Sri Lanka Telecom PLC

Interim Condensed Consolidated Financial Statements

For the Quarter ended

30 June 2026

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

(All amounts in LKR Millions)

	Group Apr-Jun		Company Apr-Jun		Group Jan - Jun		Company Jan - Jun	
	2026 (Reviewed)	2025 (Reviewed)	2026 (Reviewed)	2025 (Reviewed)	2026 (Reviewed)	2025 (Reviewed)	2026 (Reviewed)	2025 (Reviewed)
Revenue	30,517	27,316	19,594	17,682	61,314	55,167	39,309	35,513
Direct costs	(15,455)	(14,261)	(9,965)	(9,053)	(31,625)	(29,290)	(19,817)	(18,184)
Gross Profit	**15,062**	**13,055**	**9,629**	**8,629**	**29,689**	**25,877**	**19,492**	**17,329**
Sales and marketing costs	(3,122)	(3,081)	(1,655)	(1,880)	(6,279)	(6,043)	(3,456)	(3,576)
Administrative costs	(6,907)	(6,113)	(4,762)	(4,520)	(13,245)	(12,283)	(9,373)	(8,986)
Operating profit	**5,033**	**3,861**	**3,212**	**2,229**	**10,165**	**7,551**	**6,663**	**4,767**
Other income	(83)	510	391	508	179	1,022	709	1,016
Finance cost	(1,731)	(1,810)	(1,181)	(1,257)	(3,452)	(3,649)	(2,409)	(2,596)
Foreign exchange gain/ (loss)	732	52	539	100	950	35	668	131
Interest income	389	322	236	156	655	645	438	314
Share of profit / (loss) from equity - accounted investee	31	23	31	23	58	47	58	47
Profit/(loss) before tax for the period	**4,371**	**2,958**	**3,228**	**1,759**	**8,555**	**5,651**	**6,127**	**3,679**
Income tax (expenses)/reversal	(838)	(683)	(658)	(456)	(1,954)	(1,375)	(1,497)	(1,032)
Profit /(loss) for the period	**3,533**	**2,275**	**2,570**	**1,303**	**6,601**	**4,276**	**4,630**	**2,647**
Other comprehensive income								
Foreign currency translation reserve	10	-	-	-	19	-	-	-
Net change in fair value financial assets	-	-	-	-	3	-	-	-
Defined benefit plan actuarial gain/ (loss)	242	(172)	241	(172)	107	(2)	106	(4)
Tax on other comprehensive income	(75)	62	(72)	51	(32)	10	(32)	1
Other comprehensive income for the period (net of tax)	**177**	**(110)**	**169**	**(121)**	**97**	**8**	**74**	**(3)**
Total Comprehensive Income for the Period	**3,710**	**2,165**	**2,739**	**1,182**	**6,698**	**4,284**	**4,704**	**2,644**
Profit /(loss) Attributable to :								
Owners of the company	3,532	2,274	2,570	1,303	6,597	4,274	4,630	2,647
Non-controlling interest	1	1	-	-	4	2	-	-
	3,533	**2,275**	**2,570**	**1,303**	**6,601**	4,276	**4,630**	**2,647**
Total Comprehensive Income attributable to:								
Owners of the company	3,709	2,164	2,739	1,182	6,694	4,282	4,704	2,644
Non-controlling interest	1	1	-	-	4	2	-	-
	3,710	**2,165**	**2,739**	**1,182**	**6,698**	**4,284**	**4,704**	**2,644**
Earnings per share - Basic (Rs.)	**1.96**	**1.26**	**1.42**	**0.72**	**3.66**	**2.37**	**2.57**	**1.47**

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Financial Position

(All amounts in LKR Millions)

