



Quarterly Investor Forum

2Q 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.

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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 < 1%

316 FTEs

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

\$3.7 Mn Exit ARR

Exit Annualized Recurring Revenue as at end 2Q FY25

31% ARR Growth

Year-over-Year Growth compared to 2Q FY24

99% NRR

Net Revenue Retention for 2Q FY25

>99% GRR

Gross Revenue Retention for 2Q FY25

\$4.2 Mn CARR

Contracted ARR (CARR) includes exit ARR, subscription backlog and ARR of new deal closures as at end 2Q FY25

~\$2.1 Mn in Cash

Includes Company's own cash reserves and approx. [LKR x Mn] from payroll outsourcing business

~\$0.3 Mn Subscription Revenue Backlog

Expected to realize 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 422 Mn**

- ◆ YoY Growth of **5%** in LKR terms; **13%** in USD cc
- ◆ Higher quality of revenue (72% recurring revenue as % of total revenue) driven by growth in ARR and decline in non-core revenues

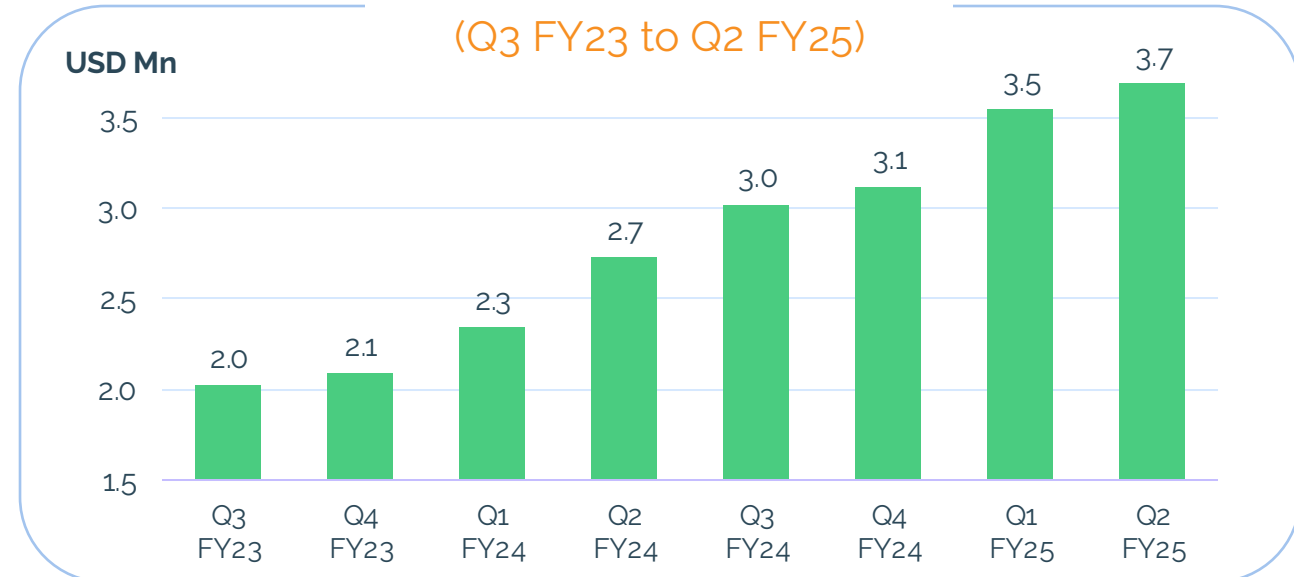
▶ Total Exit ARR closed in on **USD 3.7 Mn**

- ◆ Growth of **31%** YoY & **4%** QoQ

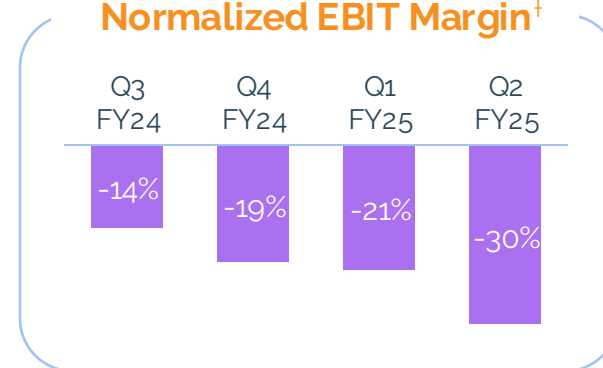
▶ EBIT and EBITDA Margins declined despite cost base remaining largely static since Q3 FY24 (in LKR terms) due to:

- ◆ Unfavourable fx movements (~90% revenue USD linked; ~70% costs LKR based)
- ◆ Lower invoicing from large scale On-Prem projects including GoU
- ◆ Lower revenue from new deal closures
- ◆ Decline in non-core revenues

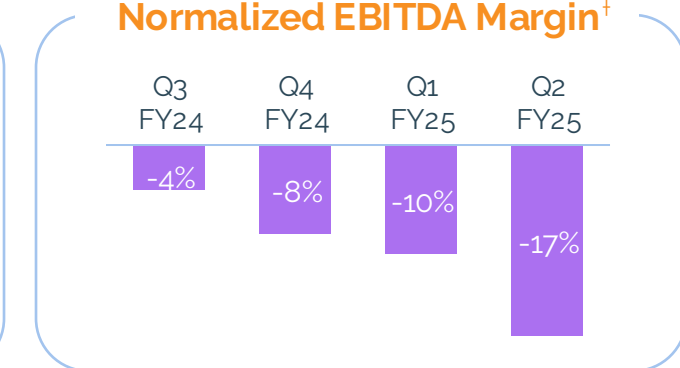
Core Exit ARR (Q3 FY23 to Q2 FY25)



Normalized EBIT Margin[†]



Normalized EBITDA Margin[†]



† Normalized Margins for fx gains/losses, interest income, gratuity provisions & deferred taxes

Key Business Updates

Product Development & Engineering

- ◆ Additional content capture options in Gen AI chatbot
- ◆ Optimization of attendance tracking functionality
- ◆ New feature additions in modernized employee profiles
- ◆ Bulk CV processing with data extraction powered by GPT
- ◆ Introduction of CI/CD pipelines for seamless product upgrades

