

## Financial Capital

Financial capital is a critical resource that enables organizations to invest in growth opportunities, expand operations, drive innovation, and ultimately deliver sustainable results that benefit all stakeholders. At its core, effective management of financial capital involves diligent performance monitoring, proactive capital and liquidity management, and disciplined cash flow oversight. With companies required to operate in an increasingly complex macroeconomic and geopolitical environment, the importance of robust financial controls and governance principles has only grown. Stringent policies and procedures around the deployment of capital, risk management, and reporting are essential to ensure financial resources are allocated prudently and in alignment with the organisation's strategic priorities. With the right people, processes and systems in place at TTE, We can harness the power of financial capital, and build the resilience and agility needed to navigate an uncertain world and generate long-term value creation.



## GRI 3-3

## Management Approach

## Risks

Diverse weather conditions may impact revenue and profitability.

Ad-hoc regulatory policy changes resulting in unreasonably high wage increases.

## Opportunities

Diversification into high-margin product lines and value-added exports.

Efficient capital investment offers long-term cost savings and financial resilience.

## Material Matters

- Economic Performance
- Tax

## Management Approach

TTE adopts a forward-looking approach to managing financial capital, balancing short-term performance with sustainable value creation. The Company's strategy centres on maintaining financial stability through diversification, prudent capital structuring, and disciplined cost management. By prioritising investments that enhance operational efficiency and asset productivity, TTE strengthens its capacity to absorb external shocks while continuing to deliver stakeholder value.

A key principle of this approach involves the use of internal funds (retained earnings) for strategic investments, thereby preserving independence and minimising exposure to financial risk. Profitability is managed not just through revenue growth but also through lean operational practices and strong working capital discipline.

Equally importantly, strong emphasis is placed on liquidity management, ensuring that operating cash flows are sufficient to meet reinvestment needs and shareholder commitments. In parallel, the Company actively manages its investment portfolio to generate steady financial income and support overall capital growth.

## Governance

## Oversight

- Board of Directors
- Group Management Committee
- Board Audit Committee
- Head of Finance

## Compliance

- Sri Lanka Accounting and Auditing Standards Act No 15 of 1995
- Companies Act No 07 of 2007
- Inland Revenue Act No 24 of 2017
- CSE Listing Rules

## Voluntary Best Practices

- Code of Best Practice Corporate Governance 2023

## Internal Mandates and Commitments

- Policy on Control and Management of Company Assets and Shareholder Investments
- Enterprise Risk and Opportunity Management Framework

## Monitoring and Reporting

- Variance Analysis by comparing actual results with budgeted targets and past performance.
- Benchmarking against competitors

## Capital Performance FY 2024/25

## Resource Allocation Highlights

Rs. 271 Mn Field Development

Rs. 362 Mn Investment in PPE

Rs. 11 Mn Training Investment

Rs. 58.3 Mn Environment Management

Rs. 119 Mn Investment (A Home for Every Plantation Worker)

Rs. 264.4 Mn Welfare and benefits

## Outputs for TTE

- Revenue Rs. 7,806 Mn

- Operating cash flow Rs. 2,244 Mn
- Finance Income Rs. 377 Mn

Stakeholder Outcomes	FY 2024/25	FY 2023/24	Value Enhanced (+)   Preserved (=)   Eroded (-)
Return on Equity (%)	18.33	26.22	Preserved
Shareholders Funds (Rs. Mn)	7,102	6,370	Enhanced
Dividend (Rs.)	339.5	1,275	Preserved
Share Price (Rs.)	139.25	113.75	Enhanced
Government Levies & Taxes (Rs. Mn)	543.24	409.57	Enhanced

## SDG's



- Target 2.3: Double the agricultural productivity and incomes of small-scale food producers.



- Target 7.2: Increase substantially the share of renewable energy in the global energy mix.



- Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation
- Target 8.5: Achieve full and productive employment and decent work for all women and men, and equal pay for work of equal value
- Target 8.8: Protect labour rights and promote safe and secure working environments.



- Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable.



- Target 12.2: Achieve the sustainable management and efficient use of natural resources.
- Target 12.6: Encourage companies to adopt sustainable practices and integrate sustainability information into their reporting.



- Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.
- Target 13.2: Integrate climate change measures into national policies, strategies and planning.

