



**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30th JUNE 2025**

HSENIID BUSINESS SOLUTIONS PLC

Chief Executive Officer's Review

Dear Shareholders,

We are pleased to present the financial results for the three months ending 30 June 2025.

hSenid Business Solutions PLC (hBS) reported total revenue of LKR 471.7 million for the first quarter of FY2026. This was supported by subscription revenue growing at 36 percent YoY in LKR terms (37 percent in USD constant currency terms). A significant improvement in quality of revenue was also witnessed with recurring revenues accounting for 72 percent of total revenue (compared to 57 percent in Q1 FY2025). While the reduction in lower margin professional services revenue, particularly from large on-prem projects, was compensated by the growth in recurring revenues, the net effect resulted in total revenue recording a modest 1 percent year-over-year growth in LKR terms (2 percent in USD constant currency terms).

The Company continued maintaining a positive free cash flow generation, continuing the momentum established in the previous quarter. Normalized EBITDA for the quarter stood at 2 percent, also reflecting a continuation of the positive EBITDA generated in Q4 of FY2025, while being a significant improvement to the -10 percent margin reported in Q1 of the previous financial year. Despite, the Company recording a net loss of LKR 35.7 million for the quarter, the results reflect the continuation of the turnaround momentum demonstrated last year. Despite short-term fluctuations, our underlying margin structure continues to improve as we align towards long-term profitability.

PeoplesHR Cloud remained the core contributor to topline performance, generating LKR 309.6 million during the quarter, marking a 32 percent growth year-over-year in both LKR and USD constant currency terms. The Company's exit Annualized Recurring Revenue (ARR) reached USD 4.5 million, with PeoplesHR Cloud contributing USD 3.6 million.

New deal closures for the quarter totalled USD 440,998, with 91 percent of deals attributable to PeoplesHR Cloud. This represents a 34 percent year-over-year increase, reflecting sustained traction in our go-to-market execution and demand generation efforts.

We are also pleased to share that for the second consecutive year, the Company was honoured with the "Best Investor Relations Award" in the Small Cap Companies category at the CFA Capital Market Awards 2025. This recognition reflects our continued efforts in fostering transparency, consistent communication, and value-driven engagement with the investment community.

Marking a milestone in our post-listing journey, the Company also completed the full utilisation of funds raised at the time of the IPO during the quarter. This includes the funds allocated in line with the objectives outlined at the time of listing and the subsequent reallocation of funds made in line with shareholder approvals obtained last year.

Looking ahead, we remain focused on expanding the PeoplesHR brand across our core and high-potential markets. With key product development initiatives, including AI integration into the PeoplesHR suite underway, we expect to further strengthen our ARR-led growth trajectory while driving improved productivity and operational efficiency in the quarters ahead.

Sgd.

Sampath K. Jayasundara
Chief Executive Officer
4 August 2025
Colombo

HSENIID BUSINESS SOLUTIONS PLC

STATEMENT OF FINANCIAL POSITION

AS AT	GROUP		COMPANY	
	Unaudited 30.06.2025	Audited 31.03.2025	Unaudited 30.06.2025	Audited 31.03.2025
	Rs.	Rs.	Rs.	Rs.
ASSETS				
Non-Current Assets				
Property, plant and equipment	41,518,836	47,708,467	40,862,627	46,989,512
Right of use Assets	62,852,485	11,923,428	62,852,485	11,923,428
Intangible assets	518,988,193	517,437,777	508,772,781	506,269,283
Capitalised Contract Costs	3,751,096	2,614,578	3,751,096	2,614,578
Investments in subsidiaries	-	-	7,224,770	7,224,770
Deferred tax assets	102,998,269	98,445,193	100,754,551	95,845,147
	<u>730,108,878</u>	<u>678,129,443</u>	<u>724,218,309</u>	<u>670,866,717</u>
Current Assets				
Capitalised Contract Costs	4,310,335	3,489,942	4,310,335	3,489,942
Inventories	32,557,980	42,717,041	32,557,980	42,717,042
Trade and other receivables	670,961,565	645,477,520	702,717,622	707,585,417
Advances and prepayments	55,132,583	39,182,334	39,154,495	26,280,849
Tax receivables	2,872,711	1,796,353	2,872,711	1,796,353
Other current financial assets	333,045,742	313,065,617	333,045,742	313,065,618
Cash and bank balances	286,085,189	234,085,453	255,991,718	169,098,745
	<u>1,384,966,106</u>	<u>1,279,814,261</u>	<u>1,370,650,603</u>	<u>1,264,033,966</u>
Total Assets	<u>2,115,074,984</u>	<u>1,957,943,704</u>	<u>2,094,868,912</u>	<u>1,934,900,683</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated capital	1,023,748,924	1,023,748,924	1,023,748,924	1,023,748,924
Share – Based Payments Reserve	1,839,391	1,751,910	1,839,391	1,751,910
Currency translation reserve	36,149,683	39,620,348	-	-
Retained earnings	(31,668,365)	4,069,818	56,824,402	78,971,605
Total Equity	<u>1,030,069,633</u>	<u>1,069,191,000</u>	<u>1,082,412,717</u>	<u>1,104,472,439</u>
Non-Current Liabilities				
Retirement benefit obligation	157,513,350	157,141,900	157,513,350	157,141,900
Interest bearing borrowings	32,979,149	5,382,436	32,979,149	5,382,435
	<u>190,492,499</u>	<u>162,524,336</u>	<u>190,492,499</u>	<u>162,524,335</u>
Current Liabilities				
Trade and other payables	515,282,927	407,346,453	499,840,117	393,765,052
Deferred income	256,524,858	213,119,388	199,418,513	168,376,330
Interest bearing borrowings	122,705,066	105,762,528	122,705,066	105,762,528
	<u>894,512,851</u>	<u>726,228,368</u>	<u>821,963,696</u>	<u>667,903,909</u>
Total Equity and Liabilities	<u>2,115,074,984</u>	<u>1,957,943,704</u>	<u>2,094,868,912</u>	<u>1,934,900,683</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 4, 2025
Colombo

