

Boundless Impact

Financial Capital





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

JEEVANI ABEYRATNE

Director - Finance & IT

MANAGEMENT APPROACH

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



43,202

Revenue (Rs. Mn)

5,517

Profit Before Tax (Rs. Mn)

4,271

Profit After Tax (Rs. Mn)

OUR STRATEGIC PRIORITIES IN 2024/25



Prudent management of loan portfolio



Proactive measures to manage exchange rate vulnerabilities



Adherence to all compliance standards



Higher focus on digitalisation to drive financial efficiency

PROGRESS MADE IN 2024/25

Return on Capital Employed

14.9%

Rs.
5.8
Bn

Operating Profit

Total Assets

Rs. 45.9 Bn

23.4%

Gearing ratio

WAY FORWARD

Short term

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

Medium to Long term

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



Capital trade-offs			Link with material topics	Link with key risks and opportunities / SRROs / CRROs	Alignment with strategic priorities	Contribution to SDGs
	Short-term	Long term				
IC	↑	↑				
NC	↑	↑				
S&RC	↑	↑				
MC	↑	↑				
DC	↑	↑				



VALUE CREATED IN 2024/25

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

DIGITALISATION

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



Rs. 24.4 Bn

Market capitalisation as at 31st March 2025



Rs. 12.10

Earnings per Share



Rs. 89.30

Net asset per share



4.6 %

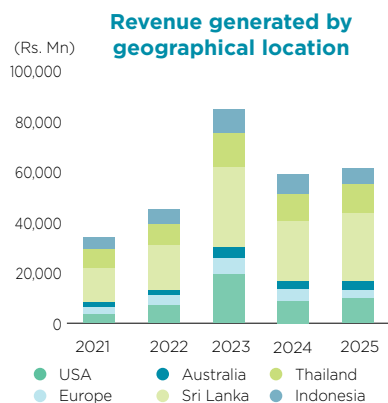
Dividends yields

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

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

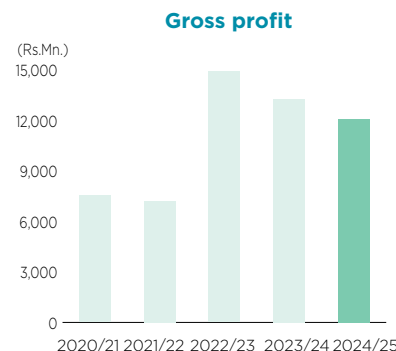
However, it is notable that the USD denominated revenue reflects a growth of 6% compared to 2023/24, given that the highest proportion of sales are transacted in USD.