Talent Update

- ◆ Prioritizing product learning and familiarization for internal staff
- ◆ Improved communication across the organization to achieve goal congruence
- ◆ Promoting cross-functional collaboration & awareness across teams
- ◆ Personalizing employee experience for overseas staff

Key Business Updates

Sales Update

- ◆ Strengthened sales execution framework for improved effectiveness
- ◆ Increased emphasis on deal qualification and execution
- ◆ Initiation of repricing measures for low-margin clients
- ◆ Doubled demand generation efforts, building a stronger pipeline of deal opportunities

Market Update

- ◆ Increased focus on direct outbound demand generation
- ◆ Redesigning of partner program to be launched in the near future
- ◆ Launched series of partner co-hosted focused events in key target markets



New Deal Bookings

- ▶ **USD 299,520** new deal closures in Q2
 - ◆ **16%** decline relative to 1Q FY25
- ▶ **Sri Lanka & SEA** drove the majority of new deal acquisitions in Q2
 - ◆ **48%** originated from SEA while **34%** originated from Sri Lanka
- ▶ **PHR Cloud** accounted for ~**96%** of new deals during 2Q FY25
- ▶ **Partner Network** secured ~**33%** of the new deals in the quarter

New Deal Bookings

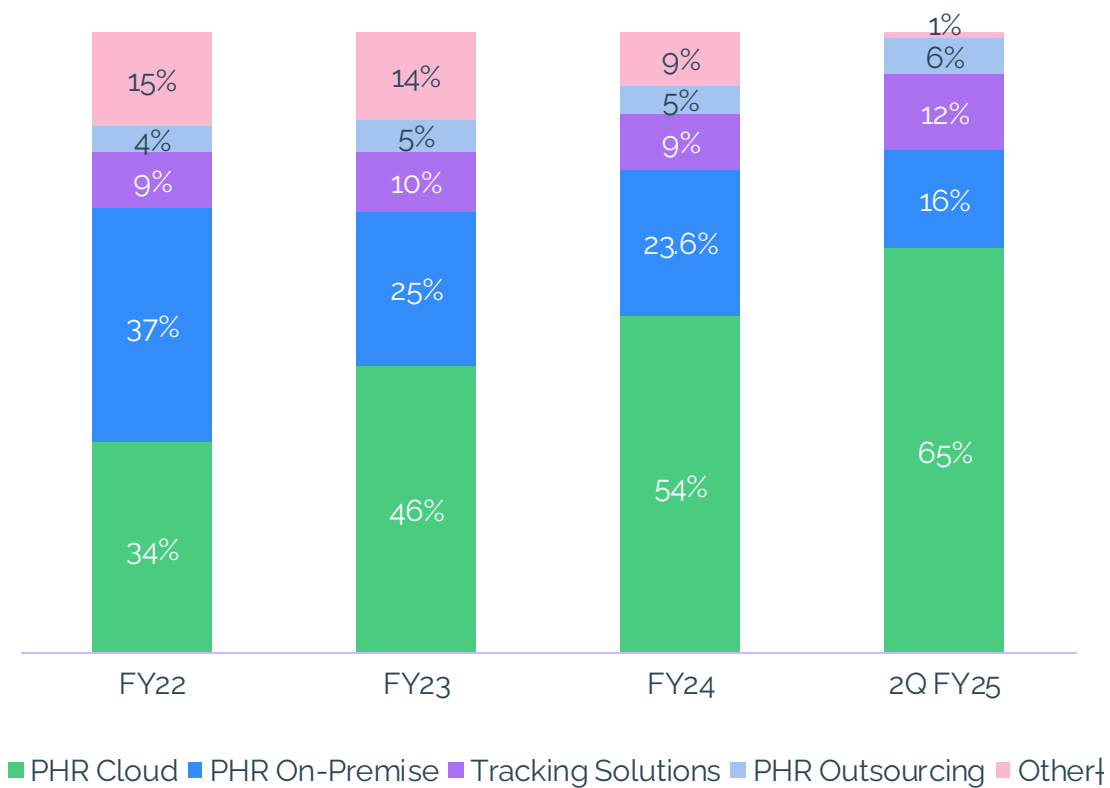


Revenue Composition

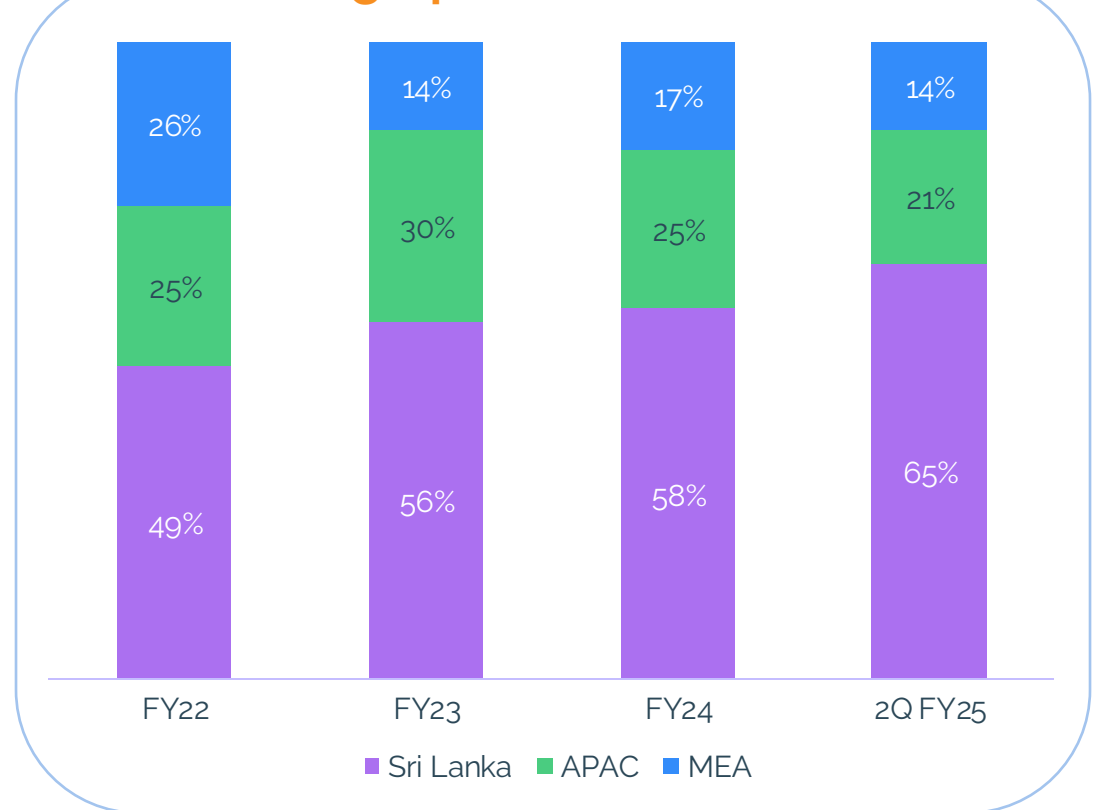
▶ PHR Cloud remained the primary revenue driver at over 65%

