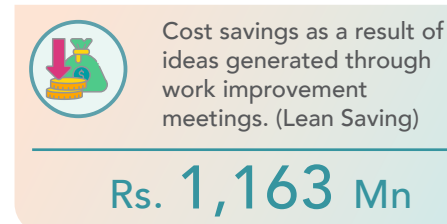
Developing a strong leadership pipeline for critical managerial roles remained a priority for the Group. During 2025/26, we identified 29 high potential individuals demonstrating strong leadership potential and strategic thinking and developed their capabilities for the next level of responsibility through targeted training programmes.

WORK IMPROVEMENT MEETINGS

Work improvement meetings continued to serve as a valuable forum for employees to engage, collaborate, generate ideas and innovate to enhance the operational efficiency and productivity of the



manufacturing process. Work improvement meetings are led by the Deputy Managing Director in Sri Lanka and are held quarterly at each manufacturing plant. Representatives from all levels of the Group, including selected factory employees, participate in these meetings. Several ideas proposed at these meetings were implemented during the year.



HUMAN CAPITAL

AN ENGAGED WORKFORCE & INTEGRATED CULTURE

Creating an engaged, motivated, and connected workforce continues to be a key focus for the Group. We are committed to fostering an inclusive workplace culture that promotes open communication, mutual respect, and effective collaboration across all levels of the organisation.

Regular monthly townhall meetings provide employees with direct access to senior management, enabling open dialogue, the sharing of concerns, and updates on organisational performance and developments to support this culture. These forums support transparency and help strengthen trust across the workforce. In parallel, the Group maintains ongoing engagement with trade union representatives to proactively address employee related matters and ensure constructive alignment on workplace priorities.

Building on these structured communication platforms, a range of employee engagement initiatives were implemented throughout the year across both local and overseas operations. These initiatives aimed to strengthen teamwork, enhance interpersonal relationships, and foster a culture of collaboration and shared purpose across the organisation. In addition, annual employee gatherings are held to promote camaraderie, strengthen employee engagement, and reinforce a sense of unity across the workforce. Internal communication was further enhanced through the launch of a monthly internal newsletter, supporting the sharing of updates, recognition of achievements, and alignment across teams. Interactive initiatives, including internal quiz programmes, were also conducted to promote continuous learning and engagement in a collaborative environment.

To deepen employee connection and encourage purpose-driven participation, employees were actively involved in volunteering activities aligned with the Group's sustainability agenda, reinforcing

our commitment to social responsibility. These included CSR initiatives such as Sisu Divi Pahana and Sath Diyawara, as well as employee engagement activities under the "Behold the Turtle" programme,

reflecting the Group's continued efforts to strengthen community upliftment, employee involvement, and responsible corporate citizenship.



INDUSTRIAL RELATIONS

GRI 2-30, 402-1, 407-1

UNGC Principle 3

The Group respects and upholds employees' rights to freedom of association and constructive engagement with trade unions through an open door policy and established communication channels. These mechanisms support open dialogue and timely resolution of workplace matters. As a result of this proactive approach, no industrial disputes were reported during the year under review. The Group also ensures that employees are provided with reasonable notice prior to the implementation of any operational changes.

We have assessed our suppliers for potential risks related to workers' rights, including freedom of associations and collective bargaining. No significant risks were identified across our operations and supply chain.

FOSTERING COLLABORATION

The Group conducts a calendar of engagement activities at both local and overseas locations to promote camaraderie and collaboration among the team. Key events organised in 2025/26 included,



Family Fun Day fostered collaboration by bringing employees and their families together through engaging and shared experiences.



International Women's Day celebrations marked a special initiative by the Company to recognise, appreciate, and empower women across the organisation.



The inter-plant cricket tournament at Haycarb Madampe and Haycarb Badalgama strengthened team spirit and wellbeing.



Religious and cultural celebrations included New Year celebrations on 1st January, Sinhala and Tamil New Year festivities, and a Christmas season tea party, fostering unity, joy, and togetherness among employees.



Employees actively participated in various sports events organised by the Hayleys Group, achieving notable achievements while demonstrating strong team spirit and collaboration.



Haycarb team members participated in the Mercantile Swimming Meet in 2025 achieving recognition in several events.

HUMAN CAPITAL



In collaboration with the Hayleys Group Recreation Club, the Company organised an art competition for employees and their children, with 36 children participating, fostering creativity, engagement

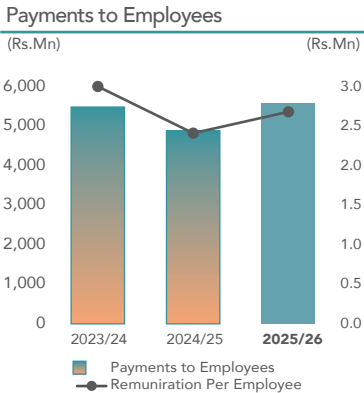


Other engagement activities included Mother’s Day, World Water Day, World Environment Day, World Coconut Day and tree planting initiatives.



compared to local minimum wage stood at 1:1 in 2025/26 for both men and women.

Remuneration of executive level employees and above is linked to performance as determined through the annual performance appraisal, promoting a performance-driven culture within the Group. Remuneration of employees holding membership in trade unions is determined through collective agreements negotiated every two years. Approximately 65% of the Sri Lankan work force are covered by collective agreements. Competitive compensation packages and a comprehensive range of benefits are provided to both executive and non-executive employees, supporting their wellbeing, engagement, and continuous professional growth.



REMUNERATION AND BENEFITS

GRI 2-30, 201-3, 202-1

The Group’s Remuneration Policy guides all remuneration-related decisions, ensuring fair and equitable compensation and benefits for all employees. Industry benchmarked remuneration and statutory employee benefits which include EPF and ETF obligations in Sri Lanka and other statutory requirements in other countries of operation are complemented by a range of benefits that promote employee wellbeing and their professional development. The Group’s standard entry level wages by gender



GRI 401-2



WELL-BEING 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
- » 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 system » 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 » Financial assistance to employees during natural disaster » Wedding gift » Maternity and Child care benefits » Child & Newborn benefit

DIVERSITY, EQUITY AND INCLUSION

UNGC Principle 6

Haycarb recognises the value that diversity brings in strengthening performance, broadening perspectives and fostering innovation. Accordingly, the company continues to implement targeted initiatives to enhance overall workforce diversity and

promote inclusive representation across all levels of the organisation. We remain committed to building an inclusive and progressive workplace where individuals are empowered to contribute their unique skills, experiences and ideas.

We continued to promote equal opportunities in recruitment, learning and career progression while fostering

a supportive work environment that encourages broader participation across all functions and levels of the organisation. By cultivating a diverse workforce and an inclusive culture, we continue to strengthen collaboration, encourage innovation and support sustainable long-term growth as we move forward towards new horizons.

HUMAN CAPITAL

STRENGTHENING DIVERSITY, EQUITY AND INCLUSIVITY IN 2025/26



ENHANCING THE POLICY FRAMEWORK

- » During the year under review, the Group established a Diversity, Equity and Inclusion Policy.
- » This policy complemented Haycarb's existing policies on equal opportunity, no discrimination and anti-sexual harassment.



DEVELOPED A DIVERSITY, EQUITY AND INCLUSION FRAMEWORK AND ACTION PLAN

- » The Core Team received specialised trainings as part of Phase 1 of the Action Plan.
- » DE&I awareness was integrated into the employee induction programme.

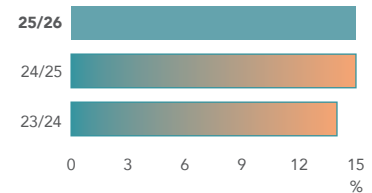
Embedding diversity, equity and inclusiveness in workplace culture in 2025/26 included,

UNGC Principle 6

- » Parental leave benefits to both mothers and fathers upon the birth or adoption of a child. The Group provides 12 weeks of paid leave to new mothers in line with statutory requirements while offering 7 working days of paid leave to fathers. We also provide gift vouchers to new parents to support expenses.
- » Employees engaged in more than 152 hours of diversity, equity and inclusivity related training during 2025/26 to build awareness of the value derived from diversity, reduce bias and promote a culture of inclusivity and respect.
- » The group conducted women's empowerment programmes to strengthen leadership and managerial skills and support their career progression.

- » Mentoring and counselling programmes were initiated for employees to support their career development.
- » The Women's Day Programme recognised and celebrated the contributions of our female employees, while inspiring them to excel and progress in their careers.

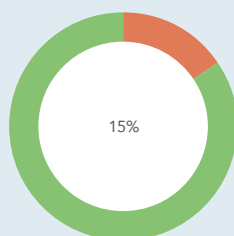
Female Representation



GENDER DIVERSITY AT HAYCARB

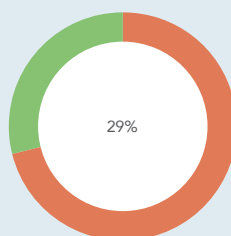
GRI 406-1

Total Female Representation



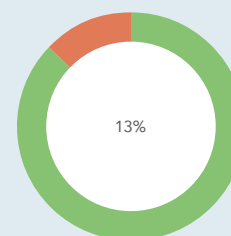
Female Male

Female Representation at Board Level



Female Male

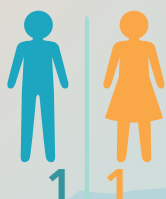
Female Representation of New Recruits



Female Male

	Male	Female	Total
Finance, IT, HR and administration	81	63	144
Marketing and business development	46	27	73
Engineering and project management	231	10	241
R&D / technical	154	21	175
Operations and ESG	1,252	199	1,451
Total	1,764	320	2,084

Ratio of basic salary and remuneration of women to men



GRI 405-2

* This ratio is applicable for all employee categories



Female employees promoted in 2025/26

7



Instances of discrimination reported during 2025/26

Zero

DEI REFLECTIONS



Proportion of females who received a performance bonus

100%



Return to work rate after parental leave

96%



Retention rate after parental leave

94%

HUMAN CAPITAL

Parental Leave GRI 401-3	Paternity Leave		Maternity Leave	
	Number	% of Total Male Workforce	Number	% of Total Female Workforce
Paternity/ Maternity leave availed	44	2%	6	2%

Parental Leave Retention	Paternity Leave		Maternity Leave	
	Number	% of Total Leave Taken	Number	% of Total Leave Taken
Returned to work after paternity/maternity leave	44	100%	4	67%
Resignations after paternity/maternity leave	0	0%	2	33%
Retained within the organisation after 12 months of taking paternity/maternity leave	43	98%	4	67%

A total of 2,084 employees were entitled to parental leave during the reporting period.

HUMAN CAPITAL CONNECTIVITY

1. STRATEGIC PRIORITIES ENABLED

- » Purpose-Driven & Committed Teams
- » Innovation-Led Growth
- » ESG Mindset
- » Market Growth
- » Strengthen Global Supply Chain

Key Strategic Focus Areas

- » Talent attraction and retention
- » Leadership development
- » Workforce wellbeing
- » Safety culture
- » Learning and development
- » Diversity, equity and inclusion

2. MATERIAL TOPICS CONNECTED

- » M8 Employee Wellbeing
- » M17 Operational Safety & Emergency Preparedness
- » M13 Cyber Security
- » M14 Training & Education
- » M6 Technology & Product Innovations
- » M2 Regulations & Compliance
- » M15 Community & Livelihood Development
- » M9 Manufacturing Capabilities
- » M3 Customer Satisfaction

3. RISKS & OPPORTUNITIES CONNECTED

Principal Business Risks

- » Workforce Capability Risk
- » Occupational Health & Safety Risk
- » Talent Retention Risk
- » Operational Disruption Risk
- » Compliance & Reputation Risk

SRROs / CRROs

- » SRRO 2 Workforce Capability Risk
- » SRRO 3 Occupational Health & Safety Risk
- » CRRO 1 Physical Climate Risk
- » CRRO 2 Water Stress Risk

Strategic Responses

- » Leadership development programmes
- » Safety governance framework
- » AI and digital capability building
- » Employee well-being initiatives
- » Succession planning
- » Diversity, Equity & Inclusion initiatives



4. CAPITAL CONNECTIVITY

Financial Capital	Intellectual Capital	Human Capital	Social & Relationship Capital	Natural Capital	Digital Capital
Supports productivity, operational efficiency and sustainable financial performance	Strengthens operational excellence, safety and manufacturing resilience	Supports innovation, technical expertise and knowledge management	Strengthens stakeholder trust, organisational culture and community engagement	Supports environmental awareness, safety and sustainability culture	Enhances AI capability, digital learning and operational digitalisation

5. CAPITAL TRADE-OFFS

Strategic Initiative	Capital Strengthened	Capital Potentially Pressured	Nature of Trade-Off
Employee training and development	Human Capital / Intellectual Capital	Financial Capital	Higher short-term training and development expenditure
Enhanced safety investments	Human Capital / Manufactured Capital	Manufacturing Capital	Additional compliance and operational control requirements
Employee wellbeing initiatives	Human Capital / Social & Relationship Capital	Financial Capital	Higher employee support and wellbeing costs
Digital capability building	Human Capital / Digital Capital	Manufacturing Capital	Temporary productivity impact during capability transition
Succession planning and leadership development	Human Capital / Intellectual Capital	Manufacturing Capital	Longer-term capability investment with delayed returns

6. LONG-TERM VALUE CREATION

» Future-ready workforce capability	» Enhanced employee engagement
» Strengthened leadership pipeline	» Improved safety culture
» Higher operational resilience	» Improved innovation capability
» Greater workforce stability	» Enhanced organisational culture
» Sustainable talent retention	» Long-term sustainable value creation

CONTRIBUTION TO SDG'S





SOCIAL AND RELATIONSHIP CAPITAL



At Haycarb, we recognise that our Social and Relationship Capital is built on trust, collaboration, and enduring partnerships with our customers, suppliers, business partners, and communities. ***Much like a horizon that unites diverse perspectives towards a shared future,*** we strive to strengthen these relationships through continuous engagement and responsible business practices, creating sustainable mutual value by leveraging collective capabilities and collaboration.

ALI ASGAR MUNAVER CADERBHOJ
Director - Business Development

STRATEGIC ROLE

Social & Relationship Capital strengthens stakeholder trust, customer relationships and supplier ecosystems across our global value chain. Responsible sourcing practices and collaborative stakeholder engagement support resilient supply chains and long-term stakeholder confidence.

MANAGEMENT APPROACH

We manage Social & Relationship Capital through stakeholder engagement, responsible sourcing frameworks and supplier development initiatives. Our approach focuses on strengthening customer relationships, community development and sustainable partnerships across the value chain.

OUR STRATEGIC PRIORITIES IN 2025/26



Deliver cutting edge, innovative solutions that are tailored to specific customer needs



Diversify and expand our supply chain



Maintain collaborative partnerships with business partners



Impactful community engagement



Strengthening brand reputation through ethical and responsible business practices



Leverage technology to deepen relationships with value chain partners and strengthen brand presence in global markets

PROGRESS MADE IN 2025/26 TOWARDS ACHIEVING OUR ESG ASPIRATIONS



Customer satisfaction score
ACHIEVED



% of Green charcoal raw material in all manufacturing locations
ACHIEVED



% of Supplier assessment of all suppliers on their environmental and social standards and contribution
ACHIEVED



CSR Beneficiaries
ACHIEVED



19
Nos.

New Customer Acquisitions
(Activated carbon)



32
Rs. Bn

Payments to Coconut Shell and
Charcoal Suppliers



52.7
Rs. Mn

Investment in Impactful
Community Engagement



19
Rs. Mn

Investment in Supplier
Development



248
Nos.

Active Harithangara Pits

FUTURE OUTLOOK

As expectations relating to sustainability and corporate accountability evolve, stakeholder trust and collaborative partnerships will become increasingly important. Strong customer engagement, resilient supplier ecosystems and transparent communication will support sustainable long-term growth.

DIGITALISATION

This year, Haycarb strengthened its digital presence by enhancing online platforms, improving accessibility, engagement, and communication. These efforts reinforced transparency, connectivity, and stakeholder trust, reflecting the Group's commitment to meaningful relationships and a stakeholder-focused approach

VALUE CREATED IN 2025/26

Customers

- » Deepened engagement with existing customers.
- » Leveraged our sustainable innovation strategy to offer cutting edge solutions for emerging applications.
- » Actively pursued new customer acquisitions.

Suppliers

- » Deepened engagement with our extensive supplier network and supported their development through capacity building.

- » Ongoing efforts to expand our supplier base across multiple geographic locations.
- » Sustained focus on propagating green charcoaling practices along our supply chain.

Business Partners

- » Mutual value creation for business partners.

Local Communities

- » Impactful community engagement initiatives.

WAY FORWARD

Short-term plans

- » Strategic focus on expanding and strengthening our supply chain.

Medium-to-long term plans

- » Sustainable innovation to fulfill specific customer needs in emerging applications such as energy storage and water and air purification.
- » Ongoing emphasis on maintaining a geographical diverse supply chain.
- » Deliver long-term value to communities through impactful CSR initiatives.

>600

Customers across
50 countries

>500

Coconut shell and
charcoal suppliers in
6 countries

>135,000

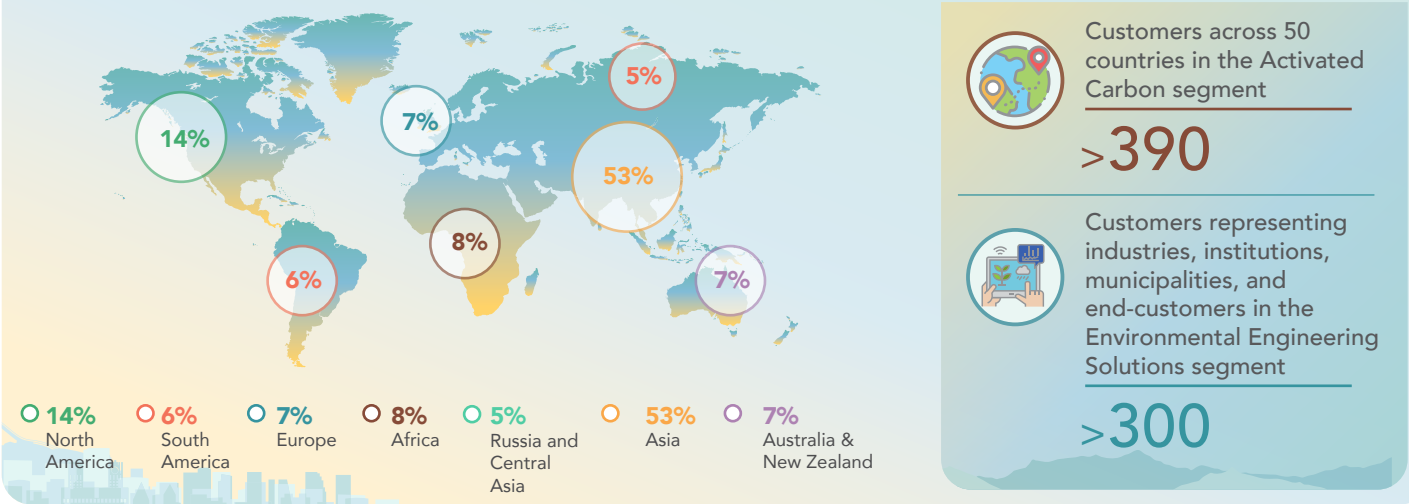
CSR Beneficiaries

Relationship with
Business Partners

29 Years Thailand
14 Years Indonesia

SOCIAL AND RELATIONSHIP CAPITAL

GEOGRAPHIC SALES DISTRIBUTION OF OUR CUSTOMERS



VALUE CREATED DURING THE YEAR



CREATING SUSTAINABLE VALUE FOR CUSTOMERS

- » A targeted digital marketing strategy to drive penetration in existing markets while enhancing digital brand visibility in new markets.
- » Active participation in specialised trade shows in high potential markets to enhance brand presence and exhibit the Group's advanced technical capabilities and innovation.
- » Active engagement across professional social media platforms to strengthen brand visibility and drive connections with target audiences.



Number of CRM Opportunities

121



Number of Opportunities quoted

71



Number of CRM Quotes Won

20 (USD 12 Mn)



Unlock highlights of our global trade show presence.

OUR CUSTOMER VALUE PROPOSITION



Collaborative partnership

The Group strengthened engagement with customers during 2025/26 to gain insights into their specific needs and foster stronger, long-term partnerships. Deep engagement was also critical in securing support for several price increases undertaken during the year under review, given the escalation in raw material costs. Key initiatives were implemented to nurture customer relationships included,

- » Appointment of dedicated account management team by region and product application.
- » Implemented structured pre- and post-sales technical engagement, including comprehensive application support to enhance customer experience and value delivery.
- » In-person visits by Haycarb representatives to customer locations and customer visits to our manufacturing facilities.
- » Leveraging the Customer Relationship Management System (CRM) to streamline and personalise customer communications.

SOCIAL AND RELATIONSHIP CAPITAL

- » Deeper engagement through marketing subsidiaries established in United States of America (Haycarb USA Inc.), Australia (Haycarb Holding Australia Pty. Ltd), United Kingdom (Eurocarb Products Ltd.), and Germany (Eurocarb Germany GMBH)
- » Upgraded the corporate website with enhanced features to strengthen stakeholder engagement and digital connectivity.

Haycarb's structured Customer Service Management Framework, supported by Microsoft Dynamics 365 CRM facilitated responsive and personalised customer engagement throughout the year under review.

Sustainable innovation

Our sustainable innovation strategy has enabled the development of a range of cutting-edge products for customers seeking innovative solutions for emerging applications such as energy storage, water and air purification and gold recovery. Customer collaborations have also enabled the innovation of tailored high-performance solutions through joint trials, performance evaluations and iterative refinements.

Commitment to sustainability

Clearly articulated sustainability aspirations and transparent bi-annual reporting of progress made against 2030 goals and the Integrated Annual Report, reflect our strong commitment to conducting our operations responsibly while providing assurance to our customers of our sustained commitment to supporting their sustainability aspirations.

% of raw material sourced through green charcoaling practices

61%

Water Supplied to communities impacted by CKD by Puritas Sath Diyawara

>200,000 L/day

An extensive product range

We offer a comprehensive range of over 1,500 activated carbon products and an array of water and wastewater treatment solutions through the Environmental Engineering Solutions which can be tailored to specific customer requirements. Please refer page 18 for more information.

Technical excellence and timely delivery

We have established stringent quality assurances processes at critical points in the value chain to facilitate the production of high-quality products. Our production processes comply with numerous international and local certifications as well as customer specific standards. Please refer page 203 for more information. An integrated ERP, CRM and supply chain planning digital ecosystem enables reliable and timely production while comprehensive product liability insurance cover mitigates risks arising from product defects.

Quality Certifications

ISO 9001:2015

Food Safety Certifications

**ISO 22000: 2018
HACCP, GMP**

Safeguarding customer health and safety

GRI: 416-1, 2

We maintain robust procedures and processes to ensure our products and services do not cause harm to end-users. This is of specific significance for products specifically developed for the food and beverage industry. Our Food Safety Policy articulates our commitment to developing products that are free from physical, chemical and biological contamination. Stringent quality control measures that align with numerous food

safety related certifications facilitate food safety throughout the production process. Approximately 45% of our products were assessed for health and safety compliance during the year under review with no incidents of non-compliance reported.

Reported for non-compliance incidents relating to product health and safety resulting in warnings, recalls, penalties, or fines.

Zero Incidents

Responsible marketing and labelling

GRI: 417-1,2,3

Haycarb's product labelling practices align with specific customer requirements, local and international standards, and requirements set out in certifications such as ISO and NSF. These frameworks facilitate accurate presentation of product specifications, safety information, handling instructions, and traceability information. We also align with internal quality protocols and industry's best practice to ensure transparency and accuracy.

Marketing communications are reviewed consistently to ensure accuracy, transparency and alignment with regulatory requirements. During the reporting period, no incidents of non-compliance related to product and service information, labelling, and marketing communications were reported.

Certification

Eco-Label

Certification

NSF/ANSI 42

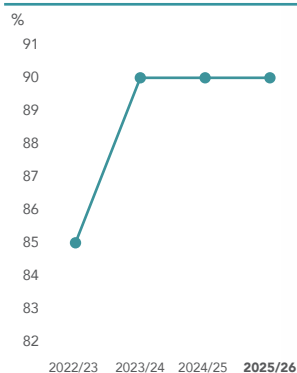
Incidents of non-compliance relating to product information, labelling, and marketing communications

Zero Incidents

CUSTOMER SATISFACTION SURVEY

To strengthen service excellence and continuously enhance customer engagement, Haycarb conducts structured customer satisfaction assessments across key service and operational dimensions. Feedback obtained through these engagements enables the Group to identify improvement opportunities, strengthen responsiveness, and align its value proposition with evolving customer expectations. The overall Customer Satisfaction Score continues to serve as a key indicator in evaluating customer experience and relationship strength.

Customer Satisfaction Score



OUR CUSTOMER COMPLAINT RESOLUTION PROCESS

GRI: 2-25

A robust customer complaint resolution process ensured that all customer complaints and concerns were resolved swiftly and effectively.

Digital tracking of all customer complaints facilitated by the Group's CRM enabled prompt action, timely resolution and accountability.

FOCUS AREAS OF THE CUSTOMER SATISFACTION SURVEY

- » Communication & Responsiveness
- » Customer Service & Relationship Management
- » Product Quality & Technical Compliance
- » Packaging, Labelling & Delivery Performance
- » Pricing & Commercial Competitiveness
- » Sustainability & Environmental Responsibility
- » Social Responsibility, Ethics & Safety

RESULTS DELIVERED IN 2025/26

GRI: 2-6 b iii

As customer expectations continue to evolve, the Group remained focused on strengthening engagement and responsiveness to deliver meaningful value beyond products and services. Continuous feedback gathered through surveys, post-delivery interactions, and technical collaboration enabled deeper customer insight and stronger alignment with stakeholder expectations. Reflecting these efforts, customer satisfaction levels across both the Activated Carbon and Environmental Engineering Solutions segments remained above 90% during 2025/26.

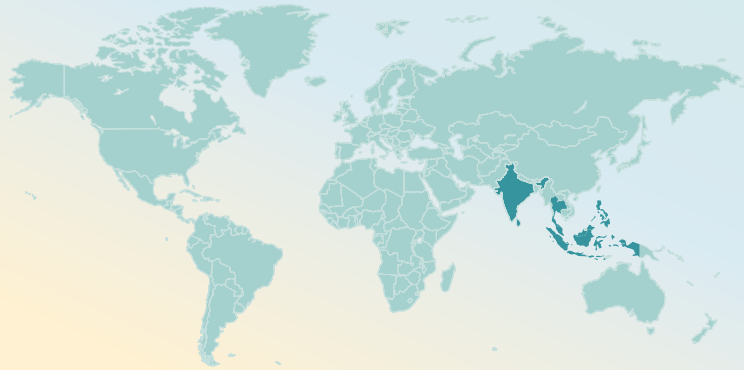


To view the Process, please scan the QR code below.



SOCIAL AND RELATIONSHIP CAPITAL

GLOBAL SUPPLIER NETWORK



● Sri Lanka ● India ● Thailand ● Indonesia ● Philippines



Coconut Shell and Charcoal suppliers across 6 countries

>500



Population of procurement spend paid to coconut shell and charcoal suppliers

71%

SUPPLIER VALUE CREATED DURING THE YEAR 2025/26



Rs. 32 Bn

Payments made to Coconut shell and Charcoal suppliers



44

Coconut shell and Charcoal suppliers added during the year



24%

Suppliers assessed on ESG criteria



61%

Supplies Sourced from Green Charcoaling Practices



Rs. 12.6 Bn

Payments to other material and service suppliers



Rs. 19 Mn

Invested in capacity building of Suppliers



OUR SUPPLIER PROFILE

GRI: 2-6 b ii, 408-1, 409-1

UNGC Principle 4, 5

Activated carbon segment

The Activated Carbon segment's supplier network is deeply rooted within the local communities surrounding its production facilities in Sri Lanka, Indonesia, and Thailand, where coconut shell and coconut

shell charcoal suppliers form the foundation of its raw material supply chain. By prioritising local procurement, the Sector has fostered the growth of numerous small and medium-scale coconut charcoal entrepreneurs, who today represent a significant portion of its supplier. However, the company sources coconut shell based charcoal from India, Indonesia and

Philippines Where locally sourced material are inadequate.

In Sri Lanka, sourcing is supported by a mix of established and small-scale suppliers, alongside backward-integrated charcoaling operations such as Recogen. Indonesia also supports supply through small scale suppliers and backward-integrated

charcoaling operations. In Thailand, Sourcing from external supplier is supported through controlled internal charcoal processing including vertical kiln technology, enhancing consistency and efficiency.

GRI: 204-1

Geographic location	% of local sourcing
Sri Lanka	85%
Thailand	100%
Indonesia	100%

Our locally integrated sourcing model ensures a stable raw material supply while creating economic opportunities within local communities. By sourcing close to operations, we support national economies and reduce transportation-related emissions. We also engage diverse suppliers providing chemicals, packaging, and specialised services.

Environmental Engineering Solutions segment

The Environmental Engineering Solutions segment is supported by a strong network of over 50 subcontractors specialising in civil, mechanical, electrical, and plumbing (MEP) work, together with OEM partners, enabling the delivery of water and wastewater treatment solutions across Sri Lanka and the Maldives.

The Segment also maintains a diversified supplier base of over 20 providers of materials, equipment, machinery, chemicals, and spare parts sourced from countries including China, Taiwan, Japan, India, the USA, Singapore, Italy, Germany, and across Europe. This broad supplier network strengthens supply continuity and supports the delivery of reliable and sustainable engineering solutions.

SUPPLIER ASSESSMENTS

GRI: 308-1, 308-2, 414-1, 414-2

Haycarb's structured approach to assessing its suppliers' environmental, social and governance impacts is set out within its sustainability

framework. Key assessment criteria we consider in assessing suppliers include,

- » Environmental – waste management practices, emissions, water consumption and pollution control methodologies.
- » Social – labour practices, wages, and the prohibition of child and forced/compulsory labour.
- » Health and safety – the use of personal protective equipment, occupational health and safety systems, incident reporting.
- » Governance and compliance – regulatory compliance (including EPL) as well as documentation and operational controls.

ESG assessment criteria are integrated with operational performance indicators such as product quality (moisture and dust content), reliability of supply and technical capability to develop a comprehensive profile of each supplier. Supplier performance is rated using a structured classification system which ranges from A+ (Very Good) to D (Unsatisfactory).

During the year under review, Haycarb conducted ISO-based evaluations covering 48 major suppliers across its value chain, while five major suppliers were assessed specifically on ESG-related criteria, which accounted for 24% of total suppliers onboard. * A phased roadmap has been established to expand coverage to 40% by 2030. 80% of Charcoal suppliers were rated Good/Very Good while 20% supplier were identified as having unsatisfactory potential results. 5% of new suppliers were assessed against ESG criteria We supported identified suppliers in developing action plans to address these concerns within an agreed timeline.

No. of supplier contracts were terminated due to environmental and social concerns in 2025/26

Zero

CULTIVATING A GREENER SUPPLY NETWORK

Strengthening supply chains

We enhance the sustainability of our supply chain through green charcoaling initiatives that promote responsible sourcing, supplier

engagement, and resource-efficient practices. By working closely with our supply chain partners, we strengthen environmental stewardship, support local livelihoods, and help ensure the long-term availability of renewable raw materials.

Technical support

We provide the engineering design and offer technical support during construction to ensure the Haritha Angara pits fulfill all the technical standards required for environmentally friendly charcoaling.

Training

Training serves 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 full payment upon delivery.

Financial support

We offer financial assistance to set up pits and chambers for charcoaling such as low interest loans and advance payment schemes, performance based pricing and incentives linked to quality and volume etc.

Regular assessments

We conduct regular supplier audits, site visits, and real-time feedback through quality intake systems to facilitate continuous monitoring and performance improvement across the supplier network. These mechanisms enhance transparency, strengthen quality consistency, and support suppliers in aligning with the Group's operational, quality, and sustainability standards.

Efforts were also directed towards developing a supplier network in Philippines. While this will facilitate raw materials supplies for the new production facility in the future, supplies generated through these efforts supported supply security in Sri Lanka during the current year.

SOCIAL AND RELATIONSHIP CAPITAL

Key efforts undertaken in 2025/26 included,

- » Providing support to suppliers producing granulation charcoal to increase capacity.
- » Raising awareness among small- and medium-scale charcoal producers about

environmentally friendly charcoaling practices and its potential in increasing yields.

- » Initiated plans to decentralise charcoal collection.

We also transitioned 50% of our suppliers in Sri Lanka to granulated charcoal, which has enabled higher recoveries and reduced waste disposal.

Haritha Angara Programme – Sri Lanka

The Group's flagship supplier development programme which is now in its 10th year, continued to empower micro-, small- and medium-scale entrepreneurs through the propagation of environmentally sustainable charcoaling practices.

The programme promotes closed pit charcoaling which eliminates the release of harmful gases into the environment while creating opportunities for socio-economic progress within local communities.

During the year under review, the Haritha Angara Programme supported environment-friendly charcoaling pits across Sri Lanka, accounting for over 95% of the charcoal sourced locally by the Group.



KEY SUPPLY CHAIN PRIORITIES IN 2025/26

 Strengthened internal coconut charcoal production	» Established as Haritha Angara Environment-friendly charcoaling hub near our manufacturing facility and facilitated the establishment of the second facility in a strategic location through supporting a third party with operational training and financial collaboration. » Enhanced capacity of Weligama in Sri Lanka by 1,200 MT/year.	» Haycarb continued its coconut seedling distribution initiative in Sri Lanka's Eastern Province in partnership with the Coconut Cultivation Board, supporting national efforts to expand coconut cultivation beyond the traditional Coconut Triangle into the Northern and Eastern regions.	 Support coconut cultivation initiatives.
 Expanded the coconut shell collection network.	» Strengthened engagement with local communities to increase shell collection from households in Sri Lanka. » Leveraged 3 collections centres located in Melsiripura, Mawanella and Avissawella, and added new shell collecting centers in Moratuwa, Kandy, Warakapola, and Madampe to facilitate shell collection from local communities. » Engaged with local schools to strengthen coconut shell collection.	» Enhanced the capacity of vertical kilns in Thailand to increase sustainably produced coconut charcoal volumes. » Maintained Haritha Angara pit charcoaling in Thailand with 12 pits. » Initiated expansion in to green charcoaling in Thailand, with plans to establish Haritha Angara Environment-friendly charcoaling pits. » Established two Haritha Angara pit charcoaling sites in Indonesia with a total of 36 Haritha Angara pits. » In addition, 15 Haritha Angara charcoal pits are operating at supplier locations in Indonesia under the Group's technical guidance and supervision to support more sustainable charcoaling practices.	 Greening supply chains

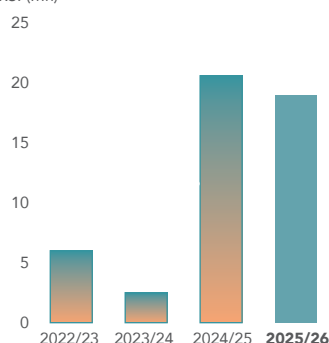
RESPONSIBLE BUSINESS PRACTICES AND SUSTAINABILITY

Our Supplier Value Proposition

Supplier Development and Capacity Building	» As part of the Haritha Angara initiative, our Procurement, Engineering, and QMS teams actively collaborate with suppliers to support their transition towards greener charcoaling methodologies by providing technical training, financial support, and infrastructure development assistance, while enhancing product quality and operational efficiency.
Financial and Livelihood Support	» Guaranteed monthly contracts support income stability for suppliers. » Performance-based pricing structures and volume-linked incentives reward quality and reliability.
Engagement and Feedback Mechanisms	» Regular field visits and continuous access to field officers strengthen supplier connectivity and responsiveness. » Digital communication channels, including SMS, email, and supplier portals, enhance engagement and information sharing. » Structured supplier feedback mechanisms, audits, and real-time quality intake systems support continuous improvement.
Recognition and Inclusive Sourcing	» Supplier recognition programmes, engagement forums, and performance-based rewards foster long-term partnerships. » Initiatives such as school-based shell collection programmes and coconut shell collection centres support the livelihoods of micro, small, and medium-scale suppliers within local communities.

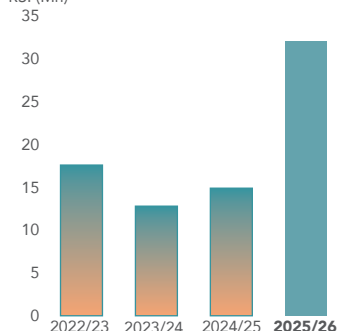
Investments in supplier development

RS. (Mn)

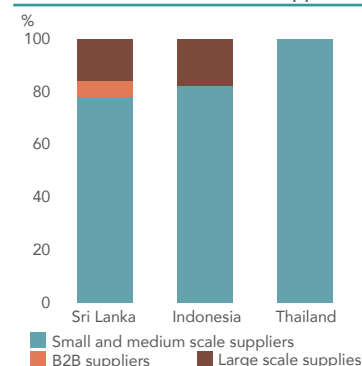


Payments to coconut shell and charcoal suppliers

RS. (Mn)



Profile of Coconut Charcoal Suppliers



RESULTS DELIVERED IN 2025/26

During 2025/26, the Group continued to strengthen its supplier ecosystem through targeted initiatives focused on supplier development, financial empowerment, engagement, and inclusive sourcing. Through programmes such as Haritha Angara, suppliers were supported in

adopting more sustainable charcoaling practices through technical training, infrastructure assistance, and funding support. Continued engagement through field visits, supplier feedback mechanisms, audits, and digital communication channels strengthened collaboration, responsiveness, and quality standards across the supply

chain. Financial assistance schemes, stable contract arrangements, and performance-based incentives further supported supplier livelihoods and supply continuity, while inclusive sourcing initiatives continued to create economic opportunities for micro, small, and medium-scale suppliers within local communities.

SOCIAL AND RELATIONSHIP CAPITAL

OUR COMMUNITY

GRI: 413-1, 2, 203-1, 2 RT-CH: 210a.1

We foster strong and enduring relationships with local communities through impactful engagement initiatives designed to create long-term social value. Community initiatives implemented across Sri Lanka, Thailand, and Indonesia align with the Hayleys Group CSR Policy priorities of education, health and wellbeing, livelihood development, and cultural enrichment. Through these initiatives, the Group continued to contribute towards community resilience, inclusive growth, and improved quality of life across its operating regions. No significant negative impacts on local communities were reported during the year under review.

SUPPORTING COMMUNITY WELL-BEING

Puritas Sath Diyawara

Haycarb's flagship CSR initiative, Puritas Sath Diyawara, continued to support local communities through the provision of purified drinking water. This initiative was launched in 2014 in response to rising incidents of chronic kidney disease (CKD) in Sri Lanka's North, North Central and Uva provinces. Leveraging the expertise of the Environmental Engineering Solutions segment in water purification, we designed and built 20 reverse osmosis plants with integrated distribution systems over the course of 11 years, to facilitate the provision of purified potable water. The programme's unique village-managed self-sustaining model continues to deliver purified potable water to

communities in need. The programme was sponsored by the Business Sectors of the Hayleys Group together with Haycarb.

Sisu Divi Pahana - School Meal Programme

Now in its fourth year, this programme offers school children a nutritious mid-day meal. This has supported their overall health and wellbeing while improving their concentration at school, enabling improved educational outcomes.



Investment in impactful community engagement initiatives

Rs. 52.7 Mn



Volunteer hours contributed by our team

>12,500



Beneficiaries in Sri Lanka, Thailand and Indonesia

>135,000



Cumulative investment by the Hayleys Group

Rs. 112.5 Mn



Cumulative investment by the Haycarb Group

Rs. 9.58 Mn



Water purified per day

>200,000 L/day



People positively impacted

>45,000



Students across 16 schools positively impacted

>800/Day

EMPOWERING FUTURE GENERATIONS THROUGH EDUCATION

Puritas Sath Diyawara – Going Beyond

The Going Beyond initiative was developed as an extension of the Puritas Sath Diyawara programme and aimed to address the broader socio-economic needs of the communities in CKD affected areas. During 2025/26, the Group supported the education of school children through the donation of books and school supplies. While also empowering women and youth by providing support for entrepreneurial initiatives.



SUPPORTING THE HEALTH CARE SECTOR OF THE NATION

Haycarb supported targeted healthcare facility upgrades and community health awareness programmes during the year under review. This included the renovation of critical hospital infrastructure at Negombo General Hospital, blood donation camps, community youth engagement programmes, and awareness programmes on wholesome nutrition.

INDUSTRY INITIATIVES AND ASSOCIATIONS

GRI: 2-28

Our memberships in industry associations have enabled strong relations with industry peers while facilitating collaboration and knowledge sharing for the overall advancement of the sector. We also actively engage with the Coconut Research Institute of Sri Lanka (CRI) to support their research in increasing coconut crop yields and enhancing our understanding of the properties of coconut.



Value of schoolbooks
and stationery donated
in 2025/26

Rs. 9.2 Mn



No. of
beneficiaries

>2,500



Beneficiaries - Negombo
Hospital Project

>10,000

BUSINESS PARTNERS

GRI: 2-6 c

A strong focus on open communication, transparency and ethical business conduct have enabled enduring, collaborative partnerships with business partners. The strength and depth of these relationships have supported us in navigating challenging operating conditions and strengthened business resilience for sustainable mutual value creation.



Supporting university students

Haycarb donated laptops to Low-income students across 07 state universities in Sri Lanka, supporting digital access and empowering their higher education through technology. We also offered scholarships to students to assist their tertiary education and support them in building skills relevant to their future careers.

JOINT VENTURE PARTNERS IN THAILAND AND INDONESIA

Our long-standing partnerships with joint venture partners in Thailand and Indonesia were invaluable in strengthening supply security of our key raw materials, coconut shells and coconut shell charcoal. These partnerships were also vital in ensuring cordial industrial relations, local market access and impactful community engagement.

- » Thailand - > 29 year relationship
- » Indonesia - > 14 year relationship

FRONT-END PARTNERS

Collaborative partnerships with numerous front-end partners continued to support the Environmental Engineering Solutions sector's activities in technical, product and market development.

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
- » The National Chamber of Exporters of Sri Lanka
- » The Ceylon National Chamber of Industries
- » The National Chamber of Commerce of Sri Lanka
- » Small Hydro Power Developers' Association
- » Construction Industry Development Authority



Educational aid for
University Students

>300

SOCIAL AND RELATIONSHIP CAPITAL

SOCIAL AND RELATIONSHIP CAPITAL CONNECTIVITY

1. STRATEGIC PRIORITIES
ENABLED

- » Market Growth
- » Strengthen Global Supply Chain
- » Purpose-Driven & Committed Teams
- » ESG Mindset
- » Innovation-Led Growth

Key Strategic Focus Areas

- » Customer engagement
- » Supplier development
- » Community investment
- » Stakeholder trust
- » Sustainable partnerships Responsible business practices

2. MATERIAL TOPICS
CONNECTED

- » M15 Community & Livelihood Development
- » M3 Customer Satisfaction
- » M12 Environmental Impacts in Supply Chain
- » M4 Product Quality
- » M2 Regulations & Compliance
- » M17 Operational Safety & Emergency Preparedness
- » M18 Market Presence
- » M14 Training & Education
- » M6 Technology & Product Innovations

3. RISKS & OPPORTUNITIES
CONNECTED

Principal Business Risks

- » PBR1 Raw Material Procurement
- » PBR 3 Compliance Risk

SRROs / CRROs

- » SRRO 1: Environmental Compliance and Regulatory Tightening Risk
- » CRRO 1 Climate Risk on Raw Material Supply

» Strategic Responses

- » Customer relationship management
- » Supplier partnership development
- » Haritha Angara programme
- » Community engagement initiatives
- » Sustainable sourcing strategies



4. CAPITAL CONNECTIVITY

Financial Capital	Intellectual Capital	Human Capital	Social & Relationship Capital	Natural Capital	Digital Capital
Supports sustainable growth, market expansion and shareholder confidence	Supports product quality, delivery reliability and operational resilience	Supports innovation, technical excellence and product development	Strengthens employee engagement, supplier relationships and community development	Supports sustainable sourcing and environmental stewardship across the value chain	Strengthens customer engagement, CRM integration and digital stakeholder connectivity

5. CAPITAL TRADE-OFFS

Strategic Initiative	Capital Strengthened	Capital Potentially Pressured	Nature of Trade-Off
Supplier development programmes	Social & Relationship Capital / Natural Capital	Financial Capital	Higher supplier development and support expenditure
Community investment initiatives	Social & Relationship Capital	Financial Capital	Longer-term social value realisation
Enhanced customer engagement	Social & Relationship Capital / Financial Capital	Manufactured Capital	Higher relationship management requirements
Sustainable sourcing expansion	Natural Capital / Social & Relationship Capital	Social and Relationship capital	More stringent supplier expectations and monitoring
Expanded stakeholder communication	Social & Relationship Capital / Digital Capital	Financial Capital	Increased communication and engagement costs

6. LONG-TERM VALUE CREATION

» Enhanced customer loyalty and retention	» Strengthened supplier resilience
» Improved stakeholder trust and reputation	» Expanded market connectivity
» Greater social impact across communities	» Improved supply continuity
» Enhanced brand positioning	» Strengthened collaborative partnerships
» Sustainable long-term stakeholder relationships	» Inclusive and responsible value creation

CONTRIBUTION TO SDG'S





MANUFACTURED CAPITAL



Our Manufacturing Capital continues to anchor our delivery of high-quality activated carbon solutions across global applications. **Guided by a horizon of growth and discovery, we advanced in FY2025/26 through targeted investments in technology, sustainability, and capacity—largely driven by our in-house engineering and R&D expertise.** These initiatives position us to explore new frontiers, strengthen our global footprint, and create enduring value through responsible growth.

BRAHMAN BALARATNARAJAH
Deputy Managing Director

STRATEGIC ROLE

Manufactured Capital supports operational resilience, manufacturing scalability and product quality through advanced production infrastructure and sustainable manufacturing practices. Investments in automation and operational efficiency continue strengthening manufacturing agility and supply reliability.

MANAGEMENT APPROACH

We manage Manufactured Capital through continuous enhancement of production infrastructure, engineering systems and quality management practices. Our approach focuses on automation, process optimisation and operational efficiency while supporting scalable and resilient operations.

OUR STRATEGIC PRIORITIES IN 2025/26



Advancing our greenfield investment in the Philippines



Capacity enhancements powered by strong in-house engineering and R&D capabilities to capture emerging opportunities



Strengthening resilience



Digitalisation and automation

PROGRESS MADE IN 2025/26



Capital expenditure in progress on our greenfield capacity expansion project - Philippines



Capacity enhancement of the energy storage carbon - Sri Lanka



Increase in Solar energy consumption



Investment in wastewater treatment Plant


91%
Nos.

Capacity Utilisation


4.15
Rs. Bn

Capital Expenditure


16.17
Rs. Bn

PPE at the end of March 2026


1.4
Rs. Bn

Investment to enhance production capacity of energy storage carbon

FUTURE OUTLOOK

Manufacturing agility and infrastructure resilience are expected to become increasingly important competitive advantages. Continued investments in automation, energy-efficient technologies and scalable production infrastructure will support future-ready operations and long-term competitiveness.

DIGITALISATION

During the year, we advanced process automation and digitalisation by implementing real-time monitoring systems. Sensor technologies, data acquisition tools, and centralised dashboards enhanced the accurate tracking of critical parameters, including temperature, pressure, flow rates, and energy consumption.

VALUE CREATED IN 2025/26

- » Commenced construction of a new manufacturing facility in the Philippines, aligned with sustainable and energy-efficient manufacturing principles.
- » Increased production capacity for energy storage carbons in Sri Lanka, supporting clean energy solutions.
- » Enhanced capacity and efficiency for value-added carbon products in Sri Lanka and Thailand.
- » Expanded renewable energy adoption through investments in waste heat recovery and solar power generation.
- » Advanced automation and digitalisation of process monitoring and recording to improve operational efficiency.
- » Upgraded Effluent Treatment Plant (ETP) facilities .
- » Strengthened laboratory capabilities to support innovation and technical excellence.
- » Continued driving operational efficiency through lean manufacturing initiatives.

WAY FORWARD

Short-term plans

- » Complete construction of our new manufacturing facility in the Philippines.
- » Enhance manufacturing capacity for energy storage carbons by 2,850 MT.
- » Expand activation capacity in Sri Lanka.
- » Digitalisation and automation of kiln control and packing process in Sri Lanka.

Medium-to-long term plans

- » Explore opportunities to expand our manufacturing footprint to India.
- » Capacity enhancements for energy storage carbons.
- » Expand regeneration capacity.
- » Complete the Phase 3 capacity enhancement in the Philippines.

7
**Production facilities
across 3 countries**
Increase in PPE Value
21%
Rs. 10.7 Bn
Local

Rs.5.5 Bn
Overseas

**Out of
Total Assets**

MANUFACTURED CAPITAL



Our Locations

OUR JOURNEY OF MANUFACTURING EXCELLENCE OVER THE LAST 15 YEARS

Establishment of a 600 MT Energy Storage Carbon Production Facility

2010

2012

Expanded our manufacturing footprint in Thailand with the acquisition of Shizuka

First greenfield plant set up in Indonesia – PT Haycarb Palu Mitra

2014

2024

Establishment of a state of the art Electro Chemical Laboratory

2025

Global capacity reaches 58,500 MT p.a.

Commenced constructions of Philippines plant (7,500 MT p.a.)

Energy Storage Carbon expansion (1,200 MT p.a.)

OUR MANUFACTURING FOOTPRINT

Haycarb's manufacturing footprint spans 7 production facilities across 3 countries.



SRI LANKA

Production capacity

31,800 TPA

Of total production capacity

54%

Haycarb Madampe: Manufactures standard and value-added carbons including impregnated carbon.

Haycarb Badalgama: Manufactures standard and value-added carbons including washed and pelletised carbons.

Energy Storage Carbon Plant: A high-tech manufacturing facility for the manufacture of energy-storage carbons.

Recogen: Sustainable manufacture of coconut shell charcoal through a mechanised process with integrated power generation.



THAILAND

Production capacity

13,700 TPA

Regeneration capacity

3,600 TPA

Of total production capacity

24%

Carbokarn-Chonburi: Manufactures standard and value added carbons including washed carbons.

Shizuka-Ratchaburi: Manufactures standard carbons.

CK Regen Systems – Chonburi: Regeneration of spent carbons.



INDONESIA

Production capacity

13,000 TPA

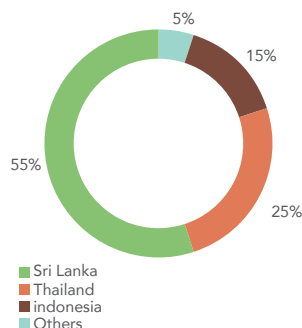
Of total production capacity

22%

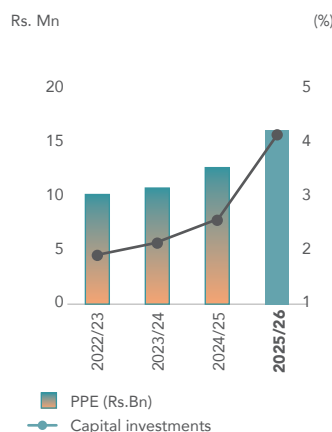
PT Mapalus Makawanua Charcoal Industry Bitung: Manufactures standard, value-added and washed carbons.

