

hSenid Business Solutions PLC Quarterly Investor Forum 3Q FY2024



## Forward Looking Statements

This presentation may contain forward-looking statements for which there are risks, uncertainties, and assumptions. Forward-looking statements may include any statements regarding strategies or plans for future operations; any statements concerning new features, enhancements or upgrades to our existing applications or plans for future applications; any projections of revenues, gross margins, earnings, or other financial items; and any statements of expectation or belief. Forward-looking statements are based only on currently available information and our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements, and therefore you should not rely on any forward-looking statements that we may make.

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Customers who purchase hSenidBiz services should make their purchase decisions based upon services, features, and functions that are currently available.



### HBS at a Glance

\$10 Bn+ TAM

Market Opportunity APAC and MEA

\$3.0 Mn Exit ARR\*

\*Annualised Core Recurring Revenue as at end 3Q FY2024

~\$0.5 Mn Subscription Revenue Backlog

Expected to realise upon implementation

~\$3.7 Mn in Cash

Earmarked for product/market growth with prudent capital allocation



Seamless Connection to Third-Party Systems
OpenAPIs to connect to third-party ERP, Accounting and
other software solutions



Geared to Handle Large and Complex Organisations Leading Banks, Insurance Companies and local bluechips and MNCs in Manufacturing, Hospitality and Retail



1,600 Global Customers
Operating across 40+ countries and 20+ industries



1 Mn+ Global Users Churn maintained at a healthy rate of < 5%



376 Employees Across 5 Global Offices
Over 23 Non-Sri Lankan employees in the workforce

Offering a comprehensive range of HRIS solutions









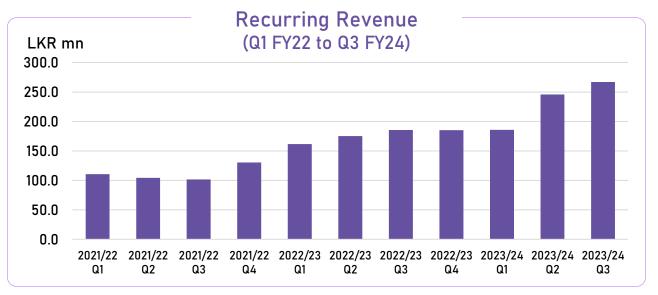


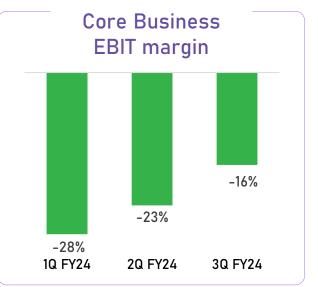


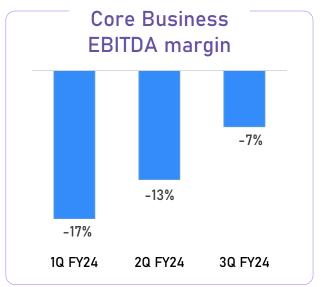


### 3Q FY2024 - At a Glance

- Total exit ARR surpassed USD 3M
  - Growing 12% QoQ and 42% YoY in USD cc
  - Non-linear growth profile of ARR now visible
- Continuous QoQ improvements in both core-EBIT and core-EBITDA margins
- Higher quality of new deals with >90% cloud share in new deal closures
  - Higher long term uplift to revenue due to recurring revenue in cloud deals
- Uptick in Partner driven new deal closures
  - More scalable than direct sales









## Key Business Updates Product, Talent and recognitions received

#### Product Development

- Continued to investments in product localization for ASEAN markets
- Completed payroll RPAs with MS Power Automate
- Key feature additions to PeoplesHR Recruitment module
  - Video sentiment analyser for interviews
  - RPA capabilities for CV extraction
  - GPT based CV parsing
- Rollout of PeoplesHR Academy certifications on several additional modules

