



**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st MARCH 2023**

HSENIID BUSINESS SOLUTIONS PLC

Chief Executive Officer's Review

Dear Shareholders,

As we come to the closure of another financial year, we are pleased to present the financial results for the three months ending 31 March 2023 and for the full year FY23.

hSenid Business Solutions (hBS) recorded a revenue of LKR 373.5 million for the three months ending 31 March 2023, compared to LKR 357.3 million in the corresponding quarter of the previous financial year. For the full year, cumulative revenues stood at LKR 1,447.2 million, recording a 32.7 percent year-over-year growth (down 9.7 percent on USD constant currency terms). Core revenues for the full year remained flat year-over-year in LKR terms, however, was down 20.3 percent in USD constant currency terms.

4Q FY23 results reflected a year-over-year growth of 4.5 percent in revenue (down 19.0 percent in USD constant currency terms), driven by the PeoplesHR Cloud segment. Recurring revenues accounted for 50.0 percent of total revenues, driven by PeoplesHR Cloud. Regionally, APAC drove topline, supported again by the PeoplesHR Cloud business.

We continued to experience higher operational expenses during the quarter owing to escalation in salary expenses, cloud hosting costs, subscriptions and higher project implementation expenses. We also invested significantly in recruiting the best of global talent, including key leadership hires in sales with a view to revamp our sales organisation and in delivery, to streamline project management of implementation efforts. These expenses together with a significant exchange loss, emanating from the strengthening of the rupee against the USD, resulted in a net loss of LKR 104.6 million for the quarter. For the full year, net profits stood at LKR 183.5 million, compared to LKR 454.5 million in the previous financial year. This results in an earnings per share (EPS) of LKR 0.66 for the full year compared to LKR 1.93 in the previous financial year.

New deal closures for the quarter came in at USD 242,116, compared to USD 855,262 during the corresponding period of the previous year. Revenue bookings were primarily affected by longer sales cycles for deal closures across markets owing to global business volatility. APAC and Sri Lanka accounted for majority of new deals, driven by the PeoplesHR Cloud business.

In-line with our long-term growth initiatives, the company utilised a further LKR 54.5 million of IPO funds in product and market development. Our market development initiatives were spread across all regions, with a particular focus in South Asia and South-East Asia. In addition, we are investing in digital marketing activities in our key markets to accelerate customer acquisition efforts.

The company also obtained the ISO/IEC 27017:2015 certification related to Cloud Security Controls & Cloud Services Management System, during the final quarter. This is in addition to obtaining the ISO/IEC 27001:2013 certification pertaining to information security management system, which guarantees the protection of client information assets. We expect the implementation of these systems to add value to both our product and service offering, especially when competing for business in the enterprise segment in overseas markets.

We also wish to note that having supported our customers throughout the COVID-19 disruption, and while investing significantly to enhance the product, we have launched a repricing program across all our PeoplesHR clients starting June 2023 to recoup the margin erosion caused by significant cost escalations. The repricing program has been launched alongside a separate project to optimise cloud hosting costs in order to strengthen margins. We believe the foundation has been set over the past 12 months with people, processes and the product being strengthened to generate stronger results in the new financial year.