PT Haycarb Palu Mitra – Palu: Standard carbon manufacturing

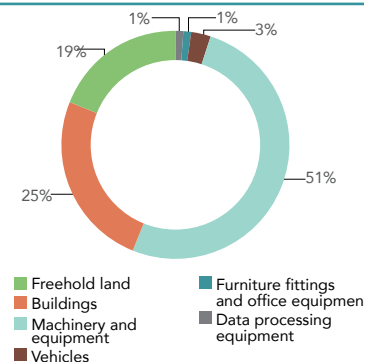
Asset Base Geographical Wise



Capital Investment and PPE Growth



PPE Composition



CAPACITY ENHANCEMENTS POWERED BY STRONG IN- HOUSE ENGINEERING AND R&D CAPABILITIES

Advancing our investment in the Philippines

Our operation in the Philippines falls under the purview of Haycarb Philippines Corporation a 100%-owned subsidiary of Haycarb PLC, registered with the Board of Investment of the Philippines.

The Group commenced the development of its eighth manufacturing facility in the Philippines during FY2025/26, marking a significant milestone in its global expansion strategy. The project is progressing as planned, and installation of machinery is scheduled for completion in the fourth quarter of FY2026/27.

The second greenfield project undertaken by Haycarb with in-house expertise for plant designs and optimum layout, this is a collaborative effort of multi-functional

teams from Project Engineering, Technical, Business Development and other support functions, which is expected to add 7,500 MT of production capacity in two phases over the next 12 months, further enhancing the Group's global manufacturing footprint, strengthening supply chain resilience, and supporting the pursuit of emerging growth opportunities across key markets

Enhanced capacity for energy storage carbon production

Amidst rising global demand for activated carbon and the full utilisation of existing capacity, we continued to strengthen our manufacturing base through targeted, high-value investments. During the year, Rs. 1.4 billion was invested in expanding and upgrading our Sri Lankan operations to advance our capabilities in energy storage carbons, a strategically important growth segment.

This expansion incorporated state-of-the-art carbon processing and thermal treatment technologies, precision material handling

and sizing systems, and highly controlled finishing lines tailored for energy-grade activated carbon used in lithium-ion battery applications. The facility is underpinned by advanced automation, rigorous in-process and final quality assurance systems, and enhanced environmental and safety frameworks, enabling precise control over critical parameters such as particle size distribution, surface area, and electrochemical performance.

This investment has significantly elevated product quality, consistency, and operational efficiency, while strengthening our ability to meet the exacting technical demands of the energy storage industry and supporting future scalability and innovation. Notably, the facility was fully designed, engineered, and commissioned by our in-house technical, R&D, and engineering teams, underscoring Haycarb's deep-rooted expertise and competitive advantage in advanced carbon manufacturing.

MANUFACTURED CAPITAL



Capacity enhancement for value-added and standard products

Significant investments were undertaken during the year to strengthen and expand capacity in both value-added and standard product segments, reinforcing our manufacturing competitiveness and operational depth.

- » Enhancement of the value added production capacity was strengthened through,
 - o The expansion of washing plant operations at Haycarb Badalgama by 3,000 MT per annum, supported by the installation of two advanced units incorporating flash dryer technology.
 - o Production capabilities for specialised carbon grades were scaled up by 3,000 MT per annum in Thailand, through the integration of high-efficiency pulverisers and classifier systems, improving precision, throughput, and product consistency.
- » Enhancement of the standard production capacity
 - o The commissioning of a new activation kiln at Shizuka Co Ltd-Thailand, adding 1,700 MT per annum and increasing the Group's total manufacturing capacity to 58,500 MT per annum.

These investments reflect our continued focus on enhancing process capability, product value realisation, and operational

efficiency, while leveraging in-house engineering expertise to deliver scalable and future-ready manufacturing solutions.

Capacity Enhancement for Charcoaling process

In response to ongoing global charcoal supply challenges, Haycarb PLC continues to actively pursue new opportunities to strengthen its manufacturing footprint and enhance value creation for customers. As part of this strategy, the Group continues to establish in-house charcoal production operations across selected overseas locations.

This has been leveraged international expertise in environmentally advanced charcoaling technologies, with a strong focus on building robust manufacturing infrastructure, enhancing process integration, and elevating operational capability. The programme is designed to produce high-quality, shell-based charcoal tailored to support downstream activated carbon manufacturing while advancing R&D capabilities.

As part of this strategic expansion, 36 environmentally friendly green charcoaling pits and infrastructure were commissioned in Indonesia. These incorporate improved process controls, higher yield efficiencies, and consistent quality outputs aligned with global manufacturing standards.

Through these developments, Haycarb continues to strengthen process

reliability, deepen integration across the manufacturing value chain, and reinforce its technical capabilities in sustainable carbon production enabling greater control over quality, scalability, and innovation, while consistently delivering enhanced value to its customers.

DIGITALISATION AND AUTOMATION

As Haycarb continues its journey Beyond Horizons, digitalisation and automation will remain central to building a future-ready manufacturing ecosystem. Through intelligent manufacturing solutions, digitally integrated operations, and process automation, the Group aims to strengthen operational resilience, improve customer responsiveness, enhance sustainability performance, and support long-term value creation aligned with global manufacturing benchmarks.

During the year under review, we commenced Phase 1 of our boiler digitalisation programme across our manufacturing facilities. This phase involved the successful digitalisation of boilers at our manufacturing locations in Madampe and Badalgama, Sri Lanka. The programme is expected to be expanded to additional manufacturing facilities in the coming year. Please refer to the Digital Capital section on page 263 for further information on Haycarb's digitalisation initiatives.

CREATING VALUE FOR OUR STAKEHOLDERS

COMMENCEMENT OF
DIGITALISATION OF
STEAM BOILERSAUTOMATION OF
WASHING PLANT
OPERATIONEXPANSION OF
DIGITALISATION OF RAW
MATERIAL PROCUREMENT
SYSTEM TO THAILAND
MANUFACTURING
LOCATION PARTNERS

STRENGTHENING RESILIENCE

We are proactively strengthening our manufacturing processes to build long-term sustainable resilience. Our Key initiatives undertaken during the year include,



Renewable Energy Usage

77%

Solar Electricity
Usage YoY

139%

Initiative	Investment Detail	Strategic Impact	Value Created
Floating Solar Project (Thailand)	Commencement of 1.09 MW floating solar development	Supplies ~12% of Carbokarn's electricity demand	Energy self-sufficiency, protection from energy price volatility, stronger ESG profile, Lower energy costs, reduced carbon footprint and improved margin resilience
Waste Heat Recovery	Waste heat utilisation for new kiln established in our Thailand operations and continuation of LPG to waste heat conversion of dryer in Haycarb Badalgma	Improved utilisation of excess thermal energy	Reduced fuel consumption, enhanced process efficiency, operating cost savings

Building Process Resilience through
Advanced Water Treatment Systems

Effluent Treatment Plants (ETPs) form an integral part of the Company's manufacturing capital by supporting efficient, sustainable, and compliant production processes. Wastewater generated during manufacturing is treated through ETP systems, with a portion of treated water recycled for gardening and selected operational uses. At our energy storage plant in Sri Lanka, advanced ETP infrastructure, including RO treatment, enables further recovery of treated wastewater for reuse in certain process applications, helping improve

MANUFACTURED CAPITAL

resource efficiency and reduce freshwater dependency. The Company continues to invest in modern ETP infrastructure and cleaner production technologies to strengthen environmental performance and operational resilience.

These investments support responsible water management, minimise environmental impact, and align manufacturing processes with global sustainability and industrial best practices, while contributing to long-term value creation.

Investment in Safety Environment

Additional investments were also made to enhance the safety environment at production locations including installation of auto start fire pumps at manufacturing locations.

Given the implications of climate-related physical risks, we also focused on safeguarding manufacturing assets by strengthening precautionary measures through enhanced maintenance, climate resilient design considerations and proactive risk management practices.

OPERATIONAL EFFICIENCY AND PRODUCTIVITY

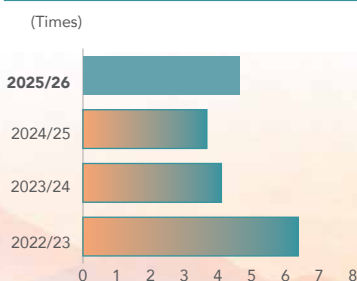
Haycarb has implemented numerous manufacturing best practice, including Lean Manufacturing, Six Sigma, 5S and Kaizen to foster a culture of production excellence and 'zero-product defects'. The Group consistently assesses its processes to identify opportunities for efficiency and productivity improvements while reducing waste. During



the year under review, we implemented 37 lean initiatives across our production facilities resulting in savings of Rs. 1.1 Bn. Major initiatives implemented during the year under review included,

- » Waste recovery of charcoal and re-processing in Sri Lanka.
- » Process reformulation for activation to control over-processing and quality assurance.
- » Process changes to gold and powder carbon POA to obtain higher yields.
- » Fuelled dryers using waste heat instead of oil.

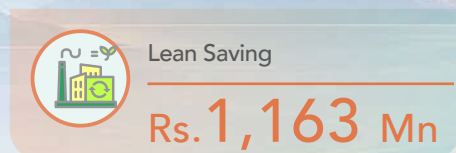
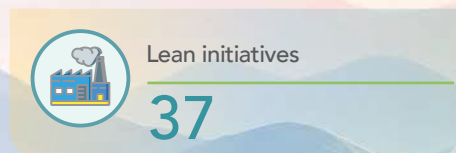
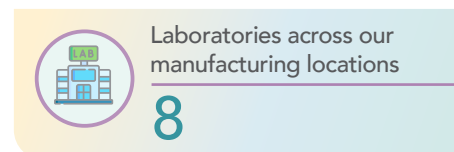
PPE Turnover Ratio



STATE-OF-THE-ART LABORATORIES

Haycarb maintains state-of-the-art laboratories to drive innovation and facilitate quality assurance of its finished goods.

The Group's analytical laboratory and the Electrochemical laboratory at the Head Office in Colombo, Sri Lanka is well-equipped with a range of specialised equipment to facilitate the Group's research and development priorities. Meanwhile, quality assurance laboratories established at each manufacturing facility enable standard and specific testing of carbons to ensure finished goods meet the technical specifications of our customers.





Equipment	Capability
New investments in 2025/26	
Investing in Malvern Laser Particle Size Analysers – 2 Nos to improve the product Quality.	This is inline with Groups strategy of Capacity Expansion of “Energy Storage Carbon”
Expansion of electrochemical laboratory with cylindrical cell assembling facility.	» Strengthens the Group’s strategic focus on expanding the Energy Storage Carbon segment by enabling in-house testing using 18,650 cylindrical cells, which closely simulate real-world battery applications. » Enhances testing accuracy and scalability, allowing more reliable performance evaluation of energy carbon materials under practical operating conditions.
Existing capabilities	
Advanced capabilities to drive innovation in energy storage carbons	
Coin and pouch cell assembling equipment	Enables the assembly of, lithium-ion, supercapacitor, and sodium-ion cells in the laboratory to test the performance of our energy storage carbon range under real world conditions.
M-Braun Glovebox	Enables a dry and inert environment (usually composed of high purity argon) for the assembly of lithium-ion, supercapacitor, and sodium-ion cells.
Arbin battery tester and Gamry electrochemical workstation	Enables electro-chemical performance testing of lithium-ion, supercapacitor, and sodium-ion cells.
Purity analysers	
Atomic absorption spectroscopy (AAS)	Facilitates the production of value-added activated carbon products requiring high levels of purity by enabling the measurement of metal constituents to the parts-per-million level.
Inductively coupled plasma mass spectrometric (ICP-MS) analyser	Supports the production of activated carbon with high levels of purity by facilitating the measurement of metal constituents at trace levels (parts per trillion levels).
Structural property analysers for product customisation and innovation	
ONH Element analyser	Facilitates the measurement of surface functional groups (Oxygen, Nitrogen, Hydrogen) in surface modified / treated activated carbon products.
Laser particle size analyser	The laser particle size analyser enables precise measurement of particle size and distribution profiles for fine and powder activated carbon products. This supports product development and quality assurance by ensuring consistent particle characteristics and reliable end-use performance.
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.
Gas displacement pycnometer	Facilitates high-precision volume measurements and true density calculations of activated carbon.
Other capabilities	
Gas breakthrough testing facility	Developed in collaboration with Donaldson USA for SO ₂ , NH ₃ , and Toluene.

MANUFACTURED CAPITAL

ENVIRONMENTAL ENGINEERING SOLUTIONS SEGMENT

The Environmental Engineering Solutions segment is supported by specialised laboratories and technical expertise that enable the development of customised and performance-driven water and wastewater treatment solutions tailored to complex influent and effluent characteristics.

These advanced capabilities support innovation, process optimisation, and the efficient execution of new projects while enhancing treatment plant performance and scalability with cost-effective solutions and minimal infrastructure additions.

Leveraging strong technical know-how and engineering excellence, the segment

continues to strengthen its position as a trusted solutions provider in industrial water and wastewater management. The Environmental Engineering Solutions segment is also recognised by the Central Environmental Authority as a specialist and consultant in the field of water pollution control, reinforcing its credibility, technical leadership, and commitment to sustainable environmental solutions.

WAREHOUSING

Strategically located global warehousing network supports efficient logistics and inventory management within the Activated Carbon segment. Warehousing facilities operated through our marketing offices in the USA, Europe, and Australia enable the timely distribution of finished goods and

responsiveness to customer requirements across key markets. Warehousing infrastructure at manufacturing locations supports the storage of raw material buffer stocks, semi-finished goods, and finished products, ensuring operational continuity and supply chain efficiency. Additional warehousing facilities located in proximity to seaports facilitate streamlined export operations and the efficient shipment of finished goods to global customers.

This integrated warehousing and distribution network enhances value creation across the supply chain by improving delivery reliability, reducing lead times, and enabling responsive customer service, thereby strengthening long-term customer relationships and supporting global market competitiveness.

MANUFACTURED CAPITAL CONNECTIVITY

1. STRATEGIC PRIORITIES ENABLED

- » Market Growth
- » Innovation-Led Growth
- » Strengthen Global Supply Chain
- » ESG Mindset
- » Purpose-Driven & Committed Teams

Key Strategic Focus Areas

- » Capacity expansion
- » Manufacturing efficiency
- » Energy storage carbon production
- » Operational resilience
- » Sustainable manufacturing
- » Automation and digitalisation

2. MATERIAL TOPICS CONNECTED

- » M9 Manufacturing Capabilities
- » M6 Technology & Product Innovations
- » M11 Energy Consumption
- » M10 Emissions & Air Quality
- » M1 Materials
- » M4 Product Quality
- » M16 Water Discharge & Effluents
- » M17 Operational Safety & Emergency Preparedness
- » M12 Environmental Impacts in Supply Chain
- » M20 Energy Cost

3. RISKS & OPPORTUNITIES CONNECTED

Principal Business Risks

- » PBR 1 Raw Material Procurement Risk
- » PBR 3 Compliance Risk
- » PBR 4 Geopolitical Dynamics

SRROs / CRROs

- » SRRO 1: Environmental Compliance and Regulatory Tightening Risk
- » SRRO 2: Workforce Capability and Skilled Labour Availability Risk
- » SRRO 3: Occupational Health and Safety Risk
- » CRRO 1 Climate Risk to Raw Material Supply
- » CRRO 3 Transition Opportunity - Scaling Renewable Energy Adoption
- » CRRO 4 Transition Opportunity-Growing Demand for Activated Carbon in Climate Solution Application

Strategic Responses

- » Capacity expansion investments
- » Green charcoaling integration
- » Manufacturing automation
- » Lean manufacturing initiatives
- » Renewable energy investments
- » Advanced water treatment systems

4. CAPITALS CONNECTIVITY

Financial Capital	Intellectual Capital	Human Capital	Social & Relationship Capital	Natural Capital	Digital Capital
Supports capacity expansion, manufacturing investments and operational scalability	Supports in-house engineering, R&D capability and process innovation	Enhances technical capability, operational excellence and safety culture	Strengthens customer confidence through quality and reliable delivery	Supports renewable energy, water treatment and circularity initiatives	Enables manufacturing automation, operational monitoring and digital integration

5. CAPITALS TRADE-OFFS

Strategic Initiative	Capital Strengthened	Capital Potentially Pressured	Nature of Trade-Off
Capacity expansion projects	Manufactured Capital / Financial Capital	Financial Capital	Higher short-term capital investment requirements
Automation and digitalisation	Manufactured Capital / Digital Capital	Human Capital	Workforce adaptation and reskilling requirements
Renewable energy investments	Natural Capital / Manufactured Capital	Financial Capital	Longer investment payback periods
Water treatment infrastructure	Natural Capital / Manufactured Capital	Financial Capital	Higher operational monitoring and maintenance requirements
Lean manufacturing initiatives	Manufactured Capital / Financial Capital	Human Capital / Financial Capital	Temporary process adjustment and implementation complexity

6. LONG-TERM VALUE CREATION

» Enhanced manufacturing resilience	» Improved operational efficiency
» Greater production scalability	» Strengthened product quality and consistency
» Enhanced energy efficiency	» Reduced environmental footprint
» Improved supply chain reliability	» Future-ready manufacturing capability
» Strengthened innovation capacity	» Sustainable long-term industrial growth

CONTRIBUTION TO SDG'S





DIGITAL CAPITAL



Haycarb leverages digital technologies to transform operations, enhance service delivery, and drive continuous improvement. **Just as the horizon represents limitless possibilities and new frontiers yet to be explored, we leverage digital innovation to extend our vision,** strengthen performance, enhance safety, elevate customer experiences, and expand our global reach. We also foster a forward looking learning culture that empowers our people.

MS. JEEVANI ABEYRATNE
Director – Finance & IT

STRATEGIC ROLE

Digital Capital underpins operational intelligence, stakeholder connectivity and organisational agility through integrated systems, automation and data-driven decision-making. Digital initiatives enhance operational visibility, customer engagement and responsiveness across global operations.

MANAGEMENT APPROACH

We manage Digital Capital through digital governance, cybersecurity oversight and investment in digitalisation and automation, AI-enabled analytics and operational monitoring systems. Our approach strengthens digital connectivity, data visibility and cybersecurity resilience across the Group.

OUR STRATEGIC PRIORITIES IN 2025/26



Expanding market reach through Digital marketing



Enhancing performance with digitalisation and automation



Strengthen Operational Health and Safety



Fostering E - learning Culture



Enhancing Customer experience

PROGRESS MADE IN 2025/26

44
%

Increase in engaged traffic

>
1900

Views on newsletters

11.2
%

Engagement rate in LinkedIn

16
%

Increases in new users



11.69
Rs. Mn

Digital marketing spend



170
%

Increase in website traffic from AI discovery platforms



Zero

Security breaches and customer data compromise or losses



70.5
Rs. Mn

Invested in IT infrastructure & systems

FUTURE OUTLOOK

Digital capability and operational intelligence are expected to become increasingly important strategic enablers. Expanded automation, AI-enabled analytics and integrated digital connectivity will strengthen agility, operational responsiveness and long-term organisational competitiveness.

DIGITALISATION

Our Digital Capital comprises the technologies, digital platforms, and data systems that enhance operational efficiency, innovation, and stakeholder engagement across our global operations. We prioritise cybersecurity to safeguard critical systems, data integrity, and stakeholder privacy.

VALUE CREATED IN 2025/26

- » Established an Automation & Digitalisation Department to drive digital transformation.
- » Completed Phase 1 digitalisation of steam boilers and automated washing plant operations, enhancing remote monitoring, operational stability, and efficiency.
- » Implemented digital raw material procurement in Thailand, enhancing transparency and quality validation.
- » SAP with RISE, the ERP transition was launched during the year and is in process. Completed business analysis and blueprint sign-off
- » Automated key enterprise workflows to improve process efficiency.
- » Enhanced e-learning with accessible training for employee upskilling.
- » Expanded digital reach through AI-enabled, multilingual web capabilities.
- » Strengthened cybersecurity and data privacy controls.
- » Increased brand visibility through targeted digital marketing initiatives.

WAY FORWARD

Short-Term Plans

- » Complete Phase 2 digitalisation of steam boilers across all manufacturing locations.
- » Digitalise production scheduling and capacity planning in manufacturing operations.
- » Digitalise activation kilns and selected production processes in Sri Lanka.
- » Expand the digital raw material procurement system to Indonesia.
- » Upgrade Sri Lanka's ERP to SAP RISE and extend it to overseas locations.
- » Strengthen Haycarb's global brand presence through digital channels.

Medium-to Long-Term Plans

- » Automate production and warehouse operations.
- » Automate energy carbon and powder carbon packing systems.
- » Explore AI tools to enhance employee productivity and effectiveness.
- » Improve stakeholder connectivity through seamless data capture and integration

3

No. of key Workflows digitised

75%

IT infrastructure covered in external Information security audit

>800 hours

Training through e-learning platforms

DIGITAL CAPITAL

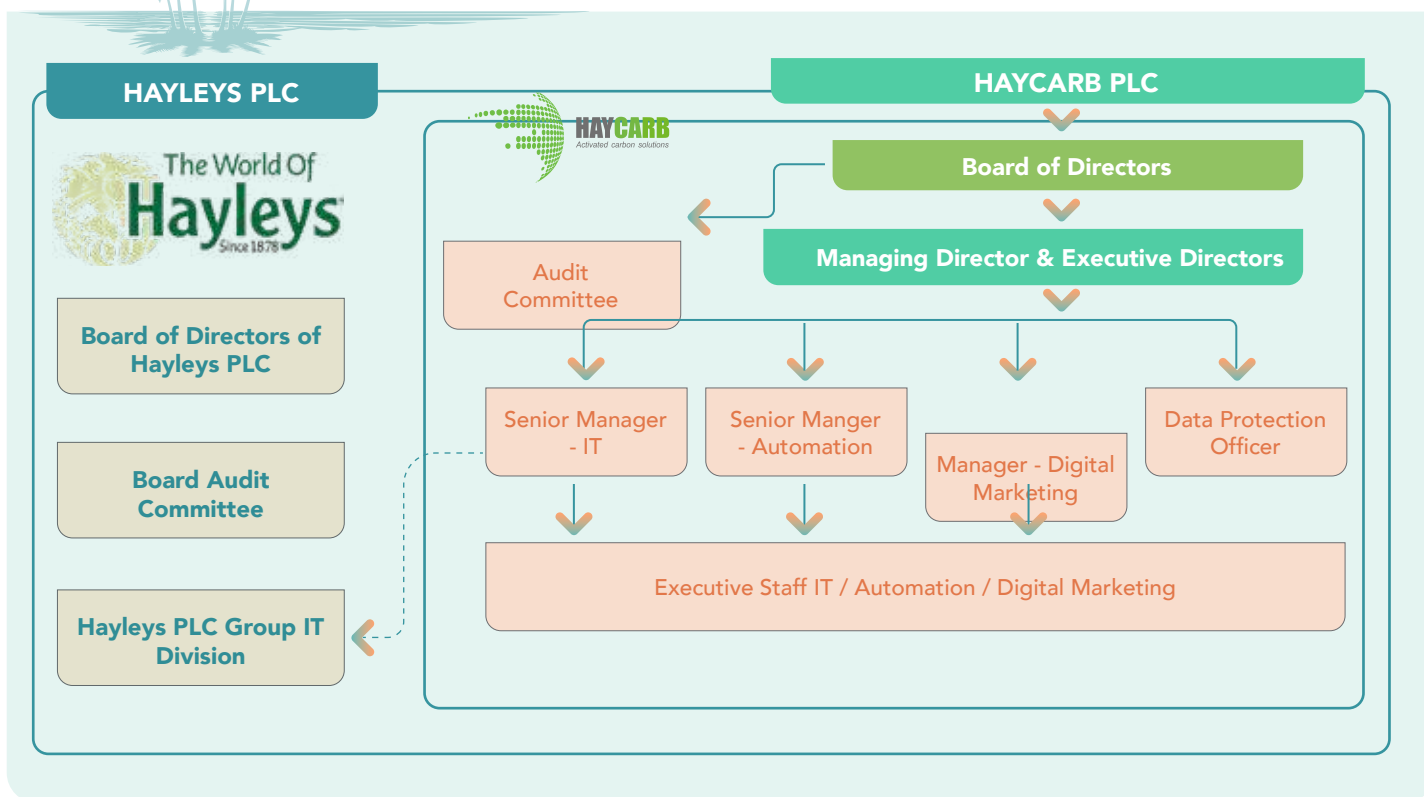
HAYCRAB PLACES STRONG EMPHASIS ON MAINTAINING A RESILIENT CYBERSECURITY FRAMEWORK TO SAFEGUARD ITS DIGITAL ENVIRONMENT AND PROTECT STAKEHOLDER INFORMATION AMID INCREASING RELIANCE ON TECHNOLOGY.

GOVERNANCE

Robust governance underpins the effective management of Haycarb's technology and information assets and the security of its IT systems. The Group's Board of Directors provides oversight of IT and cybersecurity risk management while the Board Audit Committee monitors the effectiveness and adequacy of threat mitigation strategies. The Group's parent entity, Hayleys PLC's Group IT Division and Chief Information Security Officer also provide oversight of Haycarb's cybersecurity management strategy. IT divisional heads across the Hayleys Group meet monthly to monitor and assess emerging cybersecurity threats, evaluate new security guidelines and align Group-wide mitigation strategies with industry

best practice. This ensures that Haycarb's cybersecurity risk management strategy is proactive, robust and relevant.

During the year under review, Haycarb established an Automation and Digitalisation Department . reinforcing its commitment to operational excellence and technological advancement. The Department is mandated to systematically identify opportunities for process optimisation, efficiency enhancement, and cost rationalisation through the adoption of advanced automation and digital solutions.



THE FRAMEWORK FOR IT GOVERNANCE



GROUP IT POLICY

- » Group connectivity
- » Disaster recovery plans
- » External security audits
- » IT equipment and 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
WEBSITES

- » Guidelines for secure web development.
- » Guidelines for web hosting enforcement.

CYBERSECURITY RISK
MANAGEMENT

GRI 418-1

Haycarb is cognisant of the importance of safeguarding its information assets and protecting the confidentiality, integrity and availability of information. Our approach to cybersecurity management is governed by our Information Security Policy which outlines our commitment to maintaining effective information security practices and procedures across the Group.

Haycarb's IT team monitors cybersecurity risks on an ongoing basis while assessing its potential impact on operations on a quarterly basis. Based on the outcome of this risk assessment, action plans are updated for effective mitigation of cybersecurity risks. External auditors review our data security processes periodically to assess the adequacy of control measures. We also provide training to team members regularly to safeguard against user-related risks. To facilitate emergency preparedness and business continuity, Haycarb conducts disaster recovery drills on its core systems annually.

The policy architecture that governs cybersecurity risk management at Haycarb is clearly defined, and ensures robust risk management and security framework.

INFORMATION SECURITY ARCHITECTURE



DIGITAL CAPITAL

A range of tools are utilised across the Group to safeguard against cybersecurity risks, protect critical user data and prevent data losses. No instances of system security breaches, data losses, breaches of customer privacy or losses of customer data were reported during the year under review.

Haycarb recognises digitalisation as a fundamental driver of its business strategy across both internal operations and external engagements. Digital technologies play a pivotal role in enhancing manufacturing efficiency, operational excellence, expanding global market reach, advancing customer

management, and fostering a culture of continuous learning.

The illustration below highlights the principal tools and systems that supported the delivery of our strategic priorities for the year.

DIGITALISATION FOR OPERATIONAL EXCELLENCE



ENHANCING MANUFACTURING EFFICIENCY

Improve efficiency and Productivity through digital tools

- » Digitalisation of steam Boilers
- » Automation of Washing plant operation
- » Digitalise Raw material Procurement system in Thailand



EXPANDING MARKET REACH THROUGH DIGITAL MARKETING

Increase brand visibility and market penetration through Digital marketing.

- » Paid advertising
- » Search engine optimisation (SEO) and improved AI visibility
- » Digital content and optimised social media presence



FOSTERING E-LEARNING CULTURE

Promote employee growth through flexible and digital learning opportunities.

- » Hay Learn – E learning platforms
- » Training and development programs



ENHANCING CUSTOMER EXPERIENCE

Provide exceptional support and service to customers

- » Microsoft dynamics 365 CRM application
- » Enhancing the Corporate Website to Improve Customer Interactivity
- » AI-powered chatbot



ENHANCING MANUFACTURING EFFICIENCY

Digitalisation of steam Boilers

This initiative involves the deployment of advanced field sensors integrated with Internet of Things (IoT) systems to capture critical boiler parameters-including steam pressure, water level, steam temperature, steam flow rate, feedwater quantity, and flue gas conditions-in real time. The captured data is transmitted to a secure cloud-based platform, enabling remote monitoring of boiler operations by managers and supervisors. In addition, the system generates real-time alerts to mobile devices when key parameters exceed predefined thresholds, facilitating early anomaly detection and timely corrective action, thereby enhancing operational safety and reliability. During the year under review, Phase 1 of the boiler systems at the manufacturing plants in Madampe and Badalgama was successfully digitalised, with plans to extend this initiative across other manufacturing locations in the years ahead.



AUTOMATION OF WASHING PLANT OPERATION

Washing plant automation was initially implemented across the Sri Lankan manufacturing facilities and subsequently extended to Thailand plants, delivering improved process consistency and operational efficiency. This process is further been advanced, with plans to extend the same framework to the newly constructed energy storage carbon manufacturing facility.

consistent adherence to defined standards, reinforcing product reliability. In addition, the digitalisation of procurement processes has facilitated advanced trend analysis across volumes, quality, and supplier performance, enabling data-driven decision-making and strengthening management oversight of the supply chain, while supporting more informed sourcing strategies.

CHARCOAL SUPPLIER DATA PORTAL

To enhance the accuracy of recording supplier visits, the Charcoal Supplier Visit Data Portal has been introduced and this system captures real-time data on supplier interactions, including the locations of charcoal and coconut shell suppliers, significantly reducing the time required for visit reporting while improving the efficiency and reliability of the documentation process.

DIGITALISING THE RAW MATERIAL PROCUREMENT SYSTEM

This system has enabled the automation of raw material procurement and charcoal quality validation processes, significantly improving operational efficiency. Its implementation has strengthened the accuracy and transparency of procurement activities while enhancing the traceability and auditability of raw materials through streamlined digital workflows and embedded controls. The automation of quality parameter validation ensures



DIGITAL CAPITAL

EXPAND MARKET REACH THROUGH DIGITAL MARKETING



PAID ADVERTISING

Paid advertising initiatives were scaled across multiple markets during the year, strengthening the Group’s digital presence and market reach. The paid media strategy was expanded beyond Google Search to include platforms such as LinkedIn, enabling proactive engagement with decision-makers. This approach is expected to support entry into new regions, providing visibility where organic presence is still developing. In addition, targeted campaigns supported the positioning of newly developed products, such as PFAS-related solutions, by educating and familiarising potential customers ahead of purchase intent, supporting long-term demand creation.

Impressions

> 1.33Mn

Clicks

> 30,000

Direct inquiries

> 120



SEARCH ENGINE OPTIMISATION (SEO) AND IMPROVED AI VISIBILITY

Haycarb’s visibility for key technical search terms was improved across search engines during the year . Topical authority was strengthened in areas such as PFAS, water treatment, and industrial applications through structured, R&D-led content. The website was curated to improve discoverability across AI-driven search environments and generative platforms. In addition, content presence was expanded beyond the Company’s website, increasing visibility across trusted online channels where customers and stakeholders seek information.

New users

+ 16%

Overall Website Traffic Contribution

> 34,000

Engagement Rate

+ 62%

Average Session Duration

4m 28s

Backlinks* (with over 420+ domains)

> 19,000

*Backlinks are incoming links from other websites that show our site is reliable.



DIGITAL CONTENT AND OPTIMISED SOCIAL MEDIA PRESENCE

Continued to strengthen digital communication by deploying interactive content across social media platforms such as LinkedIn, Facebook, YouTube and X , enhancing global visibility, and enabling engagement with potential customers.



Interactions

> 15,600



Page views

> 13,100



Views

> 4,400



Views on newsletters

> 1,900

FOSTERING E-LEARNING CULTURE

Hay-Learn, the Group's e-learning platform

The introduction of the e-learning portal has enabled the delivery of flexible, self-paced training to team members across all locations. The platform offers over 205 courses across 21 areas, supporting the development of a learning culture aligning with the Group's strategic objectives.

Training and Development

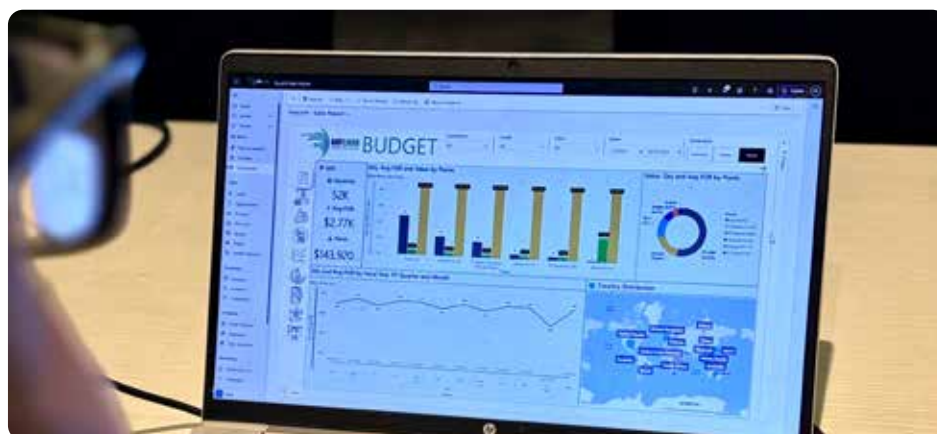
Enhanced the capabilities of our workforce through targeted training and development initiatives, delivering over 1,793 training hours and reaching more than 647 employees.



ENHANCING CUSTOMER EXPERIENCE

Microsoft dynamics 365 CRM application.

The Group's Customer Relationship Management (CRM) system continued to strengthen both customer retention and new customer acquisition by centralising all customer interactions within a single, structured platform. This eliminated fragmented, email-based handling and provided sales teams with a comprehensive, real-time view of customer data, enabling more informed and personalised engagement. The introduction of automated lead capture from multiple digital channels, coupled with intelligent routing to the relevant teams, ensured that every inquiry is addressed efficiently. Enhanced visibility over lead status and ownership further improved response times and accountability. Collectively, these advancements have established a scalable digital foundation to support future automation, customer segmentation, and data-driven sales and marketing initiatives.



Enhancing the Corporate Website to Improve Customer Interactivity

The Group enhanced its corporate website to strengthen customer interactivity and support its broader digital marketing strategy. The revamped platform delivers significantly improved user experience through intuitive navigation, faster load times, and a more engaging user journey, enhancing visitor retention. The introduction of multilingual capabilities enables the Group to connect more effectively with native users and regional audiences.

Seamless integration with the CRM system facilitates efficient lead capture and management, further supported by the incorporation of additional communication channels such as WhatsApp and WeChat to improve accessibility and drive lead generation. The website also serves as a centralised platform to communicate the Group's innovation and sustainability commitments, positioning it as a scalable, always-on interface for product discovery and stakeholder engagement.



New Opportunities
Generated

121



Successful Quotes
Awarded

20



Secured

USD 12 Mn

DIGITAL CAPITAL

AI-powered chatbot

The integration of an AI-powered chatbot into the corporate website has enabled continuous, 24/7 engagement with global visitors, allowing Haycarb to respond to inquiries across multiple time zones. The solution delivers instant, business-relevant information, enhancing users' understanding of the Group's products and capabilities while improving the overall digital experience through a responsive and intelligent interface. By pre-qualifying prospects, the system supports sales teams in engaging with more context-rich leads. In addition, features such as real-time multilingual support, consent-based data capture, and seamless backend integration contribute to more efficient inquiry management. While measurable outcomes are still evolving, the platform establishes a scalable foundation for enhanced responsiveness, automated interactions, and strengthened global lead engagement.

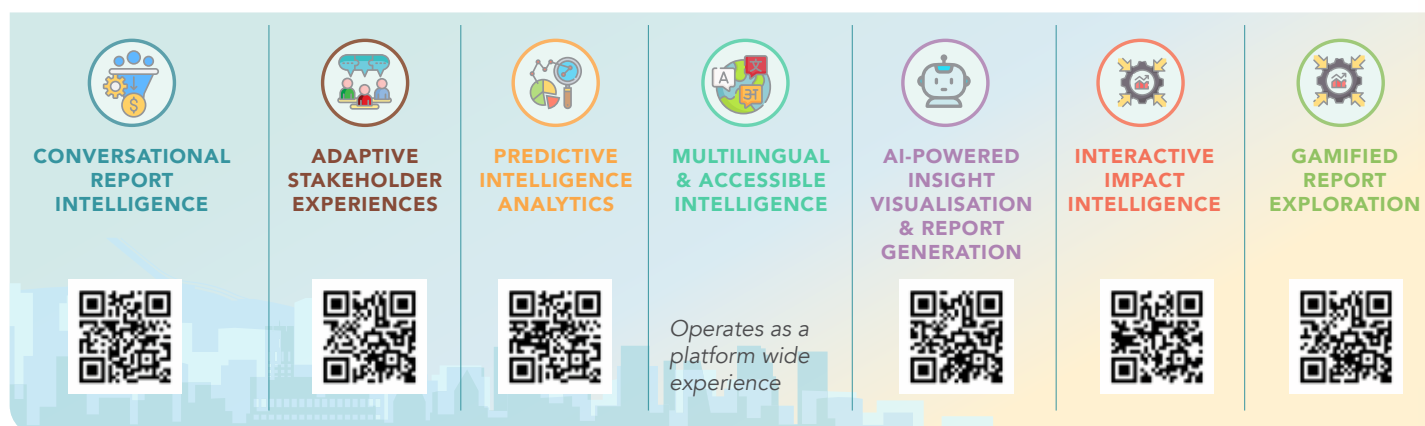
**DIGITALISATION FOR CORPORATE REPORTING EXCELLENCE**

As part of its commitment to transparency and innovation, Haycarb has advanced its corporate reporting through digitalisation by introducing a Digital Annual Report hosted on a dedicated microsite and supported by an AI-powered chatbot. This platform enhances stakeholder interaction by providing instant, tailored responses to user queries, enabling easier navigation

and clearer understanding of key insights. The inclusion of gamification elements further enriches the experience, offering an engaging and interactive way to explore the Group's performance and achievements. Collectively, these enhancements improve accessibility, encourage deeper stakeholder engagement, and reinforce the Group's objective of delivering a more intuitive and user-centric reporting experience.

DIGITALISATION FOR CORPORATE REPORTING EXCELLENCE

As a part of our corporate reporting digital transformation journey, we have re imagined the Annual Report as an intelligent reporting ecosystem designed to enhance stakeholder engagement, accessibility and insight discovery.



DIGITAL CAPITAL CONNECTIVITY

**1. STRATEGIC PRIORITIES
ENABLED**

- » Market Growth
- » Innovation-Led Growth
- » Strengthen Global Supply Chain
- » Purpose-Driven & Committed Teams
- » ESG Mindset

Key Strategic Focus Areas

- » Automation and digitalisation
- » AI integration
- » Cybersecurity resilience
- » CRM and digital engagement
- » Operational intelligence
- » Data-driven decision-making

**2. MATERIAL TOPICS
CONNECTED**

- » M6 Technology & Product Innovations
- » M13 Cyber Security
- » M9 Manufacturing Capabilities
- » M3 Customer Satisfaction
- » M14 Training & Education
- » M4 Product Quality
- » M2 Regulations & Compliance
- » M17 Operational Safety & Emergency Preparedness

**3. RISKS & OPPORTUNITIES
CONNECTED****Principal Business Risks**

- » PBR 5 Cyber Security Risk

SRROs / CRROs

- » SRRO 1 Environmental Compliance Risk
- » SRRO 2 Workforce Capability Risk
- » SRRO 3 Occupational Health & Safety Risk

Strategic Responses

- » ERP and automation integration
- » AI-enabled analytics
- » Cybersecurity enhancement
- » Digital monitoring systems
- » CRM integration
- » Digital capability building

DIGITAL CAPITAL**4. CAPITAL CONNECTIVITY**

Financial Capital	Intellectual Capital	Human Capital	Social & Relationship Capital	Natural Capital	Digital Capital
Supports operational efficiency, analytics and long-term digital investments	Enables smart manufacturing, automation and process optimisation	Strengthens innovation, AI integration and technical knowledge systems	Enhances digital capability, learning and workforce adaptability	Improves customer engagement, digital trust and stakeholder connectivity	Supports environmental monitoring and sustainability data management

5. CAPITAL TRADE-OFFS

Strategic Initiative	Capital Strengthened	Capital Potentially Pressured	Nature of Trade-Off
ERP and automation investments	Digital Capital / Manufactured Capital	Financial Capital	Higher short-term capital expenditure
AI and analytics integration	Digital Capital / Intellectual Capital	Human Capital	Workforce reskilling and adaptation requirements
Enhanced cybersecurity systems	Digital Capital / Social & Relationship Capital	Financial Capital	Higher cybersecurity and monitoring expenditure
Expanded digital monitoring systems	Digital Capital / Natural Capital	Manufacturing Capital	Increased operational complexity and system dependency
Digital capability building	Digital Capital / Human Capital	Manufacturing Capital	Temporary productivity adjustments during transition

6. LONG-TERM VALUE CREATION

» Enhanced operational resilience	» Improved manufacturing efficiency
» Stronger cybersecurity and data protection	» Improved stakeholder trust
» Better data-driven decision-making	» Enhanced digital customer engagement
» Improved ESG monitoring and governance	» Future-ready digital capability
» Scalable innovation platform	» Long-term sustainable value creation

CONTRIBUTION TO SDG'S

MINDFUL
GOVERNANCE

A *Horizon* of Principles

The horizon exists because of Earth's curvature, and is continuously redefined as planet Earth rotates. Constant in presence remains Universal and Consistent yet ever-changing in view.

Similarly, Haycarb's governance structure is applied in a universal and consistent manner, ensuring a uniform approach across all geographies in which it operates.



CORPORATE GOVERNANCE

CHAIRMAN'S MESSAGE ON CORPORATE GOVERNANCE

GRI: 2-22



Mohan Pandithage
Chairman

During the year, Haycarb continued to strengthen its governance framework across expanding horizons, supporting responsible growth, disciplined oversight and enduring stakeholder confidence

The Haycarb Group operates through a diversified network of twenty legal entities spread across eleven countries, necessitating disciplined governance practices and effective oversight across its global operations. Managing this geographically dispersed footprint continues to require adherence to evolving legal and regulatory frameworks unique to each operating environment. Amid increasingly complex global dynamics, the Group remains steadfast in its commitment to the highest standards of corporate governance, anchored in the principles of transparency, accountability, ethical conduct and responsible stewardship. These principles continue to form the foundation of Haycarb's long-term resilience, sustainability and stakeholder trust.

The governance structure underwent further refinement during the year in response to several strategic and operational developments across the Group. These included the commencement of construction activities relating to the Group's manufacturing operation in the Philippines and the commencement of commercial operations of Eurocarb Products Germany GmbH, necessitating strengthened governance oversight across expanding international operations. During the year, Ultracarb (Pvt) Limited, the Group's wholly owned subsidiary engaged in the manufacture of energy storage carbons, was amalgamated with Haycarb PLC to further streamline operations and strengthen organisational integration. Haycarb PLC was registered as an entity under Section 17 of the Board of Investment of Sri Lanka during the year. The objects clause of the Articles of the Association of the Company was rationalised through an Extra Ordinary General Meeting (EGM) of the shareholders for this purpose.

During the year, we continued to strengthen the integration of ESG principles into our business strategy and decision-making processes. Our Sustainability Framework continued to guide our efforts towards creating sustainable long-term value for all stakeholders while reinforcing responsible business practices across the Group. Reflecting our continued commitment towards transparency and stakeholder engagement, interim sustainability disclosures were published on the Company's website during the year. The Group also continued to mature its implementation of SLFRS S1 and SLFRS S2 disclosure requirements and has progressed towards obtaining independent assurance over related disclosures in line with emerging reporting expectations and global best practices. In addition, the Board undertook a comprehensive review of the governance policies published on the corporate website in line with the section 09 of the listing rules of the Colombo Stock Exchange (CSE), to ensure continued relevance and alignment with evolving governance expectations and regulatory developments.

The Board remains committed to maintaining a governance framework that is responsive to evolving stakeholder expectations and emerging business risks,

including those relating to sustainability, digitalisation, cybersecurity and regulatory compliance. During the year, we continued to uphold the principles embodied in the Code of Best Practice on Corporate Governance – 2023 issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, together with the applicable Listing Rules of the Colombo Stock Exchange. These frameworks continue to support disciplined oversight, balanced decision-making and the safeguarding of stakeholder interests across all levels of the organisation.

The Integrated Annual Report once again serves as an important element of our governance and accountability framework. Beyond mandatory disclosure requirements, the Report seeks to provide stakeholders with a balanced and transparent overview of the Group's governance practices, strategic priorities, sustainability initiatives and long-term value creation approach. Our focus extends beyond compliance, reflecting the Group's continued commitment towards responsible corporate citizenship and enduring stakeholder confidence.

As we navigate an increasingly dynamic global landscape, the Board remains focused on strengthening governance practices that support resilience, agility and sustainable growth across the Group's expanding horizons. I extend my sincere appreciation to the Board of Directors, Management, employees and all stakeholders for their continued dedication, professionalism and unwavering commitment towards upholding the values and purpose-driven vision of Haycarb.

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

21st May 2026
Colombo

GOVERNANCE HIGHLIGHTS OF 2025/26

**SHAREHOLDERS**

- » The 52nd Annual General Meeting was held on 26th June 2025.
- » Payment of Rs. 1.21 Bn as dividends relating to the financial year ended 31 March 2026.
- » An Extraordinary General Meeting was held on 14th January 2026 to pass a Special Resolution for the amendment to the Articles of Association.

**AMALGAMATION**

- » Ultracarb Pvt Ltd, was amalgamated with Haycarb PLC in October 2025.

**BOI REGISTRATION**

- » Haycarb PLC registered with Board of Investment of Sri Lanka under the "Section 17 of the BOI Law No.4 of 1978", in March 2026.

**EXPANSION**

- » Haycarb Philippines Corporation commenced the construction of its Manufacturing plant in Philippines.
- » Start of Commercial Operations by Eurocarb Germany GMBH.

**POLICY REFRESH**

- » The Company's governance policies publicised in line with Section 9.2 of CSE listing rules, were reviewed by the Board at its meeting held on 12th February 2026.

**SUSTAINABILITY**

- » The mid-term sustainability review report was published on the Company's website, in January 2026.

**EVALUATIONS**

- » Annual Board Self-Evaluation was completed during the year.
- » Annual evaluation of the Chief Executive Officer by the Board was also completed during the year.



GOVERNANCE DASHBOARD 2025/26

MEETINGS & ATTENDANCE

- » **04** Board Meetings | **98%** Attendance
- » **04** Audit Committee Meetings | **94%** Attendance
- » **04** Related Party Transactions Review Committee Meetings | **84%** Attendance
- » **02** Remuneration Committee Meetings | **100%** Attendance
- » **02** Nominations & Governance Committee Meetings | **100%** Attendance

BOARD COMPOSITION

- » Independent Director Representation – **36%**
- » Female Director Representation – **29%**

BOARD EVALUATIONS

- » Evaluations Completed – **100%**

OUR COMMITMENT

- » Governance breaches - **0%**
- » Regulatory noncompliance incidents – **0%**

TRAINING HOURS

- » Employee training on data privacy – **285 Hours**
- » Employee training on code of business conduct – **883 Hours**
- » Employee training on sustainability – **3,246 Hours**

INTERNAL AUDITS

Number of Internal Audits completed by Hayleys Management Audits & Systems Review Department – **04**

CORPORATE GOVERNANCE

GOVERNANCE ACROSS ELEVEN COUNTRIES

Operating across 11 countries and multiple regulatory jurisdictions, Haycarb PLC maintains a robust governance framework to ensure that the standards and obligations expected from a responsible listed entity are consistently upheld across all Group operations. In addition to complying with Group governance requirements, each entity within the Group also adheres to the specific legal, regulatory and compliance requirements applicable within its respective jurisdiction, many of which are significantly different and increasingly complex in nature. Managing governance across such a diverse global operating landscape requires disciplined oversight, structured governance processes and continuous monitoring across all levels of the organisation.



PROCESS OF GLOBAL GOVERNANCE

The following represent significant mechanisms through which governance is exercised across the Group's global operations.

BOARD REPRESENTATION ACROSS GEOGRAPHIES

The Group maintains representation of Parent Company Directors across geographically diversified subsidiaries to ensure consistent governance oversight, strategic alignment and adherence to Group governance standards across all operating locations.

- » Mr.Mohan Pandithage serves as Chairman of all Group entities, except PT. Mapalus Makawanua Charcoal Industry and PT. Haycarb Palu Mitra, where he serves as President Commissioner and President Director, respectively.
- » Mr.Rajitha Kariyawasan serves on the Boards of all Group entities, except one associate company.
- » Mr. Sarath Ganegoda serves on the Boards of two entities in Australia and Indonesia, as well as an associate company in Sri Lanka.
- » Mrs. Jeevani Abeyratne serves on the Boards of all Group entities, except two associate companies.
- » Mr. Brahman Balaratnarajah serves on the Boards of ten entities across Sri Lanka, Thailand, the USA, Singapore, the Philippines, and Indonesia.
- » Ali Asgar Munaver Carderbhoy serves on the Boards of seven entities across Sri Lanka, Australia, India, the Philippines, Singapore, and Indonesia.
- » M.S.P. Udaya Kumara serves on the Boards of six entities across Sri Lanka, the USA, the Philippines, Singapore, and Indonesia.
- » Brindiini Perera serves on the Board of the Group's UK entity.
- » Arjun Senaratna serves on the Board of the Group's USA entity.

GROUP STRUCTURE



19

Companies

2

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

INCLUSION OF LOCAL JURISDICTION DIRECTORS

Each operating entity includes Directors from the respective local jurisdiction to ensure that country-specific legal, regulatory and business requirements are appropriately addressed through local expertise and market understanding.

