



**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st DECEMBER 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 31 December 2025.

hSenid Business Solutions PLC (hBS) reported total revenue of LKR 547.6 million for the third quarter of FY2026, marking a strong 27 percent year-over-year growth in LKR terms (23 percent in USD constant currency terms). This performance also reflects a 6 percent quarter-over-quarter growth (5 percent in USD constant currency terms), demonstrating continued momentum in our business trajectory. Recurring revenues remained strong, accounting for 73 percent of total revenue, underscoring the quality and predictability of our revenue base.

We are pleased to report that the Company achieved a significant milestone by surpassing the USD 5 million exit Annualized Recurring Revenue (ARR) mark, reaching USD 5.2 million at the end of the quarter. More importantly, the Company recorded a net profit of LKR 35 million for the quarter, marking our first profitable quarter and validating the operational and financial progress we have made over the past years. Normalized EBITDA margin for the quarter reached 17 percent, representing a 350 percent year-over-year improvement and a 55 percent quarter-over-quarter growth. This achievement reflects the compounding benefits of our revenue growth, improved revenue quality, and disciplined cost management, demonstrating the scalability inherent in the SaaS business model.

PeoplesHR Cloud remained the cornerstone of our business performance, generating LKR 382 million during the quarter, reflecting a 48 percent year-over-year growth in LKR terms (42 percent in USD constant currency terms) and a 4 percent quarter-over-quarter growth.

New deal closures for the quarter totalled USD 330,046, with 97 percent attributable to PeoplesHR Cloud. This represents a 29 percent year-over-year increase, though we experienced a 14 percent quarter-over-quarter decline. We remain focused on strengthening our sales pipeline across all markets we operate, to drive consistent deal closure momentum in the quarters ahead.

The Company continued to maintain positive free cash flow during the quarter, with a free cash flow to firm (FCFF) margin of 9 percent, reinforcing the health of our operations and financial discipline.

We continue to make progress on our product development initiatives, with ongoing enhancements to the PeoplesHR platform focused on delivering improved user experiences and expanded functionality. These efforts are designed to strengthen our competitive positioning and drive long-term value for our customers across our target markets.

As we enter the final quarter of FY2026, our strategic priorities remain clear: sustaining profitability while driving continued growth, accelerating new deal closures particularly in Southeast Asia, and leveraging our product innovations to deliver significant value to the HR communities we serve. Having surpassed the USD 5 million ARR milestone, we are well-positioned to build on this momentum and deliver sustained shareholder value in the periods ahead.

Sgd.

Sampath K. Jayasundara
Chief Executive Officer
27 January 2026
Colombo

HSENID BUSINESS SOLUTIONS PLC
STATEMENT OF FINANCIAL POSITION

AS AT	GROUP		COMPANY	
	Unaudited 31.12.2025 Rs.	Audited 31.03.2025 Rs.	Unaudited 31.12.2025 Rs.	Audited 31.03.2025 Rs.
ASSETS				
Non-Current Assets				
Property, plant and equipment	31,231,045	47,708,467	30,375,324	46,989,512
Right of use Assets	46,525,777	11,923,428	46,525,777	11,923,428
Intangible assets	516,528,407	517,437,777	507,889,743	506,269,283
Capitalised Contract Costs	7,131,047	2,614,578	7,131,047	2,614,578
Investments in subsidiaries	-	-	68,868,015	7,224,770
Deferred tax assets	86,749,354	98,445,193	84,488,084	95,845,147
	<u>688,165,629</u>	<u>678,129,443</u>	<u>745,277,990</u>	<u>670,866,717</u>
Current Assets				
Capitalised Contract Costs	6,678,523	3,489,942	6,678,523	3,489,942
Inventories	39,877,594	42,717,041	39,877,594	42,717,041
Trade and other receivables	611,104,153	645,477,520	761,387,131	707,585,417
Advances and prepayments	46,958,831	39,182,334	31,503,925	26,280,849
Tax receivables	13,832,742	1,796,353	13,299,271	1,796,353
Other current financial assets	258,581,834	313,065,618	258,581,834	313,065,618
Cash and bank balances	389,960,489	234,085,453	218,500,346	169,098,745
	<u>1,366,994,166</u>	<u>1,279,814,261</u>	<u>1,329,828,624</u>	<u>1,264,033,966</u>
Total Assets	<u>2,055,159,795</u>	<u>1,957,943,704</u>	<u>2,075,106,613</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	2,118,378	1,751,910	2,118,378	1,751,910
Currency translation reserve	31,132,917	39,620,348	-	-
Retained earnings	(23,046,160)	4,069,818	108,126,096	78,971,604
Total Equity	<u>1,033,954,058</u>	<u>1,069,191,000</u>	<u>1,133,993,397</u>	<u>1,104,472,437</u>
Non-Current Liabilities				
Retirement benefit obligation	157,012,725	157,141,900	157,012,725	157,141,900
Interest bearing borrowings	15,593,014	5,382,436	15,593,014	5,382,436
	<u>172,605,739</u>	<u>162,524,336</u>	<u>172,605,739</u>	<u>162,524,335</u>
Current Liabilities				
Trade and other payables	413,331,080	407,346,453	402,246,080	393,765,053
Deferred income	286,540,228	213,119,388	217,532,707	168,376,331
Interest bearing borrowings	148,728,690	105,762,528	148,728,690	105,762,528
	<u>848,599,997</u>	<u>726,228,368</u>	<u>768,507,478</u>	<u>667,903,911</u>
Total Equity and Liabilities	<u>2,055,159,795</u>	<u>1,957,943,704</u>	<u>2,075,106,613</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

