INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30th June 2026

HSENID BUSINESS SOLUTIONS PLC, NO 67/1, 2ND FLOOR, SCANWELL BUILDING, OFF, HUDSON ROAD, COLOMBO 03.
Tel: +94 11 4621111|Fax: +94 11 2394064|Email: info@hsenidbiz.com|Web: www.hsenidbiz.com

HSENID BUSINESS SOLUTIONS PLC

Chief Executive Officer's Review

Dear Shareholders,

We are pleased to present the financial results for the three months ended 30 June 2026.

hSenid Business Solutions PLC (hBS) reported total revenue of LKR 602.8 million for the first quarter of FY2027. This represents 28 percent year-over-year growth in LKR terms. Subscription revenue continued to drive performance and recurring revenue now accounts for a higher share of total revenue.

hBS recorded a net profit of LKR 51.0 million for the quarter, representing a 243 percent year-over-year improvement from the net loss recorded in the corresponding quarter of the previous financial year. While foreign exchange gains contributed to the profitability, core operating performance remained strong with EBITDA excluding forex gains reaching LKR 81.4 million with a 14 percent margin, up from 0.3 percent in the same period last year. Gross profit increased 48 percent year-over-year to LKR 321.8 million, resulting in a gross profit margin of 53 percent. Profit before tax also recorded a significant turnaround, reaching LKR 66.1 million with a margin of 11 percent, representing a 265 percent year-over-year improvement. These results reflect sustained revenue growth combined with operating leverage as the business scales.

During the quarter, we continued to strengthen our go-to-market execution across our focus markets. Our efforts remained focused on expanding our presence across key customer segments in our focus markets through targeted demand generation initiatives, deeper customer engagement, and continued collaboration with our partner ecosystem. These initiatives are expected to strengthen our market presence and support a healthy pipeline of growth opportunities.

We continued to advance our AI innovation roadmap through ongoing enhancements to the Lexi platform, including the release of multi agent orchestration capabilities. This enables cross-module workflows and supports our vision of building a comprehensive Human Capital Operating System. As organizations increasingly seek AI-powered workforce intelligence, we remain focused on delivering practical innovations that enhance decision-making and create long-term value for our customers.

As we move through FY2027 our priorities remain focused on driving cloud ARR growth, expanding Lexi adoption across our installed base and maintaining cost discipline. We are focused on consistent execution to deliver sustainable value for customers and shareholders.

Sgd.

Sampath K. Jayasundara
Chief Executive Officer
28 July 2026
Colombo

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HSENID BUSINESS SOLUTIONS PLC

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	Unaudited	**Audited**	**Unaudited**	**Audited**
AS AT	**30.06.2026**	**31.03.2026**	**30.06.2026**	**31.03.2026**
	Rs.	**Rs.**	**Rs.**	**Rs.**
ASSETS				
Non-Current Assets				
Property, plant and equipment	27,718,920	30,850,280	27,306,183	30,405,151
Right of use Assets	30,199,069	38,362,423	30,199,069	38,362,423
Intangible assets	512,558,045	512,948,336	504,993,526	505,305,002
Capitalised Contract Costs	12,489,666	8,005,985	12,489,666	8,005,985
Investments in subsidiaries	-	-	116,787,597	68,868,015
Deferred tax assets	54,872,497	69,645,206	40,075,715	54,848,424
	637,838,198	659,812,230	731,851,756	705,794,999
Current Assets				
Capitalised Contract Costs	10,440,708	7,420,333	10,440,708	7,420,333
Inventories	39,243,674	34,542,111	39,243,674	34,542,111
Trade and other receivables	715,401,100	594,116,787	860,413,456	691,459,203
Advances and prepayments	45,567,735	61,817,536	28,709,771	34,951,866
Tax receivables	17,804,578	17,081,760	16,753,594	16,482,547
Other current financial assets	284,146,337	267,420,451	284,146,337	267,420,451
Cash and bank balances	335,032,894	358,957,514	162,650,657	264,496,228
	1,447,637,025	1,341,356,492	1,402,358,197	1,316,772,740
Total Assets	2,085,475,223	2,001,168,722	2,134,209,953	2,022,567,739
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated capital	1,025,106,760	1,023,748,924	1,025,106,760	1,023,748,924
Share – Based Payments Reserve	2,291,590	1,918,070	2,291,590	1,918,070
Currency translation reserve	25,526,545	43,368,242	-	-
Retained earnings	12,445,719	(38,583,331)	183,702,692	111,935,968
Non-controlling interest				
Total Equity	1,065,370,613	1,030,451,906	1,211,101,042	1,137,602,963
Non-Current Liabilities				
Retirement benefit obligation	166,014,529	167,415,528	166,014,529	167,415,528
Interest bearing borrowings	-	6,551,066	-	6,551,066
	166,014,529	173,966,594	166,014,529	173,966,594
Current Liabilities				
Trade and other payables	387,920,247	369,375,298	366,591,554	355,783,967
Deferred income	311,329,553	307,162,349	235,662,547	235,001,641
Interest bearing borrowings	154,840,281	120,212,575	154,840,281	120,212,575
	854,090,081	796,750,222	757,094,382	710,998,182
Total Equity and Liabilities	2,085,475,223	2,001,168,722	2,134,209,953	2,022,567,739

