

Fungi

Bioluminescent fungi glow brighter in purified environments – serving as a vital, natural agent of rejuvenation and renewal.



PURIFICATION

The Sector, represented by the Haycarb Group is one of the world's leading manufacturers of coconut-shell based activated carbon, producing a range of world-class, innovative and sustainable solutions which shape a greener future across numerous applications in diverse industries.



Insights from Sector
Managing Director
Scan to view

Purification

HIGHLIGHTS OF 2024/25



Revenue
Rs. 42.83 bn
(+0.2%)



Profit Before Tax
Rs. 5.50 bn
(-10%)



Profit After Tax
Rs. 4.26 bn
(-1%)



Assets
Rs. 42.93 bn
(+12%)



Liabilities
Rs. 15.90 bn
(+12%)



Employees
2,026
(+5%)



Carbon Footprint
(Scope 1,2,3)*
44,554 tCO₂e

INTEGRATED PERFORMANCE



STAKEHOLDER VALUE CREATION



*The carbon footprint for 2024/25 represents an expanded coverage of Scope 3 emissions compared to the previous year

KEY DEVELOPMENTS IN 2024/25

Geographical diversification and expansion of markets and supply chains

Strategic emphasis on strengthening supply chain security and resilience through backward integration and diversification of supply chains

Continued focus on innovation and expanding contributions from value-added product portfolio

Strategic integration of ESG through interventions, regular monitoring of targets and improved ESG governance

The Sector continues to adapt with agility to growing global complexity- responding to evolving stakeholder needs with purpose while embedding sustainability at its core. Like bioluminescent organisms that shine from within, it harnesses internal strengths—diversity, innovation, and values—to illuminate opportunity and accelerate value creation across its global ecosystem.

ADAPTING TO COMPLEXITY

The Sector harnesses its internal capabilities for

- Innovation: **16** new products introduced
- Geographical diversification through focus on non-traditional markets
- Strengthen supply chain resilience

ILLUMINATING FROM WITHIN

Rs. 14.9 bn economic value creation

Export revenue generated

- Sri Lanka: USD **82.4 mn**
- Thailand and Indonesia: USD **31.4 mn**

Rs. 22 bn payments to suppliers

SUSTAINABLE INNOVATIONS THAT SHAPE BETTER FUTURES

Energy storage solutions supporting the transition to a low-carbon economy

Water and air purification products which address critical environmental challenges

Water and waste water treatment solutions through environmental engineering

Purification



SECTOR OVERVIEW

The Purification Sector is a global leader in the coconut-shell based activated carbon market commanding a share of approximately 16%. The Sector has built a strong reputation for quality, technical excellence, innovation, customer centricity and sustainability, while injecting value across local supply chains through procuring from smallholder communities. Through its subsidiary Puritas (Private) Limited, the Sector is also a leading provider of water and waste water purification solutions in Sri Lanka, Maldives and the region.

SECTOR OPERATIONS

Sub-Sector	Contribution to Sector (%)	
	Revenue	PBT
Sri Lankan operations Manufacture of coconut-shell based activated carbon	46	55
Overseas manufacturing Manufacturing facilities in Indonesia and Thailand	26	37
Overseas marketing Marketing arm engaged in distribution	28	8

RELEVANCE TO GROUP



Product capabilities	Market reach	Manufacturing	Technical excellence
A complete range of over 1,500 product variants including standard, washed impregnated granular powder and extruded pelletised forms	The Sector caters to over 600 customers in over 50 countries with marketing offices in Sri Lanka, USA, Europe and Australia and an extensive distributor network globally	Seven manufacturing facilities comprising 2 each in Sri Lanka and Indonesia and 3 in Thailand.	Advanced research and product development capabilities which have enabled the Sector to cater to evolving customer demands across different applications including value added activated carbon for energy storage applications

OPERATING ENVIRONMENT

Global demand for activated carbon improved during the year driven by a strengthening gold mining sector fuelled by elevated gold prices, increasing stringency of global air and water pollution regulations and persistently rising demand for energy storage applications. Persistent and chronic supply shortages have plagued many coconut-producing countries in recent years, a challenge which became particularly prominent during the year under review and led to a sharp increase in the cost of production. Meanwhile, the continued appreciation of the Sri Lankan Rupee during the year adversely impacted export-oriented businesses, further inserting pressure on profitability margins and global competitiveness. While global demand dynamics are expected to remain favourable in the long-term, the short-to-medium term prospects are somewhat uncertain due to recent shifts in global trade dynamics. Meanwhile reversal of climate commitments in the USA may impact the energy storage segment, although this is expected to be countered by continued growth in water and air purification solutions. Key dynamics which shaped the operating landscape during the year are summarised below:

	EXCHANGE RATE	COCONUT SUPPLY	FAVOURABLE DEMAND DYNAMICS	CONDUCTIVE POLICY AND REGULATORY ENVIRONMENT
	6% Y-o-y appreciation of the Sri Lankan Rupee (Monthly average rate)	-12% Decline in Sri Lanka's coconut production	6-8% Estimated demand growth in 2025 7% CAGR (to 2030) Projected demand growth	
Description	The appreciation during 2024 was driven by Improved foreign exchange liquidity and para-tariffs on top of existing customs duties	Limited application of fertilizer in Sri Lanka, climate implications and spread of diseases led to an acute shortage of coconut resulting in a significant price increase in coconut shells and charcoal	Growth was fueled by expansion of the mining industry and increased demand for energy storage solutions amidst the transition to low-carbon economies	Regulations relating to air quality, water purification, cleaner production and renewable energy have supported the growth of activated carbon market
Impact	H	H	M	M
Implications	- Reduced competitiveness in the global market - Impact on profitability margins	- Sharp escalation in cost of production and profitability margins	+ Opportunities in value-added carbons + Growth in non-traditional markets	+ Demand growth from new industries and applications including energy storage and water purification solutions including PFAS removal applications

H-High, **M**-Medium, **L**-Low / Blue circle represents adverse effect while green circle represents positive effect

RISK LANDSCAPE

Operational risks

Supply chain disruptions and price volatility stemming from the shortage in coconut charcoal

Ⓞ Strategic response

- Backward integration
- Geographical expansion of manufacturing footprint
- Pursuing alternative raw materials

Market risks

Scaling back of environmental commitments and reversal of environmental policies in certain developed nations

Ⓞ Strategic response

- Geographical diversification of markets
- Value-added product strategy

Market risks

Evolving global geopolitical trade dynamics including the revised US trade tariffs on imports

Ⓞ Strategic response

- Geographical diversification of markets

Sustainability-related risks

CRRO1 and 2

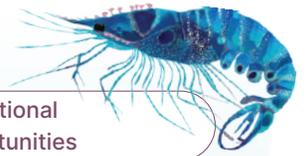
Physical climate risks including rainfall and temperature have a direct impact on availability of coconut charcoal

Ⓞ Strategic response

- Geographical expansion of operations and supply chain networks



Purification



OPPORTUNITIES

Sustainability-related opportunities

Low-carbon transition presents significant opportunities in energy storage and other sustainable solutions

© Strategic response

→ Strategic focus on innovation and growth in energy storage solutions

Sustainability-related opportunities

SRRO 3

Environmental and social risks are prominently featuring in purchasing decisions, offering an opportunity for organisations which strategically embrace ESG

© Strategic response

→ Strategic integration of ESG aligned to the Sector's ESG Roadmap

Sustainability-related opportunities

Opportunities in regeneration, which can drive efficiencies and reduce demand for virgin materials

© Strategic response

→ Pursuing expansion of regeneration activities

Operational opportunities

Digital transformation presents significant opportunities in efficiencies, risk mitigation and elevating the customer experience

© Strategic response

→ Pursuing opportunities in digital transformation with focus on customer experience and process efficiencies

STRATEGY AND RESOURCE ALLOCATION

While the Sector's product and markets strategy remained consistent with the approach adopted in recent years, during the year significant focus on placed on supply chain resilience and security, given the acute shortage of raw materials across countries of operation. The product strategy has been directed towards enhancing contributions from value-added product solutions with considerable investments in innovation and product development efforts. Meanwhile, the Sector has sought increased diversification of its markets, pursuing growth opportunities in non-traditional markets in Asia and elsewhere.