# Financial Capital

## Analysis of Profit and Loss

### Revenue

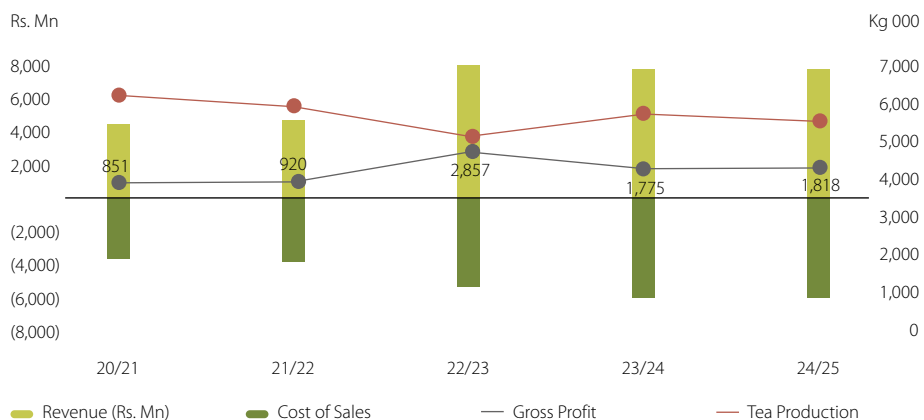
Despite the significant recovery of the economy and stabilisation of the currency following the severe economic crisis in 2022, Sri Lanka's tea industry continued to experience disruptions due to extreme weather conditions in 2024. In the face of adverse weather events, TTE's strategic initiatives including the implementation of precision agricultural practices focused on optimising quality and productivity, helped to contain the reduction in tea production to 3.5%. Moreover the emphasis on producing high-quality tea has resulted in improved prices, leading to an increase in tea revenue by Rs. 21.5 million with total revenue from tea reaching Rs 7,436 million in the current financial year.

Likewise, the Rubber and Cinnamon sectors also witnessed growth in FY 2024/25, with revenue increasing by Rs 2 million and Rs 8 million respectively. Furthermore, the Hydro power generation by two subsidiaries has contributed to a notable rise in revenue of Rs 25 million. Despite the contraction of other revenue streams by Rs. 14 million, TTE's total revenue for the current year registered an increase of Rs 42 million compared to the previous year, underscoring the Company's resilience and adaptability in the face of challenging circumstances.

### Gross Profit (GP)

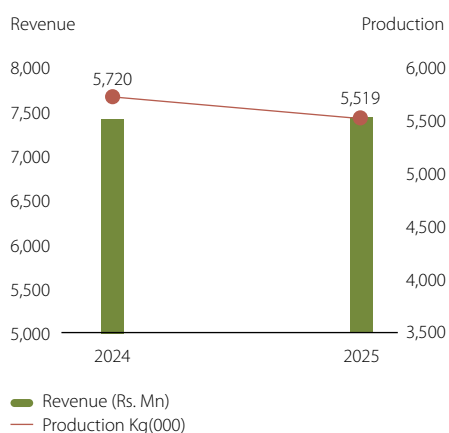
By implementing effective agricultural practices and leveraging lean management principles, TTE successfully maintained its cost of sales at a similar level to the previous year. This achievement comes despite a significant 35% increase in daily wages since September 2024, which was partially offset by lower expenses on fertiliser, electricity, and energy. As a result, gross profit saw a modest rise from Rs. 1,775 million in the previous year to Rs. 1,818 million.

