

Sri Lanka Telecom PLC



Interim Condensed Consolidated Financial Statements

For the Quarter ended

30 September 2022

(All amounts in LKR Millions)

| | Group | | Company | | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Jul-Sep | | Jul-Sep | | Jan - Sep | | Jan - Sep | |
| | 2022 (Reviewed) | 2021 (Reviewed) | 2022 (Reviewed) | 2021 (Reviewed) | 2022 (Reviewed) | 2021 (Reviewed) | 2022 (Reviewed) | 2021 (Reviewed) |
| Revenue | 26,674 | 26,653 | 16,869 | 15,708 | 79,611 | 76,599 | 49,420 | 44,673 |
| Direct costs | (15,568) | (14,927) | (9,705) | (9,337) | (46,246) | (42,067) | (29,058) | (25,662) |
| Gross Profit | 11,106 | 11,726 | 7,164 | 6,371 | 33,365 | 34,532 | 20,362 | 19,011 |
| Sales and marketing costs | (2,933) | (2,636) | (1,674) | (1,278) | (8,122) | (8,162) | (4,473) | (3,985) |
| Administrative costs | (5,288) | (5,084) | (4,056) | (3,971) | (15,758) | (15,141) | (12,420) | (11,521) |
| Operating profit | 2,885 | 4,006 | 1,434 | 1,122 | 9,485 | 11,229 | 3,469 | 3,505 |
| Other income | 224 | 309 | 234 | 283 | 1,033 | 592 | 763 | 810 |
| Dividend Income from subsidiaries - and associates | 112 | - | 112 | 264 | 112 | - | 2,297 | 1,239 |
| Interest expenses and finance cost | (1,323) | (717) | (1,033) | (424) | (2,837) | (2,348) | (1,963) | (1,442) |
| Foreign exchange (loss) / gain | (537) | (5) | 97 | (14) | (607) | (529) | 5,633 | 147 |
| Interest income | 768 | 370 | 425 | 195 | 2,048 | 993 | 1,113 | 539 |
| Share of profit from equity - accounted investee | 85 | 34 | 85 | 34 | 180 | 69 | 180 | 69 |
| Profit before tax | 2,214 | 3,997 | 1,354 | 1,460 | 9,414 | 10,006 | 11,492 | 4,867 |
| Income tax expenses | (785) | (764) | (365) | (304) | (3,360) | (821) | (2,163) | 235 |
| Profit for the Period | 1,429 | 3,233 | 989 | 1,156 | 6,054 | 9,185 | 9,329 | 5,102 |
| Other comprehensive income | | | | | | | | |
| Net movement in Cash flow hedges | - | (54) | - | - | - | - | - | - |
| Defined benefit plan actuarial gain / (loss) | 2,145 | (118) | 2,145 | (118) | 2,230 | (354) | 2,229 | (355) |
| Tax on other comprehensive income | (516) | 35 | (515) | 37 | (538) | 7 | (535) | 10 |
| Other comprehensive income for the period (net of tax) | 1,629 | (137) | 1,630 | (81) | 1,692 | (347) | 1,694 | (345) |
| Total Comprehensive Income for the Period | 3,058 | 3,096 | 2,619 | 1,075 | 7,746 | 8,838 | 11,023 | 4,757 |
| Profit Attributable to : | | | | | | | | |
| Owners of the company | 1,428 | 3,231 | 989 | 1,156 | 6,049 | 9,180 | 9,329 | 5,102 |
| Non-controlling interest | 1 | 2 | - | - | 5 | 5 | - | - |
| | 1,429 | 3,233 | 989 | 1,156 | 6,054 | 9,185 | 9,329 | 5,102 |
| Total Comprehensive Income attributable to: | | | | | | | | |
| Owners of the company | 3,057 | 3,094 | 2,619 | 1,075 | 7,741 | 8,833 | 11,023 | 4,757 |
| Non-controlling interest | 1 | 2 | - | - | 5 | 5 | - | - |
| | 3,058 | 3,096 | 2,619 | 1,075 | 7,746 | 8,838 | 11,023 | 4,757 |
| Earnings per share | | | | | | | | |
| - Basic (Rs.) | 0.79 | 1.79 | 0.55 | 0.64 | 3.35 | 5.09 | 5.17 | 2.83 |

