PEGASUS HOTELS OF CEYLON PLC

A Carson Cumberbatch Company

Condensed Interim Financial Statements

For the six months ended 30th September 2026

Pegasus Hotels of Ceylon PLC

Performance Review for the six months ended 30th September 2026

During the first half of FY2027, Sri Lanka's tourism sector faced a challenging operating environment. In the first quarter, escalating conflict in the Middle East disrupted global aviation through intermittent regional airspace closures and uncertainty affecting key European long-haul feeder routes. Conditions improved in the second quarter, though arrivals remained below the previous year's levels. A pick in arrivals from India further strengthened its status as the principal source market, followed by China and Australia, which helped partially offset the degrowth in the Western markets. Further, spending per visitor remained below the level recorded in the corresponding period of the previous year. In light of these challenges, the Government revised its 2026 tourism targets to 2.5 million arrivals and USD 4.2 Bn in earnings, down from earlier targets of 3.0 million arrivals and USD 5.0 Bn in earnings. Meanwhile, pressure from modern Colombo-based hotels, informal accommodation providers and purpose-built banquet venues competing for the same limited market continued.

The Hotel's performance during the period reflects the benefits of the asset enhancement and repositioning programme initiated in FY2026, as it continues its transition towards a city beach resort offering. The fully operational 'Sand and Spice' restaurant and 'Salt Theory' beach bar have enhanced the guest experience and broadened the Hotel's leisure appeal. Occupancy improved to 61% in 1HFY27, from 51% in the corresponding period, supported by the availability of the full room inventory following the completion of refurbishments, together with growth in the conference and online segments. Targeted pricing for the local market also helped sustain volumes in a competitive operating environment. The MICE segment maintained its momentum, underpinned by several large-scale corporate events. The Wedding segment, however, remained subdued amid continued competition from standalone banquet venues. Accordingly, Pegasus Hotels of Ceylon PLC recorded revenue of Rs. 510 Mn for the six months ended 30th September 2026, compared to Rs. 403 Mn in the corresponding period of the previous year, an increase of 26.6%.

Direct costs increased in line with higher business volumes, while the upward revision of electricity tariffs placed further pressure on the cost base. Maintenance expenses declined YoY following the completion of several major maintenance projects in FY2026. Overheads increased as the Hotel continued investing in its people and brand, including higher marketing expenditure to sustain visibility in a highly competitive market. Net finance income improved, mainly as higher market interest rates boosted returns on deposits while the Hotel's borrowings remained at fixed rates. As a result, the loss before tax for 1HFY27 narrowed to Rs. 13.6 Mn, compared to Rs. 53.0 Mn in 1HFY26.

The Hotel's next refurbishment project, an upgrade of the main banquet hall, is scheduled to begin in the latter part of the financial year. While near-term uncertainties persist, the outlook for the industry remains positive, supported by improving tourist arrivals and resilient regional demand. The Hotel will continue to focus on delivering exceptional value to guests while strengthening service standards and operational excellence across all touchpoints.

Carsons Management Services (Private) Limited
Managers
11th November 2026
Colombo

Pegasus Hotels of Ceylon PLC

Statement of Profit or Loss and Other Comprehensive Income

(All figures are in Sri Lankan Rupees Thousands)

	Three months ended 30th September			Six months ended 30th September		
	2026	2025	Change %	2026	2025	Change %
Revenue	277,536	227,584	22	510,133	402,813	27
Direct costs	(178,875)	(165,329)	8	(347,454)	(301,645)	15
Gross profit	98,661	62,255	58	162,679	101,168	61
Other income	7,104	1,233	476	8,338	2,593	222
Selling and promotional expenses	(16,956)	(12,628)	34	(29,581)	(23,280)	27
Administrative expenses	(83,730)	(73,507)	14	(163,053)	(140,527)	16
Profit/ (loss) from operations	5,079	(22,647)	(122)	(21,617)	(60,046)	(64)
Finance income	6,042	6,750	(10)	16,822	15,601	8
Finance costs	(4,255)	(4,128)	3	(8,789)	(8,506)	3
Net finance income	1,787	2,622	(32)	8,033	7,095	13
Profit/ (loss) before tax	6,866	(20,025)	(134)	(13,584)	(52,951)	(74)
Income tax expenses	-	-	-	-	-	-
Deferred taxation	7,105	(13,220)	(154)	11,003	(5,056)	(318)
Profit/ (loss) for the period	13,971	(33,245)	(142)	(2,581)	(58,007)	(96)
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income/ (expense) for the period	13,971	(33,245)	(142)	(2,581)	(58,007)	(96)
Earnings / (loss) per share (Rs.)	0.17	(0.39)		(0.03)	(0.69)	
Dividend per share (Rs.)	-	-		-	-	

Change % represents the percentage change in the current period's results compared to the corresponding period of the previous year.