### Key Talent Hires

 Total head count now at 353 FTEs; key leadership team is stable with no new hiring required other than in-country sales and marketing team members

### Special Recognitions Received

- Gold Award at the 31st Annual Export Awards 2023 for the fourth consecutive year
- Winning the Microsoft ISV Partner of the Year for Sri Lanka and Maldives



# Key Business Updates Sales and Marketing

- Focus remains on transforming our sales function and building a global sales team
  - We continue to strengthen our sales teams in APAC and MEA markets
  - Increasing average deal size and securing deals with higher proportion of ARR are key priorities
- Market development activities
  - Actively partnering and participating in multiple HR Tech events across key markets
  - O Continued investments in partner marketing and demand generation campaigns

PeoplesHR received recognition from leading software review portals in the APAC region in 3Q FY24













## New Deal Bookings

- USD 0.5 Mn in New deal closures down by 16% compared to 2Q FY24
  - O Primarily due to prolonged sales cycles for several high value deals. However, it is anticipated that the backlog of these new deals will be closed in 4Q FY24.
- ~64% of new deals in 3Q FY24 originated from APAC in line with our strategy while Sri Lanka accounted for ~28%.
- PHR Cloud accounted for ~94% of new deals during 3Q FY24
  - Much higher ARR contribution compared to previous years where on-prem deals were a larger share of new deals
  - O Results in a lag in revenue recognition but provides nonlinear in revenue growth
- New deals mix continue to shift towards partner sales, with ~38% of new deals being secured via partner networks.

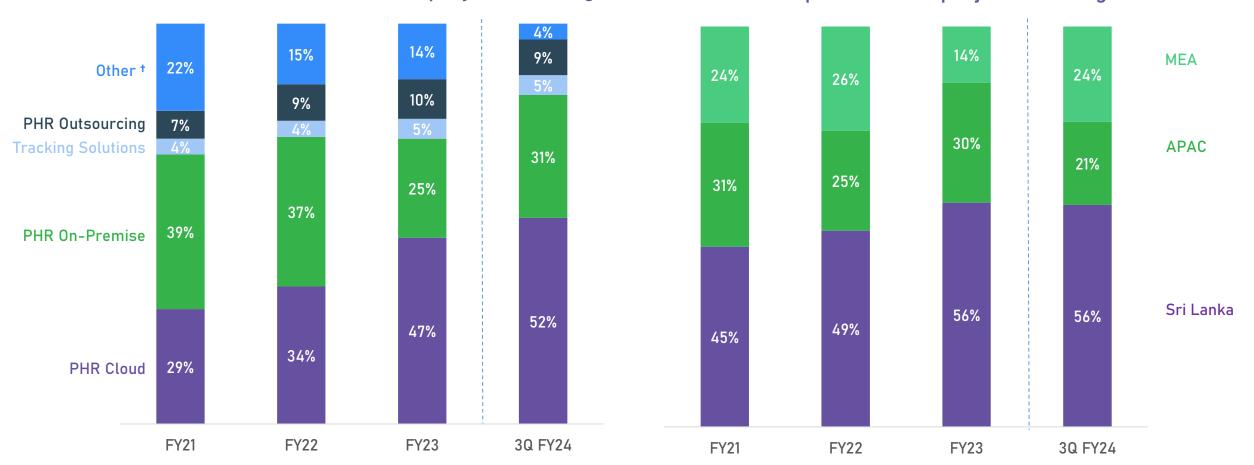




### Quest to be the Most Preferred HR Tech Player in APAC and MEA

On-Prem to Cloud shift trend continues; notable increment in On-Prem revenues due to GoU project invoicing

Sri Lanka generates majority revenue; MEA has picked up due to GoU project invoicing