Strategic KPIs/ Pre-financials

SUPPLY CHAIN RESILIENCE	VALUE-ADDED PRODUCT STRATEGY	STRATEGIC ESG INTEGRATION								
<p>How we performed: Significant progress was made in strengthening the supply chains across geographies.</p>	<p>How we performed: Strong growth in energy storage solutions, wood-based catalytic carbons for chloramine removal and the PFAS removal applications.</p>	<p>How we performed: Following the launch of its ESG Roadmap- Activate, the Sector has engaged in numerous strategic interventions under the defined pillars of the framework (refer to page 185 for detailed information)</p>								
<p>New supplier added</p> <table border="1"> <tr> <td>2025</td> <td>248</td> </tr> <tr> <td>2024</td> <td>172</td> </tr> </table>	2025	248	2024	172	<p>Revenue from new products (Rs. mn)</p> <table border="1"> <tr> <td>2025</td> <td>467</td> </tr> <tr> <td>2024</td> <td>479</td> </tr> </table>	2025	467	2024	479	<div style="border: 1px solid #ccc; border-radius: 15px; padding: 10px; text-align: center;"> <p>Achieves EcoVadis 'Gold' Status</p> <p>Top 5% of all global companies assessed by EcoVadis</p> </div>
2025	248									
2024	172									
2025	467									
2024	479									
<p>About this KPI and why we use it: Demonstrates the success of the Sector's supplier expansion and diversification strategy</p>	<p>About this KPI and why we use it: This KPI demonstrates the effectiveness of the Sector's product strategy and optimum product mix</p>	<p>About this KPI and why we use it: EcoVadis is a leading global platform that assesses and rates organisations on their environmental and social responsibility (CSR) practices</p>								
<p>Resource allocation Payments to suppliers: Rs. 22.2 bn</p> <p>Investments in supplier development: Rs. 21 mn</p>	<p>Resource allocation Investment in research & development: Rs. 209 mn</p>	<p>Resource allocation Investment in environmental initiatives: Rs. 8 mn</p> <p>Investment in social initiatives: Rs. 42 mn</p>								

INTEGRATED PERFORMANCE REVIEW

Resilience and agility: The Sector remained resilient in a challenging year, driving increased penetration in value-added product segments and achieving further geographical expansion of both its operations and markets. Revenue declined marginally in view of the appreciation of the Sri Lankan Rupee. Profit Before Tax declined by 10% to Rs. 5.5 bn, primarily due to the contraction in margins reflecting the surge in the price of coconut-shell charcoal in overseas markets. The Environmental Engineering arm continued to gain momentum in view of the stronger tourism and construction sectors, generating a Profit Before Tax of Rs. 83.7 mn, an increase of 49% compared to the previous year.

Addressing supply chain disruptions:

The acute shortage of raw materials emerged as the key challenge during the year, with Sri Lanka and other regional producers such as India, Thailand and Indonesia experiencing supply shortfalls due to a combination of climate impacts, pest attacks and increasing competition for raw materials. The Sector sought to mitigate these impacts through strengthening its backward integration processes in all countries of operations and pursuing geographical diversification of its supply chain network. Accordingly, the Sector plans to commence the first phase of operations in its 7th manufacturing facility at the PHIVIDEC Industrial Estate Cagayan-de-Oro in the Philippines by 2027. Meanwhile, the 'Haritha Angara' initiative, which uses a proprietary closed pit charcoaling technology was further expanded, promoting environmentally-friendly charcoaling.

Digital transformation: In addition to its strategic emphasis on value-added solutions and innovative applications, the Sector continued to pursue opportunities in automation and digital transformation; key achievements during the year included relaunch of the optimised

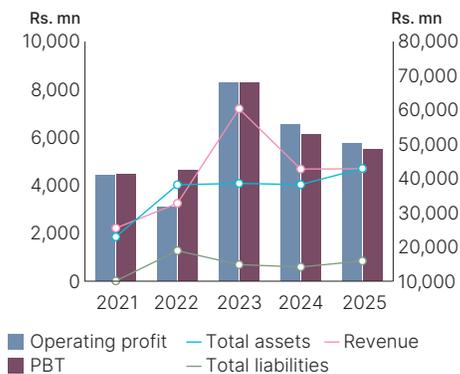
Website integrated to an advanced CRM system, optimisation of online presence as well as improved monitoring of operational processes and raw material procurement supply chain.

Culture of safety: The Sector strengthened commitment to building a safety-first culture across all levels. This included appointment of safety champions across all locations, establishment of safety committees, commitment to a safety pledge, expert consultation on existing safety procedures, strengthening near miss communication procedures and hazard identification risk assessments among others. In addition, safety training was conducted with employees undergoing over 10,600 hours of safety training focusing on fire safety, chemical management, ergonomics and work at height among others.

