



**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30th SEPTEMBER 2023**

HSENIID BUSINESS SOLUTIONS PLC

Chief Executive Officer's Review

Dear Shareholders,

We are pleased to present to you the financial results for the three months ending 30 September 2023 and the first half of the financial year FY24.

hSenid Business Solutions (hBS) recorded a revenue of LKR 400.3 million for the three months ended 30 September 2023. This amounts to a 0.8 percent year-on-year growth (5.0 percent in USD constant currency terms) compared to the corresponding quarter of the previous financial year. For the first six months, the company generated a total revenue of LKR 758.1 million, recording a 7.5 percent year-on-year growth (up 13.1 percent in USD constant currency terms). This revenue growth was mainly driven by the PeoplesHR Cloud business, which remains the primary contributor to company revenues. Core revenues for the quarter were up by 18.6 percent year-over-year and up by 23.2 percent year-on-year in USD constant currency terms.

The PeoplesHR Cloud business accounted for majority of the company topline, generating LKR 222.3 million over the three-month period, with 75.1 percent of this revenue originating from recurring sources. As a result, overall recurring revenues accounted for ~61.0 percent of total revenues, with the company continuing to focus on maintaining recurring business. During the quarter, the MEA region was a key contributor to topline, aided by Phase-2 of the Ugandan Government Project.

Our continued efforts to enhance the sales and marketing initiatives in both local and overseas markets have led to increased operational expenses for hBS during the quarter. Significant investments in key sales resources and market development initiatives including international events, digital marketing and partner marketing, resulted in hBS recording a net loss of LKR 14.9 million for the quarter. This however, this is an improvement from the preceding quarter, indicating the plateauing of our operational expenses.

Owing to the revamped sales and marketing efforts, hBS successfully closed a number of new deals, reflecting a strong 47.8 percent year-on-year growth compared to the corresponding quarter of the previous financial year. A sizable 61.8 percent of these revenue bookings were generated from the APAC region, driven primarily by PeopleHR Cloud sales. Sri Lanka recorded the second-largest volume of new deals, showing a 13.1 percent growth in sales compared to the previous quarter.

During the quarter, the company further utilized LKR 71.3 million of the IPO funds on product and market development, bringing total utilization to 45.0 percent. Our product development efforts were primarily focused on introducing new product features, while our market development initiatives concentrated on development of the Southeast Asian and MEA markets. During the quarter, we placed particular emphasis on enhancing both our field and digital media marketing initiatives to accelerate and sustain our business development in overseas markets.

We also successfully completed the proposed repricing program in October 2023, and we anticipate the financial impact of this program to be reflected in the next several quarters. Additionally, the cloud cost optimization program, which began earlier during the year, is set to conclude in the third quarter of FY24. Together, these two programs are expected to sustain a long-term positive impact on the company's bottom line, through the combined impact of revenue growth and margin recovery.

Looking ahead to the second half of FY24, our focus will remain on harnessing the investments made in market development initiatives in the APAC market and MEA market, whilst continuing to secure new deals and delivering successful implementations across our key segments.

Sgd.