	Group		Company	
	30 Jun 2026 (Reviewed)	**31 Dec 2025 (Audited)**	**30 Jun 2026 (Reviewed)**	**31 Dec 2025 (Audited)**
Assets				
Non-Current Assets				
Property,plant and equipment	160,005	161,002	117,168	119,933
Investment Property	810	856	2,801	2,906
Right-of-use assets	6,456	6,687	295	541
Intangible assets and Goodwill	12,979	14,027	2,258	2,441
Investments in subsidiaries	-	-	14,429	14,429
Investments in joint venture	531	568	531	568
Deferred tax assets	100	97	-	-
Contract cost assets	1,215	1,290	175	197
Equity instruments designated at fair value through OCI	8	6	-	-
Other receivables	3,821	3,549	3,821	3,549
Total Non-current Assets	**185,925**	**188,082**	**141,478**	**144,564**
Current Assets				
Inventories	2,419	3,209	1,696	2,503
Trade and other receivables	30,578	28,496	22,937	21,358
Current tax receivables	726	578	369	335
Contract cost assets	1,248	919	71	65
Other investments	7,255	3,131	7,215	3,092
Cash and cash equivalents	12,040	9,935	2,500	2,220
Total Current Assets	**54,266**	**46,268**	**34,788**	**29,573**
Total Assets	**240,191**	**234,350**	**176,266**	**174,137**
Equity and Liabilities				
Equity				
Stated capital	18,049	18,049	18,049	18,049
Insurance reserve	300	300	300	300
Foreign Currency Translation Reserve	16	(3)	-	-
Retained earnings	87,775	82,454	60,915	57,565
Equity attributable to equity share - holders of the company	**106,140**	**100,800**	**79,264**	**75,914**
Non controlling Interest	133	129	-	-
Total Equity	**106,273**	**100,929**	**79,264**	**75,914**
Non Current Liabilities				
Grants	98	103	-	-
Borrowings	52,615	54,360	47,050	47,450
Vendor financing	2,814	-	-	-
Lease liability	5,195	4,447	15	47
Contract liabilities	2,353	2,425	2,353	2,425
Deferred income	85	97	85	97
Deferred tax liabilities	14,483	12,605	11,901	10,372
Employee benefits	6,777	6,776	5,512	5,577
Trade and other payables	2,033	2,034	1,070	1,106
Total Non Current Liabilities	**86,453**	**82,847**	**67,986**	**67,074**
Current Liabilities				
Borrowings	9,901	14,089	2,497	5,645
Vendor financing	550	776	-	-
Lease liability	1,965	2,763	305	501
Contract liabilities	1,281	1,226	1,255	1,193
Deferred income	2,711	2,706	27	23
Current tax liabilities	279	249	-	-
Trade and other payables	30,778	28,765	24,932	23,787
Total Current Liabilities	**47,465**	**50,574**	**29,016**	**31,149**
Total Liabilities	**133,918**	**133,421**	**97,002**	**98,223**
Total Equity and Liabilities	**240,191**	**234,350**	**176,266**	**174,137**

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

Signed
Sanjeewa Samaranayake
Chief Financial Officer

The Board of Directors is responsible for these financial statements.These financial statements were approved by the Board of Directors on 14 August 2026.

Signed for and behalf of the Board.

Signed
Dr Mothilal De Silva
Chairman

Signed
Chandrasiri Kalupahana
Director

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2026

(All amounts in LKR Millions)

Group	Attributable to owners of the Group						
	Stated capital	Insurance reserve	Foreign Currency Translation Reserve	Retained earnings	Total	Non controlling interest	Total equity
Balance as at 1 January 2025	**18,049**	**300**	**-**	**73,002**	**91,351**	**124**	**91,475**
Non-Controlling Interest	-	-	-	-	-	5	5
Total comprehensive income for the year							
Net profit for the year	-	-	-	10,009	10,009	-	10,009
Other comprehensive income							
Foreign currency translation reserve	-	-	(3)	-	(3)	-	(3)
Net change in fair value financial assets	-	-	-	2	2	-	2
Defined benefit plan actuarial gain,net of tax	-	-	-	(108)	(108)	-	(108)
Total other comprehensive income for the year	-	-	(3)	(106)	(109)	-	(109)
Total comprehensive income for the year	-	-	(3)	9,903	9,900	5	9,905
Transactions with owners,recorded directly in equity							
Contribution by and distribution to owners							
Dividends to equity share holders	-	-	-	(451)	(451)	-	(451)
Balance as at 31 December 2025	**18,049**	**300**	**(3)**	**82,454**	**100,800**	**129**	**100,929**
Balance as at 1 January 2026	**18,049**	**300**	**(3)**	**82,454**	**100,800**	**129**	**100,929**
Non-Controlling Interest	-	-	-	-	-	4	4
Total comprehensive income for period							
Net profit for the period	-	-	-	6,597	6,597	-	6,597
Other comprehensive income							
Foreign currency translation reserve	-	-	19	-	19	-	19
Net change in fair value financial assets	-	-	-	3	3	-	3
Defined benefit plan actuarial gain,net of tax	-	-	-	75	75	-	75
Total other comprehensive income for period	-	-	19	78	97	-	97
Transactions with owners,recorded directly in equity							
Contribution by and distribution to owners							
Dividends to equity share holders	-	-	-	(1,354)	(1,354)	-	(1,354)
Total comprehensive income for the period	-	-	19	5,321	5,340	4	5,344
Balance as at 30 June 2026	**18,049**	**300**	**16**	**87,775**	**106,140**	**133**	**106,273**