▶ Sri Lanka remained the largest contributor to revenue with a slight drop in APAC contributions

Product Breakdown



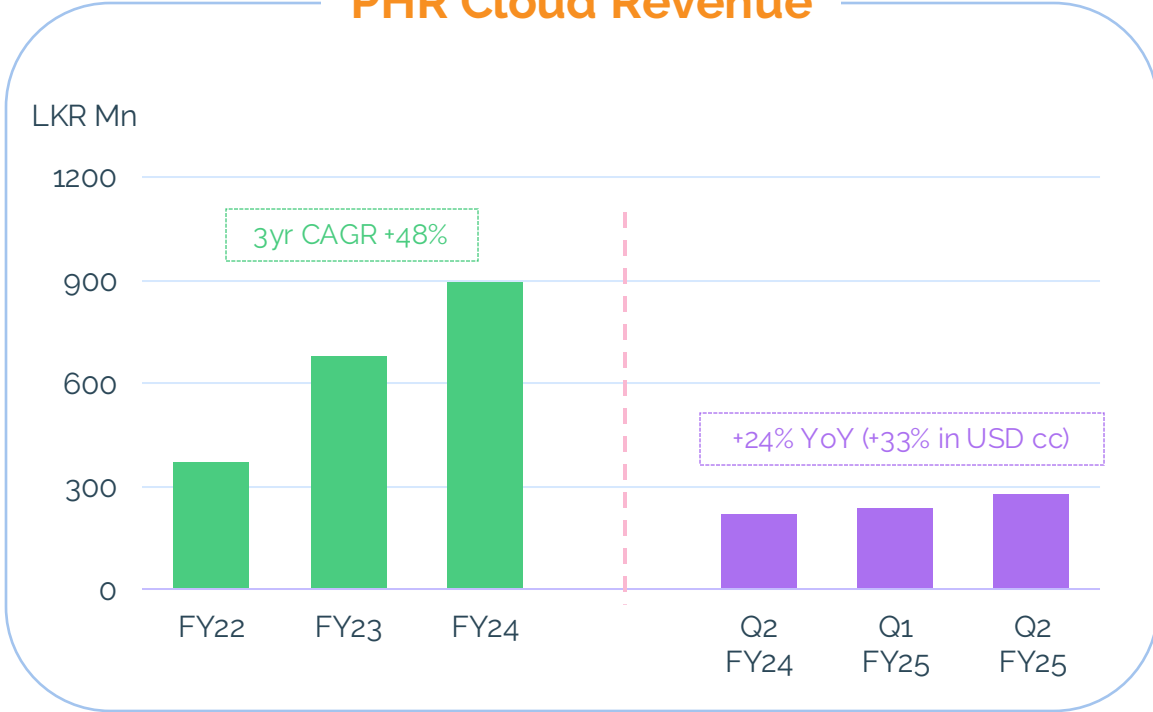
Geographical Breakdown



Business Segments

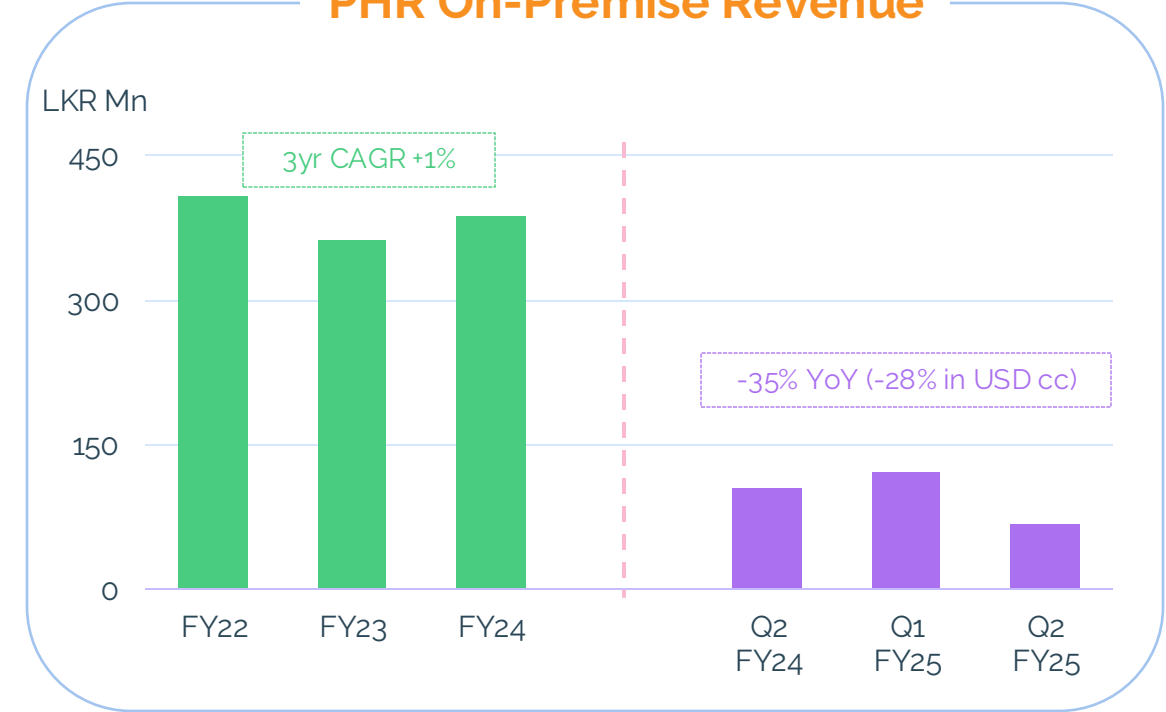
PHR Cloud and On-Premise

PHR Cloud Revenue



▶ PHR Cloud continued its strong growth path with a 33% YoY increase in USD cc terms