January 27, 2026
Colombo

HSENID BUSINESS SOLUTIONS PLC
STATEMENT OF COMPREHENSIVE INCOME - Group

	For the three Months ended			For the nine Months ended		
	Unaudited 31.12.2025	Unaudited 31.12.2024	Change %	Unaudited 31.12.2025	Unaudited 31.12.2024	Change %
	Rs.	Rs.		Rs.	Rs.	
Revenue	547,643,075	431,299,907	27%	1,536,244,431	1,319,307,014	16%
Cost of sales	(258,046,972)	(230,131,853)	12%	(789,204,791)	(735,939,777)	7%
Gross profit	289,596,103	201,168,053	44%	747,039,640	583,367,237	28%
Other income	17,131,391	(13,060,335)	-231%	29,817,950	(21,238,726)	-240%
Administrative expenses	(128,088,143)	(139,872,305)	-8%	(398,177,707)	(419,192,023)	-5%
Selling and marketing expenses	(75,915,258)	(105,499,652)	-28%	(246,870,867)	(324,124,962)	-24%
Finance cost	(3,373,484)	(2,373,893)	42%	(9,170,536)	(6,999,202)	31%
Finance income	7,017,915	8,667,128	-19%	19,473,501	40,033,798	-51%
Other operating expenses	(53,681,486)	(48,626,091)	10%	(157,033,114)	(139,981,321)	12%
Profit/ (Loss) before tax	52,687,038	(99,597,094)	-153%	(14,921,134)	(288,135,200)	-95%
Tax (expense)/reversal	(17,843,554)	(111,132)	N/A	(12,194,845)	(1,265,359)	N/A
Profit/(loss) for the period	34,843,484	(99,708,226)	-135%	(27,115,978)	(289,400,558)	-91%
Other comprehensive income						
Exchange Gain/(Loss) on translation of foreign operations	(5,085,978)	5,963,725		(8,487,431)	8,649,537	
Re-measurements of defined benefit obligations	-	-		-	-	
Deferred tax on Re-measurements of defined benefit obligations	-	-		-	-	
Total comprehensive income/ (loss) for the period	29,757,506	(93,744,501)		(35,603,410)	(280,751,021)	
Profit for the period						
Equity holders of the Company	34,843,484	(99,708,226)		(27,115,978)	(289,400,558)	
Non-controlling interest	-	-		-	-	
Total comprehensive income/ (loss) for the period						
Equity holders of the Company	29,757,506	(93,744,501)		(35,603,410)	(280,751,021)	
Non-controlling interest	-	-		-	-	
Earnings Per Share - Basic	0.12	(0.35)		(0.10)	(1.03)	

HSENID BUSINESS SOLUTIONS PLC
STATEMENT OF COMPREHENSIVE INCOME - COMPANY

	For the three Months ended			For the nine Months ended		
	Unaudited 31.12.2025	Unaudited 31.12.2024	Change %	Unaudited 31.12.2025	Unaudited 31.12.2024	Change %
	Rs.	Rs.		Rs.	Rs.	
Revenue	488,637,618	387,671,919	26%	1,364,310,203	1,149,049,229	19%
Cost of sales	(233,615,210)	(202,649,250)	15%	(720,757,546)	(636,847,216)	13%
Gross profit	255,022,409	185,022,669	38%	643,552,657	512,202,013	26%
Other income	16,167,081	(15,163,067)	-207%	26,079,028	(22,804,554)	-214%
Administrative expenses	(108,505,342)	(120,961,393)	-10%	(339,346,344)	(358,780,636)	-5%
Selling and marketing expenses	(37,139,653)	(73,635,976)	-50%	(148,978,143)	(242,337,297)	-39%
Finance cost	(3,373,484)	(2,320,540)	45%	(9,170,536)	(6,717,089)	37%
Finance income	7,011,624	8,667,128	-19%	19,467,231	40,033,798	-51%
Other operating expenses	(51,570,889)	(46,537,386)	11%	(151,092,340)	(133,726,012)	13%
Profit /(loss) before tax	77,611,746	(64,928,565)	-220%	40,511,554	(212,129,776)	-119%
Tax (expense)/reversal	(17,655,975)	-	-	(11,357,063)	-	-
Profit /(loss) for the period	59,955,771	(64,928,565)	-192%	29,154,491	(212,129,776)	-114%
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 /(loss) for the period	59,955,771	(64,928,565)		29,154,491	(212,129,776)	
Profit for the period						
Equity holders of the Company	59,955,771	(64,928,565)		29,154,491	(212,129,776)	
Non-controlling interest	-	-		-	-	
Total comprehensive income/ (loss) for the period						
Equity holders of the Company	59,955,771	(64,928,565)		29,154,491	(212,129,776)	
Non-controlling interest	-	-		-	-	
Earnings Per Share - Basic	0.21	(0.23)		0.10	(0.75)	

