



**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30th JUNE 2024**

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 June 2024.

hSenid Business Solutions (hBS) reported total revenue of LKR 466.0 million for the three months ending on June 30, 2024 recording a year-over-year growth of 30.5 percent (34.8 percent in USD constant currency terms) compared to LKR 357.2 million in the corresponding quarter of the previous financial year. Furthermore, despite Q1 typically recording lower revenue than other quarters, we managed to record a quarter-over-quarter growth of 7.6 percent when compared to the revenue of Q4 of the last financial year (12.0 percent in USD constant currency terms).

hBS recorded a net loss of LKR 60.4 million for the quarter which was an improvement when compared to both Q1 of FY2024 and Q4 of FY2024. Nevertheless, it should be noted that our normalised EBITDA margins (earnings before depreciation, amortisation, interest and taxes) declined to -9.6 percent from -7.8 percent in 4Q FY24 owing to higher partner commissions on account of partner sourced deals.

The PeoplesHR Cloud business continued to drive the company's top line, generating a revenue of LKR 235.3 million and showcasing a year-over-year growth of 27.9 percent (32.0 percent in USD constant currency terms). Recurring subscription revenues accounted for 84.9 percent of the PeoplesHR Cloud Business while recording a year-over-year growth of 44.2 percent (50.0 percent in USD constant currency terms).

The business surpassed an exit-Annualised Recurring Revenue (ARR) of USD 3.5 million during the quarter with total recurring revenues accounting for 57.7 percent of the total revenue in the quarter. This is a continuation of the increased quality of revenue in the business as measured by a rising share of ARR within total revenues.

New deal closures for the quarter recorded a sum of USD 357,482 amounting to a 44% percent year-over-year growth when compared to the corresponding period of last financial year. 87.5 percent of these new deals were PeoplesHR Cloud deals and 46.5 percent of it sourced through the Company's channel partner network.

The Company hosted its first ever partner conference during the quarter in Sri Lanka welcoming its channel partners from all regions including South Asia, Southeast Asia, Middle East and East Africa in line with its commitment to develop a strong partner channel.

During the quarter, the Company decided to utilise the remaining IPO funds amounting to LKR 350 million earmarked for pursuing inorganic growth opportunities for the purpose of financing market development activities subject to obtaining requisite approvals at the Annual General Meeting. The Board of Directors also decided to distribute approximately LKR 346.0 million to our shareholders, offering them the choice between receiving the dividend in either cash or scrip form. Shareholders who prefer to receive a cash dividend can choose to do so, while those who select scrip dividends would essentially be reinvesting the funds into the Company, thereby increasing their effective ownership of the Company.

Our efforts to improve on investor relations over the last several years were recognised at the CFA Society Sri Lanka Capital Market Awards 2024 where the Company was bestowed the award as "Best Investor Relations Small Cap Companies". The Company was also awarded as "Technology Resilient Company of the Year 2024" in the Digital Services category by ISACA Sri Lanka highlighting our commitment to establishing digital trust.

The enthusiasm shared by the channel partners during the partner conference and the traction in demand generation across the sales channels have positioned the business on a firm footing to continue its growth momentum and yield positive results during the rest of the financial year.

Sgd.