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

28th July 2026
Colombo

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HSENID BUSINESS SOLUTIONS PLC
STATEMENT OF COMPREHENSIVE INCOME

	Group			Company		
	Unaudited 30.06.2026	Unaudited 30.06.2025	Change %	Unaudited 30.06.2026	Unaudited 30.06.2025	Change %
	Rs.	Rs.		Rs.	Rs.	
Revenue	602,837,587	471,710,652	28%	535,894,122	417,448,477	28%
Cost of sales	(281,031,062)	(253,947,507)	11%	(248,690,746)	(230,081,926)	8%
Gross profit	321,806,526	217,763,144	48%	287,203,376	187,366,550	53%
Other income / (loss)	46,840,900	12,803,613	266%	46,533,729	9,104,465	411%
Administrative expenses	(136,147,124)	(130,893,617)	4%	(117,763,326)	(112,758,136)	4%
Selling and marketing expenses	(110,373,866)	(91,182,659)	21%	(75,278,663)	(64,285,633)	17%
Finance cost	(3,359,319)	(2,423,144)	39%	(3,359,319)	(2,423,144)	39%
Finance income	3,674,155	5,783,738	-36%	3,663,556	5,783,738	-37%
Other operating expenses	(56,363,698)	(51,870,788)	9%	(54,459,921)	(49,844,448)	9%
Profit/ (Loss) before tax	66,077,573	(40,019,714)	-265%	86,539,433	(27,056,608)	-420%
Tax (expense)/reversal	(15,048,523)	4,281,531	-451%	(14,772,709)	4,909,405	-401%
Profit /(loss) for the period	51,029,050	(35,738,183)	-243%	71,766,724	(22,147,203)	-424%
Other comprehensive income						
Exchange Gain/(Loss) on translation of foreign operations	(17,841,698)	(3,470,665)		-	-	
Re-measurements of defined benefit obligations	-	-		-	-	
Deferred tax on Re-measurements of defined benefit obligations	-	-		-	-	
Total comprehensive income/ (loss) for the period	33,187,352	(39,208,848)		71,766,724	(22,147,203)	
Profit for the period						
Equity holders of the Company	51,029,050	(35,738,183)		71,766,724	(22,147,203)	
Non-controlling interest	-	-		-	-	
Total comprehensive income/ (loss) for the period						
Equity holders of the Company	33,187,352	(39,208,848)		71,766,724	(22,147,203)	
Non-controlling interest	-	-		-	-	
Earnings Per Share - Basic	0.18	(0.13)		0.25	(0.08)	
Earnings Per Share - Diluted	0.17	-		0.25	-	

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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 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	-	-	-	-	-
Other comprehensive income	-	-	(3,470,665)		(3,470,665)
Total comprehensive income	-	-	(3,470,665)	(35,738,183)	(39,208,848)
Share Issue	-	-	-	-	-
ESOP expenses for the Year		87,481		-	87,481
Balance as at 30th June 2025	1,023,748,924	1,839,391	36,149,683	(31,668,365)	1,030,069,633
Balance as at 01st April 2026	1,023,748,924	1,918,070	43,368,242	(38,583,331)	1,030,451,906
Profit for the period	-	-	-	51,029,050	51,029,050
Other comprehensive income	-	-	(17,841,698)	-	(17,841,698)
Total comprehensive income	-	-	(17,841,698)	51,029,050	33,187,352
Share Issue	1,357,836	-	-	-	1,357,836
ESOP expenses for the Year	-	373,520	-	-	373,520
Balance as at 30th June 2026	1,025,106,760	2,291,590	25,526,545	12,445,719	1,065,370,613

