PeoplesHR

Annual
Report
2025/26

Precision.
At Scale.

Entering an era where people and AI operate in unison through a single **Human Capital Operating System**, engineered to connect every workflow, decision and action across the workforce.

hSenid Business Solutions PLC

Each section separator in this Annual Report has been carefully designed to represent one of the core modules of the PeoplesHR platform, HR, Time, Pay, Talent, Engagement and Insights, visually reinforcing the depth and integration of our end-to-end SaaS suite that powers workforce transformation across emerging markets.

PRECISION AT SCALE

hSenidBiz is a leading provider of Human Capital Management (HCM) software, serving key emerging markets across South Asia, Southeast Asia, and the Middle East and Africa. Our flagship product, PeoplesHR, digitalises the entire employee journey, supporting over 1,500 organisations across 25 countries and more than 20 diversified industries.

In an increasingly dynamic world of work, managing human capital with speed, accuracy, and strategic insight is a business imperative. hSenidBiz is answering this call by evolving PeoplesHR into a comprehensive Human Capital Operating System (OS).

Over the past year, our platform has progressed beyond integration and broad scale, moving toward a highly intelligent and adaptive model. By weaving artificial intelligence (AI)-driven capabilities and automation into our core architecture, PeoplesHR enables organisations to shift from reactive, process-driven HR to insight-led workforce management. What began as a robust foundation built for global scale is now a system defined by its precision and predictability.

This year marks a pivotal shift for hSenidBiz: we are executing with surgical precision. Supported by strong operational discipline, a scalable software as a service (SaaS) model, and a compounding base of recurring revenue, we are delivering consistent, profitable performance alongside our rapid product evolution.

As hSenidBiz continues to expand its global footprint, the Human Capital OS remains central to our vision—delivering the connected, intelligent, and scalable solutions that empower organisations to master the future of work.

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About the Report

ABOUT

This annual report of hSenid Business Solutions PLC ('hSenidBiz' or 'the Company') covers the financial year 2025/2026, ended 31 March 2026. hSenidBiz is a multinational software product company focused on the Human Capital Management (HCM) space, and was listed on the Colombo Stock Exchange on 21 December 2021.

REPORTING CONTENT, SCOPE, AND BOUNDARY

This report covers the financial year ended 31 March 2026, providing a comprehensive overview of the Company's operations, strategy, and performance. It compares results against the previous year and outlines future prospects, combining both financial and non-financial insights relevant to the reporting period.

COMPLIANCE

The financial statements are prepared in accordance with the Sri Lanka Accounting Standards, guided by the International Financial Reporting Standards. Independent auditors have audited the financial statements and related notes. The sustainability aspects of the report are not externally verified.

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements relating to the plans, objectives, expectations and intentions of the Company. Such statements are based on current assumptions and assessments made by the Board and management, in light of available information.

Given the inherent uncertainties of the economic, regulatory and operating environment, actual results may differ from those expressed or implied in such statements. The Company undertakes no obligation to publicly update or revise forward-looking statements to reflect subsequent events or changed circumstances.

INQUIRIES

Queries and clarifications on this annual report, if any, should be directed to:

Nilendra Weerasinghe
Chief Financial and Strategy Officer |
Head of Investor Relations

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One robust foundation for HR Clarity.

Your people deserve more than a database. The HR Module transforms how organisations manage their workforce, turning disconnected records and manual processes into a single, intelligent system every team can rely on.

Overview

Vision and Mission

Vision

"Make Life Easy"

Mission

Become the most preferred HCM Solutions provider in Asia Pacific & African regions with a globally competent workforce, agile and AI-driven product innovations through Interdependence, Interoperability, and Integration with global best practices.

Financial Highlights

Revenue
LKR 2.1 Bn
Up 13.2% YoY driven by PHR Cloud

Year-end exit ARR
USD 5.5 Mn
Up 32.0% YoY

New deals
USD 2.0 Mn
Majority from PHR Cloud

Core recurring revenues
74.0%
Of total revenues, driven by PeoplesHR Cloud

Churn rate
6.0%
Vs 5.0% in FY25

EBITDA
LKR 215 Mn
Vs a LKR 147 Mn loss in FY25

EBITDA margin
10.4%
Vs (8.1%) in FY25

Net profit margin
(1.9%)
Vs (15.7%) in FY25

Net loss
LKR 39 Mn
Vs a LKR 286 Mn loss in FY25

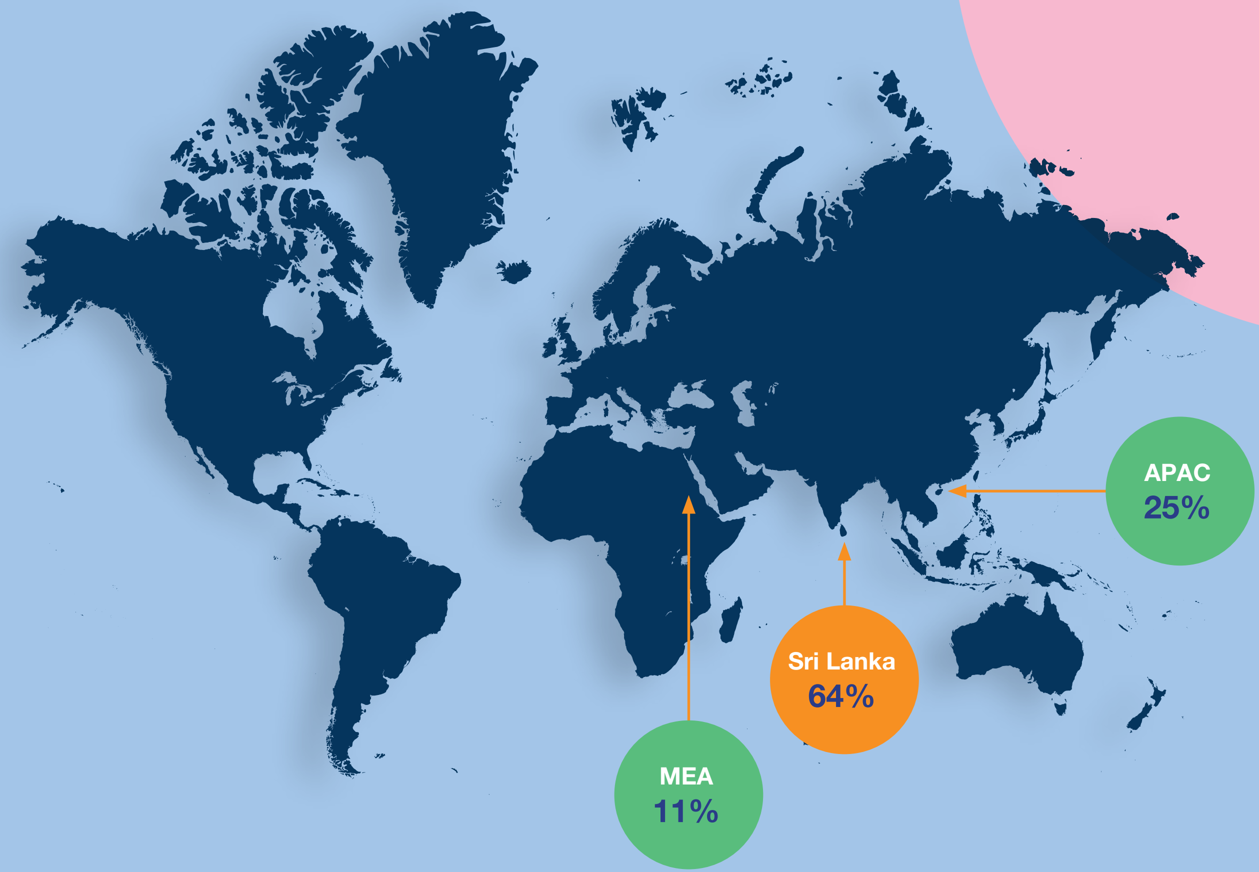
Earnings per share
(LKR 0.14)
Vs (LKR 1.01) in FY25

Return on equity
(3.7%)
Vs (21.5%) in FY25

Net cash
LKR 541Mn
Up from LKR 450 Mn in FY25

Capex investments
LKR 185 Mn
Down from LKR 259 Mn in FY25

Financial Highlights



REVENUE BREAKDOWN BY PRODUCT CATEGORY

PHR cloud continues to lead the revenue mix, maintaining its position as the largest revenue contributor

PeoplesHR Cloud	PeoplesHR On-Premise	PeoplesHR Tracking	PeoplesHR Outsourcing	Other*
70%	11%	8%	7%	4%

* Includes non-core revenues of PHR Marketplace, Mobile Software and Staffing Solutions

Industry Metrics

PeoplesHR key performance metrics are benchmarked against top SaaS industry peers

	hSenidBiz | PeoplesHR	Private SaaS	Public SaaS
ARR Growth	32%	27%	14%
GTM Efficiency Ratio	98%	180%	224%
NRR (Net Revenue Retention)	100%	101%	108%
Revenue Churn Rate	6%	12%	5%

Notes:

PeoplesHR: NRR and Churn Rates represents only the PHR Cloud Business for the Last Twelve Months

Private SaaS: Values reflect metrics for the Calendar Year 2024 for Privately-held SaaS entities falling under the criteria of ARR USD 5-20 Mn

Public SaaS: Values reflect metrics for the Financial Year 2025 for Publicly listed SaaS entities falling under the criteria of ADV < USD 50k

DEFINITIONS

ARR (Annualised Recurring Revenue)

ARR stands for Annual Recurring Revenue. It is a metric used by subscription-based businesses to measure the predictable and recurring revenue that they can expect on an annual basis from their customers. ARR is typically calculated by:

ARR = 12 X MRR (monthly recurring revenue) OR ARR = 4 X QRR (quarterly recurring revenue)

Go-to-market (GTM) Spend Efficiency Ratio

The GTM Efficiency Ratio is the ratio of Sales and Marketing spend to net new ARR. It is calculated by dividing the total GTM costs (Sales and Marketing expenses) for a given period by the net new ARR added. This ratio is tracked to understand the efficiency of the GTM function.

NRR (Net Revenue Retention)

Net Revenue Retention (NRR) shows the percentage of revenue earned from the existing customer base. It is calculated by comparing the revenue generated by existing customers at the beginning of a given period with the revenue generated by the same customers at the end of the period. The formula for NRR is:

NRR = 1 – % churned revenue + % upsell & cross-sell revenue + % expanded account revenue – % contracted account revenue

Key Milestones

1997 – Operations begin with 3 employees

1999 – SriLankan Airlines and Sri Lanka Telecom become the first clients

2004 – Launch of HRM Enterprise product

2006 – Commencement of African regional operations

2007 – Introducing Business, Professional and Corporate HRIS licensing products

2008 – Launch of hSenid HRO

2010 – Developed the hSenid certified training module. Reached over 500 clients

2011 – hSenid Business Solutions expands by opening a branch in India

2013 – Introducing PeoplesHR brand and opening the Australian branch

2016

Launch of the Juraa Enterprise Social Network

2019

Launching of the PeoplesHR Turbo product. Opened our 5th branch in Bangladesh. Automated the human capital management system of the Government of Uganda. Increased the global footprint across 35+ countries

2020

Introduced PeoplesHR Marketplace. Acquired 1,200+ clients

2021

Successful Initial Public Offering on the Colombo Stock Exchange, raising LKR 692 Mn in equity funds. Launch of PeoplesHR Academy

2022

Celebrated 25 years in HCM. Acquired 1,400+ clients across 40+ countries. hSenid HRO rebranded to PeoplesHR Outsourcing. Expanded Bangladeshi operations to include product development

2023

The flagship brand, PeoplesHR, underwent a rebranding, unveiling a fresh new logo that reflects the Company’s long-term vision

2024

PeoplesHR surpassed an Exit ARR of USD 4 Mn during the year

2025

Surpassed an Exit ARR of USD 5 Mn. Launched Lexi AI, enhancing user experience and adoption

Chairman's Message

"Years of disciplined investment in our people, products, and markets have built a strong foundation for the future. As we enter our next phase of growth, we are scaling with greater precision and purpose, leveraging AI and deep domain expertise to realise our vision of becoming the global operating system for human capital."

Dear Shareholders,

The financial year under review marks a defining milestone in the evolution of hSenid Business Solutions PLC. Over the past several years, we have undertaken a focused transformation by investing in our people, strengthening our product architecture, expanding our global market presence, and building leadership capability across the organisation. Our long-term objective remains clear: we are building a globally relevant Human Capital Management platform designed for emerging and growth markets. We call this the ‘Human Capital OS.’

Today, I am pleased to state that the foundations we envisioned are firmly in place.

‘The Human Capital OS – Precision at Scale’ reflects both the maturity of our strategy and the direction of our future. We no longer see PeoplesHR merely as a collection of human resource (HR) modules or workflows; we increasingly view it as the operating system powering human capital management for modern enterprises across diverse industries, regulatory environments, and geographies.

Much like an operating system that serves as the invisible yet essential layer connecting and coordinating complex environments, PeoplesHR is evolving into the platform that powers workforce management across organisations operating across Asia Pacific, and the Middle East and Africa (MEA). Our architecture, strengthened through years of disciplined engineering investment, enables us to deliver scalability, configurability, precision and intelligent insights simultaneously – a capability that very few regional software as a service (SaaS) companies have successfully achieved.

A YEAR OF MEASURED PROGRESS

The financial story of the financial year 2025/26 is one of disciplined execution translating into measurable results. Exit Annualised Recurring Revenue (ARR) reached USD 5.5 Mn, growing 32.0 percent year-on-year, while recurring revenues strengthened to 74.0 percent of total revenue — improving the quality and predictability of our business. At the same time, normalised earnings before interest, taxes, depreciation, and amortisation (EBITDA) turned positive, and free cash flow improved significantly, validating the scalability of our SaaS-led model.

Our strategic focus on the Asia Pacific and MEA regions remains unchanged. These markets continue to present strong demand for modern, cloud-native HR platforms, driven by growing workforce complexity and digital transformation initiatives. We believe hSenidBiz is well positioned to capitalise on this opportunity through disciplined execution, strong regional expertise, and a platform designed for scale.

PRECISION AT SCALE

The transition from being a broad product provider to a focused global SaaS contender did not happen overnight. It is the result of nearly three decades of accumulated domain expertise, customer engagement, and continuous learning.

For 29 years, hSenidBiz has been deeply embedded in the operational realities of human resource management. Over time, this has created one of our strongest competitive moats: years of customer data, workflows, compliance knowledge, and operational experience accumulated across thousands of organisations and millions of employee interactions.

Over the last several years, we have consciously sharpened our focus around specific geographies, customer segments, and product capabilities. This focus has enabled us to improve execution, strengthen our market positioning, and align the organisation around scalable growth.

As we move forward, our emphasis will increasingly shift toward operational efficiency, recurring revenue expansion, profitability, and long-term value creation.

AI: THE DEFINING ACCELERANT

Artificial Intelligence (AI) is fundamentally reshaping the software industry. Over the coming decade, the value created by SaaS companies will increasingly shift from workflow automation toward predictive intelligence, operational insights, and faster decision-making.

In such an environment, data becomes a critical strategic asset.

While many new AI-native companies are entering the market with impressive technologies, sustainable long-term value in enterprise software will belong to organisations that possess deep contextual data, trusted customer relationships, and years of operational learning. This is where hSenidBiz is uniquely positioned.

Chairman's Message

Our customers are positioned to benefit significantly from this evolution.

With nearly three decades of human capital data and domain expertise underpinning our platform, we are able to build AI-driven capabilities that go beyond generic automation.

Our focus is on delivering practical and measurable intelligence — helping organisations make better workforce decisions, improve productivity, strengthen employee engagement, enhance compliance, and operate more effectively across increasingly complex environments.

Importantly, we believe AI should augment human decision-making rather than replace it. Human resources is ultimately about people, culture, leadership, and organisational growth. Our vision is to combine the scale and speed of AI with the judgment and experience that only human leadership can provide.

During the year, we continued to invest strategically in embedding AI capabilities into the PeoplesHR ecosystem. These investments span analytics, intelligent workflows, conversational interfaces, automation, and operational insights. We believe the coming years will represent a defining period for SaaS companies globally, and our objective is clear: to ensure that hSenidBiz is not merely adapting to this transformation but helping shape it within our target markets.

LEADERSHIP AND TALENT

One of the most important lessons we have learned over the years is that technology companies are ultimately built by people.

As our organisation continues to expand globally, leadership development and talent readiness have become critical strategic priorities for the Board and management team.

We are intentionally focused on building the next generation of leaders within hSenidBiz — individuals capable of operating in a fast-changing, AI-enabled, globally competitive environment.

Our ambition requires more than technical excellence alone. It requires leaders who can think across functions, move with agility, understand customers deeply, manage complexity, and inspire teams through periods of rapid transformation.

Accordingly, we are continuously investing in strengthening our leadership bench across all parts of the organisation. Building organisational depth, succession capability, and leadership resilience will be a major focus in the years ahead. We believe companies that successfully navigate the next decade will be those that combine strong technological capability with exceptional human talent and adaptive leadership cultures.

OUTLOOK

I would like to acknowledge the efforts of our CEO, Sampath Jayasundara, our CFO, Nilendra Weerasinghe, and the entire leadership team for their dedication and commitment throughout this transformative period. Their disciplined execution, combined with the resilience and passion of our employees across all regions, has positioned the Company strongly for the future.

As we look ahead, we remain optimistic about the opportunities that lie before us. The global HR technology landscape continues to evolve rapidly, and organisations increasingly require platforms capable of managing complexity with precision, intelligence, and scalability. We believe hSenidBiz is uniquely positioned to address this need.

We have built the foundation.

Now, we are scaling with greater focus and precision — with a clear vision of becoming the global operating system for human capital.

On behalf of the Board of Directors, I extend my sincere gratitude to our customers, partners, employees, and shareholders for your continued trust and confidence in our journey.

The future ahead is both exciting and transformative, and we remain committed to building a company that creates enduring value for all stakeholders.

Sincerely,

Dinesh Saparamadu

Dinesh B. Saparamadu
Chairman
hSenid Business Solutions PLC

22 July 2026

CEO's Message

"PeoplesHR has entered a new phase of growth—scaling with greater precision, efficiency, and predictability. As we advance our vision of a Human Capital Operating System, we look to lead the evolving HCM landscape by empowering organisations with intelligent, data-driven solutions that help them navigate the future of work with confidence."

CEO's Message

Dear Stakeholders,

On behalf of hSenid Business Solutions PLC (hSenidBiz), I am pleased to present our Annual Report and Financial Statements for the year ended 31 March 2026, reflecting a year of progress and transformation.

