



MANUFACTURED CAPITAL

SDG Index



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In an operating landscape influenced by market uncertainty, productivity pressures and the growing effects of climate change, the disciplined management of manufactured capital remains essential to long-term value creation. For the Company, manufactured capital represents the physical infrastructure, machinery, equipment and facilities that enable reliable operations, consistent product quality and cost-effective production.

Our approach to capital expenditure is therefore guided by a clear focus on operational resilience, efficiency improvement and future readiness. Investments are prioritized based on their ability to strengthen core operations, improve asset performance, support quality standards and contribute to sustainable growth. The following section presents the key practices that shape our CAPEX decisions as we continue to consolidate existing operations while selectively pursuing expansion opportunities.



WHAT MANUFACTURED CAPITAL MEANS TO TTE PLC

Manufactured capital refers to the Company's physical assets, including factories, machinery, buildings, estate infrastructure, vehicles and renewable energy assets. These assets support efficient operations, product quality, cost control and operational resilience, while enabling TTE PLC to create sustainable long-term value.



WHY MANUFACTURED CAPITAL IMPORTANT TO US

It forms the physical foundation of our operations. Well-maintained factories, machinery, infrastructure and equipment help us improve productivity, maintain consistent tea quality, reduce operational costs and strengthen resilience against market, labour and climate-related challenges.



HOW MANUFACTURED CAPITAL SUPPORTS OUR VALUE CREATION GOALS

Manufactured capital supports our value creation goals by enabling efficient field and factory operations, consistent product quality and reliable service delivery. Investments in factories, machinery, infrastructure and renewable energy assets help improve productivity, reduce costs, enhance safety and strengthen the Company's ability to deliver sustainable value to stakeholders.

LINK TO TTEL'S STRATEGY



Winning with the Customer



Operational Excellence



Environmental Stewardship & Climate Action



Business Diversification

MATERIAL MATTERS



Estate Infrastructure



Field Development



Factory Maintenance



Plant, Machinery & Equipment



Renewable Energy

CAPITAL PERFORMANCE



Rs. 31.7 Mn

Strawberry Project-Radella



Rs. 3.1 Mn

Glamping Site-Greatwestern



Rs. 36 Mn

Solar Infrastructure



Rs. 306 Mn

Field Development



MANAGEMENT APPROACH

GRI 3-3, 13.22.1

TTEL's approach to developing Manufactured Capital aims to ensure the Company's assets and infrastructure remain efficient and reliable and also adaptable to changing operational, environmental, and market conditions, while continuing to meet the evolving expectations of its stakeholders. Accordingly, the company focuses on strategic investment and optimization to ensure that estate lands, factories, equipment, and supporting infrastructure are continuously developed in line with long-term business priorities.

GOVERNANCE

Strategic Oversight



Board and Group Management Committee provide strategic guidance.

Estate and factory management review investment and maintenance plans.

Head of Finance monitors capital allocation for infrastructure and production upgrades.

Risk & Decision Intelligence



Integrated risk assessment to identify machinery, energy, and production process vulnerabilities.

Scenario analysis for operational continuity and climate-related impacts on factory operations.

Energy price and transition risk monitoring to guide operational decisions.

Operational Execution



Strong factory-level execution ensuring maintenance, safety, and efficiency targets are met.

Estate Management Committees oversee local energy, water, and waste management.

ISO-based monitoring systems and climate-linked targets embedded in operational routines.

Monitoring, Assurance & Reporting



Centralized data management using TTE CUBE platform for real-time sustainability reporting.

Independent assurance of operational and sustainability KPIs.

Alignment with ESG disclosures, SLFRS standards, and corporate reporting requirements.

KEY OUTCOMES



5.7 Mn/kg

Made tea production



1

Gold Rated Green Building Factory



TRADE OFF

Please refer page 147 

How manufacturing capital interacts with and impacts other capitals in creating balanced value



FUTURE OUTLOOK

Please refer page 147 

Short, medium, and long-term impact driving resilience, performance, and strategic value creation.

