

**DIALOG AXIATA PLC**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2021**





## Report on Review of Condensed Consolidated Interim Financial Information To the Directors of Dialog Axiata PLC

### Introduction

We have reviewed the accompanying condensed statement of financial position of Dialog Axiata PLC and its subsidiaries as at 30 September 2021, and the related statements of comprehensive income, changes in equity and cash flows for the period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Sri Lanka Accounting Standard 34 [LKAS 34] - Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with the Sri Lanka Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making of inquiries, preliminarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Sri Lanka Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the Sri Lanka Accounting Standard 34 [LKAS 34] - Interim Financial Reporting.

11 November 2021  
Date

  
PricewaterhouseCoopers

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**DIALOG AXIATA PLC****Statement of financial position**

(all amounts in Sri Lanka Rupees thousands)

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2021 (Reviewed)</b>	<b>31 Dec 2020 (Audited)</b>	<b>30 Sep 2021 (Reviewed)</b>	<b>31 Dec 2020 (Audited)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	17,383,767	17,468,592	6,422,330	6,480,786
Contract costs	10,014,578	7,841,872	2,273,181	1,825,600
Right-of-use assets	6,442,924	5,135,935	6,284,315	4,923,897
Property, plant and equipment	127,649,131	118,475,106	92,358,475	82,317,105
Deferred tax asset	172,644	173,503	-	-
Investment in subsidiaries	-	-	50,009,325	50,946,786
Investment in associates	198,302	127,655	-	-
Other financial assets	1,058,018	544,099	-	-
	<b>162,919,364</b>	<b>149,766,762</b>	<b>157,347,626</b>	<b>146,494,174</b>
<b>Current assets</b>				
Inventories	3,958,128	1,166,018	472,892	57,106
Trade and other receivables	26,058,410	19,475,762	22,086,706	20,433,790
Other financial assets	1,096,241	624,011	-	-
Cash and cash equivalents	22,888,505	16,660,136	16,988,842	13,772,866
	<b>54,001,284</b>	<b>37,925,927</b>	<b>39,548,440</b>	<b>34,263,762</b>
<b>Total assets</b>	<b>216,920,648</b>	<b>187,692,689</b>	<b>196,896,066</b>	<b>180,757,936</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders</b>				
Stated capital	28,855,862	28,467,285	28,855,862	28,467,285
Reserves	59,952,362	53,745,783	65,519,849	63,118,890
Non-controlling interest	(59,509)	(10,006)	-	-
<b>Total equity</b>	<b>88,748,715</b>	<b>82,203,062</b>	<b>94,375,711</b>	<b>91,586,175</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	15,213,383	19,721,329	12,830,050	18,587,996
Other financial liabilities	12,500	30,700	-	-
Lease liabilities	5,737,430	4,339,514	5,574,165	4,140,856
Deferred revenue	447,979	565,653	447,979	565,653
Contract liabilities	1,698,459	1,614,099	682,062	769,940
Employee benefit payables	1,779,128	1,604,196	1,363,441	1,245,008
Provision for other liabilities	1,972,196	1,984,542	1,743,453	1,760,790
Deferred tax liability	108	108	-	-
	<b>26,861,183</b>	<b>29,860,141</b>	<b>22,641,150</b>	<b>27,070,243</b>
<b>Current liabilities</b>				
Trade and other payables	65,432,809	44,700,230	49,621,173	35,596,689
Borrowings	23,026,462	20,704,582	20,032,230	18,077,333
Other financial liabilities	698,637	486,673	-	-
Lease liabilities	1,311,519	1,627,689	1,258,898	1,556,327
Contract liabilities	9,840,504	7,201,266	7,994,780	5,986,089
Current income tax liabilities	1,000,819	909,046	972,124	885,080
	<b>101,310,750</b>	<b>75,629,486</b>	<b>79,879,205</b>	<b>62,101,518</b>
<b>Total liabilities</b>	<b>128,171,933</b>	<b>105,489,627</b>	<b>102,520,355</b>	<b>89,171,761</b>
<b>Total equity and liabilities</b>	<b>216,920,648</b>	<b>187,692,689</b>	<b>196,896,066</b>	<b>180,757,936</b>
Net assets per share (Rs.)	10.82	10.06	11.51	11.20

The notes on pages 8 to 14 form an integral part of these financial statements.

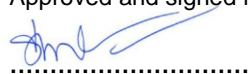
I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.


