



Quarterly Investor Forum

1Q FY2025



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.

Further information on risks that could affect hSenidBiz's results is included in our filings with the Colombo Stock Exchange which are also available on the hSenidBiz investor relations webpage: <https://investor-relations.hsenidbiz.com>

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

hSenidBiz | PeoplesHR at a Glance



\$10 Bn+ TAM

Market Opportunity APAC and MEA

1675+ Customers

Operating across 40+ countries and 20+ industries

1 Mn+ Global Users

Churn maintained at a healthy rate of < 5%

338 FTEs

Across 5 Global Offices in South Asia, Southeast Asia, and Middle East and Africa

\$3.5 Mn Exit ARR

Exit Annualised Recurring Revenue as at end 1Q FY2025

50% ARR Growth

Year-over-Year Growth compared to 1Q FY2024

101% NRR

Net Revenue Retention for FY2024

98% GRR

Gross Revenue Retention for FY2024

~\$3.5 Mn in Cash*

Earmarked for product and market development subject to adjustment from cash dividend distribution

~\$0.5 Mn Subscription Revenue Backlog

Expected to realise into ARR upon completion of implementation

PeoplesHR is poised to be the Most Preferred HR Tech Solution in Emerging Markets

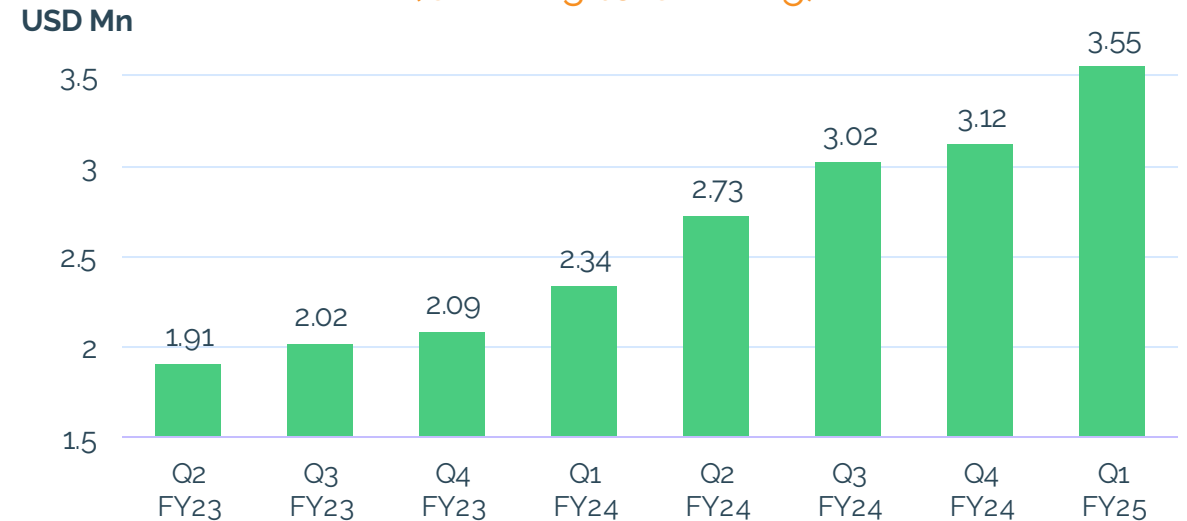
- ▶ Hire-to-retire HR Tech Platform which thrives in digitalizing complex business processes in Human Resource Management
- ▶ Robust CoreHR, Time & Attendance and Payroll Engine with strong focus on statutory compliance and localization
- ▶ Mature services offering to facilitate implementation and support functions leading to high ROI for Customers on their HR Tech investment
- ▶ In-Country talent hired for pre-sales, sales and post-sales functions



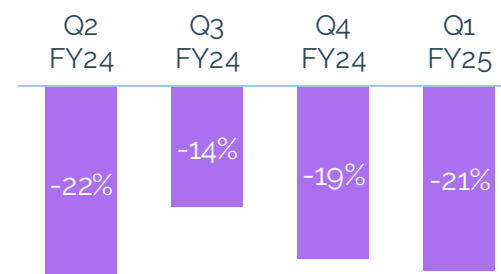
Quarter at a Glance

- ▶ Revenue of **LKR 466 Mn**
 - ◆ Growth of **30% YoY**
- ▶ Total Exit ARR surpassed **USD 3.5 Mn**
 - ◆ Growth of **50% YoY & 17% QoQ**
- ▶ Earnings margins of Q1 declined
 - ◆ Higher Partner Commissions on Partner-Sourced Deals
- ▶ Free Cash Flow[‡] improved significantly
 - FCF Margin of **-5%** compared to **-28%** in FY24 and **-7%** in Q4 of FY24

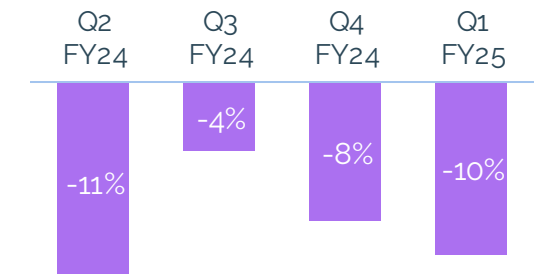
Core Exit ARR
(Q2 FY23 to Q1 FY25)



Normalised EBIT Margin[†]



Normalised EBITDA Margin[†]



† Normalised Margins for fx gains/losses, interest income, gratuity provisions & deferred taxes
 ‡ FCF = Net operating cash flow - Capital expenditure - Lease payments

Key Business Updates

Product Development & Engineering

- ◆ Transformation of Engineering Team to SAFe Agile Practices
- ◆ Product Stabilization with Security Fixes
- ◆ 9.6 Version Release for new customers in Sri Lanka and the Philippines
- ◆ Completion of localization activities for Indonesia

Talent Update

- ◆ Increased focus on enhancing employee productivity for scalable growth with optimal talent mix
- ◆ Overall FTE to stabilise (if not decline) despite ongoing hiring for local talent in key focus markets
- ◆ On boarding experienced consultants to advance Marketing, Product and HR strategy while minimizing costs
- ◆ Increased focus on succession planning and leadership development for a Sustainable People Strategy
- ◆ Strengthening internal training & development for individual skill enhancement