- » Eurocarb Germany GmbH (Germany) - Erik Mense, Ms. Tatjana Gorst
- » Haycarb Philippines Corporation (Philippines) - Ronald D. Policarpio
- » Haycarb Singapore (Pvt) Limited (Singapore) - Wong Yong Fei
- » Haycarb Activated Carbon (Pvt) Ltd. (India) - Elindram Srinivasulu
- » PT. Haycarb Palu Mitra (Indonesia) - Jafri Yauri, K.A. Karman, Ronny
- » Carbokarn Co. Ltd (Thailand) - Prasarsk Kanchanabatr, Benja Karnchanabatr, Krit Karnchanabatr, Ms. Chattip Techatipmanee, Ms. Sirijit Karnchanabatr
- » Shizuka Co. Ltd. (Thailand) – Prasarsk Kanchanabatr, Benja Karnchanabatr, Krit Karnchanabatr, Ms. Chattip Techatipmanee, Ms. Sirijit Karnchanabatr
- » CK Regen Systems Limited (Thailand) – Prasarsk Kanchanabatr, Benja Karnchanabatr, Krit Karnchanabatr, Ms. Chattip Techatipmanee, Ms. Sirijit Karnchanabatr
- » Haycarb USA Inc. (USA)- Chris Rosauer, Arjun Senaratna
- » Eurocarb Products Limited (United Kingdom) -Erik Mense, Richard Bittel
- » Haycarb Holdings (Australia) (Pty) Ltd. (Australia) – Manuel Marques
- » PT.Mapalus Makawanua Charcoal Industry (Indonesia) – Ridwan Mapahena

INTEGRATION BETWEEN PARENT AND LOCAL BOARDS

Close collaboration between Directors of the Parent Company and local jurisdiction Directors enables effective communication, timely decision-making and alignment between Group objectives and local operational requirements.

MONTHLY PERFORMANCE AND GOVERNANCE REVIEWS

Structured monthly review meetings are conducted for each entity to monitor operational performance, financial management, compliance matters, strategic priorities and emerging risks across the Group. During the year the number of meetings conducted > 50 .

ENGAGEMENT OF REPUTED FIRMS FOR ANNUAL EXTERNAL AUDIT FUNCTION AND ENGAGEMENT OF REPUTED FIRMS FOR OTHER COMPLIANCE ADVISORY

The Group engages reputed professional firms across respective jurisdictions to carry out Annual external audit functions for operating entities. In addition, reputed professional advisors are also appointed to support local legal, tax, regulatory and compliance requirements within respective countries. Firms engaged during the year other than established in Sri Lanka are given below.

» Guthrie, Belcsyk, & Associates, P.C. – USA	» Ernst & Young LLP – Singapore
» H.S. Lim & Co. LLP - Singapore	» SGV & Co. – Philippines
» Lawes & Co UK Limited – United Kingdom	» Ernst & Young -India
» Hall Chadwick WA Audit Pty Ltd - Australia	» Price Waterhouse & Co LLP- India
» Advanced Auditing Co., Ltd - Thailand	» Coverdale Trust Services Limited – BVI
» Johannes Juara & Rekan - Indonesia	» Romulo Mabanta Buenaventura Sayoc & De Los Angeles – Philippines
» Jill Santos & Company – Philippines	» TMF Deutschland AG – Germany
» Johannes J. Moser M.Sc. - Germany	

CORPORATE GOVERNANCE

REGULAR VISITS BY PARENT COMPANY DIRECTORS

Directors of the Parent Company frequently visit overseas operations to strengthen governance oversight, engage with local management teams and obtain direct visibility into operational and compliance matters within different geographies.

Number of Parent Company Directors visiting foreign subsidiaries during the year - 12

FREQUENT SENIOR MANAGEMENT ENGAGEMENT

Senior management teams regularly visit entities across multiple jurisdictions to support operational integration, monitor execution of strategic priorities and maintain close coordination with local management teams.

Number of Parent Company Senior Managers visiting foreign subsidiaries during the year - 18

CENTRALISED FINANCE OVERSIGHT

The finance function of the Group is centrally coordinated from the Parent Company in Sri Lanka, enabling consistent financial governance, reporting standards, treasury oversight, internal controls and financial monitoring across all Group entities. The Group has appointed dedicated finance professionals at the Parent Company to oversee and support the finance functions of each foreign entity, ensuring close financial oversight, coordination and alignment across all international operations.

CENTRALISED STRATEGIC AND SUPPORT FUNCTIONS

Key strategic and support functions including Information Technology, Sales and Marketing, Research and Development, Digital Marketing and Legal oversight are centrally managed from the Parent Company in Sri Lanka to ensure consistency, operational alignment and effective governance across the Group.

GROUP-WIDE INTERNAL AUDIT COVERAGE

The annual internal audit plan of the Hayleys Management Audit and Systems Review Department extends across foreign geographical locations, enabling structured reviews of operational processes, financial controls, system governance and compliance practices throughout the Group's international operations.

GOVERNANCE PROCESS CONNECTIVITY ACROSS CAPITALS

The Group's governance framework supports the stewardship, protection and enhancement of the capitals that underpin long-term value creation. Through strategic oversight, capital allocation, enterprise risk management and sustainability governance processes, the Board and management oversee how each capital is utilised, strengthened and balanced across multiple horizons

Strong governance drives the effective stewardship and creation of value across all capitals.							
GOVERNANCE PROCESS	 Financial Capital	 Manufactured Capital	 Human Capital	 Intellectual Capital	 Social And Relationship Capital	 Natural Capital	 Digital Capital
Strategic Planning	✓	✓		✓	✓	✓	✓
Capital Allocation	✓	✓		✓		✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓
Sustainability Governance			✓	✓	✓	✓	✓
R&D Oversight				✓		✓	✓
Supply Chain Governance	✓	✓			✓	✓	✓
Cybersecurity Oversight	✓			✓	✓		✓

Through robust governance processes, we ensure balanced management and continuous enhancement of our capitals, creating sustainable value across multiple horizons.

GOVERNANCE PROCESS CREATING VALUE

GRI: 2-23,24

Strong governance is the foundation of our success and sustainable growth. Our governance process, guided by clear policy commitments and embedded across the Group, creates long-term value for all our stakeholders.



POLICY COMMITMENTS

We formally state our commitment to responsible business conduct and ethical leadership.

GRI: 2-23



Ethical Business Conduct & Integrity

Upholding the highest standards of ethics, integrity and transparency.



Health, Safety & Well-being

Prioritising the health, safety and well-being of our people and communities.



Legal & Regulatory Compliance

Complying with all applicable laws, regulations and industry standards.



Respect for Human Rights

Respecting and promoting human rights across our operations and value chain.



Environmental Stewardship

Responsible use of resources and minimising our environmental impact.



Stakeholder Engagement & Accountability

Engaging with stakeholders openly and being accountable for our actions.

Our policies are aligned with international standards and local regulations, and reviewed regularly to remain relevant and effective.



EMBEDDING POLICY COMMITMENTS

We translate our commitments into action across governance, processes and people.

GRI: 2-24



Governance & Oversight

The Board provides oversight through clear structures, policies and accountability mechanisms.



Integration into Strategy & Decision Making

ESG and responsible business considerations are integrated into strategy, risk management and business decisions.



Policies, Procedures & Controls

Robust policies and internal controls guide our operations and ensure compliance with laws and standards.



Capacity Building & Awareness

We build awareness and capability of our people through training, communication and a strong ethical culture.



Monitoring, Measurement & Assurance

We monitor performance through KPIs and management reviews, with assurance to drive continual improvement

CREATING VALUE FOR OUR STAKEHOLDERS



SHAREHOLDERS

- » Sustainable returns
- » Transparent reporting
- » Strong corporate governance



EMPLOYEES

- » Safe and inclusive workplace
- » Growth and development
- » Fair and respectful treatment



CUSTOMERS & PARTNERS

- » Quality products and services
- » Reliable partnerships
- » Ethical and responsible dealings



COMMUNITY & SOCIETY

- » Community wellbeing and development
- » Responsible operations
- » Environmental stewardship



REGULATORS & GOVERNMENT

- » Compliance with laws and regulations
- » Constructive engagement
- » Support national development

CORPORATE GOVERNANCE



GOVERNANCE PRACTICES SUPPORTING ETHICAL AND EFFECTIVE LEADERSHIP AT HAYCARB

At Haycarb, governance practices that support ethical and effective leadership are built on a strong, structured framework that ensures accountability, transparency, and long-term value creation:



COMPOSITION

The Haycarb Board comprises 14 Directors, including 8 Non-Executive Directors, of whom 5 are Independent, ensuring a balanced Board structure with effective oversight and strong governance standards.

This composition strengthens objective oversight, reduces concentration of authority, and enhances balanced decision-making in line with best practice corporate governance standards.



EFFECTIVE DELEGATION

Effective leadership is further supported through well-defined delegation mechanisms.

Board Committees operate under clearly established Charters, enabling focused oversight of key areas such as audit, risk, remuneration, nominations and related party transactions, while ensuring clear accountability and efficient decision-making processes.



BOARD ENGAGEMENT

The Board maintains strong engagement with the business through regular interaction with Executive Directors, cross-representation within subsidiaries, structured Board meetings, and continuous knowledge-sharing sessions. This ensures directors remain closely connected to operational realities while maintaining strategic oversight.



POLICIES

Haycarb PLC also maintains a comprehensive policy framework approved by the Board, which guides ethical conduct, compliance, and governance practices across the Group, reinforcing a strong culture of integrity and consistency.



RISK MANAGEMENT

Risk governance is embedded through an Enterprise Risk Management framework supported by a Combined Assurance Model. The Company continuously identifies and integrates significant and emerging risks into its risk management processes, ensuring proactive mitigation, resilience, and informed strategic decision-making.

Together, these practices create a robust governance environment that supports ethical leadership, sustainable performance, and stakeholder confidence.

BOARD COMPLIANCE



Haycarb operates within a comprehensive, fit-for-purpose governance framework designed to ensure strict compliance with applicable statutory requirements, regulatory directives, and globally recognised corporate governance best practices. This framework is supported by strong internal control systems, Board oversight mechanisms, and a culture of ethical conduct that is embedded across the Group's operations.

The Board plays a central role in ensuring that the Group is governed with integrity, transparency, and accountability. It provides strategic direction while safeguarding the interests of shareholders and other key stakeholders, including employees, customers, regulators, and the wider community. In doing so, the Board ensures that capital resources are utilised responsibly and that sustainable value creation remains a core priority.



During the 2025/26 financial year, the Board confirms that it has effectively discharged its fiduciary duties and statutory obligations. This includes oversight of financial reporting integrity, risk governance, internal controls, compliance monitoring, and strategic performance evaluation. The Board is satisfied that appropriate governance practices were consistently applied throughout the year.



The Company confirms full compliance with the Corporate Governance Rules set out under the Listing Rules of the Colombo Stock Exchange (CSE). This includes compliance with requirements relating to Board composition, independence, Board committees, disclosures, related party transactions, and overall governance standards.



All Independent Directors appointed to the Board meet the independence criteria specified under the CSE Listing Rules. Their independence of judgement and absence of material relationships with the Company ensure objective oversight and strengthen Board decision-making.



The Chairman & Chief Executive Officer, along with all Directors, satisfy the "fit and proper" assessment criteria stipulated by the CSE Listing Rules. This ensures that Board members collectively possess the required competence, integrity, experience, and professional standing to govern the Company effectively.



The Board further confirms adherence to the Company's internal Policy on Matters Relating to the Board of Directors, which governs Board structure, responsibilities, conduct, evaluation, succession planning, and governance processes. This policy ensures consistency, discipline, and alignment with regulatory expectations and best practice standards.



Throughout the financial year under review, there were no material breaches of applicable laws, regulations, or statutory requirements. In addition, no material fines or penalties were imposed on the Company for any contraventions. This reflects the effectiveness of the Company's compliance culture, monitoring systems, and proactive governance oversight mechanisms.

CORPORATE GOVERNANCE

ADAPTIVE GOVERNANCE FRAMEWORK IN RESPONSE TO A RAPIDLY CHANGING OPERATING ENVIRONMENT

ESG Expectations

ESG risks integrated into Enterprise Risk Management framework. Board actively monitors ESG strategy progress, aspirations, and targets to ensure accountability and sustainability performance.

Regulatory Changes (Data Protection)

Development and implementation of processes to align with the Personal Data Protection Act including the appointment of the Data Protection Officer.

Group structure complexities across multiple geographical jurisdictions

Including the commencement of operations in the Philippines and Germany, together with evolving regulatory changes across the jurisdictions in which the Group operates.

AI and Digital Transformation

A holistic digital transformation strategy monitored and reviewed by the Board, with focused oversight on ethical concerns, potential workplace displacement and strengthening internal controls.

ADAPTIVE GOVERNANCE FRAMEWORK

COMPLIANCE TO NEW CORPORATE GOVERNANCE RULES

GRI: 2 -27



Complied

Haycarb has fully aligned its governance practices with the revised Corporate Governance Rules (Section 9) of the Colombo Stock Exchange, which became effective on 1st October 2023.

Accordingly, the Group has enhanced its governance structure to ensure compliance with the strengthened requirements in line with these provisions.



Complied

In parallel, CA Sri Lanka issued an updated edition of the Code of Best Practice on Corporate Governance (2023) to reflect the revisions introduced to the CSE Listing Rules on corporate governance, further strengthening the national governance framework.

The Company remains committed to upholding the highest standards of corporate governance and is well positioned to achieve full compliance with all revised requirements by the stipulated deadlines.

COMPLIANCE WITH THE SLFRS SUSTAINABILITY STANDARDS - S1 AND S2

IFRS S1 and IFRS S2 are the inaugural sustainability disclosure standards issued by the International Sustainability Standards Board (ISSB) in June 2023. They were created to establish a global baseline for how companies disclose sustainability-related risks and opportunities to investors, ensuring consistency, transparency, and comparability in corporate reporting.

- » IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information.

- » IFRS S2: Climate-related Disclosures.

These standards became effective for annual reporting periods beginning on or after January 1, 2025.

CA Sri Lanka issued localised versions SLFRS S1 and SLFRS S2, which were effective from January 1, 2025. Haycarb initiated adoption of these standards from 2023/24 and obtained independent practitioners assurance report for SLFRS Sustainability related financial disclosures presented in the Annual Report for 2025/26.

Haycarb PLC's commitment towards compliance with the SLFRS Sustainability Disclosure Standards S1 and S2 is comprehensively disclosed throughout the Annual Report across four key sections covering Governance, Risk Management, Strategy and Metrics. (Please refer page number 63 to 113). These disclosures collectively demonstrate the Group's approach to identifying, assessing, managing, and monitoring sustainability and climate-related risks and opportunities in alignment with the requirements of SLFRS S1 and SLFRS S2.

READINESS FOR IFRS/SLFRS SUSTAINABILITY STANDARDS

Haycarb commenced its journey towards IFRS Sustainability reporting from the time the ISSB standards were announced, investing significant time and resources to understand the requirements and strengthen the Group's preparedness for compliance. 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.

Haycarb has also progressed towards strengthening the credibility and robustness of its sustainability disclosures by obtaining external assurance over disclosures aligned with IFRS S1 and IFRS S2 requirements. In parallel, the Group also carried out a preliminary assessment of the Taskforce on Nature-related Financial Disclosures (TNFD) framework, including a limited analysis using the LEAP approach, the outcomes of which are presented within this Annual Report.



GOVERNANCE

Strong governance structures and oversight to drive sustainability.



STRATEGY

Embedding sustainability into our strategy and business model.



RISK MANAGEMENT

Identifying and managing sustainability and climate related risks and opportunities (SRROs and CRROs).



METRICS & TARGETS

Setting meaningful targets and tracking progress with relevant metrics aligned to our impacts and value chain.

CORPORATE GOVERNANCE

APPROACH TO GOVERNANCE

GRI: 2-27

Haycarb adopts an enterprise-wide and integrated approach to corporate governance, enabling the Group to continuously strengthen and evolve its governance structures, processes, and oversight mechanisms in response to an increasingly dynamic global operating environment. Governance at Haycarb is not viewed merely as a compliance obligation, but as a strategic enabler that supports long-term resilience, sustainable value creation, ethical business conduct, and disciplined decision-making across the Group's global operations.

The Group's governance philosophy is anchored on long-standing principles of transparency, accountability, fairness,

integrity, and responsibility, which collectively underpin its commitment to safeguarding and enhancing multi-stakeholder value over the long term. This includes creating sustainable value for shareholders, employees, customers, suppliers, business partners, regulators, communities, and the environment.

Haycarb's governance framework is designed to ensure robust compliance with applicable laws, regulations, and listing requirements across the jurisdictions in which the Group operates, while also aligning with globally recognised governance standards and leading sustainability and reporting frameworks to strengthen governance maturity and international best-practice alignment.

The Group's compliance framework has evolved beyond a traditional regulatory focus and is supported by comprehensive policies, internal controls, governance oversight structures, risk management mechanisms, and periodic review processes that ensure responsiveness to evolving regulatory expectations and emerging stakeholder priorities. During the financial year, the Group maintained a strong compliance record, with no material instances of non-compliance with applicable laws and regulations and no significant legal or regulatory actions reported. The current governance and compliance framework of the Group is illustrated below.

EXTERNAL FRAMEWORKS



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
- » Recommendations of the Taskforce on Nature Related Financial Disclosures
- » SLFRS S1 and S2 Sustainability Reporting 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 Chartered Accountants of Sri Lanka.

INTERNAL MECHANISMS

POLICIES AND
FRAMEWORKS

- » The Articles of Association
- » Charters of the Board of Directors and the Subcommittees
- » Policy framework (Haycarb's Policies and Procedures)
- » Delegation of Authority Limits / SOPs

ORGANISATIONAL
CULTURE

- » The Hayleys Way- Ethical roadmap for employees
- » Corporate Values



GOVERNANCE

- » Structures and delegation
- » Strategic leadership
- » Controls and assurance
- » Responsible corporate citizenship

ALIGNMENT WITH ACTIVATE
AND HAYLEYS "LIFECODE"

- » 100% compliance to relevant laws and regulations
- » Meaningful and impactful stakeholder relationships
- » Internal and external reporting on ESG factors
- » Effective ESG risk management

GOVERNANCE IN ACTION

The Board of serves as the custodian of value creation and long-term sustainability, providing strategic direction and oversight as the Group advances its business aspirations. Through ethical, accountable, and responsible leadership, the Board ensures that the Company's operations are aligned with its corporate objectives, stakeholder expectations, and sustainability commitments.

Directors maintain close engagement with the business through a structured governance framework comprising Board meetings, Board Sub-Committee deliberations, management reporting processes, and regular interactions with the Group Management Committee and senior leadership teams. This enables the Board to effectively oversee strategy execution, financial performance, risk

management, internal controls, compliance, and sustainability-related matters across the Group's operations.

The Board promotes a culture of integrity, transparency, and good governance while protecting the interests of shareholders and other stakeholders. The governance platforms, reporting structures, and oversight mechanisms through which the Board guides and monitors the business are presented below.

BOARD PRIORITIES IN 2025/26

GRI: 2-12

During the year under review, the Board devoted considerable attention to a number of key matters aligned with the Company's long-term strategic priorities, while also responding proactively to emerging

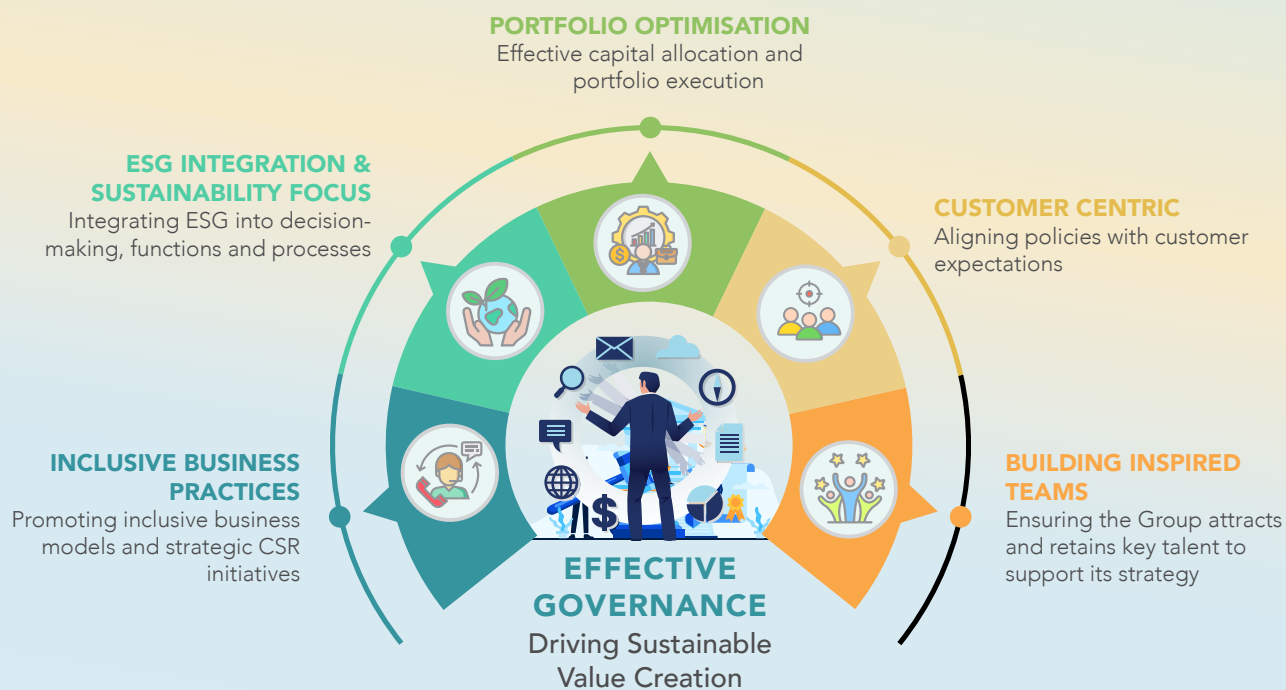
developments and challenges within the external operating environment.

1. Monitoring the execution of strategic priorities and business performance
2. Board succession planning and leadership continuity
3. Advancing digital transformation and strengthening IT governance
4. Ensuring effective identification and management of key risks
5. Strategic integration of Environmental, Social and Governance (ESG) considerations

CORPORATE GOVERNANCE

MONITORING EXECUTION OF STRATEGY AND PERFORMANCE

The Board provides strategic direction to the Company, approves key policies and processes, and oversees the effective execution of strategy through regular reviews and updates.

**INCLUSIVE BUSINESS PRACTICES**

Information provided to Board & decisions

- » Community engagement outcomes and initiatives
- » Review of major suppliers and value creation initiatives
- » Monitoring of supplier development programmes

ESG INTEGRATION & SUSTAINABILITY FOCUS

Information provided to Board & decisions

- » ESG risk assessments and non-financial performance metrics
- » External sustainability-related developments
- » Monitoring sustainability-related risks and opportunities
- » Review ESG Performance with ACTIVATE ESG Framework 2030

PORTFOLIO OPTIMISATION

Information provided to Board & decisions

- » Performance against financial and operational targets
- » External developments including economic, political and social matters
- » Approval of strategic direction, Corporate Plan and budgets
- » Approval of major capital projects and acquisitions
- » Approval of annual, interim and quarterly financial results

CUSTOMER CENTRIC

Information provided to Board & decisions

- » Results of customer satisfaction surveys
- » Evaluation of opportunities in new markets and customer segments
- » Monitoring performance of new products and businesses

BUILDING INSPIRED TEAMS

Information provided to Board & decisions

- » Employee development, health and safety, and engagement initiatives
- » Results of employee satisfaction surveys
- » Approval of Diversity, Equity and Inclusion initiatives
- » Review of remuneration guidelines and policies
- » Oversight of succession planning for key management personnel

BOARD SUCCESSION AND LEADERSHIP CONTINUITY

Succession planning remained a key priority of the Board during the year and was regarded as a collective responsibility of the Board. During the year, the Board of Haycarb ensured that the Executive Directors and Key Management Personnel possessed the required skills, experience, and knowledge to effectively implement the Group's strategy, supported by appropriate succession arrangements.

The Nominations and Governance Committee ensured that formal succession plans were in place for the CEO and all Key Management Personnel, while also identifying the necessary training and development requirements for individuals selected as potential successors.

The Board maintains a formal and transparent process for the appointment and succession of Directors. The Nominations and Governance Committee evaluates,

shortlists, and recommends suitable candidates to the Board for approval. Prior to commencing the search process, the desired attributes, expertise, and experience of potential appointees are carefully identified, taking into consideration the collective knowledge, diversity, and experience of the Board in line with the Company's strategic direction and any identified competency gaps.

In assessing potential candidates, consideration is also given to their other directorships and professional commitments to ensure that they are able to dedicate sufficient time and attention to effectively discharge their responsibilities. All Director appointments are duly notified to the Colombo Stock Exchange.

DIGITAL TRANSFORMATION, IT AND CYBERSECURITY GOVERNANCE

The Haycarb Group has established a robust governance framework to safeguard

its IT systems, digital infrastructure, and information assets. This framework supports the secure and reliable operation of business processes while enhancing resilience against evolving cybersecurity threats and technology-related risks.

The Group continuously strengthens its cybersecurity controls, data protection mechanisms, and system monitoring processes to ensure the confidentiality, integrity, and availability of critical information. Regular assessments, policy reviews, and employee awareness initiatives are also carried out to promote a strong cybersecurity culture across the organisation.

Details of the Group's approach to managing technology, cybersecurity, and digital resources are provided under 'Digital Capital' on page 258.

BOARD INTERVENTIONS ON DIGITAL TRANSFORMATION AND IT GOVERNANCE



REVIEW AND APPROVE STRATEGY

Review and approve the Group's digital transformation strategy to ensure alignment with long-term objectives, value creation and stakeholder expectations.



MONITOR PROGRESS

Assess the progress and effectiveness of strategic digital initiatives and ensure key transformation milestones are achieved.



EVALUATE BUSINESS CASE

Evaluate the business case of major digital transformation programmes, including modernising applications and automating workflows, to drive value and efficiency.



OVERSEE RISK MANAGEMENT

Monitor the management of IT and cyber-related risks, ensuring robust controls, compliance with regulations and the resilience of the Group.



ENSURE RESILIENCE AND AVAILABILITY

Monitor the stability, performance and availability of critical systems and IT infrastructure to support uninterrupted business operations.



These interventions enable the Board to provide strategic oversight, strengthen IT governance and leverage digital technology to drive sustainable growth and long-term value.

CORPORATE GOVERNANCE

EFFECTIVE RISK MANAGEMENT

GRI: 2-23

Management of risks and opportunities remains a key priority of the Board of Directors in safeguarding business continuity, long-term resilience, and sustainable value creation. The Board holds ultimate responsibility for the effective management of risk across the Group and maintains a robust decision-making framework that enables the Group to capitalise on emerging opportunities while proactively identifying, assessing, monitoring, and managing potential risks.

To support this responsibility, the Board has adopted a structured Risk Management Framework and related processes designed to manage risks that may impact the achievement of the Group's strategic objectives, operational performance,

financial stability, governance standards, environmental and social responsibilities, and information security. Risk management remains a regular agenda item at Board meetings, reflecting the Board's continued focus on strengthening resilience within an increasingly complex operating environment.

The Board has further expanded the scope of the Audit Committee's responsibilities to include oversight of the Company's risk management processes, including business-related, climate-related, and sustainability-related risks and opportunities. The Audit Committee supports the Board through detailed reviews, continuous monitoring of the Company's evolving risk landscape, and periodic reporting on risk assessments, mitigation actions, and the effectiveness of internal control mechanisms.

Risks are evaluated based on likelihood and impact and are supported by clearly defined risk ownership structures, internal controls, risk registers, workshops, benchmarking exercises, and scenario analysis. The Board periodically reviews principal risks to ensure that appropriate mitigation measures, governance practices, and assurance mechanisms remain effective and responsive to emerging developments.

Further details relating to the Group's Risk Management Framework, processes, and governance responsibilities are provided on page 54 of this Annual Report, while the activities undertaken by the Audit Committee in overseeing risk management are set out in the Audit Committee Report on page 347.

BOARD INTERVENTIONS ON RISK GOVERNANCE MECHANISMS

The Board plays an active role in strengthening risk governance to build a resilient, responsible and future-ready organisation.



IMPLEMENTATION OF A POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS

- » Established a comprehensive framework for identifying, assessing and managing risks.
- » Enhanced internal control environment to ensure effective mitigation of key risks.
- » Strengthened monitoring and reporting for timely oversight and decision-making.
- » Promoted a strong risk culture and accountability across the organisation.



STRENGTHENING ESG RISK MANAGEMENT IN LINE WITH THE REQUIREMENTS OF THE SLFRS S1 AND S2 SUSTAINABILITY DISCLOSURE STANDARDS

- » Integrated ESG risk considerations into the enterprise risk management framework.
- » Aligned processes with SLFRS S1 and S2 disclosure requirements.
- » Enhanced data collection and measurement of ESG-related risks and opportunities.
- » Enhanced transparency and stakeholder confidence through robust disclosures.



These interventions enable the Board to strengthen risk governance through enhanced internal controls and integrated ESG risk management aligned with SLFRS sustainability standards.

Discharge of Risk related responsibilities are set out in the below table,

DISCHARGE OF RISK-RELATED RESPONSIBILITIES



BOARD AUDIT COMMITTEE

- » Oversees external auditor selection, accounting policies and appropriate relationship with external auditor.



ESG STEERING COMMITTEE

- » Reviews and monitors ESG risks, opportunities and impacts.
- » Recommends and monitors appropriate measures to effectively address these dynamics.



INTERNAL AUDITOR (HAYLEYS MA&SRD)

- » Assesses and strengthens effectiveness of controls and establishes new controls where necessary.
- » Direct channel between Head of MA&SRD and Chairman of the Audit Committee.
- » Reports available to Chairman, Chief Executive and Chairman of the Audit Committee.



INDEPENDENT EXTERNAL AUDITOR

- » External auditors (Messrs. Ernst & Young) are independent and only engage in services permitted by the CSE.
- » Audit Committee reviews their independence, skills, experience and recommends their appointment to the Board.
- » Conducts meetings with external auditors in group subsidiary companies.
- » Monitors non-audit work by external auditors of the Group's subsidiary companies to ensure their independence.

ESG INTEGRATION

At Haycarb, the strategic integration of Environmental, Social, and Governance (ESG) considerations remains a key priority, reflecting growing stakeholder expectations, increasingly stringent regulatory requirements, and a rapidly evolving business environment.

Year on year, the Company continues to strengthen its sustainability governance framework to embed ESG principles across strategic decision-making, operational processes, and organisational culture,

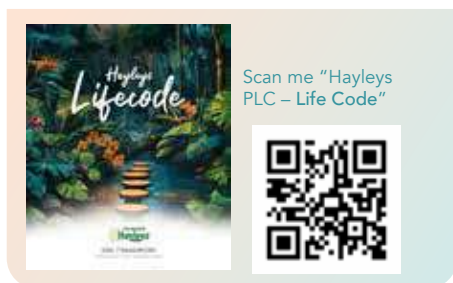
thereby supporting long-term resilience and sustainable value creation.

Haycarb PLC launched "ACTIVATE," its dedicated Environmental, Social, and Governance (ESG) framework in 2023, building upon the "Hayleys PLC Life Code" sustainability platform and tailoring it to align with Haycarb's operational priorities and long-term sustainability aspirations.

"ACTIVATE 2030 Roadmap" guides the Company's long-term sustainability strategy, with a focus on decarbonisation,

circular economy practices, responsible resource management, employee well-being, and community empowerment, while embedding ESG principles into the Group's strategic direction, operational decision-making, and corporate culture to support resilience, innovation, and sustainable value creation for stakeholders.

CORPORATE GOVERNANCE



ACTIVATE' centres on five action-driven pillars of Restore, Inspire, Excite, Uplift and Innovate which articulates the Group's commitment respectively to the environment, its employees, customers, communities and its product value proposition. The 'Conscious Core' of 'ACTIVATE' represents its central focus on governance and the role played by robust and responsive governance practices in driving the Group's ESG agenda.

The Company corporate governance framework and practices are aligned to that of its parent entity, Hayleys PLC from which it inherits formalised structures, board procedures and policies. The Group's

governance framework has evolved over the years to reflect industry dynamics, regulatory requirements and emerging stakeholder expectations.

ACTIVATE ESG ROADMAP 2030



ESG GOVERNANCE

Strengthening oversight of ESG implementation

The Board of Directors retains ultimate accountability for overseeing ESG Governance across the Group, formalised through the Group's ESG Roadmap 2030 ACTIVATE.

The Board oversees the integration of sustainability considerations into Group strategy and long-term planning, Enterprise risk management, Capital allocation and major investments, Supply chain and operational resilience, Sustainability-related disclosures and Climate-related and nature-related governance practices.

The ESG Governance of the Group in detailed is set out on in page 65.

APPROACHING ESG INTEGRATION AND KEY ACHIEVEMENTS DURING 2025/26

HAYCARB ESG INTEGRATION

CROSS-FUNCTIONAL INTEGRATION

Expanded engagement across Finance, Operations, Procurement, Engineering, HR and Quality to embed ESG considerations into functional decision-making, operational execution, risk management and assurance readiness.

FINANCIAL QUANTIFICATION

Assessed potential revenue and cost implications of selected climate-related risks and opportunities to strengthen climate resilience planning and SLFRS S1/ S2-aligned disclosures.

RESPONSIBLE SOURCING AND SUPPLY CHAIN RESILIENCE

Strengthened long-term raw material resilience through supplier engagement, expansion of green charcoaling initiatives, and support for government-led coconut cultivation expansion among farmers in the Eastern Province Sri Lanka.

STRATEGY

Continued implementation of ACTIVATE 2030 targets, with renewable energy, water stewardship, responsible sourcing and circularity as key operational focus areas for 2025/26.

RISK MANAGEMENT

Prioritised seven material climate and sustainability-related risks and opportunities, covering raw material supply, water availability, market access, climate-solution demand, environmental compliance, operational safety and workforce capability.

DATA INTEGRITY AND ASSURANCE

Strengthened sustainability reporting through monthly data validation and audit evidence tracking across energy, emissions, water, waste, and other sustainability indicators.

OPERATIONAL DECARBONISATION AND RESOURCE EFFICIENCY

Advanced operational decarbonisation through additional kiln waste heat recovery, continued piloting of waste heat-based LPG replacement in dryer operations, and full-year utilisation of rooftop solar capacity.

Integration of ESG reporting into the Governance framework is set out on page 286 on "Structures and Delegations". Further Environmental, Social and Governance (ESG) metrics are included in the relevant sections of the Annual Report as set out below:

- » Economic Sustainability – Financial Capital on page 160
- » Environment – Natural Capital on page 170
- » Labour Practices – Human Capital on page 206
- » Society – Social and Relationship Capital on page 234
- » Product Responsibility – Social and Relationship Capital on page 234
- » Shareholder Identification, Engagement and Effective Communication – Investor Information on page 463

CORPORATE GOVERNANCE

ETHICS AND CULTURE

Haycarb has adopted policies aligned with the business principles of its parent entity, Hayleys PLC, through "The Hayleys Way." The Board promotes ethical leadership by setting the tone for all employees to uphold

the highest ethical standards and comply with applicable regulations, policies, and guidelines. These frameworks support good governance practices while ensuring that the Group's ethical principles remain embedded within its operating culture.

The Board plays an integral role in shaping the Group's organisational culture by setting the appropriate tone at the top and ensuring that the conduct of all internal stakeholders remains aligned with the Group's core values.

OTHER AREAS OF OVERSIGHT



VALUES

VALUES GUIDE DECISIONS, BEHAVIOUR AND RELATIONSHIPS EVERY DAY.
Honesty & Integrity

Act with honesty, integrity and transparency

Accountability

Take responsibility and deliver on promises

Yes, We can!

Embrace a positive mindset and make things happen

Love for Humanity

Care for people and communities

Enduring Customer Value

Create long-term value for customers

Yes, WE WILL WIN!

Persevere and strive for excellence

Social Responsibility as a Good Corporate Citizen

Give back and act responsibly

Innovation

Innovate for sustainable growth and impact


REGULATORY AND STATUTORY ENVIRONMENT
OPERATE IN FULL COMPLIANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

- » Companies Act No. 7 of 2007
- » Anti-Corruption Act No. 9 of 2023
- » Listing Rules of the Colombo Stock Exchange
- » Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)


POLICIES AND GUIDELINES RELATED TO ETHICS
POLICIES AND GUIDELINES PROMOTE ETHICAL CONDUCT AND RESPONSIBLE BUSINESS PRACTICES
Whistleblowing Policy

Encouraging openness and protecting those who speak up

Bribery and Anti-Corruption Policy

Zero tolerance towards bribery and corruption

Procurement Policy

Ensuring fair, transparent and responsible procurement

Guidelines on Share Dealing and Insider Trading

Preventing misuse of inside information

Price-sensitive Information Policy

Ensuring timely, accurate and fair disclosure

Board Engagement Relating to Culture During the Year

- » **Employee Engagement** : The Board engaged with employees to understand the work environment, employee satisfaction, behaviours, and workplace practices through ongoing interactions and employee events.
- » **Internal Audit Oversight**: The Board reviewed Internal Audit findings to assess compliance with policies and ethical standards across the Group.

- » **Compliance Monitoring**: The Board monitored compliance by assessing risks, reviewing adherence to laws and regulations, and ensuring compliance is integrated into business decisions.

CODE OF BUSINESS CONDUCT

The Haycarb Group has adopted and published an internal Code of Business Conduct and Ethics, aligned with the business principles of its parent entity, Hayleys PLC, through "The Hayleys Way."

The Group is committed to maintaining the highest standards of integrity, ethics, and transparency across all operations, including the implementation of measures to prevent corruption and unethical conduct. These measures include monitoring compliance with applicable laws and regulations through the Internal Audit function, maintaining a clearly articulated whistleblowing policy, and establishing grievance handling mechanisms. The Code of Business Conduct and Ethics serves as the foundation for promoting ethical behaviour across the Group.

All employees, including Key Management Personnel, are bound by the Code, which is based on the following principles:

- » Commitment to conducting business operations with honesty, integrity, and respect for the rights and interests of all stakeholders
- » Compliance by all Group companies and employees with the laws and regulations of the countries in which they operate
- » Individual responsibility of every employee to implement and adhere to the Code within their respective areas of operation

TAX GOVERNANCE

GRI: 207-2

Responsible tax management is an integral component of Haycarb PLC's corporate governance framework and commitment to sustainable value creation. Operating across multiple jurisdictions, the Group is committed to maintaining high standards of integrity, transparency and compliance in all tax-related matters.

The Group adopts a structured approach to tax governance, supported by robust internal controls, management oversight and engagement with qualified professional advisors where necessary. Tax obligations are managed in accordance with applicable laws and regulations, while tax risks are monitored as part of the Group's enterprise risk management framework and reviewed periodically by management and the Board, where appropriate.

Please refer page 160 under financial capital for more details .



CORPORATE GOVERNANCE

APPROACH TO BRIBERY AND ANTI-CORRUPTION

GRI: 205-1,2,3

UNGC Principle 10



Zero tolerance towards bribery and corruption.



Prohibition of political contributions, donations to political parties and candidates.



Guidelines on gifts, hospitality and charitable donations.



Prohibition of facilitation payments to government officials.



Retaliation or threats against whistle blowers are strictly prohibited.



Due diligence of partners including anti-bribery clauses in agreements/contracts.

The Haycarb Anti-Bribery and Anti-Corruption Policy reinforces a zero-tolerance approach towards bribery and corruption across all operations. The policy applies to the Board of Directors and all employees of Haycarb and its subsidiaries and includes comprehensive guidelines relating to gifts, hospitality and promotional expenses, facilitating payments, political contributions and donations, charitable donation contributions, commission payments to third parties, and partner due diligence among others.

The Group maintains compliance with the ISO 9001:2015 Quality Management System, which requires the evaluation of external parties providing goods and services under contract to ensure adherence to anti-bribery and anti-corruption requirements. The Group is also committed to complying with anti-corruption laws and regulations across all jurisdictions in which it operates.

All new recruits receive training on the Group's Code of Conduct, including Anti-Bribery and Anti-Corruption provisions, within three months of joining the organisation. Information relating to accessibility, anonymity, reporting processes, and related Anti-Bribery and Anti-Corruption policies is communicated to employees and Directors through the intranet and associated training programmes.

During the reporting period, there were no confirmed incidents of corruption involving employees, no dismissals or disciplinary actions related to corruption, no termination of contracts with business partners due to corruption, and no public legal cases relating to corruption. All operations were assessed for corruption-related risks during the year.

WHISTLEBLOWER POLICY AND GRIEVANCE MECHANISMS

GRI: 2-25, 26

Mechanisms are in place within Haycarb for employees and other stakeholders to seek advice or report concerns relating to unethical or unlawful conduct, including bribery and corruption. The Group's Whistleblower Policy facilitates the confidential and anonymous reporting of concerns relating to potential inappropriate financial reporting, weaknesses in internal controls, or other matters requiring internal investigation.

Information relating to accessibility, anonymity, reporting procedures, and the Whistleblower Policy is communicated to all employees to ensure awareness and encourage responsible reporting practices.



Guidelines on procedure to raise a concern

- » Concerns can be raised through multiple channels.
- » Easy access via intranet, email, mail or hotline.
- » Provide clear and complete information about the concern.
- » Reports can be made anonymously and confidentially.



Management responses and steps taken

- » All concerns are acknowledged promptly.
- » Appropriate assessment and investigation are conducted.
- » Action is taken based on findings in a fair and objective manner.
- » The whistleblower is informed of the outcome where possible.



Details of the internal inquiry process

- » Investigations are independent and impartial.
- » Information is collected and reviewed in a structured manner.
- » Internal Inquiring Committee reviews the findings.
- » Findings and recommendations are documented.



Maintaining confidentiality and protection

- » Identity of the whistleblower is kept confidential.
- » Information is shared only on a need-to-know basis.
- » Whistleblowers are protected from any retaliation.
- » Strict action is taken against any breach of confidentiality.



Scan this QR code for policies published in the Haycarb website (www.haycarb.com) in line with section 9.2 of the CSE listing rules on Corporate Governance.

HUMAN RIGHTS

GRI: 2-23, 408-1 UNGC Principal: 1,2

As a participant of the United Nations Global Compact (UNGC), Haycarb PLC is committed to upholding the Ten Principles relating to the protection of Human Rights. As part of its commitment to ensuring that business is conducted ethically and responsibly, Haycarb Group also adheres to the Human Rights Policy implemented by its parent entity, Hayleys PLC.

Key Aspects of the Human Rights Policy

- » **Fair Treatment:**
Promoting equal opportunity and fair treatment while eliminating discrimination in the workplace.
- » **Non-Harassment:**
Maintaining a work environment free from all forms of harassment and inappropriate behaviour.
- » **Elimination of Child and Forced Labour:**
Prohibiting child labour, forced labour, and compulsory labour across operations and throughout the value chain, including subcontractors and suppliers.
- » **Freedom of Association and Collective Bargaining:**
Respecting employees' rights to freedom of association and collective bargaining in accordance with applicable laws.
- » **Health and Safety:**
Promoting employee health and safety by implementing appropriate safety measures and precautions across all locations.



**FAIR
TREATMENT**



**NON-
HARASSMENT**



**ELIMINATION
OF CHILD AND
FORCED LABOUR**



**FREEDOM OF
ASSOCIATION
AND COLLECTIVE
BARGAINING**



**HEALTH AND
SAFETY**

CORPORATE GOVERNANCE

ANTI-COMPETITIVE BEHAVIOUR

GRI: 206-1

Guidance on this matter is provided in the Haycarb Group "Code of Business Conduct". There were no legal actions relating to anti-competitive behaviour, anti-trust, or monopoly practices during the period 2025/26.

STAKEHOLDER RELATIONSHIPS

Haycarb PLC is committed to maintaining transparent, open, and effective relationships with shareholders and other stakeholders. The Board remains accountable to shareholders by ensuring the timely communication of performance,

governance, and regulatory matters with sufficient information to support informed decision-making and a clear understanding of the Group's activities.

In fulfilling its governance responsibilities, the Board promotes open and transparent engagement with stakeholders while balancing their diverse interests to support trust, accountability, and sustainable long-term value creation.

Shareholder engagement

Haycarb PLC engages with shareholders through multiple communication channels, including the Annual General Meeting (AGM), Annual Report, Interim Financial

Statements, the investor relations section of the Company's website, and announcements released through the Colombo Stock Exchange (CSE).

Shareholders are also provided opportunities to raise questions, share comments, and communicate suggestions to the Board through the Company Secretaries and during the AGM. Significant shareholder concerns and matters are communicated to the Board together with Management's observations and recommendations.

Year of the AGM	Number of attendees/ proxy holders	Shareholding (No. of Shares)	% of total shareholding
2024/25	152	201,667,832	68%
2023/24	115	204,621,330	69%
2022/23	96	214,829,612	72%

Shareholder Communications during 2025/26 through the CSE:

- » 03rd Jun 2025 : Notice of the 52nd Annual General Meeting.
- » 26th Jun 2025 : Resolutions approved by shareholders at the Annual General Meeting (AGM).
- » 01st Jul 2025 : First Interim dividend announcement - Rs. 0.50 per share.
- » 13th Aug 2025 : Announcement on Proposed Amalgamation of Ultracarb (Pvt) Ltd with Haycarb PLC.
- » 30th Sep 2025 : Second Interim dividend announcement - Rs. 0.82 per share.
- » 01st Oct 2025 : Announcement on Completion of Amalgamation of Ultracarb (Pvt) Ltd with Haycarb PLC.
- » 29th Dec 2025 : Notice of Extraordinary General Meeting (EGM) to pass a Special Resolution.
- » 29th Dec 2025 : Register the Company with the Board of Investment of Sri Lanka ("the BOI").
- » 30th Dec 2025 : Third Interim dividend announcement - Rs. 1.05 per share.
- » 14th Jan 2026 : Amendments to the Articles of Association as approved at the EGM.
- » 19th Feb 2026 : Disclosure of dealings in relevant interest in shares of Haycarb PLC.
- » 09th Mar 2026 : Disclosure of dealings in relevant interest in shares of Haycarb PLC.
- » 31st Mar 2026 : Fourth Interim dividend announcement - Rs. 1.70 per share.

SHAREHOLDER COMMUNICATION



Annual General Meeting

The AGM is the main forum for engaging with shareholders and the company has a history of well attended shareholder meetings.



Haycarb Website

Includes comprehensive information including Annual Reports, interim reports, investor presentations, ESG related information and department-level information.



Interaction through Corporate Secretarial Division

Shareholders have the opportunity to directly address concerns, suggestions or any other queries to the Corporate Secretarial Division of the company.



Quarterly Results Updates

Quarterly results updates with accompanying reviews and timely updates of price sensitive information to the Colombo Stock Exchange.



The Annual Report

The Integrated Annual Report covers the operations of the Haycarb

Group with comprehensive financial reports and information on strategy, governance, sustainability, risks and operational performance. Assurance on financial statements, sustainability information and compliance with the Integrated Reporting Framework supports the reliability of the information contained in the annual report which provides comprehensive information on relevant matters to the shareholders.

HAYCARB PLC
Shareholder
Communication

CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM)

Haycarb encourages the active participation of shareholders at the Annual General Meeting (AGM) and makes the necessary arrangements to facilitate effective engagement. The Chairman, Board members, Chairpersons of Board Subcommittees, and Key Management Personnel (KMPs) are present at the AGM to engage with shareholders and respond to questions and concerns raised during the meeting.

The Notice of the AGM and Proxy Forms are circulated to shareholders 15 working days prior to the meeting. The Annual Report is simultaneously uploaded to the Company's website and submitted to the Colombo Stock Exchange (CSE). Printed copies of the Annual Report are also provided to

shareholders upon request to support informed participation at the AGM.

Separate resolutions are presented for each item of business, enabling shareholders to vote independently on every resolution. Voting procedures are communicated in advance, and shareholders are encouraged to actively exercise their voting rights. The Company maintains an effective mechanism to record and count all proxy votes received for each resolution.

Where a significant proportion of votes are cast against a resolution, the Board takes steps to understand the reasons behind the voting outcome and determine whether any further action is required. The results of voting on each resolution are communicated to the CSE immediately following the conclusion of the AGM.

PRESERVING THE RIGHTS OF MINORITY SHAREHOLDERS

Haycarb is committed to protecting the rights of minority shareholders by ensuring fair, timely, and transparent communication. Individual investors are encouraged to conduct adequate analysis or seek independent advice when making investment or divestment decisions. They are also encouraged to participate in General Meetings and actively exercise their voting rights.

Information is disseminated equally to all shareholders, and any price-sensitive information identified by the Board is communicated through announcements to the Colombo Stock Exchange (CSE) and through press releases issued by the Chairman and Chief Executive Officer or the Company Secretaries, as appropriate.

CORPORATE GOVERNANCE

STRUCTURES AND DELEGATIONS

GRI: 2-9

The Group comprises 19 companies, including 16 subsidiaries and 2 associate companies, operating across multiple geographic regions. The Group's governance structure is designed to provide clear visibility and effective oversight to the Board, enabling comprehensive monitoring of geographically diverse operations while ensuring alignment with Group-wide strategic, governance, and operational objectives.



SHAREHOLDERS



BOARD OF DIRECTORS

Directors

14



06 Executive Directors
(including Chairman*)



03 Non-Independent Non-Executive Directors



05 Independent Non-Executive Directors

REMUNERATION COMMITTEE

3 Directors

- 01 Non-Independent Non-Executive Director
- 02 Independent Non-Executive Directors

NOMINATIONS AND GOVERNANCE COMMITTEE

3 Directors

- 01 Non-Independent Non-Executive Director
- 02 Independent Non-Executive Directors

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

3 Directors

- 01 Non-Independent Non-Executive Director
- 02 Independent Non-Executive Directors

AUDIT COMMITTEE

4 Directors

- 01 Non-Independent Non-Executive Director
- 03 Independent Non-Executive Directors



MANAGING DIRECTOR**

HAYLEYS GROUP MANAGEMENT AUDIT & SYSTEMS REVIEW DEPARTMENT ***

ESG STEERING COMMITTEE

SECTOR MANAGEMENT COMMITTEE



Notes

* 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 Hayleys Group Management Committee which meets 4 times a month.

*** The Sector Internal Controls are audited by the Hayleys PLC's Group Management Audit & Systems Review Department, ensuring consistent best practices are followed across the Group.

BOARD SUB-COMMITTEES

GRI: 2-9

The Group's governance structure and clearly defined responsibility assignment mechanisms are designed to strengthen independent judgement while enabling the Board to effectively leverage the expertise of Directors across specialised areas including risk management, audit, governance, related party transactions, remuneration, and sustainability.

In determining the composition of Board Sub-Committees, the Board gives due

consideration to applicable regulatory requirements, the skills, experience, independence, and expertise of Directors, as well as the specific responsibilities entrusted to each Committee. Each Board Sub-Committee operates under a formally approved Terms of Reference, which is reviewed annually to ensure continued relevance, effectiveness, and alignment with evolving governance expectations and regulatory developments.

During the year, the Board Sub-Committees, namely the Nominations and Governance Committee, Remuneration

Committee, Related Party Transactions Review Committee, and Audit Committee, functioned in supporting the effective discharge of the Board's governance responsibilities and oversight functions. These Committees operated in accordance with the requirements of Section 9 – Corporate Governance Rules of the Colombo Stock Exchange (CSE).

The roles and respective areas of oversight of the Board Sub-Committees are summarised below.