Manufactured Capital

Property Plant And Equipment (PPE)

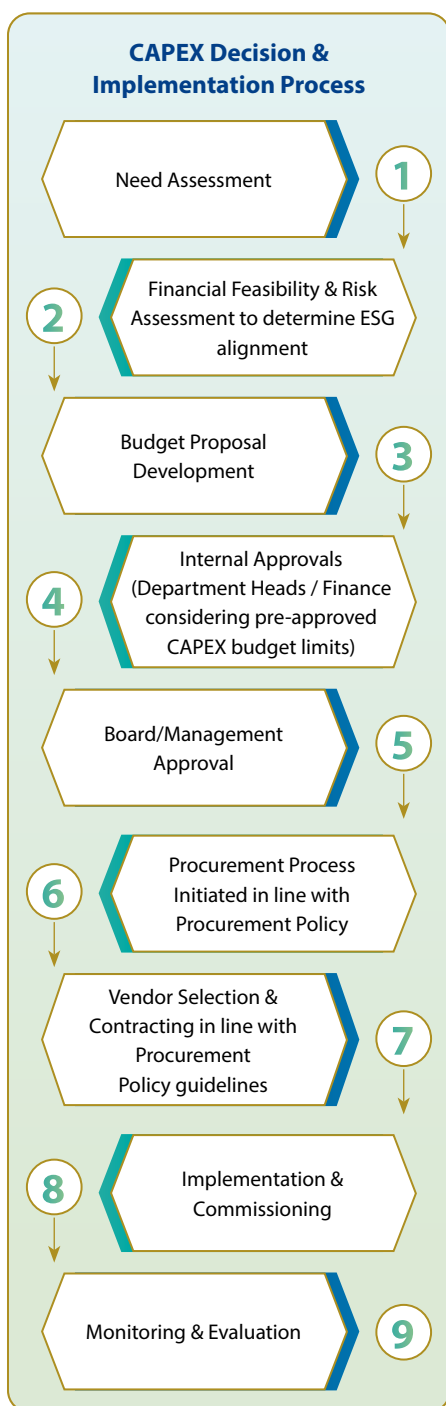
As a plantation company, Property, Plant and Equipment (PPE), consisting of estate lands (biological assets), tea processing factories, re-processing centres, and renewable energy infrastructure, essentially serves as the backbone of the Company's business model. In light of its critical role in driving operational capability, PPE investments are careful planning and integrated with the annual strategic planning and budgeting processes.

GRI 203 - 1,2 13.22.3,13.22.4

Asset Type	2025/26 Cost (Rs.'000)	2024/25 Cost (Rs.'000)
Biological Assets	3,725,762	3,464,726
Buildings	1,128,430	1,109,093
Motor Vehicles	698,115	469,028
Plant & Machinery	1,542,152	1,490,686
Furniture & Fittings	25,823	25,361
Equipment & Tools	200,810	186,027

Bearer Biological assets across the 16 estates constitute the largest portion of the total asset base, representing approximately 55% of the total listed PPE cost as at 31 March 2026. This is followed by buildings and plant & machinery, which account for approximately 17% and 15%, respectively, of the total PPE Cost as at end-March 2026.

Additions to PPE in the year under review, amounted to Rs. 366 Mn.



SUSTAINABLE DEVELOPMENT GOALS			
8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	
	TTE PLC Metric	Smart infrastructure coverage	
	Our 2030 Target	Increase in the number of factories adopting AI, IoT & digital infrastructure	
	Contribution	By enhancing productivity through smart factories and AI, while estate infrastructure and tourism projects create fair, safe jobs and build skills in rural communities.	
Related Targets		8.2	8.5

GRI 201-4

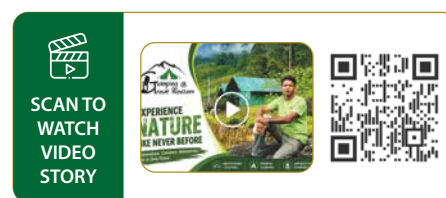
Enhancing Asset Performance

TTE's approach to enhancing asset performance is based on risk-driven asset management framework, which enables the Company to systematically identify, assess, and mitigate operational risks through factory modernisation, upgrading processing facilities and incorporating innovative technologies to enhance adaptability and long term performance of the asset base.

Equally importantly, asset rationalisation is undertaken to ensure underperforming assets, especially biological assets are reallocated to more productive uses such as higher-margin crops. A longstanding effort in this regard is TTE's crop diversification and field development strategy, where approximately 91.34 hectares of unutilised rubber lands on low elevation estates have been allocated for planting of Cinnamon and Coconut. The company has also

expanded into strawberry cultivation in poly tunnels, which recorded strong growth during the year, with total production reaching 4,257 kg. Rs. 306 Mn was spent on field development in the current financial year, while a further Rs. 2.8 Mn was received as government grants for replanting activities.