### Top-line Performance

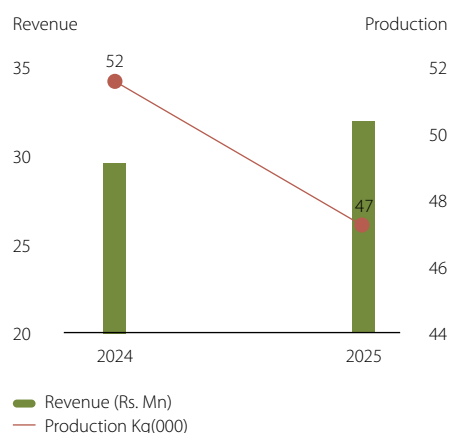


### Segment Revenue

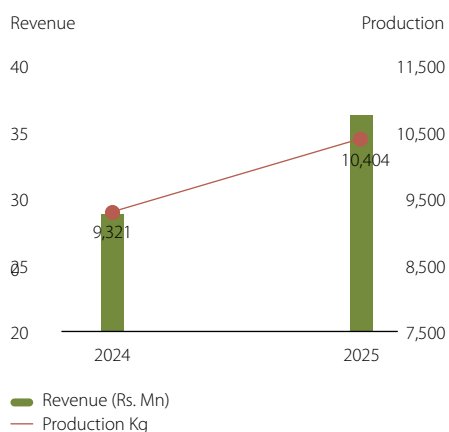
#### Tea



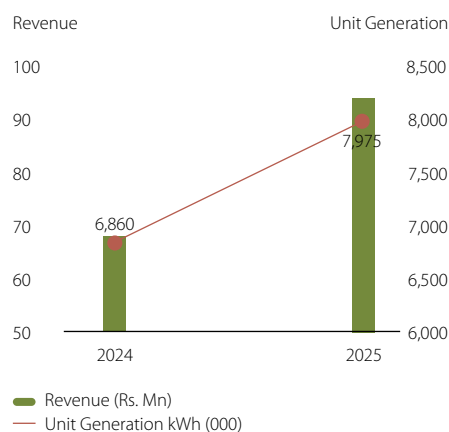
#### Rubber



#### Cinnamon



#### HydroPower



Refer: Note 6 of Financial Statements on Pages 272 to 273

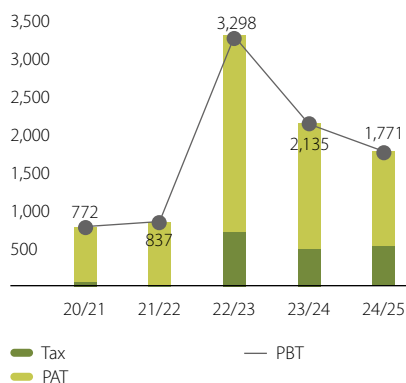
## Profit Before Tax (PBT)

GRI 207-1, 2

Despite a slight increase in gross profit, profit before tax during the year decreased from Rs. 2,135 million in 2024 to Rs. 1,771 million, mainly due to a decrease in fair value gains on biological assets and a decrease in financial income from investments in financial instruments in the prevailed low interest rate regime.

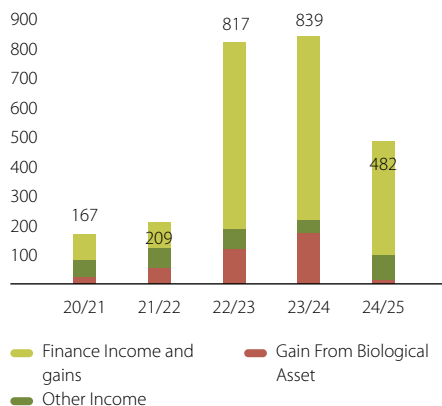
## Bottom-line Performance

Rs. Mn



## Other Income and Gains

Rs. Mn



## Profit After Tax (PAT)

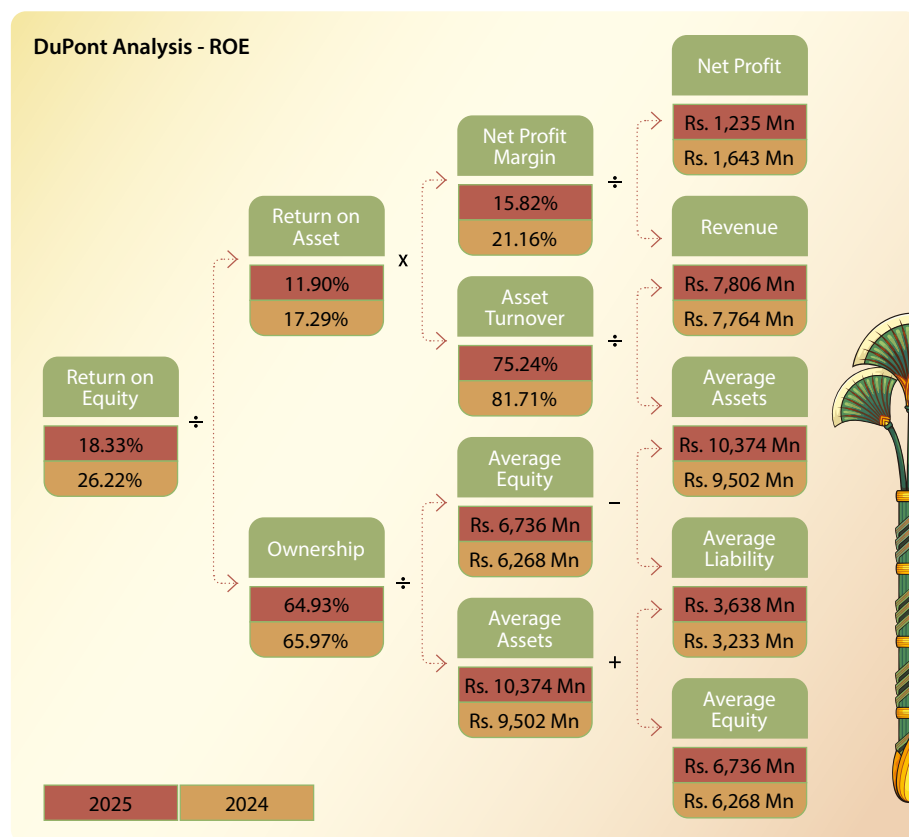
Despite the decrease in pre-tax profit, the Company's tax expenses increased from Rs. 352 Mn in 2024 to Rs. 475 Mn, (refer Note No 9 of to the Financial statements) owing to the end of tax concessions for profits on Agro-farming with effect from the current year. The increase in income tax expenses led to a decline in PAT from Rs. 1,643 million in the previous year to Rs. 1,235 million in the current year.