Sampath K. Jayasundara
Chief Executive Officer
2nd November 2023
Colombo

HSENIID BUSINESS SOLUTIONS PLC
STATEMENT OF FINANCIAL POSITION

AS AT	GROUP		COMPANY	
	Unaudited	Audited	Unaudited	Audited
	30.09.2023	31.03.2023	30.09.2023	31.03.2023
	Rs.	Rs.	Rs.	Rs.
ASSETS				
Non-Current Assets				
Property, plant and equipment	52,406,282	51,217,400	50,528,572	50,645,279
Right of use Assets	47,588,876	17,453,232	47,588,876	16,787,563
Intangible assets	373,274,444	301,092,317	365,457,651	295,871,924
Goodwill on acquisition	2,008,131	2,008,131	-	-
Investments in subsidiaries	-	-	88,329,540	88,329,540
Deferred tax assets	38,137,673	38,137,673	37,971,891	37,971,891
	<u>513,415,405</u>	<u>409,908,753</u>	<u>589,876,530</u>	<u>489,606,197</u>
Current Assets				
Inventories	30,751,632	29,729,130	30,751,632	29,729,130
Trade and other receivables	642,114,459	636,514,786	615,955,937	587,083,468
Advances and prepayments	67,466,906	74,769,694	27,850,549	21,164,778
Other current financial assets	897,209,994	1,168,482,275	897,209,994	1,168,482,275
Cash and bank balances	260,352,578	409,089,992	138,176,138	256,769,353
	<u>1,897,895,569</u>	<u>2,318,585,877</u>	<u>1,709,944,251</u>	<u>2,063,229,004</u>
Total Assets	<u>2,411,310,975</u>	<u>2,728,494,629</u>	<u>2,299,820,781</u>	<u>2,552,835,200</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated capital	922,748,205	922,748,205	922,748,205	922,748,205
Share – Based Payments Reserve	396,563	2,155	396,563	2,155
Currency translation reserve	17,486,904	29,710,499	-	-
Retained earnings	820,213,121	1,041,046,890	831,131,748	1,023,427,076
Total Equity	<u>1,760,844,792</u>	<u>1,993,507,748</u>	<u>1,754,276,515</u>	<u>1,946,177,436</u>
Non-Current Liabilities				
Retirement benefit obligation	83,978,960	79,625,460	83,978,960	79,625,460
Interest bearing borrowings	22,030,971	11,898,482	22,030,971	11,898,482
	<u>106,009,931</u>	<u>91,523,942</u>	<u>106,009,931</u>	<u>91,523,942</u>
Current Liabilities				
Trade and other payables	364,139,711	458,116,299	259,217,793	330,477,842
Deferred income	133,960,204	137,777,212	133,960,204	137,777,212
Interest bearing borrowings	45,767,857	7,870,392	45,767,857	7,179,734
Income tax payable	588,481	39,699,035	588,481	39,699,035
	<u>544,456,252</u>	<u>643,462,939</u>	<u>439,534,334</u>	<u>515,133,823</u>
Total Equity and Liabilities	<u>2,411,310,975</u>	<u>2,728,494,629</u>	<u>2,299,820,781</u>	<u>2,552,835,200</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;

Sgd.
Sampath Jayasundara
CEO/Director

Sgd.
Malinga Arsakularatne
Director

November 2, 2023
Colombo

HSENID BUSINESS SOLUTIONS PLC
STATEMENT OF COMPREHENSIVE INCOME - GROUP

	For the three Months ended			For the six Months ended		
	Unaudited 30.09.2023	Unaudited 30.09.2022	Change %	Unaudited 30.09.2023	Unaudited 30.09.2022	Change %
	Rs.	Rs.		Rs.	Rs.	
Revenue	400,315,761	397,242,791	1%	758,058,582	704,977,364	8%
Cost of sales	(230,689,489)	(208,000,242)	11%	(479,757,106)	(392,650,566)	22%
Gross profit	169,626,272	189,242,549	-10%	278,301,476	312,326,798	-11%
Other income	43,683,418	3,564,944	1125%	(7,924,132)	197,035,012	-104%
Administrative expenses	(136,970,430)	(92,818,298)	48%	(254,838,578)	(160,186,128)	59%
Selling and marketing expenses	(89,723,226)	(53,142,961)	69%	(146,923,579)	(96,756,475)	52%
Finance cost	(1,952,014)	(2,949,538)	-34%	(3,024,253)	(3,948,848)	-23%
Finance income	44,658,406	49,741,591	-10%	87,883,184	71,970,431	22%
Other operating expenses	(35,197,528)	(25,493,787)	38%	(68,124,055)	(48,768,212)	40%
Profit before tax	(5,875,102)	68,144,499	-109%	(114,649,937)	271,672,579	-142%
Tax (expense)/reversal	(9,012,125)	(10,164,330)	-11%	(9,340,450)	(11,514,120)	-19%
Profit for the period	(14,887,227)	57,980,169	-126%	(123,990,387)	260,158,459	-148%
Other comprehensive income						
Exchange Gain/(Loss) on translation of foreign operations	(5,974,334)	(200,362)		(12,223,595)	3,084,775	
Total comprehensive income for the period	(20,861,561)	57,779,807		(136,213,982)	263,243,234	
Profit for the period						
Equity holders of the Company	(14,887,227)	57,980,169		(123,990,387)	260,158,459	
Non-controlling interest	-	-		-	-	
Total comprehensive income/profit for the period						
Equity holders of the Company	(20,861,561)	57,779,807		(136,213,982)	263,243,234	
Non-controlling interest	-	-		-	-	
Earnings Per Share - Basic	(0.05)	0.21		(0.45)	0.94	