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	-	-	-	(289,400,558)	(289,400,558)
Dividends	-	-	-	(345,869,220)	(345,869,220)
ESOP expenses for the Year	-	679,760	-	-	679,760
Other comprehensive income	-	-	8,649,537	-	8,649,537
Total comprehensive income	-	679,760	8,649,537	(635,269,778)	(625,940,481)
Share Issue	101,000,719	-	-	-	101,000,719
Balance as at 31st December 2024	<u>1,023,748,924</u>	<u>1,940,461</u>	<u>38,814,275</u>	<u>1,252,313</u>	<u>1,065,755,973</u>
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	-	-	-	(27,115,978)	(27,115,978)
ESOP expenses for the Year	-	366,468	-	-	366,468
Other comprehensive income	-	-	(8,487,431)	-	(8,487,431)
Total comprehensive income	-	366,468	(8,487,431)	(27,115,978)	(35,236,942)
Balance as at 31st December 2025	<u>1,023,748,924</u>	<u>2,118,378</u>	<u>31,132,917</u>	<u>(23,046,160)</u>	<u>1,033,954,058</u>

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	-	-	(212,129,776)	(212,129,776)
Dividends	-	-	(345,869,220)	(345,869,220)
ESOP expenses for the Year	-	679,760	-	679,760
Total comprehensive income	-	679,760	(557,998,996)	(557,319,236)
Re-statement of share capital in line with ROC	-	-	-	-
Share Issue	101,000,719	-	-	101,000,719
Balance as at 31st December 2024	<u>1,023,748,924</u>	<u>1,940,461</u>	<u>48,090,177</u>	<u>1,073,779,561</u>
Balance as at 01st April 2025	1,023,748,924	1,751,910	78,971,604	1,104,472,438
ESOP expenses for the Year	-	366,468	-	366,468
Profit for the period	-	-	29,154,491	29,154,491
Total comprehensive income	-	366,468	29,154,491	29,520,959
Balance as at 31st December 2025	<u>1,023,748,924</u>	<u>2,118,378</u>	<u>108,126,095</u>	<u>1,133,993,397</u>