AUDIT COMMITTEE

Areas of Oversight

- » 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

75% of Committee Members are Independent

Committee Composition

03 INED | **01** NINED



NOMINATIONS AND GOVERNANCE COMMITTEE

Areas of Oversight

- » 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
- » Performance evaluation

67% of Committee Members are Independent

Committee Composition

02 INED | **01** NINED



REMUNERATION COMMITTEE

Areas of Oversight

- » Remuneration policy for Directors and Key Management Personnel
- » Goals and targets for Directors and Key Management Personnel

67% of Committee Members are Independent

Committee Composition

02 INED | **01** NINED



RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Areas of Oversight

- » 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

67% of Committee Members are Independent

Committee Composition

02 INED | **01** NINED

INED = Independent Non-Executive Director

NINED = Non-Independent Non-Executive Director

CORPORATE GOVERNANCE

ESG Steering Committee

GRI: 2-12

Haycarb PLC maintain a separate ESG Steering Committee at company level. The Committee is chaired by the Managing Director, and comprises of Executive Directors (including the Deputy Managing Director, who heads the Sustainability Division), the Finance Director and seven members of the Corporate Management Team. The Committee is supported by the Company's dedicated Corporate Sustainability & ESG Department.

ESG-related matters are also guided through the Hayleys Group ESG Steering Committee, which oversees and monitors the execution of the Hayleys Lifecode across the Group.

The Managing Director of Haycarb PLC reports to the Hayleys Group ESG Steering Committee on sustainability performance, ESG initiatives, and progress against strategic ESG priorities.

THE GROUP MANAGEMENT COMMITTEE (GMC)

GRI: 2-16

The Hayleys Group Management Committee (GMC) serves as the apex management committee of the Group and plays a central role in driving strategic alignment, operational oversight, and effective governance across the organisation. The GMC is chaired by the Chairman & Chief Executive and comprises the Group's Executive Directors, Sector Heads, Group Chief Financial Officer, and the Heads of Group Legal and Human Resources.

The Managing Director and the Deputy Managing Director of Haycarb are members of the GMC and provide leadership in aligning Haycarb's strategic priorities, operational performance, and governance practices with the broader Hayleys Group direction. Through representation at the GMC, Haycarb remains closely integrated with Group-level decision-making processes and governance oversight mechanisms.

The GMC supports effective governance through regular weekly meetings, during which members deliberate on a broad

range of strategic and operational matters, including sector-level developments, operating environment trends, monthly performance reviews, and other business-critical matters. The Committee also facilitates the implementation and communication of updates and strategic directives from Hayleys PLC centre functions, including Human Resources, Treasury, Corporate Communications, Group Tax, Strategic Business Development, and Group ESG.

THE COMPANY SECRETARY

The office of the Company Secretary is integral to the effective functioning of the Board and the strengthening of the Company's governance framework. Secretarial services to the Board and the Group are provided by Hayleys Group Services (Private) Limited, which is headed by an Attorney-at-Law and qualified Chartered Secretary, supported by professionally qualified and registered Company Secretaries.

The Company Secretary supports the Board in effectively discharging its duties and responsibilities, while promoting best practices in Corporate Governance and ensuring compliance with applicable legal, regulatory, and governance requirements. The role also includes facilitating the smooth administration of Board and Board Committee processes, advising the Board on governance-related matters, and supporting effective decision-making and stakeholder communication.

Shareholder-related matters are managed in-house through the Registrar Division of Hayleys Group Services (Private) Limited, ensuring efficient administration and effective engagement with shareholders and other stakeholders.

The role of the Company Secretary has been defined in line with the provisions of the applicable Corporate Governance Code and includes the following responsibilities:

- » Facilitating the efficient conduct and administration of Board meetings, Board Committee meetings, including the Audit Committee, Related Party Transactions Review Committee, Remuneration and Nominations and Governance Committee, as well as

meetings of the Senior Independent Directors.

- » Ensuring that all proceedings and resolutions of Board and Committee meetings are accurately recorded, duly minuted, and maintained in accordance with statutory and governance requirements
- » Ensuring that Board Committees are properly constituted and operate under clearly defined Terms of Reference approved by the Board
- » Coordinating the Annual General Meeting (AGM) in compliance with applicable regulatory requirements and ensuring the timely dissemination of notices, reports, and related documentation with the approval of the Board
- » Maintaining all statutory registers and ensuring the timely filing of statutory returns, disclosures, and other required documents with the Registrar of Companies and relevant regulatory authorities
- » Advising Directors on their duties, responsibilities, and obligations in relation to applicable laws, regulations, and Corporate Governance requirements
- » Acting as an effective channel of communication and information between the Company and Non-Executive Directors (NEDs) to support informed decision-making and Board effectiveness
- » Promoting and maintaining constructive relationships and effective communication with shareholders and other key stakeholders
- » Ensuring timely disclosures and regulatory filings with the Colombo Stock Exchange and other relevant regulatory bodies, including disclosures relating to Related Party Transactions and other material corporate matters.

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.

MEETINGS, MINUTES & INFORMATION

GRI: 2-16

Board meetings are held quarterly, with additional meetings convened as and when required. An annual meeting calendar is prepared by the Company Secretaries, with dates and times agreed upon at the commencement of the financial year. The meeting agenda is determined by the Chairman in consultation with the Managing Director and the Company Secretary. Agendas and relevant Board papers are circulated to Directors at least seven days prior to the meeting, providing sufficient time for review and preparation. Regular agenda items include performance reviews, risk management, and the approval of financial statements, together with other strategic and operational matters.

Critical concerns are communicated to the Board by the management. Number of critical concerns communicated to the Board during 2025/26 is 13.

Senior Management Personnel attend Board meetings by invitation to present updates and provide insights on internal and external developments impacting the business. Management maintains open and transparent communication with the Board, and Directors are encouraged to seek further information or clarification where necessary to support effective decision-making and contribution.

Minutes of Board meetings are circulated to Directors within two weeks of the meeting and are formally approved at the subsequent Board meeting. Any concerns raised by Directors on matters that are not

unanimously resolved are appropriately recorded in the minutes.

Resolutions relating to business matters may also be passed by circulation, subject to applicable regulations. However, where any Director considers that a resolution should be deliberated at a formal Board meeting rather than by circulation, the Chairman will ensure that the matter is tabled for discussion at a Board meeting.

BALANCE OF POWER

Haycarb PLC maintains a balanced governance structure through the appropriate representation of Executive, Non-Executive, and Independent Non-Executive Directors on the Board. This balance promotes objective decision-making, constructive challenge, and

BALANCE OF POWER														
Count	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Power	Executive Directors						Non-Executive Directors							
Status	Non-independent									Independent				
Gender														
	ED	ED	ED	ED	ED	ED	NINED	NINED	NINED	INED	INED	INED	INED	INED
 Executive Director		 Non-Independent Non-Executive Director				 Independent Non-Executive Director				 Male Director		 Female Director		

independent judgement, while ensuring that no individual or group of individuals exercises unfettered control over the decision-making process of the Company.

The Board Charter clearly defines the roles, responsibilities, and matters reserved for the Board, thereby establishing a structured governance framework for effective oversight and stewardship. This framework enables the Board to provide strategic direction, monitor management performance, oversee risk management and internal controls, and ensure compliance with applicable legal, regulatory, and governance requirements across the Group's global operations.

The roles of the Chairman and Managing Director are clearly separated to maintain an appropriate balance between governance and executive management responsibilities. The Chairman provides leadership to the Board, ensures its effective functioning, and promotes a culture of openness, constructive engagement, and robust debate. The Managing Director, together with the senior management team, is responsible for the execution of the Group's strategy, operational management, and day-to-day business activities.

The Chairman is not the Chief Executive Officer of the Company; however, he is not considered an Independent Director.

Accordingly, in compliance with the CSE Listing Rules, the Company has appointed a Senior Independent Director (SID). The SID provides guidance to the Chairman and engages with both Executive and Non-Executive Directors on governance-related matters, with the outcomes of such discussions being communicated to the Chairman.

CORPORATE GOVERNANCE

RESPONSIBILITIES OF THE BOARD

GRI: 2-13

**SETTING STRATEGIC DIRECTION**

Define the company's purpose, vision and long-term strategy and oversee its execution to deliver sustainable value.

**OVERSEEING FINANCIAL INTEGRITY**

Ensure robust financial controls, accurate reporting and responsible stewardship of company resources.

**FOSTERING A STRONG ORGANISATIONAL CULTURE**

Promote ethical behaviour, diversity and a culture of accountability, trust and continuous improvement.

**MANAGING RISK AND OPPORTUNITY**

Identify and oversee key risks and opportunities to safeguard the company and enhance long-term performance.

**ENGAGING AND CREATING STAKEHOLDER VALUE**

Build strong relationships with stakeholders and ensure their interests are considered in decision-making.

The roles and key responsibilities of the Chairman, Managing Director/CEO, Senior Independent Director, Non-Executive Directors, and Independent Directors are summarised below:

THE CHAIRMAN**Role:**

Provides leadership to the Board by fostering a strong culture of integrity, accountability, and good corporate governance, while ensuring the Board operates effectively, ethically, and in the best interests of the Company and its stakeholders.

Key Responsibilities:

- » Providing strategic leadership to the Board and promoting the highest standards of corporate governance and ethical conduct across the Company
- » Setting the ethical tone and governance culture of the organisation, while encouraging transparency, accountability, and responsible decision-making

- » Establishing the Board's annual work plan and meeting agendas in consultation with the Managing Director and the Company Secretary, ensuring that key strategic, operational, governance, and risk-related matters are effectively addressed
- » Building and maintaining stakeholder trust and confidence through constructive engagement and effective communication with shareholders, regulators, employees, and other key stakeholders
- » Ensuring the active participation and meaningful contribution of all Directors during Board deliberations and decision-making processes
- » Facilitating open, balanced, and constructive discussions among Directors on matters presented to the Board, while maintaining an appropriate balance of authority between Executive and Non-Executive Directors (NEDs)

- » Monitoring and evaluating the effectiveness, performance, and overall functioning of the Board and supporting continuous improvement in Board processes and governance practices

MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER**Role:**

Accountable for the effective implementation of Haycarb PLC's strategic direction and for driving sustainable business performance, operational excellence, and long-term value creation in alignment with the Company's vision and governance framework.

Key Responsibilities

- » Providing leadership in the execution of the Company's strategic plan and ensuring the achievement of agreed corporate objectives and performance targets

- » Appointing, developing, and ensuring effective succession planning for the corporate management team, while continuously assessing and enhancing management performance and leadership capabilities
- » Developing and recommending the Company's strategic direction, business plans, and key initiatives for consideration and approval by the Board
- » Preparing and recommending annual budgets and financial plans that support the Company's long-term growth strategy and operational priorities
- » Monitoring organisational performance and regularly reporting to the Board on operational, financial, strategic, and sustainability-related matters, including compliance with applicable laws, regulations, and corporate governance requirements
- » Establishing and maintaining an organisational structure, management framework, and operational processes that support the effective execution of strategy and business objectives
- » Promoting and embedding a corporate culture aligned with the Company's values, ethical standards, and commitment to responsible business practices
- » Ensuring that the Company operates within the approved risk appetite and maintains effective systems of risk management, internal control, and compliance across all areas of operation

SENIOR INDEPENDENT DIRECTOR (SID)

Role:

Provides independent guidance and support to the Chairman on matters relating to the governance of the Company, while promoting balanced decision-making, Board effectiveness, and stakeholder confidence.

Key Responsibilities:

Supporting the Chairman in upholding strong corporate governance practices and maintaining effective Board dynamics

- » Promoting corporate values and governance principles that facilitate an equitable balance between the interests of shareholders and other key stakeholders
- » Upholding high standards of ethics, integrity, transparency, and accountability across the organisation, while constructively supporting and monitoring executive leadership
- » Encouraging and promoting compliance with applicable laws, regulations, governance requirements, and internal policies of the Company
- » Engaging with Non-Executive Directors (NEDs) to facilitate open discussions on governance-related matters and communicating key observations and concerns to the Chairman
- » Maintaining appropriate engagement with shareholders and being available to address concerns that cannot, or may not be appropriate to, be resolved through the Chairman or Executive Directors
- » Leading or supporting actions arising from the performance evaluation of the Chairman and contributing towards the continuous improvement of Board effectiveness and governance practices

NON-EXECUTIVE DIRECTORS

Key Responsibilities and Contribution:

- » Provide objective and independent advice to support balanced Board decision-making
- » Bring diverse perspectives and external experience to Board deliberations
- » Contribute domain-specific expertise and specialist industry insights
- » Constructively challenge management decisions and strategic proposals
- » Safeguard the interests of shareholders and other key stakeholders

INDEPENDENT DIRECTORS

Key Responsibilities and Contribution:

- » Mitigate potential conflicts of interest through independent judgement
- » Ensure fairness, transparency, and accountability in executive remuneration
- » Strengthen corporate governance and uphold ethical business practices
- » Provide unbiased oversight of management and Board processes
- » Build investor confidence and enhance stakeholder trust in the Company

POLICY FRAMEWORK

GRI: 2-23, 24

Haycarb PLC maintains a comprehensive and robust policy framework applicable across all Group entities to ensure a structured, consistent, and transparent approach to governance, operational processes, and decision-making. The framework supports effective risk management, regulatory compliance, ethical business conduct, and alignment with the Group's strategic objectives.

These policies provide clear guidance to employees and management on key operational, financial, governance, and sustainability-related matters, while promoting accountability and standardised practices across the Group's global operations.

All policies are subject to periodic review and are revised annually, where necessary, to ensure continued relevance and effectiveness in response to evolving business, regulatory, technological, and operating conditions.

CORPORATE GOVERNANCE

POLICY FRAMEWORK

GRI: 2-23, 24



CULTIVATING A RESPONSIBLE WORKPLACE

- » Policy on Control and Management of Company Assets and Shareholder Investments
- » Policy on Whistleblowing
- » Human Rights Policies
- » Policy on Risk Management and Internal Controls
- » Talent Management Policies
- » Safe place to work policies
- » Grievance handling policy
- » Disciplinary policy
- » Industrial relations policy



UPHOLDING RESPONSIBLE CORPORATE GOVERNANCE

- » Policy on matters relating to the Board of Directors
- » Policy on Board Committees
- » Policy on Corporate Governance, Nominations and re-election
- » Policy on Remuneration
- » Policy on Anti-Bribery and Corruption
- » Policy on Corporate Disclosures
- » Policies on Internal Code of Business Conduct and Ethics
- » Policy relations with shareholders and investors



ADVANCING ESG PRIORITIES

- » Policy on ESG Sustainability-Social
- » Policy on ESG Sustainability-Environmental
- » Material and Waste Management Policy
- » Chemical Management Policy
- » Water Management Policy

STRATEGIC LEADERSHIP

Skilled and diverse Board

The Board comprises an appropriate balance of skill, independence, knowledge, experience and diverse perspectives to discharge its responsibilities effectively.

Board Composition

As at end-March 2026, the Board consisted of 14 Directors, comprising 6 Executive Directors, among them the Chairman and the Managing Director, and 8 Non-Executive Directors, of whom 5 were independent.

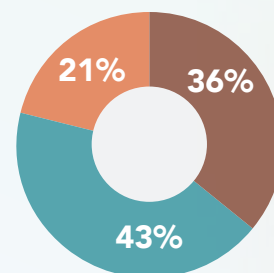
The composition ensures compliance with section 9.8 of the Colombo Stock Exchange Listing Rules, that the Board is collectively equipped to drive the Company strategy and value creation. (refer to pages 26 to 30 for detailed profiles of Directors).

BALANCED COMPOSITION OF THE BOARD

AS AT 31ST MARCH 2026

CATEGORY	NUMBER OF DIRECTORS	BOARD COMPOSITION	% OF BOARD
Executive Directors (Including Chairman & MD)	6		43%
Non-Independent Non-Executive Directors	3		21%
Independent Non-Executive Directors	5		36%
Total	14		100%

PERCENTAGE OF BOARD



BOARD SKILL COMPOSITION

GRI: 2-17

Our Board brings together a diverse range of skills and expertise, enabling informed decision-making and effective governance.



	Accounting & Finance		6
	Investments and Banking		1
	Engineering		3
	Legal		3
	Special Product Development, R&D		1
	Business Development, Sales & Marketing		2
	Logistics & Transport		1
	Corporate Leadership		6
	Information Technology		2
	ESG / Sustainability		4
	Manufacturing		3
	Risk & Governance		6
	HR		1

Majority of the Board comprises Non-Executive Directors (8), of which four (5) are independent, thereby enriching discussions and bringing objective judgement to Board decisions.

Board's collective strengths

The Board promotes a balanced approach to succession and continuity by periodically introducing new Directors with diverse perspectives and expertise, while preserving institutional knowledge and industry experience through the continued contribution of long-standing Board members.

A summary of the Board's collective strengths is provided herein.

**Notes**

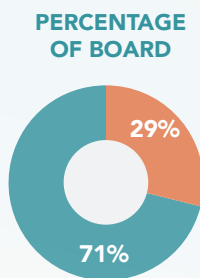
A Director may have multiple skills

CORPORATE GOVERNANCE

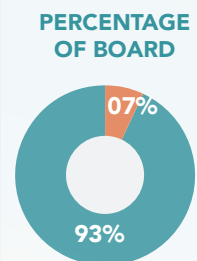
GENDER REPRESENTATION
AS AT 31ST MARCH 2026

GRI: 405-1

GENDER	NUMBER OF DIRECTORS	% OF BOARD
 Male	10	71%
 Female	4	29%
Total	14	100%

NATIONALITY REPRESENTATION
AS AT 31ST MARCH 2026

NATIONALITY	NUMBER OF DIRECTORS	% OF BOARD
 Sri Lankan	13	93%
 Foreign	1	7%
Total	14	100%

DIVERSITY OF AGE GRI: 405-1

Haycarb PLC's Board reflects a balanced age diversity, with 36% of Directors being below the age of 60, enabling the Board to benefit from a blend of extensive experience, dynamic perspectives, and forward-looking insights.

DIVERSITY OF AGE AS AT 31/03/2026

Age Group	No. of Directors	Board Composition	% of Board
>60	9		64%
55-60	2		14.5%
50-55	2		14.5%
<50	1		7%
Total	14		100%

TENURE ON THE BOARD AS AT 31/03/2026

Age Group	No. of Directors	Board Composition	% of Board
>20	1		7%
15-20	4		29%
10-15	3		21%
<10	6		43%
Total	14		100%

MEETINGS AND DIRECTORS' ATTENDANCE

Dates for Board meetings and Board Subcommittee meetings are communicated to Directors in advance to ensure effective participation and timely decision-making. Any required or requested meeting papers and supporting documents are circulated

in advance, providing Directors with sufficient time for review and preparation. Clear guidelines, processes, and reporting procedures are in place to ensure the effective conduct of Board and Committee meetings and to facilitate informed decision-making.

The Attendance of Directors at Board meetings and Subcommittee meetings held during the Financial Year 2025/26 are given below.

Name of the Director	Gender	Nationality	Age	Date of Appointment	Tenure on the Board (Years)	Board Meetings				Audit Committee				Sub-Committee Meetings						Nomi. & Gov.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
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CORPORATE GOVERNANCE

CHANGES TO BOARD

No changes to the Board were reported during the period 2025/26.

- » 1/3rd of Directors in office retire at each AGM by rotation, with the directors who have served for the longest period since their appointment/re-appointment retiring first or once in every 3 years
- » Retiring Directors are eligible for re-election
- » The Board can appoint directors to fill any casual vacancies that may arise during the year and such directors can hold office until the next AGM and seek election by the shareholders

Accordingly, Nominations & Governance Committee has recommended to re-elect Ms. Brindhini Perera, Mr. Nanda Fernando, Mrs. Anomi Wanigasekera, and Mr. Yohan Perera be re-elected to the Board at the Annual General Meeting to be held on 30th June 2026, based on their performance and the contribution made toward achieving the objectives of the Board.

FIT & PROPER ASSESSMENT / DETERMINING INDEPENDENCE

GRI: 2-18

The criteria for determining whether a Director is “fit and proper” to discharge his or her duties, and independence where applicable, are defined under Section 9 of the Colombo Stock Exchange Listing Rules and includes criteria relating to honesty, integrity and reputation, competence and capability, and financial soundness. Haycarb PLC complied with these criteria throughout the year as part of its Board evaluation process. Self-declarations were obtained from all Directors during the year and were duly reviewed and assessed.

CONFLICT OF INTEREST

GRI: 2-15

A Director or Key Management Personnel (KMP) is prohibited from using his or her position, or access to confidential or price-sensitive information, for personal gain or

for the benefit of any third party, whether financial or otherwise. Directors are required to promptly disclose any actual or potential conflicts of interest relating to specific matters under consideration by the Board or arising from other directorships held by them.

Directors do not participate in discussions or decision-making on matters where a conflict of interest may arise and excuse themselves from the relevant Board meetings when such matters are considered.

DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

Directors declare their business interests upon appointment and thereafter on a quarterly basis. These declarations are maintained in a register by the Company Secretary, which is available for inspection in accordance with the provisions of the Companies Act. Directors have no direct or indirect interest in any contract or proposed contract with the Company other than those disclosed in Note 35 to the Financial Statements on page 432 to 434 of this Annual Report.

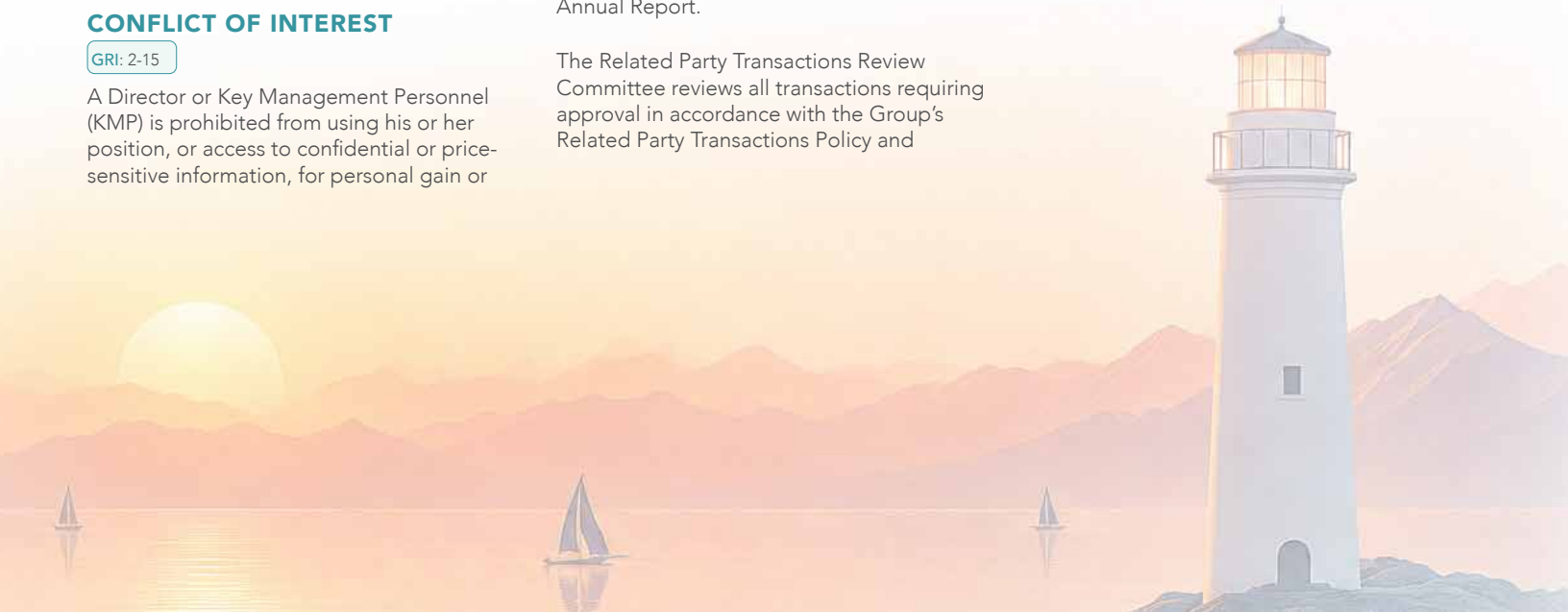
The Related Party Transactions Review Committee reviews all transactions requiring approval in accordance with the Group's Related Party Transactions Policy and

applicable regulatory requirements. Details of related party transactions are disclosed in Note 35 to the Financial Statements on page 432 to 434 of this Annual Report.

The Board has determined that a Director may hold a maximum of 20 Board seats in publicly listed companies. The Board is satisfied that all Directors allocate sufficient time and attention to effectively discharge their duties and responsibilities.

DIRECTORSHIPS IN OTHER COMPANIES HELD IN SRI LANKA

The total number of directorships held by Directors in listed and unlisted companies in Sri Lanka, in both executive and non-executive capacities is disclosed in the table below. (Non-listed Hayleys Group company names have not been included in this disclosure).



Name of the Director	Listed Companies		Unlisted Companies	
	Executive	Non-Executive	Executive	Non-Executive
Mr. Mohan Pandithage Total Directorships - 156 Listed Companies; Executive - 12 and Non-Executive - 01 Unlisted Companies; Executive - 132 and Non-Executive - 11	Hayleys PLC Haycarb 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	Diesel & Motor Engineering PLC	Hayleys Group - 132 Companies	Sojits Kelanitissa (Private) Limited 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 Total Directorships - 18 Listed Companies; Executive - 03 and Non-Executive - 01 Unlisted Companies; Executive - 04 and Non-Executive - 10	Hayleys PLC Haycarb PLC Dipped Products PLC	Hayleys Fibre PLC	Hayleys Group - 04 Companies	Hayleys Group - 10 Companies
Mr. Brahman Balaratnarajah Total Directorships - 03 Listed Companies; Executive - 01 and Non-Executive - Nil Unlisted Companies; Executive - 02 and Non-Executive - Nil	Haycarb PLC	-	Hayleys Group - 2 Companies	-
Mr. Sarath Ganegoda Total Directorships - 68 Listed Companies; Executive - 02 and Non-Executive - 09 Unlisted Companies; Executive - Nil and Non-Executive - 57	Hayleys PLC Alumex PLC	Dipped Products PLC Hayleys Fabric PLC Singer (Sri Lanka) PLC Hayleys Leisure PLC Horana Plantations PLC Haycarb PLC Kelani Valley Plantations PLC Hayleys Fibre PLC The Kingsbury PLC	-	Hayleys Group - 57 Companies
Mr. Yohan Perera Total Directorships - 09 Listed Companies; Executive - Nil and Non-Executive - 08 Unlisted Companies; Executive - Nil and Non-Executive - 01	-	Hayleys PLC Haycarb PLC Dipped Products PLC Commercial Bank of Cey. PLC Overseas Reality PLC E B Creasy & Company PLC Laxapana PLC Muller & Phipps Ceylon PLC	-	World Vision Lanka (Guarantee) Limited

CORPORATE GOVERNANCE

Name of the Director	Listed Companies		Unlisted Companies	
	Executive	Non-Executive	Executive	Non-Executive
Mr. Arjun Senaratna Total Directorships - 02 Listed Companies; Executive - Nil and Non-Executive - 01 Unlisted Companies; Executive - Nil and Non-Executive - 01	-	Haycarb PLC	-	Hayleys Advantis Limited
Mrs. Jeevani Abeyaratne Total Directorships - 03 Listed Companies; Executive - 01 and Non-Executive - Nil Unlisted Companies; Executive - 02 and Non-Executive - Nil	Haycarb PLC	-	Hayleys Group - 2 Companies	-
Mr. M.S.P. Udaya Kumara Total Directorships - 01 Listed Companies; Executive - 01 and Non-Executive - Nil Unlisted Companies; Executive - Nil and Non-Executive - Nil	Haycarb PLC	-	-	-
Mr. Ali Asgar Munaver Caderbhoy Total Directorships - 01 Listed Companies; Executive - 01 and Non-Executive - Nil Unlisted Companies; Executive - Nil and Non-Executive - Nil	Haycarb PLC	-	-	-
Mrs. Shamalie Gunawardana Total Directorships - 02 Listed Companies; Executive - Nil and Non-Executive - 01 Unlisted Companies; Executive - Nil and Non-Executive - 01	-	Haycarb PLC	-	Capital City Corporate Services (Private) Limited
Ms. Brindhiini Fernando Total Directorships - 16 Listed Companies; Executive - Nil and Non-Executive - 11 Unlisted Companies; Executive - Nil and Non-Executive - 05	-	Haycarb PLC 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	-	Delmege Limited Otmo Biscuit (Private) Limited The Canbury Biscuit Company Limited Manatee Clothing Company (Pvt) Ltd Dhammika & Priscilla Perera Foundation



Name of the Director	Listed Companies		Unlisted Companies	
	Executive	Non-Executive	Executive	Non-Executive
Mr. Nanda Fernando Total Directorships - 08 Listed Companies; Executive - Nil and Non- Executive - 06 Unlisted Companies; Executive - 01 and Non- Executive - 01	-	Haycarb PLC Dipped Products PLC Hayleys Fabric PLC Hatton National Bank PLC R I L Property PLC Asset Finance PLC	Professional Business Consultants (Pvt) Ltd	R-E-D Capital Asia (Pvt) Ltd
Mrs. Anomi Wanigasekera Total Directorships - 07 Listed Companies; Executive - Nil and Non- Executive - 03 Unlisted Companies; Executive - 04 and Non- Executive - Nil	-	Haycarb PLC Horana Plantations PLC Dipped Products PLC	Jacey Advisory Services (Private) Ltd Jacey Trust Services (Private) Ltd Jacey & Lanka (Private) Ltd Jacey & Company	-
Mr. Timothy Speldewinde Total Directorships - 10 Listed Companies; Executive - Nil and Non- Executive - 09 Unlisted Companies; Executive - 01 and Non- Executive - Nil	-	Hayleys PLC Haycarb PLC Hayleys Fabric PLC Dipped Products PLC The Kingsbury PLC Horana Plantations PLC Ceylon Grain Elevators PLC Wealth Trust Securities PLC Three Acre Farms PLC	Contemporary Ceylon (Pvt) Ltd	-

Nominations and Governance

GRI: 2-10

The Nominations and Governance Committee supports the Group in identifying suitable candidates for Board appointments, as and when 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 objective is to select the most qualified individual who aligns with the Company's strategic needs and satisfies the Board's requirements relating to independence and diversity.

Appointment, Retirement and Resignations

Directors are appointed by the Board in accordance with the Company's Articles of Association and are subsequently

subject to re-election by shareholders at the Annual General Meeting (AGM). The Board recommends suitable candidates for appointment based on the advice of the Nominations and Governance Committee. Upon appointment, details of new Directors are disclosed to the Colombo Stock Exchange (CSE) in compliance with regulatory requirements, including:

- A brief profile of the Director
- The nature of expertise in relevant functional areas
- The names of companies in which the Director holds directorships or memberships on Board Committees
- Whether the Director is considered independent in accordance with the CSE Listing Rules

The Board is empowered to appoint Directors to fill casual vacancies that may arise during the year. In accordance with the Articles of Association, such appointments remain valid until the next AGM, at which the appointed Directors are required to stand for election by shareholders. This process facilitates shareholder participation in the appointment of Directors.

One-third of the Directors retire by rotation at each AGM, with those who have served the longest period since their appointment or reappointment retiring first or at least once every three (03) years. Retiring Directors are generally eligible for re-election. The names of Directors submitted for election or re-election are included in the Notice of Meeting, and their profiles are provided in the Annual Report to enable shareholders to make informed decisions.

In accordance with the Company's Articles of Association, the Managing Director is not required to retire by rotation.

CORPORATE GOVERNANCE

DIRECTOR INDUCTION, TRAINING AND CONTINUOUS DEVELOPMENT

GRI: 2-17

Upon appointment, Directors are provided with an orientation programme comprising relevant internal and external regulatory documents together with visits to operational facilities and factory locations to enhance their understanding of the Group's operations.

Directors are regularly updated on applicable laws and regulations, industry developments, emerging risks, and changes in the business environment. Training and professional development requirements are coordinated through the Company Secretary to support the effective discharge of Directors' responsibilities.

Many Directors are members of the Sri Lanka Institute of Directors and participate in training sessions and forums conducted by the Institute. Directors also undertake Continuous Professional Development (CPD) programmes in their individual capacity to enhance their knowledge and awareness of relevant and emerging matters.

BOARD ASSESSMENT

GRI: 2-18

The Annual Board Assessment evaluates the performance of the Board and its Committees, including Board composition, skills, and effectiveness in supporting strategic objectives. The assessment also considers the effectiveness of strategies developed and implemented, compliance with laws and regulations, quality of participation at meetings, and the effectiveness of systems and processes.

Appraisal of the Managing Director / Chief Executive Officer

GRI: 2-18

The Board annually evaluates the performance of the Managing Director / Chief Executive Officer (MD/CEO) against goals and objectives agreed at the beginning of the financial year. These objectives reflect the Board's expectations over the short, medium, and long term.

Performance is reviewed at the end of the year, taking into consideration the overall performance of the Group, the prevailing operating environment, and other relevant factors. Constructive feedback is provided as part of the appraisal process. The outcome of the evaluation is linked to annual increments relating to fixed remuneration and also forms the basis for determining variable remuneration.

The performance of the Managing Director is reviewed and evaluated by the Remuneration Committee, which comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director, of whom two members are independent. The Committee held 02 meetings during the year to discharge its responsibilities.

Board Effectiveness

The Chairman and the Remuneration Committee are responsible for evaluating the performance of the Executive Directors and Board Committees through an annual self-evaluation process. The results of the evaluations are consolidated and submitted to the Chairman for discussion at a Board meeting.

REMUNERATION REVIEW

Haycarb PLC maintains a remuneration framework aligned with its strategic objectives and operating environment, designed to promote high performance. During the year, the Group further strengthened its remuneration practices through enhancements to its remuneration policy framework.

Remuneration Governance

GRI: 2-19, 20

The Board is supported by the Remuneration Committee of Haycarb PLC in determining the remuneration of Executive Directors, Non-Executive Directors, Key Management Personnel (KMP), and other employees. The remuneration policy and related schemes are designed to attract, retain, and motivate individuals with the skills, capabilities, and experience required to achieve the Group's strategic objectives.

Key decisions and activities of the Remuneration Committee together with the aggregate remuneration of the Executive and Non-Executive directors for the financial year given in the Remuneration Committee report in the Page 351.

Remuneration Policy

GRI: 2-19

The remuneration of Key Management Personnel (KMP) and Executive Directors of Haycarb PLC is aligned with sustainable value creation objectives and the Group's strategic priorities, as approved by the Board and the Managing Director/CEO. These objectives are subsequently cascaded across the organisation to support performance alignment at all levels.

Please refer page 351 for the Report of the Remuneration Committee and Terms of Reference.

The remuneration of Non-Executive Directors, excluding Hayleys Group Directors, comprises a Board fee together with additional fees for serving on Board Committees. Their remuneration reflects the time commitment, responsibilities, and market practices applicable to their role and does not include performance-related or incentive-based payments.

The Board and the Remuneration Committee also obtain the support of HR professionals, where necessary, in discharging their responsibilities relating to remuneration and performance management.



REMUNERATION POLICY THAT DRIVES PERFORMANCE

Remuneration structures are designed to align and measure performance against strategic objectives through relevant performance indicators.



GOAL SETTING

Plan with Purpose

WHAT WE DO

A goal-setting framework

Establish clear, measurable and achievable goals in line with the Group's vision and strategy.

Impact goals aligned to the Group's competencies

Ensure goals drive business impact and reflect our core competencies and values.

Learning and development goals

Strengthen capabilities, encourage continuous learning and support career growth.

Outcome

A shared understanding of priorities and a clear roadmap for success.



REVIEW & APPRAISAL

Evaluate & Improve

HOW WE REVIEW

Two reviews during which ratings will be submitted

Regular check-ins to track progress, provide feedback and realign where needed.

Mid-year review

Evaluate progress, discuss challenges and opportunities, and recalibrate goals if required.

Final appraisal

Comprehensive assessment of performance against goals and competencies for the year.

Outcome

Ongoing feedback and insights that drive performance and continuous improvement.



PERFORMANCE OUTCOMES

Recognise & Reward

WHAT WE ACHIEVE

Performance rating that motivates high performance

Fair and objective ratings that recognise achievements and encourage excellence.

Performance based remuneration

Rewards are aligned to individual and business performance, promoting accountability and sustainable results.

Outcome

Recognition, reward and a culture of high performance that drives long-term value creation.



Supported by Strong Governance

- » Transparent process ensuring fairness, consistency and integrity.
- » Aligned with corporate strategy, risk appetite and stakeholder expectations.

CORPORATE GOVERNANCE

Level and Make-Up of Remuneration

The remuneration packages of Executive Directors are designed to attract and retain professionals with the requisite skills, experience, and expertise required to support the Group's strategic objectives.

The remuneration of Executive Directors complies 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 both fixed and variable components, with the variable component linked to performance.

No special early termination clauses are included in the employment contracts of Executive Directors that would entitle them to additional compensation. However, any such compensation, if applicable, would be determined by the Board of Directors.

Please refer to page 390 for details of the total Directors' remuneration.

EXTERNAL AUDITOR

The External Auditor is appointed by the shareholders at the Annual General Meeting (AGM) in accordance with the provisions of the Companies Act. The Board makes recommendations in consultation with the Audit Committee regarding the appointment and reappointment of the External Auditor.

The Audit Committee monitors and reviews the independence, objectivity, and effectiveness of the External Auditor and the external audit process, taking into consideration relevant professional and regulatory requirements.

The assignment of non-audit services to the External Auditor is also reviewed by the Audit Committee to assess any potential impairment to the Auditor's independence and objectivity in carrying out audit responsibilities.

Shareholders approved the reappointment of Ernst & Young (Chartered Accountants) as the External Auditor for the financial year 2025/26 at the AGM held on 26 June 2025.

In compliance with Section 163(3) of the Companies Act No. 07 of 2007, the External Auditors submit an annual declaration confirming their independence in relation to the external audit engagement.

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 280. The Company's position and prospects are discussed in sufficient detail in the following sections of this Annual Report:

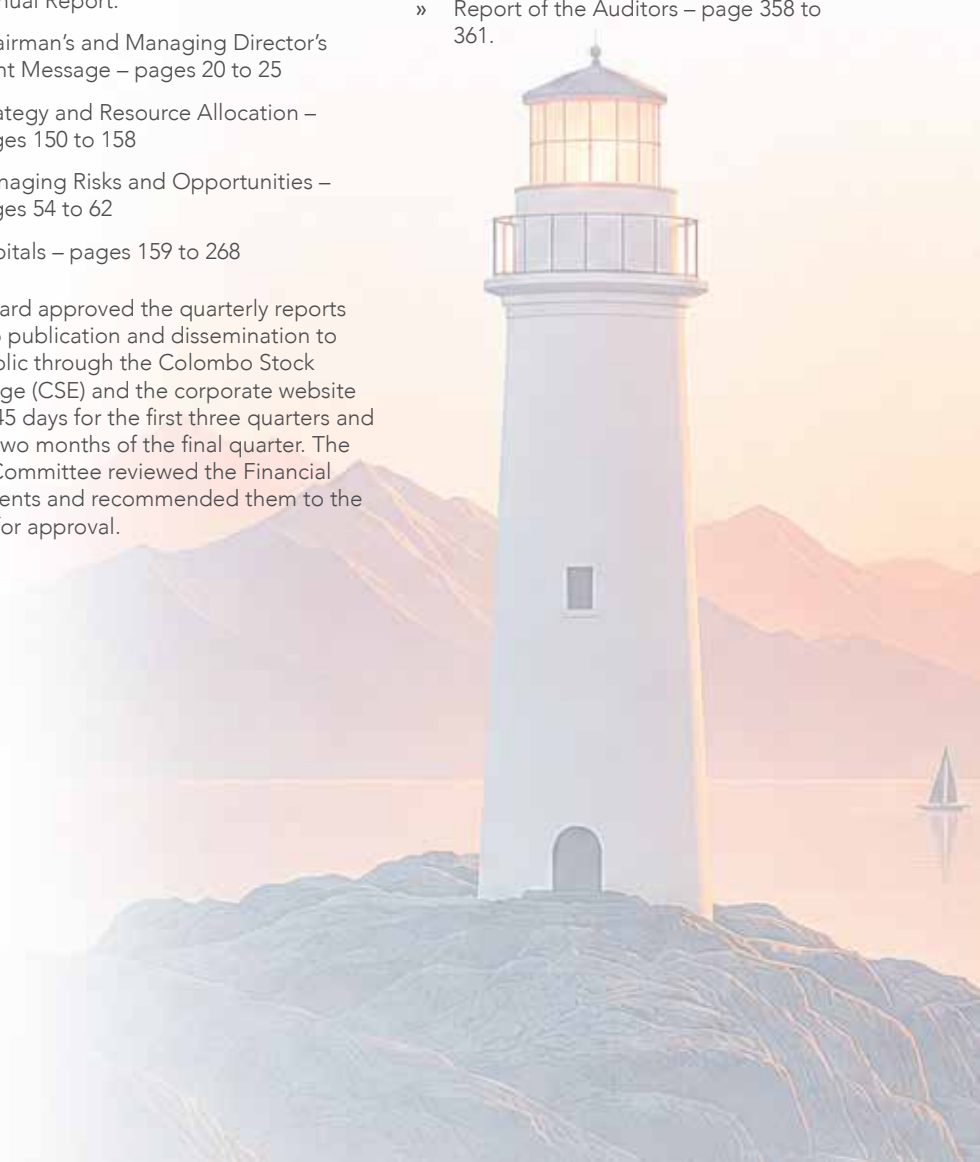
- » Chairman's and Managing Director's Joint Message – pages 20 to 25
- » Strategy and Resource Allocation – pages 150 to 158
- » Managing Risks and Opportunities – pages 54 to 62
- » Capitals – pages 159 to 268

The Board approved the quarterly reports prior to publication and dissemination to the public through the Colombo Stock Exchange (CSE) and the corporate website within 45 days for the first three quarters and within two months of the final quarter. The Audit Committee reviewed the Financial Statements and recommended them to the Board for approval.

Price-sensitive information that may have an impact on the Company's shares was disclosed to the Colombo Stock Exchange in a comprehensive yet concise and timely manner. Reports required by regulators, including the Department of Inland Revenue, the Sri Lanka Accounting & Auditing Standards Monitoring Board, and the Colombo Stock Exchange, were filed on a timely basis in compliance with specified requirements.

The following reports provide further information required by the Code:

- » The Directors' Report – pages 26 to 30 (including the declaration that the Company is a going concern)
- » The Statement of Directors' Responsibility – page 344
- » Report of the Auditors – page 358 to 361.



OUTLOOK

Haycarb PLC remains committed to continuously strengthening its governance framework to support sustainable growth, operational resilience, and long-term value creation. As the business environment continues to evolve, the Company will further enhance its governance processes in response to emerging developments, evolving stakeholder expectations, regulatory requirements, and strategic priorities.

During 2026/27, the Group will focus on advancing digital transformation initiatives across the organisation to improve efficiency, innovation, and data-driven decision-making. The Company will also continue to pursue growth opportunities in new markets and value-added product segments while carefully assessing the potential impact of emerging global trade and economic developments.

In parallel, Haycarb will further strengthen its enterprise risk management practices to support the effective identification, assessment, and management of risks and opportunities across the Group. Through these efforts, the Company aims to maintain an agile, transparent, and fit-for-purpose governance framework that reinforces responsible business practices and supports sustainable long-term value creation for all stakeholders.

OUR GOVERNANCE OUTLOOK

We remain committed to enhancing our governance practices to create long-term value and contribute to a sustainable future.



SUSTAINABLE VALUE CREATION

Integrating environmental, social and governance (ESG) considerations into our strategy and operations.



STRONGER STAKEHOLDER TRUST

Upholding transparency, accountability and effective communication.



CONTINUOUS IMPROVEMENT

Enhancing our governance framework in line with best practices and evolving regulations.



INNOVATION & RESILIENCE

Embracing innovation and building resilience to navigate future opportunities and challenges.



RESPONSIBLE CORPORATE CITIZENSHIP

Contributing to the communities where we operate and protecting the environment.

CORPORATE GOVERNANCE


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 the revised 'Code of Best Practice on Corporate Governance' in 2023.



Haycarb PLC's compliance and implementation with this Code is presented below.



https://www.casrilanka.com/casl/index.php?option=com_content&view=article&id=250&Itemid=209&lang=en

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 at 31st March 2026, the Board comprises 14 Directors, of whom 6 are Executive Directors, 3 are Non-Independent Non-Executive Directors, and 5 are Independent Non-Executive Directors. The Board is responsible for providing strategic direction, establishing a policy framework, financial reporting and other information systems, internal controls, performance review, risk management, resource allocation, and directing, 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 303. 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.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
		» 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.	
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

CORPORATE GOVERNANCE

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 or the Group Corporate Secretariat 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. 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.	Yes
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. 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.	Yes
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

CORPORATE GOVERNANCE

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	All Non-Executive Directors submitted signed and dated declarations of his/her independence or non-independence against the specified criteria, 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 2026.	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.Yohan Perera currently serves as the SID of Haycarb PLC. Please refer page 356 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

CORPORATE GOVERNANCE

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 Committee comprises two (02) Independent Non-Executive Directors and one (01) Non-Independent Non-Executive Director. Please refer to the Committee Report on page 353.	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-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 353.	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 or at least once in every three years.. 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 26 to 30. » The members' attendance for Board meetings are given on Page 303. » Membership of Subcommittees and attendance at Subcommittee meetings are given on page 303.	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 Board has an established Remuneration Committee and evaluates the remuneration for Executive and Non-Executive Directors.	Yes

CORPORATE GOVERNANCE

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 351 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 351 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 390	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 Shareholder			
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

CORPORATE GOVERNANCE

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 342 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 339 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 15 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 344. The Auditors' Report is available on page 358.	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 20 to 25 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 432 to this report.	Yes

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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 54 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 347 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-Independent Non-Executive Director. The Committee is chaired by an Independent Non-Executive Director. Refer Audit Committee Report on page 347	Yes
D.3.2	Audit Committee Terms of reference - The Committee's purpose, duties & responsibilities	Refer Audit Committee Report on page 347	Yes
D.3.3	Disclosures in Annual Report	Refer Audit Committee Report on page 347	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 54 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 347 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 Board has an established Related Party Transactions Review Committee.	Yes
D.5.3	Terms of reference	Refer Related Party Transactions Review Committee Report on page 345	Yes

CORPORATE GOVERNANCE

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 339 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 463.	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

CORPORATE GOVERNANCE

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 283 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 283 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 54 to 62 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 oversee 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 287 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 66.	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 54 to 62.	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

CORPORATE GOVERNANCE


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).



<https://cdn.cse.lk/pdf/Section-7-Updated-as-at-14-02-2022.pdf>

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 Rule 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 26 to 30	Yes
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Group Profile - Page 470 to 473	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 463 to 467	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 463 to 467	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 463 to 467	Yes
(vi)	Information pertaining to material foreseeable risk factors of the entity	Managing Risk and Opportunities - Page 54 to 62	Yes
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Page 148	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 398	Yes

Section Ref. No	Requirement	Comment / Reference within the Report	Compliance Status
(ix)	Number of shares representing the Entity's stated capital	Investor Information - Page 463 to 467	Yes
(x)	The distribution of shareholders under each class of securities and the percentage of their holdings	Investor Information - Page 463 to 467	Yes
(xi)	Financial ratios and market price information	Investor Information - Page 463 to 467	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 398	Yes
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Not Applicable for financial year 2025/26.	N/A
(xiv)	Information in respect of Employee Share Ownership Schemes	Not Applicable for financial year 2025/26.	N/A
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Corporate Governance - Page 332 to 337	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. 35 of the Page 432.	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 2025/26.	N/A
7.8	Disclosure of dealings by Directors and CEO	The Company make an announcement to the Exchange pertaining to the relevant interest/ changes 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 463 to 467.	Yes

CORPORATE GOVERNANCE


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 Section 09 on the "Corporate Governance" Rules for Listed Companies issued by the Colombo Stock Exchange (CSE).

<https://cdn.cse.lk/pdf/listing-rules/Listing-Rules-Section-9-Corporate-Governance.pdf>



Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.1	Applicability of Corporate Governance Rules		
9.1.1	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
9.1.2			
9.1.3			
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 » Policy on Relations with Shareholders and Investors	Yes



Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
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 345 to 355	Yes
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 already appointed a Senior Independent Director (SID).	Yes

CORPORATE GOVERNANCE

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
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 356	Yes
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 339.	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 2026.	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 2026.	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

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
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 2026.	Yes
9.9	Alternate Directors		
9.9	Appointment of Alternate Directors	No Alternate Directors were appointed to represent Non-Executive Directors.	N/A
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 26 to 30 for profiles of Directors (b) Please refer to page 303 for expertise in relevant functional areas (c) Please refer to page 339 on the Annual Report of the Board of Directors for the statement on material business relationships (d) Please refer to page 300 for classification of Directorships (e) Please refer to page 305 for Directorships in other companies (f) Please refer to page 303 for details of Board meeting attendance (g) Please refer to the respective Committee Reports on pages 345 to 356 for details of the Directors serving on each Committee. (h) Please refer to the respective Committee Reports on pages 345 to 356 for details of the Committee meetings held & attended by each member. (i) Please refer to page 356 for statement by the Senior Independent Director	Yes
9.11	Nominations and Governance Committee		
9.11.1	Availability of Nominations and Governance Committee	The Board has appointed a Nominations and Governance Committee.	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

CORPORATE GOVERNANCE

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
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
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 353.	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 353.	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-Independent 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 351.	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

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.13.3	Composition	The Audit Committee comprises of three Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Committee meets on a quarterly basis. 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
9.13.4	Functions	The Functions of the Committee are effectively summarised in the Audit Committee Report on page 347.	Yes
9.13.5	Disclosures in the Annual Report	Please refer to the Audit Committee in page given 347.	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.	Yes
9.14.2 (1) & (2)	Composition	The Committee comprises of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director.	Yes
9.14.3	Functions	The Functions of the Committee are effectively summarised in the Related Party Committee Report on page 345.	Yes
9.14.4	General requirements	The Committee meets on a quarterly basis. 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	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. 35 of the Page 432. Disclosure requirements are covered in the Related Party Transactions Review Committee Report given on page 345.	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	Disclosure requirements are covered in the Annual Report of the Board of Directors given on page 339.	Yes
	(ii) Review of internal and compliance controls	Material non-compliance with any Law or Regulation has not arisen during the year 2025/26.	
	(iii) Compliance with laws, rules and regulations		
	(iv) Material Non-Compliance		

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE PERTAINING TO THE COMPANIES ACT NO. 7 OF 2007

Haycarb PLC confirms that, throughout the financial year, the Company has complied with the applicable provisions of the Companies Act No. 7 of 2007 of Sri Lanka. This statement reflects the Board's commitment to legal compliance, transparency, and good corporate governance practices.