Company

	Stated Capital Rs.	Share – Based Payments Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01st April 2025	1,023,748,924	1,751,910	78,971,604	1,104,472,438
Profit for the period	-	-	(22,147,203)	(22,147,203)
Dividends	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(22,147,203)	(22,147,203)
Share Issue	-	-	-	-
ESOP expenses for the Year	-	87,481	-	87,481
Balance as at 30th June 2025	1,023,748,924	1,839,391	56,824,401	1,082,412,716
Balance as at 01st April 2026	1,023,748,924	1,918,070	111,935,968	1,137,602,963
Profit for the period	-	-	71,766,724	71,766,724
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	71,766,724	71,766,724
Share Issue	1,357,836	-		1,357,836
ESOP expenses for the Year	-	373,520	-	373,520
Balance as at 30th June 2026	1,025,106,760	2,291,590	183,702,692	1,211,101,042

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HSENID BUSINESS SOLUTIONS PLC

STATEMENT OF CASH FLOWS

	Group		Company	
	Unaudited 30.06.2026	Unaudited 30.06.2025	Unaudited 30.06.2026	Unaudited 30.06.2025
	Rs.	Rs.	Rs.	Rs.
Cash flows from/(used in) operating activities				
Profit before tax	66,077,573	(40,019,714)	86,539,433	(27,056,608)
Adjustment For				
Depreciation of property, plant and equipment	5,030,714	6,293,944	4,968,018	6,126,885
Amortisation of right-of-use assets and intangible assets	57,443,439	51,539,179	56,650,955	50,516,343
Amortization of Capitalised Contract Costs	2,867,840	1,129,492	2,867,840	1,129,492
Provision for Impairment of trade receivables	10,940,661	(9,628,304)	10,722,651	(10,088,032)
Finance income	(3,674,155)	(5,783,738)	(3,663,556)	(5,783,738)
Share based payments expense	373,520	87,481	373,520	87,481
Loss / (Gain) Disposal of assets	-		-	
Finance cost	3,359,319	2,423,144	3,359,319	2,423,144
Provision for defined benefit plan	7,500,000	7,500,000	7,500,000	7,500,000
Forex loss/(gain)	(45,646,414)	(11,722,190)	(46,533,729)	(9,104,465)
Operating profit before working capital changes	104,272,498	1,819,295	122,784,450	15,750,503
Decrease / (Increase) in inventories	(4,701,563)	10,159,062	(4,701,563)	10,159,062
Decrease / (Increase) in trade and other receivables	(132,224,973)	(15,855,741)	(179,676,905)	14,955,826
Decrease/(Increase) in advance and prepayment	16,249,801	(15,950,249)	6,242,095	(12,873,646)
Increase / (Decrease) in deferred income	4,167,204	43,405,470	660,906	31,042,184
Increase / (Decrease) in trade and other payables	18,544,947	107,936,471	10,807,587	106,075,063
Cash generated from operations	6,307,914	131,514,308	(43,883,429)	165,108,992
Finance cost paid	(2,342,462)	(1,582,043)	(2,342,462)	(1,582,043)
Defined benefit obligation paid	(8,901,000)	(7,128,550)	(8,901,000)	(7,128,550)
Tax paid	(998,631)	(1,347,903)	(271,046)	(1,076,358)
Net cash from operating activities	(5,934,180)	121,455,812	(55,397,938)	155,322,041
Cash flows from/(used in) investing activities				
Acquisition of property, plant and equipment	(1,869,050)	(97,755)	(1,869,050)	-
Acquisition of intangible assets	(48,176,126)	(45,044,561)	(48,176,126)	(45,044,561)
Acquisition of contract Assets	(10,371,897)	(3,086,402)	(10,371,897)	(3,086,402)
Investment In subsidiary	-	-	(47,919,582)	-
Investments in short-term investments	-	-	-	-
Finance income received	3,674,155	5,783,738	3,663,556	5,783,738
Net cash used in investing activities	(56,742,918)	(42,444,981)	(104,673,098)	(42,347,226)
Cash flows from/(used in) financing activities				
Proceeds from issue of shares	1,357,836	-	1,357,836	-
Payment of lease instalments	(9,267,750)	(9,093,175)	(9,267,750)	(9,093,175)
Dividend paid	-	-	-	-
Net cash flows from/(used in) financing activities	(7,909,914)	(9,093,175)	(7,909,914)	(9,093,175)
Currency translation adjustment	27,060,745	8,175,215	46,533,729	9,104,465
Net increase / (Decrease) in cash and cash equivalents	(43,526,268)	78,092,871	(121,447,221)	112,986,105
Cash and cash equivalents at the beginning of the year	518,614,560	407,187,058	424,153,276	342,200,349
Cash and cash equivalents at the end of the period	475,088,293	485,279,929	302,706,055	455,186,454

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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 2026 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 2026 were authorised for issue by the Board of Directors on 28th July 2026

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 2026

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 ("the Plan") to grant a total of 10,000,000 ordinary voting shares (representing 3.49% of the voting shares in issue as at the date of shareholder approval) for the period commencing 31 March 2023 and ending 31 March 2027. The Plan was approved by shareholders at the Extraordinary General Meeting held on 6 December 2022.