HSENID BUSINESS SOLUTIONS PLC
STATEMENT OF COMPREHENSIVE INCOME - COMPANY

	For the three Months ended			For the six Months ended		
	Unaudited 30.09.2023	Unaudited 30.09.2022	Change %	Unaudited 30.09.2023	Unaudited 30.09.2022	Change %
	Rs.	Rs.		Rs.	Rs.	
Revenue	363,712,133	311,171,347	17%	634,003,354	574,310,715	10%
Cost of sales	(196,670,170)	(150,620,962)	31%	(385,568,566)	(294,210,218)	31%
Gross profit	167,041,963	160,550,385	4%	248,434,788	280,100,497	-11%
Other income	41,889,972	597,357	6913%	(12,591,497)	192,118,631	-107%
Administrative expenses	(121,548,121)	(78,047,084)	56%	(225,132,562)	(130,401,279)	73%
Selling and marketing expenses	(73,840,012)	(43,174,623)	71%	(115,443,718)	(77,824,811)	48%
Finance cost	(1,952,014)	(2,876,043)	-32%	(3,024,253)	(3,774,950)	-20%
Finance income	44,658,406	49,741,591	-10%	87,883,184	71,970,431	22%
Other operating expenses	(34,148,872)	(24,669,549)	38%	(66,237,438)	(47,152,018)	40%
Profit before tax	22,101,322	62,122,035	-64%	(86,111,496)	285,036,500	-130%
Tax (expense)/reversal	(9,012,125)	(10,164,330)	-11%	(9,340,450)	(11,514,120)	-19%
Profit for the period	13,089,197	51,957,705	-75%	(95,451,947)	273,522,380	-135%
Other comprehensive income						
Exchange Gain/(Loss) on translation of foreign operations	-	-		-	-	
Total comprehensive income for the period	13,089,197	51,957,705		(95,451,947)	273,522,380	
Profit for the period						
Equity holders of the Company	13,089,197	51,957,705		(95,451,947)	273,522,380	
Non-controlling interest	-	-		-	-	
Total comprehensive income/profit for the period						
Equity holders of the Company	13,089,197	51,957,705		(95,451,947)	273,522,380	
Non-controlling interest	-	-		-	-	
Earnings Per Share - Basic	0.05	0.19		(0.34)	0.99	

HSENID BUSINESS SOLUTIONS PLC
STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital	Share – Based Payments Reserve	Currency Translation Reserve	Retained Earnings	Total Equity
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2022	922,748,205	-	13,097,441	926,700,879	1,862,546,525
Profit for the period	-	-	-	260,158,459	260,158,459
Dividends				(83,008,613)	(83,008,613)
Other comprehensive income	-	-	3,084,775	-	3,084,775
Total comprehensive income	-	-	3,084,775	177,149,846	180,234,621
Balance as at 30th September 2022	<u>922,748,205</u>	<u>-</u>	<u>16,182,216</u>	<u>1,103,850,725</u>	<u>2,042,781,146</u>
Balance as at 01st April 2023	922,748,205	2,155	29,710,499	1,041,046,890	1,993,507,748
Profit for the period	-	-	-	(123,990,387)	(123,990,387)
Dividends				(96,843,382)	(96,843,382)
ESOP expenses for the Year	-	394,408	-	-	394,408
Other comprehensive income	-	-	(12,223,595)	-	(12,223,595)
Total comprehensive income	-	394,408	(12,223,595)	(220,833,769)	(232,662,956)
Balance as at 30th September 2023	<u>922,748,205</u>	<u>396,563</u>	<u>17,486,904</u>	<u>820,213,121</u>	<u>1,760,844,792</u>