In recent years, underperforming lands have also been allocated towards other revenue diversification initiatives, most notably, the ongoing development of the Glamping Site at the Greatwestern estate for eco-tourism. Approximately Rs.18 Mn has been invested to-date towards this initiative.



With the above improvements, 2% crop increment compared to last year were able achieved.

Crop achievement as follows:

Region	Estate	No.of Factories	Processing Types	Crop (kg)	%
High Grown					
Talawakelle	7	6	Orthodox - Rotorvane	2,541,264	48
Nanu Oya	5	3	Orthodox - Rotorvane	1,530,145	29
			Orthodox - Leafy Green Tea		
Low Grown					
Galle	1	1	Orthodox - Rotorvane	84,975	2
Deniyaya	3	2	Orthodox - Rotorvane	1,171,583	21

Decarbonising Physical assets

Decarbonising physical assets has become an increasingly crucial element of TTEL's overall effort to optimise the performance of its physical asset base. A systematic approach starting with periodic energy reviews conducted to identify high-emission equipment and infrastructure, across carbon-intensive processes such as withering, drying, rolling, thermal energy systems, and electricity consumption. Each asset is evaluated based on its energy intensity, fuel dependency, and contribution to Scope 1 and Scope 2 emissions, enabling the Company to prioritise decarbonisation efforts where they matter most.

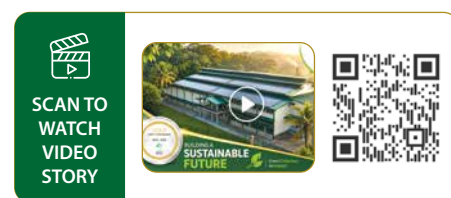
Assessment findings help to drive continuous improvement, specifically through investments in energy efficient equipment and energy regulating infrastructure. These initiatives are further strengthened through the progressive integration of renewable energy, including solar rooftop installations, biomass utilisation, and investment in mini-hydro infrastructure, thereby reducing reliance on grid electricity and lowering overall emission intensity associated with TTEL's manufacturing assets.

Decarbonisation efforts are also closely aligned with the Company's broader climate commitments, including its science-based targets and land-use considerations. Special initiatives in this regard focus on climate-resilient field development, with a strong emphasis on regenerative agriculture and soil conservation practices to preserve the value of biological assets. Enhancements in water stewardship, including rainwater harvesting and improved irrigation systems, further support resource efficiency and climate adaptation to preserve the integrity of the Company's biological assets.

Safeguarding Asset Infrastructure

A robust Business Continuity Planning (BCP) framework, aligned with international best practices, is fully integrated into TTEL's Enterprise Risk and Opportunity Management (EROM) system, enabling a coordinated approach to risk identification, mitigation, and response for safeguarding estates, factories, and supporting infrastructure.

BCP governance is underpinned by strong Board-level oversight and a well-established risk governance culture embedded within the broader enterprise risk management framework supported by formalised internal control policies and clearly defined roles and responsibilities across all levels of the organisation.



Manufactured Capital

BCP Core Components



Business Impact Analysis

Identification of critical functions and interdependencies.



Risk Assessment

Evaluation of threats such as climate, operational, and social risks.



BCP Development

Immediate response protocols to protect people, assets, and the environment.



Implementation & Testing

Simulations, tabletop exercises, and full-scale drills to ensure effectiveness.

Ongoing improvements in the current year saw the scope of the BCP framework further expanded to cover the Company's recent diversification into crops such as cinnamon and coconut, as well as tourism-related initiatives. Routine fire drills, emergency response exercises, tabletop simulations, and full-scale operational testing continued throughout the year. Employees were also trained in critical response capabilities such as first aid, fire-fighting, and emergency management.

Field Development

GRI 204-4

Our estates are certified by the Rainforest Alliance (RA) and are managed according to its standards, covering key areas such as nursery management, harvesting, soil care, and replanting, commercial forestry and crop diversification.

Equally importantly, asset rationalization is undertaken to ensure underperforming assets, especially biological assets are reallocated to more productive uses such as higher-margin crops. Total field development expenditure amounted to Rs. 306 Mn, reflecting a 14% increase over the previous financial year. The replanting programme was further supported by government grants amounting to Rs. 2.8 Mn.