Global macroeconomic conditions continued to stabilise in 2025 despite the ongoing trade tensions, while Sri Lanka also remained resilient, recording another 5.0 percent GDP growth during the year, on the back of strong growth in services and industrial manufacturing. Key regions in which we operate, including South Asia (SA) and South-East Asia (SEA), remained crucial drivers of global activity.

On the human capital management (HCM) industry front, we note that the global workplace has now evolved into a diverse workforce consisting of permanent staff, contingent workers, and freelancers. In order to manage such a workforce, organisations across the globe have been migrating to cloud-native platforms, with demand for Agentic Artificial Intelligence (AI) capabilities to execute day-to-day talent management, payroll, and recruitment workflows independently.

It is expected that nearly half of global human resource (HR) activities will be completely agent-driven by 2030. As a result, the modern role of an HCM solution is being redefined, and is now expected to go a step further and deliver advanced workforce analytics. Organisations now need to ensure that they have a strong foundational suite of HR technology that can fully digitalise the operational HR aspects, to ensure that strategic agent-driven HR workflows can operate seamlessly to unlock significant value.

In this backdrop, PeoplesHR has stayed abreast of these developments and stepped up product development initiatives by aligning our platform directly with these major HCM shifts through the release of PeoplesHR Version 10, which includes an integrated AI suite supported by a multilingual and voice-enabled AI assistant. By embedding artificial intelligence into both products and processes, we have streamlined operational complexity while enhancing the user experience through a more intuitive and high-performing platform.

Having moved early to align with these shifts, PeoplesHR is now better positioned to respond to customer expectations with speed and relevance, and to strengthen our competitiveness as the HCM landscape continues to evolve.

FY26 FINANCIAL PERFORMANCE

The year saw the Company achieve a significant milestone by recording a core exit annualised recurring revenue (ARR) of USD 5.5 Mn by the end of financial year FY26, up 32.0 percent from USD 4.1 Mn as at end FY25. This was predominantly generated by the Cloud business, which recorded a core exit ARR growth of 35.9 percent year-over-year in constant currency terms.

Total revenues came in at LKR 2.1 Bn, up 13.2 percent year-over-year, driven by our PeoplesHR Cloud business. The cloud business continues to see a strong trajectory, with demand for cloud-based HCM products remaining strong across the globe due to demand for HCM solutions to manage hybrid workforces. The segment was also supported by both new business as well as some conversions from our traditional On-Premise product utilised by our existing clients. This led to a 30.6 percent year-over-year growth in core-recurring revenues, which accounted for 74.0 percent of total Company revenues.

Revenue growth	13.2% YoY
Exit ARR (end FY26)	USD 5.5 Mn
New deals	USD 2.0 Mn
Core recurring revenues	74.0% of total revenues

As a result of the strong demand for our software-as-a-service (SaaS) offering, the PeoplesHR Cloud business remained our largest, accounting for 69.8 percent of Company revenues, recording a 32.6 percent growth for the full year. Together, our core PeoplesHR product portfolio (Cloud and On-Premise) accounted for 81.0 percent of Company revenues, further improving from 80.0 percent in FY25.

New deals during the year reached USD 2.0 Mn, compared to USD 1.7 Mn in FY25 with the Cloud business contributing to a majority of the new wins. We continue to see the average deal value rise in line with our strategy to increase average contract values.

The year also saw normalisation of operational expenditure, particularly with costs related to project implementation and cloud infrastructure. Additionally, we streamlined our marketing efforts during the year, which are now more targeted towards our key markets and customer segments. The success and scale of the transformation of the business was reflected in the fact that the net loss of LKR 286.3 Mn recorded in the previous year improved significantly to record a net loss of LKR 39.0 Mn for the full year FY26.

RENEWED FOCUS ON MARKET OPPORTUNITIES

During the year, we continued to refine our market development strategy, sharpening our focus on regions and customer segments that offer strong potential for sustainable growth. We consolidated our Middle East, South Asia, and Africa (MESA & Africa) operations under a single, streamlined leadership structure. This new alignment allows us to efficiently manage our highly stable, dependable revenue streams while simultaneously shifting focus toward emerging growth sectors. As a result, we increased our emphasis on SEA, where accelerating digitalisation and growing demand for modern workforce solutions present significant opportunities.

We also refined our go-to-market strategy to improve efficiency, scalability, and customer acquisition outcomes. A key focus was the adoption of a more targeted approach centred around our Ideal Customer Profile (ICP), enabling us to concentrate resources on organisations, industries, and markets where PeoplesHR delivers the greatest value and where long-term growth opportunities are strongest. As a result of these efforts, we have been able to generate quality opportunities, and improve conversion rates and customer engagement. This disciplined approach is creating a stronger foundation for predictable growth while ensuring that our investments are directed towards markets and customers with the greatest long-term potential.

PRODUCT DEVELOPMENT AND INNOVATION

Product innovation remained a key area of focus during the year as we continued to enhance the capabilities of PeoplesHR through the integration of AI and automation. Our efforts were directed towards expanding the breadth of HR use cases supported by the platform, enabling organisations to digitalise a wider range of workforce processes while improving the user experience and operational efficiency.

A key development during the year was the release of PeoplesHR Version 10, and the introduction of Lexi, an AI-powered agent designed to simplify how users interact with the platform. By combining intelligent navigation, conversational interfaces, and AI-assisted workflow execution, Lexi enables users to access information, complete tasks, and manage workforce processes with greater speed and ease. We also advanced our AI-driven analytics capabilities through the introduction of enhanced workforce insights, enabling business leaders to interact with organisational data in more intuitive ways.

Furthermore, we have established a clear, rolling product development roadmap that supports a structured three-month release cycle, delivering four major version updates each year and ensuring a steady pace of innovation.

DIVIDENDS

During FY26, the Board continued to prioritise the Company's long-term growth strategy and capital allocation objectives. In view of the ongoing investments in product development, market expansion, and customer acquisition initiatives, the Board decided not to declare a dividend for the financial year.

The Company remains committed to strengthening its competitive position and enhancing long-term shareholder value through sustained investment in strategic growth initiatives. These investments are expected to support future earnings growth and improved profitability, creating sustainable value for shareholders.

ADVANCING SUSTAINABILITY PRACTICES

During the year, we completed outlining a comprehensive sustainability roadmap that will guide our future efforts with regard to how the Company addresses sustainability-related matters.

At hSenidBiz, sustainability is not just a commitment; it is a foundation for how we operate, collaborate, and innovate. We continue to embed these values into our solutions, delivering secure, inclusive, and impactful technology to our global partners. In FY26, we advanced our product roadmap with stronger data privacy, employee wellbeing, and accessibility features to support sustainable workplaces.

Additionally, the roadmap also provides guidance on how the Company can take a proactive approach to environmental sustainability, employee wellbeing and our larger role in the community, and compliance with relevant governance regulations and principles. These are outlined in detail in the Sustainability section of the annual report.

hSenidBiz remains committed to maintaining the highest standards of corporate governance, guided by the principles of transparency, accountability, and ethical conduct. We believe that strong governance not only supports responsible business practices but also enhances investor confidence and strengthens the integrity of the capital markets.

INDUSTRY RECOGNITION

hSenidBiz was recognised with the Gold Award in the Large Category of the ICT, BPO & Related Services Sector at the 33rd Annual Export Awards 2025, hosted by the National Chamber of Exporters of Sri Lanka in February 2026. This achievement marks the sixth consecutive year that hSenidBiz has received this honour. Indeed, this continued recognition signifies the Company’s global reach, our commitment to innovation and quality, and our contribution to the country’s information and communications technology/business process outsourcing (ICT/BPO) sector.

Furthermore, hSenidBiz was also honoured with the Best Investor Relations award at the CFA Society Sri Lanka Capital Market Awards, in the category for listed companies with a market capitalisation of less than LKR 10.0 Bn.

This is the second consecutive year that the Company was conferred this accolade since the category’s introduction in 2024, reflecting our commitment to maintaining exceptional investor relations, and our dedication to transparent and effective communication with our stakeholders.

hSenidBiz secured the Gold Award in the Large Category of the ICT, BPO & Related Services Sector at the 33rd Annual Sri Lankan NCE Export Awards 2025.

hSenidBiz Wins Best Investor Relations Small Cap Companies Award at CFA Society Sri Lanka Capital Market Awards 2025.

SUPPORTING OUR COMMUNITY

During the year, we continued our community-based activities. Celebrating Women's Day, and our commitment to empowerment and inclusivity, we held the ‘Open Closet’ for the ninth consecutive year. Our team welcomed over 200 men and women to choose from a range of essential items.

Furthermore, we also supported the Sunshine Games, a sports meet for differently-abled children from across the island, organised by the Rotary Club of Colombo Metropolitan.

The Company continued to be actively engaged at the industry level through its involvement with the Sri Lanka Association for Software and Services Companies (SLASSCOM), with a key focus on human capital and entrepreneurship development.

We also continued to support local universities by contributing to curriculum development, delivering guest lectures, conducting workshops, and offering internship opportunities to students. As a part of supporting local universities, we signed a memorandum of understanding (MoU) with the Wayamba University to donate our industry-leading PeoplesHR Application Software to the Department of Business Management, Faculty of Business Studies and Finance, for practical training in HR functions.

LOOKING AHEAD - ‘PRECISION AT SCALE’

Our efforts in the previous years – fine-tuning our markets and product development strategies, while strengthening our recurring revenue base – enabled us to achieve an exit ARR of USD 5.5 Mn at the end of the last financial year.

With a disciplined growth strategy, a strengthening recurring revenue base, and a clear product roadmap centred on AI and automation, PeoplesHR is now ready to scale with greater precision, efficiency, and predictability.

These developments now represent an important step in our vision of PeoplesHR as a Human Capital Operating System, one that not only digitises HR processes but also empowers organisations with intelligent, data-driven decision-making. We look to lead the ever-changing HCM space, providing organisations with intelligent, agile, and user-centric workforce solutions that help them navigate the future of work with confidence.

From a product development perspective, we remain focused on strengthening the scalability of our operating model. Through continued investment in implementation automation and integration capabilities, we aim to accelerate deployment timelines. From a market perspective, we will continue to deepen our presence in selected geographies and industry segments that align with our ICP. With SEA expected to remain a key growth driver, we will pursue opportunities where our differentiated product capabilities, industry expertise, and growing partner ecosystem position us to deliver sustainable long-term growth.

As we enter this next phase of our journey, our focus is firmly on scaling the business, expanding recurring revenues, and progressing towards our long-term ambition of achieving USD 10 Mn in ARR over the next three years.

APPRECIATION

As we continue to strengthen our position in the HCM space, I would like to extend my sincere appreciation to our Founder and Board of Directors for their steadfast guidance and support. Their strategic insight and long-term perspective have been key in helping the Company sharpen its focus, strengthen execution, and navigate an evolving business landscape with confidence in the past year.

Our people remain the driving force behind everything we achieve. This year, their adaptability, commitment, and willingness to embrace new ways of working have been particularly evident as we accelerated the adoption of AI and automation across our operations. Their dedication to innovation, continuous learning, and customer success continues to strengthen our competitive advantage and position us for the future.

I would also like to thank our partners for their continued collaboration and trust. As technology continues to reshape the future of work, strong partnerships remain critical to extending our reach, enhancing our capabilities, and delivering greater value to our customers. We look forward to deepening these relationships as we continue to expand our presence across key markets.

To our customers: thank you for placing your trust in PeoplesHR. Today, we are privileged to support over 1,500 organisations and over a million users across our markets in South and South-East Asia, the Middle East and Africa. Your evolving needs inspire us to continuously enhance our platform, innovate with purpose, and deliver solutions that help organisations manage their people with greater efficiency, insight, and confidence.

Finally, I extend my gratitude to our shareholders for their continued confidence in our vision and strategy. Your support has enabled us to build a strong foundation for sustainable growth. As we continue to strengthen our market position, I encourage you to stay with us and be a part of our journey, as we establish PeoplesHR as the go-to HCM technology company in emerging markets.

Sampath Jayasundara
Chief Executive Officer
hSenid Business Solutions PLC

22 July 2026

Board of Directors

Dinesh Saparamadu
Chairman, Executive, Non-Independent

Appointed to the Board on 5 October 2005

Dinesh Saparamadu is the Founder and Chairman of the hSenid Group of Companies. He began his career at Aetna Life and Casualty, in Connecticut, USA, where he worked as an Enterprise Technology Consultant. He then joined Pepsi-Cola in New York as a software professional. As an entrepreneur in Sri Lanka, he has established more than 12 companies over the course of three decades. The hSenid Software International Group is a leader in the enterprise and mobile application market, and serves over 45 countries with thousands of customers worldwide.

The latest company founded by Dinesh is Applova Inc. based in Silicon Valley, USA, which focuses on delivering innovative e-commerce solutions for restaurants. Dinesh is extremely passionate about supporting Sri Lanka's information technology (IT) industry; he is a Founding Member and a Past Chairman of the Sri Lanka Association for Software and Service Companies (SLASSCOM).

In appreciation of his contribution to shaping the information and communications technology (ICT) landscape in Sri Lanka, he has been recognised locally and internationally on several occasions. He received the ICTA Most Outstanding Contribution Award in 2012, Sri Lankan Entrepreneur of the Year Award in 2014, and the SLASSCOM Chairman's Award in 2016. Dinesh has an MSc in Computer Science and a BSc in Computer Engineering from the University of Bridgeport, USA, and has completed the Executive Programme for Growing Companies at the Stanford Graduate School of Business, USA.

Sampath Jayasundara
Chief Executive Officer, Executive, Non-Independent

Appointed to the Board on 20 August 2007

Sampath Jayasundara is the Chief Executive Officer of hSenid Business Solutions. With over 25 years of experience in the ICT industry, he joined hSenid as a Project Lead in 2000 and has held several key positions across the organisation, including Manager Operations, Head of Business Development, and General Manager.

He holds a BSc Degree and a Postgraduate Diploma in Computer Science from the University of Colombo, and an MBA from the Postgraduate Institute of Management (PIM) – University of Sri Jayewardenepura. He also serves on the lecture panel for the Chartered Institute of Personnel Management (CIPM) of Sri Lanka, PIM – University of Sri Jayewardenepura, the Institute of Human Resource Advancement (IHRA), and the Faculty of Management and Finance of the University of Colombo, for postgraduate studies.

Sampath is the Co-founder/Director of the Pioneer Institute of Business and Technology (Pvt) Ltd, an institute that offers IT, Law and Business Degree programmes in affiliation with the University of Greenwich, UK. He serves as vice Chairman at SLASSCOM, the industry chamber for the information technology/business process outsourcing (IT/BPO) sector, and is a Council Member of the Sri Lanka-Indonesia Business Council. He was recognised as the ICT CEO of the Year 2022 by The CEO Magazine Sri Lanka and is a distinguished speaker on the human resources (HR) tech space at various international forums.

Apurva Udeshi

Non-Executive, Non-Independent

Appointed to the Board on 21 November 2011

Apurva Udeshi is the Managing Director of Argent Capital, Co-Founder of Avantrio, and a Founding Board Member of the Lankan Angel Network. He has over 10 years of experience in the investment management industry and over five years in the technology industry. Argent Capital, which was set up by Apurva in 2011, is a sector-agnostic structured fund that invests across private equity, listed equities, fixed income trading, real estate, and startups. Avantrio is a software services development studio, which specialises in designing, prototyping, building, and integrating high-tech platforms and software solutions.

Apurva earned his Undergraduate Degree in Computing from Imperial College, London, where he graduated with First Class (Hons), placing him in the top 10 percent of his class. He began his career at Nomura International, London, where he worked for a year trading European convertible bonds, before moving to Kotak Mahindra, London. At Kotak, he set up the London bond trading desk, which he headed for three years.

Dishnira R. Saparamadu-Ariyarathne

Non-Executive, Non-Independent

Appointed to the Board on 20 September 2021

Dishnira R. Saparamadu Ariyarathne is a Non-Executive Director of hSenid Business Solutions PLC. She is an entrepreneur with experience spanning technology, retail, branding, and business development.

She founded Thambili Island, a Sri Lankan fashion brand that she successfully built and scaled before transitioning ownership. She is also the Co-Founder of The Culture Boutique, a platform supporting local artists, artisans, and independent brands. In addition, she is also involved in artificial intelligence (AI) and digital innovation initiatives through her work at hSenid Mobile Solutions.

Dishnira holds a BSc (Hons) in Finance, Accounting and Management from the University of Nottingham, UK, and previously worked as a Business Analyst at MillenniumIT ESP.

Board of Directors

Madu Ratnayake

Non-Executive, Independent

Appointed to the Board on 20 September 2021

Madu is an accomplished technology executive with deep expertise in digital transformation, cybersecurity, and building high-performing global teams in high-tech and financial services companies.

Madu is the President of Scybers, a leading global cybersecurity company. Prior to Scybers, Madu was part of the executive leadership team that led Virtusa, a global digital engineering company, from startup stage to a USD 2.0 Bn NASDAQ-listed corporation with over 30,000 team members worldwide. As the global CIO, he led the establishment of Virtusa's award-winning digital platform and its industry-leading cybersecurity program. Prior to Virtusa, Madu played multiple engineering and delivery leadership roles in telecom services, petroleum, and consulting companies in the UK.

Madu brings deep financial services technology expertise as a former Independent Director of Hatton National Bank, one of the largest private banks in Sri Lanka, and former Independent Director of Sanasa Development Bank. He is also the former Chairman of SLASSCOM, the industry chamber for IT/BPO, and an advisor to the Cybersecurity Center of Excellence. Currently, he serves as the founding President of TiE Colombo, part of TiE Global, the world's largest entrepreneur organisation. Madu plays a number of advisory and board roles for startups, universities, the government, and non-governmental organisations (NGOs). He has also been recognised among the Top 100 Global Leaders in Technology, Cybersecurity and AI by Technology Magazine UK, and Top 50 Most Influential Chief Information Officers in India by the CIO Council of India.

Madu holds a Bachelor's in Software Engineering from City, University of London, and an MBA from the Postgraduate Institute of Management (PIM), Sri Lanka.

Malinga Arsakularatne

Non-Executive, Independent

Appointed to the Board on 20 September 2021

Malinga Arsakularatne is the Co-Owner/CEO of Acorn Group. He has over 25 years of experience in investment management, corporate finance, business strategy, and general management. He was with the Hemas Group for 16 years until March 2020.

