

Manufactured Capital

In today's complex business environment—shaped by market volatility, productivity challenges, and the growing impact of climate change—effective management of our manufactured capital has become a strategic priority. This capital, comprising our tangible assets, plays a vital role in delivering sustainable value. It supports operational efficiency, enhances product quality, and helps contain production costs. The following section outlines the best practices that guide our capital expenditure (capex) decisions, enabling us to maintain efficient operations while advancing our consolidation and expansion initiatives.



The State-of-the-art Kiruwanaganga New Factory

Reinforcing TTE's commitment to sustainable innovation and operational excellence



Glamping Site

Nestled within the majestic Great Western Mountain Range, which boasts the sixth highest peak in Sri Lanka at an impressive elevation of 2,215 meters



Solar Power

Sustainability and reducing our environmental footprint, we have continued to invest in solar energy solutions



Hydro Power

Greater energy stability, reduced greenhouse gas emissions, and progress toward our long-term sustainability targets

GRI 3-3 | 13.22.1

Management Approach

Risks

Risk of existing machinery and infrastructure becoming outdated.

Damage to physical assets due to extreme weather events.

Opportunities

Investment in renewable energy and sustainable buildings to improve resilience

Integrate advanced technologies such as IoT and smart tools for data-driven real-time decision making

Material Matters

- Estate infrastructure
- Field Development
- Factory Maintenance
- Plant, Machinery & Equipment
- Renewable Energy

Management Approach

We manage our manufactured capital through a deliberate two-pronged approach to ensure that our assess and infrastructure remains efficient, agile, and aligned with the evolving needs of the business and its stakeholders. Our foremost priority is to build a robust and resilient physical infrastructure base that is capable of withstanding environmental challenges and meeting future growth demands. To further complement these efforts, we focus on integrating digital technologies and automation to further enhance productivity, lifespan and overall performance of our asset base.

Governance

Oversight

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

Compliance

- Central Environment Authority
- Department of Labour
- Urban Development Authority
- Ceylon Electricity Board

Voluntary Best Practices

- Rainforest Alliance Certification

Internal Mandates and Commitments

- CAPEX Plan and Budget
- Procurement Policy
- Agro Chemical and Fertilizer Application Policy
- Soil Management Guidelines

Monitoring and Reporting

- Hayleys CUBE" Sustainability Data Management System
- UN Sustainable Development Goals (SDGs)

Capital Performance FY 2024/25

Resource Allocation Highlights

Rs. 714.3 Mn invested in the construction of the Kiruwanaganga Factory

Rs. 42.6 Mn incurred in expanding the Somerset Estate-Tea Boutique Center

Rs. 14.9 Mn invested in the Glamping Project at Great Western Estate

Rs. 268 Mn invested in Field Development activities

Outputs for TTE

- Tea Production
- Solar power generation capacity
- Hydro power capacity
- Reduction in rejects due to AI based colour sorting technology

Stakeholder Outcomes	FY 2024/25	FY 2023/24	Value Enhanced (+) Preserved (=) Eroded (-)
Bought Leaf Process	4,183 MT	3,198 MT	Enhanced
Hydro Power Capacity	2.1MW	2.1MW	Preserved
Solar Power Capacity	819.86kWp	599.43kWp	Enhanced

SDG's



- Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.
- Target 7.3: By 2030, double the global rate of improvement in energy efficiency.



- Target 9.1: Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being.
- Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.



- Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.
- Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.



- Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value-added and labor-intensive sectors.
- Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation.



- Target 13.2: Integrate climate change measures into national policies, strategies, and planning.
- Target 13.3: Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

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GRI 203-1, 2 | 13.22.3, 13.22.4

Our Manufacturing Footprint

Operating across 16 estates, 12 factories and 3 re-processing centers, our business model depends significantly on a diverse range of manufactured capital — from machinery, equipment, and IT hardware to estate infrastructure, including factory buildings and community assets. With a long-term perspective, we adopt a systematic management approach guided by a well-structured and comprehensive capital expenditure (capex) plan. This plan is developed annually during our corporate planning sessions under the direction of the Board of Directors and includes clearly defined budgets, timelines, and key performance indicators.

