

The future at our core

Annual Report
2022





The SLT-MOBITEL proposition as it grows and evolves reflects the passion for the future. The communications and technology arenas of today are vastly different to what they were a few decades ago. They are a great barometer of the almost unimaginable advancement and progress the world has seen. SLT-MOBITEL is on the cusp of this rapidly transforming world as we serve country and people with a product and service portfolio that is driven by our passion to deliver the fruits of a prosperous future to all.



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Sri Lanka Telecom PLC
Annual Report 2022





About Our Integrated Report



The 10th Annual Integrated Report of Sri Lanka Telecom PLC provides a balanced discussion and presentation of the Company's performance for the financial year ending 31 December 2022. The Report emphasises the financial, environmental, social, and governance aspects of the Company, using relevant and appropriate metrics. It builds on the Company's previous Annual Report for the financial year ending 31 December 2021, which is available on www.sltmobile.lk.

Reporting Framework

This Report has been prepared in compliance with the regulatory policies outlined below, along with the Company's own framework and ethics that have been voluntarily adopted.



Regulatory

- Companies Act No. 7 of 2007
- CSE Continued Listing Rules
- Sri Lanka Financial Reporting Standards issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)



Voluntary

- Integrated Reporting Framework published by International Integrated Reporting Council (IIRC)
- GRI Standards issued by the Global Reporting Initiative
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Scope and Boundary

The Report provides financial and non-financial information of Sri Lanka Telecom PLC and its subsidiaries, duly identified as "SLT" or the "Company" individually, and "Group" collectively. The Report focuses on material themes that can significantly impact the Group's value creation over the short, medium, and long-term. In line with the <IR> Framework, the report adopts a multi capital reporting framework.

Assurance

Assurance on the Financial Statements are provided by Ernst & Young, and assurance on non-financial information has been provided by the Group Chief Executive Officer/ Director, Chief Executive Officer and relevant Management authorities.

Forward Looking Statements

SLT has provided forward looking statements based on its assessment of the Group's ability to create value. These statements are founded on trend analysis, external forecasts and the existing policy environment. Amid the economic crisis in the country and high levels of uncertainty that are beyond the Company's control, investors are advised to seek updated information upon reading the Report. All forward looking statements are provided without recourse or any liability to the Board or other individuals involved in the preparation of the Annual Report, due to the reasons stated above.

Precautionary Principle

SLT is committed towards improving environmental sustainability and mitigating threats that cause a risk to the environment. The Company's ESG initiatives are in compliance with principle 15 of the Rio Declaration on Environment and Development.

Responsibility

The Management of SLT has prepared and reviewed the Integrated Annual Report for the financial year 2022. Addressing all material issues as at the date of the Report, the Board and the management of SLT acknowledges its responsibility to provide a balanced view of its performance in 2022.

The Annual Report for 2022 is signed on behalf of the Board by

Rohan Fernando
Chairman

Mohan Weerakoon, PC
Audit Committee Chairman

Janaka Abeysinghe
Chief Executive Officer

Feedback on this report can be directed to:

Mr Mahesh Athukorale
Group Company Secretary
Sri Lanka Telecom PLC
Lotus Road,
Colombo 01,
Sri Lanka

Tel: +94 11 239 9478
Email: mathukorale@slt.com.lk



About Us

As the National Information and Communication Technology (ICT) solutions provider, Sri Lanka Telecom (SLT) connects over 9.3 million subscribers across Sri Lanka providing a range of services and solutions that cater to a digital lifestyle. SLT has been at the forefront of telecommunication innovation and progress for over 165 years, catering to the Nation's telecommunication requirements. As the catalyst in integrating Sri Lanka with the global economy, SLT Group provides diversified services encompassing fixed and mobile telephony, broadband, data services, Internet Protocol Television, cloud computing, and hosting services and networking solutions.

Vision

All Sri Lankans seamlessly connected with world-class information, communication, and entertainment services

Mission

Your trusted and proven partner for innovative and exciting communication experiences delivered with passion, quality, and commitment

Results Driven

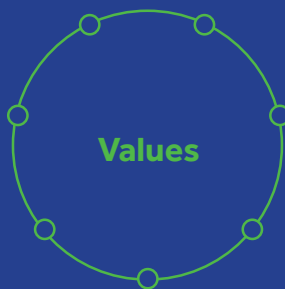
We are committed to enhancing shareholder value

Excellence

We are committed to exceptional performance

Teamwork

We are one team with a common purpose to achieve common goals



Responsive

We are ready to listen and act promptly

Customer Caring

We put our customers at the centre of everything we do

Trustworthy

We are true to our promises

Innovative

We continuously invent new opportunities through creative thinking

Performance Overview



Over 65,000 km

Fibre Network



9.3 million

Subscribers



LKR 4.8 Bn.

Group Profits



LKR 107.7 Bn.

Group Revenue

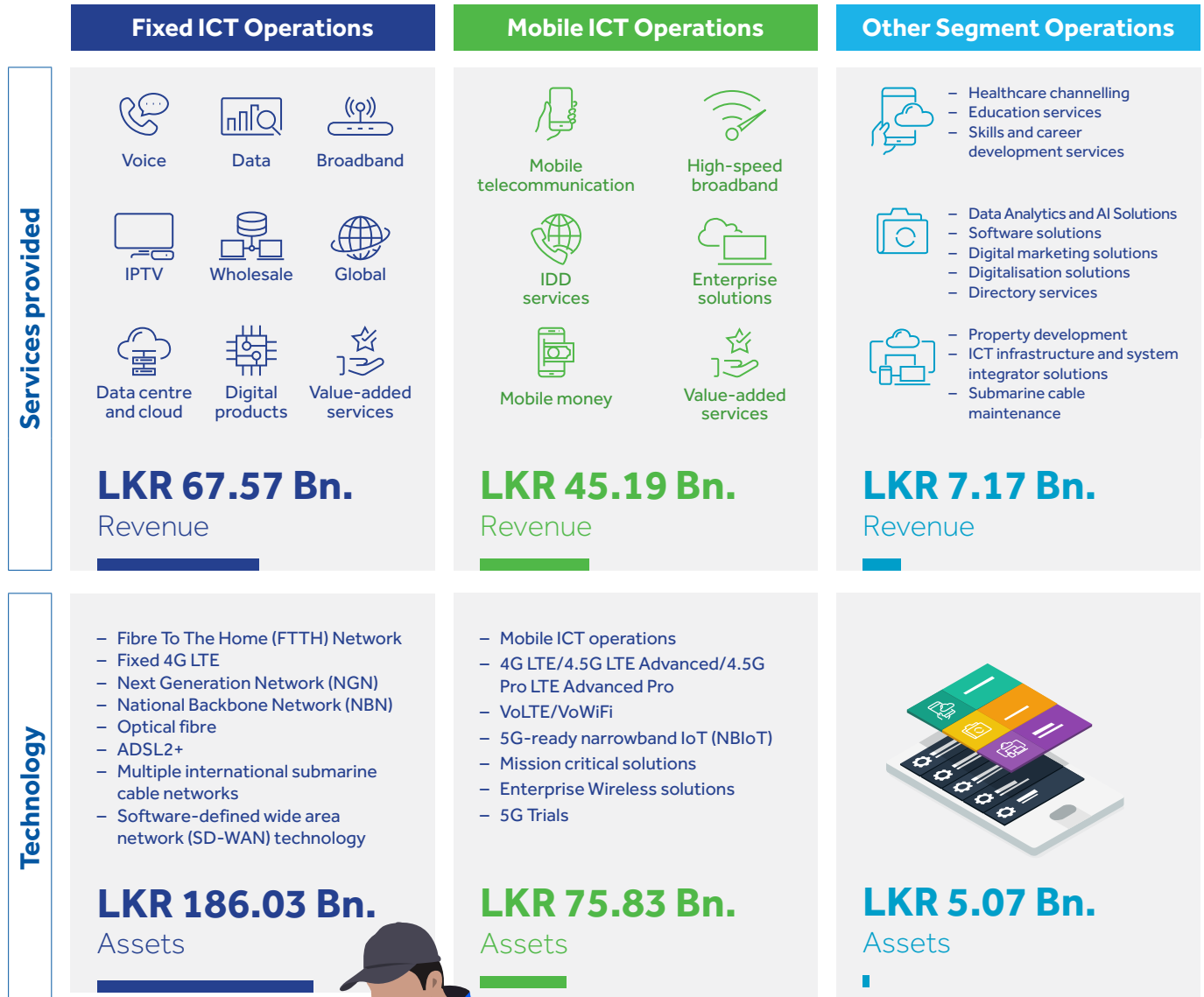


LKR 240.6 Bn.

Total Assets



SLT's Portfolio of Telecommunication Services



SLT and Digital Sri Lanka

Our Coverage

SLT facilitates the integration of all Sri Lankans in terms of coverage and connectivity, through end-to-end fibre connectivity and dedicated lines.

Our Reach

SLT provides island-wide coverage for fixed and mobile ICT services, reaching over 9.3 million subscribers. The Company's customers include domestic users, small and medium enterprises (SMEs), retail customers, multinationals and large enterprises, public sector institutions, other operators, and wholesale customers. These customers are serviced via a fibre optic network of nearly 65,000 km across the country, with broadband speeds of up to 1 Gbps whereas majority are served speeds of up to 200Mbps.

The Company's over 300,000 Asymmetric Digital Subscriber Line (ADSL) customers and over 500,000 fibre to the home (FTTH) customers, as well as over 300,000 LTE connections, and approximately 1,900 internet leased lines, are all connected through SLT's network, which includes 1.2 million fibre ports across the island. SLT has approximately 430 local exchange areas (LEAs) and 377 optical terminals to connect customers across the Nation.

Capitalising on the FTTH deployment, SLT has penetrated over 65% of fibre-enabled households in Sri Lanka and has the highest post-paid customer base for a paid TV platform.

Network Connectivity

SLT's core transmission network supports ultra-high-speed capacity and cutting-edge routers, facilitating new high-speed broadband services to enterprise and residential users across the island. Nine million subscribers across Sri Lanka are connected through its voice and broadband wireless services via GSM/EDGE (2G/2.5G) and LTE/LTE-Advanced (4G/4.5G) technologies, supported by Mobitel.

The rapid growth of its broadband footprint in Sri Lanka paves the way to provide a plethora of broadband-based services to address the growing demand from customers for ultra-broadband. This supports future-proofing

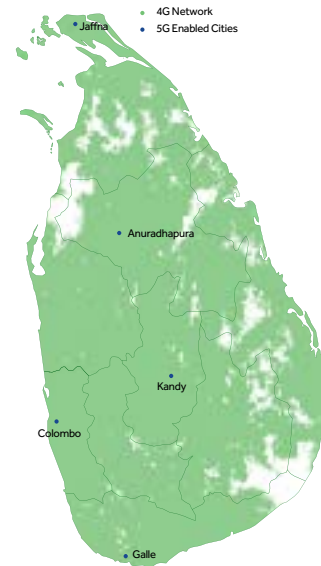
of its network and facilitates its evolution to virtualisation and software-defined access networks (SDAN) through software upgrades.

Catering to retail customers as well as SMEs, corporates, and other telco operators, SLT has extended its access network mainly through fibre solutions, to meet customer connectivity requirements at locations such as offices and branches over Internet Protocol Virtual Private Network (IP-VPN).

SLT has expanded its fibre footprint through FTTH technology, offering customers a high-quality experience vis-à-vis broadband connectivity. Its 4G network/LTE network access with media - including LTE/wireless, optical fibre, and copper-based networks reach customers anywhere in the island.

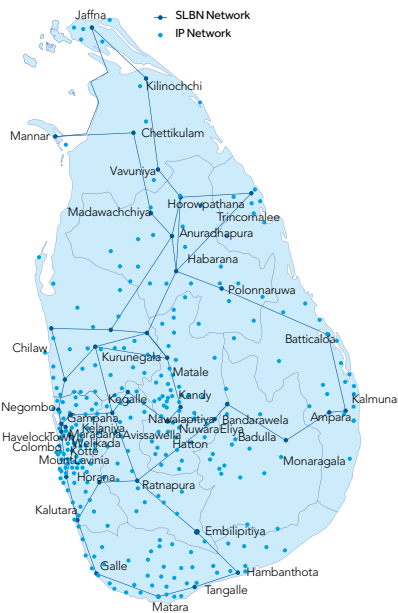
Going beyond broadband, SLT's improved TV experience has the largest high-definition (HD) content library in Sri Lanka and is the only provider of local free-to-air channels in HD aired through the PEO TV platform.

National Backbone Network (NBN)



SLT's advanced fibre optic-based nationwide telecommunication main backbone network provides connectivity to global opportunities and is critical to the digitalisation and development of Sri Lanka in a digital era. Built on 100G technology, 500 nodes, and 75 SLBN nodes, the network functions continuously with comprehensive security features including Automatically Switched Optical Network (ASON) and a comprehensive 1+2 redundancy system. A key feature of the high-quality network is its high speed of 8 Tbps combined with extremely low latency.

SLT's IP network is the largest in the island, comprising a 100 Gbps backbone, metro rings, and multiple access rings comprising over 500 high-capacity nodes and more than 4,500 service segregation nodes. These provide intelligent IP transport services for various platforms, which are related to delivering SLT's retail products (broadband, PEO TV, 4G, and Wi-Fi) and connecting government, enterprise, and network carriers. Whilst paving the way for Sri Lanka's ICT development, the NBN aims to meet the needs of all ICT operators in the country in the future.





SLT and Digital Sri Lanka

Statistics

Higher Access Nodes in the Network

Number of Multi-Service Access Nodes (MSANs) and Optical Line Terminals (OLT)

6,136

South Asia's First Submarine Cable Depot

The Galle submarine cable depot is a joint venture between SLT and Indian Ocean Cable Ship Private Limited – which is also a partnership of Singapore Telecom (Singtel) and France Telecom – Orange Marine.

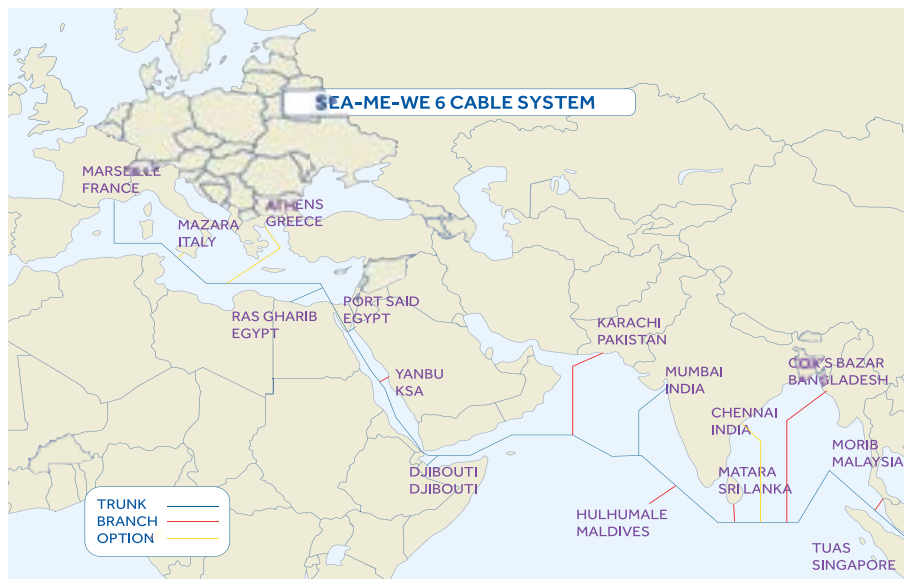
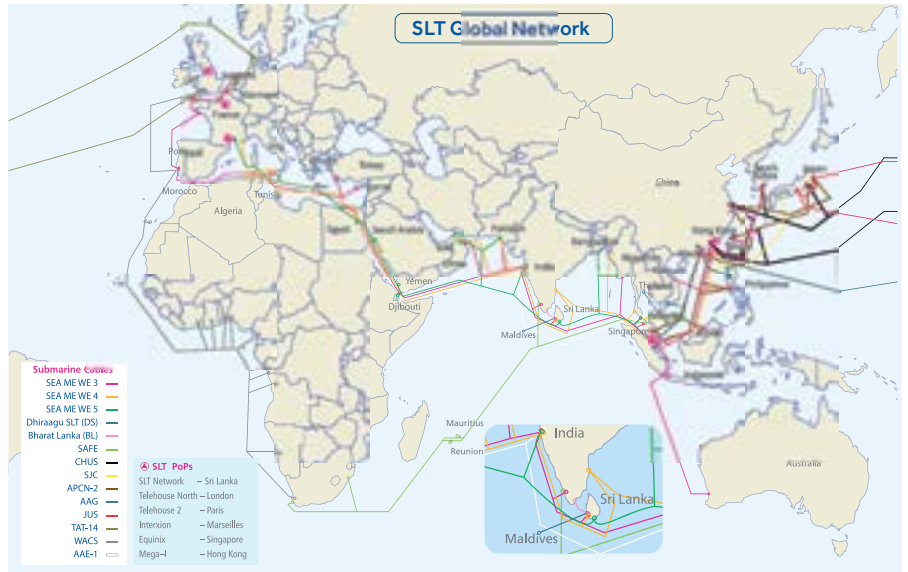
The Galle Depot facilitate storing submarine Cables and Spares that require for undersea cable repairs and it operate as service provider to Consortium consist of Cable Ships and Depot operators. The Galle Depot customers are cable owners across Asia Pacific to Europe, including SLT.

Galle Depot expanded its storing capacity by 50% in 2022, reaching 1,746 cubic meters to cater growing demand of emerging new cable systems during 2023/24. Further expansion is planned in 2024 to cater such demand beyond 2024, including SMW6 new system.

Global Connectivity

SLT connects Sri Lanka to the world through five international submarine cable systems: SEA-ME-WE 3, SEA-ME-WE 4, SEA-ME-WE 5, Bharat Lanka, and Dhiragu-SLT. It is also a key member of the SEA-ME-WE 5 cable consortium, with a full cable landing station in Matara, with a capacity to connect to the East and West cable segments at 3.8 Tbps.

The proposed SEA-ME-WE 6 submarine cable system that will run from Singapore to France, with a design capacity of 10x13 Tbps, of which SLT's invested capacity is 6 Tbps, with the completion date set for within 2025. This cable network is considered a vital component of Sri Lanka's 5G network, offering customers access to rich content hosted in other countries, with high-speed connectivity to those locations. The investment in the SEA-ME-WE 6 cable has moved Sri Lanka's



global connectivity capacity to the next level transferring over 100 Terabits of data per second-making Sri Lanka and SLT ready to take on the anticipated data explosion. Moreover, SLT has increased its international backhaul capacity and connected international gateways to the national network, leading to the creation of an international backbone.

In 2022, the Company initiated a Point of Presence (PoP) at the Matara landing station and increased its capacity in terms of

SEA-ME-WE 5, with approximately 2,300 gigabits on the Singapore side, and 1,500 gigabits on the France side. SLT has six global PoPs, in Colombo, Welikada, Matara, Singapore, France, and Los Angeles.

To cater to global traffic requirements, SLT also developed a service fulfilment dashboard to bring the management of service provisioning and network operations into a single view.

Our ESG Focus

Environmental Social and Governance (ESG) aspects are increasingly gaining momentum in both stakeholder considerations and risk landscapes. In such a context, it is imperative for organisations to contribute toward addressing critical economic, social, and environmental issues facing the world today. SLT, as a socially responsible corporate citizen, remains fully committed to making a positive impact on the communities that it operates and is taking every effort to integrate ESG considerations across the Organisation. Aligning its activities to the Sustainable Development Goals (SDGs) and national priorities SLT ensures sustainable development focused on economic growth, social inclusion, and environmental protection. Illustrated below is the Company's journey toward sustainability and the ESG milestones for 2022.

SLT-MOBITEL ESG towards Sustainability



Strategic approach

- Social behavior strategy - ensure long-term success of stakeholders
- Environmental Social Governance – integral to business strategy and corporate identity



Key pillars of ESG

- Nature, Education, and Health
- Sponsorship to enhance brand engagement
- Initiatives conducted under the theme "Sabandiyawe Sathkaraya"



Management commitments

- Investment in ESG
- Employee engagement in ESG initiatives
- Transform organisational culture
- Set KPIs to measure the outcomes



Value delivery

- Cost reduction
- Increased productivity
- Adaptation to the regulatory requirement
- Optimised investment and capital expenditures
- Creating opportunities for top talent

Milestones of 2022

- Formed the ESG Strategic Committee
- Planted over 1500 Mee trees in 11 locations
- Completed Carbon Emission Assessments 2019/20
- Conducted Hackathons
- Completed 6 CoderDojo ICT Knowledge empowerment programmes for children
- Scholarship for online skills development programme
- SLT Cultivation programme launched in 8 regions
- Equal opportunity for education (book donations)



Our ESG Focus



Environmental

Carbon Emission Assessments (refer natural capital)

- Obtained the certification according to ISO 14064:1:2018 standards
- Proposal to formulate a Mitigation Plan

Renewable Energy Solutions

- Solar panel installation

Protection and Preservation of the Environment

- Tree planting initiatives (more detail in natural capital)
- E-waste management
 1. Manage according to proper regulation
 2. Repair and reuse customer premises equipment
- Creating online environment awareness under the theme of "Earth is calling are you listening". A series of programmes based on topics such as Homo Sapiens, Protecting Sri Lankan Wildlife, and Action for Conservation.

(Refer the Natural Capital on pages 87 to 90 for more details)

Social

- Implementation of Skills Online Sri Lanka Programme to aid youth with educational career pathways

- Providing channels for students to access educational material
 1. Book donation programme for under privileged student community
 2. Introducing Hackathons and CoderDojo in collaboration with the STEMUP Educational Foundation in Sri Lanka, which is a non-profit volunteer-based organisation with a sound base of young professionals

- Inculcating community engagement through the eChannelling blog
- Tributes towards Healthcare workers, in collaboration with *Manusath Derana*
- Achieved a gender diversity ratio of 25:75 for women to men in the workforce
- PEOTV initiatives
- PEOTV - "Videsa DP Education" Program
- "PEOTV Videsa 5" - a series of free seminars

(Refer the Social and Relationship Capital on pages 69 to 86 for more details)

Governance

- Strict compliance to environmental policies

(Refer the Natural Capital on pages 87 to 90 and Corporate Governance on pages 105 to 113 for more details)

Sustainability related awards and accolades garnered by SLT during 2022

Best Corporate Citizen Sustainability Award 2022 by The Ceylon Chamber of Commerce – Sector Award winner



Financial Highlights

	2022 LKR Mn.	2021 LKR Mn.	Change %
Group			
Revenue	107,710	102,348	5
– Fixed	61,701	54,693	13
– Mobile	43,494	45,576	(5)
– Others	2,515	2,079	21
EBITDA	40,759	41,170	(1)
Operating profit	12,518	13,844	(10)
Profit before tax	10,588	12,818	(17)
Profit after tax	4,765	12,161	(61)
Earnings Per Share (LKR)	2.64	6.73	(61)
Current Assets			
Current receivables	32,553	26,923	21
Other investments, cash and cash equivalents	18,145	26,282	(31)
Other current assets	4,753	3,667	30
Use of EBITDA			
Profit before tax	10,588	12,818	(17)
Net interest cost	1,938	1,714	13
Depreciation and amortisation	28,241	27,326	3
EBITDA margin	38%	40%	(2)
Dividend Per Share (DPS) (LKR)	0.25	2.02	(88)
Company			
Revenue	67,569	59,811	13
EBITDA	24,056	21,446	12
Operating profit	5,957	3,336	79
Profit before tax	12,648	5,085	149
Profit after tax	8,463	5,865	44
Earnings Per Share (LKR)	4.69	3.25	44



Performance Highlights

Financial Capital

Liabilities 2022
LKR 148,096 Mn.
2021 – LKR 125,965 Mn.

Profit after tax 2022
LKR 4,765 Mn.
2021 – LKR 12,161 Mn.

EBITDA 2022
LKR 40,759 Mn.
2021 – LKR 41,170 Mn.

Earnings per share 2022
LKR 2.64
2021 – LKR 6.73

Shareholders' funds 2022
LKR 92,488 Mn.
2021 – LKR 93,976 Mn.

Assets 2022
LKR 240,584 Mn.
2021 – LKR 219,941 Mn.

Manufactured Capital

Capex 2022
LKR 45,914 Mn.
2021 – LKR 28,548 Mn.

PPE 2022
LKR 164,916 Mn.
2021 – LKR 141,937 Mn.

Depreciation 2022
LKR 22,621 Mn.
2021 – LKR 22,176 Mn.



Intellectual Capital

Brand value 2022
LKR 27.7 Bn.
(Brand Finance 2022)
2021 – LKR 22.3 Bn.

Value of operating licenses 2022
LKR 4.5 Bn.
2021 – LKR 5.1 Bn.



Human Capital

Number of employees 2022

SLT
6,663
2021 – 6,590

Mobitel
1,395
2021 – 1,442

Number of new recruits 2022

SLT	Mobitel
460	169
2021 – 185	2021 – 174

Female representation 2022

SLT	Mobitel
25%	28%
2021 – 26%	2021 – 29%



Social and Relationship Capital

Year end customer satisfaction index 2022
83
2021 – 85

Paid taxes and levies paid to the Government 2022
LKR 27,048 Mn.
2021 – LKR 19,320 Mn.

Net promoter Score (NPS)
2022 – 55
2021 – 56



Natural Capital

Zero instances of non-compliance



Our Group Structure



SLT DIGITAL SERVICES (PVT) LTD.

100%

Digital marketing, directory services, web development, event management and brand activation services

SLT VISIONCOM (PVT) LTD.

100%

Internet Protocol Television (IPTV) services provider

SLT HUMAN CAPITAL SOLUTIONS (PVT) LTD.

100%

Dormant company as operations ceased with the deployment of staff by SLT

TALENTFORT (PVT) LTD.

100%

Total HR solutions provider

SLT PROPERTY MANAGEMENT (PVT) LTD.

100%

Managing SLT's real estate resources

SRI LANKA TELECOM (SERVICES) LTD.

100%

Network and systems integration solutions provider



40%

Galle Submarine Cable Depot (Pvt) Ltd.

Submarine cable depot service provider

MOBITEL (PVT) LTD.

100%

Mobile service provider

@CHANNELLING

87.59%

eChannelling PLC

Pioneer software development and ICT services for the Healthcare industry

MOBIT TECHNOLOGIES (PVT) LTD.

100%

Software solutions provider



Executive Statements

Group Chairman's Message

Our pace of business growth accelerated to double digit percentage YoY for the two years 2021-2022, compared to the 3-4% growth recorded previously. I am humbled and proud of this progress achieved through the hard work and dedication of the SLT-MOBITEL team backed by the Group's strategic focus.

From a broader perspective, this has been a turnaround year for us toward reaching higher goals.





Group Chairman's Message

Dear Shareholders,

In a year fraught with unprecedented macroeconomic and industry challenges, Sri Lanka Telecom (SLT) Group posted impressive overall growth with annual revenue surpassing LKR 100 Bn. in the financial year 2022. The results are reflective of the Group's transformational journey that commenced in 2020 with a clear focus on operational efficiency through a consolidated business structure, optimisation of facilities, and cost efficiencies and unified brand Marketing.

Launchpad for Growth

Our pace of business growth accelerated to double digit percentage YoY for the two years 2021-2022, compared to the 3-4% growth recorded previously. I am humbled and proud of this progress achieved through the hard work and dedication of the SLT-MOBITEL team backed by the Group's strategic focus. Our greatest strength has always been the quality of our people. They are dedicated. They are resilient. And they are committed to delivering for our customers. We continued to enhance our employee value proposition to attract and retain top talent, provided a satisfactory year-end bonus and prioritised the health and well-being of our staff and their families during the year under review. Moreover, we strengthened our brand and the business, based on the inclusive management principle of working closely and working unitedly with trust between the management and the staff. Furthermore, based on our core principles and our governance code, we continued to conduct our operations with zero tolerance to any form of corruption.

Some of our operations were unified in 2022, especially in areas where there was duplication of work by subsidiary entities. The groundwork laid out in 2022 is now in the launch phase which would generate substantial cost savings in the future. In the initial phase, the operational offices and Teleshops in some areas were brought under one roof, serving as an example of success in unified operations. We are now ready to expand this programme to major cities.

The construction of our nine-storey SLT-MOBITEL headquarters building in Welikada phase 1 was completed within one year, and was made ready for occupancy. Mobitel

operational offices are scheduled to move into the new building, enabling the company to save an estimated LKR 300-400 Mn. per annum on rent. It is noteworthy to mention that if we hadn't taken this initiative forward, Mobitel would have spent LKR 3.5 Bn. on rent for relevant premises including Rotunda Tower occupation for ten years, starting from 2019. The Welikada operational headquarters constructed at a cost of approximately LKR 2.5 Bn. is one of the most modern, green buildings in Sri Lanka, powered by renewable energy and water saving through rainwater harvesting.

Connecting Sri Lanka to the globe, the SEA-ME-WE 6 cable project is now on course for execution, with the involvement of a US company, SubCom. The funds required for this project, in the range of USD 40-50 Mn. were allocated and placed in a separate account for disbursement. We have also negotiated with SubCom to source the latest telecommunication technology knowledge through our Training Centre in Welisara.

The development, expansion, and enhancement of the Training Centre in Welisara also commenced in 2022, to upgrade the centre to an Institution of Technology and obtain "University" status from the University Grants Commission (UGC). Upon completion, we expect the number of students to increase to an average of 2,000 per annum, and to engage our staff and the youth of Sri Lanka in high-end IT education.

The year 2022 ended on a positive note with the SLT recording a steady profit, compared to its competitors. Whilst our operating profits are commendable, the increase in corporate tax rates eroded the net profits during the year under review. However, the prudent management of finances resulted in a substantial exchange gain for SLT enabling the Company to record an impressive bottom line. Moreover, in 2022, we reduced our long-term borrowings by 23.3%, from LKR 61.68 Bn. in 2019 to LKR 47.29 Bn. which is a noteworthy achievement. Our Copper Recycling Project progressed well generating substantial income, and we plan to expand the project in 2023. In recognition of our discipline, and well-planned disposition towards the Nation and its people, we were named among the top 10 corporates in Sri Lanka recently.

Expanding our Horizon

Strengthened by our achievements in 2022, we look forward to a cautious but exciting year ahead. In the current macroeconomic and geopolitical conditions, we will make every effort to strictly control our CAPEX budget, whilst seeking other avenues of revenue to boost both the top and the bottom line of the Company. From a broader perspective, this has been a turnaround year for us toward reaching higher goals.

One of our main focus areas for 2023 will be the unification of operations, commencing from Sales and Marketing, to Network Management. We will cautiously transfer our 3G network to 4G and achieve operational cost savings. Furthermore, we will diligently enhance the growth strategies of our subsidiaries, to ensure they operate profitably, making a significant contribution to the cumulative bottom line.

Our efforts such as in-house planning, taking stock of customer premises equipment (CPE), and conducting a collection campaign of non-utilised instruments for re-use would enable us to launch a concerted effort to use the 1.2 million ports in our fibre network, optimally.

Our Annual Business Plan (ABP 2023) presented recently was one of the finest in my commercial career, through which I realised the strong resolve of our highly experienced and knowledgeable engineers and technicians to achieve higher targets beyond organic growth. We have broken out from tradition and reached out to new business verticals, especially in devices, processes, and home-grown platforms.

SLT Global is also in operation, with the recent initiatives to engage a UAE-based entity to deploy a team of our technical staff for a telecommunication project. We hope to expand this business in 2023 to reach much larger projects and to offer secondments to a larger number of skilled staff members.

Group Chairman's Message

Cost Reduction Strategies

One of the biggest challenges we faced was the cost of equipment due to forex disparities. We have addressed this by developing equipment locally, and our R&D centre 'The Embryo' working closely with relevant agencies to introduce new products. R&D will be further enhanced with the induction of young, differently-thinking youth into our Organisation.

We will prioritise the cost reduction of the annual maintenance contracts (AMCs) and energy using AMC platforms developed in-house, and utilise solar power to reduce the draw from the national grid.

The service cost of our network has been addressed through the new initiative - "Zero Faults", where network management is empowered via technology to reduce service faults. Similarly, with the expansion of fibre usage, a gradual transformation will take place to reduce Multi-Service Access Nodes (MSANs), and thereby curtail operational costs.

We plan to deploy this work plan for the greater benefit of our stakeholders and staff members. Given the current economic milieu where taxes and interest rates further burden our organisation and our staff members, we aim to implement measures in consultation with our HR to reduce the burden on our workforce.

Navigating through the volatile market conditions has placed the group in a strong position to deliver sustainable performance. Transformation is critical to evolve and navigate challenging market conditions, secure business sustainability, and enable a future-ready workforce. We remain firm in our resolve to provide state-of-the-art solutions to our customers across all segments, facilitate socioeconomic progress, and support Sri Lanka's transformation into a smart nation.

Acknowledgements

In the year 2022, we faced both obstacles and opportunities that tested our strength and resilience and set us on a course correction to prepare for the future. Our staff members maintained discipline and decorum to safeguard the reputation of the Organisation adhering to the highest ethical principles at all times. Our achievements in 2022 would not have been possible without their significant effort and steadfast determination, for which I am incredibly grateful. On behalf of the Board, I convey my deep appreciation to our staff members, and the management team. I extend my appreciation to the Board of Directors, for their support in driving the changes required to transform SLT into a resilient future-forward technology company. I appreciate the trust and loyalty of our customers.

Let's be brave and dream big, as we take Sri Lanka to a new era of growth.

Rohan Fernando
Group Chairman

15 March 2023



Group Chief Executive Officer's Review

SLT has always been consumer-minded in pricing, and at the same time, the Company makes significant investments in infrastructure annually to remain on par with global telco and IT industry trends.

SLT recorded a resilient performance in 2022 and was the only telecom company in Sri Lanka to record a profit in 2022.



Group Chief Executive Officer's Review

Dear Stakeholders,

Reflections on 2022

In a year marked by unprecedented challenges following the economic crisis and the lingering effects of the global pandemic, Sri Lanka Telecom group (SLT) recorded a commendable performance delivering value to its stakeholders. Our success would not have been possible without the continued dedication and unparalleled support of the exceptional SLT team. I wish to thank each and every one of them for their efforts during the year and their unwavering support for our customers.

Following the brand unification in 2021 that positioned the SLT Group as the National ICT solutions provider, a key focus for 2022 was the unification of the group structure and consolidation of operations under one roof to harness greater synergies and cost efficiencies.

In the context of the prevailing economic crisis in the country, one of the most crucial challenges faced by telecom operators in Sri Lanka is that our telecom tariffs are amongst the lowest in the world and in the region. SLT has always been consumer-minded in pricing, and at the same time, the Company makes significant investments in infrastructure annually to remain on par with global telco and IT industry trends. This enables the telecom industry to continue offering a high standard of service and state-of-the-art solutions to customers. We have remained committed to driving growth devoid of corruption and waste, enhancing productivity, and improving our efficiencies to provide an unmatched value proposition to customers.

Company Strategy and Vision

Adopting a decentralised decision-making process within the organisation, we empowered the right people with the relevant expertise to make the right decisions. We focused extensively on the well-being of our staff, making strategic decisions to achieve a balance between ensuring safety and service delivery. Moreover, amid the prevalent credit crunch and rising interest rates, we sought

alternative sources of funding, with a focus on cash flow management, and restructured our debts. Furthermore, we fortified our immobile assets to strengthen the balance sheet and improved our debt-equity ratio whilst gradually strengthening the cash flows. We optimised asset utilisation and resource allocation to achieve internal efficiencies, progressed on our digitisation agenda, and become a more agile organisation.

The Value Proposition to Employees

Being one of the first organisations in Sri Lanka to initiate the work-from-home concept during the pandemic on a large scale, we continued to implement efficient work strategies for our employees. This included a POD-based working model allowing our regional telecom officers to work collaboratively from multiple locations close to their area of residence. While continuing that practice, we are introducing apps to identify the time clocked and the quality of work to achieve the desired level of efficiency. Some of the key highlights for 2022 were establishing a new staff recruitment process and promotion schemes on par with industry standards, and introducing an inclusive management concept to nurture a harmonious environment amongst the management, employees, and trade unions. We also established the smart technician programme and smart sales officer programmes, while the SLTM Training Centre (SLTTC) became the first Sri Lankan educational institution to attain NVQ Level 6 equivalent status through an agreement with the Tertiary and Vocational Education Commission (TVEC).

A Resilient Performance

Overcoming the external impacts, SLT recorded a resilient performance in 2022 and was the only Telecom company in Sri Lanka to record a profit in 2022. The resilience in our performance is primarily due to management intervention in containing costs, the reduction in energy costs, consolidation of operations moving into company-owned premises, and asset monetisation subject to government policy

being stable to attract FDIs. As a result, the total revenue of the SLT Group increased by 5.23% YoY to LKR 107.7 Bn. in 2022 mainly driven by a 12.97% increase in fixed telephony operations. Group profit after tax witnessed a decline of -60.82% YoY compared to LKR 12.16 Bn. recorded in the previous financial year.

Borrowings increased marginally by 1.50% YoY to LKR 47.29 Bn. in 2022, whilst equity declined marginally by 1.58% YoY to LKR 92.49 Bn. As a result, the debt-to-equity ratio amounted to 78.0% in 2022 compared to 66.1% in 2021. Operating cashflows amounted to LKR 38.35 Bn. We invested LKR 43.32 Bn. in new technologies to enhance our revenue generation capabilities in 2022.

Cash and cash equivalents as of 31 December 2022 amounted to LKR 14.15 Bn. The market capitalisation of Sri Lanka Telecom PLC increased by 75.28% to LKR 122.73 Bn. during the reporting period.

Our ESG Progress

We continue to make meaningful progress in our Environment, Social, and Governance (ESG) commitments, revolving around three main pillars – Nature, Education, and Healthcare, and a supplementary pillar: Sponsorship. Focused on energy management, waste management, and ecosystem preservation, we continued to progress on our environmental sustainability initiatives. During the year under review, an ESG strategic committee was established and we launched the National "Mee" Tree Planting Programme under our flagship "Sabandiyawe Sathakaraya" ESG programme. We also uplifted the communities by improving infrastructure of underprivileged schools and expanding ICT learning opportunities across Sri Lanka.

Furthermore, we conducted a series of online awareness programmes on environmental preservation, encouraging the public to protect and conserve nature. We also conducted cultivation programmes in 8 provinces across Sri Lanka, recovered and recycled 79,480 kilograms of copper, and reduced CEB/LECO total energy consumption (except generator power) by 1.8% YoY in FY 2022 to 77,545,248 kWh.



Group Chief Executive Officer's Review

A Look to the Future

We are well positioned in our industry through a unique set of assets that help us deliver for customers and create value for our stakeholders. The growing shift to digital platforms, particularly in the post-pandemic era, continues to drive SLT's plans for the future, whilst we focus on consolidating our new identity following the unification of our organisation structure from January 2023. Turning challenges into opportunities we will lead from the front reducing the digital divide in the country and leading Sri Lanka towards digital inclusion whilst preserving good governance and protecting the environment.

A Word of Appreciation

In closing, I convey my sincere appreciation to my team SLT CEO, Mobitel CEO and the CEOs of all other subsidiaries for their exemplary efforts, commitment, and endurance in challenging circumstances as they delivered a seamless service to our customers and communities that we serve. I am grateful to the Board for their counsel and invaluable guidance in navigating the unprecedented challenges. I thank the Telecommunications Regulatory Commission of Sri Lanka for its collaborative and proactive approach to regulatory matters. My gratitude is extended to the customers and business partners for their continued loyalty and support.

Lalith Seneviratne
Group Chief Executive Officer
15 March 2023

Chief Executive Officer's Review

To enable a smart nation, we have focused on building the necessary infrastructure with a fibre network of 65,000 kilometres across the island, the unification of operations in delivering of fixed and mobile services, and offering a unified SLT-MOBITEL Group brand proposition.

SLT is transforming from a telco to a techco, a technology company, by evolving from a communication services provider to a digital services provider.





Chief Executive Officer's Review

Dear Stakeholders,

The aftermath of the pandemic brought its own set of challenges, particularly given the current economic environment, amid rapid inflation, and foreign currency shortages. We navigated the challenges by enhancing efficiencies, managing costs, and seeking and capitalising on new opportunities following the heightened customer demand for broadband and connectivity, and digital Apps/tools.

Strategic Focus

We have achieved a consistent growth over the past two years, driven by a focus on maintaining our leadership position, especially with the nation's shift towards realising a digital economy. To enable a smart nation, we have focused on building the necessary infrastructure with a fibre network of 65,000 kilometres across the island, the unification of operations in delivering of fixed and mobile services, and offering a unified SLT-MOBITEL Group brand proposition. This was supported by a focus on agile organisational processes and an innovative culture. We also strengthened our R&D unit Embryo in 2022, while building partnerships to offer new services to customers via digital platforms utilising cutting-edge technologies such as Machine Learning/Artificial Intelligence, Data Analytics, Robotic Process Automation (RPA), Metaverse and many other emerging technologies.

Overcoming Challenges

In response to the concerns of stakeholders amid the challenging operating milieu, we offered additional support to navigate the crisis, by implementing hybrid work arrangements for employees, launching programmes for customer premises equipment (CPE) recovery and refurbishment in the face of resource shortages, implementing cost reduction initiatives by absorbing the Annual Maintenance Contract scope to be done by our own engineering and technical staff where possible, and providing digital channels to enhance customer experience management. Managing staff turnover was another key challenge, amid a growing trend of skilled

migration observed across the corporate sector. To increase employee retention, we extended valuable internal growth opportunities, skills development, leadership programmes, and fringe benefits to elevate staff morale.

Key Markets

Broadband penetration has become key in the consumer and retail segment, especially given the increased demand for online and virtual platforms catering to everything from business to education to entertainment. This has created a vast opportunity for telcos to provide broadband services to this market segment. Our cost effective solutions including digital and cloud-based platforms have catered to the SME segment, while also providing end-to-end managed services and cloud solutions to enterprise and government customers. SLT's domestic wholesale segment that includes all licensed operators in Sri Lanka is served with reliable high speed fibre connectivity, co-location and Cloud Services. Meanwhile, our international wholesale business encompasses a large number of bilateral partnerships with Global telcos primarily in relation to the provision of global voice and data services under Xyntac. Systems integration Business and Digital Business Services are also key focused business areas,

Journey of Digital Transformation

SLT is transforming from a telco to a techco, a technology company, by evolving from a communication services provider to a digital services provider. This entailed offering new services, the virtualisation of our networks, and the process of cloudification. We aim to expand our digital infrastructure, including the fibre and 4G LTE networks, along with data centres and the multi-cloud environment, which are crucial to enabling and delivering digital services. Furthermore, we invested in capacity augmentation of global internet and submarine cable capacity which is a key component of our digital transformation journey. We are considering collaborating and supporting

the digital initiatives of our customers, by strengthening our in-house capabilities and by establishing a broader local and global digital service partner eco system. Further, we develop solutions based on IOT and analytics for many industry verticals in order to transform traditional processes into smart operations.

Operational Synergies

By consolidating our fixed and mobile business through the unified SLT-MOBITEL brand, we have harnessed synergies and efficiencies at the operational level. The provision of both fixed and mobile communication services through the MySLT self-care app, along with Unified customer touchpoints, marketing material, and digital channels, support our fixed and mobile business convergence efforts. Sales and operations under the SLT-MOBITEL brand now pose a single unified front, offering total fixed and mobile solutions to customers in the enterprise and SME markets. In the retail segment, we anticipate the expansion of mAgent concept to encompass the unified entity in 2023. We believe that having a single network group would lead to synergies and cost savings, and facilitate the sharing of platforms and the consolidation of systems to deliver an enhanced user experience.

Key Investments

To provide best-in-class coverage, speed, security, reliability, and performance to customers in 2022, we made substantial investments towards expanding our accelerated fibre programme even amid an escalation in costs in the latter part of the year. Additionally, investments were made to fortify the internet, the data centre, and cloud-related projects. Key investments planned for 2023 include our FTTH project, as well as expansion of the 4G LTE network, and channelling funds towards 5G when the 5G spectrum is available. Furthermore, we have started to invest in the SEA-ME-WE 6 submarine cable system as a consortium partner, whilst constructing a cable landing station in Matara, with the planned project completion to be in Q2 of 2025.

Chief Executive Officer's Review

A Noteworthy Performance

We recorded a robust performance for 2022, with a YoY growth in revenue of LKR 67,569 Mn. and a 12% growth in earnings before interest, taxes, depreciation and amortisation (EBITDA) of LKR 24,056 Mn. Profit after tax recorded a growth of 44% to LKR 8.5 Bn. in 2022. Moreover, a forex gain of LKR 5,152 Mn. was recorded in the year under review. The cumulative revenue growth over the two-year period, covering 2021 and 2022 exceeded a phenomenal LKR 16 Bn. The performance for the year was driven by higher broadband and fibre penetration, especially through FTTH services. We benefited from a considerable expansion of the domestic wholesale segment, in addition to the growth in the consumer, enterprise, government, SME, and international business segments. We also maintained financial resilience, with equity increasing by 6% YoY due to healthy profitability. In 2022, the company's debts increased by 18% in order to support the investments in critical projects such as the islandwide fibrerisation project, that resulted in a debt-to-equity ratio of 0.85.

Investing in our People

We are acutely aware of the importance of boosting staff morale and increasing productivity. Therefore, several initiatives were implemented to increase employee motivation and retention in 2022. In response to the challenges faced by employees owing to prevailing macroeconomic conditions, we enabled remote working opportunities for staff to work from home and moved to hybrid working models that offered greater flexibility. Transport facilities were provided to staff members at the height of the fuel crisis. Our training centres continued to identify skill gaps and upskill staff, for them to be in par with the latest industry and technology trends, as we move into a new digital era. Our employees benefit from local and foreign training opportunities. Moreover, we encourage staff members to engage in sports and welfare activities, to have a holistic

work experience, and maintain a healthy work-life balance. The unification of the organisational structure under the umbrella of SLT-MOBITEL engenders ever-greater agility and flexibility in terms of human resources management, with a unified value system for the HR division. I am happy to state that all the trade unions have been highly supportive of the inclusive management initiatives undertaken during the year.

The Journey Ahead

Increasing capacity, offering improved speed, and reliable and secure connectivity to enterprises and consumers are of paramount importance as we move forward. Therefore, our key focus area, particularly in the domestic market, is to cater to the growing demand from customers for high-speed broadband, for which we have already introduced download speeds of 200Mbps. The fibre rollout would be another focal point to expand coverage through the high speed fibre network, alongside the 4G LTE wireless network. Future opportunities would include providing more broadband capacity, especially given the proliferation of bandwidth-intensive applications and the ensuing demand for high-speed broadband. As a result, we will focus on expanding our fibre network, Data Centres and multi-cloud platforms. Given the national focus on a digital economy, towards introducing new digital platforms to trim costs, prevent revenue leakages, and improve operational efficiencies, digital transformation initiatives would remain a high priority on our agenda. SLT-MOBITEL Enterprise will focus on providing customised solutions to Enterprise, SME and Government sector customers with cutting-edge technologies such as SD-WAN, AI, IOT, RPA, multi-cloud, and in the very near future 5G.

Xyntac, the global unit of Sri Lanka Telecom, being a part of global supply chain concentrates on expanding the carrier-grade connectivity and innovative digital services to our customer base in the international market. SLT-MOBITEL has

invested in the 126Tbps SEA-ME-WE 6 cable system which expands from France to Singapore and is expected to commission in Q2 of 2025. Further Xyntac is focusing on the expansions of its commercial and physical presence in more global regions by establishing new Points of Presence (PoPs) with a fully redundant architecture. Xyntac's ISP Service is improving its position by being within the first 50 Global Internet Service Providers. By reaching more global eyeballs it has become the first Sri Lankan Telco to be listed amongst the global ISP giants.

In an effort to expand into international enterprise markets, we have established a new Strategic Business Unit (SBU) for Global Business. Within a short period, we have achieved a lot of promising results. In the years to come, I believe that the SLT Global SBU will be a formidable regional force.

Thank You

Our people are the driving force behind SLT-MOBITEL's success. 2022 was a challenging year, throughout which the professionalism, dedication, and expertise of our people were always to the fore, even in the most testing circumstances. I am very grateful to them for their hard work and commitment to our customers. I express my gratitude to the Chairman and the Board of Directors for the guidance and valuable counsel extended to ensure the sustainable growth of the Company. I am grateful to our business partners, government agencies, and the Telecommunications Regulatory Commission of Sri Lanka (TRCSL) for their continued support and goodwill. I appreciate the loyalty and trust of our customers and shareholders.

I am proud of the progress we have made in the past year and the tangible momentum for the future.

Janaka R Abeyasinghe
Chief Executive Officer

15 March 2023



Business Context and Strategy

Business Model

INPUTS



Financial Capital

is all the investments provided by shareholders and other lenders that leverages SLT's value creation

- Total Equity: LKR 92.49 Bn.
- Borrowings: LKR 47.29 Bn.

Manufactured Capital

is a vital component of value creation which comprises all digital and manual assets, and equipment of the Company

- Investment in infrastructure LKR 45.91 Bn.
- Property, plant and equipment: LKR 164.92 Bn.

Intellectual Capital

comprises all the licenses, software, tacit knowledge, systems, processes, protocols of SLT, and the brand

- Brand value LKR 27.7 Bn. (Brand Finance 2022)
- Value of operating licenses LKR 4.52 Bn. (excluding tax)

Human Capital

Comprises the skills, attitudes, experience and talent of SLT's workforce

Social and Relationship Capital

Involves SLT's relationship with the community, along with the long-standing relationships developed with external stakeholders, encompassing customers, suppliers and business partners

Natural Capital

Comprises the natural resources used by SLT – including water, energy, and land

VALUE CREATION



VISION

All Sri Lankans seamlessly connected with world-class information, communication and entertainment services



Fixed ICT Operations



Mobile ICT Operations



Other Segments



Focused Strategy

Governance

Risk Management

Organisational performance and future potential

Stakeholder Expectations

- Operational Landscape involving infrastructure and internal operations
- Ever changing customer demands
- Digital Transformation Journey
- Government policies and regulations
- Economical/Environmental crisis management
- Technological disruptions and management

**OUTPUTS**

- Voice and data services via Fibre, ADSL, 3G, 4G and 5G technologies,
- National Backbone Network Services
- State-of-the-art experience centres – Traverse a virtual city and The Arena
- IDC and Cloud infrastructure services
- New PEO TV IPTV channels
- Content creation and development
- FinTech services
- Data centre services
- Call centre services
- Shopping Shop teleshops
- Digital platforms and products
- Storage solutions
- Global IP network, PoP Services
- eSports platform
- BPO services
- HR services
- Training Centre Services
- 360-degree customer view mobile app
- The app Wi-Finder technical tool
- National Business Directory

OUTCOMES**Financial Capital**

- Profit After Tax – LKR 4.76 Bn.
- Dividend payments – LKR 3.65 Bn.
- Revenue – LKR 107.71 Bn.

Manufactured Capital

- 233,000 FTTH ports
- Monetisation of digital assets and fixed assets
- The expansion of IP Multimedia systems

Intellectual Capital

- Brand value rose by 24% YoY due to the brand unification of SLT and Mobitel
- Future-forward products were launched specifically for the consumer, micro and SME, and enterprise segments

Human Capital

- Efficient work strategies were introduced to combat economic and environmental risks
- Training programs to enhance the skills of employees
- To ensure a paperless environment 90% of HR operations are automated.
- SLT and MOBITEL recruited 460 and 169 employees respectively
- Employee retention rate is 92.4% at SLT and 97% at Mobitel

Social and Relationship Capital

- Wi-Finder technical tool, 360-degree customer view mobile app Improved customer engagement channels
- Initiatives to increase staff engagement to deliver better customer satisfaction and experience
- SLT's ESG initiatives under the theme - "*Sabandiyawe Sathkaraya*", keeping in line with the United Nations Sustainable Development Goals (UN SDGs)
- Introduced easy payment methods including e-bills, SMS bills and an in-app bill facility for customers

Natural Capital

- Waste generation and recycling initiatives
- Environmental conservation and awareness opportunities
- Carbon emission assessments
- E-waste management

Operating Environment

Global Perspective

The lingering impacts of the COVID-19 pandemic and uncertainty in the global economy resulted in a ripple effect within the global telecommunications sector. This was noted through the impact of inflation and rising energy costs globally. Moreover, the Russia-Ukraine conflict has contributed to global instability, along with other factors such as increased inflation in numerous countries, leading to the implementation of financial restrictions and supply chain disruptions, which have resulted in content and streaming services being reduced, increased broadband package rates and social tariffs being included.

Among the largest disruptors in 2022 was global inflation, which was projected to rise to 8.8% (from 4.7% in 2021) during the year, and is expected to have reached its highest level in nearly three decades during the second half of the year. The cost of living, energy and food crises have decelerated economic advancement, and led to a lag in technological growth.

Russia-Ukraine conflict

The conflict in Ukraine resulted in the displacement of millions of civilians and significant damages to physical capital. Deep cuts in oil and gas exports to Europe has been another outcome of this conflict, which in turn had adverse impacts on economic activity in the continent in the form of higher energy prices, weaker consumer confidence, and disruptions to the manufacturing industry. Meanwhile, Gulf Cooperation Council (GCC) countries observed that these changes in the energy markets resulting from the Russia-Ukraine war could benefit the region, and improve consumer confidence and investments for the hydrocarbon exporters in the region.

Economic Growth

Global growth is expected to slow from 6.0% in 2021 to 3.4% in 2022 and 2.9% in 2023¹. In particular, economic growth in developing countries was forecast to decelerate from 2.7% in 2022, to 1.2% in 2023. Emerging and developing Asia is expected to rise in 2023 and 2024 to 5.3% and 5.2%, respectively, following the deeper-than-expected slowdown in 2022 to 4.3% attributable to China's economy.

High inflation has led to economic stagnation among many emerging markets and developing economies (EMDEs), resulting in increases in policy interest rates and an urgent need for these small states to shift expenditures from inefficient and expensive technologies, towards more environmentally friendly and cost saving solutions.

Supply chain risks remain a major concern in the manufacturing industry, as tensions arising from unresolved geopolitical conflicts appear to be expanding globally.

Energy security has also become a leading priority globally, with a large number of oil importers capitalising on higher oil and gas prices, and assisting with the transition towards a pathway of sustainability within companies.

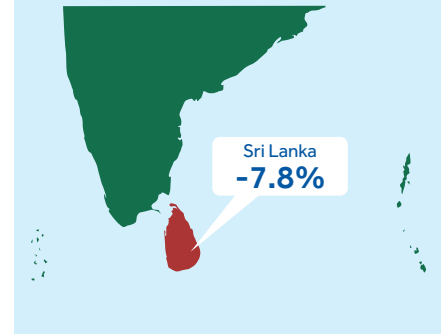
Global Telecommunications Advancements

Connectivity is a cornerstone of national resilience, and this can be seen within sectors such as education, healthcare, and emergency services. Universal broadband accessibility has escalated rapidly among telecommunication companies, in a global context. Telecommunication companies have focused on expanding direct connectivity lines and broadband solutions to rural areas. Extending broadband networks whilst also facilitating cloud-led platform providers and maintaining operational efficiency, conducting regulatory compliance checks and enabling strategic differentiation have been some of the priorities in the global telecommunications sector.

With the contribution of data centres to global emissions being projected to increase to 3.5% by 2026, and exceed 10% by 2040, the telecommunications sector acknowledges the sizeable impact of its electricity consumption on the environment. Given this, there is a sense of urgency in working towards improved energy efficiency solutions. This has resulted in telecommunication companies worldwide adopting alternative sustainable approaches in their decision making processes and operations. Selecting solutions that reduce environmental harm has taken precedence, with regional policymakers and regulators being more proactive in the pursuit and implementation of sustainable opportunities and regulations.

Country Profile

Sri Lanka's GDP Contraction in 2022



Real GDP growth

Annual percentage change

-3%



Source: International Monetary Fund

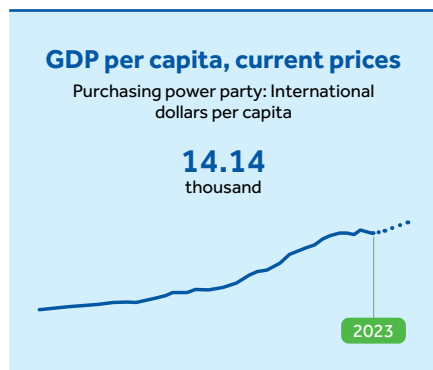
The growing demands of the telecommunications sector were met with the country being hit by a severe economic crisis and a number of restrictions being implemented on imports. Signs of economic weakness were observed during the pre-pandemic period as well, but trade restrictions enacted by other countries along with weak investments, loose monetary policies and regulations, resulted in further weakening of Sri Lanka's economic development. Having lost access to international financial markets in 2020 due to the downgrade of its credit rating, the looming external debt had to be serviced by the country through official reserves and loans from the banking sector, to make payments for imports. A severe imbalance resulted in a debt crisis as

1. IMF World Economic Outlook October 2022



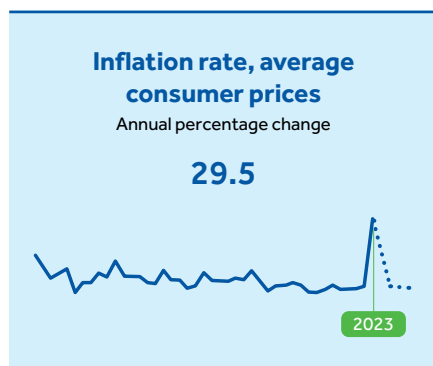
Operating Environment

Sri Lanka faced a depletion of reserves. Legal and financial supporters and advisors were appointed to address the crisis and initiate a debt restructuring framework.



Source: International Monetary Fund

The Sri Lankan economy contracted by 7.8% during 2022. High inflation, dollar deficits, increased interest rates, fuel shortages, electricity interruptions over extremely long periods and fertiliser shortages plagued the country throughout the year. Moreover, the slow debt restructuring process, limited external financial support, import bans, and a substantial number of locals migrating in order to seek better opportunities, have negatively impacted the economic development of Sri Lanka.



Source: International Monetary Fund

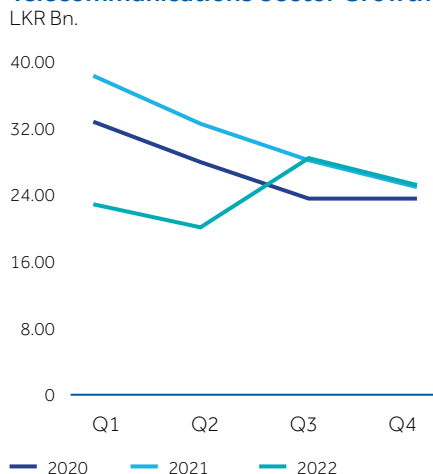
Telecommunications Sector in Sri Lanka

The telecommunications sector is essential to the country's development and advancement, and is regulated by the Telecommunications Regulatory Commission of Sri Lanka (TRCSL). Collectively, the ICT sector generated around USD 1 Bn. in net inflows in 2021. Sri Lanka's telecommunication sector contributes both directly and indirectly to the country's employment, productivity, investment, innovation, and economic growth.

Sri Lanka is also involved in submarine cable system projects where SLT involved with SEA-ME-WE 4, and SEA-ME-WE 5, which connect South East Asia to Europe. The SEA-ME-WE 4 fibre optic cables have a bandwidth capacity of 4.26 Tbps., and the SEA-ME-WE 5 has a higher capacity of 24 Tbps. These cables will give Sri Lanka a regional competitive advantage, as a business hub. Further, the SEA-ME-WE 6 is estimated to provide an additional 12 Tbps of capacity.

There is significant competition among three fixed-line operators, four mobile phone operators, and 11 Internet service providers². Mobile connection penetration stood at 134% at the end of 2022, while fixed line penetration stood at 12%³. The 65,000 km SLT fibre network being built in Sri Lanka is expected to serve as the backbone for 5G development and enhancement of mobile and fixed broadband services across the country.

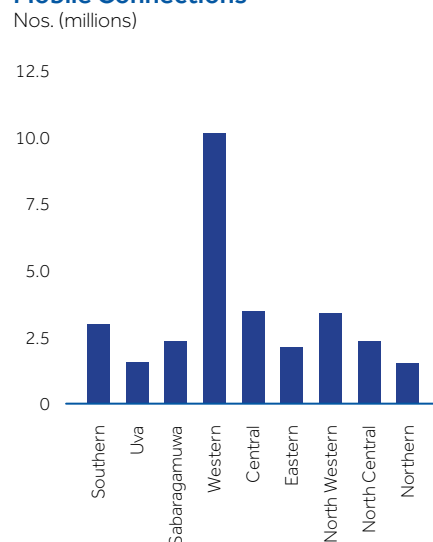
Telecommunications Sector Growth



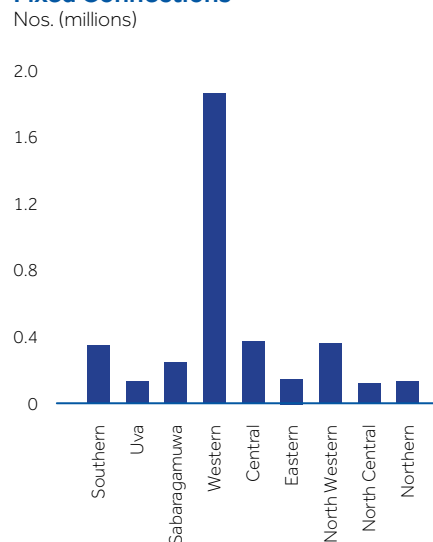
In 2022, Sri Lanka's telecommunications sector declined by 22.7%, and comprised 0.4% of the country's GDP⁴. Although the country faced severe inflation, and economic and financial crises during the year, the sector continued providing its services and assistance to aid the public with connectivity solutions.

Mobile and Fixed Connections

Mobile Connections



Fixed Connections



2. International Trade Administration

3. Telecommunications Regulatory Commission of Sri Lanka (TRCSL)

4. Central Bank of Sri Lanka

Operating Environment

Per Capita Banking Transactions Value (LKR)

	2017	2018	2019	2020	2021
Per Capita Internet Banking Transactions Value	97,956	135,640	177,747	202,636	292,007
Per Capita Mobile Banking Transactions Value	34	42	62	30	44

The table above reflect the increasing demand for telecommunication services in the country. Particularly in the banking industry there is a steady increase in the value of the mobile and Internet banking transactions.

The Digital Revolution

Perseverance and determination during the country's economic challenges helped SLT continue its technological advancement. Whilst offering an exceptional service to the 1.6 million subscriber base, the Company has played a valuable role in the transformation of the telecommunications sector in Sri Lanka. SLT maintained its service levels during the COVID-19 pandemic, ensuring the country and its citizens were connected digitally, by empowering remote working

capabilities. Increased demand within the technology industry resulted in amplified access to broadband networks and services. The digital revolution impacted online learning in schools, work-from-home arrangements within companies and organisations along with the advancement of the entertainment industry. Telecommunication services is an essential service in any sector for its digital transformation. During the COVID-19 pandemic, this sector supported all businesses to enable them to run their operations smoothly.

