



**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st DECEMBER 2022**

HSEID BUSINESS SOLUTIONS PLC

Chief Executive Officer's Review

Dear Shareholders,

hSenid Business Solutions (hBS) recorded a revenue of LKR 368.4 million for the three months ending 31 December 2022, compared to LKR 318.8 million in the corresponding quarter of the previous financial year. This amounts to a year-over-year growth of 15.5 percent (down 31.1 percent in USD terms on a constant currency basis), driven by the PeoplesHR Cloud segment, followed by Tracking Solutions. Core revenues recorded a year-over-year growth of 20.4 percent (down 27.0 percent in USD terms on a constant currency basis). Revenue bookings were primarily affected by longer sales cycles for deal closures across markets owing to global volatility. Recurring revenues accounted for 51.0 percent of total revenues, driven by PeoplesHR Cloud. For the nine months, cumulative revenues were LKR 1,072.7 million, recording a 51.2 percent year-over-year growth.

Company earnings before interest, taxes, depreciation and amortisation (EBITDA) came in at LKR 25.9 million for the quarter, compared to LKR 126.5 million in the previous financial year. The quarter saw an increase in operational expenses as a result of higher project implementation expenses, cloud hosting charges and investments in regional and local recruitments. Cumulative EBITDA for the nine months was LKR 291.8 million, up from 186.2 million in the previous financial year.

Net profits for the quarter under review came in at LKR 29.7 million, compared to a profit of LKR 102.1 million in the corresponding quarter of the previous financial year. This results in an earnings per share (EPS) of LKR 0.11 compared to LKR 0.46 in the third quarter of the previous financial year.

The quarter saw the successful launch of Phase-II of the Ugandan Government project. As a result, deal closures for the quarter came in at LKR 380.0 million, compared to LKR 150.0 million in the third quarter of the previous year. Regionally, Africa accounted for nearly 70.0 percent of deal closures, while Sri Lanka secured a number of new deals under the PeoplesHR Cloud business.

hBS continued its growth initiatives during the quarter, in particular within the Bangladesh and Indian markets. In Bangladesh, hBS made notable progress in the enterprise market, while in India lead generation campaigns were relaunched for the PeoplesHR Turbo product, yielding stronger deal closures.

The quarter saw hBS win a number of industry awards, including securing the top place under the ICT and BPO-related Services (Medium category) at the annual NCE Export Awards, for the third consecutive year. hBS was also recognized as the Sri Lanka ISV Microsoft Partner of the Year 2022.

As we continue our growth story, hBS remains committed to the strategic objectives set forth at our IPO. To further support these initiatives, we are in the process of revamping the sales organization to drive the overall sales strategy at hBS. In addition, as the company expands into new markets, we are closely reviewing ways to optimize our cloud hosting and infrastructure costs to improve profitability in the long run.

Sgd.

Sampath K. Jayasundara
Chief Executive Officer
07 February 2023
Colombo

HSENIID BUSINESS SOLUTIONS PLC
STATEMENT OF FINANCIAL POSITION

AS AT	GROUP		COMPANY	
	Unaudited 31.12.2022	Audited 31.03.2022	Unaudited 31.12.2022	Audited 31.03.2022
	Rs.	Rs.	Rs.	Rs.
ASSETS				
Non-Current Assets				
Property, plant and equipment	48,616,130	20,060,449	47,945,743	19,717,549
Right of use Assets	25,276,394	28,233,890	22,361,266	20,478,877
Intangible assets	276,908,296	214,888,450	270,632,582	206,040,983
Goodwill on acquisition	2,008,131	2,008,131	-	-
Investments in subsidiaries	-	-	136,859,362	136,859,362
	<u>352,808,950</u>	<u>265,190,920</u>	<u>477,798,953</u>	<u>383,096,771</u>
Current Assets				
Inventories	29,395,550	29,685,786	29,395,549	29,685,786
Trade and other receivables	779,994,064	530,067,272	859,909,051	600,858,289
Advances and prepayments	75,706,196	66,315,496	16,906,677	8,389,732
Other current financial assets	1,162,828,677	1,083,462,924	1,162,828,677	1,083,462,924
Cash and bank balances	322,049,902	413,247,696	172,385,332	215,679,628
	<u>2,369,974,389</u>	<u>2,122,779,174</u>	<u>2,241,425,285</u>	<u>1,938,076,359</u>
Total Assets	<u>2,722,783,339</u>	<u>2,387,970,094</u>	<u>2,719,224,239</u>	<u>2,321,173,130</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated capital	922,748,205	922,748,205	922,748,205	922,748,205
Currency translation reserve	32,376,106	13,097,441	-	-
Retained earnings	1,131,323,065	926,700,879	1,263,839,174	1,007,913,613
Total Equity	<u>2,086,447,376</u>	<u>1,862,546,525</u>	<u>2,186,587,379</u>	<u>1,930,661,818</u>
Non-Current Liabilities				
Retirement benefit obligation	77,622,220	80,744,970	77,622,220	80,744,970
Interest bearing borrowings	-	4,277,354	-	3,658,420
Deferred tax liability	1,822,942	1,822,942	1,829,107	1,829,107
	<u>79,445,162</u>	<u>86,845,266</u>	<u>79,451,327</u>	<u>86,232,497</u>
Current Liabilities				
Trade and other payables	361,027,635	319,021,712	260,327,221	191,942,453
Deferred income	114,908,500	81,481,592	114,908,500	81,481,592
Interest bearing borrowings	54,753,770	31,989,169	51,748,915	24,768,940
Income tax payable	26,200,896	6,085,830	26,200,896	6,085,830
	<u>556,890,801</u>	<u>438,578,304</u>	<u>453,185,533</u>	<u>304,278,816</u>
Total Equity and Liabilities	<u>2,722,783,339</u>	<u>2,387,970,094</u>	<u>2,719,224,239</u>	<u>2,321,173,130</u>