**Group Chief Financial Officer**

Date: 11/11/2021

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board of Directors.


**Director**

Date: 11/11/2021


**Director**

Date: 11/11/2021

**DIALOG AXIATA PLC****Statement of comprehensive income**

(all amounts in Sri Lanka Rupees thousands)

	<b>Group</b>		<b>Company</b>	
	<b>Nine months ended 30 Sep</b>		<b>Nine months ended 30 Sep</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>
Revenue	104,791,284	87,894,228	67,555,437	60,628,909
Direct costs	(59,707,611)	(50,013,371)	(31,279,972)	(28,694,719)
Gross profit	45,083,673	37,880,857	36,275,465	31,934,190
Distribution costs	(10,407,368)	(9,299,268)	(8,821,990)	(8,052,933)
Administrative costs	(16,371,954)	(15,154,441)	(13,731,585)	(11,104,175)
Net impairment losses on financial assets	(1,006,412)	(1,593,710)	(645,711)	(729,448)
Other income	247,073	273,015	208,302	234,350
Operating profit	17,545,012	12,106,453	13,284,481	12,281,984
Finance income	277,065	232,776	279,747	245,964
Finance costs	(1,461,809)	(1,848,700)	(1,324,755)	(1,557,887)
Net foreign exchange losses	(2,336,985)	(511,144)	(2,167,789)	(648,681)
Finance costs - net	(3,521,729)	(2,127,068)	(3,212,797)	(1,960,604)
Share of loss from associates - net of tax	(13,488)	(2,464)	-	-
Profit before income tax	14,009,795	9,976,921	10,071,684	10,321,380
Income tax expense	(1,558,072)	(1,402,098)	(1,425,450)	(1,289,679)
<b>Profit for the period</b>	<b>12,451,723</b>	<b>8,574,823</b>	<b>8,646,234</b>	<b>9,031,701</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
- changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	(25,624)	(163)	-	-
- remeasurements of defined benefit obligations, net of tax	-	54	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>(109)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>12,426,099</b>	<b>8,574,714</b>	<b>8,646,234</b>	<b>9,031,701</b>
Profit / (loss) for the period attributable to:				
- owners of the Company	12,473,980	8,596,771	8,646,234	9,031,701
- non-controlling interest	(22,257)	(21,948)	-	-
Total comprehensive income for the period attributable to:				
- owners of the Company	12,451,209	8,596,663	8,646,234	9,031,701
- non-controlling interest	(25,110)	(21,949)	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	1.52	1.06	1.06	1.11

The notes on pages 8 to 14 form an integral part of these financial statements.

**DIALOG AXIATA PLC****Statement of comprehensive income**

(all amounts in Sri Lanka Rupees thousands)

	<b>Group</b>		<b>Company</b>	
	<b>Three months ended 30 Sep</b>		<b>Three months ended 30 Sep</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>
Revenue	36,861,964	30,470,591	23,473,691	21,055,706
Direct costs	(20,614,362)	(17,232,188)	(10,642,279)	(9,457,213)
Gross profit	16,247,602	13,238,403	12,831,412	11,598,493
Distribution costs	(3,648,671)	(2,308,463)	(3,072,332)	(2,169,223)
Administrative costs	(5,976,225)	(5,244,838)	(5,747,297)	(3,981,552)
Net impairment losses on financial assets	(242,481)	(455,218)	(162,478)	(468,428)
Other income	86,390	231,556	79,055	194,283
Operating profit	6,466,615	5,461,440	3,928,360	5,173,573
Finance income	109,826	106,149	115,005	106,743
Finance costs	(518,337)	(531,569)	(487,405)	(449,931)
Net foreign exchange (losses) / gains	(100,221)	187,912	(5,602)	172,149
Finance (costs) - net	(508,732)	(237,508)	(378,002)	(171,039)
Share of loss from associates - net of tax	(7,585)	(207)	-	-
Profit before income tax	5,950,298	5,223,725	3,550,358	5,002,534
Income tax expense	(543,798)	(435,687)	(496,101)	(448,648)
<b>Profit for the period</b>	<b>5,406,500</b>	<b>4,788,038</b>	<b>3,054,257</b>	<b>4,553,886</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
-changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	(25,624)	-	-	-
-remeasurements of defined benefit obligations, net of tax	-	-	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>5,380,876</b>	<b>4,788,038</b>	<b>3,054,257</b>	<b>4,553,886</b>
Profit / (loss) for the period attributable to:				
- owners of the Company	5,409,175	4,796,581	3,054,257	4,553,886
- non-controlling interest	(2,675)	(8,543)	-	-
Total comprehensive income for the period attributable to:				
- owners of the Company	5,386,404	4,796,581	3,054,257	4,553,886
- non-controlling interest	(5,528)	(8,543)	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	0.66	0.59	0.37	0.56

The notes on pages 8 to 14 form an integral part of these financial statements.