(All amounts in LKR Millions)

| | Group | | Company | |
|---|---------------------------|--------------------------|---------------------------|--------------------------|
| | 30 Sep 2022 (Reviewed) | 31 Dec 2021 (Audited) | 30 Sep 2022 (Reviewed) | 31 Dec 2021 (Audited) |
| Assets | | | | |
| Non-Current Assets | | | | |
| Property, plant and equipment | 161,917 | 141,937 | 123,156 | 105,854 |
| Right-of-use assets | 7,629 | 7,815 | 773 | 805 |
| Intangible assets and goodwill | 7,971 | 7,827 | 3,802 | 2,832 |
| Investments in subsidiaries | - | - | 14,431 | 14,431 |
| Investments in associates | 395 | 214 | 395 | 214 |
| Deferred tax assets | 175 | 181 | - | - |
| Contract assets | 1,523 | 878 | 322 | 233 |
| Other receivables | 3,289 | 2,672 | 3,266 | 2,657 |
| Total Non-current Assets | 182,899 | 161,524 | 146,145 | 127,026 |
| Current Assets | | | | |
| Inventories | 3,339 | 2,689 | 2,526 | 2,039 |
| Trade and other receivables | 33,292 | 26,909 | 22,674 | 18,682 |
| Current tax receivables | 14 | 14 | - | - |
| Deferred tax assets | 5 | - | - | - |
| Contract assets | 1,418 | 978 | 123 | 164 |
| Other investments | 104 | 8,310 | 84 | 8,288 |
| Cash and cash equivalents | 21,983 | 17,972 | 11,986 | 1,615 |
| | 60,155 | 56,872 | 37,393 | 30,788 |
| Assets classified as held for sale | - | 1,545 | - | 390 |
| Total Current Assets | 60,155 | 58,417 | 37,393 | 31,178 |
| Total Assets | 243,054 | 219,941 | 183,538 | 158,204 |
| Equity and Liabilities | | | | |
| Equity | | | | |
| Stated capital | 18,049 | 18,049 | 18,049 | 18,049 |
| Insurance reserve | 300 | 1,105 | 300 | 1,105 |
| Hedging reserve | - | - | - | - |
| Retained earnings | 77,339 | 74,714 | 53,958 | 46,518 |
| Equity attributable to equity share - holders of the company | 95,688 | 93,868 | 72,307 | 65,672 |
| Non controlling Interest | 113 | 108 | - | - |
| Total Equity | 95,801 | 93,976 | 72,307 | 65,672 |
| Non Current Liabilities | | | | |
| Borrowings | 33,754 | 37,837 | 31,904 | 35,807 |
| Vendor financing | 12,077 | 5,987 | 12,077 | 5,961 |
| Lease liability | 6,509 | 6,823 | 479 | 613 |
| Contract liabilities | 1,425 | 1,071 | 1,425 | 1,071 |
| Deferred income | 1,494 | 1,666 | 1,494 | 1,666 |
| Deferred tax liabilities | 7,003 | 5,627 | 5,977 | 4,870 |
| Employee benefits | 2,985 | 4,957 | 2,218 | 4,272 |
| Trade and other payables | 9,914 | 6,565 | 9,008 | 5,283 |
| Total Non Current Liabilities | 75,161 | 70,533 | 64,582 | 59,543 |
| Current Liabilities | | | | |
| Borrowings | 15,450 | 8,752 | 10,045 | 7,256 |
| Vendor financing | 1,328 | 311 | 1,328 | 171 |
| Lease liability | 2,364 | 2,373 | 331 | 216 |
| Contract liabilities | 997 | 971 | 681 | 684 |
| Deferred income | 3,685 | 3,924 | 283 | 383 |
| Current tax liabilities | 2,219 | 2,075 | 1,588 | 1,474 |
| Deferred tax liabilities | 11 | 11 | - | - |
| Trade and other payables | 46,038 | 35,605 | 32,393 | 22,805 |
| | 72,092 | 54,022 | 46,649 | 32,989 |
| Liabilities directly associated with assets held for sale | - | 1,410 | - | - |
| Total Current Liabilities | 72,092 | 55,432 | 46,649 | 32,989 |
| Total Liabilities | 147,253 | 125,965 | 111,231 | 92,532 |
| Total Equity and Liabilities | 243,054 | 219,941 | 183,538 | 158,204 |

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

Signed
Sanjeewa Samaranyake

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 09 November 2022.