Key Business Updates

Sales Update

- ◆ Talent acquisition focused on pre-sales, sales and post-sales functions
- ◆ Focus on continuously increasing ACV by targeting enterprise customers in focus markets
- ◆ Revisiting product pricing and packaging strategy to improve ACV
- ◆ On boarded new partners to get access to niche customer segments within core focus markets

Market Update

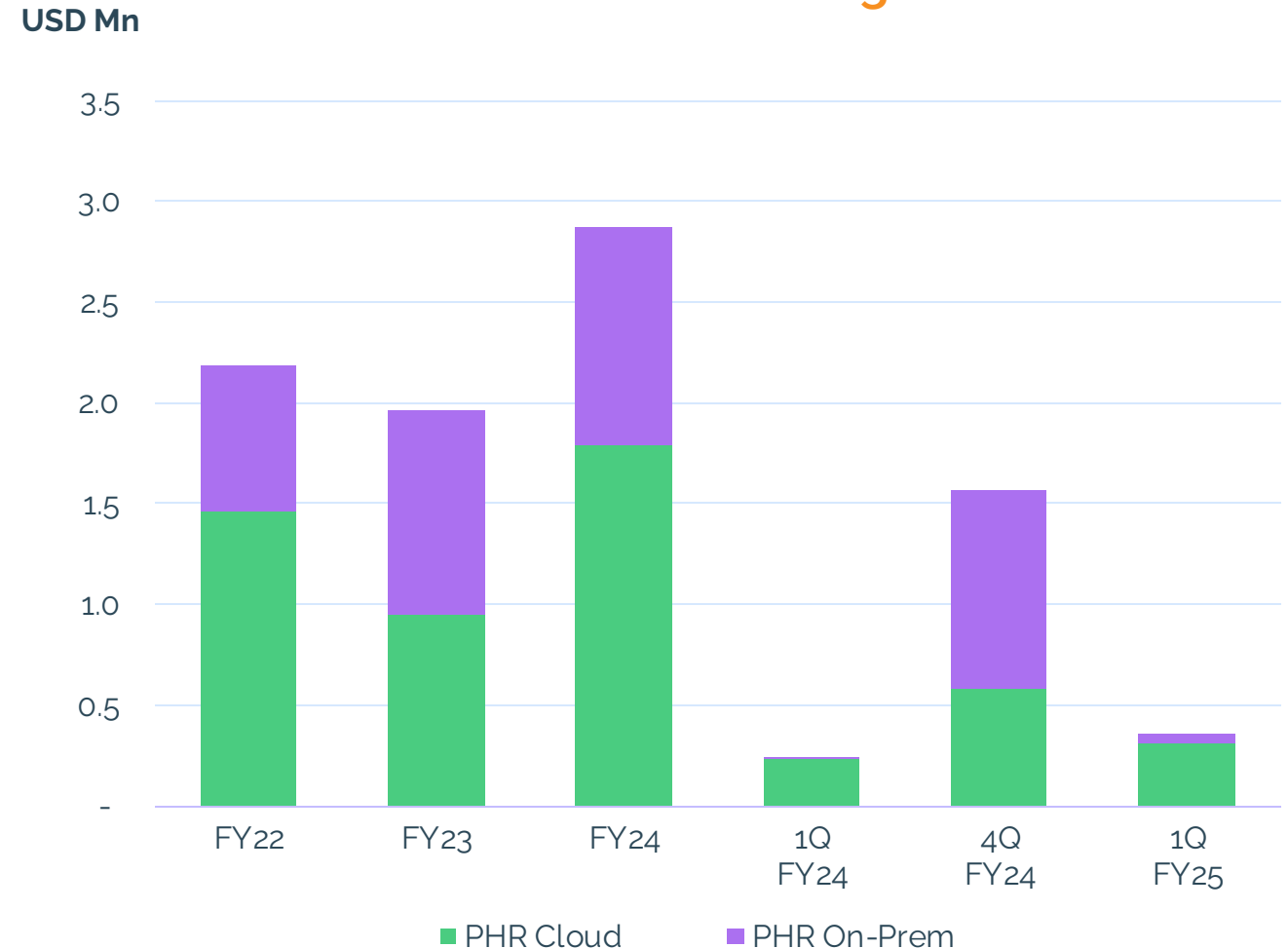
- ◆ On boarded fractional CMO to strategize and accelerate demand generation activities
- ◆ Strong focus and discipline on demand generation across all Go-to-market functions
- ◆ Increased focus on partner marketing activities to drive demand generation



New Deal Bookings

- ▶ **USD 357,482** new deal closures in Q1
 - ◆ Up by **44%** compared to 1Q FY24
- ▶ **Sri Lanka & SEA** accounted for the majority of new deals in Q1
 - ◆ **48%** originated from Sri Lanka while **36%** originated from SEA
- ▶ **PHR Cloud** accounted for ~**88%** of new deals during 1Q FY25
- ▶ **Partner Network** secured ~**47%** of the new deals in the quarter