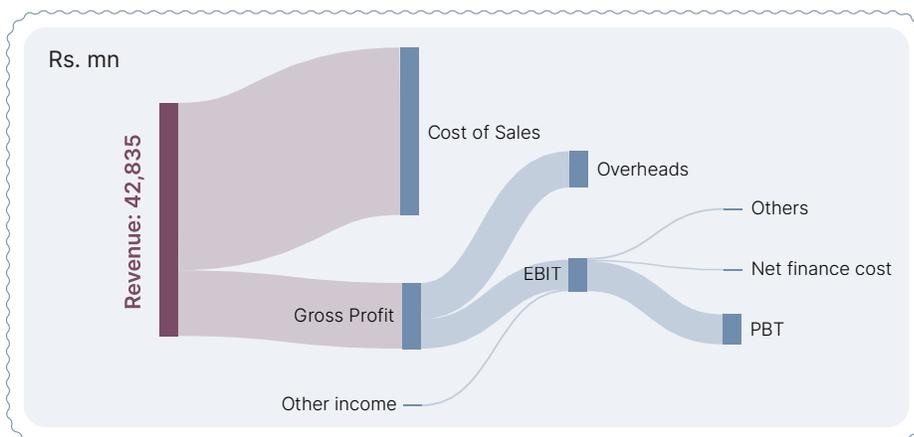
Environmental aspirations: The Sector continued to reduce dependence on fossil-fuel based energy sources, with 4 new renewable energy projects, totalling 5.6MW added during the year. The Sector also pursued waste-heat recovery initiatives, infrastructure upgrades to reduce fuel consumption and lean projects. The Sector's emission reduction strategy as set out in its ESG Roadmap, centers on increasing reliance on renewable energy and improving energy intensity with the aim of aligning with net-zero by 2050. With 100% of its

water requirement consumed from areas classified as medium-to-high risk, the Sector's water reduction strategy centers on increasing reliance on sustainable sources (such as rainwater harvesting and recycled water) and reducing water intensity through product and process innovations. Key interventions during the year included expanding the rainwater harvesting facility in Shizuka, Thailand with a total storage capacity of 164,200 m3, development of water distribution maps and internal water audits among others.

SECTOR FINANCIAL PERFORMANCE



	Revenue	Profit
Local manufacturing	+16%	+16%
Overseas manufacturing	-9%	-12%
Overseas marketing	-1%	-24%



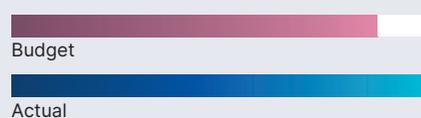
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PERFORMANCE HIGHLIGHTS

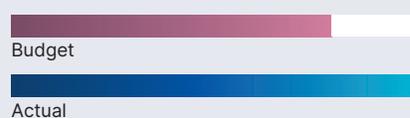
FINANCIAL METRICS	2025	2024	%	2023
Revenue	42,835	42,743	0.21	60,357
Earnings before interest and tax	5,754	6,521	(12)	8,274
Net finance income/(cost)	(252)	(399)	37	(19)
Profit before tax	5,502	6,106	(10)	8,247
Profit after tax	4,256	4,299	(1)	6,494
Assets	42,935	38,198	12	38,567
Liabilities	15,895	14,146	12	14,820
Operating cash flow	(354)	7,877	(104)	10,122
OPERATIONAL HIGHLIGHTS				
Production volumes (MT)	48,207	47,754	1	48,883
Capacity utilisation (%)	85	84	1	86

PERFORMANCE AGAINST TARGETS

Revenue



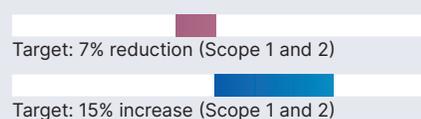
Profit before tax



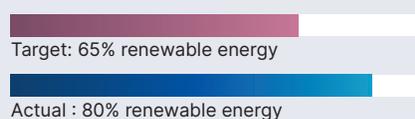
ENVIRONMENTAL METRICS		2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	1,473,979	1,132,964	30	264,182
	Energy intensity (GJ/Revenue USD mn)	10,241	8,390	22	1,576
	Carbon footprint (tCO ₂ e)- Scope 1 & 2	28,097	24,388	15	25,952
	Emission intensity (tCO ₂ e/Revenue USD mn)	195	181	8	155
	Water withdrawn (m ³)	689,921	744,951	(7)	649,683
	Water intensity (m ³ /Revenue USD mn)	4,794	5,517	(13)	3,877
Relevant SASB metrics	Scope 1 GHG emissions (tCO ₂ e)	13,741	10,903	26	12,622
	Coverage of emission-limiting regulations (%)	N/A	N/A	-	NA
	Renewable energy (%)	75	78	(3)	NA
	Grid electricity (%)	11	10	1	NA
	Self-generated energy (%)	75	78	(3)	NA