Category of Service	2022	SLT
Fixed Access Telephone Service	3	✓
Cellular Mobile Service	4	✓
Data Communications (Facility based)	1	
Data Communications (Non-facility based and Internet Service Providers)	3	
Trunk Mobile Radio	1	
International Telecommunication Operators	6	✓
Direct to Home Satellite Broadcasting Service	3	✓
Cable TV Distribution Network	3	
Other Operators	2	
Total	26	



Subscriber Growth

2022 Highlights

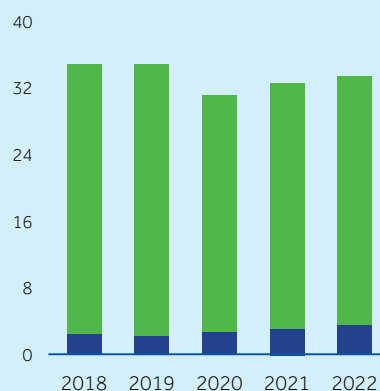
Growth

- Fixed **2.2%**
decrease in fixed subscribers
- Mobile **3.2%**
decrease in mobile subscribers

Number of Subscribers

- Fixed **3.8 million**
- Mobile **29.8 million**

Fixed Access and Cellular Mobile Telephone Subscriptions (million)



- Fixed Access Telephone Subscriptions
- Cellular Mobile Telephone Subscriptions



Operating Environment



Broadband

2022 Highlights

Subscribers

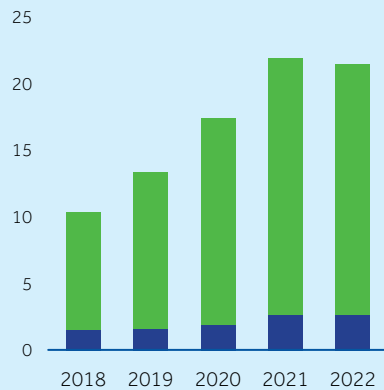
- Fixed **4.5%** decrease
- Mobile **2.3%** decrease

Number of Subscribers

- Fixed **2.7 million**
- Mobile **19.0 million**

Fixed and Mobile Broadband

(million)



- Broadband - Fixed
- Broadband - Mobile



Call Terminations

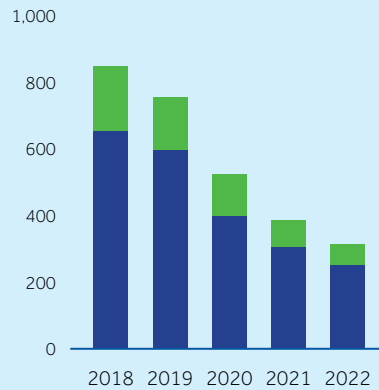
2022 Highlights

International

- Incoming **247.2 million**
- Outgoing **60.4 million**

International Call Terminations

(million)



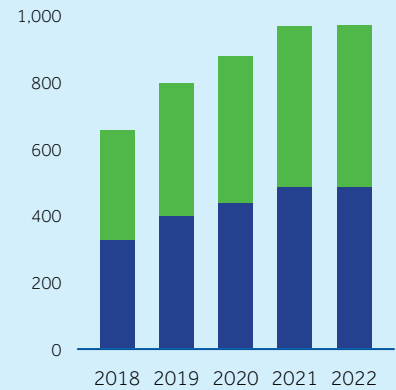
- International Incoming
- International Outgoing

Local

- Incoming **68.4 billion**
- Outgoing **68.4 billion**

Local Call Terminations

(billion)



- Local Incoming
- Local Outgoing

Responsive to Stakeholders

SLT considers an individual or a group who has interest in a company, and can either affect or be affected by its operations, as a stakeholder that needs to be constantly engaged with. The unprecedented challenges that prevailed in the recent past have created an acute need to engage deeply with the stakeholders to clearly identify their concerns and aspirations and appropriately address them. The main focus of the Company is to safeguard the interest of the stakeholders whilst creating shared value.

Company's key stakeholders are:



Customers



Employees



Investors



Business partners



Government and regulators



Community

The following tables outline the diverse interactive mechanisms employed to engage key stakeholders and address their concerns to create shared value.

Customers



SLT's customers range from individuals to large global enterprises. Dedicated teams are tasked with managing the needs of these various segments, through targeted responses.

Interaction methodology	Interaction time frame	Stakeholder concerns	Our response
Customer satisfaction surveys	Daily	Reliable and relevant service	The delivered service meets the customer's expectations and enhances future service delivery
Branches	Based on customer requirement	Availability of engagement teams, tools and services	Ensuring branch availability and quality service islandwide
Customer visits	Regularly	Convenience and overall experience	Empowering customers through self-care portals
Value added services	Regularly	Innovative and efficient solutions, secure connectivity and digital platforms	Amazon Alexa services for home broadband customers Introducing digital products for the consumer, micro/SME, and large enterprise segments, including R&D-based IoT PBX products, POS devices, solutions, and platforms for hotels SLT Traverse – a virtual reality platform
SLT-MOBITEL data centres	Regularly	Tackling issues associated with growing businesses and privacy concerns when utilising cloud storage services	Providing IDC and cloud infrastructure services, SD-WAN technology and IP VPN services



Responsive to Stakeholders

Interaction methodology	Interaction time frame	Stakeholder concerns	Our response
Customer touchpoints	Regularly	Customer journey challenges	Appointing a Customer Experience Management Officer for every customer Wi-Finder technical tool Launching a 360° customer view mobile app for staff and the FTTH quality check tool
Website, applications and social media platforms	Regularly	Convenience	Self-troubleshooting app for independent customers Launching the Arena experience centre
Teleshops within supermarkets	Regularly	Availability of customer services within smaller spaces, including supermarkets	Shopping Shop concept (Teleshops) in Colombo and Kandy
Contact centre	Regularly (24-hour service)	Customer service facility to be available consistently	The "book a call" service was introduced so customers do not virtually queue up, they are automatically connected to gain a future time slot of their choosing. More call centre agents are being trained to address the high level of customer inquiries.
Newsletters, news media outlets and value-added packages for students	Regularly	Value added services	eChannelling, Telehealth, mGuide, Sisu Connect, Airline tickets, Rail tickets, Telelife, A/L Kuppiya, Caller tune, Newsletter, eBill

Employees



SLT's employees contribute to the Company's operations and growth through their activities, skills, knowledge, expertise, and ideas.

Interactive methodologies	Interaction time frame	Stakeholder concerns	Our response
Meetings, emails and WhatsApp groups	As needed	Tending to work activities through national challenges such as the COVID-19 pandemic and economic crisis	Work-from-pods Work-from-home Home to Field method for field operations employees
Employee events	Frequently	Maintaining a conducive environment	Adopting a holistic approach to position SLT as a sought-after employer
Training programmes	As needed	Addressing competency gaps identified in employee assessments, and supporting skill and career development	Collaborating with Tertiary Vocational Education Commission (TVEC) to develop professional training programmes Continuing the smart employee concept with the smart technician and smart sales officer programmes Delivered nearly 135,700 hours of training in 2022, with an average 20 hours of training per employee
Inclusive management	Regularly	Promoting harmony and industrial peace, as well as the progression of the Organisation	Encouraging active participation and contributions from employees and trade unions
Health and safety programmes	Based on employee needs Annually	Maintaining a healthy work-life balance	Facilitating medical payments and reimbursements Conducting extracurricular activities Offered eChannelling services Facilitating the <i>Agrahara</i> insurance scheme Medical centre at the head office Conducting the <i>Suwatha</i> health screening programme
Performance evaluations and one-on-one meetings	Annually	Fair remuneration Recognition and rewards	Employing self-evaluations, immediate supervisor evaluations, supervisor-peer evaluations and reviews Offering incentives to recognise and reward individuals for their performance

Responsive to Stakeholders

Investors



Investors commit capital towards the Company and expect a fair return on their investments.

Interaction methodology	Interaction time frame	Stakeholder concerns	Our response
Quarterly results	Quarterly	Sustained growth in earnings	Earnings growth
Annual report	Annually	Dividends	Regular payment of dividends
Annual General Meeting		Share price	Increase in share price
CSE disclosures	As needed	Timely disclosure of price sensitive information	Quarterly results and other information disclosed via the CSE, website and media
Media releases	Regularly	Sound governance and risk management	Ensuring governance structures and risk management processes are in place
Rating reviews	Annually	Stability and resilience of the Organisation	Strong balance sheet and liquidity positions

Business Partners



SLT's business partners facilitate the delivery of services and value to customers.

Interaction methodology	Interaction time frame	Stakeholder concerns	Our response
Dealer satisfaction surveys	Quarterly	Timely payment of dues	Ensuring timely payment of dues to vendors, dealers and other suppliers
Vendor satisfaction surveys	Annually	Fair business practices	Maintaining a Tender Committee at Board level Effective processes and policies to ensure fair dealings
Supplier assessment surveys	Annually	Eligibility to bid for tenders	Assessing the suitability of suppliers for registration with SLT's Procurement Division
Meetings	As needed	Address consequences of the economic crisis	Establishing SLT's Vendor Management Unit to coordinate meetings, and undertake initiatives to facilitate direct procurement from principal vendors and through principal suppliers, bypassing local parties
Communication of requirements		Opportunities for growth	Obtaining regular feedback via dealers
E-tenders and e-auctions			Vendor awareness, review sessions, and post-evaluation reviews
Dealer reviews	Bimonthly		
Dealer awareness sessions	Monthly		Reward programmes
Vendor awareness sessions	Annually		
Vendor and supplier forum events	As required	Tackling and raising awareness of issues pertaining to suppliers	Strengthening connection with suppliers through supplier forum ventures



Responsive to Stakeholders

Government and Regulators



The Government of Sri Lanka is a key stakeholder and the main shareholder of SLT. The Company is spearheading Sri Lanka's journey towards a digitally empowered nation.

Interaction methodology	Interaction time frame	Stakeholder concerns	Our response
Meetings with regulatory authorities such as the Telecommunications Regulatory Commission of Sri Lanka (TRCSL), Department of Treasury Operations, Information and Communication Technology Agency of Sri Lanka (ICTA), and Inland Revenue Department (IRD)	Regularly	Contribute to Sri Lanka's progress, and address challenges in the operating context	Investing in national telecommunications infrastructure
Annual report	Annually		Serving as a key partner in e-government initiatives (e.g. linking 860 government institutions to the Lanka Government Network through ICTA)
Presentations	As required	Compliance with regulatory requirements and timely reporting	Acting as a partner in developing the country's technology sector
			Creating direct and indirect employment
			Connecting Sri Lanka to global opportunities
		Revenue collection	Collaborations with ministries and other government bodies to prioritise national digitalisation
		Timely payment of taxes	Maintaining processes to ensure compliance with regulatory requirements
			Ensuring the timely remittance of taxes and levies collected

Community

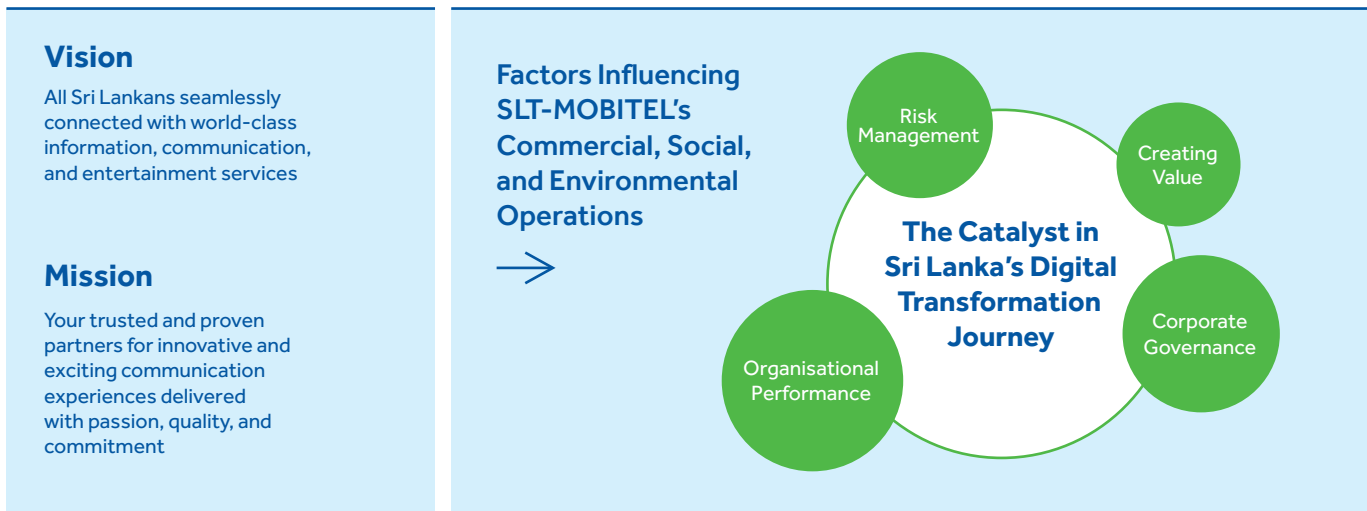


SLT focuses on creating a positive impact on the community and mitigating potential negative impacts.

Interaction methodology	Interaction time frame	Stakeholder concerns	Our response
Network of branches	Regularly	Responsible business practices	Focusing on digital inclusion of all Sri Lankans Ensuring affordability of services and recognition of special need groups Enhancing island wide presence and coverage
Social media and SLT website	Regularly	Engage and uplift communities	Disseminating information about SLT's achievements and SLT's products and services
Mass media			
Events	Annually	Development of ICT skills among Sri Lankan youth	Introducing the Hack:AI 2021 Hackathon, SLIOT challenge, IOT lab at University of Moratuwa
	Regularly	Stimulate the entrepreneurial interest in youth to resolve national challenges through inventions	Hosting events such as the "Dreamers Wanted Programme" to encourage innovation to Embryo and sponsoring for innovation events to encourage
	As required	Uplift Sri Lanka's educational landscape	Operating programmes to enhance academic development

Strategy

A fundamental concept that drives SLT is the process of creating and preserving value, while tackling challenges that could lead to value erosion. This process complemented by the Group's strategic direction and resource allocation. To achieve its strategic goals, SLT strives to incorporate stakeholder feedback, capitalise opportunities, mitigate risks, and maximise the use of available resources.





Strategy

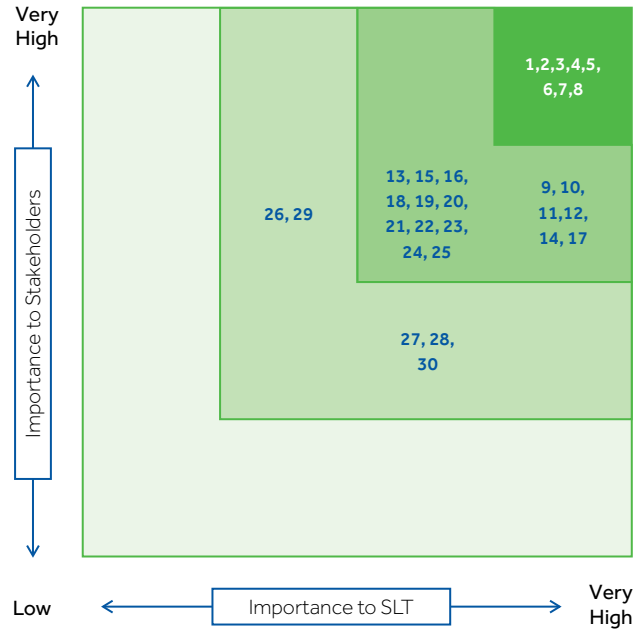
Strategic Pillar	Strategic priorities and achievements	
 <p>Driving a Smarter Sri Lanka</p>	<p>Enabling Country Digitalisation initiatives Expanding Island wide Fibre Footprint and PoP coverage Drive Smart education, smart agriculture smart health , smart transportation and other Research and Development through Entrepreneurship Infrastructure expansions on Network, Data Centre and Cloud</p>	<p>Accelerated Fibre To The Home implementation Supporting digital enablement and empowerment of SME and Micro Segments Helaviru and Agriculture Platform Fazenda - IoT based Agriculture Solution Cochchi ecommerce Platform Building the partner ecosystem in the tourism sector Smart Home and smart building solution solutions Automation solutions for Hospitals Online Education Platforms Research and Development Partnerships with Academia, individuals and organisations</p>
 <p>Excellence in Digital Transformation</p>	<p>Accelerating SLT's Digital Transformation (DT) Programme Internal Digitalisation Activities</p>	<p>Customer touch point digitalisation initiatives</p> <ul style="list-style-type: none"> • MySLT app enablement with new features • Web portal • Online bill payment • Online service requests <p>Implementing core projects to drive SLT's DT programme Organisation digitisation initiatives: Automation to optimise the services offered via contact centre Expanding Robotic Process Automation (RPA) in operational area.</p> <ul style="list-style-type: none"> • Field Service App • Capturing sales leads • SMART Network planning • Quality checking
 <p>Go Global</p>	<p>Global Network Expansions Strategic Partnerships for offshore Digital Solutions</p>	<p>Investing in to new under sea cable (SMW 6) SMW 5 Expansions Promote Fintech solutions, Data Analytics and AI solutions, and Managed services.</p>
 <p>Making Intelligent Organisation</p>	<p>Passionate culture Organisational Loyalty Employee Engagement Talent Champions</p>	<p>SMART workplace concept Succession plans and Leadership development programs Performance driven culture change Digital Savvy Skill Development Program</p>
 <p>Operational Excellence</p>	<p>Omni Channel Experience Cloudification SMART Technicians Single Technician Field Service</p>	<p>System and Platform Migration Data Analytics and Business Intelligence Field Service Rearrangement</p>

Determining Material Issues

Material Matters

When determining material matters, SLT takes into consideration many components of its operations that are vital to achieving the Company’s strategic goals, and are important to its stakeholders. A list of material matters for 2022 is given below:

No.	Topic	Importance to SLT	Importance to stakeholders
1.	Financial and economic performance	Very high	Very high
2.	Employment	Very high	Very high
3.	Training and education	Very high	Very high
4.	Customer privacy	Very high	Very high
5.	Customer experience	Very high	Very high
6.	Work and lifestyle changes	Very high	Very high
7.	Purchasing power of consumers	Very high	Very high
8.	Macroeconomic conditions	Very high	Very high
9.	Indirect economic impacts	Very high	High
10.	Technology evolution	Very High	High
11.	Financial resilience	Very high	High
12.	Industry evolution in country	Very high	High
13.	Procurement practices	High	High
14.	Crisis management	Very high	High
15.	Anti-corruption	High	High
16.	Anti-competitive behaviour	High	High
17.	Energy	Very High	High
18.	Emissions	High	High
19.	Effluents and waste	High	High
20.	Environmental compliance	High	High
21.	Occupational health and safety	High	High
22.	Freedom of association and collective bargaining	High	High
23.	Socioeconomic compliance	High	High
24.	Community health and safety	High	High
25.	Digital infrastructure for education	High	High
26.	Diversity and equal opportunity	Medium	High
27.	Research and development	High	Medium
28.	Local community engagement	High	Medium
29.	Biodiversity	Medium	High
30.	Marketing and labelling	High	Medium





Management Discussion and Analysis

Financial Capital

Top line revenue and profitability are key to the SLT Group's success. However, the understanding of other key metrics such as liquidity, cash flows, capital structure and funding are essential to providing maximum value to investors. SLT strives to provide a wholistic view of these components for the satisfaction of all stakeholders.

Investors received increased value in the form of higher valuation



Highlights for 2022



- Profit After Tax
LKR 4.8 Bn.
- Revenue
LKR 107.7 Bn.
- Return on Equity
5.1%
- Total Assets
LKR 240.6 Bn.



Financial Capital

Sri Lanka faced severe economic hardships during the year 2022 stemming from numerous internal and external factors including the outbreak of the COVID-19 pandemic. This led to many negative economic consequences, including the drastic depreciation of the Sri Lankan Rupee (LKR) against the US Dollar and rising inflation, which led to low purchasing power among citizens. Furthermore, regular interruptions to the power supply disrupted the operations of many organisations during the year.

Despite these challenges, the SLT Group recorded a revenue growth of 5.2% YoY to LKR 107.7 Bn, and a profit after tax of LKR 4.8 Bn. for the year ended 31 December 2022. Revenue growth was mainly driven by the uninterrupted usage of broadband and data services, with many organisations continuing to provide work from home facilities for their employees, and the extension of online learning for students by educational institutions. The financial position of the Group strengthened during the year, with total assets recording a growth of 9.4% YoY to LKR 240.6 Bn. All these factors have increased the resilience of the SLT Group to withstand the economic crisis. This segment sets out how we nurtured our Financial Capital in 2022.

Income Statement Revenue

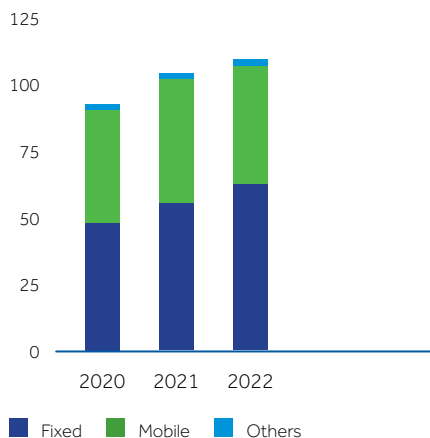
Group revenue increased by 5.2% YoY to LKR 107.7 Bn. in 2022, primarily due to the surge in broadband and data usage during the year, resulting from the work from home and online learning facilities, and increased use of digital infrastructure by corporate and government business segments. Consumer migration to digital platforms for transactions, digital learning, and entertainment continued to gather momentum in 2022 as well. PEO TV too recorded healthy growth, underpinned by increased usage and new connections. Tariff increase also contributed to revenue growth, effective from September 2022.

The Group experienced increased usage across all customer segments, ranging from individuals to corporates, and government segments. However, fixed voice revenue declined during 2022. Increased coverage through the Group's accelerated fibre expansion programme, and the expansion of the 4G LTE network were the major contributory factors to revenue growth. It is noteworthy that revenue increase was achieved despite offering attractive pricing for certain packages, taking into consideration the need to ensure affordability for learning and working from home. Revenue from the Carrier

Domestic business grew significantly during the year, while revenue from data products provided to Corporate and Government business segments also grew notably YoY.

Revenue

LKR Bn.



External revenue from fixed telephony increased by 12.8% YoY to LKR 61.7 Bn. in 2022, accounting for 57.3% of Group revenue. Mobile revenue decreased by 4.6% to LKR 43.5 Bn., accounting for 40.4% of group revenue. The decline in mobile revenue was mainly due to a decrease in the subscriber base, resulting from an increased subscriber churn from March 2022, a reduction of interconnection charges from April 2022, device and sim shortage due to import restrictions, and frequent power cuts.

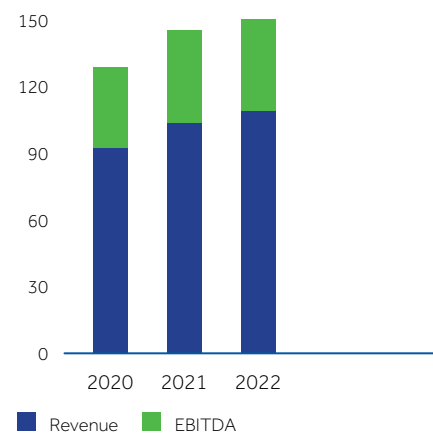
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)

Group operating expenses (excluding depreciation and amortisation) increased by 9.4% YoY whilst revenue rose at a lower rate of 5.2%, resulting in a marginal drop in EBITDA by 1.0% in 2022, compared to 2021. The SLT Group implemented several initiatives to manage cost hikes including waste to cash and creating synergies through brand unification. EBITDA margin of the SLT Group decreased from 40.2% in 2021, to 37.8% in 2022, due to the increase in operational expenditure as a result of the heavy devaluation of the LKR and the inflation that exceeded 70%. The Company is expected to achieve the desired EBITDA margin by managing increased costs with upward revisions in tariff structures and improved operational efficiencies.

Fixed operations of the Group recorded an EBITDA of LKR 24.1 Bn. reflecting an increase of 12.2% YoY. EBITDA margin dropped marginally from 35.9% in 2021 to 35.6% in 2022, driven by the increase in operating expenditure. EBITDA of mobile operations decreased by 13.3% to LKR 16.9 Bn. causing the EBITDA margin to reduce to 37.4% in 2022, from 41.3% in 2021. This was due to increased utility charges resulting from power cuts and fuel shortages in the country during the year, and the depreciation of the Rupee that increased expenses including annual maintenance costs and license costs, and repair and maintenance costs.

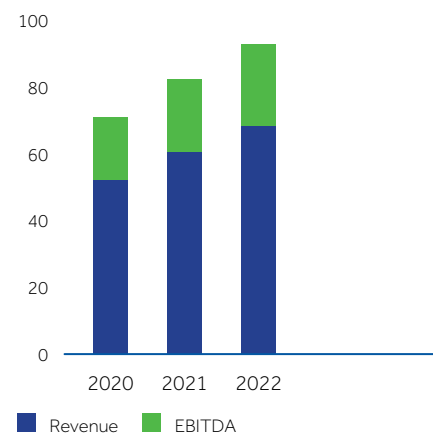
Revenue and EBITDA

LKR Bn.



Revenue and EBITDA – Fixed Operations

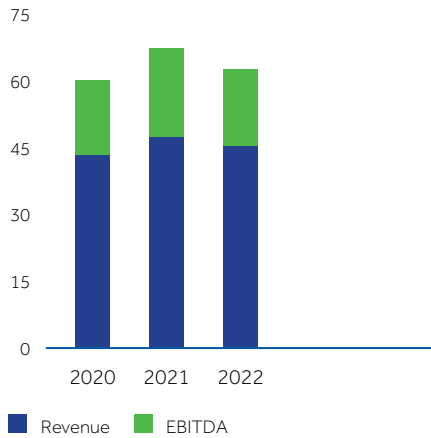
LKR Bn.



Financial Capital

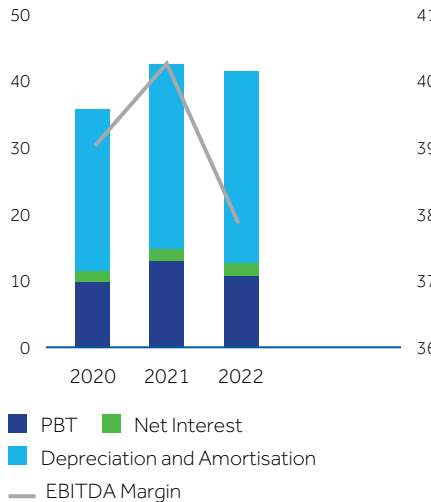
Revenue and EBITDA – Mobile Operations

LKR Bn.



Use of EBITDA

LKR Bn.

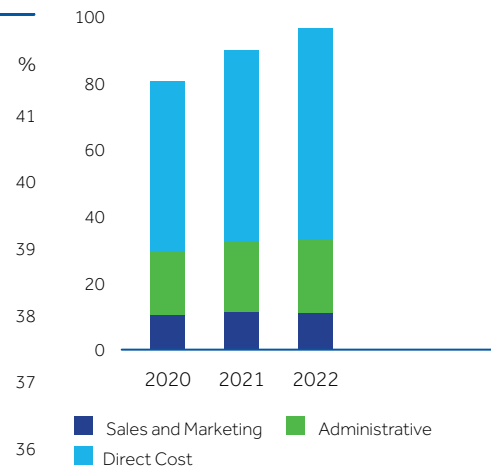


Managing Costs

The unexpected economic crisis caused high inflation, a shortage of fuel leading to continuous power cuts, an increase in fuel prices and tariffs, and an increase in electricity charges. These factors had a negative impact on SLT Group's operating costs, which increased to LKR 95.2 Bn. in 2022, from LKR 88.5 Bn. in 2021. During the year, direct costs increased by 10.4%, primarily stemming from the increase in USD denominated payments, such as international Settlement charges and ITL. The overall cost increase of 7.6%, which significantly exceeded revenue growth of 5.2%, caused operating profit to decline by 9.6%, and the operating profit margin to decline to 11.6% in 2022, compared to 13.5% in 2021.

Cost Analysis

LKR Bn.



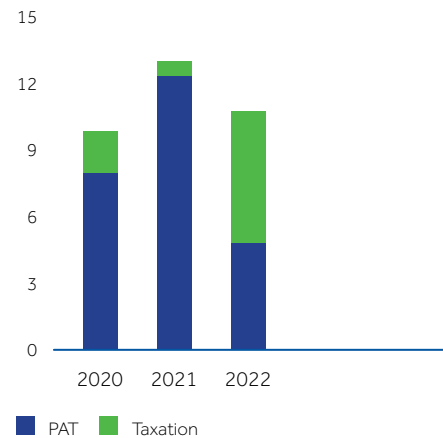
Profit Before and After Tax

Profit before tax (PBT) decreased by 17.4% to LKR 10.6 Bn. in 2022, due to the higher increase in operating expenses of 7.6% compared to the revenue growth of 5.2%, the increased interest expense, and foreign exchange loss. Furthermore, taxation increased by 786.3% during the year, due to the hike in tax rates during 2022, which impacted the overall tax, including deferred tax. Accordingly, Profit after tax (PAT) decreased by 60.8% to LKR 4.8 Bn.

The Group's fixed operations recorded its highest profits ever in 2022, amounting to LKR 8.5 Bn. resulting from an exchange gain of LKR 5.2 Bn. The Group's mobile operations recorded a decline of 101.5%, mainly due to the LKR depreciation in the currency market, which led to a foreign exchange loss of LKR 5.4 Bn. Furthermore, the Group's PEOTV operations (VisionCom) recorded a loss of LKR 1.8 Bn., in 2022, driven by the devaluation of the Sri Lankan Rupee, a foreign exchange loss of LKR 1.5 Bn. was recorded on content.

Profit After Tax

LKR Bn.

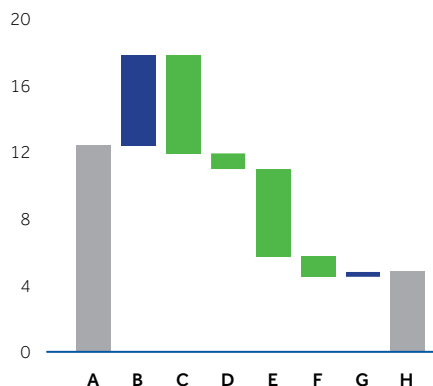




Financial Capital

Group PAT

LKR Bn.



- A PAT 2021
- B Revenue
- C Operating Costs
- D Depreciation and Amortisation
- E Income Tax
- F Forex Loss Increase
- G Others
- H PAT 2022

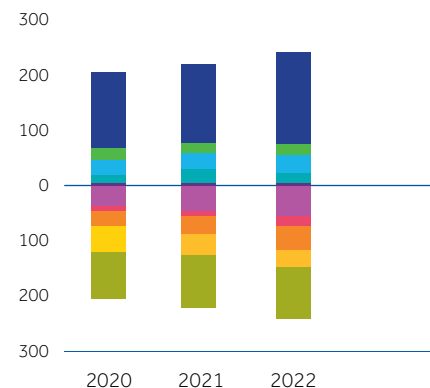
■ Increase ■ Decrease ■ Total

Financial Position

SLT strengthened its financial position through strategic investments, such as the continuation of the Fibre To The Home project, new global undersea cable SEA-ME-WE 6, capacity increase in existing sea cables, increase in bandwidth to enhance revenue generation capabilities, and prudent capital management to strengthen its financial resilience. The below graphs illustrate the changes from 2021 to 2022.

Analysis of Total Assets and Funding

LKR Bn.

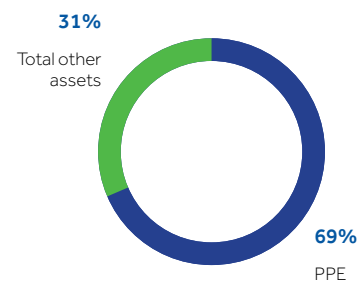


- Property, Plant and Equipment
- Other Non-Current Assets
- Trade and Other Receivables
- Short term Investments, Cash and Cash Equivalents
- Other Current Assets
- Other Current Liabilities
- Current Borrowings
- Other Non-Current Liabilities
- Non-Current Borrowings
- Equity

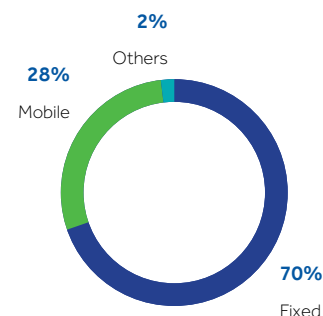
Non-current Assets

Property, Plant and Equipment (PPE) account for the largest component of the Statement of Financial Position, accounting for 68.5% of Total Assets and a net book value of LKR 164.9 Bn. in 2022. Group investment in PPE during the year amounted to LKR 45.9 Bn., which was partly offset by the depreciation charge for 2022 of LKR 22.6 Bn. PPE and Right of Use Assets accounted for 92.8% of non-current assets as of the reporting date.

PPE as a percentage of Total Assets



Group Asset Base



Financial Capital

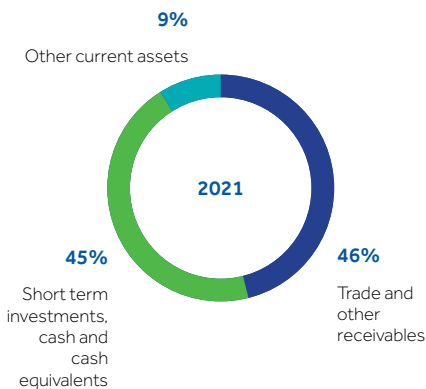
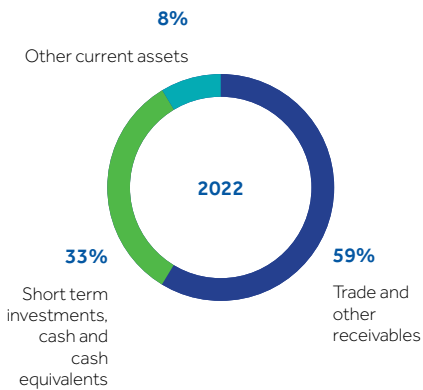
Current Assets

Trade and other receivables which account for the largest component of current assets increased from 46.1% in 2021 to 58.7% in 2022, delivering a revenue growth of 5.2% which would normally increase trade receivables.

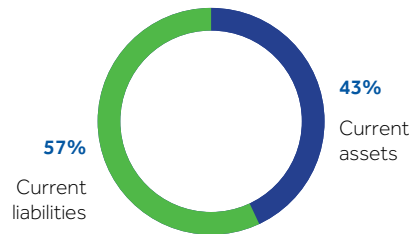
The Group maintained its liquidity position with short-term investments and cash and cash equivalents amounting to LKR 18.1 Bn. reflecting a decline of 31.0% compared to 2021. This was due to the utilisation of a portion of the dollar investments for SMW6 and other investments.

Other current assets amounted to 8.6% of the total current assets which includes LKR 3.3 Bn. worth of inventories.

Current Assets



Current Assets To Current Liabilities

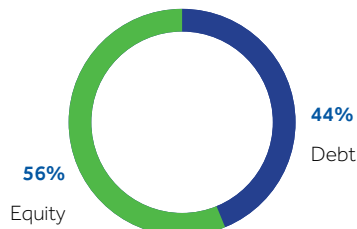


Capital and Funding

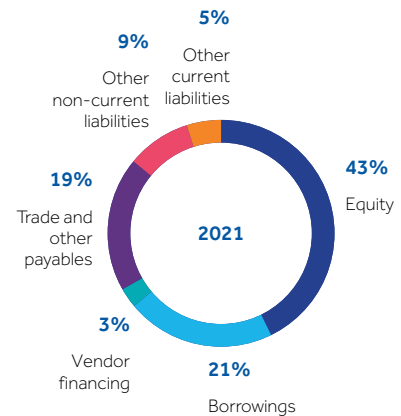
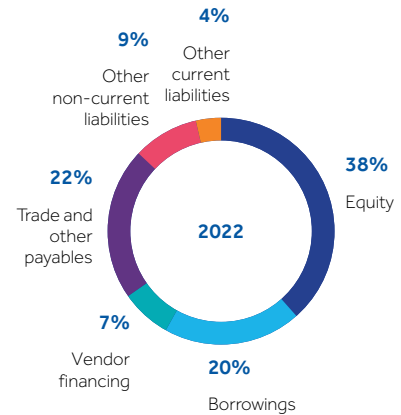
Equity is the main source of funding accounted for 38.4% of all funding sources amounting to LKR 92.5 Bn. as at the end of the FY 2022.

New borrowings were curtailed in 2022 to strengthen the financial resilience of the Group. Vendor financing was a new source of funding for the Group, which increased by 2.8 times YoY to LKR 17.3 Bn. to finance Fibre To The Home project. Trade payables which became a significant source of funding, increased by 23.9% to LKR 52.3 Bn. Other current and non-current liabilities amounted to 21.1% of total funding and included lease liabilities of LKR 7.5 Bn. and employee benefits of LKR 5.7 Bn. amongst others.

Capital Structure



Sources of Funding



Cashflows

The net cash flows generated from operations decreased by 33.3% to LKR 28.9 Bn. An increase in receivables and prepayments led to a decrease in the net cash flow generated from operations in 2022 compared to 2021. The cash outflow on capital expenditure increased to LKR 40.8 Bn. in 2022 compared to LKR 30.0 Bn. in 2021 due to the need to invest in new technologies, improve speed, and enhance capacity to support the Nation's increased dependency on telecommunication and digital products in every aspect of life. Net cash used in financing activities recorded an inflow of LKR 0.7 Bn. comprising an increase in vendor financing of LKR 13.2 Bn. (inflow) offsetting the repayment of borrowings of LKR 7.6 Bn., dividend payment of LKR 3.6 Bn., and the lease payment of LKR 2.3 Bn.

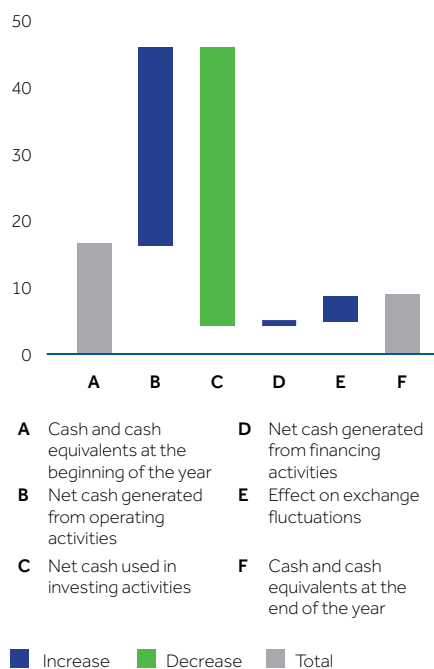


Financial Capital

The Group concluded the financial year with a favourable cash and cash equivalents balance of LKR 8.6 Bn. through the prudent management of financial resources and forex exposure. The Group has sufficient liquid assets to meet its obligations and is poised for growth with enhanced value propositions for its stakeholders.

Cashflow Movement

LKR Bn.



Value to Investors

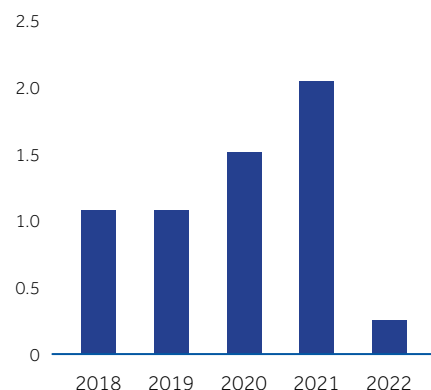
Investors have received sustained earnings growth from the SLT Group supported by the strength of its unified brand, market position, continued investments in cutting-edge technology, and capacity enhancements. Strong governance and a socially and environmentally responsible mindset have supported the Company's growth with the prudent balancing of stakeholder interests. The graphs below provide a summary of the value delivered to its investors.

Value Delivered



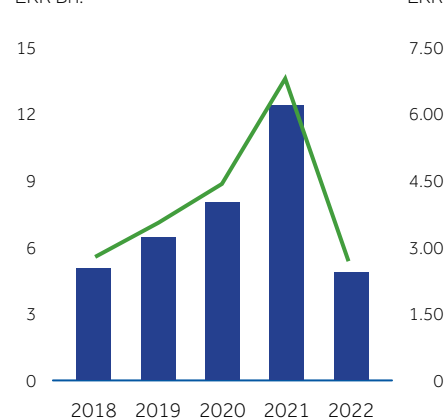
Dividend Per Share (DPS)

LKR



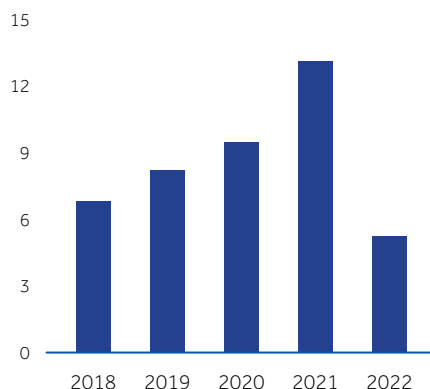
Earnings Per Share (EPS)

LKR Bn.



Return on Equity (ROE)

(%)

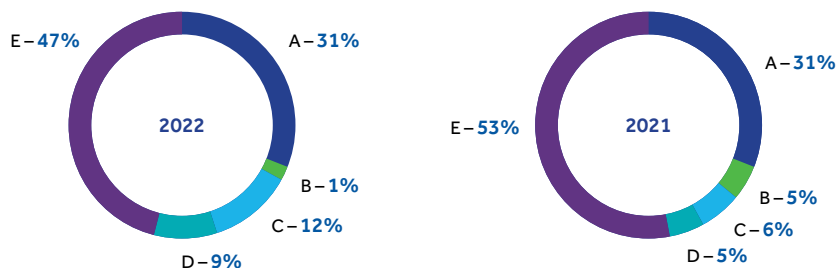


Financial Capital

Value Added Statement

Value Added	2022		2021	
	LKR Mn.	%	LKR Mn.	%
Revenue	107,710		102,348	
Other Income	4,644		2,478	
	112,354		104,826	
Goods and Services purchased from other sources	(42,984)		(37,136)	
Value creation	69,370		67,690	
Distribution of Value Added				
To Employees				
– Salaries, wages, and other benefits	21,784	31.40	20,648	30.50
To providers of capital				
– Dividend to shareholders	451	0.65	3,646	5.39
To Government				
– Taxes and Regulatory fees	8,006	11.54	4,051	5.98
To Lenders				
– Interest and Related charges	6,574	9.48	3,504	5.18
To Business Expansion and Growth				
– Depreciation	28,241	40.71	27,326	40.37
– Retained Income	4,314	6.22	8,515	12.58
	69,370	100	67,690	100

Distribution of Value Added



A – To Employees C – To Government E – To Business Expansion and Growth
 B – To Providers of Capital D – To Lenders



Manufactured Capital

Manufactured capital is a vital component of value creation that comprises all digital and manual assets, and equipment of the Company. These form the foundation for the provision of SLT's products and services.

Consistent investment was made to expand the Company's physical infrastructure

Highlights for 2022



- Investment in infrastructure **LKR 45,914 Mn.**
- **233,000** FTTH ports
- Expansion of the global capacity of SEA-ME-WE 5
- State-of-the-art experience centre
- Service fulfillment dashboard



Manufactured Capital

SLT's manufactured capital includes databases, data lake, data warehouse, and machine learning models. It also includes cables, ports, fibre connection lines, wireless network systems, and transport network equipment of SLT and service delivery networks.

Recognised as the National Information and Communications Technology (ICT) solutions provider, SLT, embarked on numerous initiatives to improve its infrastructure. These were focused on SLT continuing its role as the largest contributor towards Sri Lanka's smart initiatives to make innovative technology, the backbone of every sphere of activity. The three main initiatives adopted during 2022 are the implementation of the Go Global and Bring Go Global strategies to attract USD investment to boost the Nation's foreign currency earnings, streamlining SLT's network transformation to ensure that any form of network development adheres to the blueprint provided, and transforming the FTTH service provisioning to a fully automated process.

Throughout 2022, consistent investment was made to expand the Company's physical infrastructure, with annual investments of LKR 37,778 Mn. in 2022, out of which LKR 36,224 Mn. remained in the capital as a work-in-progress at the close of the year. This is expected as the investments undertaken are generally long-term by nature. At the start of the year, the outstanding capital work-in-progress was LKR 26,223 Mn., of which the value of operationalised assets that were taken out amounted to LKR 22,756 Mn. Capital work-in-progress at the year-end amounted to LKR 39,691 Bn.

Capacity enhancements

Some of the capacity expansion projects include the development of 233,000 FTTH ports, increase the volume of rack spaces at the Pitipana Data Centre, expanded the global connectivity capacity of SEA-ME-WE 5 submarine cable, and increase the international backhaul capacity; the network that connects all the international cables landing to Sri Lanka to the national network. To cater to the enhanced customer demand, the capacity of the last-mile access network and the transport network was augmented during the year under review. The increasing internet traffic due to the growth in the customer base and the new internet applications was addressed by expanding the transport network and the ISP network capacities. Further the expansion of IP Multimedia system (i.e., the IMS network),

enabled to address the requirements of the voice customer base. A PoP was implemented in Matara to link ISP globally connected network. A software-defined wide area network technology – SD-WAN, for enterprise and corporate customers were introduced to seamlessly use multiple last-mile access, to carry customer traffic as defined by the customer. Furthermore, the integration of alarms to the broadband network, Ethernet, the 4G LTE wireless network, as well as the SLBN (Sri Lanka Backbone Network), was consolidated achieving a single view, resulting in operating cost savings.

5G Network

SLT and Mobitel has stationed its own 5G pre-commercial trial network with the aid of the Telecommunications Regulatory Commission of Sri Lanka (TRCSL) 5G trial license in Colombo, Kandy, Galle, Anuradhapura, and Jaffna. Customers who have a 5G capable device and compatible with SLT-MOBITEL 5G network can experience 5G technology in the aforementioned areas. Detail information can be viewed by visiting SLT-MOBITEL 5G website – <https://5g.sltmobitel.lk/5gmobitel>.

In addition, any customer can visit SLT-MOBITEL branch locations in aforementioned cities and can experience SLT-MOBITEL 5G network. The commercial 5G

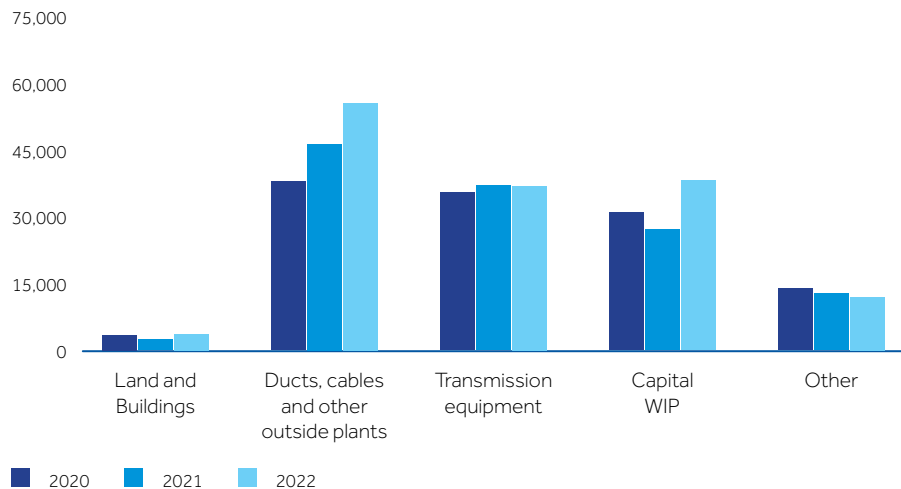
license is expected from TRCSL in 2023 and SLT-MOBITEL will convert the pre-commercial 5G trial network into a commercial 5G network once 5G commercial license is received. Under SLT-MOBITEL 5G strategy, a common 5G infrastructure is planned to be deployed for the group to optimise investments and to enhance synergy within the group which in turn support SLT-MOBITEL to offer more affordable broadband packages to the customer. The existing pre-commercial 5G network was already deployed based on this strategy. Further expansions of 5G network will be done once 5G commercial license is received from TRCSL.

Investments in PPE

(LKR Mn.)	2020	2021	2022
Land and Buildings	34	–	6
Ducts, cables and other outside plants	186	90	261
Transmission equipment	1,758	131	190
Capital WIP	13,352	21,153	36,224
Other	1,137	1,004	1,097

Property, Plant and Equipment

LKR Mn.





Manufactured Capital

Projects Completed during 2022

SLT completed several projects during the year. Some of the key projects are given below:

- Augmentation of SLBN
- Augmentation of IP Network capacities
- Augmentation of ISP network capacities
- CEA footprint and capacity expansions
- Development of 233,000 FTTH Home Pass ports
- 5G pre-commercial trial network
- Global IP network capacity augmentations
- Commissioning of additional SEA-ME-WE 5 submarine cable capacities

SLT monetised its fixed assets, by implementing the Waste-to-Cash project that enabled savings of approximately LKR 900 Mn. by recycling of recovered copper cables, reuse of customer premises equipment (CPE), through copper cables, poles and other equipment. The Company collected customer premises equipment (own by company) of service disconnected belonging to former customers, refurbished and reused. This was introduced to mitigate the adverse effects of the current economic crisis prevalent through 2022. In promoting digitalisation and supporting the national efforts of the Central Bank of Sri Lanka, SLT-MOBITEL introduced the mCash Village Concept initiative, empowering rural villages to accept cashless payments via Lanka QR certified merchants. The mCash concept has nurtured many villages across Sri Lanka including Badureliya, Jaffna, and Mahiyanganaya. Furthermore, following an in-depth study, measures were taken to provide a cost-effective home connection to clients by optimising the drop wire distance and the number of poles used. Moreover, the service fulfillment dashboard was developed to converge all the reports, management of service provisioning, and network operations into one single view. A more secure access method for all EMS' (Element Management Systems) was adopted during the year.

Physical Infrastructure

A multi-purpose Recreation Centre was established in Poththode, for training and development of employees and contractors. To facilitate a more productive lifestyle through advanced technologies, "The Arena", a new experience center was established at the BMICH. This showcases the innovative and next-generation customer-centered services and solutions that pioneer the digital transformation initiatives of SLT. Furthermore, under the concept of "Shopping Shop" two teleshops were established, in Kandy and Colombo. These teleshops are found within smaller spaces such as supermarkets where there is plenty of foot traffic to reach a wider customer base.

The Ongoing Projects of SLT

The Company has embarked on several projects which are still ongoing.

Under SLT's 5G strategy, the Company has stationed its own 5G pre-commercial trial network with the approval of Telecommunications Regulatory Commission of Sri Lanka (TRCSL) 5G trial license in Colombo, Kandy, Galle, Anuradhapura, and Jaffna. A commercial 5G license is expected from TRCSL in 2023, to convert its current pre-commercial 5G trial network into a commercial network.

The construction of SLT's new state-of-the-art operational headquarters in Welikada, comprise of nine floors, with phase one (up to the 5th floor) planned to be functional by May 2023, and the entire building (up to the 9th floor) planned to be functional by the end of 2025. Once completed, this building will be recognised as the Company's first building to receive the green rating of "platinum" provided by the Green Building Council of Sri Lanka.

The master plan for the proposed development of the 7-acre land has been prepared and approved by the Urban Development Authority (UDA). The development of the land has commenced with the construction of the new nine-storied building, which has only utilised about 2% of the underutilised space of the land. The remaining space is reserved for future developments as planned in the master plan.

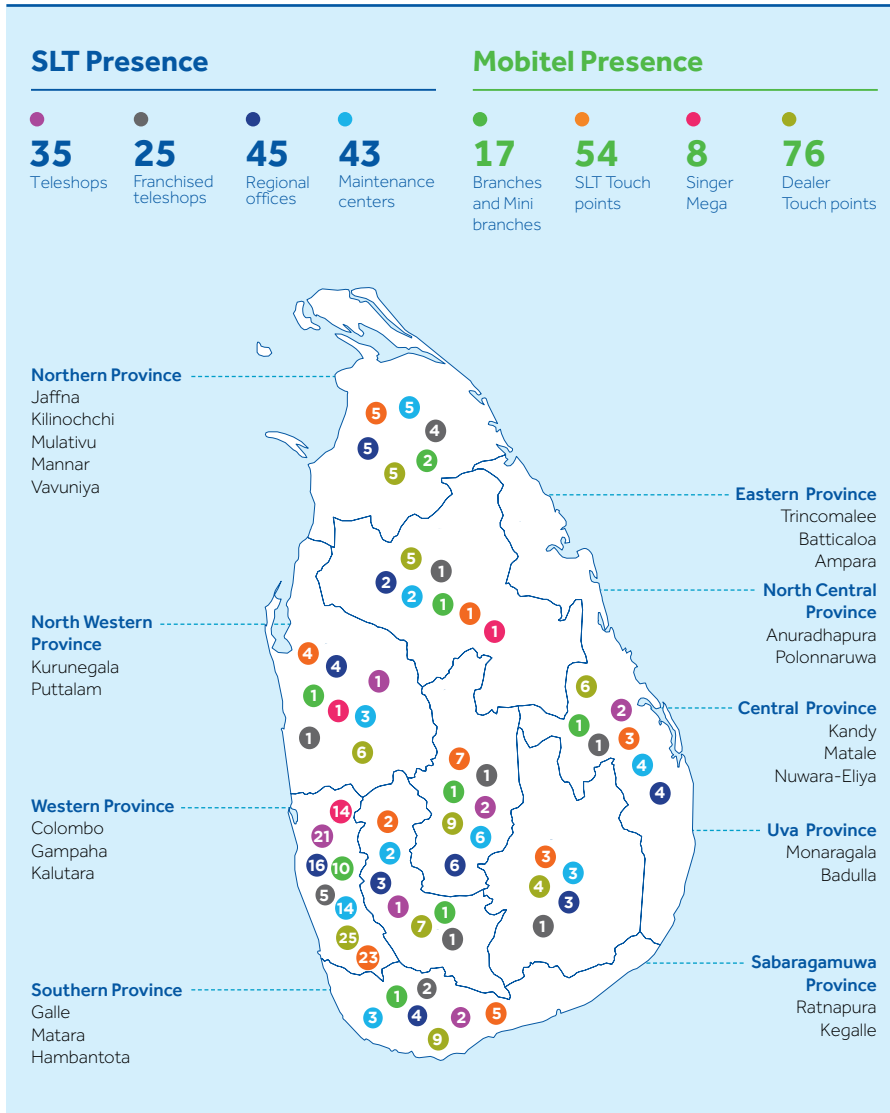
SLT maintains a sustainable environmental strategy, utilising recovered building material from existing buildings that were previously demolished, and by recycling material as a way of reducing wastage. Moreover, for the interior of the building, furniture will be reused as a way of minimising interior work. The building also contains a sewage and wastewater treatment plant, to conserve water usage comprising rainwater harvesting and water recycling facilities that are powered by solar energy, to be used for irrigation and washrooms.

To emphasise the importance of energy efficiency, the lighting of the building will be fitted with LED lighting, an energy efficient air conditioning system, and solar paneling over the roof. An estimated 40% of energy will be salvaged in comparison to the energy usage of a conventional building. Keeping with an open office concept that compliments the natural environment, the building offers indoor spaces for creating a unified environment for employees. This new building will ensure new standards for employee wellness and leverage innovation, deploying opportunities for further expansions.

Galle submarine cable depot is a joint venture of SLT and Indian Ocean Cable Ship Pvt Ltd, which is a partnership between Singapore Telecom and France Telecom (Orange Marine). It stores submarine cables and spares for repairs and services a consortium of cable ships, depot operators and Cable Owners. Its service users are cable owners across the Asia Pacific to Europe. In 2022, it expanded its storage capacity by 50% to meet the growing demand of emerging new cable systems in 2023/24. Further expansion is planned in 2024 to cater to demand beyond 2024, including the SMW6 new system.

SEA-ME-WE 6 is an ongoing international submarine cable project and is a collaboration with cable consortium parties and suppliers. The planning process including under-sea surveys, country access studies, and landing stations have already commenced, and the equipment manufacturing currently in process. It is expected to be commissioned in Q4 2025. This venture is an operation that will be carried out for three years which includes the process of laying 22,000 km of undersea fibre cables, construction of land network and equipment installations in all participating countries, from Europe to Singapore.

Manufactured Capital



Outlook

Plans are underway to rehabilitate the fibre network and implement the Network Functions Virtualisation Infrastructure. Moreover, the SLT System License valid for 10 years was renewed in February 2022, which will be valid till February 2032. These initiatives would enable SLT to enhance its manufacturing capital to deliver increased value to its customers.



Intellectual Capital

Intellectual capital is the backbone that facilitates value creation for the SLT Group. Comprising licenses, software, brand, tacit knowledge, systems, processes, and protocols, these resources play a critical role in defining the competitive advantage of the Group.

The new brand identity has strengthened the brand equity of SLT-MOBITEL

Highlights for 2022



- SLT-MOBITEL ranked 7th among the Top 10 Most Valuable Sri Lankan Brands in Brand Finance 2022
- Brand value **LKR 27.7 Bn.** (Brand Finance 2022)
- **24%** increase in brand value (Brand Finance 2022)



Intellectual Capital

Operating License

In a highly regulated sector such as the telecommunications sector, SLT has maintained its position as the licensed National Information and Communications Technology (ICT) solutions provider. The 10-year operating license obtained by SLT from the Department of the Registrar of Companies (DRC), was renewed by SLT and Mobitel separately in 2021. SLT expects to obtain unified licensing in the ensuing year. Although, the value of the spectrum license is stated as LKR 1.5 Bn. and LKR 1.44 Bn. for SLT and Mobitel respectively in the Financial Statements, its intrinsic value is much greater to the SLT Group. Additional payments of LKR 630 Mn. was made for spectrum licensing for 70MHz in 2.6G and over LKR 1.0 Bn. for frequency charges during the year.

Licenses held by the SLT Group;

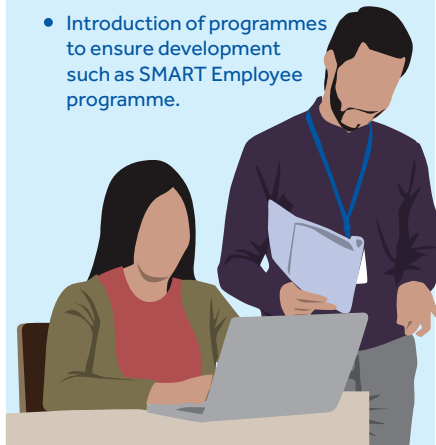
- Fixed Operator License issued by TRCSL
- Mobile Operator License issued by TRCSL
- Direct to Home Satellite Broadcasting Operators License issued by TRCSL
- Broadcasting License issued by Ministry of Mass Media
- License for Spectrum issued by TRCSL
- Vendor License issued by TRCSL

Tacit Knowledge

SLT Group is committed to training, mentoring, and developing its employees to nurture the Company's tacit knowledge which underpins every aspect of its operations. The following initiatives were implemented to enhance the tacit knowledge.

Tacit Knowledge Initiatives

- **Debriefing sessions and induction programmes to help staff members to assimilate into the new culture following the brand unification.**
- **Formal Training Need (TNA) to assess the transition to technology or strategic/customer service needs.**
- **Continuation of the Executive Development Programme (EDP).**
- **Arrange access to selected officers to participate in high tech online learning portals such as LinkedIn.**
- **Offering internship opportunities for industrial exposure to undergraduates and students of leading universities, tertiary colleges, professional bodies, and recognised institutes.**
- **Enabling staff members to obtain professional qualifications related to their job function.**
- **Encouraging SLT staff members to do higher studies through educational loan schemes.**
- **Setting up a platform to impart knowledge to marketing, sales, and customer care staff.**
- **Giving opportunities to retired SLT staff members to work as resource persons in SLTTDC, to train SLT staff.**
- **Introduction of programmes to ensure development such as SMART Employee programme.**



Brand Unification

The new brand identity has strengthened the brand equity of SLT-MOBITEL, synergising the goodwill gained by both into one strong brand with digitalisation at its core. Whilst bringing SLT and Mobitel products and services under a single brand, SLT-MOBITEL has become a brand that consumers readily recognise, trust and, accept. This was reflected in the brand ratings while in terms of customer visibility, the SLT-MOBITEL brand value recorded a growth of 24% YoY in FY 2022. As an unified brand – gaining a mobile arm is a beneficial asset and an important facet to business strategy. While internal synergies benefit the employees of both companies, the brand unification has benefited external stakeholders by reducing competition, enhancing brand value, and providing a complete spectrum of ICT services.

With customers being key stakeholders, SLT adopts a one-face strategy that has enabled the Company to unify several services such as the call centres, marketing communications, advertisements etc., whilst offering customers a new world of telecom and lifestyle-impacting experiences. Both companies are gradually collaborating to provide valuable support to the brand as a whole, through synergy activities.

Innovation Capabilities

Reflecting the Company's innovation capabilities, a range of future-forward products were launched during 2022 for all customer segments. During the year, the Company launched its own IP PABX solution, for customers to enjoy a full-featured voice communication solution, and an improved version of the power backup product that provides seamless FTTH services during power cuts. A smart agriculture solution for farmers, comprising a dashboard offering insights and analytical insights was also introduced to assist in managing their agricultural, farming environment.



Intellectual Capital

Summary of the New Products and New Features Introduced

Consumers	SME	Enterprise
<p>New Product Additions</p> <ul style="list-style-type: none"> • New MySLT Portal Launch • Fibre new connection portal • Amazon Alexa Integration form SLT-MOBITEL Services • Introduction of Fibre Reconnection price plans • Introducing Subscription Accounts and Points Buying in SLTM eSports Platform • Introduction of LTE New Connection Price Plans • Introducing "Lagless" vpn for pro gamers • Onboarding Educational Institutes to LMS bundles • SLT-MOBITEL Home 4G – Introduction of Full Payment Options • SLT-MOBITEL Home 4G – Introduction of LTE High end CPEs • Launch of eSports Center at The Arena in BMICH • Introduced a brand new movie bouquet "Cinemachi" in HD quality with "Any time catch up" feature. • Facilitating e-education through initiating dedicated content offering through "A/L Kuppiya" television for Advanced Level students and "Hologo" educational content targeting Cambridge and Edexcel examinations. • Introduced <i>BADANAMU</i>, a kids edutainment TV programme produced by Cargills, as a pathway for the younger generation to learn "English as a Second Language" (ESL). <p>Product Modifications</p> <ul style="list-style-type: none"> • New addition to SLT-MOBITEL eSports Reward Items • SLT-MOBITEL Home 4G – Product Portfolio Enhancement • SLT-MOBITEL Home 4G – Enhancement of Refurbished Price Plans • 1Gbps product modification • Kaspersky product change 	<ul style="list-style-type: none"> • Univo • Vobox • Biztune • Cloud pos • Endpoint Security • Esiphala Exam Platform • Traverse 	<ul style="list-style-type: none"> • SASE Service • Enterprise Wi-Fi • IDC and Cloud infrastructure services • Akaza Multi Cloud Enterprise Premium Cloud Services including VMware and Google Workspace • PeoplesHR Turbo HRIS • iHarvest • ConneXt Hosted Contact Center • Avaya Hosted Call Center • Cyber security service products such as VA as a service and SSL certificate services • E-Net Access • 3Cx Hosted Contact Center • Fleet MGT

The Embryo



Intellectual Capital

The Embryo is the heart of the Group's R&D initiative that drives multiple innovation pipelines to building digital solutions for Sri Lanka. It is based on three main pillars that serve vibrant ecosystem partners to work in a range of verticals spanning health, education, environment, agriculture, tourism, finance, etc. to create breakthrough technological innovations with the aid of state-of-art technologies.

During the year, the Company launched its own IP PABX solution, Univo for customers to enjoy a full-featured voice communication solution, and an improved version of the power backup product, PowerLast that provides seamless broadband services during power cuts. Fazenda Smart Agriculture solution for farmers, comprising a dashboard offering insights and analytical insights was also introduced to assist in managing their agricultural, farming environment. Raccoon-AI solution for SME customers was introduced to get business insights for their own data without having their own data science capabilities. The Embryo innovation centre is being partnered with many leading enterprises to fulfill their customised 5G and IoT solution requirements. The Holobox, 5G Industrial Gateway and IoT Gateway development are such key initiatives which are being integrated to the business portfolio.

The 'Dreamers Wanted' was a programme spearheaded by The Embryo, to leverage a multi-channel innovation pipeline in the country that helps overcome difficulties in the transportation, agriculture, and energy sectors. The Embryo group innovation centre also collaborates with academia, industries, integrators, and entrepreneurs. SLT-MOBITEL was partnered with IEEE Innovation National Sri Lanka 2022 programme aiming to boost entrepreneurship development among academic sector.

SLT-MOBITEL The Embryo Innovation center was the Winner of the Outstanding Industry Partner in the External Recognitions category at the IEEE Sri Lanka Section Awards Ceremony in 2022. Being awarded the prestigious international award for the 'Best Innovation in Telecommunication', at the World Innovation Congress reiterates the innovative capability of the Group.

Corporate Culture

SLT has a culture that is grounded on human values yet futuristic in the delivery of technology. By nurturing a feeling of ownership towards the Company, SLT inspires its staff to perform as a team with utmost loyalty and dedication to deliver increased value to the customer. SLT's culture involves cross-functional working methodologies, pertaining to decision making. Multiple cross-functional discussions are encouraged, and ample support is provided by the Management.

Another vital component of SLT's culture is the Company's regional community, through which vital collaborations and relationships with customers and administrative organisations are forged. Through close engagement, SLT has attracted top talent from across the Nation, including university graduates across many disciplines. These candidates bring with them a wealth of knowledge, as well as strategic connections, that further enable SLT to grow and unify. Integrity-led behaviour is given high emphasis and is inculcated into the staff through training programmes.



Awards

The numerous awards and accolades garnered by the SLT Group showcase its contribution to the Nation and its people.



SRI LANKA TELECOM

1. Best Corporate Citizen Sustainability Award 2022
 - Winner Sector Award
2. UiPath Automation Excellence Awards 2022
 - Jury recognition, Excellence in Automation – Sri Lanka
3. International ARC Awards 2022
 - Grand Award (Best of Sri Lanka)
 - Honours – Traditional Annual Report Telecommunication category

4. TAGS Awards 2022
 - Gold award for the “Telecommunication Sector”
5. Best presented Annual report, Integrated Reporting Awards and SAARC Awards for Corporate Governance Disclosure 2021
 - Gold – Communication and Information Technology

MOBITEL

1. Best Innovation in Telecommunication by the World Innovation Congress 2022
2. Technology Excellence Award for Network and Broadband – Telecommunications by the Asian Technology Excellence Awards 2022

Intellectual Capital

Certifications

The range of certifications obtained by the Group is a testament to the expertise and untiring dedication to constantly evolve and improve its processes and services to meet the highest international standards.