**DIALOG AXIATA PLC****Consolidated statement of changes in equity****(all amounts in Sri Lanka Rupees thousands)**

	Attributable to owners of the Company		Non-controlling interest	Total
	Stated capital	Reserves		
Balance at 1 January 2021	28,467,285	53,745,783	(10,006)	82,203,062
Profit / (loss) for the period	-	12,473,980	(22,257)	12,451,723
Other comprehensive income	-	(22,771)	(2,853)	(25,624)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>12,451,209</b>	<b>(25,110)</b>	<b>12,426,099</b>
Transactions with non-controlling interest	-	645	(24,393)	(23,748)
Employee share schemes - value of employee services	-	211,752	-	211,752
Dividends to equity holders	-	(6,068,450)	-	(6,068,450)
Transfer from share-based payment reserve upon vesting	388,577	(388,577)	-	-
<b>Balance at 30 September 2021</b>	<b>28,855,862</b>	<b>59,952,362</b>	<b>(59,509)</b>	<b>88,748,715</b>
Balance at 1 January 2020	28,103,913	46,134,448	12,860	74,251,221
Profit / (loss) for the period	-	8,596,771	(21,948)	8,574,823
Other comprehensive income	-	(108)	(1)	(109)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>8,596,663</b>	<b>(21,949)</b>	<b>8,574,714</b>
Transactions with non-controlling interest	-	(4,626)	16,611	11,985
Employee share schemes - value of employee services	-	454,842	-	454,842
Dividends to equity holders	-	(4,316,203)	-	(4,316,203)
Transfer from share-based payment reserve upon vesting	363,372	(363,372)	-	-
<b>Balance at 30 September 2020</b>	<b>28,467,285</b>	<b>50,501,752</b>	<b>7,522</b>	<b>78,976,559</b>
Balance at 1 October 2020	28,467,285	50,501,752	7,522	78,976,559
Profit / (loss) for the period	-	3,437,358	(9,495)	3,427,863
Other comprehensive income	-	(296,956)	(8,182)	(305,138)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>3,140,402</b>	<b>(17,677)</b>	<b>3,122,725</b>
Transaction with non-controlling interest	-	4	149	153
Employee share schemes - value of employee services	-	103,625	-	103,625
<b>Balance at 31 December 2020</b>	<b>28,467,285</b>	<b>53,745,783</b>	<b>(10,006)</b>	<b>82,203,062</b>

The notes on pages 8 to 14 form an integral part of these financial statements.

**DIALOG AXIATA PLC****Company statement of changes in equity**

(all amounts in Sri Lanka Rupees thousands)

	<b>Attributable to owners of the Company</b>		
	<b>Stated capital</b>	<b>Reserves</b>	<b>Total</b>
Balance at 1 January 2021	28,467,285	63,118,890	91,586,175
Profit for the period	-	8,646,234	8,646,234
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>8,646,234</b>	<b>8,646,234</b>
Employee share schemes - value of employee services	-	211,752	211,752
Dividends to equity holders	-	(6,068,450)	(6,068,450)
Transfer from share-based payment reserve upon vesting	388,577	(388,577)	-
<b>Balance at 30 Sep 2021</b>	<b>28,855,862</b>	<b>65,519,849</b>	<b>94,375,711</b>
Balance at 1 January 2020	28,103,913	55,658,646	83,762,559
Profit for the period	-	9,031,701	9,031,701
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>9,031,701</b>	<b>9,031,701</b>
Employee share schemes - value of employee services	-	454,842	454,842
Dividends to equity holders	-	(4,316,203)	(4,316,203)
Transfer from share-based payment reserve upon vesting	363,372	(363,372)	-
<b>Balance at 30 Sep 2020</b>	<b>28,467,285</b>	<b>60,465,614</b>	<b>88,932,899</b>
Balance at 1 October 2020	28,467,285	60,465,614	88,932,899
Profit for the period	-	2,707,855	2,707,855
Other comprehensive income	-	(158,204)	(158,204)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>2,549,651</b>	<b>2,549,651</b>
Employee share schemes - value of employee services	-	103,625	103,625
<b>Balance at 31 December 2020</b>	<b>28,467,285</b>	<b>63,118,890</b>	<b>91,586,175</b>

The notes on pages 8 to 14 form an integral part of these financial statements.