Signed for and behalf of the Board.

Signed
Lalith Seneviratne
Director

Signed
K. A. Vimalenthirarajah
Director

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Changes In Equity

For the nine months ended 30 September 2022

(All amounts in LKR Millions)

| Group | Attributable to owners of the Company | | | | | | |
|--|---------------------------------------|-------------------|-----------------|-------------------|---------------|--------------------------|---------------|
| | Stated capital | Insurance reserve | Hedging reserve | Retained earnings | Total | Non controlling interest | Total equity |
| Balance as at 1 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 | - | - | - | 12,161 | 12,161 | - | 12,161 |
| Other comprehensive income / (expense) | | | | | | | |
| Net movement on cash flow hedges | - | - | (30) | - | (30) | - | (30) |
| Defined benefit plan actuarial gain, net of tax | - | - | - | 247 | 247 | - | 247 |
| Total other comprehensive income for the year | - | - | (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 | | | | | | | |
| Transferred to insurance reserve | - | 61 | - | (61) | - | - | - |
| Balance as at 31 December 2021 | 18,049 | 1,105 | - | 74,714 | 93,868 | 108 | 93,976 |
| Balance as at 1 January 2022 | 18,049 | 1,105 | - | 74,714 | 93,868 | 108 | 93,976 |
| Prior year adjustment - Surcharge Tax | - | - | - | (2,280) | (2,280) | - | (2,280) |
| Non controlling interest | - | - | - | - | - | 5 | 5 |
| Total comprehensive income for period | | | | | | | |
| Net profit for the period | - | - | - | 6,054 | 6,054 | - | 6,054 |
| Other comprehensive income | | | | | | | |
| Defined benefit plan actuarial gain, net of tax | - | - | - | 1,692 | 1,692 | - | 1,692 |
| Total other comprehensive income for period | - | - | - | 1,692 | 1,692 | - | 1,692 |
| Total comprehensive income for the period | - | - | - | 7,746 | 7,746 | - | 7,746 |
| 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 | | | | | | | |
| Transferred to insurance reserve | - | (805) | - | 805 | - | - | - |
| Balance as at 30 September 2022 | 18,049 | 300 | - | 77,339 | 95,688 | 113 | 95,801 |

(All amounts in LKR Millions)

| Company | Attributable to owners of the Company | | | |
|--|---------------------------------------|-------------------|-------------------|---------------|
| | Stated capital | Insurance reserve | Retained earnings | Total |
| Balance as at 1 January 2021 | 18,049 | 1,044 | 43,350 | 62,443 |
| Total comprehensive income for the year | | | | |
| Net profit for the year | - | - | 5,865 | 5,865 |
| Other comprehensive income / (expense) | | | | |
| Defined benefit plan actuarial gain, net of tax | - | - | 53 | 53 |
| Total other comprehensive income for the year | - | - | 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 | | | | |
| Transferred to insurance reserve | - | 61 | (61) | - |
| Balance as at 31 December 2021 | 18,049 | 1,105 | 46,518 | 65,672 |
| Balance as at 1 January 2022 | 18,049 | 1,105 | 46,518 | 65,672 |
| Prior year adjustment - Surcharge Tax | - | - | (742) | (742) |
| Total comprehensive income for period | | | | |
| Net profit for the period | - | - | 9,329 | 9,329 |
| Other comprehensive income / (expense) | | | | |
| Defined benefit plan actuarial gain, net of tax | - | - | 1,694 | 1,694 |
| Total other comprehensive income for period | - | - | 1,694 | 1,694 |
| Total comprehensive income for the period | - | - | 11,023 | 11,023 |
| Transactions with owners, recorded directly in equity | | | | |
| Contribution by and distribution to owners | | | | |
| Dividends to equity share holders | - | - | (3,646) | (3,646) |
| Insurance reserve | | | | |
| Transferred to insurance reserve | - | (805) | 805 | - |
| Balance as at 30 September 2022 | 18,049 | 300 | 53,958 | 72,307 |