HSENID BUSINESS SOLUTIONS PLC
STATEMENT OF COMPREHENSIVE INCOME

	Group			Company		
	Unaudited 30.06.2025	Unaudited 30.06.2024	Change %	Unaudited 30.06.2025	Unaudited 30.06.2024	Change %
	Rs.	Rs.		Rs.	Rs.	
Revenue	471,710,652	465,989,975	1%	417,448,477	388,805,137	7%
Cost of sales	(253,947,507)	(267,421,024)	-5%	(230,081,926)	(220,970,618)	4%
Gross profit	217,763,144	198,568,952	10%	187,366,550	167,834,519	12%
Other income	12,803,613	14,685,035	-13%	9,104,465	13,034,715	-30%
Administrative expenses	(130,893,617)	(131,812,765)	-1%	(112,758,136)	(112,826,618)	0%
Selling and marketing expenses	(91,182,659)	(111,642,759)	-18%	(64,285,633)	(93,183,708)	-31%
Finance cost	(2,423,144)	(2,058,202)	18%	(2,423,144)	(1,931,402)	25%
Finance income	5,783,738	16,628,107	-65%	5,783,738	16,628,107	-65%
Other operating expenses	(51,870,788)	(44,468,694)	17%	(49,844,448)	(42,614,108)	17%
Profit before tax	(40,019,714)	(60,100,327)	-33%	(27,056,608)	(53,058,495)	-49%
Tax (expense)/reversal	4,281,531	(306,009)	N/A	4,909,405	-	N/A
Profit for the period	(35,738,183)	(60,406,336)	-41%	(22,147,203)	(53,058,495)	-58%
Other comprehensive income						
Exchange Gain/(Loss) on translation of foreign operations	(3,470,665)	(4,831,184)		-	-	
Re-measurements of defined benefit obligations	-	-		-	-	
Deferred tax on Re-measurements of defined benefit obligations	-	-		-	-	
Total comprehensive income for the period	<u>(39,208,848)</u>	<u>(65,237,520)</u>		<u>(22,147,203)</u>	<u>(53,058,495)</u>	
Profit for the period						
Equity holders of the Company	(35,738,183)	(60,406,336)		(22,147,203)	(53,058,495)	
Non-controlling interest	-	-		-	-	
Total comprehensive income/profit for the period						
Equity holders of the Company	(39,208,848)	(65,237,520)		(22,147,203)	(53,058,495)	
Non-controlling interest	-	-		-	-	
Earnings Per Share - Basic	(0.13)	(0.22)		(0.08)	(0.19)	

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 2024	922,748,205	1,260,701	30,164,738	636,522,091	1,590,695,734
Profit for the period	-	-	-	(286,266,977)	(286,266,977)
Dividends	-	-	-	(345,869,220)	(345,869,220)
ESOP expenses for the Year	-	491,209	-	-	491,209
Other comprehensive income	-	-	9,455,610	-	9,455,610
Total comprehensive income	-	491,209	9,455,610	(632,136,197)	(622,189,378)
Share Issue	101,000,719	-	-	-	101,000,719
Re-measurements of defined benefit obligations	-	-	-	(451,537)	(451,537)
Deferred tax on Re-measurements of defined benefit obligations	-	-	-	135,461	135,461
Balance as at 31st March 2025	1,023,748,924	1,751,910	39,620,348	4,069,818	1,069,191,000
Balance as at 01st April 2025	1,023,748,924	1,751,910	39,620,348	4,069,818	1,069,191,000
Profit for the period	-	-	-	(35,738,183)	(35,738,183)
Dividends	-	-	-	-	-
ESOP expenses for the Year	-	87,481	-	-	87,481
Other comprehensive income	-	-	(3,470,665)	-	(3,470,665)
Total comprehensive income	-	87,481	(3,470,665)	(35,738,183)	(39,121,367)
Issue of share capital	-	-	-	-	-
Re-measurements of defined benefit obligations	-	-	-	-	-
Deferred tax on Re-measurements of defined benefit obligations	-	-	-	-	-
Balance as at 30th June 2025	1,023,748,924	1,839,391	36,149,683	(31,668,365)	1,030,069,633

