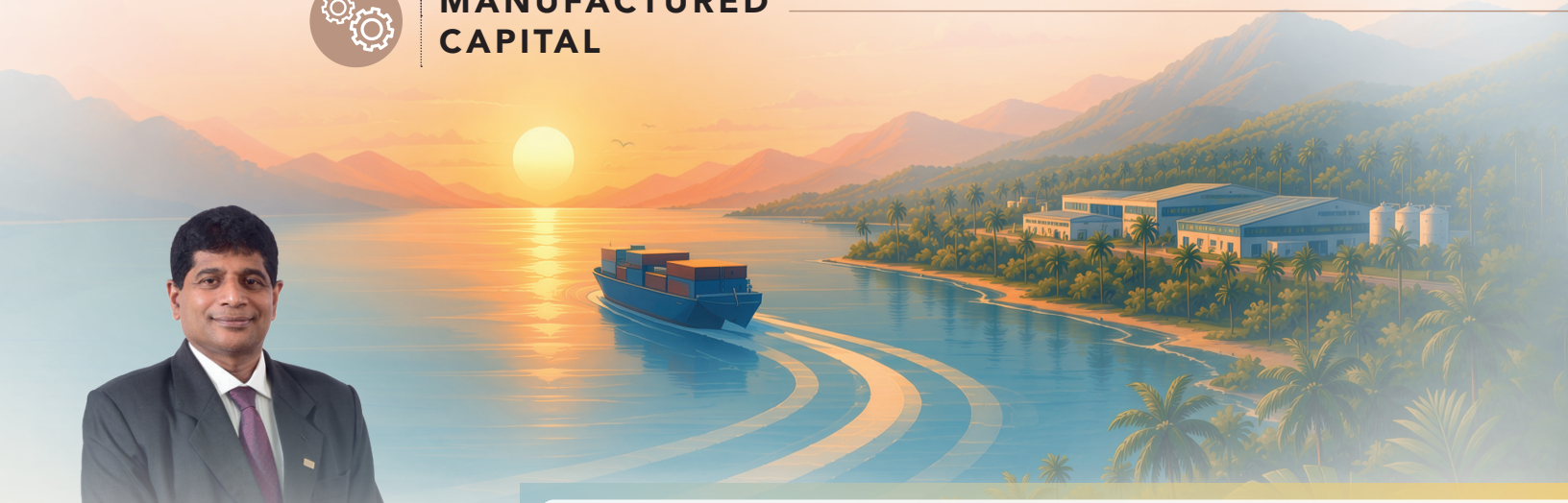
MANUFACTURED CAPITAL



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

Rs. 399 Mn	+ 600 MT	> 100 %	Rs. 107 Mn
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% Out of Total Assets

Rs. 10.7 Bn Local

Rs.5.5 Bn Overseas

MANUFACTURED CAPITAL

Our Locations

OUR JOURNEY OF MANUFACTURING EXCELLENCE OVER THE LAST 15 YEARS

2010 – Establishment of a 600 MT Energy Storage Carbon Production Facility

2012 – Expanded our manufacturing footprint in Thailand with the acquisition of Shizuka

2014 – First greenfield plant set up in Indonesia – PT Haycarb Palu Mitra

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.

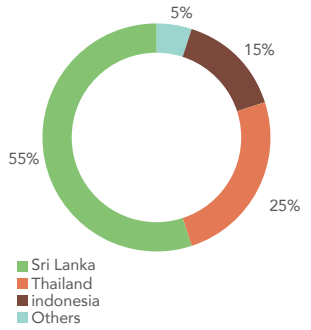
INDONESIA

Production capacity
13,000 TPA
Of total production capacity
22%

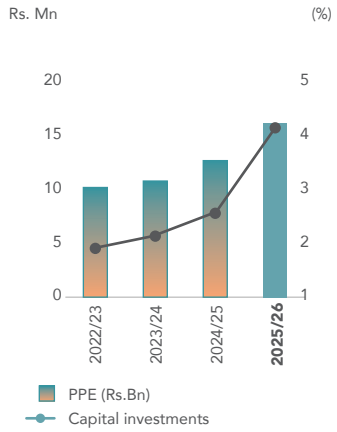
PT Mapalus Makawanua Charcoal Industry Bitung: Manufactures standard, value-added and washed carbons.

PT Haycarb Palu Mitra – Palu: Standard carbon manufacturing

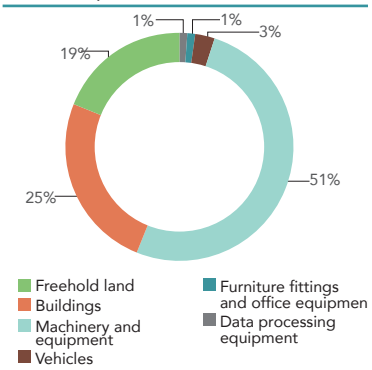
Asset Base Geographical Wise



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,
  - 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.
  - 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
  - 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 BOILERS

AUTOMATION OF WASHING PLANT OPERATION

EXPANSION 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

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 Kaisen 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.

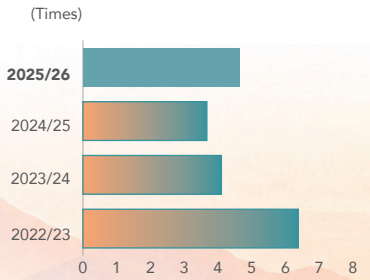
Investment in Water Treatment Plants

Rs. 107 Mn

Water Discharge per Revenue

5.38 m^3/Rs.Mn

PPE Turnover Ratio



Lean initiatives

37

Lean Saving

Rs. 1,163 Mn

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.

Laboratories across our manufacturing locations

8

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 SO2, NH3, 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 1Climate 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
- Greater production scalability
- Enhanced energy efficiency
- Improved supply chain reliability
- Strengthened innovation capacity
- Improved operational efficiency
- Strengthened product quality and consistency
- Reduced environmental footprint
- Future-ready manufacturing capability
- Sustainable long-term industrial growth

CONTRIBUTION TO SDG'S