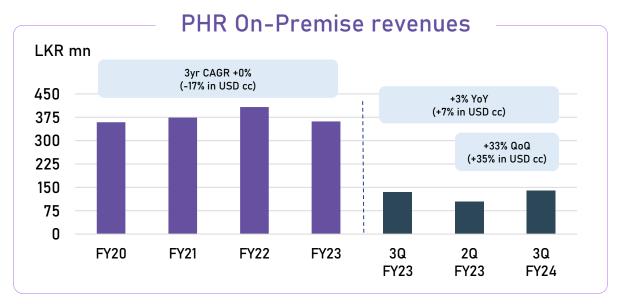


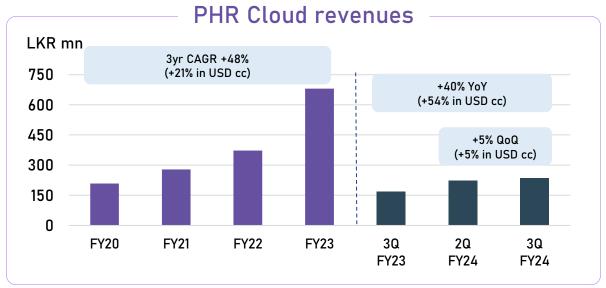
<sup>†</sup> Includes non-core revenues of Mobile Software and Staffing Solutions



## Business Segments PHR On-Premise and Cloud

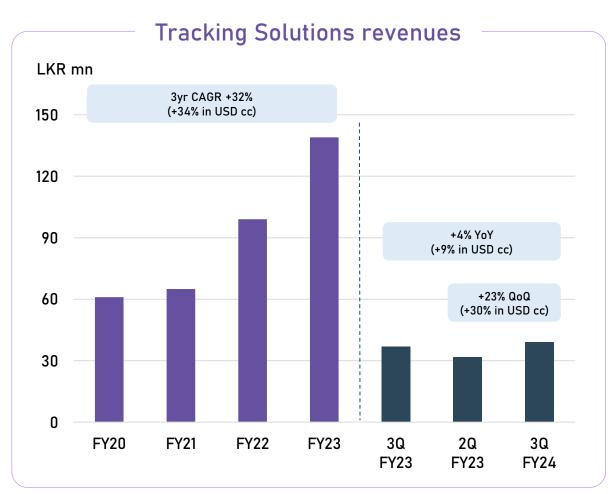
- PHR On-Premise revenues stabilizing with a boost (if any) coming from MEA new deal closures.
  - Slight increment of revenue in LKR terms due to invoicing on 3<sup>rd</sup> Milestone (Phase 2) of Government of Uganda (GoU) project.
- Notable increment of PHR Cloud revenues due to
  - Higher value cloud deals being won in the Southeast Asian market.
  - Migration of existing on-prem clients to the cloud