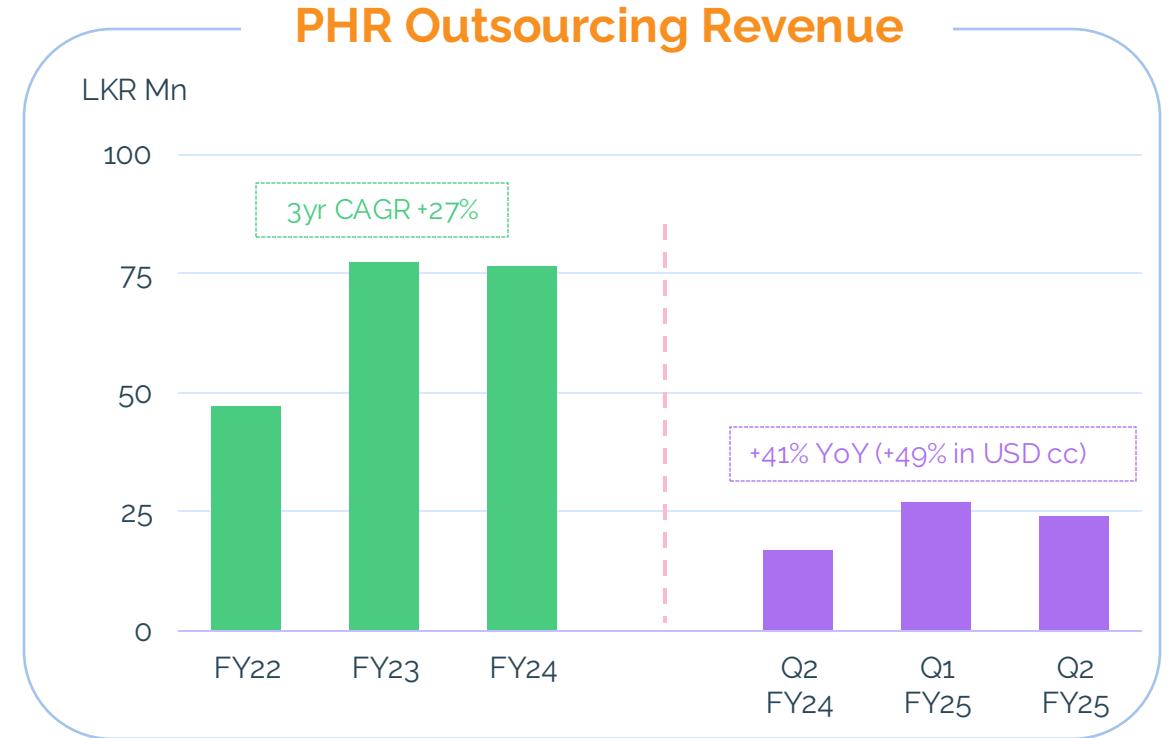
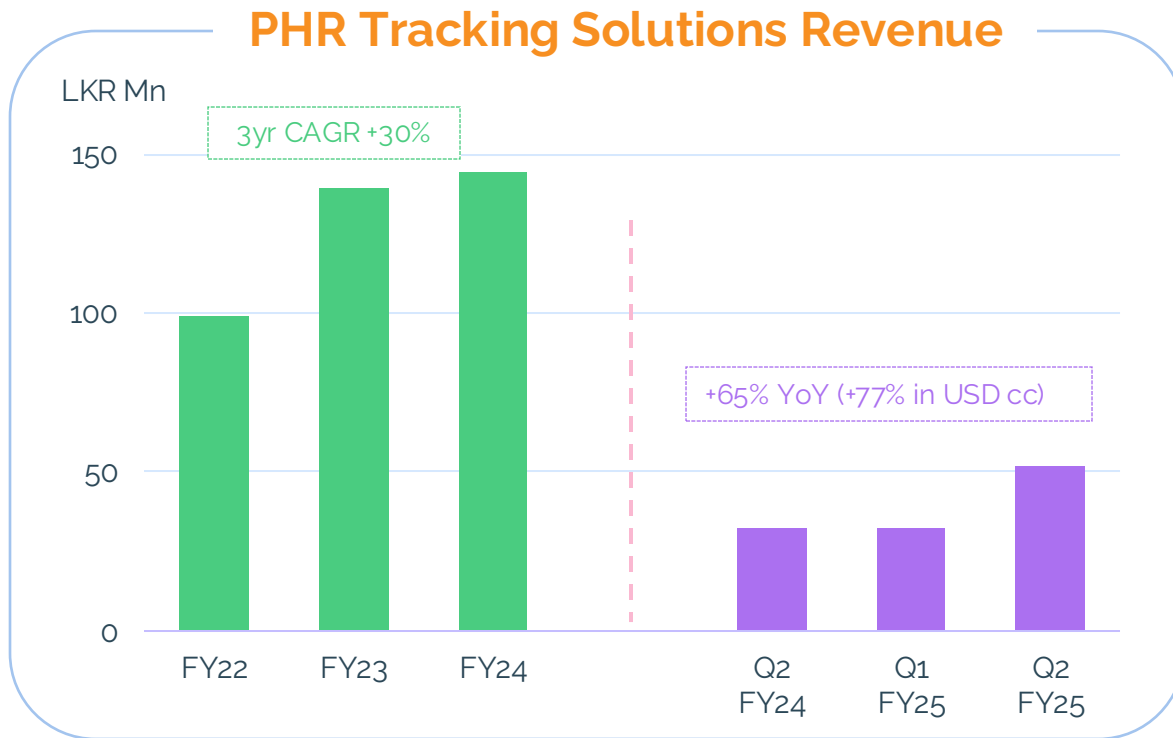
PHR On-Premise Revenue