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



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

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



GROSS PROFIT

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

OVERHEAD EXPENSES

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

NET FINANCE EXPENSES

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

PROFITABILITY

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

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

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

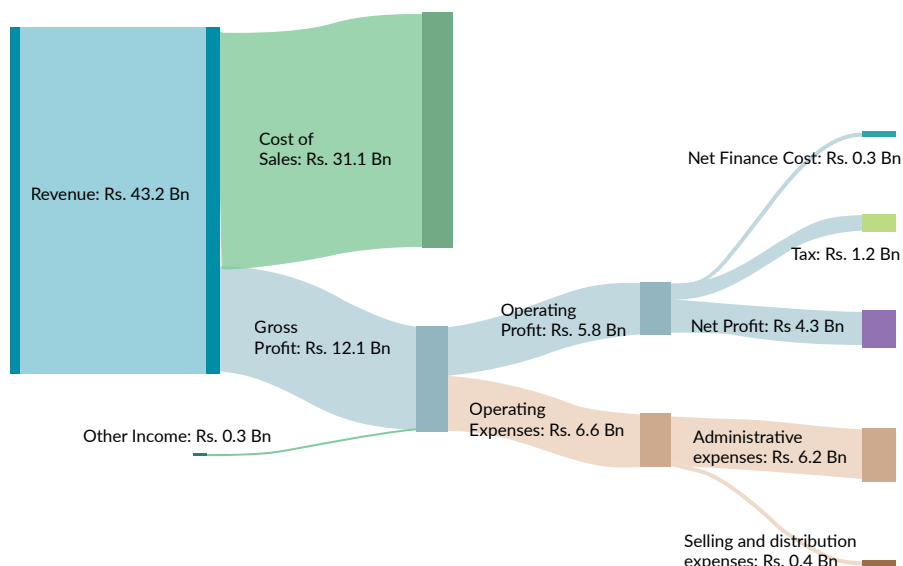
TAXATION GRI 207-1 to 4

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

Haycarb's Board of Directors and Audit Committee formulates and directs its tax strategy while the CFO and the finance team guides its implementation. The Internal Audit Team monitors the Group's

compliance with tax regulations on an ongoing basis while the external auditors conducts an independent evaluation at the end of the fiscal year. The Group's CFO is responsible for liaising with the tax authorities and filing tax returns with the respective departments of the Inland Revenue in a timely manner. Haycarb complied with all tax regulations of each country of operation with no incidents of non-compliance recorded during the year under review.

Sankey diagram on the income statement



CASHFLOW

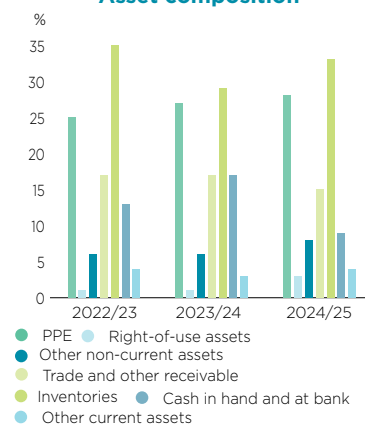
Cash generated from operations before changes in working capital amounted to Rs. 7.31 Bn for the year, an increase of Rs. 1.04 Bn compared to the previous year. However, the Group reported a net cash outflow of Rs. 0.35 Bn from operating activities, primarily due to increased investments in inventory, driven by significant rise in raw material prices and increase in inventory at marketing offices to ensure uninterrupted supplies to our customers. Net cash outflows from investing activities totaled Rs. 2.3 Bn, with the Group's ongoing

efforts to expand capacity of value-added carbon manufacturing and renewable energy initiatives. Meanwhile, net proceeds from interest-bearing borrowings rose by Rs. 1.5 Bn. Reflecting the net negative cash flows from operating and investing activities, the Group's cash and cash equivalents declined by Rs. 2.7 Bn during the year.

ASSET STRENGTH

The Group's total asset base expanded by 13.6% to Rs. 45.89 Bn as of end-March 2025, primarily driven by capital investments of Rs. 2.5 Bn in property, plant, and equipment, along with a Rs. 3.6 Bn increase in inventory.

Asset composition



Additionally, Haycarb's Right-of-Use Assets increased to Rs. 1.45 Bn, reflecting the recognition of a newly leased long-term property in the Philippines, in accordance with SLFRS 16. Other non-current financial assets increased to Rs. 2.29 Bn, mainly due to fair value adjustments of quoted equity investments.

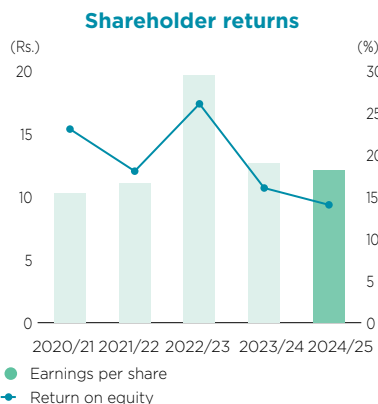
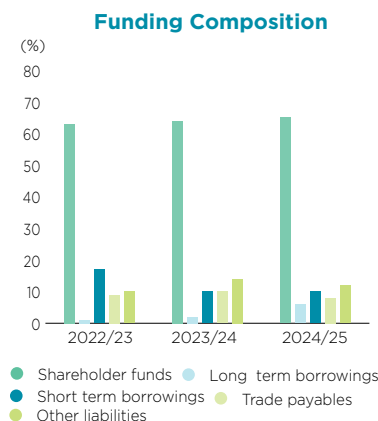
FUNDING PROFILE