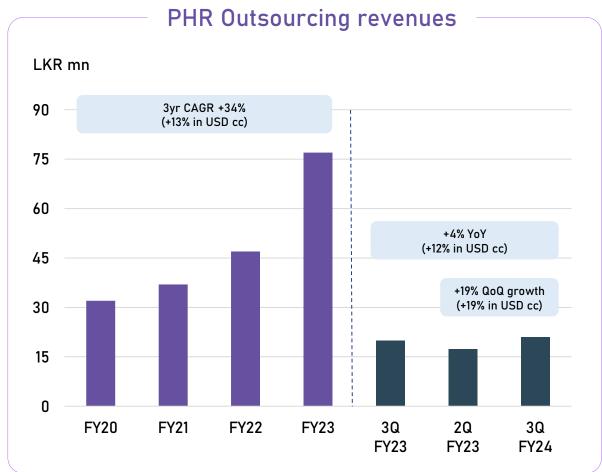






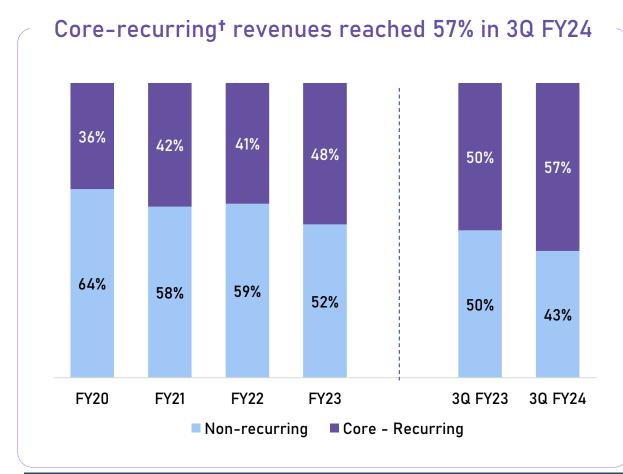
# Business Segments PHR Outsourcing and Tracking Solutions

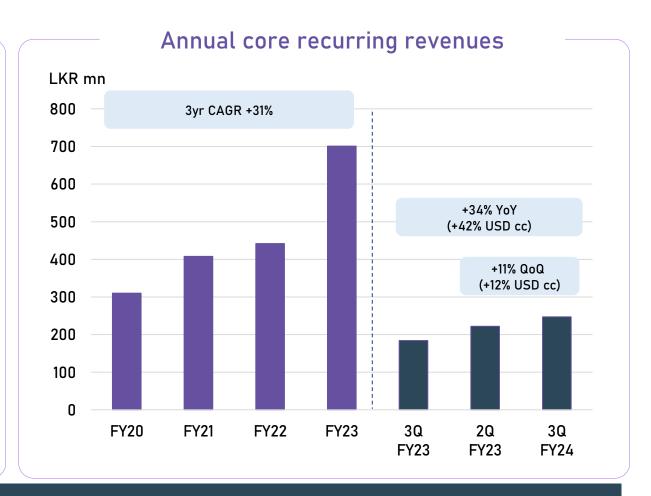






# Core exit ARR surpassed USD 3 Mn Growing at 3yr CAGR of 31%





LKR 987 Mn in Core Exit ARR\*\* as at 3Q FY2024 | Net Revenue Retention Ratio\* of 100% and Gross Revenue Retention ratio\* of 99% for 3Q FY24

<sup>†</sup> Includes subscription, support and HRO (excludes staffing revenue) | \*\* December 2023 MRR x 12 | † Calculations are done for the SaaS recurring revenue basis



### Revenue Drill Down

All in LKR millions	FY20	FY21	FY22	FY23	3Yr CAGR (in LKR / USD cc)	3Q FY23	3Q FY24	YoY growth (in LKR / USD cc)	
PHR Cloud	208	278	372	678		168	235		
Recurring revenue	168	192	261	502	. / 09/ / . 219/	127	180	+40% / +54%	
Non - Recurring revenue	41	86	111	176	+48% / +21%	41	55		
PHR On-premise	359	374	408	362		135	139		
Recurring revenue	103	110	109	110	.00/ / 170/	33	48	.20/ / .70/	
Non - Recurring revenue	256	264	298	252	+0% / -17%	102	91	+3% / +7%	
Tracking Solutions	61	65	99	139		37	39		
Recurring revenue	9	10	13	14	.220/ / .2/0/	4	2	. / 9/ / . 09/	
Non - Recurring revenue	52	55	86	125	+32% / +34%	33	37	+4% / +9%	
PHR Outsourcing	32	37	47	77	+34% / +13%	20	21	+4% / +12%	
PHR Marketplace	-	0	1	3	NM	0	0	-43%/-36%	
Core Revenue	660	754	926	1,259	+24% / +4%	360	434	+20 / +29%	
Others‡	295	207	165	205	-12% / -27%	8	20	+145% / +179%	
Total Revenue	955	961	1,091	1,464	+15% / -4%	368	454	+23% / +32%	

<sup>\*</sup> Includes non-core revenues of Mobile Software and Staffing Solutions