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Cash Flows

For the nine months ended 30 September 2022

(All amounts in LKR Millions)

| | GROUP | | COMPANY | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating activities | | | | |
| Cash generated from operations | 35,528 | 36,504 | 30,203 | 20,909 |
| Interest received | 2,043 | 1,018 | 1,108 | 564 |
| Interest paid | (5,943) | (5,941) | (4,423) | (3,811) |
| Tax paid | (2,372) | (670) | (1,477) | - |
| Gratuity paid | (406) | (393) | (339) | (340) |
| Net cash generated from operating activities | 28,850 | 30,518 | 25,072 | 17,322 |
| Cash flows from Investing activities | | | | |
| Acquisition of property, plant and equipment | (35,969) | (16,627) | (28,620) | (12,607) |
| Acquisition of intangible assets | (1,889) | (1,566) | (1,857) | (1,333) |
| Proceeds from disposal of subsidiary | 410 | - | 410 | - |
| Proceeds from disposal of property, plant and equipment | 168 | 263 | 132 | 195 |
| Proceeds / (Purchase) of short term investments | 8,211 | (4,032) | 8,209 | (3,881) |
| Net cash used in investing activities | (29,069) | (21,962) | (21,726) | (17,626) |
| Cash flows from Financing activities | | | | |
| Proceeds from borrowings | 960 | 780 | 960 | 750 |
| Cash payment for the principle portion of lease liability | (1,590) | (1,448) | (452) | (464) |
| Finance lease principal re-payments | (4) | (5) | (4) | (5) |
| Re-payment on borrowings | (6,644) | (6,456) | (3,615) | (4,414) |
| Increase in deferred liability | 7,107 | 5,089 | 7,273 | 5,080 |
| Dividend paid to equity share holders | (3,646) | (2,689) | (3,646) | (2,689) |
| Net cash (used in) / generated from financing activities | (3,817) | (4,729) | 516 | (1,742) |
| Increase/(Decrease) in cash and cash equivalents | (4,036) | 3,827 | 3,862 | (2,046) |
| Movement in Cash and cash equivalents | | | | |
| Cash and cash equivalents at beginning of the year | 16,230 | 9,981 | 354 | (412) |
| Effect on exchange fluctuation on cash and cash equivalents | 6,976 | 250 | 5,267 | 250 |
| Increase/(Decrease) in cash and cash equivalents | (4,036) | 3,827 | 3,862 | (2,046) |
| Cash and cash equivalents at 30 September (Note) | 19,170 | 14,058 | 9,483 | (2,208) |
| Note | | | | |
| Cash and cash equivalents | 21,983 | 17,417 | 11,986 | 893 |
| Bank overdraft | (2,813) | (3,359) | (2,503) | (3,101) |
| | 19,170 | 14,058 | 9,483 | (2,208) |

I. 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 interim condensed separate financial statements relate to Sri Lanka Telecom PLC. These interim condensed consolidated financial statements ('interim financial statements') as of 30 September 2022 and for the nine months ended 30 September 2022 comprise the Company and its subsidiaries (together referred to as the 'Group').

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 and directory publishing service. The Company is listed on the Colombo Stock Exchange.

II. Basis of accounting

These interim condensed consolidated financial statements have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34, 'Interim Financial Reporting' and do not include all the information required for a complete set of SLFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last audited financial statements as of 31 December 2021 and for the year ended 31 December 2021.

Further, the tax liability arising from the Surcharge Tax Act No: 14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka.

These interim financial statements were authorized for issue by the Company's Board of Directors on 09 November 2022.

III. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the audited financial statement as of 31 December 2021 and for the year ended 31 December 2021.

IV. Use of Judgments and estimates

The management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense when preparing these interim financial statements. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation were the same as those applied to the audited financial statements as of 31 December 2021 and for the year ended 31 December 2021.