Sampath K. Jayasundara
Chief Executive Officer
30th May 2023
Colombo

HSENID BUSINESS SOLUTIONS PLC
STATEMENT OF FINANCIAL POSITION


AS AT	GROUP		COMPANY	
	Unaudited 31.03.2023 Rs.	Audited 31.03.2022 Rs.	Unaudited 31.03.2023 Rs.	Audited 31.03.2022 Rs.
ASSETS				
Non-Current Assets				
Property, plant and equipment	51,217,400	20,060,449	50,645,279	19,717,549
Right of use Assets	17,453,232	28,233,890	16,787,563	20,478,877
Intangible assets	301,092,317	214,888,450	295,871,924	206,040,983
Goodwill on acquisition	2,008,131	2,008,131	-	-
Investments in subsidiaries	-	-	136,859,362	136,859,362
Deferred tax assets	40,676,804	-	40,670,640	-
	<u>412,447,884</u>	<u>265,190,920</u>	<u>540,834,768</u>	<u>383,096,771</u>
Current Assets				
Inventories	29,729,130	29,685,786	29,729,130	29,685,786
Trade and other receivables	651,513,685	530,067,272	610,870,148	600,858,289
Advances and prepayments	102,985,233	66,315,496	29,014,728	8,389,732
Other current financial assets	1,160,632,325	1,083,462,924	1,160,632,325	1,083,462,924
Cash and bank balances	409,087,595	413,247,696	256,813,896	215,679,628
	<u>2,353,947,968</u>	<u>2,122,779,174</u>	<u>2,087,060,226</u>	<u>1,938,076,359</u>
Total Assets	<u>2,766,395,852</u>	<u>2,387,970,094</u>	<u>2,627,894,994</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	32,640,072	13,097,441	-	-
Retained earnings	1,036,359,619	926,700,879	1,098,723,025	1,007,913,613
Total Equity	<u>1,991,747,896</u>	<u>1,862,546,525</u>	<u>2,021,471,229</u>	<u>1,930,661,818</u>
Non-Current Liabilities				
Retirement benefit obligation	79,391,459	80,744,970	79,391,459	80,744,970
Interest bearing borrowings	11,898,482	4,277,354	11,898,482	3,658,420
Deferred tax liability	-	1,822,942	-	1,829,107
	<u>91,289,941</u>	<u>86,845,266</u>	<u>91,289,941</u>	<u>86,232,497</u>
Current Liabilities				
Trade and other payables	498,011,376	319,021,712	330,477,843	191,942,453
Deferred income	137,777,212	81,481,592	137,777,212	81,481,592
Interest bearing borrowings	7,870,392	31,989,169	7,179,734	24,768,940
Income tax payable	39,699,034	6,085,830	39,699,035	6,085,830
	<u>683,358,014</u>	<u>438,578,304</u>	<u>515,133,824</u>	<u>304,278,816</u>
Total Equity and Liabilities	<u>2,766,395,852</u>	<u>2,387,970,094</u>	<u>2,627,894,994</u>	<u>2,321,173,130</u>

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


Nilendra Weerasinghe
Chief Financial Officer

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


Sampath Jayasundara
CEO/Director


Malinga Arsakularatne
Director

May 30, 2023
Colombo

HSENIID BUSINESS SOLUTIONS PLC
STATEMENT OF COMPREHENSIVE INCOME - GROUP

	For the three Months ended			For the Twelve Months ended		
	Unaudited 31.03.2023	Unaudited 31.03.2022	Change %	Unaudited 31.03.2023	Audited 31.03.2022	Change %
	Rs.	Rs.		Rs.	Rs.	
Revenue	373,499,121	357,296,984	5%	1,447,181,302	1,090,790,758	33%
Cost of sales	(229,656,180)	(127,573,157)	80%	(807,617,496)	(473,305,600)	71%
Gross profit	143,842,941	229,723,827	-37%	639,563,806	617,485,158	4%
Other income	(117,889,712)	283,719,384	-142%	79,144,971	291,372,600	-73%
Administrative expenses	(126,429,170)	(57,937,931)	118%	(386,684,770)	(194,879,843)	98%
Selling and marketing expenses	(68,095,505)	(104,646,080)	-35%	(229,495,390)	(197,830,019)	16%
Finance cost	(868,318)	(1,467,462)	-41%	(5,811,654)	(5,483,189)	6%
Finance income	67,796,159	24,018,445	182%	194,271,359	32,003,790	507%
Other operating expenses	(31,904,326)	(20,777,736)	54%	(109,321,951)	(76,278,723)	43%
Profit before tax	(133,547,931)	352,632,446	-138%	181,666,370	466,389,774	-61%
Tax (expense)/reversal	28,958,177	(9,000,126)	-422%	1,842,269	(11,902,554)	-115%
Profit for the period	(104,589,754)	343,632,320	-130%	183,508,639	454,487,219	-60%
Other comprehensive income						
Exchange Gain/(Loss) on translation of foreign operations	(240,351)	(1,348,626)		19,542,631	(4,677,867)	
Re-measurements of defined benefit obligations	13,083,877	2,074,258		13,083,877	2,074,258	
Deferred tax on Re-measurements of defined benefit obligations	(3,925,163)	(44,061)		(3,925,163)	(44,061)	
Total comprehensive income for the period	(95,671,391)	344,313,891		212,209,984	451,839,550	
Profit for the period						
Equity holders of the Company	(104,589,754)	343,632,320		183,508,639	454,487,219	
Non-controlling interest	-	-		-	-	
Total comprehensive income/profit for the period						
Equity holders of the Company	(95,671,391)	344,313,891		212,209,984	451,839,550	
Non-controlling interest	-	-		-	-	
Earnings Per Share - Basic	(0.38)	1.46		0.66	1.93	