Sampath K. Jayasundara
Chief Executive Officer
2 August 2024
Colombo

HSENIID BUSINESS SOLUTIONS PLC
STATEMENT OF FINANCIAL POSITION

AS AT	GROUP		COMPANY	
	Unaudited 30.06.2024 Rs.	Audited 31.03.2024 Rs.	Unaudited 30.06.2024 Rs.	Audited 31.03.2024 Rs.
ASSETS				
Non-Current Assets				
Property, plant and equipment	58,192,313	48,808,973	57,177,535	47,727,502
Right of use Assets	52,186,871	37,943,905	46,787,706	31,110,056
Intangible assets	469,000,534	440,087,224	456,545,656	429,449,592
Capitalised Contract Costs	12,742,304	12,742,304	12,742,304	12,742,304
Investments in subsidiaries	-	-	7,223,770	7,223,770
Deferred tax assets	53,676,495	53,676,495	52,585,420	52,585,420
	<u>645,798,516</u>	<u>593,258,901</u>	<u>633,062,390</u>	<u>580,838,643</u>
Current Assets				
Capitalised Contract Costs	5,165,558	5,165,558	5,165,558	5,165,558
Inventories	33,731,534	36,976,638	33,731,534	36,976,638
Trade and other receivables	630,184,206	724,066,330	589,947,794	674,415,597
Advances and prepayments	28,599,776	66,920,881	12,199,718	27,065,624
Tax receivables	7,552,994	3,039,543	7,552,994	3,039,543
Other current financial assets	764,800,200	782,559,264	764,800,200	782,559,264
Cash and bank balances	347,778,751	319,894,008	292,281,903	230,791,781
	<u>1,817,813,017</u>	<u>1,938,622,221</u>	<u>1,705,679,700</u>	<u>1,760,014,005</u>
Total Assets	<u>2,463,611,534</u>	<u>2,531,881,122</u>	<u>2,338,742,089</u>	<u>2,340,852,648</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	1,487,288	1,260,701	1,487,288	1,260,701
Currency translation reserve	25,333,555	30,164,738	-	-
Retained earnings	576,115,755	636,522,091	553,030,677	606,089,172
Total Equity	<u>1,525,684,802</u>	<u>1,590,695,734</u>	<u>1,477,266,170</u>	<u>1,530,098,077</u>
Non-Current Liabilities				
Retirement benefit obligation	131,958,589	128,388,589	131,958,589	128,388,588
Interest bearing borrowings	20,416,443	14,280,835	19,260,862	11,866,821
	<u>152,375,032</u>	<u>142,669,424</u>	<u>151,219,451</u>	<u>140,255,409</u>
Current Liabilities				
Trade and other payables	495,210,560	501,137,152	481,102,028	473,043,854
Deferred income	202,109,674	251,470,722	145,324,664	156,099,597
Interest bearing borrowings	88,231,466	45,908,090	83,829,777	41,355,710
	<u>785,551,700</u>	<u>798,515,964</u>	<u>710,256,469</u>	<u>670,499,162</u>
Total Equity and Liabilities	<u>2,463,611,534</u>	<u>2,531,881,122</u>	<u>2,338,742,089</u>	<u>2,340,852,648</u>

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

Sgd.
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

August 2, 2024
Colombo

HSENI BUSINESS SOLUTIONS PLC
STATEMENT OF COMPREHENSIVE INCOME

	Group			Company		
	Unaudited	Unaudited	Change %	Unaudited	Unaudited	Change %
	30.06.2024	30.06.2023		30.06.2024	30.06.2023	
	Rs.	Rs.		Rs.	Rs.	
Revenue	465,989,975	357,182,739	30%	388,805,137	270,291,222	44%
Cost of sales	(267,421,024)	(248,737,323)	8%	(220,970,618)	(188,908,097)	17%
Gross profit	198,568,952	108,445,416	83%	167,834,519	81,383,124	106%
Other income	14,685,035	(51,621,719)	-128%	13,034,715	(54,481,469)	-124%
Administrative expenses	(131,812,765)	(117,922,484)	12%	(112,826,618)	(103,598,252)	9%
Selling and marketing expenses	(111,642,759)	(57,143,396)	95%	(93,183,708)	(41,580,195)	124%
Finance cost	(2,058,202)	(1,072,239)	92%	(1,931,401)	(1,072,239)	80%
Finance income	16,628,107	43,224,778	-62%	16,628,107	43,224,778	-62%
Other operating expenses	(44,468,694)	(32,928,850)	35%	(42,614,108)	(32,088,566)	33%
Profit before tax	(60,100,327)	(109,018,495)	-45%	(53,058,495)	(108,212,818)	-51%
Tax (expense)/reversal	(306,009)	(328,325)	-7%	-	(328,325)	-100%
Profit for the period	(60,406,336)	(109,346,820)	-45%	(53,058,495)	(108,541,143)	-51%
Other comprehensive income						
Exchange Gain/(Loss) on translation of foreign operations	(4,831,184)	(8,376,735)		-	-	
Re-measurements of defined benefit obligations	-	-		-	-	
Deferred tax on Re-measurements of defined benefit obligations	-	-		-	-	
Total comprehensive income for the period	(65,237,520)	(117,723,556)		(53,058,495)	(108,541,143)	
Profit for the period						
Equity holders of the Company	(60,406,336)	(109,346,820)		(53,058,495)	(108,541,143)	
Non-controlling interest	-	-		-	-	
Total comprehensive income/profit for the period						
Equity holders of the Company	(65,237,520)	(117,723,556)		-	(108,541,143)	
Non-controlling interest	-	-		-	-	
Earnings Per Share - Basic	(0.22)	(0.40)		(0.19)	(0.39)	