## Profitability and Returns

Despite facing significant challenges—including weather-related crop losses, and the substantial 35% wage increase adding approximately Rs. 270 million in costs along with reduced returns on financial investments amounting to Rs. 236 million, a Rs. 148 million drop in fair value gains on biological assets, and a low-inflation environment—the Company delivered a commendable return on equity of 18.33%. However, this figure represents a decline from the previous year's ROE of 26.22%, which is well above the average market rate of return. TTE's share price increased by 22% year-on-year from Rs. 113.75 to Rs. 139.25.

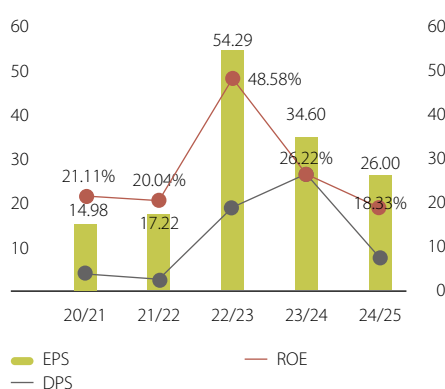
	2024	2023
Average Weighted Deposit Rate (%)	7.53	11.64
Inflation (%)	1.2	17.4

Source: CBSL Annual Economic Review 2024



## EPS, DPS and ROE

EPS and DPS (Rs.)



## Financial Risk Management

Financial Risk evaluation and management practices established are discussed in pages 198 to 206.



Refer: 10 year summary on page 322

## Financial Capital

### Vertical Analysis - Income Statement

Over the past five years, the cost of sales percentage has decreased from 81% to 77% whilst, administrative expenses and the net profit margin have remained largely stable over the five year period from 2021 to 2025.

	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Revenue	7,806	100%	7,764	100%	8,199	100%	4,727	100%	4,516	100%
Cost of Sales	(5,988)	-77%	(5,988)	-77%	(5,342)	-65%	(3,808)	-81%	(3,677)	-81%
<b>Gross profit</b>	1,818	23%	1,776	23%	2,857	35%	920	19%	839	19%
Change in Fair Value of Consumable Biological Assets	24	0%	172	2%	119	1%	54	1%	23	1%
Other Income and Gains	83	1%	46	1%	67	1%	71	1%	69	2%
Administrative Expenses	(472)	-6%	(422)	-5%	(336)	-4%	(253)	-5%	(208)	-5%
<b>Results from operating activities</b>	1,453	19%	1,572	20%	2,707	33%	791	17%	724	16%
Finance Income	384	5%	621	8%	632	8%	85	2%	87	2%
Finance Expenses	(0.18)	0%	0.63	0%	(1)	0%	(1)	0%	(2)	0%
Interest Paid to Government and Other Leases	(67)	-1%	(57)	-1%	(39)	0%	(38)	-1%	(38)	-1%
Net Finance Income	317	4%	564	7%	591	7%	46	1%	48	1%
<b>Profit before tax</b>	1,771	23%	2,136	27%	3,298	40%	837	18%	772	17%
Income Tax Expenses	(535)	-7%	(491)	-6%	(719)	-9%	(20)	0%	(60)	-1%
<b>Profit after tax</b>	1,235	16%	1,645	21%	2,579	31%	817	17%	712	16%

### Horizontal Analysis - Income Statement

The top line has increased by 1% in 2025 Compared to last year, but the bottom line has decreased by 25% mainly due to decrease in Financial Income and Fair value gain on biological Assets.