SRI LANKA TELECOM

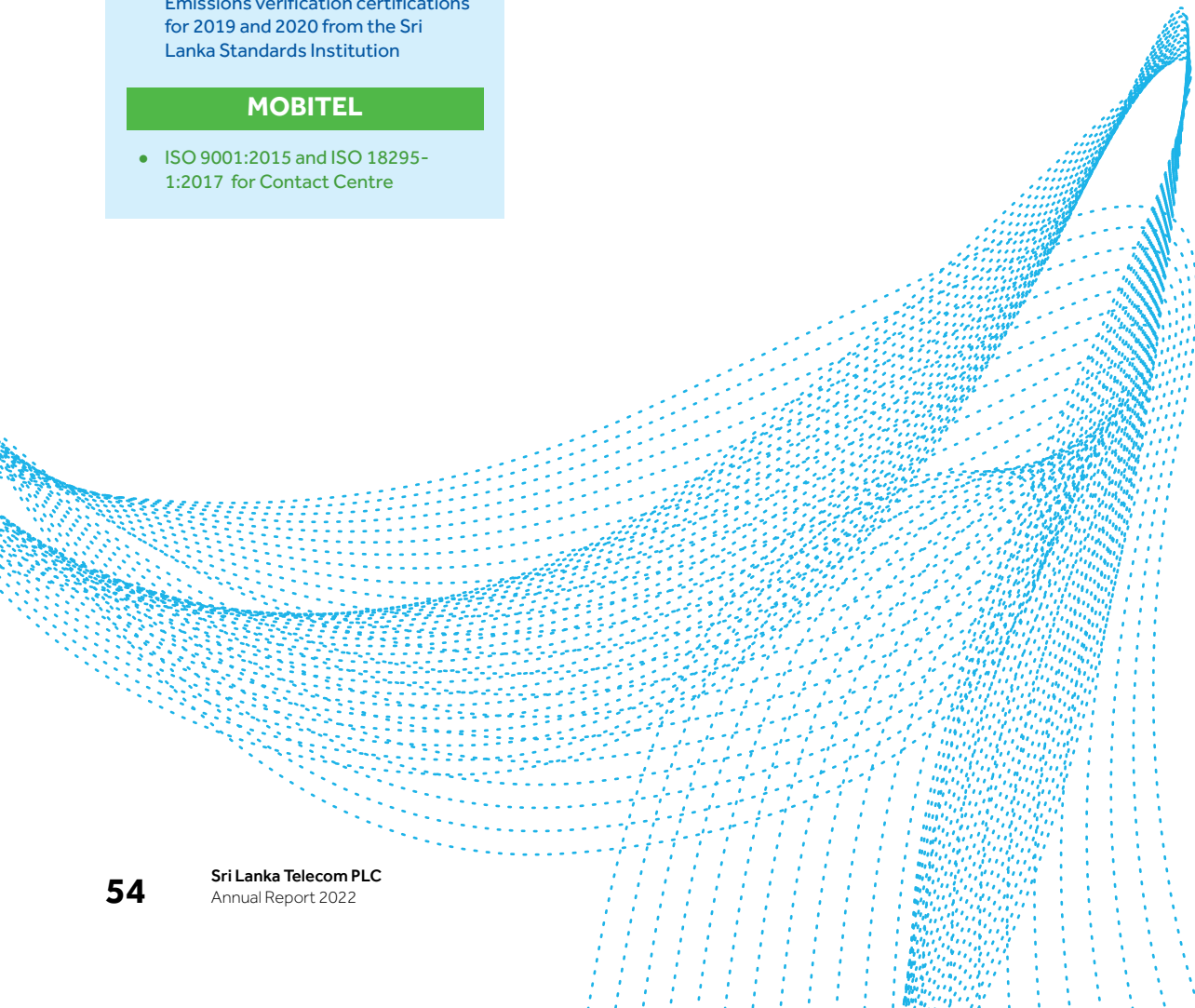
- ISO/IEC 22301:2019 (Bureau Veritas Certification) Business Continuity Management System
- ISO 9001: 2015 certification for Quality Management System (QMS)
- ISO 9001:2015 for meeting customer, statutory, and regulatory standards
- ISO/IEC 27001:2013 – Information Security Management System (ISMS) certification
- Received Greenhouse Gas Emissions verification certifications for 2019 and 2020 from the Sri Lanka Standards Institution

MOBITEL

- ISO 9001:2015 and ISO 18295-1:2017 for Contact Centre

Outlook

A key priority in 2023 is strengthening software development, cost optimisation and cost reduction. Special emphasis will be given to data analytics and building a more data-driven organisation, while adapting more cloud infrastructure services. Furthermore, expansion plans towards connecting customers to IMS (IP Multimedia Systems), optimisation and recycling of IMS licenses, and development plans in Policy and Charging Rules Function (PCRF) will be areas of priority. The Company will continue to spearhead Sri Lanka's transition into a Smart Nation in partnership with local and global partners.





Human Capital

The SLT Group employs over 8,058 highly skilled and dedicated employees, who form the key source of competitive strength in driving the organisation's success. With this understanding, the Group continues to offer its employees an attractive value proposition, which enables SLT to maintain an engaged and committed workforce.

Digitalisation of employee records has enabled a paperless environment

Highlights for 2022



- **8,058** employees
- Employee Career progression and Leadership Development
- Organisational transformation towards Telco to TechCo and the organisational design
- Industrial Harmony via healthy industrial relations
- Tertiary and vocational training courses offered at The Sri Lanka Telecom Talent Development Centre (SLTTDC)
- Established the smart technician programme and smart sales officer programmes
- The SLT Talent Development Centre (SLTTDC) became the first Sri Lankan education institute to attain NVQ Level 6 status to Pearson BTEC Higher National Diploma in Electrical and Electronics Engineering conducted at Welisara TTC
- An inclusive management approach



Human Capital

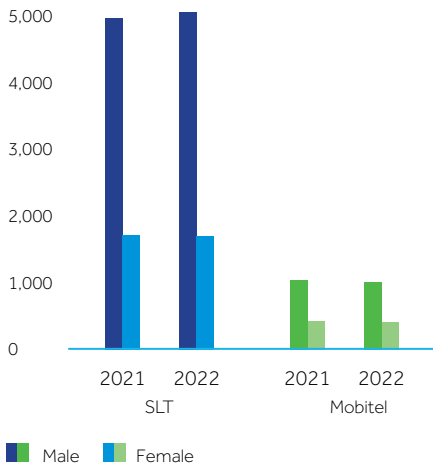
Employees by Gender and Grade

Grade	SLT			Mobitel		
	Male	Female	Total	Male	Female	Total
Senior Management	64	10	74	86	8	94
Middle Management	92	20	112	251	80	331
Executive	498	320	818	629	314	943
Non-executive	4,333	1,326	5,659	26	1	27
Total	4,987	1,676	6,663	992	403	1,395

Note: Excludes both outsourced and part time staff (Mobitel does not have outsourced or part time staff within the cadre)

Employees by Gender

(Nos.)



The team of highly skilled and dedicated employees forms the backbone and strength of SLT and is essential to the long-term success and sustainability of the Company. As a responsible employer, SLT encourages diversity in the workplace and affords a work environment that promotes employee well-being and safety and provides opportunities for personal development. The Company's employee value proposition is geared to develop a resilient and committed workforce that enables SLT to create sustainable value.

Management Approach

To enable an efficiently structured human resources (HR) strategy, SLT has continued to drive the development of its policies and procedures, in keeping with the guidelines of regulatory standards set within Sri Lanka. The Company's goal is to maintain a solid HR

framework that enables its employees to thrive and work at their highest levels of productivity. SLT's HR administration is constantly reviewed and restructured to keep pace with changes needed to maintain a state-of-the-art HR framework.

HR Initiatives

Introduction of working modes such as – Work from Home (WFH), Work from Pod (WFP) and Home to Field (H2F) for employees

Digitalisation of HR practices

Development initiatives of Staff Recruitment and Promotion Scheme (SRPS)

Organisational transformation towards Telco to TechCo and the organisational design

Leadership development plan

Automation of paper-based processes

Continuation of the SMART employee programme, with the objective of developing a multiskilled workforce and improving employee confidence, productivity, and engagement

All employees are insured while on duty by "Personal Accident Cover" and special increased coverage offered for Riggers/Smart Technicians

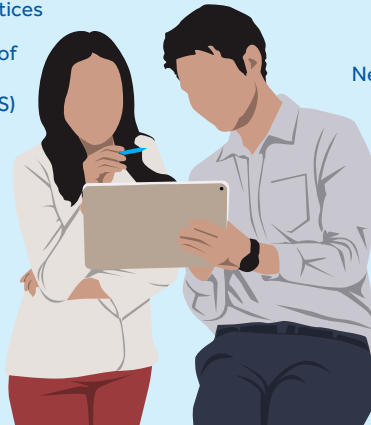
Development of advanced technological programmes such as Data Science and Artificial Intelligence

New National Competency Standard developed for Sales Assistants, in collaboration with Tertiary and Vocational Education Commission (TVEC)

Special programme is launched to obtain NVQ4 qualifications for all technicians

Collaborative work with trade unions and the inclusive management initiatives

Special programme is launched to train and certify the staff of contractors to ensure the delivery of high quality services to customers





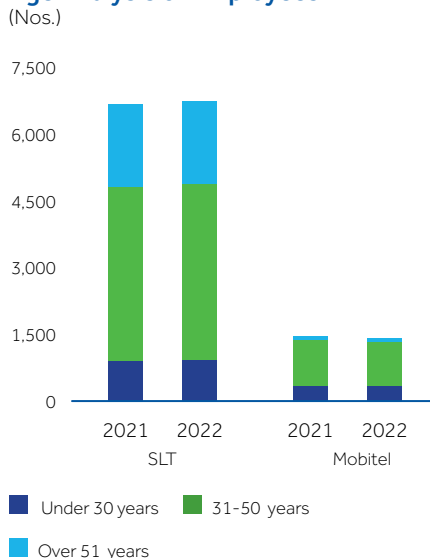
Human Capital

HR Policies

A series of policy changes and new strategies were implemented during 2022. The procedure on membership reimbursement and the payment of professional academic allowances was revised. The HR division at SLT also set the retirement age to 60 without entertaining any extension requests. This is a revision from the previous 55-year age restriction with five year possible extension period.

Furthermore, an increase in the compensation for on-duty accidents of employees (as per the amended Workmen's Compensation Ordinance) was also initiated, along with the revision of transport allowance and subsistence allowance (BATTa). All employees are insured while on duty "Personal Accident Cover" and special increased coverage offered for Riggers/SMART Technicians. Employees at SLT, together with their family members, are now provided with special educational loan schemes, as part of a new policy to encourage members to follow courses available at the SLT Training centres.

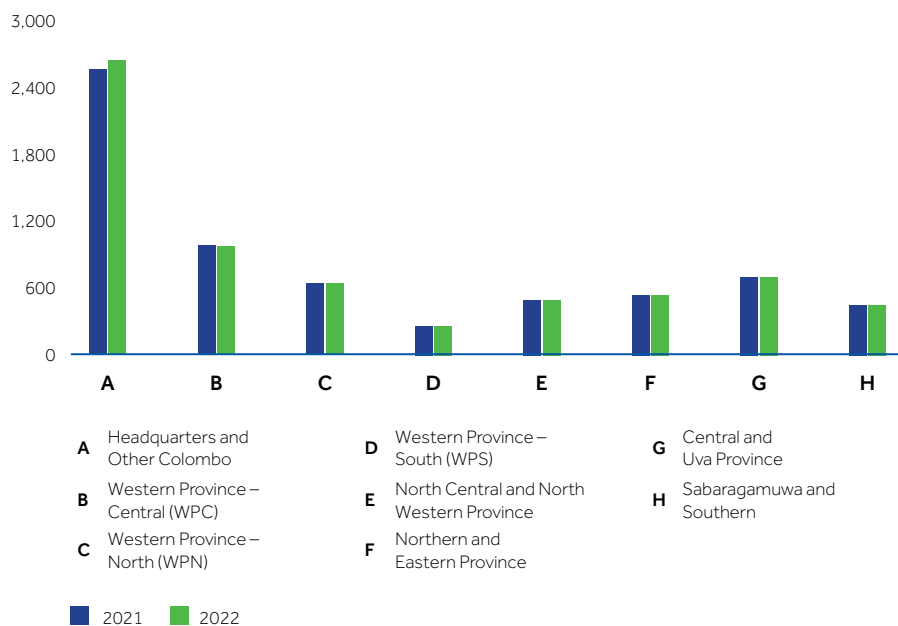
Age Analysis of Employees



Note: Excludes both outsourced and part time staff

Work Location Analysis for SLT

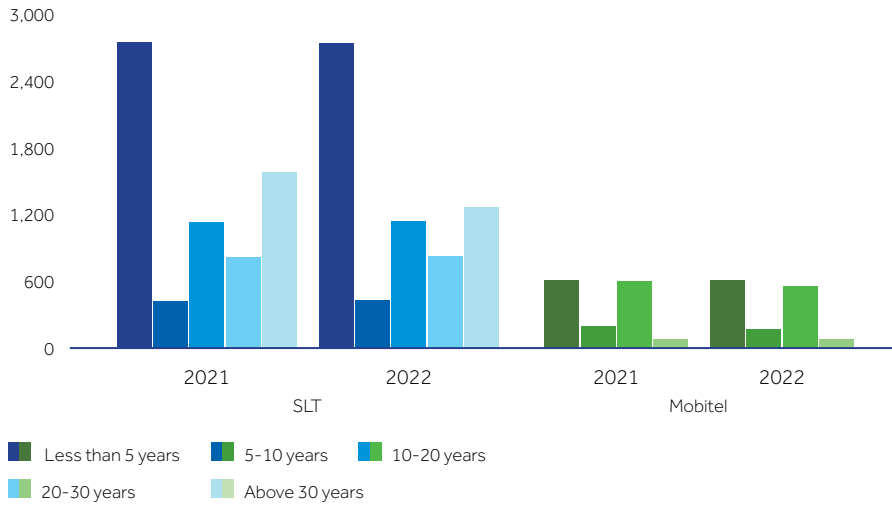
(Nos.)



Human Capital

Tenure Analysis

(Nos.)



Employees who took Maternity Leave

	SLT			Mobitel			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Number of employees	60	67	63	31	25	18	91	92	81

HR focus areas

- Health and safety
- Ideal work-life balance
- Industrial harmony
- Diversity in the workforce
- Freedom of expression
- Talent development
- Evaluation and performance management process
- Career development

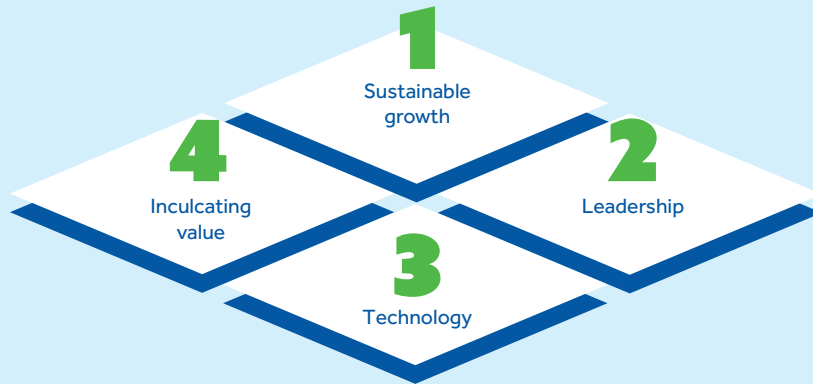
SLT HR Management Procedures

- Health and safety procedure
- Performance management procedure
- Talent development procedure
- Procedure on telecommuting and connected workplace
- Transfer procedure
- Attendance procedure
- Contract employment procedure
- Dress code procedure
- Grievance handling procedure



Paving the way for an efficient workforce

The four main pillars that have taken precedence within SLT



These four pillars evolve in keeping with the objectives of the HR Division, which include prioritising digital transformation. As part of this objective, HR transformation, cost leadership, skill development, training solutions, and programmes are merged to provide an efficient infrastructure within SLT’s network of employees.

Efficient Work Strategies

With the introduction of remote working, employees were enabled to Work from Home and Work from Pod, whilst the field staff were enabled the Home to Field work mode. Employees working in remote locations were facilitated to work from pods located in specific areas across Sri Lanka. Furthermore, employees were also enabled to work from SLT offices closest to their homes.

The “HQ Home to Field” was introduced facilitating employees to directly attend to their work requirements in the field without having to visit the office. This was mainly for SLT employees who are required to report to work outside of the office, such as at outside plant maintenance centres or for other network maintenance activities.

Digitalisation Solutions

Through a process of digital transformation, the HR division at SLT enables a fully automated ERP system. This ensures that all HR operations, terminal benefit management procedures, and recruitments are processed through a fully automated system. Holding 15,000 to 20,000 records, the new automated system includes a document management system that is linked to the ERP system.

With a workforce of over 8,058 employees, the digitalisation of employee records has enabled a paperless environment within SLT. More than 90% of HR processes are automated and SLT is moving towards a fully automated and paperless environment.

SLT was recognised among the Best performers in the “Automation Excellence – Sri Lanka” category by the panel of jurors at the UiPath Automation Excellence Awards 2021.

HR Strategic Focus Areas



Human Capital

A Paradigm Shift in Human Resource Management within SLT

Following dynamic business and operational requirements, SLT introduced the process of revamping its staff recruitment and promotion schemes in 2022 on par with industry standards.

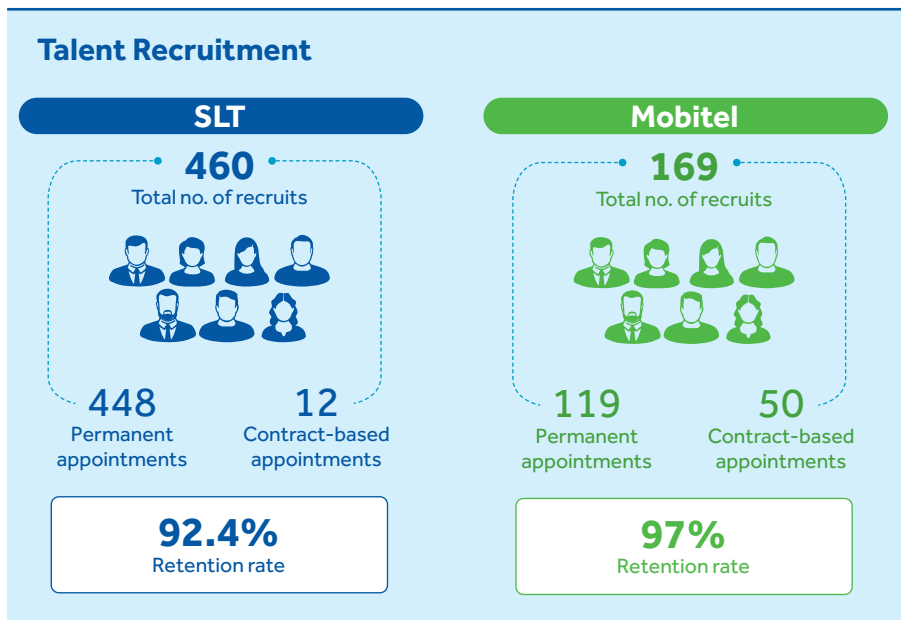


A committee was appointed to address these aspects, with the task of developing new Staff Recruitment and Promotion Scheme (SRPS) and the new competencies necessary to meet specific job requirements within the Organisation. Focusing on programmes such as data science and artificial intelligence, SLT is navigating its way through technological advancements in telecommunications, upskilling its employees with relevant training.

Talent Sourcing

Talent sourcing at SLT has been restructured into a well-planned management strategy, incorporating solutions developed to attract and retain employees within the Company.

Interviews are carried out through a series of assessments that identify the most suitable candidates for the roles being sought on a permanent basis. The Company adopts online solutions during the recruitment process, which aid with the testing of specific skills of candidates. This new approach has enabled SLT to enhance its brand and status in the telecommunications industry of Sri Lanka. During the year under review, SLT recruited 460 employees to its cadre, and 201 employees retired from service.



Recruitment by Age

Age category	SLT		Mobitel		Total	
	2022	2021	2022	2021	2022	2021
18-30	350	170	147	139	497	309
31-55	110	14	22	35	132	49
Over 56	0	1	0	0	0	1

Note: Excludes both outsourced and part time staff



Human Capital

Recruitment by Gender

	SLT		Mobitel		Total	
	2022	2021	2022	2021	2022	2021
Male	340	119	111	113	451	232
Female	120	66	58	61	178	127

Note: Excludes both outsourced and part time staff

Recruitment by Grade

Grade	SLT		Mobitel		Total	
	2022	2021	2022	2021	2022	2021
Senior Management	0	1	2	2	2	3
Middle Management	0	0	14	24	14	24
Executive	99	38	153	148	252	186
Non-executive	361	146	0	0	361	146
Total	460	185	169	174	629	359

Note: Excludes both outsourced and part time staff

Recruitment by Region – SLT Employees

Location	SLT	
	2022	2021
Western	380	145
Central	10	5
Southern	10	5
Eastern	10	5
Sabaragamuwa	10	5
North Central	12	5
North Western	10	5
Uva	10	5
Northern	08	5
Total	460	185

Talent Retention

With Sri Lanka facing an economic crisis, talent retention has proved to be a challenge. SLT's generous approach to employee benefits, employee well-being, and placing importance on inculcating a motivating work environment have contributed to a motivated workforce. Yet, this has proven to be inadequate due to the increasing number of employees migrating overseas in search of better prospects.

With the significant number of highly skilled employees with technical capabilities migrating, SLT adjusted its strategies to accommodate and address the brain drain. In response, a separate path will be created for employees to move to higher levels within the Company. Providing incentives and creating opportunities to rise through the ranks of SLT's hierarchy has proved to be useful in ensuring talent retention. The employee retention rate stood at 92.4% in 2022.

Talent Development

The essence of creating the right environment within the Company is to identify strengths and motivational factors among employees. The Talent Development Division at SLT seeks to emphasize personal skills and talents and aid the development of such skills to enhance the performance of each individual at SLT.

The Sri Lanka Telecom Talent Development Centres (SLTTDC) located in, Welisara, Moratuwa and Peradeniya provide services to both professionals in the field, and the public. Being a leading ICT service provider with a wealth of knowledge and experience, SLT strives to impart this knowledge via SLTTDC, which has added-value to the knowledge economy in Sri Lanka. A range of tertiary and vocational training courses are offered in many fields such as IT, management and data communication, etc. The Talent Development Centre also collaborates with the University of Hertfordshire to offer a three-year Bachelor of Engineering degree.

Human Capital

SMART Employee Programmes

Having introduced the “smart employee” concept in 2021, SLT continued to drive this strategy during 2022 as well.



Following the identification of competency gaps during assessments, relevant training programmes were provided to Employees. Certifications are awarded after successful completion of the assessment. The certification is valid for a three-year period, after which employees need to go through another recertification cycle. These programmes cater mainly to SLT’s non-executive staff members.

SMART Technician programme was conducted with the participation of 1,624 Technicians. 476 Technicians were certified as SMART Technicians.

In order to address the requirement of a competency framework within SLT’s sales segment, the SMART Sales Officer programme

was established. The programme facilitated the assessment of 626 employees, training, and conducting reassessments. This programme will be continued to next year. Both the SMART Technician and SMART Sales Officer programmes were carried out islandwide.

In collaboration with the Tertiary and Vocational Education Commission (TVEC), National Competency Standard (NCS) was developed for sales professionals. This will ensure the professional qualification and career progression path for sales professionals.

Executive Development

The Comprehensive Executive Development Framework is developed by SLT, which is an eight-year programme and mainly target for the middle management positions. This programme is still in the development phase, and expected to be launched in 2023.

SLT collaborates with international institutions offering special programmes to develop its senior managerial staff. Currently, 11 senior managers at SLT have completed the Professional Masters in Business Analytics and Digital Transformation (PMBADT) programme conducted by the Asian Institute of Technology (AIT) Thailand.

Other Talent Development Initiatives

SLT has an ambitious plan to make all technicians NVQ 4 qualified by 2025. Assistance has been provided to technicians to obtain NVQ 4 certification and 219 technicians obtained NVQ4 certification in 2022.

The Company has device a plan to certify staff of the contractors who are working in SLT network to ensure the quality of service provided. In 2022, over 1,000 staff members of contractors underwent the certification process at the SLT training centres.

SLTTDC was able to obtain NVQ 6 level from Tertiary and Vocational Education Commission (TVEC) to Pearson BTEC Higher National Diploma in Electrical and Electronics

Engineering Higher National Diploma programme conducted in Welisara Centre. This is the first time in Sri Lanka that educational institute has obtained NVQ level 6 to Pearson Higher National Diploma.

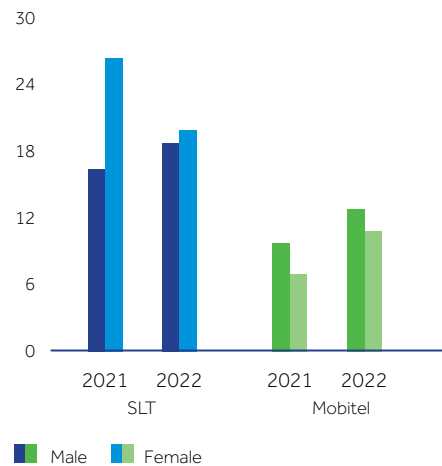
Harnessing Tacit Knowledge

As part of its quality management initiatives, SLT has implemented a range of quality circles that assist brainstorming and knowledge sharing. This facilitates employees’ tacit knowledge to be passed on to staff members frequently. New policies are being introduced for employees to encourage them to attain Professional Memberships, PhDs etc.

Another method of encouraging the flow of tacit knowledge was getting the retired staff members to the SLTTDC to share their knowledge with students and employees in the capacity of advisors and trainers. Necessary policies and procedures were implemented in this regard in 2022.

Average Hours of Training by Gender

Average Hours of Training by Gender (Nos.)



Note: Excludes both outsourced and part time staff



Average Hours of Training by Employee Category at SLT

	2022	2021
Senior Management (DGM and Above)	14.8	12
Middle Management (A6 and above Executives)	27.4	35
Executive (A7 and Below)	18	18

Average Hours of Training by Employee Category at Mobitel

	2022	2021
Senior Management (C, SGM, GM, DGM, H-M2, M2, M2-A)	11.8	34.4
Middle Management (M3, M3-A, M4, M4-A)	7.6	29.5
Executive (M5 to E5)	9.8	17.3

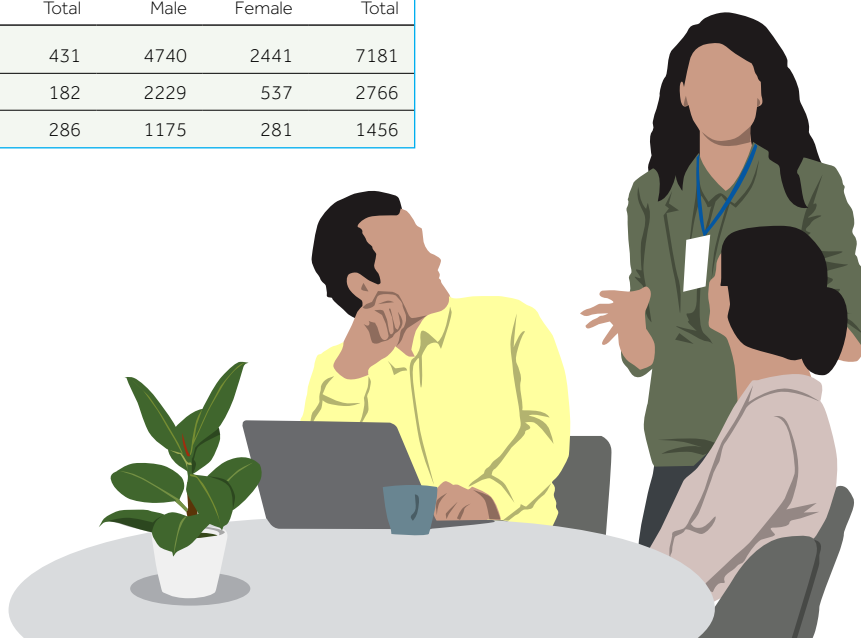
Hours of Training by Gender and Skill Type

Fixed ICT

Type	Number of employees			Number of hours of training		
	Male	Female	Total	Male	Female	Total
Technical skills	7,284	1,685	8,969	62,337	14,082	76,419
Soft skills (non-technical)	5,592	3,934	9,526	40,190	19,085	59,275

Mobitel

Type	Number of employees			Number of hours of training		
	Male	Female	Total	Male	Female	Total
Technical skills	252	179	431	4740	2441	7181
Soft skills	125	57	182	2229	537	2766
Others	234	52	286	1175	281	1456



Human Capital

Training Programmes

Key training programmes	Number of Participants
SMART Technician Programme	1,624
SMART Sales Officer Programme	626
Supervisory Skill Development Programme	257
Kubernetts Certification Course	38
Professional Certificate in Administrative Staff Development	30
Board Leadership Director Certification Programme	05
ITIL V4 Certification Course	32
Basic Awareness on LEAN Six Sigma	44
Certified Network Defender Course	25
Security Staff Development Training	300
Crypto Currency and NFTS Training	292
Data Science and Machine Learning with Python	70
Information Security (CompTIA Security)	154
Power BI and Tableau	46
Training on SDN and segment routing by APNIC	17
training on cyber security by APNIC	24

Employee Engagement

During 2022, SLT introduced an inclusive management concept to nurture a harmonious environment for management, employees, and trade unions. This was developed to drive active participation and contributions that would aid the development of organisational and operational key performance indicators. This was done with the involvement of TUs for operational work such as Customer Premises Equipment (CPE) collection, New Connections, Pole Recovery, and Bill Arrears collections. Strategic programmes were initiated across the island to improve operational excellence while solutions for cost estimation and optimisation were also provided.

Some of the strategic programmes implemented were:

- Recovery of Customer premises equipment (CPE)**

Taking into consideration the foreign exchange (forex) restrictions and import bans enforced within Sri Lanka, a programme was developed through the collaboration of SLT's management and trade unions to collect non-functional devices. This collection programme allowed SLT to recycle its CPEs and focus on repairing non-functioning equipment that can be reused thereafter.

- Organised deployments**

SLT initiated providing new connections programme, with the assistance of the trade unions in an organised and efficient manner.

- Telephone poles recovery**

Pole recovery efforts were implemented due to the rising costs of pole replacement. This led to the identification and marking of telephone poles around the island that can be reused and attending to their reutilisation in a resourceful manner.

Diversity in the Workplace

SLT has a broad cross-section of individuals working under one roof. The Company's workforce includes Gen X, Gen Y, and Gen Z employees, which has brought in a diverse mix of talents and skills that are being shared amongst different age groups of employees.

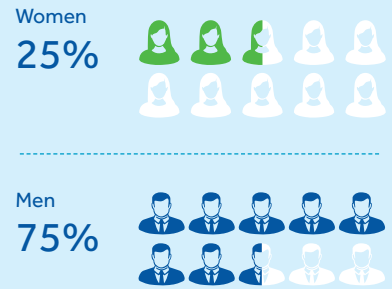
To further diversify the work environment, SLT aims to introduce a job rotation programme that allows exposure and diverse experiences. SLT employees working in different regions will be allowed to swap locations that would enhance the cultural diversity of the Company. Secondment opportunities are offered to staff within SLT, as well as those in its subsidiary companies.

Gender Parity

SLT refrains from practising any form of gender discrimination and encourages equal opportunities among its employees, regardless of gender, race, religion, or disability. However, the Company acknowledges that its workforce is largely male-dominated in field operations due to the nature of the work required. Overall, a ratio of 25:75 of women to men constitutes SLT's workforce.

As per the Company's Code, no employee will be discriminated due to ethnicity, religion, gender, politics, profession, and/or disability. All employees have a right to dignity at the workplace. Hence, SLT is responsible to provide a safe working place and an environment which is free from any form of sexual harassment. Any case of sexual harassment is required to be immediately reported to the Office of Business Practice for investigation and appropriate disciplinary action if proven.

Gender Ratio Comparison





Human Capital

Health and Safety

Strict guidelines provided for field operations, including the use of safety gear and safe use of equipment

Annual evacuation drills conducted with the help of the Sri Lanka fire brigade, Army, Airforce and Police, demonstrating how to act during an emergency

Implementation of special COVID-19 safety protocols

Employee health screening programme conducted annually to assess employees' health – SLT *Suwatha* Programme



Medical benefit scheme, which provides financial assistance for medical expenses

Agrahara insurance scheme, financial assistance for medical expenses

Arranging counselling programmes when required for employees

Programmes arranged for physical fitness

Expenses on treatments for critical illnesses

eChannelling service for subsidiary employees

The HR division at SLT works alongside the Health and Safety section conducted a range of programmes focusing on maintaining a healthy work-life balance to encourage employees to pursue better lifestyle choices.

Extracurricular activities such as karate and zumba programmes are offered to employees along with regular medical check-ups at highly reputed hospitals. For example, the "*Suwatha*" health screening programme is an annual initiative that provides employees with health monitoring and payment facilities. During the year 2022, 3,518 employees availed of this facility.

In addition, services are offered through eChannelling, which is a subsidiary of SLT facilitating reservation of medical consultations between doctors and patients. Moreover,

medical equipment such as oximeters and pressure meters, and medications for treatments are provided during COVID-19 period through eChannelling's services.

The *Agrahara* insurance scheme is made available to the employees, that provides medical assistance in the form of reimbursement of expenses for variety of inpatient and outpatient medical treatments. Further this medical scheme covers expenses on spectacles for visually impaired individuals, dental treatment, vaccinations and medications. Individuals with critical illnesses are also provided a one-time payment of LKR 400,000 for treatments.

Facilitating an Ideal Work-life Balance

Opportunities to work from home are provided to achieve operational and business requirements. Several employees in the back office and the head office worked from home under close monitoring.

Whilst employees are encouraged to participate in numerous fitness, SLT provides welfare facilities, outbound training sessions and workplace cooperation programmes to enhance the work-life balance of employees.

Human Capital



Employees are also involved in a range of engagement events at SLT, including Clubs, CSR events, interactive seminar sessions, religious functions, biannual sales team faceoffs, sports and the “Sambandiyawe Aswenna” cultivation programme.

Performance Management

SLT has a robust performance evaluation process comprising:

- Self-evaluation
- Immediate supervisor evaluation
- Supervisor peer evaluation
- Reviewer evaluation

SLT performance management system is designed with the view of enhancing performance based rewarding culture within the organisation to encourage and to reward employees who are contributing for the betterment of the organisation while driving the annual business targets and achieving objectives of the organisation more effectively

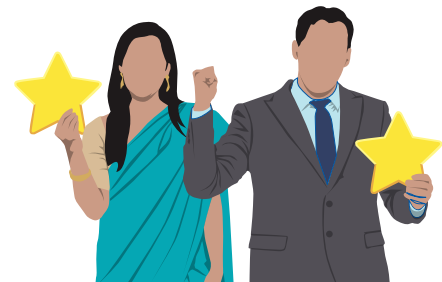
while delivering higher level of customer satisfaction via self-motivated workforce. The Company allocates a weight of 70% to direct Key Performance Indicators (KPIs) relating to individual targets. Of the remaining weightage, 20% is allocated to supervisor-peer evaluations whilst 10% focuses on competencies. Employees who achieve over 95% of their overall targets would obtain the highest rating of 5. These performance ratings determine annual salary increments and annual bonuses of employees. All performance evaluations are conducted transparently, through an automated ERP system for all SLT employees.

Awards Won during the Year

SLT was the first runner-up at the 36th Mercantile Annual Athletics Championships 2021/22, and won several medals at the 36th Annual Masters Athletics Championship 2022/23.

Felicitations and Reward Schemes

Felicitations at SLT



In 2022, SLT received a “Top 5 Honorable Mentions Award” at the Most Admired Companies in Sri Lanka 2021 Awards organised by CIMA-ICCSL-Daily FT. SLT was also recognised for best customer service, where 44 employees from 13 different stations were rewarded for exceptional service under the SLT banner. The Company also won the business excellence award in the Central Province and Uva Province for being the best in operational categories.



Human Capital

Reward Systems for Employees

SLT operates various reward schemes for employees. Annual bonuses and increments are structured based on Company performance and individual performances. Fixed and performance-based components of employees' remuneration, bonuses, and promotions form the performance-based reward system.

Recognition Offered to Employees

- Sales incentives
- Champion of the month
- Regional Telecom Office Manager of the month
- Outside Plant Maintenance Centre Manager of the month
- Regional Enterprise Business Manager of the month
- Engineer Service Assurance and Service Fulfilment of the month
- Network Engineer of the month
- Channel Manager of the month
- Sales Manager of the month



Incentives and schemes are also implemented to acknowledge competition at the regional level. Whether it be award titles or special campaigns for certain regions, the goal is to recognise and reward individuals who perform well.

Freedom of Expression

At SLT, 24 trade unions, both politically and professionally affiliated, exist internally to maintain employee and industrial relations.

As the Company continues to improve its internal environment, and industrial harmony trade unions are included in the collective decision making process. In its implementation of inclusive management initiatives and as it focuses solely on objectives linked to improving KPIs, SLT has continued to include trade unions in the decision making process and its management philosophies.

As part of SLT's efforts to maintain an open environment within the Company, trade union members are encouraged to voice opinions and promote open dialogue that can positively enhance development within the Organisation. Trade unions are also permitted to conduct a variety of initiatives such as competitions, awareness sessions, scholarships, etc. During 2022, no industrial relation actions were conducted by the trade unions.

Employee Grievance Coordination

At SLT, employee grievances are addressed via an open-door policy, and employees are provided with the option to raise grievances using an ERP system. A five-member grievance handling committee is present to evaluate employee grievances and provide solutions. A whistle blowing policy also exists within the operational environment at SLT.

Whistle Blower Policy

SLT has a formal whistle blower policy to encourage employees who have concerns about suspected serious misconduct or any breach or suspected breach of law or regulation or conflicts of interest that may adversely affect the Company, to come forward and express these concerns without fear of punishment or unfair treatment. The Procedure governs the reporting and investigation of improper or illegal activities in the Company as well as the protection offered to the whistle-blowers. Accordingly, all correspondences in connection with information about any unethical business is treated in the strictest of confidence unless required to be declared under law. Employees

are also treated with dignity and respect and will not be subject to retaliation, threats, or harassment for raising concerns or reporting any violations of this Code. The Whistle-blowing Procedure has been circulated among the employee by way of CEO's Circular No. 02/2013 available in the Company's intranet.

Code of Business Practice Procedure (Code)

SLT has a comprehensive Code that outlines the personal conduct of employees and the conduct with other parties. Among other, the Code requires the employees to conduct themselves with the highest ethical standards while engaging with the Company's customers, vendors and government agencies at all times. Furthermore, employees are prohibited from giving or receiving of kickbacks, gifts, or gratuities which may appear to compromise any business decision. The extension of gifts, loans, or other benefits to/from a customer, customer's representative or potential customer to get sales or beneficial arrangements is treated as unacceptable. The Code specifies that low value gifts such as calendars, diaries, festive hampers, door prizes, lucky draws need not be declared. For the purpose of this Code, gifts with the value below LKR 5,000/- are considered as low value gifts. However, recurring low value gifts from the same business partners cannot be construed as business courtesies.

Moreover, SLT does not make any political contribution on behalf of the Company or use the Company's name, property or services for the support of political parties, initiatives, committees or candidates. Furthermore, the employees are not allowed to engage in or endorse, any political activities on behalf of the Company, or to engage in such activity on their own behalf while at work or on Company property.

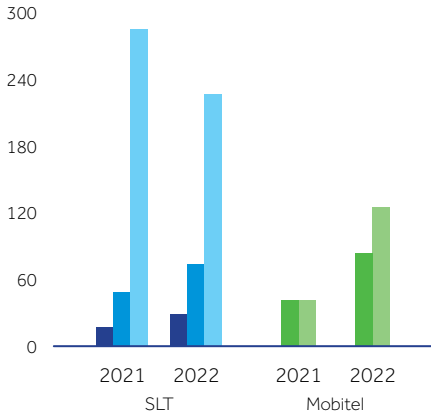
Human Capital

Employee Turnover

During the year, 326 employees left the Company due to resignations and retirements.

Employee Turnover by Age Group

(Nos.)

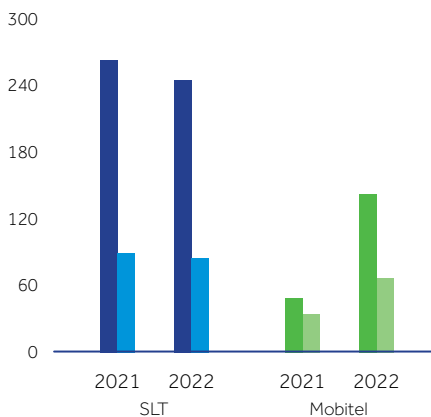


- 18-30 years
- 31-55 years
- Over 56 years

Note: Excludes both outsourced and part time staff

Employee Turnover by Gender

(Nos.)

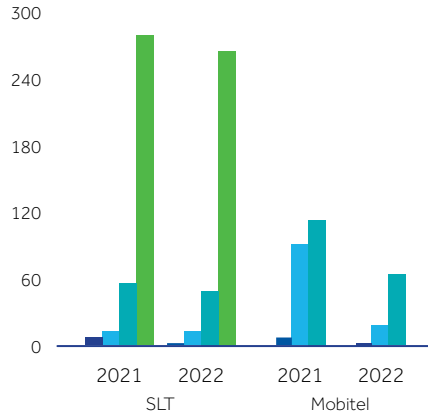


- Male
- Female

Note: Excludes both outsourced and part time staff (Mobitel does not have outsourced or part time staff within the cadre)

Turnover by Grade

(Nos.)



- Senior Management
- Middle Management
- Executive
- Non-Executive

Note: Excludes both outsourced and part time staff (Mobitel does not have outsourced or part time staff within the cadre)

Outlook

Stressing heavily on the importance of advancing technology and ethics, SLT seeks to implement a work environment grounded on ethical behaviour, transparency, and employee well-being. Prioritising strategic objectives implemented by the HR Group, the Company seeks to enhance the capabilities of all its employees and support career advancement. SLT is constantly reviewing its policies and strategies to meet the evolving regulatory requirements and seeks to nurture a conducive environment that creates shared value for the employees and the Company.



Social and Relationship Capital

Social and relationship capital at SLT includes the longstanding relationships fostered with SLT's external stakeholders, encompassing customers, business partners, as well as the country and community at large. The Company continually strives to nurture these relationships, on which the success of its operations so vitally depends.

A wide customer base ranging from individuals to corporates, government entities, other telecom service providers, global carriers, and SME and micro businesses

Highlights for 2022



- **1.6 million**
Fixed Subscriptions
- **7.7 million**
Mobile Subscriptions
- **83**
Customer satisfaction score
- **Over 1500 hours**
of training for call centre agents



Social and Relationship Capital

Social and Relationship Capital at SLT includes the longstanding relationships fostered with SLT's external stakeholders, encompassing customers, business partners, as well as the country and community at large. The Company continually strives to nurture these relationships, on which the success of its operations so vitally depends. The following is a summary of the myriad ways in which the Company was able to address the needs of its external stakeholders during the period under review.

Our Customers

As the national telecommunications carrier, SLT has a wide customer base ranging from individuals to corporates, government entities, other telecom service providers, global carriers, and SME and micro businesses. Having understood the needs of the Company's customers, SLT Group offers a wide range of products inclusive of fixed voice, mobile voice, fixed broadband, mobile broadband, PEOTV and data solutions. The Company continues to upgrade customer experiences with the state-of-the-art technologies such as Fibre-To-The-Home, 4G and 5G networks.

Customer Experience and Service Management

The customer experience team at SLT drives initiatives with the support of all stakeholders and customer touchpoint owners to provide a superior service experience.

During the year, several key initiatives were undertaken to augment customer experience.

- A group of well-experienced employees was deployed a Customer Experience Management Officers (CxEMOs) responsible for maintaining a better customer experience at each customer touchpoint (e.g. regional offices/ OPMCs, Teleshops, Billing and Finances, product/ IT teams). They act as a single point of coordination for all staff members with Head Office staff and other touch point owners to resolve customer issues within a minimum time frame. They included a team of 120 representatives covering the entire stakeholder group serving the SLT-MOBITEL fixed line services. To maintain continuous development, monthly reviews and training programmes are conducted for the CxEMOs. In addition to the monthly reviews,

an annual convention vis-à-vis the Customer Experience Management (CXM) Forum is conducted to get the pulse of the customers via the CxEMOs for further development initiatives.

- Introduced a technical tool called "Wi-Finder" which is an app that enables technical staff to locate technical staff to install broadband routers at locations that have strongest connectivity, thereby driving customer satisfaction.
- Provided access to a 360-degree customer view mobile app for internal staff to understand customers' past behaviour patterns, toward offering assistance throughout the customer journey.
- Introduced a fibre-to-the-home (FTTH) quality check tool for random customer surveys, to validate the quality of services provided by the team in relation to FTTH connections.

Customer Experience Initiatives

- Establishing Customer Experience Management Officers at Direct Customer Touchpoints
- Introducing FTTH Quality Check Tool
- Introducing Wi-Finder App
- Providing 360-Degree Customer View Mobile App

Customer Engagement Channels and Touchpoints

In 2022, improvements were made to customer engagement channels to uplift the experience for both the Organisation and the customer:

- Features of the MySLT portal and MySLT app were enhanced leading to an increase in online subscriptions. The unified platform empowers customers to manage a range of services, thereby enriching their experience.
- Interactive Voice Response (IVR) enhancement for automated service inquiries, product activations, and billing verifications.
- SLT employees were digitally empowered to deliver an enhanced customer experience, and reduce operational costs through the introduction of e-bills, SMS bills, and an in-app bill facility, which have helped to mitigate any postal delays and paper shortages as well.
- SLT enhanced the services offered via automated channels, for customers to address their requirements, and introduced a self-troubleshooting application to log faults.



Social and Relationship Capital

Customer Satisfaction Scores

	Value
Year end customer satisfaction index	83
Net promoter score	55

Customer satisfaction is critical to SLT, and therefore, customer experience is vital to gaining relevant insights. SLT continued to implement several measures to manage the customer experience. The Company conducts daily customer satisfaction surveys to understand the voice of the customer, and an Annual Survey to derive insights on the Customer Satisfaction Index (CSI), Net Promoter Score (NPS), First-time Resolution Index, and Time to Resolve Index. The surveys focus on all three customer segments across the island, covering all seven regions, and touchpoints. According to the month-on-month survey, overall customer satisfaction improved to over 80%, with immediate escalation and rectification activities being carried out to settle certain customer pain points.

Employee Engagement

Initiatives to increase staff engagement were introduced – such as Customer Experience Forums – to deliver an improved experience to customers. Opportunities were extended to employees to provide their suggestions for the improvement of the customer experience.

Customer Enablement via Digital Means

With the digital customer experience being the future, SLT has enlisted the support of other stakeholders in related efforts.

Customer Loyalty

SLT focuses on building a long-term relationship with existing customers, with the aim of maintaining its customer base and enhancing revenue growth, by delivering customer convenience throughout the customer journey, from service subscriptions to usage, change, and modifying stages. To achieve this, various loyalty programme initiatives have been introduced to recognise long-term customers.

The Customer for Life programme is in place to enhance loyalty and provide updates on new product and service offerings directly to the customer. The service assurance priority also caters to Platinum customers, attending to faults and trouble tickets raised by them.

In addition to the CRM system that includes a loyalty module, SLT's points-based loyalty system helps to identify customer loyalty and the value of customers.

During the year, as part of SLT's loyalty initiatives, articles on selected customers were featured in the Profit Magazine from May 2022 onwards. This enabled the promotion of customers' businesses whilst contributing towards the development of SME businesses. The introduction of the insurance scheme for SME customers in collaboration with Ceylinco Insurance helped to lend the necessary support and assurance in times of difficulty.

Moving forward, SLT will focus on expanding from customer loyalty to customer empowerment, by using data analytics to ascertain customer requirements to deliver a personalised service focused on technical empowerment as well.

Service Assurance

SLT has focused on reducing the number of faults reported, by effecting improvements to the access network, conducting quality improvements in customer premises equipment (service fulfilment), and conducting regular health checks of active network elements. Service assurance is further improved through the employment of multi-skilled workers in SLT's field operations.

Customer Engagement and 24/7 SLTM Contact Centre

Customer interaction



24x7 customer service



Automated service channels with zero queue time
Access to agents on preference



Social media responsiveness within 15 minutes



Email response as a nearly real time service



SLT's contact centre plays a vital role in providing support services to all customers, by enabling access via various channels, mainly for fault reporting, bill inquiries and complaints, data (GB) requirements, and package modifications as inbound requests. Customers also reach out to the contact centre to obtain eChannelling, rail ticketing services, and for directory information.

The contact centre serves customers mainly via an automated and digital platform, with the provision of obtaining agent assisted service upon customer request. The main contact centre hotline "1212" provides service through voice calls, an Interactive Voice Response (IVR) service, and an agent assisted service. The 0112 121212 number provides customers only with an IVR service to fulfil frequent customer inquiries, such as data (GB) requirements and bill inquiries. Other emerging digital channels, such as emails, are mostly used by business customers, while social media channels are mostly used by Gen Z customers. SMS service is offered to all customers despite the type of the mobile they use.

Social and Relationship Capital

The average Inbound Interactions of Different Channels Received



Daily average caller volume

36,000



Monthly average emails

4,500



Monthly average successful social media interactions

4,900-5,000



Monthly average SMS interactions

2,800



Monthly average outbound calls

Approx. 45,000

In 2022, out of 13.2 million inbound interactions received to the contact centre, 52% were served through the automated channels of IVR and SMS. The other 48% were served by a human agent, via voice calls, emails and as responses to social media messages. As a measure of increasing the level of automation at contact centres, in 2022 the requirement of the chatbot service was identified and initiated a project, with the intention of offering chatbot services to customers in 1H 2023. With improved automation, SLT intends to provide a superior experience to customers, by enabling instant access to contact centre without being in a queue, and being recognised as an "always connected" service.

SLT's contact centre is also equipped to provide a proactive outbound service to customers through voice calls, where contact centre agents reach out to customers mainly for payment reminders, to create awareness of digital customer service channels and to serve customers who have opted for the Book a Call service. In 2022, 45,000 calls, on average, were originated to customers from the outbound channel through an auto dialler, to access customers more efficiently.

In the year under review, a new service was introduced allowing customers to book a call within the day. This "Book a Call" service gives customers access to contact centre agent service at the booked time slot, where they will receive a call from the agent to address their query. On average, 2,000 such book-a-call requests have been received per month since launch, with an average of 93% of customers stating that they are satisfied with the service.

With the normalisation of business operations in the country in post COVID environment, especially in Q4 2022, the demand for customer service dropped to the normal range of 30,000 interactions per day. In this context, SLT decided to operate the agent service in a way, to optimise operational costs whilst improving the quality of service.

Nevertheless, in 2022, SLT invested in more than 1,500 hours of training for contact centre agents. Agents were given motivational training as they returned to working on-site, following a period of remote work during COVID-19 lockdowns. Focus was given to further developing their soft skills towards greater efficiency, and ensuring the continued delivery of a professional service.

Product and Service Offering

Households and Individuals	Enterprises	SMEs and Micro Business	Government	Other Telecommunication Service Providers	Global Carrier	Global Business
Internet Services including Social Media entertainment and Gaming	Enterprise Voice services (Office and Mobile)	Voice and Video Collaboration Solutions	Enterprise Voice services (Office and Mobile)	National Backbone Offerings	International Voice and Data Solutions	Software and Data Analytic Solutions
Voice Services for home and mobile	Networking Solutions	Networking Solutions	Networking Solutions	Global Connectivity	Transit Service	Tech Consultancy Services
PEO TV, PEO TV Go and value added services – Time Shifted TV, Video on Demand, Music On Demand	Internet Solutions	Internet Solutions	Lanka Government Network	Internet and Transit Solutions	Submarine Cable Operation and Maintenance Services	Network Project Services
Educational Services leaning packages, study platforms such as e-siphala, AL Kuppiya	Enterprise PEO TV solutions	WiFi Solutions	Internet Solutions and WiFi Networks	Data Centre and Cloud Solutions	Data Centre and Colocation Services	



Social and Relationship Capital

Households and Individuals	Enterprises	SMEs and Micro Business	Government	Other Telecommunication Service Providers	Global Carrier	Global Business
Smart Home Solutions	Data Centre Solutions and Hosting	Enterprise PEO TV solutions	Government Service Digitalisation Solutions	Infrastructure Solutions		
Value added services including eChannelling, caller Tune and M ticketing	Cloud Services	Data Centre and Cloud Solutions	Data Centre Solutions and Hosting and Cloud Services			
Smart Networking and Customer Premise Devices	Platforms and Applications As a Service	Business Application Services including call centre, appointment Management, LMS etc.	Platforms and Applications As a Service			
Smart Storage	Information Security Services	e-commerce platforms	Information Security Services			
email and other Application Services	Managed Services	Cyber Security Services	Managed Services			
Directory Services	Global Connectivity	Managed Services	Global Connectivity to Government Network			
	Digital and IoT Solutions	Global Connectivity	Call Centre and Service Appointment Management Solutions			
	Smart CCTV and WiFi Solutions	Digital and IoT Solutions	Infrastructure Solutions			
	Call Centre Solutions	AI and Data Driven Services	Structured Cabling and Power Solutions			
	AI and Data Driven Services					
	Enterprise Networking Devices					
	Infrastructure Solutions					
	Structured Cabling and Power Solutions					

Social and Relationship Capital

Delivering Value to SME and Micro, and Enterprise Customer Segments

SLT launched a suite of products and services to customer segments to face unprecedented challenges during the year and conduct their businesses.

	SME and Micro segment	Enterprise segment
New products and services	<ol style="list-style-type: none"> 1. SLTM Univo – A converged budget IP PBX solution for SMEs combining mobile, PBX and IOT Gateway developed by the SLT-MOBITEL R&D team using the latest technology. This creates an internal PABX system connecting wired or non-wired IP extensions to PSTN phones, PC, or mobile. The product provides OPEX payment facilities for SMEs. 2. SLTM Vobox – Similar to the calling circle facility for any voice connections, the product creates a communication group between 2 to 50 FTTH, Megaline, Fixed, 4G/LTE, and SLT-MOBITEL connections. It includes CENTREx features such as call transferring, call conferencing, call forwarding, short code dialing, IVR, etc. A premium number is issued with this service to the business. 3. SLTM Biztune – Play a custom message or a tune as the caller rings back tone while customers are waiting on a call. This enables the promotion of business details. 4. SLTMCloud POS – Cloud-based POS solution for businesses to conduct their day-to-day transactions and maintain and manage the business cash flow. It includes inventory management, customer and loyalty management, orders, debtors and supplier management, cash registry, etc. 5. SLTM EndPoint Security – SLTM is the sole MSP distributor in Sri Lanka for selling Kaspersky endpoint security products. It provides highly secured endpoint protection solutions with a single license, single console, and single dashboard. 6. eSiphala exam platform – eSiphala is a LMS developed for students and teachers or institutes to conduct their lessons online. The eSiphala exam platform facilitates any institute to conduct their exams online using technology like screen monitoring and timing. 7. SLTM Traverse – This is Sri Lanka's first metaverse experience which is a virtually created city where anyone can participate, visit, shop, own digital assets, and entertain with real-time experience. It includes a shopping complex, banks, virtual exhibition centres, embassies, cinemas, gaming zone, government and counters, and an art gallery, etc. 	<ol style="list-style-type: none"> 1. IP VPN is a Virtual Private Network (VPN) that delivers private network services for your organization over a shared infrastructure through IP/MPLS (Multi-Protocol Label Switching) backbone that utilizes technologies to ensure privacy of data. Enjoy the flavors of our VPN service that suits to you. 2. Comprehensive on-premises Software-Defined Wide Area Network (SD-WAN) service with cloud-based security. We offer you an agile controller-based solution that meets WAN performance and security requirements. Also, it will elevate network traffic management away from hardware and premises to next-gen software in the cloud. 3. IDC and Cloud infrastructure services such as VMware, Azure Stack, and Oracle Cloud provide customers with two options: <ol style="list-style-type: none"> (1) A private cloud solution for data to be stored within the country (2) A hybrid cloud for connecting a private cloud with a public cloud



Social and Relationship Capital

	SME and Micro segment	Enterprise segment
Value-added offerings	CCTV solutions bundle Complaint management and point management systems bundle	
Partnerships	<ul style="list-style-type: none"> • Synergy with other initiatives for the Micro-SME segment - to provide online activities for customer consultancy services expert unit – the Embryo – among others. • Strategic Partnerships with customers to promote their products, whilst the customer promotes SLT’s products – an initiative very similar to the Embryo initiative. Launch of the Traverse platform in partnership with the National Chamber of Exporters, and also the Small Enterprises Development Division of the Ministry of Youth and Sports 	<ul style="list-style-type: none"> • System Integrators • Original Equipment Managers OEMS: <ul style="list-style-type: none"> – Oracle – Google – VMware by Pinnacle – BlueLotus • Independent Software Vendors (ISVs) <ul style="list-style-type: none"> – Itechro – Crayon – Aion Campus Pvt Ltd – Simsyn Pvt Ltd – Enof Inc. – hSenid – Blue Lotus 360 <p>An ongoing initiative is the three-year agreement SLT has with the government, to provide the Lanka Government Network through the ICTA, linking 860 government institutions to this network and providing 100 Mbps last-mile connectivity. This agreement expired in April 2022, and the Company is awaiting its renewal from the government and the ICTA.</p>

Social and Relationship Capital

SLT's Subsidiaries and Products

Mobitel

For more details scan

Personal Solutions

As the mobile arm of SLT, Mobitel is responsible for deploying all mobile ICT operations, which include mobile telecommunication services such as postpaid or prepaid solutions, and also broadband solutions which include :

- Broadband services (4G LTE/4.5G LTE Advanced/4.5G Pro LTE Advanced Pro)
- eSIM solutions
- VoLTE/VoWiFi
- Value Added Services
- 5G-ready narrowband IoT (NBloT) for IOT solutions
- Mission critical solutions for critical business communication operations and Push-to-talk solutions
- 5G Pre-commercial Trial network
- Work from Home, Learn from Home plans, and Entertainment plans – for retail and corporate segments
- Improved SelfCare application offering exclusive features and added benefits to elevate user experiences
- mAgent – Revolutionising customer experiences through personalised doorstep service
- Mobile voice services
- mCash and LankaQR solutions and educational solutions for workers, students and teachers in rural areas.

eChannelling Solutions

- Conveniently channelling doctors
- Reservation of medical appointments in partnership with the National Transport Medical Institute and MFA (Ministry of Foreign Affairs)
- Tele Consultation
- Medicine delivery Service (Eco Delivery)
- Concierge Service
- Mother/Child/Elder Care Service
- Introduction of "Home Care Service" as safe and trusted solution for home quarantined COVID-19 patients
- PCR test channelling at hospitals
- Colombo Municipal Council (CMC) to conveniently manage the registration of persons for COVID-19 Vaccination in city limits.
- Chat consultations with doctors and medical professionals

Business Solutions

- Offers a range of ICT solutions focused on enterprise market from large enterprises to SME's.
- Recertified ISO 9001:2015 Quality standard within the scope of providing ICT based solutions.
- Endowed with professionals, who are specialised in solution productising and managing the product life cycle of the following key solution areas.
 - Messaging Solutions: mSMS Enterprise, mSMS Premier, SMPP
 - Connectivity Solutions: mLink Mobile VPN, mLink Backup – failover solution
 - Marketing Solutions: mAdvertising, mClicktoCall, mRewards
 - Voice Solutions: mCallCenter, mBPX
 - Tracking and Logistic Solutions: mLocator Premier, mTrack, One Fuel Card
 - Cloud Solutions: Microsoft, Amazon, IBM MAAS 360
 - Enterprise Automation Solutions: mDistributor, mDMS, mBox, mERP, mHRM
 - Security and Access Control Solutions: mSurveillance, mPrime



Social and Relationship Capital

Online Ticketing Solutions

- As the technology partner for Sri Lanka Railways (SLR), the existing advance seat reservation system known as mTicketing service was extended to public through an online ticket reservation website and a mobile app as a national initiative with a complete IPG solution (including LankaQR) provided by mCash service.
- Airline ticketing services – a value added service for Megaline and Citylink customers.

mCash Services

- Agency Banking : Banking solutions provided via mCash channel network partnered with reputed banks
 - Hatton National Bank
 - Union Bank
 - LOLC
- Insurance, Finance & Leasing product portfolio expansion : Partnered with prominent FIL partners to provide collection management/Agent Solution services
 - People Leasing & Finance PLC
 - Mercantile Investment & Finance PLC
 - HNB Assurance Agent Solution
 - Ceylinco Life Insurance Channel Expansion
- Special Insurance Project : Partnered with reputed Insurance partners to provide low-cost insurance covers
 - Ceylinco Life Insurance Women's Project
 - UAL Click Life Special Insurance Project
- Channel Expansion : Partnered with prominent organisation to provide biller sharing services through their online/offline channels
 - Sathosa Outlets (400 Outlets)
 - Abans Outlets
- Inward Remittance Project : Partnership remittance app to provide a safe and low-cost remittance platform
 - Lanka Remit : National remittance app
- Lanka QR Projects : Partnered with prominent organisation to provide LankaQR Solutions
 - Sri Lanka Railways
 - SLT Group Payments via LankaQR
- FinTech Project : Partnered with prominent organisation to extend their services via mCash Eco System
 - Use mCash via WhatsApp (WhatsApp Bot Project)
 - JustPay through Seylan (Partnered with Seylan Bank to relaunch Just Pay)

Social and Relationship Capital

SLT VisionCom

For more details scan



PEOTV

Through fibre technology, SLT offers customers the best TV experience, delivering the largest high definition (HD) content bouquet islandwide, being the only platform to offer local channels in HD. PEO TV comprises a total of 140 channels including all local channels along with a range of foreign channels from various genres such as sports, movies, music, infotainment and life style.

A key strategic focus was given to introduce popular regional local Tamil channels and local Non-FTAs to position PEOTV as a single platform to access all popular local channels. Introduction of demanding regional local Tamil channels to help increase the market share of North and East.

SLTVC continued to play a crucial role in facilitating e-education through initiating dedicated Content offering through "AL Kuppiya" Television for advanced level students and "Hologo" educational Content targeting Cambridge and Edexcel examinations. A Special seminar series (online and offline) was conducted for students across the year, creating an all-in-one Educational support system through PEOTV and PEOTVGO platforms to support e-learning for students.

PEOTVGO App

The PEOTVGO App is an OTT platform facilitating customers to access PEOTV on any device at anytime, offering various features such as Rewind TV, movies, music, kids and educational content, and other special features.

PEO BIZ

PEO BIZ offers attractive TV solutions for micro and SME segments. The offering is enriched to provide HD streaming over FTTH connectivity and can enable multiple PEOTV connections on a single fibre connection.

Charana TV

A local broadcasting TV channel which endeavors to discover the roots of Sri Lanka's multi-faceted and rich culture with the mission to cater to the aesthetic needs of the public while respecting the diversity of the nation. Reaching the audience exclusively on PEOTV, Charana TV captures and redefine the essence of Sri Lankan entertainment, with a lens that will revolutionise the TV experience in the digital sphere.

Event TV

Event TV is the dedicated TV channel that captures the best of the event world, in recorded and live experiences from all over the island. A unique way to take the prestige, glamour and flair of any event to a large and exclusive audience on PEOTV and PEOTVGO.

Videsa

"Videsa" offers a bouquet of two educational channels dedicated for students from grade 6-11. Videsa channel focuses on providing the support for students in relation to the school curriculum and Videsa 9-O/L channel is TSTV (time shifted TV) enabled to offer convenience to students to watch at any time they want to learn.