**DIALOG AXIATA PLC****Statements of cash flows**

(all amounts in Sri Lanka Rupees thousands)

	<b>Group 30 Sep</b>		<b>Company 30 Sep</b>	
	<b>2021 (Reviewed)</b>	<b>2020 (Reviewed)</b>	<b>2021 (Reviewed)</b>	<b>2020 (Reviewed)</b>
<b>Cash flows from operating activities</b>				
Cash generated from operations	45,548,638	37,400,148	40,213,969	31,091,497
Interest received	317,798	289,677	278,203	236,371
Interest paid	(1,336,954)	(1,865,130)	(1,196,112)	(1,547,527)
Taxes paid	(1,251,481)	(1,220,691)	(1,248,348)	(1,153,191)
Employee benefits paid	(53,395)	(98,694)	(37,254)	(78,223)
<b>Net cash generated from operating activities</b>	<b>43,224,606</b>	<b>34,505,310</b>	<b>38,010,458</b>	<b>28,548,927</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(20,018,342)	(14,136,973)	(17,790,924)	(10,916,598)
Purchase of intangible assets	(3,046,830)	(1,277,054)	(2,988,301)	(1,060,179)
Acquisition of subsidiary, net of cash acquired	13,567	-	(30,442)	-
Investment in subsidiaries	-	-	-	(772,111)
Net cash flows used in other financial assets	(108,057)	(65,511)	-	-
Proceeds from sale of property, plant and equipment	18,593	4,267	17,708	4,267
<b>Net cash used in investing activities</b>	<b>(23,141,069)</b>	<b>(15,475,271)</b>	<b>(20,791,959)</b>	<b>(12,744,621)</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings	(21,149,854)	(6,028,560)	(19,394,407)	(3,966,060)
Proceeds from borrowings	15,030,000	-	13,030,000	-
Principal element of lease payment	(1,883,560)	(1,181,070)	(1,805,646)	(1,127,865)
Redemption of preference shares from non-controlling interests	(15,356)	-	-	-
Proceeds from share issue - non-controlling interests	6,566	11,985	-	-
Dividends paid to ordinary shareholders	(6,068,450)	(4,316,203)	(6,068,450)	(4,316,203)
<b>Net cash used in financing activities</b>	<b>(14,080,654)</b>	<b>(11,513,848)</b>	<b>(14,238,503)</b>	<b>(9,410,128)</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,002,883</b>	<b>7,516,191</b>	<b>2,979,996</b>	<b>6,394,178</b>
<b>Movement in cash and cash equivalents</b>				
At beginning of the period	16,660,136	7,388,761	13,772,866	6,333,191
Increase	6,002,883	7,516,191	2,979,996	6,394,178
Effect of exchange rate changes	225,486	(129,517)	235,980	(134,883)
<b>At end of the period</b>	<b>22,888,505</b>	<b>14,775,435</b>	<b>16,988,842</b>	<b>12,592,486</b>

The notes on pages 8 to 14 form an integral part of these financial statements.



# DIALOG AXIATA PLC

## Notes to the condensed consolidated interim financial statements

(all amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

### 1 General information

Dialog Axiata PLC ('the Company') and its subsidiaries (together 'the Group') provide communication services (mobile, fixed, broadband, international gateway services), telecommunication infrastructure services (tower infrastructure and transmission services), media (digital television services based on multiple media - satellite, cable, terrestrial), digital services [including but not limited to digital commerce (mobile and eCommerce), electronic payments (including mobile payment), digital health, education, navigation and enterprise services and financial services], software solutions, data centre services, manpower services and venture capital investment activities.

Dialog Axiata PLC is a public limited liability company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange since 28 July 2005. The registered office of the Company is located at 475, Union Place, Colombo 2.

### 2 Basis of preparation

The condensed interim financial statements for the period ended 30 September 2021 of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

### 3 Segment information

Operating segments are presented in a manner consistent with the internal reporting provided to chief operating decision makers.