HSENID BUSINESS SOLUTIONS PLC
STATEMENT OF COMPREHENSIVE INCOME - COMPANY

	For the three Months ended			For the Twelve Months ended		
	Unaudited 31.03.2023	Unaudited 31.03.2022	Change %	Unaudited 31.03.2023	Audited 31.03.2022	Change %
	Rs.	Rs.		Rs.	Rs.	
Revenue	298,998,254	317,688,755	-6%	1,231,651,499	933,782,756	32%
Cost of sales	(182,997,314)	(111,383,086)	64%	(646,040,316)	(356,009,881)	81%
Gross profit	116,000,940	206,305,669	-44%	585,611,183	577,772,874	1%
Other income	(120,344,591)	282,720,616	-143%	70,920,002	287,353,364	-75%
Administrative expenses	(105,973,810)	(46,742,590)	127%	(318,428,653)	(150,730,786)	111%
Selling and marketing expenses	(130,876,407)	(184,114,947)	-29%	(260,970,085)	(271,329,441)	-4%
Finance cost	(849,074)	(1,097,668)	-23%	(5,569,247)	(5,277,724)	6%
Finance income	67,796,159	24,018,445	182%	194,271,359	32,003,790	507%
Other operating expenses	(28,986,238)	(20,048,685)	45%	(102,834,139)	(75,157,438)	37%
Profit before tax	(203,233,021)	261,040,839	-178%	163,000,421	394,634,638	-59%
Tax (expense)/reversal	28,956,845	(9,006,291)	-422%	1,658,890	(11,215,831)	-115%
Profit for the period	(174,276,176)	252,034,548	-169%	164,659,310	383,418,808	-57%
Other comprehensive income						
Exchange Gain/(Loss) on translation of foreign operations		-		-	-	
Re-measurements of defined benefit obligations	13,083,877	2,074,258.00		13,083,877	2,074,258.00	
Deferred tax on Re-measurements of defined benefit obligations	(3,925,163)	(44,061.00)		(3,925,163)	(44,061.00)	
Total comprehensive income for the period	(165,117,462)	254,064,745		173,818,025	385,449,005	
Profit for the period						
Equity holders of the Company	(174,276,176)	252,034,548		164,659,310	383,418,808	
Non-controlling interest	-	-		-	-	
Total comprehensive income/profit for the period						
Equity holders of the Company	(165,117,462)	254,064,745		173,818,025	385,449,005	
Non-controlling interest	-	-		-	-	
Earnings Per Share - Basic	(0.63)	1.07		0.60	1.63	