▶ The drop in revenue reflects the migration of On-Prem customers to PHR Cloud

Business Segments

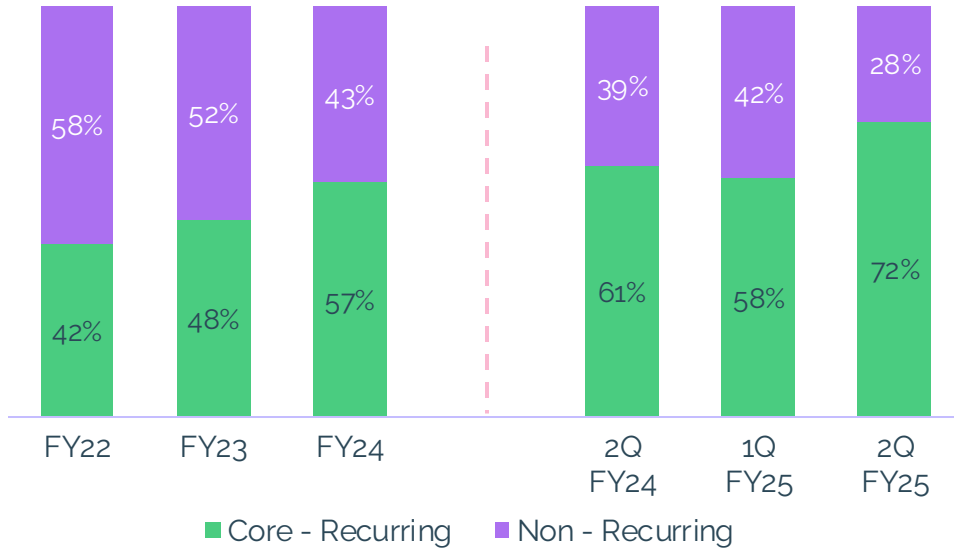
PHR Tracking Solutions and Outsourcing



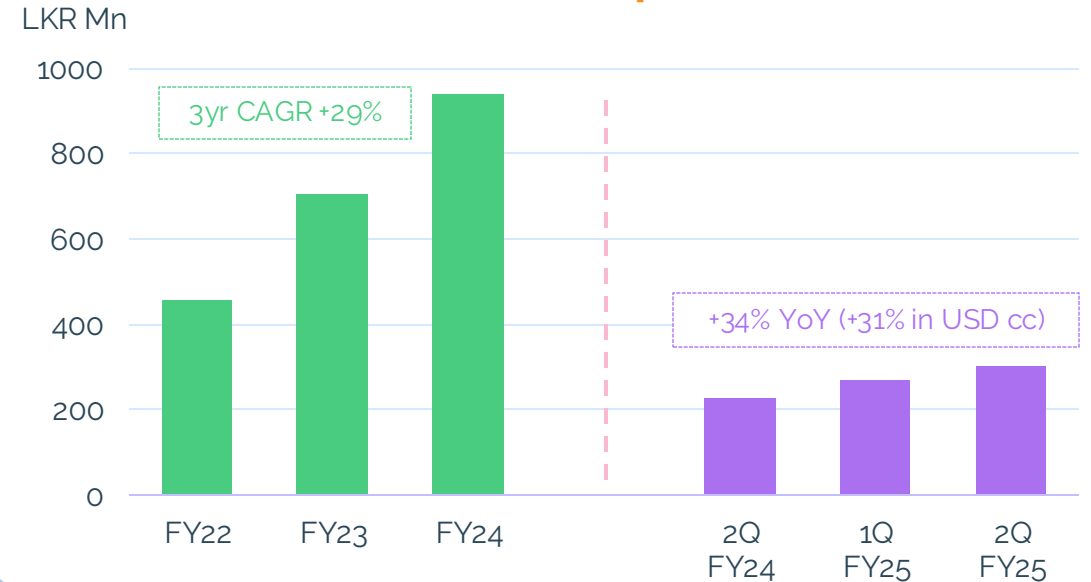
▶ PHR Tracking revenues saw a significant boost from packaging devices with software sales, while PHR Outsourcing revenue remained stable following previous quarter's expansion

Core Recurring Revenue

Core Recurring Revenue Composition



Annual Core Recurring Revenue Composition



▶ Revenue Quality improved significantly with Recurring Revenue making up **72%** of Q2 revenues

◆ USD 3.7 Mn in Core Exit ARR^{††} as at 2Q FY25

◆ NRR[†] of 99%

◆ GRR[†] of >99%

NRR: Net Revenue Retention; GRR: Gross Revenue Retention
 † for 2Q FY2024; Includes subscription, support and HRO (excludes staffing revenue) |
 ‡ Calculations are done for the SaaS recurring revenue basis | †† 2Q FY25 QRR x 4

Revenue Drill Down



All in LKR millions	FY22	FY23	FY24	3Yr CAGR (in LKR / USDcc)	2Q FY24	1Q FY25	2Q FY25	YoY growth (in LKR / USD cc)
PHR Cloud	372	678	893		222	236	275	
Recurring revenue	261	502	670	+48% / +20%	167	196	245	+24% / +33%
Non – Recurring revenue	111	176	222		55	40	30	
PHR On-premise	408	362	388		105	121	68	
Recurring revenue	109	110	135	+1% / -13%	36	40	32	-35% / -28%
Non – Recurring revenue	298	252	253		69	81	36	
Tracking Solutions	99	139	145		32	32	52	
Recurring revenue	13	14	7	+30% / +16%	3	2	3	+65% / +77%
Non – Recurring revenue	86	125	137		29	30	50	
PHR Outsourcing	47	77	77	+27% / +9%	17	27	26	+41% / +49%
PHR Marketplace	1	3	2	+130% / +49%	1	0	0	-59% / -55%
Core Revenue	926	1,259	1,504	+26% / +7%	377	416	420	+11% / +20%
Others [‡]	165	204	141	-12% / -15%	24	50	1	-95% / -95%
Total Revenue	1,090	1,462	1,645	+20% / 4%	400	466	422	+5% / +13%