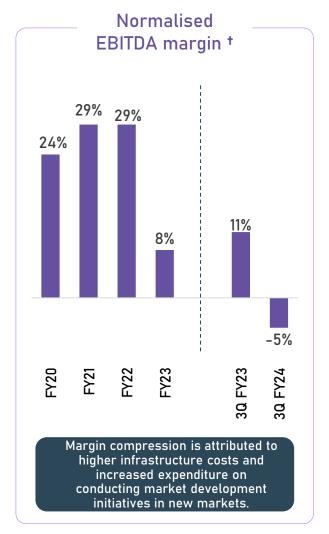
### Cost of Sales Drill Down

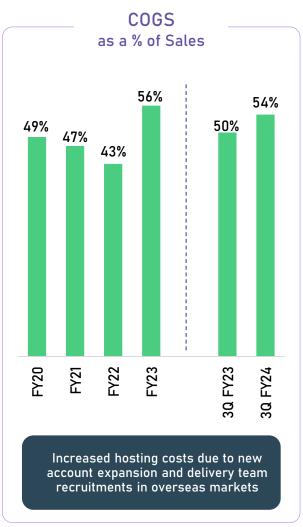
All in LKR millions	FY20	FY21	FY22	FY23	3Yr CAGR	3Q FY23	3Q FY24	YoY growth
On-site and third-party implementation costs†	58	58	59	94	+18%	23	41	+77%
Infrastructure costs**	25	34	53	170	+90%	50	43	-15%
Cost of devices sold	25	28	54	64	+38%	14	16	+13%
Mobile solutions related costs	121	103	72	122	+1%	4	8	+95%
Staff related costs	236	225	236	369	+16%	95	140	+48%
Total Cost of Sales	464	448	473	820	+21%	186	247	+33%

<sup>†</sup> Includes costs related to on-site implementations by hBS staff and channel partners | †† PHR Cloud hosting costs



### Analysis of Normalized EBITDA









<sup>†</sup> Adjusted for D&A, Impairment of Trade Receivables, FX Impact | † Adjusted for Amortization of ROU Assets | † Adjusted for Impairment of Trade Receivables