HSENIID BUSINESS SOLUTIONS PLC

STATEMENT OF CASH FLOWS

	Group		Company	
	Unaudited 31.03.2023	Audited 31.03.2022	Unaudited 31.03.2023	Audited 31.03.2022
	Rs.	Rs.	Rs.	Rs.
Cash flows from/(used in) operating activities				
Profit before tax	181,666,370	466,389,774	163,000,421	394,634,638
Adjustment For				
Depreciation	13,265,497	5,534,877	12,481,575	5,218,580
Amortisation	124,567,120	90,185,176	112,044,789	86,349,278
Impairment/(writing back) of trade receivable	45,648,994	(3,864,480)	121,256,066	75,817,987
Finance income	(194,271,359)	(32,003,790)	(194,271,359)	(32,003,790)
Loss / (Gain) Disposal of assets	84,362	53,666	84,362	53,666
Finance cost	5,811,654	5,757,535	5,569,247	5,277,724
Provision for defined benefit plan	24,052,616	15,013,262	24,052,616	15,013,262
Forex loss/(gain)	(68,796,852)	(287,387,848)	(70,920,002)	(287,353,364)
Operating profit before working capital changes	132,028,402	259,678,172	173,297,715	263,007,981
Decrease / (Increase) in inventories	(43,344)	(10,025,815)	(43,344)	(10,025,815)
Decrease / (Increase) in trade and other receivables	(167,095,407)	(81,343,593)	(131,267,926)	(144,979,769)
Decrease/(Increase) in advance and prepayment	(36,669,737)	(15,213,381)	(20,624,996)	(2,171,691)
Increase / (Decrease) in deferred income	56,295,620	22,516,274	56,295,620	22,516,274
Increase / (Decrease) in trade and other payables	178,989,664	43,427,378	138,535,391	30,354,671
Cash generated from operations	163,505,198	219,039,036	216,192,459	158,701,651
Finance cost paid	(992,624)	(1,763,464)	(992,624)	(1,489,118)
Defined benefit obligation paid	(12,322,250)	(3,626,250)	(12,322,250)	(3,626,250)
Tax paid	(10,969,435)	(8,904,177)	(11,152,815)	(8,178,594)
Net cash from operating activities	139,220,888	204,745,144	191,724,770	145,407,689
Cash flows from/(used in) investing activities				
Acquisition of property, plant and equipment	(44,452,635)	(16,137,436)	(43,493,666)	(15,743,994)
Acquisition of intangible assets	(177,300,733)	(119,288,068)	(177,300,733)	(116,718,703)
Investments in short-term investments	112,566,266	(77,206,705)	112,566,266	(77,206,705)
Finance income received	194,271,359	32,003,790	194,271,359	32,003,790
Net cash used in investing activities	85,084,258	(180,628,419)	86,043,227	(177,665,611)
Cash flows from/(used in) financing activities				
Issueance of shares	-	698,711,578	-	698,711,578
Transaction costs for issued share capital	-	(27,288,642)	-	(27,288,642)
Payment of lease installments	(39,341,827)	(27,453,001)	(30,642,800)	(21,644,050)
Dividend paid	(83,008,613)	(30,004,113)	(83,008,613)	(30,004,113)
Repayment of bank loans	(4,166,650)	(19,479,180)	(4,166,650)	(19,479,180)
Net cash flows from/(used in) financing activities	(126,517,089)	594,486,641	(117,818,063)	600,295,593
Currency translation adjustment	87,787,509	216,572,814	70,920,002	223,344,740
Net increase in cash and cash equivalents	185,575,565	835,176,181	230,869,936	791,382,410
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	1,451,983,473	1,266,407,907	1,299,709,776	1,068,839,839

HSENIID BUSINESS SOLUTIONS PLC
STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital	Currency Translation Reserve	Retained Earnings	Total Equity
	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2021	224,036,627	17,775,308	527,476,218	769,288,153
Profit for the period	-	-	454,487,219	454,487,219
Dividends			(30,004,113)	(30,004,113)
Other comprehensive income	-	(4,677,867)	-	(4,677,867)
Total comprehensive income	-	(4,677,867)	424,483,106	419,805,239
Share Issue	698,711,578		-	698,711,578
Share Issue Expenses			(27,288,642)	(27,288,642)
Re-measurements of defined benefit obligations			2,074,258	2,074,258
Deferred tax on Re-measurements of defined benefit obligations			(44,061)	(44,061)
Balance as at 31st March 2022	<u>922,748,205</u>	<u>13,097,441</u>	<u>926,700,879</u>	<u>1,862,546,525</u>
Balance as at 01st April 2022	922,748,205	13,097,441	926,700,879	1,862,546,525
Profit for the period	-	-	183,508,639	183,508,639
Dividends			(83,008,613)	(83,008,613)
Other comprehensive income	-	19,542,631	-	19,542,631
Total comprehensive income	-	19,542,631	100,500,026	120,042,657
Re-measurements of defined benefit obligations			13,083,877	13,083,877
Deferred tax on Re-measurements of defined benefit obligations			(3,925,163)	(3,925,163)
Balance as at 31st March 2023	<u>922,748,205</u>	<u>32,640,072</u>	<u>1,036,359,619</u>	<u>1,991,747,896</u>