Figures in brackets indicate deductions.

Pegasus Hotels of Ceylon PLC

Statement of Financial Position

(All figures are in Sri Lankan Rupees Thousands)

As at	30.09.2026	31.03.2026 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	3,459,708	3,502,339
Compensation receivable	24,759	24,759
Total non-current assets	3,484,467	3,527,098
Current assets		
Inventories	42,422	43,092
Investment in fixed deposits	210,105	214,150
Trade and other receivables	155,991	128,032
Tax receivable	4,231	3,033
Cash and cash equivalents	95,556	107,704
Total current assets	508,305	496,011
Total assets	3,992,772	4,023,109
EQUITY AND LIABILITIES		
Equity		
Stated capital	751,549	751,549
Capital reserves	2,122,117	2,131,198
Revenue reserves	(203,492)	(209,992)
Total equity	2,670,174	2,672,755
Non-current liabilities		
Deferred tax liability	860,837	871,839
Employee benefits	33,060	32,536
Loans and borrowings	126,000	146,667
Total non-current liabilities	1,019,897	1,051,042
Current liabilities		
Trade and other payables	260,199	252,644
Loans and borrowings	42,502	46,668
Total current liabilities	302,701	299,312
Total liabilities	1,322,598	1,350,354
Total equity and liabilities	3,992,772	4,023,109
Net assets per share (Rs.)	31.63	31.66

The Statement of Financial Position as at 30th September 2026 together with the Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the period then ended, as presented on pages 2 to 5, have been prepared from unaudited financial information.

I certify that these financial statements have been prepared in compliance with the requirements of Companies Act, No. 7 of 2007.

(Sgd).
L.C.D. Prasanga
Group Financial Controller
Carsons Management Services (Private) Limited

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

Approved and signed on behalf of the Managers,

(Sgd).
V.R. Wijesinghe
Director
Carsons Management Services (Private) Limited
11th November 2026
Colombo

Approved and signed on behalf of the Board,

(Sgd).
M. Dayananda
Chairman

(Sgd).
K. Selvanathan
Director

Pegasus Hotels of Ceylon PLC

Statement of Changes in Equity

(All figures are in Sri Lankan Rupees Thousands)

	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 01st April 2026	**751,549**	**2,131,198**	**(209,992)**	**2,672,755**
Loss for the period	-	-	(2,581)	(2,581)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (expense) for the period	-	-	(2,581)	(2,581)
Transfer of revaluation surplus on disposal of assets	-	(9,081)	9,081	-
Balance as at 30th September 2026	**751,549**	**2,122,117**	**(203,492)**	**2,670,174**
Balance as at 01st April 2025	751,549	1,598,932	(177,667)	2,172,814
Loss for the period	-	-	(58,007)	(58,007)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (expense) for the period	-	-	(58,007)	(58,007)
Balance as at 30th September 2025	751,549	1,598,932	(235,674)	2,114,807

Figures in brackets indicate deductions.

Pegasus Hotels of Ceylon PLC

Statement of Cash Flows

(All figures are in Sri Lankan Rupees Thousands)

For the six months ended 30th September	2026	2025
Cash flows from operating activities		
Profit/ (loss) before tax	(13,584)	(52,951)
Adjustments for:		
Interest income on fixed deposits and savings accounts	(13,038)	(10,946)
Unrealised foreign exchange gain	(2,929)	(3,299)
Interest expenses on loans and borrowings	8,789	8,506
Depreciation on property, plant and equipment	38,614	28,234
Reversal of provision for impairment of trade receivables	(46)	(100)
Loss / (profit) on disposal of property, plant and equipment	(5,734)	150
Provision for employee benefits	1,987	1,440
Operating profit / (loss) before working capital changes	14,059	(28,966)
(Increase) / decrease in inventories	670	457
(Increase) / decrease in trade and other receivables	(27,913)	3,125
Increase / (decrease) in trade and other payables	7,138	2,512
Cash generated from / (used in) operations	(6,046)	(22,872)
Employee benefits paid	(1,463)	(438)
Net cash generated from / (used in) operating activities	(7,509)	(23,310)
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,144)	(86,514)
Proceeds from disposal of property, plant and equipment	34,440	-
Investment in fixed deposits	(36,823)	-
Withdrawal of fixed deposits	42,073	30,948
Interest received	10,635	8,556
Net cash generated from / (used in) investing activities	25,181	(47,010)
Cash flows from financing activities		
Loans and borrowings obtained	-	134,000
Loans and borrowings repaid	(24,833)	(137,300)
Interest paid on loans and borrowings	(7,916)	(8,464)
Net cash generated from / (used in) financing activities	(32,749)	(11,764)
Net increase / (decrease) in cash and cash equivalents	(15,077)	(82,084)
Effect of exchange rate changes on cash and cash equivalents	2,929	3,299
Cash and cash equivalents at the beginning of the period	107,704	248,955
Cash and cash equivalents at the end of the period	95,556	170,170
Statement of cash and cash equivalents		
Placements with banking and financial institutions	26,729	128,084
Cash at bank and in hand	68,827	42,086
Cash and cash equivalents for the purpose of statement of cash flows	95,556	170,170