During his last four years at Hemas, he worked in the capacity of Managing Director of the Leisure Travel & Aviation Group, and as the Group CFO during the preceding nine years. He was also a Board Member of Hemas Holdings PLC for over six years and the Serendib Hotels Group for over 13 years, until March 2020. He was recently appointed as the Senior Independent Director of hSenid Business Solutions PLC, where he has also served as the Chairperson of the Board Audit Committee since December 2021.

Malinga is a CFA Charterholder and a Past President of CFA Society Sri Lanka. He is also a Fellow Member of the Chartered Institute of Management Accountants (CIMA), UK, and a Past Board Member of the CIMA Sri Lanka Division. He holds a BSc in Computer Science & Engineering from the University of Moratuwa, an MSc in Investment Management from Bayes Business School, and an Executive MBA from INSEAD.

Anarkali Moonesinghe
Non-Executive, Independent
Appointed to the Board on 20 September 2021

Anarkali Moonesinghe has over 25 years of investment banking experience in Europe and Asia, particularly in Asian emerging markets. She was the CEO of CIMB Investment Bank in Sri Lanka for over ten years, specialising in cross-border corporate finance, and mergers and acquisitions (M&A). She started her career with Merrill Lynch in M&A in Singapore, and then moved to London.

Anarkali currently serves as a Director on the Boards of WealthTrust Securities PLC and DFCC Bank PLC. She is also a member of the Board of Advisors for the Advocata Institute, an independent policy think tank based in Colombo.

Anarkali received a Bachelor of Arts (Hons) in Politics, Philosophy and Economics from the University of Oxford.

Dr. Arittha R. Wikramanayake
Non-Executive, Independent
Appointed to the Board on 3 October 2022

Dr. Arittha Wikramanayake is a Corporate and M&A lawyer with an extensive record in the public and private sectors.

As one of the leading capital market experts in the country, Dr. Wikramanayake has served in various key regulatory and policy-formulating bodies, including as Director General of the Securities and Exchange Commission of Sri Lanka, and as a member of the Public Enterprises Reform Commission, as well as the Sri Lanka Accounting and Monitoring Standards Board. He also served as the Chairman of the Company Law Advisory Commission, a Member of the Advisory Commission on Intellectual Property Law, and as a Member of the National Trade Negotiation Committee appointed by the Cabinet of Sri Lanka, to negotiate free trade agreements with Singapore, India, China, and Thailand. He is presently a member of the Law Commission of Sri Lanka.

Dr. Wikramanayake has been consistently ranked as a leading individual in the fields of Corporate and M&A by Chambers and Partners, and The Legal 500 Asia Pacific. He was the Founder Partner of Nithya Partners, Attorneys at Law, and is presently the Precedent Partner of Heritage Partners, Attorneys at Law.

He holds a Masters in Law from the Vrije Universiteit Brussels, and the School of Law at the University of Georgia, USA. Dr. Wikramanayake also holds a Masters in Law and Diplomacy (MALD) from the Fletcher School of Law and Diplomacy, Tufts University, Massachusetts, USA, and a PHD in Law from the University of Colombo.

Corporate Management Team

Sampath Jayasundara
Chief Executive Officer (CEO)

Nilendra Weerasinghe
Chief Financial and Strategy Officer

Thushara Dissanayake
General Manager - Sri Lanka | Chief Delivery Officer

Ishan Fernando
Vice President - Engineering

Saman Kumara
Director - Administration

Wasantha Ratnayaka
Vice President - Delivery

Kapila Gajapala
Director PeoplesHR Tracking

Mahinda Pathirana
Chief Manager - Customer Success

Riyazi Samsudeen
Director Sales & Partner Management - ASEAN

Hasitha Athawuda
Director Sales - Middle East and South Asia

Manuel Garcia-Ramos
Country Sales Director - Philippines

Raveen Lasath
Financial Controller

Dinushan Tennakoon
Director Human Resources

Ayub Sourjah
Principal Architect

Chamaka Chathuranga
Senior Manager Information Technology

TIME · Module

Your entire workforce tracked across every location.

Built for the complexity of real workforce operations, where attendance rules vary, leave policies differ, and every exception needs an answer.

Focus Story

The Human Capital Operating System: An Evolutionary Leap Led by PeoplesHR

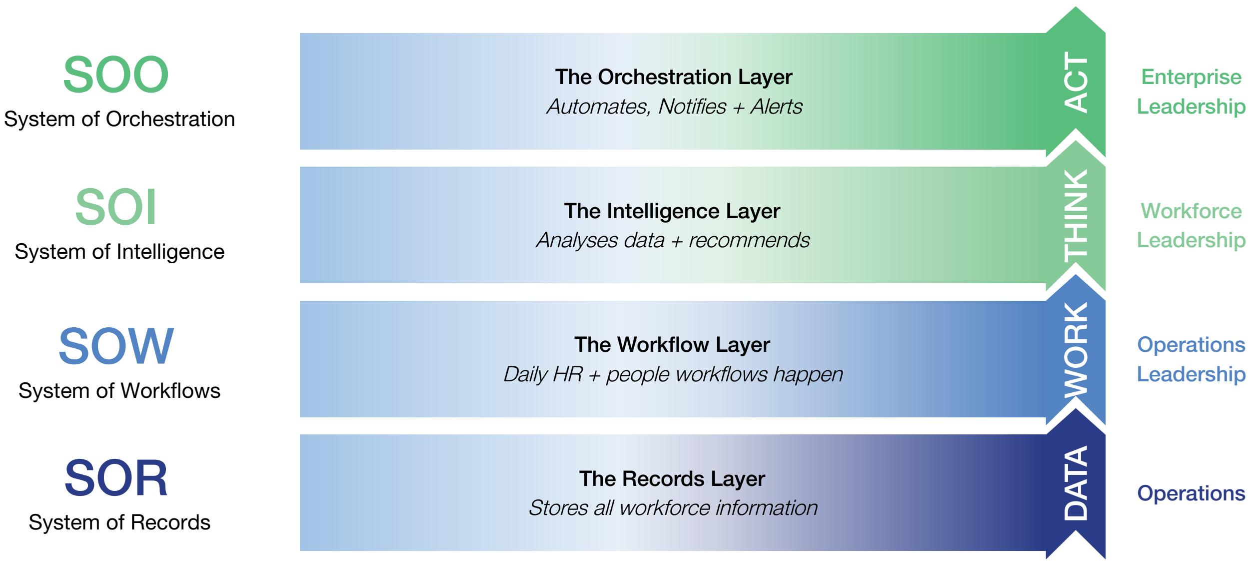
Evolution is rarely a matter of sudden, explosive change; it is a process of sustained adaptation over time. In the natural world, the human brain did not emerge fully formed as a system of higher reasoning. It began as a primal cluster of nerves designed to do just one thing: keep the person alive.

For decades, enterprise software served primarily as a digital filing cabinet, a static repository for data. However, as organisations expanded across borders and faced volatility and diversity in the nature of work, the 'corporate brain' was forced to evolve. It is now no longer enough for an organisation to merely have a memory. It needs intelligence and autonomy.

The PeoplesHR Human Capital Operating System (HCOS) represents this shift from reactive software to a proactive, four-layered intelligence engine.

This evolution carries direct commercial implications. By advancing from passive record-keeping to active intelligence and orchestration, the HCOS framework enables customers to realise greater value and return on their investments, fostering stronger adoption and sustained engagement with the platform. This, in turn, supports the Company's shift towards expanded recurring revenue, deeper platform engagement, and improved operating leverage — key drivers of the Company's recent annual recurring revenue (ARR) milestone and margin inflection.

THE FOUR LAYERS OF THE HUMAN CAPITAL OPERATING SYSTEM



PeoplesHR aims to evolve across all four layers of the Human Capital Operating System, progressively enabling greater intelligence, automation, and workforce orchestration.

The Human Capital Operating System: An Evolutionary Leap Led by PeoplesHR

LAYER 1: THE BRAINSTEM (THE SYSTEM OF RECORD)

The brainstem is one of the oldest and most fundamental structures of the human brain. It operates beneath conscious thought, regulating essential functions such as heartbeat, breathing, and digestion. Its function is automatic, continuous, and essential to survival.

Within enterprise software, this is the System of Record – The Human Resource Information System (HRIS); the system that executes basic create, read, update, and delete functions. At this foundational layer, the platform serves as the organisation's institutional memory, maintaining employee identities, payroll information, tax records, banking details, and workforce availability.

While this layer is essential for existence, it is inherently limited. A brainstem can maintain a heartbeat, but it cannot formulate a strategy.

LAYER 2: THE CEREBELLUM (THE SYSTEM OF WORKFLOW)

As humans evolved, survival alone was no longer sufficient; they needed coordination, movement, and interaction with their environment. This led to the development of the cerebellum, the centre of coordination and 'muscle memory'. When a person walks, movement is not consciously calculated step by step; the cerebellum coordinates the movement through learned and repeated patterns.

This is the System of Workflow: the evolution from static HRIS platforms into Human Resource Management Systems (HRMS). This is the layer where organisational processes become structured, coordinated, and repeatable. When an employee interacts with a screen to apply for leave, or a supervisor approves a performance review, they are invoking a corporate reflex. The platform standardises these operational 'motor functions', ensuring that information moves efficiently through predefined workflows.

By digitising routine administrative processes such as attendance, payroll processing, and benefit claims, the organisation gains agility. Yet, despite this operational sophistication, the organisation remains fundamentally reactive. It responds to stimuli but lacks the foresight to interpret patterns and anticipate outcomes.

LAYER 3: THE LIMBIC SYSTEM (THE SYSTEM OF INTELLIGENCE)

In biological evolution, the emergence of the limbic system marked a fundamental shift in adaptive intelligence. It enabled organisms to move beyond reflexive response toward memory, learning, pattern recognition, and adaptive behaviour. It allows a person to notice a rustle in the grass, and distinguish between harmless noise and potential threat.

The System of Intelligence within Human Capital Management (HCM) Software acts as the organisation's limbic layer. At this stage, the platform moves beyond passive record-keeping into contextual interpretation and predictive insight. While a traditional system records a sick leave entry, the Intelligence layer analyses historical workforce patterns and contextual operational data to predict future workforce availability.

Within a high-pressure manufacturing environment, for example, a traditional HRMS system could display which employees are absent and allow you to process their sick leave. However, a System of Intelligence can detect patterns such as recurring spikes in absenteeism during certain seasonal shifts, or the historical correlation between local festivals and production slowdowns.

This shift becomes vital as organisations scale. In large enterprises, no leader can maintain complete visibility across the entire workforce. Human intuition deteriorates at scale, falling prey to bias and inconsistency. Decisions may become disproportionately influenced by recent performance, overlooking individuals who have demonstrated sustained contribution over time but lack immediate visibility.

With Lexi as its system of intelligence, PeoplesHR transforms fragmented workforce data into coherent, actionable insights.

The first operational expression of the HCOS vision is Lexi: the artificial intelligence (AI)-based interaction layer embedded within PeoplesHR Version 10 introduced in September 2025. Lexi represents a shift away from rigid, menu-driven software toward conversational, intent-driven enterprise interaction.

Rather than navigating complex interfaces and clicking through endless pages, users can interact with the platform through natural language and voice commands. This transforms the platform from a system that users must learn into one capable of understanding intent and providing assistance.

Lexi delivers this through three complementary functions: the Lexi Smart Navigator enhances the user experience through intelligent search-based navigation, enabling users to locate and access system functions quickly without navigating through multiple menu layers, thereby improving efficiency and ease of use.

The Lexi Super Agent extends this capability into agentic workforce coordination. Across web and mobile platforms, it can execute routine actions such as leave applications, profile updates, and workflow approvals. For data-heavy processes such as performance evaluations or job requisitions, the Super Agent utilises AI-assisted auto-population to generate content such as job descriptions and goal plans based on historical data.

The Lexi Insights Suite is the executive-exclusive layer within Lexi, designed specifically for strategic decision-making at the highest level. Unlike operational tools that support day-to-day HR execution, this layer is purpose-built for leadership. It provides CXOs with a natural-language interface to search and analyse the organisation's entire workforce database, and convert this fragmented HR data into structured insights.

At its core, the suite enables leaders to move beyond surface-level reporting and into lateral workforce understanding. Executives can assess performance trajectories over time, compare talent cohorts, and evaluate readiness for critical roles objectively.

Together, these capabilities position Lexi as the operational interface of the PeoplesHR Human Capital Operating System as it exists today, unifying intelligence, basic execution, and strategic insights in a single conversational function.

Early momentum around Lexi Super Agent and Lexi Insights Suite is encouraging. As these capabilities scale across the PeoplesHR Cloud base, they are expected to contribute to higher user engagement and faster time-to-value for customers, and support the Company's trajectory toward sustained ARR growth and improved net revenue retention — consistent with the operational leverage observed in recent quarters.

LAYER 4: THE NEOCORTEX (THE SYSTEM OF ORCHESTRATION)

The neocortex represents the most advanced stage of biological evolution. It enables the highest levels of human cognition, governing higher-order functions such as language, abstraction, reasoning, and intentional decision-making. The neocortex is the 'Executive Office' of the brain. It integrates signals from survival functions, coordinated actions, and learned behavioural patterns to execute deliberate, goal-congruent action.

This is the System of Orchestration—the highest layer of the HCOS. In traditional systems, even advanced software continues to depend on human intervention to initiate action. A system may flag anomalies in payroll, but resolution still requires manual investigation and correction by HR teams.

HCOS shifts this paradigm from human-led, system-supported operations to system-orchestrated but human-governed execution. Orchestration, in this context, functions as an autonomic coordination layer for enterprise operations. Just as the neocortex can coordinate one's hands to play a complex piano piece without consciously thinking about every individual finger, HCOS enables coordinated enterprise response without requiring manual intervention at every step. When workforce shortages, operational risks, or capacity gaps are identified in the Intelligence layer, HCOS can trigger governed workflows that support timely workforce augmentation and resource reallocation.

The System of Orchestration is not yet fully realised, but it represents the vision of HCOS: a future where enterprise systems move beyond insight and support, into precise, human-governed orchestration at scale.

As the platform advances toward greater autonomy, robust governance frameworks — including human oversight, auditability, and responsible AI practices — will remain central to maintaining enterprise trust and regulatory compliance across the diverse markets PeoplesHR serves.

Pay your people right. On time, every time.

Payroll is not just a calculation. It is a commitment to every employee in your organisation. The Pay Module makes that commitment reliable, compliant, and scalable across every entity, every currency, and every statutory environment you operate in.

Management Discussion and Analysis

Operating Environment

GLOBAL ECONOMY

The global economy demonstrated notable resilience in 2025, expanding by 2.9 percent as global activity and trade volumes stabilised, while headline and core inflation remained broadly stable, albeit above pre-pandemic levels.

However, the macroeconomic outlook for 2026 has since been recalibrated to reflect recent geopolitical developments in the Middle East. Disruptions to the supply of key commodities, particularly oil and natural gas, together with broader supply chain challenges, have contributed to a renewed increase in global inflationary pressures.

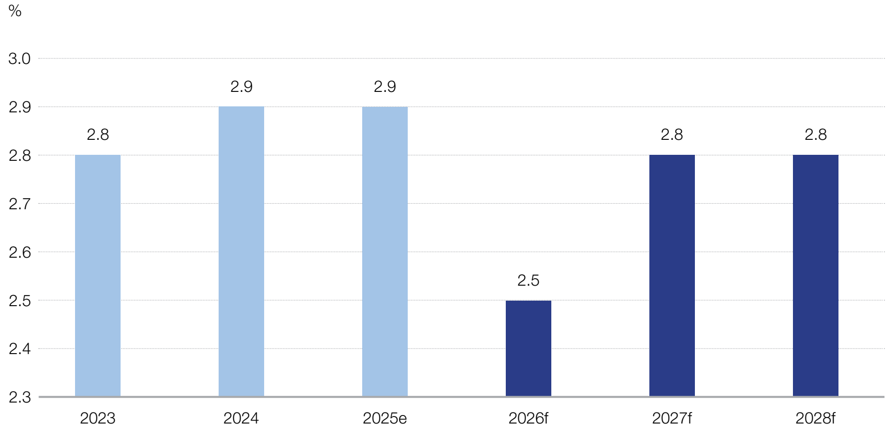
Supply chain reconfigurations around the Strait of Hormuz have resulted in a 22.0 percent upward adjustment in global energy, commodity, and fertiliser costs. Consequently, global headline inflation is expected to average 4.0 percent in 2026, extending the period of restrictive monetary policy across major economies. Inflation is, however, expected to moderate to 3.1 percent in 2027 as energy supplies normalise and average crude oil prices decline.

Global trade growth is also projected to moderate, with international trade volumes expected to expand by 2.9 percent in 2026 compared to 4.8 percent in 2025, as inventory front-loading subsides and transit costs normalise. Trade activity is anticipated to recover thereafter, reaching 3.2 percent in both 2027 and 2028 as global energy distribution networks gradually rebalance.

Against this backdrop, the World Bank expects global GDP growth to moderate to 2.5 percent in 2026, before improving to 2.8 percent in 2027.

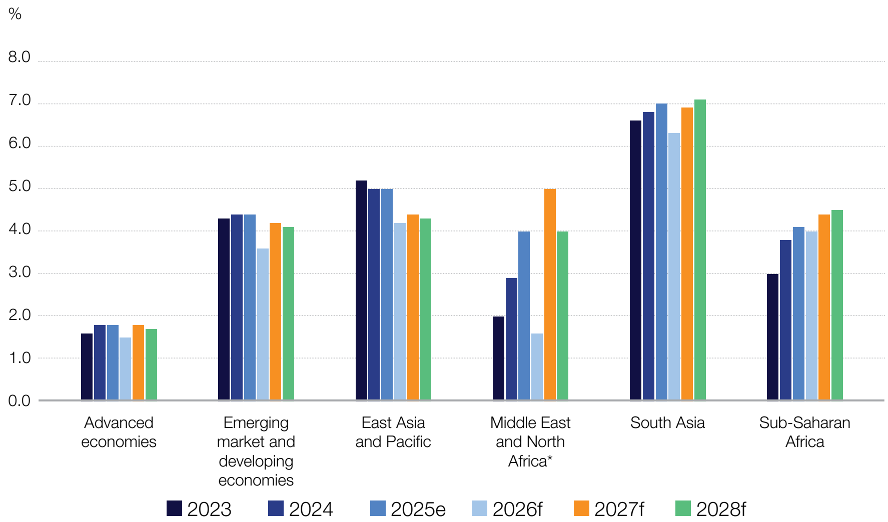
Global financial conditions are also expected to remain tighter than pre-conflict levels as markets continue to assess the implications of higher inflation and slower growth. In advanced economies, expectations of monetary easing have largely diminished, with the possibility of further policy rate increases remaining in the near term. Across emerging market and developing economies (EMDEs), however, financial conditions are expected to remain uneven, reflecting differing levels of exposure to commodity and energy market developments.