New Deal Bookings

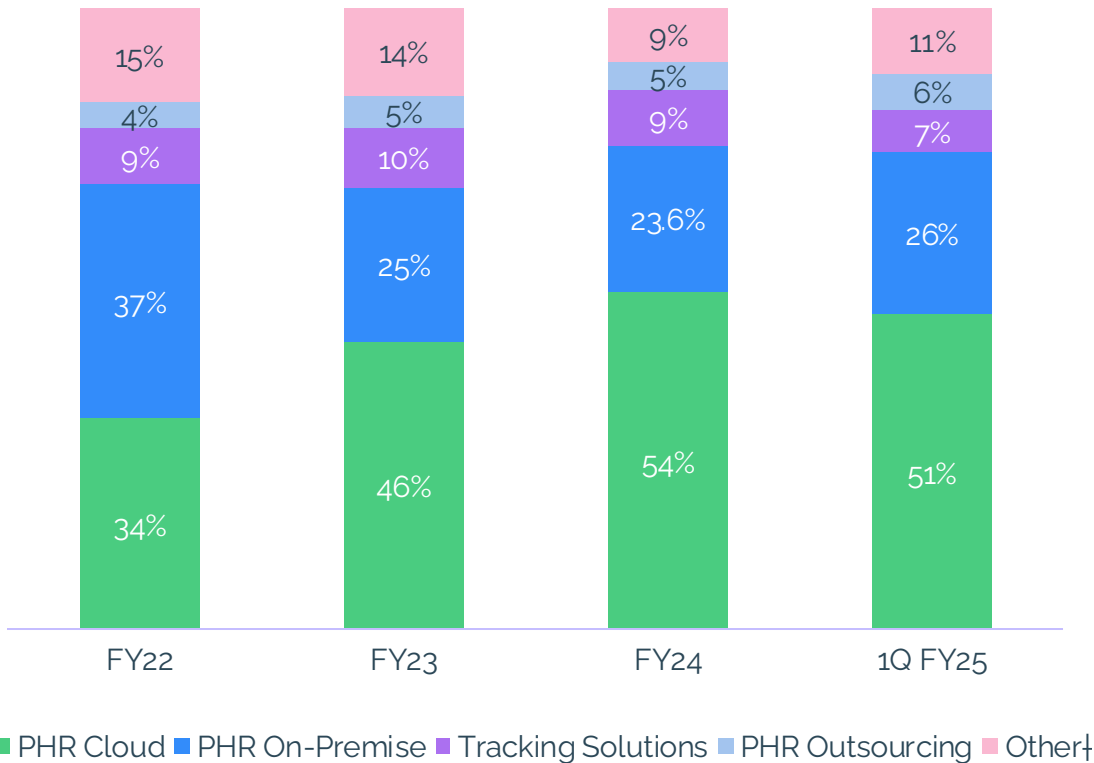


Revenue Compositions

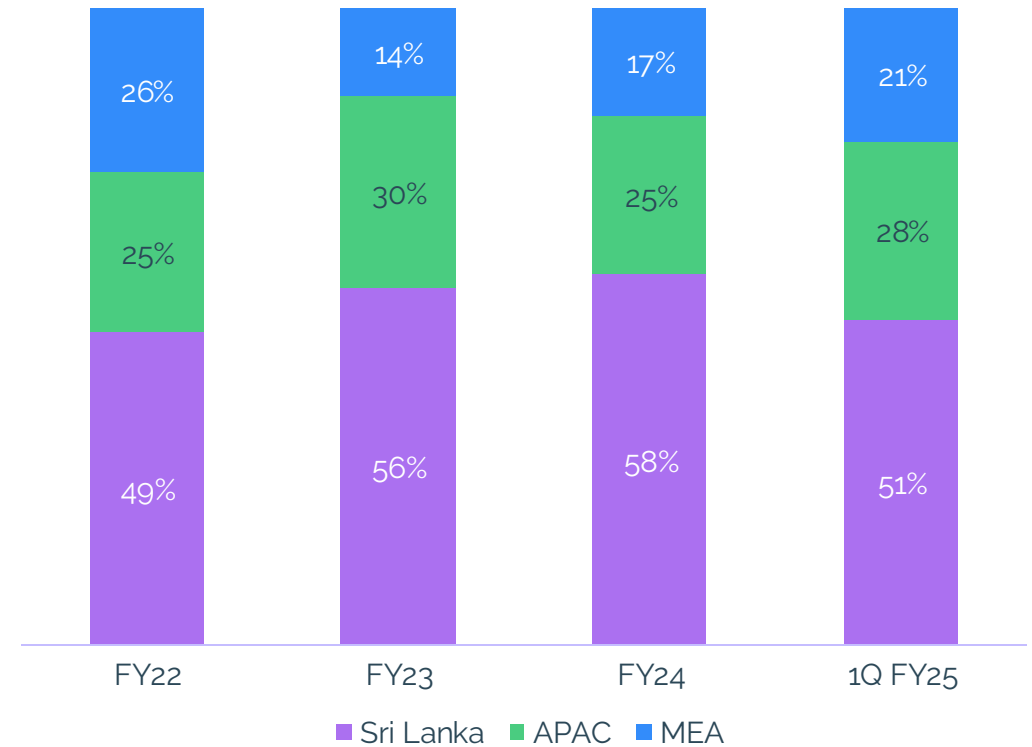
▶ PHR Cloud continued to drive >50% revenues

▶ APAC revenue contribution increases, with Sri Lanka remaining the largest contributor