These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.
Raveen Lasath
Head of Finance

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by;

Sgd.
Sampath Jayasundara
CEO/Director

Sgd.
Malinga Arsakularatne
Director

February 7, 2023
Colombo

HSENIID BUSINESS SOLUTIONS PLC
STATEMENT OF COMPREHENSIVE INCOME - GROUP

	For the three Months ended			For the nine Months ended		
	Unaudited 31.12.2022	Unaudited 31.12.2021	Change %	Unaudited 31.12.2022	Unaudited 31.12.2021	Change %
	Rs.	Rs.		Rs.	Rs.	
Revenue	368,363,033	318,849,989	16%	1,074,201,966	710,312,830	51%
Cost of sales	(185,652,987)	(111,227,310)	67%	(578,853,029)	(329,416,793)	76%
Gross profit	182,710,046	207,622,679	-12%	495,348,937	380,896,037	30%
Other income	2,147,498	3,576,891	-40%	197,030,739	6,977,459	2724%
Administrative expenses	(98,832,185)	(49,108,584)	101%	(259,225,747)	(129,676,652)	100%
Selling and marketing expenses	(63,140,602)	(40,139,107)	57%	(162,295,853)	(86,419,311)	88%
Finance cost	(992,706)	(1,590,280)	-38%	(4,942,293)	(4,271,285)	16%
Finance income	54,504,769	4,032,627	1252%	126,475,200	7,985,345	1484%
Other operating expenses	(31,076,054)	(19,762,159)	57%	(77,636,877)	(56,587,276)	37%
Profit before tax	45,320,766	104,632,067	-57%	314,754,106	118,904,318	165%
Tax (expense)/reversal	(15,606,035)	(2,488,562)	527%	(27,123,307)	(2,738,811)	890%
Profit for the period	29,714,732	102,143,505	-71%	287,630,798	116,165,507	148%
Other comprehensive income						
Exchange Gain/(Loss) on translation of foreign operations	16,193,890	(4,044,460)		19,278,665	(3,329,242)	
Re-measurements of defined benefit obligations	-	-		-	-	
Deferred tax on Re-measurements of defined benefit obligations	-	-		-	-	
Total comprehensive income for the period	<u>45,908,622</u>	<u>98,099,045</u>		<u>306,909,463</u>	<u>112,836,265</u>	
Profit for the period						
Equity holders of the Company	29,714,732	102,143,505		287,630,798	116,165,507	
Non-controlling interest	-	-		-	-	
Total comprehensive income/profit for the period						
Equity holders of the Company	45,908,622	98,099,045		306,909,463	112,836,265	
Non-controlling interest	-	-		-	-	
Earnings Per Share - Basic	0.11	0.46		1.04	0.52	