Figures in brackets indicate deductions.

Notes to the Interim Financial Statements

(All figures are in Sri Lankan Rupees Thousands unless otherwise stated)

1. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements of Pegasus Hotels of Ceylon PLC (the "Company") have been prepared using the same accounting policies and methods as the audited financial statements for the year ended 31st March 2026, and are in compliance with Sri Lanka Accounting Standard LKAS 34 - "Interim Financial Reporting". The provisions of the Companies Act, No. 7 of 2007 have been considered in preparing these Interim Financial Statements.

2. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosure in the financial statements.

3. COMMITMENTS AND CONTINGENCIES

3.1 Capital commitments

The Company had capital commitments of Rs. 42,253,799/- as at the reporting date.

3.2 Contingent liabilities

The Company does not have material contingent liabilities as at the reporting date.

4. LIABILITIES FOR EXPENDITURE

Significant expenses and support service fees for the period have been fully accounted for in the interim financial statements.

5. COMPARATIVE FIGURES

Previous period's figures and phrases are re-presented where necessary to conform to the current period's presentation.

6. GOING CONCERN

Based on currently available information, the directors are satisfied that the Company will continue to operate as a going concern for the foreseeable future.

7. STATED CAPITAL

The stated capital of the Company as at the reporting date was Rs. 751,548,321.50 consisting of 84,420,940 Ordinary Shares.

7.1 Sub-Division of Ordinary Shares

As disclosed to the Colombo Stock Exchange (CSE) on 21st July 2026, the Board of Directors resolved to recommend a sub-division of the Company's Ordinary Shares, which was approved by the shareholders at the Extraordinary General Meeting held on 11th September 2026. Consequent to the sub-division, each existing Ordinary Share held by shareholders as at the record date/entitlement date of 15th September 2026 was sub-divided into two (02) [1:2] Ordinary Shares, resulting in an increase in the total number of issued Ordinary Shares from 42,210,470 to 84,420,940. The Stated Capital of the Company remains unchanged at Rs. 751,548,321.50. The sub-division was concluded on 18th September 2026.

8. RELATED PARTY TRANSACTIONS

For the six months ended 30th September	2026	2025
Fellow subsidiaries of Carson Cumberbatch PLC group		
Support service fees incurred	5,552	3,600
Providing hotel services	1,967	2,192
Purchases of goods	4,287	4,029

* As at the reporting date, the Company has obtained Letters of Comfort amounted to Rs.100,000,000/- (31st March 2026: 100,000,000/-) from its parent company, Carson Cumberbatch PLC for the bank facilities obtained.

9. TWENTY MAJOR SHAREHOLDERS AS AT 30TH SEPTEMBER 2026

	Name of Shareholder	Number of Shares	%
1	Carson Cumberbatch PLC A/C No.2	75,965,234	89.98
2	Merchant Bank of Sri Lanka & Finance PLC/C. Sathkumara	1,383,724	1.64
	Mr. C. Sathkumara	894,740	1.06
3	Mrs. V.R. Jayasinghe	597,714	0.71
4	Estate of Late Mr. K.C. Vignarajah	190,852	0.23
5	Mr. M.F.J. Macan Markar	142,000	0.17
6	Mr. P. Sri Skandarajah	140,702	0.17
7	Mr. A. M. Weerasinghe	127,776	0.15
8	Mr. P. R. Hettiwatta	116,504	0.14
9	Mrs. I.Gwyn (Deceased)	110,000	0.13
10	Mrs. L.A. Jayasinghe	100,000	0.12
11	Mr. K. M. V. J. Senarathne	99,994	0.12
12	Mr. K.C. Jayawardene	97,906	0.12
13	Mr. R.R. Vithanage	95,436	0.11
14	Mr. K. K. D. Senanayake	87,500	0.10
15	Mr.N.H. Talgaswatte	86,424	0.10
16	Mr. H. A. S. Madanayake	80,000	0.09
17	Mr. B. U. M. De S. Jayasinghe	73,818	0.09
18	Mr. A. Sithampalam	60,000	0.07
19	PMF Finance PLC/D.Amerasinghe	60,000	0.07
20	Senakadagala Finance PLC/H.A.S. Priyangani	58,020	0.07

10. PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Diri Savi Board as per Rule 7.12.1. (B). 1 of the Listing Rules of the Colombo Stock Exchange, under Option 2, i.e. Float Adjusted Market Capitalization of less than Rs.1 Billion with 200 Public Shareholders and a Public Holding percentage of 10%.