Social and Relationship Capital

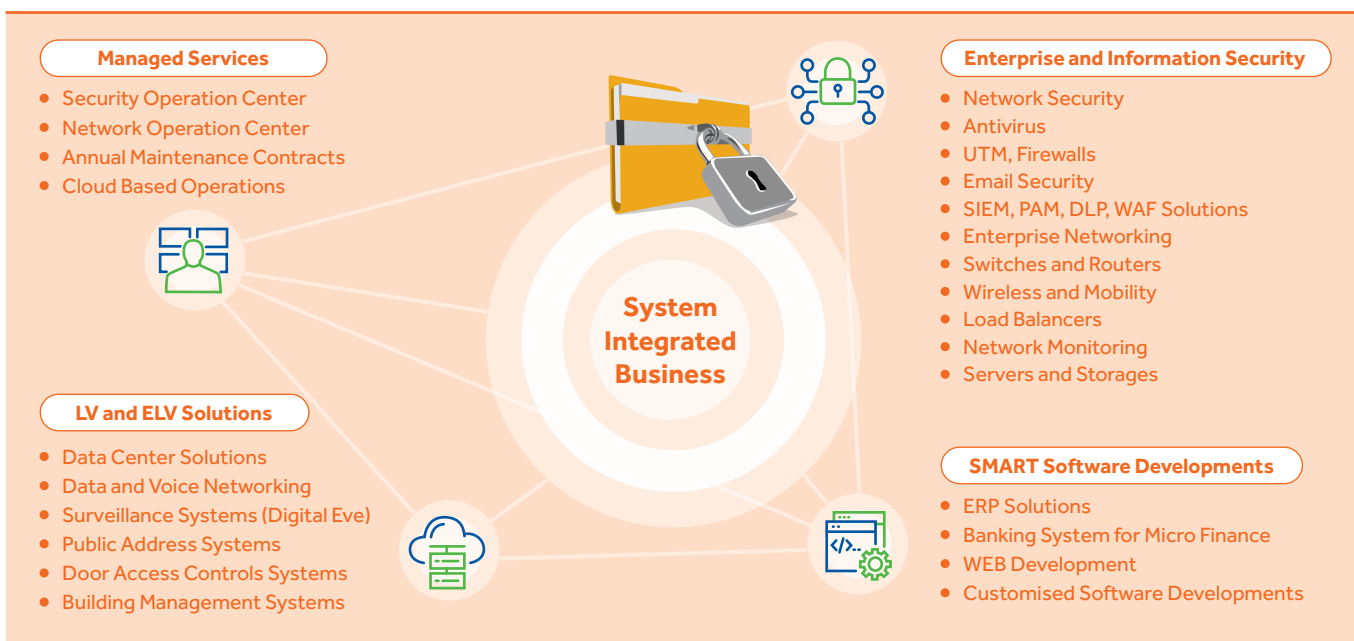
Sri Lanka Telecom (Services) Limited (SLTS)

For more details scan

Sri Lanka Telecom (Services) Limited (SLTS) is a fully owned subsidiary of Sri Lanka Telecom PLC. SLTS has two strategic business units: System Integration (SI) and Outside Plant Development and Maintenance.

System Integration (SI) Business

The SI business unit provides comprehensive ICT solutions to a broad spectrum of segments, ranging from SMEs to large enterprises, telecommunications service providers and the government.



Outside Plant (OSP) Business

Solutions/Services				
New Connections	FTTH and FTTR Projects in High-Rise Buildings	OSP Projects	Service Assurance	Microwave Links Installation and Decommissioning, Tower Maintenance related Project
<ul style="list-style-type: none"> • Fibre new connections (Homeconnect) • IPTV connections (PEOTV) • Copper new connections (PSTN) • Broadband installations 	<ul style="list-style-type: none"> • Designing and implementation of fibre to the home (FTTH) and fibre to the room (FTTR) projects in apartments, condominiums, and shopping complexes 	<ul style="list-style-type: none"> • Designing and implementation of fibre network development projects (Home pass) • Fibre optic cable installation (aerial and underground) • Telecom network shifting work • Small scale fibre/copper development projects (SSD) 	<ul style="list-style-type: none"> • Deployment of service assurance teams 	<ul style="list-style-type: none"> • Tower inspection and maintenance • Antenna installation and alignment • Tower reinforcement and retrofitting • Tower painting and corrosion protection • Lighting and grounding systems installation • Tower and rooftop leasing and collocation service

Social and Relationship Capital

SLT Digital Services

For more details scan

SLT Digital Services is a well-recognised directory information service provider across the island, caters to micro small and medium enterprises from a diverse range of industries. SLT Digital Services has transformed from being a directory information company into a digital services company, monetising SLT's digital assets, including information databases among others. The digital transformation began by strategically diversifying into different markets, with specific directory verticals such as automobile, tourism, and wedding – related segments.

At present, SLT Digital Services focuses on digital marketing, web development services, digital directory solutions, Creative content development, business directory advertising, event management, ICT and communications solutions as well as activation and branding services. The Company is moving forward with re-architecting the product portfolio and re-skilling the human capital with new product knowledge with; Building Digital Presence, Online Campaigns, Automation for processes, Customer Relationship for loyalty building, Digital marketplace and providing Better connectivity solutions through group synergy capabilities to empower micro, small, medium and enterprises.

National Business Directory – SLT Rainbow Pages

Over the years, the national business directory has been represented via various methods and vertices of publishing as follows:

- Print directory
- Digital directory
- Mobile app
- e-Directory
- Contact Centre

Other Services

- Directory verticals
- Wedding directory
- Automobile web portal
- Careerhub.lk
- Tourist Directory
- Digital Marketing Solutions
- Event management and activation services
- Web Design and Development Services
- Interactive Voice Response (IVR) Service
- Creative content development

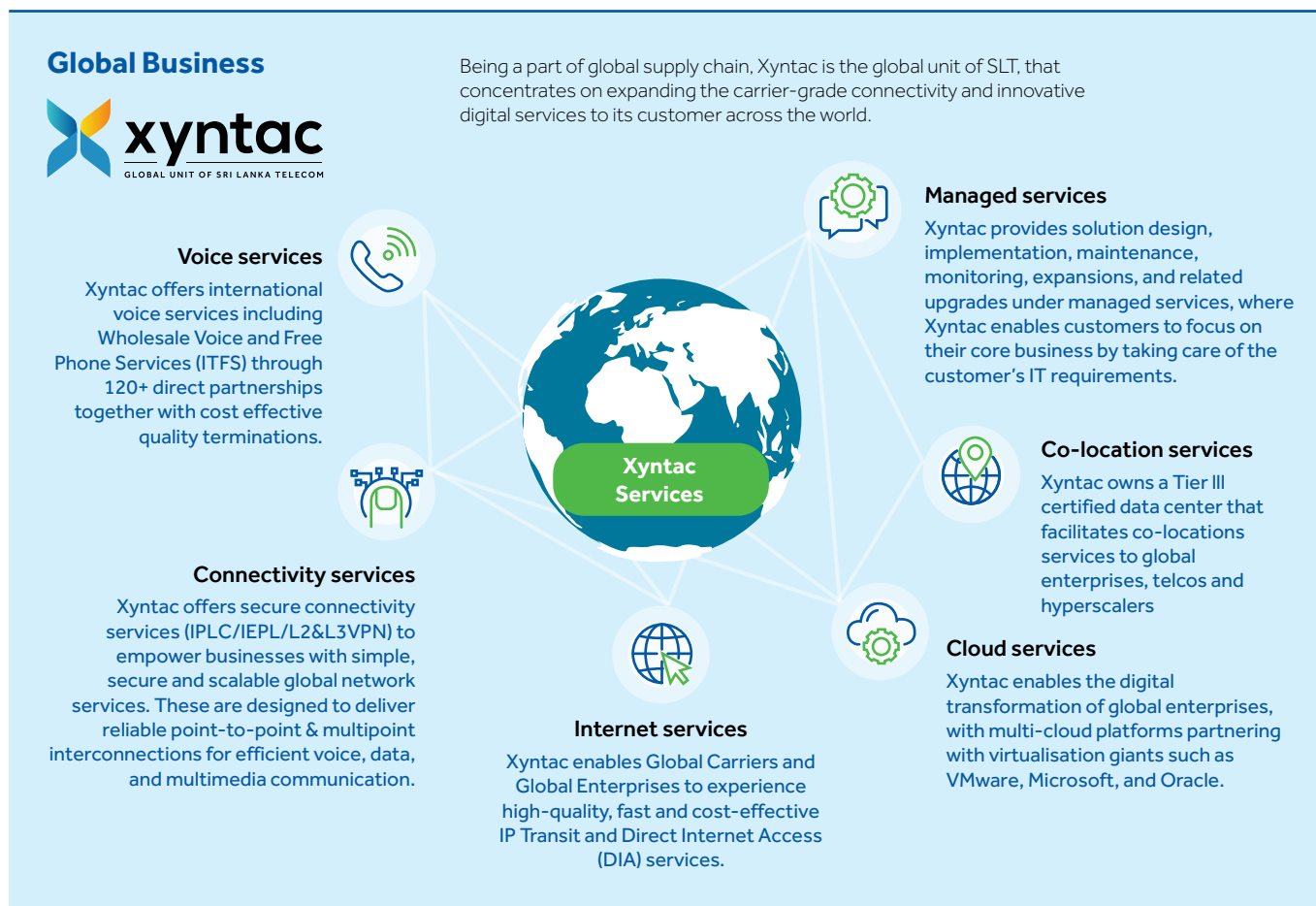
Talentfort

Talentfort is well equipped to provide innovative solutions, helping to power the success of it's client globally. It's solutions are packaged together to add value to the strategic utilisation of this life-line to accomplish organisational goals and objectives in an effective and productive manner.

To offer a wide spectrum of Over The Top (OTT) solution, Software As A Service (SAAS) and technical services, packaged with a high level of quantity and efficiency that will bring about effectiveness with value to the clientele it's services.



Social and Relationship Capital



Marketing campaigns

In 2022, several digital marketing activities were carried out successfully, including two digital campaigns for the Sinhala Tamil New Year and for Valentine's Day. A mix of both physical and digital marketing activities were carried out during the year.

Some of the campaigns conducted during the year are as follows:

- 4G LTE Booster Campaign – targeting new SLT-MOBITEL Home 4G LTE connection customers, with extra data and tablet PCs on offer.
- Valentine Data Offer for Home Broadband customers - an exclusive free data offer for SLT-MOBITEL Home Broadband customers on 14 February 2022.
- Fibre Happy Hour Data – offering 100GB of data for new connections and upgrades, towards achieving improved fibre sales and attracting customers based on the speed fulfillment process.
- eBill Data Offer - 25 GB YouTube for eBill registered customers, towards supporting the promotion campaign of the eBill product team.
- Avurudu Offer 2022 - New Connections, with the objective of improving sales and promoting data bundles to customers.
- Avurudu Week Offer 2022 (Broadband) – exclusive free data for SLT-MOBITEL Home Broadband Customers from 13-17 April 2022.
- Special DATA Free Promotion - to improve customer loyalty by providing a loyalty offer to existing customers.
- Black Friday Fibre Offers – to improve online sales and boost awareness on the online portal.

Social and Relationship Capital

Our Business Partners

Due to the current market conditions, telecom operators are unable to operate single-handedly. Therefore, the Group has forged many partnerships with global and local partners, to deliver the most cost-effective and suitable solutions for the consumer segments. SLT has focused on developing homegrown solutions – such as the queue management solution during the COVID-19 pandemic, to help people avoid queues.

SLT worked closely with its business partners to find innovative solutions while creating greater synergies throughout the value chain. The Company has built a network of partnerships with local and international suppliers, business entities, and service providers who are vital for its operating ecosystem.

SLT-MOBITEL Enterprise hosted a Partner Forum to recognise and reward SME Solution Partners and sign agreements strengthening their mutual relationship, to help small businesses scale and grow with ICT-specific products and services. The SME Solution Partnership operation was introduced to develop a strong value proposition, empowering 'SLT-MOBITEL Enterprise' to win competitive SME solution business deals.

SME vendor partnership operations began in 2019. The agreements cover a wide range of solution categories including unified communication, networking, and infrastructure, surveillance, cabling, business software and web development, etc. SLT-MOBITEL Enterprise partners include:

- Fentons
- Finco Technologies
- Metropolitan Communications
- PWJ Lanka, Smartcom
- Ceylon Innovation
- Advancement Technologies
- Sala Enterprises
- Sri Lanka Telecom Digital Services
- Sri Lanka Telecom Services
- Vista Solutions, Secvision
- Softlogic Retail
- Bartleet IT

The Open Door Practice under the Code of Business Practice Procedure

The Open Door Practice of SLT is applicable to the Company's customers, suppliers, vendors, contractors and/or their respective subcontractors, in that, if they have any concern about any unethical business practices taking place in the Company, they are responsible to immediately contact the Office of Business Practice.

Partnerships, Strategic Alliances, Suppliers, and External Associations

SLT has built a sustainable ecosystem of partnerships with local and international business entities, and other service providers. The relationships built with the Government, enterprise customers and domestic operators are considered mutually beneficial and continue to contribute towards SLT's mission of innovating for the future.

Partnerships

Partnerships include those with national institutes to facilitate the growth of Micro and SME business segments and undertake initiatives relating to stakeholder engagement, professional and industry networks, market traction, solution modelling, and joint offers. These include:

- The National Enterprise Development Authority
- The National Chamber of Exporters
- The Small Enterprise Development Authority
- CA SME Task Force
- ICT Agency of Sri Lanka



Social and Relationship Capital

Strategic Alliances

SLT Partnerships

Multi-tenant projects partnerships

SLT provided digital services to the following developers/projects in FY 2022.

- Liberty Plaza Management Corporation
- On'ally Holdings PLC – Unity Plaza
- Cool Planet (Pvt) Ltd.
- World Trade Centre, Colombo (World Trade Centre Management Corporation)
- George Steuart Engineering Pvt Ltd.
- Home Lands (Pvt) Ltd – Santorini Resort Apartments and Residencies by Home Lands Skyline
- Access Residencies 2 (Pvt) Ltd – Aquaria by Access Residencies
- Elish Development (Pvt) Ltd – The Fleminton Vajira 20
- Nexus Property Developers (Pvt) Ltd – Nexus Square
- Northpole Construction (Pvt) Ltd.
- 88th Developers – 88th Alakeshwara
- JFI Consolidated (Pvt) Ltd.
- OAK Developers (Pvt) Ltd.

Platform partnership for the year 2022

SLT forged the following partnerships to contribute towards its mission of innovating for the future.

Partner/MOU	Platform
Ranaviru Seva Authority	Helaviru
Ministry of Agriculture, Southern Provincial council	Helaviru
Tourism Bureau, Southern and Uva provincial councils	SLTravel
Regional Economic Development Agency (REDA), Central Provincial council	SLTravel
All Ceylon tourism service provider's association – North Central Province	SLTravel
Silentium IT	SLTravel

Mobitel Partnerships

- Partnering with Department for Registration of Persons for Digital Authentication of NICs
- Rakuten Viber partnering with SLT-MOBITEL Mobile to offer unlimited free data
- "Rata Dinana Singiththo", a nation-building exercise in partnership with Hatton National Bank
- Expanding mGuide Service accessibility for HUTCH Customers
- eChannelling partnering with Ministry of Foreign Affairs
- Launched online seat reservation website and app for Sri Lanka Railways
- mCash partnering with ComBank & Visa to offer attractive rewards for LANKAQR merchants
- mCash partnering with Union Bank to offer enhanced banking solutions
- mCash partnering with "Lanka Remit" to offer safe and low-cost remittance channel
- mCash and Ceylinco General Insurance join forces to empower Sri Lankan women
- Partnership with People's Leasing and mCash to support their customers



Social and Relationship Capital

Suppliers

Local Procurement 51.85%

SLT's Code of Ethics for Suppliers covers the guiding principles related to labour practices and sustainable business operations that the Company expects its suppliers to comply with. This covers environmental criteria such as the availability of EPL (Environmental Protection License), environmental assessment, etc., enabling SLT to increase awareness and encourage sustainable practices within the supply chain.

Supplier Training Programmes are conducted on an ongoing basis through SLT's training centres, to support the technical staff of its suppliers. This aids in ensuring the maintenance of the quality of the service provided by them.

SLT understands the importance of maintaining a diverse and reliable supplier base to ensure product quality and timely delivery. Even amidst the global supply chain disruptions caused by the pandemic, the Company was able to procure materials on time and ensure continued services to customers by proactively altering its sourcing strategy. SLT, also has a Board approved procurement policy that sets out the process to be adopted when screening and selecting new suppliers.

Several stages of supplier evaluation including technical, commercial, sole source and enterprise solution evaluation

↑ (The Company involves the relevant departments, employees, the steering committee as well as the Board, and ensures transparency in the decision-making process)

The selected suppliers will be registered on the Company's system

↑ Supplier to submit their profile details and audited accounts as part of the registration process

International Associations

- International Submarine Cable Consortium
- Southeast Asia and Indian Ocean Cable Maintenance Agreement – SEAIOCOMA
- International Cable Protection Committee – ICPC
- IPv6 Execution Committee
- Global Internet Exchange Network
- International PoP Community
- Commonwealth Telecommunications Organisation (CTO)
- International Telecommunication Union (ITU)
- Fibre-to-the-Home Community
- Carrier Ethernet Forum
- Carrier Grade Wi-Fi Forum
- International Internet Society

Country and the Community

As the national communications solutions provider of Sri Lanka, SLT is mindful of its role in contributing to the development of the Nation and the community. To deliver increased value to its communities, SLT continuously strives to form lasting relationships with all its stakeholders built on quality, reliability, and accountability in line with the values of simplicity and proximity that the SLT brand represents.

SLT looks to achieve its ESG vision and consistently operates in a manner that minimises unfavourable impacts on society, the country's economy, and the environment, in the course of its daily operations. The Company aims to maintain a successful social behaviour strategy – SLT's primary responsibility is to ensure the long-term success of the Company by adding value to its stakeholders. Moreover, corporate responsibility forms an integral part of SLT's business strategy and corporate identity.

Serving the nation for over 165 years, the SLT-MOBITEL brand has been recognised by people and professional institutes alike as a high-level responsible company. SLT's ESG strategic direction covers three main pillars: Nature, Education, and Healthcare – and a supplementary pillar, Sponsorship, to enhance the SLT-MOBITEL brand engagement. Every ESG initiative is accomplished under the theme of *Sabandiyawe Sathkaraya* and works towards alignment with the United Nations Sustainable Development Goals (UN SDGs).

External Associations

SLT is a member of the following associations and the Company's staff actively participates in their activities:

National Associations

- National Broadband Committee
- National Chamber of Commerce
- Ceylon Chamber of Commerce
- Sri Lanka Association for quality and productivity
- Next Generation Network Committee
- Government initiative of free WiFi programme
- Online secondary school education (SchoolNet) programme
- Online university education programme (LEARN)
- eGovernment programme
- Sri Lanka Internet Society

Suppliers Categories

RAW MATERIAL SUPPLIERS

A pool of Local and International suppliers ranging from World leading equipment and software suppliers to small-scale local manufacturers

CUSTOMER PREMISES EQUIPMENT SUPPLIERS

For Sales Outlets (RTO & Teleshop) on a consignment basis (CONBES)



Social and Relationship Capital

ESG Focus

Nature	Education	Health	Sponsorships
SLT-MOBITEL Green initiatives	Empowering Smart education	Health and Wealth society	Community engagement
Tree planting programmes	Hackathon	eChannelling	Sports
Online awareness	Book donation	Equipment donations	Entertainment
Carbon emission assessment	Building smart class room	Digital inclusions	Cultural and spiritual events
Waste management	Infrastructure building		Exhibitions and any other social gatherings
	Skills development		

Nature



A series of online awareness programmes were conducted on environmental degradation and the preservation of threatened species. This was to reach out to the public to protect and conserve nature, encourage accountability towards environmental protection in daily actions, and take decisions with the hope of building responsible behaviour and increased enthusiasm to protect the environment.

Education



SLT embarked on a book donation programme, understanding the urgency of empowering future generations towards skilled educated workforce. As the first phase of the programme, over 800 books were collected from SLT customers and employees through a book donation drive. The objective of the programme is to enhance student academic development in rural schools, improve information and communication technology (ICT) literacy skills, and build a knowledgeable student community.

SLT also conducted CoderDojo @ SLT online training sessions to cultivate an innovative educational culture. The overall objective of the programme is to contribute towards a more advanced national economy driven by technological innovations by expanding ICT learning opportunities across the country. SLT has built a collaboration with the STEMUP Educational Foundation in Sri Lanka, which is a non-profit volunteer-based organisation with a sound base of young professionals, to conduct CoderDojo skill development programmes with SLT.

As the National ICT Solutions Provider, SLT powered "Hack:AI 2021 Hackathon", to provide the youth a platform to design ground-breaking innovative solutions to solve real-world problems using technologies such as Artificial Intelligence (AI) and Machine Learning. Hack:AI 2021, an inter-school and university hackathon, offered an opportunity for young innovators from schools and universities to build solutions using data science and machine learning technologies, joining the national movement to drive social impact, with the aim of tackling some of the challenges related to selected UN SDGs.

Addressing the rising unemployment issue within the country, SLT has focused on providing students with necessary skill development programmes. Working towards improving social issues in Sri Lanka, and partnering with the National Library, 2,000 scholarships were granted to students, along with 40GB worth of free data. Students are able to develop skills via courses conducted by the Commonwealth of Learning Canada.

SLT also carried out the second phase of its Bus Library Project, which focuses on uplifting the country's educational landscape by way of encouraging more readers and bringing books closer to the country's youth, through transforming decommissioned Sri Lanka Transport Board (SLTB) buses into fully-fledged libraries.

Social and Relationship Capital

Health



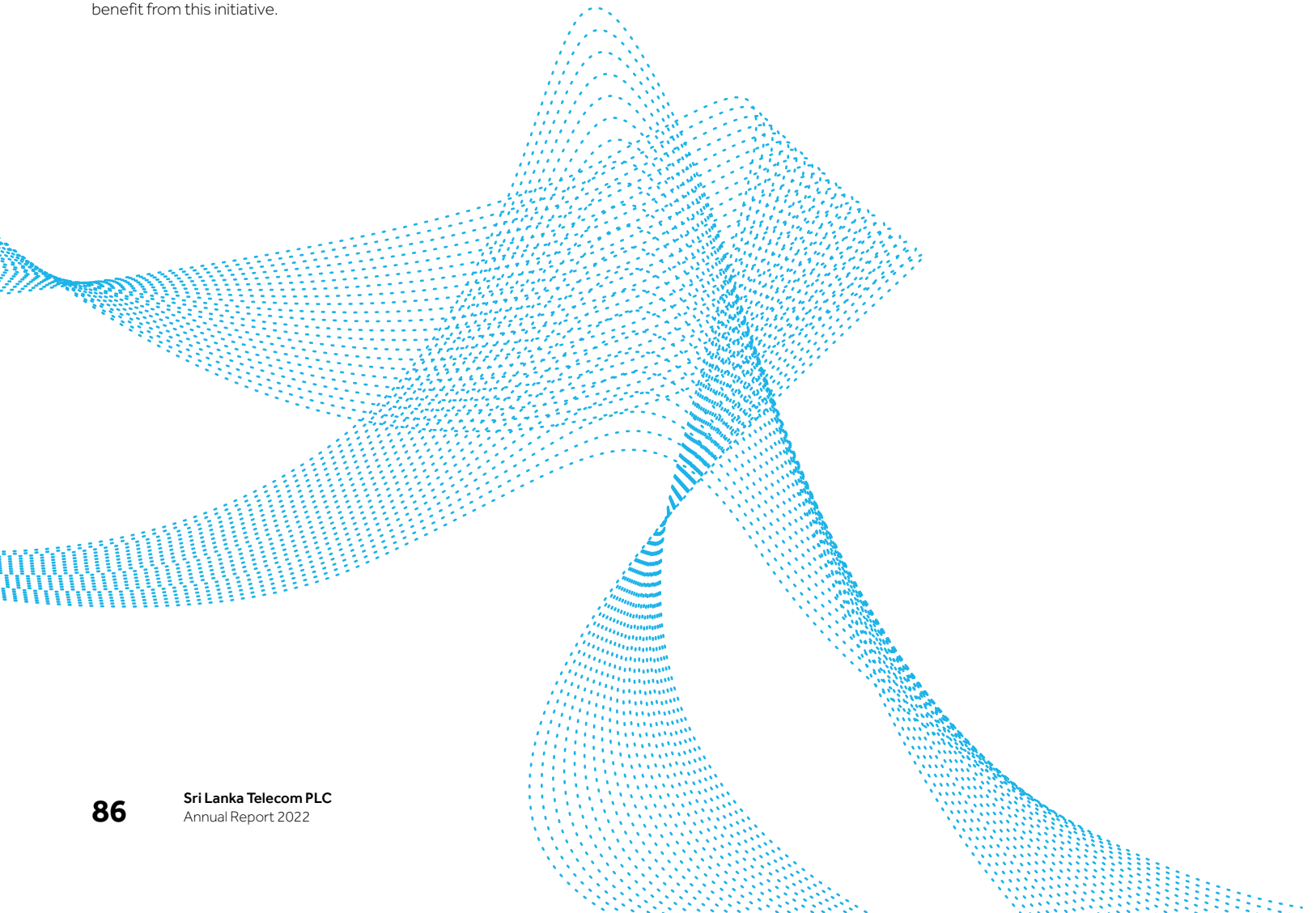
As a tribute to frontline health workers, in collaboration with *Manusath Derana*, SLT looked to empower health heroes through the “*Suvaviru Upahara*” connectivity offers. Through this programme, SLT provided connectivity solutions including Voice and Data for three months to health workers and their families, free of charge.

Healthcare workers at 14 selected locations including PHI Officers, Nurses, Attendants, and Crematorium Workers were able to avail this offer for SLT-MOBITEL home or mobile connections. SLT and *Manusath Derana* looked to work closely with healthcare and local authorities to ensure that all healthcare officials at these locations were able to benefit from this initiative.

Outlook

SLT has initiatives planned for 2023, which include establishing and building seven regional customer experience centres – fully operational centres that contain advanced technological devices for customers to handle, while a customer experience centre will be established at the Lotus Tower as well. Currently, the primary customer experience centre is located at the SLT Head office and caters to corporate consumers. Another experience centre is located at the convention centre arena at the BMICH.

In the Micro-SME segment, SLT will focus on harnessing development activities with SLT’s major partners, to reach the customer more directly. Furthermore, the Group’s digital sales platform will be enhanced further to reach customers using digital means more efficiently and thereby deliver cost-effective products.





Natural Capital

Relying heavily on natural resources, such as water and energy, and the extensive land bank for its operations, SLT continuously engages in the protection and restoration of the environment. The Company strives to responsibly and actively manage nature-related risks and opportunities to reduce the adverse effects on the environment and raise awareness among the public on the importance of reducing carbon emissions and conserving the planet.

In 2022, the SLT Group set up an ESG strategic committee to enhance, implement and monitor its ESG initiatives.

Highlights for 2022



- Energy consumption is **77,545,248 kWh** which is a reduction of 1.8% from 2021 to 2022
- **79,480kg** of copper recycled
- Setting up an ESG strategic committee
- Carbon emission assessments for 2019 and 2020
- Conducted environmental conservation and awareness programmes
- SLT Cultivation programmes in eight provinces across Sri Lanka



Natural Capital

Relying heavily on natural resources, such as water and energy, and the extensive land bank for its operations, SLT has engaged in the protection and restoration of natural resources. The Company continues to responsibly and actively manage nature-related risks and opportunities to reduce the adverse effects on the environment, and raise awareness among the public on the importance of reducing carbon emissions, and conserving the planet.

SLT-MOBITEL ESG Focus

Our strategic approach pushes the fundamentals of our sustainability agenda towards not just creating economic value, but also towards healthy ecosystems and empowered communities, under a strong governance framework. We recognise the importance of the United Nations Sustainable Development Goals (UN SDGs), and have aligned our sustainability framework in accordance with these goals. A steering committee has been appointed, with members of the top management, to drive the green initiatives under ESG. Following the UN SDGs, SLT has efficiently navigated through environmental and social governance to contribute towards the reduction of its carbon footprint. Introducing strategic policies and approaches, SLT has inculcated nature, education and healthcare into its ESG directives. Please refer Social and relationship capital on pages 69 to 86 for more details on education, and healthcare.

Management Approach

In carrying out its operations, SLT acknowledges its heavy impact on the environment, pertaining to carbon emissions and solid waste. As such, the Company has given utmost precedence towards sustainable solutions and the structuring of a sustainable lifestyle within SLT. It also seeks to reduce any adverse effects the Company's processes may have on the environment, whilst also creating environmental awareness among its employees and the public. The Company's approach revolves around three main pillars - energy management, waste management, and ecosystem preservation. The three pillars are continuously monitored by an Energy Management Committee, which was appointed to screen and regulate efficient operations under the guidance of the SLT management team.

Strategic Focus Areas

- Utilising 3R techniques to facilitate effective waste management solutions
- Utilise renewable energy sources
- Adapting new technologies which lead to the reduced consumption of electricity, water and fuel
- Conservation and protection of the environment, and enhance awareness among employees for sustainable lifestyles
- Carbon neutrality and undergoing carbon emission assessments

Utilising energy efficient electrical items has contributed to the Company's shift towards environmental consciousness. Such electrical devices include air conditioners, switchboard rectifiers, eco-friendly refrigerants, and inverter type devices. During the year under review, energy consumption was reduced by 1.8% YoY.

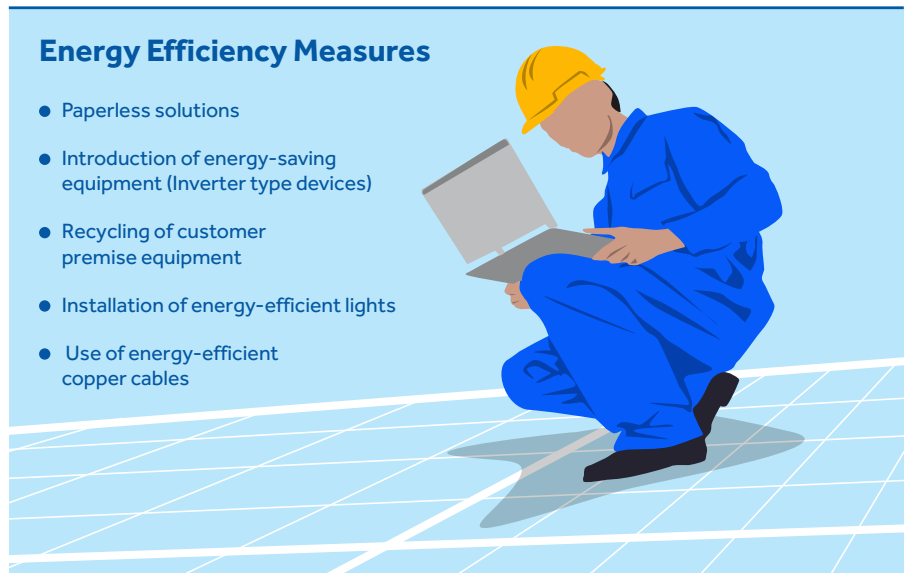
In 2022, SLT-MOBITEL switched to a solar solution to power its communication tower at the Kumana National Park, using fast charging lithium-ion batteries and intelligent controllers to build a solar system operate entirely on renewable energy. This enabled to reduce fuel usage by 95% resulting in an annual reduction of 12,540 diesel litres per year. SLT-MOBITEL continues to focus on implementing such energy-efficient solutions to achieve its Zero Carbon Footprint goal.

Energy Management

The introduction of cross functional committees to overlook the management of environmentally friendly policies has been inculcated within the Company. This includes green building concepts, heightened environment awareness among team members, and energy saving solutions.

Energy Efficiency Measures

- Paperless solutions
- Introduction of energy-saving equipment (Inverter type devices)
- Recycling of customer premise equipment
- Installation of energy-efficient lights
- Use of energy-efficient copper cables

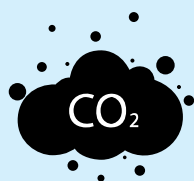




Carbon Neutral Assessment Process

In 2018, the Company obtained its first Carbon Assessment ISO Standard. SLT assessed the total emissions in 2019 and 2020, and has strategised to follow strict environmentally friendly methods and reduce its emission rate further, whilst mitigating carbon emissions.

Emission category	GHG emissions (tCO ₂ e)		
	2018	2019	2020
Direct emissions	8,763	6,797	1,078
Indirect emissions	55,078	47,191	43,857
Total emission	63,841	53,988	44,935



Total GHG emissions 2020

44,935 tCO₂e

Direct emissions 2020

1,078 tCO₂e

Indirect emissions 2020

43,857 tCO₂e

GHG emissions are gradually decreasing YoY, mainly because of the pandemic, and some actions that have been taken to mitigate emissions such as the use of energy-saving equipment, streamlining of the vehicle fleet management system, etc.

Smaller Changes Leading to a Greater Impact

Green building concepts being introduced within the Company

- Sensor-based water supply system
- Investing in UV-free LED bulbs to be used within all SLT offices
- Replacement of regular devices with inverter based solutions

Waste Management Strategies

Commanding its way toward reducing its carbon footprint, SLT has transformed company ethics towards assessing all its business segments and opting to reduce, reuse and recycle. The Company's main directive of building a sound-material-cycle society has launched several environmentally sustainable initiatives, such as the repair and reuse of customer premises equipment for maintenance purposes. Following the 3R concept, the waste management implementations focus solely on paper waste, food waste, and e-waste. In collaboration with environmental certified institute in Sri Lanka, SLT coordinates the safe disposal of waste and directs techniques involved in reducing, reusing, and recycling. The Company has established its own copper recycling plant to facilitate the recycling of many unused copper cables which can be re-sold to suppliers in need of material.



Natural Capital

SLT conducts its e-waste management with registered e-Waste suppliers, facilitating the responsible disposal of waste. The safe disposal of cables, batteries, and other tools and equipment used in the Company are being carried out by Mobitel as well. During the year under review, 79,480 kilograms of copper was recovered in the recycling process.



- SLT works with eight e-waste suppliers
- 79,480 Kgs of copper recovered in the recycling process
- Maintaining two large and systematic waste collection points in Peliyagoda and Kotugoda

Ecosystem Preservation

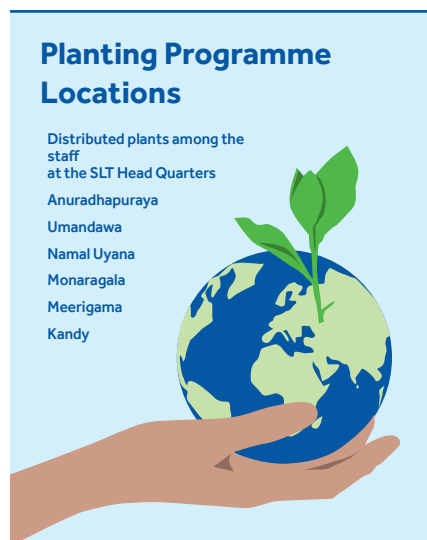
"Sabandiyawe Sathakaraya"

To ensure SLT's policies align with each other, the official ESG initiative – "Sabandiyawe Sathakaraya" – seeks to implement corrective measures to business sustainability, through the guidance of a steering committee for ESG. Under this initiative, a series of projects have been carried out.

- **Tree Planting Programmes**

SLT continually carried out the *Mee* tree planting initiative islandwide, in collaboration with other corporates, NGOs, Government institutes and the community. The main goal is to improve the air quality, increase forestation, inculcate natural carbon sinks, and aid the reduction of greenhouse gases within the environment. Furthermore, this initiative aims to safeguard

biodiversity across multiple areas in Sri Lanka, whilst raising awareness among the locals. The planting campaigns are being instilled as long-term directives that would be continuously monitored by the SLT-MOBITEL team. To date, the Company has distributed and planted over 1,500 trees in Kandy, Monaragala, Umandawa, and Anuradhapura. Partnering with the "Thuru" mobile application, all trees being planted have a special geotag to facilitate monitoring and tracking their progress over the years.



Planting Programme Locations

Distributed plants among the staff at the SLT Head Quarters

- Anuradhapuraya
- Umandawa
- Namal Uyana
- Monaragala
- Meerigama
- Kandy

- **Public Awareness on Sustainability**

A series of online awareness programmes on the "eSiphala" platform under the tagline – "Earth is calling, are you Listening" have been carried out to address the need for effective sustainability within the SLT community and the daily lives of people. The goal is to educate the general public with the necessary information and encourage responsible citizens. Partnering with – Lanka Nature Conservationists, a series of programmes based on topics such as - Linking research and applications, Homo Sapiens, Protecting Sri Lankan Wildlife, and Action for Conservation.

SLT believes awareness is a key element of protecting the environment, and also obtaining expert knowledge in relevant fields.

- The Cultivation Programme – "Sabandiyawe Aswenna" was conducted given the prediction of a possible food crisis in the future. SLT employees were encouraged to get involved in the cultivation of food.
- Converted 15 acres of bare lands to farming lands
- More than 15 varieties of crops cultivated
- Improved employee relationships and encouraged team work

Driving Sustainability among Employees

As a means to uphold strong sustainability goals, SLT improved its communication among its employees. Furthermore, emails and posters were shared, and seminars on sustainability were conducted throughout the year. Field staff were continuously engaged in learning new technology such as 4G LTE/5G and/ Fibre and IT systems. This helps to create a better environment, by mitigating pollution and achieving effective resource utilisation.

SLT continued to stress the importance of environmental sustainability, by offering employee training development programmes. Internal employee engagement programmes are expected to be conducted in 2023.

Outlook

A key strategic focus of SLT is to achieve its carbon footprint goals, through its energy efficiency and reforestation initiatives. By reinforcing and educating the public on the importance of such initiatives, and with an emphasis on raising responsible citizens, SLT will continue its efforts to advance its sustainability goals.



Governance

Board of Directors





Board of Directors

01. Mr Rohan Fernando

Group Chairman/Director

Mr Rohan Fernando was appointed as Director/Chairman of the Company in January 2020. He also serves as Director/Chairman of Mobitel (Pvt) Limited, eChannelling PLC, SLT Digital Services (Pvt) Ltd., SLT VisionCom (Pvt) Ltd., SLT Human Capital Solutions (Pvt) Ltd., SLT Property Management (Pvt) Ltd., Sri Lanka Telecom (Services) Limited, Mobit Technologies (Pvt) Ltd., and Director of Galle Submarine Cable Depot (Pvt) Ltd. He is also a member of the Remuneration and Nomination Committee.

Mr Fernando has over 47 years of experience in the tea industry and has been successful in innovation, promoting, and marketing the traditional beverage of tea in many variants. He is the creator of the global tea brand HELADIV registered in 40 countries. He began his career as a Tea Taster at Carson Cumberbatch & Co., Ltd. In 1975, Mr Fernando joined Brooke Bond Ceylon Limited and served as a Manager in the Tea Department from 1979 to 1989 with a secondment of one year as a Tea Trader, at its headquarters in the United Kingdom in 1982.

In 1990, he established HVA Lanka Exports as a joint venture with the Dutch agricultural conglomerate HVA Holdings and expanded the organisation to include several subsidiary companies. Currently, he serves as the Chairman of HVA Lanka Exporters (Pvt) Ltd. and HVA Farms (Pvt) Ltd. He also served on the Colombo Tea Traders Association as a member and also as a Director on the Sri Lanka Tea Board and as an Independent Director of the Sri Lanka Industrial Technology Institute from 2015 to 2016. He is also an Independent, Non-Executive Director of Ceylinco Insurance (General) Ltd.

He is a former President of the National Chamber of Exporters (2008 and 2009). He served as the elected Chairman of the Tea Exporters Association of Sri Lanka from 2014 to 2016.

He is a National award winner since 1997 at the NCE Exports Awards and was selected "Exporter of the Year" winning Gold awards

in 4 categories, in 1999. He was also awarded "Sri Lankan Entrepreneur of the year 2015", winning the National Gold award, and "Sri Lankan Entrepreneur of the year 2015", with a Provincial Gold award.

He is a multi-disciplined sportsman having represented the school in Rowing, Volleyball, Tennis, and Hockey. He represented and captained Sri Lanka at Rowing. He functioned as the president of the Sri Lanka Amateur Rowing Association from 2010-2020. He was also a senior member of the National Olympic Committee and Chairman of its finance management committee. He represented Sri Lanka as Chef de Mission in 2006 and 2009 at Lusofonia Games in Macau and Portugal and the 2nd Asian Indoor Games in 2007 in Macau. He currently serves as a member of the National Sports Council of Sri Lanka.

02. Mr Lalith Seneviratne

Director/Group Chief Executive Officer

Mr Lalith Seneviratne was appointed to the Board as an Independent Non-Executive Director on 23 January 2020. Thereafter, he was appointed as an Executive Director/Group Chief Executive Officer on 01 May 2020. He is also a member of the Technology Subcommittee. He serves on the Boards of eChannelling PLC, Mobitel (Pvt) Limited, Sri Lanka Telecom (Services) Ltd., SLT Digital Services (Pvt) Ltd., SLT VisionCom (Pvt) Ltd., and Mobit Technologies (Pvt) Ltd.

He is an engineer by training. He has over forty years of experience in the corporate field, primarily with Motorola Corporation.

Mr Seneviratne obtained a Bachelor's Degree in Electronics from the University of Kent, UK and a Masters Degree in Electrical Engineering from the University of Calgary, Canada. He pursued a career in telecommunications starting in 1982 at the then Sri Lanka Telecommunications Department (present day SLT). In 1988, he became the head of engineering of Celltel, setting up South Asia's first mobile telephone network.

In 1990, Mr Seneviratne accepted a position with Motorola Corporation and moved to Singapore on a regional role. During this period, he developed Motorola's relationship with SLT that enabled SLT to provide telephone service to remote areas including restoring telephone service to Jaffna in 1996.

Since leaving Motorola Mr Seneviratne has carried out several professional consulting assignments in telecommunications and renewable energy while engaging in rural electrification activities during his spare time. He was part of a team that set up four grid-connected mini-hydropower systems. He implemented Sri Lanka's first off-grid village solar electrification system in 2001 and Sri Lanka's first off-grid village biomass electrification system in 2004.

In the period 2006 to 2009, Mr Seneviratne was a member of the Board of Directors of Lanka Transformers Ltd., and its Chairman during the latter part. He was a member of the inaugural governing board of the Sri Lanka Sustainable Energy Authority.

Currently, Mr Seneviratne is a member of the Board of Directors of four mini-hydropower companies – M/s Escas Owala (Pvt) Ltd., Escas Ankanda (Pvt) Ltd., Escas Diggala (Pvt) Ltd., and Escas Kiula (Pvt) Ltd.

Mr Seneviratne is the recipient of the Year 1999 Motorola CEO Award for Volunteerism. For his voluntary services to the Department of Wildlife Conservation, he was made an Honorary Director in the Department. For his innovation, he was elected a Lemelson Fellow and for his sustainable development activities, he was elected an Ashoka Fellow. On the 20th Anniversary of the Internet Society of Sri Lanka, he was recognised as one of twenty-five people having contributed to the early development of the Internet in Sri Lanka.

Mr Seneviratne is a Chartered Engineer and a Member of the Institution of Engineering & Technology, UK.

Board of Directors

03. Mr Lawrence Paratz

Director

Mr Lawrence Paratz was appointed to the Board of Sri Lanka Telecom PLC as an Independent Non-Executive Director with effect from 26 May 2010. He is the Chairman of the Technology Subcommittee and a member of the Remuneration and Nomination Committee. He serves on the Boards of eChannelling PLC, Mobitel (Pvt) Limited., SLT Property Management (Pvt) Ltd., Sri Lanka Telecom (Services) Ltd., SLT VisionCom (Pvt) Ltd., Mobit Technologies (Pvt) Ltd., SLT Digital Services (Pvt) Ltd and Galle Submarine Cable Depot (Pvt) Ltd.

Mr Lawrence Paratz holds an M. Sc. (Telecommunication Systems) with Distinction and was awarded the Philips prize from Essex University and an M. Eng. Sc. from the University of Queensland.

He is a Fellow of Engineers Australia (FIEAust) and an alumnus of the Stanford University Executive Development Programme. He also holds Bachelor's Degree in Science and Engineering (Honours). In 2011, he was elected as a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE).

Mr Paratz has more than 40 years of experience in all facets of telecommunication including mobile, fixed, broadband, satellite and international networks both domestic and international. This includes capital and infrastructure development, operations, sales, customer service and regulatory issues. As a Director and Chief Executive of Acacia Australia Pty Ltd., he was responsible for the development of an integrated proposal for the delivery of national broadband communication for Australia.

He has served as a Director of Maxis Communication Berhad, as Chairman of the Technology Committee of the Board, as a Director of Vernet Pty Ltd, a Company providing ultra-high speed Broadband to Universities and Research Establishments in Australia, and a former Senior Executive of Telstra Corporation. He also serves on the Board of Real Thing AI Pty Ltd., an Australian high technology company with subsidiaries in the USA and UK, and Razorback Pty Ltd., a company incorporated in Victoria, Australia. He is an Advisor to major companies in the Australian Telecommunication market.

Mr Paratz has had executive responsibility for multi-billion dollar programmes and integrations including network transformations and deployments across multiple technologies, with extensive experience in international, metropolitan and regional and rural communications. He previously served as a member of the Board of the Australian Government's Internet Assistance Programme. He has been an invited speaker at the Australian Health Informatics Conference, and the Australian Academy of Technological Sciences and Engineering.

He was formerly Chairman of the On-Trac@ Peter Mac Adolescent and Young Adult Cancer Programme and has been involved in several initiatives in e-health.

04. Mr Chan Chee Beng

Director

Mr Chan Chee Beng was appointed to the Board as a Non-Executive Director on 05 June 2008 and subsequently to the Board of Mobitel (Private) Limited, SLT Property Management (Pvt) Ltd., SLT Digital Services (Pvt) Ltd., and SLT VisionCom (Pvt) Ltd. He also serves as the Chairman of the Remuneration and Nomination Committee.

He counts over 40 years of experience in investment banking, general and financial management and accounting. He worked at Ernst & Young and Morgan Grenfell & Co. Ltd., prior to joining the Usaha Tegas Sdn Bhd (UTSB) Group in 1992 as Head of Corporate Finance. He serves on the Boards of several companies including Bumi Armada Berhad, Binariang GSM Sdn Bhd, Maxis Communications Berhad of Malaysia, and Yu Cai Foundation.

Mr Chan holds an Honours Degree in Economics and Accounting from the University of Newcastle-upon-Tyne, United Kingdom, and is a Fellow of the Institute of Chartered Accountants of England and Wales.

05. Mr Mohan Weerakoon, PC

Director

Mr Mohan Weerakoon was appointed to the Board as an Independent Non-executive Director on 23 January 2020. He is the Chairman of the Audit Committee and a member of the Senior Tender Board and Related Party Transactions Review Committee. He also serves on the Boards of Mobitel (Pvt) Ltd, SLT Human Capital Solutions (Pvt) Ltd., and SLT Property Management (Pvt) Ltd.

Mr Weerakoon is a senior legal practitioner who counts more than 38 years of experience as a civil and criminal counsel. He was appointed a President's Counsel in 2017.

He has served as a Director of Sinhaputhra Finance PLC, Deputy Mayor and Councilor of the Municipal Council of Matale, and Central Provincial Councilor.



Board of Directors

06. Mr Ranjith Ganganath Rubasinghe Director

With over two decades of experience in Telecommunications and IT, Organizational Development, Human Resources and Marketing, Mr Ranjith G Rubasinghe was appointed to the Board of Sri Lanka Telecom PLC as a Non-Executive Director on 23 January 2020.

Mr Rubasinghe currently serves as the Chairperson of TRACE and as a member of the Board of Directors of Lanka Sathosa Ltd., the largest retail chain operator in Sri Lanka. He also serves as a Director on the Board of Road Development Authority and a member of the National Transport Commission.

During his diverse professional career, he has served as Vice-President of the Institute of Engineers Sri Lanka (IESL), Council Member of the University of Colombo and the Council of the Board of Management at the University of Colombo – School of Computing. He also serves as a member of the Council of the Open University of Sri Lanka.

He is the Founder President and CEO of the SLT Campus (Pvt) Ltd., (SLTC), which is the only corporate-powered, research-based, fully residential university in the country. Under his leadership, SLTC became the “Most Emerging Education Institute of the Year at the South Asian Business Excellence Awards 2019” and has also been recognised at the “National Business Excellence Awards 2019” in Sri Lanka.

With an MBA from the University of Colombo, a Postgraduate Diploma in Electronics and Telecommunications Engineering and a BSc in Engineering in Electrical and Electronics, Mr Rubasinghe is a Chartered Engineer and a Fellow of the Institution of Engineers Sri Lanka (IESL), Fellow Member of Chartered Professional Managers of Sri Lanka (CPM), Certified Member of the Sri Lanka Institute of Marketing (SLIM) and an Associate Member of the Chartered Institute of Personnel Management (CIPM).

Mr Rubasinghe has been with Sri Lanka Telecom PLC for over 20 years and he held the positions of CEO/Mobitel (Private) Limited, CEO/SLT Human Capital Solutions (Pvt) Ltd., and Head of SLT RAINBOW PAGES as well.

Among his personal achievements, he was awarded the Chartered Engineer of the Year 2011 at IESL's Engineering Excellence Awards, the “HR Leadership Award” at the Global HR Excellence Awards 2010 and 2013, and “The Education Leadership Award” at the Sri Lanka Education Leadership Awards 2019 and 2020.

07. Mr V U Kumar Director

Mr Uthaya Kumar K Vivekananda was appointed to the Board as an Independent Non-Executive Director on 02 July 2021. He also serves as a member of the Senior Tender Board Audit Committee and Related Party Transactions – Review Committee.

He has been with PricewaterhouseCoopers for nearly 36 years. He has led and worked on some of the most challenging and complex assignments, both in Malaysia and globally, working with multinational and blue-chip national clients in audit, business advisory, mergers and acquisitions, valuations, privatizations, Initial Public Offerings (IPOs) and cross-border transactions.

08. Mr K A Vimalenthirarajah Director

Mr K A Vimalenthirarajah was appointed to the Board as a Non-Executive Director on 15 March 2022. He is the Chairman of the Senior Tender Board and serves as a member of the Audit Committee and Related Party Transactions Review Committee.

Mr K A Vimalenthirarajah is an officer of the Sri Lanka Administrative Service, counting over 28 years of experience in public service. He is presently working as the Director General, the Department of Trade and Investment Policy.

He is an Attorney-at-Law.

Mr K A Vimalenthirarajah holds a Special Degree in Economics from the University of Jaffna, a Master of Philosophy in Economics from

the University of Peradeniya, a Master of Business Administration from the University of Moratuwa, and a Bachelor of Laws from the Open University of Sri Lanka. He has a Postgraduate Diploma in Development Studies and Public Policy, Postgraduate Diploma in International Relations, Diploma in Human Resource Management and Diploma in Information Technology.

Prior to his appointment as the Director General, the Department of Trade and Investment Policy of the General Treasury, he held various positions in the public service including the positions of Director General, Department of Fiscal Policy, Senior Assistant Secretary in charge of Administrative Reforms, the Chief Information Officer of the Ministry of Public Administration and Home Affairs, Minister Counsellor of the Sri Lankan Embassy in Beijing, China.

Mr K A Vimalenthirarajah is Sri Lanka's Director of the SAARC Development Fund, a Member of the Supervisory Board for the Commonwealth Small States Trade Finance Facility (CTFF), and a Director of the Board Directors of the Sri Lanka Export Development Board. He has also represented the General Treasury as Director of the Board of the Bank of Ceylon, the People's Bank, the Sri Lanka Tourism Promotion Bureau, the Board of Investment of Sri Lanka, the Ceylon Petroleum Corporation, and the Institute of Human Resource Advancement of the University of Colombo and as Chairman/Director, Sri Lanka Insurance Corporation.

Board of Directors

09. Mr Suren J Amarasekera Director

Mr Suren Jeevaka Amarasekera was appointed to the Board as an Independent Non-Executive Director on 08 December 2022. He also serves on the Board of Mobitel (Pvt) Ltd and is the Chairman of the Related Party Transactions – Review Committee and member of the Group Audit Committee, and Senior Tender Board.

Mr Amarasekera has expertise in the telecom industry spanning 29 years. Mr Amarasekera has been associated with globally renowned telcos: Singapore Telecommunications Ltd. (SingTel) in Singapore & Sri Lanka; Sri Lanka Telecom's Mobitel; Maxis Berhad in Malaysia; Aircel Limited in India, and Ncell Axiata in Nepal. Suren's strong cultural adaptation skills have been greatly honed with in-depth multi-market work exposure gained during multi-year stints in Singapore, Sri Lanka, Malaysia, India and Nepal.

He has provided advisory services in ICT and digital transformation (Tactile Internet, 5G/6G and SuperApps) since 2020. During 2017 to 2019, he was the Strategic Projects Director, South Asia Region with the Axiata Group Berhad. Mr Amarasekera was appointed MD/CEO of Ncell Axiata in July 2017. He widened Ncell's market leadership and led the digital transformation that further elevated the company's position with USD 575 Mn. annual turnover and an EBITDA margin of 60%.

From 2014 -2017, Mr Amarasekera served as the Chief Enterprise Officer of Aircel Limited with responsibility for 4G LTE Services, Enterprise, Wholesale and Carrier Businesses and notably facilitated the sale of 20 MHz of Aircel's 4G spectrum in eight circles for approx. USD 600 Mn. as a debt-reduction mechanism.

Mr Amarasekera served as EVP and Joint COO of Maxis Berhad, Malaysia from 2011 to 2013 and guided the company to be the first to commercially launch 4G in Malaysia and had overall P&L management with annual turnover of MYR 9 Billion and an EBITDA margin of 50%. He served as a Board Member of the Bridge Alliance, Singapore, serving over 750 million customers.

From 2005 to 2011, Mr Amarasekera was the CEO of Mobitel propelling the company to achieve revenue market share growth from 12% to over 26%, making Mobitel rank 2nd in a fiercely competitive market.

Mr Amarasekera worked at Singapore Telecommunications (SingTel) in Singapore from 1999 to 2005 in numerous Senior Management capacities and prior to that from 1992 to 1998 was among the first non-Singaporeans to head an overseas operation. He was the Managing Director of Lanka Communication Services and Lanka Cellular Services and he was instrumental in its successful divestiture of Call Link effecting a smooth transition to Hutchinson in August 1997.

He holds a Bachelor of Science and Master of Science in Computer Systems Engineering from Syracuse University, New York, USA and a MBA from University of Chicago, Booth School of Business, Illinois, USA.

10. Mr Reyaz Mihular Director

Mr Mihular was appointed to the Board of Sri Lanka Telecom PLC as an Independent Non-Executive Director with effect from 30 March 2023. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, was the former Managing Partner for KPMG Sri Lanka and Maldives since April 2012, a Member of the International Accounting Standards Committee (IASC) based in London, from June 1995 to December 2000, a Member of the International Ethical Standards Board for Accountants (IESBA) based in New York, from January 2013 to December 2018 and Chaired the Emerging Issues and Outreach Committee of the said Board.

Mr Mihular also served on the Governing Board of KPMG Middle East and South Asia (MESA) region since 2012, and as its Chairman from October 2018 to September 2021, having previously served the region as its Regional Head of IFRS and Chief Operating Officer from 2004 to 2006.

Mr Mihular was a former Non-executive Director of Ceylon Electricity Board from 1996 to 1999, Lanka Transformers Limited from 1996 to 1999 and Independent Television Network from 1991 to 1994. In addition, Mr Mihular was a former Member of the Board of Management of the Post Graduate Institute of Management of the University of Sri Jayawardenapura and a Past Commissioner of the Securities & Exchange Commission of Sri Lanka.

Mr Mihular currently serves as the Chairman of Bairaha Farms PLC, an Independent Non-Executive Director of Nestle PLC, Independent Non-Executive Director of Melstacorp PLC, Independent Non-Executive Director of Agility Innovation (Private) Limited and as a Commissioner of the Colombo Port City Economic Commission.

Mr Mihular is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA), and a Fellow Member of the Chartered Institute of Management Accountants, UK (FCMA). He also completed Executive Education programmes at the Harvard Business School, INSEAD, and the London Business School. Mr Mihular further has authored many research papers and publications.

11. Mr Mahesh Athukorale Group Company Secretary

Appointed in November 2014 as the Company Secretary. His career spanning over 28 years, he has more than 20 years of experience in the SLT Group and over eight years in the mercantile and financial sectors.

Mr Mahesh Athukorale is an Attorney-at-Law. He holds an MBA from the University of Colombo and a bachelor's degree in Law from the Open University of Sri Lanka. He is an Associate Member of the Chartered Governance Institute of the United Kingdom.

He also functions as Company Secretary for Board Subcommittees and subsidiaries of SLT Group.



Executive Management



Mr Janaka R Abeysinghe

Chief Executive Officer

Driven by an interest in advancing technologies and accommodating the growing needs of consumers and enterprises Mr Janaka Abeysinghe, the Chief Executive Officer of Sri Lanka Telecom, started his career at SLT in 1991 straight out of the University of Moratuwa, where he graduated with First Class Honors in Electronic and Telecommunications Engineering. A keen tech enthusiast, Abeysinghe believes that to be successful in the race for digital innovation; strengthening digital skills, rolling out digital tools, and accelerating new product development in a collaborative environment is essential. He realises the importance of new opportunities for bundled service offerings, IoT solutions and enhanced flexibility in purchasing and consuming services to enable business agility; and brings his extensive insight and learning to his vision for his role as Chief Executive Officer.

Prior to taking up the mantle of CEO, Abeysinghe, as Chief Enterprise and Wholesales Officer, led the Enterprise and Wholesale business of SLT that provides integrated voice and data solutions to Enterprises, and Government Institutions. He earlier served as General Manager Enterprise & International Sales and has extensive experience in the areas of Enterprise Digital Services, Enterprise Communications Solutions, Data Communications, Business Development, Domestic & International Switching Operations and Global Wholesale Voice & Data Business.

A Fulbright Scholar, Janaka Abeysinghe earned a Masters' Degree in Electrical & Computer Engineering from the University of Kansas, USA and is a Chartered Engineer, a member of the Institution of Engineers Sri Lanka, and a member of the Computer Society of Sri Lanka. Mr Abeysinghe has also served on the Board of the Sri Lanka Institute of Nanotechnology (SLINTEC) as a Non-Executive Director.



Mr Saman Abeysekara

Chief Operating Officer and Group Chief Asset Monetisation and Sustainable Energy Officer

Mr Saman Abeysekara joined SLT in 1998 following various roles in recognised organisations. He holds a BSc (Eng.) in Electrical and Electronics Engineering from University of Peradeniya, Sri Lanka. He is a Chartered Engineer and Fellow of the Institute of Engineers Sri Lanka.

In his 28 year career as a professional in telecommunication industry, he has held number of senior positions within SLT, culminating in his current position as the Chief Operating Officer. In this role, he oversees the entire operation, maintenance and projects, regional operation, IT, Supply Chain Management, Facility Management and Property Developments.

During his career he has served as Greater Colombo Telecommunication Improvement Project Engineer, Supply Credit Project Engineer, and Assistant Director Interoperability. After joining Sri Lanka Telecom, he has served in the capacity of Project Manager in the Rural Telecommunication Development Project and later as a Regional Telecommunication Manager, a Provincial Deputy General Manager and a Regional General Manager over a considerable period. He also held the posts of Deputy Chief Regional Operating Officer, Chief Asset Property and Security Management Officer and Chief Administrative Officer before being appointed as the Chief Operating Officer of SLT.



Mr Prabhath Ambegoda

Group Chief Corporate Officer

Mr Prabhath currently holds the position of Group Chief Corporate Officer of Sri Lanka Telecom PLC. Current portfolio spans Corporate Strategy, Regulations, Tariff, Program Management, Risk Management, R & D, Quality Assurance, Information Security, Digital Strategy, Revenue Assurance, Fraud Management and Business Continuity Management of the Group.

He joined Sri Lanka Telecom in 1991 as an Engineer after graduation, counts over 32 years of multi-disciplinary experience in the telecommunication industry, in the fields of Engineering, Corporate Planning, Projects, Regional Operations, Telecommunications Regulations, Human Resource while been instrumental in new Business Development, Innovation and Transformation programmes at various stages. He has held multiple leadership roles in his career with more than 20 years of experience in Corporate Management of Telecommunication industry as a dynamic and a versatile leader.

Mr Prabhath is a chartered engineer by his profession, holds BSc(Eng.) Honours degree from University of Peradeniya specialising in the field of Electrical and Electronics Engineering. He is a Fellow Member of Institution of Engineers in Sri Lanka (IESL) and holds Master of Business Administration degree from Anglia Ruskin University of UK.

Executive Management



Mr Prabhath Dahanayake
Group Chief Marketing Officer

With a career spanning over 30 years at Sri Lanka Telecom, Mr Prabhath Dahanayake's multidisciplinary exposure in the fields of Engineering, Project Management, Business, and Marketing position him as an invaluable resource in this dynamic time in the Organisation's journey.

During his quarter-century tenure at SLT, he has held an illustrious variety of Senior Management positions at the telecom giant, including but not limited to over a decade's worth of marketing experience, as well as Head of Province and General Manager – Product Development and Management.

He has been instrumental in driving the Company's broadband-led new services development, as well as the crucial repositioning of SLT's flagship products and services. His role as Group Chief Marketing Officer stations him on an ideal platform to revolutionise Sri Lanka Telecom's strategy and marketing vision.

Mr Dahanayake pioneered the establishment of a special innovation laboratory dedicated to the research and development of the Internet of Things (IoT) at the University of Moratuwa. He has also made a remarkable contribution to the development of the country's eSports sector by providing the necessary technical solutions needed to engage in eSports at a professional level.

A Chartered Engineer with a BSc Degree in Engineering in Electronics and Telecommunications from the University of Moratuwa, he completed a Master's Degree in Business Administration with core studies at the University of Ruhuna.



Mr Chandika P Vitharena
Group Chief Officer – Consumer Business (Acting)

Mr Chandika Vitharena's illustrious career spans over three decades with profound knowledge and experience in Product Strategy, Sales and Channel Development, Finance, Human Resources, and many more.

At present, Mr Chandika functions as the Chief Executive Officer of Mobitel and holds a Directorship at the Airport and Aviation Services Ltd. Mr Chandika's strategic vision has not only helped Mobitel to become one of the most profitable and successful Mobile Service Operators in the country but also brought numerous recognitions, including several local and international awards.

Having started the career at Lanka Cellular Services (Pvt) Ltd. which was the second mobile operator that entered Sri Lanka in the early 1990s under the brand name "Call Link", Mr Chandika has progressed through the roles of Sales Manager, Senior General Manager. In December 2020, Mr Chandika was appointed as CEO to head one of the largest Mobile networks in Sri Lanka, serving the people and the country with supreme connectivity solutions.

Mr Chandika holds a B A (Honours) Degree in Political Science from the University of Delhi, India.



Mr Sanjeewa Samaranyake
Group Chief Financial Officer

Mr Sanjeewa is the Group Chief Financial Officer of Sri Lanka Telecom PLC and counts over 25 years of management experience, holding senior positions in reputed manufacturing, trading and service organisations in Sri Lanka and overseas. He is a Fellow Member of the Chartered Institute of Management Accountants (UK) and of the Institute of Certified Management Accountants of Sri Lanka. He holds an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura and a Bachelor of Commerce Degree from the University of Colombo. He followed an Advanced Management Programme (AMP) conducted by the Kellogg Business School in USA and a Mergers and Acquisitions Course conducted by the Chicago Booth, University of Chicago, USA.

He joined Sri Lanka Telecom PLC as the Group Chief Financial Officer in September 2018. Prior to joining SLT, he served as the Group Chief Financial Officer of a blue-chip company in Sri Lanka.

He held many senior positions of the Ceylon Chamber of Commerce, Import Section for several years. He was awarded the prestigious "Platinum Honours Award" by the Postgraduate Institute of Management Alumni in 2010 and the "Diamond Service Award" for the "Most Outstanding Business Leader of the Year" jointly by the Ceylon Chamber of Commerce and the Postgraduate Institute of Management Alumni in 2016.



Executive Management



Mr R M P S Samarajeewa
Group Chief Technology Officer

Mr Mangala Samarajeewa joined SLT in 1997 and holds a BSc (Eng.) in Electronics and Telecommunications from the University of Moratuwa, Sri Lanka and holds Master of Business Administration (MBA). He is a Chartered Engineer and Corporate Member of the Institution of Engineers, Sri Lanka with 26 years of work experience in various capacities.

He has participated in many overseas trainings, seminars, and various forums organised by international training institutions, telecommunication service providers, and reputed telecommunication equipment vendors. In this role he oversees the entire SLT-MOBITEL network planning, project management and network operation and maintenance.

He has proven excellence in management of technology and programme management as a senior manager. His major achievements are leading the implementation of National Broadband Network (i-Sri Lanka Programme), Lanka Government Network (LGN) and the SEA-ME-WE 5, 6 Submarine Cable System. He also held a range of positions in operations and maintenance of the SLT network at regional level. He has also sponsored the National fiberisation Programme and initiated the accelerated fibre network development Programme.

He is a member of the International Management Committees for the submarine cable consortiums of SEA-ME-WE 3, 4, 5 and 6, Dhiraagu-SLT, and Bharath Lanka Submarine Cable Systems.



Mr Tilak Gamalath
Group Chief Information and Digital Officer

Mr Gamalath joined SLT in 1992. He holds a BSc (Eng.) Honors Degree in Electronics and Electrical Engineering from University of Peradeniya, Sri Lanka. He is a Chartered Engineer of the Institution of Engineers of Sri Lanka and is a member of IET (UK).

He has an experience of over 30 years in IT and Telecommunication. His experience counts to 8 years in International Switching and 22 years in IT. He has held the positions of DGM/System Administration, GM/Systems, GM/System Development & Network and GM/IT Infrastructure during his career in IT.