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

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

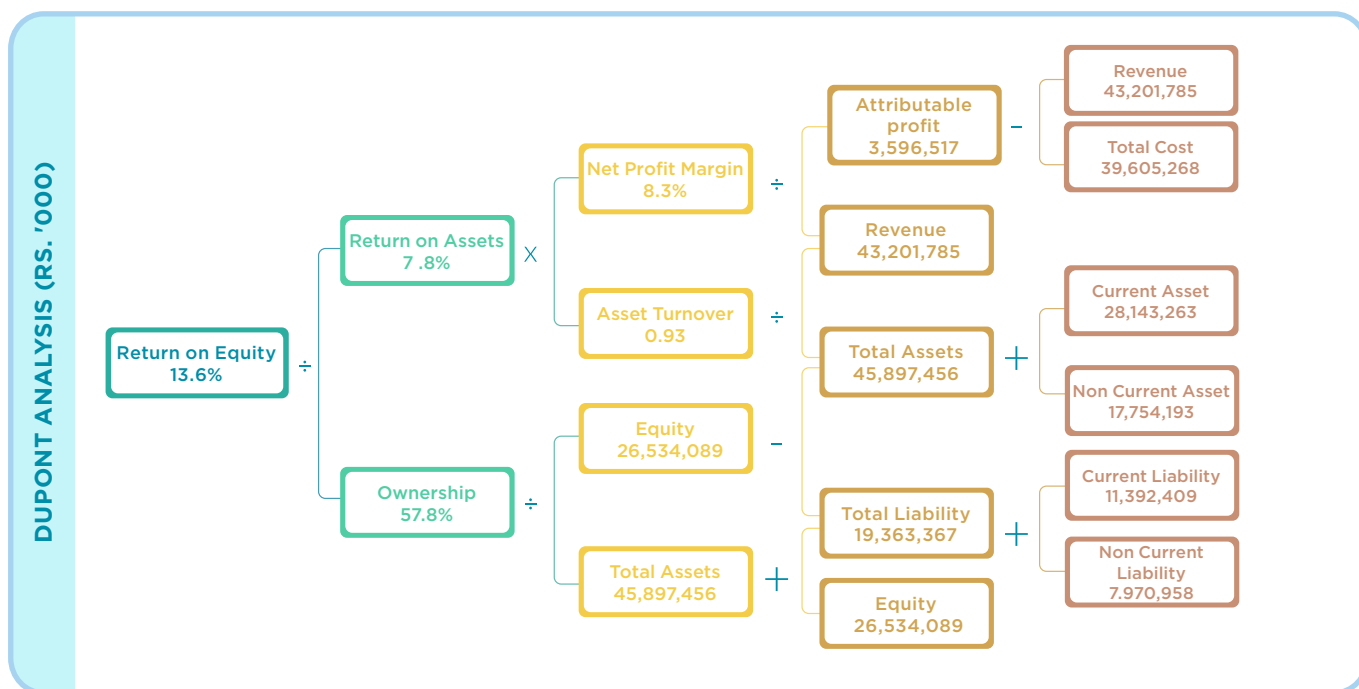
Supported by stable performance and profit retention, Haycarb's Shareholders' Funds expanded by 15% to Rs. 29.7 Bn as at end March 2025.

Financial Capital



VALUE CREATION FOR SHAREHOLDERS

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



OUR BUSINESS CASE



Market leadership position



Global presence



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



Capable team and strategic partnerships



Responsible business practices and sustainability



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