The Company's Public Holding as at 30th September 2026	
Float adjusted Market Capitalization (Rs.)	148,032,118.29
Number of Public Shareholders	3,010
Percentage of ordinary shares held by the public	10.02%

Notes to the Interim Financial Statements

(All figures are in Sri Lankan Rupees Thousands unless otherwise stated)

11. DIRECTORS SHAREHOLDING AS AT 30TH SEPTEMBER 2026

	No. of Shares
Mr. M. Dayananda (Chairman)	-
Mr. K. Selvanathan	-
Mr. M. T. L. Elias	-
Mr. V. R. Wijesinghe	-
Mr. S. Marimuthu	800
Mr. D.R.P. Goonetilleke	-
Mr. A.S. Amaratunga	-
Mr. G. C. Jayaweera	-

MARKET PERFORMANCE- ORDINARY SHARES

12. SHARE VALUATION

As at/ for the three months ended 30th September 2026	Rs.
Last traded price per share	18.60
Highest price per share	44.00
Lowest price per share	17.10
Market capitalisation	1,477,366,450.00

Corporate Information

NAME OF THE COMPANY	Pegasus Hotels of Ceylon PLC (A Carson Cumberbatch Company)
COMPANY REGISTRATION NUMBER	PQ 40
LEGAL FORM	A Public Quoted Company with limited liability incorporated in Sri Lanka in 1966.
PARENT AND ULTIMATE CONTROLLING PARTY	Carson Cumberbatch PLC is the Parent Company of Pegasus Hotels of Ceylon PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Pegasus Hotels of Ceylon PLC.
DIRECTORS	Mr. M. Dayananda (Chairman)- Non-Executive Mr. K. Selvanathan- Non-Executive Mr. M. T. L. Elias- Independent Non-Executive Mr. V. R. Wijesinghe- Executive Mr. S. Marimuthu- Independent Non-Executive Mr. D.R.P. Goonetilleke- Non-Executive Mr. A.S. Amaratunga- Independent Non-Executive Mr. G. C. Jayaweera- Independent Non-Executive
AUDIT COMMITTEE	Mr. A. S. Amaratunga (Chairman) - Independent Non-Executive Mr. S. Marimuthu - Independent Non-Executive Mr. D. R. P. Goonetilleke - Non-Executive Mr. G. C. Jayaweera - Independent Non-Executive
REMUNERATION COMMITTEE	Mr. M. T. L. Elias (Chairman) - Independent Non-Executive Mr. S. Marimuthu - Independent Non-Executive Mr. D. R. P. Goonetilleke - Non-Executive
NOMINATIONS AND GOVERNANCE COMMITTEE	Mr. S. Marimuthu (Chairman) - Independent Non-Executive Mr. M.T.L. Elias - Independent Non-Executive Mr. M. Dayananda - Non-Executive
RELATED PARTY TRANSACTIONS REVIEW COMMITTEE	Mr. A. S. Amaratunga (Chairman) - Independent Non-Executive Mr. S. Marimuthu - Independent Non-Executive Mr. D. R. P. Goonetilleke - Non-Executive Mr. G. C. Jayaweera- Independent Non-Executive
BANKERS	Commercial Bank of Ceylon PLC Standard Chartered Bank Sampath Bank PLC Hatton National Bank PLC People's Bank DFCC Bank PLC National Development Bank PLC SBI Sri Lanka
AUDITORS	Messrs. KPMG Chartered Accountants No. 32A, Sir Mohamed Macan Marker Mawatha, Colombo 03, Sri Lanka.
MANAGERS & SECRETARIES	Carsons Management Services (Private) Limited No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel: +94 11 2039 200
REGISTERED OFFICE	No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200
PLACE OF BUSINESS	Santha Maria Mawatha, Wattala, Sri Lanka. Tel : +94 11 2049 600
HOTEL WEBSITE	www.pegasusreefhotel.com
CORPORATE WEBSITE	www.carsoncumberbatch.com