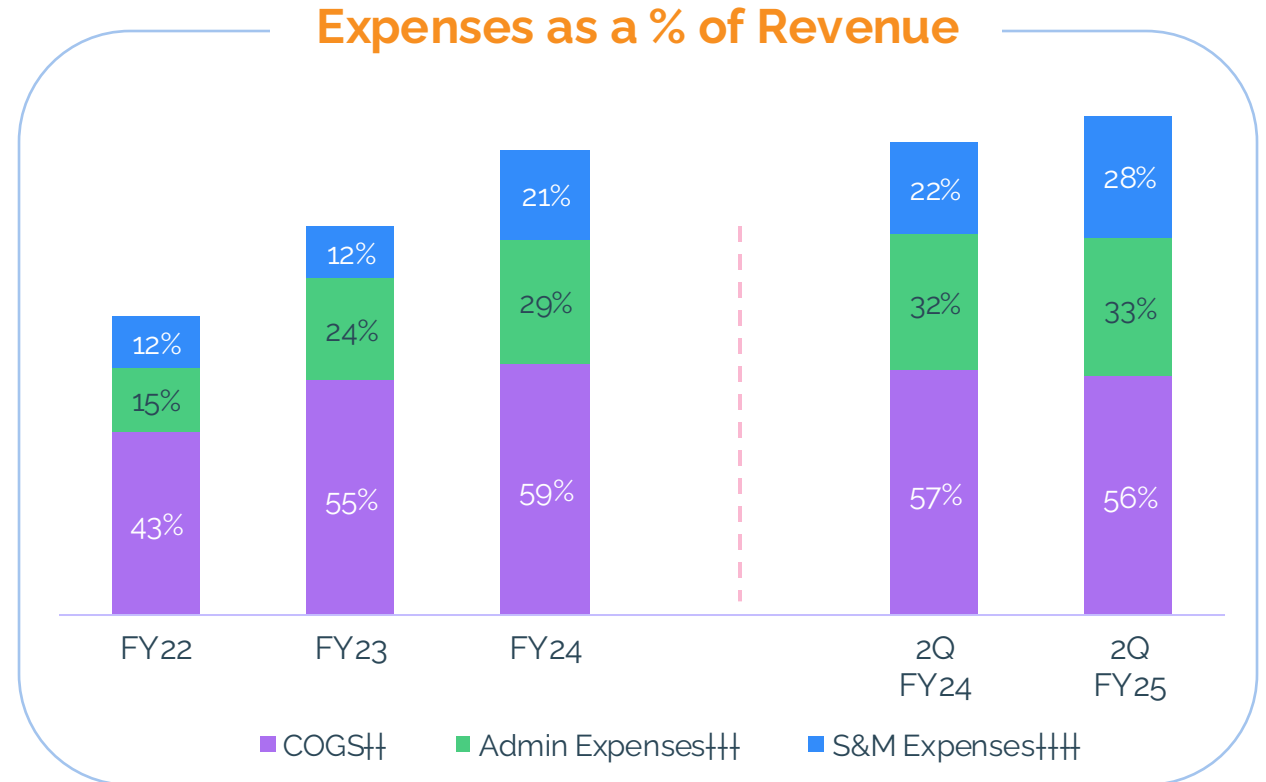
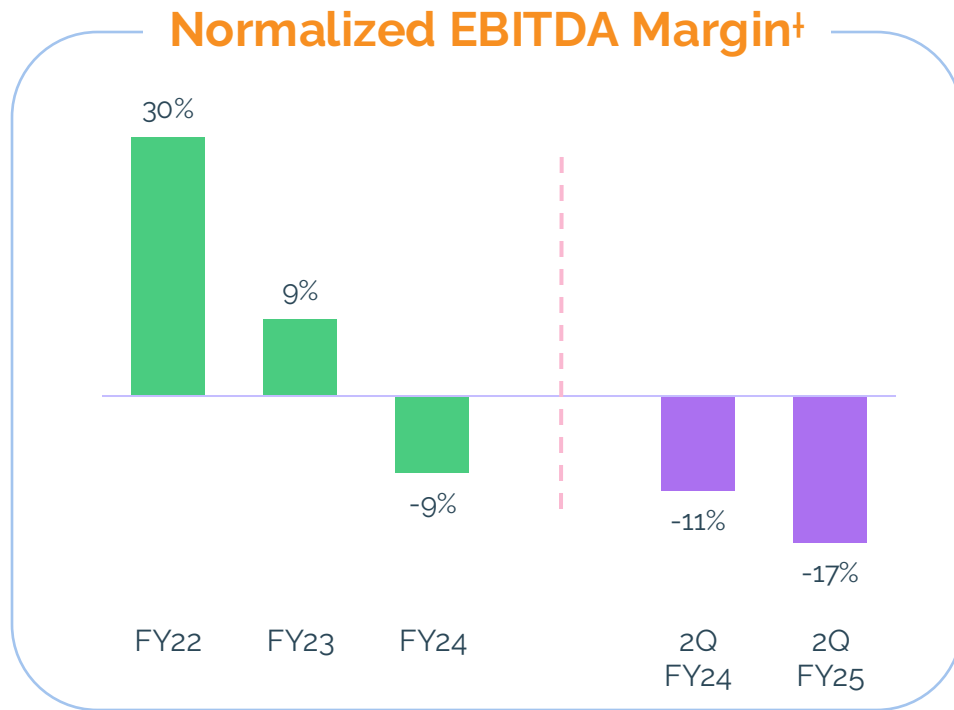
‡ Includes non-core revenues of Mobile Software and Staffing Solutions

Cost of Sales Drill Down

All in LKR millions	FY22	FY23	FY24	3Yr CAGR	2Q FY24	1Q FY25	2Q FY25	YoY growth
On-site and third-party implementation costs [†]	59	94	150	+37%	45	24	27	-40%
Infrastructure costs ^{††}	53	170	162	+69%	37	40	38	+4%
Cost of devices sold	54	64	49	+20%	9	12	20	+119%
Mobile solutions related costs	72	122	61	-16%	10	21	-	-100%
Staff related costs	236	369	556	+35%	130	171	153	+17%
Total Cost of Sales	473	820	979	+30%	231	268	238	+3%

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

Analysis Normalized EBITDA Margin



▶ Initiated repricing low-margin clients and tightening cost controls to improve margins

