

Boundless Impact

Segment Review and Analysis



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ACTIVATED CARBON SEGMENT

Utilises coconut shell charcoal to produce a range of activated carbon products for diverse applications.

Operating context in 2024/25

- Raw material supply shortages across all key source markets resulting in intensified competition and elevated prices.
- New opportunities underpinned by increasingly stringent environmental regulations.
- Advances in technology has enabled greater operational efficiency and supported targeted business development activities.
- The Sri Lankan Rupee appreciated by 6% on average in 2024/25 compared to 2023/24.

Our strategic priorities in 2024/25

- Strategic interventions to ensure an uninterrupted supply of raw materials given supply challenges.
- Market expansion and deeper penetration of existing markets.
- A strong innovation strategy with emphasis on energy storage, water purification and other emerging applications.
- Ongoing progress on our greenfield investment in the Philippines.
- Leveraged digital marketing tools to access new markets and expand our reach.

Performance in 2024/25

The Activated Carbon segment delivered commendable performance in 2024/25 despite elevated input costs and marginal increase in volume growth. Revenue increased by 0.05% to Rs 41.7 bn while profit before tax declined by -10% to Rs. 5.4 bn in 2024/25.

Markets that drove our performance in 2024/25

- Asia
- USA
- Africa
- South America
- Europe

Applications that drove our performance in 2024/25

- Gold extraction
- Water purification
- Air and gas

Applications that will drive our future growth

- Energy storage carbons
- Water purification carbons
- Air purification carbons
- Gold carbons



16
New products
launched

Energy Storage
applications

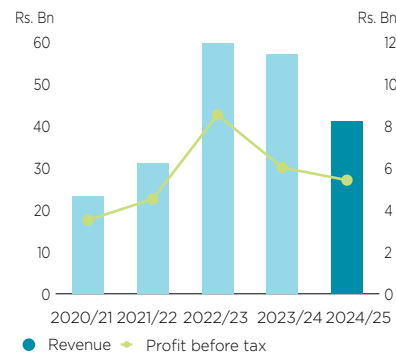
Air Purification
applications

Water Purification
applications

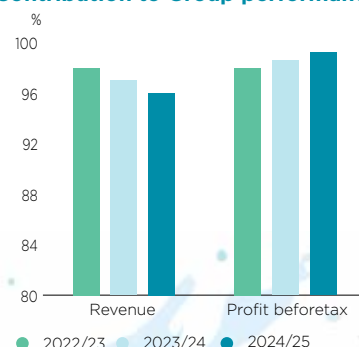
16%

Global
market
share

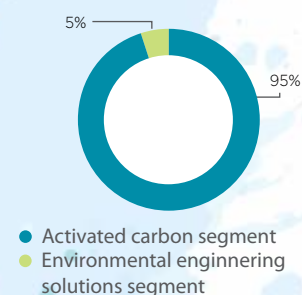
Performance Trends



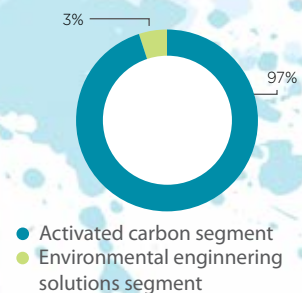
Contribution to Group performance



Contribution to Group Assets



Contribution to Group Liabilities



Digitalisation to Drive Performance

- Relaunched a revamped corporate website integrated to an advanced CRM application
- Supported employee learning through digital learning platforms

Minimising Our Environmental Impact

- Investments in renewable energy
- Sustainable water management
- Initiatives to Improve the Energy Intensity of our operations

RESPONDING TO SUPPLY CONSTRAINTS

- Given the prevailing conditions, securing adequate raw material supplies required focused strategic interventions during the year under review.
- Accordingly, we placed strong emphasis on strengthening our raw material procurement teams to further solidify and expand supplier relationships in existing markets, including Sri Lanka, Thailand, and Indonesia, expanding our supplier networks in India, Philippines, and Vietnam including backward integration in Indonesia.
- While these efforts yielded considerable results, we also explored the use of alternative raw materials for certain applications.

PURSUING STRATEGIC GROWTH

- Demand for activated carbon products remained strong given its use in a variety of applications.
- Markets in Asia continued to account for over 50% of our revenue, driven primarily by products that catered to gold extraction and water purification applications.
- Focused efforts to expand our value-added carbon range proved favourable with increased revenue contributions from energy storage and water

purification applications. Growth stemmed primarily from the US and Asian markets.

- Our specialised carbon product range for PFAS removal continued to gain traction in USA and Europe supported by the introduction of new regulations governing drinking water quality.

INNOVATION

- Driving innovation in line with emerging market trends remained a key area of focus in 2024/25.
- Strategic investments were made to expand and enhance the energy storage carbon range leveraging superior electro-chemical testing capabilities, and technical expertise.
- We also invested in capacity enhancements to expand production capabilities of energy storage carbons for lithium, sodium ion batteries and supercapacitors with an aim to expanding its revenue contribution to 10% over the next few years.
- R&D efforts also focused on developing new products for water and air purification to fulfil growing demand given strengthening environmental regulatory frameworks.

- Overall, strategic investments in R&D led to the launch of 16 new products in 2024/25 with 4 new products in the pipeline.

EXPANDING OUR MANUFACTURING FOOTPRINT INTO THE PHILIPPINES

- Strategic efforts undertaken over the last year to expand our manufacturing footprint into the Philippines delivered results in 2024/25 as we entered a 25 year lease with the PHIVIDEDEC Industrial Authority for 10 hectares of land in North Mindanao. We also completed several regulatory approvals during the year under review and plan to commence construction by 2027 after all approvals are in place.
- Notably we also obtained BOI approval for our investment, which has enabled access to numerous investment incentives.