- The segment results for the nine months ended 30 September 2021 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Total segmental revenue	73,569,816	32,330,454	7,577,723	-	113,477,993
Inter-segment revenue	(5,876,435)	(2,756,368)	(53,906)	-	(8,686,709)
<b>Revenue from external customers</b>	<b>67,693,381</b>	<b>29,574,086</b>	<b>7,523,817</b>	<b>-</b>	<b>104,791,284</b>
Segment operating profit / (loss) for the period	13,233,948	3,710,657	(52,203)	652,610	17,545,012
Finance costs – net					(3,521,729)
Share of loss from associate - net of tax					(13,488)
Profit before income tax					<b>14,009,795</b>
Income tax expense					(1,558,072)
<b>Profit for the period</b>					<b>12,451,723</b>

## DIALOG AXIATA PLC

## Notes to the condensed consolidated interim financial statements (Continued)

## 3 Segment information (Continued)

- Other segment items included in the statement of comprehensive income are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Depreciation, amortisation and impairment	16,860,874	6,803,634	2,440,978	-	26,105,486

- The segment assets and liabilities at 30 September 2021 and capital expenditure for the nine months then ended are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Assets	206,156,468	52,979,301	9,703,662	(43,279,809)	225,559,622
Inter-segment assets	(8,226,615)	(312,925)	(99,434)	-	(8,638,974)
<b>Total assets</b>	<b>197,929,853</b>	<b>52,666,376</b>	<b>9,604,228</b>	<b>(43,279,809)</b>	<b>216,920,648</b>
Liabilities	110,086,668	18,655,419	7,772,102	-	136,514,189
Inter-segment liabilities	(3,430,555)	(4,523,781)	(387,920)	-	(8,342,256)
<b>Total liabilities</b>	<b>106,656,113</b>	<b>14,131,638</b>	<b>7,384,182</b>	<b>-</b>	<b>128,171,933</b>
Capital expenditure	23,880,077	4,754,358	34,090	-	28,668,525

- The segment results for the nine months ended 30 September 2020 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Total segmental revenue	63,814,325	23,288,338	6,458,255	-	93,560,918
Inter-segment revenue	(3,971,687)	(1,669,372)	(25,631)	-	(5,666,690)
<b>Revenue from external customers</b>	<b>59,842,638</b>	<b>21,618,966</b>	<b>6,432,624</b>	<b>-</b>	<b>87,894,228</b>
Segment operating profit / (loss) for the period	12,244,589	780,474	(774,208)	(144,402)	12,106,453
Finance costs – net					(2,127,068)
Share of profit from associates – net of tax					(2,464)
Profit before income tax					9,976,921
Income tax expense					(1,402,098)
<b>Profit for the period</b>					<b>8,574,823</b>

- Other segment items included in the statement of comprehensive income are as follows:

	Mobile operation	Fixed telephony and broadband Operation	Television operation	Elimination /adjustment	Group
Depreciation, amortisation and impairment	15,324,558	6,899,353	2,450,289	-	24,674,200

## DIALOG AXIATA PLC

## Notes to the condensed consolidated interim financial statements (Continued)

## 3 Segment information (Continued)

- The segment assets and liabilities at 31 December 2020 and capital expenditure for the year then ended are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Assets	187,441,032	45,811,828	8,593,954	(43,092,633)	198,754,181
Inter-segment assets	(10,785,982)	(204,555)	(70,955)	-	(11,061,492)
<b>Total assets</b>	<b>176,655,050</b>	<b>45,607,273</b>	<b>8,522,999</b>	<b>(43,092,633)</b>	<b>187,692,689</b>
Liabilities	94,773,251	15,081,468	6,381,074	-	116,235,793
Inter-segment liabilities	(3,737,813)	(5,637,254)	(1,371,099)	-	(10,746,166)
<b>Total liabilities</b>	<b>91,035,438</b>	<b>9,444,214</b>	<b>5,009,975</b>	<b>-</b>	<b>105,489,627</b>
Capital expenditure	25,284,890	3,930,007	38,300	-	29,253,197

## 4 Reserves

	Group		Company	
	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
<b>Attributable to the owners of the Company</b>				
Retained earnings	59,675,947	53,269,769	65,204,942	62,627,155
Fair value through other comprehensive income ("FVOCI") reserve	(38,492)	(15,721)	-	-
Share-based payments reserve	314,907	491,735	314,907	491,735
<b>Attributable to the non-controlling interest</b>				
Non-controlling interest	(59,509)	(10,006)	-	-
	<b>59,892,853</b>	<b>53,735,777</b>	<b>65,519,849</b>	<b>63,118,890</b>

## 5 Seasonal or cyclical factors

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

## 6 Significant unusual events or transactions affecting assets, liabilities, equity, net income or cash flows

COVID-19 pandemic has resulted in a substantive shift in management's focus towards ensuring the continued safety of people, connectivity of customers, compliance with guidelines issued by various government authorities and continuity of critical business operations.