PERFORMANCE AGAINST TARGETS

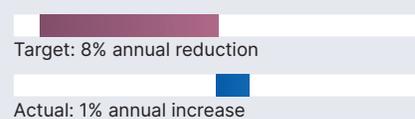
Emission reduction



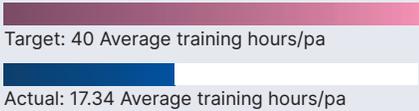
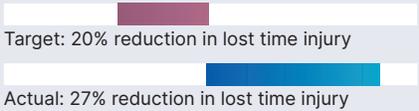
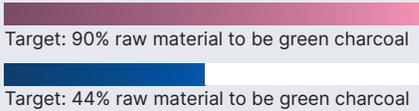
Renewable energy



Waste intensity



SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	2,026	1,933	5	1,880
	Revenue per employee (Rs. mn)	21	22	(4)	32
	Remuneration per employee (Rs.mn)	2	3	(12)	2
	Investment in CSR (Rs.mn)	50	41	22	2
	No. of CSR beneficiaries	>71,900	>105,000	(32)	>240,000
SASB metrics	Recordable incident rate (%)	2.1	1.6	31	1.8

PERFORMANCE AGAINST TARGETS		
Training hours 	Injury rates 	Supply chain practices 

*The Environmental and Social metrics disclosed above represent the Sector's most material impact areas, long-term ESG commitments and topics prescribed by the SASB Standard- Chemicals Standard

Long-term ESG commitments

Accelerate climate action

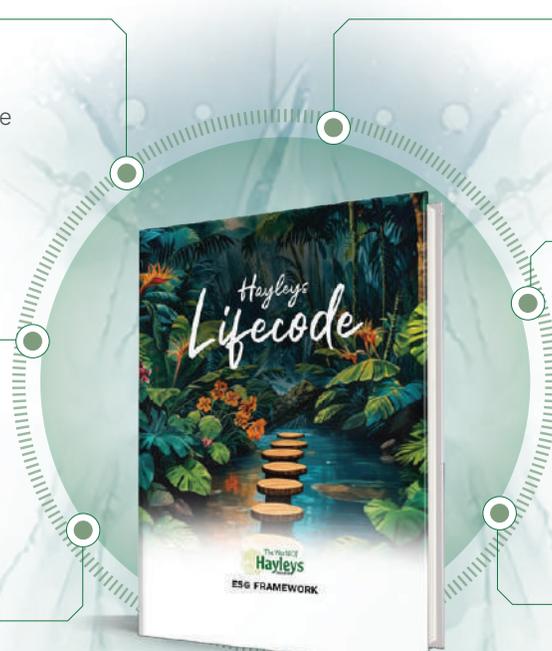
- 5.6MW of solar power added during the year
- Operational interventions to increase energy efficiency
- Continued improvement in emission reporting

Restore and regenerate nature

- 'Behold the Turtle'-conservation project : Collection of 1,400 turtle eggs from the Kumana coastline and relocation to the Kirigalbae Turtle Hatchery

Optimise resource footprint

- 2.3% of water recycled and re-used
- Establishment of rainwater harvesting facility in Shizuka, Thailand
- Business model built on waste-to-value proposition



Responsible work place

- Increased focus on health and safety processes and culture
- Launch of DEI programme aligned to Hayleys Group

Partner progress

- Greening the supply chain
 - Vertical kiln charcoaling
 - Expansion of Haritha Angara green charcoaling (page 303)
- Sisu Divi Pahana: Daily lunch to 1,000 school children
- New Reverse Osmosis plant in Valankulam