Estate Infrastructure Development

Our approach to infrastructure development focuses on both building new facilities and upgrading existing assets, including factory buildings and processing areas, to support efficient operations. At the same time, we remain committed to improving the living conditions of our estate communities by investing in roads, housing, and essential water and sanitation facilities. During the year we have invested Rs. 37 Mn.

To ensure high standards of quality and reliability, we engage experienced architects, contractors, and engineers who are selected through a transparent tender process based on their expertise and proven track record.

We also work closely with government and non-governmental organizations within the plantation sector to implement community-oriented infrastructure projects. These collaborations enable us to address local needs effectively while ensuring compliance with relevant regulations.

Developing Renewable Energy Infrastructure

Renewable energy infrastructure continues to play a vital role in driving operational efficiency and sustainability improvements. This is supported by ongoing investments in energy-efficient equipment and energy management systems across our operations. These efforts are further enhanced by the gradual integration of renewable energy solutions, including solar rooftop installations, biomass utilisation, and mini-hydro projects. Collectively, these initiatives help reduce dependence on grid electricity while lowering the overall emissions intensity associated with TTE's manufacturing assets.

SUSTAINABLE DEVELOPMENT GOALS		
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 7 AFFORDABLE AND CLEAN ENERGY		
	TTE PLC Metric	Investment in industrial and community infrastructure
	Our 2030 Target	Increase sustainable infrastructure across estates
	Contribution	By procuring machinery under a sustainability-focused framework, and upgrading both industrial and community infrastructure, we foster inclusive and sustainable industrial development.
Related Targets		9.1 9.4

Factory Rooftop Solar Units

Project	Capacity KWP	Generation Kwh	% Generation Capacity
Bearwell	108.24	114,857	87%
Moragalla	149.80	137,016	75%
Deniyaya	118.19	132,738	92%
Dessford	113.95	129,354	93%
Calsay	109.68	79,216	59%
Kiruwanganga	220.00	272,585	101%
Total	819.86	865,766	86%

Mini Hydro

Project	Capacity KWP	Generation Kwh	% Generation Capacity
Radella	0.2	826,812	101%
Somerset	1.1	3,622,254	95%
Palmerston	0.8	2,542,244	87%
Total	2.1	6,991,310	93%

*The generation capacity was reduced during the year 2025/26 due to the Ditwah cyclone.



Factory rooftop solar - Bearwell Estate



Mini Hydro - Somerset Estate

Strengthening Digital Infrastructure

Recognizing the critical role of a robust IT backbone in supporting efficient front-end operations, the Company has consistently strengthened its digital capabilities over the years. Continuous investments in IT systems, infrastructure, and digital solutions have enhanced operational efficiency, improved data management, and enabled more informed decision-making. This

ongoing focus on technology ensures greater connectivity across estates and functions, while supporting the Company's drive towards innovation and long-term sustainability. An investment of Rs. 26 million was made during the year towards the following key initiatives

- ▶ **Automation of factory processes:** Introduced automation across key stages of factory operations to enhance efficiency, ensure consistency in quality, and reduce manual intervention.
- ▶ **Drone-supported fertilizer spraying:** Adopted drone technology for fertilizer application, improving precision, reducing labour dependency, and ensuring uniform coverage across plantation areas.
- ▶ **Remote monitoring systems (CCTV):** Implemented CCTV-based monitoring systems across factories and estates to strengthen security, improve oversight, and support real-time operational monitoring.
- ▶ **Digital weighing systems:** Deployed digital weighing solutions to enhance accuracy, transparency, and efficiency in measuring green leaf and processed output=



Trade-offs

01

With Financial Capital



Capital-intensive investments in factory modernisation, renewable energy infrastructure and digital systems reduce short-term cash flows but enhance processing efficiency, asset longevity and long-term returns.

02

With Natural Capital



Expanding factory capacity, estate infrastructure and crop diversification requires careful land allocation to balance productive asset development with ecosystem preservation and biodiversity conservation.



Future Outlook



Short Term

Strengthen operational support facilities and workplace conditions across estates, and increase land allocation for diversification into high-margin crops including specialty teas, cinnamon and strawberry cultivation.



Medium Term

Invest in factory machinery to enhance processing capabilities and product diversification, scale renewable energy through expanded solar and mini-hydro capacity, and strengthen climate-resilient infrastructure.



Long Term

Deploy predictive maintenance and data analytics across manufacturing assets, increase investment in green processing technologies, and advance towards a fully decarbonized, digitally integrated asset base aligned with Net Zero 2050.