He has pioneered in introducing IT Disaster Recovery, IT data centre constructions, infrastructure consolidation and virtualisation, data analytics and has contributed into introducing multiple IT applications in SLT. He has vast experience in IT project management and delivering successful projects.



Mr Lakmal Jayasinghe
Group Chief Officer - Enterprise Business

Mr Jayasinghe joined SLT in 2001 following various roles in recognized organizations. In his present role, he leads the Enterprise and Wholesale Business of SLT-MOBITEL group that provides integrated fixed and mobile voice and data solutions to SMEs, Large Enterprises, Government Institutions, Domestic Telco Operators, Global Wholesale Carriers and Global Enterprises.

In his career at SLT spanning for 22 years, he has held a number of senior positions, including Chief Enterprise and wholesale officer, General Manager Government Business, General Manager Sales Metro and region 2, Deputy General Manager Enterprise Sales Large business, Deputy General Manager Training and Development. He has extensive experience in the areas of Enterprise and Government Sales, Enterprise Communications Solutions, Business Development, Training and Development, Consumer and SME Sales operation and Regional sales management.

He holds a Master's Degree in Business Administration (MBA) from the University of Colombo and a BSc Honors degree in Electronics and Telecommunications Engineering from the University of Moratuwa, Sri Lanka. He is a Chartered Engineer, a member of the Institution of Engineers Sri Lanka.

Executive Management



Mr Sudharshana Geeganage
Group Chief Financial Strategy Officer

Mr Sudharshana Geeganage is the Group Chief Financial Strategy and Treasury Officer of the SLT Group and Chief Financial Officer of Mobitel, holding key responsibilities in Finance and Corporate Strategy. He is a Director and an Audit Committee Member of eChannelling PLC from 2016. He also serves as a Policy Group Member for GSMA APAC.

He counts 27 years of corporate experience and possesses a unique blend of expertise spanning Management consultancy, Investment and Development banking, Finance, Economics, and Strategy.

He commenced his career in telecommunications at Mobitel in 2003 and held multiple senior management positions in the Company prior to assuming the title of Group Chief Financial Strategy Officer. He performed a key role in the development of Mobitel's growth strategy that led it to becoming one of the most profitable telecommunications companies in Sri Lanka. He was involved in driving pioneering initiatives that made communication available and affordable to all of Sri Lanka.

Mr Sudharshana is a Stanford LEAD Distinguished Scholar and holds a Bachelor of Engineering degree from University of Moratuwa and a Master of Economics from University of Colombo. He also is a Fellow of Chartered Institute of Management Accountants' UK and is a Chartered Financial Analyst.



Mr Jeewapadma Sandagomi,
Group Chief Supply Chain Management Officer

Mr Jeewapadma Sandagomi is the Group Chief Supply Chain Management Officer at SLT-MOBITEL and counts over 23 years of professional experience in both public and private Enterprises. During nearly two decades long tenure at Mobitel, he has been leading different roles and responsibilities at Mobitel, including IT Strategy, Information Security, Project Management, Revenue Assurance and Enterprise Risk Management and Procurement.

He is a Chartered Engineer of the Institution of Engineers Sri Lanka, and holds a MBA in Management of Technology, and B.Sc. Engineering degree from University of Moratuwa, Sri Lanka. Further, he holds, CISA (Certified Information Systems Auditor), CISSP (Certified Information Systems Security Professional), PMP (Project Management Professional) and CMA-Aus (Certified Management Accountant – Australia) credentials as well.

During his tenure at Mobitel, he was instrumental in setting up new Policy frameworks, Process digitalisation's and leading multiple key IT transformation projects successfully. Further, Mr Sandagomi has extended his voluntary contribution as a resource person at multiple forums related to Cyber Security and ICT domain.

Mr Sandagomi was the founder President for Sri Lanka Chapter of ISC2, a well-acclaimed global professional body for Cyber Security professionals. The Computer Society of Sri Lanka (CSSL) recognised Sandagomi with the prestigious "CISO of the year" award at the National ICT awards ceremony held in year 2021.



Ms Sonali Wijekoon
Group Chief Legal Officer

By profession Ms Sonali Wijekoon is an Attorney-at-Law and Notary Public, with Master's Degree from the University of Colombo.

She has held the position of Group Chief Legal Officer of the Company with effect from 2021. Currently she is in charge of legal matters of Sri Lanka Telecom PLC, Mobitel Pvt Limited and other Group of Companies. Legal matters performed under her supervision, and control includes litigation on diverse matters, international and local commercial contracts, intellectual property right matters, conveyancing and other corporate legal matters.

Her experience in the field of Law counts over 34 years, out of which 29 years of service has been in Sri Lanka Telecom, Legal Division. Her previous experience in the Banking Sector and a short spell at the Private Bar has been contributory factors, for effective handling of diverse legal matters for SLT.



Executive Management



Mr Lalith Waragoda

Group Chief Officer – Internal Auditor

Mr Lalith Waragoda joined SLT in November 2019 as the Group Chief Internal Auditor. Prior to this appointment, he held the responsibility of Asia Regional Auditor of a Multi-National Corporation (MNC), a global logistics solutions provider. Also, he has worked as a Director/Chief Financial Officer at few leading private business enterprises in Sri Lanka.

He counts over 37 years of professional experience in Audit/Assurance, Shipping/Logistics, Trading and Manufacturing industries. He is a Fellow of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and holds an MBA from the Postgraduate Institute of Management (PIM), affiliated to the University of Sri Jayewardenepura. Also, he is a holder of Diploma in Taxation (CA Sri Lanka). Prior to becoming a Chartered Accountant, Mr Waragoda has obtained four years of extensive training in external and internal auditing under KPMG Sri Lanka.



Mr Nirmal Dharmaratne

(MAJOR GENERAL – RETD) WWV, RWP, RSP
Group Chief Security Officer

Mr Nirmal Dharmaratne (Major General – Retd) serves in the appointment of the Group Chief Security Officer of SLT-MOBITEL since 01 July 2020. During this short period, with his assertive approach to work, he was able to bring in a new dimension to the security sector of SLT and Mobitel.

Mr Dharmaratne, who retired in 2020 from the Sri Lanka Army, having had a distinguished 35 years of career, has brought into the SLT-Mobitel his decades of military experiences in the fields of Safety, Security, Training, Human Resources Management and Leadership.

While serving in the Army, he has held many key appointments, and the appointments of Commanding Officer of Kothelawala Defence Academy, Commandant of the Volunteer Force, Director Operations, Defence Advisor in the United Kingdom and Director Personnel Administration speak well of his well-rounded potential. He played a key role as the Commander of the Special Forces Brigade during the final phase of the Eelam War.

Academically, he holds two Master's degrees and three Diplomas in addition to have been trained at a dozen other training institutions both locally and internationally.



Mr Imantha Wijekoon

Chief Regional Business Officer

Mr Imantha Wijekoon is a Chartered Engineer with a Degree in Electronics and Telecommunications Engineering from the University of Moratuwa. In addition, he holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. In his career at SLT spanning over 28 years he has gained extensive exposure in the fields of Regional Operations, Project Management and Consumer and SME sales operations. He has undergone telecommunication operation and business-related trainings in several foreign countries. Swedish International Development Cooperation Agency (Sida) of Sweden, LG Cables and Machinery Ltd. of South Korea, Korea Telecom of South Korea, and AOTS of Japan are few such institutes to mention. He has also participated in many international and local conferences and workshops. Next Generation Networks, Fixed Mobile Convergence, CRM Change Management, Telecommunication Business Simulation, Value Driven Marketing, Total Telecom Congress and World Mobile Congress are several such events.

Mr Wijekoon counts for over 12 years of experience in the consumer sales segment. In his professional carrier at SLT he has held the senior positions of Head of Province, Deputy Head of Regions, General Manager Customer Service, Regional General Manager, Chief Sales Officer and Chief Regional Business Officer. Since November 2019 he serves as a non-executive Director of SLT Services.

Executive Management



Mr A Kirupakaran
Chief Regional Operations Officer

Mr A Kirupakaran joined SLT as Engineer in September 1991. He was appointed as Deputy General Manager-Eastern Province in 1999.

He was appointed as Regional Head – North and East Provinces in 2005 and He was promoted as Deputy Chief Sales and Regional Officer (DCSRO-II) in June 2019. Thereafter promoted to Chief Regional Operations Officer in June 2021. He is a Graduate Engineer from Madurai Kamaraj University, South India and a Chartered Engineer of the Institution of Engineers, Sri Lanka (MIESL). Reading Master's Degree in Business Administration (MBA) in Postgraduate Institute of Management, University of Sri Jayewardenepura. He has wider experience in analogue and digital switching and transmission projects implementation, development, operations and maintenance.

He also experience in Outside Plant Network development and Customer Service Assurance and Service fulfillment in order to improve customer satisfaction. Currently he is in charge of Regional Operational activities of the 25 districts of the country in Sri Lanka and administrative areas of four (04) Regional General Managers for Regions, eight (08) Deputy General Managers for Provinces, one General Manager for Operational Support and three (03) Deputy General Manager in HQ. Forty four (44) Regional Operations and Maintenance centres islandwide.



Mr Asiri Galagoda
Chief Technology Officer

Mr Asiri Galagoda joined SLT in 1992 as an Engineer and holds a BSc (Eng.) Hons degree in Electrical and Electronic Engineering from the University of Peradeniya, Sri Lanka. He is a Chartered Engineer and Corporate member of the Institution of Engineers, Sri Lanka. Before joining SLT, he has worked in the university academia, for a short stint. In his career, he has gained exposure in the fields of Data Communications, Next Generation Networks, Outside Plant operations and has exposure and experience working in telecom operator overseas.

He has pioneered in Telecommunication Network transformations with the industry and technology evolvments from eras of legacy networks to Next Generation Network to Programmable Networks.

Further he has exposure and experience in Submarine Cable network planning and design being a Cable Consortium committee member for SEA-ME-WE 5 and SEA-ME-WE 6 cable systems.

During his career, he has gained industry related knowledge and trainings from National and International Academies in number of countries.

In the present role, he oversees the Network Strategy and Planning and Project implementations.

In his professional carrier at SLT, he has hold the senior positions of Deputy General Manager, General Manager, Deputy Chief Officer and presently Chief Technology Officer.



Mr R M Sisira Piyaratne
Chief Administrative Officer

Mr Piyaratne holds a master's degree in Business Administration (MBA) from the University of Peradeniya and a BSc Honors degree in Electrical and Electronics Engineering from the University of Peradeniya, Sri Lanka. He is a Chartered Engineer, a member of the Institution of Engineers Sri Lanka.

He joined SLT as an Engineer in 1994 following various roles in recognised organisations as Assistant Lecturer in Open University, Sri Lanka and as an Engineer in Ansell Lanka Pvt Ltd. and Sri Lanka Telecom Services Ltd.

In his present role, he leads the administrative functions of SLT in the areas of Transport Management, Property and Property Management, Civil Planning and Constructions, Environment, Admin and Health and Safety.

In his career at SLT spanning for 28 years, he has served in the capacity of Engineer-Transmission, Regional Telecommunication Manager, Provincial Deputy General Manager, Regional General Manager, Deputy Chief Innovation and Culture Officer and Deputy Chief Supply Chain Management Officer.

He has extensive experience in the areas of Operation and Maintenance of Transmission networks, Consumer and SME Sales Operation and Regional Sales Management, Regional Network Operations, Implementing Quality Management practices including ISO 9001:2015, Tender Commercial Evaluations and Supply Chain Management.



Subsidiary Chief Officers



Mr Chandika P Vitharena
Chief Executive Officer –
Mobitel (Private) Limited

Refer page 98 for the profile.



Mr Ruchira Weerakoon
Chief Executive Officer –
SLT VisionCom (Pvt) Ltd.

Mr Ruchira Weerakoon joined SLT VisionCom in year 2010. He holds a BSc Degree in Electrical and Electronics Engineering from the University of Peradeniya and counts over 20 years of experience in the industry.

He holds an MBA from the University of Sri Jaywardenepura and possesses expertise in designing and deployment of converged communication solutions. He has also pioneered in introducing Contact Centre Technology to enhance service experience among the leading Telcos and Banks in Sri Lanka.

Mr Weerakoon is a key custodian of the implementation and development of IPTV (Internet Protocol TV) and OTT (Over the Top) services for SLT-MOBITEL PEOTV. He has more than 13 years of PAY TV industry experience and currently serves as the Chief Executive Officer for SLT VisionCom (Pvt.) Ltd.



Mr Upul Manchanayake
Chief Executive Officer –
SLT Digital Services (Pvt) Ltd.

Mr Upul Manchanayake is the CEO of SLT Digital Services, with over 27 years experience in the telecommunication industry, 4 years experience as General Manager and 8 years experience as Deputy General Manager of Sri Lanka Telecom PLC. His expertise includes capital and infrastructure development, operations, sales, marketing, customer service, provision of new connections, and external plant developments across fixed, wireless, broadband, data segments and digitalisation.

Mr Manchanayake was also appointed as the Director Talentfort (Pvt) Limited in October 2020. He is also a Non-Executive Director on the Board of Airport and Aviation Services (Sri Lanka) since December 2019, and on the Board of Management of the Urban Development Authority from June 2022.

Mr Manchanayake is a Chartered Engineer, Corporate Member of the Institution of Engineers (Sri Lanka), holds a Masters in Business Administration from the Preston University of USA, and Executive MSc in Project Management at Asia e University (AeU) of Malaysia.

Mr Manchanayake is an active member of the Government's Provincial Administration Procedures and Citizen Participation Development Committee, a Justice of Peace for All island, and a member of Japan Sri Lanka Technical Association Sri Lankan Alumni of the overseas human resources and industry development association.

Subsidiary Chief Officers



Mr Asela C R Galappattige

Chief Executive Officer –
Sri Lanka Telecom Services Limited

Mr Asela Galappattige is a respected professional engineer and a business leader committed to deliver excellence to the organisations he serves.

He is a Chartered Engineer and a Fellow Member of Institute of Engineers of Sri Lanka (IESL). He has earned his BSc degree in Engineering (Honors) in Electronics and Telecommunication Engineering from University of Moratuwa, a Masters degree in Wireless Systems from University of Bath, UK, and an MBA from Postgraduate Institute of Management of University of Sri Jayewardenepura.

Mr Asela has 25 years of experience in the ICT industry. Since joining Sri Lanka Telecom in 1998 as a planning engineer, he has held many technical and managerial positions in SLT and, has risen to the position of Chief Executive Officer of Sri Lanka Telecom Services Limited in year 2020.

He has had an illustrious carrier with well-rounded experience in engineering and management in the areas of internet networks & services, data center development, information security, project management, supply chain management, business continuity management and corporate leadership and management.

Mr Asela is a well-respected Internet technology evangelist, contributing to the Internet technical community under local and global voluntary societies and groups as an executive committee member, a trainer and a resource person. He also contributes as a visiting lecturer at national universities for engineering graduate studies.



Mr Prabath Gunathunge

Chief Executive Officer –
SLT Property Management (Pvt) Ltd.

Mr Prabath Gunathunge is a Civil Engineer graduated from University of Moratuwa in 1993. He has obtained an MBA from the Postgraduate Institute of Management in 2000. Throughout his inspiring management career, he has served for both public and private sector companies over 26 years. As the key attainments in his professional expedition, he initiated his management career as a Business Development Manager at a reputed company in the country and subsequently, he held senior positions such as a General Manager and Director Sales and Marketing, in reputed companies in Sri Lanka. With his unwavering efforts to expand the exposure and persuade individuals, he became the CEO of Business Learning Centre and then the Country Director/ Technical Representative of USAEP – Sri Lanka Office, funded by USAID Colombo. Since he assumed duties as CEO -SLT PML in 2013, he had a stint of working as the Chief Executive Officer of Sri Lanka Telecom (Services) Ltd. for nearly three years until end of 2021. Currently, he is serving as the Chief Executive Officer in the SLT Property Management Ltd. and is aiming at monetising the Company's highly valuable properties scattered islandwide.



Mr Roshan Dayarathne

Chief Executive Officer – SLT Talentfort (Pvt) Ltd.

Mr Roshan Dayarathne is a Chartered Engineer and Corporate Member of the Institution of Engineers (Sri Lanka). Also, he is a member of Project Management Institute (USA). He counts over 19 years' experience in the telecommunication industry as an engineering professional with extensive experience in project management, operational management and a qualified professional in engineering management.

He holds a BSc Engineering (Hons) in Electronics and Telecommunication from University of Moratuwa, Sri Lanka and Master of Business Administration from Commonwealth University, Canada.

Currently, he serves as the CEO for Talentfort (Pvt) Limited and General Manager of Sri Lanka Telecom PLC while holding the General Manager responsibilities of SLT HCS Private Limited. Also, he worked as Deputy General Manager of SLT and joined with SLT as a Regional Manager in 2005. He served as access network engineer for Mobitel for one year since 2003.

Mr Dayarathne has more than 19 years' experience in all fields of telecommunications including fixed, wireless, broadband, data, digital, OTT, enterprise services and overall network operation. This includes capital and infrastructure development projects, operations, sales, marketing, customer service, provisioning new connections, and outside plant developments and maintenance to fulfill business objectives.



Corporate Governance

The Board of Sri Lanka Telecom PLC (“SLT”) is responsible for establishing sound corporate governance structures, frameworks, and processes to guide the management in the day-to-day operations of the business.

Board Sub Committees

Legal Enactments

- Companies Act No. 7 of 2007
- Sri Lanka Telecommunications Act No. 25 of 1991 as amended by Act No. 27 of 1996
- Continuing Listing Rules of the Colombo Stock Exchange

Voluntary Codes

- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka

Internal Governance Documents

- Articles of Association
- Company Rules and Regulations
- Industry Code of Practice
- Board Procedure Manual
- Code of Ethics for Directors and a Code of Conduct for its employees

Board Sub Committees

Remuneration & Nomination Committee

Related Party Transactions Review Committee

Senior Tender Board

Technology Sub Committee

Audit Committee

Internal Audit

Shareholders

Board of Directors

Group Chief Executive Officer (GCEO)

Chief Executive Officer (CEO)

Management Committees

Strategic Investment Management Committee

Product Investment Management Committee

Enterprise Investment Management Committee

Project Portfolio Investment Management Committee

Corporate Governance

Board of Directors

SLT is led by a well-balanced Board of Directors possessing expertise and a wealth of knowledge, enabling the Company to maintain its position as the market leader in the telecommunications industry. The Board meets regularly to execute its responsibilities that are detailed on page 109.

Selection of Board

In accordance with the Articles of Association (AoA) of SLT, the Board of Directors has the authority to fill vacancies in the Board and appoint additional Directors subject to their re-election at the following Annual General Meeting (AGM).

The Company's two major shareholders – the Government of Sri Lanka, which conducts its affairs through the Secretary to the Treasury, and Global Telecommunication Holdings N.V. – recommend six and four candidates respectively to the Board. Accordingly, the Board appoints the candidates recommended by the two major shareholders to the Board, filling casual vacancies as provided by the AoA after deliberating their experience, understanding of business and financial issues, ability to exercise sound judgement, diversity, leadership, achievements, and experience in matters affecting the business and the industry.

On appointment, the Directors are provided with a Board induction pack to help them to understand the nature of the Company, its activities and the industry in which it operates, and build a connection with its people.

Role of the Board

- Providing leadership and direction to the Company.
- Ensuring proper governance, ethics, and regulatory compliance, and seeking professional guidance where necessary.
- Ensuring SLT is managed appropriately and the Company achieves its strategic objectives.
- Selecting, monitoring, evaluating, and compensating the Senior Management.
- Paving the way for management succession.
- Reviewing and approving significant corporate actions.
- Reviewing and monitoring the implementation of strategic plans by the Management.
- Reviewing and approving the Company's annual business plan, budgets, and operating plan.
- Monitoring corporate performance, evaluating results, and comparing them with the strategic plans and other long-term goals.
- Reviewing the Company's financial controls and reporting systems.
- Reviewing and approving the Company's Financial Statements and financial reporting.
- Reviewing the Company's legal compliance programmes and procedures.
- Overseeing the Company's management of enterprise risk.

Board balance



Board members are appointed to ensure the Board is well balanced, which includes having sufficient financial acumen as documented in their Board profiles on pages 93 to 96. Three members of the Board are professionals in finance or accounting bodies.

Processes are in place to assist Directors in fulfilling their responsibilities.

- All Directors are provided with accurate, relevant, timely, clear, and balanced information to act in accordance with Company guidelines.
- Directors exercise independent judgement on all matters set before the Board without bias.
- The Company Secretary acts as the main contact point for the flow of information between the Board and Directors, committees, and other key managers.
- The CEO, as well as the respective Chief Officers and Heads of Divisions, present their submissions to the Board, and provide the necessary clarifications requested by the Board.
- All Board papers are made available via electronic formats, and comply with SLT's sustainability initiatives, enabling Board members to participate in meetings remotely.



Corporate Governance

- Board papers are made available at least one week prior to Board meetings for review and clarification.
- The Annual Board Calendar a schedule of all the functions and tasks the Board and its committees must perform during the year is finalised in consultation with all directors ahead of a new year.

The Board comprise nine Non-Executive Directors and one Executive Director, ensuring there was ample calibre and adequate numbers for their views to carry sufficient weight. The Company maintains the composition of Directors in accordance with Section 7.10 of the Listing Rules and the requirements of SLT's AoA.

Board subcommittees

SLT's governance structure is strengthened with the Board subcommittees to fulfil regulatory requirements and to exercise better control over business operations. A formal Terms of Reference is in place for each of these committees, and the appointees are experts in the respective areas of focus. Regular meetings are conducted to deliberate matters falling within their purview, and observations and recommendations are reported to the Board on a regular basis.

The subcommittees take on the responsibility of communicating with Senior Management, where the Chairmen and Members of the subcommittees meet the Corporate Executive Team members as and when required to discuss and develop proposals collectively, in relation to the Company's strategy and key operational issues.

Given below are the main subcommittees, their role, members and attendance at meetings during the year under review.

Subcommittee/Role/Meetings

Audit Committee (AC)

The AC assists the Board in its oversight and monitoring of financial reporting, Company's risks management, revenue assurance functions, and internal controls. The AC Report on pages 114 to 116 of the Annual Report sets out in detail the Committee's policies, practices, and areas of focus.

The Committee meets at least four times a year and at such other times as required by the Chairman of the Committee. Refer to page 109 for meetings held during the year and attendance.

The AC comprises Non-Executive Directors, majority of whom are independent.

The following were the members during the year 2022:



- Mr Mohan Weerakoon, PC – Chairman
- Ms Lai Choon Foong – Resigned w.e.f. 22 November 2022
- Mr Saman Fernando – Resigned w.e.f. 02 March 2022
- Mr K A Vimalenthirarajah – Appointed w.e.f. 15 March 2022
- Mr V U Kumar – Appointed w.e.f. 02 July 2022
- Mr Suren Amarasekera – Appointed w.e.f. 08 December 2022

The GCEO, CEO, GCFO the GCIA and other senior officers attend the meetings by invitation. The GCIA reports directly to the AC.

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Remuneration and Nomination Committee (R&NC)

The activities of the R&NC include nominations, selections, and recommendations for the appointment of Non-Executive Directors, GCEO, CEO, and key senior officers; succession planning for the CEO and Senior Management; and the review of Board composition, particularly in relation to the diversity of background, skills, and experience.

It also provides support and guidance on the Company's policy for determining the fees for Non-Executive Directors and remuneration of the GCEO, CEO, CEOs of subsidiary companies, and the Senior Management.

A minimum of four meetings are held during a year and at other times, as required by the Chairman of the Committee. Refer page 109 for meetings held during the year and attendance.

R&NC functions as the Group R&NC for SLT and its subsidiaries.

The R&NC comprises Non-Executive Directors, majority of whom are independent.

The members of the Committee for 2022 were:



- Mr Chan Chee Beng – Chairman
- Mr Lawrence Paratz
 - Mr Rohan Fernando

The GCEO, CEOs and CPO attend meetings by invitation, as and when required by the Committee.

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Corporate Governance

Related Party Transactions Review Committee (RPTRC)

The RPTRC is in place to ensure that the interests of shareholders are taken into account when entering into related party transactions, and enhance corporate transparency, and promote fair transactions between SLT, its subsidiaries, and other related parties.

The related party relationship with its subsidiaries are disclosed in the Notes to the Financial Statements. However, the Board believes that those transactions are exempted in accordance with the exceptions specified in the Listing Rules.

A minimum of four meetings are held annually. Refer page 109 for meetings held during the year and attendance.

The Committee comprises Non-Executive Directors, of whom majority of Directors are independent. The Chairman of the Committee is an Independent Director.

The members of the Committee are:



- Mr Suren Amarasekera – Chairman – Appointed w.e.f. 30 March 2023
- Ms Lai Choon Foong – Resigned w.e.f. 21 November 2022
- Mr Mohan Weerakoon, PC
- Mr Saman Fernando – Resigned w.e.f. 02 March 2022
- Mr K A Vimalenthirajah – Appointed w.e.f. 15 March 2022
- Mr V U Kumar – Appointed w.e.f. 30 March 2023

Technology Subcommittee (TSC)

The TSC is a team of experts set up to constantly evaluate business opportunities through technological advancements and ensure that the current platforms support the Company's business objectives and strategies.

The TSC primarily focuses on the following:

- Strategising to improve business efficiencies.
- Keeping pace with technological advancements within the telecommunication sector through the development of technical staff and by introducing more effective delivery systems.
- Reviewing existing processes and assessing their suitability against SLT's objectives and vision, and introducing new developments to enhance efficiencies.
- Evaluating performance and methods of assessment, the Company's technology, people, and skill plans, and their implementation.

The Committee meets as and when required. Refer to page 109 for meetings held during the year and attendance.

TSC comprises an Independent Non-Executive Director and Executive Director.

The members of the committee for 2022 were:



- Mr Lawrence Paratz – Chairman
- Mr Lalith Seneviratne

The CEO and members of the Senior Management of SLT and Mobitel attend meetings of the TSC as continual members to maintain organisational synergies. If required, the CEOs of subsidiary companies are also invited to attend meetings.

Senior Tender Board (STB)

The STB refers to a pre-approved structured function set up by the Board to ensure that proper controls, along with governance on procurement, are maintained within the Company. Accordingly, the STB reviews and approves all relevant procurements between the values of LKR 75 Mn. to LKR 150 Mn., while the Board of Directors approves amounts exceeding LKR 150 Mn., and the Junior Tender Board approves amounts less than LKR 75 Mn.

The STB meets prior to every Board meeting. Refer to page 109 for meetings held during the year and attendance.

The STB comprises Non-Executive Directors.

The members of the committee for 2022 were:



- Mr K A Vimalenthirajah – Chairman – Appointed w.e.f. 15 March 2022
- Ms Lai Choon Foong – Resigned w.e.f. 21 November 2022
- Mr Mohan Weerakoon
- Mr V U Kumar
- Mr Suren Amarasekera – Appointed w.e.f. 08 December 2022

The CEO and the GCFO are appointed to the Committee by the Board to review the Company's procurement needs.



Corporate Governance

Attendance at Board and Subcommittee Meetings during the Year 2022

Board Member	Status	Board	AC	R&NC	TSC	STB	RPTRC
Mr Rohan Fernando – Chairman	INED	7/7	–	7/7	–	–	–
Mr Lalith Seneviratne	ED	7/7	–	–	5/5	5/5	–
Mr Chan Chee Beng	NED	7/7	–	7/7	–	–	–
Mr Lawrence Paratz	INED	7/7	–	7/7	5/5	–	–
Ms Lai Choon Foong – Resigned w.e.f. 21 November 2022	INED	4/6	5/6	–	–	3/5	3/4
Mr Mohan Weerakoon, PC	INED	7/7	6/6	–	–	5/5	4/4
Mr Ranjith Rubasinghe	INED	6/7	–	–	–	–	–
Mr Saman Fernando – Resigned w.e.f. 02 March 2022	NED	2/2	2/2	–	–	1/1	1/1
Mr K A Vimalenthirarajah – Appointed w.e.f. 15 March 2022	NED	3/5	4/4	–	–	3/3	–
Mr V U Kumar	INED	7/7	6/6	–	–	4/5	3/3
Mr Suren Amarasekera – Appointed w.e.f. 08 December 2022	INED	1/1	–	–	–	–	–

ED – Executive Director NED – Non-Executive Director INED – Independent Non-Executive Director

Indemnities to Directors and Liability Insurance Cover

The AoA of the Company grants an indemnity to the Directors from the Company to the extent permitted by law in respect of liabilities incurred as a result of the performance of their duties in their capacity as Directors of the Company. The indemnity would not provide any coverage to the extent the Director is proven to have acted fraudulently or dishonestly. The Company has maintained Directors' and Officers' Liability Insurance cover throughout the year.

Remuneration of Non-Executive Directors

Directors' fees are based on their experience and skill and the complexities of SLT's business and operations. The R&NC reviews and proposes the Non-Executive Directors' remuneration, which is approved by the Board. The fees for Non-Executive Directors comprise a fee for attendance at Board and the Board's subcommittee meetings. The aggregate Directors' fees paid to the Directors for the financial year ended 31 December 2022 are given in Note 7 of the Financial Statements.

Role of the Chairman and Chief Executive Officer

The distinction between strategic and operational matters is established in terms of the division of responsibility between the Chairman and the Chief Executive Officer (CEO). The Chairman of the Board of SLT is a non-executive appointment and focuses mainly on strategic issues, ensuring Board procedures are followed and all Board members effectively participate during meetings.

The CEO is responsible for the daily management of the business and provides leadership to the executive team. He is also responsible for executing the Company's strategic and operating plans in consultation with the GCEO. The Chairman regularly meets with the GCEO and the CEO to discuss any issues pertaining to the Company's performance, operational matters, and human resources.

CEO performance evaluation

The CEO's performance is evaluated by the Board annually against the performance objectives that were agreed upon at the beginning of the year through the R&NC and the Board. The CEO's evaluation and performance compensation are agreed upon between the two parties on this basis.

Strategic Governance Board (SGB)

The Strategic Governance Board encompasses four cross-functional governing committees comprising the CEO and the Chief Officers of each functional area. The committees are responsible for analysing the requirements of cross-functional areas and implementing solutions to improve business efficiencies and processes in a transparent manner.

The Company Secretary

The Company Secretary is responsible to the Board and is available to individual Directors in respect to Board procedures. The Company Secretary supports the Chairman in the delivery of the agenda, in particular the planning of the annual cycle of Board and Board Committee meetings, and ensures that information is made available to Board members in a timely fashion. Whilst advising the Directors on Board procedures and corporate governance matters, the Company Secretary also functions as the Secretary to all the Board subcommittees.

The Company Secretary is an Attorney-at-Law and an Associate Member of the Chartered Governance Institute, United Kingdom, and is the designated person for shareholder communication who acts upon the guidance of the GCEO and CEO.

Corporate Governance

The appointment or removal of the Company Secretary is a matter for the Board as a whole.

Remuneration of Senior Management

The remuneration framework and policies are designed to appraise the work performance of employees toward achieving the Company's objectives and strategies. Accordingly, appropriate corporate and individual performance metrics are agreed upon based on medium and long-term targets and year-end performance evaluations. Competitive packages are offered to attract and retain highly experienced and talented individuals.

SLT's CEO is the head of the Management and is, therefore, remunerated as part of Senior Management. The R&NC recommends the salary package of the CEO and the GCEO which commensurate with his qualifications and experience for the approval of the Board.

Corporate Ethics

SLT has adopted a detailed Code of Conduct for its employees, which also extends to third parties who deal with the Company. The Code sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with SLT, its competitors, customers, suppliers, and the community. Processes and standards in the Code are intended to enhance investor confidence and rapport and to ensure that decision-making is properly carried out in the best interests of the Company.

The Code covers areas such as equal opportunity employment practices, workplace health and safety, conduct in the workplace,

business conduct, protection of SLT's assets, proprietary information and intellectual property, data protection, security, resilience, conflict of interest, and non-solicitation of customers and employees. The Code is posted on SLT's internal website. Policies and standards are clearly stipulated to guide employees in carrying out their daily tasks.

Financial acumen, internal control and risk management

The internal control framework currently in place is set by the risk management framework, financial control, internal audits, and supporting policies. SLT's internal control framework aims to ensure the operations are effective and aligned with the strategic goals of the Company. It further ensures correct, reliable, complete, and timely financial reporting and management information is available for its stakeholders. The framework endorses ethical values, run on good corporate governance, and risk management solutions.

SLT uses systematic risk management to develop the efficiency and control of business operations, as well as their profitability and continuity.

Related Party Transactions and Material Contracts

The Board of Directors have adopted rules issued by the CSE on Related Party Transactions throughout its decision-making process to avoid any conflict of interest that may occur. Accordingly, a RPTRC has been established under the Board of Directors to enhance corporate transparency, and promote fair transactions between SLT and its subsidiaries.

The Company maintains a related party relationship with its subsidiaries as disclosed in Note 34 of the Notes to the Financial Statements. However, the Board believes such transactions are exempted in accordance with exceptions specified in the Code of Best Practices on Related Party Transactions issued by the CSE. All these are recurrent transactions and are in the ordinary course of business of the Company.

No material contracts have been entered into by SLT or any of its subsidiaries that involve the interests of the CEO, any Director, controlling shareholders, Secretary to the Treasury, and Global Telecommunication Holdings N.V.

Major Transactions

The Board of Directors, as required by Section 185 of the Companies Act, disclose to shareholders all proposed corporate transactions detailing all facts associated with such transactions that are of material value to SLT. There were no major transactions entered into by SLT during the year 2022.

Communications with shareholders and Annual General Meetings

The AGM is used for constructive engagement with investors, and all shareholders are encouraged to participate. Chairpersons of subcommittees are present at the AGM to answer any questions from shareholders.



Corporate Governance

Statement of Compliance under the Rules of CSE on Corporate Governance

CSE Rule No.	CSE Rule	Compliance Status	SLT Action
7.10.	Compliance		
(a), (b), (c)	Compliance with Corporate Governance Rules	✓	SLT is in compliance with the Corporate Governance Rules
7.10.1	Non-Executive Directors (NED)		
(a), (b), (c)	Two members or 1/3 of the Board, whichever is higher, should be NEDs.	✓	As of 31 December 2022, eight out of nine Directors are Non-Executive Directors
7.10.2	Independent Directors (ID)		
(a)	Two or 1/3 of NEDs, whichever is higher, should be Independent	✓	As of 31 December 2022, six out of the eight NEDs are Independent
(b)	Each NED should submit a declaration annually of his/her Independence or Non-Independence	✓	All NEDs have submitted signed declarations confirming their independence/non-independence
7.10.3	Disclosures relating to Directors		
(a)	The Board shall annually determine the independence or otherwise of the NEDs Names of the IDs should be disclosed in the Annual Report	✓	The Board annually determines as to the independence or non-independence of each NED based on the declarations submitted by them and the names of the IDs are set out in the Annual Report.
(b)	In the event a Director does not qualify as "independent" against any of the specified criteria, the Board, taking into account all the circumstances, may determine the Director independent and the basis of such determination should be set out in the Annual Report	✓	Mr Lawrence Paratz has served on the Board continually for more than nine years. The Board believes that the independence of Mr Paratz is not compromised by him serving on the Board for a period exceeding nine years from his appointment.
(c)	A brief résumé of each Director should be included in the Annual Report, including the Director's experience	✓	A brief description of each Director is given in the Board of Directors section of the Annual Report
(d)	Upon the appointment of a new Director, a brief résumé of the newly appointed Director should be provided to CSE	✓	The résumé of Mr K A Vimalenthirajah and Mr Suren Amarasekera who were appointed during the year, have been submitted to the CSE along with the announcement.
7.10.4	Determination of independence		
(a-h)	Requirements for meeting the criteria to be an Independent Director	✓	The Independence of the Board of Directors has been determined in accordance with the requirements of the CSE Listing Rules. Accordingly, six NEDs are considered Independent as of 31 December 2022.

Corporate Governance

CSE Rule No.	CSE Rule	Compliance Status	SLT Action
7.10.5	Remuneration Committee (RC)		
(a)	Composition		
	The Committee shall comprise a minimum of two IDs or NEDs, a majority of whom shall be Independent	✔	RC comprises of two Independent directors and a Non-executive Director.
	One NED shall be appointed Chairman of the Committee by the Board of Directors		The Chairman of the Committee is a NED.
(b)	Functions		
	RC shall recommend the remuneration of the EDs and CEO	✔	The Board considering the recommendation of the R&NC determines the remuneration payable to the ED and the CEO. Fees for Non-Executive Directors comprised a fee for attendance at Board and Board's subcommittee meetings.
(c)	Disclosure in the Annual Report		
	Names of Directors comprising the RC	✔	Refer to Board Subcommittees under Corporate Governance.
	Statement of Remuneration Policy	✔	Refer to Board Subcommittees under Corporate Governance.
	Aggregate remuneration paid to EDs and NEDs	✔	Refer Board Subcommittees under Corporate Governance and Note 7 to the Financial Statements.
7.10.6	Audit Committee (AC)		
(a)	Composition		
	The Committee shall comprise a minimum of two IDs or NEDs, a majority of whom shall be independent	✔	AC comprised four NEDs out of whom three NEDs are considered independent.
	One NED shall be appointed the Chairman of the Committee	✔	The Chairman of the Committee is an Independent Director.
	CEO and Chief Financial Officer (CFO) should attend AC meetings	✔	The GCEO, CEO, GCFO, GCIA and the External Auditors attended the meetings by invitation.
	Chairman of the AC or one member should be a member of a professional accounting body	✔	Mr V U Kumar is a member of professional accounting bodies.
(b)	Functions		
	Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards	✔	AC assists the Board in fulfilling its oversight responsibilities for the integrity of the Financial Statements of the Company and the Group.
	Overseeing compliance with financial reporting requirements, information requirements of the Companies Act, and other relevant financial reporting-related regulations and requirements	✔	AC has overall responsibility for overseeing the preparation of Financial Statements in accordance with the laws and regulations of the country, and also recommend to the Board the adoption of the best accounting policies.
	Overseeing processes to ensure that internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards	✔	AC assesses the effectiveness of internal controls and risk management.
	Assessment of the independence and performance of the External Auditors	✔	AC assesses the External Auditor's performance, qualifications, and independence.
	Make recommendations to the Board pertaining to the appointment, reappointment, and removal of External Auditors, and approve the remuneration and terms of engagement of the External Auditor	✔	AC is responsible for recommending the appointment, reappointment and removal of External Auditors, and also the approval of the remuneration and terms of engagement.



Corporate Governance

CSE Rule No.	CSE Rule	Compliance Status	SLT Action
(c)	Disclosure in the Annual Report		
	Names of Directors comprising the AC	✓	Refer Board Subcommittees under Corporate Governance.
	AC shall make a determination of the independence of the Auditors and disclose the basis for such determination	✓	Refer to the Report of the AC in the Annual Report.
	Annual Report to contain a report of the AC	✓	Refer to the Report of the AC in the Annual Report.
9.2	Related Party Transactions Review Committee (RPTRC)		
9.2.1	RPTRC shall review all related party transactions except for transactions set out in Rule 9.5 of the Listing Rules	✓	All related party transactions have been reviewed by the RPTRC except for transactions set out in Rule 9.5.
9.2.2	The Committee shall comprise a combination of NEDs and INEDs; ED may also be appointed at the option of the Company INED shall be appointed as the Chairman of the Committee	✓	RPTRC comprises three NEDs of which two are INEDs. The Chairman of the Committee is an INED.
9.2.3	In the event that the parent and the subsidiary are listed entities, the RPTRC of the parent can function as the RPTRC of the subsidiary. If the parent company is not listed, the subsidiary shall have a separate RPTRC.	✓	The Company has appointed a RPTRC.
9.2.4	RPTRC shall meet at least once a calendar quarter. The minutes of all the meetings should be documented and communicated to the Board.	✓	Committee met four times during the financial year. The minutes of the RPTRC meetings are submitted to the Board.
9.2.5 to 9.2.7	Members should ensure that they have access to enough knowledge and expertise to assess proposed related party transactions. The Committee may request the Board to approve related party transactions under review by the Committee. A Director who has a material personal interest in a related party transaction shall not participate and vote on the matter.	✓	Members have access to enough knowledge or expertise to assess all aspects of proposed related party transactions. RPTRC did not refer any related party transactions under its review to the Board for approval during the year. Directors did not have material personal interest in any related party transactions carried out during the year.
9.3	Disclosures		
9.3.1	Immediate Disclosures	✓	There were no related party transactions that required immediate disclosure to the CSE.
9.3.2	Disclosures in the Annual Report	✓	There were no non-recurrent or recurrent related party transactions that required disclosure in the Annual Report. Please refer to the Annual Report of the Board of Directors for an affirmative statement of compliance with the rules on related party transactions.

Report of the Board Audit Committee

The report outlines how the Committee discharged its responsibilities during the year in relation to financial and other reporting, risk management and internal control, the internal audit functions and our relationship and interaction with the External Auditor.

The primary objective of the Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls in the Group, and compliance with laws and regulations.

The Committee supported the Board in assessing the integrity of the Group's financial reporting and emerging risks facing the Group, particularly in the context of the post COVID-19 pandemic and the current macroeconomic conditions of the country. This included reviewing the Group's risk management and internal control systems and overseeing the operation of the internal audit function.

Membership of Committee

The Committee currently comprises three independent non-Executive Directors and one Non-independent Non-Executive Director; Mr Mohan Weerakoon, PC, Mr V U Kumar, Mr Suren Amarasekera and Mr K A Vimalenthirarajah respectively and is chaired by Mr Mohan Weerakoon, PC.

Mr Suren Amarasekera was appointed to the Committee on 18 December 2022. In place of Ms Lai Choon Foong ceased to be a member of the Committee upon her resignation from the Board on 21 November 2022.

On behalf of the Committee, I would like to place on record the Committee's appreciation for the enormous services rendered by Ms Lai Choon Foong during her tenure as a member and the Chairman of the Committee.

Mr V U Kumar is a member of the Institute of Chartered Accountants in England and Wales and Corporate Finance Institute of Chartered Accountants of England and Wales, a Chartered Accountant of the Malaysian Institute of Accountants, and a former senior partner of PricewaterhouseCoopers SEAPEN. The Board is satisfied that the current members of the Audit Committee are competent in financial matters and have a good mix of skills, expertise and experience in commercial matters, telecommunications, finance and audit.

Roles and responsibilities

The main roles and responsibilities of the Committee, which reflects the Code of Best Practice on Corporate Governance, published by The Institute of Chartered Accountants of Sri Lanka and the Guidance on Audit Committee, are set out in its written Terms of Reference which are available from the SLT's website www.slt.lk or upon request.

Primary responsibilities of the Audit Committee

- Oversight of the integrity of the Financial Statements of the Group and Company
- Review of its quarterly, half-year and annual Financial Statements followed by recommendation for the approval of the Board
- Oversight of risk management and internal control systems and processes
- Oversight of its compliance with legal and regulatory requirements
- Oversight of the External Auditors' independence and recommendation of their fees for the approval of the Board
- Review of the effectiveness of the internal audit functions and its resources

Financial reporting

The Committee's oversight of financial reporting is to ensure the accuracy, completeness and timeliness in the Management's reporting of interim and annual financial results of the Group and its subsidiaries.

The financial and management reporting of SLT comprises monthly, quarterly, and annual financial and management reports including the reporting of actual results against the budget, targets, key performance indicators and forecasts.

The Committee reviews these financial and Management reports on a regular basis and directs the Management on the strategies, plans and action required to improve the effectiveness of controls and performance of the Group and its subsidiaries.

External Auditors

The Audit Committee is primarily responsible for overseeing the relationship with, and performance of, the External Auditor. This includes making recommendations to the Board on the appointment, re-appointment and removal of the External Auditor, assessing their independence and effectiveness and approving the audit fee.

During the year, the Committee met with the External Auditor without Management present to discuss any issues that may have arisen during the audit of the Group's Consolidated Financial Statements of 2022.

Independence and Provision of Non-Audit Services

The Committee is responsible for ensuring that the External Auditor is independent.

E&Y confirmed to the Audit Committee that they are independent within the meaning of Section 163, subsection 3(a) of the Companies Act No. 07 of 2007. The audit lead engagement partner for the financial year ended 31 December 2022 is Mr Manil Jayasinghe, Client Servicing Partner/E&Y who was appointed in 2022 following the rotation of the previous partner.

A formal policy governing the provision of non-audit services by the External Auditor is in place. This policy is in accordance with best practices and takes into account the relevant ethical guidance for Auditors. This policy is designed to safeguard the objectivity and independence of the External Auditor and to prevent the provision of services which could result in a potential conflict of auditor independence.

The Committee, having considered all of the above, concluded that the Group's External Auditor is independent.

The Committee recommended to the Board that E&Y should continue in office as the Auditor to the Group in respect of the year ending 31 December 2023. The Audit Committee approved the remuneration of the external Auditor, details of which are set out in Note 7 to the Consolidated Financial Statements.



Report of the Board Audit Committee

Internal audit and compliance

The Audit Committee is responsible for monitoring and reviewing the operation and effectiveness of the Group internal audit function including its focus, plans, activities and resources.

To fulfil these duties the Committee:

- reviewed and approved the Group internal audit Plan for the year 2022;
- considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan;
- considered the role and effectiveness of internal audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- received updates from the Group Chief Internal Audit Officer on the principal findings from the work of internal audit and Management's actions to remediate issues identified;
- it also conducts investigations at the request of Senior Management, Committee or the Board of Directors.

Risk management

SLT has implemented an enterprise risk management framework which covers the strategic, operational, compliance and financial risks of the Group and subsidiaries.

The risk overview highlights the main risks known to SLT, which could hinder it in achieving its strategic and financial business objectives.

The risk management function is focused on assessing various risks arising from the impact of the current market conditions and cybersecurity, of which the Management has taken appropriate action to mitigate these risks.

The Committee reviews the adequacy of the risk management function in identifying and assessing key risks, and in working with the Management to mitigate these risks through appropriate and timely action.

Revenue Assurance and Fraud Management

The key objective of the Revenue Assurance and Fraud Management functions are to minimise revenue leakages and frauds penetrated by internal or external parties.

The Committee addresses revenue assurance ("RA") and Fraud Management (FM) in three main perspectives:



RA Division monitors the existing systems in place and evaluates the avenues for revenue loss and corrective actions taken to avoid possible revenue loss to the Company. The Detections are achieved by both manual and automated means. Typical detection activities include comparison, investigation and auditing of information and processes. The aim is to find the root cause behind detected errors and deviations.

Correction is the set of activities and processes employed to minimise errors identified by the RA detection. Typically, some information or configuration needs to be added, edited or removed from a system, process or procedure in order to correct the detected anomaly. The process of correction of a root cause could involve modifications or enhancements of information, processes, systems, technology or organisation.

Prevention is the process of performing an activity in order to prevent anomalies that would be found using RA detection.

The Committee reviews the findings and recommendations of these functions and ensures that appropriate and timely action is taken by the Management to minimise revenue leakages and frauds.

Committee meetings

The Committee met six times during the year and attendance at these meetings is outlined on page 109.

Typically, the Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Executive Officer, the Company Secretary, and the Group Chief Internal Auditor, as well as representatives of the External Auditor are invited to attend meetings of the Committee. When required, other key executives and Senior Management are invited to attend to present and provide deeper insight on various topics as are required by the Committee to discharge its duties.

After each Committee meeting, the Chairman of the Committee reports to the Board on the key issues which have been discussed.

The agenda of the Committee meetings comprised the following four recurrent items:

- External audit (for the quarter, half-year and full year financial statements)
- Internal audit reports (as per the audit plan)
- Risk management update
- Revenue assurance and fraud management update

Report of the Board Audit Committee

Key matters considered during the meetings held during the year are:

January 2022 →

- Reviewed internal audit findings, recommendations and management action presented by the GCIA with the Management.
- Reviewed and approved the revised internal audit plan for 2022
- Review the resources of the Internal Audit Division and recommended to strengthen the Division.
- Formulation of Fraud and Anti-bribery policy
- Review the early warning memorandum presented by E&Y prior to finalising the Audited Financial Statement for 31 December 2021

February 2022 →

- Review the interim Financial Statements made up to 31 December 2021 and the audit findings thereof presented by E&Y

March 2022 →

- Reviewed the findings and recommendations of the External Auditor on the Audited Financial Statements for the year ended 31 December 2021
- Reviewed the key findings of the Management Letter for the audit of 2021 and recommended for rectification
- Reviewed the progress of strengthening GIAD Division
- Review of the whistleblower policy
- Reviewed the key enterprise risks and progress of mitigating action by Management.
- Reviewed the revenue assurance findings, recommendations, and Management action

May 2022 →

- Detailed review on the competitive risk as pair of regular risk management update
- Reviewed the key enterprise risks and progress of mitigating action by management.
- Reviewed the revenue assurance findings, recommendations, and management action
- Reviewed the interim Financial Statements made up to 31 March 2022 and the E&Y's findings and observations on their audit
- Approved the audit fees for the year 2022
- Reviewed internal audit findings, recommendations and management action presented by the GCIA with the management

August 2022 →

- Reviewed internal audit findings, recommendations and management action presented by the GCIA with the management
- Reviewed the key enterprise risks and progress of mitigating action by management
- Reviewed the revenue assurance findings, recommendations and management action
- Reviewed the forensic audit carried on executive salary account by BDO Partners, Chartered Accountants
- Reviewed the interim Financial Statements made up to 30 June 2022 and the E&Y's findings and observations on their audit

November 2022 →

- Reviewed internal audit findings, recommendations and management action presented by GCIA with the management
- Reviewed the key enterprise risks and progress of mitigating action by management
- Reviewed the revenue assurance findings, recommendations and management action
- Reviewed the findings and recommendations of the External Auditor on interim Financial Statements for the 3rd quarter of 2022 and recommended the Financial Statements for approval of the Board

On behalf of the Group Audit Committee

Mohan Weerakoon, PC
Chairman of the Audit Committee
30 March 2023



Report of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee ("R&NC") comprised its chairman, Mr Chan Chee Beng (Non-Independent Director) and its Committee members, namely Mr Lawrence Paratz and Mr Rohan Fernando (Independent Directors). In 2022, the R&NC performed its duties as per best practices and good corporate governance and executed tasks as assigned by the Board of Directors.

The Committee function as the Group R&NC. The Group Chief Executive Officer (GCEO), Chief Executive Officers (CEO), Group Chief Financial Officer (GCFO), Chief Human People's Officer (CPO) and external advisers are invited to attend for all, or any part of the meeting as required.

The Company Secretary functions as the Secretary of the Committee.

Role and responsibilities

The principal tasks of the Committee include;

- Recommend to the Board on formulation of proposals in respect of the remuneration policy of non-executive directors, Executive Director/GCEO, Chief Executive Officer of SLT and its subsidiaries and Executive Management of SLT.
- Nominate for Board's approval suitable candidates to fill casual vacancies as the need arises.
- Review the career and development plans for the Company's most senior members of management with a view to ensuring that there is an adequate talent pool.
- Review and recommend annual bonus payments and annual salary increments for all employees of SLT Group.

The GCEO and the CEOs of respective companies are fully consulted on remuneration proposals.

The Committee operates within agreed Terms of Reference and is committed to ensuring that remuneration arrangements align-reward with performance.

Remuneration policy

The remuneration policy is designed to reward, motivate and retain the Company's executive team, with market competitive remuneration and benefits, to support the continued success of the business and creation of shareholder value.

The remuneration packages which are linked to individual performances are aligned with the Company's short-term and long-term strategies. The Committee makes every

endeavour to maintain remuneration levels that are sufficient to attract and retain members of the Senior Management team.

All Non-Executive Directors including the Chairman receive a fee for serving on the Board and serving on Board committees based on their attendance at meeting. They do not receive any performance related incentive payments.

GCEO, CEO and the Senior Management's remuneration

The main elements of the remuneration package for the GCEO, CEO and Senior Management are basic salary, benefits, and performance related annual bonus. Payment of an annual bonus depends on achievement of operating profit targets and personal goals. The salary of the GCEO, CEO and the Senior Management are reviewed annually in January having regard to the year-on-year inflation of the country, the organisational performance and the individual performance.

Details of the overall Directors' remuneration charged to the Group Income Statement is shown in Note 07 on page 157.

The Directors have no beneficial interests in any of the Group's subsidiary undertakings.

The Committee held a total of seven meetings. A summary of its activities is given below.

1. Nomination and selection of Directors and subcommittee members.

Two major shareholders namely the Government of Sri Lanka acting through the Secretary to the Treasury and the Global Telecommunication Holdings N.V recommends candidates for vacant positions. The Committee resolved to nominate Mr Ranjith Rubasinghe and Mr Lawrence Paratz who were longest in the office of directorate since their last election to be re-elected as Directors for another term. The candidates possessed all the required qualifications and did not have any prohibited characteristics according to relevant regulations and criteria. They also possessed knowledge, competency, and experience that aligned with the Company's business strategies. The 2022 AGM thus will be resolved to approve the re-appointment of these candidates as Directors as recommended by the Committee.

Nominating qualified candidates to replace Directors who resigned during 2022, namely Mr K A Vimalenthirajah and Mr Suren Amarasekera. The list of candidates was presented to the Board of Directors for consideration and approval under the criteria

and processes laid down in the Articles of Association of SLT for nomination and appointment of Directors. The Committee took into consideration the qualifications on a par with good corporate governance principles, and the Board Skills Matrix. The Board of Directors approved the appointment of the candidates as Directors as recommended by the Committee.

Nominating Directors to fill vacant positions on four subcommittees, namely the Audit Committee, R&NC, Senior Tender Board, and the Technology subcommittee and presenting a list of candidates to the Board of Directors for consideration and approval under the criteria and processes for nomination and appointment of Directors in the subcommittees. The Committee took into consideration the qualifications of each Directors in accordance with relevant regulations the Listing Rules of the Colombo Stock Exchange (CSE) and the best practice on corporate governance. The Board Skills Matrix and specialised experience that could benefit their role on the subcommittees were also considered.

2. Reviewed and recommended the implementation of a unified organisation structure to be effective from 01 January 2023, in order to enhance operational and business efficiencies under a Group Structure.
3. Determining the renewal of the contract of employment of GCEO for a further period of one year and the remuneration of the CEOs of SLT and Mobitel upon their appointments as the CEOs of SLT and Mobitel according to transparent, fair and reasonable criteria, based on their performance, following the CEOs KPIs assessment, and assigned responsibilities, before proposing the remuneration to the Board of Directors for consideration and approval.
4. Reviewed and recommended for the approval of the Board the annual salary increment and the bonus for the staff of SLT and its subsidiaries for the year 2022 based on individual performance and achievement of the Companies KPIs. The Executive Directors are eligible for an annual bonus based on performance in the relevant financial year.

On behalf of the Remuneration and Nomination Committee

Chan Chee Beng
Chairman

30 March 2023

Report of the Related Party Transactions Review Committee

Objective

The objective of the Committee is to exercise oversight on behalf of the Board to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka (The Code) and with the Listing Rules of the Colombo Stock Exchange (CSE).

Composition

The Committee currently comprises three Independent Non-executive Directors and one Non-independent Non-executive namely; Mr Suren Amarasekera, Chairman, Mr Mohan Weerakoon, PC, Mr V U Kumar and Mr K A Vimalenthirarajah respectively.

Mr Amarasekera was appointed as the Chairman of the Committee on 30 March 2023 in place of Ms Lai Choon Foong, who ceased to be a member of the Committee with effect from 21 November 2022 subsequent to her resignation from the Board of SLT.

In compliance with the requirements of the Listing Rules of the CSE, the Chairman of the Committee is an independent Director. The Company Secretary functions as the Secretary of the Committee.

Meetings of the Committee

The Committee had four meetings during the financial year 2022 and the attendance at these meetings is showed in the Corporate Governance Report on pages 105 to 113. The Group Chief Financial Officer attended the meetings by invitation.

The activities and views of the Committee have been communicated to the Board of Directors, through verbal briefings, and by tabling the minutes of the Committee's meetings.

Policies and Procedures

The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, the

declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the data base of the Company.

Activities during 2022

The Committee reviewed the recurrent RPTs entered into by the Company, Related Parties as at the end of every quarter and the Affirmative Statements by the Head of Finance re-assuring that all transactions entered into during the quarter were recurrent transactions, which have been entered into on an arms-length basis where no favourable terms have been offered to related parties and that there had not been any non-recurrent transactions during the quarter under review. Details of other related party transactions entered into by the Company during the financial year is disclosed in Note 34 to the Financial Statements.

Declaration by the Board

A declaration is given by the Board in the Annual Report of the Board of Directors on pages 121 to 124 as a negative statement to the effect that no related party transaction falling within the ambit of rule 9.3.2. of Listing Rules of the CSE was entered into by the Company during the year.

On behalf of the Related Party Transactions Review Committee

K A Vimalenthirarajah
Member

30 March 2023



Enterprise Risk Management

Risk management which is a major priority for SLT necessitates its implementation simply and consistently for optimum decision making in the face of uncertainty, to safeguard customers and stakeholders, protect the Company, and drive growth. Furthermore, risk management helps to identify and manage risks to reduce the uncertainty associated with executing business strategies, and capitalise on emerging opportunities. In addition, the Company's risk assessment and response strategy is aligned with the strategic direction of the organisation.

Risk Leadership and Governance

The senior management sets the tone for risk management throughout the Organisation. SLT's leadership strongly endorses and supports risk management, and is constantly engaged in risk management activities, ensuring that risks are carefully taken into consideration in the formulation of key business processes and decisions. Risks that take various forms, can exert a material adverse impact on the Company's reputation, operations, human resources, and financial performance. SLT's Risk Management Framework sets out the governance structure for managing risks including the risk philosophy, risk appetite and tolerance levels, the risk factors, and the risk management approach.

Audit Committee

The Audit Committee oversees the Enterprise Risk Management (ERM) function, functioning as the Risk Management Committee (RMC) – the highest authorised committee appointed by the Board of Directors (BOD) to manage the implementation and practice of risk management within SLT.

ERM Standard

SLT follows the ISO 31000:2018 Risk Management guidelines, which is the foundation of its ERM framework. Furthermore, the Company has incorporated its own best practices into the ERM framework.

Risk Process and Activities

SLT's approach to risk management has evolved over the years, with a focus on making it clear and simple across all business areas, to facilitate learning, aggregate risks, cultivate a shared responsibility, and ensure consistency and efficiency of activities. The year 2022 marked an eventful period in the context of risk management, as the Nation bore the brunt of an economic crisis, resulting in heightened uncertainty. SLT faced several critical risks throughout the year, including increased costs stemming from exchange rate volatility and interest rate hikes, risk of higher OPEX in managing business operations, service interruption risks due to power supply failures and fuel shortages, and risk of collection, bad debts and delays in payment of bills due to the prevailing situation in the country. Additionally, SLT's operations were impacted by emerging global risks such as cybersecurity and supply chain risks.



Financial Reports





Annual Report of the Board of Directors on the Affairs of the Company

The Directors are pleased to present their report and the Audited Financial Statements of the Company, Sri Lanka Telecom PLC and the Group for the financial year 2022.

Formation

Sri Lanka Telecom ("SLT") was formed by an incorporation order made under Section 2 of the State Industrial Corporations Act No. 49 of 1957 and published in the Extraordinary Gazette No. 596/11 of 06 February 1990. Subsequently, in terms of an order made by the Minister of Posts and Telecommunications ("the Minister") on 24 July 1991 under Section 23 of the Sri Lanka Telecommunications Act No. 25 of 1991 and published in the Gazette No. 675 of 09 August 1991 all properties, rights and liabilities (other than those excluded by the agreement entered into between the Minister and SLT as per subsection 2 of Section 23 of the Sri Lanka Telecommunication Act) to which the Department of Telecommunications ("DoT") was entitled or subject to immediately before the transfer date of 01 September 1991 were vested with SLT.

SLT was converted to a public limited company on 25 September 1996, under the Conversion of Public Corporations of Government Owned Business Undertakings into Public Limited Companies Act No. 23 of 1987, *vide* Extraordinary Gazette No. 942/7 dated 25 September 1996 and the shares were listed in the Colombo Stock Exchange ("CSE") in January 2003.

SLT was re-registered under the Companies Act No. 07 of 2007 as Sri Lanka Telecom PLC on 04 June 2007.

Principal group activities and review of the business

The Group provides a diverse portfolio of telecommunication services across Sri Lanka, the main activity being domestic and international fixed and mobile ICT operations. In addition, the range of services provided by the Group include, *inter alia*, internet services, IPTV, wireless broadband, data services, domestic and international leased circuits, frame relay, satellite uplink and maritime transmission.

The Company's interest in subsidiaries/joint ventures and their business activities are as follows:

Name of the Subsidiary/Associate Company	Business Activity
Mobitel (Private) Limited	Mobile telephone services
eChannelling PLC	Information infrastructure for the healthcare industry
Mobit Technologies (Pvt) Ltd.	Software solutions provider
Sri Lanka Telecom (Services) Ltd.	Total network solutions
SLT VisionCom (Pvt) Ltd.	IPTV support services
SLT Digital Services (Pvt) Ltd.	Directory information, event management and activation and digital services
SLT Property Management (Pvt) Ltd	Management of SLT's real estate resources
SLT Human Capital Solutions (Pvt) Ltd.	Operations have ceased
Talentfort (Pvt) Ltd.	Human resource solutions
Galle Submarine Cable Depot (Pvt) Ltd	Repair and maintenance of submarine telecommunication cable systems to third parties

A detailed review of the Company's activities, the development of its businesses, and an indication of likely future developments are given under Management Discussion and Analysis.

Board of Directors

In terms of Section 168 (1) (h) of the Companies Act No. 07 of 2007, and the Listing Rules of the Colombo Stock Exchange ("CSE"), the names of persons who held the office as Directors of the Company during the financial year ended 31 December 2022 are given below:

Name of Director	Position	Date of Appointment	Date of Re-election
Mr Rohan Fernando	Chairman/INED	23 January 2020	15 July 2020
Mr Lalith Seneviratne	GCEO/ED	23 January 2020	15 July 2020
Mr Chan Chee Beng	NED	05 June 2008	23 April 2021
Mr Lawrence Paratz	INED	26 May 2010	15 July 2020
Mr Saman Fernando – (Resigned w.e.f. 02 March 2022)	NED	10 December 2020	23 April 2021
Mr Mohan Weerakoon, PC	INED	23 January 2020	11 May 2022
Mr Ranjith Rubasinghe	INED	23 January 2020	15 July 2020
Mr V L Vimalenthirajah (Appointed w.e.f. 15 March 2022)	NED	15 March 2022	11 May 2022
Mr V U Kumar	INED	02 July 2021	11 May 2022
Ms Lai Choon Foong (Resigned w.e.f. 21 November 2022)	INED	09 May 2014	11 May 2022
Mr Suren Amarasekera (Appointed w.e.f. 08 December 2022)	INED	26 November 2022	To be re-elected at the AGM 2023

ED – Executive Director

NED – Non-Executive Director

INED – Independent Non-Executive Director

Changes to the directorate subsequent to the financial year.

Mr Reyaz Mihular was appointed to the Directorate w.e.f. 30 March 2023.

Brief profiles of the Directors are contained in the Board of Directors section in the Annual Report.

Annual Report of the Board of Directors on the Affairs of the Company

Appointment and re-election of Directors

In terms of the Articles of Association of the Company, the Directors are authorised to appoint any person to be a Director either to fill a casual vacancy or as an additional Director provided that the total number of Directors do not exceed the maximum number of Directors specified in the Articles of Association of the Company. The Directors appointed during the year will hold office only until the next Annual General Meeting ("AGM") and will offer themselves for re-election by the shareholders.

In addition, one third of the Directors (or the number nearest to one third) retires by rotation at each AGM and offer themselves for reappointment by the shareholders.

Mr Suren Amarasekera and Mr Reyaz Mihular who were appointed to the Board since the previous AGM offer themselves for re-election in accordance with Article 97 of the Articles of Association of the Company.

Mr Lawrence Paratz and Mr Ranjith Rubasinghe who have been longest in office since their last re-election, retire by rotation in terms of Articles 91 and 92 of the Articles of Association of the Company and being eligible offer themselves for re-election.

Board subcommittees

In terms of Section 186 of the Companies Act, the Articles of Association of the Company and the Listing Rules the following mandatory and voluntary subcommittees have been appointed by the Board to focus in detail on a particular issue.

- Audit Committee
- Remuneration and Nomination Committee
- Related Party Transactions Review Committee
- Senior Tender Board
- Technology Sub-Committee

Information relating to subcommittees is given under "Corporate Governance" on pages 107 and 108.

Directors' indemnities and insurance

The Company maintains Directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Directors and Officers.

Interest Register and Directors' interest in contracts with the Company

An Interest Register is maintained by the Company as per the requirement of the Companies Act No. 07 of 2007. The Directors have made necessary declarations as provided in Section 192 (2) of the aforesaid Companies Act. The Interest Register is available for inspection by shareholders, or their authorised representatives as required by Section 119 (1) (d) of the Companies Act No. 7 of 2007.