Responsible and responsive corporate citizenry

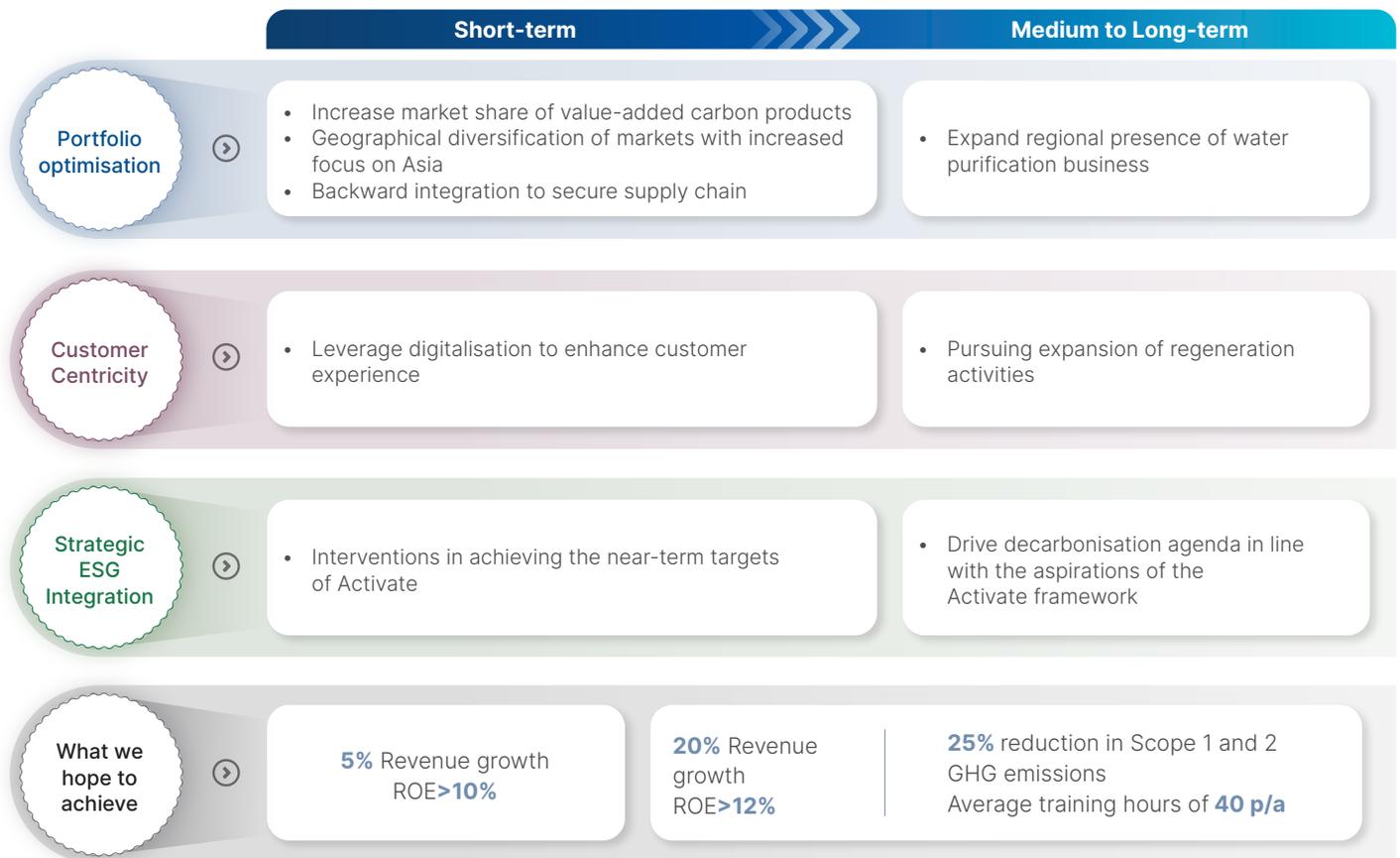
- ESG Governance and reporting mechanisms strengthened
- Obtained Sri Lanka Eco Label Certification
- Commenced internal ESG audits

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PROSPECTS AND PLANS

As demand growth from developed regions achieve saturation, industry expansion is anticipated to be fuelled by Asia and other developing nations underscoring the relevance of the Sector's geographical diversification strategy. The short-term outlook faces headwinds due to the scaling back of environmental commitments by some developed countries, which could affect the energy storage segment, although this is expected to be countered by robust demand growth in other regions. The medium-to-long term demand outlook however remains favourable supported by the inevitable global transition to a low-carbon economy and increasingly stringent water and pollution regulations. On the supply chain front, while challenges are expected to persist in the short-term, strategic interventions by the Sector in diversifying its supplier networks are expected to come to fruition in the medium-term enabling improved supply chain resilience. The Sector's risk and opportunity landscape and its interventions to effectively mitigate and leverage these developments are mapped below:

Alignment to Group strategy



Opportunities and levers	Risks to strategy
→ Shift to low-carbon economy	→ Implications of physical climate risk including rainfall and temperature on coconut supply chains
→ Increasingly stringent air and water purification regulations	→ Escalating geo-economic confrontations and trade tariffs
→ Sustainability as a competitive edge	→ Competition for raw materials