Company	Stated Capital Rs.	Share – Based Payments Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01st April 2022	922,748,205	-	1,007,913,613	1,930,661,818
			-	-
Profit for the period	-	-	273,522,380	273,522,380
Dividends	-	-	(83,008,613)	(83,008,613)
Total comprehensive income	-	-	190,513,767	190,513,767
Balance as at 30th September 2022	<u>922,748,205</u>	<u>-</u>	<u>1,198,427,380</u>	<u>2,121,175,585</u>
Balance as at 01st April 2023	922,748,205	2,155	1,023,427,076	1,946,177,436
ESOP expenses for the Year	-	394,408	-	394,408
Profit for the period	-	-	(95,451,947)	(95,451,947)
Dividends	-	-	(96,843,382)	(96,843,382)
Total comprehensive income	-	394,408	(192,295,328)	(191,900,920)
Balance as at 30th September 2023	<u>922,748,205</u>	<u>396,563</u>	<u>831,131,748</u>	<u>1,754,276,515</u>

HSENI BUSINESS SOLUTIONS PLC

STATEMENT OF CASH FLOWS

	Group		Company	
	Unaudited 30.09.2023	Audited 31.03.2023	Unaudited 30.09.2023	Audited 31.03.2023
	Rs.	Rs.	Rs.	Rs.
Cash flows from/(used in) operating activities				
Profit before tax	(114,649,937)	188,892,772	(86,111,496)	90,403,221
Adjustment For				
Depreciation	9,778,818	13,265,497	9,591,670	12,481,575
Amortisation	70,794,970	124,567,120	69,002,485	112,044,789
Provision for Impairment of trade receivables	2,252,538	45,946,737	(2,285,540)	129,640,029
Impairment of investment	-	-	-	48,529,822
Finance income	(87,883,184)	(194,271,359)	(87,883,184)	(194,271,359)
Share based payments expense	394,408	2,155	394,408	2,155
Loss / (Gain) Disposal of assets	8,526	84,362	8,526	84,362
Finance cost	3,024,253	5,811,654	3,024,253	5,569,247
Provision for defined benefit plan	6,600,000	24,052,616	6,600,000	24,052,616
Forex loss/(gain)	12,591,497	(68,796,852)	12,591,497	(70,920,002)
Operating profit before working capital changes	(97,088,110)	139,554,702	(75,067,381)	157,616,455
Decrease / (Increase) in inventories	(1,022,503)	(43,344)	(1,022,502)	(43,344)
Decrease / (Increase) in trade and other receivables	(7,852,211)	(152,394,250)	(26,586,930)	(115,865,209)
Decrease/(Increase) in advance and prepayment	7,302,788	(8,454,198)	(6,685,771)	(12,775,045)
Increase / (Decrease) in deferred income	(3,817,008)	56,295,620	(3,817,008)	56,295,620
Increase / (Decrease) in trade and other payables	(93,976,589)	139,094,587	(71,260,049)	138,535,389
Cash generated from operations	(196,453,632)	174,053,116	(184,439,643)	223,763,866
Finance cost paid	(90,122)	(992,624)	(90,122)	(992,624)
Defined benefit obligation paid	(2,246,500)	(12,088,250)	(2,246,500)	(12,088,250)
Tax paid	(48,451,005)	(10,969,435)	(48,451,005)	(11,152,815)
Net cash from operating activities	(247,241,259)	150,002,807	(235,227,270)	199,530,177
Cash flows from/(used in) investing activities				
Acquisition of property, plant and equipment	(11,094,829)	(44,452,635)	(9,586,489)	(43,493,666)
Acquisition of intangible assets	(127,774,973)	(177,300,733)	(123,886,529)	(177,300,733)
Investments in short-term investments	-	112,566,266	-	112,566,266
Finance income received	87,883,184	194,271,359	87,883,184	194,271,359
Procceds from sales of fixed assets	103,000	-	103,000	-
Net cash used in investing activities	(50,883,618)	85,084,258	(45,486,834)	86,043,227
Cash flows from/(used in) financing activities				
Payment of lease installments	(18,576,230)	(39,341,827)	(17,917,800)	(30,642,800)
Dividend paid	(96,843,382)	(83,008,613)	(96,843,382)	(83,008,613)
Repayment of bank loans	-	(4,166,650)	-	(4,166,650)
Net cash flows from/(used in) financing activities	(115,419,612)	(126,517,089)	(114,761,182)	(117,818,063)
Currency translation adjustment	(24,666,490)	84,857,937	(12,591,497)	70,920,002
Net increase / (Decrease) in cash and cash equivalents	(438,210,978)	193,427,912	(408,066,783)	238,675,343
Cash and cash equivalents at the beginning of the year	1,459,835,819	1,266,407,907	1,307,515,182	1,068,839,839
Cash and cash equivalents at the end of the period	1,021,624,841	1,459,835,819	899,448,400	1,307,515,182