Product Breakdown



Geographical Breakdown

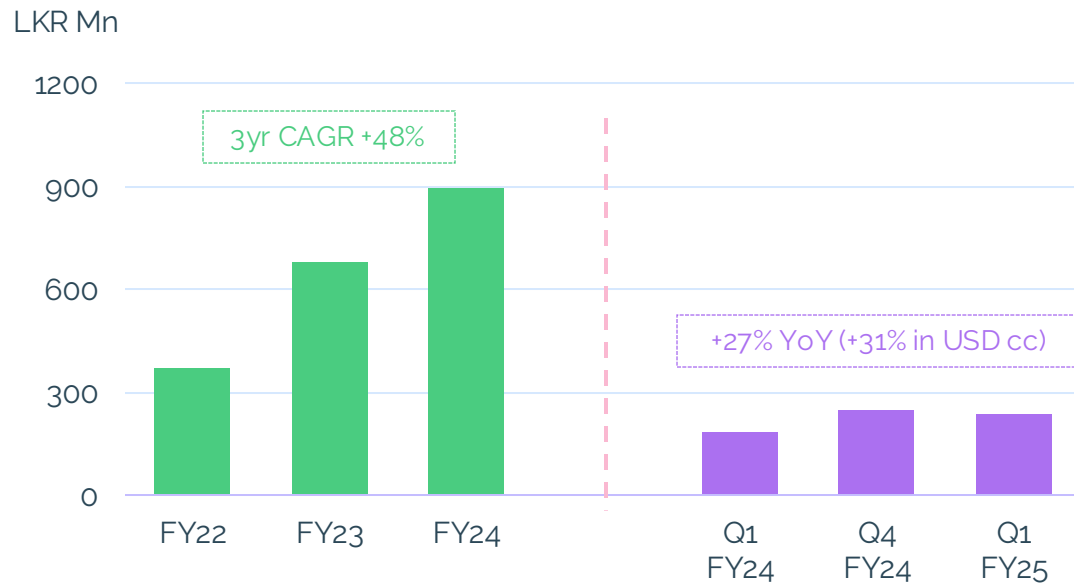


† Includes non-core revenues of Mobile Software and Staffing Solutions

Business Segments

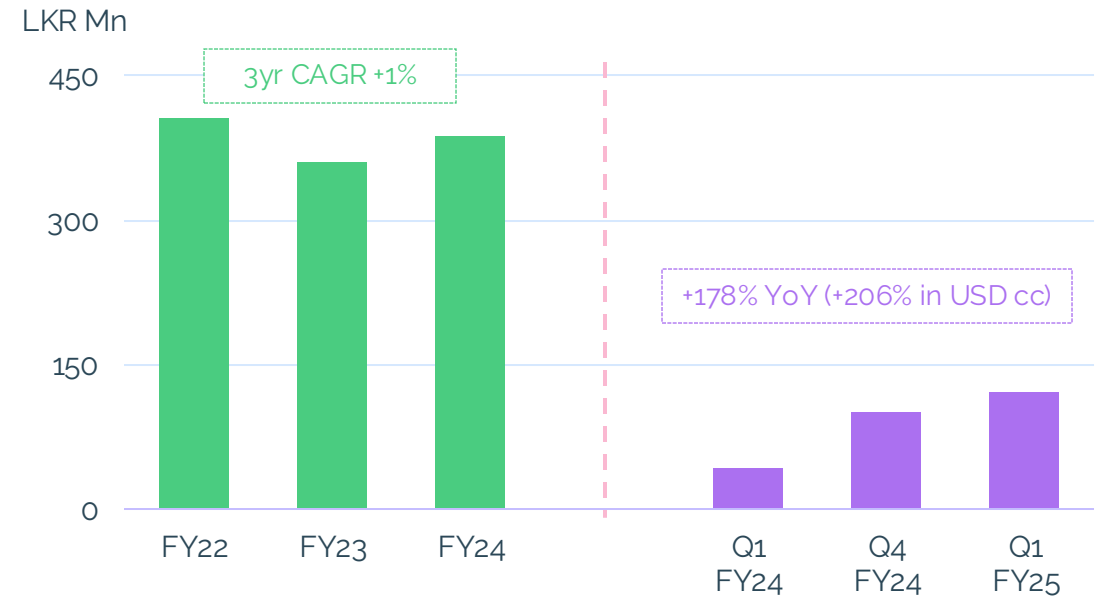
PHR Cloud and On-Premise

PHR Cloud Revenue



▶ PHR Cloud continued to build on its strong growth trajectory achieving 31% YoY growth in USD cc terms