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2026

(All amounts in LKR Millions)

Company	Attributable to owners of the Company			
	Stated capital	**Insurance reserve**	**Retained earnings**	**Total**
Balance as at 1 January 2025	**18,049**	**300**	**51,893**	**70,242**
Total comprehensive income for the year				
Net profit for the year	-	-	6,245	6,245
Other comprehensive income				
Defined benefit plan actuarial gain,net of tax	-	-	(122)	(122)
Total other comprehensive income for the year	-	-	(122)	(122)
Total comprehensive income for the year	**-**	**-**	**6,123**	**6,123**
Transactions with owners,recorded directly in equity				
Contribution by and distribution to owners				
Dividends to equity share holders	-	-	(451)	(451)
Balance as at 31 December 2025	**18,049**	**300**	**57,565**	**75,914**
Balance as at 1 January 2026	**18,049**	**300**	**57,565**	**75,914**
Total comprehensive income for period				
Net profit for the period	-	-	4,630	4,630
Other comprehensive income				
Defined benefit plan actuarial gain,net of tax	-	-	74	74
Total other comprehensive income for period	-	-	74	74
Total comprehensive income for the period	**-**	**-**	**4,704**	**4,704**
Transactions with owners,recorded directly in equity				
Contribution by and distribution to owners				
Dividends to equity share holders			(1,354)	(1,354)
Balance as at 30 June 2026	**18,049**	**300**	**60,915**	**79,264**

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

(All amounts in LKR Millions)

	GROUP		COMPANY	
	2026	**2025**	**2026**	**2025**
Operating activities				
Cash generated from operations	24,689	20,024	15,924	14,935
Interest received	654	646	437	315
Interest paid	(3,159)	(3,839)	(2,672)	(3,174)
Tax paid	(193)	(164)	-	-
Gratuity paid	(427)	(334)	(392)	(277)
Net cash generated from operating activities	**21,564**	**16,333**	**13,297**	**11,799**
Cash flows from Investing activities				
Acquisition of property,plant and equipment	(9,622)	(6,645)	(4,247)	(4,589)
Acquisition of intangible assets	(152)	(273)	(114)	(259)
Investment in subsidiary	-	-	-	(88)
Proceeds from disposal of property, plant and equipment	70	461	42	295
Proceeds / (Purchase) of short term investments	(4,123)	(1,110)	(4,122)	(1,111)
Net cash used in investing activities	**(13,827)**	**(7,567)**	**(8,441)**	**(5,752)**
Cash flows from Financing activities				
Proceeds from borrowings	7,400	24,275	3,100	11,875
Cash payment for the principle portion of lease liability	(1,892)	(1,572)	(248)	(340)
Re-payment on borrowings	(11,645)	(23,560)	(5,500)	(13,875)
(Decrese) / Increase in vendor financing and other non current liabilities	2,567	(12,816)	-	(10,110)
Dividend paid to equity share holders	(1,354)	-	(1,354)	-
Net cash generated from / (used) financing activities	**(4,924)**	**(13,673)**	**(4,002)**	**(12,450)**
(Decrease) / Increase in cash and cash equivalents	**2,813**	**(4,907)**	**854**	**(6,404)**
Movement in Cash and cash equivalents				
Cash and cash equivalents at beginning of the year	4,136	4,389	(625)	749
Effect on exchange fluctuation on cash and cash equivalents	980	89	574	84
Increase/(Decrease) in cash and cash equivalents	2,813	(4,907)	854	(6,404)
Cash and cash equivalents at 30 June (Note)	**7,929**	**(429)**	**803**	**(5,571)**
Note				
Cash and cash equivalents	12,040	8,894	2,500	2,251
Bank overdraft	(4,111)	(9,323)	(1,697)	(7,822)
	7,929	**(429)**	**803**	**(5,571)**

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 June 2026 and for the period ended 30 June 2026 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 includes 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 at 31 December 2025 and for the year ended 31 December 2025.