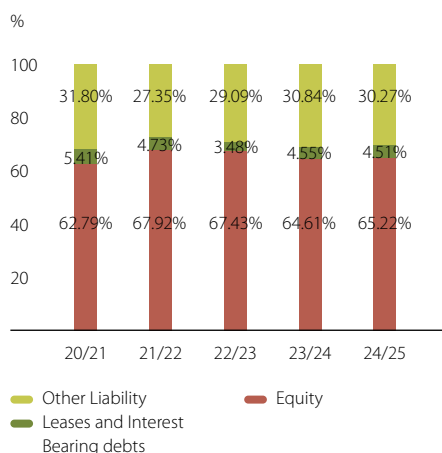
	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Revenue	7,806	1%	7,764	-5%	8,199	73%	4,727	5%	4,516	16%
Cost of Sales	(5,988)	0%	(5,988)	12%	(5,342)	40%	(3,808)	4%	(3,677)	2%
<b>Gross profit</b>	1,818	2%	1,776	-38%	2,857	211%	920	10%	839	186%
Change in Fair Value of Consumable Biological Assets	24	-86%	172	51%	119	92%	54	135%	23	-72%
Other Income and Gains	83	80%	46	-31%	67	-5%	71	2%	69	28%
Administrative Expenses	(472)	12%	(422)	25%	(336)	33%	(253)	22%	(208)	5%
<b>Results from operating activities</b>	1,453	-8%	1,572	-42%	2,707	242%	791	9%	724	343%
Finance Income	384	-38%	621	-2%	632	639%	85	-2%	87	-8%
Finance Expenses	(0.18)	-129%	0.63	-151%	(1)	22%	(1)	-53%	(2)	-12%
Interest Paid to Government and Other Leases	(67)	18%	(57)	46%	(39)	3%	(38)	1%	(38)	1%
Net Finance Income	317	-44%	564	-5%	591	1176%	46	-3%	48	-13%
<b>Profit before tax</b>	1,771	-17%	2,136	-35%	3,298	294%	837	8%	772	253%
Income Tax Expenses	(535)	9%	(491)	-32%	(719)	3512%	(20)	-67%	(60)	170%
<b>Profit after tax</b>	1,235	-25%	1,645	-36%	2,579	215%	817	15%	712	262%

## Analysis of Financial Position

### Equity and Reserves

TTE's capital structure is comprised primarily of equity capital, which minimises the sensitivity to interest rates fluctuations and strengthens the Company's working capital position. Construction of the state-of-the-art tea factory at Kiruwanaganga Estate in the current financial year was fully funded through equity at a cost of Rs. 714 million, representing the single largest investment in TTE's history

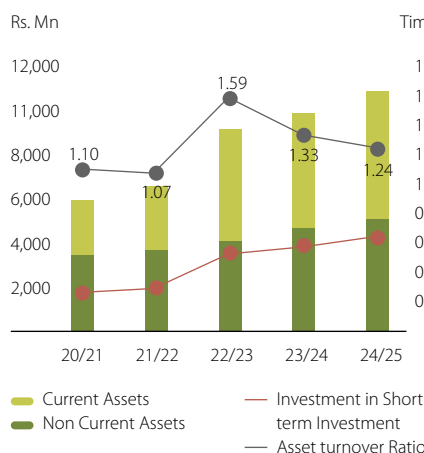
### Funding Composition



### Total Assets

TTE's total asset base grew by 10% to Rs. 10,890 million as at 31st March 2025, up from Rs. 9,858 million at the end of the previous year. This increase was primarily attributed to investments in property, plant, and equipment, right-of-use assets and short-term investments. The asset turnover ratio (excluding short-term investments), exceeded 1, indicating enhanced asset efficiency. Notably, 40% of total assets represent short-term investments, which generated Rs. 384 million in income during the financial year 2024/25

