

Sri Lanka Telecom PLC



Interim Condensed Consolidated Financial Statements

For the Quarter ended

31 March 2026

(All amounts in LKR Millions)

	Group		Company	
	Jan - Mar		Jan - Mar	
	2026 (Reviewed)	2025 (Reviewed)	2026 (Reviewed)	2025 (Reviewed)
Revenue	30,797	27,851	19,715	17,831
Direct costs	(16,170)	(15,029)	(9,852)	(9,131)
Gross Profit	14,627	12,822	9,863	8,700
Sales and marketing costs	(3,157)	(2,962)	(1,801)	(1,696)
Administrative costs	(6,338)	(6,170)	(4,611)	(4,466)
Operating profit	5,132	3,690	3,451	2,538
Other income	262	512	318	508
Finance cost	(1,721)	(1,839)	(1,228)	(1,339)
Foreign exchange gain/ (loss)	218	(17)	129	31
Interest income	266	323	202	158
Share of profit / (loss) from equity				
- accounted investee	27	24	27	24
Profit/(loss) before tax for the period	4,184	2,693	2,899	1,920
Income tax (expenses)/reversal	(1,116)	(692)	(839)	(576)
Profit /(loss) for the period	3,068	2,001	2,060	1,344
Other comprehensive income				
Foreign currency translation reserve	9	-	-	-
Net change in fair value financial assets	3	-	-	-
Defined benefit plan actuarial gain/ (loss)	(135)	170	(135)	168
Tax on other comprehensive income	43	(52)	40	(50)
Other comprehensive income for the period (net of tax)	(80)	118	(95)	118
Total Comprehensive Income for the Period	2,988	2,119	1,965	1,462
Profit /(loss) Attributable to :				
Owners of the company	3,065	2,000	2,060	1,344
Non-controlling interest	3	1	-	-
	3,068	2,001	2,060	1,344
Total Comprehensive Income attributable to:				
Owners of the company	2,985	2,118	1,965	1,462
Non-controlling interest	3	1	-	-
	2,988	2,119	1,965	1,462
Earnings per share				
- Basic (Rs.)	1.70	1.11	1.14	0.74

(All amounts in LKR Millions)

	Group		Company	
	31 Mar 2026 (Reviewed)	31 Dec 2025 (Reviewed)	31 Mar 2026 (Reviewed)	31 Dec 2025 (Reviewed)
Assets				
Non-Current Assets				
Property, plant and equipment	161,504	161,002	119,209	119,933
Investment Property	833	856	2,854	2,906
Right-of-use assets	7,556	6,687	1,471	541
Intangible assets and Goodwill	13,509	14,027	2,343	2,441
Investments in subsidiaries	-	-	14,429	14,429
Investments in associates	595	568	595	568
Deferred tax assets	97	97	-	-
Contract cost assets	1,147	1,290	177	197
Equity instruments designated at fair value through OCI	8	6	-	-
Other receivables	3,616	3,549	3,616	3,549
Total Non-current Assets	188,865	188,082	144,694	144,564
Current Assets				
Inventories	2,843	3,209	2,182	2,503
Trade and other receivables	30,452	28,496	22,540	21,358
Current tax receivables	685	578	351	335
Contract cost assets	1,237	919	76	65
Other investments	4,134	3,131	4,094	3,092
Cash and cash equivalents	10,904	9,935	2,637	2,220
Total Current Assets	50,255	46,268	31,880	29,573
Total Assets	239,120	234,350	176,574	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	6	(3)	-	-
Retained earnings	85,430	82,454	59,530	57,565
Equity attributable to equity share - holders of the company	103,785	100,800	77,879	75,914
Non controlling Interest	132	129	-	-
Total Equity	103,917	100,929	77,879	75,914
Non Current Liabilities				
Grants	100	103	-	-
Borrowings	53,288	54,360	47,050	47,450
Lease liability	5,615	4,447	860	47
Contract liabilities	2,370	2,425	2,370	2,425
Deferred income	91	97	91	97
Deferred tax liabilities	13,592	12,605	11,170	10,372
Employee benefits	6,968	6,776	5,741	5,577
Trade and other payables	2,033	2,034	1,088	1,106
Total Non Current Liabilities	84,057	82,847	68,370	67,074
Current Liabilities				
Borrowings	12,402	14,089	3,634	5,645
Vendor financing	2,554	776	-	-
Lease liability	2,571	2,763	651	501
Contract liabilities	1,299	1,226	1,286	1,193
Deferred income	2,758	2,706	24	23
Current tax liabilities	293	249	-	-
Trade and other payables	29,269	28,765	24,730	23,787
Total Current Liabilities	51,146	50,574	30,325	31,149
Total Liabilities	135,203	133,421	98,695	98,223
Total Equity and Liabilities	239,120	234,350	176,574	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
Sanjeeva Samaranyake
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 May 2026.

Signed for and behalf of the Board.