V. Operating segments

Information relevant to the operating segments are presented in a method consistent with the management reporting provided to those charged with governance.

(a) Information about reportable segments
(All amounts in Rs.Mn)

| | Fixed ICT Operations | | Mobile Operations | | Other Segments Operations | | Total | |
|---------------------------------------|----------------------|----------|-------------------|---------|---------------------------|-------|----------|----------|
| | 30 Sep | | 30 Sep | | 30 Sep | | 30 Sep | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| External revenues | 45,045 | 40,907 | 32,994 | 34,081 | 1,572 | 1,611 | 79,611 | 76,599 |
| Inter- segment revenue | 4,375 | 3,766 | 1,285 | 1,150 | 3,692 | 3,230 | 9,352 | 8,146 |
| Reportable segment revenue | 49,420 | 44,673 | 34,279 | 35,231 | 5,264 | 4,841 | 88,963 | 84,745 |
| Reportable segment profit -before tax | 11,472 | 4,867 | 1,346 | 6,766 | (1,196) | (232) | 11,622 | 11,401 |
| Interest revenue | 1,113 | 539 | 928 | 450 | 7 | 4 | 2,048 | 993 |
| Interest expenses | (1,963) | (1,442) | (907) | (950) | (34) | (64) | (2,904) | (2,456) |
| Depreciation and Amortization | (13,818) | (12,963) | (7,119) | (6,596) | (69) | (121) | (21,006) | (19,680) |

| Revenues | 30 Sep 2022 | 30 Sep 2021 |
|---|-------------|-------------|
| Total revenue for reportable segments | 83,699 | 79,904 |
| Revenue for other segments | 5,264 | 4,841 |
| Reportable segment revenue | 88,963 | 84,745 |
| Elimination of inter- segment revenue | (9,352) | (8,146) |
| Consolidated revenue | 79,611 | 76,599 |
| Profit or loss | | |
| Total profit or loss for reportable segments | 12,818 | 11,633 |
| Profit for other segments | (1,196) | (232) |
| Reportable segment profit before tax before elimination | 11,622 | 11,401 |
| Elimination of inter- segment profits | (2,208) | (1,395) |
| Consolidated profit before tax | 9,414 | 10,006 |

Assets & Liabilities

| | 30 Sep 2022 | 31 Dec 2021 |
|---|------------------------|------------------------|
| Assets | | |
| Total assets for reportable segments | 263,601 | 236,238 |
| Assets for other segments | 5,036 | 5,646 |
| | 268,637 | 241,884 |
| Elimination of inter - segment assets | (25,583) | (21,943) |
| Consolidated total assets | 243,054 | 219,941 |
| | | |
| Liabilities | | |
| Total liabilities for reportable segments | 152,792 | 128,497 |
| Liabilities for other segments | 5,868 | 4,703 |
| | 158,660 | 133,200 |
| Elimination of inter- segment liabilities | (11,407) | (7,235) |
| Consolidated total liabilities | 147,253 | 125,965 |

VI. Seasonal or cyclical factors

The operations of the Group were not significantly affected by any seasonal or cyclical factors.

VII. 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 COVID-19 pandemic.

The below summarises our strategy and the response plan for the pandemic situation:

(a) Uninterrupted service to the nation while keeping people safe

As the national telecommunications and mobile services provider, SLT Group provided an uninterrupted service to the nation during this challenging period. SLT Group ensured customer service through digital platforms to minimize human contact and maintained social distancing and safety regulations in customer points. SLT Group shifted most of the employees to Work from Home and the employees who perform their duties in office premises/ field were allowed to work under strict health and safety guidelines while maintaining social distancing regulations. During the years 2020 and 2021, SLT created a fund to mitigate the cost of hospitalization, set up three intermediary quarantine centers and provided home care medical facilities for detected SLT employees and their immediate family members. Further whole staff especially the field staff are provided required personal protective items/equipment's (Masks, gloves, and other PP kits) for their safe. However, considering the new guidelines issued by the Government of Sri Lanka on Covid-19 management practices, SLT revised its Covid-19 incident handling protocol in the new normal situation and presently continues only with the provision of home care medical facilities.