The Company carries out transactions in the ordinary course of business at commercial rates with entities in which a Director of the Company is the Chairman or Director of such entities or holds substantial interest in such entities.

The Directors have no direct or indirect interest in any contract or proposed contact with the Company for the year ended 31 December 2022 other than those disclosed in Note 34 to the Financial Statements.

The Directors have declared all material interest in contacts involving the Company and have refrained from voting on matters in which they have a material interest.

Related Party Transactions

Transactions in any that could be classified as related party transactions in terms of LKAS 24 – "Related Party Disclosures" are given in Note 34 to the Financial Statements.

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee ("RPT – RC") and are in compliance with the Section 9 of the CSE Listing Rules.

The RPT – RC confirms that recurrent related party transactions carried out during the year does not exceed 10% of the equity or 5% of the total assets of the listed entity. In addition, the aggregate value of the recurrent related party transactions does not exceed 10% of the gross revenue.

Directors and Chief Executive Officer's shareholding

The Directors other than Mr Rohan Fernando did not hold shares in the Company or its subsidiaries during the financial year under review.

The shareholding of Mr Rohan Fernando and the CEO are given below:

	Number of Shares	
	01 January 2022	31 December 2022
Mr Rohan Fernando	–	194,839
Chief Executive Officer	1,824	1,824

Remuneration and other benefits of Directors

The remuneration and other benefits received by the Directors are given in Note 7 to the Financial Statements on pages 157 and 158 as required by Section 168 (1) (f) of the Companies Act.

Shares and Debentures

Stated capital

The stated capital of the Company as at 31 December 2022 was LKR 18,048,600,000/- divided into 1,804,860,000 ordinary shares. There were no changes to the issued capital of the Company during the year under review.

Substantial shareholding

The following shareholders held more than 5% of the issued shares as at 31 December 2022.

Secretary to the Treasury (Government of Sri Lanka)	49.50%
Global Telecommunications Holdings N.V. of Netherlands	44.98%

Voting rights

Ordinary shareholders are entitled to receive notice and to attend and speak at any General Meeting of the Company. A shareholder entitled to attend and vote at a General Meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.

Every shareholder present in person or by proxy (or being a corporation present by a duly authorised representative) shall have one vote on a show of hands and one vote for every share held by him on a poll.

Details of the Company's stated capital are set out in Note 30 to the Financial Statements.



Annual Report of the Board of Directors on the Affairs of the Company

Debentures

The Company in April 2018 issued 70,000,000 Senior Unsecured Redeemable Rated 10-year (2018-28) debentures as indicated below:

Type of Debentures	Interest Rate (per annum)	Number of Debentures Issued
Type A	12.75% payable annually	20,760,000
Type B	12.75% payable semi-annually	49,240,000

Minimum public holding requirement

Given that the two controlling shareholders and other government connected institutions are considered "non-public", the public free float has reduced to 4.78% of the shareholding. The shares of SLT was transferred to the Second Board with effect from 29 October 2021.

In view of the current situation, SLT is evaluating various options available to increase the public float such as private placement and secondary public share offering in order to comply with minimum public holding requirements of Section 7.14.1 of the Listing Rules.

Financial Statements

The Financial Statements of the Group and the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRs/LKASs), laid down by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No. 07 of 2007.

The significant accounting policies adopted by the Group and Company in preparing the Financial Statements are set out on Note 3 to the Financial Statements. These policies, and applicable estimation techniques, have been reviewed by the Directors who have confirmed them to be appropriate for the preparation of the consolidated Financial Statements for 2022.

The aforementioned Financial Statements for the year ended 31 December 2022 certified by the Group Chief Financial Officer and signed by two Directors are given on page 131 of this Annual Report.

A statement by the Directors of their responsibilities for preparing the Financial Statements is included in the Statement of Directors' responsibilities on page 125 while the independent Auditors Report is set out in pages 126 to 128 of this report.

Financial Results and Appropriations

	2022		2021	
	Company LKR Mn.	Group LKR Mn.	Company LKR Mn.	Group LKR Mn.
Revenue	67,569	107,710	59,811	102,348
Profit	8,463	4,765	5,865	12,161
Reserves	69,546	92,373	65,672	93,868

Results of the Company and of the Group are given in the Income Statement on page 129.

The movement of the reserves are given in the Statement of Changes in Equity on pages 132 and 133 of the Annual Report.

Dividends

The Directors have recommended a first and final ordinary dividend of LKR 0.25 per share for the year ended 31 December 2022 (2021 – LKR 2.02 per share) payable on 01 June 2023 to the shareholders registered as at 12 May 2023, subject to the approval of the shareholders at the Annual General Meeting of SLT scheduled to be held on 11 May 2023.

As required by Section 56(2) of the Companies Act No. 07 of 2007, the Directors have signed a certificate stating that in their opinion the Company based on the information available satisfies the Solvency Test immediately after the dividend distribution is made and have obtained a certificate from the Auditors in terms of Section 57 of the Companies Act.

Property, Plant and Equipment

The movements in property, plant and equipment during the year are set out in Note 13 to the Financial Statements. Current status of value of properties is disclosed on pages 196 to 202.

Auditors

Ernst & Young, ("E & Y") Chartered Accountants served as the External Auditors of the Company during the year under review. The audit fees payable and fees payable for non-audit services rendered are as follows:

	2022 LKR	2021 LKR
Audit fees	14	12
Non-audit fees	6	3

SLT Group Audit Committee having considered E & Y's performance and their independence recommend to the shareholders the reappointment of E & Y as the Auditors of the Company for the ensuing year.

Based on the written representation made by the Auditors the Directors are satisfied that the Auditors have had no interest or relationship with the Company or its subsidiaries other than that of External Auditors.

E & Y have expressed their willingness to continue in office. A resolution to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Statutory payments and compliance with laws and regulations

The Directors confirm that to the best of their knowledge all taxes, duties and levies payable by the Company and subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for in the Financial Statements.

The Company has also ensured that it complied with the applicable laws and regulations including the Listing Rules of the CSE.

Environmental protection

After making adequate enquiries from Management, the Directors are satisfied that the Company and its subsidiaries operate in a manner that minimises the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Group operates.

Annual Report of the Board of Directors on the Affairs of the Company

Donations

The Directors have approved donations amounting to LKR 2 Mn. for charitable purposes for the year 2022. (2021 – LKR 2.0 Mn.).

Employment policies

The employment policies of SLT cover issues such as diversity, employee well-being and equal opportunities. The Company takes its responsibility towards the physically disabled seriously and does not discriminate any employee or prospective employee based on physical disability. Employees who become disabled during their service at SLT will be retained in employment wherever possible and will be given rehabilitation and training.

The Group companies operate within a framework of human resource policies, practices and regulations appropriate to their market sector. Policies and procedures for recruitment, training, career development and the Code of Ethics for Employees promote equality of opportunity regardless of gender, sexual orientation, age, marital status, disability, race, religion or other beliefs and ethnic or national origin. The aim is to encourage a culture in which all employees have the opportunity to develop fully according to their individual abilities and the needs of the Group.

The number of persons employed by SLT and Group is given in Note 7.1 on page 158.

Sustainability reporting

SLT is conscious of the direct and indirect impact on the environment due to its business activities. The Group endeavours to minimise the adverse effects on the environment and to ensure sustainable continuity of our natural resources. The activities undertaken by the Group in recognition of its responsibility as a corporate citizen are disclosed more fully on pages 69 to 86 of this Annual Report.

Post balance sheet events

Except for matters disclosed in Note 38 to the Financial Statements, there are no material events as at the date of the Auditors Report which require adjustments to or disclosure in the Financial Statements.

Going concern

The Directors have reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future to justify adopting the going concern basis in preparing the Financial Statements.

Annual General Meeting (AGM)

The AGM will be held at 10.00 am on 11 May 2023 at the Main Hall of the Bandaranaike Memorial International Conference Hall (BMICH), Bauddhaloka Mawatha, Colombo 07. The Notice of the Annual General Meeting appears on page 208 of the Annual Report.

By order of the Board of Sri Lanka Telecom PLC

Rohan Fernando
Chairman

Lalith Seneviratne
Director/GCEO

Mahesh Athukorale
Group Company Secretary

30 March 2023
Colombo



Statement of Directors in relation to their responsibility for the preparation of Financial Statements

The responsibility of the Directors in relation to the Financial Statements of the Company and the Group is set out in the following statement. The responsibility of the Independent Auditors, in relation to the Financial Statements, prepared in accordance with the provisions of the Companies Act No. 07 of 2007 ("the Act"), is set out in the Independent Auditors' Report from pages 126 to 128.

The Financial Statements comprise:

- Statement of Profit or Loss and Other Comprehensive Income, which present a true and fair view of the profit and loss of the Company and the Group for the financial year; and
- Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and which comply with the requirements of the Act and SLRFS.
- The Directors are required to ensure that, in preparing these Financial Statements:
- appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- all applicable Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, as relevant, have been followed;
- judgments and estimates have been made which are reasonable and prudent.

The Directors are also required to ensure that the Company and the Group have adequate resources to continue its operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company

and of the Group, and to ensure that the Financial Statements presented comply with the requirements of the Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provide by any system of internal controls and accounting.

The Audit Committee meets periodically with the Internal Auditors and the Independent Auditors to review the manner in which the auditors perform their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the Independent Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

The Directors are required to prepare the Financial Statements and to provide the Independent Auditors with every opportunity to take whatever steps and undertake whatever inspections that they may consider to be appropriate to enable them to give the Independent Auditors' opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

Compliance report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the Reporting date have been paid, or where relevant provided for, except as specified in Note 33 to the Financial Statements covering contingent liabilities.

By Order of the Board
Sri Lanka Telecom PLC

Mahesh Athukorale
Group Company Secretary

30 March 2023

Colombo

Independent Auditors' Report



Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel : +94 11 246 3500
Fax (Gen) : +94 11 269 7369
Fax (Tax) : +94 11 557 8180
Email : eysl@lk.ey.com
ey.com

To the Shareholders of Sri Lanka Telecom PLC Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Sri Lanka Telecom PLC (the Company) and the consolidated Financial Statements of the Company and its subsidiaries (the Group), which comprise the Statement of Financial Position as at 31 December 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements

section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Statements.

Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue recognition of fixed telephony and mobile communication services</p> <p>The Group recognised revenue of LKR 105,195 Mn. from the provision of fixed telephony & mobile communication services for the year ended 31 December 2022 in accordance with its accounting policy set out in Note 3 (k) and disclosed in Note 6 (a) to the Financial Statements.</p> <p>Recognition of revenue from the provision of fixed telephony & mobile communication services was a key focus of our audit due to:</p> <ul style="list-style-type: none"> Complexity in revenue recognition as a result of: <ol style="list-style-type: none"> Frequent changes in rate structures and arrangements with multiple product features. Large volume of transactions which arise from sales of different combinations of hardware and services. Multiple IT systems which are used to capture, process and record the revenue. 	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> Evaluated the design, implementation and operating effectiveness of IT dependent manual controls and manual controls over the capture and measurement of revenue transactions. Evaluated the design and operating effectiveness of IT General Controls and IT Application Controls of IT systems having significant impact over revenue recognition and the adequacy of controls implemented for security monitoring aspects over selected IT systems related to revenue recognition with the assistance of our internal specialised resources. Performed re-computations and testing end-to-end reconciliations in relation to capture and measurement of revenue transactions, as relevant.

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA FCMA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACA, D L B Karunathilaka ACA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited



Independent Auditors' Report

Key Audit Matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> • Significant judgement exercised by management when determining: <ol style="list-style-type: none"> I. Whether to recognise revenue at a point in time or over a period for revenue arrangements II. Duration of customer contracts III. Transaction price and allocating it to bundled products and services 	<ul style="list-style-type: none"> • Assessed the reasonableness of significant judgements made by management when determining the timing of revenue recognition, duration of customer contracts and when allocating transaction price to performance obligations, based on the respective terms and conditions of customer contracts. • Assessed the adequacy of related disclosures reflected in Note 3 (k) and Note 6 (a) of the Financial Statements.
<p>Carrying Value of Network Assets</p> <p>As at 31 December 2022, the Group's network assets accounted for 50% of the consolidated total assets and Group's capital work in progress related to such network assets accounted for 10% of the consolidated total assets.</p> <p>Carrying value of network assets was a key focus of our audit due to:</p> <ol style="list-style-type: none"> I. Materiality of the reported depreciation on network assets which amounted to LKR 19,303 Mn. for the year ended 31 December 2022. II. Judgements associated with estimating the useful lives of the network assets by the Company. It involves the Group's collective assessment of the industry practice, internal technical evaluation and experience with the similar assets in concluding the useful economic life of the network assets. III. The degree of assumptions, judgements and estimates associated with the estimated future cashflows used for the value in use calculations of selected network assets. IV. The degree of judgement involved, and assumptions used when assessing impairment of amounts of capital work-in-progress relevant to network assets. V. The timing of recognition of commissioned assets from capital work-in-progress to network assets considering the significant judgements involved and appropriateness of the date from which network assets commenced being depreciated. <p>The Group's disclosures on property and equipment are included in Notes 3 (d) and 13 to the consolidated Financial Statements and the disclosures on capital work-in-progress are included in Notes 3 (d) (iv) and 13 to the consolidated Financial Statements.</p>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> • Evaluated the Group's process in estimating the useful lives of network assets by: <ul style="list-style-type: none"> • assessing the judgements used by the Group on appropriateness of the useful lives of network assets applied in the calculation of depreciation. • testing the underlying data on estimated useful lives against industry data and practice and other relevant external data. • Gained an understanding of how the management has forecasted its discounted cash flows of selected network assets and tested the completeness and accuracy of the underlying data used by the management. • Assessed and evaluated the management's impairment assessment of network assets including the judgements made by the management on: <ul style="list-style-type: none"> – the nature and impact of changes on the business strategy and business environment including which specific assets are impacted; and – the extent of the impact of these changes on the carrying value of identified network assets • Assessed the reasonableness of management judgements applied and assumptions used in relation to capital work-in-progress of network assets including possible indicators of impairment which were identified by the management for any project related to network assets which have not been commissioned for a prolonged period, based on our knowledge of the business and industry. • Through discussion with the respective project managers and inspection of relevant documentation, <ul style="list-style-type: none"> – evaluated the current status of completion of those projects in relation to budgeted project duration and – assessed whether amounts related to network assets commissioned for use have been appropriately transferred out of capital work-in-progress and recognised under the relevant class of property, plant and equipment, on a timely basis • Determined the appropriateness of capitalisation of cost for network assets during the year, on sample basis. • Assessed the adequacy of related disclosures reflected in Note 3 (d) and Note 13 of the Financial Statements.

Independent Auditors' Report

Other Information included in the 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Group.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 7752.

12 April 2023
Colombo



Statement of Profit or Loss and Other Comprehensive Income

(all amounts in Sri Lanka Rupees million)

For the year ended 31 December	Notes	Group		Company	
		2022	2021	2022	2021
Revenue	6	107,710	102,348	67,569	59,811
Direct costs	7	(62,351)	(56,482)	(38,542)	(34,919)
Gross profit		45,359	45,866	29,027	24,892
Sales and marketing costs	7	(10,827)	(11,157)	(6,066)	(5,599)
Administrative costs	7	(22,014)	(20,865)	(17,004)	(15,957)
Operating profit		12,518	13,844	5,957	3,336
Other income		1,352	1,084	1,083	1,293
Dividend income		112	–	2,297	1,489
Interest expense and finance costs	8	(4,894)	(3,022)	(3,782)	(1,825)
Foreign exchange (loss)/gain	9	(1,680)	(482)	5,152	76
Interest income	10	2,956	1,308	1,717	630
Share of profit from associates company	16.2	224	86	224	86
Profit before tax		10,588	12,818	12,648	5,085
Income tax (expenses)/reversal	11	(5,823)	(657)	(4,185)	780
Profit for the year		4,765	12,161	8,463	5,865
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss in subsequent period					
Defined benefit plan actuarial (loss)/gain	28	(508)	397	(344)	169
Tax on other comprehensive income	11	183	(150)	143	(116)
Other comprehensive income for the year net of tax		(325)	247	(201)	53
Total comprehensive income for the year		4,440	12,408	8,262	5,918
Profit attributable to:					
Owners of the Company		4,758	12,155	8,463	5,865
Non-controlling interest		7	6	–	–
		4,765	12,161	8,463	5,865
Total comprehensive income attributable to:					
Owners of the Company		4,433	12,402	8,262	5,918
Non-controlling interest		7	6	–	–
		4,440	12,408	8,262	5,918
Earnings per share (LKR)					
– Basic	12	2.64	6.73	4.69	3.25

The Notes on pages 135 to 190 form an integral part of these financial statements.

Statement of Financial Position

(all amounts in Sri Lanka Rupees million)

as at 31 December	Notes	Group		Company	
		2022	2021	2022	2021
Assets					
Non-current assets					
Property, plant and equipment	13	164,916	141,937	127,061	105,854
Right of use asset	14	6,899	7,815	613	805
Intangible assets	15	7,876	7,827	3,643	2,832
Investments in subsidiaries	16.1	–	–	14,431	14,431
Investments in associates	16.2	439	214	439	214
Deferred tax assets	24	177	181	–	–
Investments in equity shares		2	–	–	–
Contract assets	25(a)	1,504	878	313	233
Other receivables	18	3,320	2,672	3,295	2,657
Total non-current assets		185,133	161,524	149,795	127,026
Current assets					
Inventories	19	3,283	2,689	2,405	2,039
Trade and other receivables	20	32,533	26,909	23,677	18,682
Current tax receivable		20	14	–	–
Contract assets	25 (a)	1,470	978	122	164
Other investments	17	3,995	8,310	3,976	8,288
Cash and cash equivalents	21	14,150	17,972	6,051	1,615
		55,451	56,872	36,231	30,788
Assets classified as held for sale	22	–	1,545	–	390
Total current assets		55,451	58,417	36,231	31,178
Total assets		240,584	219,941	186,026	158,204
Equity					
Capital and reserves					
Stated capital	30	18,049	18,049	18,049	18,049
Insurance reserve	29	300	1,105	300	1,105
Retained earnings		74,024	74,714	51,197	46,518
Equity attributable to equity holders of the company		92,373	93,868	69,546	65,672
Non controlling interest		115	108	–	–
Total equity		92,488	93,976	69,546	65,672



Statement of Financial Position

as at 31 December	Notes	Group		Company	
		2022	2021	2022	2021
Liabilities					
Non-current liabilities					
Borrowings	23	30,332	37,837	30,332	35,807
Vendor financing	27	13,057	5,987	13,057	5,961
Lease liability	14	4,835	6,823	428	613
Contract liabilities	25 (b)	1,483	1,071	1,483	1,071
Deferred income	25	1,469	1,666	1,469	1,666
Deferred tax liabilities	24	9,066	5,627	8,002	4,870
Employee benefits	28	5,733	4,957	4,846	4,272
Trade and other payables	26	8,696	6,565	7,804	5,283
Total Non-current liabilities		74,671	70,533	67,421	59,543
Current liabilities					
Borrowings	23	16,963	8,752	13,310	7,256
Vendor financing	27	4,269	311	1,745	171
Lease liability	14	2,661	2,373	227	216
Contract liabilities	25 (b)	972	971	716	684
Deferred income	25	3,852	3,924	221	383
Current tax liabilities		1,124	2,075	441	1,474
Deferred tax liabilities	24	12	11	-	-
Trade and other payables	26	43,572	35,605	32,399	22,805
		73,425	54,022	49,059	32,989
Liabilities directly associated with assets held for sale	22	-	1,410	-	-
Total current liabilities		73,425	55,432	49,059	32,989
Total liabilities		148,096	125,965	116,480	92,532
Total equity and liabilities		240,584	219,941	186,026	158,204

The Notes on pages 135 to 190 form an integral part of these financial statements.

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Sanjeeva Samaranayake
Group Chief Financial Officer

The Board of Directors is responsible for these financial statements. These financial statements were approved by the Board of Directors on 30 March 2023.

Signed for and behalf of the Board.

Rohan Fernando
Chairman

Lalith Seneviratne
Director

Consolidated Statement of Changes in Equity – Group

(all amounts in Sri Lanka Rupees million)

	Notes	Attributable to owners of the Company						Total equity
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings	Total equity	Non-controlling interest	
Balance as at 01 January 2021		18,049	1,044	30	65,056	84,179	102	84,281
Non controlling interest		–	–	–	–	–	6	6
Total comprehensive income for the year								
Net profit for the year 2021		–	–	–	12,161	12,161	–	12,161
Other comprehensive income								
Net movement for cash flow hedges		–	–	(30)	–	(30)	–	(30)
Defined benefit plan actuarial gain net of tax		–	–	–	247	247	–	247
Total other comprehensive income		–	–	(30)	247	217	–	217
Total comprehensive income for the year		–	–	(30)	12,408	12,378	–	12,378
Transactions with owners, recorded directly in equity contribution by and distribution to owners								
Dividends to equity share holders		–	–	–	(2,689)	(2,689)	–	(2,689)
Insurance reserve								
– Transfer to insurance reserve	29	–	61	–	(61)	–	–	–
Balance as at 31 December 2021		18,049	1,105	–	74,714	93,868	108	93,976

	Notes	Attributable to owners of the Company						Total equity
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings	Total equity	Non-controlling interest	
Balance as at 01 January 2022		18,049	1,105	–	74,714	93,868	108	93,976
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022		–	–	–	(2,289)	(2,289)	–	(2,289)
Adjusted balance as at 01 January 2022		18,049	1,105	–	72,425	91,579	108	91,687
Non controlling interest		–	–	–	–	–	7	7
Total comprehensive income for the year								
Net profit for the year 2022		–	–	–	4,765	4,765	–	4,765
Other comprehensive income								
Defined benefit plan actuarial loss, net of tax		–	–	–	(325)	(325)	–	(325)
Total other comprehensive income		–	–	–	(325)	(325)	–	(325)
Total comprehensive income for the year		–	–	–	4,440	4,440	–	4,440
Transactions with owners, recorded directly in equity contribution by and distribution to owners								
Dividends to equity share holders		–	–	–	(3,646)	(3,646)	–	(3,646)
Insurance reserve								
– Transfer from insurance reserve	29	–	(805)	–	805	–	–	–
Balance as at 31 December 2022		18,049	300	–	74,024	92,373	115	92,488

The Notes on pages 135 to 190 form an integral part of these financial statements.



Consolidated Statement of Changes in Equity – Company

(all amounts in Sri Lanka Rupees million)

	Notes	Attributable to owners of the Company			
		Stated capital	Insurance reserve	Retained earnings	Total equity
Balance as at 01 January 2021		18,049	1,044	43,350	62,443
Total comprehensive income for the year					
Net profit for the year 2021		–	–	5,865	5,865
Other comprehensive income					
Defined benefit plan actuarial gain, net of tax		–	–	53	53
Total other comprehensive income		–	–	53	53
Total comprehensive income for the year		–	–	5,918	5,918
Transactions with owners, recorded directly in equity contribution by and distribution to owners					
Dividends to equity share holders		–	–	(2,689)	(2,689)
Insurance reserve					
– Transfer to insurance reserve	29	–	61	(61)	–
Balance as at 31 December 2021		18,049	1,105	46,518	65,672

	Notes	Attributable to owners of the Company			
		Stated capital	Insurance reserve	Retained earnings	Total equity
Balance as at 01 January 2022		18,049	1,105	46,518	65,672
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022		–	–	(742)	(742)
Adjusted balance as at 01 January 2022		18,049	1,105	45,776	64,930
Total comprehensive income for the year					
Net profit for the year 2022		–	–	8,463	8,463
Other comprehensive income					
Defined benefit plan actuarial loss, net of tax		–	–	(201)	(201)
Total other comprehensive income		–	–	(201)	(201)
Total comprehensive income for the year		–	–	8,262	8,262
Transactions with owners, recorded directly in equity contribution by and distribution to owners					
Dividends to equity share holders		–	–	(3,646)	(3,646)
Insurance reserve					
– Transfer from insurance reserve	29	–	(805)	805	–
Balance as at 31 December 2022		18,049	300	51,197	69,546

The Notes on pages 135 to 190 form an integral part of These financial statements.

Statement of Cash Flows

(all amounts in Sri Lanka Rupees million)

For the year ended 31 December	Notes	Group		Company	
		2022	2021	2022	2021
Cash flows from operating activities					
Cash generated from operations	31	38,349	50,611	34,368	31,413
Interest received		2,951	1,334	1,712	656
Interest paid		(8,678)	(7,031)	(6,790)	(4,554)
Tax paid		(3,154)	(995)	(1,943)	–
Gratuity paid	28	(554)	(538)	(447)	(465)
Net cash generated from operating activities		28,914	43,381	26,900	27,050
Cash flows from investing activities					
Acquisition of property, plant and equipment		(43,316)	(23,855)	(35,191)	(18,828)
Acquisition of intangible assets	15	(2,422)	(2,104)	(2,024)	(1,384)
Proceeds from disposal of subsidiary		410	–	410	–
Proceeds from disposal of property, plant and equipment		240	376	170	306
Proceeds/(purchase) of short-term investments		4,320	(4,418)	4,317	(4,416)
Net cash used in investing activities		(40,768)	(30,001)	(32,318)	(24,322)
Cash flows from financing activities					
Proceeds from borrowings		960	5,779	960	5,750
Cash payment for the principal portion of lease liability		(2,307)	(1,761)	(607)	(622)
Finance lease principal repayments		(6)	(7)	(6)	(7)
Repayment of borrowings		(7,577)	(13,922)	(5,186)	(10,014)
Increase in vendor financing and other non-current liabilities		13,239	5,219	10,881	5,370
Dividends paid to the equity shareholders		(3,646)	(2,689)	(3,646)	(2,689)
Net cash generated from/(used) in financing activities		663	(7,381)	2,396	(2,212)
(Decrease)/increase in cash and cash equivalents		(11,191)	5,999	(3,022)	516
Movement in cash and cash equivalents					
Cash and cash equivalents at beginning of year		16,230	9,981	354	(412)
Effect on exchange fluctuation on cash and cash equivalents	31 (a)	3,548	250	3,541	250
(Decrease)/increase in cash and cash equivalents		(11,191)	5,999	(3,022)	516
At the end of the year	21 (a)	8,587	16,230	873	354

The Notes on pages 135 to 190 form an integral part of these financial statements.



Notes to the Financial Statements

(All amounts in Sri Lanka Rupees million)

1. Reporting Entity

Sri Lanka Telecom PLC (the "Company") is a company domiciled in Sri Lanka. The address of the Company's registered office is Lotus Road, Colombo 1. The Separate Financial Statements relates to Sri Lanka Telecom PLC. The Consolidated Financial Statements of the Company as at and for the year ended December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Financial Statements of all companies within the Group are prepared for a common financial year which ends on 31 December 2022.

The Group is primarily involved in providing a broad portfolio of telecommunication services across Sri Lanka. In addition, the range of services provided by the Group include, inter-alia, internet services, data services, domestic and international leased circuits, broadband, satellite uplink, maritime transmission, IPTV service, directory publishing and provision of manpower. The Company is a quoted public company which is listed on the Colombo Stock Exchange.

2. Basis of Preparation

(a) Statement of compliance

The Financial Statements of the Group and the Company which comprises the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) as laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007.

(b) The Financial Statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 30 March 2023.

(c) Basis of measurement

The Financial Statements have been prepared on the historical cost basis applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements except for the following item:

The liability for defined benefit obligation recognised is actuarially valued and recognised at the present value of the defined benefit obligation.

(d) Functional and presentation currency

These Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency and the Group's presentation currency. All financial information presented in rupees has been rounded to the nearest million, unless otherwise indicated.

(e) Use of estimates and judgements

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- Note 13 – Property, plant and equipment
- Note 14 – Right-of-use assets and lease liabilities
- Note 15 – Intangible assets
- Note 20 – Trade and other receivable
- Note 24 – Deferred tax liabilities and assets
- Note 25 – Deferred Income, contract assets and contract liabilities
- Note 28 – Employee benefits

(f) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be released or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period
- The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification
- The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(g) Going concern

The Financial Statements have been prepared on a going concern basis. The Directors have considered the potential downsides that the current economic conditions of Sri Lanka could bring to business operations of the Group in making this assessment. Impact of the current economic conditions is described in Note 37.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in Financial Statements, and have been applied consistently by the Group entities, except amendments to existing accounting standards which are effective from 01 January 2022 as described in Note 3 (W).

Notes to the Financial Statements

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain or bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in statement of profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration

transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the recognised in statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is

measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(ii) Subsidiaries

Subsidiaries are entities that are controlled by the Group. The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

As per the reporting date the Group has changed the accounting treatment of its investments in SLT Campus (Private) Limited from a subsidiary to non-current assets held for sale as per the "SLFRS 5 - Non-current Assets Held for Sale and Discontinued Operations" as disclosed in Notes 16.1 and 22.

(ii-a) Critical judgements in applying the entity's accounting policies

The Directors have concluded that the Group controls all subsidiaries as it has majority control and voting rights over its subsidiaries as depicted in Note (ii-b).

(ii-b) Interest in subsidiaries

Set out below are the Group's principal subsidiaries as at 31 December 2022.

Name of entity	Place of business/country of incorporation	Percentage of ownership interest held by the Group	Principal activities
Mobitel (Private) Limited	Colombo/Sri Lanka	100	Mobile service provider
Sri Lanka Telecom (Services) Limited	Colombo/Sri Lanka	99.99	Providing network solutions for corporate customers and small businesses
SLT Vision Com (Private) Limited	Colombo/Sri Lanka	100	Providing IPTV support services
SLT Digital Services (Private) Limited	Colombo/Sri Lanka	100	Directory information, event management, activation and digital services
SLT Human Capital Solutions (Private) Limited	Colombo/Sri Lanka	100	Operations have ceased
Sky Network (Private) Limited	Colombo/Sri Lanka	99.94	Wireless broadband operations
SLT Property Management (Private) Limited	Colombo/Sri Lanka	100	Managing SLT's real estate resources
eChannelling PLC	Colombo/Sri Lanka	87.59	Providing information infrastructure for the healthcare industry
Talentfort (Pvt) Ltd.	Colombo/Sri Lanka	100	Providing human resource solutions
Mobit Technologies (Pvt) Ltd.	Colombo/Sri Lanka	100	Providing software solutions



Notes to the Financial Statements

(iii) Equity – accounted investees (Investment in associates and joint ventures)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries. The Group's investments in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as "Share of profit or loss of equity-accounted investees" in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss.

(iv) Non-controlling interest (NCI)

NCI are measured at their proportionate share of acquiree's identifiable net assets at the date of acquisition. Changes in the group interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(v) Loss of control

When the Group loses control over a subsidiary, it derecognises the asset and liabilities of the subsidiary and any related NCI (if applicable) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest in the former subsidiary is measured at fair value when control is lost.

(vi) Transaction eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in statement of profit or loss and other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(C) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

(i) Financial assets

(i-i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, Fair Value Through Other Comprehensive Income (FVTOCI) and Fair Value Through Profit or Loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in Note 3 (k) – Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal

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and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

(i-ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables, employee loans amounts due from related parties short term investments and cash and cash equivalents.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 – "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which

case, such gains are recorded in OCI. Equity instruments designated at fair-value-through OCI are not subject to impairment assessment.

This category includes listed and non-listed equity instruments that the Group elected to classify irrevocably.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only



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occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

(i-iii) Fair value measurement

SLFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

A fair value measurement requires an entity to determine all the following:

1. The particular asset or liability that is the subject of the measurement.
2. For a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use).
3. The principal (or most advantageous) market for the asset or liability.
4. The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorised.
5. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price

transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumption and other risks affecting the specific instrument.

- Level 1 – Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

(i-iv) Amortised cost

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(i-v) Impairment

Non-derivative financial assets

Financial assets not classified at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience adjusted for forward looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Investments in fixed deposits, Treasury Bills and Bonds are considered as low risk of default.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i-vi) Hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in equity in the "cash flow hedge reserve". The ineffective portion of the gains or losses on the hedge instrument is recognised immediately in the profit and loss.

When the hedge cash flow affect the Income Statement, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Income Statement. When a hedging instrument expires, or is sold, terminated, exercised or when a hedge no longer meet the criteria for hedge accounting, any cumulative gains/losses existing in other comprehensive income at that time remains in other comprehensive income and is recognised in the income statement. When a forecast transaction is no longer expected to occur the cumulative gains/loss was reported in other comprehensive income is immediately transferred to the Income Statement.

(ii) Financial liabilities

(ii-i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings, vendor financing and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables loans and borrowing including bank overdrafts, vendor financing lease liabilities, contract liabilities and deferred income.

(ii-ii) Subsequent measurement

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings vendor financing are subsequently measured at amortised cost using the EIR method, after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognised in profit or loss when the liabilities are derecognised. EIR amortisation is included as finance costs in the statement of profit or loss.

(ii)-(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. In the year of acquisition depreciation is computed on proportionate basis from the month the asset is put into use and no depreciation will be charged to the month in which the particular asset was disposed. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

The estimated useful lives for the assets are as follows:

Freehold buildings	5 – 40 years
Submarine cables	10 – 25 years
Motor vehicles	5 years
CDMA handsets	3 years
PABX system	1 – 6 years
IT systems	5 – 10 years
Other fixed assets	2 – 12.5 years
Network equipment	
Ducts, cables and other outside plant	5 – 20 years
Telephone exchanges and transmission equipment	5 – 12.5 years
Towers	40 years



Notes to the Financial Statements

(iv) Capital work-in-progress

Capital work-in-progress is stated at cost net of accumulated impairment losses, if any. These are expenses of a capital nature directly incurred in the construction of buildings, network equipment, system development and other fixed assets, awaiting capitalisation.

Major spare parts and project related inventory qualify as property, plant and equipment when the entity expects to use them during more than one year period and are used in connection with specific items of property, plant and equipment.

(v) Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the statement of profit or loss and other comprehensive income.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

(vi) Borrowing cost

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see Note 3 (a) (i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Licences

Separately acquired licences are shown at historical cost. Expenditures on licence fees that is deemed to benefit or relate to more than one financial year is classified as licence fee and is being amortised over the license period on a straight-line basis.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

(f) Right-of-use assets and lease liabilities

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use

assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leased assets	Estimated useful lives
Buildings	2-3 years
Towers	2-3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as more fully described in Note (U) (ii) – Impairment of Assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to the Financial Statements

The Group's lease liabilities are included in rights-of-use assets and lease liabilities in Note 14 (a) to the Financial Statements.

Leases of low-value assets

The Group applies the lease of low-value assets recognition exemption to leases of some tower rentals that are considered to be low value. Lease payments on leases of low-value assets are recognised as expenses on straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle. Value of inventories includes expenditure incurred in acquiring, conversion costs and other costs incurred in bringing them to their existing location and condition.

(h) Share capital

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(i) Government grants

Government grants are recognised initially at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the statement of profit or loss and other comprehensive income as other income on

a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the of profit or loss on a systematic basis over the useful life of the asset.

(j) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which contributions are made into a separate fund and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Employees' Provident Fund

All employees of the Company are members of the Sri Lanka Telecom Provident Fund to which the Company contributes 15% of such employees' basic salary and allowances.

All employees of subsidiaries of the Group are members of Employees' Provident Fund (EPF), to which the respective subsidiaries contribute 12% of such employees' basic salary and allowances. Employees of Sri Lanka Telecom (Services) Limited are members of Employees' Provident Fund (EPF), where the Company contribute 15% of such employees' basic salary and allowances.

Employees' Trust Fund

The Company and other subsidiaries contribute 3% of the salary of each employee to the Employees' Trust Fund.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by an independent actuary using Projected Unit Credit method as recommended by LKAS 19 – "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield on Government Bonds at the reporting date and have maturity dates approximating to the terms of the Company's obligations.

The Group recognises actuarial gains and losses that arise in calculating the Group's obligation in respect of a plan in other comprehensive income.

The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 26. Any changes in these assumptions will impact the carrying amount of defined benefit obligations."

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 – "Employee Benefits". However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or leave encashment plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Revenue from contracts with customers

The Group is primarily involved in providing a broad portfolio of telecommunication services across Sri Lanka. In addition, the range of services provided by the Group include, inter alia., voice and broadband services.



Notes to the Financial Statements

domestic and international leased circuits, broadband, satellite up-link, maritime transmission, IPTV service, directory publishing service and educational services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

(i) Performance obligations relevant to contacts

As a telecommunication service provider, the Group's performance obligation related to service contracts include the installation services and maintenance services provided and the uninterrupted telecommunication service which will be provided throughout the connection period.

The Group expects that above performance obligations would be satisfied throughout the connection period.

Domestic and international call revenue and rental income

Fixed lines

Revenue for call time usage by customers is recognised as revenue as services are performed on accrual basis. Fixed rental is recognised as income on a monthly basis in relation to the period of services rendered.

Mobile revenue

Mobile revenue comprises amounts charged to customers in respect of monthly access charges, airtime usage, messaging, and the provision of other mobile telecommunications services. Mobile monthly access charges are invoiced and recorded as part of a periodic billing cycle. Airtime, either from contract customers as part of the invoiced amount or from prepaid customers through the sale of prepaid cards, is recorded in the period in which the customer uses the service.

Revenue from other network operators and international settlements

The revenue received from other network operators, local and international, for the use of the Group's telecommunication network are recognised, net of taxes, based on usage taking the traffic minutes/per second rates stipulated

in the relevant agreements and regulations and based on the terms of the lease agreements for fixed rentals.

Revenue arising from the interconnection of voice and data traffic between other telecommunications operators is recognised at the time of transit across the Group's network and presented on gross basis. The relevant revenue accrued is recognised under income in the income statement and interconnection expenses recognised under operating costs in profit or loss.

Revenue from broadband

Revenue from Data services and IPTV services is recognised on usage and the fixed rental on a monthly basis when it is earned net of taxes, rebates and discounts.

Revenue from other ICT services

The revenue from other telephone services are recognised on an accrual basis based on fixed rental contracts entered between the Group and subscribers.

Recognition of deferred income

The connection fees relating to Public Switch Telephone Network (PSTN) are deferred over a period of 15 years. Revenue is recognised on an annual basis irrespective of the date of connection.

IRU revenue relating to leasing of SEA-ME-WE 4 cable capacity are recognised on a straight-line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred revenue. In the event that a customer terminates an IRU prior to the expiry of the contract and releases the Company from the obligation to provide future services, the remaining unamortised deferred revenue is recognised in the period the contract is terminated.

Backhauling revenue which is leasing of SEA-ME-WE 3 cable capacity is recognised on a straight-line basis over the period of contracts. Amounts received in advance for any services are recorded as deferred revenue.

Revenue from the sale of prepaid CDMA cards is deferred until such time as the customer uses the call time, downloadable quota or the credit expires.

Sale of mobile recharge cards and reloads for prepaid subscribers are initially recognised as deferred revenue until such time as the subscribers use the services or credit period expires.

(ii) New connection fees

The Group provides installation services relevant to the new connections of fixed and mobile telecommunication services including both voice and non-voice categories. These installation services are bundled together with providing of Customer Premises Equipment (CPE) to customers in fixed line voice and some non-voice services. When the performance obligations relevant to such installation services are performed, CPEs provided to customers are considered as assets of the Group as long as the contracts with customers are valid. Accordingly, the Group allocates a bundled price for the equipment and installation services for such facilities.

(iii) Recognition of contract liabilities

The Group concluded that revenue from new connections in fixed and mobile telecommunication services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to reperform the installation of the service that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group identifies the revenue for installation services as a contract liability and recognises the revenue on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer since satisfaction for the installation services will be consumed by the customer over the contract period.

(iv) Costs incurred in securing customer contracts

The Group identifies the sales commission paid to sales team for each new connection contract and other such related costs in contract acquisition as costs incurred in securing customer contracts.

(v) Recognition of contract assets

Contract acquisition costs are recognised as a contract asset and subsequently recognised as an expense over the life of a contract on a systematic basis consistent with the pattern of the transfer of services to which the asset relates, that is; as and when the relevant performance obligation is fulfilled for a given month.

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(l) Expenditure

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the year.

(m) Lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. Determining whether an arrangement contains a lease.

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specific asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

(n) Finance income and expenses

The Group's finance income and finance cost include:

- Interest income from repurchase agreements
- Interest income from fixed deposits
- Staff loan interest income
- Interest expense from borrowings
- Interest expense arising from Leases
- Foreign exchange gains or losses

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(o) Income tax

Current income tax assets are measured at amount to be recovered from or paid to the taxation authorities.

(i) Current taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised or profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

Provisions for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

(ii) Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in nor taxable profit or loss and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.
- Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.
- Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax is not recognised for the undistributed profits of subsidiaries as the parent Company has control over the dividend policy of its

subsidiaries and distribution of those profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside profit or loss, is recognised either in other comprehensive income or directly in statement of changes in equity in line with the underlying transaction.

(iii) Social Security Contribution Levy (SSCL)

According to the Social Security Contribution Levy Act No. 25 of 2022, Sri Lanka Telecom PLC is liable for Social Security Contribution Levy at 2.5% on the liable turnover arising from providing of a service with effect from 1st October 2022.

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sale tax, except: where sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of expense item as applicable.

(v) Uncertainty over income tax treatment

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments and it assessed whether the interpretation had an impact on its consolidated Financial Statements.

If the Group concludes that it is probable that the taxation authority will accept the tax treatment used or planned to be used in its tax filings, the entity determines its tax position on that basis. This is consistent with the requirement that current tax is measured at the amount expected to be paid or recovered from the taxation authorities, and that deferred tax is measured using the rates and tax laws expected to apply when the related asset is realised or liability is settled.



Notes to the Financial Statements

If the Group concludes that acceptance of the uncertain tax treatment by the taxation authorities is not probable, it would apply one of the following two methods for reflecting the effect of uncertainty in its estimate of the amount it expects to pay or recover from the tax authorities.

- a. the most likely amount - the single most likely amount in a range of possible outcomes; or
- b. the expected value - the sum of the probability-weighted amounts in a range of possible outcomes.

The Group uses the method that it expects to better predict the resolution of the uncertainty.

(p) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(q) Insurance reserve

Policy applied before 31 March 2022

The Company transfers annually from the retained earnings an amount equal to 0.25% of additions to property, plant and equipment to an insurance reserve. An equal amount is invested in a sinking fund to meet any funding requirements for potential losses from uninsured property, plant and equipment. The insurance reserve is maintained to recover any losses arising from damage to property, plant and equipment, except for motor vehicles, that are not insured with a third party insurer.

Policy applied after 31 March 2022

SLT has obtained Property All Risk Insurance with effect from 31 March 2022 for targeted assets of SLT at island wide locations. In order to cover the exposure of remaining assets and possible further exposure LKR 300 Mn. has been retained in the insurance reserve from 2022 onwards. There is no further contributions to the insurance fund due to the reason of annual renewal of Property All Risk policy of SLT.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Provision for final dividends is recognised at the time the dividend recommended and declared by the Board of Directors, is approved by the shareholders.

(s) Comparatives

Except when a standard permits or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the Financial Statements are amended, comparative amounts are reclassified unless it is impracticable.

(t) Statement of cash flows

The statement of cash flows has been prepared using the "indirect method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS 07) – "Statement of Cash Flows". Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. The cash and cash equivalent include cash in hand, balances with banks, placements with banks, money at call and short notice.

(u) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant

changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Additional disclosures are provided in Note 22.

(v) Critical accounting estimates, assumptions and judgements

In the preparation of these Financial Statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Group. Results may differ significantly from those estimates under different assumptions and conditions. The Directors consider that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the presentation of its financial performance and position. These particular policies require subjective and complex judgements, often as a result of the need to make estimates about the effect of matters that are uncertain.

(i) Depreciation of property, plant and equipment

The Company assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Where the Company determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net carrying amount in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Company's Financial Statements when the change in estimate is determined.

Notes to the Financial Statements

(ii) Impairment of property, plant and equipment and intangible assets

The Company assesses the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards. Factors that are considered important and which could trigger an impairment review include the following:

- a. obsolescence or physical damage;
- b. significant changes in technology and regulatory environments;
- c. significant under performance relative to expected historical or projected future operating results;
- d. significant changes in the use of its assets or the strategy for its overall business;

The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units require significant judgement.

(iii) Revenue recognition

Judgement is required in assessing the application of the principles of revenue recognition in respect of revenues. This includes presentation of revenue as principal or as agent in respect of income received from transmission of content provided by third parties.

(iv) Valuation of receivables

The provision for impairment losses for trade and other receivables reflects the Company's estimates of losses arising from the failure or inability of customers to make required payments. The provision is based on the ageing of customer accounts, customer credit-worthiness and the Company's historical write-off experience etc. Changes to the provision may be required if the financial condition of its customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

(v) Inventories

The Company assesses the inventory provision whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required

by accounting standards. Factors that are considered important and which could trigger an impairment review include the following:

- a. obsolescence or physical damage;
- b. significant changes in technology and regulatory environments;
- c. significant changes in the use of its assets or the strategy for its overall business;"

(vi) Current tax and deferred tax

Judgement was required to determine the total provision for current, deferred and other taxes due to uncertainties that exist with respect to the interpretation of the applicability of tax law at the time of the preparation of these financial statements.

Certain uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

(vii) Leases-Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates as well.

(viii) Revenue recognition from contracts with customers

Judgement is required in assessing the application of the principles of revenue recognition in respect of revenues. Certain contracts with customers are bundled packages that may include sale of products and telecommunications services that comprise voice, data, and other telecommunications services. The Group accounts for individual products and services separately as separate performance obligations if they are distinct promised goods and services. The Group exercises judgements in determining whether a product is distinct, that is, if such product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it separately. This determination will affect the allocation of consideration specified in the contract and the revenue recognised for each performance obligation.

(ix) Assets held for sale

On 14 December 2021, the Group publicly announced the decision of its Board of Directors to sell SLT Campus (Pvt) Ltd., a wholly owned subsidiary. Operations of SLT Campus (Pvt) Ltd. are classified as a disposal group held for sale. The Board considered the subsidiary to meet the criteria to be classified as held for sale at that date for the following reasons:

- SLT Campus (Pvt) Ltd. is available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A potential buyer has been identified and negotiations as at the reporting date are at the conclusion stage.
- The shareholders approved the plan to sell on 14 December 2021. The Company disposed its 100% stake held in SLT Campus (Private) Limited on 25 January 2022.

(w) Amendments to existing accounting standards

The Group applied all the existing accounting standards up to 31 December 2022 in preparing these financial statements, which are effective for annual periods beginning on or after 01 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.



Notes to the Financial Statements

(X) Standards issued but not yet effective

Definition of Accounting Estimates – Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 01 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 01 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

Replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 01 January 2023.

The Group is currently revisiting the accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 01 January 2023.

The Group is currently assessing the impact of the amendments.

4. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Group activities.

The Audit Committee oversees how Management monitors compliance with the Group's risk management processes/guidelines and procedures, and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by internal reviews of risk management controls and procedures. The results of which are reported to the Audit Committee.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk, liquidity risk and market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's Management of capital. Further quantitative disclosures are included throughout these Financial Statements.

4.1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arise principally from the Group's receivables from customers.

Carrying amount of financial assets represents the maximum credit exposure.

Notes to the Financial Statements

4. Financial Risk Management (Contd...)

4.1.1 Trade receivables

The Group having a very well established credit policy for both International Interconnect customers and Domestic customers to minimize the credit risk. A separate committee has been established to evaluate and recommend the credit worthiness for the International Interconnect customer. Further, Prepaid sales are used as a means of mitigating credit risk.

Domestic service is offered to a new customer only after scrutinising through a internal blacklisted data base. The Group has a well-established credit control policy and

process to minimise the credit risk. Customers are categorised according to the segments and credit limit has been fixed as per their average monthly bill value. Customer usage and bill payments are monitored as per the credit limit. Credit limit will be periodically revised as per the past monthly bill value. High risk voice customers are subjected to auto disconnection when they reached the threshold limit. Credit control actions and recovery actions are taken for the overdue customers and defaulted customers to minimise the credit risk. High revenue generated customers including corporate customers are monitored individually.

Domestic service is offered to a new customer only after scrutinising through a internal blacklisted data base. The Group has a well-

established credit control policy and process to minimise the credit risk. Customers are categorised according to the segments and credit limit has been fixed as per their average monthly bill value. Customer usage and bill payments are monitored as per the credit limit. Credit limit will be periodically revised as per the past monthly bill value. High risk voice customers are subjected to auto disconnection when they reached the threshold limit. Credit control actions and recovery actions are taken for the overdue customers and defaulted customers to minimise the credit risk. High revenue generated customers including corporate customers are monitored individually.

As at 31 December, the maximum exposure to credit risk for trade by geographic region was as follows:

	Group		Company	
	2022	2021	2022	2021
Sri Lanka	23,705	23,225	18,342	17,255
Middle east	1,338	134	95	115
Asia	1,652	1,352	1,652	946
Europe	1,369	981	1,369	887
Australia	266	239	266	234
Other	3	21	3	7
Total trade receivables	28,333	25,952	21,727	19,444

As at 31 December, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

	Group		Company	
	2022	2021	2022	2021
Wholesale customers	20,001	3,666	13,931	3,610
Retail customers	2,307	19,179	2,307	14,697
Others	6,025	3,107	5,489	1,137
	28,333	25,952	21,727	19,444

As at 31 December the Group's most significant customer was Hutchison Telecommunications Lanka (Pvt) Ltd. which accounted for LKR 924 Mn. of trade receivables (2021 – LKR 521 Mn.).

As at 31 December 2022, the aging of trade receivables that were not impaired was as follows:

	Group		Company	
	2022	2021	2022	2021
Past due 1 year	1,336	141	1,264	92
Past due 2 years and above	987	193	924	99
	2,323	334	2,188	191

Management believes that the past due more than 1 year are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.



Notes to the Financial Statements

4. Financial Risk Management (Contd...)

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Group impairment	Company impairment
Balance as at 01 January 2021	8,523	5,363
– Impairment loss recognised	1,759	1,201
– Impairment gain recognised	(27)	–
– Adjustments	5	–
– Discontinue of operations in SLT Campus (Pvt) Limited	(66)	–
– Amounts written off	(431)	(257)
Balance as at December 2021	9,763	6,307
– Impairment loss recognised	1,412	1,368
– Amounts written off	(2,533)	(1,805)
Balance as at 31 December 2022	8,642	5,870

4.1.2 Other investments

The Group limits its exposure to credit risk by investing only in Government Debt Securities, Repos and in short-term deposits with selected bankers with Board approval.

4.1.3 Cash and cash equivalents

The Group held cash and cash equivalents of LKR 14,150 Mn. as at 31 December 2022 (2021 LKR 17,972 Mn.).

4.1.4 Employee loans

The Group limits its exposure to credit risk by ensuring the loan balance are recovered from the employees monthly salary, or if the employee leaves such amounts are recovered from the employees EPF balance.

4.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures its liquidity is maintained by investing in short, medium and long-term financial instruments to support operational and other funding requirements. The Group determines its liquidity requirements by the use of both short and long-term cash

forecasts. These forecasts are supplemented by a financial headroom analysis which is used to assess funding adequacy for at least a 12-month period and the same is reviewed on an annual basis.

Short and medium-term requirements are regularly reviewed and managed by the Treasury Division.

SLT PLC has provided a corporate guarantee of LKR 200 Mn. (2021-Nil) for Mobitel (Pvt) Ltd for term loan granted by Mobitel (Pvt) Ltd to Sri Lanka Telecom (Services) Ltd.

Notes to the Financial Statements

4. Financial Risk Management (Contd...)

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Group	Notes	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
As at 31 December 2022						
Bank overdrafts		5,563	5,563	-	-	-
Bank borrowings and others		41,717	11,397	7,285	11,875	11,160
Lease liabilities		15	3	3	9	-
Trade and other payables due with-in one year	4.2.1	43,572	-	-	-	-
Trade and other payables due after one year	4.2.2	8,696	-	-	-	-
		99,563	16,963	7,288	11,884	11,160
As at 31 December 2021						
Bank overdrafts		1,742	1,742	-	-	-
Bank borrowings and others		44,826	7,006	8,220	17,200	12,400
Lease liabilities		21	17	4	-	-
Trade and other payables due with-in one year	4.2.3	35,605	35,605	-	-	-
Trade and other payables due after one year	4.2.4	6,565	6,565	-	-	-
		88,759	50,935	8,224	17,200	12,400

Company	Notes	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
As at 31 December 2022						
Bank overdrafts		5,178	5,178	-	-	-
Bank borrowings and others		38,449	8,129	7,285	11,875	11,160
Lease liabilities		15	3	3	9	-
Trade and other payables due with-in one year	4.2.5	32,399	32,399	-	-	-
Trade and other payables due after one year	4.2.6	7,804	5,921	644	789	450
		83,845	51,630	7,932	12,673	11,610
As at 31 December 2021						
Bank overdrafts		1,261	1,261	-	-	-
Bank borrowings and others		41,781	5,991	6,190	17,200	12,400
Lease liabilities		21	17	4	-	-
Trade and other payables due with in one year	4.2.7	22,805	22,805	-	-	-
Trade and other payables due after one year	4.2.8	5,283	1,864	1,190	1,049	1,180
		71,151	31,938	7,384	18,249	13,580



Notes to the Financial Statements

4. Financial Risk Management (Contd...)

4.2.1 Trade and other payables due within one year – Group

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
As at 31 December 2022					
Domestic trade payables	7,318	7,318	–	–	–
Foreign trade payables	7,409	7,409	–	–	–
Capital expenditure payables	13,783	13,783	–	–	–
Social security and other taxes	1,744	1,066	–	–	–
Interest payable	160	160	–	–	–
Other payables	13,158	13,836	–	–	–
	43,572	43,572	–	–	–

4.2.2 Trade and other payables due after one year – Group

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
As at 31 December 2022					
Subscriber deposits	229	4	6	13	206
Advance on RDA and others	1,464	70	352	1,042	–
Unclaimed dividends	244	–	–	–	244
Capital expenditure payables	6,759	5,847	286	626	–
	8,696	5,921	644	1,681	450

4.2.3 Trade and other payables due within one year – Group

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
As at 31 December 2021					
Domestic trade payables	6,062	6,062	–	–	–
Foreign trade payables	3,438	3,438	–	–	–
Capital expenditure payables	10,017	10,017	–	–	–
Social security and other taxes	574	574	–	–	–
Interest payable	20	20	–	–	–
Other payables	15,494	15,494	–	–	–
	35,605	35,605	–	–	–

4.2.4 Trade and other payables more than one year – Group

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
As at 31 December 2021					
Subscriber deposits	253	2	4	7	240
Domestic trade payables	1,668	323	675	410	260
Capital expenditure payables	4,644	1,930	1,402	632	680
	6,565	2,255	2,081	1,049	1,180

Notes to the Financial Statements

4.2.5 Trade and other payables due within one year – Company

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
As at 31 December 2022					
Domestic trade payables	116	116	–	–	–
Foreign trade payables	2,528	2,528	–	–	–
Amount due to subsidiaries	8,468	8,468	–	–	–
Capital expenditure payables	9,787	9,787	–	–	–
Social security and other taxes	1,030	1,030	–	–	–
Other payables	10,470	10,470	–	–	–
	32,399	32,399	–	–	–

4.2.6 Trade and other payables due after one year – Company

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
As at 31 December 2022					
Subscriber deposits	229	4	6	13	206
Advance on RDA and others	829	70	352	407	–
Unclaimed Dividend	244	–	–	–	244
Capital expenditure payables	6,502	5,847	286	369	–
	7,804	5,921	644	789	450

4.2.7 Trade and other payables due after one year – Company

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
As at 31 December 2021					
Domestic trade payables	164	164	–	–	–
Foreign trade payables	1,424	1,424	–	–	–
Amount due to subsidiaries	4,087	4,087	–	–	–
Capital expenditure payables	5,072	5,072	–	–	–
Social security and other taxes	548	548	–	–	–
Other payables	11,510	11,510	–	–	–
	22,805	22,805	–	–	–

4.2.8 Trade and other payables due after one year – Company

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
As at 31 December 2021					
Subscriber deposits	253	2	4	7	240
Advance on RDA and others	674	73	175	410	16
Unclaimed dividend	244	–	–	–	244
Capital expenditure payables	4,112	1,789	1,011	632	680
	5,283	1,864	1,190	1,049	1,180



Notes to the Financial Statements

Financial Risk Management (Contd...)

4.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market

risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

4.3.1 Currency risk

The Group is exposed to currency risk on services provided, services received and borrowings that are denominated in a currency other than the Sri Lankan rupees (LKR).

The Group manages its currency risk by a natural hedging mechanism to a certain extent by matching currency outflows for repayments of foreign currency loans and services with currency inflows for services settled in foreign currencies.

Further, SLT uses forward bookings to mitigate their foreign currency exposure in a prudent manner.

The summary of quantitative data about the Group's exposure to foreign currency was as follows:

	Group		Company	
	2022 USD Mn.	2021 USD Mn.	2022 USD Mn.	2021 USD Mn.
As at 31 December				
Foreign trade receivables	17	15	-	13
Secured bank loans	(8)	(1)	-	-
Unsecured loans	-	(15)	-	-
Trade payables	(9)	(17)	-	(7)
Net statement of financial position exposure	-	(18)	-	6

The following significant exchange rates have been applied during the year:

	Average rate		Year end spot rate	
	2022	2021	2022	2021
USD	324.55	198.88	366.01	200.75

Sensitivity analysis

A reasonable possible strengthening (weakening) USD would have an impact on the Group's borrowings. This analysis assumes that all other variables, in particular interest rates remain constant.

	Profit or loss		Balance sheet	
	Strengthening	Weakening	Strengthening	Weakening
Group				
2022 December USD (10%)	(526)	526	(526)	526
2021 December USD (10%)	(415)	415	(415)	415
Company				
2022 December USD (10%)	-	-	-	-
2021 December USD (10%)	-	-	-	-

Notes to the Financial Statements

4.3.2 Interest rate risk

Interest rate risk mainly arises as a result of Group having interest sensitive assets and liabilities, which are directly, impacted by changes in the interest rates. The Group's borrowings and investments are maintained in a mix of fixed and variable interest rate instruments and periodical maturity gap analysis is carried out to take timely action and to mitigate possible adverse impact due to volatility of the interest rates.

To minimise the adverse impact of variable interest rate borrowings due to an upward movement of USD interest rates in the market, the Company has obtained an interest rate SWAP and arrangements are being made to obtain an interest rate CAP.

Short-term interest rate management is delegated to the treasury operations while long-term interest rate management decisions require approval from the Board of Directors.

Interest rate sensitivity of the Company was computed within the floor interest rate (minimum) of 2.5% as stipulated in the loan agreement. The Group interest rate sensitivity was computed based on a 100 basis point increase or decrease. This analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant. The sensitivity of interest rate movement is shown below;

	Profit or loss	
	Increase in interest rate	Decrease in interest rate
Group		
2022 December variable rate instruments	(371)	371
2021 December variable rate instruments	(548)	548
Company		
2022 December variable rate instruments	(358)	358
2021 December variable rate instruments	(485)	485

4.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of stated capital and reserves. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The debt/equity ratios at 31 December were as follows:

	Group		Company	
	2022	2021	2022	2021
Total debt	72,117	62,083	59,099	50,024
Total equity	92,488	93,976	69,546	65,672
Total capital	164,605	156,059	128,645	115,696
Debt/equity ratio (%)	78.0	66.1	85.0	76.2



Notes to the Financial Statements

5. Operating Segments

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies for each of the strategic divisions, the Board of Directors, (the Chief Operating Decision Maker-CODM) reviews internal management reports on at least quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Fixed ICT operations includes supply of fixed telecommunication services.
- Mobile ICT operations includes supply of Mobile telecommunication services.
- Other segment operations includes directory publication and support services. None of these segments meet the quantitative thresholds for determining reportable segments in 2022 or 2021.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax. As included in the internal

management reports that are reviewed by the Board of Directors (BOD). Segment profit is used to measure performance as Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information relevant to the operating segments are presented in a method consistent with the Management reporting provided to those charged with governance.

Information about reportable segments

(all amounts in Sri Lanka Rupees million)

	Fixed telephony operations		Mobile operations		Other segments operations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
External revenues	61,701	54,693	43,494	45,576	2,515	2,079	107,710	102,348
Inter-segment revenue	5,868	5,118	1,698	1,565	4,660	4,678	12,226	11,361
Reportable segment revenue	67,569	59,811	45,192	47,141	7,175	6,757	119,936	113,709
Reportable segment profit/(loss) before tax	12,648	5,085	1,501	9,418	(1,345)	(26)	12,804	14,477
Interest revenue	1,717	630	1,230	670	9	8	2,956	1,308
Interest expenses	(3,782)	(1,825)	(1,250)	(1,284)	(51)	(92)	(5,083)	(3,201)
Depreciation and amortisation	(18,099)	(18,110)	(10,051)	(9,032)	(91)	(184)	(28,241)	(27,326)
Reportable segment assets	186,026	158,204	75,835	78,034	5,066	5,646	266,927	241,884
Reportable segment liabilities	116,480	92,532	37,725	35,965	6,040	4,703	160,245	133,200

	2022	2021
Revenue		
Total revenue for reportable segments	112,761	106,952
Revenue for other segments	7,175	6,757
Reportable segment revenue	119,936	113,709
Elimination of inter-segment revenue	(12,226)	(11,361)
Consolidated revenue	107,710	102,348
Profit or loss		
Total profit or loss for reportable segments	14,149	14,503
Profit or loss for other segments	(1,345)	(26)
Reportable segment profit before tax	12,804	14,477
Elimination of inter-segment profits	(2,216)	(1,659)
Consolidated profit before tax	10,588	12,818

Notes to the Financial Statements

5. Operating Segments (Contd...)

Information about reportable segments

	2022	2021
Assets		
Total assets for reportable segments	261,861	236,238
Assets for other segments	5,066	5,646
	266,927	241,884
Elimination of inter-segment assets	(26,343)	(21,943)
Consolidated total assets	240,584	219,941
Liabilities		
Total liabilities for reportable segments	154,205	128,497
Liabilities for other segments	6,040	4,703
	160,245	133,200
Elimination of inter-segment liabilities	(12,149)	(7,235)
Consolidated total liabilities	148,096	125,965

	Reportable segment totals	Adjustments	Consolidated totals
Other material items (2022)			
Interest revenue	2,956	–	2,956
Interest expense	(5,083)	(189)	(4,894)
Capital expenditure	43,316	–	43,316
Depreciation and amortisation	(24,994)	–	(24,994)
Other material items (2021)			
Interest revenue	1,308	–	1,308
Interest expense	3,201	(179)	(3,022)
Capital expenditure	25,959	–	25,959
Depreciation and amortisation	(27,326)	–	(27,326)



Notes to the Financial Statements

6. Revenue

The significant categories under which revenue is recognised are as follows:

	Group		Company	
	2022	2021	2022	2021
Release of deferred connection charges	274	291	274	291
Rental income	6,144	6,456	3,359	3,675
Domestic call revenue	17,592	21,158	2,169	2,958
Receipts from other network operators – Domestic	1,542	2,326	358	680
International call revenue	532	384	141	137
Receipts from other network operators – International	31	46	–	–
International settlements (in-payments)	13,383	9,908	9,186	7,264
Broadband revenue	36,897	36,226	19,868	18,745
Data and other services	31,315	25,553	32,214	26,061
	107,710	102,348	67,569	59,811

6. (a) The revenue recognised from providing fixed telephony and mobile communication services by the Group is LKR 105,195 Mn. (2021 – LKR 100,269 Mn.)

7. Operating Costs

The following items have been included in arriving at operating profit:

	Group		Company	
	2022	2021	2022	2021
Staff costs (Note 7.1)	21,784	20,648	16,204	14,984
Directors' emoluments	104	89	90	77
Payments to international network operators	3,467	3,006	3,467	3,006
Payments to other network operators				
– International	1,369	1,112	1,021	853
– Domestic	1,438	2,345	236	596
International Telecommunication Operators Levy	1,536	1,228	559	490
Auditors' remuneration				
– Audit – Ernst & Young	24	21	14	12
– Other auditors	–	–	–	–
– Non-audit – Ernst & Young	7	3	6	3
– Other auditors	2	1	2	1
Repairs and maintenance expenditure	8,547	7,043	6,512	5,490
Provision for doubtful debts	1,286	1,757	1,226	1,201
Reversals of inventory provision	(327)	(43)	(327)	(55)
Impairment of property, plant and equipment (Note 13)	309	16	309	16
Other operating expenditure	27,405	23,952	14,194	11,691
Depreciation on property, plant and equipment	22,621	22,176	16,261	16,263
Depreciation on right-of-use assets	3,247	2,758	625	639
Amortisation	2,373	2,392	1,213	1,208
	95,192	88,504	61,612	56,475

Notes to the Financial Statements

7.1 Staff costs

	Group		Company	
	2022	2021	2022	2021
Salaries, wages, allowances, and other benefits	19,256	18,392	14,236	13,265
Post-employment benefits				
– Defined contribution plans	1,706	1,567	1,291	1,171
– Defined benefit obligations (Note 28)	822	689	677	548
	21,784	20,648	16,204	14,984
Average number of persons employed	8,888	8,769	6,627	6,683

8. Interest Expense and Finance Costs

	Group		Company	
	2022	2021	2022	2021
Rupee loans [See Note (a) below]	4,777	2,744	4,726	2,509
Foreign currency loans [See Note (a) below]	223	–	–	–
Debenture	892	893	892	893
Other charges [See Note (b) below]	2,963	1,151	2,125	189
Total Interest and finance cost	8,855	4,788	7,743	3,591
Interest Capitalised [See Note (c) below]	(3,961)	(1,766)	(3,961)	(1,766)
Net total interest and finance cost	4,894	3,022	3,782	1,825

(a) Interest cost of the Company relates to the Rupee loans. Interest cost of the Group relates to rupee loans, USD loans.