These interim financial statements were authorized for issue by the Company's Board of Directors on 14 August 2026.

III. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the audited financial statements as at 31 December 2025 and for the year ended 31 December 2025.

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 expenses 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 2025 and for the year ended 31 December 2025.

V. Operating segments

Information relevant to the operating segments is 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	
	Jan – Jun		Jan – Jun		Jan – Jun		Jan - Jun	
	2026	2025	2026	2025	2026	2025	2026	2025
External revenues	34,898	32,090	25,276	22,439	1,140	638	61,314	55,167
Inter- segment revenue	4,411	3,423	1,064	894	3,365	3,249	8,840	7,566
Reportable segment revenue	39,309	35,513	26,340	23,333	4,505	3,887	70,154	62,733
Reportable segment profit /(loss) - before tax	6,127	3,679	2,085	1,300	368	696	8,580	5,675
Interest expenses & Finance costs	(2,409)	(2,596)	(1,076)	(1,105)	(11)	(15)	(3,496)	(3,716)
Foreign exchange gain / (loss)	668	131	321	(81)	(40)	(16)	949	34
Interest income	438	314	216	333	2	1	656	648
Depreciation and amortization	(8,191)	(8,581)	(6,145)	(5,486)	(168)	(125)	(14,504)	(14,192)

Revenues	Jan – Jun 2026	Jan - Jun 2025
Total revenue for reportable segments	65,649	58,846
Revenue for other segments	4,505	3,887
Reportable segment revenue	70,154	62,733
Elimination of inter- segment revenue	(8,840)	(7,566)
Consolidated revenue	**61,314**	**55,167**
Profit or loss		
Total profit for reportable segments	8,212	4,979
Profit or (loss) for other segments	368	696
Reportable segment profit before tax before eliminations	8,580	5,675
Inter- segment profits adjustment	(25)	(24)
Consolidated profit or (loss) before tax	**8,555**	**5,651**

V. Operating segments (Continued)

Assets & Liabilities

	30 Jun 2026	31 Dec 2025
Assets		
Total assets for reportable segments	267,733	262,289
Assets for other segments	4,576	4,095
	272,309	266,384
Elimination of inter - segment assets	(32,118)	(32,034)
Consolidated total assets	**240,191**	**234,350**
Liabilities		
Total liabilities for reportable segments	148,857	148,489
Liabilities for other segments	2,705	2,513
	151,562	151,002
Elimination of inter- segment liabilities	(17,644)	(17,581)
Consolidated total liabilities	**133,918**	**133,421**

VI. Seasonal or cyclical factors

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

(a) 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.

VII. Property Plant and Equipment

(a) Acquisitions and Disposals

(i) During the six months ended 30 June 2026, the Group acquired assets at a cost of Rs.4,864 Mn (six months ended 30 June 2025- Rs. 8,408 Mn).

(ii) Group Assets with a written down value of Rs.168 Mn were disposed during the six months ended 30 June 2026 (period ended 30 June 2025 written down value of Rs. 4Mn), resulting in a gain on disposal of Rs.90 Mn (period ended 30 June 2025 gain of Rs.457 Mn), which was included in 'Other Income' in the Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(b) Capital commitments.

	Group (Rs. Mn)		Company (Rs. Mn)	
	30 June 2026	**31 Dec 2025**	**30 June 2026**	**31 Dec 2025**
Property plant and equipment				
Approved but not contracted	22,116	6,334	12,858	2,438
Approved and contracted	17,909	13,362	12,013	9,946

VIII. Capital and Reserves

(a) Stated Capital

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

IX. Loans and Borrowings

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

Additions	Currency	Amount (Rs. Mn.)
Bank loan - 30 June 2026	LKR	7,400

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

Repayments	Currency	Amount (Rs. Mn.)
Bank loan - 30 June 2026	LKR	11,645

X. Contingencies

There were no significant changes to the list of contingencies disclosed in the latest annual report of 2025 and interim condensed consolidated financial statements for the quarter ended 30 June 2026.