Global GDP growth



Source: World Bank (Global Economic Prospects report – June 2026)

Regional GDP growth



Source: World Bank (Global Economic Prospects report – June 2026)

ASIAN REGION

South Asia

Economic growth in South Asia remained highly robust in 2025, leading all developing regions with an estimated 7.0 percent expansion. However, with the onset of the conflict, regional growth is expected to soften to 6.3 percent in 2026 due to the direct impact of higher energy import bills, reduced remittance flows, and tourism disruptions.

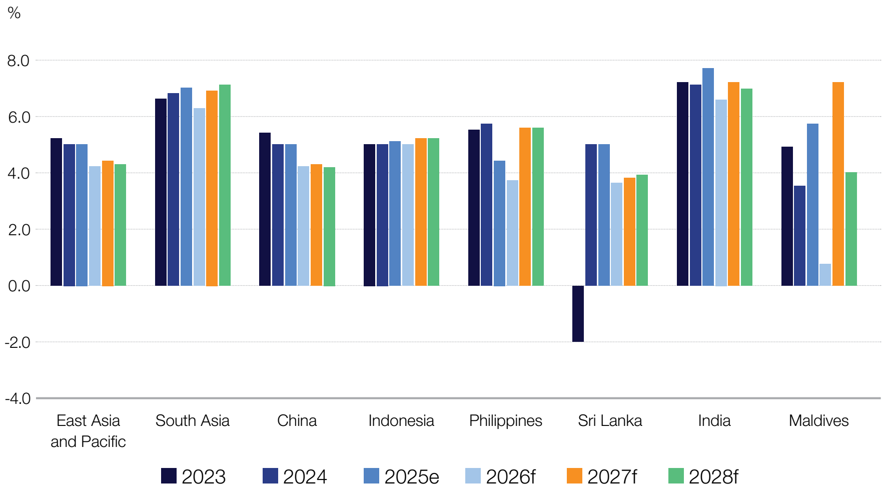
This near-term moderation is safely anchored by India's strong domestic demand, better-than-expected export demand and improved access to major trading partners. Additionally, earlier growth bottlenecks in Bangladesh and Sri Lanka continue to ease under structural adjustments, with the broader South Asian region projected to experience a strong, trade-led rebound to an average growth rate of 7.0 percent per year over 2027–28 as global energy and input costs normalise.

East Asia and Pacific (EAP)

The EAP region recorded a solid 5.0 percent growth rate in 2025, heavily buoyed by artificial intelligence (AI) infrastructure investments and a corresponding surge in semiconductor demand. Growth is forecast to moderate to 4.2 percent in 2026 and 4.4 percent in 2027. This deceleration is primarily driven by a structural slowdown in China (slowing to 4.2 percent in 2026 due to a prolonged property downturn and soft consumer confidence).

However, outside of China, major export-oriented economies such as Malaysia, the Philippines, Thailand and Vietnam are showing strong structural resilience, supported directly by high-tech manufacturing supply chains and expanding regional trade agreements. Excluding China, EAP growth is expected to moderate to 4.4 percent in 2026, and then to gradually reach 2025 levels, as geopolitical uncertainty dissipates, energy prices settle, and demand improves.

Asian region GDP growth



Source: World Bank (Global Economic Prospects report – June 2026)

Labour markets in the Asian region

Labour markets across the Asia Pacific region remain central to the global economic ecosystem, maintaining a stable aggregate unemployment rate of 4.1 percent in 2025. As per the International Labour Organisation (ILO), the region remains heavily exposed to shifting trade dynamics, hosting over half of the world's trade-linked employment directly or indirectly dependent on foreign demand.

While export-oriented manufacturing nodes face near-term adjustments from trade reconfigurations, the region is successfully positioning itself as the global leader in green employment. This is highlighted by the fact that Asia now commands two-thirds of all renewable energy jobs worldwide, with China alone accounting for 46.0 percent of the global total.

Moving forward, the region's structural focus centres on managing shifting demographic trends, accelerating digital formalisation through tech-driven solutions, and expanding continuous upskilling pathways to bridge entry-level youth labour mismatches.

MIDDLE EAST AND AFRICA (MEA) REGION

Middle East and North Africa (MENA)

The region registered a healthy 4.0 percent growth rate in 2025, up from 2.9 percent in 2024, on the back of rising oil production in oil exporters and strong private sector activity in oil importers. However, as the epicentre of the current geopolitical crisis, MENA is the hardest-hit region in 2026. In addition to the infrastructure and humanitarian losses, the impacts include a slowdown in economic activity and increased inflationary pressures due to higher energy and food prices, as well as a rise in transportation costs. As a result, regional growth is expected to settle at 1.6 percent in 2026.

Nevertheless, with the expected easing of geopolitical uncertainties towards the second half of 2026, activity across both oil exporters and importers are expected to bounce back in 2027. Growth across the Middle East is expected to strengthen over 2027–28, supported by a recovery in oil production, infrastructure investment, and continued expansion in non-oil sectors. Among oil-importing economies, lower energy prices, easing inflation, and recoveries in trade, tourism, and remittance inflows are expected to support economic activity and drive a gradual improvement in growth prospects.

Sub-Saharan Africa (SSA)

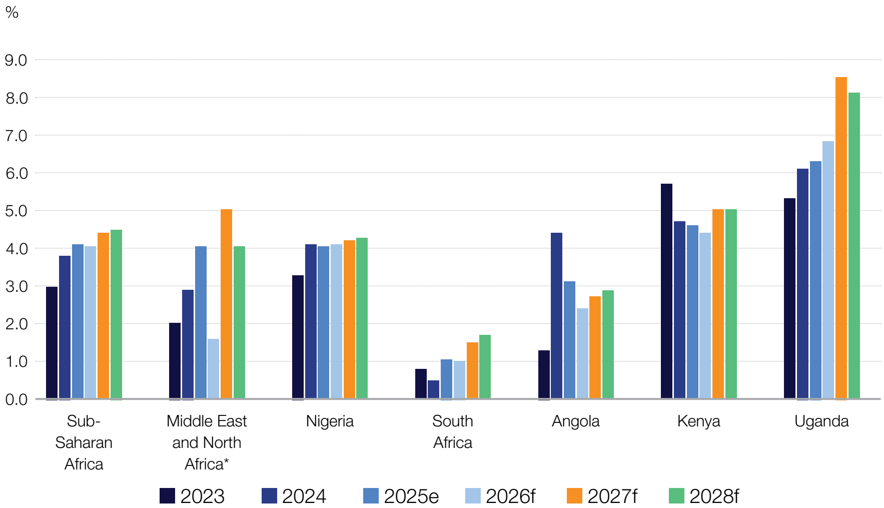
Regional growth in 2025 came in at 4.1 percent, aided by higher-than-expected commodity prices, in particular for precious metals, which drove strong exports. Additionally, headline and food disinflation, driven by improved agricultural output and currency appreciation across several economies, resulted in a gradual easing of monetary policy, supporting domestic demand. Growth was also aided by progress on structural reforms across some of the large economies, which increased investor confidence in the region, boosting private investments.

Operating Environment

Growth in the region remained steady in early 2026, despite geopolitical uncertainties raising energy costs and increasing economic uncertainty. Financial conditions tightened temporarily before resuming their easing trajectory. The region continues to benefit from recent policy reforms, alongside improving investment and export growth, which together support the medium-term outlook. Reform momentum remains a key domestic tailwind.

The inflationary impact of higher energy prices is expected to be uneven across the region, with the most pronounced pressure on food prices in import-dependent economies. Overall, SSA regional growth is expected to remain more resilient at 4.0 percent in 2026 and bounce back to 4.4-4.5 percent over 2027-28.

MEA region GDP growth



Source: World Bank (Global Economic Prospects report – June 2026)
** Includes Afghanistan and Pakistan from 2026 onwards*

Labour markets in the MEA region

In Africa, macroeconomic improvements and successful inflation control have stabilised labour market dynamics, with the regional unemployment rate projected at a steady 6.2 percent for 2026. Unlike other global geographies facing greying workforces, Africa's labour landscape is shaped by robust population dynamics and a rapidly expanding working-age cohort. While this surging youth demographic represents an immense potential, it places significant pressure on formal job creation engines.

As per the ILO, currently, nearly nine in ten workers in Sub-Saharan Africa operate within informal channels, and approximately 22.9 percent of youth remain categorised as NEET (not in employment, education, or training). To successfully transition this talent pool into high-value sectors, ILO notes that the regional corporate strategy needs to remain heavily anchored on work-based apprenticeships and vocational training, to build human capital and bridge persistent youth skill mismatches.

Across the Middle East and Arab States, labour market dynamics continue to diverge between oil-exporting and oil-importing economies. In the Gulf Cooperation Council (GCC), employment conditions remain strong, supported by diversification efforts, infrastructure investment, and nationalisation initiatives contributing to a low unemployment rate of around 2.5 percent. The region is also undergoing a dual-speed digital transition, where generative AI is creating significant augmentation opportunities while increasing automation risks for clerical roles, highlighting the need for targeted upskilling. In contrast, non-GCC and oil-importing economies continue to face structural labour market challenges, with elevated unemployment of approximately 16.3 percent driven by informality and ongoing geopolitical pressures.

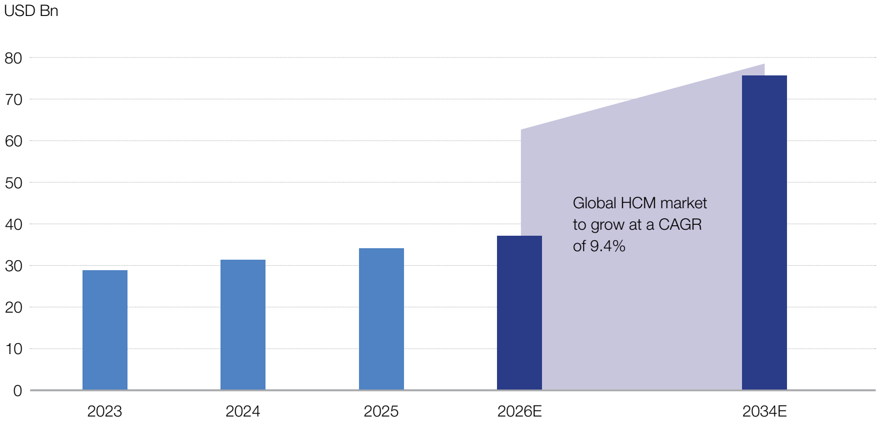
HUMAN CAPITAL MANAGEMENT INDUSTRY

hSenidBiz operates as a pioneer in the global Human Capital Management (HCM) software sector, positioning its PeoplesHR platform as a Human Capital Operating System (OS). HCM encompasses the entire suite of digital systems, strategic tools, and operational practices used to attract, recruit, develop, and retain talent. By effectively managing the entire employee lifecycle, these solutions enable organisations to align their workforce capabilities with overarching commercial objectives. Modern HCM solutions utilise cloud, mobile and artificial intelligence (AI) technologies for insight and report generation, streamlining data management and serving as the intelligent foundation for all workforce-related decisions.

The markets served by hSenidBiz, spanning South Asia, Southeast Asia, and the Middle East and Africa (MEA) regions, are characterised by expansive working populations and an increasing appetite for digital transformation. Consequently, organisations are actively adopting modern HCM tools to streamline the management of their expanding workforces and enhance operational efficiency.

The global HCM software sector is projected to expand substantially over the next decade, driven by the demand to integrate advanced technologies such as robotic process automation (RPA) and AI to automate human resource (HR) tasks. According to analysis by Fortune Business Insights, the global market reached a valuation of USD 34.12 Bn in 2025. This trajectory is expected to continue, with the market estimated to rise from USD 37.22 Bn in 2026 to USD 76.22 Bn by 2034, representing a compound annual growth rate (CAGR) of 9.4 percent over the forecast period.

Global Human Capital Management market to expand to ~USD 76.22 bn by 2034



Source: Fortune Business Insights

While mature markets such as North America and Europe are expected to lead in market size, Asia Pacific is slated to be the fastest-growing market in the coming years. In 2025, Asia Pacific held 19.6 percent of the global market with a valuation of USD 6.7 Bn and is forecast to grow to USD 7.38 Bn in 2026. The rising pace of digitisation, increased workforce mobility, and the integration of advanced technologies such as Industry 4.0, big data, and AI are intensifying the demand for a highly skilled workforce. This shift is, in turn, accelerating the demand for sophisticated HCM tools capable of managing such talent. Similar healthy growth rates are expected in the MEA region, with the current USD 1.05 Bn market projected to grow over 6.0 percent to USD 1.12 Bn in 2026. In addition to digitisation, growth in this region is being significantly propelled by the influx of workers from different cultures and regions.

Key trends in the HCM software industry

Synchronising potential in a flexible workforce ecosystem

The modern workforce has evolved into a diverse ecosystem of full-time staff, contingent workers, and freelancers. In a challenging macroeconomic climate marked by frequent restructuring, this flexibility allows businesses to remain agile and scalable. Forrester notes that HCM solutions are consequently expanding beyond traditional employee data management to compete with specialised vendor management systems such as Beeline and Fieldglass. This integration ensures that organisations can manage their entire talent pool, both permanent and external, within a single, unified framework.

Shift to cloud-native HCM platforms

Cloud-native systems enable HCM software providers to deliver weekly feature updates and accelerate innovation cycles. Enterprises gain the ability to align workforce capacity with demand forecasts, improving decision speed and reducing integration costs. Deloitte's 2025 migration survey highlights this shift, showing that 68.0 percent of firms selected faster innovation over cost savings as the primary driver of cloud adoption. Furthermore, research by Mordor Intelligence indicates that organisations are increasingly prioritising cloud-native suites that embed generative AI 'copilots' directly into payroll, talent, and learning workflows. However, this is leading to rising concerns over data security and privacy.

Agentic AI in HR

Agentic AI marks a paradigm shift from passive tools to autonomous entities capable of perceiving, deciding, and acting to achieve HR objectives. Driven by cost and efficiency goals, Gartner predicts that 82.0 percent of HR leaders will implement these tools by 2026, and that 50.0 percent of all HR activities will be agent-driven by 2030.

Current applications include:

- **Recruitment:** AI-enabled curriculum vitae (CV) parsing, and intelligent search widgets to enhance product adoption and user experience
- **Performance management:** Synthesising data to draft reviews and talking points, reducing the administrative burden on managers
- **Sentiment analysis:** Monitoring real-time workforce morale via surveys and chat platforms to recommend immediate action plans
- **Employee experience:** Digital assistants serving as 24/7 first points of contact, providing personalised, instant support

Rise of the 'Digital Worker' and managing an AI-enabled workforce

In an evolving professional landscape, roles and responsibilities are being redefined as AI and automation begin to execute specific job functions previously held solely by human workers. Forrester asserts that the emergence and proliferation of 'digital workers' or autonomous software agents is becoming inevitable.

The success of this evolution demands a focus on certain critical areas where HCM solutions can add value.

- **Governance and ethics:** Companies must embed transparency, bias detection, and ethical AI frameworks into their HCM solutions to maintain trust.
- **Skills and reskilling:** As AI takes over repetitive tasks, HCM platforms must support continuous learning pathways to help employees adapt to higher-value roles.
- **Workforce analytics:** The rise of digital workers requires new metrics, tracking not only human productivity but also the efficiency and reliability of AI-enabled processes.

Business Overview

hSenid Business Solutions PLC (hSenidBiz) is a premier Human Capital Management (HCM) software provider maintaining a robust international presence, serving key markets across South Asia (SA), Southeast Asia (SEA), and the Middle East and Africa (MEA).

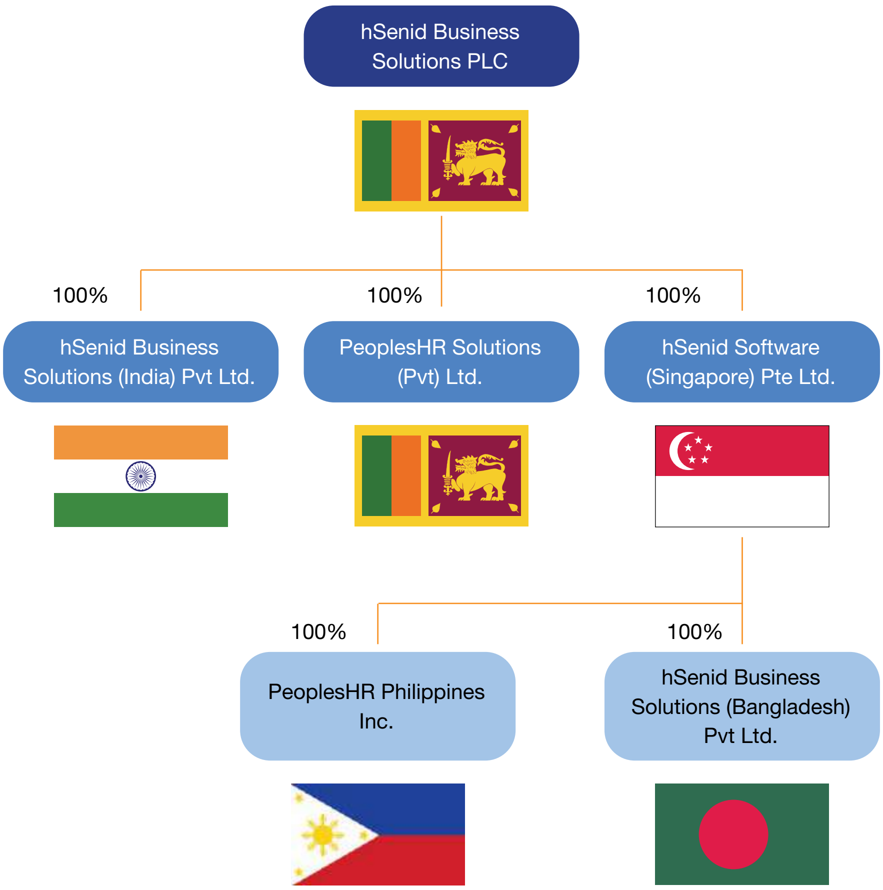
The Company's flagship product, PeoplesHR, provides a comprehensive end-to-end solution for the entire employee lifecycle. Its unified platform integrates diverse modules including payroll, recruitment, and performance management. This architecture enables organisations to manage the transition from hiring to retirement seamlessly within a single ecosystem.