Our capex strategy serves a dual purpose: it aligns with our long-term strategic growth objectives while simultaneously addressing the operational needs of our estates. All new investments in property, plant, and equipment are subject to thorough due diligence, including need-based assessments to ensure they support our broader strategic goals. We rigorously follow up on these investments with feasibility studies and cost-benefit analyses to ensure they deliver solid returns. Sustainability is a key consideration in this process, and we strive to incorporate ESG principles in line with our certification standards.

More recently, significant investments have been directed toward the integration of AI-powered tools aimed at forecasting trends, optimizing resource utilization, and strengthening strategic planning through data-driven insights. As part of this digital advancement, Rs. 93.25 million was invested during the year to introduce AI-based colour sorters at the Deniyaya and Kiruwanaganga factories. Combining cutting-edge technologies from Japan, Germany, Sweden, and the UK, these precision-driven AI tools use sophisticated algorithms to identify and selectively retain or reject silver tips and gold tips, extracting residual black tea from waste, and sorting tea based on shape, length, and thickness. Moreover, these color sorters with their built-in self-recovery system ensure reliability and uptime, operate with minimal noise as well as ultra-low air and energy consumption.

Region	Estate	No. of Factories	Capability	Crop Distribution	%
High Grown					
Talawakelle	7	6	Orthodox - Rotorvane	2,494,317	45
Nanu Oya	5	3	Orthodox - Rotorvane	1,502,916	27
			Orthodox - Leafy Green Tea		
Low Grown					
Galle	1	1	Orthodox - Rotorvane	167,555	3
Deniyaya	3	2	Orthodox - Rotorvane	1,354,197	25

Investment in (PPE) Property, Plant and Equipment

As a plantation company, PPE is critical for TTE's day to day operations. Investing in land improvements, machinery and production infrastructure is therefore vital for building the scalability to expand output and the agility to pivot operations in response to evolving market dynamics.

We Incurred a sum of Rs. 277Mn in the reporting year on new machinery & Equipment.

Asset Type	2024/25 Carrying Value (Rs.'000)	2023/24 Carrying Value (Rs.'000)
Biological Assets	3,464,726	3,216,999
Buildings	1,109,093	509,738
Motor Vehicles	469,028	408,556
Plant & Machinery	1,490,686	1,255,035
Furniture & Fittings	25,361	21,567
Equipment & Tools	186,027	215,046
Total	6,744,921	5,626,941

Journeying Towards Excellence



TTE PLC Metric

Investment in industrial and community infrastructure

Our 2030 Target

Increase annual investment in sustainable infrastructure across estates

Contribution

By procuring machinery and upgrading both industrial and community infrastructure, we foster inclusive and sustainable industrial development.

Target 9.1 | 9.4



Construction of the state-of-the-art Kiruwanaganga Tea Factory

Following the earth slip that impacted the factory premises in 2017, The management of TTE, along with the Sri Lanka Tea Board, recommended the relocation of the factory in the interest of employee safety. The affected facility was the Company's largest low-grown tea factory and was situated on the largest estate within our portfolio, spanning 338 hectares. This estate has consistently made a substantial contribution to the Company's profitability, and the resulting disruption posed a serious challenge to both operational continuity and financial performance.

With all necessary approvals secured in 2019, the construction of the new Kiruwanaganga Tea Factory commenced, overcoming numerous external challenges such as the COVID-19 pandemic, ongoing risks of landslides, and prevailing economic constraints. Despite these adversities, TTE ensured uninterrupted operations throughout the transition, a testament to its unwavering commitment to long-term resilience, business continuity, and stakeholder trust.

The new Kiruwanaganga facility stands as a landmark in TTE's journey toward modernized, sustainable industrial infrastructure. Designed in line with international environmental standards and the Green Building Concept, the factory reflects the Group's broader sustainability agenda. The facility has received multiple prestigious certifications, including:

- Rainforest Alliance
- ISO 22000:2018 (Food Safety Management)
- ISO 14064-1:2018 (Greenhouse Gas Emission Verification)
- Ecolabel Certification
- Science Based Targets
- UN Climate Neutral Now
- Mother & Child Friendly Seal for Responsible Businesses (MCFS)
- Responsible Care Certification
- Certificate of Ethical Trading

The Green Building Certification is also underway.