HSENIID BUSINESS SOLUTIONS PLC
STATEMENT OF COMPREHENSIVE INCOME - COMPANY

	For the three Months ended			For the nine Months ended		
	Unaudited 31.12.2022	Unaudited 31.12.2021	Change %	Unaudited 31.12.2022	Unaudited 31.12.2021	Change %
	Rs.	Rs.		Rs.	Rs.	
Revenue	358,342,531	300,831,689	19%	932,653,246	616,094,000	51%
Cost of sales	(169,319,786)	(92,382,738)	83%	(463,531,412)	(248,414,365)	87%
Gross profit	189,022,746	208,448,951	-9%	469,121,834	367,679,635	28%
Other income	-	2,779,685	-100%	191,264,593	4,579,082	4077%
Administrative expenses	(81,839,485)	(41,114,291)	99%	(212,238,920)	(104,129,242)	104%
Selling and marketing expenses	(51,995,906)	(38,906,324)	34%	(129,821,173)	(82,424,549)	58%
Finance cost	(945,222)	(1,532,826)	-38%	(4,720,172)	(4,180,056)	13%
Finance income	54,504,769	4,032,627	1252%	126,475,200	7,985,345	1484%
Other operating expenses	(27,549,921)	(19,208,316)	43%	(73,847,902)	(55,108,753)	34%
Profit before tax	81,196,980	114,499,506	-29%	366,233,461	134,401,463	172%
Tax (expense)/reversal	(15,785,167)	(2,209,540)	614%	(27,299,287)	(2,209,540)	1136%
Profit for the period	65,411,812	112,289,966	-42%	338,934,174	132,191,923	156%
Other comprehensive income						
Exchange Gain/(Loss) on translation of foreign operations	-	-		-	-	
Re-measurements of defined benefit obligations	-	-		-	-	
Deferred tax on Re-measurements of defined benefit obligations	-	-		-	-	
Total comprehensive income for the period	65,411,812	112,289,966		338,934,174	132,191,923	
Profit for the period						
Equity holders of the Company	65,411,812	112,289,966		338,934,174	132,191,923	
Non-controlling interest	-	-		-	-	
Total comprehensive income/profit for the period						
Equity holders of the Company	65,411,812	112,289,966		338,934,174	132,191,923	
Non-controlling interest	-	-		-	-	
Earnings Per Share - Basic	0.24	0.51		1.22	0.60	

HSENIID BUSINESS SOLUTIONS PLC

STATEMENT OF CASH FLOWS

	Group		Company	
	Unaudited 31.12.2022 Rs.	Unaudited 31.12.2021 Rs.	Unaudited 31.12.2022 Rs.	Unaudited 31.12.2021 Rs.
Cash flows from/(used in) operating activities				
Profit before tax	314,754,106	118,904,318	366,233,461	134,401,463
Adjustment For				
Depreciation	8,161,482	3,485,698	8,161,482	3,485,698
Amortisation	92,389,492	66,122,839	82,498,764	63,388,164
Impairment/(writing back) of trade receivable	31,696,068	(9,142,942)	31,902,084	(11,119,980)
Finance income	(126,475,200)	(7,985,345)	(126,475,200)	(7,985,345)
Loss / (Gain) Disposal of assets	43,743	-	43,743	-
Finance cost	4,942,293	4,271,285	4,720,172	4,180,056
Provision for defined benefit plan	6,750,000	5,850,000	6,750,000	5,850,000
Forex loss/(gain)	(190,144,499)	(4,475,015)	(191,264,593)	(4,578,582)
Operating profit before working capital changes	142,117,483	177,030,837	182,569,913	187,621,473
Decrease / (Increase) in inventories	290,234	1,847,988	290,234	1,847,988
Decrease / (Increase) in trade and other receivables	(281,622,860)	(52,100,579)	(290,952,847)	(53,134,907)
Decrease/(Increase) in advance and prepayment	(9,390,700)	(8,724,195)	(8,516,945)	(28,354,807)
Increase / (Decrease) in deferred income	33,426,908	(3,487,905)	33,426,908	(3,487,905)
Increase / (Decrease) in trade and other payables	42,005,923	(16,991,803)	68,384,768	38,980,793
Cash generated from operations	(73,173,011)	97,574,344	(14,797,967)	143,472,636
Finance cost paid	(806,393)	(1,147,028)	(806,393)	(1,147,028)
Defined benefit obligation paid	(9,872,750)	(2,501,250)	(9,872,750)	(2,501,250)
Tax paid	(7,008,241)	(8,141,179)	(7,184,221)	(7,573,823)
Net cash from operating activities	(90,860,395)	85,784,887	(32,661,331)	132,250,535
Cash flows from/(used in) investing activities				
Acquisition of property, plant and equipment	(36,722,427)	(10,244,049)	(36,433,417)	(10,112,068)
Acquisition of intangible assets	(128,089,070)	(79,655,967)	(128,089,070)	(77,576,559)
Investments in short-term investments	135,227,771	-	135,227,771	-
Finance income received	126,475,200	7,985,345	126,475,200	7,985,345
Net cash used in investing activities	96,891,475	(81,914,671)	97,180,484	(79,703,281)
Cash flows from/(used in) financing activities				
Issuance of shares	-	698,711,578	-	698,711,578
Payment of lease installments	(28,948,556)	(19,500,758)	(22,465,100)	(16,080,850)
Dividend paid	(83,008,613)	(30,004,113)	(83,008,613)	(30,004,113)
Repayment of bank loans	(4,166,650)	(15,312,510)	(4,166,650)	(15,312,510)
Net cash flows from/(used in) financing activities	(116,123,819)	633,894,197	(109,640,363)	637,314,105
Currency translation adjustment	208,332,626	1,020,886	191,264,593	4,578,582
Net increase in cash and cash equivalents	98,239,887	638,785,299	146,143,384	694,439,941
Cash and cash equivalents at the beginning of the year	1,266,407,907	431,231,727	1,068,839,840	277,457,429
Cash and cash equivalents at the end of the period	1,364,647,794	1,070,017,026	1,214,983,223	971,897,370