HSENIID 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 2023	922,748,205	2,155	29,710,499	1,041,046,890	1,993,507,748
Profit for the period	-	-	-	(109,346,820)	(109,346,820)
Dividends	-	-	-	-	-
ESOP expenses for the Year	-	196,126	-	-	196,126
Other comprehensive income	-	-	(8,376,735)	-	(8,376,735)
Total comprehensive income	-	196,126	(8,376,735)	(109,346,820)	(117,527,430)
Re-measurements of defined benefit obligations	-	-	-	-	-
Deferred tax on Re-measurements of defined benefit obligations	-	-	-	-	-
Balance as at 30th June 2023	<u>922,748,205</u>	<u>198,281</u>	<u>21,333,764</u>	<u>931,700,069</u>	<u>1,875,980,319</u>
Balance as at 01st April 2024	922,748,205	1,260,701	30,164,738	636,522,091	1,590,695,734
Profit for the period	-	-	-	(60,406,336)	(60,406,336)
Dividends	-	-	-	-	-
ESOP expenses for the Year	-	226,587	-	-	226,587
Other comprehensive income	-	-	(4,831,184)	-	(4,831,184)
Total comprehensive income	-	226,587	(4,831,184)	(60,406,336)	(65,010,933)
Re-measurements of defined benefit obligations	-	-	-	-	-
Deferred tax on Re-measurements of defined benefit obligations	-	-	-	-	-
Balance as at 30th June 2024	<u>922,748,205</u>	<u>1,487,288</u>	<u>25,333,555</u>	<u>576,115,755</u>	<u>1,525,684,802</u>
Company		Stated Capital	Share – Based Payments	Retained Earnings	Total Equity
		Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2023		922,748,205	2,155	1,023,427,076	1,946,177,436
Profit for the period		-	-	(108,541,143)	(108,541,143)
Dividends		-	-	-	-
Dividends ESOP expenses for the Year		-	196,126	-	196,126
Total comprehensive income		-	196,126	(108,541,143)	(108,345,017)
Re-measurements of defined benefit obligations		-	-	-	-
Deferred tax on Re-measurements of defined benefit obligations		-	-	-	-
Balance as at 30th June 2023		<u>922,748,205</u>	<u>198,281</u>	<u>914,885,933</u>	<u>1,837,832,418</u>
Balance as at 01st April 2024		922,748,205	1,260,701	606,089,172	1,530,098,078
ESOP expenses for the Year		-	226,587	-	226,587
Profit for the period		-	-	(53,058,495)	(53,058,495)
Dividends		-	-	-	-
Total comprehensive income		-	226,587	(53,058,495)	(52,831,908)
Re-measurements of defined benefit obligations		-	-	-	-
Deferred tax on Re-measurements of defined benefit obligations		-	-	-	-
Balance as at 30th June 2024		<u>922,748,205</u>	<u>1,487,288</u>	<u>553,030,677</u>	<u>1,477,266,170</u>