Company	Stated Capital Rs.	Share – Based Payments Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01st April 2024	922,748,205	1,260,701	606,089,173	1,530,098,078
Profit for the period	-	-	(180,932,272)	(180,932,272)
Dividends	-	-	(345,869,220)	(345,869,220)
ESOP expenses for the Year	-	491,209	-	491,209
Total comprehensive income	-	491,209	(526,801,492)	(526,310,283)
Re-statement of share capital in line with ROC	-	-	-	-
Share Issue	101,000,719	-	-	101,000,719
Re-measurements of defined benefit obligations	-	-	(451,537)	(451,537)
Deferred tax on Re-measurements of defined benefit obligations	-	-	135,461	135,461
Balance as at 31st March 2025	1,023,748,924	1,751,910	78,971,605	1,104,472,439
Balance as at 01st April 2025	1,023,748,924	1,751,910	78,971,605	1,104,472,439
ESOP expenses for the Year	-	87,481	-	87,481
Profit for the period	-	-	(22,147,203)	(22,147,203)
Dividends	-	-	-	-
Total comprehensive income	-	87,481	(22,147,203)	(22,059,722)
Share Issue	-	-	-	-
Re-measurements of defined benefit obligations	-	-	-	-
Deferred tax on Re-measurements of defined benefit obligations	-	-	-	-
Balance as at 30th June 2025	1,023,748,924	1,839,391	56,824,402	1,082,412,717

HSENI BUSINESS SOLUTIONS PLC

STATEMENT OF CASH FLOWS

	Group		Company	
	Unaudited 30.06.2025	Audited 31.03.2025	Unaudited 30.06.2025	Audited 31.03.2025
	Rs.	Rs.	Rs.	Rs.
Cash flows from/(used in) operating activities				
Profit before tax	(40,019,714)	(320,803,354)	(27,056,608)	(215,389,211)
Adjustment For				
Depreciation of property, plant and equipment	6,293,944	23,970,268	6,126,885	23,623,116
Amortisation of right-of-use assets and intangible assets	51,539,179	191,735,236	50,516,343	184,597,212
Amotization of Capitalised Contract Costs	1,129,492	15,686,552	1,129,492	15,686,552
Provision for Impairment of trade receivables	(9,628,304)	(17,499,565)	(10,088,032)	(28,145,109)
Finance income	(5,783,738)	(50,103,444)	(5,783,738)	(50,103,444)
Share based payments expense	87,481	491,209	87,481	491,209
Loss / (Gain) Disposal of assets	-	(61,309)	-	103,803
Finance cost	2,423,144	8,687,604	2,423,144	8,405,995
Provision for defined benefit plan	7,500,000	33,539,024	7,500,000	33,539,024
Forex loss/(gain)	(11,722,190)	14,257,042	(9,104,465)	14,537,785
Operating profit before working capital changes	1,819,295	(100,100,736)	15,750,503	(12,653,066)
Decrease / (Increase) in inventories	10,159,062	(5,740,404)	10,159,062	(5,740,403)
Decrease / (Increase) in trade and other receivables	(15,855,741)	96,088,375	14,955,826	(5,024,712)
Decrease/(Increase) in advance and prepayment	(15,950,249)	27,738,547	(12,873,646)	784,775
Increase / (Decrease) in deferred income	43,405,470	(38,351,334)	31,042,184	12,276,732
Increase / (Decrease) in trade and other payables	107,936,471	(93,790,701)	106,075,063	(79,278,803)
Cash generated from operations	131,514,308	(114,156,252)	165,108,992	(89,635,477)
Finance cost paid	(1,582,043)	(4,575,803)	(1,582,043)	(4,575,803)
Defined benefit obligation paid	(7,128,550)	(5,237,250)	(7,128,550)	(5,237,250)
Tax paid	(1,347,903)	(8,853,670)	(1,076,358)	(7,424,137)
Net cash from operating activities	121,455,812	(132,822,975)	155,322,041	(106,872,667)
Cash flows from/(used in) investing activities				
Acquisition of property, plant and equipment	(97,755)	(23,050,612)	-	(22,988,929)
Acquisition of intangible assets	(45,044,561)	(235,602,246)	(45,044,561)	(229,653,149)
Acquisition of contract Assets	(3,086,402)	(3,883,212)	(3,086,402)	(3,883,212)
Investment In newly Incorporated subsidiary	-	-	-	(1,000)
Investments in short-term investments	-	69,691,225	-	69,691,225
Finance income received	5,783,738	50,103,444	5,783,738	50,103,444
Net cash used in investing activities	(42,444,981)	(142,741,400)	(42,347,226)	(136,731,620)
Cash flows from/(used in) financing activities				
Proceeds from issue of shares	-	101,000,719	-	101,000,719
Payment of lease installments	(9,093,175)	(39,330,165)	(9,093,175)	(36,220,125)
Dividend paid	-	(345,869,220)	-	(345,869,220)
Net cash flows from/(used in) financing activities	(9,093,175)	(284,198,666)	(9,093,175)	(281,088,626)
Currency translation adjustment	8,175,215	(3,583,178)	9,104,465	(14,537,785)
Net increase / (Decrease) in cash and cash equivalents	78,092,871	(563,346,219)	112,986,105	(539,230,698)
Cash and cash equivalents at the beginning of the year	407,187,058	970,533,277	342,200,353	881,431,051
Cash and cash equivalents at the end of the period	485,279,929	407,187,058	455,186,458	342,200,353