HSENIID BUSINESS SOLUTIONS PLC
STATEMENT OF CHANGES IN EQUITY

Group	Stated	Currency	Retained	Total
	Capital	Translation	Earnings	Equity
	Rs.	Reserve	Rs.	Rs.
Balance as at 01st April 2021	224,036,627	17,775,308	527,476,218	769,288,153
Profit for the period	-	-	116,165,507	116,165,507
Dividends			(30,004,113)	(30,004,113)
Other comprehensive income	-	(3,329,242)	-	(3,329,242)
Total comprehensive income	-	(3,329,242)	86,161,394	82,832,152
Share Issue	698,711,578		-	698,711,578
Balance as at 31st December 2021	<u>922,748,205</u>	<u>14,446,066</u>	<u>613,637,612</u>	<u>1,550,831,883</u>
Balance as at 01st April 2022	922,748,205	13,097,441	926,700,879	1,862,546,525
Profit for the period	-	-	287,630,798	287,630,798
Dividends			(83,008,613)	(83,008,613)
Other comprehensive income	-	19,278,665	-	19,278,665
Total comprehensive income	-	19,278,665	204,622,185	223,900,851
Balance as at 31st December 2022	<u>922,748,205</u>	<u>32,376,106</u>	<u>1,131,323,065</u>	<u>2,086,447,376</u>
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Company	Stated	Retained	Total	
	Capital	Earnings	Equity	
	Rs.	Rs.	Rs.	
Balance as at 01st April 2021	224,036,627	679,757,364	903,793,990	
Dividends		(30,004,113)	(30,004,113)	
Profit for the period		132,191,923	132,191,923	
Total comprehensive income	-	102,187,809	102,187,809	
Share Issue	698,711,578	-	698,711,578	
Balance as at 31st December 2021	<u>922,748,205</u>	<u>781,945,173</u>	<u>1,704,693,378</u>	
Balance as at 01st April 2022	922,748,205	1,007,913,613	1,930,661,818	
Dividends		(83,008,613)	(83,008,613)	
Profit for the period	-	338,934,174	338,934,174	
Total comprehensive income	-	255,925,561	255,925,561	
Balance as at 31st December 2022	<u>922,748,205</u>	<u>1,263,839,174</u>	<u>2,186,587,379</u>	

HSENIID BUSINESS SOLUTIONS PLC
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1 Basis of Preparation

The consolidated interim financial statements have been prepared in accordance with the accounting policies set out in the Audited Accounts for the year ended 31 March 2022 and are in compliance with Sri Lanka Accounting Standards - LKAS 34 - Interim Financial Reporting.

2 The interim condensed financial statements of the Group and the Company for the period ended 30th September 2022 were authorised for issue by the Board of Directors on 7th February 2023.

3 Contingent Liabilities

There has not been a significant change in the nature of contingent liabilities, which were disclosed in the Audited Financial Statements for the year ended 31st March 2022.