HSENIID BUSINESS SOLUTIONS PLC

STATEMENT OF CASH FLOWS

	Group		Company	
	Unaudited 30.06.2024	Audited 31.03.2024	Unaudited 30.06.2024	Audited 31.03.2024
	Rs.	Rs.	Rs.	Rs.
Cash flows from/(used in) operating activities				
Profit before tax	(60,100,327)	(291,571,158)	(53,058,495)	(304,952,556)
Adjustment For				
Depreciation of property, plant and equipment	5,541,310	19,853,214	5,352,621	19,536,672
Amortisation of right-of-use assets and intangible assets	45,413,773	154,419,725	43,342,574	148,634,321
Amotization of Capitalised Contract Costs	-	3,484,781	-	3,484,781
Provision for Impairment of trade receivables	(8,693,177)	(63,077,030)	(13,534,265)	(65,520,912)
Impairment of investment	-	2,008,131	-	81,105,770
Finance income	(16,628,107)	(146,633,355)	(16,628,107)	(146,633,355)
Share based payments expense	226,587	1,258,546	226,587	1,258,546
Loss / (Gain) Disposal of assets	-	48,766	-	48,766
Finance cost	2,058,202	6,976,182	1,931,401	6,633,279
Provision for defined benefit plan	4,200,000	31,095,583	4,200,000	31,095,583
Forex loss/(gain)	13,668,672	70,898,911	13,034,715	71,542,150
Operating profit before working capital changes	(14,313,067)	(211,237,705)	(15,132,969)	(153,766,956)
Decrease / (Increase) in inventories	3,245,104	(7,247,509)	3,245,105	(7,247,508)
Decrease / (Increase) in trade and other receivables	102,575,301	(24,474,515)	98,002,068	(21,811,218)
Decrease/(Increase) in advance and prepayment	38,321,105	7,848,814	14,865,906	(5,900,846)
Increase / (Decrease) in deferred income	(49,361,048)	113,693,510	(10,774,934)	18,322,385
Increase / (Decrease) in trade and other payables	(5,926,593)	43,020,854	8,058,174	142,566,014
Cash generated from operations	74,540,803	(78,396,551)	98,263,350	(27,838,130)
Finance cost paid	(643,169)	(716,488)	(643,169)	(716,215)
Defined benefit obligation paid	(630,000)	(3,147,500)	(630,000)	(3,147,500)
Tax paid	(4,819,460)	(53,572,615)	(4,513,451)	(52,079,029)
Net cash from operating activities	68,448,174	(135,833,154)	92,476,730	(83,780,874)
Cash flows from/(used in) investing activities				
Acquisition of property, plant and equipment	(14,949,743)	(17,681,358)	(14,802,655)	(16,770,661)
Acquisition of intangible assets	(65,592,917)	(259,997,744)	(62,377,599)	(251,031,487)
Acquisition of contract Assets	-	(21,392,642)	-	(21,392,642)
Investments in short-term investments	-	5,157,509	-	5,157,509
Finance income received	16,628,107	146,633,355	16,628,107	146,633,355
Proceeds from sales of fixed assets	-	103,000	-	103,000
Net cash used in investing activities	(63,914,553)	(147,177,880)	(60,552,146)	(137,300,926)
Cash flows from/(used in) financing activities				
Payment of lease installments	(10,405,335)	(39,887,130)	(9,202,463)	(36,616,800)
Dividend paid	-	(96,843,382)	-	(96,843,382)
Net cash flows from/(used in) financing activities	(10,405,335)	(136,730,512)	(9,202,463)	(133,460,182)
Currency translation adjustment	(18,046,257)	(69,560,996)	(13,034,715)	(71,542,150)
Net increase / (Decrease) in cash and cash equivalents	(23,917,971)	(489,302,543)	9,687,406	(426,084,131)
Cash and cash equivalents at the beginning of the year	970,533,277	1,459,835,819	881,431,050	1,307,515,181
Cash and cash equivalents at the end of the period	946,615,306	970,533,277	891,118,456	881,431,050

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 2024 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 June 2024 were authorized for issue by the Board of Directors on 1st August 2024.

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 2024

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 2024 share options of 7,790,000 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 2024 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%	202	100%
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		342	49%

7 Market value per share for the quarter ended

	30.06.2024	30.06.2023
Highest	14.00	15.30
Lowest	11.00	11.80
Closing	13.10	12.10
Market Capitalization on 30th June	3,624,709,426	3,348,014,050
Net assets value per share	5.51	6.78

HSENIID BUSINESS SOLUTIONS PLC
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8 Public Holding as at 30th June

Issued Share Capital (No. of Shares)	276,695,376	276,695,376
Public Holding as % of Issued Share Capital	57.97%	57.95%
Total Number of Shareholders	4,766	4,785
Number of Shareholders representing the Public Holding	4,752	4,771
Float Adjusted Market Capitalization - (LKR)	2,101,157,090	1,940,276,878

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 June 2024

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	26,814,947	9.69
5	Argent Capital (Private) Ltd	13,343,096	4.82
6	Mr Jan Gunnar Naess	9,035,000	3.27
7	Mr Otto Edvard Husby kalvo	9,010,000	3.26
8	Timex Garments (Pvt) Ltd	8,240,969	2.98
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	Mr. Upali Amarasinghe	1,575,000	0.57
17	Commercial Bank of Ceylon PLC A/C No. 03	1,520,900	0.55
18	AIA Insurance Lanka Limited A/C No.07	1,310,000	0.47
19	Macksons Holdings (PVT) LTD	1,121,840	0.41
20	Peoples Bank	1,000,000	0.36
		<u>225,889,376</u>	<u>81.64</u>
	Others	<u>50,806,000</u>	<u>18.36</u>
		<u>276,695,376</u>	<u>100.00</u>

9.2 Directors' and Chief Executive Officer's Shareholding as at 30th June 2024

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	-

HSEID 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	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