▶ COGS and OPEX increase outpaced Revenue growth on a YoY basis

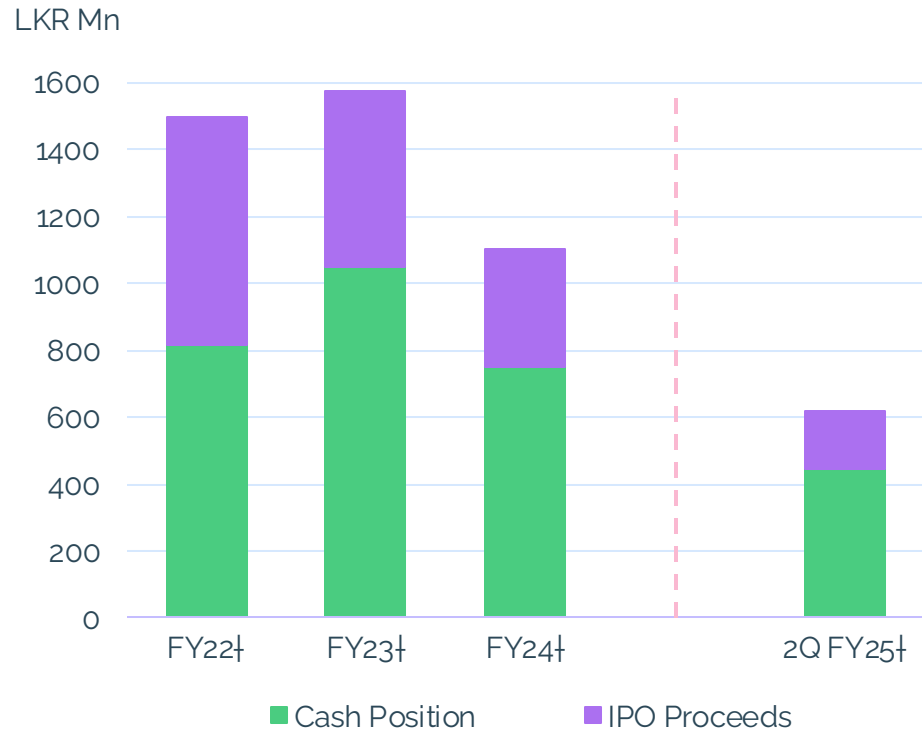
† Adjusted for D&A, Interest, Impairment of Trade Receivables, FX Impact, Gratuity | ‡ Adjusted for Gratuity | ‡‡ Adjusted for Amortization of ROU Assets, Gratuity | ‡‡‡ Adjusted for Impairment of Trade Receivables, Gratuity

Summarized Income Statements

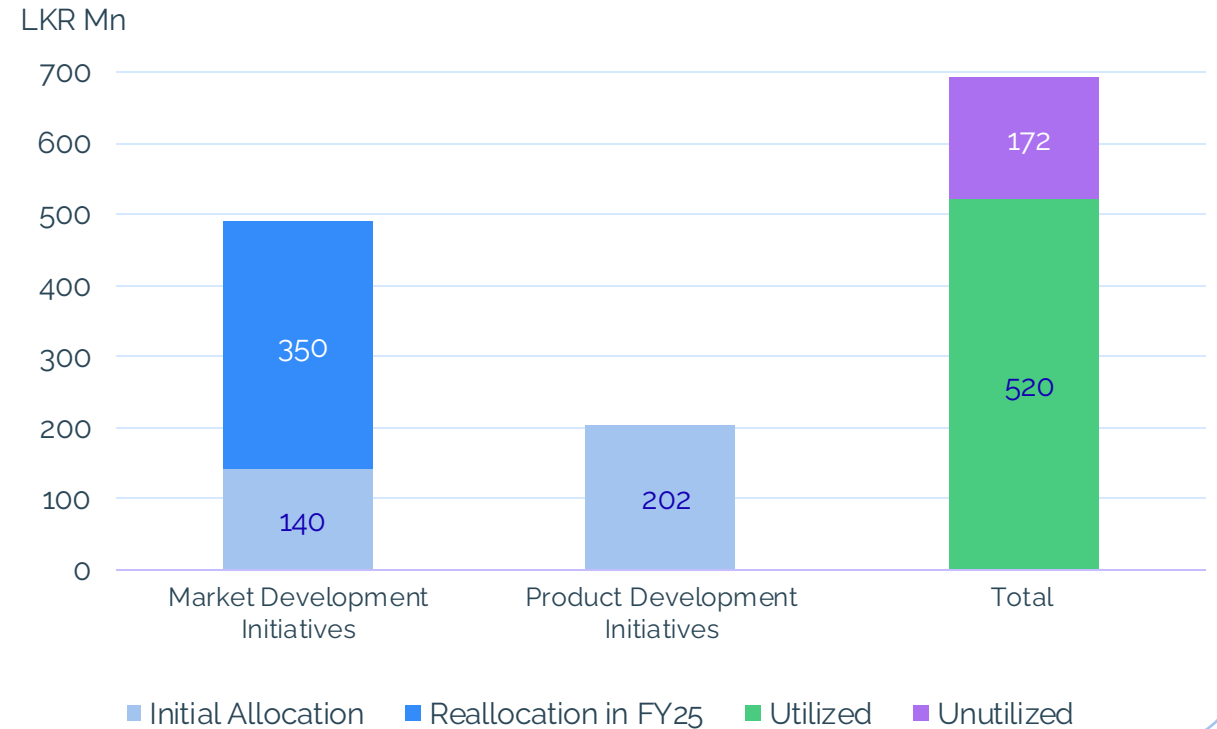
In LKR millions	FY22	FY23	FY24	2Q FY25
Revenue	1,091	1,464	1,645	422
Gross profit	617	644	665	184
<i>Gross profit margin</i>	57%	44%	40%	44%
Normalized EBITDA	329	138	(148)	(72)
<i>Normalized EBITDA margin</i>	30%	9%	-9%	-17%
FX gain/(loss)	287	71	(65)	(23)
Net interest income	27	188	139	12
Profit before tax (PBT)	466	189	(291)	(128)
<i>PBT margin</i>	43%	13%	-18%	-30%
Net profit	454	188	(293)	(129)
<i>Net profit margin</i>	42%	13%	-18%	-31%
EPS (LKR)	1.93	0.68	(1.06)	(0.46)
FCFF Margin	3.8%	-7.6%	-27.6%	-46%