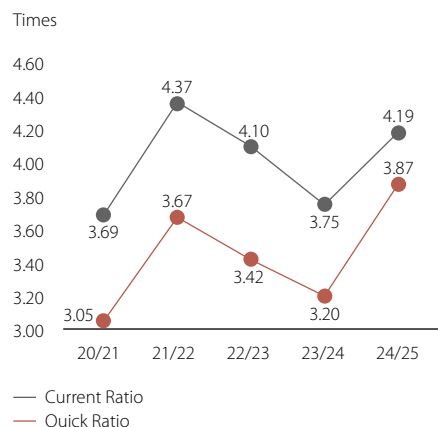
### Total Assets



### Liquidity Position

With a positive cash flow, TTE's liquidity position remained stable and strong in the year under review. The current and quick ratios exceeded 3.5 times, demonstrating the Company's ability to meet short-term obligations smoothly.

### Current Ratio and Quick Ratio



Refer: 10 year summary on page 322

### Vertical Analysis - Financial Position

Non-current assets have decreased from 58 percent to 47 percent of total assets in the last five years. Current assets have increased from 42 percent to 53 percent, mainly due to the growth in short-term investments. Long-term liabilities have been reduced from 27 percent to 21 percent and shareholders' equity has been increased from 62 percent to 65 percent within the capital structure over the last five years.

	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
<b>Assets</b>										
<b>Non Current Assets</b>										
Right-of-use Assets	456	4%	404	4%	288	3%	311	5%	326	6%
Tangible assets other than Immature/Mature Plantations	1,765	16%	1,540	16%	1,145	13%	890	14%	719	13%
Bearer Biological Assets	2,206	20%	2,048	21%	1,909	21%	1,816	29%	1,786	31%
Consumable Biological Assets	679	6%	665	7%	484	5%	386	6%	326	6%
Intangible Assets	9	0%	12	0%	12	0%	14	0%	5	0%
Investments in Subsidiaries	0	0%	0	0%	135	2%	135	2%	135	2%
Deferred Tax Asset	0	0%	1	0%	0	0%	0	0%	0	0%
	5,115	47%	4,669	47%	3,973	44%	3,552	56%	3,297	58%
<b>Current Assets</b>										
Produce on Bearer Biological Assets	32	0%	23	0%	23	0%	17	0%	23	0%
Inventories	889	8%	750	8%	831	9%	483	8%	425	7%
Trade and Other Receivables	435	4%	454	5%	430	5%	263	4%	237	4%
Amounts due from Related Companies	10	0%	6	0%	13	0%	138	2%	7	0%
Short Term Investments	4,346	40%	3,849	39%	3,514	39%	1,887	30%	1,711	30%
Cash and Bank Balances	63	1%	108	1%	166	2%	24	0%	26	0%
	5,775	53%	5,189	53%	4,977	56%	2,813	44%	2,428	42%
<b>Total assets</b>	<b>10,891</b>	<b>100%</b>	<b>9,858</b>	<b>100%</b>	<b>8,950</b>	<b>100%</b>	<b>6,364</b>	<b>100%</b>	<b>5,725</b>	<b>100%</b>

## Financial Capital

	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
<b>Equity and Liabilities</b>										
<b>Equity</b>										
Stated Capital	350	3%	350	4%	350	4%	350	5%	350	6%
Revenue Reserves	6,752	62%	6,020	61%	5,646	63%	3,938	62%	3,178	56%
Equity attributable to equity holders of the parent	7,102	65%	6,370	65%	5,996	67%	4,288	67%	3,528	62%
Non-Controlling Interests										
<b>TOTAL EQUITY</b>	<b>7,102</b>	<b>65%</b>	<b>6,370</b>	<b>65%</b>	<b>5,996</b>	<b>67%</b>	<b>4,288</b>	<b>67%</b>	<b>3,528</b>	<b>62%</b>
<b>Non Current Liabilities &amp; Deferred Income</b>										
Interest Bearing Loans & Borrowings	0	0%	0	0%	3	0%	6	0%	14	0%
Retirement Benefit Obligations	1,182	11%	933	9%	798	9%	868	14%	888	16%
Deferred Tax Liability	635	6%	645	7%	544	6%	160	3%	212	4%
Deferred Income	136	1%	132	1%	137	2%	137	2%	139	2%
Lease Liability	455	4%	393	4%	259	3%	272	4%	278	5%
	2,409	22%	2,103	21%	1,740	19%	1,443	23%	1,531	27%
<b>Current Liabilities</b>										
Trade and Other Payables	1,044	10%	993	10%	1,075	12%	587	9%	574	10%
Interest Bearing Loans & Borrowings	0	0%	3	0%	3	0%	8	0%	20	0%
Lease Liability	21	0%	14	0%	15	0%	14	0%	12	0%
Amounts due to Related Companies	146	1%	219	2%	82	1%	19	0%	52	1%
Income Tax Payable	153	1%	118	1%	0	0%	0	0%	0	0%
Bank Overdraft	15	0%	39	0%	37	0%	7	0%	8	0%
	1,379	13%	1,385	14%	1,213	14%	634	10%	667	12%
<b>Total Liabilities</b>	<b>3,788</b>	<b>35%</b>	<b>3,488</b>	<b>35%</b>	<b>2,953</b>	<b>33%</b>	<b>2,077</b>	<b>33%</b>	<b>2,197</b>	<b>38%</b>
<b>Total Equity and Liabilities</b>	<b>10,891</b>	<b>100%</b>	<b>9,858</b>	<b>100%</b>	<b>8,950</b>	<b>100%</b>	<b>6,364</b>	<b>100%</b>	<b>5,725</b>	<b>100%</b>