PHR On-Premise Revenue

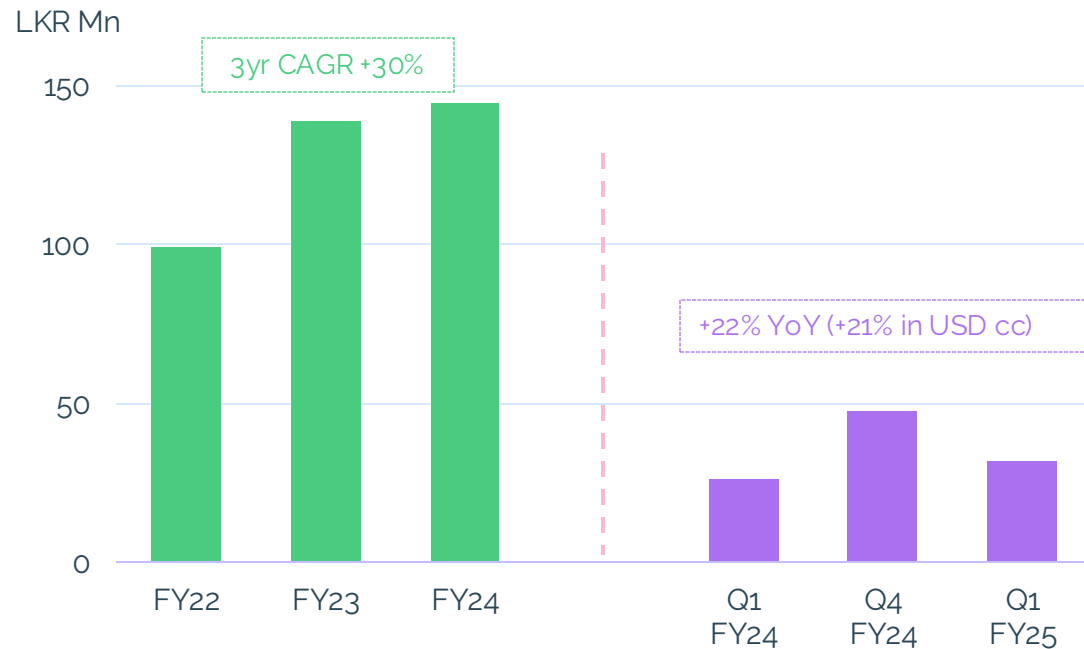


▶ PHR On-Prem revenues were boosted by GoU invoicing

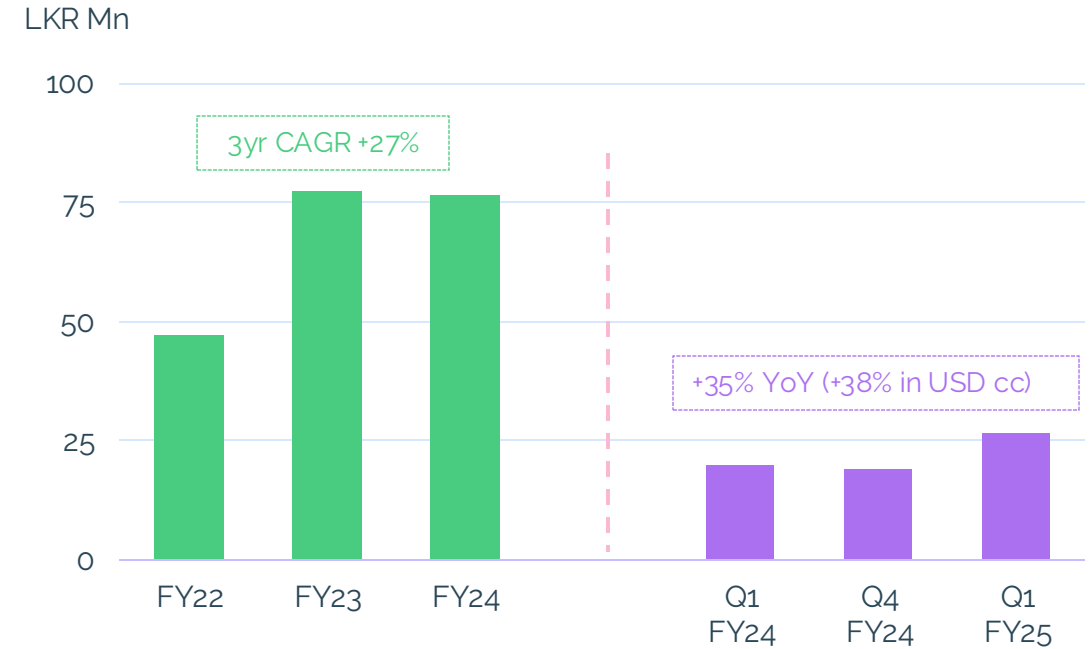
Business Segments

PHR Tracking Solutions and Outsourcing

PHR Tracking Solutions Revenue



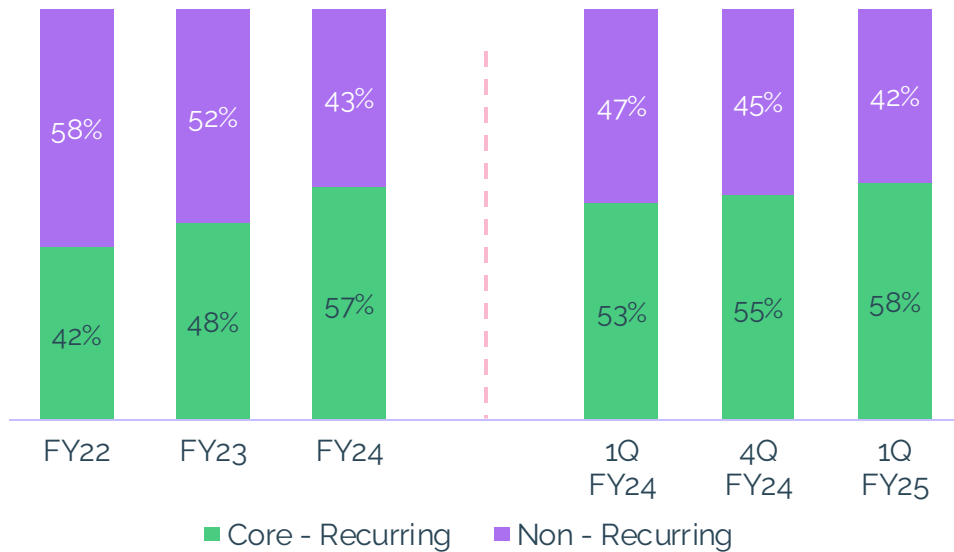
PHR Outsourcing Revenue



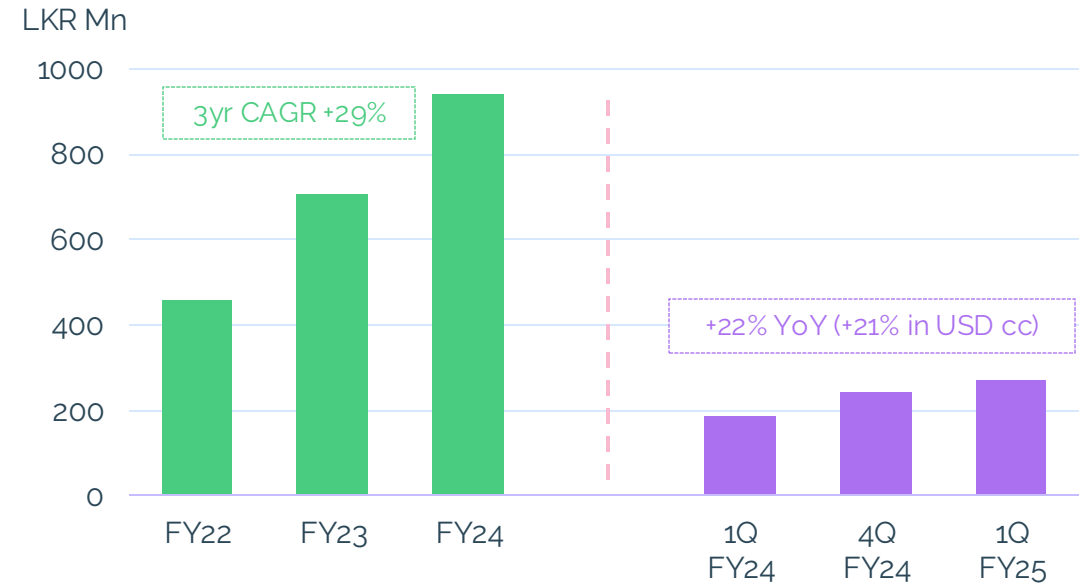
▶ PHR Tracking revenues were boosted by new business bookings while PHR Outsourcing was boosted by expansion revenue

Core Recurring Revenue

Core Recurring Revenue Composition



Annual Core Recurring Revenue Composition



► Quality of revenue increased further with Recurring Revenue accounting for **58%** of Q1 revenues

◆ USD 3.5 Mn in Core Exit ARR[‡] as at 1Q FY25

◆ NRR[†] of 101%

◆ GRR[†] of 98%

NRR: Net Revenue Retention; GRR: Gross Revenue Retention
 † for FY2024; Includes subscription, support and HRO (excludes staffing revenue) |
 ‡ Calculations are done for the SaaS recurring revenue basis | †† June 2024 MRR x 12