Cash Position and IPO Fund Utilization

Cash Position



IPO Fund Utilization

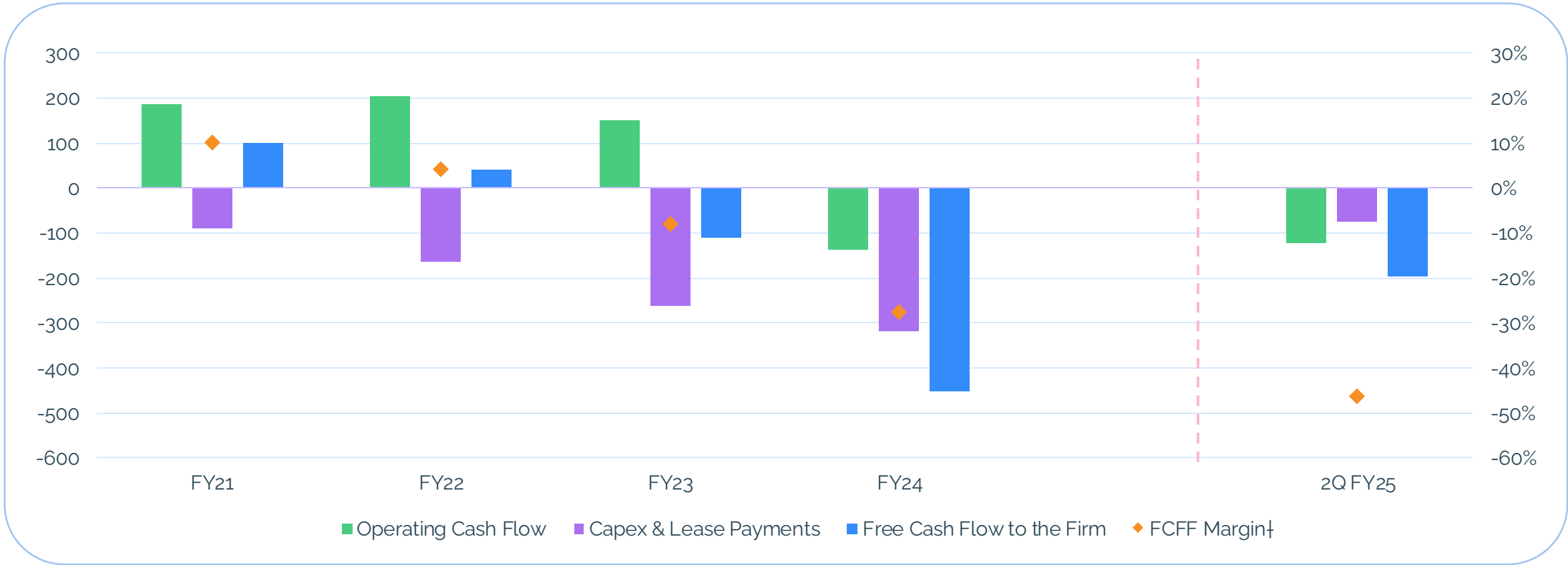


▶ Cash position at ~LKR 619 Mn

▶ IPO fund utilization at 75%

† Includes IPO proceeds excluding utilization for investments

Free Cash Flow Generation

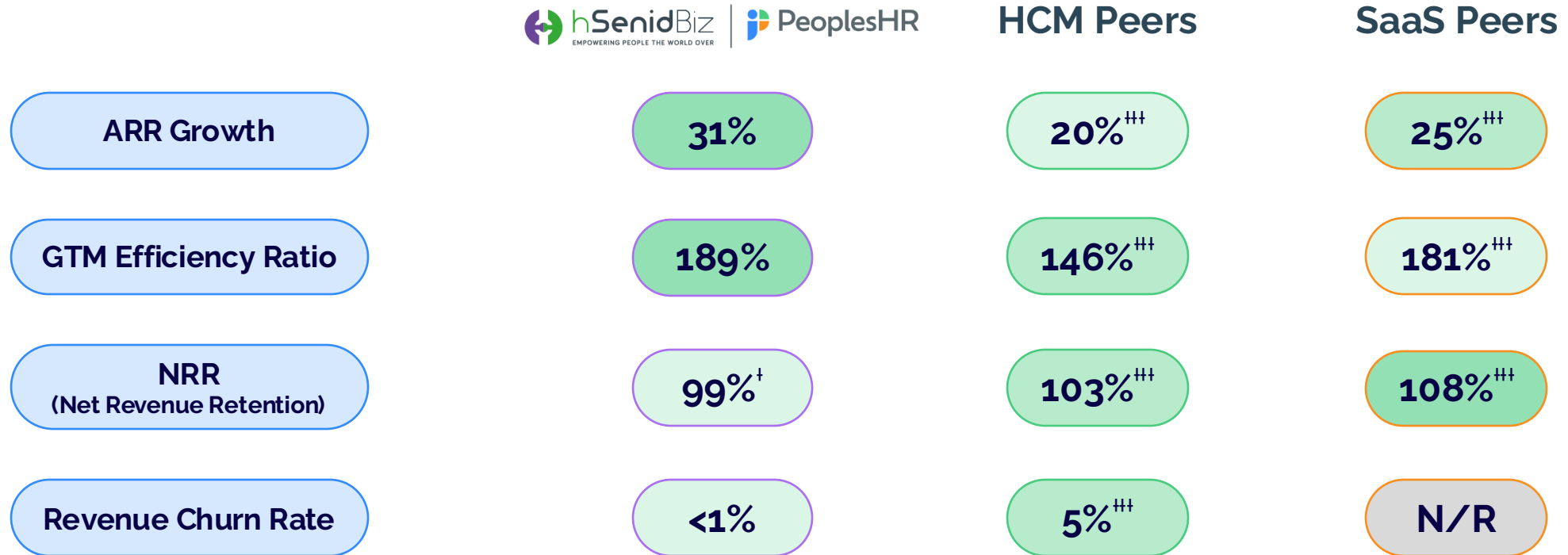


- ▶ Limited cash collections from new customers due to low new deal closures
- ▶ Cash collections from existing customers impacted by delay in few large collections

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

Peer HCM and SaaS company benchmarking

(For the last reported quarter)



- ◆ 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, Sep 2024.
 Notes : All values shown above represents the last reported quarter of the respective organizations. In the case of hSenidBiz, quarter ending on September 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

Investor Forum



Join us for the **Investor Forum Q&A Session**
for **Q2 FY2025**

13th of November 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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