

# **Covid 19 and Financial Performance-Evidence from Companies Listed in Colombo Stock Exchange**

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## **ABSTRACT**

**Introduction:** The COVID-19 pandemic has had a significant economic impact not only to Sri Lanka but also around the world. One of the effects of the COVID-19 pandemic on Sri Lankan's Gross domestic production (GDP) growth is fall in 16.4% in the second quarter of 2020 once pandemic started to spread in Sri Lanka. (CBSL, 2020). The purpose of this study is to see how the COVID-19 pandemic has affected the financial performance of companies listed in the Colombo Stock Exchange.

**Design/Methodology/Approach:** The sample consists of 143 firms, which are split into fifteen sectors proportionately. The data are collected over 2019/20 financial statements as per before the Covid 19 and 2020/21 financial statements as per during the Covid 19. The variables are profitability ratio, leverage ratio, short-term activity ratio, and liquidity ratio which are used to check whether there is a statistically significant difference between before and during the Covid 19 pandemic. Data are evaluated through the Wilcoxon Singed rank test between two sets of paired data.

**Findings:** Based on the result, there is a statistically significant difference in the profitability of the companies during the Covid 19 pandemics when compared to before Covid 19 pandemics. And leverage ratio, short-term activity ratio, and liquidity ratio are not statistically significant difference with the Covid 19.

**Conclusion:** As per the results of the analysis, Covid 19 pandemic has significantly impacted to the profitability of the companies listed in the Colombo Stock Exchange. There is no significant impact of the Covid 19 pandemic to the leverage, Liquidity, and short-term activity ratio of the companies.

**Keywords:** *Covid 19 impact, Firm performance, Current Ratio, Liquidity Ratio, Return on Assets, Activity Ratio, Profitability.*