(b) Other charges mainly include interest cost of overdraft facilities, vendor financing and finance leases.

(c) Capitalisation rate used for 2022 is 9.47% (2021 – 9.90 %).

9. Foreign Exchange Gain/(Loss)

	Group		Company	
	2022	2021	2022	2021
Net foreign exchange (loss)/gain	(1,680)	(482)	5,152	76

(a) Foreign exchange (loss)/gain of the group mainly includes,
i. Exchange gain of LKR 7,236 Mn. (2021 – of LKR 86 Mn.) arising from realised and revaluation of the receivables, fixed deposits and bank balances maintained in USD.

ii. Exchange loss of LKR 6,381 Mn. on payment to foreign suppliers (2021 – LKR 302 Mn.).
iii. Exchange loss of LKR 2,535 Mn. (2021 – LKR 266 Mn.) arising from revaluation of USD syndicate loan and other term loans.

(b) Foreign exchange gain/(loss) of the company mainly includes,
i. Exchange gain of LKR 5,205 Mn. (2021 – LKR 252 Mn.) arising from realisation and revaluation of receivables, fixed deposits and bank balances maintained in USD.
ii. Exchange loss of LKR 53 Mn. on payment to foreign suppliers (2021 – loss LKR 176 Mn.).



Notes to the Financial Statements

10. Interest Income

	Group		Company	
	2022	2021	2022	2021
Interest income from:				
Fixed deposits	1,966	731	991	346
Repurchase agreement – Repos	363	301	100	9
Staff loan Interest	622	276	621	275
Treasury bonds	5	–	5	–
	2,956	1,308	1,717	630

The interest income on bank deposits reflect the prevailing rates on the date of respective investments.

- (a) The weighted average interest rates on restricted funds in bank deposits 14.30% (2021 – 5.82%) and USD was 8.92 % (2021 – 5.28%) . The weighted average interest rate on bank deposits in LKR was 26.55% (2021 – 6.03 %).The weighted average interest on repurchase agreement – Repo was 11.93% (2021-5.92%)
- (b) The weighted average interest on staff loans are between 9% and 29% (2021 – 10% and 15%). computed as per the provisions in the Sri Lanka Accounting Standards. The actual interest rates charged on the staff loans are between 6.24% and 7.20% (2021 – 6.24% and 7.20%)

11. Income Tax Expenses/(reversals)

Tax recognised in statement of profit or loss

	Group		Company	
	2022	2021	2022	2021
Current tax expense				
Current year	2,366	2,744	1,076	1,588
Adjustments	14	(5)	12	–
Tax on dividends	306	208	306	208
	2,686	2,947	1,394	1,796
Deferred tax expense				
Origination and reversal of temporary differences	1,621	(753)	1,414	(1,161)
Recognition of tax credit	–	(262)	–	(262)
Tax losses	–	(2)	–	–
Rate change adjustments	1,516	(1,273)	1,377	(1,153)
	3,137	(2,290)	2,791	(2,576)
Tax expense/(reversal)	5,823	657	4,185	(780)

Notes to the Financial Statements

Tax recognised in other comprehensive income – Group

	2022			2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial (loss)/gain	(508)	183	(325)	397	(150)	247
	(508)	183	(325)	397	(150)	247

Tax recognised in other comprehensive income – Company

	2022			2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial (loss)/gain	(344)	143	(201)	169	(116)	53
	(344)	143	(201)	169	(116)	53

Reconciliation between income tax expenses and accounting profit

	Group		Company	
	2022	2021	2022	2021
Accounting profit before tax	10,588	12,818	12,648	5,085
Non-taxable receipts/gains	(2,218)	(1,489)	(2,185)	(1,489)
Exempt Profit	(428)	(779)	(469)	(779)
Aggregate disallowable expenses	20,572	20,555	20,591	20,200
Aggregate allowable expenses	(25,772)	(16,350)	(25,772)	(16,402)
Utilisation of tax losses	(100)	(109)	–	–
Current year tax losses not utilised	1,847	194	–	–
Taxable income	4,489	14,840	4,813	6,615
Income tax charged at;				
Standard rate of 24% (Note a)	467	1,640	465	1,588
Standard rate of 30% (Note a)	637	–	623	–
Concessionary rate of 14%	–	29	–	–
Tax on dividend income of 14% (Note b)	306	208	306	208
Other rates	1,276	1,070	–	–
Tax on current year profits	2,686	2,947	1,394	1,796

(a) The group computed the income tax liability for the first six months of the year of assessment 2022/23 by applying the income tax rate of 24%. The revised income tax rate of 30% and other amendments in line with the Inland Revenue (Amendment) Act No. 45 of 2022 were considered to calculate the income tax liability of the Group for second six months.

The deferred tax assets/liabilities of the Group as at 31 December 2022 were computed using the revised income tax rate of 30%. The Company applied the rate of 24% and other amendments in line with the Inland Revenue Amendment Act No.10 of 2021 to calculate the income tax and deferred tax assets/liabilities as at 31 December 2021.

(b) The Group was liable for income tax on local dividend received for first six months of the year of assessment 2022/23 at 14% and second six months of the year of assessment 2022/23 at 15% (2021 – 24%).



Notes to the Financial Statements

11. Income Tax Expenses/(reversals) (Contd...)

Current income tax charge of the Group/Company is made up as follows:

	Group		Company	
	2022	2021	2022	2021
Sri Lanka Telecom PLC	1,394	1,796	1,394	1,796
Mobitel (Private) Limited (Note a)	1,276	1,070	-	-
Sri Lanka Telecom (Services) Limited	13	-	-	-
SLT Human Capital Solutions (Private) Limited	-	8	-	-
SLT Digital Services (Private) Limited	-	-	-	-
SLT VisionCom (Private) Limited	-	37	-	-
Sky Network (Private) Limited	-	-	-	-
SLT Property Management (Private) Limited	-	-	-	-
SLT Campus (Private) Limited (Note b)	-	29	-	-
Talentfort (Private) Limited	3	7	-	-
	2,686	2,947	1,394	1,796

Applicable income tax rates

Company	2022		2021
	1st Six months	2nd Six months	
Sri Lanka Telecom PLC	24%	30%	24%
Mobitel (Private) Limited (Note a)	-	-	-
Sri Lanka Telecom (Services) Limited	24%	30%	24%
SLT Human Capital Solutions (Private) Limited	24%	30%	24%
SLT Digital Services (Private) Limited	24%	30%	24%
SLT VisionCom (Private) Limited	24%	30%	24%
Sky Network (Private) Limited	24%	30%	24%
SLT Property Management (Private) Limited	24%	30%	24%
SLT Campus (Private) Limited (Note b)	-	-	14%
Talentfort (Private) Limited	24%	30%	24%

(a) Pursuant to agreements dated 15 January 1993 and 26 February 2001 entered into with the Board of Investment of Sri Lanka under Section 17 of the Board of Investment Act No. 4 of 1978, 15 years tax exemption period granted to Mobitel

(Private) Limited expired on 30 June 2009 and as per the agreement, Mobitel (Private) Limited opted for the turnover based tax option in which 2% was charged on the turnover for a further period of 15 years commencing from 01 July 2009.

(b) The company disposed its 100% stake held in SLT Campus (Private) Limited on 25 January 2022.

12. Earnings Per Share

The basic earnings per share is calculated by dividing the net profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2022	2021	2022	2021
Net profit attributable to equity holders (LKR Mn.)	4,758	12,155	4,463	5,865
Weighted average number of ordinary shares in issue (Million)	1,805	1,805	1,805	1,805
Earnings per share (LKR) – Basic	2.64	6.73	4.69	3.25

Diluted EPS is the same as computed above as the Company does not have any instrument that will potentially dilute the share holdings.

Notes to the Financial Statements

13. Property, Plant and Equipment – Group

	Freehold land	Freehold buildings	Ducts, cables, and other outside plant	Telephone exchanges	Transmission equipment	IT systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 01 January 2021	367	6,187	157,798	30,895	114,516	22,199	2,610	12,209	35,033	381,814
Additions at cost	–	–	90	–	1,407	1,323	93	672	24,963	28,548
Transfers from capital work-in-progress	–	398	18,729	77	8,545	1,421	–	132	(29,302)	–
Disposals at cost	–	–	(154)	–	(1,543)	(540)	(155)	(55)	–	(2,447)
Adjustments at cost	–	(24)	(342)	–	–	(148)	–	–	–	(514)
Assets classified as held for sale (Note 22)	–	(1,087)	–	–	–	–	–	(260)	–	(1,347)
As at 31 December 2021	367	5,474	176,121	30,972	122,925	24,255	2,548	12,698	30,694	406,054
Accumulated depreciation										
As at 01 January 2021	–	(2,772)	(115,008)	(24,994)	(74,535)	(16,501)	(2,543)	(8,215)	(38)	(244,606)
Accumulated depreciation on disposals	–	–	154	–	1,602	538	145	51	–	2,490
Impairment loss	–	–	(3)	(12)	(1)	–	–	–	41	25
Depreciation charge	–	(298)	(8,933)	(1,124)	(8,268)	(2,536)	(57)	(960)	–	(22,176)
Accumulated depreciation for assets classified as held for sale (Note 22)	–	38	–	–	–	–	–	112	–	150
As at 31 December 2021	–	(3,032)	(123,790)	(26,130)	(81,202)	(18,499)	(2,455)	(9,012)	3	(264,117)
Carrying value as at 31 December 2021	367	2,442	52,331	4,842	41,723	5,756	93	3,686	30,697	141,937

	Freehold land	Freehold buildings	Ducts, cables, and other outside plant	Telephone exchanges	Transmission equipment	IT systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 01 January 2022	367	5,474	176,121	30,972	122,925	24,255	2,548	12,698	30,694	406,054
Additions at cost	–	6	261	6	190	1,381	8	188	43,874	45,914
Transfers from capital work-in-progress	35	1,687	19,892	–	8,507	1,301	–	92	(31,514)	–
Disposals at cost	–	–	(74)	(503)	(3,356)	(1,746)	–	(64)	–	(5,743)
As at 31 December 2022	402	7,167	196,200	30,475	128,266	25,191	2,556	12,914	43,054	446,225
Accumulated depreciation										
As at 01 January 2022	–	(3,032)	(123,790)	(26,130)	(81,202)	(18,499)	(2,455)	(9,012)	3	(264,117)
Accumulated depreciation on disposals	–	–	74	503	3,353	1,745	–	63	–	5,738
Impairment loss	–	–	(5)	–	(304)	–	–	–	–	(309)
Depreciation charge	–	(400)	(9,795)	(1,007)	(8,501)	(2,052)	(30)	(836)	–	(22,621)
As at 31 December 2022	–	(3,432)	(133,516)	(26,634)	(86,654)	(18,806)	(2,485)	(9,785)	3	(281,309)
Carrying value as at 31 December 2022	402	3,735	62,684	3,841	41,612	6,385	71	3,129	43,057	164,916



Notes to the Financial Statements

13. Property, Plant and Equipment – Company (Contd...)

	Freehold land	Freehold buildings	Ducts, cables, and other outside plant	Telephone exchanges	Transmission equipment	IT systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 01 January 2021	367	5,091	157,798	30,895	40,179	19,118	2,453	9,801	27,060	292,762
Additions at cost	–	–	90	–	131	399	21	584	21,153	22,378
Transfers from capital work-in-progress	–	398	18,729	77	1,237	1,421	–	128	(21,990)	–
Disposals at cost	–	–	(154)	–	–	(139)	(105)	(7)	–	(405)
Adjustments at cost	–	(24)	(342)	–	–	(148)	–	–	–	(514)
As at 31 December 2021	367	5,465	176,121	30,972	41,547	20,651	2,369	10,506	26,223	314,221
Accumulated depreciation										
As at 01 January 2021	–	(2,735)	(115,008)	(24,994)	(26,884)	(14,136)	(2,405)	(6,331)	–	(192,493)
Accumulated depreciation on disposals	–	–	154	–	–	139	105	7	–	405
Impairment loss	–	–	(3)	(12)	(1)	–	–	–	–	(16)
Depreciation charge	–	(298)	(8,933)	(1,124)	(3,005)	(2,082)	(39)	(782)	–	(16,263)
Cost of assets impaired	–	(3,033)	(123,790)	(26,130)	(29,890)	(16,079)	(2,339)	(7,106)	–	(208,367)
Carrying value as at 31 December 2021	367	2,432	52,331	4,842	11,657	4,572	30	3,400	26,223	105,854

	Freehold land	Freehold buildings	Ducts, cables, and other outside plant	Telephone exchanges	Transmission equipment	IT systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 01 January 2022	367	5,465	176,121	30,972	41,547	20,651	2,369	10,506	26,223	314,221
Additions at cost	–	6	261	6	190	1,024	1	66	36,224	37,778
Transfers from capital work-in-progress	35	1,687	19,892	–	80	970	–	92	(22,756)	–
Disposals at cost	–	–	(74)	(503)	(2,494)	(1,593)	–	–	–	(4,664)
As at 31 December 2022	402	7,158	196,200	30,475	39,323	21,052	2,370	10,664	39,691	347,335
Accumulated depreciation										
As at 01 January 2022	–	(3,033)	(123,790)	(26,130)	(29,890)	(16,079)	(2,339)	(7,106)	–	(208,367)
Accumulated depreciation on disposals	–	–	74	503	2,493	1,593	–	–	–	4,663
Impairment loss	–	–	(5)	–	(304)	–	–	–	–	(309)
Depreciation charge	–	(400)	(9,795)	(1,007)	(2,816)	(1,568)	(10)	(665)	–	(16,261)
As at 31 December 2022	–	(3,433)	(133,516)	(26,634)	(30,517)	(16,054)	(2,349)	(7,771)	–	(220,274)
Carrying value as at 31 December 2022	402	3,725	62,684	3,841	8,806	4,998	21	2,893	39,691	127,061

Notes to the Financial Statements

Property, plant and equipment

- (a) On 01 September 1991, the Department of Telecommunications (DoT) transferred its entire telecommunications business and related assets and liabilities to SLT. A valuation of the assets and liabilities transferred to SLT was performed by the Government of Sri Lanka. The net amount of those assets and liabilities represents SLT's Contributed Capital on incorporation and the value of property, plant and equipment as determined by the Government of Sri Lanka. Valuers were used to determine the opening cost of fixed assets on 01 September 1991 in the first statutory accounts of SLT. Further, SLT was converted into a public limited company, Sri Lanka Telecom Limited (SLTL), on 25 September 1996 and on that date, all business and the related assets and liabilities of SLT were transferred to SLTL as part of the privatisation process.
- (b) The cost of fully depreciated assets still in use in the Company as at 31 December 2022 was LKR 155,164 Mn.
- (c) (2021 – LKR 143,682 Mn.). The cost of fully depreciated assets still in use in the Group as at 31 December 2022 was LKR 187,414 Mn. (2021 – LKR 163,487 Mn.).
- (d) No assets have been mortgaged or pledged as security for borrowings of the Group.
- (e) The number of building as at 31 December 2022 is 1,206 (2021 – 1,200)
- (f) All the motor vehicles have been insured. SLT has obtained property All Risk Insurance with effect from 31 March 2022 for targeted assets of SLT at island wide locations. An insurance reserve has been created together with a sinking fund investment to meet any potential losses with regard to uninsured property, plant and equipment. At the reporting date, the insurance reserve amounted to LKR 300 Mn. (2021 – LKR 1,105 Mn.) (Note 29).
- (g) Impairment of assets mainly consists of the carrying value of LTE assets for LKR 304 Mn. and CDMA towers LKR 5 Mn. (2021 – LKR 16 Mn.) on IT system.
- (g) The capital work-in-progress related to network equipment of the Group is LKR 22,959 Mn. (2021 – LKR 19,258 Mn.) and the Company is LKR 19,676 Mn. (2021 – LKR 14,162 Mn.)
- (h) The Company capitalised borrowing costs amounting to LKR 3,961 Mn. during the year (2021 – LKR 1,766 Mn.). Borrowing cost capitalised from a group perspective amounted to LKR 3,961 Mn. (2021 – LKR 1,766 Mn.)
- (i) The carrying value of network assets of the Group is LKR 108,144 Mn. (2021 – LKR 98,903 Mn.) and the Company is LKR 75,338 Mn. (2021 – LKR 68,837 Mn.)
- (j) The depreciation charge on network assets of the Group is LKR 19,303 Mn. (2021 – LKR 18,325 Mn.) and the Company is LKR 13,618 Mn. (2021 – LKR 13,062 Mn.)

(k) Property, plant and equipment include submarine cables. The total cost and accumulated depreciation of all cables under this category as follows;

	Group/Company	
	2022	2021
Cost	13,129	12,380
Accumulated depreciation at 01 January	(6,730)	(6,376)
Depreciation charge for the year	(401)	(354)
Carrying amount	5,998	5,650

14. Right-of-use Assets and Lease Liabilities

The Group has lease contracts for various items of land and buildings, E1 Links and towers used in it's operations. Leases of land and buildings generally have lease terms between 1 to 2 years while leases of towers generally have lease terms between 2 to 3 years . The Group's obligations under it's leases are secured by the lessor's title to the leases assets. Generally the Group is restricted from assigning and sub leasing the leased assets.

The Group also has certain leases of towers or tower spaces with low value.

(l) set out below are the carrying amounts of right-of-use-assets recognised and the movements during the year.

	Group			
	Land and buildings	Towers	Others	Total
As at 01 January 2022	4,945	2,831	39	7,815
Additions	681	1,429	13	2,123
Disposals/adjustments	–	(581)	–	(581)
Depreciation expense	(1,228)	(1,230)	–	(2,458)
As at 31 December 2022	4,398	2,449	52	6,899



Notes to the Financial Statements

	Company		
	Land and buildings	Towers	Total
As at 01 January 2022	24	781	805
Additions	31	402	433
Depreciation expense	(34)	(591)	(625)
As at 31 December 2022	21	592	613

(ii) Set out below are the carrying amounts of lease liabilities recognised and the movements during the year.

	Group	
	2022	2021
As at 01 January	9,196	9,658
Additions	2,113	1,380
Disposals/adjustments	(1,508)	(80)
Accretion of interest	865	1,029
Payments	(3,170)	(2,791)
As at 31 December	7,496	9,196
Non-current	4,835	6,823
Current	2,661	2,373
	7,496	9,196

	Company	
	2022	2021
As at 01 January	829	85
Additions	433	1,366
Accretion of interest	59	67
Payments	(666)	(689)
As at 31 December	655	829
Non-current	428	613
Current	227	216
	655	829

(iii) Following are the amounts recognised in profit or loss:

	Group	
	2022	2021
Depreciation expense of right-of-use-assets	2,458	2,096
Interest expense on lease liabilities	865	1,030
Leases of low value	48	35
Total amount recognised in profit or loss	3,371	3,161

Notes to the Financial Statements

	Company	
	2022	2021
Depreciation expense of right-of-use-assets	625	639
Interest expense on lease liabilities	60	67
Leases of low value	48	35
Total amount recognised in profit or loss	733	741

Sensitivity analysis

	ROU asset	Lease liability
Sensitivity to discount rate/incremental borrowing rate – Group		
Increase by 1%	(25)	(24)
Decrease by 1%	25	24
Sensitivity to discount rate/incremental borrowing rate – Company		
Increase by 1%	(4)	(6)
Decrease by 1%	4	6

15. Intangible Assets

Group

	Goodwill	Licences	Software	Others	Total
Cost					
As at 01 January 2021	804	10,912	5,874	604	18,194
– Acquisitions	–	1,047	1,066	24	2,137
– Assets classified as held for sale (Note 22)	–	–	(33)	–	(33)
As at 31 December 2021	804	11,959	6,907	628	20,298
As at 01 January 2022	804	11,959	6,907	628	20,298
– Acquisitions	–	1,868	528	26	2,422
– Derecognition	–	(296)	(316)	–	(612)
As at 31 December 2022	804	13,531	7,119	650	22,108
Accumulated amortisation					
As at 01 January 2021	253	5,521	3,928	377	10,079
– Amortisation	–	1,270	1,102	35	2,407
– Assets classified as held for sale (Note 22)	–	–	(15)	–	(15)
As at 31 December 2021	253	6,791	5,015	412	12,471
As at 01 January 2022	253	6,791	5,015	412	12,471
– Amortisation	–	1,172	1,161	40	2,373
– Derecognition	–	(296)	(316)	–	(612)
As at 31 December 2022	253	7,667	5,860	448	14,232
Carrying Amounts					
As at 31 December 2022	551	5,864	1,259	202	7,876
As at 31 December 2021	551	5,168	1,892	216	7,827

The goodwill in the Group consists of goodwill arising on acquisition of Mobitel (Private) Limited and eChannelling PLC.



Notes to the Financial Statements

15. Intangible assets – Group (Contd...)

Goodwill is allocated to the Group's Cash-Generating Units (CGUs). A summary of the goodwill allocation is presented below:

	2022	2021
Mobitel (Private) Limited	141	141
eChannelling PLC	410	410
Total	551	551

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections, based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	2022 (%)	2021 (%)
Growth rate	8.0	8.7
Discount rate	18	16

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. No impairment charge has been recognised for the year ended 31 December 2022 for the above CGU (2021 – LKR Nil).

The recoverable amount of a CGU is determined based on fair value using level 1 observable inputs market share of eChannelling PLC. The management has observed that the current market price of a share of eChannelling PLC is more than a cost of a share as at 31 December 2022.

Company

	Licences	Software	Others	Total
Cost				
As at 01 January 2021	2,460	4,052	330	6,842
– Acquisitions	655	729	–	1,384
As at 31 December 2021	3,115	4,781	330	8,226
As at 01 January 2022	3,115	4,781	330	8,226
– Acquisitions	1,508	516	–	2,024
– Derecognition	–	(316)	–	(316)
As at 31 December 2022	4,623	4,981	330	9,934
Accumulated amortisation				
As at 01 January 2021	1,256	2,600	330	4,186
– Amortisation	351	857	–	1,208
As at 31 December 2021	1,607	3,457	330	5,394
As at 01 January 2022	1,607	3,457	330	5,394
– Amortisation	267	946	–	1,213
– Derecognition	–	(316)	–	(316)
As at 31 December 2022	1,874	4,087	330	6,291
Carrying Amounts				
As at December 2022	2,749	894	–	3,643
As at December 2021	1,508	1,324	–	2,832

Notes to the Financial Statements

16. Investments in Subsidiaries and Associates

16.1 Investments in subsidiaries

	2022	2021
As at 01 January	14,431	14,821
Assets classified as held for sale	–	(390)
As at 31 December	14,431	14,431

Details of the subsidiary companies in which the Company had control as at 31 December are set out below:

Name of company	2022		2021	
	Investment LKR Mn.	Company holding %	Investment LKR Mn.	Company holding %
Mobitel (Private) Limited [See Note (a) below]	13,980	100	13,980	100
SLT VisionCom (Private) Limited [See Note (b) below]	100	100	100	100
SLT Digital Services (Private) Limited [See Note (c) below]	50	100	50	100
Sri Lanka Telecom (Services) Limited [See Note (d) below]	300	99.99	300	99.99
SLT Human Capital Solutions (Private) Limited [See Note (e) below]	1	100	1	100
Sky Network (Private) Limited (See Note (f) below)	–	99.94	–	99.94
SLT Property Management (Private) Limited (See Note (g) below)	–	100	–	100
SLT Campus (Private) Limited [See Note (h) below]	–	100	390	100
	14,431	–	14,821	–
Investment classified as held for sale - SLT Campus (Private) Limited (Note 22)	–	–	(390)	–
	14,431	–	14,431	–
Subsidiaries				
eChannelling PLC [See Note (i) below]	642	87.59	642	87.59
Talentfort (Private) Limited [See Note (j) below]	–	100	–	100

The Directors believe that the fair value of each of the companies listed above do not differ significantly from their book values.

- (a) The Company owns 1,320,013,240 shares representing 100% of the entire ordinary share capital of Mobitel (Private) Limited.
- (b) This investment in subsidiary company consists of 10,000,000 shares representing the entire stated capital of SLT Vision Com (Private) Limited.
- (c) This investment in subsidiary company consists of 5,000,000 shares representing the entire stated capital of SLT Digital Services (Private) Limited.
- (d) This investment in subsidiary company consists of 30,000,000 shares representing 99.99% of stated capital of Sri Lanka Telecom (Services) Limited.

- (e) This investment in subsidiary company consists of 50,000 shares representing the entire stated capital of SLT Human Capital Solutions (Private) Limited.
- (f) This investment in subsidiary company consists of 42,071,251 shares representing a 99.94% holding of the issued stated capital and 6,000,000 12% cumulative and redeemable preference shares of Sky Network (Private) Limited. The investment is fully impaired.
- (g) This investment in subsidiary company consists of 1,500,001 shares representing the entire stated capital of SLT Property Management (Private) Limited. This investment is fully impaired.
- (h) This investment in subsidiary company consists of 39,000,001 shares representing the entire stated capital of SLT Campus (Private) Limited. This investment classified

as non-current assets held for sale as per the "SLFRS 5 – Non-current assets held for sale and discontinued operations" as disclosed in Note 22. The Company disposed its 100% stake held in SLT Campus (Private) Limited on 25 January 2022.

- (i) This investment in subsidiary Company consists of 106,974,618 shares representing the 87.59% holding of the issued share capital of eChannelling PLC.
- (j) This investment in subsidiary Company consists of 1 share representing the 100% holding of the issued share capital of Talentfort (Private) Limited.



Notes to the Financial Statements

16.2 Investments in Associates

Galle Submarine Cable Depot (Private) Limited (GSCDPL) engages in the business of providing services related to storage of spare submersible plant for the repair and maintenance of submarine telecommunication cable systems under South East Asia Indian Ocean Cable Maintenance Agreement. The Company's 40% interest in GSCDPL is accounted for using the equity method in the company's Financial Statements.

	Group/Company	
	2022	2021
As at 01 January	214	128
Share of profit from associate company	224	86
As at 31 December	439	214

17. Other Investments

Current Investments

	Group		Company	
	2022	2021	2022	2021
Fixed deposits/repo	3,995	8,310	3,976	8,288
	3,995	8,310	3,976	8,288

Fixed deposits in foreign currency with a carrying value of LKR 3,885 Mn. (2021 – LKR 7,056 Mn.). Sri Lanka Development Bonds in Foreign Currency with a carrying value of LKR 87 Mn. (2021 – Nil), Fixed Deposit with carrying value of LKR Nil (2021 – LKR 1,131 Mn.) are restricted at bank. Fixed Deposit with a carrying value LKR 4 Mn. (2021 – LKR 3 Mn.) is in local currency Repo with a carrying value of LKR Nil (2021 – LKR 98 Mn.) is in local currency

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Fixed deposits – Restricted at bank	14.30	5.82	14.30	5.82
Fixed deposits – LKR	6.25 – 28.00	5.80 – 6.25	6.25 – 28.00	5.80 – 6.25
Fixed deposits – USD	1.00 – 8.92	5.28	8.92	5.28
Repurchase agreement – repo	7.40 – 15.25	5.93	11.93	5.92

The Group's exposure to credit and market risk and fair value information related to other investment are disclosed in Note 4.

18. Other Receivables

	Group		Company	
	2022	2021	2022	2021
Employee loans non-current	3,320	2,672	3,295	2,657
Employee loans current	818	703	807	701
	4,138	3,375	4,102	3,358
Employee loans	3,292	3,194	3,256	3,177
Prepaid staff cost	846	181	846	181
	4,138	3,375	4,102	3,358
Prepaid staff cost 01 January	181	178	181	178
Additions	1,035	61	1,035	61
Amortisation	(370)	(58)	(370)	(58)
Prepaid staff cost at 31 December	846	181	846	181

Notes to the Financial Statements

18. Other Receivables (Contd...)

The Group provides loans to employees at concessionary rates. These employee loans are fair valued at initial recognition using level 2 inputs. The fair value of the employee loans are determined by discounting expected future cash flows using market related rates for similar loans.

The difference between the cost and fair value of employee loans is recognised as prepaid staff cost and the amount is recognised in the Statement of Profit or Loss for 2022 was LKR 370 Mn. (2021 – LKR 58 Mn.). This amount is recognised in the Statement of Profit or Loss under salaries, wages, allowances and other benefits.

19. Inventories

	Group		Company	
	2022	2021	2022	2021
Customer premises equipment	1,209	1,649	1,209	1,649
Cable and networks	1,440	519	1,258	400
Other consumables	1,269	1,286	512	710
	3,918	3,454	2,979	2,759
Provision for change in carrying value of inventories	(635)	(765)	(574)	(720)
As at 31 December	3,283	2,689	2,405	2,039

(a) Inventories include telecommunication hardware, consumables and office stationery. Inventory is stated net of provisions for slow-moving and obsolete items.

20. Trade and other Receivables

	Group		Company	
	2022	2021	2022	2021
Domestic trade receivables	23,703	23,223	18,340	17,253
Foreign trade receivables	4,478	2,580	3,235	2,042
	28,181	25,803	21,575	19,295
Less: Provision for bad and doubtful receivables	(8,643)	(9,763)	(5,871)	(6,307)
Trade receivables – net	19,538	16,040	15,704	12,988
Amount due from subsidiaries [Note 34.1 (i)]	–	–	2,508	2,062
Amount due from related companies – [Note 34.2 (b)]	152	149	152	149
Advances and prepayments [See Note (a) below]	9,379	8,255	4,353	2,588
Employee loans (Note 18)	818	703	807	701
Other receivables [See Note (b) below]	2,646	1,762	153	194
Amounts due within one year	32,533	26,909	23,677	18,682

(a) Advances and prepayments of the Company mainly consist of advances on foreign and local suppliers advances LKR 2,334 Mn. (2021 – LKR 1,530 Mn.), payments for software maintenance of LKR 939 Mn. (2021 – LKR 284 Mn.). Advances and prepayments of the Group

mainly consist of advances on foreign and local suppliers advances LKR 6,244 Mn. (2021 – LKR 5,196 Mn.), payments for software maintenance of LKR 942 Mn. (2021 – LKR 861 Mn.) Prepaid TRC Frequency LKR 260 Mn. (2021 – LKR 610 Mn.) and free phone offer LKR 278 Mn. (2021 – LKR 295 Mn.).

(b) Other receivables of the company consist of refundable deposits of LKR 150 Mn. (2021 – LKR 138 Mn.). Other receivables of the Group mainly consist of refundable deposits of LKR 429 Mn. (2021 – LKR 434 Mn.) and site rentals receivables from other operators LKR 1,292 Mn. (2021 – LKR 957 Mn.).



Notes to the Financial Statements

21. Cash and Cash Equivalents

	Group		Company	
	2022	2021	2022	2021
Cash at bank and in hand	3,248	1,811	1,440	1,615
Fixed deposits	10,298	10,325	4,263	–
Repurchase agreements – Repo	604	5,836	348	–
	14,150	17,972	6,051	1,615

Fixed deposit in foreign currency with a carrying value of LKR 3,933 Mn. (2021 – LKR Nil.) Fixed deposits with carrying of LKR 330 Mn. (2021 – LKR Nil.) are restricted at bank.

For cash flow purpose:

21. (a) Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
Cash and cash equivalents	14,150	17,972	6,051	1,615
Bank overdrafts	(5,563)	(1,742)	(5,178)	(1,261)
	8,587	16,230	873	354

22. Divestment of SLT Campus (Pvt) Limited

On 14 December 2021, the group publicly announced the decision of its Board of Directors to sell SLT Campus (Pvt) Ltd, a wholly owned subsidiary.

On 14 December 2021, the shareholders of the Company approved the plan to sell. On 25 January 2022, Sri Lanka Telecom PLC

has transferred twenty-one million and one (21,000,001) ordinary shares and eighteen million (18,000,000) redeemable cumulative preference shares representing one hundred per centum (100%) of the total issued shares of the SLT Campus (Private) Limited worth LKR 390,000,010 to Tempest Two (Private) Limited for a total purchase consideration of LKR 410,000,000.

At 31 December 2021, SLT Campus (Pvt) Ltd was classified as a disposal group held for sale. The business of SLT Campus (Pvt) Ltd. represented a part of the Group's other operating segment. The major classes of assets and liabilities of SLT Campus (Pvt) Ltd. classified as held for sale as at 31 December 2021 are presented below:

	Group		Company	
	2022	2021	2022	2021
Assets classified as held-for-sale				
Property, plant and equipment	–	1,197	–	–
Intangible assets	–	18	–	–
Investments in subsidiaries	–	–	–	390
Right-of-use asset	–	10	–	–
Deferred tax assets	–	25	–	–
Inventories	–	1	–	–
Trade and other receivables	–	272	–	–
Cash and cash equivalents	–	22	–	–
	–	1,545	–	390

Notes to the Financial Statements

22. Divestment of SLT Campus (Pvt) Limited (Contd...)

	Group		Company	
	2022	2021	2022	2021
Liabilities directly associated with assets held-for-sale				
Borrowings	–	1,035	–	–
Lease liability	–	14	–	–
Deferred tax liabilities	–	24	–	–
Employee benefits	–	18	–	–
Trade and other payables	–	290	–	–
Current tax liabilities	–	29	–	–
	–	1,410	–	–

The Group has not recognised the divestment of SLT Campus (Pvt) Limited as a discontinued operation since it is not a major line of business or geographical area of operations as per SLFRS 5 – Non-current assets held-for-sale and discontinued operations.

The Company disposed its 100% stake held in SLT Campus (Private) Limited on 25 January 2022.

23. Borrowings

	Group		Company	
	2022	2021	2022	2021
Current (due within one year)				
Bank overdrafts	5,563	1,742	5,178	1,261
Bank borrowings and others [See Note 23 (e) below]	11,397	7,006	8,129	5,991
Finance lease liabilities	3	4	3	4
	16,963	8,752	13,310	7,256
Non-current (due after one year)				
Bank borrowings and others [See Note 23 (e) below]	30,320	37,820	30,320	35,790
Finance lease liabilities	12	17	12	17
	30,332	37,837	30,332	35,807
Total borrowings	47,295	46,589	43,642	43,063

(a) The interest rate exposure of the borrowings of the Group and the Company were as follows:

	Group		Company	
	2022	2021	2022	2021
– At fixed rates	14,397	9,208	14,012	9,208
– At floating rates	32,898	37,381	29,630	33,855
	47,295	46,589	43,642	43,063

The currency exposure of the borrowings of the Group and the Company as at the reporting date were as follows:

	Group		Company	
	2022	2021	2022	2021
Foreign currency	3,270	3,211	–	–
Local currency	44,025	43,378	43,642	43,063
	47,295	46,589	43,642	43,063



Notes to the Financial Statements

23. Borrowings (Contd...)

(b) Effective interest rates of the Group and the Company are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Average effective interest rates:				
– Bank overdrafts	23.97	5.53-12.00	23.97	5.53
– Bank borrowings – (USD loans)	LIBOR + 1.95	LIBOR + 1.95	–	–
– Bank borrowings – (LKR loans)	14.34	6.98	14.34	6.98
– Debenture	12.75	12.75	12.75	12.75
– Lease liabilities	12.50	11.00-13.00	12.50	12.50

(c) Maturity analysis of the Group and the Company is as follows:

	Group		Company	
	2022	2021	2022	2021
Maturity of non-current borrowings (excluding finance lease liabilities):				
– Between 1 and 2 years	7,285	8,246	7,285	6,190
– Between 3 and 5 years	11,875	17,174	11,875	17,200
– Over 5 years	11,160	12,400	11,160	12,400
	30,320	37,820	30,320	35,790

(d) Movement of the borrowings is given below – Group

	Borrowings	Bank overdraft	Lease liabilities	Total
As at 01 January 2022	44,826	1,742	21	46,589
Additions during the year	960	17,692	–	18,652
Net repayment during the year	(6,597)	(13,871)	(6)	(20,474)
Foreign exchange loss	2,528	–	–	2,528
	41,717	5,563	15	47,295

Movement of the borrowings is given below – Company

	Borrowings	Bank overdraft	Lease liabilities	Total
As at 01 January 2022	41,781	1,261	21	43,063
Additions during the year	960	17,207	–	18,167
Net repayment during the year	(4,292)	(13,290)	(6)	(17,588)
	38,449	5,178	15	43,642

(e) During the year company, drew down LKR 960 Mn. from the term loan and short-term loans in Rupees.

(f) The loan covenants include submission of Audited Financial Statements to the lenders within a specified period from the financial year end, maintenance of covenant ratios

and to maintain adequate accounting records in accordance with Sri Lanka Accounting Standards.

(g) The Directors believe that the Company and the Group will have sufficient funds available to meet its present loan commitments.

(h) Lease liabilities of the Company and the Group are effectively secured by the lessor against the rights to the title of the asset.

Notes to the Financial Statements

24. Deferred Tax Liabilities and Assets

Recognised deferred tax (assets) and liabilities

Deferred tax (assets) and liabilities are calculated on all taxable and deductible temporary differences arising from differences between accounting bases and tax bases of assets and liabilities. Deferred tax is provided under the liability method using a principal tax rate of 30% (for the year 2021 – 24%).

The movement in the deferred tax account is as follows:

	Group		Company	
	2022	2021	2022	2021
As at 01 January	5,446	7,172	4,870	6,936
Other adjustments	19	(4)	2	–
Release to statement of comprehensive income (Note 11)	3,137	(2,290)	2,791	(2,576)
Release to statement of other comprehensive income (Note 11)	(183)	150	(143)	116
Deferred tax related to divestments	–	24	–	–
Claim of deferred tax asset	482	394	482	394
As at 31 December	8,901	5,446	8,002	4,870

The amounts shown in the Statement of Financial Position represents the following:

	Group		Company	
	2022	2021	2022	2021
Deferred tax liabilities – Non-current	9,066	5,627	8,002	4,870
Deferred tax liabilities – Current	12	11	–	–
Deferred tax assets	(177)	(181)	–	–
	8,901	5,457	8,002	4,870

The taxable and deductible temporary differences mainly arise from property, plant and equipment, deferred income, provision for defined benefit obligations and other provisions.

Deferred tax assets and liabilities of the Group are attributable to the following:

Group	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Property, plant and equipment	–	–	12,396	11,378	12,396	11,378
SLFRS 16 – Leases	–	–	49	77	49	77
Defined benefit obligations	(1,017)	(613)	–	–	(1,017)	(613)
Provisions	(1,707)	(2,488)	–	–	(1,707)	(2,488)
Deferred income	(515)	(584)	–	–	(515)	(584)
Tax losses	(610)	(613)	–	–	(610)	(613)
Tax credit	–	(482)	–	–	–	(482)
Rate change adjustment	243	(1,273)	–	–	243	(1,273)
Other adjustment	–	–	62	56	62	56
Tax (assets)/liabilities before set-off	(3,606)	(6,053)	12,507	11,510	8,901	5,457
Set-off of tax	3,606	6,053	(3,606)	(6,053)	–	–
Net tax (assets)/liabilities	–	–	8,901	5,457	8,901	5,457



Notes to the Financial Statements

24. Deferred Tax Liabilities and Assets (Contd...)

Movement in deferred tax balances during the year – Group

	Balance 01 January 2021	Recognised in comprehensive income	Recognised in other comprehensive income	Deferred Tax related to divestments	Balance as at 31 December 2021	Recognised in comprehensive income	Recognised in other comprehensive income	Balance 31 December 2022
Property, plant and equipment	11,904	(526)	–	–	11,378	1,018	–	12,396
SLFRS 16 – Leases	45	33	–	–	78	(28)	–	49
Defined benefit obligations	(746)	(17)	150	–	(613)	(221)	(183)	(1,017)
Provisions	(2,316)	(172)	–	–	(2,488)	780	–	(1,707)
Deferred income	(595)	11	–	–	(584)	69	–	(515)
Tax losses	99	(3)	–	–	96	3	–	100
Adjustment to tax losses	(655)	(55)	–	–	(710)	–	–	(710)
Tax credit	(615)	(262)	–	–	(877)	–	–	(877)
Tax credit claimed	–	–	–	–	394	–	–	877
Deferred tax related to divestments	–	(24)	–	(24)	–	–	–	–
Rate change adjustment	–	(1,273)	–	–	(1,273)	1,516	–	243
Other adjustments	50	–	–	–	56	–	–	62
	7,172	(2,290)	150	(24)	5,457	3,137	(183)	8,901

Deferred tax assets and liabilities of the Company are attributable to the following:

Company	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Property, plant and equipment	–	–	10,862	10,612	10,862	10,612
Defined benefit obligations	(821)	(609)	–	–	(821)	(609)
Provisions	(1,254)	(2,419)	–	–	(1,254)	(2,419)
Deferred income	(515)	(584)	–	–	(515)	(584)
Tax losses	(494)	(494)	–	–	(494)	(494)
Tax credit	–	(483)	–	–	–	(483)
Rate change adjustment	224	(1,153)	–	–	224	(1,153)
Tax (assets)/liabilities before set-off	(2,860)	(5,742)	10,862	10,612	8,002	4,870
Set-off of tax	2,860	5,742	(2,860)	(5,742)	–	–
Net tax (assets)/liabilities	–	–	8,002	4,870	8,002	4,870

Notes to the Financial Statements

24. Deferred Tax Liabilities and Assets (Contd...)

Movement in deferred tax balances during the year – Company

	Balance 01 January 2021	Recognised in comprehensive income	Recognised in other comprehensive income	Balance 31 December 2021	Recognised in profit or Loss	Recognised in other comprehensive income	Balance 31 December 2022
Property, plant and equipment	11,562	(950)	–	10,612	249	–	10,862
Defined benefit obligations	(705)	(20)	116	(609)	(69)	(143)	(821)
Provisions	(2,217)	(202)	–	(2,419)	1,165	–	(1,254)
Deferred income	(595)	11	–	(584)	69	–	(515)
Tax losses	161	–	–	161	–	–	161
Adjustment to tax loss	(655)	–	–	(655)	–	–	(655)
Tax credit (Note a)	(615)	(262)	–	(877)	–	–	(877)
Claimed from tax credit (Note b)	–	–	–	394	–	–	877
Rate change adjustment	–	(1,153)	–	(1,153)	1,377	–	224
	6,936	(2,576)	116	4,870	2,791	(143)	8,002

(a) Tax credits

The Company has recognised tax credits for the year ended 31 December 2022 LKR Nil (2021 – LKR 262 Mn.).

(b) Tax credit claimed

The Company has claimed tax credits for the year ended 31 December 2022 LKR 483 Mn. (2021 – LKR 394 Mn.). Tax credits carried forward to 2023 is LKR Nil.

25. Deferred Income

- The connection fees relating to Public Switch Telephone Network (PSTN) are deferred over a period of 15 years. Revenue is recognised on an annual basis irrespective of the date of connection.
- Revenue from the sale of prepaid credit and Internet is deferred until such time as the customer uses the call time, downloadable quota or the credit expires.

- Backhauling revenue which is leasing of SEA-ME-WE 3 cable capacity is recognised on a straight-line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred revenue.

- IRU revenue relating to leasing of SEA-ME-WE 4 cable capacity is recognised on a straight-line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred

revenue. In the event that a customer terminates an IRU prior to the expiry of the contract and releases the Company from the obligation to provide future services, the remaining unamortised deferred revenue is recognised in the period the contract is terminated.

	Group		Company	
	2022	2021	2022	2021
At the end of the year				
Representing deferred income – Non-current	1,469	1,666	1,469	1,666
Representing deferred income – Current	3,852	3,924	221	383
	5,321	5,590	1,690	2,049



Notes to the Financial Statements

25. (a) Contract assets

The contract asset movements are provided below:

	Group LKR Mn.	Company LKR Mn.
Balance as at 01 January 2022	1,856	397
Additions	2,497	166
Amortisations	(1,379)	(128)
Balance as at 31 December 2022	2,974	435

	Group		Company	
	2022	2021	2022	2021
At the end of the year				
Representing contract assets – Non-current	1,504	878	313	233
Representing contract assets – Current	1,470	978	122	164
	2,974	1,856	435	397

25. (b) Contract liabilities

As per SLFRS 15 revenue is recognised when the individual performance obligations specified in a contract are satisfied. The total consideration received or receivable has been allocated between separate performance obligations based on the relative stand-alone selling price.

The figure shows the contract liabilities due to unsatisfied performance obligations as at 31 December 2022.

	Group LKR Mn.	Company LKR Mn.
Opening adjustment 01 January 2022	2,042	1,755
Additions	1,299	1,111
Amortisations	(886)	(667)
Balance as at 31 December 2022	2,455	2,199

	Group		Company	
	2022	2021	2022	2021
At the end of the year				
Representing contract liabilities – Non-current	1,483	1,071	1,483	1,071
Representing contract liabilities – Current	972	971	716	684
	2,455	2,042	2,199	1755

Notes to the Financial Statements

26. Trade and Other Payables

	Group		Company	
	2022	2021	2022	2021
Amounts due within one year				
Domestic trade payables	7,197	5,941	116	164
Foreign trade payables	7,409	3,438	2,407	1,303
Amount due to subsidiaries [Note 34.1 (i)]	–	–	8,468	4,087
Amount due to related companies [Note 34.2 (b)]	121	121	121	121
Capital expenditure payables [See Note (a) below]	13,783	11,985	9,787	7,040
Social security and other taxes [See Note (b) below]	1,744	574	1,030	548
Interest payable	160	20	–	–
Other payables [See Note (c) below]	13,158	13,526	10,470	9,542
	43,572	35,605	32,399	22,805
Amounts due after one year				
International direct dialling and VolP deposits	229	253	229	253
Advance on RDA and others	829	674	829	674
Unclaimed dividend	244	244	244	244
Domestic trade payables	635	750	–	–
Capital expenditure payables	6,759	4,644	6,502	4,112
	8,696	6,565	7,804	5,283

(a) Capital expenditure payables of the Company mainly consist of contractors' payables and retention of LKR 4,171 Mn. (2021 – LKR 4,665 Mn.) and advances on network restoration after road works of LKR 321 Mn. (2021 – LKR 407 Mn.) and LC capex payable LKR 5,295 Mn. (2021 – LKR 1,968 Mn.) Capital expenditure payables of the Group mainly consist of contractors' payable and retention of LKR 8,167 Mn. (2021 – LKR 9,610 Mn.) and advances on network restoration after road works of LKR 321 Mn. (2021 – LKR 407 Mn.) and LC capex payable LKR 5,295 Mn. (2021 – LKR 1,968 Mn.).

(b) Social security and other taxes of the Company mainly consist of Telecommunication Levy (TL) of

LKR 258 Mn. (2021 – LKR 178 Mn.), Cess LKR 113 Mn. (2021 – LKR 83 Mn.), VAT Payable of LKR 312 Mn. (2021 – LKR 30 Mn.), EPF payable of LKR 151 Mn. (2021 – LKR 152 Mn.), Social security and other taxes of the Group mainly consist of Telecommunication Levy (TL) of LKR 405 Mn. (2021 – LKR 312 Mn.), Cess of LKR 113 Mn. (2021 – LKR 203 Mn.), VAT payable of LKR 548 Mn. (2021 – LKR 30 Mn.), EPF payable of LKR 151 Mn. (2021 – LKR 139 Mn.)

(c) Other payables of the Company mainly consist of dividend payable to the Government of Sri Lanka of LKR 244 Mn. (2021 - LKR 244 Mn.), payable for unpaid supplies of LKR 7,687 Mn. (2021 – LKR 4,930 Mn.), International

Telecommunication Operators' Levy payable of LKR 86 Mn. (2021 – LKR 79 Mn.) and accrued expenses and other payables of LKR 487 Mn. (2021 – LKR 496 Mn.). Other payables of the Group mainly consist of dividend payable to the Government of Sri Lanka of LKR 244 Mn. (2021 - LKR 244 Mn.), payable for unpaid supplies of LKR 9,190 Mn. (2021 – LKR 4,930 Mn.), International Telecommunication Operators' Levy payable of LKR 118 Mn. (2021 – LKR 198 Mn.), and accrued expenses and other payables of LKR 1,302 Mn. (2021 – LKR 2,335 Mn.).



Notes to the Financial Statements

27. Vendor Financing

	Group		Company	
	2022	2021	2022	2021
Non-current (due after one year)	13,057	5,987	13,057	5,961
Current (due within one year)	4,269	311	1,745	171
	17,326	6,298	14,802	6,132

(a) The interest rate exposure of the vendor financing of the Group and the Company were as follows:

	Group		Company	
	2022	2021	2022	2021
At floating rates	17,326	6,298	14,802	6,132
	17,326	6,298	14,802	6,132

The currency exposure of the borrowings of the Group and the Company as at the reporting date were as follows:

	Group		Company	
	2022	2021	2022	2021
Local currency	14,802	6,132	14,802	6,132
Foreign currency	2,524	166	–	–
	17,326	6,298	14,802	6,132

(b) Effective interest rates of the Group and the Company are as follows:

	Group		Company	
	2022	2021	2022	2021
Average effective interest rates:				
– SLT	AWPLR + 0.75 p.a.	AWPLR + 0.75 p.a.	AWPLR + 0.75 p.a.	AWPLR + 0.75 p.a.
– Mobitel	LIBOR + 4% p.a. and EURIBOR + 2% p.a.	LIBOR + 4% p.a. and EURIBOR + 2% p.a.	–	–

(c) Maturity analysis of the Group and the Company is as follows:

	Group		Company	
	2022	2021	2022	2021
Maturity of non-current Vendor financing				
– Between 1 and 2 years	4,033	1,506	4,033	1,480
– Between 3 and 5 years	4,886	1,975	4,886	1,975
– Over 5 years	4,138	2,506	4,138	2,506
	13,057	5,987	13,057	5,961

Notes to the Financial Statements

28. Employee Benefits

	Group		Company	
	2022	2021	2022	2021
Total Employee benefit liability as at 01 January	4,957	5,204	4,272	4,358
Movement in present value of employee benefit liabilities				
Current service cost	532	273	453	199
Interest cost	290	416	224	349
Actuarial loss/(gain)	508	(397)	344	(169)
Benefit paid during the year	(554)	(538)	(447)	(465)
Gratuity adjustment	–	5	–	–
Liabilities directly associated with assets held for sale	–	(6)	–	–
As at 31 December	5,733	4,957	4,846	4,272
Expenses recognised in the income statement				
Current service cost	532	273	453	199
Interest cost	290	416	224	349
	822	689	677	548
Recognised in other comprehensive income				
Actuarial loss/(gain)	508	(397)	344	(169)
	508	(397)	343	(169)

The principal actuarial assumptions used were as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Discount rate (long-term)	18.2 – 18.0	10.6-11.6	18.0	10.6
Future salary increases	16.0 – 10.0	7.0-8.0	16.0	8.0
Expected average working life of employees – Years	11.7 – 10.3	11.7-13.4	10.3	13.4
Retirement age of the employees – Years	55 – 60	55-60	55-60	55-60

In addition to above, demographic assumptions such as mortality, withdrawal, retirement age were considered for the actuarial valuation. In 2022, 1967/70 Mortality Table issued by the Institute of Actuaries London (2021 – 1967/70 Mortality Table) was taken as the base for the valuation.

The provisions for defined obligations of Sri Lanka Telecom PLC, SLT Digital services (Private) Limited, Sri Lanka Telecom (Services) Limited, SLT Campus (Private) Limited,

SLT VisionCom (Private) Limited, Talent fort (Private) Limited and Mobitel (Private) Limited, are actuarially valued by Messrs. Actuarial and Management Consultants (Private) Limited and Messrs. Piyal S Goonetilleke and Associates respectively. The provision for defined benefit obligations is not externally funded.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.



Notes to the Financial Statements

28. Employee Benefits (Contd...)

The sensitivity of the statement of profit or loss and other comprehensive income and the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate as depicted in the following table.

Sri Lanka Telecom PLC

	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
2022				
Discount rate (Change by 1%)	(241)	267	(241)	267
Salary increment rate (Change by 1%)	289	(266)	289	(266)

	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
2021				
Discount rate (Change by 1%)	(199)	219	(199)	219
Salary increment rate (Change by 1%)	243	(224)	243	(224)

Mobitel (Private) Limited

	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
2022				
Discount rate (Change by 1%)	(55)	62	(55)	62
Salary increment rate (Change by 1%)	62	(55)	62	(55)

	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
2021				
Discount rate (Change by 1%)	(46)	53	(46)	53
Salary increment rate (Change by 1%)	62	(54)	62	(54)

29. Insurance Reserves

	Group/Company	
	2022	2021
As at 01 January	1,105	1,044
Transferred (from)/to retained earnings	(805)	61
As at 31 December	300	1,105

As stated in Accounting Policy 3 (q) the Company transfers annually from the retained earnings an amount equal to 0.25% of additions to property, plant and equipment to an insurance reserve. An equal amount is invested in a sinking fund to meet any funding requirements for potential losses from uninsured property, plant and equipment.

Management regularly monitors the charges made against the insurance reserve and the adequacy of the provision made.

Notes to the Financial Statements

30. Stated Capital

Issued and fully paid	Company	
	2022	2021
1,804,860,000 ordinary shares	18,049	18,049

31. Cash Generated from Operations

Reconciliation of profit before tax to cash generated from operations:

	Note	Group		Company	
		2022	2021	2022	2021
Profit before tax		10,588	12,818	12,648	5,085
Adjustments for:					
Depreciation on property, plant and equipment	7	22,621	22,176	16,261	16,263
Depreciation on right-of-use assets	7	3,247	2,758	625	639
Amortisation of intangible assets	7	2,373	2,392	1,213	1,208
Provision for bad and doubtful debts	7	1,286	1,757	1,226	1,201
Reversal of inventory and price variance	7	(327)	(43)	(327)	(55)
Interest expense and finance costs	8	4,894	3,022	3,782	1,825
Foreign exchange loss/(gain)	9	1,680	482	(5,152)	(76)
Realised exchange gain		(1,205)	–	1,543	–
Interest income	10	(2,956)	(1,308)	(1,717)	(630)
Connection fees less amortisation		(270)	946	(359)	(23)
Profit on sale of property, plant and equipment		(240)	(376)	(170)	(306)
Impairment of property, plant and equipment	7	309	16	309	16
Share of profit from associate company	16.2	(224)	(86)	(224)	(86)
Provision for retirement benefit obligations	28	822	689	677	548
Surcharge tax		(2,289)	–	(742)	–
Profit on sale of SLT Campus (Private) Limited		(310)	–	(20)	–
SLFRS 15 adjustment		(704)	121	407	466
		39,295	45,364	29,980	26,075
Changes in working capital:					
– Receivables and prepayments		(8,967)	(1,520)	(6,792)	(1,876)
– Inventories		528	(549)	756	(620)
– Payables		7,493	7,451	10,424	7,834
– Assets classified as held for sale		–	(1,545)	–	–
– Liabilities directly associated with assets held-for-sale		–	1,410	–	–
Cash generated from operations		38,349	50,611	34,368	31,413

31.(a) Effect on exchange fluctuations on cash and cash equivalents relevant to 2021 of LKR 250 Mn. was reclassified in 2022. In 2021, it was classified under interest paid.



Notes to the Financial Statements

32. Capital Commitments

The Group and the Company have purchase commitments in the ordinary course of business as at 31 December as follows:

	Group		Company	
	2022	2021	2022	2021
Property, plant and equipment				
– Approved but not contracted	37,189	48,714	28,072	45,976
– Approved and contracted	29,433	38,376	21,985	29,108
	66,622	87,090	50,057	75,084
Operating lease commitments				
The maturity analysis of the future minimum lease payments and other commitment payments are as follows:				
– Not later than one year	2,900	2,949	259	257
– Later than one year and not later than five years	5,222	11,216	453	668
	8,122	14,165	712	925

Above cash flows are the contractual gross and undiscounted cash flows. Such undiscounted cash flows differ from the discounted amounts included in the Statement of Financial Position.

Other financial commitments

Except for any regular maintenance contracts entered into with third parties in the normal course of business, there are no other material financial commitments that requires separate disclosure.

33. Contingencies

- (a) Global Electroteks Limited initiated legal action under High Court Case No. 20/2006 claiming damages of USD 12 Mn. from Sri Lanka Telecom PLC ("SLT") for alleged unlawful disconnection of interconnection services. The order was given in favour of SLT in Commercial High Court on 12th June 2020 dismissing the application of Global Electroteks Limited. Subsequently, Global Electroteks Limited has appealed to the Supreme Court against the order under Case no. SC/CHC/Appeal/24/2022. This appeal is not yet listed.
- (b) 12/2008 CBCU, an inquiry by Sri Lanka Customs – A consignment of CDMA equipment was detained in October 2008 by the Customs Authority. Subsequently the equipment were cleared pending the Inquiry, based on a cash deposit and bank guarantee submitted by SLT. The Order was delivered in October 2014 imposing a mitigated forfeiture of LKR 1,820,502,062.00 on SLT.

SLT has filed Case in Court of Appeal under CA/writ/387/2014 against this Order and interim order was issued by court on 9th March 2016, precluding Respondents from enforcing order dated 17 October 2014. In September 2020, the court of Appeal gave the judgement in favour of SLT and the order given by the Customs Authority was dismissed. The Custom Authority appealed to the Supreme Court against the order. Under the case bearing no SC/SPL/LA/224/2020 – on 18 November 2022 the Supreme Court refused to grant leave and dismissed the case. However Customs have filed an application to review the decision on 17 February 2023. Case is fixed to be heard on 08 May 2023.

- (c) Customs Case No. ADP/031/2009 – Goods valued at USD 996,785.65, which was imported under the last consignment of equipment for NGN Phase II expansion project, was detained by the Customs in May 2009. Subsequently, the equipment was cleared in July 2009. Pending the Inquiry. Presently awaiting the decision of the Customs Department.
- (d) Debt Recovery Officers who were attached to SLT had filed legal proceedings in Labour Department (Labour Commissioner) and Labour Tribunal and number of proceeding initiated under each forum are 49 and 21 respectively. The relief claimed includes

EPF, ETF and compensation with regard to proceedings initiated before the Labour Commissioner and includes re-instatement or compensation under the Proceedings before Labour Tribunal. An appeal bearing No. WR 232/2015 filed by SLT in the Court of Appeal was dismissing and SLT filed an appeal to Supreme Court bearing case no. SC(SPL)LA 02/2020 against the order in WR 232/2015. Special Leave to Appeal was obtained by SLT on 17 March 2021 in case no SC (SPL) LA 02/2020. The new Case No is SC/Appeal/41/2021. Case was re-fixed for argument on 16 June 2023.

In addition to the above referred cases, there are other claims by employees and third parties for damages and other relief. In the opinion of the Directors' none of these actions are likely to result in a material liability to the Company and its subsidiaries.

With regard to cases detailed above, pending the outcome of the appeals and hearings, no provisions have been recognised in the financial statements up to 31 December 2022.

The Company has provided guarantees on behalf of its subsidiary as follows:

SLT PLC has provided a corporate guarantee of LKR 200 Mn. (2021-Nil) for Mobitel (Pvt) Ltd. for term loan granted by Mobitel (Pvt) Ltd. to Sri Lanka Telecom (Services) Ltd.

Notes to the Financial Statements

34. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. A related party transaction takes place with a transfer of resources or obligations between related parties, regardless of whether a price is charged.

34.1 (a) Mobitel (Private) Limited

	Company	
	2022	2021
Sale of goods and services:		
Provision of E1 links	5,575	4,692
Interconnection charges	142	328
ERP rental	59	219
	5,776	5,239
Purchase of goods and services:		
Call charges on official mobile phone	130	88
Interconnection charges	718	818
Antenna tower space	374	387
Building rent	1	5
Data anchoring	469	364
	1,692	1,662

As per the TRC approval dated 19 May 2014, Mobitel is entitled to receive discounts if the Company uses more than 3500 E1 Links.

Further, Mobitel receives discounts on infrastructure services provided by Sri Lanka Telecom PLC.

(b) SLT Digital Services (Private) Limited

	Company	
	2022	2021
Sale of goods and services:		
Supply of services	48	45
Purchase of goods and services:		
Event management and other services	170	123

SLT Digital Services (Private) Limited provides event management services to SLT PLC. As per the agreement, SLT Digital Services (Private) Limited is entitled to receive a retainer for the services provided.

(c) Sri Lanka Telecom (Services) Limited

	Company	
	2022	2021
Sale of goods and services:		
Supply of services	28	19

SLT PLC has provided a corporate guarantee of LKR 200 Mn. (2021-Nil) for Mobitel (Pvt) Ltd. for term loan granted by Mobitel (Pvt) Ltd. to Sri Lanka Telecom (Services) Ltd.

(d) SLT Human Capital Solutions (Private) Limited

	Company	
	2022	2021
Sale of goods and services:		
Supply of services	-	3
Purchase of goods and services:		
Provision of manpower service	-	139

(e) Talentfort (Private) Limited

	Company	
	2022	2021
Sale of goods and services:		
Supply of services	20	-
Purchase of goods and services:		
Provision of manpower service	106	-

(f) SLT VisionCom (Private) Limited

	Company	
	2022	2021
Sale of goods and services:		
Supply of services	55	30
Purchase of goods and services:		
Service provisioning	3,317	2,958

Service fees/revenue share:

Sri Lanka Telecom PLC recognised 50% of IPTV revenue as revenue share payable to SLT Vision Com (Private) Limited from 01 January 2021.

(g) SLT Campus (Private) Limited

	Company	
	2022	2021
Sale of goods and services:		
Supply of services	-	1
Purchase of goods and services:		
Provision of manpower service	-	-



Notes to the Financial Statements

34. Related Party Transactions (Contd...)

Supply of services provided for the above mentioned subsidiaries include Voice, Broad band, Data and providing building spaces.

(h) Fees for secondment of personnel and services provided to/ by SLT PLC

	Company	
	2022	2021
SLT Digital Services (Private) Limited	50	41
SLT VisionCom (Private) Limited	43	29
SLT Services (Private) Limited	27	21
SLT Campus (Private) Limited	-	1
	119	92

(i) Outstanding balances arising from sale/purchase of services

	Company	
	2022	2021
Receivable from subsidiaries:		
Mobitel (Private) Limited	1,854	1,713
SLT Digital Services (Private) Limited	39	44
SLT Human Capital Solutions (Private) Limited	11	8
SLT Vision Com (Private) Limited	474	66
Sri Lanka Telecom (Services) Limited	47	45
SLT Property Management (Private) Limited	47	39
SLT Campus (Private) Limited	-	111
Talentfort (Private) Limited	36	36
	2,508	2,062
Payable to subsidiaries:		
Mobitel (Private) Limited	4,420	1,511
SLT Digital Services (Private) Limited	54	62
SLT Vision Com (Private) Limited	3,390	2,142
Sri Lanka Telecom (Services) Limited	593	354
Talentfort (Private) Limited	11	18
	8,468	4,087

34.2 Transactions with other related parties

(a) Maxis Communications Berhad and its subsidiaries

	Group		Company	
	2022	2021	2022	2021
Sale of goods and services:				
International incoming traffic	18	39	15	39
	18	39	15	39
Purchase of goods and services:				
International outgoing traffic	5	6	-	-
	5	6	-	-

Notes to the Financial Statements

34. Related Party Transactions (Contd...)

(b) Outstanding balance arising from sale/purchase services

	Group		Company	
	2022	2021	2022	2021
Receivable from related company:				
Maxis Communications Berhad and its subsidiaries	152	149	152	149
	152	149	152	149
Payable to related company:				
Maxis Communications Berhad and its subsidiaries	121	121	121	121
	121	121	121	121

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, the Group recognised provision for expected credit losses of LKR Nil relating to amounts owed by related parties. (2020 – Nil)

(C) Government-related key institutions

The Government of Sri Lanka holds 49.5% of the voting rights of the Company as at 31 December 2022 through the secretary to the Treasury and those have significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Sri Lanka as a related party according to LKAS 24 – "Related Party Disclosure".

During the year ended 31 December 2022, the Company has carried out transactions with the Government of Sri Lanka and other Government related entities in the ordinary course of business.

The Company identified individually significant transactions with Key Government related entities as given below:

- (i) Revenue from provision of telecommunication services during the year ended 31 December 2022 amounted to LKR 5,500 Mn. (2021- LKR 5,200 Mn.) and credit receivables as at 31 December 2022 amounted to LKR 2,536 Mn. (2021– LKR 2,136 Mn.)
- (ii) Deposits, repurchase agreements (Repo) and Borrowings of the Group at/ from Government banks amounted to LKR 9,000 Mn. (2021 LKR 8,288 Mn.) and LKR 18,412 Mn. (2021 LKR 29,716 Mn.) as at 31 December 2022.
- (iii) Dividend payable to the Government amounting to LKR 244 Mn. (2021 – LKR 244 Mn.)

