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 %	> 1900	11.2 %	16 %
Increase in engaged traffic	Views on newsletters	Engagement rate in LinkedIn	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

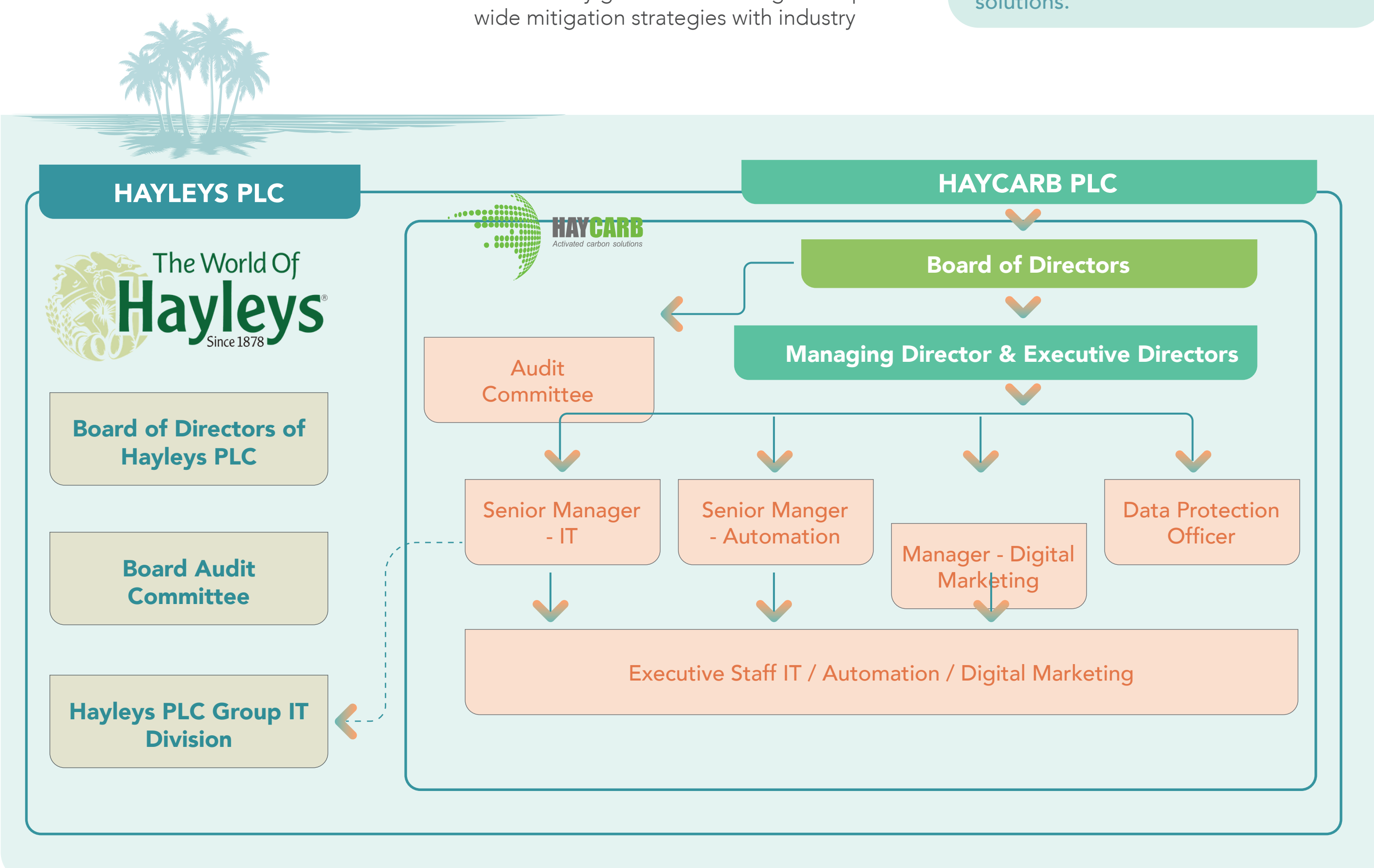
DIGITAL CAPITAL

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 adutis
- 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