The hSenid brand, originating in 1997 as hSenid Software International (Private) Limited (hSI), was founded with the ambition of delivering world-class software solutions to a global audience. Through a commitment to innovation and technical excellence, the brand successfully established a firm foothold in both domestic and international markets.

In 2005, under the leadership of Founder and Chairman Dinesh Saparamadu, the core leadership team launched hSenid Business Solutions (Private) Limited, marking a strategic pivot toward specialising in global Human Resources Information Systems (HRIS). In the decades since, PeoplesHR has undergone continuous development and is now a trusted, industry-leading solution for organisations across diverse sectors.

ABOUT PEOPLESHR

PeoplesHR provides a comprehensive suite of HCM solutions, now enhanced with artificial intelligence (AI), and engineered to scale with businesses of any size.



The platform bridges the gap between daily administrative operations and high-level strategic decision-making. Designed for maximum accessibility, the system facilitates seamless employee engagement through intuitive mobile applications, self-service kiosks, and integrated chatbots.

To support global operations, the platform features a dynamic multilingual interface and robust multi-country payroll capabilities. Primarily a cloud-based solution, PeoplesHR integrates effortlessly with premier providers such as Microsoft Azure and Huawei, and is offered in six specialised product bundles. For organisations that prefer onsite solutions, PeoplesHR On-Premise provides a highly adaptable alternative, installed directly within a client's own infrastructure to meet specific operational requirements. Today, the platform empowers over one million employees across more than 1,500 organisations in over 25 countries .

In FY21, hSenidBiz reached a landmark achievement as the first enterprise software company to list on the Colombo Stock Exchange (CSE). The successful initial public offering raised LKR 692 Mn, which was strategically deployed to fuel product innovation and accelerate market expansion throughout South Asia, Southeast Asia, and the MEA regions.

hSenidBiz is defined by its commitment towards continuous innovation, focusing on adaptable, intelligent, user-centric solutions, and increasingly incorporating sophisticated analytics and AI tools to provide deeper organisational insights and more agile human resource (HR) solutions.

PeoplesHR Tracking

PeoplesHR Tracking delivers sophisticated management solutions designed to secure and monitor organisational assets, including personnel, physical locations, and equipment. This comprehensive system encompasses automated access control and security management as well as essential workforce logistics such as time and attendance monitoring, cafeteria management, shift rostering, and crowd control.

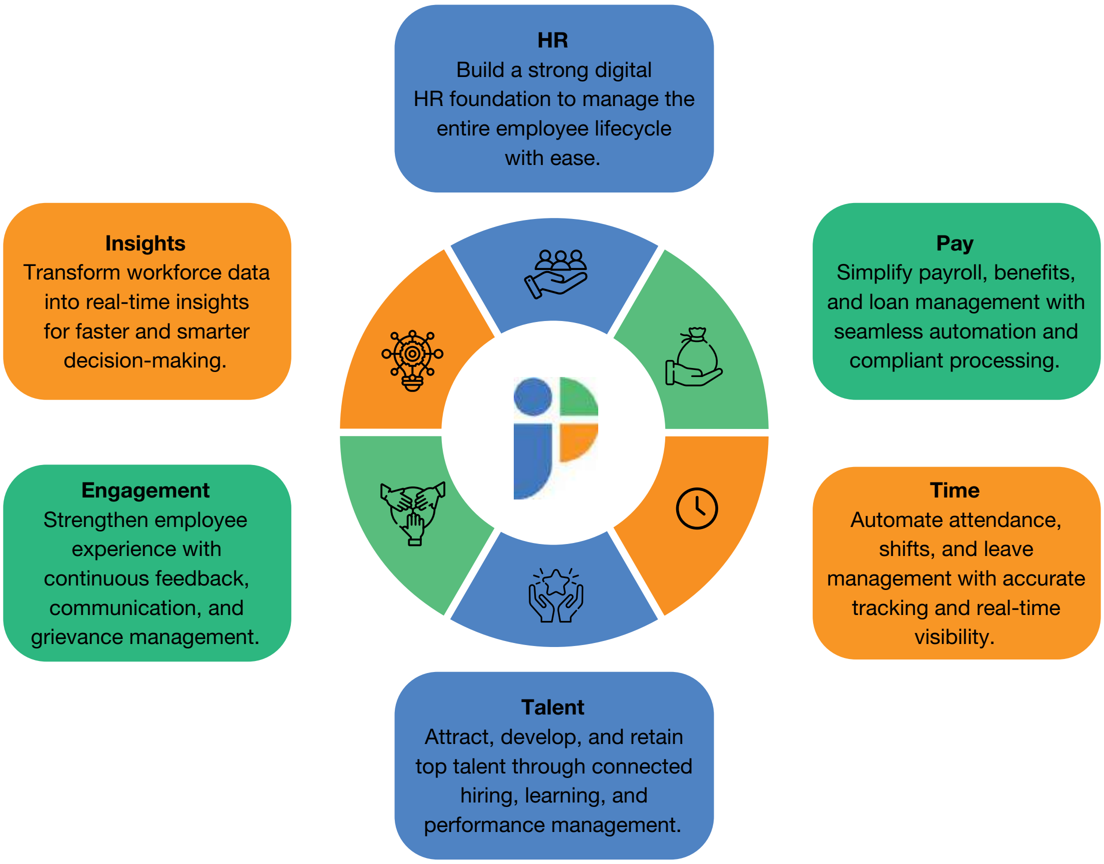
PeoplesHR Outsourcing

PeoplesHR Outsourcing (PHRO) provides organisations with comprehensive payroll outsourcing solutions designed to enhance operational efficiency and support sustainable business growth. Recognised as a trusted provider of payroll managed services, PHRO delivers scalable and cost-effective service models tailored to evolving business requirements. Furthermore, our solutions enable organisations to manage payroll operations more efficiently, streamline processing activities, and improve accuracy and timeliness, allowing clients to focus more effectively on their core business priorities.

PeoplesHR Academy

PeoplesHR Academy serves as a dedicated digital learning ecosystem, providing HR professionals and channel partners with the technical expertise required to configure and optimise PeoplesHR solutions. Beyond its educational role, the Academy functions as a collaborative hub where community members can share best practices, exchange strategic insights, and provide direct feedback to influence future product development and feature enhancements.

PeoplesHR core offering



lexi

Lexi Smart Navigator
Quickly find pages and information across the system through a single smart search bar.

Lexi Super-Agent
AI-powered HR assistance delivering instant answers and simplified task support.

Lexi Insights
AI-driven workforce intelligence with predictive insights and real-time decision support.

Business Overview

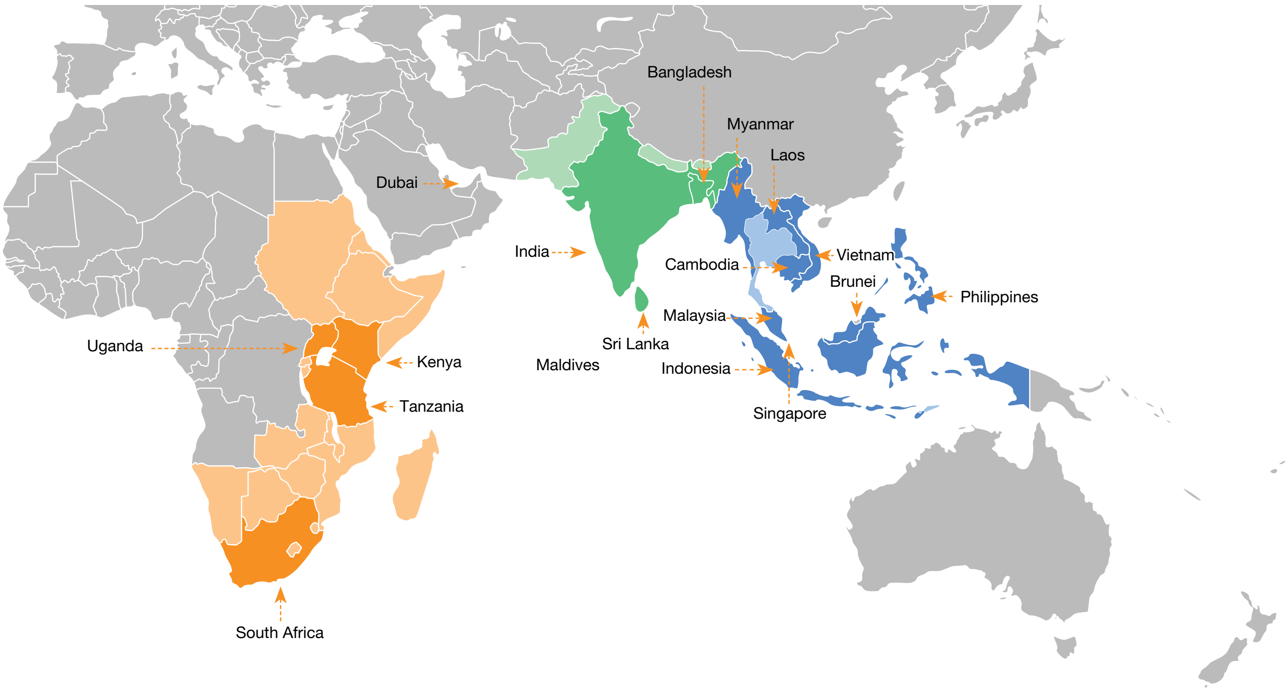
MARKET PRESENCE AND OUTREACH

hSenidBiz has established an extensive international presence spanning over 25 countries, with a primary strategic focus on the South Asian, Southeast Asian, and MEA markets. This global trajectory commenced in 2004 with the inauguration of a Singapore office, serving as the initial gateway into the Asia-Pacific (APAC) region. Subsequent expansions included the opening of an Indian subsidiary in 2011 and the establishment of a subsidiary in Bangladesh in 2022 under the Singapore entity. Most recently, in 2025, the Company further strengthened its regional presence with the establishment of a subsidiary in the Philippines.

The Company drives growth through a client-centred, multi-channel strategy. This approach focuses on a target account list, and integrates marketing, digital engagement, direct sales and the partner channel ecosystem to drive client engagement at their preferred touchpoints. Marketing-led initiatives leverage strategic digital campaigns, social media engagement, and high-value content marketing discoverable by online-savvy customer personas.

Complementing these efforts, direct sales teams provide high-touch outreach and proactive engagement for clients who value personal interaction or first-hand referrals. This process utilises curated prospect lists and comprehensive product demonstrations. The Company's extensive partner network acts as an additional funnel for customers who value local expertise and established relationships. The Company continues to invest heavily in partner relationships through specialised training via the PeoplesHR Academy, alongside collaborative go-to-market events and activities that extend the brand's reach and accelerate growth across diverse territories.

PeoplesHR operational presence



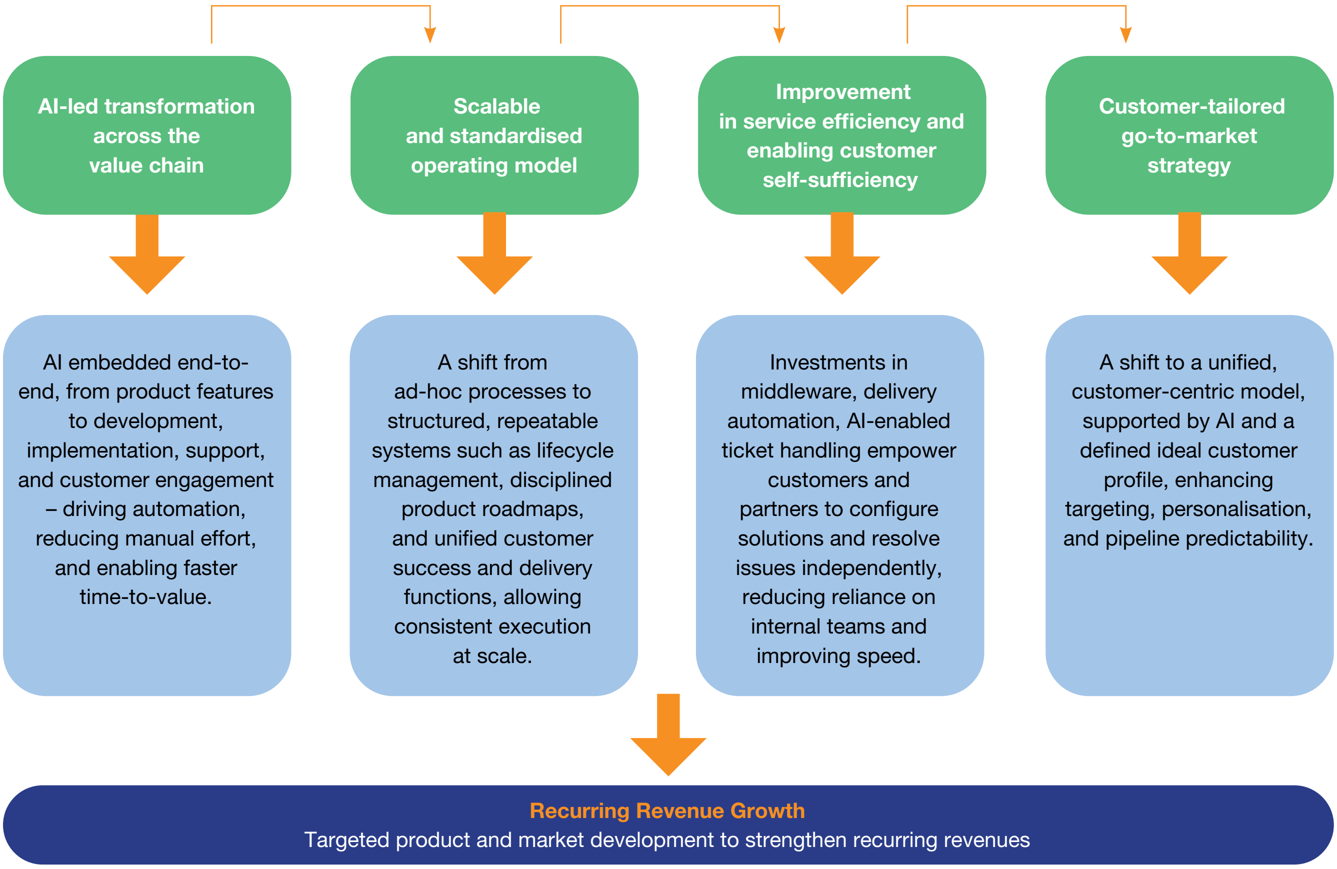
The map illustrates PeoplesHR's target geographic regions, which include South Asia, Southeast Asia, and East Africa. The dark shaded areas represent the specific countries where PeoplesHR Software is available and compliant.

Operational Review

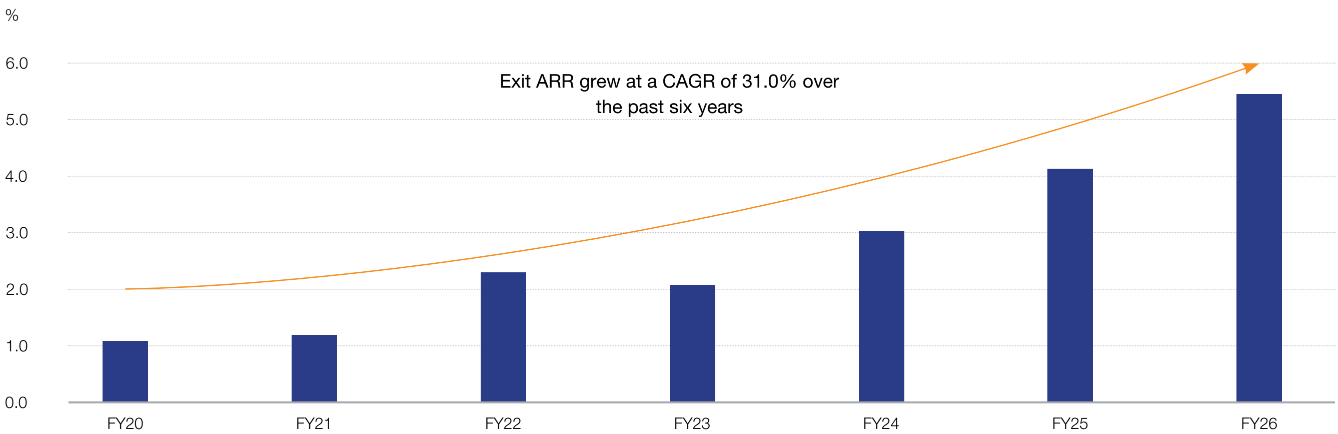
KEY FOCUS AREAS DURING THE YEAR

Strategic overview

In FY26, PeoplesHR strategically aligned its product development, delivery model, and go-to-market (GTM) execution to deliver highly tailored customer experiences with increasing efficiency across a growing global customer base. By embedding artificial intelligence (AI) across the value chain, the Company has elevated both its product and its operating capabilities into a streamlined model that balances innovation with operational efficiency to drive customer value creation at scale.



Exit Annualised Recurring Revenue (USD Mn)



Operational Review

Product development

Over the past year, the product development function focused on institutionalising operating best practices and embracing innovation to meet the demands of a changing global workforce and technological landscape. By integrating artificial intelligence into both product and process, the Company has successfully reduced operational complexities while delivering a more intuitive, high-performance experience for its users.

The launch of PeoplesHR Version 10 marked a significant leap in the evolution of the product with the integration of sophisticated artificial intelligence capabilities. A central feature of this series is Lexi, a multilingual and voice-enabled AI assistant. Lexi simplifies day-to-day human resources (HR) tasks such as applying for leave or retrieving salary confirmations through text or voice prompts. Complex HR tasks can be completed with ease in an AI-assisted manner. To ensure that all clients experience these latest innovations, version upgrades have been rolled out to achieve a unified user base on the latest and most secure version of the platform.

Several key engineering milestones were achieved over the year to reduce turnaround times and operational costs. The development of middleware is now complete, allowing PeoplesHR to connect with third-party systems such as enterprise resource planning (ERP) and customer relationship management (CRM), without requiring new code from the product team. This enables implementation teams to configure complex integrations rapidly, providing significant value to customers and a competitive advantage.

Furthermore, a low-code/no-code platform was improved this year, allowing customers to design their own custom screens and logic via drag-and-drop interfaces. This advancement has directly reduced the volume of change requests flowing into PHR.

The development roadmap is now governed by a rigorous prioritisation process. A rolling roadmap has been established where features from customers and partners are vetted and prioritised quarterly. By institutionalising this structured approach and Scaled Agile practices, the team has moved from ad-hoc updates to a disciplined three-month release cycle. This ensures four major version updates annually and maintains a consistent pace of innovation.