Revenue Drill Down

All in LKR millions	FY22	FY23	FY24	3Yr CAGR (in LKR / USDcc)	1Q FY24	4Q FY24	1Q FY25	YoY growth (in LKR / USD cc)
PHR Cloud	372	678	893		186	250	236	
Recurring revenue	261	502	670	+48% / +20%	135	188	195	+27% / +31%
Non – Recurring revenue	111	176	222		50	62	40	
PHR On-premise	408	362	388		43	102	121	
Recurring revenue	109	110	135	+1% / -13%	26	26	40	+179% / +206%
Non – Recurring revenue	298	252	253		17	76	81	
Tracking Solutions	99	139	145		26	47	32	
Recurring revenue	13	14	7	+30% / +16%	2	0	2	+22% / +21%
Non – Recurring revenue	86	125	137		24	47	30	
PHR Outsourcing	47	77	77	+27% / +9%	20	19	27	+35% / +38%
PHR Marketplace	1	3	2	+130% / +49%	1	0	0	-90% / -90%
Core Revenue	926	1,259	1,504	+26% / +7%	276	418	415	+50% / +55%
Others [‡]	165	204	141	-12% / -15%	82	15	50	-39% / -35%
Total Revenue	1,090	1,462	1,645	+20% / 4%	358	433	466	+30% / +36%

‡ Includes non-core revenues of Mobile Software and Staffing Solutions

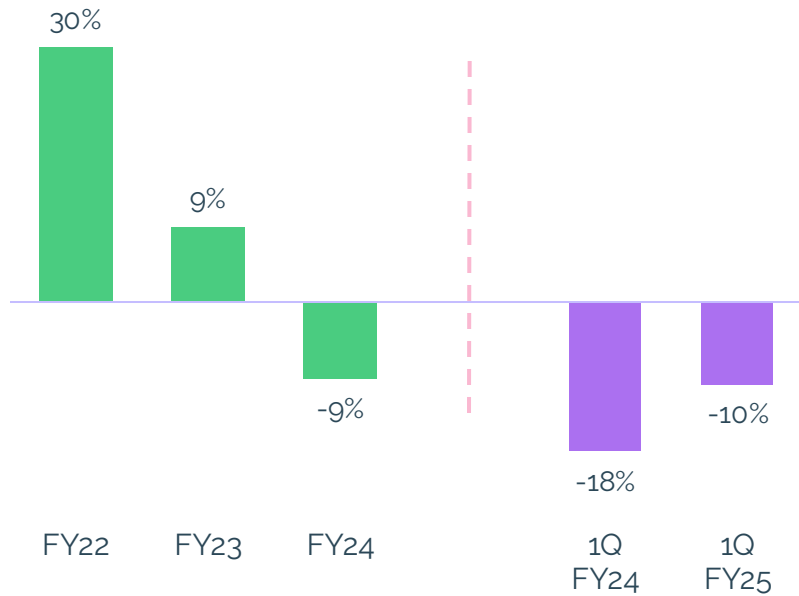
Cost of Sales Drill Down

All in LKR millions	FY22	FY23	FY24	3Yr CAGR	1Q FY24	4Q FY24	1Q FY25	YoY growth
On-site and third-party implementation costs [†]	59	94	150	+37%	34	30	24	-30%
Infrastructure costs ^{††}	53	170	162	+69%	40	43	40	+1%
Cost of devices sold	54	64	49	+20%	8	16	12	+41%
Mobile solutions related costs	72	122	61	-16%	38	6	21	-43%
Staff related costs	236	369	556	+35%	130	157	171	+32%
Total Cost of Sales	473	820	979	+30%	249	252	267	+8%

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

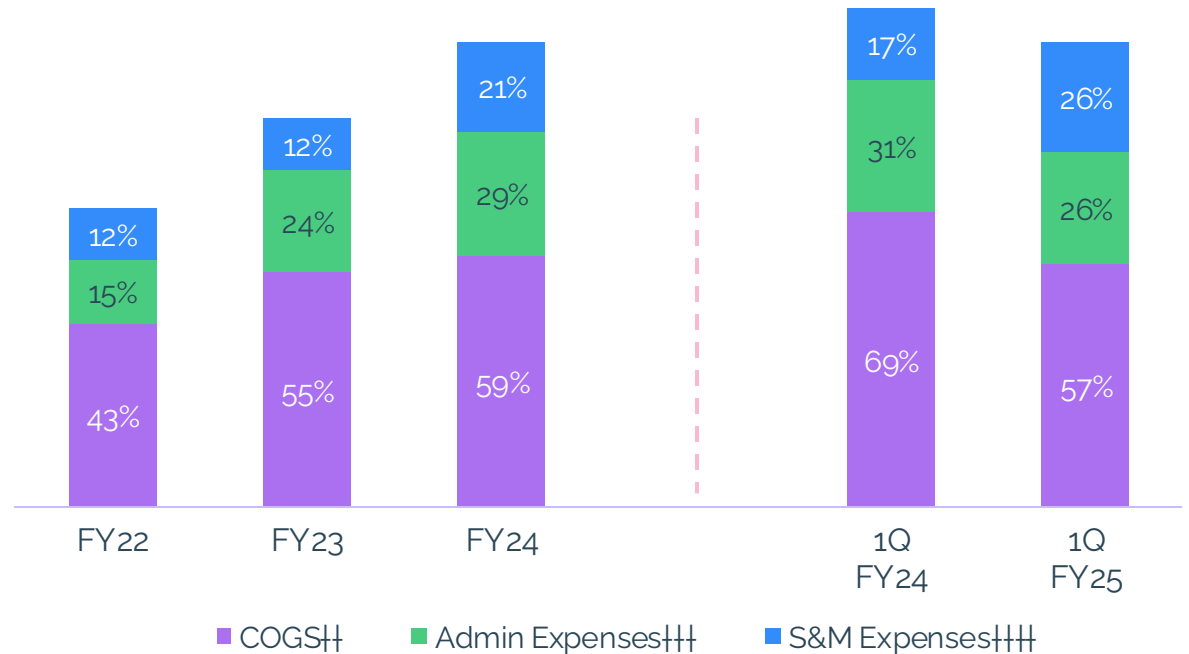
Analysis Normalised EBITDA Margin

Normalised EBITDA Margin †



- ▶ 3yr CAGR +30%
- ▶ +22% YoY (+21% in USD cc)

Expenses as a % of Revenue



- ▶ 3yr CAGR +27%
- ▶ +35% YoY (+38% in USD cc)

† Adjusted for D&A, Interest, Impairment of Trade Receivables, FX Impact, Gratuity | †† Adjusted for Gratuity | ††† Adjusted for Amortization of ROU Assets, Gratuity | †††† Adjusted for Impairment of Trade Receivables, Gratuity