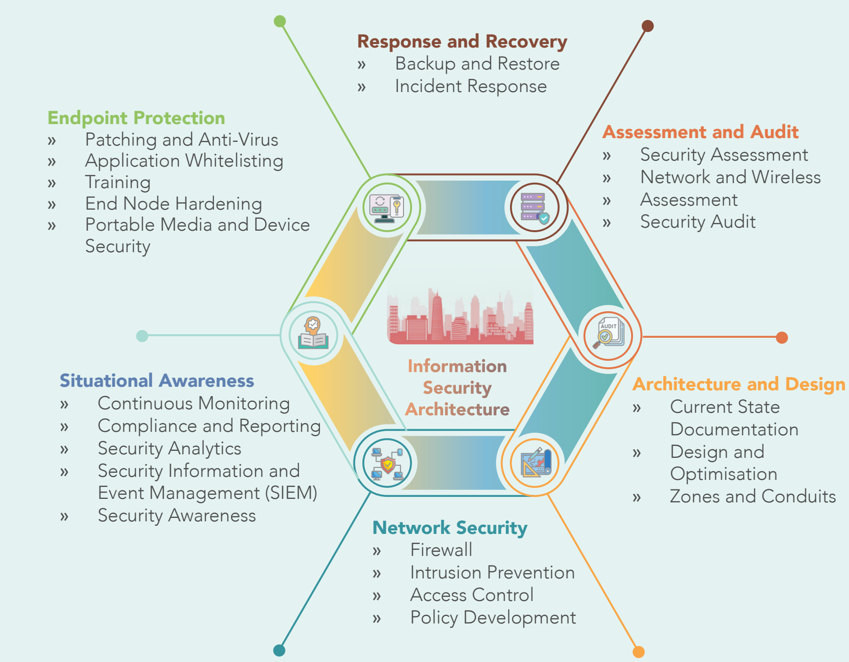
GRI 418-1

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 leaning 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

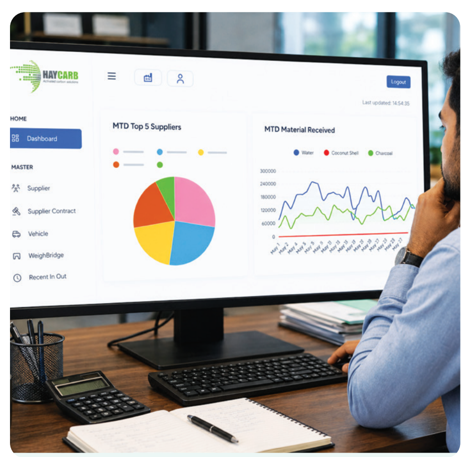
Washing plant automation was initially implemented across the Sri Lankan manufacturing facilities and subsequently extended to Thailand plants, delivering improved process consistency and operational efficiency. This process is further been advanced, with plans to extend the same framework to the newly constructed energy storage carbon manufacturing facility.

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 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.



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.

Facebook – Interactions
>15,600

LinkedIn – Page views
> 13,100

YouTube – 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

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.

CONVERSATIONAL REPORT INTELLIGENCE	ADAPTIVE STAKEHOLDER EXPERIENCES	PREDICTIVE INTELLIGENCE ANALYTICS	MULTILINGUAL & ACCESSIBLE INTELLIGENCE	AI-POWERED INSIGHT VISUALISATION & REPORT GENERATION	INTERACTIVE IMPACT INTELLIGENCE	GAMIFIED REPORT EXPLORATION
			Operates as a platform wide experience			

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

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
- » Stronger cybersecurity and data protection
- » Better data-driven decision-making
- » Improved ESG monitoring and governance
- » Scalable innovation platform
- » Improved manufacturing efficiency
- » Improved stakeholder trust
- » Enhanced digital customer engagement
- » Future-ready digital capability
- » Long-term sustainable value creation

CONTRIBUTION TO SDG'S