(b) Direction of operations for the need of the hour

As a response to the need of the hour, SLT together with its mobile arm Mobitel provided network assurance and uninterrupted business operations despite of the prevail energy & fuel crisis. The Group experienced a positive impact in revenue in areas such as Career Business Services and International Business with the exchange rate movements and continuous mobile network expansions. Further, future opportunities are emerging with novel digital products and services with digital transformation.

(c) Liquidity Management

The effective collection strategies of the Group coupled with the need for continuous supply of telecommunication services improved collections over the period. The Group prioritised capital expenditure for critical projects, which included projects which provide connectivity to rural areas to narrow the digital divide in the Country. However, the recent depreciation of the Sri Lankan rupee against the US dollar adversely impacted the cash flows of the Group. Further, the foreign currency liquidity issue prevailing in the domestic foreign exchange market poses challenges to project payments in foreign currency. Further, the liquidity shortage in LKR market and the rising inflation has pushed the market interest rates higher increasing financing costs of the Group.

(d) Impact on Property, Plant and Equipment

The Group has assessed the impact on property, plant and equipment and spectrum assigned to the Group and does not foresee impairment due to the pandemic. 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 period ended 30 September 2022.

VIII. Property Plant and equipment**(a) Acquisitions and Disposals**

During the nine months ended 30 September 2022, the Group acquired assets at a cost of Rs. 39,139 Mn (nine months ended 30 September 2021- Rs.19,846 Mn).

(b) Assets with a written down value of Rs. 4 Mn were disposed during the nine months ended 30 September 2022 (nine months ended 30 September 2021 written down value of Rs. 11 Mn), resulting in a gain on disposal of Rs.164 Mn (nine months ended 30 September 2021 gain of Rs. 252 Mn), which was included in 'Other Income' in the Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(c) Capital commitments

| | Group (Rs. Mn) | | Company (Rs. Mn) | |
|-------------------------------------|----------------|-------------|------------------|-------------|
| | 30 Sep 2022 | 31 Dec 2021 | 30 Sep 2022 | 31 Dec 2021 |
| Property plant and equipment | | | | |
| Approved but not contracted | 41,427 | 48,714 | 30,435 | 45,976 |
| Approved and contracted | 37,845 | 38,376 | 28,325 | 29,108 |

IX. Capital and Reserves**(a) Stated Capital**

Stated capital of the Company consists of 1,804,860,000 ordinary shares.

X. Loans and Borrowings

Material additions to loans and borrowings at Group level for the year under review:

| Additions | Currency | Amount (Rs. Mn.) |
|-------------------------|-----------------|-------------------------|
| Bank loan - 30 Sep 2022 | LKR | 960 |

Material repayment of loans and borrowings at Group level for the period under review:

| Repayments | Currency | Amount (Rs. Mn.) |
|-------------------------|-----------------|-------------------------|
| Bank loan - 30 Sep 2022 | LKR | 6,644 |

XI. Contingencies

There were no significant changes to the list of contingencies disclosed in the latest annual report of 2021

XII. Related Parties

Material related party transactions during the period under review:

| Company | Nature of Transaction | Transaction Value (Rs. Mn) | | Amount due (to)/ from related parties (Rs. Mn) | |
|----------------------------------|--------------------------------|-----------------------------------|--------------------|---|--------------------|
| | | 30 Sep 2022 | 30 Sep 2021 | 30 Sep 2022 | 31 Dec 2021 |
| Mobitel (Private) Limited | Sale of goods and services | 4,325 | 3,879 | 1,733 | 1,713 |
| | Purchase of goods and services | 1,285 | 991 | (4,167) | (1,511) |

XIII. Events after the Reporting date

No material events have arisen since the date of the statement of financial position up to the date of this report which require changes to, or disclosure in the financial statements.