### Horizontal Analysis - Financial Position

The company reached an asset milestone of Rs. 10 billion last year, with a 10% increase in fixed assets and current assets compared to the previous year.

	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
<b>Assets</b>										
<b>Non Current Assets</b>										
Right-of-use Assets	456	13%	404	40%	288	-7%	311	-5%	326	-1%
Tangible assets other than Immature/Mature Plantations	1,765	15%	1,540	34%	1,145	29%	890	24%	719	-3%
Bearer Biological Assets	2,206	8%	2,048	7%	1,909	5%	1,816	2%	1,786	1%
Consumable Biological Assets	679	2%	665	37%	484	25%	386	18%	326	7%
Intangible Assets	9	-20%	12	-5%	12	-11%	14	180%	5	
Investments in Subsidiaries	0	0%	0	-100%	135	0%	135	0%	135	0%
Deferred Tax Asset	0	0	1	0	0		0		0	
	5,115	10%	4,669	18%	3,973	12%	3,552	8%	3,297	1%
<b>Current Assets</b>										
Produce on Bearer Biological Assets	32	42%	23	-1%	23	31%	17	-23%	23	415%
Inventories	889	19%	750	-10%	831	72%	483	14%	425	41%
Trade and Other Receivables	435	-4%	454	5%	430	64%	263	11%	237	84%
Amounts due from Related Companies	10	84%	6	-56%	13	-91%	138	1943%	7	79%
Short Term Investments	4,346	13%	3,849	10%	3,514	86%	1,887	10%	1,711	54%
Cash and Bank Balances	63	-42%	108	-35%	166	590%	24	-7%	26	-37%
	5,775	11%	5,189	4%	4,977	77%	2,813	16%	2,428	52%
<b>Total assets</b>	<b>10,891</b>	<b>10%</b>	<b>9,858</b>	<b>10%</b>	<b>8,950</b>	<b>41%</b>	<b>6,364</b>	<b>11%</b>	<b>5,725</b>	<b>18%</b>