<https://drc.gov.lk/en/wp-content/uploads/2018/04/Act-7-of-2007-English.pdf>



Section	Requirement	Complied	Reference (within the Report)
168 (1) (a)	The nature of the business together with any change thereof during the accounting period.	Yes	Annual Report of the Board of Directors - Page 339
168 (1) (b)	Signed financial statements of the Company and the Group for the accounting period	Yes	Financial Statements pages 362-450
168 (1) (c)	Auditors' Report on financial Statements of the Company and the Group	Yes	Independent Auditor's Report pages 358-361
168 (1) (d)	Accounting policies and any changes therein	Yes	Financial Statements page 362
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Yes	Annual Report of the Board of Directors - Page 339
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company and the Group during the accounting period	Yes	Annual Report of the Board of Directors - Page 339
168 (1) (g)	Corporate donations made by the Company and the Group during the accounting period	Yes	Annual Report of the Board of Directors - Page 339
168 (1) (h)	Information on the Directorate of the Group and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of the Board of Directors - Page 339
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Yes	Annual Report of the Board of Directors - Page 339
168 (1) (j)	Auditors' relationship or any interest with the Group and its Subsidiaries	Yes	Annual Report of the Board of Directors - Page 339
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board, (i) two directors of the company, (ii) the secretary of the company	Yes	Annual Report of the Board of Directors - Page 339

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 of the Board of Directors on the affairs of the Company together with the Audited Financial Statements of the Group for the year ended 31st March 2026.

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 is 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 pages 470 to 473 respectively of this Report. The Joint Statement from the Chairman and the Managing Director describes the Group's affairs and mentions important events of the year. The results for the year are set out in the Consolidated Statement of Profit or Loss, on page 362.

The Directors, to the best of their knowledge and belief, confirm that the Group has not engaged in any activity that contravenes laws and regulations.

The Financial Statements were reviewed and approved by the Board of Directors on 21st May 2026.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Group are given on pages 362 to 450.

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements is given on pages 358 to 361.

ACCOUNTING POLICIES

The accounting policies adopted by the Company and its subsidiaries in the preparation of the Financial Statements are given on pages 370 to 387. 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 35 to the Financial Statements dealing with related party disclosures include details of their interest 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 Board, 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.

482,058 shares were purchased by Mr. Rajitha Kariyawasan, Managing Director of the Company jointly with Mrs. K. H. S. Kariyawasan of Haycarb PLC during the financial year. Further, 225,412 shares were purchased by Mr. Kariyawasan jointly with Mrs. Kariyawasan during April 2026.

Also, 15,000 shares were purchased by Mr. Sarath Ganegoda, a Non-Independent Non-Executive Director of Haycarb PLC during the financial year. He has also purchased 5,000 shares on 18th May 2026.

DIRECTORS' SHAREHOLDINGS

Details relating to shareholdings of Directors are given below.

Name of the Director	As at 31/03/2026	As at 31/03/2025
Mr. Mohan Pandithage (Chairman)	23,790	23,790
Mr. Rajitha Kariyawasan* (Managing Director)	3,661,729	3,179,671
Mr. Brahman Balaratnarajah (Deputy Managing Director)	30,040	30,040
Mr. Sarath Ganegoda	88,150	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 (Senior Independent Director)	2,500	2,500
Mr. Timothy Speldewinde	-	-

* Jointly with Mrs. K.H.S. Kariyawasan

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

DIRECTORS' REMUNERATION

Executive Directors' remuneration is determined within an established framework. The total remuneration of Executive Directors for the year ending 31st March 2026 is Rs. 381,031,000 (2024/2025 - Rs. 376,630,000), which includes the value of perquisites granted to them as part of their terms of service. The total remuneration of Non-Executive Directors for the year ended 31st March 2026 is Rs. 11,500,000 (2024/2025 - Rs. 11,200,000), 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 policy 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 the Companies Act, have unanimously agreed to dispense with the requirement to maintain an Interests Register.

- » Recogen (Private) Limited
- » Puritas (Private) Limited

Ultracarb (Private) Limited, a wholly owned subsidiary of Haycarb PLC, was amalgamated with Haycarb PLC with effect from 1st October 2025 and continues as Haycarb PLC in terms of the Companies Act No. 07 of 2007.

DONATIONS

GRI: 415-1

The donations made during the financial year by the Company and the Group amounted to Rs. 25,104,000 and Rs. 27,629,000 respectively (2024/25 - Rs. 15,805,000/- and Rs 20,751,000/-)

The donations made by the Company and the Group are disclosed in Note 11.1 on page 390.

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 pages 26 to 30 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

Non-Independent 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 (Senior Independent Director)
Mr. Timothy Speldewinde

With a view to improving the collective effectiveness and performance of the Board, Board and subcommittee 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.

In terms of Article No. 29(1) of the Articles of Association of the Company, Ms. Brindhiini Perera, Mr. Nanda Fernando, Mrs. Anomi Wanigasekera and Mr. Yohan Perera retire by rotation and being eligible 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, 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 470.

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 the Corporate Governance Rules of the CSE.

BOARD SUBCOMMITTEES

The Company has 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
- » Remuneration Committee

Please refer to subcommittee Reports given on pages 345 to 355.

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 Section 09 of the CSE Listing Rules.

Please refer to the Related Party Transactions Review Committee Report on page 345.

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 344, 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. 3,165,000 (2024/25 – Rs 2,851,000) and Rs. 5,420,000 (2024/25 – Rs 4,883,000) as audit fees by the Company and the Group respectively. In addition, they were paid Rs. 2,284,000 (2024/25 – Rs 3,404,000) and Rs. 6,519,000 (2024/25 – Rs 6,090,000) 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 interest 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. 67,083,695,000 (2024/25 – Rs. 43,201,785,000) 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. 65,540,886,000 (2024/25 – Rs. 41,937,922,000). Trade between Group companies is conducted at fair market prices.

PROFITS

The Group's profit before tax amounted to Rs. 5,887,340,000 (2024/25 – Rs 5,516,969,000). After deducting Rs. 1,546,714,000 (2024/25 – Rs 1,246,127,000) for taxation, the profit was Rs. 4,340,626,000 (2024/25 – Rs 4,270,842,000). When non-controlling interest of Rs. 721,750,000 (2024/25 – Rs 674,325,000) was deducted, the profit attributable to the equity holders of the Company was Rs. 3,618,876,000 (2024/25 – Rs 3,596,517,000).

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 2026 amounted to Rs. 29,034,332,000 comprising Capital Reserves of Rs. 1,070,985,000 and Revenue Reserves of Rs. 27,963,347,000.

Composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

DIVIDEND

Four interim dividends were paid to the shareholders of the Company as follows;

Interim Dividend	Rs. per share	Paid On
First	0.50	24 July 2025
Second	0.82	24 October 2025
Third	1.05	23 January 2026
Fourth	1.70	28 April 2026

The Directors have confirmed that the Company satisfied the solvency test requirements under Section 56 of the Companies Act for all dividends paid. Solvency certificates were obtained from the Auditor in respect of the dividends paid.

STATUTORY PAYMENTS

The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on page 344.

CAPITAL EXPENDITURE

Capital expenditure during the year on property, plant, and equipment by the Group and by the Company amounted to Rs. 4,151,058,000 (2024/25 – Rs. 2,556,983,000) and Rs. 1,874,494,000 (2024/25 – Rs 1,026,890,000) respectively.

Information relating to the movement in property, plant, and equipment is given in Note 15 to the Financial Statements.

MARKET VALUE OF PROPERTIES

The freehold land of the Group has, in general, been subject to routine revaluation by independent qualified valuers. The most recent revaluations in respect of the Group were carried out as at 31st March 2025.

Details of revaluations, carrying values, and market values are provided in Note 15 to the Financial Statements. The statement on the value of real estate on page 398 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 40 to the Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

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 pages from 269 to 338 discusses this further.

Mr. Yohan Perera has been 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 to the Senior Independent Director's Report on page 356.

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 Managing Director during the financial year.

The Directors have declared all material interest in contracts involving the Company and the Group and they refrain from voting on matters in which they have a material interest.

The Board of Directors has updated itself with the applicable laws, rules, and regulations and is 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 has 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 in which 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, and the reliability of financial information generated and cybersecurity.

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. 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 and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange.

- » 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
- » Policy on Relations with Shareholders and Investors

The Policy on Internal Code of Business Conduct and Ethics, which is in line with "Hayleys Lifecode", 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 is applicable across the Group.

The Company has adopted its 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 206.

EXPOSURE TO RISK

The Group has a structured risk management process in place to support its operations. The Audit Committee plays a major role in this process. The risk management section referred to on page 54 to 62 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 the Related Party Transactions Review Committee and regular interactions with shareholders to ensure that 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 467.

MAJOR SHAREHOLDINGS

The twenty major shareholders as of 31st March 2026 are given on page 464 in this Report.

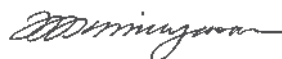
ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, 30th June 2026 at 11.00 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 480.

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

21st May 2026

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 and 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, the determination of the financial position with reasonable accuracy, and the 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 interim 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 358 to 361 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

21st May 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Committee has ensured that all related party transactions of the Company and its Group are conducted in accordance with the applicable regulatory provisions.



Yohan Perera

Chairman - Related Party Transactions Review Committee

Meetings

04

Directors

03



03 Local

Percentage of committee members who are Independent



The Board has an established Related Party Transactions Review Committee ("the Committee") which complies with Section 9.14 of the Listing Rules of Colombo Stock Exchange and the requirements of the Code of Best Practice on Related Party Transactions issued by the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE COMMITTEE

The Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

The members of the committee are,

- » Mr. Yohan Perera - Chairman (INED / SID)
- » Mr. Nanda Fernando – Committee Member (INED)
- » Mr. Sarath Ganegoda –Committee Member (NINED)

INED – Independent Non-Executive Director

NINED – Non-Independent Non-Executive Director

SID – Senior Independent Director

SECRETARY TO THE COMMITTEE

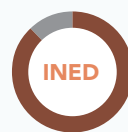
Hayleys Group Services (Private) Limited

ATTENDANCE AT COMMITTEE MEETINGS

The attendance of the members at these meetings is as follows:

Name of the Member	No. of Meetings Attended / Eligible to Attend
Mr. Yohan Perera (INED/SID)	4 / 4
Mr. Nanda Fernando (INED)	3 / 4
Mr. Sarath Ganegoda (NINED)	3 / 4

ATTENDANCE OVERVIEW:



88%



75%

The Committee is appointed by and is responsible to the Board of Directors of Haycarb PLC.

The Committee meets on a quarterly basis or as often as necessary. During the financial year 2025/26, the Committee met quarterly.

The Chairman of the Committee is an Independent Non-Executive Director. Profiles of the Committee members are given on pages 26 to 30.

The Chairman, Managing Director, Deputy 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 with access to the deliberations of the Committee.

THE DUTIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- » Subject to the exemptions given in Rule 9.14.10 of the Listing Rules of the Colombo Stock Exchange, to review in advance all proposed related party transactions of the Group either prior to a transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

- » To seek any information the Committee requires from the Management, employees or external parties with regard to any transaction entered into with a related party.
- » To 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 people.
- » 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 Group Companies are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- » To 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 compliance 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.

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 it responsible for ensuring that no director or major shareholder takes advantage of their position to the detriment of the interest of minority shareholders.

The Terms of Reference of the Committee were reviewed by the Committee during the financial year under review.

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 35 to the financial statements given on pages 432 to 434 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 339 of this Annual Report.



Yohan Perera
Chairman - Related Party Transactions
Review Committee

19th May 2026

AUDIT COMMITTEE REPORT

The Audit Committee strengthened governance and oversight of financial reporting, internal controls, external and internal audit functions, with a focused emphasis on risk management and regulatory compliance



Yohan Perera
Chairman - Audit Committee

Meetings

04

Directors

04



03 Local

01 Foreign

Percentage of committee members who are Independent



The Audit Committee ("the Committee") is appointed by, and is responsible to, the Board of Directors of the Company for fulfilling its oversight responsibilities on financial reporting. It reviews the financial reporting process, the integrity of the financial statements, the systems of internal control, the audit process, and the Company's procedures for monitoring compliance with laws and regulations.

COMPOSITION OF THE AUDIT COMMITTEE

The Committee comprises three Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The members of the Board who served on the Committee during the financial year 2025/26 are as follows:

- » Mr. Yohan Perera - Chairman (INED / SID)
- » Mr. Nanda Fernando – Committee Member (INED)
- » Mr. Arjun Senaratna – Committee Member (NINED)
- » Mr. Timothy Speldewinde – Committee Member (INED)

INED – Independent Non-Executive Director

NINED – Non-Independent Non-Executive Director

SID – Senior Independent Director

SECRETARY TO THE COMMITTEE

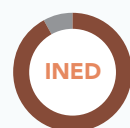
Hayleys Group Services (Private) Limited

ATTENDANCE AT COMMITTEE MEETINGS

The attendance of the members at these meetings is as follows:

Name of the Member	No. of Meetings Attended
Mr. Yohan Perera (INED/SID)	4 / 4
Mr. Nanda Fernando (INED)	3 / 4
Mr. Arjun Senaratne (NINED)	4 / 4
Mr. Timothy Speldewinde (INED)	4 / 4

**ATTENDANCE
OVERVIEW:**



92%



100%

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 experience in financial reporting, internal controls, legal and regulatory requirements.

Brief profiles of each member are provided on pages 26 to 30 of this report. Their individual and collective financial knowledge, business acumen, and independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

AUDIT COMMITTEE REPORT

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors to ensure that new developments relating to the functions of the Committee are incorporated. The Terms of Reference of the Committee are clearly defined in the Charter.

The Terms of Reference of the Committee were revised during the year under review to include oversight responsibilities on sustainability and environmental, social, and governance (ESG) related reporting.

The 'Rules on Corporate Governance' under the Listing Rules of the Colombo Stock Exchange and the '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 necessary. During the financial year 2025/26, the Committee met quarterly to discuss the quarterly and annual financial statements.

The Chairman of the Board, Managing Director, Deputy Managing Director, Finance Director of the Company, the Hayleys Group Chief Financial Officer and the Head of the Hayleys 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 an update by the Chairman 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 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 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 required from employees or external parties relating to investigations.
- » Meet with Management and External Auditor as necessary to carry out the assigned duties.

ACTIVITIES IN 2025/26

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 the 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 of Directors 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 Management, regulatory authorities and shareholders.

Further, the Committee reviewed the procedures established by Management to comply with regulatory requirements and is satisfied that financial reporting requirements under the Listing Rules of the Colombo Stock Exchange, the Companies Act No. 07 of 2007, Securities and Exchange Commission of Sri Lanka (SEC) Act, and other relevant financial reporting-related regulations and requirements are met.

During the year, the Committee reviewed and monitored reports furnished by the Company including the Certificate of Compliance attested by the Managing Director and the CFO of the Company, confirming compliance with all applicable statutory and regulatory requirements.

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 who are the Internal Auditors of the Company and the Group 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 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 2025/26, Four (04) internal audits were performed.

Risk Management

The Committee obtained and reviewed the Key Business Risks Dashboard prepared by the Company identifying the major business risks, and mitigation actions taken or contemplated for the management of these risks and a progress update every quarter. The COSO Enterprise Risk Management (ERM) process is presently being implemented within the Group.

The Committee maintains a close oversight of the information security systems of the Company and the Group to ensure that its digital infrastructure remains resilient against external threats and internal vulnerabilities.

The Committee also reviewed Environmental, Social, and Governance (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 systems and potential cyber risks in the Group and appropriate remedial actions were recommended to Management and the Board.

EXTERNAL AUDIT

During the year under review, the Audit Committee held meetings with the External Auditor to review the Audit Plan, detailing the nature, approach and scope of the audit. Before the conclusion of the audit, the Committee met with the External Auditors and management to consider the results of the audit. The External Auditor's Management Letter on the audit of the Group entities was discussed with the External Auditor and management.

The Committee also reviewed the other services provided by the External Auditor to ensure that their independence and objectivity were not impaired. The Committee provides opportunities for the External Auditor to meet with the Audit Committee members independently, as and when required.

The Audit Committee annually reviews the appointment of the External Auditor and makes recommendations to the Board accordingly. During the financial year, the Committee assessed the independence and effectiveness of the External Audit function and was satisfied that the independence of the External Auditor had not been impaired by any event or service that could give 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 provides the opportunity for the External Auditor to meet the Audit Committee Members independently, if necessary.

The Committee obtained written representations 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 w.e.f. FY 2011/12 and continues to hold that position. A partner rotation of the external auditors takes place periodically, with the most recent rotation having taken place in the financial year 2025/26.

APPOINTMENT OF EXTERNAL AUDITORS

The Committee recommended to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, continue as the External Auditors for the financial year ending 31st March 2027 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives undertaken during the financial year 2025/26.

COMPLIANCE

The Committee obtained written assurances from the Managing Director and the 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 confirming their compliance with relevant statutory requirements.

Further, the Committee obtained regular updates from the Head of Human Resources and Legal regarding compliance matters.

ETHICS AND GOOD GOVERNANCE

The Committee continuously emphasises the upholding of ethical values among staff members. In this regard, the Internal Code of Business Conduct and Ethics, and 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.

AUDIT COMMITTEE REPORT**SRI LANKA ACCOUNTING STANDARDS**

The Committee reviewed the revised policy decisions relating to the adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and made recommendations to the Board of Directors.

The Committee continues to monitor compliance with relevant Accounting Standards and keeps the Board of Directors informed at regular intervals. The Committee has sought 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 the implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

SUPPORT TO THE COMMITTEE

The Committee received information and support from 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 financial year, and considering the overall conduct of the Committee and its contribution to the overall performance of the Company, the Committee has been rated as highly effective.



Yohan Perera
Chairman - Audit Committee

19th May 2026

REMUNERATION COMMITTEE REPORT

The remuneration policy of the Group is to attract, motivate, and retain a highly qualified and experienced executive team, and reward performance accordingly, in line with industry norms.



Yohan Perera
Chairman - Remuneration Committee

Meetings

02

Directors

03



03 Local

Percentage of committee members who are Independent



The Board has an established Remuneration Committee ("the Committee") which complies with Section 9.12 of the Listing Rules of Colombo Stock Exchange and the requirements of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE COMMITTEE

The Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

The members who served on the Committee during the financial year 2025/26 are as follows;

- » Mr. Yohan Perera - Chairman (INED / SID)
- » Mr. Nanda Fernando – Committee Member (INED)
- » Mr. Sarath Ganegoda – Committee Member (NINED)

INED – Independent Non-Executive Director

NINED – Non-Independent Non-Executive Director

SID – Senior Independent Director

SECRETARY TO THE COMMITTEE

Hayleys Group Services (Private) Limited

ATTENDANCE AT COMMITTEE MEETINGS

The attendance of the members at these meetings is as follows:

Name of the Member	No. of Meetings Attended / Eligible to Attend
Mr. Yohan Perera (INED/SID)	2 / 2
Mr. Nanda Fernando (INED)	2 / 2
Mr. Sarath Ganegoda (NINED)	2 / 2

ATTENDANCE OVERVIEW:



100%



100%

The Committee is appointed by and is responsible to the Board of Directors of Haycarb PLC.

The Committee meets as often as necessary. The Committee met twice 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 Terms of Reference of the Committee were reviewed by the Committee during the year under review.

The members of the Committee are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgement.

The Chairman of the Board, the Managing Director, the Deputy Managing Director and the Finance Director of the Company attend the meetings of the Committee by invitation.

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The Committee is responsible to the Board to determine the policy of the remuneration package of the Directors and Key Management Personnel.

REMUNERATION COMMITTEE REPORT

The Committee evaluates, assesses, and makes recommendations 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 Key Management Personnel.
- » Review the process for the determination of the compensation of the Executive Directors and Key Management Personnel.
- » Review and approve guidelines, Policies, and parameters for the compensation structures for Key Management Personnel of the Company.
- » Review the evaluation of the performance of the Key Management Personnel against predetermined targets and goals.
- » Review information related to Executive Directors' and Key Management Personnel pay from time to time to ensure the same is in par with market and industry rates.
- » Approve the guidelines and parameters for annual salary increments and bonuses.

REMUNERATION POLICY

The remuneration policy of the Group is to attract, motivate, and retain a highly qualified and experienced executive team, and reward performance accordingly, in line with industry norms.

These compensation packages provide appropriate compensation for each business within the Group and are commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder return.

The remuneration packages, which are linked to individual performance, are aligned with the Group's short-term and long-term strategy.

All Non-Executive Directors (other than Directors who are employed by Hayleys PLC) receive a fee for serving on the Board and its sub-committees. They do not receive any performance-related incentive payments.

The Policy ensures that Non-Executive Directors' fees are based on principles of non-discriminatory pay practices among them so that their independence is not impaired.

ACTIVITIES DURING THE FINANCIAL YEAR 2025/2026

During the financial year, the Committee reviewed the performance of the Directors and Key Management Personnel based on the targets set in the previous year.

The Committee also reviewed Executives Directors' and Key Management Personnel's compensation packages and implemented market corrections to the total compensation packages in line with the market median.

The aggregate remuneration of the Executive and Non-Independent Non-Executive Directors for the financial year amounted to Rs. 392,531,000/-



Yohan Perera
Chairman - Remuneration Committee

21st May 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

During the year, the Committee reviewed the structure and composition of the Board and Board Committees, and carried out performance evaluations of the Board, its Committees and the Managing Director.



Yohan Perera

Chairman – Nominations and Governance Committee

Meetings

02

Directors

03



03 Local

Percentage of committee members who are Independent



The Board has an established Nominations and Governance Committee ("the Committee") which complies with Section 9.11 of the Listing Rules of Colombo Stock Exchange and the requirements of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE COMMITTEE

The Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

The members of the committee are,

- » Mr. Yohan Perera - Chairman (INED / SID)
- » Mr. Nanda Fernando (INED)
- » Mr. Sarath Ganegoda (NINED)

INED – Independent Non-Executive Director

NINED – Non-Independent Non-Executive Director

SID – Senior Independent Director

SECRETARY TO THE COMMITTEE

Hayleys Group Services (Private) Limited

ATTENDANCE AT COMMITTEE MEETINGS

The attendance of the members at these meetings is as follows:

Name of the Member	Date of Appointment to the Committee	No. of Meetings Attended / Eligible to Attend
Mr. Yohan Perera (INED/SID)	16th May 2024	2/2
Mr. Nanda Fernando (INED)	16th May 2024	2/2
Mr. Sarath Ganegoda (NINED)	16th May 2024	2/2

ATTENDANCE OVERVIEW:



100%



100%

The Committee has been appointed by and is responsible to the Board of Directors.

The Board has approved well-defined terms of reference outlining the Committee's purpose, composition, quorum, authority, responsibilities, and meeting related matters. The Terms of Reference of the Committee were reviewed by the Committee during the financial year under review.

The Chairman of the Committee is an Independent Non-Executive Director.

The Committee meets as often as necessary and met twice during the financial year 2025/26.

The Chairman of the Board and Managing Director of the Company attend the meetings of the Committee by invitation.

DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

- » To approve a formal procedure to evaluate and recommend the appointment of Directors of the Company considering the required skills, experience and qualifications necessary.
- » To 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

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

of the Company and industry specific requirements.

- » To evaluate the appointment of Director to the Board of Directors and to the Board Sub-Committees by considering their 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 approve a suitable process for the periodic evaluation of the performance of the Board Directors and the Key Management Personnel of the Company to ensure their responsibilities are satisfactorily discharged.
- » To evaluate if each Director has been adequately carrying out his or her duties as a director, taking into consideration the knowledge and experience required to meet strategic demands facing the company, the number of directorships of listed company board on which he/ she is represented and other principal commitments.
- » To regularly review the structure, size, and composition of the Board, including gender representation and competencies (such as skills, knowledge, and experience), and to make recommendations to the Board regarding any necessary changes.
- » To review the succession plans for the Board of Directors and Key Management Personnel.
- » To review and recommend enhancements to the corporate governance framework of the Company, taking into account the Listing Rules of the Colombo Stock Exchange 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 the same.
- » To periodically review the insurance cover "Directors' and Officers' Liability cover" for Directors and other Key Management Personnel.
- » To receive reports from Management on compliance with the corporate governance framework of the Company, including the Company's compliance with provisions of the Securities and Exchange Commission Act, the Listing Rules of the Colombo Stock Exchange and other applicable laws, and reasons for any deviations or non-compliances.
- » To ensure that induction takes place for the new Directors.

ACTIVITIES DURING THE FINANCIAL YEAR 2025/26

The Committee reviewed the structure and composition of the Board and Board Committees and recommended additions to the Committees. Board performance evaluations were carried out and discussed at Board meetings. This entails the evaluation of the performance of the Board, its Committees and the Managing Director.

The Policies of the Company were reviewed during the year under review and necessary amendments were incorporated. The Committee ensured that the Policies are uploaded on the Company's website. Subcommittee Terms of Reference were reviewed and amended where necessary. The list of Policies of the Company is given on page 339 of the Report of the Board of Directors. The policies and processes relating to the nomination of new Members to the Board are governed by the Policy on Corporate Governance.

Independent Directors are kept informed by the Chairman in the event any major issues arise.

The Committee also assessed the Independence of the Directors against the criteria for independence as set out

in the Listing Rules of the Colombo Stock Exchange.

The Committee ensured that declarations of independence are made by the Independent Directors and concluded that all Independent Directors of the Company meet the criteria for determining independence. The Committee also evaluated all Directors against the fit and proper assessment criteria.

The Committee ensured that corporate governance rules stipulated by the Colombo Stock Exchange and other applicable requirements and industry's best practices are adhered to by the Board and the Company throughout the year. It also enhances Board diversity by bringing a wide range of experience, skills, age, and gender representation to the Board to ensure that it perform its duties effectively.

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, at least once in every three years 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 Ms. Brindhiini Perera, Mr. Nanda Fernando, Mrs. Anomi Wanigasekera, and Mr. Yohan Perera to the Board at the Annual General Meeting to be held on 30th June 2026, based on their performance and the contribution made toward achieving the objectives of the Board.

Ms. Brindhiini Perera, a Non-Independent Non-Executive Director, was appointed to the Board on 19th October 2022, and was last re- appointed as a Director in June 2023. Her directorships and other principal commitments are given in the profile on page 29. She does not serve on any Board Committees.

Mr. Nanda Fernando, an Independent Non-Executive Director, was appointed to the Board on 3rd January 2024, and was last

re-appointed as a Director in June 2024. His profile is given on page 29. He serves on the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committees of Haycarb PLC.

Mrs. Anomi Wanigasekera, an Independent Non-Executive Director, was appointed to the Board on 3rd January 2024 and was last re-appointed as a Director in June 2024. Her directorships and other principal commitments are given in the profile on page 30. She does not serve on any Board Committees.

Mr. Yohan Perera, the Senior Independent Director, was appointed to the Board on 1st April 2024 and was last re-appointed as a Director in June 2024. His directorships and other principal commitments are given in the profile on page 30. He serves as the Chairman of the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committees 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 the reappointment of Mr. Mohan Padithage and Mr. Arjun Senaratna, who are over seventy years of age and who retire in terms of Section 210 of the Companies Act No. 7 of 2007.

None of the Directors or their close family members have any relationship with the Company or with other Directors of the Company, except for Ms. Brindhiini Perera, a Non-Independent Non-Executive Director, who has a close family relationship with the major shareholder holding 51.01% of the parent company of Haycarb PLC.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange have been complied by the Company, and details are given on pages 330 to 337.



Yohan Perera
Chairman – Nominations and Governance
Committee

21st May 2026

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

Profile of Mr. P. Y. S. Perera is given on page 30 of this Report.

I was appointed as Senior Independent Director (SID) of Haycarb PLC ('the Company') in November 2024. In compliance with the 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, I continue in that role since the Chairman of the Company is an Executive 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 also makes himself available to any Director to have confidential discussions on the affairs of the Company should the need arise.

ACTIVITIES DURING THE FINANCIAL 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 was 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, was duly informed to the Chairman and the Board. I am pleased to state that the recommendations made were duly addressed by the Company.

The Company follows a policy of strict compliance with mandatory requirements while embracing voluntary adherence, to enhance stakeholder acceptance and make 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

21st May 2026



FINANCIAL
STATEMENTS

A *Horizon* of Precision

The horizon shifts as we move. With every step forward, perspective sharpens, revealing more of what lies ahead. Defined by position and guided by precision, it continually reframes progress; unfolding new clarity with every advance.

At Haycarb, our financial performance evolves with each step forward, shaped by a clear understanding of our environment and a commitment to continuous progress. As we look to the future, we build on our performance, driving sustained growth and strengthening our position over time.



INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

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 subsidiaries ("the Group"), which comprise the statement of financial position as of 31 March 2026, 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 2026, 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 Kulasingam FCA FCMA LLB (London), Ms. V A De Silva FCA, Ms. G G S Mahalinga FCA, W R B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Silva FCA FCMA, R M Sultaiman FCA FCMA, Ms. L R 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, Ms. P S Perarajathilake ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W G P L Perera ACA, R U M Manoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goodani ACMA, D L B Karunathilake ACMA, W S J De Silva BSc (Hons) - MIS Mac - IT, V Shasthri B.Com (Spl)

A member firm of Ernst & Young Global Limited



Key audit matter	How our audit addressed the key audit matter
Carrying value of inventories As at 31 March 2026, the carrying value of inventory amounted to Rs. 23,193 Mn net of provision of Rs. 308 Mn for slow moving and obsolete inventory as disclosed in Note 21 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 36% of the Group's total assets as of the reporting date; and » Significant judgements and estimations applied by the management in the determining the carrying value of inventories as disclosed in notes 3.10, 5.1.4 and 21 to the financial statements.	Our procedures included the following key procedures: » Understood the process involved in the measurement of inventories » Observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported » Understood the relevant key controls implemented by the management and assessed, on a sample basis, the reasonableness of stock verification excesses or shortages arising from the application of moisture content adjustments to inventories. We also evaluated the adequacy of the disclosures in Notes 3.10, 5.1.4 and 21 to the financial statements.
Revenue The Group recognised revenue from contracts with customers amounting to Rs. 67,084 Mn, as disclosed in Notes 6 and 3.18 to the financial statements Revenue was a key audit matter due to: » The materiality of revenue reported for the year; and » Considerations to be made on terms of sales arrangements relating to the timing of transfer of control of the goods and services.	Our audit procedures included the following key procedures: » Assessed whether the Group's accounting policy for revenue recognition has been appropriately applied. » Tested the relevant key controls over revenue. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to revenue. » Obtained an understanding of the nature of revenue contracts entered in to by the Group. » Performed analytical procedures to understand and assess the reasonableness of the reported revenues. » Tested revenue transactions to sales contracts and other supporting documents. Our procedures included testing: » Revenue transactions around the year-end to determine whether transactions have been recorded in the proper period and to the proper accounts; In particular, we tested how terms of sales arrangements were considered within the revenue recognition process. » Journal entries recognised to revenue. We also assessed the adequacy of the related disclosures set out in Notes 6 and 3.18 to the financial statements.

INDEPENDENT AUDITOR'S REPORT



OTHER INFORMATION INCLUDED IN THE 2026 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.



- » Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 3755.

29 May 2026
Colombo

STATEMENT OF PROFIT OR LOSS

For the year ended 31st March		Consolidated		Company	
		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Continuing Operations					
Revenue from contracts with customers	6.1.1	67,083,695	43,201,785	33,712,195	23,070,243
Cost of sales		(53,703,861)	(31,139,438)	(28,683,066)	(17,645,648)
Gross profit		13,379,834	12,062,347	5,029,129	5,424,595
Other operating income	7	307,332	321,423	381,053	233,975
Research and development expenses		(71,215)	(124,783)	(71,215)	(124,783)
Selling expenses		(444,696)	(395,530)	(120,334)	(119,033)
Administrative expenses		(6,834,005)	(6,109,857)	(2,776,100)	(2,640,549)
Foreign exchange differences	8	597,476	(74,118)	484,623	(122,112)
Operating profit		6,934,726	5,679,482	2,927,156	2,652,093
Share of profit of equity accounted investees (net of tax)	19.1	17,946	15,415	-	-
Foreign exchange differences on cash and short term deposits	8	(31,732)	(920)	(5,849)	1,218
Other individually immaterial income from investments	9	231,755	316,944	1,057,544	739,262
Operating result before financing and income tax		7,152,695	6,010,921	3,978,851	3,392,573
Interest expenses on loans and borrowings	10	(988,390)	(510,196)	(496,232)	(208,101)
Foreign exchange differences on interest-bearing loans and borrowings	8	(276,965)	16,244	(240,593)	22,956
Profit before tax		5,887,340	5,516,969	3,242,026	3,207,428
Tax expense	12.2	(1,546,714)	(1,246,127)	(643,362)	(470,811)
Profit from continuing operations		4,340,626	4,270,842	2,598,664	2,736,617
Discontinued operations					
Profit/(loss) after tax from discontinued operations		-	-	-	-
Profit for the year		4,340,626	4,270,842	2,598,664	2,736,617
Profit attributable to:					
Owners of the parent		3,618,876	3,596,517	2,598,664	2,736,617
Non-controlling interest		721,750	674,325	-	-
Profit for the year		4,340,626	4,270,842	2,598,664	2,736,617
Earnings per share					
Basic earnings per share (Rs.)	13.1	12.18	12.10	8.75	9.21
Diluted earnings per share (Rs.)	13.1	12.18	12.10	8.75	9.21
Dividend per share (Rs.)	14			4.07	3.80

The notes to the Financial Statements on pages 370 to 450 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		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit for the year		4,340,626	4,270,842	2,598,664	2,736,617
Other comprehensive income					
Items that may be reclassified to statement of profit or loss in subsequent periods					
Net exchange differences on translation of foreign operations		957,682	19,991	-	-
Items that will not be reclassified to statement of profit or loss in subsequent periods					
Actuarial gain/(loss) on defined benefit obligations	29 (ii)	(49,485)	86,473	(39,905)	96,115
Revaluation of land	15.1/15.2	-	272,103	-	286,414
Net gain on equity investment designated at fair value through OCI	23	(227,849)	1,000,912	(227,849)	1,000,912
Tax effect on other comprehensive income	12.3	13,778	(119,306)	11,973	(114,758)
Total other comprehensive income/(loss) for the year (net of tax)		694,126	1,260,173	(255,781)	1,268,683
Total comprehensive income for the year (net of tax)		5,034,752	5,531,015	2,342,883	4,005,300
Total comprehensive income attributable to:					
Owners of the parent		4,041,311	4,751,914	2,342,883	4,005,300
Non-controlling interest		993,441	779,101	-	-
		5,034,752	5,531,015	2,342,883	4,005,300

The notes to the Financial Statements on pages 370 to 450 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets					
Non-current assets					
Property, plant and equipment	15	16,166,638	12,724,363	9,922,653	6,073,239
Right-of-Use Assets	16.1	1,370,602	1,452,294	153,462	152,680
Intangible assets	17	507,541	421,411	286,743	144,044
Investments in subsidiaries	18.1	-	-	847,792	1,097,792
Investments in equity accounted investees	19	609,205	599,342	92,903	92,903
Non-current financial assets	23	2,062,555	2,287,969	2,010,451	2,238,300
Deferred tax assets	30.1	264,034	268,814	-	-
Total non-current assets		20,980,575	17,754,193	13,314,004	9,798,958
Current assets					
Inventories	21	23,192,905	15,156,266	10,352,584	5,591,040
Trade and other receivables	22	14,053,061	7,076,724	8,507,780	6,516,450
Amounts due from subsidiaries	20.3	-	-	696,068	208,206
Amounts due from other related parties	20.4	137,564	60,971	34,421	41,812
Amounts due from equity accounted investees	20.5	90,209	84,483	1,383	792
Other current assets	24	2,550,315	1,677,099	1,366,816	840,728
Cash in hand and at bank	25	2,863,264	4,087,720	1,349,284	1,141,503
Total current assets		42,887,318	28,143,263	22,308,336	14,340,531
Total assets		63,867,893	45,897,456	35,622,340	24,139,489
Equity and liabilities					
Equity					
Stated capital	26	331,774	331,774	331,774	331,774
Capital reserves	27.1	1,070,985	1,070,985	1,742,716	720,587
Revenue reserves	27.2	27,963,347	25,131,330	16,824,103	15,690,514
Total equity attributable to equity holders of the Company		29,366,106	26,534,089	18,898,593	16,742,875
Non-controlling interest		3,979,834	3,142,562	-	-
Total equity		33,345,940	29,676,651	18,898,593	16,742,875

As at 31st March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non-current liabilities					
Interest bearing loans and borrowings	28.1	3,432,188	2,748,113	1,951,734	460,600
Defined benefit obligations	29 (iv)	2,126,914	1,833,504	1,588,506	1,396,842
Deferred tax liabilities	30.2	385,264	246,779	353,964	129,385
Total non-current liabilities		5,944,366	4,828,396	3,894,204	1,986,827
Current liabilities					
Trade and other payables	31	6,170,080	3,472,421	3,031,818	2,040,631
Other current liabilities	32	489,238	404,500	13,485	44,337
Amounts due to subsidiaries	20.1	-	-	120,226	275,059
Amounts due to other related parties	20.2	2,271,042	2,439,313	432,484	588,829
Income tax payable	33	853,815	422,725	266,084	-
Interest bearing loans and borrowings	28.2	14,793,412	4,653,450	8,965,446	2,460,931
Total current liabilities		24,577,587	11,392,409	12,829,543	5,409,787
Total liabilities		30,521,953	16,220,805	16,723,747	7,396,614
Total equity and liabilities		63,867,893	45,897,456	35,622,340	24,139,489

The notes to the Financial Statements on pages 370 to 450 form an integral part of these Financial Statements.

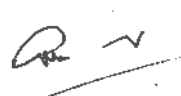
I certify that the Financial Statements set out on pages 362 to 450 have been prepared in accordance with the Companies Act No. 07 of 2007.



Jeevani Abeyratne
Director-Finance

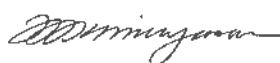
The Board of Directors are responsible for these financial statements.

Signed for and on behalf of the Board by,



Mohan Pandithage
Chairman

Date : 21 May 2026



Rajitha Kariyawasan
Managing Director

Date : 21 May 2026

STATEMENT OF CHANGES IN EQUITY - CONSOLIDATED

Consolidated	Note	Attributable to equity holders of the parent							Non-controlling interest	Total equity
		Stated capital	Capital reserves	Revenue Reserves				Total		
				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 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	15.1	-	271,980	-	-	-	-	271,980	123	272,103
Net exchange difference on translation of foreign operations		-	-	-	(88,774)	-	-	(88,774)	108,765	19,991
Actuarial loss on defined benefit obligations	29 (ii)	-	-	-	-	-	91,600	91,600	(5,127)	86,473
Tax on other comprehensive income	12.3	-	(92,285)	-	-	-	(28,036)	(120,321)	1,015	(119,306)
Net gain on equity instruments designated at fair value through OCI	23	-	-	1,000,912	-	-	-	1,000,912	-	1,000,912
Total other comprehensive income for the year		-	179,695	1,000,912	(88,774)	-	63,564	1,155,397	104,776	1,260,173
Dividends to equity holders	31.2	-	-	-	-	-	(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	18,958,908	26,534,089	3,142,562	29,676,651
Profit for the year		-	-	-	-	-	3,618,876	3,618,876	721,750	4,340,626
Other comprehensive income										
Net exchange difference on translation of foreign operations		-	-	-	681,708	-	-	681,708	275,974	957,682
Actuarial loss on defined benefit obligations	29 (ii)	-	-	-	-	-	(44,125)	(44,125)	(5,360)	(49,485)
Tax on other comprehensive income	12.3	-	-	-	-	-	12,701	12,701	1,077	13,778
Net gain on equity instruments designated at fair value through OCI	23	-	-	(227,849)	-	-	-	(227,849)	-	(227,849)
Total other comprehensive income for the year		-	-	(227,849)	681,708	-	(31,424)	422,435	271,691	694,126
Dividends to equity holders	31.2	-	-	-	-	-	(1,209,294)	(1,209,294)	(156,169)	(1,365,463)
Balance as at 31st March 2026		331,774	1,070,985	1,969,790	4,137,138	519,353	21,337,066	29,366,106	3,979,834	33,345,940

- » Capital Reserves relates to the revaluation of land, reserve on amalgamations and legal reserves.
- » Fair Value Reserves consists of net unrealised gains/(losses) arising 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

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 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	15.2	-	286,414	-	-	-	286,414
Actuarial gain on employee benefit obligations	29 (ii)	-	-	-	-	96,115	96,115
Tax effect on other comprehensive income	12.3	-	(85,924)	-	-	(28,834)	(114,758)
Net gain on equity instruments designated at fair value through OCI	23	-	-	-	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	31.2	-	-	-	-	(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
Profit for the year		-	-	-	-	2,598,664	2,598,664
Other comprehensive income							
Amalgamation reserve of Ultracarb (Pvt) Ltd	18.3	-	1,022,129	-	-	-	1,022,129
Actuarial gain on employee benefit obligations	12.3	-	-	-	-	(39,905)	(39,905)
Tax effect on other comprehensive income	12.4	-	-	-	-	11,973	11,973
Net gain on equity instruments designated at fair value through OCI	23	-	-	-	(227,849)	-	(227,849)
Total other comprehensive income for the year		-	1,022,129	-	(227,849)	(27,932)	766,348
Dividends to equity holders	31.2	-	-	-	-	(1,209,294)	(1,209,294)
Balance as at 31st March 2026		331,774	1,742,716	519,353	1,969,790	14,334,960	18,898,593

- » Capital Reserves relates to the revaluation of land and reserve on amalgamations.
- » 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 370 to 450 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		Company	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Operating activities					
Operating profit from continuing operations		6,934,726	5,679,482	2,927,156	2,652,093
Operating profit from discontinued operations		-	-	-	-
Operating profit		6,934,726	5,679,482	2,927,156	2,652,093
Adjustments to reconcile operating profit to net cash flows					
Depreciation of property, plant and equipment	15.1/15.2	1,056,981	1,005,837	455,797	379,417
Amortisation/derecognition of Right-of-Use Assets	16.1	112,450	105,181	43,871	36,811
Amortisation of intangible assets	17	39,504	25,660	31,600	22,350
Net (gain)/ loss on disposal of property, plant and equipment	7	(60,168)	16,999	(59,667)	12,318
Exchange difference on translation of foreign operations		672,494	(58,109)	-	-
Reversal of impairment of property, plant & equipment	15	(25,543)	-	(25,543)	-
Net foreign exchange differences		(124,656)	15,224	(148,187)	6,012
Provision for slow moving inventories	21.1	(3,187)	(195,782)	7,445	12,344
Provision / (reversal) for unrealised profit on inventories	21	31,940	205,105	-	-
Write off of inventory	21.1	-	233,409	-	-
Impairment loss of trade receivable	22.1	5,565	738	-	-
Provision for defined benefit obligation	29 (i)	295,076	278,798	236,740	235,766
Cash generated from operations before working capital changes		8,935,182	7,312,542	3,469,212	3,357,111
Working capital adjustments:					
(Increase)/decrease in trade and other receivables and prepayments		(7,833,400)	(653,892)	(3,298,817)	(2,149,448)
(Increase)/decrease in amounts due from related parties		(82,319)	29,581	(370,845)	757,368
(Increase)/decrease in inventories		(8,065,392)	(3,892,341)	(4,250,149)	(1,132,919)
Increase/(decrease) in trade and other payables		2,766,581	(782,883)	680,538	(806,006)
Increase/(decrease) in amounts due to related parties		(178,131)	(61,258)	(321,870)	(157,525)
		(4,457,479)	1,951,749	(4,091,931)	(131,419)
Income tax paid	33	(1,026,784)	(1,732,237)	(265,415)	(1,042,165)
Employee benefit paid	29 (iv)	(94,127)	(109,690)	(84,149)	(93,154)
Net cash flows from/(used in) operating activities		(5,578,390)	109,822	(4,441,495)	(1,266,738)

For the year ended 31st March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Investing activities					
Proceeds from sale of property, plant and equipment		74,138	28,244	72,500	109,912
Purchase and construction of property, plant and equipment		(4,151,058)	(2,556,983)	(1,874,494)	(1,026,890)
Investment in subsidiary		-	-	-	(3,023)
Settlement of financial assets at amortised cost	23	2,713	1,066	-	-
Purchase of intangible assets	17	(125,634)	(99,691)	(125,634)	(44,598)
Interest received	9	155,822	236,428	59,414	151,644
Dividend received from equity accounted investees	19	8,083	-	8,083	-
Dividends received	9	75,933	80,516	990,047	587,618
Net cash flows from/(used) in investing activities		(3,960,003)	(2,310,420)	(870,084)	(225,337)
Net cash inflow/(outflow) before financing activities		(9,538,393)	(2,200,598)	(5,311,579)	(1,492,075)
Financing activities					
Proceeds from interest bearing borrowings	28.4	2,135,250	1,904,496	2,135,250	746,496
Repayment of interest bearing borrowings	28.4	(801,267)	(411,817)	(613,624)	(257,739)
Payments to lease creditors	28.3	(274,003)	(155,944)	(57,097)	(49,794)
Interest paid	10	(952,418)	(463,929)	(477,948)	(187,611)
Dividends paid to equity holders of the parent	31.2	(1,183,618)	(939,788)	(1,183,618)	(939,788)
Dividends paid to non-controlling interests		(156,169)	(429,325)	-	-
Net cash flows from/(used in) financing activities		(1,232,225)	(496,307)	(197,037)	(688,436)
Net increase/(decrease) in cash and cash equivalents		(10,770,618)	(2,696,905)	(5,508,616)	(2,180,511)
Cash and cash equivalents at the beginning of the year	25.2	158,920	2,855,825	(981,121)	1,199,390
Amalgamation of a subsidiary, net of cash acquired		-	-	4,711	-
Cash and cash equivalents at the end of the year	25.2	(10,611,698)	158,920	(6,485,026)	(981,121)
Analysis of cash and cash equivalents as at 31st March					
Cash in hand and bank balances	25.2	2,207,536	1,633,747	893,045	235,608
Short term deposits	25.2	655,728	2,453,973	456,239	905,895
		2,863,264	4,087,720	1,349,284	1,141,503
Bank overdrafts and short term loans	25.2	(13,474,962)	(3,928,800)	(7,834,310)	(2,122,624)
Cash and cash equivalents		(10,611,698)	158,920	(6,485,026)	(981,121)

The notes to the Financial Statements on pages 370 to 450 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

01. CORPORATE INFORMATION

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 [vis., Haycarb PLC, Puritas (Pvt) Ltd., Recogen (Pvt) Ltd., Ultracarb (Pvt) Ltd. (amalgamated with Haycarb PLC with effect from 01st October 2025), Lakdiyatha (Pvt) Ltd., and Carbotels (Pvt) Ltd.] are incorporated and domiciled in Sri Lanka. The information on incorporation and principal activities of these companies are given on pages 470 to 473 of the Annual Report.

1.2. Consolidated Financial Statements

The Consolidated Financial Statements for the year ended 31st March 2026 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 pages 470 to 473 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 2026 were authorised for issue by the Directors on 21st May 2026.

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 43 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 18 and 19 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 has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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 rights.

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 loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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 44 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 measure 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 of 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 these monetary items are also recognised in Other Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 38
- » Quantitative disclosures of fair value measurement hierarchy - Note 38.
- » Property (land) under revaluation model - Note 38.
- » Financial instruments (including those carried at amortised cost) - Note 38.

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 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. Gains are not classified as revenue.

3.5.6. Depreciation

Depreciation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, in reflecting

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 28.3 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 asset 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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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 38
- » Debt instruments at fair value through OCI Note 38
- » Trade receivables, including contract assets Note 21 and 22

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.

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.

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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

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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 38 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 31 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 17.

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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

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 benefits 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 29. 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 15 and 37 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.

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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 36 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 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 to 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

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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 costs 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 costs 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.

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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 investees 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Accounting Standards adopted in the Current Year

Early adoption of SLFRS 18 – Presentation and Disclosure in Financial Statements

The Group has early adopted SLFRS 18 – Presentation and Disclosure in Financial Statements, which replaces LKAS 1 Presentation of Financial Statements, for the financial year ended 31 March 2026. The mandatory effective date of SLFRS 18 is for annual reporting periods beginning on or after 1 January 2027; however, early adoption is permitted.

The Company has applied SLFRS 18 retrospectively, with comparative information for the year ended 31 March 2025.

The adoption of SLFRS 18 has resulted in:

- » Changes in the presentation and classification of certain income and expense items within the statement of profit or loss;
- » Enhanced disaggregation of material information in the notes to the financial statements.

The adoption of SLFRS 18 has not resulted in any changes to the recognition and measurement of the Company's assets, liabilities, income, or expenses, and consequently, there is no impact on total profit, equity, or cash flows.

The Company has updated its accounting policies and presentation formats to reflect the requirements of SLFRS 18.

4.5.1.1 Management-Defined Performance Measures

In accordance with the requirements of Sri Lanka Financial Reporting Standard SLFRS 18 Presentation and Disclosure in Financial Statements, the Group has assessed whether any management-defined performance measures (MPMs) have been used to communicate financial performance.

The Group confirms that it has not presented or disclosed any management-defined performance measures in the current reporting period. Accordingly, the disclosure requirements relating to management-defined performance measures under SLFRS 18 are not applicable to the financial statements of Haycarb PLC.

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 Insurance Contracts is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts, including life, non-life, direct insurance, reinsurance as well as certain guarantees and financial instruments with discretionary participation features:

The standard is built around the General Measurement Model, supported by two supplementary approaches:

- » Variable Fee Approach (VFA): for contracts with direct participation features
- » Premium Allocation Approach (PAA): a simplified model 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 adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

SLFRS 17 does not have a material impact on the financial statements.

4.6.2. SLFRS 19 Subsidiaries without public accountability:

Disclosures SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The entity is not eligible to apply for SLFRS 19.

4.6.3. Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability linked terms and nature dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The amendments are not expected to have a material impact on the financial statements

4.6.4. Annual improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted, if applicable, when they become effective.

5. SIGNIFICANT 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. Significant Accounting Judgements

The following are the critical judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the Financial Statements:

5.1.1. 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 and 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.

5.1.2. Recognition of Deferred Tax Assets

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. 357 Mn (2025: Rs. 369 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 30.4 to the Financial Statements.

5.1.3. 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 Shisuka 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

5.1.4. 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 and compared with the book balances recorded at the same standard rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Standard moisture levels used

Country	Inventory Type	Percentage
Sri Lanka	Activated Carbon	6
	Charcoal	12
Thailand	Activated Carbon	6
	Charcoal	10
Indonesia	Activated Carbon	6
	Charcoal	20

5.2. Key Sources of Estimation Uncertainty

The following are key assumptions concerning the future and other major sources of estimation uncertainty that have a significant risk of resulting in material adjustments:

5.2.1. 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 29 to the Financial Statements.

5.2.2. 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 31 March 2025 for the freehold lands. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 38 to the Financial Statements.