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 2023 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 2023 were authorized for issue by the Board of Directors on 2nd November 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 2023.

4 No circumstances have arisen since the reporting date, which would require adjustments to or disclosure in the Financial Statements. The presentation and classification of the Financial Statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year

5 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 (3.49% 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"

6 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%	168	83%
2	Market Development Initiatives	140	January 2022 - December 2023	140	20%	140	100%
3	Potential Strategic Acquisitions in APAC and East African Regions	350	April 2022 - March 2024	350	51%	-	0%
	Total	692		692		308	45%

7 Market value per share for the quarter ended

	30.09.2023	30.09.2022
Highest	14.40	24.00
Lowest	11.90	18.60
Closing	12.30	21.50
Market Capitalization on 30th September	3,403,353,125	5,948,950,584
Net assets value per share	6.36	7.38

HSENIID BUSINESS SOLUTIONS PLC
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8	Public Holding as at 30th September	30.09.2023	30.09.2022
	Issued Share Capital (No. of Shares)	276,695,376	276,695,376
	Public Holding as % of Issued Share Capital	57.94%	34.41%
	Total Number of Shareholders	4,902	4,903
	Number of Shareholders representing the Public Holding	4,888	4,884
	Float Adjusted Market Capitalization - (LKR)	1,971,872,483	2,047,034,071

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.

9 Shareholders' Information

9.1 Ordinary Voting Shares as at 30th September 2023

No	Name	No of Shares	%
1	Hsenid Ventures (Private) Limited	68,839,540	24.88
2	Mr. K.P.R.B. De Silva	28,585,504	10.33
3	Mr. Dinesh Saparamadu	28,000,110	10.12
4	Mr. R.S.Captain	27,594,091	9.97
5	Argent Capital (Private) Ltd	13,343,096	4.82
6	Timex Garments (Pvt) Ltd	11,211,070	4.05
7	Mr Jan Gunnar Naess	9,035,000	3.27
8	Mr Otto Edvard Husby kalvo	9,010,000	3.26
9	Mrs. J.N. Ambani	6,982,018	2.52
10	GF Capital Global Limited	5,809,400	2.10
11	Citibank Newyork S/A Norges bank account 2	4,350,267	1.57
12	Mr. Sampath Jayasundara	3,303,300	1.19
13	Bank of Ceylon A/C Ceybank Unit Trust	3,008,960	1.09
14	Mr. Nilam Alawdeen	2,420,000	0.87
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	Mr. Upali Amarasinghe	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	Peoples Bank	1,000,000	0.36
		<u>229,862,420</u>	<u>83.07</u>
	Others	46,832,956	16.93
		<u>276,695,376</u>	<u>100.00</u>

9.2 Directors' and Chief Executive Officer's Shareholding as at 30th September 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>No 67/1, 2nd Floor, Scanwell Building, Off Perahera Mawatha, Hudson Road, Colombo 03 Tel : +94 11 4621111 Fax : +94 11 2394064 Email : info@hsenidbiz.com</p>