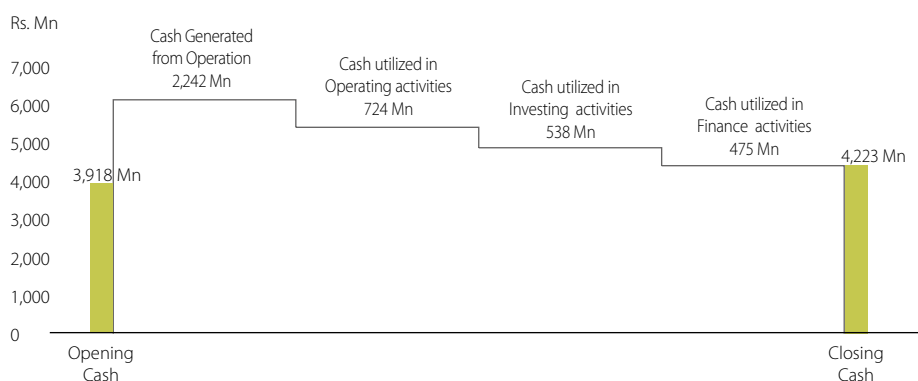


	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
<b>Equity and Liabilities</b>										
<b>Equity</b>										
Stated Capital	350	0%	350	0%	350	0%	350	0%	350	0%
Revenue Reserves	6,752	12%	6,020	7%	5,646	43%	3,938	24%	3,178	28%
Equity attributable to equity holders of the parent	7,102	12%	6,370	6%	5,996	40%	4,288	22%	3,528	25%
Non-Controlling Interests										
<b>TOTAL EQUITY</b>	<b>7,102</b>	<b>12%</b>	<b>6,370</b>	<b>6%</b>	<b>5,996</b>	<b>40%</b>	<b>4,288</b>	<b>22%</b>	<b>3,528</b>	<b>25%</b>
<b>Non Current Liabilities &amp; Deferred Income</b>										
Interest Bearing Loans & Borrowings	0	0%	0	-100%	3	-57%	6	-56%	14	5%
Retirement Benefit Obligations	1,182	27%	933	17%	798	-8%	868	-2%	888	-13%
Deferred Tax Liability	635	-2%	645	19%	544	240%	160	-25%	212	6%
Deferred Income	136	3%	132	-3%	137	0%	137	-1%	139	-1%
Lease Liability	455	16%	393	52%	259	-5%	272	-2%	278	3%
	<b>2,409</b>	<b>15%</b>	<b>2,103</b>	<b>21%</b>	<b>1,740</b>	<b>21%</b>	<b>1,443</b>	<b>-6%</b>	<b>1,531</b>	<b>-7%</b>
<b>Current Liabilities</b>										
Trade and Other Payables	1,044	5%	993	-8%	1,075	83%	587	2%	574	62%
Interest Bearing Loans & Borrowings	0	-100%	3	-25%	3	-54%	8	-62%	20	298%
Lease Liability	21	52%	14	-8%	15	8%	14	14%	12	3%
Amounts due to Related Companies	146	-33%	219	167%	82	338%	19	-64%	52	98%
Income Tax Payable	153	29%	118	0%	0	0%	0	0%	0	0%
Bank Overdraft	15	-61%	39	3%	37	469%	7	-15%	8	149%
	<b>1,379</b>	<b>0%</b>	<b>1,385</b>	<b>14%</b>	<b>1,213</b>	<b>91%</b>	<b>634</b>	<b>-5%</b>	<b>667</b>	<b>66%</b>
<b>Total Liabilities</b>	<b>3,788</b>	<b>9%</b>	<b>3,488</b>	<b>18%</b>	<b>2,953</b>	<b>42%</b>	<b>2,077</b>	<b>-5%</b>	<b>2,197</b>	<b>7%</b>
<b>Total Equity and Liabilities</b>	<b>10,891</b>	<b>10%</b>	<b>9,858</b>	<b>10%</b>	<b>8,950</b>	<b>41%</b>	<b>6,364</b>	<b>11%</b>	<b>5,725</b>	<b>18%</b>

### 2.3 Cash Movement

Cash is the lifeblood of any business, ensuring its ability to cover expenses, reward investors, and drive growth. During the reporting year, operational cash flow amounted to Rs. 2,242 million, closely aligning with profit before tax and highlighting the Company's strong cash conversion efficiency. A total of Rs. 538 million was invested in field development activities and property, plant, and equipment, in line with the commitment to future expansion. Notably, while maintaining a healthy reinvestment strategy, Rs. 387 million was distributed as dividends to shareholders. A net cash inflow of Rs. 505 million was recorded at the end of the current financial year, the Company effectively generated sufficient operational cash to support both investment and financing activities.

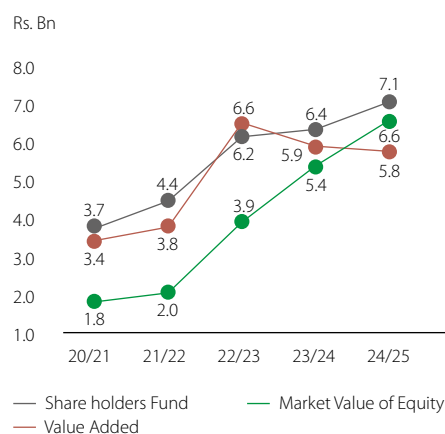
#### Cash Movement



### 2.4 Market Value Added

Over the past five years, the growth in value added has led to increase in shareholders' funds. This sustainable performance has been recognized by investors in the capital market, and by the end of 2024/25, market capitalization reached Rs. 6.6 billion.

#### Market Value Added



Refer: the shareholder Information on page 307