The product advancements and process improvements made this year underscore the Company's dedication to providing a future-ready and people-centric HR ecosystem capable of scaling and evolving alongside the diverse requirements of its global clientele, ensuring sustainable value across every sector.

Product deployment

The product deployment function was streamlined this year by leveraging automation and AI to accelerate implementation cycles and enhance customer satisfaction.

A major achievement in FY26 was the launch of a delivery automation orchestration platform, which includes a delivery automation system that manages the project from initiation through requirement elicitation, and a smart configurator that utilises AI to streamline the system setup process. These tools have significantly reduced implementation time, allowing for rapid scaling while meeting client-specific needs.

Post-implementation services were similarly modernised with the introduction of PeoplesHR Connect. This AI-driven ticketing platform first attempts to solve low-level customer queries and concerns before a ticket is created. The tool then employs client sentiment analysis and proactive troubleshooting to prioritise requests based on severity and urgency.

Parallel to these service enhancements, the team began migrating the existing customer base to the latest PeoplesHR version, enabling customers to gain access to Lexi and its advanced capabilities such as Lexi Insights.

By synchronising these advanced deployment capabilities with a customer-first service model, PeoplesHR has established a strong foundation for rapid, scalable global growth. These efficiencies not only shorten the journey to value for clients but also ensure that the existing customer base remains at the cutting edge of HR technology, driving long-term retention and sustainable recurring revenue.

Go-to-market strategy

In FY26, PeoplesHR refined its GTM strategy to better capture intent and signals from prospective customers, and respond to them in a tailored manner. This approach has resulted in a better fit with PeoplesHR's Ideal Customer Profile (ICP) and enabled coordinated engagement across multiple touchpoints.

The new strategy is supported by a dedicated GTM engineering function, integrating marketing and sales skills with enabled software tools to sharpen targeting and hyper-personalise interactions at scale. During the year, the team also established a structured and targeted digital engagement model. AI-enabled tools have been deployed to accelerate prospecting and sales activities. This has resulted in improving the scalability and efficiency of the customer acquisition process at PeoplesHR.

Product marketing and customer engagement

FY26 marked the establishment of dedicated Product Marketing and Customer Engagement functions at hSenidBiz. These functions serve as a critical link between product development, sales, and the market, ensuring that product positioning remains relevant, differentiated, and clearly communicated.

The team plays a central role in translating product features into customer value, mapping solutions to specific industry pain points, and refining messaging based on continuous feedback from sales engagements and client feedback. This includes evaluating pricing alignment, strengthening value communication, and supporting demand generation through targeted product education initiatives such as webinars.

Leveraging insights on ideal customer profiles, the function enables more precise market targeting by aligning product narratives to sector-specific requirements across regions. In parallel, it monitors competitive developments to ensure continued relevance and differentiation.

PeoplesHR collaborated with Cinnamon Hotels & Resorts on a group-wide HR transformation initiative to unify and strengthen HR operations across its properties through a centralised platform.

PeoplesHR and Mustard Seed Systems Corporation hosted an HR Thought Leadership session in the Philippines, focused on navigating evolving workforce challenges.

Operational Review

PeoplesHR hosted two industry forums in Boracay, Philippines, centred on "Empowering HR with AI in Hospitality," bringing together CIOs and HR leaders to explore the transformative role of AI in human resources within the hospitality sector.

Team PeoplesHR participated in the GS1 Philippines 2025 General Membership Meeting, showcasing how our AI-powered HCM platform supports manufacturers in managing complex workforce operations, from shift scheduling to payroll compliance.

PeoplesHR participated in pARKner Innovation Day 2026 in Cebu, Philippines, in collaboration with Ark One Solutions Inc., engaging with industry leaders on how AI and enterprise infrastructure are shaping the future of modern workplaces.

PeoplesHR, in collaboration with Mustard Seed Systems Corporation, introduced PayrollPlus to SMEs in Laguna, Philippines, supporting payroll compliance and enabling a pathway toward full HR digitalisation.

PeoplesHR hosted WIN² – Customer Advisory & Product Roadmap Session, unveiling upcoming product enhancements and engaging customers in shaping the platform's direction for the future of HR.

PeoplesHR hosted its Global Sales Kick-Off 2026/2027, aligning regional teams on strategy, focus, and positioning as a trusted HR tech advisor for FY27 growth.

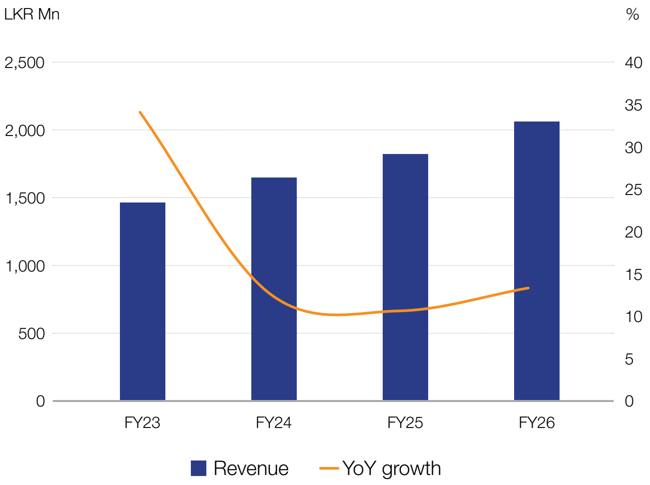
Operational Review

FINANCIAL PERFORMANCE

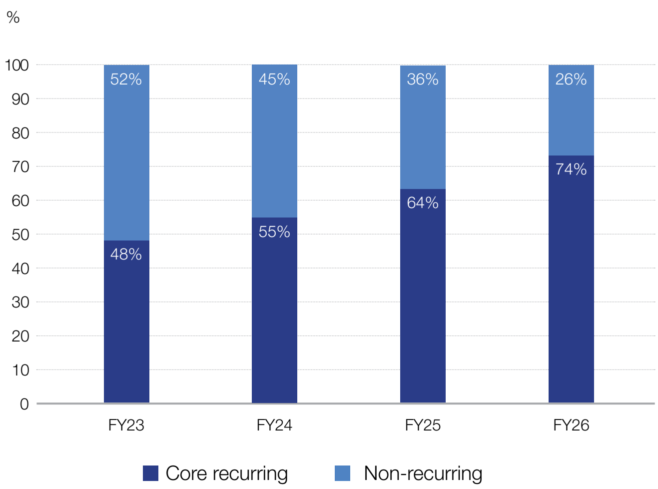
For the year ended 31 March 2026, hSenidBiz recorded a total revenue of LKR 2.1 Bn, registering a growth of 13.2 percent year-over-year. Growth was driven mainly through the largest segment – PeoplesHR Cloud – which grew by 32.6 percent year-over-year. Core recurring revenues accounted for 74.0 percent of total revenues, up from 64.0 percent in FY25.

The Company reported a strong core exit annual recurring revenue (ARR) for the year at USD 5.5 Mn, up 32.0 percent from FY25. PeoplesHR Cloud recorded an exit ARR of USD 4.5 Mn, a 35.9 percent growth in constant currency terms.

Total revenue



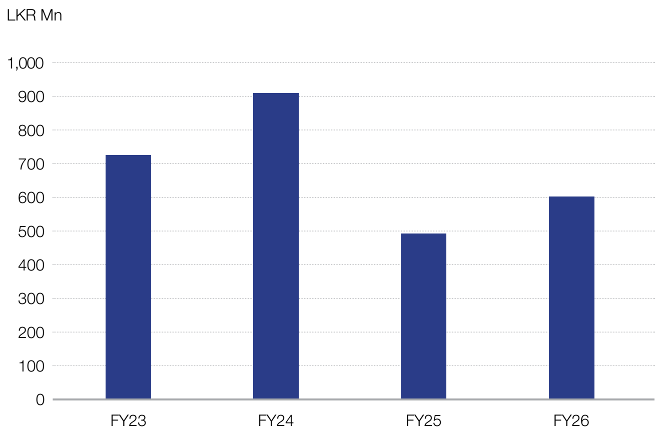
Core recurring vs. non-recurring revenue breakdown



Regionally, Sri Lanka continues to be the Company's largest revenue generator, accounting for ~64.0 percent, whilst the Asia-Pacific (APAC) region contributed ~25.0 percent, and the Middle East and Africa (MEA) region contributed ~11.0 percent to the topline. Both Sri Lankan and APAC revenues were driven by PeoplesHR Cloud and also accelerated by legacy clients converting from our On-Premise product to the Cloud.

For the full year, new deal bookings came in at USD 2.0 Mn (LKR 603.5 Mn), compared to USD 1.7 Mn (LKR 490.6 Mn) in the previous financial year. Focused GTM strategies and customer engagement activities led to a stronger deal pipeline during the year. From segments, nearly 73.6 percent of the new deal bookings for the year were generated by PeoplesHR Cloud, while a majority of the new deal bookings came through the direct channel. The Company continued to witness an improvement in the average deal value, in line with the strategy to focus on a lower volume of higher value deals.

New deals

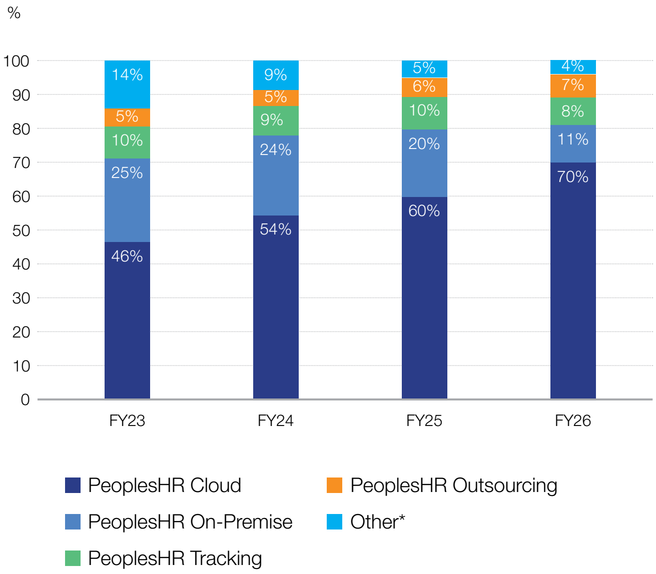


For the year, the Company reported an earnings before interest, tax, depreciation, and amortisation (EBITDA) profit of LKR 214.6 Mn, compared to a loss of LKR 146.5 Mn in FY25. Operational expenses including investments made in talent recruitment, project implementation, and cloud infrastructure have normalised, resulting in the strong EBITDA recovery. Furthermore, marketing activities have been deliberate and targeted at key customer segments, reducing the significant investments seen in the previous years. As a result, the Company reported a net loss of LKR 39.0 Mn for the full year, compared to LKR 286.3 Mn in FY25.

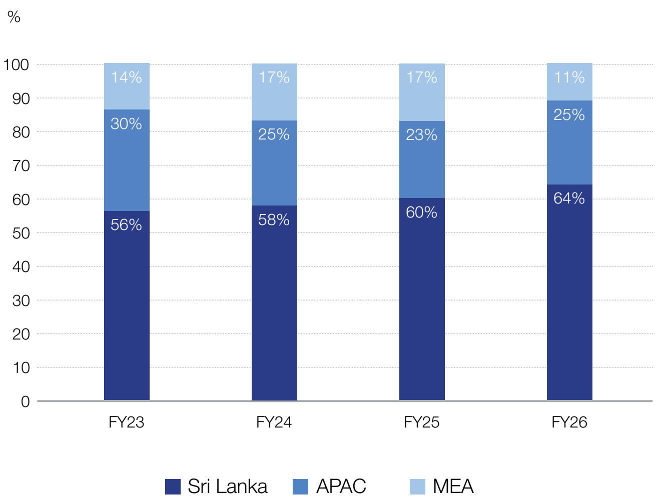
Segment performance

The PeoplesHR ecosystem encompasses a comprehensive suite of Human Capital Management (HCM) solutions available through both Cloud and On-Premise models, supported by complementary services such as PeoplesHR Tracking and PeoplesHR Outsourcing to address a wider range of workforce management needs.

Segment revenue breakdown



Geographic revenue breakdown



The Company's earnings are reported under the following segments:

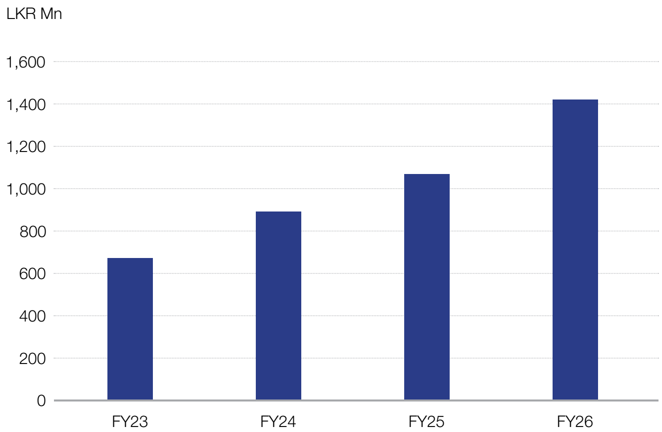
- PeoplesHR Cloud
- PeoplesHR On-Premise
- PeoplesHR Tracking Solutions
- PeoplesHR Outsourcing
- Other (includes the non-core revenues of mobile software operations and staffing solutions business, as well as PeoplesHR Marketplace)

PeoplesHR Cloud

The business grew by 32.6 percent year-over-year, driven by Sri Lanka and the APAC region, as well as conversions to the Cloud version from the On-Premise product among existing clients. Recurring revenues within the segment accounted for 85.5 percent of segment revenues, which grew by 36.3 percent year-over-year.

The Cloud business generated USD 1.4 Mn in new deal bookings, with ~89.0 percent being generated from the APAC region including Sri Lanka. During the year, continued market preference for Cloud HCM products, coupled with our ongoing efforts to migrate existing On-Premise clients to the Cloud solution, drove new deal generation within the segment. We expect our Cloud product to continue contributing the majority of Company revenues over the long term, given our targeted expansion in the APAC region across select industries.

PeoplesHR Cloud - Revenue

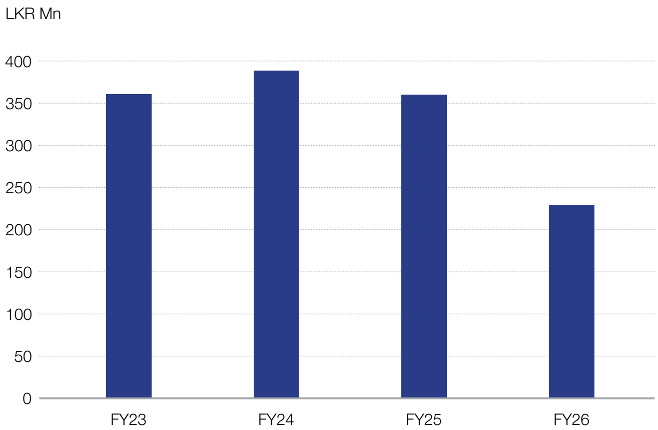


Operational Review

PeoplesHR On-Premise

PeoplesHR On-Premise generates revenues through licensing, implementation, and annual maintenance contracts. Segment revenues declined by 36.9 percent year-over-year during the period under review, as a result of the continued conversion of On-Premise clients to the Cloud product. Despite this, new deals from the segment saw a significant improvement driven by the MEA region, which is still predominantly focused on On-Premise products. However, we expect continued conversion to the Cloud platform, with the exception of some of the larger enterprise clients in Sri Lanka and MEA.

PeoplesHR On-Premise - Revenue

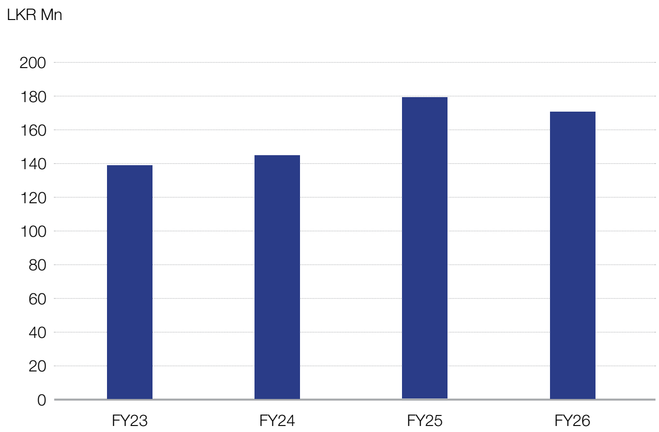


PeoplesHR Tracking

Tracking Solutions recorded a 5.6 percent decline in revenue during the year, primarily due to delays in fulfilling customer orders arising from supply chain disruptions. The business continued to experience challenges related to the global shortage of semiconductor chips, which affected manufacturing timelines and delayed the completion of a number of orders. In addition, operational disruptions in key markets, including the Middle East, further impacted order fulfilment during the period. While demand for the Company's solutions remained healthy, these external factors constrained its ability to convert orders into revenue during the year.

The business strengthened its service portfolio during the year by providing dedicated middleware and server management solutions. In addition, the segment initiated the transition from its highly successful iClock 880 device to a new Green Label series, a premium range of biometric security, time attendance, and access control devices designed to deliver enhanced performance and functionality. The segment will continue to focus on providing integrated enterprise and middleware solutions to clients under a monthly recurring revenue model.

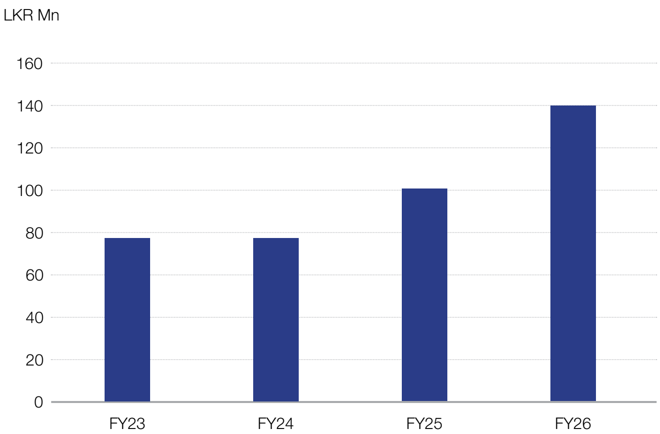
PeoplesHR Tracking Solutions - Revenue



PeoplesHR Outsourcing

Segment revenues grew by 38.9 percent year-over-year, supported by continued growth across local and regional markets, together with contributions from the partner network. PeoplesHR Outsourcing continued to deliver end-to-end payroll managed services, enabling organisations to simplify payroll operations while maintaining accuracy, compliance, and the confidentiality of payroll information. Through its dedicated service model and specialised expertise, the business helped clients reduce administrative complexity and focus internal resources on strategic priorities. Looking ahead, the business will continue to strengthen its recurring revenue base and pursue growth opportunities through regional expansion and deeper client engagement.