The sales to and purchases from Government related key institutions are made on terms equivalent to those that prevail in arm's length transactions.

34.3 Transactions with key management personnel

Key management personnel comprise the Directors and Chief Officers of the Company and the group.

	Group		Company	
	2022	2021	2022	2021
Short-term benefits	652	470	391	361
Post employment benefits	39	38	39	32
Salaries and other benefits	691	508	430	393

All transactions during the year and balances as at the reporting date between the following companies have been eliminated in preparing the Consolidated Financial Statements:

- Mobitel (Private) Limited
- Sri Lanka Telecom (Services) Limited
- SLT Digital Services (Private) Limited
- SLT Human Capital Solutions (Private) Limited
- SLT VisionCom (Private) Limited
- Sky Network (Private) Limited
- SLT Property Management (Private) Limited
- SLT Campus (Private) Limited
- eChannelling PLC
- Mobit Technologies (Private) Limited
- Talentfort (Private) Limited

Related party transactions disclosed above should be read in conjunction with Note 16 to the Financial Statements.



Notes to the Financial Statements

35. Non-uniform Accounting Policies

The impact of non-uniform accounting policies adopted by the subsidiary company has been adjusted in the Consolidated Financial Statements as set out below:

Adjustment due to different accounting policies of the parent and the Group entity

Sri Lanka Telecom PLC accounts for refunds on Telecommunication Development Charge (TDC) on cash basis when the payment is received whereas Mobitel (Private) Limited recognises it in the statement of profit or loss and other comprehensive income on a straight line basis.

Therefore, the recognition of the refund by Mobitel (Private) Limited was eliminated and is recognised on cash basis in the consolidated accounts.

	Group impact	
	2022	2021
Reversal of deferred revenue recognised in statement of profit or loss and other comprehensive income by Mobitel (Private) Limited	(31)	(46)

36. Fair Value Disclosure

Set out below is a comparison by class of the carrying amounts and fair values of the financial instruments that are carried in the Financial Statements:

	Carrying amount				Fair value			
	Group		Company		Group		Company	
	2022	2021	2022	2021	2022	2021	2022	2021
Financial assets								
Trade and other receivables	23,154	18,654	19,324	16,094	23,154	18,654	19,324	16,094
Short-term deposits	3,995	8,310	3,976	8,288	3,995	8,310	3,976	8,288
Cash at bank and in hand	14,150	17,972	6,051	1,615	14,150	17,972	6,051	1,615
Total	41,299	44,936	29,351	25,997	41,299	44,936	29,351	25,997
Financial liabilities								
Obligations under finance leases	15	21	15	21	15	21	15	21
Borrowings	41,717	45,013	38,449	41,802	24,378	35,527	21,110	32,831
Trade and other payables	51,202	47,728	39,173	33,672	46,229	44,053	34,710	30,318
Bank overdrafts	5,563	1,742	5,178	1,261	5,563	1,742	5,178	1,261
Total	98,497	94,504	82,815	76,756	76,185	81,343	61,013	64,431

Notes to the Financial Statements

36. Fair Value Disclosure (Contd...)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than

in a forced or liquidation sale. The following method and assumption was used to estimate the fair values:

Cash and bank balances, short-term deposits, trade receivables, trade payables (current) and bank overdraft approximate their carrying

amounts lastly due to the short term maturities of these investments.

Fair value of trade and other payables and borrowings have been arrived by discounting gross values by the year end AWFDR rate.

The following table shows an analysis of assets recorded/disclosed at fair value by level of the fair value hierarchy.

As at 31 December 2022	Group			Company		
	Level 1 LKR	Level 2 LKR	Level 3 LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Financial assets						
Trade and other receivables	-	23,154	-	-	19,324	-
Short-term deposits	-	3,995	-	-	3,976	-
Cash at bank and in hand	-	14,150	-	-	6,051	-
Total assets	-	41,299	-	-	29,351	-
Obligations under finance leases	-	15	-	-	15	-
Borrowings	-	24,378	-	-	21,110	-
Trade and other payables	-	46,229	-	-	34,710	-
Bank overdrafts	-	5,563	-	-	5,178	-
Total liabilities	-	76,185	-	-	61,013	-

As at 31 December 2021	Group			Company		
	Level 1 LKR	Level 2 LKR	Level 3 LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Financial assets						
Trade and other receivables	-	18,654	-	-	16,094	-
Short-term deposits	-	8,310	-	-	8,288	-
Cash at bank and in hand	-	17,972	-	-	1,615	-
Disposal group field for sale	-	-	410	-	-	410
Total assets	-	44,936	410	-	25,997	410
Obligations under finance leases	-	21	-	-	21	-
Borrowings	-	35,527	-	-	32,831	-
Trade and other payables	-	44,053	-	-	30,318	-
Bank overdrafts	-	1,742	-	-	1,261	-
Total liabilities	-	81,343	-	-	64,431	-



Notes to the Financial Statements

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values of those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which fair value approximates carrying value

Financial Assets and Liabilities that have a short term maturity, it is assumed that the carrying amounts approximate their fair values.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

Variable rate financial instruments

Variable rate is a fair measure which reflects market movements. Hence the carrying value represents the fair value of the variable rate instruments.

37. Disclosure on Current Economic Situation in Sri Lanka

Significant unusual items affecting assets, liabilities, equity, net income or cash flows

The telecommunication service has been categorised as an essential service by the Government of Sri Lanka. With the responsibility to provide an uninterrupted service to the nation, SLT as the national telecommunication service provider, activated its Business Continuity Plan ("BCP") and implemented changes in operations, supply chain, workforce movements, investments and strategies to cope with the unprecedented challenges posed by the post-COVID-19 economic situation in the country.

The below summarises our strategy and the response plan for the post-COVID-19 economic situation in the country:

(a) Direction of operations

SLT together with its mobile arm Mobitel provided network assurance and uninterrupted business operations despite of the prevailed energy and fuel crisis. The Group experienced a positive impact in revenue in areas such as carrier business services and International business with the exchange rate movements and continuous network expansions. Further, future opportunities are emerging with novel digital products and services with digital transformation.

(b) Liquidity management

The effective collection strategies of the Group coupled with the need for continuous supply of telecommunication services improved collections over the period. However, as a result of recent utility price hikes and increase of individual income tax rates, disposable income of SLT customers has deteriorated significantly. This will affect the monthly collection and finally end up with further liquidity shortage. The group prioritised capital expenditure for critical projects, including projects which provide connectivity to rural areas to narrow the digital divide in the country. The sudden depreciation of the Sri Lankan rupee against the US dollar during the year adversely impacted the cash flows of the group. Although, the foreign currency liquidity improved slightly in the latter part of the year, the domestic foreign exchange market posed challenges to project payments in foreign currency. Further, the liquidity shortage in LKR market and high inflation has pushed the market interest rates higher increasing financing costs of the group during the year.

(c) Impact on property, plant and equipment

The Group has assessed the impact on property, plant and equipment and spectrum assigned to the Group. The Group will continue to take proactive measures to mitigate any potential impact and will continue its contingency plans and risk management measures as the situation evolves.

There were no other events or transactions that require disclosures or adjustments to the financial statements for the year ended 31 December 2022.

Notes to the Financial Statements

38. Events after the Reporting Date

Proposed dividend declaration

The Board of Directors of the Company has recommended a first and final dividend of LKR 0.25 per share (2021 – LKR 2.02 per share) on voting shares of the company to be paid by way of cash dividend for the financial year ended 31 December 2022.

Further, this dividend is to be approved at the Annual General Meeting to be held on 11 May 2023. This proposed final dividend has not been recognised as a liability as at 31 December 2022. Final dividend proposed for the year amounts to LKR 451,215,000 in compliance with section 56 and 57 of Companies Act No. 07 of 2007. As required by section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with the section 57, prior to recommending the final dividend. A statement of solvency completed and duly signed by the Directors on 10 April 2023 has been audited by Messrs. Ernst & Young.

Except as disclosed above, no other events have arisen since the Statement of Financial Position date which require changes to, or disclosure in the Financial Statements.



Supplementary Information

Ten Year Progress – Group

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Financial position – Group										
Property, plant and equipment	164,916	141,937	137,208	140,632	123,850	117,035	108,649	99,283	90,935	80,506
Total assets	240,584	219,941	204,456	209,019	180,435	159,206	142,910	126,545	122,604	108,047
Current assets	55,451	58,417	46,762	46,718	45,377	31,048	27,464	21,426	25,343	20,598
Current liabilities	73,425	55,432	46,686	56,949	52,378	57,885	45,226	33,082	29,031	26,526
Borrowings	47,295	46,589	55,057	61,676	55,835	41,811	32,940	24,395	27,122	20,690
Equity	92,488	93,976	84,281	78,167	73,720	71,404	68,678	65,240	63,900	59,789
Performance										
Revenue	107,710	102,348	91,119	85,948	81,445	75,741	73,801	68,022	65,040	60,144
Operating profit	12,518	13,844	11,632	8,539	7,613	3,918	5,726	6,789	5,711	6,491
Finance cost	6,574	3,504	4,105	2,510	2,048	637	1,229	2,398	211	1,177
Profit before tax	10,588	12,818	9,713	8,216	7,169	5,528	6,497	5,515	8,251	7,365
Taxation	5,823	657	1,832	1,894	2,221	1,588	1,707	1,791	2,250	1,946
Profit after tax	4,765	12,161	7,881	6,322	4,948	3,940	4,790	3,724	6,001	5,419
Cash flow										
Net operating cash flows	28,914	43,381	32,300	20,410	19,656	18,224	19,466	21,265	20,047	15,386
Net cash used in investing activities	40,768	30,001	15,034	28,278	22,890	27,415	24,347	14,375	23,524	16,507
Net cash used in/(from) financing activities	663	(7,381)	(9,003)	4,957	16,909	756	360	6,065	(5,039)	57
Key financial indicators										
Earnings per share (LKR)	2.64	6.73	4.37	3.50	2.74	2.18	2.65	2.06	3.32	3.00
Return on assets (%)	1.98	5.53	3.85	3.02	2.74	2.47	3.35	2.94	4.89	5.02
Return on equity (%)	5.15	12.94	9.35	8.09	6.71	5.52	6.97	5.71	9.39	9.06
Operating margin (%)	11.62	13.53	12.77	9.94	9.35	5.17	7.76	9.98	8.78	10.79
Asset turnover (Number of times)	0.45	0.47	0.45	0.41	0.45	0.48	0.52	0.54	0.53	0.56
Current ratio (Number of times CL)	0.76	1.05	1.00	0.82	0.87	0.54	0.61	0.65	0.87	0.78
Quick asset ratio (Number of times CL)	0.71	1.01	0.94	0.76	0.82	0.48	0.57	0.62	0.86	0.69
Debt/equity ratio – Number of times	0.78	0.66	0.78	0.93	0.76	0.59	0.48	0.37	0.42	0.35
Interest cover (Number of times interest)	1.75	3.31	1.91	1.47	1.77	2.02	4.53	5.62	8.94	9.44
Net assets per share (LKR)	51.18	52.01	46.64	43.25	40.79	39.81	38.00	36.14	35.40	33.13
Dividend per share (LKR)	0.25	2.02	1.49	1.06	1.06	0.89	0.89	0.89	0.85	0.85

1. Earnings per share – Earnings per ordinary share (EPS) – Profit attributable to ordinary shareholders divided by the number of ordinary shares in use.
2. Return on Assets – Return on assets (ROA) – Profit after tax expressed as a percentage of the average assets; indicates overall effectiveness in generating profits with available assets.
3. Return on Equity – Return on equity (ROE) – Net profit attributable to owners, expressed as percentage of average ordinary shareholders' equity.
4. Operating Margin – Operating margin is a measurement of what proportion of revenue is left over after paying for variable costs of production such as wages, raw materials, etc.
5. Asset Turnover – Asset turnover ratio measures the value of sales or revenues generated relative to the value of its assets.
6. Current Ratio – The current ratio measures the ability to cover its short-term liabilities with its current assets.
7. Quick Asset Ratio – The Quick Ratio, also known as the Acid-test or liquidity ratio, measures the ability of a business to pay its short-term liabilities by having assets that are readily convertible into cash.
8. Debt/Equity Ratio – The Debt/Equity ratio measures the proportion of borrowed funds to its equity.
9. Interest Cover – Number of times interest expense is covered by earnings before interest and tax.
10. Net assets per share – Net assets per share measures net assets divided by number of ordinary shares in use.



Investor Information

Distribution of Shares

Shareholding	Resident			Non-resident			Total		
	Number of shareholders	Number of shares	Percentage %	Number of shareholders	Number of shares	Percentage %	Number of shareholders	Number of shares	Percentage %
1 – 1,000 shares	10,355	2,928,955	0.16	14	5,454	0.00	10,369	2,934,409	0.16
1,001 – 10,000 shares	2,265	8,773,337	0.48	21	99,354	0.01	2,286	8,872,691	0.49
10,001 – 100,000 shares	272	6,266,437	0.35	6	203,334	0.01	278	6,469,771	0.36
100,001 – 1,000,000 shares	13	2,880,169	0.16	0	–	0.00	13	2,880,169	0.16
Over 1,000,000 shares	10	971,945,091	53.85	1	811,757,869	44.98	11	1,783,702,960	98.83
	12,915	992,793,989	55.00	42	812,066,011	45.00	12,957	1,804,860,000	100.00

Categories of Shareholders

Category	Number of shareholders	Number of shares
Individual	12,789	17,203,376
Institutional	168	1,787,656,624
Total	12,957	1,804,860,000

20 Major Shareholders as at 31 December 2022

Name	Shareholding	Percentage (%)
1. Secretary To The Treasury	893,405,709	49.50
2. Global Telecommunications Holdings Nv	811,757,869	44.98
3. Employees' Provident Fund	25,324,104	1.40
4. Sri Lanka Insurance Corporation Ltd – Life Fund	17,713,735	0.98
5. National Savings Bank	13,158,700	0.73
6. Bank Of Ceylon A/C Ceybank Unit Trust	12,610,712	0.70
7. Employees' Trust Fund Board	3,302,188	0.18
8. Sri Lanka Insurance Corporation Ltd – General Fund	2,041,538	0.11
9. Seylan Bank Plc/ARRC Capital (Pvt) Ltd	1,792,116	0.10
10. J B Cocoshell (Pvt) Ltd	1,463,396	0.08
11. Bank Of Ceylon A/C Ceybank Century Growth Fund	1,132,893	0.06
12. Acuity Partners (Pvt) Limited/Mr Don Janaka Nishan Hettiarachchi	770,000	0.04
13. Merchant Bank Of Sri Lanka And Finance Plc/N. N. Dissanayaka	274,640	0.02
14. Mr M M Hettigama	226,187	0.01
15. The Incorporated Trustees Of The Church Of Ceylon	223,590	0.01
16. Bank Of Ceylon No. 1 Account	214,000	0.01
17. Mr A R H Fernando	194,839	0.01
18. Merchant Bank of Sri Lanka And Finance Plc/A Hewage	189,521	0.01
19. Ceylon Biscuits Limited	161,825	0.01
20. LOLC Finance Plc/P B S M Kumara	153,946	0.01
Total	1,786,111,508	98.95%

Float adjusted market capitalisation as at 31 December 2022 – LKR	5,856,551,612.00
Percentage of public holding as at 31 December 2022	4.77%
Number of shareholders representing the public holding as at 31 December 2022	12,952

Investor Information

Ratio and Market Price Information Share Price Trend

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Highest value (LKR)	78.90	42.90	34.80	34.50	30.00	36.70	46.40	54.90	57.30	50.00
Lowest value (LKR)	28.70	31.50	18.00	19.60	18.90	27.00	31.20	43.00	33.33	36.10
Last traded price (LKR)	68.00	38.80	33.50	31.90	23.40	28.50	36.00	47.00	49.90	37.00
Market capitalisation (LKR Bn.)	122.70	70.02	60.40	57.57	42.23	51.43	64.97	84.83	90.00	66.78

Trading Activity

	2022	2021	2020
Number of transactions	33,827	9,726	6,853
Number of shares traded	34,630,170	6,697,029	5,982,917
Value of shares traded (LKR)	2,054,279,732	243,389,461	186,345,491

The Debt/Equity Ratios

At 31 December	Group		Company	
	2022	2021	2022	2021
Total debt	72,117	62,083	59,099	50,024
Total equity	92,488	93,967	69,546	65,672
Total capital	164,605	156,059	128,645	115,696
Debt/Equity Ratio	78.0	66.1	85.0	76.2

Equity – Group

Group	2022	2021
Earnings per share (LKR)	2.64	6.73
Net assets per share	51.18	52.01
Debt/Equity ratio – Number of times	0.78	0.66
Quick asset ratio – (Number of times C.L.)	0.71	1.01
Interest cover (Number of times interest)	1.75	3.31
Dividend pay out ratio	9.5%	30%
Dividend per share	0.25	2.02



Debt Information – Company

Company	2022	2021
Interest rate on comparable government security Market price and yield during the year (ex-interest)	25.98	11.53%
Highest debenture price	Debenture were not traded during the year 2022	Debenture were not traded during the year 2021
Lowest debenture price	–	
Last traded debenture price	–	
Debt/equity ratio – Number of times	0.85	0.76
Interest cover (Number of times interest)	2.12	1.92
Quick Asset Ratio (Number of times CL)	0.69	0.88

Portfolio of Lands

The following values are based on valuation reports submitted by a firm of incorporated valuers in 2022, on lands transferred on incorporation (conversion of SLT into a public limited company in 1996) and lands acquired after the incorporation. The said lands valued over LKR 500,000/- with their respective values are given below:

The level of the fair value hierarchy within which the fair value measurements are categorised is Level 3. Land values have been adopted after comparing with land sales in particular location by the valuer. Unobservable inputs for the assets have been used as inputs in the fair value measurement.

Fair value of selected 74 lands, which contribute 85% of the total revalued land value in year 2018, have been onsite revalued for financial reporting purposes. Below 74 lands were onsite revalued using the above same methods for determining the fair value measurements.

Location	Extent (Ha)	Value of land (LKR Mn.)
Regional Telecom Engineers' Office, Exchange and IPT Quarters Land, Nuwara-Eliya	0.2354	931.0
Peliyagoda Stores Complex Land	1.6432	877.0
Regional Telecom Engineer's Office Land, Church Street, Galle.	0.2520	797.0
Transport Division Land, Polhengoda Road, Narahenpita.	0.3030	779.0
Regional Telecom Engineer's Office and Kandy Exchange Land Lot 1 and Lot 2	0.2251	667.0
Kurunegala Exchange and RTOM office Land Kandy Road, Kurunegala.	0.9200	637.0
Main Street, Kalutara Lot 1, 2, 3	0.3035	480.0
Nugegoda Transport Garage Land, Nalandarama Road	0.1970	428.0
Auto Exchange and IPT Quarters Land, Main Street, Panadura. (RTOM Office) Lot 1, 2	0.2542	424.0
Regional Telecom, Engineer's Office and Exchange Land, Kotte	0.2051	385.0
Regional Telecom Engineer's Office Land – 06, Senanayake Mw. Bandarawela	0.2380	400.0
Maharagama Exchange Land	0.1140	330.0
Galle Exchange and IPT Quarters Land, No. 8, Wakwella Road, Galle	0.1697	235.0
Regional Telecom Engineer's Office, Rathnapura	0.3645	238.0
RTOM Office and DIT/ IPT Quarters Land, Avissawella	0.4376	230.0
District Switching Centre and IPT Qtrs Land, Inner Harbour Road, Trincomalee.	0.3294	98.0
Regional Telecom Engineer's office and exchange Land, Court Road, Gampaha.	0.1366	243.0
RTOM and Auto Exchange Land, Batticaloa	0.4383	208.0
Hatton Exchange and RTOM Office Land, Danbar Road, Hatton Lot 1	0.9650	172.0
Training Centre Land, Horethuduwa (Sirimathi Rd.)	1.4346	184.0
Dambulla Exchange	0.4032	192.0
Telecom Training Centre Land, No. 176, Matara Rd, Unawatuna, Galle	0.7910	172.0
Exchange Land, Homagama	0.1035	162.0

Location	Extent (Ha)	Value of land (LKR Mn.)
Ragama Exchange Land	0.2048	162.0
Wattala Exchange Land	0.1012	160.0
Ja-Ela Exchange Land, DIT Office and IPT Quarters.	0.0870	138.0
Kaduwela Exchange Land Lot 1, 2	0.0983	136.0
Training Centre, No. 562/D, Jayanthi Rd, Anuradhapura	0.7889	125.0
Kuliyapitiya Exchange Land Lot 37, 39	0.2300	123.0
Havelock Town RSU II Land, Havelock Road, Colombo 05	0.0253	130.0
Ambalangoda Exchange and DIT Office Land	0.0790	109.0
-5 and P-6 Poththode quarters Land, Thimbrigaskatuwa, Pottode – Negombo Lot 1, 2	1.7160	136.0
IPT Qrts (Present OPMC) Land No. 8 and 10, Sri Gunarathena Mw. Panadura.	0.2952	117.0
Nawalapitiya Exchange and IPT Quarters Land – Lot 1 and Lot 2	0.2782	110.0
Chilaw Exchange Land, Puttalam Road, Chilaw	0.2708	118.0
DIT Quarters Land – No. 67, Gattuwana.	0.2730	108.0
Puttalam Auto Exchange Land, Equipment Building and IPT Quarters	0.3054	103.0
Pussellewa Exchange Land, Nuwara Eliya Road.	0.2155	102.0
Peradeniya Exchange, Telecom Training Peradeniya, Lot 1 and Lot 2	0.1169	104.0
Auto Exchange and Quarters Land, Bandaragama.	0.2803	83.0
Havelock Town RSU III Land, Vaverset place, Colombo 06	0.0180	85.0
Katunayaka Exchange Land Lot 1, 2	0.3039	90.0
Horana Exchange and DIT Quarters Land, Anguruwatta Road, Horana.	0.2177	73.0
Primrose Hill, Circuit Bungalow Land, Kandy	0.0751	67.0
Exchange Land, Aluth Mw., Mattakkuliya	0.0460	82.0
RTOM Quartres, behind the Mosque – Anuradhapura	0.1769	63.0
OPMC Land, Awissavella	0.3655	72.0
Embilipitiya Exchange & IPT Quarters Land, Embilipitiya	0.4620	73.0
Engineer's Quarters Land, No. 116/53, Lake Round, Kurunegala.	0.2060	69.0



Portfolio of Lands

Location	Extent (Ha)	Value of land (LKR Mn.)
Ganemulla Exchange and IPT Quarters Land	0.1564	68.0
Kelaniya Exchange Land, Kelaniya	0.1475	70.0
HQ Building, OTS Building and CTO Building Land, Lotus Road, Colombo 01.	1.3154	12,221.0
Welikada Wireless Station and Maritime Service Station Land	3.0880	6,714.0
Regional Telecom Engineer's Office Land, Dickmans Road, Colombo 05	0.3360	1,793.0
No. 17, Sugathodaya Mawatha, Colombo 02.	0.2190	1,429.0
Punchi Borella Exchange Land, Maradana.	0.2625	1,323.0
No. 5, Anderson Road, Colombo 05.	0.1889	934.0
No. 7, Anderson Road, Colombo 05.	0.1363	674.0
No. 9, Anderson Road, Colombo 05.	0.1949	963.0
Telecom Training Centre Land, Welisara.	2.2280	661.0
Kegalle Exchange and RTOM office Land, Kegalle.	1.4515	524.0
Regional Telecom Engineer's Office – Matara Exchange and DIT Office Land	0.2880	484.0
No. 106, St. Joseph's Street, Negombo	0.6787	470.0
Kotugoda Stores Complex Land	7.6475	453.0
RTOM building Land, Nugegoda	0.1170	369.0
Earth Satellite Station Land, Padukka.	13.8960	347.0
Mount Lavinia Exchange Land, Minor Staff Room and Stores	0.1913	303.0
Ratmalana Exchange Land, Rathmalana	0.2076	328.0
Regional Telecom Engineer's Office Matale Exchange Land	0.3342	231.0
Regional Telecom Engineers' Office, Pollonnaruwa Exchange and IPT Quarters Land	0.3129	216.0
Driver's and LPT Qts., Maithreepala Senanayake Mw, Anuradhapura	0.1125	222.0
Engineer's Office and DSC, Maithreepala Senanayake Mawatha Anuradhapura	0.3355	365.0
DIT Qts., No. 108 and 109, Walawaththa Rd., Anuradhapura	0.2434	63.0
DIT and IPT Quarters, Godage Mw., Anuradhapura	0.1523	81.0
		43,313.00

Portfolio of Lands

406 number lands were revalued using desktop valuation and the methodology used to arrive "the fair value" in the desktop valuation is only market approach, but based on previous on-site valuation done in 2018. The said lands valued over LKR 500,000/- with their respective values are given below:

Location	Extent (Ha)	Value of land (LKR Mn.)
Regional Telecom Engineers Office and Switching Centre Land, Jaffna	1.1810	233.5
Badulla District Switching Centre and Engineer's Quarters Land	0.4020	135.1
Monaragala Exchange and IPT/Linemen Quarters Land	0.3160	124.9
District Switching Centre Land, Mannar.	0.3238	51.2
Regional Telecom Engineer's Office and Exchange, Galkantha Mawatha, Ampara	0.7657	75.7
DIT/IPT Quarters Land – Bandarawela	0.0705	69.7
Regional Telecom Engineer's Office Land – Kalmunai	0.4326	59.9
Haputale Exchange Land	0.4080	64.5
RTOM office Land, Vavuniya. Lot 1772, 1773	0.4047	48.0
Narammala old and New Exchange Land	0.0970	46.0
Minuwangoda Exchange and IPT Quarters Land	0.0759	45.0
Mannar Transmission Tower Land	0.2645	62.7
P-1 ,P-2, P-3, P-4 Thimbrigaskatuwa Pottode – quarters Land ,Negombo.	0.6037	41.8
Balangoda Telecom Exchange Land Lot 1 and Lot 2	0.2324	41.5
Akkaraipattu Exchange Land	0.2050	40.5
Wellampitiya Exchange Land	0.1020	40.3
Kiribathkumbura Land (Proposed for Training Centre)	0.5805	40.2
Kalawanchikudy Exchange Land	0.1693	40.2
Moratuwa Exchange Land, Moratuwa	0.1119	39.8
Kadawatha Exchange Land Lot 1, 2	0.1062	38.7
Pelmadulla Telecom Exchange Land	0.0950	37.6
Piliyandala Exchange Land	0.0632	37.5
Mattegoda exchange Land	0.1265	37.5
Eravur Auto Exchange Land	0.0925	36.6
Buttala Exchange Land	0.2020	35.9
Dickwella Auto Exchange and Quarters Land	0.1554	39.9
Hambantota Exchange Land, No. 66, Barrak Street	0.1920	34.1
Thambuttegama Exchange Land	0.0860	34.0
Dunagaha Exchange Land	0.1710	33.8
Nugegoda RSU I Land, Kirulapane	0.0244	33.8
Boralesgamuwa Exchange Land	0.0335	33.7
Nugegoda RSU 4 Land, Kalubowila	0.0241	33.4
Repeater Station Land, Primrose Hill.	0.1233	32.9

Location	Extent (Ha)	Value of land (LKR Mn.)
Bibile Exchange Land (Lot 770, 773,774)	0.2740	32.5
Angoda Exchange Land, Angoda	0.0900	32.0
Exchange and IPT Quarters Land, Mahawa Lot 176, 177, 179	0.4620	32.0
HP Quarters Land, Primrose Hill.	0.0534	31.7
Malwana Exchange	0.1057	31.3
DGM Quarter Land, Rifle Green, Trincomalee	0.1577	31.2
OPMC, Teleshop, Station Road, Batticaloa	0.0516	30.6
Beliatta Exchange Land, Beliatta	0.4420	30.6
IPT Quarters 1 No and Stores Land Mannar Rd, Vavuniya	0.3060	30.2
Weligama Exchange and IPT Quarters Land	0.1069	33.8
Gampola Singha pitiya Road Land, Gampola	0.2529	30.0
Kotte RSU6 Land, Nawala	0.0304	30.0
IPT Quarters Land, Station Rd, Vavuniya	0.1500	29.7
DIT Quarters Land, 99/1, Ratnapura Road, Avissawella.	0.1593	28.3
Kadugannawa Exchange	0.0356	28.1
Akurassa Exchange Land	0.0711	28.1
Browns Hill Repeater Station Land, Browns Hill Lot 1, 2, 3, 4, 5	0.1415	28.0
Hokandara Exchange Land	0.0857	30.5
Chilaw DIT/IPT Quarters Land	0.0468	27.7
HP's Quarters Land, Bandarawela	0.2329	27.6
Batapola Exchange	0.1160	27.5
Tangalle Exchange, IPT Quarters and Repeater Stn. Land	0.1960	27.1
RSU Building and Exchange Land, Beruwela.	0.2100	27.0
Pallekale Land	0.0899	26.7
Kamburupitiya Exchange Land	0.0890	26.4
Weliweriya Exchange Land, Gampaha Road. Lot 1, 2, 3, 4	0.0438	25.6
Mutur Exchange Land	0.2838	25.2
Digana Old Exchange and Repeater Station Land Ahaspokuna	0.3560	24.6
Mirigama Telecom Building, DIT Office and IPT Quarters Land, Lot 1,2,3	0.1874	24.1
Eheliyagoda Exchange Land	0.0802	23.8
Kirindiwela Exchange and IPT Quarters Land – Lot 1, 2	0.2129	23.6
Rajakadalawa Exchange Land	0.1490	23.6
Katugastota Exchange and IPT Quarters Land	0.0395	23.4
Kekirawa Auto Exchange Land	0.1310	23.3



Portfolio of Lands

Location	Extent (Ha)	Value of land (LKR Mn.)
Rikillagaskada Exchange, and IPT Quarters Land	0.1300	23.1
Killinochchi Exchange and Repeater Station Land	0.5799	22.9
Wilgamuwa RSU Land	0.1878	22.3
Valachchanai Auto Exchange Land	0.2036	22.1
Kotte RSU2 Land, Talawathugoda	0.0220	21.8
Mawanella Auto Exchange Land	0.0910	21.6
IPT Quarters Land – No. 07, Gattuwana.	0.1210	21.5
Ranpokunugama Exchange and IPT Quarters Land, Ranpokunugama	0.1532	21.2
Baddegama Exchange Land	0.1340	21.2
Veyangoda Exchange Land, Negombo Road.	0.0889	21.1
Laggala Repeater Station (Reverston) Land (Lot 62, 69, 70, 76, Lot A, B)	1.0498	20.8
Wellawaya Exchange Land	0.1300	20.5
Ambalantota Exchange Land	0.1721	20.4
Elpitiya Exchange and Kiosk Land	0.1460	20.2
RTOM Qtrs Land, Donald Janz Road, Galle	0.0511	20.2
Kekanadura Exchange and Qtrs Land, Kekanadura	0.1020	20.2
Gainawa Exchange and Linemen Quarters Land	0.1453	20.1
Mawatagama New Exchange Land, Mawatagama	0.1015	20.1
Palavi Exchange Land (Double Kiosk) Palavi.	0.2024	20.0
Makandura Exchange Land	0.4040	20.0
Passara Exchange and Linemen Quarters Land	0.3744	29.6
Sevanagala Exchange and LPT Qts Land Lot 4900, 4901	0.6420	19.0
Circuit Bungalow Land – Bandarawela	0.1718	20.4
Keselwatta RSU Building Land, 34, Srimathi Rd, Keselwatta	0.0632	18.7
Hali-Ela Exchange Land	0.0940	18.6
Karaveddy RSU Land	0.3110	18.4
Pulmoddai Exchange Land	0.3103	18.4
Exchange Land, Padukka	0.0607	18.0
RSU 1 Land, No.47/1A, Church Road, Mattakkuliya	0.0304	18.0
Dodangoda RSU Land	0.1510	17.9
Welimada Exchange and Kiosk Land	0.1110	17.5
Kotiyakumbura Exchange Land	0.1012	17.3
Exchange Land, Thimbolketiya (Lot 1,2,3)	0.6771	17.2
Kinniya Exchange Land	0.1080	17.1
Tx. Tower land (Opposite to the RTOM office separated by Highway), Gampaha	0.0157	17.1
Imaduwa Exchange and Kiosk Land Lot 473, 474	0.2150	17.0
Nikaweratiya Exchange Land, Lot 586, 680	0.1400	27.7
Kotte RSU1 Land, Madiwela	0.0278	16.5
Wattegama Exchange Land Kudugalla Road (Part 2)	0.1512	16.4

Location	Extent (Ha)	Value of land (LKR Mn.)
Kottegoda Exchange Land	0.1036	16.4
Naula Exchange Land	0.1380	16.4
Akkaraipattu Old Exchange Land (PP A 1355, Lot 1 and PP Am787 Lot 1)	0.0999	15.8
Kebithigollewa Exchange Land (Lot 314, 315)	0.2628	15.6
Haddon Hill Land – Nuwara-Eliya Lot 1, 2 (Road Reservation)	0.0720	20.0
Potthuwi Exchange Land	0.2570	15.2
Chunnakam RAX Land	0.1912	15.1
Bakamuna RSU Building Land	0.3750	14.8
Hungama Exchange Land, Hungama	0.1250	14.8
Biyagama RSU2 Land, Biyagama (Bandarawatta Land)	0.0374	14.8
Kantalai Exchange Land	0.1244	14.8
VHF Station Land – Batticaloa (Kaliyankadu)	0.1019	14.1
Samanturai Exchange Land	0.1990	13.8
Marawila Auto Exchange Land (LOT 2)	0.0507	13.6
Thelijawila Auto Exchange and Quarters Land	0.0690	13.6
Gonapola Land	0.0759	13.5
Bingiriya Exchange and Kiosk Land	0.1680	13.3
Ella Kiosk	0.0330	13.0
Gampola Exchange	0.0285	12.7
Galgamuwa Auto Exchange Land	0.1580	12.5
Horowpathana Exchange Land	0.4180	12.4
Kotte RSU5 Land, Kotuwegoda	0.0311	12.3
LPT Quarters Land, Station Rd., Vavuniya	0.0777	12.3
IPT Quarters (No. 1,2 and 3) Land, District Switching Centre, No. 26, Badulla.	0.0340	12.1
IPT Quarters Land - 13 A/1, Galwala Road, Hambantota.	0.1020	12.1
Rakwana Telecom Exchange Land.	0.2035	12.1
Chavakachcheri RAX and RSU Land	0.1214	12.0
Akurana Land	0.0759	12.0
Moratuwa RSU 3 Land, Rawathawatte	0.0202	12.0
Welikanda Exchange Land	0.2988	11.8
Sithankerni RSU Land	0.1745	11.8
Hettipola Exchnage Land	0.0980	11.6
Urubokka Exchange Land	0.1290	11.5
Nugegoda RSU 3 Land, Gangodawila	0.0164	11.4
Tissamaharama New Exchange Land	0.0820	11.3
Hakmana Exchange Land	0.1260	11.2
Pannala Exchange Land	0.0940	11.1
Habaraduwa Exchange Land	0.0796	11.0

Portfolio of Lands

Location	Extent (Ha)	Value of land (LKR Mn.)
Udugama Exchange Land, Udugampola MSAN Land	0.1391	11.0
Yatiantota Auto Exchange Land	0.0511	2.0
Mahiyangana Exchange Land	0.0790	11.0
Kosgoda Exchange Land	0.0920	10.9
Galewela RSU Land Lot 1185, Lot 1188 and Lot 1190	0.1822	10.8
Kalpitiya Exchange Land, Kalpitiya	0.1093	10.8
Angoda RSU1 Land, IDH	0.0364	10.8
Piliyandala RSU 5 Land, Bokundara	0.0316	10.6
Kandapola Land	0.0894	10.6
Kotte RSU3 Land, Battaramulla	0.0185	10.5
Kotte RSU4 Land, Thalagama North	0.0354	10.5
Nikadalupotha Exchange Land, Hiripitiya	0.1180	10.5
Ninthavur Exchange Land	0.0863	10.2
Galigamuwa Auto Exchange Land	0.1031	10.2
Hasalaka Exchange Land, Hasalaka	0.0794	10.2
Gintota (Dodanduwa Exchange) Land	0.0513	10.1
Weeraketiya Exchange and Qtrs Land	0.1700	10.1
Hemmathagama Land	0.1017	10.0
Biyagama RSU1 Land, Heiyanduwa	0.0506	10.0
Kotadeniyawa Exchange Land	0.1686	10.0
Ingiriya Exchange Land Lot 1, 2, 3	0.2800	10.0
Alawwa Exchange Land, Narammala Road.	0.0760	9.8
Kadawatha RSU1 Land, Ranmuthugala	0.0329	9.7
RSU Land-Rattota Lot 6 and Lot 7	0.1220	9.6
Galenbiduniwewa Land	0.1921	9.5
Visaka Hill Repeater Station Land, Bandarawela	0.0958	9.5
RSU Building and IPT Quarters Land, Matugama	0.0597	9.4
Warakapola Exchange Land	0.0867	9.4
Habarana Land	0.1182	9.3
Nugegoda RSU 2 Land, Embuldeniya	0.0234	9.2
Ensalwatta Repeater Station Land – Deniyaya	0.3040	9.0
Ethagala Repeater Station Land	0.2530	9.0
Piliyandala RSU I Land, Honnanthara	0.0518	9.0
Ukuwela Exchange land	0.1517	9.0
IPT Quarters Land – Diyathalawa	0.0226	8.9
Nochchiyagama Exchange Land (Lot 1666, 1668)	0.1800	8.9
Kahatagasdigiliya Exchange Land	0.0993	8.8
RSU Land-Pallepola Lot 403	0.0970	8.6
Pitabaddara Exchange Land, Pitabaddara	0.2160	8.5

Location	Extent (Ha)	Value of land (LKR Mn.)
Kadawatha RSU2 Land, Ihala Karagahamuna	0.0430	8.5
Medirigiriya Land	0.2140	8.5
Niwitigala Exchange and Linemen Quarters Land	0.2830	8.4
Pundaluoya Exchange Land	0.2620	8.3
Deraniyagala Exchange Land (Lot 1, 2)	0.1390	8.2
Galagedara Exchange Land, Rambukkana Road.	0.1386	8.2
Ampitikanda Exchange	0.2077	8.2
Moratuwa RSU 2 Land, Moratumulla	0.0276	8.2
Galapitamada Land	0.0990	8.2
Mawarala Exchange Land	0.2070	8.2
Wattegama Exchange Land Kudugalla Road (Part 1)	0.0827	8.2
Hingurakgoda Auto Exchange Land	0.0583	8.1
Rideegama Exchange Land	0.2530	8.0
Anandankulam Land	0.2020	8.0
RSU Building Bulathsinghala Land Lot 1, 2	0.2017	8.0
Oluvil Exchange Land	0.1006	7.9
Pasyala Exchange and IPT Quarters Land, Nittambuwa Rd, Pasyala. Lot 1, 2	0.0534	7.9
Kollonna Exchange Land	0.3320	7.9
Angunakolapalassa Exchange Land Lot 525, 755	0.1960	7.8
Kuruwita Telecom Exchange Land	0.0653	7.7
Mulativu Auto Exchange	0.6506	7.7
Akkaraipattu Road, Hingurana	0.3877	7.6
Tanamalwila Exchange Land	0.3200	7.6
Hanguranketha Ex.(New) Land	0.0851	7.6
Kosgama RSU Land, Kosgama (Lot 1, 2)	0.0759	7.5
Mulleriyawa Land (Angoda RSU 2)	0.0379	7.5
Udathuttipitiya Exchange Land	0.1258	7.5
Kaduwela RSU1 Land, Malabe	0.0248	7.3
Watagoda Exchange	0.1850	7.3
Nagoda Exchange Land	0.1230	7.3
Post Office Road, Eppawela	0.0914	7.2
Madampe New Exchange Land, Kurunegala Road (Lot 1)	0.0907	7.2
Talawakelle Exchange Land Lot 1, 2, 3	0.1813	7.2
Rathmalana RSU I Land, Laxapathiya	0.0253	7.0
Deniyaya Exchange and IPT Qtrs Land Lot 764	0.1770	7.0
Bulathkohupitiya Exchange Land	0.2349	7.0
Kiri Ella Telecom Exchange Land	0.0875	6.9
Kadawatha RSU4 Land, Makola North	0.0192	6.8
Middeniya Exchange Land, Middeniya	0.2870	6.8



Portfolio of Lands

Location	Extent (Ha)	Value of land (LKR Mn.)
Chinabay Exchange Land – Lot 163 and Lot 165	0.0768	6.7
Mulatiyana Exchange Land, Mulatiyana	0.1130	6.7
Single Tree Hill-Repeater Station Land Lot 1, 2, 3	0.1691	6.7
Talaimannar Repeater St. Land Lot 1 and Lot 2	0.1836	6.7
Namunukula Circuit Bangalow Land	0.2100	6.6
Wariyapola Exchange Land	0.1120	6.6
Moratuwa RSU I Land, Molpe	0.0257	6.6
Kochchikade Exchange Land	0.0410	6.5
Rakwana Kiosk Land.	0.0270	6.4
Walasmulla Exchange Land	0.0803	6.3
Halgaran-oya Exchange Land	0.0791	6.3
Lunuwila Exchange (New) Land	0.0900	6.2
Madolsima Exchange Land	0.3844	6.1
Thampalagam Exchange Land, Thampalagam	0.1020	6.1
Thirukkovil RSU Land	0.1012	6.0
Badalgama Exchange Land	0.0984	5.8
Ramboda Exchange Land Lot 1, 2, 3 and 4.	0.1120	5.8
Kandaketiya Exchange Land	0.0981	5.8
Medawachchiya Exchange and Linemen Quarters Land	0.1468	5.8
Rukmalgama Exchange Land	0.0817	17.8
Madukanda Repeater St. Land Lot 1523 and Lot 1525	0.6037	6.0
RSU Building Meegahatenna Land Lot 2828, 2829	0.2650	5.6
Kahawatta Kiosk Land	0.0140	5.5
Ruwanwella RSU Land, Ruwanwella	0.0673	5.3
Hanthana Repeater Station	0.2123	4.2
Alubomulla RSU Land	0.0759	5.3
Madawachchiya Land, Mannar Road. Medawachchiya.	0.3315	5.2
Ariyalai Land	0.0658	5.2
Point Pedro Land	0.0809	5.2
Killinochchi RAX Land, Paranthan	0.1748	5.2
Raddolugama Land	0.0291	5.2
Thoppur Auto Exchange Land	0.1745	5.2
Padiyathalawa Trans Repeater Station Land	1.2610	5.0
Bogahakumbura Exchange	0.0637	5.0
Pulasthigama Land	0.2120	5.0
Nilaveli Exchange Land	0.0629	5.0
Kal-Eliya Exchange Land	0.1005	5.0
Kotapola Exchange Land, Kotapola	0.1220	4.8

Location	Extent (Ha)	Value of land (LKR Mn.)
Kadawatha RSU3 Land, Siyambalape	0.0202	4.8
Bambarabotuwa Exchange Land	0.1204	4.8
Godakawela RSU Land	0.0490	5.8
Medamahanuwara New Exchange Land	0.1247	4.5
Del Repeater Station	0.3721	4.4
Mahaoya Exchange Land, Main Street, Mahaoya.	0.1110	4.4
Pugoda ELU-2 Land, Owitigama,	0.0253	4.3
Padaviya Exchange, Padaviya	0.1087	4.3
Maskeliya Exchange Land	0.1078	4.3
Kuchchaveli Exchange Land Lot 1689 and Lot 1690	0.1375	4.2
Ginigathhena Exchange and Quarters Land	0.1420	4.2
Padavi Siripura Exchange Land	0.2630	4.2
Rattota Kiosk Land	0.0209	4.1
Namunukula Exchange Land	0.1485	4.1
Neboda Auto Exchange Land	0.1032	4.1
Kalawana Exchange Land	0.2060	4.1
Tangalle Linemen's Quarters Land, Tissa Road, Marakolliya, Tangalle.	0.0824	4.1
Aliyamalagala Repeater Station	0.2027	4.0
Katana Land	0.1012	4.0
Polgahawela Exchange and Quarters Land LOT 1, 3, 5	0.2000	4.0
Piliyandala RSU 4 Land, Batakeththara	0.0253	4.0
Handessa RSU Land	0.1012	4.0
Piliyandala RSU 3 Land, Wethara	0.0253	4.0
Lunugala Kiosk Land	0.1346	4.0
Katuwana land	0.1000	4.0
Muruthalawa Exchange Land	0.0969	3.8
Watawela Land	0.1210	3.8
Agbopura Land	0.1920	3.8
Punagala (Ampitikanda) Repeater Station Land	0.1920	3.8
Delgoda RSU1 Land, Delgoda	0.0320	3.8
Madolsima Repeater Station Land, Madolsima	0.1897	3.8
Rathmalana RSU 2 Land, Borupana	0.0190	3.8
Gurugoda Exchange Land, Gurugoda	0.0759	3.8
Seruwila Exchange Land	0.2320	3.7
Aranayaka Exchange Land	0.1200	3.6
Suriyakanda Repeater Station Land	0.1500	3.6
Galapitamada New Ex. Land	0.1789	3.5
Millenium City Land, Athurugiriya	0.0197	3.5
Mamadala Kiosk Land	0.0879	3.5

Portfolio of Lands

Location	Extent (Ha)	Value of land (LKR Mn.)
Ibbagamuwa DRMASS Land	0.0154	3.4
Morawaka Exchange Land, Morawaka	0.0458	3.3
Negampaha Exchange, Negampaha	0.0840	3.3
Vakarai VHF Station Land	0.1645	3.3
Cheddikulam Exchange Land	0.2026	3.2
Repeater Station Land – Glen Course	0.2244	3.1
Kandalama-Radio Repeater Station Land	0.1555	3.1
Manipai RAX Land	0.0516	3.0
Ibbagamuwa RSU Land	0.0379	3.0
Millaniya Exchange Land, Millaniya	0.1012	3.0
Agarapathana Ex. and LPT Quarters Land	0.1500	3.0
Upcot Rural Exchange and Linemen Quarters Land, Lot 1, 2	0.1495	2.9
Undugoda Exchange Land	0.0969	2.9
Punguduthive RAX Land	0.3571	2.8
Bagawantalawa Exchange Land	0.1185	2.8
Waga Land	0.0938	2.8
Kitulgala Exchange Land, Ginigathhena Road, Kitulgala	0.0880	2.6
Galhinna Land	0.0759	2.5
Torwood Repeater Station Land, Matugama	0.1607	2.5
Galaha Exchange and IPT Quarters Land, Galaha.– Lot 2 and Lot 3	0.1278	2.5
Malwatta Exchange Land	0.1568	2.5
Suriyawewa Exchange Land	0.0820	2.4
Padiyathalawa Exchange Land	0.1020	2.4
Pankulam Exchange Land	0.0608	2.4
Norton Bridge Exchange Land	0.1519	2.4
Akurassa Repeater Station Land Lot 385,386,387,388,389,390 and 391.	0.0787	2.3
Maturata Exchange Land	0.1670	2.3
Balungala Repeater Station Land	0.2317	2.3
Thellipalai RSU Land	0.1099	2.2
Divurampitiya Repeater Station Land	0.1093	2.1
Murukkan Land	0.1062	2.1
Piliyandala RSU 2 Land, Makandana Land, Station Exchange Land, Yatiyana Lot 1, 2, 3 and 4	0.0177	2.1
Galoya Junction (LPT Qts. Land, Station Rd.)	0.1288	11.0
Homagama RSU 1 Land, Panagoda	0.2023	2.0
Homagama RSU 1 Land, Panagoda	0.0253	2.0
Pathiraja Kanda Repeater Station Land, Ambalangoda.	0.1010	2.0
Haldummulla Kiosk Land	0.0990	2.0
Ridiyagama Rural Exchange Land	0.0655	1.9
Madolkelle Exchange Land	0.0961	1.9
Rangala Exchange Land	0.1540	1.8

Location	Extent (Ha)	Value of land (LKR Mn.)
Badalgama IPT Qrts Land	0.0303	1.8
Udupussallawa Exchange Land	0.0906	1.8
Jaltara Housing Scheme Land	0.0253	1.8
Pettigala Repeater Station Land, Balangoda.	0.0730	1.7
Radella LPT Quarters Land	0.0438	1.7
Namunukula Repeater Station	0.1373	1.6
Ullukkulam (SR-500) Land (Periya-Ullukkulam)	0.0536	1.6
Benachi Radio Transmission	0.0777	3.1
Welimada RLL Base Station Land	0.0527	1.6
Valvettithurai RAX Land	0.0725	1.4
Kopay RAX Land	0.0206	1.4
Inginiyagala Exchange Land	0.0470	1.4
Koslanda Exchange Land	0.0440	1.3
Pawakkulam Land	0.2091	1.7
Pandaththeruppu Land	0.0513	1.2
Pugoda ELU- 1 Land, Giridara	0.0051	1.2
Homagama RSU 2 Land, Magamma	0.0152	1.2
Kotmale Kiosk	0.1012	1.2
Galewala Old Kiosk Land	0.0152	1.2
Dolosbage New Exchange Land Lot 1 and Lot 2	0.0930	1.1
Pasalai new land	0.0908	1.1
Homagama LEU1 Land, Pitipana North	0.0253	1.0
Agalawatta Kiosk Land – Lot 1, 2	0.0080	0.9
Potuhera Auto Exchange Land, ELU – KG206,209	0.0090	0.9
Kaduwela ELU4 Land, Welivita Junction	0.0032	0.9
Beragama Kiosk Land	0.0600	0.8
Yakkalamulla Radio Base Station Land (Nabadawa RBS Land)	0.0506	0.8
Hiniduma (Topparangala) Land	0.0500	0.8
Padukka LEU Land (Ihala Bope)	0.0266	0.8
Killiveddy Exchange Land	0.0331	0.8
Ingiriya Kiosk Land	0.0126	0.7
Agarapathana RSU Land, 150 K Project.	0.0215	0.7
Karainagar Land	0.0507	0.5
Kaduwela ELU 1 Land, Ranala	0.0025	0.5
Giriulla Auto Exchange Land	0.1010	10.0
Regional Telecom Engineers Office, Tower Hill Road Hambantota. Lot 1 and Lot 2	0.2150	85.0
Udugampola Land (MSAN)	0.0025	0.6
Payagala SLT Site	0.0241	2.9
Galaha Transmission Tower Land	0.0556	0.6
Sub Stores Land, Nivanthaka Chethiya Road, Anuradhapura	0.0971	34.5
LPT Quarters, Nivanthaka Chethiya Road, Anuradhapura	0.0466	9.2
Wathumulla Exchange	0.077	3.8
		5,408.70



GRI Index

GRI Standard/ Other Source	Disclosure	Location
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organisational details	4
	2-2 Entities included in the organisation's sustainability reporting	3
	2-3 Reporting period, frequency and contact point	3
	2-4 Restatements of information	None
	2-5 External assurance	3
	2-6 Activities, value chain and other business relationships	24, 25, 82
	2-7 Employees	56, 57, 58
	2-8 Workers who are not employees	56
	2-9 Governance structure and composition	105
	2-10 Nomination and selection of the highest governance body	106
	2-11 Chair of the highest governance body	93
	2-12 Role of the highest governance body in overseeing the management of impacts	106
	2-13 Delegation of responsibility for managing impacts	107, 108
	2-14 Role of the highest governance body in sustainability reporting	125
	2-15 Conflicts of interest	110
	2-16 Communication of critical concerns	30, 31, 32, 33
	2-17 Collective knowledge of the highest governance body	93, 94, 95, 96
	2-18 Evaluation of the performance of the highest governance body	109, 110
	2-19 Remuneration policies	117
	2-20 Process to determine remuneration	117
	2-21 Annual total compensation ratio	Not disclosed
	2-22 Statement on sustainable development strategy	8
	2-23 Policy commitments	33
	2-24 Embedding policy commitments	57, 125
	2-25 Processes to remediate negative impacts	33
	2-26 Mechanisms for seeking advice and raising concerns	67
	2-27 Compliance with laws and regulations	3
	2-28 Membership associations	82
	2-29 Approach to stakeholder engagement	30
	2-30 Collective bargaining agreements	67
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	36
	3-2 List of material topics	36
	3-3 Management of material topics	36
Economic performance		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	44
	201-2 Financial implications and other risks and opportunities due to climate change	87
	201-3 Defined benefit plan obligations and other retirement plans	56
	201-4 Financial assistance received from government	None
Market presence		
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed
	202-2 Proportion of senior management hired from the local community	109

GRI Index

GRI Standard/ Other Source	Disclosure	Location
Indirect economic impacts		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	45, 46, 47, 72, 73, 74, 75
	203-2 Significant indirect economic impacts	28, 72
Procurement practices		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	84
Anti-corruption		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	119
	205-2 Communication and training about anti-corruption policies and procedures	119
	205-3 Confirmed incidents of corruption and actions taken	119
Anti-competitive behavior		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly	105
Tax		
GRI 207: Tax 2019	207-1 Approach to tax	Not disclosed
	207-2 Tax governance, control, and risk management	Not disclosed
	207-3 Stakeholder engagement and management of concerns related to tax	Not disclosed
	207-4 Country-by-country reporting	Not disclosed
Materials		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	46
	301-2 Recycled input materials used	87
	301-3 Reclaimed products and their packaging materials	87
Energy		
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	87
	302-2 Energy consumption outside of the organisation	87
	302-3 Energy intensity	87
	302-4 Reduction of energy consumption	87
	302-5 Reductions in energy requirements of products and services	47, 88
Water and effluents		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	88
	303-2 Management of water discharge-related impacts	47, 89
	303-3 Water withdrawal	Not disclosed
	303-4 Water discharge	Not disclosed
	303-5 Water consumption	Not disclosed
Biodiversity		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	196
	304-2 Significant impacts of activities, products and services on biodiversity	90
	304-3 Habitats protected or restored	90
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	None



GRI Standard/ Other Source	Disclosure	Location
Emissions		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	89
	305-2 Energy indirect (Scope 2) GHG emissions	89
	305-3 Other indirect (Scope 3) GHG emissions	89
	305-4 GHG emissions intensity	89
	305-5 Reduction of GHG emissions	89
	305-6 Emissions of ozone-depleting substances (ODS)	89
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	89
Waste		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	89
	306-2 Management of significant waste-related impacts	89
	306-3 Waste generated	89, 90
	306-4 Waste diverted from disposal	89, 90
	306-5 Waste directed to disposal	90
Supplier environmental assessment		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	84
	308-2 Negative environmental impacts in the supply chain and actions taken	None
Employment		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	60, 61, 68
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	61, 66
	401-3 Parental leave	58
Labor/management relations		
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Not disclosed
Occupational health and safety		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	31, 65
	403-2 Hazard identification, risk assessment, and incident investigation	65
	403-3 Occupational health services	65
	403-4 Worker participation, consultation, and communication on occupational health and safety	65
	403-5 Worker training on occupational health and safety	65
	403-6 Promotion of worker health	65
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	65
	403-8 Workers covered by an occupational health and safety management system	65
	403-9 Work-related injuries	65
	403-10 Work-related ill health	65
Training and education		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	62, 63
	404-2 Programs for upgrading employee skills and transition assistance programs	62, 64
	404-3 Percentage of employees receiving regular performance and career development reviews	62, 63, 64

GRI Index

GRI Standard/ Other Source	Disclosure	Location
Diversity and equal opportunity		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	56, 64
	405-2 Ratio of basic salary and remuneration of women to men	Not disclosed
Non-discrimination		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	64
Freedom of Association and Collective Bargaining		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	67
Child Labor		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	None
Forced or Compulsory Labor		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	None
Security Practices		
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Not disclosed
Rights of Indigenous Peoples		
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	None
Local communities		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	85
	413-2 Operations with significant actual and potential negative impacts on local communities	85
Supplier social assessment		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	84
	414-2 Negative social impacts in the supply chain and actions taken	84
Public Policy		
GRI 415: Public Policy 2016	415-1 Political contributions	None
Customer health and safety		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	70, 71
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	70, 71
Marketing and labeling		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	72
	417-2 Incidents of non-compliance concerning product and service information and labeling	None
	417-3 Incidents of non-compliance concerning marketing communications	None
Customer privacy		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	None



Abbreviations

4G	–	Fourth Generation	NBN	–	National Backbone Network
5G	–	Fifth Generation	NED	–	Non-Executive Director
ADSL	–	Asymmetric Digital Subscriber Line	NFV	–	Network Functions Virtualisation
BPO	–	Business Process Outsourcing	NGN	–	Next Generation Network of Sri Lanka
BSS	–	Billing Support System	OPEX	–	Operating Expenses
CAPEX	–	Capital Expenditure	OSS	–	Operational Support System
CCC	–	Colombo City Centre	OTT	–	Over The Top
CDMA	–	Code Division Multiple Access	PAT	–	Profit After Tax
CRM	–	Customer Relationship Management	PBT	–	Profit Before Tax
CSP	–	Communication Service Provider	PEO TV	–	Personalised Entertainment Option Television
DC HSPA+	–	Dual-Carrier High Speed Packet Access	PIOCMA	–	Pacific and Indian Ocean Cable Maintenance Agreement
DSP	–	Digital Service Provider	PoP	–	Point of Presence
EBITDA	–	Earnings Before Interest, Taxes, Depreciation and Amortisation	PSTN	–	Public Switched Telephone Network
EPF	–	Employees' Provident Fund	RCS	–	Rich Communications Suite
ERP	–	Enterprise Resource Planning	SAFA	–	South Asian Federation of Accountants
ETF	–	Employees' Trust Fund	SDN	–	Software-Defined Networking
FBB	–	Fixed Broadband	SEA ME WE	–	South East Asia – Middle East – West Europe
FTTP	–	Fibre-To-The-Premises	SEAIOCMA	–	South East Asia and Indian Ocean Cable Maintenance Agreement
FTTN	–	Fibre-To-The-Node	SLBN	–	Sri Lanka Telecom Broadband Network
Gbps	–	Gigabits per second	SLFRS	–	Sri Lanka Financial Reporting Standards
GRI	–	Global Reporting Initiative	SLIM	–	Sri Lanka Institute of Marketing
GTH	–	Global Telecommunications Holdings	SME	–	Small and Medium Enterprise
HDTV	–	High Definition Television	SOA	–	Service Oriented Architecture
HSPA	–	High Speed Packet Access			
ICT	–	Information and Communication Technologies			
ICTA	–	Information and Communication Technology Agency			
IDD	–	International Direct Dialling			
IMS	–	IP Multimedia Subsystem			
INED	–	Independent Non-Executive Director			
IoE	–	Internet of Everything			
IoT	–	Internet of Things			
IPTV	–	Internet Protocol Television			
ISP	–	Internet Service Provider			
ITU	–	International Telecommunication Union			
KPI	–	Key Performance Indicator			
KPO	–	Knowledge Process Outsourcing			
LED	–	Light Emitting Diode			
LGN	–	Lanka Government Network			
LTE	–	Long-Term Evolution			
MBB	–	Mobile Broadband			
Mbps	–	Megabits per second			
MIMO	–	Multiple-Input and Multiple Output			
MoU	–	Memorandum of Understanding			
MPLS	–	Multi Protocol Label Switching			
NB-IoT	–	Narrowband Internet of Things			

Notice of Annual General Meeting


NOTICE IS HEREBY GIVEN that the Twenty Sixth (26th) Annual General Meeting of Sri Lanka Telecom PLC will be held at 10.00am on Thursday, 11 May 2023 at the Main Hall of the Bandaranaike Memorial International Conference Hall (BMICH), Baudhaloka Mawatha, Colombo 07 for the purpose of conducting the following Ordinary Business:

Agenda

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31 December 2022 with the Report of the Auditors thereon.
2. To declare a first and final dividend of Twenty Five Cents (LKR 0.25) per share as recommended by the Directors.
3. To elect as a Director, Mr Suren Amarasekera, who retires in terms of Articles 97 of the Articles of Association.
4. To elect as a Director, Mr Reyaz Mihular, who retires in terms of Article 97 of the Articles of Association.
5. To re-elect as a Director, Mr Ranjith Rubasinghe, who retires by rotation in terms of Articles 91 and 92 of the Articles of Association.
6. To re-elect as a Director, Mr Lawrence Paratz, who retires by rotation in terms of Articles 91 and 92 of the Articles of Association.
7. To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorise the Directors to determine their remuneration.
8. To authorise the Directors to determine and make donations to charities.
9. To transact any other business of which due notice has been given.

By Order of the Board

SRI LANKA TELECOM PLC



Mahesh Athukorale

Group Company Secretary

11 April 2023
Colombo

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
2. A proxy need not be a member of the Company.
3. A Form of Proxy accompanies this Notice.



Form of Proxy

I/We (holder of NIC No.
) of being member/members of Sri Lanka Telecom PLC hereby appoint

(holder of NIC No.) of whom failing*

- | | |
|--------------------------|---------------|
| Mr Rohan Fernando | whom failing* |
| Mr Lalith Seneviratne | whom failing* |
| Mr Chan Chee Beng | whom failing* |
| Mr Lawrence Paratz | whom failing* |
| Mr Mohan Weerakoon, PC | whom failing* |
| Mr Ranjith Rubasinghe | whom failing* |
| Mr V U Kumar | whom failing* |
| Mr K A Vimalenthirarajah | whom failing* |
| Mr Suren Amarasekera | whom failing* |
| Mr Reyaz Mihular | |

as my/our* proxy to represent me/us* to speak and vote for me/us* and on my/our* behalf as indicated below at the 26th Annual General Meeting of the Company, to be held on 11 May 2023 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31 December 2022 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a first and final dividend of Twenty Five Cents (LKR 0.25) per share as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To elect as a Director, Mr Suren Amarasekere, who retires in terms of Articles 97 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
4. To elect as a Director, Mr Reyaz Mihular, who retires in terms of Articles 97 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect as a Director, Mr Ranjith Rubasinghe, who retires by rotation in terms of Articles 91 & 92 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect as a Director, Mr Lawrence Paratz, who retires by rotation in terms of Articles 91 & 92 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the Directors to determine and make donations to charities.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our hand/seal given on this day of
 Two Thousand and Twenty-Three.

**Please delete what is inapplicable.*

Note: Instructions as to completion appear overleaf.



Form of Proxy

INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. Please indicate with an "X" in the space provided, how your proxy is to vote on each resolution. If no indication is given the proxy in his/her discretion will vote as he/she thinks fit.
3. In the case of a corporate member the proxy must be executed in accordance with the Articles of Association. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, Sri Lanka Telecom PLC, Lotus Road, Colombo 01 or sent to the e-mail address – sltagm2023@slt.com.lk not later than 48 hours before the time fixed for the holding of the meeting..



Corporate Information

Name of the Company

Sri Lanka Telecom PLC

Legal Form

A public limited liability Company incorporated in Sri Lanka in September 1996, under the Conversion of Public Corporations of Government-Owned Business Undertakings into Public Limited Companies Act No. 23 of 1987 and quoted on the Colombo Stock Exchange in January 2003.

Company Registration Number

PQ 7

Stock Exchange Listing

1,804,860,000 Ordinary Shares of the Company are listed in the Colombo Stock Exchange.

Registered Address

Telecom Headquarters,
Lotus Road, Colombo 01.

Board of Directors

Mr Rohan Fernando – Chairman
Mr Lalith Seneviratne – Director/GCEO
Mr Lawrence Paratz
Mr Chan Chee Beng
Mr Mohan Weerakoon, PC
Mr Ranjith Ganganath Rubasinghe
Mr V U Kumar
Mr K A Vimalenthirarajah
Mr Suren Amarasekera
Mr Reyaz Mihular

Audit Committee

Mr Mohan Weerakoon, PC – Chairman
Mr V U Kumar
Mr K A Vimalenthirarajah
Mr Suren Amarasekera

Remuneration and Nomination Committee

Mr Chan Chee Beng – Chairman
Mr Lawrence Paratz
Mr Rohan Fernando

Technology Subcommittee

Mr Lawrence Paratz – Chairman
Mr Lalith Seneviratne

Senior Tender Board

Mr K A Vimalenthirarajah - Chairman
Mr Mohan Weerakoon, PC
Mr V U Kumar
Mr Suren Amarasekera

Related Party Transactions Review Committee

Mr Suren Amarasekera, (Chairman)
Mr Mohan Weerakoon, PC
Mr K A Vimalenthirarajah
Mr V U Kumar

Auditors

Ernst & Young (Chartered Accountants),
201, De Saram Place, Colombo 10.

Company Secretary

Mr Mahesh Athukorale

Credit Rating

Fitch Rating

National Long-Term Rating of AA-(lka)

Bankers

Bank of Ceylon
Bank of China
Citi Bank N.A
Commercial Bank of Ceylon PLC
Deutsche Bank
DFCC Bank PLC
Hatton National Bank PLC
HSBC
National Savings Bank
Nations Trust Bank PLC
NDB Bank PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank



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