The outbreak and the associated developments impacted the business on multiple fronts including distribution, network rollout and working capital management. The lockdown and credit extensions provided to keep customers connected, significantly impacted cash collections. The global impact of the pandemic and the repatriation of Sri Lankans have also adversely affected the Group's international business including inbound and outbound roaming. Accordingly, the Group faced an adverse impact on revenue, impairment of trade receivables and health and safety-related expenses. Despite the resurgence of outbreak and related restrictions, the Group continued to see a gradual recovery in revenue and collections in 2021.

The current unprecedented situation is yet evolving and the future impact will heavily depend on the level of restrictions and time taken for the economy to rebound to pre COVID-19 levels. The overall impact on consumer spending and the recovery of the country's enterprises will also be key determinants of future impact on our business. The Group has resorted to aggressive cost rescaling and rationalisation initiatives both in operating and capital expenditure to soften the impact on the business.

There were no other unusual events or transactions affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the period ended 30 September 2021.

## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements (Continued)

#### 7 Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

There were no changes in estimates and assumptions used in prior financial periods that may have a material effect in the current quarter and for the financial period to date, except for the note 8.

In preparing the condensed consolidated interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the sources of estimates uncertainty are consistent with the audited financial statements for the year ended 31 December 2020.

#### 8 Impairment of Investments and Goodwill

The Company has impaired Rs. 968Mn invested in Digital Holding Lanka (Pvt) Limited. The impact to Group financial statements is limited to Rs. 102Mn; goodwill impairment of e-learning operation and investment impairment of Linear Squared (Pvt) Ltd of Rs.76Mn and Rs.26Mn respectively.

The recoverable value forecasts and projections of cash generating units reflects management expectations of revenue growth, operating costs and margins based on past experience and future plans and strategies. The Group applies Discounted Cash Flow (DCF) method, Market Value method and Revenue Multiples method for VIU and FVLCS calculations. The assumptions applied in the VIU computation are EBITDA margin, Free cash flow (FCF), Pre-tax discount rate and Terminal growth rate. Estimates were revised by applying a scenario-based approach.

#### 9 Issues, repurchases and repayments of debt and equity securities

Further to the Long-Term Incentive Plan ("LTIP") established by the Company to reward and retain high performing employees of the Company and its subsidiaries and pursuant to satisfying the vesting conditions pertaining to Grant 2 of the LTIP, a total of 26,798,400 ordinary shares in the Company were allotted and issued to the eligible employees on 19 April 2021 for non-cash consideration at a price of Rs.14.50 per share.

#### 10 Stated capital

Stated capital of the Company consists of 8,200,607,505 ordinary shares.

#### 11 Earnings per share

The diluted earnings per share is same as the basic earnings per share.

#### 12 Market price per share

For the three months ended 30 September

	2021 Rs.	2020 Rs.
- Highest	12.40	12.90
- Lowest	10.60	7.90
- Last traded	10.80	11.30

#### 13 Directors' shareholdings

The details of shares held directly by the Directors and their spouses as at 30 September 2021 are as follows:

	Number of shares
Dr. Hansa Wijayasuriya	2,408,910
Mr. Mohamed Muhsin	18,040
Mr. Supun Weerasinghe	2,181,600

None of the Directors and their spouses other than those disclosed above directly held any shares in the Company.

## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements (Continued)

#### 14 Twenty largest shareholders of the Company

Name of Shareholders	No. of shares	% Holding
1 Axiata Investments (Labuan) Limited	6,785,252,765	82.74%
2 Employees Provident Fund	237,424,082	2.90%
3 BBH Luxfidelity Funds - Pacific F	147,311,909	1.80%
4 CITI Bank New York S/A Norges Bank Account 2	129,074,552	1.57%
5 BNYM RE - Consilium Extended Opportunities Fund, L.P.	78,847,620	0.96%
6 Pershing LLC S/A Averbach Grauson and Co.	60,663,897	0.74%
7 BBH - Fidelity Funds	55,240,998	0.67%
8 J.B. Cocoshell (Private) Limited	51,989,063	0.63%
9 Employees Trust Fund Board	49,090,898	0.60%
10 JPMCB NA - Fidelity Asian Values PLC	41,762,540	0.51%
11 Northern Trust Company S/A Hosking Global Fund PLC	22,575,939	0.28%
12 SSBT-Sunsuper PTY. LTD. As Trustee for Sunsuper Supperannuation Fund	18,492,884	0.23%
13 SSBT - Retail Employees Superannuation Trust	17,216,852	0.21%
14 Hatton National Bank PLC-NDB Wealth Growth and Income Fund	14,954,638	0.18%
15 Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	14,867,369	0.18%
16 Union Assurance PLC-Universal Life Fund	14,467,446	0.18%
17 Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	14,289,887	0.17%
18 Ceylon Investment PLC A/C # 02	13,797,647	0.17%
19 Rubber Investment Trust LTD A/C NO 01	13,554,973	0.17%
20 Mellon Bank N.A.- UPS Group Trust	12,369,731	0.15%

#### 15 Public shareholding

Information pertaining to public shareholding is as follows:

	30 Sep 2021	31 Dec 2020
Public holding percentage	17.20%	16.94%
Number of public shareholders	22,669	21,769
Float adjusted market capitalisation (Rs.)	15,236,058,852	17,173,922,996

The Company is compliant with the Minimum Public Holding requirement under option 1 of rule 7.13.1(a) of the Listing Rules of the Colombo Stock Exchange.

#### 16 Effect of changes in composition of the Group

- Dialog Broadband Networks (Private) Limited ('DBN'), a wholly owned subsidiary of the Company, acquired 100% of the shareholding in H One (Private) Limited, Sri Lanka's leading Microsoft solutions provider on 7 January 2021.
- Pursuant to a conversion of shareholder advances, Digital Holdings Lanka (Private) Limited ('DHL'), a wholly owned subsidiary of the Company, issued and allotted 3,044,200 new ordinary shares in DHL to the Company on 30 March 2021. This share issue has not changed the composition of the Group.
- Digital Health (Private) Limited ('DH') a subsidiary of DHL, acquired 100% of the issued share capital of My Health Solutions (Private) Limited from its existing shareholders, Dialog Axiata Digital Innovation Fund (Private) Limited ('DADIF') and Aartiz Technologies (Private) Limited ('Aartiz') on 20 February 2021, in consideration of the issuance of 30% shares in DH, in the proportion of 20.45% to DADIF and 9.55% to Aartiz.
- Dialog Axiata Digital Innovation Fund (Private) Limited ('DADIF'), which is a subsidiary of DHL, redeemed 186,002 of its preference shares on 11 March 2021, out of which 170,646 shares were redeemed from preference shares held by DHL. During the period, DADIF issued 44,141 preference shares out of which 37,527 were issued to DHL and the remaining preference shares were issued to individual shareholders. Pursuant to the transactions, DHL's stake in DADIF decreased to 88.95% from 90.18%.
- Dialog Finance PLC ("DFP"), a subsidiary of the Company proceeded with a Rights Issue with a view to increase the core Capital of the Company to ensure compliance with Central Bank Directions. Pursuant to a resolution adopted by the shareholders of DFP at a meeting held on 26 August 2021, DFP raised LKR 560,072,760 through a Rights Issue by issuing 8,616,504 ordinary shares (in the proportion of 8 new shares for every 101 existing shares in DFP) at the price of LKR 65 per share. The new shares were listed on the Colombo Stock Exchange on 13 October 2021.

Other than disclosed above there has not been a change in the composition of the Group which was disclosed in the audited financial statements for the year ended 31 December 2020.

## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements (Continued)

#### 17 Financial instruments measured at fair value

		Measurement criteria and the fair value					
		Level 1 Rs.000		Level 3 Rs.000		Total Rs.000	
Note		30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
<b>Financial assets</b>							
Financial assets at fair value through profit or loss (FVTPL)							
- Investment in quoted equities	(a)	1,684	1,513	-	-	1,684	1,513
- Investment in unquoted equities	(a)	-	-	127,443	205,865	127,443	205,865
Financial assets at fair value through other comprehensive income (FVOCI)							
- Investment in unquoted equities	(b)	-	-	162,103	187,728	162,103	187,728

The Group measures the financial instruments based on published price quotations (Level 1), market approach valuation technique (Level 2) with inputs of valuation technique such as interest rates and yield curves observable at commonly quoted intervals; implied volatilities; and credit spreads that are observable directly or indirectly and valuation technique with unobservable inputs (Level 3) at the end of the financial reporting period.

- (a) Carrying value of financial assets at FVTPL at the end of the financial reporting period represents the investments in quoted equity investments by Dialog Finance PLC and investment in unquoted equity investments by Dialog Axiata Digital Innovation Fund (Private) Limited.
- (b) The carrying value of financial assets at FVOCI represents the fair value of the investment in shares in the Credit Information Bureau of Sri Lanka by Dialog Finance PLC and investment in unquoted equity investments by Dialog Axiata Digital Innovation Fund (Private) Limited.

#### 18 Cash and cash equivalents

Cash and cash equivalents of the Group include restricted cash deposited in the following financial institutions:

	30 Sep 2021	31 Dec 2020
Hatton National Bank PLC, amount deposited in custodian accounts to facilitate Ez cash operation	610,000	610,000
Margin requirements against imports on Documents against Acceptance terms	75,446	97,716
People's Bank, amount deposited in settlement account to facilitate NFC Travel card value	64,380	64,276
	<b>749,826</b>	<b>771,992</b>

#### 19 Revenue from contracts with customers

	Group		Company	
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
Mobile operation	67,693,381	59,842,638	67,555,437	60,628,909
Fixed telephony and broadband operation	29,574,086	21,618,966	-	-
Television operation	7,523,817	6,432,624	-	-
	<b>104,791,284</b>	<b>87,894,228</b>	<b>67,555,437</b>	<b>60,628,909</b>

Timing of revenue recognition	Group		Company	
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
At a point in time	2,694,939	875,106	68,171	54,447
Over time	102,096,345	87,019,122	67,487,266	60,574,462
	<b>104,791,284</b>	<b>87,894,228</b>	<b>67,555,437</b>	<b>60,628,909</b>

#### 20 Valuation of property, plant and equipment

The Company and the Group do not adopt a revaluation policy on its property, plant and equipment.

## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements (Continued)

#### 21 Contingent liabilities

In August 2008, Sri Lanka Customs ('SLC') detained a shipment of CDMA Customers' Premises Equipment ('CPE') belonging to Dialog Broadband Networks (Private) Limited ('DBN') and commenced an investigation into the eligibility of these items falling under the duty exemptions granted under the terms and conditions of the agreement with the Board of Investment of Sri Lanka. The shipment was cleared by DBN upon submitting bank guarantees and thereafter subsequent shipments of CPE were cleared by paying duty 'Under Protest'. SLC commenced an inquiry into this matter on 30 January 2009 which was temporarily suspended upon a proposed settlement by the Secretary to the Treasury in May 2010. However, SLC took steps to continue with the inquiry. Inquiry was held on several dates and the last date being 9 September 2016, however the inquiry was not concluded on this date. On 11 April 2018, DBN was served with an 'Order' dated 6 April 2018 by SLC imposing a mitigated monetary forfeiture of Rs. 1,626,622,200. DBN has instituted legal action challenging the order made by SLC in the Court of Appeal under Case No: CA (Writ) 166/2018. The matter was supported on 28 November 2018 and notices were issued on the respondents.

Thereafter, SLC filed objections on 15 February 2019 as directed by the Courts. The case was fixed for argument on several dates, the last date being 8 November 2021. The matter has been refixed for argument on 10 March 2022.

Except for disclosed above there has not been a significant change in the nature of the contingent liabilities, which were disclosed in the audited financial statements for the year ended 31 December 2020.

#### 22 Capital commitments

Capital expenditure contracted for as at the statement of financial position date but not yet incurred consists of Rs. 22,491,738,024 (31.12.2020 - Rs. 9,777,542,685) and Rs. 29,172,754,469 (31.12.2020 - Rs. 13,913,085,606) of the Company and the Group respectively.

#### 23 Events after the reporting period

No circumstances have arisen since the statement of financial position date which require adjustments to, or disclosure in the financial statements.