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Financial Statements

For the nine months ended 30 September 2022

Investor Information

Ratios

| | Group | | Company | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 30 Sep 2022 | 31 Dec 2021 | 30 Sep 2022 | 31 Dec 2021 |
| Net asset value per share (Rs.) | 53.02 | 52.01 | 40.06 | 36.39 |
| Debt/equity ratio - Number of times | 0.75 | 0.66 | 0.78 | 0.76 |
| Quick asset ratio - Number of times | 0.79 | 1.01 | 0.75 | 0.88 |

| | For the 9 months ended | | For the 9 months ended | |
|----------------------------------|------------------------|-------------|------------------------|-------------|
| | 30 Sep 2022 | 30 Sep 2021 | 30 Sep 2022 | 30 Sep 2021 |
| Interest cover - Number of times | 2.29 | 3.44 | 3.01 | 2.35 |

Market Value of Shares

| Market Value of the Ordinary Shares of the Company (Rs.) | 9 Months to 30 Sep 2022 | 9 Months to 30 Sep 2021 |
|---|----------------------------|----------------------------|
| - Highest | 65.80 | 39.20 |
| - Lowest | 28.70 | 32.00 |
| - Last traded price | 44.30 | 37.00 |

Dividend Payment

First and final dividend for the year 2021 - Rs. 2.02 per share paid on 28 June 2022.

Share trading from 01 July 2022 to 30 September 2022

| | 9 Months to 30 Sep 2022 |
|--------------------------------|----------------------------|
| - No of Transactions | 5,370 |
| - No of Shares Traded | 3,799,345 |
| - Value of Shares Traded (Rs.) | 177,938,956 |

Debenture Information

| | |
|--|------------------------------------|
| - Interest yield as at date of last trade | - Not traded after initial issue |
| - Yield to maturity of last trade done with trade date | - Not traded after initial issue |
| - Interest rate of comparable government security | - 25.75% |
| - Market prices (ex-interest) for the current interim period | - No trades during the Qtr 3, 2022 |

Sri Lanka Telecom PLC**Company Registration No. PQ 7****Interim Condensed Consolidated Financial Statements****For the nine months ended 30 September 2022**

1) List of 20 Major Shareholders

| <u>Name & Address</u> | <u>Share Holding</u> | <u>Percentage %</u> |
|--|----------------------|---------------------|
| 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 Bank of Ceylon A/C Ceybank Unit Trust | 15,157,605 | 0.84 |
| 6 National Savings Bank | 13,158,700 | 0.73 |
| 7 Employees Trust Fund Board | 3,302,188 | 0.18 |
| 8 Sri Lanka Insurance Corporation Ltd-General Fund | 2,041,538 | 0.11 |
| 9 Bank of Ceylon A/C Ceybank Century Growth Fund | 1,620,369 | 0.09 |
| 10 Confab Steel Pvt Limited | 706,843 | 0.04 |
| 11 J.B.Cocoshell (Pvt) Ltd. | 258,049 | 0.01 |
| 12 DFCC Bank PLC/Maskeliya Tea Exports (Pvt) Limited. | 236,004 | 0.01 |
| 13 The Incorporated Trustees of the Church of Ceylon | 223,590 | 0.01 |
| 14 Bank of Ceylon No 1 Account | 214,000 | 0.01 |
| 15 Mr.A.R.H. Fernando | 194,839 | 0.01 |
| 16 Mr.D.N.P Ratnayake | 170,951 | 0.01 |
| 17 Ceylon Biscuits Limited | 161,825 | 0.01 |
| 18 Mrs. K.J.A.N.Sangakkara | 135,000 | 0.01 |
| 19 Hatton National Bank PLC / Anuja Chamila Jayasinghe | 130,073 | 0.01 |
| 20 Mr.E.L Karannagoda | 128,000 | 0.01 |
| | 1,786,040,991 | 98.96 |

2) Percentage of public holding as at 30 September 2022 4.78%

3) Number of shareholders representing the public holding 13,320

4) Float adjusted market capitalization Rs.3,821,863,244

The Company is not in compliance with option 4 of the listing rule 7.13.1 (a) which requires the Company to maintain a minimum public holding of 10%

5) Directors' holding 196,139

6) Chief Executive Officer's shareholding 1,824

7) Number of shares representing the Company's stated capital 1,804,860,000 ordinary shares issued at Rs.10 per share.