Signed
Dr.Mothilal de Silva
Chairman

Signed
T M Thilakarathne
Director

(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	-	-	-	-	-	3	3
Total comprehensive income for period							
Net profit for the period	-	-	-	3,065	3,065	-	3,065
Other comprehensive income							
Foreign currency translation reserve	-	-	9	-	9	-	9
Net change in fair value financial assets	-	-	-	3	3	-	3
Defined benefit plan actuarial gain, net of tax	-	-	-	(92)	(92)	-	(92)
Total other comprehensive income for period	-	-	9	(89)	(80)	-	(80)
Total comprehensive income for the period	-	-	9	2,976	2,985	3	2,988
Balance as at 31 March 2026	18,049	300	6	85,430	103,785	132	103,917

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Changes In Equity

For the three months ended 31 March 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	-	-	2,060	2,060
Other comprehensive income				
Defined benefit plan actuarial gain, net of tax	-	-	(95)	(95)
Total other comprehensive income for period	-	-	(95)	(95)
Total comprehensive income for the period	-	-	1,965	1,965
Balance as at 31 March 2026	18,049	300	59,530	77,879

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Cash Flows

For the three months ended 31 March 2026

(All amounts in LKR Millions)

	GROUP		COMPANY	
	2026	2025	2026	2025
Operating activities				
Cash generated from operations	11,420	9,652	7,827	7,734
Interest received	260	324	196	159
Interest paid	(1,627)	(1,730)	(1,012)	(1,373)
Tax paid	(132)	(122)	-	-
Gratuity paid	(212)	(206)	(187)	(180)
Net cash generated from operating activities	9,709	7,918	6,824	6,340
Cash flows from Investing activities				
Acquisition of property, plant and equipment	(5,907)	(2,805)	(2,890)	(1,848)
Acquisition of intangible assets	(87)	(236)	(56)	(241)
Proceeds from disposal of property, plant and equipment	36	205	14	125
Proceeds / (Purchase) of short term investments	(997)	(672)	(996)	(673)
Net cash used in investing activities	(6,955)	(3,508)	(3,928)	(2,637)
Cash flows from Financing activities				
Proceeds from borrowings	-	11,050	-	5,750
Cash payment for the principle portion of lease liability	(992)	(806)	(174)	(178)
Re-payment on borrowings	(3,071)	(5,718)	(2,400)	(2,000)
(Decrease) / Increase in vendor financing and other non current liabilities	1,759	(11,723)	-	(10,108)
Net cash generated from / (used) financing activities	(2,304)	(7,197)	(2,574)	(6,536)
(Decrease) / Increase in cash and cash equivalents	450	(2,787)	322	(2,833)
Movement in Cash and cash equivalents				
Cash and cash equivalents at beginning of the year	4,136	4,389	(625)	750
Effect on exchange fluctuation on cash and cash equivalents	207	47	106	42
Increase/(Decrease) in cash and cash equivalents	450	(2,787)	322	(2,833)
Cash and cash equivalents at 31 March (Note)	4,793	1,649	(197)	(2,041)
Note				
Cash and cash equivalents	10,904	7,672	2,637	3,321
Bank overdraft	(6,111)	(6,023)	(2,834)	(5,362)
	4,793	1,649	(197)	(2,041)

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 31 March 2026 and for the period ended 31 March 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.

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

III. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the most recent audited financial statements.

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 most recent audited financial statements.

Sri Lanka Telecom PLC

Notes to the Interim Condensed Consolidated Financial Statements

For the quarter ended 31 March 2026.

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 – Mar		Jan – Mar		Jan – Mar		Jan - Mar	
	2026	2025	2026	2025	2026	2025	2026	2025
External revenues	17,638	16,135	12,491	11,439	668	277	30,797	27,851
Inter- segment revenue	2,077	1,696	468	356	1,630	1,644	4,175	3,696
Reportable segment revenue	19,715	17,831	12,959	11,795	2,298	1,921	34,972	31,547
Reportable segment profit / (loss) - before tax	2,899	1,920	982	535	315	253	4,196	2,708
Interest expenses & Finance costs	(1,228)	(1,339)	(512)	(527)	(6)	(7)	(1,746)	(1,873)
Foreign exchange gain / (loss)	129	31	78	(43)	11	(5)	218	(17)
Interest income	202	158	64	166	1	1	267	325
Depreciation and amortization	(4,184)	(4,213)	(3,040)	(2,713)	(82)	(56)	(7,306)	(6,982)

	Jan – Mar 2026	Jan -Mar 2025
Revenues		
Total revenue for reportable segments	32,674	29,626
Revenue for other segments	2,298	1,921
Reportable segment revenue	34,972	31,547
Elimination of inter- segment revenue	(4,175)	(3,696)
Consolidated revenue	30,797	27,851
Profit or loss		
Total profit for reportable segments	3,881	2,455
Profit or (loss) for other segments	315	253
Reportable segment profit before tax before eliminations	4,196	2,708
Inter- segment profits adjustment	(12)	(15)
Consolidated profit or (loss) before tax	4,184	2,693