5.2.3. 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 15 and 17 to the Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

6.1 Disaggregation of Revenue

6.1.1 Timing of revenue recognition

For the year ended 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sale of goods and Services				
Goods transferred at a point in time	89,266,017	60,102,997	33,712,195	23,070,243
Services transferred over time	1,483,180	1,359,261	-	-
	90,749,197	61,462,258	33,712,195	23,070,243
Intra group revenue	(23,665,502)	(18,260,473)	-	-
Total revenue from contracts with customers	67,083,695	43,201,785	33,712,195	23,070,243

6.1.2 Geographical segment revenue by customer destination

For the year ended 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue outside Sri Lanka		65,540,886	41,937,922	33,663,909	22,884,499
Revenue in Sri Lanka		1,542,809	1,263,863	48,286	185,744
	6.1.1	67,083,695	43,201,785	33,712,195	23,070,243

6.1.3 Revenue by product category

For the year ended 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Activated Carbon		65,331,444	41,703,692	33,712,195	23,070,243
Environmental engineering solutions		1,752,251	1,498,093	-	-
	6.1.1	67,083,695	43,201,785	33,712,195	23,070,243

6.2 Contract Balances

Contract assets of the Group relating to projects in progress amount to Rs.658,746,000 /- (2025 – Rs. 293,223,000/-) and is reflected within Inventories in Note 21. Contract liabilities of the Group relate to payments received in advance as reflected in Note 32 and amounting to Rs. 489,238,000/- (2025 – Rs. 404,500,000/-)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 OTHER OPERATING INCOME

For the year ended 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Export incentive income	4,999	27,891	-	-
Gain on disposal of property, plant and equipment	73,001	1,990	72,500	-
Loss on disposal of property, plant and equipment	(12,833)	(18,989)	(12,833)	(12,318)
Fees for marketing services	-	-	161,789	96,209
Sundry income	242,165	310,531	104,184	86,476
Rental income	-	-	9,457	11,217
Income from technical consultations	-	-	45,956	52,391
	307,332	321,423	381,053	233,975

8 FOREIGN EXCHANGE DIFFERENCES

For the year ended 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Foreign exchange differences related to operating activities	597,476	(74,118)	484,623	(122,112)
Foreign exchange differences related to investing activities	(31,732)	(920)	(5,849)	1,218
Foreign exchange differences related to financing activities	(276,965)	16,244	(240,593)	22,956
	288,779	(58,794)	238,181	(97,938)

9 OTHER INDIVIDUALLY IMMATERIAL INCOME FROM INVESTMENTS

For the year ended 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	155,822	236,428	59,414	151,644
Dividend income from subsidiaries	-	-	914,124	507,106
Dividend income from equity instruments at fair value through OCI	75,923	77,306	75,923	77,306
Dividend income from equity accounted investees	-	-	8,083	-
Dividend income from unquoted equity investments	10	3,210	-	3,206
	231,755	316,944	1,057,544	739,262

10 INTEREST EXPENSES ON LOANS AND BORROWINGS

For the year ended 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest expense on short-term borrowings	864,182	402,919	399,631	150,742
Interest expense on long-term borrowings	88,236	61,010	78,317	36,869
Interest on lease liabilities	35,972	46,267	18,284	20,490
	988,390	510,196	496,232	208,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 PROFIT BEFORE TAX

For the year ended 31 March	Consolidated	
	2026	2025
	Rs. '000	Rs. '000
Parent	3,242,026	3,207,428
Subsidiaries	3,608,102	3,088,651
Equity accounted investees	17,946	15,415
	6,868,074	6,311,494
Unrealised profit on intra-group sales	(31,940)	(205,105)
Intra-group adjustments	(948,794)	(589,420)
	5,887,340	5,516,969

11.1 Specified expenses by nature in operating category:

For the year ended 31 March			Consolidated		Company	
			2026	2025	2026	2025
Nature of transaction	Operating category	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Depreciation on property, plant and equipment	Cost of sales	15.1/15.2	839,496	785,318	384,640	312,516
	Administrative expenses		217,485	220,519	71,157	66,901
Amortisation of Right-of-Use Assets	Administrative expenses	16.1	134,713	106,538	43,871	38,168
Amortisation of intangible asset	Administrative expenses	17	39,504	25,660	31,600	22,350
Directors' emoluments including Non-Executive Directors' consultation fees	Administrative expenses		392,531	387,830	392,531	321,273
Auditor's remuneration (fees and expenses)						
Ernst & Young	Administrative expenses		5,420	4,883	3,165	2,851
Others	Administrative expenses		43,021	38,293	-	-
Fees paid to Auditors for non-audit work						
Ernst & Young	Administrative expenses		6,519	6,090	2,284	3,404
Others	Administrative expenses		9,701	8,819	-	-
Donations	Administrative expenses		27,629	20,751	25,104	15,805
Provision/(reversal) for slow moving inventories	Administrative expenses	21.1	(3,187)	37,627	7,445	12,344
Impairment of trade receivable	Selling expenses	22.1	5,565	738	-	-
Staff training and development cost	Administrative expenses		8,773	9,559	7,612	6,947
Legal/litigation fees	Administrative expenses		15,927	7,967	3,389	3,209
Staff costs	Cost of sales	11.1.1	2,461,769	2,162,509	1,045,855	913,806
	Administrative expenses		3,065,302	2,806,890	1,237,586	1,175,065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11.1.1 Staff Costs

For the year ended 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Defined contribution plan cost	365,035	365,035	243,342	243,342
Defined benefit plan cost	295,076	278,798	236,740	235,766
Other staff cost	4,866,960	4,325,566	1,803,359	1,609,763
	5,527,071	4,969,399	2,283,441	2,088,871
Number of employees at year end	2,084	2,026	1,188	1,128

12 TAX EXPENSE

12.1 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%
Shisuka Co.Ltd	20%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 TAX EXPENSE CONTD.

12.2 Tax Expense

For the year ended 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lanka taxes					
Parent		534,352	371,792	534,352	371,792
Subsidiaries		12,225	87,313	-	-
		546,577	459,105	534,352	371,792
Overseas taxes					
Subsidiaries		823,935	621,570	-	-
		1,370,512	1,080,675	534,352	371,792
Under/(over) provision in respect of previous years					
Parent		(25,591)	209,934	(25,591)	209,934
Subsidiaries		-	(773)	-	-
	12.4	(25,591)	209,161	(25,591)	209,934
Deferred taxation					
Parent		134,601	(110,915)	134,601	(110,915)
Subsidiaries		32,121	15,651	-	-
	12.4	166,722	(95,264)	134,601	(110,915)
Tax on dividend income	12.4	35,071	51,555	-	-
Tax expense reported in the statement of profit or loss	12.4	1,546,714	1,246,127	643,362	470,811

12.3 Reconciliation of 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 31 March	2026			2025		
	Amounts before tax	Tax effect on OCI	Net of Tax	Amounts before tax	Tax effect on OCI	Net of Tax
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Consolidated						
Items that will be reclassified subsequently to profit or loss:						
Net exchange differences on translation of foreign operations	957,682	-	957,682	19,991	-	19,991
Items that will not be reclassified to profit or loss:						
Actuarial (loss)/gain on defined benefit obligation	(49,485)	13,778	(35,707)	86,473	(27,021)	59,452
Revaluation of land	-	-	-	272,103	(92,285)	179,818
Net gain on equity investment designated at fair value through OCI	(227,849)	-	(227,849)	1,000,912	-	1,000,912
Other comprehensive income	680,348	13,778	694,126	1,379,479	(119,306)	1,260,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March	2026			2025		
	Amounts before tax	Tax effect on OCI	Net of Tax	Amounts before tax	Tax effect on OCI	Net of Tax
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Company						
Items that will not be reclassified to profit or loss:						
Actuarial (loss)/gain on defined benefit obligation	(39,905)	11,973	(27,932)	96,115	(28,834)	67,281
Revaluation of land	-	-	-	286,414	(85,924)	200,490
Net gain on equity investment designated at fair value through OCI	(227,849)	-	(227,849)	1,000,912	-	1,000,912
Other comprehensive income	(267,754)	11,973	(255,781)	1,383,441	(114,758)	1,268,683

12.4 Reconciliation of accounting profit to income tax expense

For the year ended 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit before tax		5,887,340	5,516,969	3,242,026	3,207,428
Share of profit of equity accounted investees	19.1	(17,946)	(15,415)	-	-
Consolidation adjustments		1,019,113	788,695	-	-
		6,888,507	6,290,249	3,242,026	3,207,428
Tax exempt income		(1,139,654)	(1,047,874)	(1,026,525)	(738,383)
Aggregated disallowable expenses		2,978,446	2,862,203	1,319,949	1,316,749
Aggregated allowable expenses		(2,025,435)	(3,379,851)	(1,984,309)	(2,693,235)
Tax losses brought forward		(369,272)	(103,531)	-	-
Other taxable income		184,482	167,183	177,357	146,748
Tax losses carried forward		356,561	369,272	-	-
Taxable income		6,873,635	5,157,651	1,728,497	1,239,307
Tax @ 20%		390,274	304,274	-	-
Tax @ 22%		134,769	160,127	-	-
Tax @ 30%		698,686	570,300	508,759	371,792
Tax at other rates		146,783	45,974	25,593	-
		1,370,512	1,080,675	534,352	371,792
Under/(over) provision in respect of previous years	10.2	(25,591)	209,161	(25,591)	209,934
Deferred tax charge/(reversal)	10.2	166,722	(95,264)	134,601	(110,915)
Tax on dividend income	10.2	35,071	51,555	-	-
Tax expense for the year		1,546,714	1,246,127	643,362	470,811
Effective tax rate		26%	23%	20%	15%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 EARNINGS / NET ASSETS PER SHARE

13.1 Earnings per Share

Basic Earnings per Share

The calculation of basic earnings per share is based on the net profit attributable to ordinary share holders 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 share holders 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.

Basic/diluted earning per share calculated as follows;

For the year ended 31st March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit attributable to ordinary shareholders of the parent (Rs.'000)	3,618,876	3,596,517	2,598,664	2,736,617
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.)	12.18	12.10	8.75	9.21

13.2 Net Assets per Share

As at 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net assets attributable to equity holders (Rs.'000)	29,366,106	26,534,089	18,898,593	16,742,875
Number of ordinary shares (No.)	297,123,750	297,123,750	297,123,750	297,123,750
Net assets per share (Rs.)	98.83	89.30	63.61	56.35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 DIVIDEND PER SHARE

For the year ended 31 March	Consolidated	
	2026	2025
	Rs. '000	Rs. '000
1st interim dividend 2025/26 - Rs. 0.50/- per share (1st interim dividend 2024/25 - Rs. 0.60/- per share)	148,562	178,274
2nd Interim dividend 2025/26 - Rs. 0.82/- per share (2nd Interim dividend 2024/25 - Rs. 1.10/- per share)	243,641	326,836
3rd Interim dividend 2025/26 - Rs. 1.05/- (3rd Interim dividend 2024/25 - Rs. 0.50/- per share)	311,981	148,562
4th Interim dividend 2025/26 -Rs. 1.70/- (4th Interim dividend 2024/25 -Rs. 1.60/- per share)	505,110	475,398
	1,209,294	1,129,070
Dividend per ordinary share-Rs.	4.07	3.80
Dividend payout ratio	33%	31%

14.1 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 solvency 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.

14.2 Dividends proposed after the reporting date

No dividends have been proposed or declared by the Board of Directors after the reporting date and up to the date of authorisation of these financial statements.

Accordingly, no amounts have been recognised or disclosed in respect of dividends subsequent to the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 PROPERTY, PLANT AND EQUIPMENT

15.1 Consolidated

	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							
As at 31 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
As at 31 March 2025	2,524,713	3,801,726	13,297,100	431,303	438,727	145,149	20,638,718
Additions during the year	70,796	751,228	1,832,104	240,310	50,044	51,812	2,996,294
Disposals during the year	-	(6,449)	(80,866)	(58,227)	(18,038)	(53,923)	(217,503)
Effect of movement in exchange rates	28,544	192,659	533,970	23,819	24,739	(8)	803,723
As at 31 March 2026	2,624,053	4,739,164	15,582,308	637,205	495,472	143,030	24,221,232
Accumulated Depreciation							
As at 31 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
As at 31 March 2025	-	1,249,720	7,722,661	305,361	309,013	115,808	9,702,563
Depreciation charge for the year	-	164,196	802,088	45,193	28,060	17,444	1,056,981
Disposals during the year	-	(1,985)	(74,196)	(58,227)	(17,299)	(51,826)	(203,533)
Effect of movement in exchange rates	-	84,914	394,261	16,072	20,187	-	515,434
As at 31 March 2026	-	1,496,845	8,844,814	308,399	339,961	81,426	11,071,445
Provision for impairment							
As at 31 March 2026	-	-	-	-	-	-	-
As at 31 March 2025	-	-	(25,543)	-	-	-	(25,543)
Net book value							
As at 31 March 2026	2,624,053	3,242,319	6,737,494	328,806	155,511	61,604	13,149,787
As at 31 March 2025	2,524,713	2,552,006	5,548,896	125,942	129,714	29,341	10,910,612
Capital work-in-progress							
As at 31 March 2026							3,016,851
As at 31 March 2025							1,813,751
Carrying value							
As at 31 March 2026	2,624,053	3,242,319	6,737,494	328,806	155,511	61,604	16,166,638
As at 31 March 2025	2,524,713	2,552,006	5,548,896	125,942	129,714	29,341	12,724,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- (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	
	2025/26	2024/25	2025/26	2024/25
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning of the year	1,813,751	1,829,785	868,070	1,151,752
Additions during the year	2,853,198	2,507,997	1,420,106	1,439,976
Capitalised during the year	(1,650,098)	(2,524,031)	(1,074,133)	(1,723,658)
Transfer on amalgamation	-	-	547,343	-
Balance at the end of the year	3,016,851	1,813,751	1,761,386	868,070

- (b) Freehold Land carried at re-valued amount:

Company	Location	Last revaluation date	Land extent	Number of buildings	Unobservable input per perch Avg.	Carrying value as at 31st March 2026	Cost as at 31st March 2026
					Rs.'000	Rs.'000	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	27	73	328,785	154,561
	Heenagara Estate Kuliyaipitiya	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
	Badalgama, Makandura Badalgama	31.03.2025	19A-1R-11.3P	-	94	290,960	289,801
Company total						1,529,137	630,067
Recogen (Pvt) Ltd	Badalgama Factory - Badalgama	31.03.2025	10A-3R-15 P	6	78	135,547	38,093
Carbokarn Co. Ltd	Chonburi Province - Thailand	31.03.2025	15A-2R-22P	23	108	270,163	225,363
Shisuka Co. Ltd.	Ratchburi Province - Thailand	31.03.2025	24A-2R-19P	13	36	140,249	102,041
PT Mapalus Makawanua Charcoal Industry	Bitung City - Indonesia	31.03.2025	11A -3R-16P	8	207	392,805	160,011
PT Haycarb Palu Mitra	Palu City - Indonesia	31.03.2025	6A-3R-37.5P	18	140	156,152	182,492
Consolidated total						2,624,053	1,338,067

Significant increase / (decrease) in estimated price per perch in isolation would result in a significantly higher / (lower) fair value on linear basis.

- (c) Movement of revaluation surplus is as follows.

Movement of revaluation surplus	Consolidated		Company	
	2025/26	2024/25	2025/26	2024/25
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning of the period	1,038,559	858,864	628,539	428,049
Revaluation gain recognised during period	-	272,103	-	286,414
Deferred tax on revaluation surplus	-	(92,285)	-	(85,924)
Balance at the end of the year	1,038,559	1,038,559	628,539	628,539

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 PROPERTY, PLANT AND EQUIPMENT CONTD.

15.1 Consolidated Contd.

d) The cost of fully depreciated property, plant and equipment which are still in use at the reporting date is as follows.

As at 31 March	2026	2025
	Rs. '000	Rs. '000
Buildings	411,901	369,768
Machinery and equipment	4,502,807	4,005,925
Motor vehicles	185,043	160,549
Furniture fittings and office equipment	408,056	457,833
	5,507,807	4,994,075

(e) On reassessment of fair value of the Group's assets, it has been identified that there is no impairment of property, plant and equipment other than disclosed above which requires provision in the Financial Statements.

(f) There were no assets pledged by the Group as securities for facilities obtained from the Banks other than those disclosed below,

Company Name	Banks mortgaged to	Type of the facility	Facility value	Details of assets	Cost	Carrying Value
			Rs. '000		Rs. '000	Rs. '000
PT Mapalus Makawanua Charcoal Industry	PT Bank Negara Indonesia	Short term loan facility	909,897	Land	160,009	392,805
				Building	316,705	160,905
PT Haycarb Palu Mitra	PT Bank HSBC Indonesia	Short term loan facility	749,075	Land	96,588	156,152
				Building	338,004	174,857
				Machinery and equipment	784,696	301,245

(g) A borrowing cost of Rs. 68,670,000/- has been capitalised under property, plant and equipment during the year ended 31st March 2026.(2024/25 – Rs. 12,675,000).

(h) 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.

(i) There were no restrictions that existed on the title to the property, plant and equipment of the Group as at the reporting date.

(j) During the Financial Year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 4,151 million (2024/25 - Rs. 2,557 million) on cash basis.

15.1.1 Capital Expenditure Commitments

The approximate amounts of capital expenditure approved by the Directors

	Consolidated	
As at 31 March	2026	2025
	Rs. '000	Rs. '000
Capital expenditure contracted for which no provision is made in the Financial Statements	1,556,799	219,066
Capital expenditure approved by the Directors but not contracted	1,653,613	383,977

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15.2 Company

	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 31 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 31 March 2025	1,238,176	1,298,970	4,969,853	148,432	132,309	130,082	7,917,822
Additions during the year	68,774	240,745	972,485	195,450	3,225	47,842	1,528,521
Transfer from amalgamation	222,187	588,843	1,638,546	-	14,623	1,946	2,466,145
Disposals during the year	-	(6,449)	(77,101)	(58,227)	(18,038)	(53,923)	(213,738)
At 31 March 2026	1,529,137	2,122,109	7,503,783	285,655	132,119	125,947	11,698,750
Accumulated Depreciation							
At 31 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	14,098	379,417
Disposals during the year	-	(1,093)	(5,194)	(1,560)	-	-	(7,847)
At 31 March 2025	-	219,631	2,169,917	126,932	66,995	103,635	2,687,110
Depreciation charge for the year	-	34,855	385,874	9,900	9,479	15,689	455,797
Disposals during the year	-	(1,985)	(71,568)	(58,227)	(17,299)	(51,826)	(200,905)
Transfer from amalgamation	-	19,171	571,308	-	3,529	1,473	595,481
31 March 2026	-	271,672	3,055,531	78,605	62,704	68,971	3,537,483
Impairment Provision							
At 31 March 2026	-	-	-	-	-	-	-
At 31 March 2025	-	-	(25,543)	-	-	-	(25,543)
Net book value							
At 31 March 2026	1,529,137	1,850,437	4,448,252	207,050	69,415	56,976	8,161,267
At 31 March 2025	1,238,176	1,079,339	2,774,393	21,500	65,314	26,447	5,205,169
Capital work-in-progress							
At 31 March 2026							1,761,386
At 31 March 2025							868,070
Carrying amount							
At 31 March 2026	1,529,137	1,850,437	4,448,252	207,050	69,415	56,976	9,922,653
At 31 March 2025	1,238,176	1,079,339	2,774,393	21,500	65,314	26,447	6,073,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 PROPERTY, PLANT AND EQUIPMENT CONTD.

15.2 Company Contd.

(a) The cost of fully depreciated property plant and equipment which are still in use at the reporting date is as follows.

As at 31 March	2026	2025
	Rs. '000	Rs. '000
Buildings	3,086	1,574
Machinery and equipment	1,225,670	1,079,135
Motor Vehicles	60,761	70,513
Furniture Fittings & Office Equipment	58,161	114,237
	1,347,678	1,265,459

(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. 1,874,494,000/- (2024/25 - Rs.1,026,890,000/-) on cash basis.

(e) A borrowing cost of Rs. 21,874,000/- have been capitalised under property, plant and equipment during the year ended 31st March 2026.(2024/25 – Rs. Nil).

15.3 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).

15.4 Capital Expenditure Commitments

The approximate amounts of capital expenditure approved by the Directors as at 31 March

As at 31 March	Consolidated	
	2026	2025
	Rs. '000	Rs. '000
Capital expenditure contracted for which no provision is made in the financial statements	732,778	165,546
Capital expenditure approved by the Directors but not contracted	192,875	265,086

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 RIGHT OF USE ASSETS

16.1 Right of Use Assets

As at 31 March	Consolidated				Company	
	Land	Buildings	Total	Total	Buildings	
	2026	2026	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost						
At the beginning of the year	1,081,888	524,941	1,606,829	540,997	190,850	261,282
Additions during the year	-	-	-	1,137,392	-	-
Amalgamation of subsidiary	-	-	-	-	57,004	-
Increases to recognised assets	16,695	-	16,695	-	-	-
Derecognition during the year	-	-	-	(70,432)	-	(70,432)
Effects of movements in exchange rates	6,239	13,886	20,125	(1,128)	-	-
At the end of the year	1,104,822	538,827	1,643,649	1,606,829	247,854	190,850
Accumulated amortisation						
At the beginning of the year	21,638	132,897	154,535	50,057	38,170	1,377
Charge for the year	33,895	100,818	134,713	106,538	43,871	38,168
Increases to recognised assets	(22,263)	-	(22,263)	-	-	-
Amalgamation of subsidiary	-	-	-	-	12,351	-
Derecognition during the year	-	-	-	(1,375)	-	(1,375)
Effects of movements in exchange rates	(125)	6,187	6,062	(685)	-	-
At the end of the year	33,145	239,902	273,047	154,535	94,392	38,170
At the end of the year	1,071,677	298,925	1,370,602	1,452,294	153,462	152,680

16.2 Practical expedients applied

The Group has elected not to recognise right-of-use assets and lease liabilities for:

- » Short-term leases with a lease term of 12 months or less
- » Leases of low-value assets
- » Payments associated with these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term.
- » The Group has also excluded variable lease payments that depend on usage or performance from the measurement of lease liabilities. Such payments are recognised as an expense as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INTANGIBLE ASSETS

As at 31 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 31 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 31 March 2025	183,226	257,206	394,575	835,007	117,229	216,337	333,566
Additions during the year	10,751	-	114,883	125,634	10,751	114,883	125,634
Transfer from amalgamation	-	-	-	-	-	67,629	67,629
Effect of movement in exchange rates	2,654	-	11,430	14,084	-	-	-
As at 31 March 2026	196,631	257,206	520,888	974,725	127,980	398,849	526,829
Accumulated amortisation							
As at 31 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 31 March 2025	148,107	55,164	210,325	413,596	103,260	86,262	189,522
Amortisation for the year	9,083	-	30,421	39,504	6,689	24,911	31,600
Transfer from amalgamation	-	-	-	-	-	18,964	18,964
Effect of movement in exchange rates	2,654	-	11,430	14,084	-	-	-
As at 31 March 2026	159,844	55,164	252,176	467,184	109,949	130,137	240,086
Net book value							
At 31 March 2026	36,787	202,042	268,712	507,541	18,031	268,712	286,743
At 31 March 2025	35,119	202,042	184,250	421,411	13,969	130,075	144,044

17.1 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	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fully depreciated intangible assets	89,871	79,311	47,817	37,257

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17.2 Allocation of Goodwill to Cash-Generating Units

Goodwill arising from business combinations has been allocated to the following cash-generating units (CGUs), which represent the lowest level within the Group at which goodwill is monitored for internal management purposes:

As at 31 March	Consolidated	
	2026	2025
	Rs. '000	Rs. '000
Haycarb USA Inc	13,791	13,791
PT Mapalus Makawanua Charcoal Industry	49,656	49,656
Shisuka Co. Ltd.	138,595	138,595
	202,042	202,042

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 and 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

For the purposes of the Group's value in use calculations, a long-term growth rate into perpetuity is applied immediately at the end of the five year forecast period and is based on the lower of

- » the nominal GDP growth rate forecasts for the country of operations (Indonesia - 5%, Thailand -3% USA - 3%); and
- » the long-term compound annual growth rate in adjusted EBITDA as estimated by management

Long-term compound annual growth rates determined by management may be lower than forecast nominal GDP growth rates due to the following market-specific factors: competitive intensity levels, maturity of business, regulatory environment or company-specific inflation expectations.

Inflation

Inflation is based on the current inflation rate and the percentage of the total cost subjected to the inflation in respective countries.

Discount rate

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

As at 31 March	2026	2025
PT Mapalus Makawanua Charcoal Industry	11.00%	10.00%
Haycarb USA Inc	9.50%	9.00%
Shisuka Co. Ltd.	8.50%	8.50%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INTANGIBLE ASSETS CONTD.

Margin

Projected adjusted EBITDA has been based on past experience adjusted for the following

- » Revenue is expected to continue to grow as increase in market share along with higher margins, and new products and services are introduced.
- » Margins are expected to be impacted by negative factors such as the cost of acquiring and retaining customers in increasingly competitive markets and by positive factors such as the efficiencies expected from the implementation of Group initiatives.

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

18 INVESTMENTS IN SUBSIDIARIES

18.1 Company Investments in Subsidiaries

As at 31st March	Company Holding		No.of Shares		Company	
	2026	2025	2026	2025	2026	2025
	%	%	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	-	25,000,000	-	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	10,000	3,023	3,023
Company investment in subsidiaries (at cost)					947,792	1,197,792
Provision for fall in value of investment in Recogen (Pvt) Ltd.					(100,000)	(100,000)
Company investment in subsidiaries					847,792	1,097,792

* The remaining 98% of PT Mapalus Makawanua Charcoal Industry is held by Haycarb Holding Bitung Ltd. which is a fully owned subsidiary of Haycarb PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18.2 Indirect investments in subsidiaries

As at 31st March		Effective Holding		No. of Shares		Value	
		2026	2025	2026	2025	2026	2025
Investor	Investee	%	%	No.	No.	Rs.'000	Rs.'000
Unquoted investments							
Haycarb Holding 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	Shisuka 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	100	300,000	300,000	16,998	16,998
Haycarb Singapore Pte Ltd	Eurocarb Germany GmbH	100	100	25,000	25,000	7,858	7,858

The countries of incorporation and the principal activities of the above companies are given on pages 470 to 473.

18.3 Amalgamation of a subsidiary

Ultracarb (Pvt) Limited, a fully owned subsidiary of Haycarb PLC was amalgamated with Haycarb PLC with effect from 1st of October 2025, in terms of the provisions of the Companies act, No. 07 of 2007. The amalgamation represents a common control transaction and has therefore been accounted for using the pooling of interest method in accordance with the Group's accounting policy and prevailing SLFRS guidance for business combinations under common control.

Separate financial statements were prepared for Ultracarb (Pvt) Ltd for the period 01st April 2025 to 30th September 2025. The assets, liabilities and equity of Ultracarb (Pvt) Ltd as at the date of amalgamation, together with the results for the period up to that date, were transferred to and recognised by the Haycarb PLC.

Comparative figures have not been restated. In line with the Group's accounting policy for the common control transactions, the amalgamation has been accounted for from the effective date. As a result, comparisons between periods may not be directly comparable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INVESTMENTS IN SUBSIDIARIES CONTD,

18.3 Amalgamation of a subsidiary contd.

The carrying amounts of the identifiable assets and liabilities of the acquiree as at 1 October,2025. which is the merger date is as follows;

As at 01 October 2025	Rs. '000
Assets	
Property, plant and equipment	2,418,008
Right-of-Use Assets	44,653
Intangible assets	48,666
Inventories	518,840
Amounts receivable from related parties	110,217
Trade and other receivables and prepayments	433,717
Cash and cash equivalent	4,711
	3,578,812
Liabilities	
Interest bearing borrowings - long term	655,911
Deferred tax liabilities	101,950
Lease obligation	46,986
Income tax payable	1,060
Trade and other payables	263,981
	1,069,888
Carrying amount of identifiable net assets amalgamated	2,508,924
Results of the acquisitions of above entity are as follows;	
Investment in stated capital	250,000
Investment in working capital by Haycarb PLC	1,236,795
	1,486,795
Gain on amalgamation transferred to amalgamation reserve	1,022,129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Since this business combination is within entities under the common control of the parent Haycarb PLC, no goodwill is recognised upon the merger, the gain of Rs. 1,022,129,000/- was recognised in equity of the Company.

The amalgamation reserve represents the excess of the carrying value of the net identifiable assets of the amalgamated subsidiary over the cost of the investment held by the Company. Inter-company balances have been eliminated on amalgamation.

Impact of the Amalgamation on the current period

The impact of the inclusion of Ultracarb (Pvt) Ltd on the Statement of Profit or Loss and Statement of Financial Position of the Company as at 31st March 2026 is summarised below:

Financial Impact	Rs. '000
Revenue contribution (October to March 2026)	2,349,800
Profit after tax (October to March 2026)	346,501
Assets recognised on amalgamation (As at 01st October 2025)	3,614,702
Liabilities recognised on amalgamation (As at 01st October 2025)	2,342,573
Net assets transferred on amalgamation (As at 01st October 2025)	1,272,129

19 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

As at 31 March	Note	Holding		No of shares		Consolidated		Company	
		2026	2025	2026	2025	2026	2025	2026	2025
		%	%	No.	No.	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Carbotels (Pvt) Ltd.	19.1	25.2	25.2	9,290,311	9,290,311	594,618	597,734	92,903	92,903
Lakdiyatha (Pvt) Ltd.	19.1	49.0	49.0	2,450,000	2,450,000	14,587	1,608	-	-
						609,205	599,342	92,903	92,903

The countries of incorporation and the principal activities of the above companies are given on pages 470 to 473.

19.1 Movement in equity accounted investees

As at 31st March	Lakdiyatha (Pvt) Ltd		Carbotels (Pvt) Ltd		Consolidated	
	2026	2025	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	1,608	1,100	597,734	582,827	599,342	583,927
Share of profit of equity accounted investees (Note 19.2)	12,979	508	4,967	14,907	17,946	15,415
Dividends		-	(8,083)		(8,083)	-
At the end of the year	14,587	1,608	594,618	597,734	609,205	599,342

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

19.2 Summarised Financials of Equity Accounted Investees

As at 31st March	Lakdiyatha (Pvt) Ltd		Carbotels (Pvt) Ltd		Consolidated	
	2026	2025	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Statement of financial position						
Non current assets	113,199	127,746	2,168,813	2,188,854	2,282,012	2,316,600
Current assets	21,230	30,324	213,775	210,752	235,005	241,076
Total assets	134,429	158,070	2,382,588	2,399,606	2,517,017	2,557,676
Non current liabilities	-	-	(21,277)	(21,056)	(21,277)	(21,056)
Current liabilities	(104,659)	(154,788)	(1,717)	(6,590)	(106,376)	(161,378)
Total liabilities	(104,659)	(154,788)	(22,994)	(27,646)	(127,653)	(182,434)
Net Assets	29,770	3,282	2,359,594	2,371,960	2,389,364	2,375,242
Group carrying amount of the investment	14,587	1,608	594,618	597,734	609,205	599,342
Revenue	17,503	18,874	-	-	17,503	18,874
Profit/ (loss) from continuing operation	38,887	25,114	22,345	64,038	61,232	89,152
Profit after tax	26,489	1,036	19,708	59,154	46,197	60,190
Total comprehensive income	26,489	1,036	19,708	59,154	46,197	60,190
Group share of profit/(loss) for the year	12,979	508	4,967	14,907	17,946	15,415

20 RELATED PARTY DISCLOSURES

20.1 Amounts due to subsidiaries

As at 31st March	Company	
	2026	2025
	Rs. '000	Rs. '000
Carbokarn Co. Ltd.	5,653	150,332
Haycarb USA Inc.	-	378
Eurocarb Products Ltd.	64,275	40,702
Haycarb Holdings Australia (Pty) Ltd.	6,226	1,267
Haycarb Holdings Bitung Ltd.	10,668	10,970
Puritas (Pvt) Ltd.	33,404	5,956
Recogen (Pvt) Ltd.	-	39,103
Shisuka Co. Ltd.	-	24,818
Ultracarb (Pvt) Ltd.	-	1,533
	120,226	275,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20.2 Amounts due to other related parties

As at 31st March	Relationship	Consolidated		Company	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Hayleys PLC	Parent	399,811	370,687	392,180	363,153
Advantis Express (Pvt) Ltd.	Fellow subsidiary	4,017	4,396	4,004	4,396
Advantis Freight (Pvt) Ltd.	Fellow subsidiary	10,595	13,335	10,595	12,438
Advantis Projects & Engineering (Pvt) Ltd.	Fellow subsidiary	-	2,327	-	1,940
Chas P. Hayley & Company (Pvt) Ltd.	Fellow subsidiary	327	1,173	327	1,173
Charles Fibre (Pvt) Ltd.	Fellow subsidiary	-	157,515	-	-
CEVA Logistics Lanka (Private) Limited	Fellow subsidiary	2,145	230	2,145	230
Clarion Shipping (Private) Limited	Fellow subsidiary	1,989	-	1,989	-
Dipped Products PLC	Fellow subsidiary	-	899	-	899
Energynet (Pvt) Ltd.	Fellow subsidiary	2,525	-	2,525	-
Fentons Limited	Fellow subsidiary	1,916	186,031	1,916	186,031
Hayleys Agriculture Holdings Limited	Fellow subsidiary	1,241	-	1,241	-
Hayleys Aventura (Pvt) Ltd.	Fellow subsidiary	-	5,771	-	5,771
Hayleys Business Solutions (Pvt) Ltd.	Fellow subsidiary	1,755	2,222	1,532	2,053
Hayleys Lifesciences (Pvt) Ltd.	Fellow subsidiary	71	3,796	71	3,500
Hayleys Travels (Pvt) Ltd.	Fellow subsidiary	9,996	4,609	9,883	4,528
Key Management Personnel - Carbokarn Co. Ltd.*	KMP	1,824,580	1,682,504	-	-
Logiwis Ltd.	Fellow subsidiary	704	407	704	407
Mountain Hawk (Pvt) Ltd	Fellow subsidiary	2,096	-	2,096	-
Mountain Hawk Express (Pvt) Ltd.	Fellow subsidiary	-	112	-	-
Singer (Sri Lanka) PLC	Fellow subsidiary	5,956	-	-	-
Sri Lanka Shipping Company Limited	Fellow subsidiary	631	930	631	930
The Kingsbury PLC	Fellow subsidiary	337	1,192	337	1,192
Toyo Cushion Lanka (Pvt) Ltd.	Fellow subsidiary	-	793	-	-
Other Hayleys companies	Fellow subsidiary	350	384	308	188
		2,271,042	2,439,313	432,484	588,829

*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.

20.3 Amounts due from subsidiaries

As at 31st March	Company	
	2025/26 Rs. '000	2024/25 Rs. '000
Carbokarn Co. Ltd.	169,204	158,088
Haycarb Holdings Australia (Pty) Ltd.	168,986	-
Haycarb Philipinnes Corporation	29,935	-
Haycarb Singapore Pte Ltd.	19,159	17,874
Haycarb USA Inc	106,049	-
Puritas (Pvt) Ltd.	24,935	28,643
PT Mapalus Makawanua Charcoal Industry	88,244	2,353
PT Haycarb Palu Mitra	24,024	1,244
Puricarb Pte Ltd.	4	4
Recogen (Pvt) Ltd.	65,528	-
	696,068	208,206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 RELATED PARTY DISCLOSURES CONTD.

20.4 Amounts due from other related parties

As at 31st March	Relationship	Consolidated		Company	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Hayleys PLC	Parent	575	589	-	-
Advantis Express (Pvt) Ltd.	Fellow subsidiary	120	204	-	-
Alco Industries (Pvt) Ltd.	Fellow subsidiary	194	0	-	-
Alumex PLC	Fellow subsidiary	498	0	-	-
Chas P Hayley & Company (Pvt) Ltd.	Fellow subsidiary	20,259	5,980	-	-
Charles Fibre (Pvt) Ltd.	Fellow subsidiary	2,091	-	-	-
Ceylon Ocean Lines Limited	Fellow subsidiary	198	-	-	-
Creative Polymats (Pvt) Ltd.	Fellow subsidiary	460	508	-	-
Dipped Products PLC	Fellow subsidiary	67,038	37,757	28,756	36,166
Fentons Limited	Fellow subsidiary	538	2,459	-	2,321
Haycolour (Pvt) Ltd.	Fellow subsidiary	-	230	-	-
Hayleys Agriculture Holding Ltd.	Fellow subsidiary	156	148	-	-
Hayleys Aventura (Pvt) Ltd.	Fellow subsidiary	364	-	-	-
Hayleys Fibre PLC	Fellow subsidiary	5,349	1,627	4,059	1,588
Hayleys Fabric PLC	Fellow subsidiary	354	-	-	-
Hayleys Free Sone Limited	Fellow subsidiary	623	-	-	-
Kandyan Resorts (Pvt) Ltd.	Fellow subsidiary	10,641	-	-	-
Kelani Valley Plantation PLC	Fellow subsidiary	1,334	501	-	-
Logiwis Ltd	Fellow subsidiary	1,960	1,102	-	-
Martin Bauer Hayleys (Pvt) Ltd.	Fellow subsidiary	1,929	330	-	-
Mountain Hawk (Pvt) Ltd	Fellow subsidiary	219	219	-	-
Ravi Industries Ltd	Fellow subsidiary	608	188	-	-
Rileys (Pvt) Ltd.	Fellow subsidiary	3,017	3,017	1,161	1,161
South Asia Textiles (Pvt) Ltd	Fellow subsidiary	2,591	-	-	-
Singer (Sri Lanka) PLC	Fellow subsidiary	6,408	3,356	-	-
Singer Finance (Lanka) PLC	Fellow subsidiary	53	106	-	-
S & T Interiors (Pvt) Ltd.	Fellow subsidiary	124	522	-	-
The Kingsbury PLC	Fellow subsidiary	216	216	-	-
Toyo Cushion Lanka (Pvt) Ltd.	Fellow subsidiary	9,171	550	403	403
Volanka (Pvt) Ltd.	Fellow subsidiary	-	130	-	131
Other Hayleys group companies	Fellow subsidiary	476	1,232	42	42
		137,564	60,971	34,421	41,812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20.5 Amounts due from equity accounted investees

		Consolidated		Company	
As at 31st March		2026	2025	2026	2025
	Relationship	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lakdiyatha (Pvt) Ltd.	Associate	90,209	84,483	1,383	792
		90,209	84,483	1,383	792

21 INVENTORIES

		Consolidated		Company	
As at 31st March		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Raw materials and consumables		12,461,697	6,390,816	6,127,388	3,144,189
Finished and semi finished goods		10,380,523	8,783,475	4,452,852	2,667,062
Project in progress		658,746	293,223	-	-
		23,500,966	15,467,514	10,580,240	5,811,251
Provision for slow moving inventories	21.1	(308,061)	(311,248)	(227,656)	(220,211)
Total inventories at the lower of cost and net realisable value		23,192,905	15,156,266	10,352,584	5,591,040

21.1 Movement of provision for slow moving inventories

		Consolidated		Company	
For the year ended 31st March		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year		311,248	507,030	220,211	207,867
Provision /(reversal) for slow moving inventories		(3,187)	37,627	7,445	12,344
Write off during the year		-	(233,409)	-	-
At the end of the year	21	308,061	311,248	227,656	220,211

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 TRADE AND OTHER RECEIVABLES

As at 31st March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables - External customers		14,170,818	7,211,607	5,321,348	2,026,484
- Inter company		-	-	3,115,905	4,442,130
Less: Provision for impairment on trade receivables	22.1	(188,284)	(182,719)	-	-
		13,982,534	7,028,888	8,437,253	6,468,614
Loans to employees		70,527	47,836	70,527	47,836
		14,053,061	7,076,724	8,507,780	6,516,450

22.1 Movement of provision for impairment on trade receivables

For the year ended 31st March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year		182,719	181,981	-	-
Impairment loss of trade receivables		5,565	738	-	-
At the end of the year	22	188,284	182,719	-	-

22.2 The age analysis of trade receivables is as follows :

Consolidated	Total	Neither past due nor impaired	Past due not 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 2026	13,982,534	12,808,629	1,068,987	47,276	57,642
Balance as at 31st March 2025	7,028,888	5,402,492	1,355,334	122,038	149,024

Company	Total	Neither past due nor impaired	Past due not 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 2026	5,321,348	4,908,677	412,671	-	-
Balance as at 31st March 2025	2,026,484	1,149,594	876,890	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22.3 Currency wise analysis of trade receivables

As at 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lankan Rupees	928,330	667,130	144,835	375,985
United States Dollars	10,092,047	4,607,972	7,981,043	5,690,836
Pound Sterling	32,372	27,879	252,655	122,390
Euro	1,499,879	428,075	58,719	279,403
Indonesian Rupiah	179,642	692,272	-	-
Thai Baht	1,026,083	536,755	-	-
Australian Dollars	412,465	167,617	-	-
Maldivian Rufiya	-	83,907	-	-
	14,170,818	7,211,607	8,437,252	6,468,614

22.4 Movement of loans to employees (Loans above Rs. 20,000/-)

As at 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	21,599	8,306	21,599	8,306
Granted during the year	21,032	18,322	21,032	18,322
	42,631	26,628	42,631	26,628
Repaid during the year	(4,889)	(5,029)	(4,889)	(5,029)
At the end of the year	37,742	21,599	37,742	21,599
Number of loans over Rs. 20,000/-	21	18	21	18

No loans have been given to the Directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 NON - CURRENT FINANCIAL ASSETS

For the year ended 31st March	Note	Consolidated		Company	
		2026	2025	2026	2025
		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		142	95	-	-
Unquoted equity investments		825	778	490	490
Quoted equity shares					
Dipped Products PLC					
Fair value at the beginning of the year		2,237,810	1,236,898	2,237,810	1,236,898
Change in fair value		(227,849)	1,000,912	(227,849)	1,000,912
Fair value at the end of the year	23.1	2,009,961	2,237,810	2,009,961	2,237,810
Equity investments designated at FVTOCI		2,010,786	2,238,588	2,010,451	2,238,300
Financial assets at amortised cost					
Receivable from suppliers					
At the beginning of the year		49,381	47,534	-	-
Granted during the year		-	-	-	-
Settlements during the year		(2,713)	(1,066)	-	-
Effect of movement in exchange rates		5,101	2,913	-	-
At the end of the year		51,769	49,381	-	-
Total non-current financial assets		2,062,555	2,287,969	2,010,451	2,238,300

23.1 Market price and cost of investments in quoted shares

Dipped Products PLC	No of shares	Market price per share	Market Value	Total cost
			Rs.'000	Rs.'000
As at 31st March 2026	40,687,460	Rs. 49.40	2,009,961	40,170
As at 31st March 2025	40,687,460	Rs. 55.00	2,237,810	40,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 OTHER CURRENT ASSETS

As at 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deposits and payments in advance	1,335,627	1,070,141	796,305	700,392
Other receivables	1,070,670	484,658	428,618	20,122
Tax recoverable	144,018	122,300	141,893	120,214
	2,550,315	1,677,099	1,366,816	840,728

25 CASH IN HAND AND AT BANK

As at 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash in hand	48,256	11,670	44,470	7,508
Bank balances	2,159,280	1,622,077	848,575	228,100
Short-term deposits	655,728	2,453,973	456,239	905,895
	2,863,264	4,087,720	1,349,284	1,141,503

25.1 Currency wise analysis of cash in hand and at bank

As at 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lankan Rupees	366,297	1,196,613	300,901	674,773
United States Dollars	1,446,133	1,804,944	1,047,471	447,604
Pound Sterling	34,649	39,008	521	13,724
Euros	135,015	23,509	391	5,402
Australian Dollars	331	39,816	-	-
Indonesian Rupiah	37,225	154,927	-	-
Thai Baht	641,478	726,147	-	-
Maldivian Rufiyaa	202,136	102,756	-	-
	2,863,264	4,087,720	1,349,284	1,141,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 CASH IN HAND AND AT BANK CONTD.

25.2 For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise of the following:

As at 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash in hand and at bank	2,207,536	1,633,747	893,045	235,608
Short-term deposits	655,728	2,453,973	456,239	905,895
Bank overdrafts & short term borrowings	(13,474,962)	(3,928,800)	(7,834,310)	(2,122,624)
Cash and cash equivalents for the purpose of statement of cash flows	(10,611,698)	158,920	(6,485,026)	(981,121)

26 STATED CAPITAL

Issued and fully-paid - ordinary shares

As at 31 March	Company	
	2026	2025
	Rs. '000	Rs. '000
Issued and fully paid - ordinary shares		
At the beginning of the year - 297,123,750 (1st April 2024 - 297,123,750)	331,774	331,774
At the end of the year - 297,123,750 (31st March 2025 - 297,123,750)	331,774	331,774

27 RESERVES

As at 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Capital reserves	27.1	1,070,985	1,070,985	1,742,716	720,587
Revenue reserves	27.2	27,963,347	25,131,330	16,824,103	15,690,514

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27.1 Capital reserves - Attributable to equity holders of the parent

	Revaluation surplus Rs.'000	Reserve on amalgamation Rs.'000	Legal reserve Rs.'000	Total Rs.'000
Consolidated				
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 surplus	(92,285)	-	-	(92,285)
Balance as at 31st March 2025	1,038,559	25,885	6,541	1,070,985
Revaluation of lands	-	-	-	-
Tax effect on revaluation	-	-	-	-
Balance as at 31st March 2026	1,038,559	25,885	6,541	1,070,985
				-
Company				
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
Amalgamation of Ultracarb (Pvt) Ltd	-	1,022,129		1,022,129
Tax effect on revaluation surplus	-	-	-	-
Balance as at 31st March 2026	628,539	1,114,177	-	1,742,716

- » 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.
- » The amalgamation reserve of Rs. 1,114,177,000 in the financial statements of the Company comprises the following.
 - Rs. 92,048,000 recognised during the financial year 2022/23, arising from the amalgamation of Haycarb Value Added Products (Pvt) Ltd with Haycarb PLC, effective 28 December 2022; and
 - Rs. 1,022,129,000 recognised during the financial year 2025/26, resulting from the amalgamation of Ultracarb (Pvt) Ltd with Haycarb PLC, effective 01 October 2025.
- » Revaluation surplus consists of net surplus resulting from the valuation of Property, plant and equipment. The unrealised value cannot be distributed to shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 RESERVES CONTD.

27.2 Revenue Reserves

As at 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fair Value Reserve of Financial Assets at FVTOCI	1,969,790	2,197,639	1,969,790	2,197,639
Foreign currency translation reserve	4,137,138	3,455,430	-	-
General reserve	519,353	519,353	519,353	519,353
Retained Earnings				
Haycarb PLC	14,334,960	12,973,522	14,334,960	12,973,522
Subsidiaries	6,510,304	5,503,447	-	-
Associates	491,802	481,939	-	-
	21,337,066	18,958,908	14,334,960	12,973,522
	27,963,347	25,131,330	16,824,103	15,690,514

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.

28 INTEREST-BEARING LOANS AND BORROWINGS

28.1 Non-current portion of interest bearing loans and borrowings

As at 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease obligations	28.3	1,227,775	1,387,727	120,192	126,748
Long-term borrowings	28.4	2,204,413	1,360,386	1,831,542	333,852
		3,432,188	2,748,113	1,951,734	460,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28.2 Current portion of interest bearing borrowings

As at 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease obligations	28.3	105,749	101,587	48,533	33,804
Long-term loans	28.4	1,212,701	623,063	1,082,603	304,503
Short-term loans	28.5	13,127,802	2,853,600	7,543,676	1,120,581
Bank overdrafts	28.6	347,160	1,075,200	290,634	1,002,043
		14,793,412	4,653,450	8,965,446	2,460,931

28.3 Lease obligations

For the year ended 31 March	Consolidated						Company	
	2026			2025			2026	2025
	Land Rs.'000	Buildings Rs.'000	Total Rs.'000	Land Rs.'000	Buildings Rs.'000	Total Rs.'000	Buildings Rs.'000	Buildings Rs.'000
At the beginning of the year	1,081,025	408,289	1,489,314	-	502,478	502,478	160,552	260,270
Additions during the year	-	-	-	1,080,388	57,004	1,137,392	-	-
Increases to recognised assets	17,583	-	17,583	-	-	-	-	-
Accretion of interest	48,336	35,972	84,308	30,056	46,267	76,323	18,284	20,490
Payments to lease creditors	(144,116)	(129,887)	(274,003)	(30,919)	(125,025)	(155,944)	(57,097)	(49,794)
Derecognition during the year	-	-	-	-	(70,414)	(70,414)	-	(70,414)
Amalgamation of subsidiary	-	-	-	-	-	-	46,986	-
Effect of movement in exchange rates	8,333	7,989	16,322	1,499	(2,020)	(521)	-	-
At the end of the year	1,011,161	322,363	1,333,524	1,081,024	408,290	1,489,314	168,725	160,552
Current portion of lease liability	-	105,749	105,749	9,990	91,597	101,587	48,533	33,804
Non-current portion of lease liability	1,011,161	216,614	1,227,775	1,071,034	316,693	1,387,727	120,192	126,748
At the end of the year	1,011,161	322,363	1,333,524	1,081,024	408,290	1,489,314	168,725	160,552

28.3.1 Amounts recognised in the statement of profit or loss

For the year ended 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amortisation of Right-of-Use Assets	100,818	106,538	43,871	38,168
Accretion of interest	35,972	46,267	18,284	20,490
Total amount recognised in the statement of profit or loss	136,790	152,805	62,155	58,658

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 INTEREST-BEARING LOANS AND BORROWINGS CONTD.

28.3 Lease Obligations Contd.

28.3.2 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 31.03.2026	1,333,524	-	25,325	80,424	186,231	101,128	940,416
As at 31.03.2025	1,489,314	-	26,356	75,231	107,809	266,060	1,013,858

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 31.03.2026	168,725	-	11,647	36,885	54,054	66,139	-
As at 31.03.2025	160,552	-	8,107	25,697	37,716	89,032	-

28.3.3 Currency wise analysis of lease obligations

	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lankan Rupees	209,725	264,459	168,725	160,552
United States Dollars	112,638	143,831	-	-
Philippine Peso	1,011,161	1,081,024	-	-
	1,333,524	1,489,314	168,725	160,552

28.4 Long term borrowings

As at 31 March	Note	Consolidated		Company		
		2026	2025	2026	2025	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Non-current interest-bearing loans and borrowings						
Secured term loans						
At the beginning of the year		1,983,449	509,470	638,355	167,760	
Loans obtained during the year		2,135,250	1,904,496	2,135,250	746,496	
Transfer on amalgamation		-	-	655,911	-	
Effect of movements in foreign exchange rates		99,682	(18,700)	98,253	(18,162)	
		4,218,381	2,395,266	3,527,769	896,094	
Repayments during the year		(801,267)	(411,817)	(613,624)	(257,739)	
At the end of the year		3,417,114	1,983,449	2,914,145	638,355	
Repayable within one year		28.2	(1,212,701)	(623,063)	(1,082,603)	(304,503)
Repayable after one year		28.1	2,204,413	1,360,386	1,831,542	333,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28.4.1 Analysis of secured term loans by year of repayment

As at 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Repayable between 1-2 years from the year end		1,386,140	542,113	1,754,971	257,281
Repayable between 2-5 years from the year end		818,273	818,273	76,571	76,571
Total non-current borrowings	28.1	2,204,413	1,360,386	1,831,542	333,852

28.4.2 Currency wise analysis of long term loans

As at 31st March		Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lankan Rupees		1,018,322	1,401,056	522,922	66,112
United States Dollars		2,391,223	572,243	2,391,223	572,243
Australian Dollars		7,569	10,150	-	-
		3,417,114	1,983,449	2,914,145	638,355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 INTEREST-BEARING LOANS AND BORROWINGS CONTD.