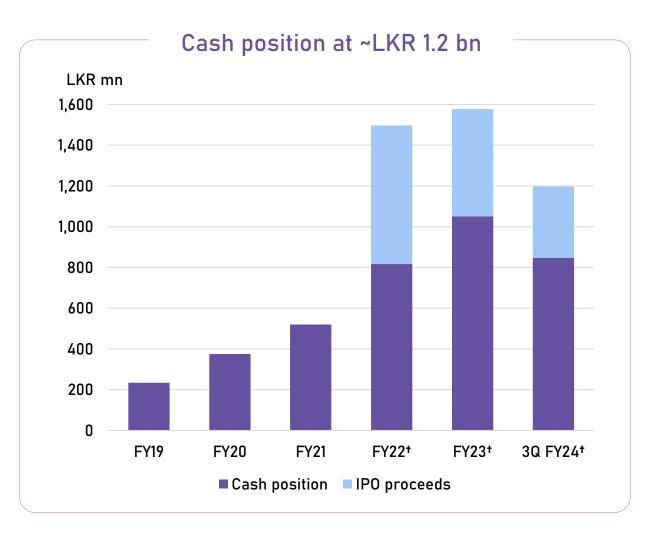


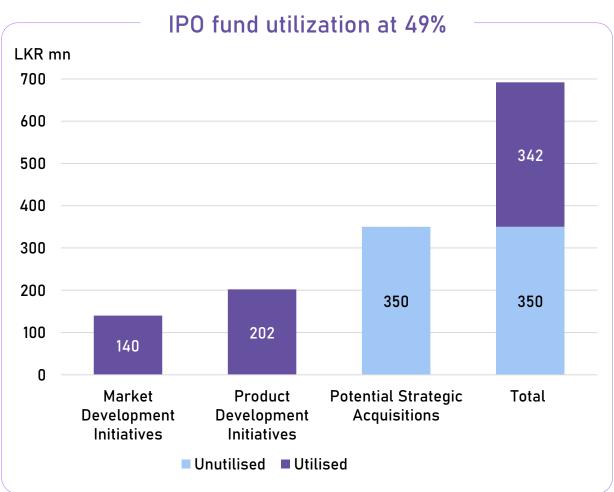
### **Summarized Income Statements**

In LKR millions	FY20	FY21	FY22	FY23	3Q FY24
Revenue	955	961	1,091	1,464	454
Gross profit	491	513	617	644	207
Gross profit margin	51%	53%	57%	44%	46%
Normalised EBITDA	227	280	313	114	(21)
Normalised EBITDA margin	24%	29%	29%	8%	(5%)
FX gain	11	27	287	71	(0)
Net interest income	4	3	27	188	29
Profit before tax (PBT)	182	223	466	189	(45)
PBT margin	19%	23%	43%	13%	(10%)
Net profit	168	209	454	188	(45)
Net profit margin	18%	22%	42%	13%	(10%)
EPS (LKR)	0.78	0.96	1.93	0.68	(0.16)



### Cash Position and IPO Fund Utilization

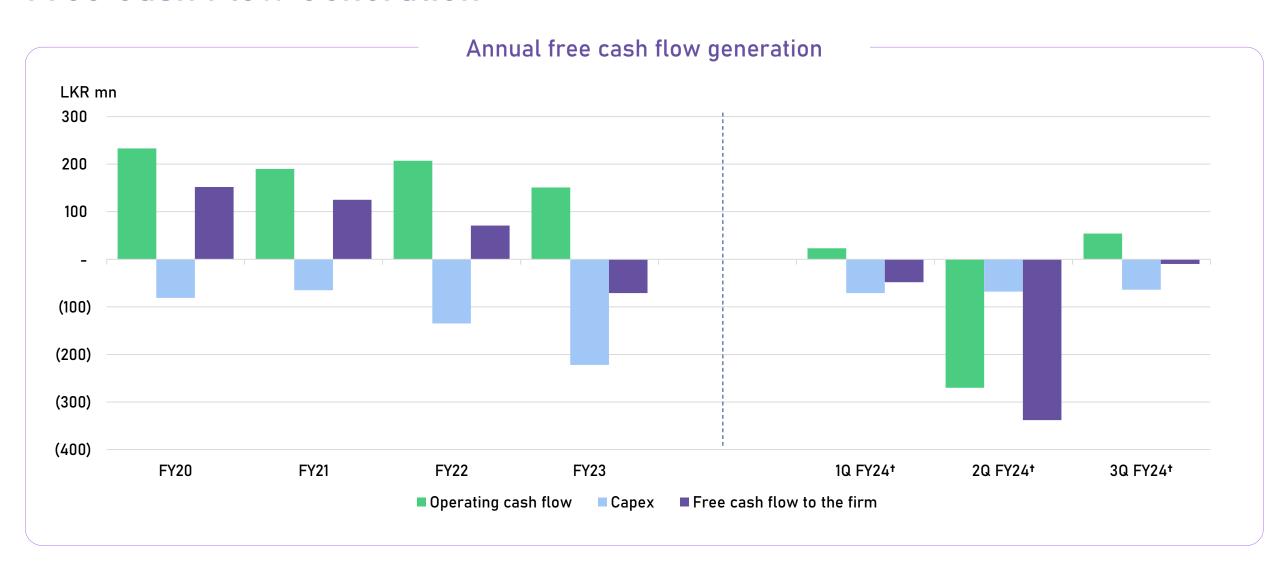




<sup>†</sup> Includes IPO proceeds excluding utilization for investments



### Free Cash Flow Generation



<sup>†</sup> Includes higher capex on product development, and negative impact from working capital



### **Q&A Session**

You can use the Q&A functionality in zoom to send in your questions; OR ALTERNATIVELY Click on the "Raise your hand" button to be given an opportunity to unmute your microphone and pose your questions.

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