Company	Stated Capital Rs.	Retained Earnings Rs.	Total Equity 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		383,418,808	383,418,808
Total comprehensive income	-	353,414,695	353,414,695
Share Issue	698,711,578	-	698,711,578
Shares Issue expenses		(27,288,642)	(27,288,642)
Re-measurements of defined benefit obligations		2,074,258	2,074,258
Deferred tax on Re-measurements of defined benefit obligations		(44,061)	(44,061)
Balance as at 31st March 2022	<u>922,748,205</u>	<u>1,007,913,613</u>	<u>1,930,661,818</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	-	164,659,310	164,659,310
Total comprehensive income	-	81,650,698	81,650,698
Re-measurements of defined benefit obligations		13,083,877	13,083,877
Deferred tax on Re-measurements of defined benefit obligations		(3,925,163)	(3,925,163)
Balance as at 31st March 2023	<u>922,748,205</u>	<u>1,098,723,025</u>	<u>2,021,471,229</u>

HSENI 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 31st March 2023 were authorised for issue by the Board of Directors on 30th May 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 Employee Share Option Plan

The Company's board of directors has duly resolved to establish an employee share option plan to grant a total number of share options of 10,000,000 (approximately 3.5 of the voting shares) ordinary voting shares for the period commencing from 31st March 2023 to 31st March 2027. The scheme was approved by shareholders at the Extraordinary General Meeting held on 6th December 2022.

Accordingly on 31st March 2023 share options of 5,000,000 were granted and remained exercisable for a period of three years from the date on which the right to subscribe and purchase such shares

Shares under the scheme will be offered to the qualified employees at a volume weighted average price of all share transactions during the thirty market days immediately preceding the grant date and the Company has used Binominal Option Pricing Model to value the share options as at 31st March 2023 under the requirements of SLFRS 2 - "Share Based Payments"

5 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%	91.90	45%
2	Market Development Initiatives	140	January 2022 - December 2023	140	20%	74.30	53%
3	Potential Strategic Acquisitions in APAC and East African Regions	350	April 2022 - March 2024	350	51%	-	0%
	Total	692		692		166.20	24%

6 Market value per share for the quarter ended

	31.03.2023	31.03.2022
Highest	17.50	37.60
Lowest	14.60	17.40
Closing	14.80	18.00
Market Capitalization on 31st March	4,095,091,565	4,980,516,768

HSENI BUSINESS SOLUTIONS PLC
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

7 Public Holding as at 31st March

Issued Share Capital (No. of Shares)	276,695,376	276,695,376
Public Holding as % of Issued Share Capital	57.95%	34.39%
Total Number of Shareholders	4,785	5,276
Number of Shareholders representing the Public Holding	160,353,461	95,917,618
Float Adjusted Market Capitalization - (LKR)	2,373,231,223	1,726,517,124

The Company complies with the Minimum Public Holding requirement of the Main Board as per Option 5 of Section 7.13.1 (a) of the CSE Listing Rules.

8 Shareholders' Information

8.1 Ordinary Voting Shares as at 31st March 2023

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	18,020,000	6.51
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	Vinod Kishore Hidramani	1,500,000	0.54
18	AFC Umbrella Fund -AFC Asia Frontier Fund	1,420,639	0.51
19	AIA Insurance Lanka Limited A/C No.07	1,310,000	0.47
20	Bank of Ceylon A/C Ceybank Unit Trust	1,213,338	0.44
		232,316,677	83.96
	Others	44,378,699	16.04
		276,695,376	100.00

8.2 Directors' and Chief Executive Officer's Shareholding as at 31st March 2023

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	-

HSENID BUSINESS SOLUTIONS PLC
CORPORATE INFORMATION

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