28.4 Long term borrowings Contd.

28.4.3 Details of Long term interest bearing loans.

Company	Lender	Rate of interest	31.03.2026 Rs. '000	31.03.2025 Rs. '000	Repayment terms	Security
Haycarb PLC	The Hongkong & Shanghai Banking Corporation Ltd	1 Month HSBC Bank cost of funds +3% *	-	9,444	16 monthly instalments	None
	Pan Asia Banking Corporation PLC	3 Month SOFR + 3.5% p.a with a rebate of 2% p.a	83,526	324,408	35 monthly equal capital repayments	None
	Bank of China	3 Month SOFR + 1.35% p.a	919,917	-	12 Quarterly instalments	None
	The Hongkong & Shanghai Banking Corporation Ltd (Singapore Branch)	SOFR Reference rate +2.65% p.a	473,100	-	20 Quarterly instalments	None
Transferred to Haycarb PLC on amalgamation of Ultracarb (Pvt) Ltd	Nations Trust Bank PLC	Monthly AWPLR (to be reviewed every 3 months from the loan granted date)	355,000	498,153	53 monthly equal capital repayments with 6 months grace period from the date of loan granted	None
Ultracarb (Pvt) Ltd.	The Hongkong & Shanghai Banking Corporation Ltd	1 Month HSBC Bank cost of funds +3% *	-	25,278	16 monthly instalments	None
Haycarb Holding Australia Pty Ltd.	Power Torque Finance	2.95%	-	1,319	48 equal monthly instalments commencing from March 2022	None
	Chattel Mortgage	7.89%	5,870	6,384	48 equal monthly instalments + final payment of AUD 27,279 commencing from June 2023	None
Recogen (Pvt) Ltd.	Nations Trust Bank PLC	Monthly AWPLR (to be reviewed every 3 months from the loan granted date)	367,000	495,400	53 monthly equal capital repayments with 6 month grace period from the date of loan granted	None
Total secured term loans repayable after one year			2,204,413	1,360,386		

Fair value of the interest-bearing loans and borrowings of the Group Rs.18,225,600,000/- (31 st March 2025-Rs. 7,401,563,000/-) Company Rs.10,917,180,000/- (31st March 2025- Rs.2,921,531,000/-).

* Loans granted under the green loan principles of HSBC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28.5 Currency wise analysis of short term loans

As at 31st March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lankan Rupees	4,815,000	300,000	4,515,000	250,000
United States Dollars	6,001,330	2,013,737	3,028,676	870,581
Indonesian Rupiah	2,311,472	539,863	-	-
	13,127,802	2,853,600	7,543,676	1,120,581

28.6 Currency wise analysis of bank overdrafts

As at 31st March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lankan Rupees	137,870	483,266	85,725	410,108
United States Dollars	204,909	591,934	204,909	591,935
Pounds Sterling	4,381	-	-	-
	347,160	1,075,200	290,634	1,002,043

29 DEFINED BENEFIT OBLIGATIONS

As at 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
(i) Expenses recognised in the statement of profit or loss					
Current service cost	29 (iv)	128,306	113,933	87,761	79,217
Interest cost	29 (iv)	166,770	164,865	148,979	156,549
The total expense recognised in administrative expenses in the statement of profit or loss		295,076	278,798	236,740	235,766
(ii) Actuarial gains/(losses) recognised directly in OCI					
Actuarial gain/(loss) recognised in OCI	29 (iv)	(49,485)	86,473	(39,905)	96,115
		(49,485)	86,473	(39,905)	96,115
(iii) Present value of defined benefit obligations					
Present value of defined benefit obligations	29 (iv)	2,126,914	1,833,504	1,588,506	1,396,842
		2,126,914	1,833,504	1,588,506	1,396,842

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFINED BENEFIT OBLIGATIONS CONTD.

As at 31 March		Consolidated		Company	
		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
(iv) Movement of provision for defined benefit obligations					
At the beginning of the year		1,833,504	1,737,269	1,396,842	1,351,969
Interest cost	29 (i)	166,770	164,865	148,979	156,549
Current service cost	29 (i)	128,306	113,933	87,761	79,217
Employee benefits paid		(94,127)	(109,690)	(84,149)	(93,154)
Actuarial (gain)/loss on defined benefit obligations	29 (ii)	49,485	(86,473)	39,905	(96,115)
Release of liability due to employee transfers		-	-	(832)	(1,624)
Effect of movement in exchange rates		42,976	13,600	-	-
At the end of the year		2,126,914	1,833,504	1,588,506	1,396,842
Legal Liability		1,611,367	1,473,744	1,079,161	974,682

29.1 Actuarial assumptions

As at 31st March		Consolidated		Company	
		2026	2025	2026	2025
		%	%	%	%
Sri Lanka					
Discount rate:		10.00	11.00	10.00	11.00
Salary escalation rate		9.00	10.00	9.00	10.00
Indonesia					
Discount rate:		6.72	6.97		
Salary escalation rate		8.50	8.50		
Thailand					
Discount rate:		2.25	2.75		
Salary escalation rate		2.50	2.50		

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29.2 Distribution of the employee benefit obligations over future working lifetime

As at 31st March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Less than or equal to 1 Year	234,243	209,709	108,609	94,899
Over 1 year and less than or equal to 5 years	450,811	405,531	357,739	332,929
Over 5 year and less than or equal to 10 years	894,839	698,762	692,573	551,347
Over 10 years	547,021	519,502	429,585	417,667
	2,126,914	1,833,504	1,588,506	1,396,842

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 Sri Lanka and Thailand entities and Kantor Konsultan Aktuaria Bubi Rumdani for Indonesia entities as at 31st March 2026

The Group operates an unfunded defined benefit plan and does not hold any plan assets as at the reporting date.

29.3 Sensitivity analysis for key actuarial assumptions

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 31 March		Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Present Value of defined benefit obligation					
Discount rate	+1%	1,978,116	1,698,506	1,470,955	1,292,115
Discount rate	-1%	2,306,334	1,982,134	1,721,220	1,515,279
Salary escalation rate	+1%	2,311,131	1,986,612	1,728,699	1,521,774
Salary escalation rate	-1%	1,971,279	1,692,290	1,462,475	1,284,746

30 DEFERRED TAX ASSETS / LIABILITIES

As at 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax assets	30.1	264,034	268,814	-	-
Deferred tax liabilities	30.2	(385,264)	(246,779)	(353,964)	(129,385)
		(121,230)	22,035	(353,964)	(129,385)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 DEFERRED TAX ASSETS / LIABILITIES CONTD.

30.1 Deferred tax assets

For the Year Ended 31 March	Note	Consolidated	
		2026	2025
		Rs. '000	Rs. '000
At the beginning of the year		268,814	239,963
Origination and reversal of temporary differences	30.1.2	(4,780)	28,851
At the end of the year		264,034	268,814

30.1.1 Deferred tax assets are attributable to the followings

As at 31 March	Consolidated	
	2026	2025
	Rs. '000	Rs. '000
Consolidated		
Property, plant and equipment	(9,912)	(2,081)
Inventory provision	23,304	23,955
Debtor provision	56,485	51,597
Carried forward tax losses	68,747	79,711
Defined benefit obligations	134,770	108,381
Unrealised exchange gains	(475)	5,322
Other items	(8,885)	1,929
Net deferred tax asset	264,034	268,814

30.1.2 Movement of deferred tax assets and the composition

Consolidated	Balance as at 31.03.2025	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Effect of movement in exchange rate	Balance as at 31.03.2026
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, plant and equipment	(2,081)	(7,833)	-	2	(9,912)
Inventory provision	23,955	(651)	-	-	23,304
Debtor provision	51,597	4,888	-	-	56,485
Carried forward tax losses	79,711	(10,964)	-	-	68,747
Defined benefit obligations	108,381	14,606	2,179	9,604	134,770
Unrealised exchange gains	5,322	(5,870)	-	73	(475)
Other items	1,929	(10,814)	-	-	(8,885)
Net deferred tax asset	268,814	(16,638)	2,179	9,679	264,034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated	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
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
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

30.1.3 Composition of temporary difference related to deferred tax assets

As at 31st March	Consolidated	
	2026 Rs. '000	2025 Rs. '000
Property, plant and equipment	(41,175)	(8,522)
Inventory provision	77,678	79,851
Debtor provision	188,284	171,990
Carried forward tax losses	251,397	354,761
Defined benefit obligations	615,195	497,007
Unrealised exchange gains	(2,519)	17,741
Other items	(2,359)	6,430
	1,086,501	1,119,258

30.2 Deferred tax liabilities

For the year ended 31st March	Consolidated		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
At the beginning of the year	246,779	192,185	129,385	125,541
Transfers on amalgamation	-	-	101,950	-
Origination and reversal of temporary differences	138,485	54,594	122,629	3,844
At the end of the year	385,264	246,779	353,964	129,385

30.2.1 Deferred tax liabilities are attributable to the followings.

As at 31st March	Consolidated		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Property, plant and equipment	(1,067,038)	(934,428)	(1,011,571)	(787,159)
Inventory provision	69,115	69,419	68,297	66,063
Carried forward tax losses	20,512	16,422	-	-
Defined benefit obligations	479,388	421,893	476,552	419,053
Unrealised exchange gains/(losses)	4,838	(4,405)	4,838	(5,127)
Other items	107,921	184,320	107,920	177,785
Net deferred tax liabilities	(385,264)	(246,779)	(353,964)	(129,385)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 DEFERRED TAX ASSETS / LIABILITIES CONTD.

30.2.2 Movement of deferred tax liabilities and the composition

Consolidated	Balance as at 31st March 2025	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2026
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, plant and equipment	(934,428)	(132,610)	-	(1,067,038)
Inventory provision	69,419	(304)	-	69,115
Carried forward tax losses	16,422	4,090	-	20,512
Defined benefit obligations	421,893	45,897	11,598	479,388
Unrealised exchange gains/(losses)	(4,405)	9,243	-	4,838
Other items	184,320	(76,399)	-	107,921
Net deferred tax liabilities	(246,779)	(150,083)	11,598	(385,264)

Consolidated	Balance as at 31st March 2024	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
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)

30.2.3 Movement of deferred tax liabilities and the composition:

Company	Balance as at 31st March 2025	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Transfers on amalgamation	Balance as at 31st March 2026
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, plant and equipment	(787,159)	(111,681)	-	(112,731)	(1,011,571)
Inventory provision	66,063	(643)	-	2,877	68,297
Defined benefit obligations	419,053	45,526	11,973	-	476,552
Unrealised exchange gains/(losses)	(5,127)	6,777	-	3,188	4,838
Other items	177,785	(74,581)	-	4,716	107,920
Net deferred tax liabilities	(129,385)	(134,602)	11,973	(101,950)	(353,964)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Company	Balance as at 31st March 2024	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, plant and equipment	(622,446)	(78,789)	(85,924)	(787,159)
Inventory provision	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)

30.2.4 Composition of temporary difference related to deferred tax liabilities

As at 31st March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Property, plant and equipment	(3,556,794)	(3,113,599)	(3,371,904)	(2,623,861)
Inventory provision	230,382	231,397	227,656	220,211
Carried forward tax losses	68,572	54,738	-	-
Defined benefit obligations	1,597,961	1,406,308	1,588,506	1,396,842
Unrealised exchange gains/(losses)	16,127	(14,682)	16,127	(17,091)
Other items	359,736	614,400	359,736	592,617
	(1,284,016)	(821,438)	(1,179,879)	(431,282)

30.3 Details of unutilised tax losses and their expiry profile

As at the reporting date, the Group has accumulated unutilised tax losses arising from its operations in Sri Lanka and certain overseas subsidiaries. These tax losses are available to be carried forward and set off against future taxable profits, subject to applicable tax laws and regulations in the respective jurisdictions.

Deferred tax assets have been recognised on unutilised tax losses only to the extent that it is probable that future taxable profits will be available against which such losses can be utilised.

Unutilised tax losses and deferred asset recognised as at 31 March	2026		2025	
	Tax loss	Deferred tax asset recognised	Tax loss	Deferred tax asset recognised
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Recognised under group deferred tax asset	287,989	68,747	314,534	79,711
Recognised under group deferred tax liabilities	68,572	20,512	54,738	16,422
Total	356,561	89,259	369,272	96,133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 DEFERRED TAX ASSETS / LIABILITIES CONTD.

30.3 Details of unutilised tax losses and their expiry profile Contd.

The expiry profile of unutilised tax losses are as follows:

Consolidated		Total	Within 1 year	1-2 years	2-3 years	3-5 years	Beyond 5 years
As at 31 March 2026	Rs.'000	356,561	29,077	-	69,086	45,236	213,162
As at 31 March 2025	Rs.'000	369,272	12,926	29,077	12,734	-	314,535

30.4 Unrecognised deferred Tax assets

As at the reporting date, the Group does not have any unrecognised deferred tax assets relating to unused tax losses, deductible temporary differences, or unused tax credits.

Deferred tax assets arising from such items have been fully recognised in the consolidated financial statements, as management has determined that it is probable that sufficient future taxable profits will be available against which these can be utilised.

Accordingly, no deferred tax assets remain unrecognised as at 31st March 2026 (As at 31st March 2025- Nil).

31 TRADE AND OTHER PAYABLES

As at 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade payables		2,895,275	1,015,537	1,638,741	614,309
Freight payables		191,911	227,434	146,885	171,716
Salaries and wages		555,686	673,159	471,673	632,914
Dividend payable	31.2	226,954	211,138	226,954	211,138
Accrued expenses and other payables		2,300,254	1,345,153	547,565	410,554
		6,170,080	3,472,421	3,031,818	2,040,631

31.1 Currency wise analysis of trade and other payables

As at 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lankan Rupees	1,338,658	835,532	1,151,546	587,949
Pounds Sterling	226,033	58,033	29,764	1,404
United States Dollars	2,621,170	1,947,151	1,813,153	1,451,278
Euros	90,609	29,454	37,356	-
Indonesian Rupiah	370,791	152,879	-	-
Thai Baht	1,365,283	429,823	-	-
Australian Dollars	157,537	19,549	-	-
	6,170,081	3,472,421	3,031,819	2,040,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31.2 Dividend Payable

For the Year ended 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year					
Recognised under dividend payable		211,138	142,607	211,138	142,607
Recognised under related party		322,002	201,251	322,002	201,251
Declared during the year		1,209,294	1,129,070	1,209,294	1,129,070
Dividends paid to equity holders of the parent		(1,183,618)	(939,788)	(1,183,618)	(939,788)
At the end of the year		558,816	533,140	558,816	533,140
Recognised under related party		331,862	322,002	331,862	322,002
Recognised under dividend payable	31	226,954	211,138	226,954	211,138

32 OTHER CURRENT LIABILITIES

As at 31 March		Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Payments received in advance		489,238	404,500	13,485	44,337
		489,238	404,500	13,485	44,337

33 INCOME TAX PAYABLE/(RECEIVABLE)

As at 31 March	Note	Consolidated		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year		300,425	685,058	(120,214)	340,225
Tax on current year's profit	12.2	1,370,512	1,080,675	534,352	371,792
Tax on dividend income	12.2	35,071	51,555	-	-
Under/(Over) provision in respect of previous years	12.2	(25,591)	209,161	(25,591)	209,934
Payments made during the year		(1,026,784)	(1,732,237)	(265,415)	(1,042,165)
Transfer from amalgamation		-	-	1,059	-
Effect of movement in exchange rates		56,164	6,213	-	-
At the end of the year		709,797	300,425	124,191	(120,214)
Income tax receivable at the end of the year	24	144,018	122,300	141,893	120,214
Income tax payable at the end of the year		853,815	422,725	266,084	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 SUMMARISED FINANCIAL INFORMATION OF 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.

The significant figures extracted from the financials of subsidiaries with material-non controlling interest

As at 31 March	Carbokarn Co. Ltd (group)		PT.Haycarb Palu Mitra	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	14,111,187	9,510,873	3,107,597	1,870,965
Profit before tax	1,670,679	1,495,141	224,993	249,741
Cash flows from operating activities	1,045,889	940,594	(16,782)	144,521
Cash flows from investing activities	(608,926)	(228,304)	(514)	(49,931)
Cash flows from financing activities	(594,350)	(618,812)	-	(97,297)
Non-current assets	3,635,931	2,878,789	651,146	666,393
Current assets	7,048,097	5,268,614	1,671,201	917,533
Total assets	10,684,028	8,147,403	2,322,347	1,583,926
Non-current liabilities	411,993	335,231	26,475	22,234
Current liabilities	4,099,314	2,560,149	787,508	270,230
Total liabilities	4,511,307	2,895,380	813,983	292,464
Equity attributable to the owners of the company	3,376,488	2,626,011	905,018	774,877
Non-controlling interest	3,376,488	2,626,011	603,345	516,549
Non-controlling interest (%)	50	50	40	40

35 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Transactions with parent, subsidiaries, equity accounted investees and other related companies

Relationship with subsidiaries and equity accounted investees are explained in Note 18 and 19 also under Group companies in pages 404 to 408 Business segment classification is also given under Group companies.

- i) Terms and conditions of related party transactions.
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) Description of Related Party Transactions
 - » Group companies engage in the sale and purchase of goods and services with each other as part of their normal trading activities.
 - » 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.
 - » Haycarb PLC provides factory space to its subsidiaries and charges rent. In addition, the Company incurs common expenses such as administration and personnel cost. Such costs are charged to subsidiaries.
- iii) No provision for impairment has been recognised in respect of amounts due from related parties as at the reporting date (2024/25- Rs. Nil), as management assesses such balances to be fully recoverable. Accordingly, no expense has been recognised during the year for doubtful debts relating to related party balances.
- iv) The Company has issued corporate guarantees to banks in respect of credit facilities obtained by certain subsidiary companies. These guarantees are disclosed under Note 37 – Contingent Liabilities.
- v) No security has been obtained for related party receivables and all related party dues are payable on demand.
- vi) Interest on related party dues are decided based on the inter bank lending rates, associated risk and purpose for which funds are used.
- vii) There are no related parties or related party transactions other than those disclosed in Note 35 to the Financial Statements.
- viii) 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 2026 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.

	Year ended 31.03.2026		Year ended 31.03.2025	
	Value of Transactions	Percentage of Gross Revenue	Value of Transactions	Percentage of Gross Revenue
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sales value of activated carbon from Haycarb PLC to Haycarb USA Inc.	8,523,027	13%	7,526,501	17%

- ix) Key management personnel compensation
The aggregate compensation paid to key management personnel during the financial year is as follows:

Category	Amount (LKR '000)
Short-term employee benefits	392,531

- 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., Creative Polymats (Pvt) Ltd., D P L Universal Gloves Limited, Dipped Products PLC, Fentons Limited, Hanwellla Rubber Products Ltd., Haylex (Japan) Ltd., Hayleys Agriculture Holdings Ltd., Hayleys Agro Fertilisers (Pvt) Ltd., Hayleys Aventura (Pvt) Ltd., Hayleys Consumer Products (Pvt) Ltd., Hayleys Fabrics PLC, Hayleys Fibre PLC, Hayleys Industrial Solutions Ltd., Hayleys Lifesciences (Pvt) Ltd., Horana Plantations PLC, Kelani Valley Plantations PLC, Laugfs Gas PLC, Logiventures (Pvt)Ltd., Logiwis (Pvt) Ltd., Mabroc Teas (Pvt) Ltd., MIT Cargo (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, Singer (Sri Lanka) PLC, Singer Finance PLC, Thalawakelle Tea Estates PLC, The Kingsbury PLC and Toyo Cushion Lanka (Pvt) Ltd. are given below under details of related party transactions with affiliates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS CONTD.

35.1 Transactions with related parties

For the year ended 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Transactions with related parties				
Fully-owned subsidiaries				
Sales of Activated Carbon	-	-	11,835,661	9,863,066
Sales of raw material and consumables	-	-	95,142	111,239
Purchase of raw material	-	-	98,400	56,160
Reimbursement of salaries/Bonus	-	-	581,276	351,319
Dividend Income	-	-	773,579	115,047
Current account interest received	-	-	4,689	20,745
Current account interest Paid	-	-	-	13
Rental Income	-	-	12,097	14,080
Purchase of services	-	-	183,812	338,546
Investment	-	-	-	3,023
Income on Services rendered	-	-	76,987	152,419
Partly-owned subsidiaries				
Sales of goods and services	-	-	-	3,451
Sale of raw material & consumables	-	-	320,210	148,871
Income from services provided	-	-	184,303	117,247
Dividend Income	-	-	140,545	392,060
Purchase of services	-	-	7,415	8,332
Reimbursement of salaries/Bonus	-	-	-	1,161
Equity accounted investee				
Services related income received	25,149	-	-	-
Services related expenses paid	2,352	1,330	591	225
Parent - Hayleys PLC				
Services related expenses paid	972,904	738,117	869,742	700,551
Dividend paid	808,828	764,754	808,828	764,754
Affiliates				
Sales of goods and services	942,688	1,013,320	329,023	389,144
Purchase of goods and services	1,934,546	1,912,575	975,766	1,177,598
Dividend Income	76,018	80,512	76,018	80,512
Interest Income	-	-	-	-
Interest paid	26,686	25,314	26,686	25,314
Loans obtained from/(repaid to) PABC	-	899,394	-	584,898
Loans obtained from/(repaid to) Directors Carbokarn Co. Ltd.	142,076	278,152	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 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.

36.1 Business Segments

As at 31 March	Activated Carbon		Environmental Engineering		Intra Segment Adjustments		Consolidated	
	2026	2025	2026	2025	2026	2025	2026	2025
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Revenue								
Total	88,823,535	59,446,370	1,925,662	2,015,888	-	-	90,749,197	61,462,258
Intra Group	23,550,119	17,766,647	115,383	493,826	-	-	23,665,502	18,260,473
External	65,273,416	41,679,723	1,810,279	1,522,062	-	-	67,083,695	43,201,785
Segment results								
Results from operating activities	6,885,554	5,600,309	66,280	100,094	(17,108)	(20,921)	6,934,726	5,679,482
Results from investing activities	203,895	315,271	14,074	16,168	-	-	217,969	331,439
Results from financing activities	(1,249,392)	(460,798)	(15,963)	(33,154)	-	-	(1,265,355)	(493,952)
Profit before tax	5,840,057	5,454,782	64,391	83,108	(17,108)	(20,921)	5,887,340	5,516,969
Tax	1,523,853	1,220,560	22,861	25,567	-	-	1,546,714	1,246,127
Additions to property, plants and equipment	4,106,566	2,550,148	44,492	6,835	-	-	4,151,058	2,556,983
Depreciation on property, plant & equipment	1,050,800	1,000,721	6,181	5,116	-	-	1,056,981	1,005,837
Additions to intangible assets	125,634	99,691	-	-	-	-	125,634	99,691
Amortisation of intangible assets	37,110	23,266	2,394	2,394	-	-	39,504	25,660
Amortisation of Right-of-Use assets	122,260	94,085	12,453	12,453	-	-	134,713	106,538
Assets and liabilities								
Non current assets	20,772,537	17,546,766	243,036	242,425	(34,998)	(34,998)	20,980,575	17,754,193
Current assets	41,131,036	26,871,240	1,973,607	1,593,944	(217,325)	(321,921)	42,887,318	28,143,263
Non current liabilities	5,910,308	4,784,125	34,058	44,271	-	-	5,944,366	4,828,396
Current liabilities	23,719,802	10,985,958	1,075,110	728,372	(217,325)	(321,921)	24,577,587	11,392,409
Cash flow								
Segment cash flows from operating activities	(5,490,225)	(11,793)	(88,165)	121,615	-	-	(5,578,390)	109,822
Segment cash flows from investing activities	(3,919,485)	(2,314,869)	(40,518)	4,449	-	-	(3,960,003)	(2,310,420)
Segment cash flows from financing activities	(1,208,652)	(472,734)	(23,573)	(23,573)	-	-	(1,232,225)	(496,307)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 SEGMENT ANALYSIS

36.2 Geographical Segments

	Sri Lanka		USA		Europe		Australia	
As at 31 March	2026	2025	2026	2025	2026	2025	2026	2025
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Revenue								
Total	36,539,657	27,029,519	16,698,693	9,752,844	4,123,010	3,352,928	4,793,593	3,343,314
Intra Group	10,883,628	8,589,363	-	-	-	-	-	-
External	25,656,029	18,440,156	16,698,693	9,752,844	4,123,010	3,352,928	4,793,593	3,343,314
Segment results								
Results from operating activities	2,603,729	3,066,208	694,502	269,139	(4,714)	(177,574)	623,352	362,968
Finance income	774,077	715,897	82,789	58,637	27,062	4,924	24,102	9,593
Finance cost	(916,896)	(846,438)	(132,814)	(78,571)	(3,206)	(1,028)	(23,986)	(1,543)
Share of profit of equity accounted investees	17,946	15,415	-	-	-	-	-	-
Profit before tax	2,478,856	2,951,082	644,477	249,205	19,142	(173,678)	623,468	371,018
Tax	693,931	627,047	121,190	45,974	16,219	(44,364)	174,909	111,263
Additions to property, plants and equipment	2,093,200	2,401,269	-	8,550	-	4,124	60	-
Depreciation on property, plant & equipment	544,326	495,655	2,449	215	6,189	8,723	3,291	3,665
Assets and liabilities								
Non current assets	14,862,745	13,053,694	118,393	151,240	45,848	61,493	40,119	34,876
Current assets	24,380,793	17,191,510	6,450,278	6,723,441	3,916,487	1,388,685	2,943,682	1,514,085
Non current liabilities	4,336,018	3,218,764	67,751	105,911	-	-	5,871	7,703
Current liabilities	14,181,166	7,286,799	4,714,942	5,477,435	3,395,248	933,957	1,795,740	712,471

37 CONTINGENT LIABILITIES

Contingent liabilities as at 31st March 2026 on guarantees given by Haycarb Group to third parties amounted to Rs. 7,847,892,831/- (2024/25 – Rs. 8,027,176,131/-) of this sum, Rs. 5,920,952,165/- (2024/25 – Rs. 6,436,706,930/-) relates to facilities obtained by subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Thailand		Indonesia		Philippines		Intra Segment Adjustments		Consolidated	
	2026 Rs.000	2025 Rs.000	2026 Rs.000	2025 Rs.000	2026 Rs.000	2025 Rs.000	2026 Rs.000	2025 Rs.000	2026 Rs.000	2025 Rs.000
	17,559,737	11,647,929	11,034,507	6,335,724	-	-	-	-	90,749,197	61,462,258
	7,772,963	5,271,691	5,008,911	4,399,419	-	-	-	-	23,665,502	18,260,473
	9,786,774	6,376,238	6,025,596	1,936,305	-	-	-	-	67,083,695	43,201,785
	1,742,907	1,581,409	773,978	666,181	(38,892)	(8,902)	(57,612)	(5,829)	6,337,250	5,753,600
	56,038	19,673	16,551	153,303	-	-	(11,067)	(4,756)	969,552	957,271
	(110,156)	(105,941)	(225,626)	(180,152)	(35,791)	(400)	11,067	4,756	(1,437,408)	(1,209,317)
	-	-	-	-	-	-	-	-	17,946	15,415
	1,688,789	1,495,141	564,903	639,332	(74,683)	(9,302)	(57,612)	(5,829)	5,887,340	5,516,969
	376,972	296,983	137,093	157,669	(8,671)	-	35,071	51,555	1,546,714	1,246,127
	872,711	157,812	106,424	118,350	384	-	(76,485)	(87,032)	2,996,294	2,603,073
	408,642	362,676	100,675	135,848	37	-	(8,631)	(945)	1,056,981	1,005,837
	3,560,339	2,882,964	1,871,197	1,695,424	1,487,435	1,136,524	(1,005,502)	(1,262,022)	20,980,575	17,754,193
	8,719,290	6,159,202	7,678,200	3,955,645	799,841	296,745	(12,001,254)	(9,086,050)	42,887,318	28,143,263
	411,990	335,232	111,571	89,752	1,011,162	1,071,034	-	-	5,944,366	4,828,396
	5,281,188	3,606,443	4,582,534	856,969	1,332,617	352,181	(10,705,848)	(7,833,846)	24,577,587	11,392,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 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	
		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Equity instruments designated at fair value through OCI					
Quoted equity shares	23	2,009,961	2,237,810	2,009,961	2,237,810
Unquoted equity shares	23	825	778	825	778
Total	23	2,010,786	2,238,588	2,010,786	2,238,588
Financial assets at amortised cost					
Trade and other receivables	22	13,982,534	7,028,888	13,982,534	7,028,888
Loans to employees	22	70,527	47,836	70,527	47,836
Amounts due from other related parties	20.4	137,564	60,971	137,564	60,971
Amounts due from equity accounted investee	20.5	90,209	84,483	90,209	84,483
Cash in hand and at bank	25	2,863,264	4,087,720	2,863,264	4,087,720
Total		17,144,098	11,309,898	17,144,098	11,309,898
Non-Financial Assets					
Freehold land	15.1	2,624,053	2,524,713	2,624,053	2,524,713
Total		2,624,053	2,524,713	2,624,053	2,524,713
Financial Liabilities					
Interest-bearing loans and borrowings					
- Lease liabilities	28.3	1,333,524	1,489,314	1,333,524	1,489,314
- Long term loans	28.4	3,417,114	1,983,449	3,417,114	1,983,449
- Short term loans	28.2	13,127,802	2,853,600	13,127,802	2,853,600
- Bank overdraft	28.2	347,160	1,075,200	347,160	1,075,200
Trade and other payables	31	6,170,080	3,472,421	6,170,080	3,472,421
Amounts due to other related parties	20.2	2,271,042	2,439,313	2,271,042	2,439,313
Total		26,666,722	13,313,297	26,666,722	13,313,297

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Company	Note	Carrying Amount		Fair Value	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets					
Equity instruments designated at fair value through OCI					
Quoted equity shares	23	2,009,961	2,237,810	2,009,961	2,237,810
Unquoted equity shares	23	490	490	490	490
Total	23	2,010,451	2,238,300	2,010,451	2,238,300
Financial assets at amortised cost					
Trade and other receivables	22	8,437,253	6,468,614	8,437,253	6,468,614
Loans to employees	22	70,527	47,836	70,527	47,836
Amounts due from subsidiaries	20.3	696,068	208,206	696,068	989,239
Amounts due from other related parties	20.4	34,421	41,812	34,421	18,372
Amounts due from equity accounted investees	20.5	1,383	792	1,383	567
Cash and short term deposits	25	1,349,284	1,141,503	1,349,284	3,679,709
Total		10,588,936	7,908,763	10,588,936	11,204,337
Non-Financial Assets					
Freehold land	15.2	1,529,137	1,238,176	1,529,137	1,238,176
Total		1,529,137	1,238,176	1,529,137	1,238,176
Financial Liabilities					
Interest-bearing loans and borrowings					
Lease liabilities	28.3	168,725	160,552	168,725	160,552
Long term loans	28.4	2,914,145	638,355	2,914,145	638,355
Short term loans	28.2	7,543,676	1,120,581	7,543,676	1,120,581
Bank overdraft	28.2	290,634	1,002,043	290,634	1,002,043
Trade and other payables	31	3,031,818	2,040,631	3,031,818	2,040,631
Amounts due to subsidiaries	20.1	120,226	275,059	120,226	275,059
Amounts due to other related parties	20.2	432,484	588,829	432,484	588,829
Total		14,501,708	5,826,050	14,501,708	5,826,050

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 FAIR VALUE MEASUREMENT CONTD.

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 15.

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 2026 the Group/Company held the following financial assets carried at fair value in the Statement of Financial Position.

Assets Measured at Fair Value

As at 31st March 2026	Consolidated					Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Fair value through OCI									
Quoted equity shares	23	2,009,961	-	-	2,009,961	2,009,961	-	-	2,009,961
Unquoted equity shares	23	-	-	825	825	-	-	490	490
Property, plant and equipment									
Freehold land	15	-	-	2,624,053	2,624,053	-	-	1,529,137	1,529,137

During the reporting period ended 31st March 2026, there were no transfers between Level 1 and Level 2 fair value measurements.

As at 31st March 2025 the Group/Company held the following financial assets carried at fair value in the Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Assets Measured at Fair Value

As at 31st March 2025	Consolidated					Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Fair value through OCI									
Quoted equity shares	23	2,237,810	-	-	2,237,810	2,237,810	-	-	2,237,810
Unquoted equity shares	23	-	-	778	778	-	-	490	490
Property, plant and equipment									
Freehold land	15	-	-	2,524,713	2,524,713	-	-	1,238,176	1,238,176

39 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 outlines the Group's exposure to the aforementioned risks, as well as its 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 designed to identify, measure, and analyse the financial risks it faces, establish appropriate risk limits and controls, and monitor both risks and compliance with those limits. These policies and systems are reviewed regularly to reflect changes in market conditions and the Group's operations. Through robust training, standards, and procedures, the Group strives to foster a disciplined and constructive control environment in which all employees clearly understand their roles and responsibilities.

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 assets 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 FINANCIAL RISK MANAGEMENT CONTD.

As at 31 March 2026

Consolidated		Non current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Short term deposits	25.2	-	-	-	655,728	-	655,728
Loans to employees	22	-	-	70,527	-	-	70,527
Equity shares - Unquoted	23	825	-	-	-	-	825
- Quoted	23	2,009,961	-	-	-	-	2,009,961
Trade and other receivables	22	-	-	13,982,534	-	-	13,982,534
Financial assets at amortised cost	23	51,769	-	-	-	-	51,769
Amounts due from related parties	20.4	-	-	-	-	137,564	137,564
Amounts due from equity accounted investees	20.5	-	-	-	-	90,209	90,209
Cash in hand and at bank	25.2	-	2,207,536	-	-	-	2,207,536
Total credit risk exposure		2,062,555	2,207,536	14,053,061	655,728	227,773	19,206,653

As at 31 March 2025

Consolidated		Non current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Short term deposits	25.2	-	-	-	2,453,973	-	2,453,973
Loans to employees	22	-	-	47,836	-	-	47,836
Equity shares - Unquoted	23	778	-	-	-	-	778
- Quoted	23	2,237,810	-	-	-	-	2,237,810
Trade and other receivables	22	-	-	7,028,888	-	-	7,028,888
Financial assets at amortised cost	23	49,381	-	-	-	-	49,381
Amounts due from related parties	20.4	-	-	-	-	60,971	60,971
Amounts due from equity accounted investees	20.5	-	-	-	-	84,483	84,483
Cash in hand and at bank	25.2	-	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2026

Company		Non current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Short term deposits	25.2	-	-	-	456,239	-	456,239
Loans to employees	22	-	-	70,527	-	-	70,527
Equity shares - Unquoted	23	490	-	-	-	-	490
- Quoted	23	2,009,961	-	-	-	-	2,009,961
Trade and other receivables	22	-	-	8,437,253	-	-	8,437,253
Amounts due from subsidiaries	20.3	-	-	-	-	696,068	696,068
Amounts due from related parties	20.4	-	-	-	-	34,421	34,421
Amounts due from equity accounted investees	20.5	-	-	-	-	1,383	1,383
Cash in hand and at bank	25.2	-	893,045	-	-	-	893,045
Total credit risk exposure		2,010,451	893,045	8,507,780	456,239	731,872	12,599,387

As at 31 March 2025

Company		Non current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Short term deposits	25.2	-	-	-	905,895	-	905,895
Loans to employees	22	-	-	47,836	-	-	47,836
Equity shares - Unquoted	23	490	-	-	-	-	490
- Quoted	23	2,237,810	-	-	-	-	2,237,810
Trade and other receivables	22	-	-	6,468,614	-	-	6,468,614
Amounts due from subsidiaries	20.3	-	-	-	-	208,206	208,206
Amounts due from related parties	20.4	-	-	-	-	41,812	41,812
Amounts due from equity accounted investees	20.5	-	-	-	-	792	792
Cash in hand and at bank	25.2	-	235,608	-	-	-	235,608
Total credit risk exposure		2,238,300	235,608	6,516,450	905,895	250,810	10,147,063

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

How We Manage Credit Risk

Customer Assessment: Each new customer undergoes an individual creditworthiness analysis before standard payment and delivery terms are offered. This includes external ratings and, where necessary, bank references.

Credit Limits: Purchase limits are set for each customer and reviewed quarterly. Customers not meeting our benchmarks may only transact on a prepayment basis.

Monitoring: Outstanding receivables are regularly monitored at both the Haycarb and Hayleys Management Committee (GMC) levels. High-risk customers are placed on a restricted list, and future sales are made on a prepayment basis.

Insurance: For most exports, we obtain SLECIC cover or other forms of credit insurance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 FINANCIAL RISK MANAGEMENT CONTD.

Allowance for Expected Credit Losses (ECLs): We recognise an allowance for ECLs for all debt instruments, applying a simplified approach for trade receivables and contract assets. This is based on historical credit loss experience, adjusted for forward-looking factors .

Measurement and Monitoring

Provision Matrix: We use a provision matrix based on historical credit loss experience and forward-looking factors.

Credit-Impaired Assets: At each reporting date, we assess whether financial assets are credit-impaired, considering factors such as significant financial difficulty, breaches of contract.

Oversight

The Board of Directors oversees the financial risk management framework.

The Hayleys Group Audit Committee, assisted by the Management Audit System Review Department (MASRD), monitors compliance and reviews the adequacy of our risk management policies .

The maximum exposure to credit risk for trade and other receivables at the reporting date by currency-wise was as follows:

As at 31 March	Consolidated		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Sri Lankan Rupees	740,046	495,140	144,835	375,984
Australian Dollars	412,465	156,888	-	-
Sterling Pounds	32,372	27,879	252,655	122,390
Euros	1,499,879	428,075	58,719	279,404
United States Dollars	10,092,047	4,607,972	7,981,043	5,690,836
Thai Baht	1,026,083	536,755	-	-
Maldivian Rufiya	-	83,907	-	-
Indonesian Rupiah	179,642	692,272	-	-
	13,982,534	7,028,888	8,437,253	6,468,614

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. 2,863,284,000/- as at 31 March 2026 (2025 -Rs. 4,087,720,000/-) 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 Name	Rating
Bank of Ceylon	AA- (lka)	Nations Trust Bank PLC	A (lka)
Bank of China Limited	A- (lka)	National Development Bank PLC	A- (lka)
Citibank N.A.	AAA (lka)	Pan Asia Banking Corporation PLC	BBB (lka)
Commercial Bank of Ceylon PLC	AA- (lka)	People's Bank	AA- (lka)
Deutsche Bank AG	A- (lka)	Sampath Bank PLC	AA- (lka)
DFCC Vardhana Bank Limited	A (lka)	Seylan Bank PLC	A+ (lka)
Hatton National Bank PLC	AA- (lka)	Standard Chartered Bank	AAA (lka)
Habib Bank Limited	AA (lka)		
Hongkong & Shanghai Banking Corporation Limited	AAA (lka)		

Source - <http://www.fitchratings.lk>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 cash flows at both the subsidiary and Group levels and secures adequate banking facilities to meet funding requirements. The Group avoids reliance on a single financial institution, thereby minimising exposure to liquidity risk through the diversification of funding sources. It also maintains an appropriate balance between short- and long-term financing, taking into account the nature of investments, their payback periods, and the overall cash flow position.

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.

As at 31st March 2026	On demand Rs.'000	Less than 3 months	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 years Rs.'000	Total Rs.'000
Consolidated						
Interest bearing loans and borrowings	347,162	9,540,674	4,905,579	2,491,769	940,416	18,225,600
Trade and other payables	997,000	3,098,860	2,074,220	-	-	6,170,080
	1,344,162	12,639,534	6,979,799	2,491,769	940,416	24,395,680

As at 31st March 2025	On demand Rs.'000	Less than 3 months	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 years Rs.'000	Total Rs.'000
Consolidated						
Interest bearing loans and borrowings	1,075,200	2,487,660	1,090,589	1,468,195	1,279,919	7,401,563
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 FINANCIAL RISK MANAGEMENT CONTD.

As at 31st March 2026	On demand Rs.'000	Less than 3 months	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 years Rs.'000	Total Rs.'000

Company

Interest bearing loans and borrowings	290,634	5,999,525	2,675,287	1,951,734	-	10,917,180
Trade and other payables	694,450	1,681,872	655,496	-	-	3,031,818
	985,084	7,681,397	3,330,783	1,951,734	-	13,948,998

As at 31st March 2025	On demand Rs.'000	Less than 3 months	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 years Rs.'000	Total Rs.'000

Company

Interest bearing loans and borrowings	1,002,043	1,204,815	254,074	371,568	89,031	2,921,531
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

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 2026.

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 2026.

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March	Effect on Profit before Tax			
	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Increase in borrowing rates by 100 basis points	(200,502)	(90,841)	(109,172)	(29,215)
Decrease in borrowing rates by 100 basis points	200,502	43,758	109,172	29,215

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 Rupiah and Euros.

The Group evaluate on a case by case basis and where required, hedges its exposure to fluctuations on the translation of its foreign operations by holding net borrowings in foreign currencies and by using forwards contracts wherever applicable.

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.

Foreign Currency	Increase/ (Decrease) %	Consolidated				Company	
		Effect on Profit before Tax		Effect on foreign currency translation reserve		Effect on Profit before Tax	
		2026	2025	2026	2025	2026	2025
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
United States Dollars	1%	3,195	18,601	17,967	17,436	16,507	30,297
	-1%	(3,195)	(18,601)	(17,789)	(17,263)	(16,507)	(30,297)
Thai Baht	1%	3,023	8,331	31,385	24,148	-	-
	-1%	(3,023)	(8,331)	(31,075)	(23,909)	-	-
Indonesian Rupiah	1%	(24,654)	1,545	36,890	32,283	-	-
	-1%	24,654	(1,545)	(36,525)	(31,964)	-	-
Sterling Pounds	1%	(1,634)	89	5,592	5,195	2,507	1,489
	-1%	1,634	(89)	(5,536)	(5,143)	(2,507)	(1,489)
Australian Dollars	1%	2,477	1,670	11,422	8,080	-	-
	-1%	(2,477)	(1,670)	(11,309)	(8,000)	-	-
Euros	1%	15,443	4,221	223	54	1,305	3,886
	-1%	(15,443)	(4,221)	(221)	(53)	(1,305)	(3,886)
Maldivian Rufiya	1%	2,021	1,867	-	-	-	-
	-1%	(2,021)	(1,867)	-	-	-	-

Commodity Risk

The Group is affected by the volatility of certain commodities that 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 FINANCIAL RISK MANAGEMENT CONTD.

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 primary objective of the Group's capital management is to ensure that it maintains a strong capital base in order to support the Group's business operations, maximise shareholder value, and sustain investor, creditor and market confidence.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory requirements and the risk characteristics of its underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or obtain additional borrowings.

Definition of Capital

For the purpose of capital management, the Group considers total equity attributable to equity holders of the parent, non-controlling interest, together with interest-bearing borrowings, as its capital. Equity comprises stated capital, reserves and retained earnings, while borrowings include interest-bearing loans and other debt instruments.

Capital Management Policy

The Group seeks to maintain an optimal balance between debt and equity to minimise the cost of capital while safeguarding the Group's ability to continue as a going concern. The Group monitors its capital structure primarily through the gearing ratio, which is calculated as debt divided by total capital (Equity + Debt).

The Group's objective is to maintain the gearing ratio within internally determined thresholds, consistent with industry norms and the Group's risk appetite.

Monitoring and Compliance

Capital is monitored on a continuous basis at both Group and subsidiary levels. The Group reviews its capital structure regularly and ensures compliance with externally imposed capital requirements, including financial covenants attached to borrowings.

During the financial year, the Group complied with all externally imposed capital requirements and financial covenants.

The Group has not given any collateral as at 31st March 2026 other than those disclosed in Note 15

The gearing ratios at the reporting date was as follows:

As at 31 March	Consolidated		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest bearing borrowings -external	18,225,600	7,401,563	10,917,180	2,921,531
Interest bearing borrowings -related party	1,824,580	1,682,504	-	-
Total equity	33,345,940	29,676,651	18,898,593	16,742,875
Total equity and debt	53,396,120	38,760,718	29,815,773	19,664,406
Gearing ratio percentage (%)	37.5%	23.4%	36.6%	14.9%
Debt to equity ratio	60.1%	30.6%	57.8%	17.4%

40 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,

Subsequent to the reporting date, geopolitical tensions arising from the conflict involving Iran and the surrounding Middle East region have contributed to volatility in global energy markets and international shipping and logistics networks. The Group has experienced certain increases in freight, logistics and energy-related costs arising from these developments. However, based on the information currently available, the Group has not experienced any material adverse impact on the demand for activated carbon products or on its overall operations. Management continues to closely monitor the evolving situation and assess any potential impact on the Group's business activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 FOREIGN CURRENCY TRANSLATION

The principal exchange rates used for translation purposes were:

As at 31 March	Average		Year End	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
US Dollar	305.187	297.606	315.400	296.250
Australian Dollar	202.569	193.535	216.648	186.164
Pound Sterling	409.756	380.746	418.730	383.436
Thai Baht	9.494	8.587	9.633	8.731
Indonesian Rupiah	0.0184	0.0185	0.0186	0.018
Euro	354.751	319.075	363.214	319.654
Indian rupee	3.518	3.518	3.460	3.460
Philippines Peso	5.309	5.153	5.192	5.160

42 RECONCILIATION ON STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST MARCH 2025

GRI 2 - 4

The statement of profit or loss under LKAS 01 for the year ended 31st March 2025 reconciles to the statement of profit or loss under SLFRS 18 as follows;

As at 31st March 2025	Consolidated			Company		
	LKAS 01	Adjustments	SLFRS 18	LKAS 01	Adjustments	SLFRS 18
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	43,201,785	-	43,201,785	23,070,243	-	23,070,243
Cost of sales	(31,139,438)	-	(31,139,438)	(17,645,648)	-	(17,645,648)
Gross profit	12,062,347		12,062,347	5,424,595	-	5,424,595
Other operating income	321,423	-	321,423	1,031,843	(797,868)	233,975
Research and development expenses	-	(124,783)	(124,783)	-	(124,783)	(124,783)
Selling expenses	(395,530)	-	(395,530)	(119,033)	-	(119,033)
Administrative expenses	(6,234,640)	124,783	(6,109,857)	(3,056,094)	415,545	(2,640,549)
Foreign exchange differences	-	(74,118)	(74,118)	-	(122,112)	(122,112)
Operating profit	5,753,600	74,118	5,679,482	3,281,311	(629,218)	2,652,093
Share of profit of equity accounted investees (net of tax)	-	15,415	15,415	-	-	-
Foreign exchange differences on cash and short term deposits	-	(920)	(920)	-	1,218	1,218
Other income from investments	-	316,944	316,944	-	739,262	739,262
Operating result before financing and income tax	5,753,600	257,321	6,010,921	3,281,311	111,262	3,392,573
Finance income	957,271	(957,271)	-	693,207	(693,207)	-
Finance cost	(1,209,317)	1,209,317	-	(767,090)	767,090	-
Share of profit of equity accounted investees (net of tax)	15,415	(15,415)	-	-	-	-
Interest expenses on loans and borrowings	-	(510,196)	(510,196)	-	(208,101)	(208,101)
Foreign exchange differences on interest-bearing loans and borrowings	-	16,244	16,244	-	22,956	22,956
Profit before tax	5,516,969	-	5,516,969	3,207,428	-	3,207,428
Tax expense	(1,246,127)	-	(1,246,127)	(470,811)	-	(470,811)
Profit from continuing operations	4,270,842	-	4,270,842	2,736,617	-	2,736,617

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 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
Shisuka Co. Ltd.	Thai Baht
Puricarb Pte. Ltd.	Euro
Haycarb Activated Carbon (Pvt) Limited (Chennai, India)	Indian rupee
Haycarb Philippines Corporation - (Manila)	Philippine peso
Haycarb Singapore Pte. Ltd. (Singapore)	United States Dollar
Eurocarb Germany GmbH.	Euro

44 COMPANIES WITH DIFFERENT ACCOUNTING YEARS

The financial statements of the following subsidiaries and associate companies have been prepared to reporting dates other than 31 March, in accordance with the statutory and operational requirements prevailing in their respective countries of incorporation:

- » Carbokarn Co. Ltd. - Thailand
- » CK Regen Systems Co. Ltd. - Thailand
- » Shisuka Co. Ltd. - Thailand
- » Haycarb Holdings Australia (Pty) Ltd. - Australia
- » Haycarb USA - United States of America
- » PT Mapalus Makawanua Charcoal Industry - Indonesia
- » PT Haycarb Palu Mitra - Indonesia

The financial year-end of the above companies is 31 December

Supplementary
Information



FINANCIAL CALENDAR

01st Quarter Report	12 th August 2025
02nd Quarter Report	12 th November 2025
03rd Quarter Report	12 th February 2026
04th Quarter Report	22 th May 2026
Annual Report 2025/26	08 th June 2026
53rd Annual General Meeting	30 th June 2026
1st Interim Dividend declared	01 st July 2025
1st Interim Dividend paid	24 th July 2025
2nd Interim Dividend declared	30 th September 2025
2nd Interim Dividend paid	24 th October 2025
3rd Interim Dividend declared	30 th December 2025
3rd Interim Dividend paid	23 rd January 2026
4th Interim Dividend declared	31 st March 2026
4th Interim Dividend paid	28 th April 2026

STATEMENT OF GROUP VALUE ADDED

GROUP VALUE ADDED

As at 31 March	2026	2025
	Rs. '000	Rs. '000
Revenue	67,083,695	43,201,785
Other operating income	307,332	321,423
	67,391,027	43,523,208
Cost of materials & services brought in	(52,085,232)	(29,124,457)
Value added	15,305,795	14,398,751

DISTRIBUTION OF VALUE ADDED

For the year ended 31st March	2026		2025	
	%	Rs. '000	%	Rs. '000
To Employees as remuneration	37	5,576,556	34	4,882,926
To Government revenue				
Sri Lanka	6	969,244	12	1,720,888
Overseas	12	1,893,874	12	1,722,830
To Providers of Capital	11	1,674,168	8	1,138,254
-Interest on Borrowings		952,418		463,929
-Minority Interest		721,750		674,325
To Shareholders as Dividends	8	1,209,294	8	1,129,070
Retained in the business	26	3,982,659	26	3,804,783
-Depreciation		1,056,981		1,005,863
-Profit retained		2,925,678		2,798,920
For the year ended 31st March	100	15,305,795	100	14,398,751

TEN YEAR FINANCIAL REVIEW

As at 31 March	10 year compound growth (%)	2026 Rs.000	2025 Rs.000	2024 Rs.000	2023 Rs.000	2022 Rs.000	2021 Rs.000
Financial Results							
Revenue from contracts with customers	19%	67,083,695	43,201,785	43,179,205	60,943,256	33,160,474	25,484,559
Profit before tax	18%	5,887,340	5,516,969	6,113,254	8,258,032	4,655,988	4,490,262
Tax expense	21%	(1,546,714)	(1,246,127)	(1,807,625)	(1,752,544)	(934,848)	(923,755)
Profit from continuing operations	17%	4,340,626	4,270,842	4,305,629	6,505,488	3,721,140	3,566,507
Non-controlling interest	13%	(721,750)	(674,325)	(561,700)	(682,328)	(433,586)	(519,673)
Profit attributable to owners of the parent	18%	3,618,876	3,596,517	3,743,929	5,823,160	3,287,554	3,046,834
Statement of financial position							
Stated capital	0%	331,774	331,774	331,774	331,774	331,774	331,774
Capital reserves	6%	1,070,985	1,070,985	891,290	891,290	994,758	686,284
Revenue reserves	19%	27,963,347	25,131,330	21,681,998	20,918,757	16,845,411	12,383,079
Non-controlling interest	19%	3,979,834	3,142,563	2,792,786	3,070,745	2,648,637	1,751,304
	18%	33,345,940	29,676,652	25,697,848	25,212,566	20,820,580	15,152,441
Property, plant & equipment, investments and non-current assets	15%	20,473,034	17,332,782	13,438,317	12,519,315	11,103,590	9,198,546
Intangible assets	7%	507,541	421,411	347,380	289,399	258,465	233,141
Current assets	20%	42,887,318	28,143,263	26,428,553	27,382,477	28,650,022	15,961,230
Current liabilities	17%	(24,577,587)	(11,392,409)	(11,916,711)	(13,265,019)	(16,948,351)	(8,662,229)
Provisions and creditors due after one year	23%	(5,944,366)	(4,828,396)	(2,599,691)	(1,713,606)	(2,243,146)	(1,578,247)
	18%	33,345,940	29,676,651	25,697,848	25,212,566	20,820,580	15,152,441
Cash Flow							
Net cash inflow/(outflow) from operating activities		(6,530,808)	109,822	7,876,834	10,121,954	(2,814,470)	2,065,818
Net cash inflow/(outflow) from investing activities		(3,960,003)	(2,310,420)	(1,700,623)	(1,619,141)	(1,504,780)	(903,943)
Net cash inflow/(outflow) from financing activities		(279,807)	(496,307)	(1,774,357)	(3,143,634)	(816,259)	(1,244,695)
Increase/(decrease) in cash and cash equivalents		(10,770,618)	(2,696,905)	4,401,854	(1,546,029)	(6,905,208)	(1,769,699)
Ratios & Statistics							
Return on shareholders' equity (%)		12%	14%	16%	26%	18%	23%
Dividend (Rs.'000)		1,209,294	1,129,070	1,782,743	1,678,749	831,946	1,099,358
Dividend per share		4.07	3.80	6.00	5.65	2.80	3.70
Annual sales growth index (Base - 2016)		573%	362%	362%	511%	278%	214%
Earnings per share at year end * (Rs.)		12.18	12.10	12.60	19.60	11.06	10.25
Net assets per share at year end * (Rs.)		98.83	89.30	77.09	74.52	60.80	44.55
Market price per share (Rs.)		109.50	82.10	76.50	56.30	50.20	93.00
Price earning ratio		8.99	6.78	6.07	2.87	4.54	9.07
Current ratio (Times)		1.74	2.47	2.22	2.06	1.69	1.84
Quick asset ratio (Times)		0.80	1.88	1.66	1.56	0.76	1.07

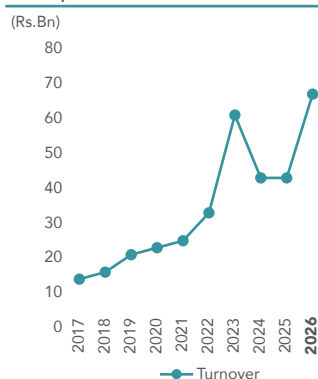
Figures in brackets indicate deductions.