The factory has also been designed to support inclusive growth by integrating smallholder farmers into the formal tea supply chain, thereby contributing to local economic development.

In a strategic move to increase market share and capitalize on economies of scale, TTE invested Rs. 714.3 Mn in this state-of-the-art facility. The investment breakdown is as follows:

- Rs. 497.6 Mn for structural expansion
- Rs. 214.5 Mn for advanced plant and machinery, including automation
- Rs. 2.0 Mn for specialized factory equipment such as rollers, dryers, and precision color sorters

The 37,290 sq. ft. facility boasts a daily processing capacity of 14,000 kg of tea, with an annual output of 2 Mn kg of green leaf and 1.4 Mn kg of bought leaf. The plant incorporates advanced features such as dedicated elevators for tea transport and in-house tea tasting areas, aimed at enhancing both production efficiency and quality control.

Incorporating sustainable construction materials and energy-efficient technologies, the factory not only enhances environmental performance but also prioritizes the health, safety, and comfort of its workforce. This development represents a significant leap forward in industrial infrastructure within Sri Lanka's plantation sector.

Notably, the entire project was financed through internally generated funds, underscoring TTE's financial strength and disciplined capital management approach.

The ceremonial opening of the new Kiruwanaganga Tea Factory on 28th March 2025 marks a significant milestone in our operational journey—one that exemplifies our commitment to innovation, sustainability, and long-term value creation.

"Tea touches lives—connecting generations, supporting families, and sustaining communities. At TTE, we believe in nurturing the people and places behind every leaf, and in building a future rooted in responsibility and care."



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Expansion of the Somerset Estate-Tea Boutique Center

TTE invested a total of Rs. 42.6 million in the construction and expansion of the tea boutique center at the Somerset Estate. Of this, Rs. 37.9 million was allocated for building renovations aimed at achieving the desired aesthetic, including interior design, flooring, lighting, and minor structural modifications. The remaining Rs. 3.9 million and Rs. 0.8 million were invested in furniture and fittings, and equipment, respectively. This expansion aligns with TTE's strategy to develop a scalable model that supports future growth opportunities including larger space and expanded product range provide opportunities to enhance revenue, enhances & improves the overall customer experience in turn attracting more customers, streamlined operations contribute to more effective management of resources, ability to host events attracts additional patrons and creates new revenue streams.



Establishing a Glamping Site at the Greatwestern Estate

TTE invested a total of Rs. 14.9 million in a glamping project, comprising Rs. 13.5 million for the glamping tent and site-related expenses, Rs. 0.9 million for furniture and fittings, and Rs. 0.3 million for equipment. This investment reflects the Company's strategic move to capitalise on the growing demand for nature-based tourism



experiences. The initiative targets individuals looking for distinctive accommodations that provide not only breathtaking views but also easy access to local attractions and an outdoor experience that merges comfort with unique experience such as the Tea Factory tour, Mountain Hiking, Waterfall Trek, Estate Tour etc.

Nestled within the majestic Great Western Mountain Range, which boasts the sixth highest peak in Sri Lanka at an impressive elevation of 2,215 meters, this region, renowned for its breathtaking landscapes and lush tea estates, attracts a diverse clientele eager to experience the unparalleled beauty of tea country in a manner that is both comfortable and memorable which includes scenic mountain views, cozy comforts and fresh hill country air.

Estate Infrastructure Development

Our infrastructure development efforts encompass both the construction of new facilities and the renovation of existing assets, including factory buildings and processing floors. Beyond our operational needs, we are equally committed to enhancing the well-being of surrounding communities by developing estate roads, housing, and essential water and sanitation infrastructure.

To uphold the highest standards of quality, we engage experienced and well-regarded architects, contractors, and engineers. These professionals are selected through a transparent and formal tender process that emphasizes proven expertise and a strong track record in their respective domains.