XI. Related Parties

Material related party transactions during the period under review:

Company	Nature of Transaction	Transaction Value (Rs. Mn)		Amounts due from/(to) related parties (Rs. Mn)	
		30 June 2026	30 June 2025	30 June 2026	31 Dec 2025
Mobitel (Private) Limited	Sale of goods and services	4,063	3,362	2,817	2,589
	Purchase of goods and services	1,136	1,006	(9,743)	(8,846)

XII. 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 six months ended 30 June 2026

Investor Information

Ratios

	Group		Company	
	30-Jun 2026	31-Dec 2025	30-Jun 2026	31-Dec 2025
Net asset value per share (Rs.)	58.81	55.85	43.92	42.06
Debt/equity ratio - Number of times	0.69	0.76	0.63	0.71
Quick asset ratio - Number of times	1.09	0.85	1.14	0.87

	For the 6 months ended		For the 6 months ended	
	30 Jun 2026	30 Jun 2025	30 Jun 2026	30 Jun 2025
Interest cover - Number of times	3.29	2.33	3.28	2.14

Market Value of Shares

Market Value of the Ordinary Shares of the Company (Rs.)	3 Months to 30 Jun 2026	3 Months to 30 Jun 2025
- Highest	90.80	67.50
- Lowest	79.30	57.00
- Last traded price	87.90	61.30

Dividend Payment

First and final dividend for the year 2025 - Rs. 0.75 per share paid on 26 June 2026

Share trading from 1 April to 30 June 2026

	3 Months to 30 Jun 2026
- No. of Transactions	3,146
- No. of Shares Traded	1,761,121
- Value of Shares Traded (Rs.)	152,344,151

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	- 9.84%
- Market prices (ex-interest) for the current interim period	- No trades during the Qtr 2,2026

1) List of 20 Major Shareholders

	Name & Address	Share Holding	Percentage %
1	Secretary to the Treasury	906,564,409	50.23
2	Global Telecommunications Holdings NV	811,757,869	44.98
3	Employee's Provident Fund	25,324,104	1.40
4	Sri Lanka Insurance Corporation Ltd-Life Fund	17,713,735	0.98
5	Seylan Bank PLC / K.L.G.Udayananda	4,072,749	0.22
6	Bank of Ceylon A/C Ceybank Unit Trust	4,001,276	0.22
7	Employees Trust Fund Board	3,302,188	0.18
8	Sri Lanka Insurance Corporation Ltd-General Fund	2,041,538	0.11
9	People's Leasing & Finance PLC/K.L.Udayananda	1,473,134	0.08
10	Bank of Ceylon-First Capital Equity Fund	1,170,000	0.06
11	Bank of Ceylon A/C Ceybank Century Growth Fund	720,244	0.04
12	Dr.T.K.D.A.P.Samarasinghe	648,445	0.04
13	Mr.S.Gurusinghe	419,317	0.02
14	Mr.T.C.B.Maranthota	410,000	0.02
15	People's Leasing & Finance PLC/Verite Research (Pvt) Ltd	358,262	0.02
16	Senkadagala Finance PLC/S.Gobinath	340,000	0.02
17	Winsland Reality (Pvt) Ltd	271,300	0.02
18	Sampath Bank PLC/Yaden Capital (Private) Limited	250,000	0.01
19	Seylan Bank PLC / Anuja Chamila Jayasinghe	235,419	0.01
20	Mr.E.L.Karannagoda	232,000	0.01
		1,781,305,989	**98.67**

2) Percentage of public holding as at 30 June 2026 — 4.78%

3) Number of shareholders representing the public holding — 14,874

4) Float adjusted market capitalization — 7,587,855,164

The Company is not in compliance with option 4 of the Listing Rule 7.13.1 (a) which requiries the Company to maintain a minimum public holding of 10%

5) Directors' shareholding — None

6) Chief Executive Officer's shareholding — -

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