V. Operating segments (Continued)**Assets & Liabilities**

	31 Mar 2026	31 Dec 2025
Assets		
Total assets for reportable segments	267,361	262,289
Assets for other segments	4,393	4,095
	271,754	266,384
Elimination of inter - segment assets	(32,634)	(32,034)
Consolidated total assets	239,120	234,350
Liabilities		
Total liabilities for reportable segments	150,808	148,489
Liabilities for other segments	2,568	2,513
	153,376	151,002
Elimination of inter- segment liabilities	(18,173)	(17,581)
Consolidated total liabilities	135,203	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 three months ended 31 March 2026, the Group acquired assets at a cost of Rs.3,681 Mn (three months ended 31 March 2025- Rs. 5,041Mn).
- (ii) Assets with a written down value of Rs.2 Mn were disposed during the three months ended 31 March 2026 (year ended 31 March 2025 written down value of Rs 0.91Mn), resulting in a gain on disposal of Rs.34 Mn (year ended 31 March 2025 gain of Rs.206 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)	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
Property plant and equipment				
Approved but not contracted	16,855	6,334	13,078	2,438
Approved and contracted	12,912	13,362	9,433	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 - 31 Mar 2026	LKR	Nil

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

Repayments	Currency	Amount (Rs. Mn.)
Bank loan - 31 Mar 2026	LKR	3,071

X. Contingencies

There were no significant changes to the list of contingencies disclosed in the most recent annual report and interim condensed consolidated financial statements for the quarter ended 31 December 2025.

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)	
		31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Dec 2025
Mobitel (Private) Limited	Sale of goods and services	1,887	1,665	3,543	3,065
	Purchase of goods and services	550	518	(9,983)	(9,322)

XII. Events After the Reporting Date**Proposed dividend declaration**

The Board of Directors of the company has recommended a first and final dividend of Rs. 0.75 per share (2024-Rs. 0.25 per share) on voting shares of the company to be paid by way of cash dividend for the financial year ended 31 December 2025.

Further, this dividend is to be approved at the Annual General Meeting to be held on 19 June 2026. This proposed final dividend has not been recognised as a liability as at 31 December 2025 and Interim Condensed Consolidated Financial Statements for the quarter ended 31st March 2026. Final dividend proposed for the year amounts to LKR 1,354 Mn 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 13th March 2026 has been audited by Messrs. Ernst & Young on behalf of National Audit Office.

Except as disclosed above, no other events have arisen since the statement of the Financial Position date 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 three months ended 31 March 2026****Investor Information****Ratios**

	Group		Company	
	31-Mar 2026	31-Dec 2025	31-Mar 2026	31-Dec 2025
Net asset value per share (Rs.)	57.50	55.85	43.15	42.06
Debt/equity ratio - Number of times	0.74	0.77	0.67	0.72
Quick asset ratio - Number of times	0.93	0.85	0.98	0.87

	For the 3 months ended		For the 3 months ended	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
Interest cover - Number of times	3.28	2.25	3.16	2.16

Market Value of Shares

Market Value of the Ordinary

Shares of the Company (Rs.)

	3 Months to 31 Mar 2026	3 Months to 31 Mar 2025
- Highest	107.25	72.50
- Lowest	76.30	53.10
- Last traded price	80.00	60.30

Dividend Payment

First and final dividend for the year 2024 - Rs. 0.25 per share paid on 03 July 2025

Share trading from 1 January to 31 March 2026

	3 Months to 31 Mar 2026
- No. of Transactions	10,492
- No. of Shares Traded	13,189,941
- Value of Shares Traded (Rs.)	1,282,237,028

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	- 8.82%
- Market prices (ex-interest) for the current interim period	- No trades during the Qtr 1,2026

Sri Lanka Telecom PLC**Company Registration No. PQ 7****Interim Condensed Consolidated Financial Statements****For the three months ended 31 March 2026****1) List of 20 Major Shareholders**

<u>Name & Address</u>	<u>Share Holding</u>	<u>Percentage %</u>
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	4,045,749	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	1,000,000	0.06
11 Bank of Ceylon A/C Ceybank Century Growth Fund	720,244	0.04
12 Dr.T.K.D.A.P.Samarasinghe	690,000	0.04
13 Mr.S.Gurusinghe	413,244	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 Seylan Bank PLC / Anuja Chamila Jayasinghe	317,197	0.02
18 Mr.C.Dissanayake	275,000	0.02
19 Sampath Bank PLC/Yaden Capital (Private) Limited	250,000	0.01
20 Mr.E.L.Karannagoda	232,000	0.01
	1,781,229,949	98.68

- 2) Percentage of public holding as at 31 March 2026 4.78%
- 3) Number of shareholders representing the public holding 14,614
- 4) Float adjusted market capitalization 6,905,897,760

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' 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.