4 Continuous Disclosure regarding status of utilization of funds raised via IPO

Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in (LKR Mn)	Proposed date of utilization as per Prospectus	Amount allocated in LKR Mn (A)	% of total proceeds	Amount utilized in LKR Mn (B)	% of utilized against allocation (B/A)
1	Product Development Initiatives	202	January 2022 - December 2023	202	29%	62.60	31%
2	Market Development Initiatives	140	January 2022 - December 2023	140	20%	49.10	35%
3	Potential Strategic Acquisitions in APAC and East African Regions	350	April 2022 - March 2024	350	51%	-	0%
	Total	692		692		111.70	16%

5 Market value per share for the quarter ended

	31.12.2022	31.12.2021
Highest	22.00	35.40
Lowest	14.20	20.20
Closing	17.00	34.60
Market Capitalization on 31st December	4,703,821,392	9,573,660,010

6 Public Holding as at 31st December

Issued Share Capital (No. of Shares)	276,695,376	276,695,376
Public Holding as % of Issued Share Capital	57.85%	34.39%
Total Number of Shareholders	4,849	5,965
Number of Shareholders representing the Public Holding	160,078,461	95,140,477
Float Adjusted Market Capitalization - (LKR)	2,721,333,837	3,291,860,504

The Company complies with the Minimum Public Holding requirement of the Main Board as per Option 4 of Section 7.13.1 (a) of the CSE Listing Rules.

HSENIID BUSINESS SOLUTIONS PLC
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

7 Shareholders' Information

7.1 Ordinary Voting Shares as at 31st December 2022

No	Name	No of Shares	%
1	Hsenid Ventures (Private) Limited	68,839,540	24.88
2	Mr. R.S.Captain	29,283,715	10.58
3	Mr. K.P.R.B. De Silva	28,585,504	10.33
4	Mr. Dinesh Saparamadu	28,000,110	10.12
5	Mr. O.E.H. Kalvo	19,520,000	7.05
6	Argent Capital (Private) Ltd	13,343,096	4.82
7	Timex Garments (Pvt) Ltd	11,235,070	4.06
8	Mrs. J.N. Ambani	6,982,018	2.52
9	GF Capital Global Limited	5,809,400	2.10
10	Citibank Newyork S/A Norges bank account 2	4,350,267	1.57
11	Mr. Sampath Jayasundara	3,303,300	1.19
12	Mr. Nilam Alawdeen	2,420,000	0.87
13	Union Assurance PLC-Universal Life Fund	1,909,813	0.69
14	Rosewood (Pvt) Limited-Account No 1	1,651,442	0.60
15	MISS. M.M.Page	1,618,525	0.58
16	Commercial Bank of Ceylon PLC A/C No. 03	1,520,900	0.55
17	AIA Insurance Lanka Limited A/C No.07	1,310,000	0.47
18	Mr. Upali Amarasinghe	1,175,000	0.42
19	Peoples Bank	1,000,000	0.36
20	Cocoshell Activated Carbon Company (Pvt) Ltd	980,000	0.35
		232,837,700	84.15
	Others	43,857,676	15.85
		276,695,376	100.00

7.2 Directors' and Chief Executive Officer's Shareholding as at 31st December 2022

No	Name	No of Shares	%
1	Mr. Dinesh.Saparamadu	28,000,110	10.12
2	Mr. Sampath Jayasundara	3,303,300	1.19
3	Ms. Dishnira Saparamadu	Nil	-
4	Mr. Apurva Udeshi	Nil	-
5	Mr. Malinga Arsakularatne	Nil	-
6	Mr. Madu Ratnayake	Nil	-
7	Ms. Anarkali Moonesinghe	Nil	-
8	Mr. Arittha R Wikramanayake	Nil	-

HSENIID BUSINESS SOLUTIONS PLC
CORPORATE INFORMATION

NAME OF COMPANY	hSenid Business Solutions PLC
LEGAL FORM	A Limited liability company, incorporated in Sri Lanka in 2005. The ordinary shares of the Company were listed with the Colombo Stock Exchange of Sri Lanka on 21 December 2021.
BOARD OF DIRECTORS	Mr. Dinesh.Saparamadu Mr. Sampath Jayasundara Ms. Dishnira Saparamadu Mr. Apurva Udeshi Mr. Malinga Arsakularatne Mr. Madu Ratnayake Ms. Anarkali Moonesinghe Mr. Arittha R Wikramanayake
SECRETARIES	Corporate Services (Pvt) Ltd 216, De Saram Place Colombo 10. Tel : +94 11 4718200
AUDITORS	Messrs Ernst & Young Chartered Accountants 201, De Saram Place Colombo 10
NATURE OF THE BUSINESS	Development of Human Capital Management Software Products and related services
REGISTERED OFFICE	50, Ward place Colombo 07 Tel : +94 11 4621111 Fax : +94 11 2394064 Email : info@hsenidbiz.com