PeoplesHR Outsourcing - Revenue



STRATEGIC INITIATIVES: THE ROAD AHEAD

Going forward, the Company will focus on product innovation and targeted market development. By leveraging AI to enhance both product development and the user experience, PeoplesHR will continue evolving to meet changing customer needs. Growth efforts will remain focused on selected markets, industries, and high-value customer segments aligned with the Company's ICP, facilitating long-term, sustainable growth. Supported by these initiatives, the Company expects to surpass an annual recurring revenue (ARR) of USD 10 Mn within the next three years.

PeoplesHR development

Looking ahead, PeoplesHR aims to build on its 29 years of experience in addressing strategic HR use cases by leveraging AI capabilities to incrementally scale the platform towards becoming a 'Human Capital Operating System' (HCOS). The HCOS is designed to serve as the unified digital foundation for the enterprise, digitalising all aspects of the HR value chain, and providing the actionable and intelligent insights needed for organisations and key executives to take data-driven decisions that spur business outcomes.

The first stage of the HCOS, 'Lexi Insights', is now available within the platform, marking the initial realisation of this capability layer. This executive-exclusive suite is designed to support strategic decision-making by providing instant, effortless access to high-level organisational analytics. By querying the system in natural language, executives can generate actionable insights on employee availability, performance and productivity, and talent development in real time.

Building on this foundation, product development efforts will be further accelerated by AI tools designed for code creation, documentation, user interface (UI) design and test case integration. By migrating the platform to the latest tech stack, the product team will ensure that the platform remains competitive, scalable, and attractive to both top-tier talent and a global customer base.

Implementation efficiency

Concurrently, a key priority will be improving implementation efficiency. While the platform offers significant breadth and flexibility, reducing time-to-deploy is critical to unlocking its full value. To address this, hSenidBiz is investing in further AI-enabled capabilities to streamline implementation processes, accelerate deployment timelines, and enhance the overall customer experience.

The product deployment team also plans to extend its orchestration tools to implementation partners in an initiative that will empower partners to lead localised deployments. This would effectively eliminate language barriers and further reduce the need for direct technical intervention from the core team.

Turning performance data into people decisions.

The Talent Module provides a unified approach to managing workforce growth, ensuring that performance expectations are clear, development is continuous, and talent decisions are data-driven.

Sustainability

Sustainability Introduction

As part of our commitment to sustainability and ethical business practices, hSenidBiz made significant progress in the financial year FY26 in enhancing our governance and social responsibility initiatives. We believe that fostering a positive workplace culture and upholding the highest governance standards are essential to our long-term success and maintaining the trust of our stakeholders. hSenidBiz is dedicated to further strengthening our governance structures, ensuring that they remain strong, inclusive, and aligned with the highest standards of integrity, while continually improving our social responsibility efforts.

Guided by a comprehensive environmental, social, and governance (ESG) framework encompassing environmental stewardship, social responsibility, and strong governance, the Company continues to implement initiatives aligned with both local and global best practices. This will be an ongoing process and the Company remains focused on continuous improvement, through ongoing engagement with employees, customers, suppliers, and the wider community.

Furthermore, these practices are aligned with the United Nations Sustainable Development Goals (UN SDGs) under the 2030 Agenda for Sustainable Development adopted by all UN Member States. By embedding responsible practices across its operations, hSenidBiz supports global sustainability goals while creating lasting value for its communities.

Sustainability Objectives

Environmental sustainability

- **Optimising office energy efficiency:** hSenidBiz focuses on improving energy efficiency within the workplace by implementing smart energy practices, reducing unnecessary power consumption, and promoting mindful energy use among employees. These efforts help lower the Company's overall environmental footprint while supporting a more sustainable working environment.
- **E-waste management:** Responsible disposal and recycling of electronic waste.

Social responsibility

- Align with local community organisations and initiatives that uphold sustainability values and support them through partnerships or contributions.
- Create knowledge workers to enhance information technology (IT) and business sector knowledge and career opportunities.
- Advance inclusive, ethical, and employee-centric human resource (HR) practices.

Governance

- **Cybersecurity:** Implementing cybersecurity measures to protect customer and Company data.
- **Data governance:** Ensuring data is managed responsibly and ethically.
- **Data privacy:** Ensuring the protection of customer data and respecting user privacy.
- **Ethical leadership:** Promoting ethical behaviour among IT leadership and management.

Key HRIS features enabling sustainability

- **HR workforce analytics** – insights on employee demographics, attrition, and diversity.
- **Real-time reporting capabilities** – our real-time reporting capabilities enable organisations to align their reporting with sustainability and governance standards.
- **Employee self-service portals** – employees can access HR policies, training, and sustainability initiatives.
- **Automated HR processes** – minimises manual intervention, reducing errors and ensuring compliance.
- **Engagement and wellbeing tools** – surveys, recognition programmes, and wellbeing initiatives integrated within human resource information systems (HRIS).

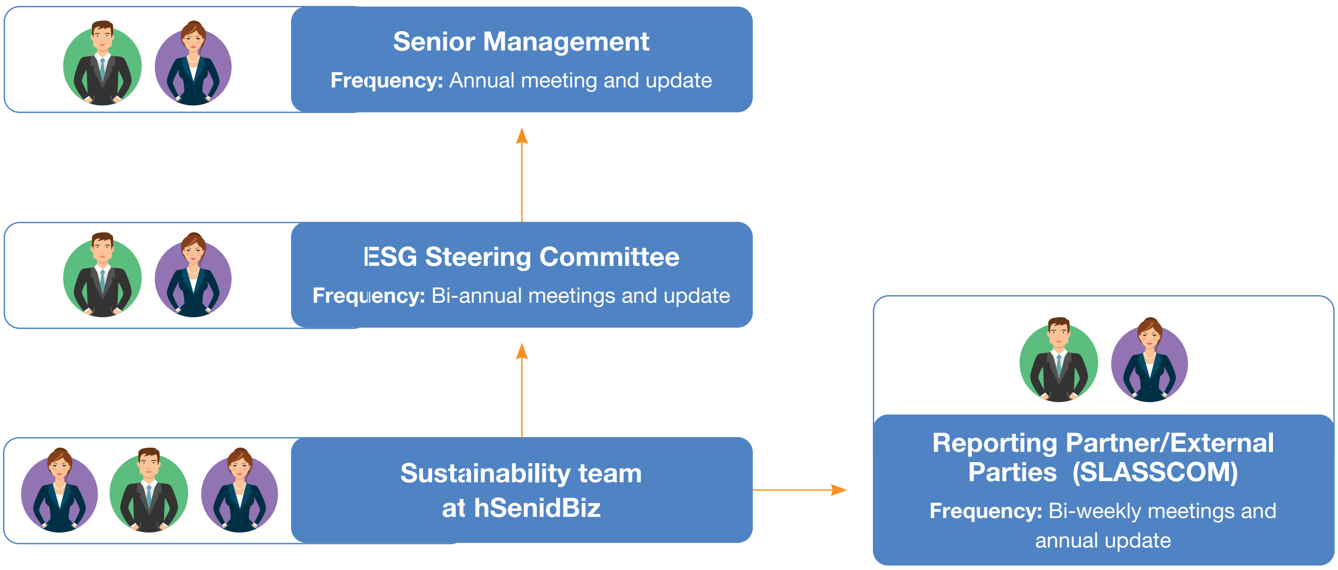
HRIS is a key enabler of ESG strategies, helping organisations track, measure, and improve sustainability, social responsibility, and governance.

PeoplesHR provides the right tools to support ESG goals with its advanced HR technology.

At hSenidBiz, we have identified the most relevant SDGs based on our business operations, which will aid us in achieveing our sustainability objectives.

SUSTAINABILITY GOVERNANCE STRUCTURE

hSenidBiz's sustainability governance structure is designed to integrate ESG considerations into its decision-making processes. Oversight is provided at the Board level, ensuring alignment with the Company's long-term strategy and stakeholder expectations. Operational responsibility is embedded within management teams, enabling effective execution of sustainability initiatives across the organisation. This structure supports accountability, transparency, and continuous improvement in delivering the Company's sustainability commitments.



Environmental Sustainability

DRIVING RESPONSIBLE ENVIRONMENTAL STEWARDSHIP

At hSenidBiz, we are dedicated to creating procedures that enable us to successfully control sustainability risks. This entails working together with both our clients and staff. To guarantee environmental preservation and advance sustainable development, we have incorporated environmental sustainability into our Company's strategic planning and commercial operations.

The PeoplesHR solution, our primary business offering, exemplifies the tagline 'Simple. Fast. Green.' by emphasising its eco-friendly methodology and effective simplification of human resource (HR) operations for our 1,500+ clients across 25+ countries in more than 20 key industries.

The role of HRIS in environmental sustainability

Digital HR operations

- E-signatures, digital payslips, and electronic document storage reduce paper consumption.
- Online recruitment and virtual onboarding minimise travel-related carbon emissions.

COMMITMENT TO SUSTAINABILITY

Establishing internal sustainability practices

hSenidBiz has implemented a range of internal sustainability practices aimed at reducing its environmental impact and fostering a culture of sustainability across all aspects of its operations. These include waste reduction initiatives, recycling programmes across all locations, and efforts to lower energy consumption. The Company also prioritises environmentally responsible and ethically sourced goods and materials through sustainable procurement practices. In addition, flexible work arrangements are encouraged, alongside the promotion of environmentally friendly commuting options to help reduce overall travel-related emissions.

PRACTICES IN PLACE

Managing the carbon footprint

The transition to a low-carbon economy is reshaping business priorities globally. In this context, hSenidBiz is committed to supporting this transition by aligning its operations with internationally recognised sustainability principles and environmental best practices.

Cloud-based software-as-a-service (SaaS) product to minimise paper usage: By offering a cloud-based human resources information system (HRIS) solution, hSenidBiz enables clients to reduce their reliance on physical paperwork throughout the entire employee lifecycle – from hiring to offboarding. This digital transformation not only enhances operational efficiency but also contributes to sustainability by significantly decreasing paper consumption.

Air travel and carbon footprint awareness: hSenidBiz is committed to minimising the environmental impact of air travel. While business-related travel may still be necessary, the Company actively encourages the use of virtual meetings and collaboration tools to reduce the frequency of air travel, thereby reducing carbon emissions associated with business operations.

Responsible disposal of electronic devices

A methodical approach to the safe and responsible disposal of electronic devices is described in the 'Electronic Devices Disposal Procedure.' The procedure starts with the evaluation and inventory of every piece of equipment that is going to be disposed of in order to ascertain its operation and state. All devices undergo secure data erasure, which uses approved software or physical destruction techniques to safeguard private data.

Following this, devices are categorised according to how they are disposed of—reuse, recycling, or waste—while abiding by the applicable laws. Non-storage functional devices are either assessed for possible internal reuse or considered for donation to community organisations, non-profits, or educational institutions. Certified e-waste recycling businesses receive devices that cannot be given or reused, making sure they adhere to safety and environmental regulations. This procedure guarantees the safe, responsible, and ecologically friendly disposal of electrical devices.

Ethical business practices

Market competitiveness and sustainable development depend on ethical trading practices. The National Chamber of Exporters (NCE) of Sri Lanka has created eight guidelines that are centred on People, Profit, and Planet. In order to maintain their competitive advantage in the global market, exporters must uphold sustainable development, fair business practices, and environmental protection.

A strong message is conveyed by NCE's Certificate of Ethical Trading (CET), which hSenidBiz received in June 2025. Our dedication to ethical behaviour, employee engagement, investor trust, and revenue growth is demonstrated by this accreditation, further strengthening our commitment to ethical projects. This certification is renewed every two years through a thorough audit of our trading practices.

In the long term, hSenidBiz will look to implement practices that are in accordance with international standards appropriate for the Company's operations and integrate not just local but also worldwide best practices.

Through these initiatives, hSenidBiz hopes to lead the industry in ethical business practices and environmental sustainability, showcasing our dedication to a more just and environmentally friendly future.

Sustainable supply chain management

Supplier environmental assessment: At hSenidBiz, we prioritise sustainability and responsible practices throughout our supply chain. While formal environmental, social and governance (ESG) practices are still evolving, we assess and monitor our suppliers' security practices through our Information Security Management System (ISMS) and Cloud Supplier Security Management frameworks. These assessments ensure alignment with our commitment to information security and environmental responsibility.

Vendor onboarding security assessment: We conduct a comprehensive Vendor Onboarding Security Evaluation to assess the information security best practices and risks associated with new suppliers. This questionnaire helps us to understand each supplier's information security, environmental impact, sustainability policies, and adherence to regulations.

Annual supplier security assessment: As part of our commitment to sustainability and responsible business practices, hSenidBiz conducts annual supplier reviews to ensure alignment with our security, compliance, and environmental standards. These reviews help us maintain a secure and ethical supply chain, driving continuous improvement and supporting our long-term ESG goals.

Social Responsibility

At hSenidBiz, social responsibility starts with our people and extends to the communities we serve. The Company is committed to fostering an inclusive and empowering workplace that supports employee growth, while actively contributing to the wellbeing of the wider community. Through initiatives focused on development, education, sustainability, and community engagement, hSenidBiz aims to create a meaningful and lasting impact guided by its core values of integrity and shared progress.

The role of HRIS in social responsibility

Diversity, equity, and inclusion (DEI)

- Analytics to track diversity metrics (gender ratio, pay equity, hiring trends)
- Bias-free recruitment through automated resumé screening

Employee wellbeing and engagement

- HRIS-enabled pulse surveys and feedback tools to assess employee satisfaction
- Integration with wellness programmes, mental health support, and flexible work policies

Learning and development for ESG awareness

- HRIS-powered LMS (Learning Management System) delivering sustainability training
- Upskilling employees in green business practices and ethical leadership

HUMAN CAPITAL

We believe that investing in human capital is key to achieving long-term success. By focusing on attracting, developing, and retaining top talent, hSenidBiz fosters a culture of continuous learning, collaboration, and inclusivity, empowering its people to drive innovation and deliver sustained value to stakeholders.

Compliance with regulations

To guide our people management efforts, we have embedded policies that reflect our commitment to upholding global best practices in labour standards and human rights. These principles apply across hSenidBiz and are further supported through PeoplesHR, which helps customers comply with relevant labour laws and regulations through its robust functionality and compliance-focused features.

Upholding human rights: building a foundation of integrity and fairness

Child and forced labour

hSenidBiz strictly prohibits the use of child labour, defined as the employment of any person below the age of 16, below the age for completion of compulsory education, or below the minimum legal age for employment in the relevant country, whichever is highest. We have implemented appropriate mechanisms to verify the age of workers. If child labour is identified, we are committed to providing assistance and remediation.

Sound labour practices

hSenidBiz is committed to adopting sound labour and employment practices, and ensuring that all personnel are treated in accordance with applicable laws and regulations of the regions and countries in which we operate. Working hours shall not exceed the maximum limits set by local law. All overtime must be voluntary, in compliance with local legislation, and aligned with employee categories and hSenidBiz policies.

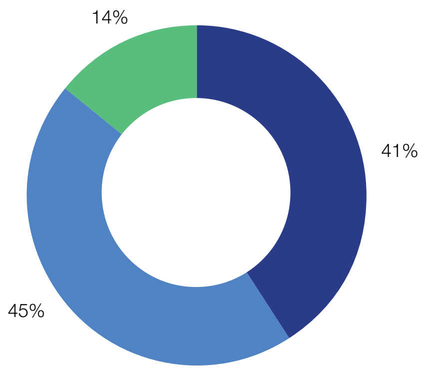
Human rights under special circumstances

Apart from the previously mentioned human rights concerns, hSenidBiz acknowledges that further human rights viewpoints might surface, especially concerning new activities, effects on nearby communities, the rights of indigenous people, or security protocols. hSenidBiz is conscious of the possible violation of human rights and will abide by any applicable national or international laws. In the event that no formal recommendations are provided, hSenidBiz will look to other sources to ascertain the most effective strategy for handling these particular situations.

Investing in talent

hSenidBiz places strong emphasis on attracting top-tier talent from both Sri Lanka and across the region. To aid this endeavour, a structured recruitment process ensures alignment with the Company's core values, rigorously assessing candidates for technical proficiency, cultural fit, and overall capability. In FY26, hSenidBiz was supported by a dynamic workforce of 232 professionals, bringing deep industry knowledge and specialised expertise gained from leading global organisations.

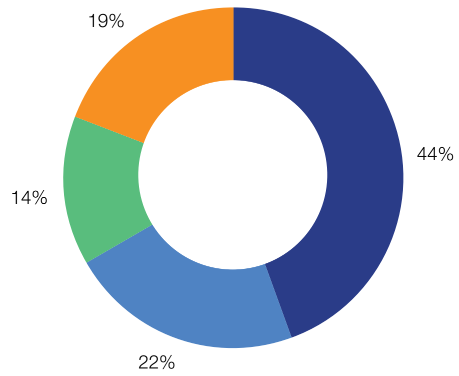
Employee breakdown by qualifications and experience



- A Degree, Postgraduate qualification or other professional qualification in the relevant field with a high level of practical industry experience
- Degree, professional qualification and industry experience relevant to the position
- Advanced Diploma or undergraduate Degree in a relevant field

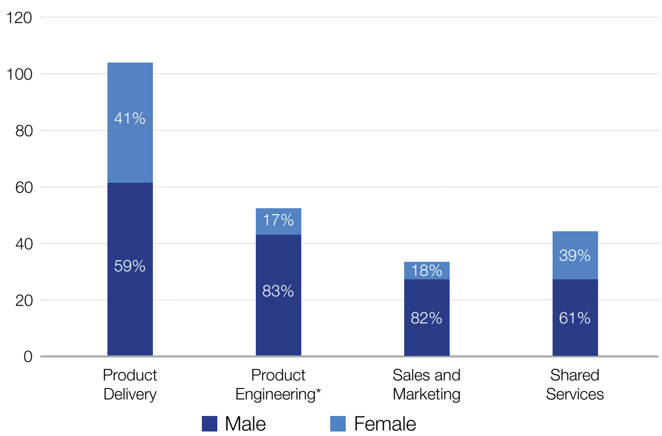
hSenidBiz maintains a team of skilled professionals in key markets including Bangladesh, Singapore, Indonesia, Kenya, India, and the Philippines, in order to provide efficient and localised support to its partners and customers.