* All previous year calculations are adjusted to the share sub division of 1:10 that took place on 10th February 2021 for comparison purpose.

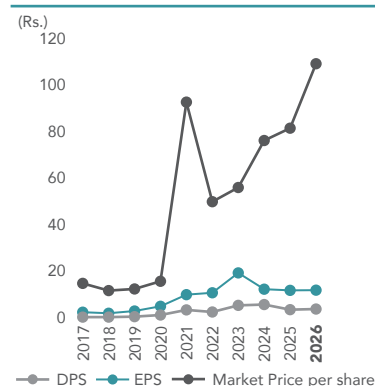
** Market price per share for previous years are not re-stated based on subdivision of shares on February 2021.

2020	2019	2018	2017
Rs.000	Rs.000	Rs.000	Rs.000
22,822,743	20,917,945	15,518,079	13,553,576
2,175,806	1,352,898	926,423	1,189,535
(409,762)	(271,196)	(152,799)	(249,735)
1,766,044	1,081,702	773,624	939,800
(207,448)	(126,291)	(101,260)	(135,436)
1,558,596	955,411	672,364	804,364
331,774	331,774	331,774	331,774
675,744	675,744	648,703	717,597
8,313,697	7,242,868	6,447,363	5,696,455
1,335,444	1,102,415	909,771	776,762
10,656,659	9,352,801	8,337,611	7,522,588
6,672,299	6,412,662	6,105,545	5,953,584
226,873	248,504	285,856	279,201
12,546,480	12,313,966	8,891,056	8,002,701
(7,733,503)	(8,802,222)	(6,041,736)	(5,808,013)
(1,055,490)	(820,109)	(903,110)	(904,885)
10,656,659	9,352,801	8,337,611	7,522,588
2,607,969	(536,411)	93,303	2,078,784
(662,857)	(873,069)	(250,925)	(866,357)
(416,405)	(512,243)	(661,297)	982,627
(1,686,897)	(3,215,586)	(1,830,274)	(918,052)
17%	12%	9%	12%
445,686	237,699	178,274	178,274
1.50	0.80	0.60	0.60
191%	175%	130%	114%
5.25	3.22	2.26	2.71
31.37	27.77	25.00	22.70
160.00	127.00	120.00	151.00
3.05	3.95	4.08	5.58
1.62	1.40	1.47	1.38
0.76	0.93	0.80	0.77

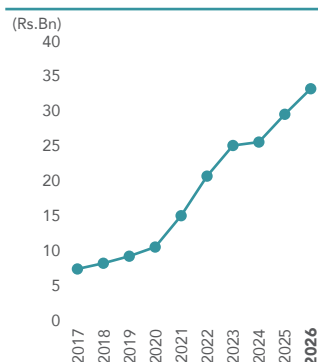
Group Revenue



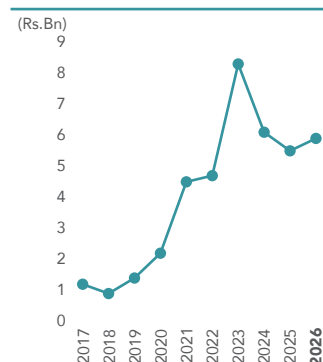
Investor Ratio



Net Assets



Profit Before Tax



INDICATIVE US DOLLAR FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS FOR INFORMATION PURPOSE ONLY

For the year ended 31 March	Consolidated		Company	
	2026	2025	2026	2025
	USD '000	USD '000	USD '000	USD '000
Continuing Operations				
Revenue from contracts with customers	219,811	145,164	110,464	77,519
Cost of sales	(175,970)	(104,633)	(93,985)	(59,292)
Gross profit	43,841	40,531	16,479	18,227
Other operating income	1,007	1,080	1,249	786
Research and development expenses	(233)	(419)	(233)	(419)
Selling and distribution expenses	(1,457)	(1,329)	(394)	(400)
Administrative expenses	(22,393)	(20,530)	(9,096)	(8,873)
Foreign exchange difference	1,958	(249)	1,588	(410)
Results from operating activities	22,723	19,084	9,593	8,911
Share of profit of equity accounted investees	59	52	-	-
Foreign exchange difference on cash and short term deposits	(104)	(3)	(19)	4
Other income from investments	759	1,065	3,465	2,484
Profit before financing and income tax	23,437	20,198	13,039	11,399
Interest expenses on loans and borrowings	(3,239)	(1,714)	(1,626)	(699)
Foreign exchange differences on interest bearing loans and borrowings	(908)	55	(788)	77
Profit before tax	19,290	18,539	10,625	10,777
Tax expense	(5,068)	(4,187)	(2,108)	(1,582)
Profit for the year	14,222	14,352	8,517	9,195
Attributable to:				
Equity holders of the parent	11,857	12,086	8,517	9,195
Non-controlling interest	2,365	2,266	-	-
Profit for the year	14,222	14,352	8,517	9,195
Earnings per share				
Basic/diluted earnings per share (USD)	0.04	0.04	0.03	0.03
Dividend per share (USD)	0.01	0.01	0.01	0.01

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.

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION FOR INFORMATION PURPOSE ONLY

As at 31 March	Consolidated		Company	
	2026	2025	2026	2025
	USD '000	USD '000	USD '000	USD '000
Assets				
Non-current assets				
Property, plant and equipment	51,258	42,951	31,461	20,500
Right-of-use assets	4,346	4,902	487	515
Intangible assets	1,609	1,422	909	486
Investments in subsidiaries	-	-	2,688	3,706
Investment in equity accounted investees	1,932	2,023	295	314
Other non-current financial assets	6,539	7,723	6,374	7,555
Deferred tax assets	837	907	-	-
Total non-current assets	66,521	59,928	42,214	33,076
Current assets				
Inventories	73,535	51,160	32,824	18,873
Trade and other receivables	44,556	23,888	26,975	21,996
Amounts due from subsidiaries	-	-	2,207	703
Amounts due from other related parties	436	206	109	141
Amounts due from equity accounted investees	286	285	4	3
Other current assets	8,086	5,661	4,334	2,838
Cash in hand and at bank	9,078	13,798	4,278	3,853
Total current assets	135,977	94,998	70,731	48,407
Total assets	202,498	154,926	112,945	81,483
Equity and liabilities				
Equity				
Stated capital	1,129	1,129	1,129	1,129
Capital reserves	3,396	3,615	5,525	2,432
Revenue reserves	88,583	84,823	53,265	52,955
Total equity attributable to equity holders of the Company	93,108	89,567	59,919	56,516
Non-controlling interests	12,618	10,608	-	-
Total equity	105,726	100,175	59,919	56,516

INDICATIVE US DOLLAR FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION FOR INFORMATION PURPOSE ONLY

As at 31 March	Consolidated		Company	
	2026	2025	2026	2025
	USD '000	USD '000	USD '000	USD '000
Non-current liabilities				
Interest bearing loans & borrowings	10,882	9,276	6,188	1,555
Defined benefit obligations	6,744	6,189	5,036	4,715
Deferred tax liabilities	1,222	833	1,122	437
Total non-current liabilities	18,848	16,298	12,346	6,707
Current liabilities				
Trade and other payables	19,561	11,719	9,613	6,888
Other current Liabilities	1,551	1,365	45	150
Amounts due to subsidiaries	-	-	381	928
Amounts due to other related parties	7,201	8,234	1,371	1,987
Income tax payable	2,707	1,427	844	-
Interest bearing loans & borrowings	46,904	15,708	28,426	8,307
Total current liabilities	77,924	38,453	40,680	18,260
Total liabilities	96,772	54,751	53,026	24,967
Total equity and liabilities	202,498	154,926	112,945	81,483

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 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 years.

Consolidated	2026		2025		2024		2023		202
For the year ended 31 March	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000
Revenue	67,083,695	55%	43,201,785	0%	43,179,205	-29%	60,943,256	84%	33,160,474
Cost of sales	(53,703,861)	72%	(31,139,438)	4%	(29,910,375)	-35%	(46,064,358)	78%	(25,942,668)
Gross profit	13,379,834	11%	12,062,347	-9%	13,268,830	-11%	14,878,898	106%	7,217,806
Other operating income	307,332	-4%	321,423	81%	178,045	-11%	200,630	-20%	249,988
Selling and distribution expenses	(444,696)	12%	(395,530)	8%	(367,249)	-33%	(550,508)	111%	(260,576)
Administrative expenses	(6,905,220)	11%	(6,234,640)	-5%	(6,558,529)	5%	(6,254,737)	52%	(4,128,162)
Results from operating activities	6,337,250	10%	5,753,600	-12%	6,521,097	-21%	8,274,283	169%	3,079,056
Finance income	969,552	1%	957,271	-31%	1,392,835	-59%	3,392,719	46%	2,321,003
Finance cost	(1,437,408)	19%	(1,209,317)	-33%	(1,791,852)	-47%	(3,411,387)	372%	(722,727)
	-		-		-		-		
Net finance income/(cost)	(467,856)	86%	(252,046)	-37%	(399,017)	2037%	(18,668)	-101%	1,598,276
Share of profit of equity accounted investees (net of tax)	17,946	16%	15,415	-275%	(8,826)	-465%	2,417	-111%	(21,344)
Profit before tax	5,887,340	7%	5,516,969	-10%	6,113,254	-26%	8,258,032	77%	4,655,988
	-		-		-		-		
Tax expense	(1,546,714)	24%	(1,246,127)	-31%	(1,807,625)	3%	(1,752,544)	87%	(934,848)
Profit for the year	4,340,626	2%	4,270,842	-1%	4,305,629	-34%	6,505,488	75%	3,721,140

STATEMENT OF PROFIT OR LOSS - VERTICAL 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 years.

Consolidated	2026		2025		2024		2023		202
For the year ended 31 March	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000
Revenue	67,083,695	100%	43,201,785	100%	43,179,205	100%	60,943,256	100%	33,160,474
Cost of sales	(53,703,861)	-80%	(31,139,438)	-72%	(29,910,375)	-69%	(46,064,358)	-76%	(25,942,668)
Gross profit	13,379,834	20%	12,062,347	28%	13,268,830	31%	14,878,898	24%	7,217,806
	-	0%							
Other operating income	307,332	0%	321,423	1%	178,045	0%	200,630	0%	249,988
Selling and distribution expenses	(444,696)	-1%	(395,530)	-1%	(367,249)	-1%	(550,508)	-1%	(260,576)
Administrative expenses	(6,905,220)	-10%	(6,234,640)	-14%	(6,558,529)	-15%	(6,254,737)	-10%	(4,128,162)
Results from operating activities	6,337,250	9%	5,753,600	13%	6,521,097	15%	8,274,283	14%	3,079,056
Finance income	969,552	1%	957,271	2%	1,392,835	3%	3,392,719	6%	2,321,003
Finance cost	(1,437,408)	-2%	(1,209,317)	-3%	(1,791,852)	-4%	(3,411,387)	-6%	(722,727)
	-	0%							
Net finance income/(cost)	(467,856)	-1%	(252,046)	-1%	(399,017)	-1%	(18,668)	0%	1,598,276
Share of profit of equity accounted investees (net of tax)	17,946	0%	15,415	0%	(8,826)	0%	2,417	0%	(21,344)
Profit before tax	5,887,340	9%	5,516,969	13%	6,113,254	14%	8,258,032	14%	4,655,988
	-								
Tax expense	(1,546,714)	-2%	(1,246,127)	-3%	(1,807,625)	-4%	(1,752,544)	-3%	(934,848)
Profit for the year	4,340,626	6%	4,270,842	10%	4,305,629	10%	6,505,488	11%	3,721,140

STATEMENT OF HORIZONTAL AND VERTICAL ANALYSIS

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	2026		2025		2024		2023		202
As at 31 March	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000
Assets									
Non-current assets									
Property, plant and equipment	16,166,638	27%	12,724,363	17%	10,838,262	6%	10,214,282	15%	8,895,684
Right-of-use assets	1,370,602	-6%	1,452,294	196%	490,940	73%	283,455	168%	105,870
Intangible assets	507,541	20%	421,411	21%	347,380	20%	289,399	12%	258,465
Investments in equity accounted investees	609,205	2%	599,342	3%	583,927	-1%	592,753	0%	590,336
Other non-current financial assets	2,062,555	-10%	2,287,969	78%	1,285,225	8%	1,184,666	-14%	1,378,880
Deferred tax assets	264,034	-2%	268,814	12%	239,963	-2%	244,159	84%	132,820
Total non-current assets	20,980,575	18%	17,754,193	29%	13,785,697	8%	12,808,714	13%	11,362,055
Current assets									
Inventories	23,192,905	53%	15,156,266	32%	11,506,658	-18%	13,986,769	-12%	15,807,144
Trade and other receivables	14,053,061	99%	7,076,724	5%	6,711,349	0%	6,709,919	-21%	8,473,480
Amounts due from other related parties	137,564	126%	60,971	27%	47,870	-54%	104,195	-41%	177,244
Amounts due from equity accounted investees	90,209	7%	84,483	-34%	127,165	25%	101,824	60%	63,611
Other current assets	2,550,315	52%	1,677,099	28%	1,313,385	-7%	1,406,878	39%	1,010,819
Cash in hand and at bank	2,863,264	-30%	4,087,720	-39%	6,722,126	33%	5,072,892	63%	3,117,724
Total current assets	42,887,318	52%	28,143,263	6%	26,428,553	-3%	27,382,477	-4%	28,650,022
Total assets	63,867,893	39%	45,897,456	14%	40,214,250	0%	40,191,191	0%	40,012,077
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	0%	1,070,985	20%	891,290	0%	891,290	-10%	994,758
Revenue reserves	27,963,347	11%	25,131,330	16%	21,681,998	4%	20,918,757	24%	16,845,411
Total equity attributable to equity holders of the Company	29,366,106	11%	26,534,089	16%	22,905,062	3%	22,141,821	22%	18,171,943
Non-controlling interest	3,979,834	27%	3,142,562	13%	2,792,786	-9%	3,070,745	16%	2,648,637
Total equity	33,345,940	12%	29,676,651	15%	25,697,848	2%	25,212,566	21%	20,820,580
Non-current liabilities									
Interest bearing loans and borrowings	3,432,188	25%	2,748,113	310%	670,237	94%	346,371	-53%	731,203
Defined benefit obligations	2,126,914	16%	1,833,504	6%	1,737,269	41%	1,230,526	8%	1,143,285
Deferred tax liabilities	385,264	56%	246,779	28%	192,185	41%	136,709	-63%	368,658
Total non-current liabilities	5,944,366	23%	4,828,396	86%	2,599,691	52%	1,713,606	-24%	2,243,146
Current liabilities									
Trade and other payables	6,170,080	78%	3,472,421	-17%	4,203,895	14%	3,703,807	9%	3,398,755
Other current liabilities	489,238	21%	404,500	3%	393,561	-5%	413,884	-24%	547,047
Amounts due to other related parties	2,271,042	-7%	2,439,313	2%	2,379,820	45%	1,635,815	-25%	2,186,028
Income tax payable	853,815	102%	422,725	-42%	731,423	13%	645,285	50%	428,797
Interest bearing loans and borrowings	14,793,412	218%	4,653,450	11%	4,208,012	-39%	6,866,228	-34%	10,387,724
Total current liabilities	24,577,587	116%	11,392,409	-4%	11,916,711	-10%	13,265,019	-22%	16,948,351
Total liabilities	30,521,953	88%	16,220,805	12%	14,516,402	-3%	14,978,625	-22%	19,191,497
Total equity and liabilities	63,867,893	39%	45,897,456	14%	40,214,250	0%	40,191,191	0%	40,012,077

STATEMENT OF HORIZONTAL AND VERTICAL ANALYSIS

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	2026		2025		2024		2023		202
As at 31 March	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000
Assets									
Non-current assets									
Property, plant and equipment	16,166,638	25%	12,724,363	28%	10,838,262	27%	10,214,282	25%	8,895,684
Right-of-use assets	1,370,602	2%	1,452,294	3%	490,940	1%	283,455	1%	105,870
Intangible assets	507,541	1%	421,411	1%	347,380	1%	289,399	1%	258,465
Investments in equity accounted investees	609,205	1%	599,342	1%	583,927	1%	592,753	1%	590,336
Other non-current financial assets	2,062,555	3%	2,287,969	5%	1,285,225	3%	1,184,666	3%	1,378,880
Deferred tax assets	264,034	0%	268,814	1%	239,963	1%	244,159	1%	132,820
Total non-current assets	20,980,575	33%	17,754,193	39%	13,785,697	34%	12,808,714	32%	11,362,055
Current assets									
Inventories	23,192,905	36%	15,156,266	33%	11,506,658	29%	13,986,769	35%	15,807,144
Trade and other receivables	14,053,061	22%	7,076,724	15%	6,711,349	17%	6,709,919	17%	8,473,480
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Total assets	63,867,893	100%	45,897,456	100%	40,214,250	100%	40,191,191	100%	40,012,077
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Equity									
Stated capital	331,774	1%	331,774	1%	331,774	1%	331,774	1%	331,774
Capital reserves	1,070,985	2%	1,070,985	2%	891,290	2%	891,290	2%	994,758
Revenue reserves	27,963,347	44%	25,131,330	55%	21,681,998	54%	20,918,757	52%	16,845,411
Total equity attributable to equity holders of the Company	29,366,106	46%	26,534,089	58%	22,905,062	57%	22,141,821	55%	18,171,943
Non-controlling interest	3,979,834	6%	3,142,562	7%	2,792,786	7%	3,070,745	8%	2,648,637
Total equity	33,345,940	52%	29,676,651	65%	25,697,848	64%	25,212,566	63%	20,820,580
Non-current liabilities									
Interest bearing loans and borrowings	3,432,188	5%	2,748,113	6%	670,237	2%	346,371	1%	731,203
Defined benefit obligations	2,126,914	3%	1,833,504	4%	1,737,269	4%	1,230,526	3%	1,143,285
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Total non-current liabilities	5,944,366	9%	4,828,396	11%	2,599,691	6%	1,713,606	4%	2,243,146
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Trade and other payables	6,170,080	10%	3,472,421	8%	4,203,895	10%	3,703,807	9%	3,398,755
Other current liabilities	489,238	1%	404,500	1%	393,561	1%	413,884	1%	547,047
Amounts due to other related parties	2,271,042	4%	2,439,313	5%	2,379,820	6%	1,635,815	4%	2,186,028
Income tax payable	853,815	1%	422,725	1%	731,423	2%	645,285	2%	428,797
Interest bearing loans and borrowings	14,793,412	23%	4,653,450	10%	4,208,012	10%	6,866,228	17%	10,387,724
Total current liabilities	24,577,587	38%	11,392,409	25%	11,916,711	30%	13,265,019	33%	16,948,351
Total liabilities	30,521,953	48%	16,220,805	35%	14,516,402	36%	14,978,625	37%	19,191,497
Total equity and liabilities	63,867,893	100%	45,897,456	100%	40,214,250	100%	40,191,191	100%	40,012,077

HISTORY OF DIVIDENDS AND SCRIP ISSUES

As at 31st March	Issue	Basis	No. of shares '000	Cum No. of shares '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
2026	-	-	-	297,124	Rs.4.07 p.s	1,209,294

INVESTOR INFORMATION

1. STOCK EXCHANGE LISTING

The Interim Financial Statements for the fourth quarter ended 31st March 2026, have been submitted to the Colombo Stock Exchange as required by the Listing Rules.

2. SHAREHOLDERS

Haycarb PLC - Ordinary Shareholders as at 31st March 2026.

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	5,468	1,336,944	0.45	22	7,234	0.00	5,490	1,344,178	0.45
1,001 _ 10,000	1,958	7,255,585	2.44	28	142,594	0.05	1,986	7,398,179	2.49
10,001 _ 100,000	624	19,491,510	6.56	16	468,405	0.16	640	19,959,915	6.72
100,001 _ 1,000,000	130	32,140,254	10.82	9	2,731,728	0.92	139	34,871,982	11.74
OVER 1,000,000	6	225,702,102	75.96	3	7,847,394	2.64	9	233,549,496	78.60
TOTAL	8,186	285,926,395	96.23	78	11,197,355	3.77	8,264	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	7,802	52,625,893	17.71	72	9,420,373	3.17	7,874	62,046,266	20.88
Institutions	384	233,300,502	78.52	6	1,776,982	0.60	390	235,077,484	79.12
TOTAL	8,186	285,926,395	96.23	78	11,197,355	3.77	8,264	297,123,750	100.00

As at 31st March 2026, there were 8,264 (31st March 2025 - 7,278) registered shareholders.

3. MARKET VALUE

The market value of Haycarb PLC, ordinary shares during the year.

As at 31 March	2025/2026		2024/25	
Highest Price	134.00	21-01-2026	93.40	30-01-2025
Lowest Price	72.50	07-04-2025	70.10	19-04-2024
Closing Price	109.50	31-03-2026	82.10	28-03-2025
No. of Transactions	37,107		21,147	
No. of shares traded	43,578,303		30,829,341	
Value of shares traded (Rs.)	4,525,122,199		2,534,603,977	

INVESTOR INFORMATION

4. TOP 20 SHAREHOLDERS

	Name of the Shareholder	No.of Shares as at 31/03/2026	%	No.of Shares as at 31/03/2025	%
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	5,050,200	1.70	5,000,200	1.68
4	Dr. D. Jayantha	4,558,900	1.53	4,525,000	1.52
5	Mr. H.S.R. Kariyawasan & Mrs. K.H.S. Kariyawasan	3,661,729	1.23	3,179,671	1.07
6	Mr. S. Rameshan	1,649,680	0.56	1,649,680	0.56
7	Mrs. J.K.P. Singh	1,567,194	0.53	1,721,745	0.58
8	Mr. S.G. Carimjee	1,350,000	0.45	1,350,000	0.45
9	Mr. H.S. Gill	1,230,000	0.41	1,230,000	0.41
10	Mrs. S. Vasudevan & Mr. S. Vasudevan	1,000,000	0.34	1,000,000	0.34
11	Miss. M.P. Radhakrishnan	963,444	0.32	830,443	0.28
12	Hatton National Bank PLC-Senfin Growth Fund	896,273	0.30	301,288	0.10
13	GF Capital Global Limited	886,100	0.30	886,100	0.30
14	Employees Trust Fund Board	848,696	0.29	1,607,076	0.54
15	Miss. A. Radhakrishnan	829,290	0.28	788,691	0.27
16	Mr. Arunachalam Arulthakshanan	710,780	0.24	710,780	0.24
17	Mr. Radhakrishnan Maheswaran (Deceased)	700,010	0.24	700,010	0.24
18	Mr. W.K.G.N. Perera	700,000	0.24	700,000	0.24
19	Capital Alliance Holdings Ltd	646,897	0.22	-	-
20	Harnam Holdings SDN BHD	588,718	0.20	664,929	0.22
	SUBTOTAL	242,319,704	81.56	-	-
	OTHERS	54,804,046	18.44	-	-
	TOTAL	297,123,750	100.00	-	-

5. DIRECTORS' SHAREHOLDINGS -(AS DEFINED IN COLOMBO STOCK EXCHANGE RULES)

As at 31 March	As at 31/03/2026	As at 31/03/2025
Mr. A.M. Pandithage	23,790	23,790
Mr. H.S.R. Kariyawasan*	3,661,729	3,179,671
Mr. B. Balaratnarajah	30,040	30,040
Mr. S.C. Ganegoda	88,150	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	2,500	2,500
Mr. T.A.B. Speldewinde	-	-
	3,810,829	3,313,771

* Shares held jointly with Mrs. K.H.S. Kariyawasan

6. PUBLIC HOLDING

Public Holding	31-03-2026	31-03-2025
Market Capitalisation as at 31 March (Rs.)	32,535,050,625.00	24,393,859,875.00
Public holding percentage of the Company (%)	30.98	31.15
No of public shareholders	8,257	7,271
Float-adjusted market capitalisation (Rs.)	10,080,777,064.50	7,599,089,712.90

The Company complies with option 1 of the Listing Rules 7.13.1 (i) (a) – which No Minimum % required for Public Holding.

INVESTOR INFORMATION

SRI LANKAN EQUITY MARKET

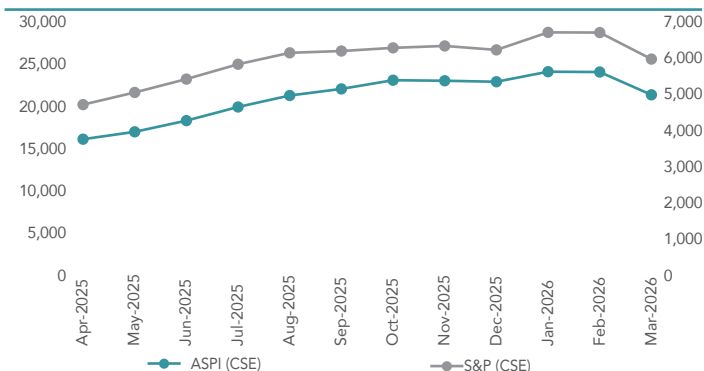
Sri Lanka's equity market continued its strong upward momentum during 2025/26, supported by improving macroeconomic stability, easing inflationary pressures, declining interest rates and renewed investor confidence. The Colombo Stock Exchange (CSE) recorded another year of robust performance with both the All Share Price Index (ASPI) and the S&P Sri Lanka 20 Index (S&P SL20) reaching historically high levels during the financial year under review.

The ASPI surpassed the 23,000-point milestone during the year and recorded an all-time high in January 2026, reflecting broad-based market participation and positive investor sentiment. The market was further supported by improved corporate earnings, stronger foreign investor participation in selected counters, and increased retail investor activity.

Market capitalisation of the Colombo Stock Exchange expanded significantly during the year, supported by the strong appreciation in listed equity prices and improved liquidity conditions. Average daily turnover also improved compared to the previous financial year, reflecting enhanced trading activity across diversified sectors including banking, diversified financials, manufacturing, capital goods and export-oriented companies.

Investor sentiment during the year remained largely positive amid expectations of sustained economic recovery, lower market interest rates and continued progress in Sri Lanka's macroeconomic stabilisation programme. The improved performance of the equity market further reinforced the Colombo Stock Exchange's position as one of the better-performing frontier markets in the region during the year under review.

CSE ASPI and S&P Index Movement



HAYCARB'S SHARE PERFORMANCE

Haycarb PLC's share demonstrated resilience during the financial year ended 31st March 2026 amid continued market volatility and changing investor dynamics. The Company's share price performance reflected investor confidence in Haycarb's long-term growth prospects, market leadership in coconut shell activated carbon, strong export orientation and commitment towards sustainable value creation.

The Company continued to maintain an active engagement with shareholders and the investment community through timely disclosures, transparent communication and adherence to high standards of corporate governance and investor relations practices.

Haycarb's share price movement during the year was influenced by a combination of factors including global demand conditions, earnings performance, sector outlook, exchange rate movements, broader market sentiment and macroeconomic developments.

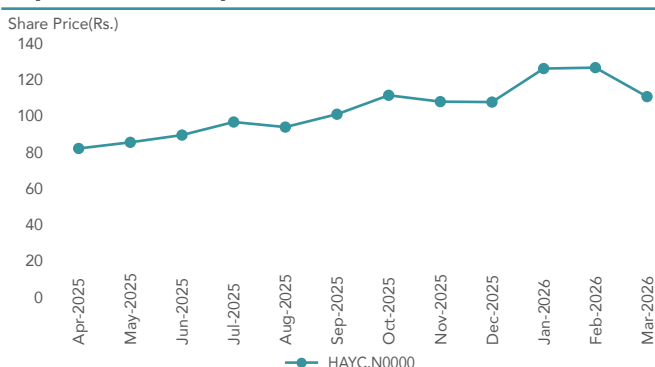
The Company's beta remained below market volatility levels, demonstrating relatively stable trading behaviour compared with the broader market indices.

Shareholder Return in 2025/26

Haycarb PLC continued to focus on delivering sustainable long-term shareholder value through consistent operational performance, disciplined financial management and prudent capital allocation strategies.

During the financial year 2025/26, the Company maintained its dividend distribution policy while balancing reinvestment requirements to support future growth and operational expansion. Interim dividends amounting to Rs. 4.07 per share were distributed during the year, compared to Rs. 3.80 per share in the previous financial year. The dividends declared comprised payments of Rs. 0.50, Rs. 0.82, Rs. 1.05 and Rs. 1.70 per share respectively.

Haycarb PLC - Monthly Share Price Movement



The market performance of Haycarb PLC reflected improved investor confidence during the year under review, with the share price increasing from Rs. 82.10 as at 31 March 2025 to Rs. 109.50 as at 31 March 2026, representing a capital appreciation of 33.4%.

Accordingly, the Total Shareholder Return (TSR), which incorporates both share price appreciation and dividend income received during the year, was calculated as follows:

$$\text{TSR} = (\text{End Price} - \text{Start Price} + \text{Dividends}) / \text{Start Price} \times 100$$

$$\text{TSR} = (109.50 - 82.10 + 4.07) / 82.10 \times 100$$

$$\text{TSR} = 38.3\%$$

INVESTOR ENGAGEMENT AND COMMUNICATION

Haycarb PLC continued to prioritise transparent, timely and consistent communication with shareholders, analysts, institutional investors and other market participants throughout the year.

The Company maintained continuous engagement with the investment community through annual and quarterly financial disclosures, investor meetings, analyst briefings, the Annual General Meeting and ongoing regulatory disclosures through the Colombo Stock Exchange.

The Board remains committed to upholding the highest standards of corporate governance, transparency and accountability to ensure the protection of shareholder interests and sustainable long-term value creation.

OUTLOOK

Despite ongoing uncertainties in the global economic environment driven by geopolitical developments, inflationary pressures, and changing international trade dynamics, Sri Lanka's improving macroeconomic fundamentals, strengthening external sector, and enhanced investor sentiment are expected to provide a supportive backdrop for the equity market in the period ahead.

Haycarb PLC remains well positioned to capitalise on emerging growth opportunities supported by its global market leadership, diversified geographic presence, strong sustainability focus, innovation capabilities and long-standing customer relationships.

The Company will continue to focus on operational excellence, strategic investments, product innovation and sustainable business practices to deliver long-term value to all stakeholders while maintaining strong governance and investor confidence.

Description	2025/26	2024/25	2023/24	2022/23	2021/22
Market price per share (Rs.)	109.50	82.10	76.50	56.30	50.20
Price earnings ratio	8.99	6.76	6.07	2.87	4.54
Price to book ratio	1.11	0.92	0.99	0.76	0.83
Net assets per share	98.83	89.30	77.09	74.52	60.80
Earnings per share	12.18	12.10	12.60	19.60	11.06
Dividend per share	4.07	3.80	6.00	5.65	2.80
Dividend payout ratio (%)	33	31	48	29	25
ROE (%)	12	14	16	26	18

QUARTERLY ANALYSIS



Scan this QR code for quarterly financial data
published in the Haycarb website (www.haycarb.com)

1 QUARTERLY FINANCIAL DATA

As at 31st March 2026	Q1		Q2		Q3		Q4	
	2026	2025	2026	2025	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	13,681,703	10,059,288	14,788,433	10,506,856	18,933,990	10,868,343	19,679,569	11,767,298
Profit before tax	973,187	1,212,173	1,323,966	1,099,926	1,613,935	1,515,085	1,976,252	1,689,785
Tax expense	296,662	355,398	318,487	315,549	314,980	406,422	644,192	168,758
Profit after tax	676,525	856,775	1,005,479	784,377	1,298,955	1,108,663	1,332,060	1,521,027
Profit attributable to equity holders of the parent	517,648	742,471	743,222	671,806	937,296	831,709	1,393,103	1,350,531
Profit attributable to non-controlling interest	158,877	114,304	262,257	112,571	361,659	276,954	(61,043)	170,496
Total comprehensive income for the period, net of tax	1,389,951	1,225,078	1,452,977	1,466,506	1,385,974	938,008	778,244	1,901,423
Non current assets	19,276,000	14,466,309	20,124,528	15,039,034	20,381,136	16,720,975	20,980,575	17,754,193
Current assets	30,849,669	26,342,413	35,633,320	27,632,170	40,938,861	27,843,153	42,882,980	28,143,263
Total equity	30,918,040	26,744,652	31,975,428	27,884,322	33,047,045	28,679,950	33,345,940	29,676,651
Non current liabilities	4,727,323	2,933,131	4,569,573	2,925,594	6,158,042	3,857,011	5,944,366	4,828,396
Current liabilities	14,480,306	11,130,939	19,212,847	11,861,288	22,114,910	12,027,167	24,600,856	11,392,409

2 QUARTERLY FINANCIAL DATA

As at 31st March 2026	Q1		Q2		Q3		Q4	
	2026	2025	2026	2025	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Market Value of Shares								
Last traded price	89.80	80.50	100.75	80.00	106.00	85.10	110.00	81.80
Basic earnings per share	1.74	2.50	2.50	2.26	3.15	2.80	4.69	4.55
Diluted earnings per share	1.74	2.50	2.50	2.26	3.15	2.80	4.69	4.55
Highest price recorded for the three months ending	90.50	84.40	103.00	81.50	120.00	87.60	134.00	93.40
Lowest price recorded for the three months ending	72.50	70.10	87.50	71.00	72.50	76.30	72.50	79.10
Market Capitalisation (Rs. Mn)	26,682	23,918	29,935	23,770	31,495	25,285	32,684	24,305
Share Trading Information								
No. of transactions	5,323	4,859	10,974	3,045	10,974	6,231	9,266	7,012
No. of shares traded	6,728,587	6,980,517	12,365,614	3,991,891	12,365,614	10,414,893	12,590,579	9,442,040
Value of shares traded (Rs)	565,628,963	552,252,537	1,144,846,734	314,632,624	1,144,846,734	847,947,932	1,508,980,242	819,770,884

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)
LAKDIYATHA (PVT) LTD. Sewage and Wastewater Treatment Plant	2011 in Sri Lanka	Rs. 50,000,000	49% (Associate)
SHISUKA CO. LTD. Manufacture and Sale of Activated Carbon	2012 in Thailand (Ratchaburi Province, Thailand)	THB 20,000,000	50% (Subsidiary)

* Amalgamated with Haycarb PLC on 01/10/2025

Directors

Mohan Pandithage (Chairman)	Ms. Jeevani Abeyratne	Ms. Anomi Wanigasekera

Rajitha Kariyawasan (Managing Director)	M.S.P. Udaya Kumara	Nanda Fernando

Brahman Balaratnarajah	Ali Asgar Munaver Caderbhoy	Yohan Perera

Arjun Senaratna	Ms. Shamalie Gunawardana	Timothy Speldewinde

Sarath Ganegoda	Ms. Brindhiini Perera	

Mohan Pandithage (Chairman)	Rajitha Kariyawasan	Ms. Brindhiini Perera

Erik Mense (Managing Director)	Richard Bittel	Ms. Jeevani Abeyratne

Mohan Pandithage (Chairman)	Manuel Marques	Asitha Karunaratne

Rajitha Kariyawasan	Sarath Ganegoda	Ali Asgar Munaver Caderbhoy

Ms. Jeevani Abeyratne		

Mohan Pandithage (Chairman)	Krit Karnchanabatr	Brahman Balaratnarajah

Prasarsk Kanchanabatr (Senior Director)	Yapa Pathirathna	Ms.Sirijit Karnchanabatr

Rajitha Kariyawasan	Ms.Chattip Techatipmanee	

Benja Karnchanabatr (Managing Director)	Ms. Jeevani Abeyratne	

Mohan Pandithage (Chairman)	Krit Karnchanabatr	Brahman Balaratnarajah

Prasarsk Kanchanabatr (Senior Director)	Yapa Pathirathna	Ms.Sirijit Karnchanabatr

Rajitha Kariyawasan	Ms.Chattip Techatipmanee	

Benja Karnchanabatr (Managing Director)	Ms. Jeevani Abeyratne	

Mohan Pandithage (Chairman)	Yapa Pathirathna	M S P Udaya Kumara

Rajitha Kariyawasan	Arjun Senaratna	Chris Rosauer

Ms. Jeevani Abeyratne	Brahman Balaratnarajah	Asitha Karunaratne

Mohan Pandithage (Chairman)	Ms. Jeevani Abeyratne	Brahman Balaratnarajah

Rajitha Kariyawasan	Samantha Athukorala	Manura Wickramasinghe

Mohan Pandithage (Chairman)	Ms. Jeevani Abeyratne	

Rajitha Kariyawasan	Brahman Balaratnarajah	

Mohan Pandithage	Brahman Balaratnarajah	Ms. Jeevani Abeyratne

(President Commissioner)	M.S.P. Udaya Kumara	Asitha Karunaratne

Sarath Ganegoda	Ali Asgar Munaver Caderbhoy	Gominda Gunawardana

Rajitha Kariyawasan (President Director)	Ridwan Mapahena	

Mohan Pandithage (Chairman)	Rajitha Kariyawasan	

Arjun Senaratna	Ms. Jeevani Abeyratne	

Mohan Pandithage (Chairman)		

Sarath Ganegoda		

Mohan Pandithage (Chairman)	Brahman Balaratnarajah	

Rajitha Kariyawasan	M.S.P. Udaya Kumara	

Ms. Jeevani Abeyratne	Ali Asgar Munaver Caderbhoy	

Mohan Pandithage	Guillaume Dourdin	

Rajitha Kariyawasan	Sheilaja Raje Singh	

Lucie Teague		

Mohan Pandithage (Chairman)	Krit Karnchanabatr	Brahman Balaratnarajah

Prasarsk Kanchanabatr (Senior Director)	Yapa Pathirathna	Ms.Sirijit Karnchanabatr

Rajitha Kariyawasan	Ms.Chattip Techatipmanee	

Benja Karnchanabatr (Managing Director)	Ms. Jeevani Abeyratne	

GROUP PROFILE

	Incorporation	Stated/Share Capital	Group Interest
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

Jafri Yauri (President Commissioner)	Mohan Pandithage (President Director)	Brahman Balaratnarajah
Ms. Jeevani Abeyratne	Rajitha Kariyawasan	Ronny
M.S.P. Udaya Kumara	Ali Asgar Munaver Caderbhoy	Kassa .A. Karman
Mohan Pandithage (Chairman)	Ms. Jeevani Abeyratne	
Rajitha Kariyawasan	Wong Yong Fei	
Mohan Pandithage (Chairman)	Ali Asgar Munaver Caderbhoy	
Rajitha Kariyawasan	Elindram Srinivasulu	
Ms. Jeevani Abeyratne		
Mohan Pandithage (Chairman)	Ms. Jeevani Abeyratne	Wong Yong Fei
Rajitha Kariyawasan	Ali Asgar Munaver Caderbhoy	
Brahman Balaratnarajah	M. S. P. Udaya Kumara	
Mohan Pandithage (Chairman)	Ms. Jeevani Abeyratne	Ronald D. Policarpio
Rajitha Kariyawasan	Ali Asgar Munaver Caderbhoy	
Brahman Balaratnarajah	M. S. P. Udaya Kumara	
Erik Mense (Managing Director)	Ms. Tatjana Gorst	
(Appointed on 09.06.2025)		

ECONOMIC LANDSCAPE /COUNTRY REPORT

ECONOMIC LANDSCAPE /COUNTRY REPORT

As a globally diversified manufacturer and marketer of activated carbon solutions, the Group operates across multiple economic environments that influence manufacturing competitiveness, raw material availability, customer demand and investment decisions. The geographic diversity of our operations provides resilience against country-specific economic cycles while enabling us to capture opportunities across both emerging and developed markets.

This section provides an overview of the economic conditions prevailing within the Group's principal manufacturing hubs and key market regions during the year under review. The analysis is based on publicly available economic data and estimates available up to 31 December 2025.



GOR

USD 6.8 Bn



GDP Growth

4.8%

MANUFACTURING

Sri Lanka – Core Manufacturing Hub

Sri Lanka continued its post-crisis recovery during 2025 supported by macroeconomic stabilisation measures, IMF-backed reforms, easing inflation and improved fiscal management. Lower interest rates, improved currency stability and recovering investor confidence contributed to a more favourable operating environment for export-oriented manufacturers.

For the Group, these developments supported greater planning certainty, improved financing conditions and enhanced competitiveness within its largest manufacturing base. While global geopolitical developments continued to create uncertainty within energy and logistics markets, strengthened macroeconomic fundamentals improved the country's overall resilience.

Indicator	2023	2024	2025	Trend
GDP Growth	-2.3%	5.0%	5.0%	Sharp recovery → Stable growth
Inflation	17.0%	1.5%	1–2%	Significant moderation
Policy Rate	15.0%	8.0%	7.75%	Continued easing
Exchange Rate (LKR/USD)	324	293	300–320	Improved stability

INDONESIA & THAILAND – REGIONAL MANUFACTURING AND SOURCING HUBS

Indonesia and Thailand continued to play an important role within the Group's regional manufacturing network, providing production flexibility, sourcing diversification and strategic access to ASEAN markets.

Indonesia

Indonesia maintained stable economic growth supported by domestic demand, infrastructure development and exports. Controlled currency depreciation continued to support export competitiveness while preserving manageable import costs. The country remains strategically important to the Group's manufacturing operations and raw material sourcing initiatives, including the continued development of sustainable charcoal supply chains.

Indicator	2023	2024	2025	Trend
GDP Growth	5.05%	5.03%	5.11%	Stable and resilient growth
Inflation	2.61%	1.57%	2.92%	Controlled and low
Interest Rate	6.00%	6.00%	4.75%	Monetary easing
Exchange (IDR/USD)	15,416	15,859	16,200	Mild depreciation

Thailand

Thailand's recovery continued to be supported by tourism, exports and industrial activity. Stable inflation, moderate interest rates and a relatively stable currency environment supported manufacturing competitiveness and regional supply chain integration.

Indicator	2023	2024	2025	Trend
GDP Growth	1.9%	2.5%	2.4%	Moderate recovery
Inflation	1–2%	0.4%	-0.1%	Low and stable
Interest Rate	2.5%	2.25%	2.0%	Moderating
Exchange Rate (THB/USD)	34	35	35–36	Stable range

KEY MARKETS

United States, United Kingdom and Australia

These developed markets continued to represent important end-user markets for the Group's activated carbon solutions. Economic activity across these regions remained broadly supportive despite varying growth trajectories, elevated interest rates and ongoing geopolitical uncertainties.

Environmental regulation, water treatment requirements, industrial purification needs and sustainability-related investments continued to support long-term demand for activated carbon applications across multiple sectors.

Market	GDP Growth	Inflation
United States	2.0–2.3%	~3%
United Kingdom / Europe	1.0–1.5%	3–4%
Australia	~2.5%	3–4%

United States

The United States economy demonstrated resilience during the year supported by consumer demand, industrial activity and infrastructure investment. Demand across water treatment, environmental purification, industrial processing and air quality applications remained supportive for activated carbon products.

United Kingdom and Europe

Economic growth remained moderate amid elevated energy costs and tighter monetary conditions. Nevertheless, increasingly stringent environmental standards and regulatory requirements continued to support demand for purification and filtration solutions across industrial and municipal sectors.

Australia

Australia maintained stable economic growth supported by infrastructure investment, mining activity and environmental sector demand. Activated carbon applications across mining, water treatment and industrial processing continued to support market opportunities.

China – An Important Reference Market

China continues to influence global activated carbon industry dynamics through its position as a major producer, consumer and exporter of activated carbon products. The country remains an important reference market for global pricing trends, competitive supply conditions and evolving customer requirements.

While economic growth expected to be moderated to 4.5% in 2026, industrial production, exports and policy support measures continued to sustain activity across key sectors. China also remains a strategically important market within the rapidly expanding battery materials and energy storage ecosystem.

OUR OUTLOOK

While economic conditions varied across regions during the year under review, the Group continued to benefit from its diversified manufacturing footprint across Asia and broad market presence across developed economies. This geographic diversification enhances resilience against country-specific economic challenges while positioning the Group to capitalise on long-term growth opportunities arising from environmental regulation, water treatment demand, industrial development and the accelerating adoption of energy storage technologies.

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.

AMORTISATION

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 amortisation (includes other operating income). Note that EBITDA includes interest income, fair value gains and losses on investment property and share of results of equity accounted investees but excludes exchange 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.

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

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Softwave Printing and Packaging (Pvt) Ltd

NOTES

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NOTICE OF ANNUAL GENERAL MEETING

HAYCARB PLC

Company Registration No. PQ 59

NOTICE IS HEREBY GIVEN THAT THE FIFTY THIRD ANNUAL GENERAL MEETING OF HAYCARB PLC will be held on **Tuesday, 30th June 2026 at 11.00 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 2026, with the Report of the Auditors thereon.
2. To re-elect as a Director Ms. K.A.D.B. Perera, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
3. To re-elect as a Director Mr. M.N.R. Fernando, 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 Mrs. A. Wanigasekera, 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 Mr. P.Y.S. Perera, 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 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 be and is hereby re-appointed as a Director until the next Annual General Meeting 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.'

7. 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 be and is hereby re-appointed as a Director until the next Annual General Meeting 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 authorise the Directors to determine donations and contributions to charities for the ensuing year.
9. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2026/27 and to authorise the Directors to determine their remuneration.

10. To consider and if thought fit, to pass the following Special Resolution to amend the existing Article 50(1) in the Articles of Association of the Company;

Special Resolution

IT IS HEREBY RESOLVED THAT Article 50(1) of the Articles of Association of the Company be amended by the inclusion of the following paragraph at the end of Article 50(1) ;

"The Company may serve any notice or document by electronic mail to an electronic mail account notified by a shareholder in writing or by any other acceptable means to the Company or to the Central Depository System (Pvt) Ltd. Where electronic mail is used, the notice or document shall be deemed to have been received by the shareholder upon the dispatch of same by the Company or by the Central Depository System (Pvt) Ltd, through electronic mail."

By Order of the Board,

HAYCARB PLC



Amali Munasinghe Peiris

DIRECTOR

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED
Secretaries

Colombo.
2nd June 2026

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 2025/26 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. A printed copy of the Annual Report will be forwarded within 8 market days from the date of receiving the Request Form.

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 2025/26

HAYCARB PLC

Company Registration No. PQ 59

Annexure A

Date:.....

Hayleys Group Services (Private) Limited,

Secretaries for Haycarb PLC,
No. 400, Deans Road,
Colombo 10.

ANNUAL REPORT OF HAYCARB PLC - 2025/26

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 Registration No.	
Address	
Contact No.	

NOTES:

- The Annual Report of the Company for 2025/26 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 this Form duly completed to the office of the Secretaries. A printed copy of the Annual Report will be forwarded within 8 market days from the date of receiving this request form.
- 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.

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 Third Annual General Meeting of the Company to be held on Tuesday, 30th June 2026 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 2026, with the Report of the Auditors thereon.	☐	☐
2. To re-elect as a Director Ms. K.A.D.B. Perera, as set out in the Notice.	☐	☐
3. To re-elect as a Director Mr. M.N.R. Fernando, as set out in the Notice	☐	☐
4. To re-elect as a Director Mrs. A. Wanigasekera, as set out in the Notice.	☐	☐
5. To re-elect as a Director Mr. P.Y.S. Perera, as set out in the Notice.	☐	☐
6. To re-appoint Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.	☐	☐
7. To re-appoint Mr. A.M. Senaratna, in terms of Section 211 of the Companies Act No. 07 of 2007.	☐	☐
8. To authorise the Directors to determine donations and contributions to charities for the ensuing year.	☐	☐
9. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2026/27 and to authorise the Directors to determine their remuneration.	☐	☐
10. To pass the Special Resolution to amend the Article 50(1) of the Articles of Association of the Company as set out in the Notice.	☐	☐

Signed on this day of 2026.

.....
Signature of Shareholder
(Instructions are given overleaf)

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.



HAYCARB
Activated carbon solutions