FUTURE OUTLOOK FOR 2025/26

While demand for activated carbon products is expected to remain strong in the coming years, prevailing uncertainties in the global economy and the proposed US tariff structure pose downside risks to growth. Furthermore, supply side challenges are also likely to extend into 2025/26 as coconut yields are expected to decline further in 2025 given adverse weather conditions. While the operating environment is likely to remain challenging in 2025/26, we intend on leveraging our strong market position through sustainable innovations and operational scale to navigate these challenges and drive progress towards our strategic goals.

Segment Review and Analysis

ENVIRONMENTAL ENGINEERING SOLUTIONS SEGMENT

Delivers comprehensive, customised wastewater and water treatment solutions for a range of industries.

Operating context in 2024/25

- Macro-economic stability and recovery in Sri Lanka.
- Macro-economic challenges in the Maldives given fiscal vulnerabilities and rising external debt servicing requirements.

Our strategic priorities in 2024/25

- Deliver end-to-end, tailored industrial wastewater treatment solutions utilising in-house develop technology.
- Expand our operations in Sri Lanka and the Maldives.
- Deliver O&M services for wastewater treatment plants.
- Expand our product range in water treatment through strategic partnerships and collaborations.

Performance in 2024/25

Performance of the Environmental Engineering Solutions segment improved in 2024/25 underpinned by economic recovery in Sri Lanka. Segment revenue increased by 29% to Rs. 2.02 Bn while profit before tax widened by 10% to Rs. 62 Mn. Segment contribution to overall Group performance accounted for 3% and 1.1% respectively of total Group revenue and profit before tax.

Our Value Proposition

- Comprehensive, customisable industrial and domestic water and wastewater treatment solutions. This involves designing and building the water and wastewater treatment plants and operating and maintaining it, throughout its lifetime.
- Technical expertise and specialised laboratory capabilities to deliver customised solutions based on the specific properties of the effluents being discharged.
- We ensure maximum value for our customers investment by delivering efficient, sustainable, and cost-effective water purification and supply solutions.

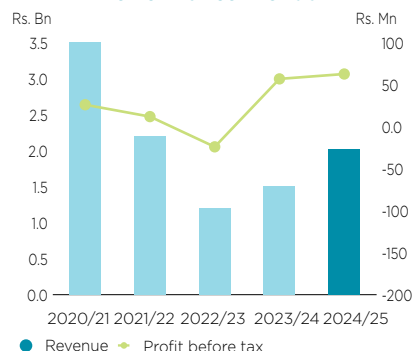
Our performance in Sri Lanka

The gradual economic recovery in Sri Lanka gave rise to new opportunities in the infrastructure and B2B segments. Capitalising on these opportunities, we successfully delivered 12 industrial wastewater treatment projects across 7 industries during the year under review while operating and managing a further 53 projects.

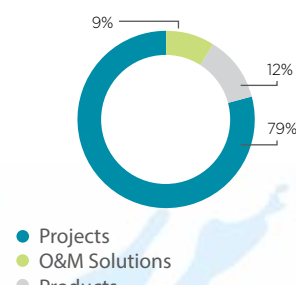
Our performance was supported by specialised expertise in water and wastewater treatment derived from the technical expertise of our staff and the testing capabilities of our state-of-the art laboratories.

These capabilities have enabled the delivery of tailored solutions that address the specific properties of the influents & the effluents being purified to meet the process requirements and discharged meeting, regulatory standards, respectively.

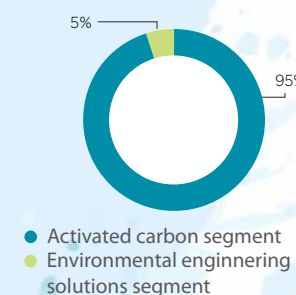
Performance Trends



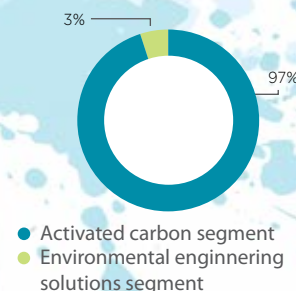
Revenue Composition



Contribution to Group Assets



Contribution to Group Liabilities



Industries we serve

- Hospitality
- Residential and Commercial Complexes
- Food & Beverage
- Textile
- Health
- Plantations
- Cosmetics
- Paint & Chemicals
- General Manufacturing

Other Products

- Hydrocove water purifiers
- Activated carbon products
- Filmtec RO/UF Membranes
- Tecofi Valves

Key Markets

- Sri Lanka
- Maldives

OUR PERFORMANCE IN THE MALDIVES

Growth in wastewater treatment solutions in the Maldives were driven by the hotels and resort sectors, as large-scale government led projects were deferred given the prevailing macro-economic environment.

Strategic focus was also directed towards expanding water treatment solutions given the country's reliance on seawater desalination to fulfil its drinking water needs. We leveraged our partnerships with Dupont Filmtec to drive sales in RO membranes and other related products.

FUTURE OUTLOOK FOR 2025/26

Our outlook for the year ahead is positive as demand for water and wastewater purification solutions and schemes in Sri Lanka is expected to grow, supported by increasing industrial activity given macro-economic stability. We also expect new opportunities for wastewater and water treatment in the Maldives, underpinned by the strong momentum in the tourism sector.