HSENID BUSINESS SOLUTIONS PLC

STATEMENT OF CASH FLOWS

	Group		Company	
	Unaudited 31.12.2025	Audited 31.03.2025	Unaudited 31.12.2025	Audited 31.03.2025
	Rs.	Rs.	Rs.	Rs.
Cash flows from/(used in) operating activities				
Profit before tax	(14,921,134)	(320,803,354)	40,511,554	(215,389,211)
Adjustment For				
Depreciation of property, plant and equipment	18,016,777	23,970,268	17,710,527	23,623,116
Amortisation of right-of-use assets and intangible assets	159,234,209	191,735,236	156,344,338	184,597,212
Amotization of Capitalised Contract Costs	4,533,317	15,686,552	4,533,317	15,686,552
Provision for Impairment of trade receivables	(20,264,333)	(17,499,565)	(20,915,319)	(28,145,109)
Finance income	(19,473,501)	(50,103,444)	(19,467,231)	(50,103,444)
Share based payments expense	366,468	491,209	366,468	491,209
Loss / (Gain) Disposal of assets	-	(61,309)	-	103,803
Finance cost	9,170,536	8,687,604	9,170,536	8,405,995
Provision for defined benefit plan	22,500,000	33,539,024	22,500,000	33,539,024
Forex loss/(gain)	(27,426,761)	14,257,042	(26,079,028)	14,537,785
Operating profit before working capital changes	131,735,578	(100,100,736)	184,675,161	(12,653,066)
Decrease / (Increase) in inventories	2,839,448	(5,740,404)	2,839,448	(5,740,404)
Decrease / (Increase) in trade and other receivables	54,637,700	96,088,375	(32,886,396)	(5,024,712)
Decrease/(Increase) in advance and prepayment	(7,776,497)	27,738,547	(5,223,076)	784,775
Increase / (Decrease) in deferred income	73,420,840	(38,351,334)	49,156,378	12,276,732
Increase / (Decrease) in trade and other payables	5,984,626	(93,790,701)	8,481,028	(79,278,803)
Cash generated from operations	260,841,694	(114,156,252)	207,042,543	(89,635,477)
Finance cost paid	(5,247,902)	(4,575,803)	(5,247,902)	(4,575,803)
Defined benefit obligation paid	(22,629,175)	(5,237,250)	(22,629,175)	(5,237,250)
Tax paid	(12,535,394)	(8,853,670)	(11,502,917)	(7,424,137)
Net cash from operating activities	220,429,223	(132,822,975)	167,662,549	(106,872,667)
Cash flows from/(used in) investing activities				
Acquisition of property, plant and equipment	(1,525,731)	(23,050,612)	(1,096,339)	(22,988,929)
Acquisition of intangible assets	(133,662,810)	(235,602,246)	(133,662,810)	(229,653,149)
Acquisition of contract Assets	(12,238,366)	(3,883,212)	(12,238,366)	(3,883,212)
Investment In newly Incorporated subsidiary	-	-	(61,643,245)	(1,000)
Investments in short-term investments	-	69,691,225	-	69,691,225
Finance income received	19,473,501	50,103,444	19,467,231	50,103,444
Net cash used in investing activities	(127,953,407)	(142,741,400)	(189,173,530)	(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	(27,628,675)	(39,330,165)	(27,628,675)	(36,220,125)
Dividend paid	-	(345,869,220)	-	(345,869,220)
Net cash flows from/(used in) financing activities	(27,628,675)	(284,198,666)	(27,628,675)	(281,088,626)
Currency translation adjustment	18,565,668	(3,583,178)	26,079,028	(14,537,785)
Net increase / (Decrease) in cash and cash equivalents	83,412,809	(563,346,219)	(23,060,628)	(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	490,599,867	407,187,058	319,139,725	342,200,353

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 31st December 2026 were authorized for issue by the Board of Directors on 27th January 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 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 31st December 2025, share options of 7,360,000 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 December 2025 under the requirements of SLFRS 2 - "Share Based Payments"

6 Market value per share for the quarter ended

	31.12.2025	31.12.2024
Highest	18.80	13.20
Lowest	11.60	10.70
Closing	17.50	12.20
Market Capitalization on 31st December	4,991,958,283	3,480,108,060
Net assets value per share	3.62	3.74

7 Public Holding as at 31st December

	31.12.2025	31.12.2024
Issued Share Capital (No. of Shares)	285,254,759	285,254,759
Public Holding as % of Issued Share Capital	57.73%	57.60%
Total Number of Shareholders	4,624	4,778
Number of Shareholders representing the Public Holding	4,610	4,763
Float Adjusted Market Capitalization - (LKR)	2,881,943,698	2,004,564,371

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.

8 Shareholders' Information

8.1 Ordinary Voting Shares as at 31st December 2025

No	Name	No of Shares	%
1	Hsenid Ventures (Private) Limited	71,938,777	25.22
2	Mr. K.P.R.B. De Silva	31,500,000	11.04
3	Mr. Dinesh Saparamadu	29,260,708	10.26
4	Paints & General Industries limited	15,949,605	5.59
5	Argent Capital (Private) Ltd	13,343,096	4.68
6	Mr. R.S.Captain	7,975,261	2.80
7	Mr Otto Edvard Husby kalvo	7,655,877	2.68
8	Mr Jan Gunnar Naess	7,533,087	2.64
9	Mrs. J.N. Ambani	6,982,018	2.45
10	GF Capital Global Limited	6,070,946	2.13
11	Senkadagala Finance PLC/R.S.H.Nanayakkara & R.M.Nanayakkara	5,854,228	2.05
12	Mr. Sampath Jayasundara	3,452,018	1.21
13	Timex Garments (Pvt) Ltd	3,332,477	1.17
14	Bank of Ceylon A/C Ceybank Unit Trust	3,008,960	1.05
15	Mr. Nilam Alawdeen	2,420,000	0.85
16	Commercial Bank of Ceylon PLC A/C No. 03	1,520,900	0.53
17	Mr. Hewa Thalagasduwage Udana Randima Siriwardana	1,200,000	0.42
18	Mr. Upali Amarasinghe	1,069,970	0.38
19	Mr. Rahul Gautam	1,018,500	0.36
20	Mr. Silmy Ahmed Mohamed Basheer	1,006,293	0.35
		222,092,721	77.86
	Others	63,162,038	22.14
		285,254,759	100.00

8.2 Directors' and Chief Executive Officer's Shareholding as at 31st December 2025

No	Name	No of Shares	%
1	Mr. Dinesh.Saparamadu	29,260,708	10.26
2	Mr. Sampath Jayasundara	3,452,018	2.05
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>