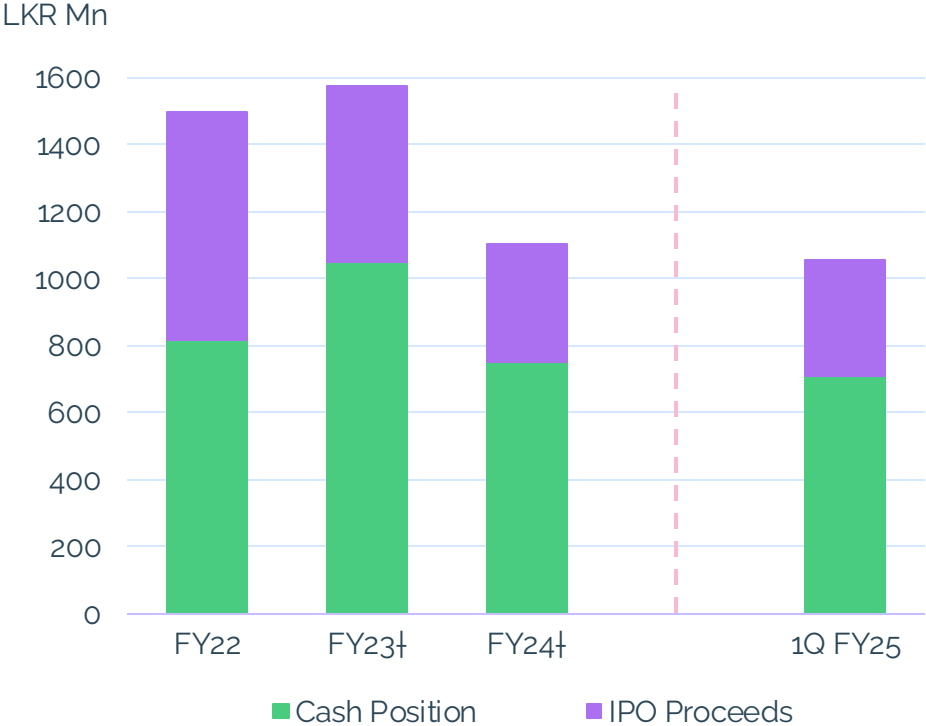
Summarized Income Statements

In LKR millions	FY22	FY23	FY24	1Q FY25
Revenue	1,091	1,464	1,645	466
Gross profit	617	644	665	199
<i>Gross profit margin</i>	57%	44%	40%	43%
Normalised EBITDA	329	138	(148)	(45)
<i>Normalised EBITDA margin</i>	30%	9%	-9%	-10%
FX gain	287	71	(65)	15
Net interest income	27	188	139	15
Profit before tax (PBT)	466	189	(291)	(60)
<i>PBT margin</i>	43%	13%	-18%	-13%
Net profit	454	188	(293)	(60)
<i>Net profit margin</i>	42%	13%	-18%	-13%
EPS (LKR)	1.93	0.68	(1.06)	(0.22)
FCFF Margin	3.8%	-7.6%	-27.6%	-4.8%