Recognizing the value of collaboration, we actively engage with both government and non-governmental organizations operating in the plantation sector. These partnerships

enable us to implement community-focused infrastructure projects that are responsive to local needs and compliant with regulatory frameworks.

Through these initiatives, we aim to foster a sustainable and supportive environment—one that benefits our employees as well as the broader community in which we operate.



Worker Rest Room at Kiruwanaganga

As part of our ongoing efforts to enhance worker welfare and estate infrastructure, a dedicated rest room facility has been established within the estate premises. This rest room has been designed to provide a clean, safe, and comfortable environment for estate workers to take breaks, rest, and recuperate during their workday.

With the opening of the Kiruwanaganga New Tea Factory, we have invested Rs. 22Mn in this significant project located in close proximity to the new factory.

The facility includes well-ventilated seating areas, clean drinking water, sanitation amenities, and adequate lighting. It is strategically located to ensure easy accessibility for all workers, while also promoting better health and hygiene standards across the estate.

Developing Renewable Energy Infrastructure

Renewable energy infrastructure makes a vital contribution towards strengthening the resilience of TTE's physical asset base. Integrating renewable energy significantly enhances energy security, reducing dependence on fossil fuels, and mitigating operational risks linked to energy cost volatility.

Hydro Power

Plant	Capacity MW	Generation kWh	% Bud.Generation
Radella	0.2	926,557	113%
Somerset	1.1	4,196,275	110%
Palmerston	0.8	2,852,588	98%
Total	2.1	7,975,420	106%

Solar Power

Plant	Capacity Kwp	Generation kWh	% Bud.Generation
Bearwell	108.24	105,889	80%
Moragalla	149.80	136,608	76%
Deniyaya	118.19	96,828	67%
Dessford	113.95	126,949	95%
Calsay	109.68	88,403	63%
Kiruwanaganga	220.00	112,394	74%
Total	819.86	669,071	76%

Our journey toward renewable energy began with initial investments in mini hydro projects in 2005, followed by biomass energy in 2012. TTE's initial investment in solar energy in 2016 marked a major milestone in the company's strategy to achieve energy self-sufficiency.

We have since been working in line with the national renewable energy initiative led by the Ministry of Power and Renewable Energy and Business Development, and have invested in rooftop solar systems at six TTE factories and twelve bungalows across estates. The most recent investment of a 59.3 Mn solar deck at the Kiruwanaganga estate, and several estate bungalows marks the latest additions to TTE's renewable energy infrastructure. Together these investments have a generation capacity of 300kWp.

Building a Reliable IT Backend

We have long since realized the importance of a strong IT backend to seamlessly support our front end operations. Premised on this, we have progressively increased our investment in IT over the years. From bluetooth enabled digital weighing systems for accurate collection of harvesting data, to productivity tracking using QR technology and automated factory data collection systems have been introduced to measure field-to-factory variances on a daily basis, enabling continuous improvement, real-time access, and enhanced analytical capabilities for informed decision-making.

Every tea dispatch is tracked through a cloud based invoicing system to ensure all transactions are accurately recorded.

Field Development Programme

GRI 201-4

Our estates are RA (Rainforest Alliance) certified and are managed in accordance with the best practices outlined in the certification, covering key areas such as nursery management, harvesting, soil management, and replanting.

During the current financial year, we made significant progress in replanting Tea, Timber and Fuelwood crops across our high-grown estates. In our low-grown estates, we expanded the cultivation of Cinnamon, Coconut, and Agarwood alongside Tea. Total field development expenditure amounted to Rs. 268 million, reflecting a 12% increase compared to the 2023/24 financial year. Our replanting program also benefited from government grants totaling Rs. 7.2 Mn Refer Business Review, page 116 for further details.

Short Term

- Expand online dashboard systems to allow for real-time monitoring of key performance indicators (KPIs) and facilitate more effective management decisions

Medium Term

- Invest in IoT devices to improve the efficiency and quality of tea production through the provision of real-time data enabling better monitoring and control over the production process.

Long Term

- To develop a smart, sustainable, and scalable manufacturing ecosystem that ensures consistent product quality, minimizes environmental impact, and supports future growth.