A total of 6,490,000 share options remained outstanding out of the share options granted to Eligible employees as at 6 December 2025, the date at which all remaining ungranted share options expired as per the terms and conditions of the said Plan. These share options were adjusted to account for the capitalisation of reserves via a scrip dividend, in accordance with the rules of the Plan, to preserve the value of options granted to participants.
As at 30 June 2026, 6,536,123 share options remained outstanding and exercisable for a period of three years from the date on which the right to subscribe and purchase such shares first vests, as set out below:

Tranche	Share options outstanding as of 31.03.2026	Adjustment to ESOP grants on capitalisation of reserves via a scrip dividend	Share options granted after adjustment	Exercised During the Quarter ended 30 June 2026	Expired During the Quarter ended 30 June 2026	Balance 30.06.2026
1.00	3,800,000	117,550	3,917,550	(86,985)	(67,655)	3,762,910
2.00	2,690,000	83,213	2,773,213			2,773,213
	6,490,000	**200,763**	**6,690,763**	**(86,985)**	**(67,655)**	**6,536,123**

Shares under the scheme will be offered to 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 Binomial Option Pricing Model to value the share options as at 30th June 2026 under the requirements of SLFRS 2 - "Share Based Payments"

6 Market value per share for the quarter ended

	30.06.2026	30.06.2025
Highest	27.50	12.10
Lowest	19.30	10.60
Closing	26.00	11.60
Market Capitalization on 30th June	7,418,885,344	3,308,955,204
Net assets value per share	3.73	3.61

7 Public Holding as at 30th June

	30.06.2026	30.06.2025
Issued Share Capital (No. of Shares)	285,341,744	285,254,759
Public Holding as % of Issued Share Capital	57.77%	57.59%
Total Number of Shareholders	4,320	4,684
Number of Shareholders representing the Public Holding	4,308	4,669
Float Adjusted Market Capitalization - (LKR)	4,285,950,812	1,905,783,152

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.

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8 Shareholders' Information

8.1 Ordinary Voting Shares as at 30th June 2026

No	Name	No of Shares	%
1	Hsenid Ventures (Private) Limited	71,938,777	25.21
2	Mr. K.P.R.B. De Silva	31,835,114	11.16
3	Mr. Dinesh Saparamadu	29,260,708	10.25
4	Paints & General Industries Limited	26,177,455	9.17
5	People's Leasing and Finance PLC/Argent Capital (Private) Ltd	11,913,816	4.68
	Argent Capital (Private) Ltd	1,429,280	
6	Senkadagala Finance PLC/R.S.H.Nanayakkara & R.M.Nanayakkara	9,061,284	3.18
7	People's Leasing and Finance PLC / J.Ambani	6,982,018	2.45
8	Mr Jan Gunnar Naess	4,533,087	1.59
9	Mr Otto Edvard Husby Kalvo	4,405,877	1.54
10	Mr. Sampath Jayasundara	3,452,018	1.21
11	Bank of Ceylon A/C Ceybank Unit Trust	2,908,960	1.02
12	Mrs. Fathima Salma Shafei	2,500,000	0.88
13	Mr. Silmy Ahmed Mohamed Basheer	2,470,000	0.87
14	Mr. Nilam Alawdeen	2,420,000	0.85
15	Senkadagala Finance PLC/M.S.F.Haqque & S.I.Haqque	2,123,243	0.74
16	GF Capital Global Limited	1,937,673	0.68
17	People's Leasing and Finance PLC/R.S.H.Nanayakkara & R.M.Nanayakkara	1,886,309	0.66
18	Hatton National Bank PLC A/C no.4 (HNB Retirement Pension Fund)	1,670,000	0.59
19	Rosewood (Pvt) Limited - Account No.1	1,659,595	0.58
20	Senkadagala Finance PLC/L.L.Fernando & D.S.Fernando	1,500,000	0.53
		222,065,214	77.82
	Others	63,276,530	22.18
		285,341,744	100.00

8.2 Directors' and Chief Executive Officer's Shareholding as at 30th June 2026

No	Name	No of Shares	%
1	Mr. Dinesh Saparamadu	29,260,708	10.25
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	-

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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 Rotunda Towers, 109 Galle Road Colombo 3
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