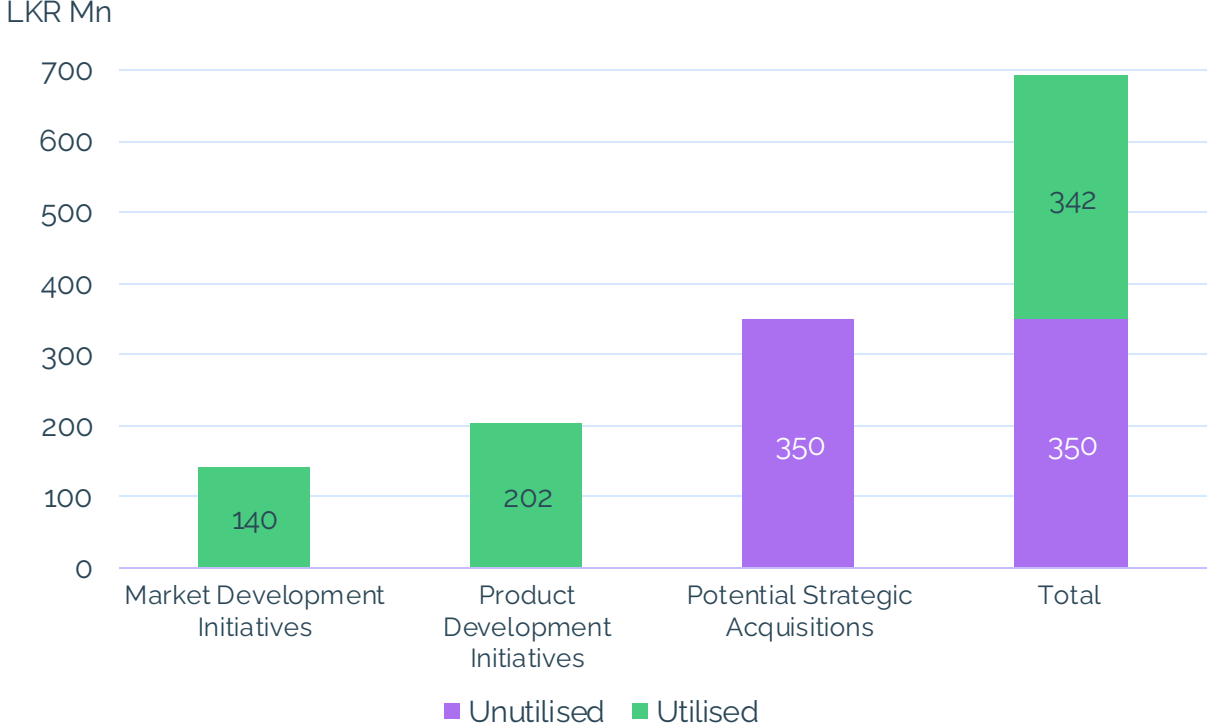
Cash Position and IPO Fund Utilization



Cash Position



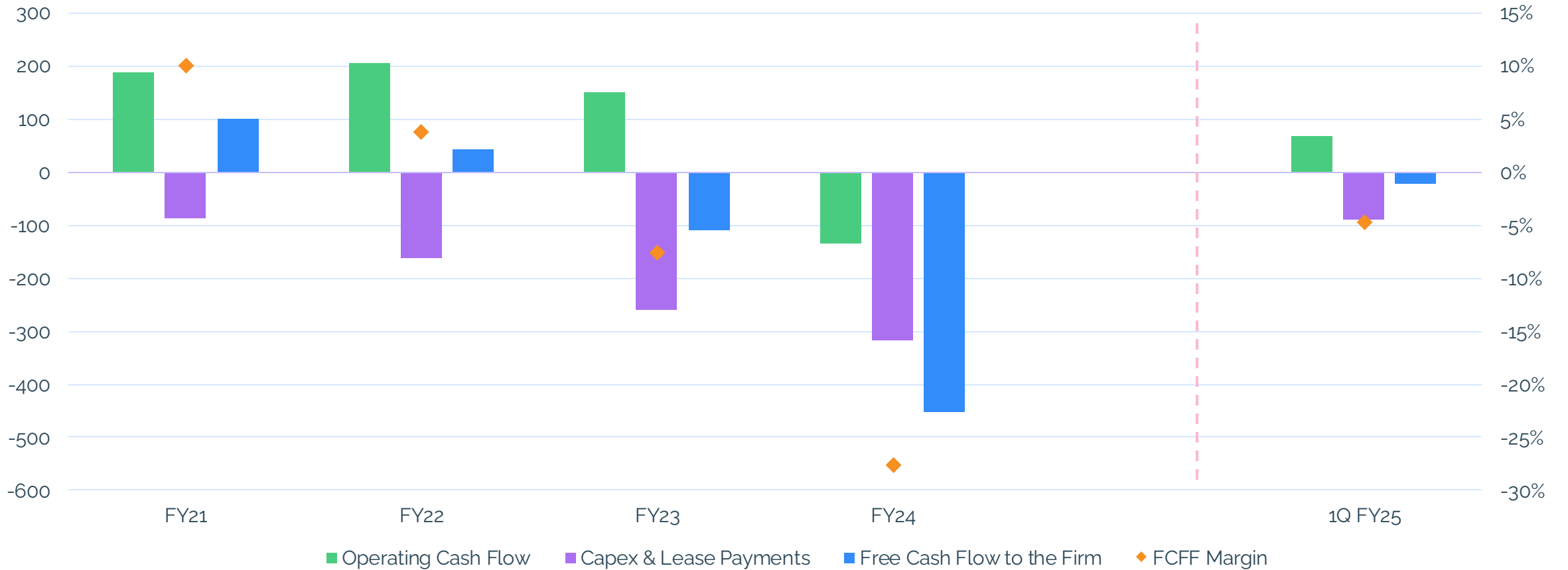
IPO Fund Utilization



▶ Cash position at ~LKR 1.1 Bn ▶ IPO fund utilization at 49%

† Includes IPO proceeds excluding utilization for investments



Free Cash Flow Generation



† FCFF = Net operating cash flow - Capital expenditure - Lease payments

Peer HCM and SaaS company benchmarking

(For the last reported Financial Year)

	 	HCM Peers	SaaS Peers
ARR Growth	48%	21% ⁺⁺	25% ⁺⁺⁺
GTM Efficiency Ratio	111%	143% ⁺⁺⁺	181% ⁺⁺⁺
NRR (Net Revenue Retention)	101% [†]	102% ⁺⁺⁺	109% ⁺⁺⁺
Revenue Churn Rate	2%	4% ⁺⁺⁺	N/R

- ◆ Analysis of HCM Peers includes ATOSS, Zalaris, Workday, Paycor, Paylocity, Dayforce
- ◆ Analysis of SaaS Peers includes Monday, Klaviyo, Atlassian, SEMRush, Bigtincan

† PeoplesHR NRR and Churn Rates are calculated only for the PHR Cloud Business | ++ GTM Metrics by BenchSights - GTM ratio for 25-50% growth ARR bucket | +++ Public Company data, hSenidBiz analysis, June 2024.

Notes: All values shown above represents the last reported financial year of the respective organizations. In the case of hSenidBiz, financial year ending on March 2024 is considered. The GTM Efficiency ratio is the ratio of Sales and Marketing spend to net new ARR; NRR (Net revenue retention) = 1 - Churned revenue + Upsell & cross sell revenue + account expansion - account contraction

Corporate Actions During the Quarter (1/2)



① Reallocation of IPO funds raised for M&A

- ▶ M&A opportunities in the HR Tech space would typically be priced at a premium to trading multiples
 - ◆ HR Tech sector trades at 4.9x EV/Rev[†] as at June 2024; HBS traded at 1.4x EV/Rev as at June 30, 2024
 - ◆ M&A targets could also be cash burning and may require additional investments for customer migration
- ▶ Investment made in organic growth by the Company (primarily sales and marketing expenditure) has yielded better ROI than inorganic opportunities
 - ◆ GTM Efficiency Ratio of 111% implies an acquisition multiple of 1.1x for revenue acquired under organic growth initiatives
- ▶ Risk/Reward profile of organic growth seems superior to inorganic growth opportunities available

Therefore, Board of Directors have decided to reallocate these funds for organic market development activities subject to obtaining shareholder approval at the Annual General Meeting

② Dividend Distribution

- ▶ Considering the initial results of organic growth activities and expected FCF generation in the future, excess cash on the balance sheet to be distributed to shareholders via special dividend
- ▶ Dividend distribution will present shareholders with a choice to either receive the dividend in cash and/or scrip dividends
- ▶ The choices presented to the shareholders are as follows:
 - ◆ Option 1 – 100% in cash (this will also be the default option for shareholders who do not respond with their preference)
 - ◆ Option 2 – 100% in scrip (shares to be issued at a price of LKR 11.80 as per regulations)
 - ◆ Option 3 – 50:50 (50% of the dividend distribution in cash and the balance in scrip form)

Shareholders are expected to indicate their preference by duly completing the Preference Selection Form (available on the CSE website) and returning the same on or before 4.30 pm IST of Friday August 9, 2024

Investor Forum



Join us for the **Investor Forum Q&A Session**
for **Q1 FY2025**

7th of August, 2024
3.00 pm IST

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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