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 2025 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 2025 were authorized for issue by the Board of Directors on 4th August 2025.

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 2025

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 30th June 2025 share options of 8,090,000 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 preceeding 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.a	Market Development Initiatives	140	January 2022 - December 2023	140	20%	140	100%
2.b *	Market Development Initiatives	-	April 2024 - March 2025	350	51%	350	100%
3	Potential Strategic Acquisitions in APAC and East African Regions	350	April 2022 - March 2024	-	Reallocated for Market Development Initiatives		N/A
	Total	692		692		692	100%

2.b *

By a special resolution passed at the AGM held on 15th August 2024, the 350 million raised during the IPO for potential strategic acquisitions in the APAC and East African regions has been reallocated to market development initiatives.

The full amount of funds designated for IPO objectives was utilized as of June 30, 2025

7 Market value per share for the quarter ended

	30.06.2025	30.06.2024
Highest	12.10	14.00
Lowest	10.60	11.00
Closing	11.60	13.10
Market Capitalization on 30th June	3,308,955,204	3,624,709,426
Net assets value per share	3.61	5.75

8 Public Holding as at 30th June

	30.06.2025	30.06.2024
Issued Share Capital (No. of Shares)	285,254,759	276,695,376
Public Holding as % of Issued Share Capital	57.59%	57.97%
Total Number of Shareholders	4,684	4,766
Number of Shareholders representing the Public Holding	4,669	4,752
Float Adjusted Market Capitalization - (LKR)	1,905,783,152	2,101,157,090

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 2025

No	Name	No of Shares	%
1	Hsenid Ventures (Private) Limited	71,938,777	25.22
2	Mr. K.P.R.B. De Silva	31,462,417	11.03
3	Mr. Dinesh Saparamadu	29,260,708	10.26
4	Mr. R.S.Captain	25,549,161	8.96
5	Argent Capital (Private) Ltd	13,343,096	4.68
6	Mr Jan Gunnar Naess	9,441,766	3.31
7	Mr Otto Edvard Husby kalvo	9,415,640	3.30
8	Mrs. J.N. Ambani	6,982,018	2.45
9	Timex Garments (Pvt) Ltd Mrs. J.N. Ambani	6,865,492	2.41
10	GF Capital Global Limited	6,070,946	2.13
11	Mr. Sampath Jayasundara	3,452,018	1.21
12	Bank of Ceylon A/C Ceybank Unit Trust	3,008,960	1.05
13	Mr. Nilam Alawdeen	2,420,000	0.85
14	Miss. M.M.Page	1,618,525	0.57
15	Mr. Upali Amarasinghe	1,575,000	0.55
16	Commercial Bank of Ceylon PLC A/C No. 03	1,520,900	0.53
17	Mr. S. Vasudevan	1,374,656	0.48
18	Peoples Bank	1,000,000	0.35
19	Mr. R. Gautam	938,300	0.33
20	Seylan Bank PLC/Eagle Crest (Pvt) Ltd	938,253	0.33
		228,176,633	79.99
	Others	57,078,126	20.01
		285,254,759	100.00

9.2 Directors' and Chief Executive Officer's Shareholding as at 30th June 2025

No	Name	No of Shares	%
1	Mr. Dinesh.Saparamadu	29,260,708	10.26
2	Mr. Sampath Jayasundara	3,452,018	1.21
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 Arakularatne 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>