Employee breakdown by key teams as at 31 March 2026



- Product Delivery
- Product Engineering*
- Sales and Marketing
- Shared Services

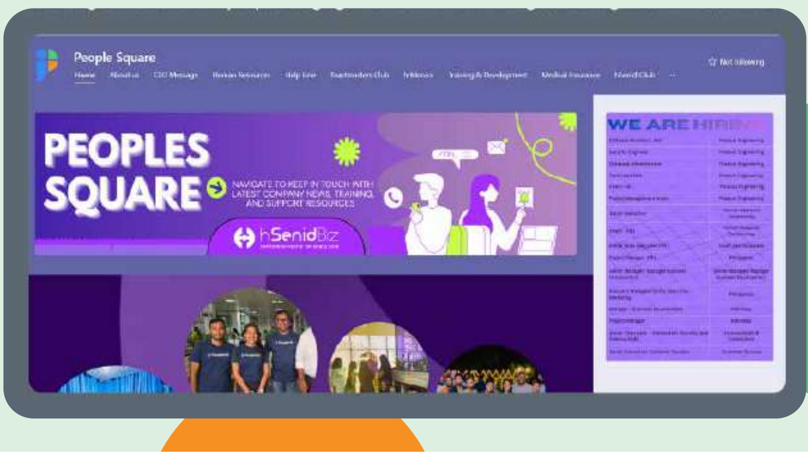
Employee breakdown by gender as at 31 March 2026



** Previously 'Product Development'*

Peoples Square

Peoples Square is a comprehensive platform designed to provide employees with easy access to essential company information including event details, HR resources, training and development opportunities, company benefits, medical insurance and hSenid Club details. It serves as a one-stop hub for all things related to employee engagement and well-being, fostering a connected and informed workforce.



Social Responsibility

Unlocking potential with learning and development

hSenidBiz promotes a robust learning culture, fostering peer-to-peer knowledge exchange through on-the-job training, and provides additional training as required, adhering to its well-structured training policy. As a people-centric HR solution, hSenidBiz takes care of its in-house talent by nurturing and training in all necessary areas, in line with its global competence framework.

During FY26, employees completed almost 370 learning hours through internal and external training sessions. Additionally, ~380 certificates were issued over the course of the year through the PeoplesHR Academy, with 'Functional Specialist in Base HR', 'ISMS and Cloud Security Compliance', and 'Quality Management System Compliance' being key training topics.

PeoplesHR Academy

Empowering HR Professionals: "Elevate your expertise with our certification" We believe our clients and our partners will gain the utmost product knowledge and deep understanding even better.

As the industry evolves, hSenidBiz recognises that future-ready developers will be those who can effectively leverage artificial intelligence (AI) to enhance their capabilities. By equipping its teams with AI-driven tools and skills, the Company is strengthening product development, building workforce resilience, and fostering a culture of continuous learning and innovation.

Driving knowledge, innovation, and collaboration

At hSenidBiz, we believe innovation flourishes in an environment that encourages curiosity, collaboration, and continuous learning. Through ideation sessions, Townhall meetings, hackathons, knowledge-sharing forums, and cross-functional initiatives, we provide employees with opportunities to exchange ideas, develop new capabilities, and contribute to solving complex business challenges. These efforts strengthen collaboration across the organisation while supporting a culture of innovation that drives continuous improvement and long-term value creation.

Some of the key events during the year included:

- **Townhall Meetings**: Organisation-wide communication forums conducted to share business updates, strategic direction, achievements, and organisational developments while encouraging employee engagement and transparency.
- **Knowledge Circle**: A cross-functional awareness and knowledge-sharing series conducted to improve collaboration, organisational understanding, and learning across departments and teams.
- **Financial Literacy Sessions by CEO**: Awareness sessions conducted for junior and mid-level employees focusing on financial planning, wealth creation, and personal financial management.
- **New Talent Connect**: A structured discussion forum for newly joined employees during probation to review onboarding experience, key performance indicator (KPI) alignment, workplace integration, and support requirements.
- **Intern Connect**: A structured engagement platform conducted with interns to understand their internship experience, provide career guidance, and strengthen early talent engagement.
- **Culture Connect**: A CEO-led employee engagement initiative conducted with selected senior staff members to gather feedback, encourage idea-sharing, and strengthen organisational culture and alignment.

Culture Connect session held in February 2026

Financial literacy session by CEO held in February 2026

RESPECT FOR PEOPLE'S RIGHTS AND DIGNITY

hSenidBiz members respect the dignity and worth of all individuals and uphold their rights to privacy, confidentiality, and self-determination. Age, gender identity, race, ethnicity, culture, national origin, religion, sexual orientation, handicap, language, and socioeconomic level are just a few examples of the cultural, individual, and role distinctions that our members recognise and honour.

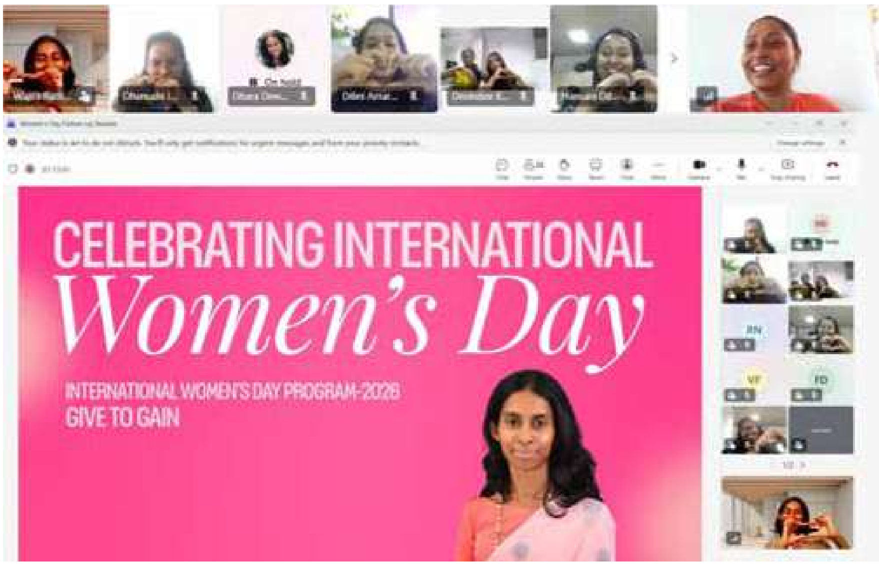
Fostering gender diversity and equality

At hSenidBiz, we are committed to advancing gender diversity and fostering an inclusive workplace where all individuals are empowered to contribute, grow, and succeed. We believe that equal opportunity strengthens innovation, enhances decision-making, and supports sustainable business performance. To further solidify this commitment, we carried out external workshops conducted to strengthen awareness on diversity, collaboration, communication, and effective team dynamics across the organisation.

Employee Percentage	32%	68%
Leadership Level (2026)*	12%	88%
Leadership Level (2025)*	22%	78%
Board Members**	25%	75%

*Collected date from internal HRIS
**This refers specifically to the hSenid Board of Directors

As part of our Women's Day initiative, hSenidBiz conducted a special virtual session centered around the theme 'Give to Gain.' The session was insightful and engaging, highlighting the importance of generosity, emotional intelligence, and supporting one another in the workplace. It served as a meaningful reminder that true growth comes from empowering others, and giving with a kind and supportive approach, which in turn brings positive returns. The session was conducted by Ms. Wajira Rathnayake.



International Women's Day virtual event

Embracing cultural diversity

To celebrate and encourage diversity in the workplace, we frequently host cultural activities. These gatherings give staff members a chance to share their own cultural traditions, practices, and life experiences, which promotes greater tolerance and understanding among co-workers. In order to foster an inclusive atmosphere, events include language exchange sessions, international culinary days, cultural festivals, and performances. The Company's embrace of cultural diversity boosts team morale, promotes cooperation, and solidifies its dedication to a courteous and global workplace.

Social Responsibility

Avurudhu celebrations at hSenid

Prioritising employee wellbeing

We are committed to fostering a supportive and healthy work environment that promotes both physical and mental wellbeing. Through initiatives such as flexible working arrangements, wellness programmes, and ongoing employee engagement, we seek to ensure that our people feel valued, empowered, and supported. We believe that a thriving workforce is fundamental to the success of the organisation. During FY26, this also included providing assistance and wellbeing support to our employees during challenging situations, especially during the floods resulting from Cyclone Ditwah.

Flexible work arrangements

Flexible work arrangements are increasingly recognised as a key factor in boosting employee satisfaction, productivity, and work-life balance. By offering options such as flexible hours, organisations empower their employees to manage their personal and professional lives more effectively. This adaptability not only fosters a more inclusive and supportive work environment but also leads to higher engagement, reduced burnout, and improved retention rates. Embracing flexible work policies demonstrates an organisation's commitment to prioritising employee wellbeing while maintaining operational efficiency.

Promoting health and wellness

Prioritising mental health, we organised several workshops and health campaigns around 'Mental Wellbeing' and 'Stress Management' during the year. Additionally, we also established the 'Run Club' at hSenidbiz, a wellness initiative aimed at promoting physical wellbeing, healthy lifestyles, team bonding, and employee engagement through regular fitness and running activities.

hRmonics – showcasing musical talent at hSenidBiz

hRmonics – showcasing musical talent at hSenidBiz

hSenid Run Club

COMMUNITY

At hSenidBiz, we are committed to creating meaningful and lasting impact through a range of community-focused initiatives. Our engagement spans support for education and skills development, as well as programmes that uplift and empower vulnerable communities.

As an HCM software provider, we actively collaborate with academic institutions through curriculum support, guest lectures, workshops, and internship opportunities, helping to bridge the gap between academia and industry.

In parallel, initiatives such as 'Open Closet', which provides essential items to those in need, and our continued participation in the Sunshine Games, supporting children with special needs, reflect our broader commitment to inclusion, empowerment, and social equity. Through these efforts, we aim to contribute to a more inclusive, educated, and compassionate society.

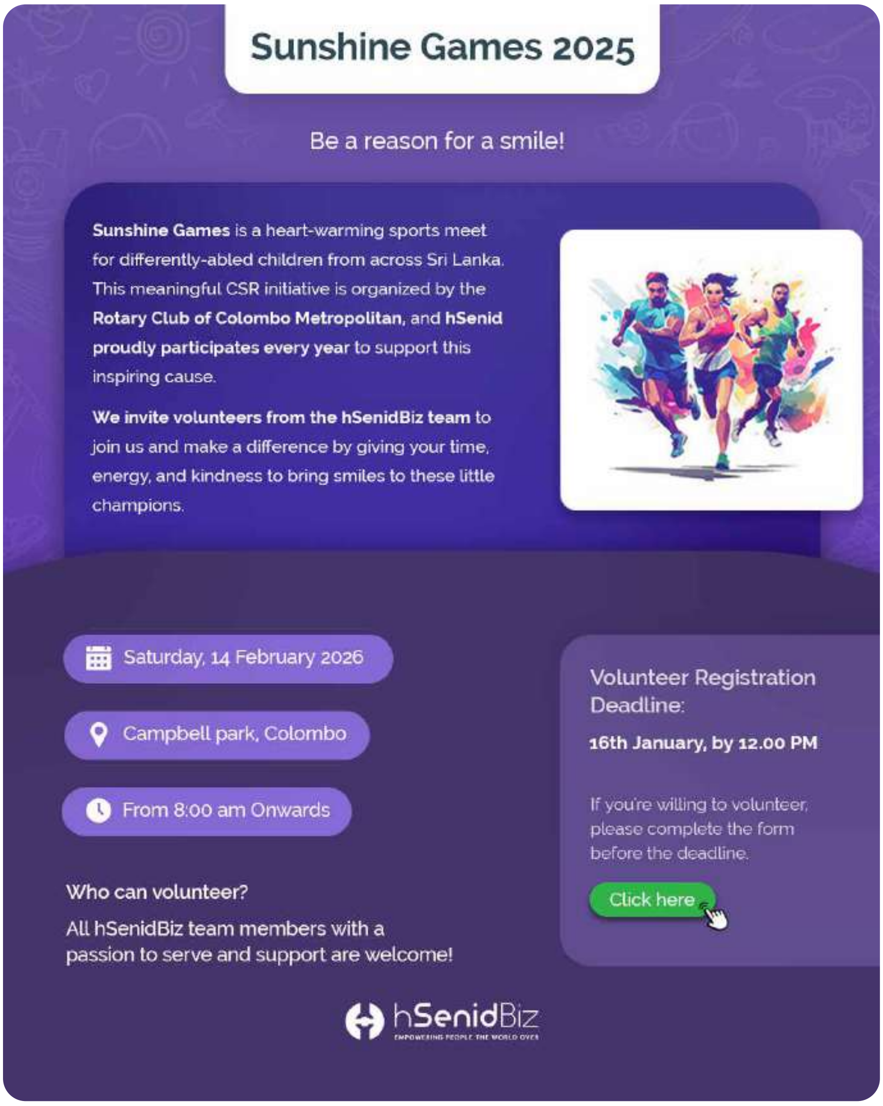
Social Responsibility

Corporate social responsibility

hSenidBiz remains committed to creating meaningful social impact through its corporate social responsibility (CSR) initiatives. Through targeted initiatives in education, wellbeing, and community engagement, hSenidBiz continues to strengthen its role as a responsible corporate citizen.

Sunshine Games

hSenidBiz contributed again in FY26 to the Sunshine Games organised by the Rotary Club of Colombo Metropolitan. The event is a charitable initiative dedicated to uplifting the self-esteem and social inclusion of children with special needs.



Held in February 2026 at Campbell Park, Colombo, the event saw over 1,000 children participate from a range of schools and care homes for a day filled with joy, games, and meaningful interaction. The event is aimed at creating an environment that nurtures confidence and belonging, and also helps identify potential participants for future international sporting events. hSenidBiz was proud to support this impactful initiative, which continues to enrich the lives of differently-abled children and promote greater understanding within the community.

Open Closet

The ninth edition of hSenid Business Solutions PLC's 'Open Closet' initiative was held on 6 March 2026 in celebration of International Women's Day, reinforcing the Company's commitment to empowerment and community support. It is a sustainability and community-sharing initiative aimed at encouraging employee contribution, reuse, and support for those in need through donated usable items.

The event welcomed over 200 participants and distributed more than 2,000 essential items, including clothing, footwear, handbags, and accessories, creating an uplifting environment that celebrated shared community support. Now a long-standing CSR initiative, Open Closet continues to reflect hSenidBiz's commitment to recognising and supporting women from underserved communities, while encouraging the continued expansion of its social impact.

Flood relief efforts

The Company provided flood relief to the students of Welivita St. Mary's College, post Cyclone Ditwah, with the participation of the senior management team.

Partnership with the Wayamba University of Sri Lanka

hSenidBiz signed a memorandum of understanding (MoU) with the Wayamba University of Sri Lanka in February 2026 to strengthen industry–academia collaboration in human resource management. Under this partnership, hSenidBiz will provide its PeoplesHR application software to support academic learning and practical training for undergraduates in the Department of Business Management, Faculty of Business Studies and Finance.

The initiative aims to equip students with industry-relevant HR and digital skills through hands-on exposure to modern HR technologies. The collaboration also includes opportunities for students and staff to participate in workshops, seminars, and training programmes, fostering greater alignment between academic learning and evolving industry needs while enhancing employability and innovation in the HR field.

Corporate Governance

Strong corporate governance is integral to hSenidBiz's long-term success and value creation. Supported by a robust governance framework and a commitment to ethical business practices, the Company upholds high standards of transparency, accountability, and integrity while ensuring compliance with all applicable regulatory requirements.

The Board of Directors places great emphasis on instituting and maintaining effective corporate governance practices and principles in respect of the management and operations of the Company. Accordingly, systems and structures have been introduced and improved from time to time to enhance risk management measures, and to improve accountability and transparency.

BOARD RESPONSIBILITIES

The Board of Directors is responsible for providing effective oversight of the Company's affairs, ensuring that its activities are conducted with integrity, transparency, and in accordance with established corporate governance principles and best practices. In fulfilling this role, the Board remains focused on safeguarding the long-term interests of all stakeholders.

The Board also promotes accountability through the timely and transparent disclosure of the Company's financial and operational performance. Through its leadership and oversight, it ensures that appropriate systems, controls, and processes are in place to support effective decision-making and the sustainable management of the business.

In addition, the Board oversees key governance matters relating to information security, cybersecurity, data privacy, operational resilience, and regulatory compliance. As a global cloud-based HCM solutions provider, the Company recognises the importance of safeguarding customer and employee information through appropriate governance, risk management, and control frameworks.

Operating independently of the Management, the Board is guided by the Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), as well as the Listing Rules of the Colombo Stock Exchange (CSE).

hSenidBiz recognises that a knowledgeable, engaged, and independent Board is fundamental to maintaining high standards of corporate governance. Accordingly, the Board comprises individuals with diverse skills, experience, and perspectives, enabling robust oversight and informed decision-making. To enhance governance effectiveness, specific responsibilities have been delegated to Board Committees operating under clearly defined Terms of Reference. These Committees support the Board by providing focused oversight and recommendations on matters within their respective mandates.

Board composition

The Board assumes ultimate responsibility for corporate governance within the Company, providing leadership through effective policy formulation and execution to meet the business objectives. At present, the Board comprises eight (08) Directors, of whom two (02) are Executive Directors, including the Chairman. The remaining six (06) are Non-Executive Directors of whom four (04) are Independent.

Name	Director Designation
Dinesh Saparamadu	Chairman, Executive, Non-Independent
Sampath Jayasundara	Chief Executive Officer, Executive, Non-Independent
Dishnira Saparamadu-Ariyarathne	Non-Executive, Non-Independent
Apurva Udeshi	Non-Executive, Non-Independent
Malinga De F. Arsakularatne	Non-Executive, Independent
Madu Ratnayake	Non-Executive, Independent
Anarkali Moonesinghe	Non-Executive, Independent
Dr. Arittha Wikramanayake	Non-Executive, Independent

In line with the newly updated Section 9 of the CSE Listing Rules with regard to corporate governance, the Company appointed Malinga Arsakularatne, a Non-Executive Independent Director at hSenidBiz, as the Senior Independent Director (SID) of the Company with effect from 18 October 2023. This is as a result of the Chairman of the Company being an Executive, Non-Independent Director. It should be noted that the Chairman, Dinesh Saparamdu, the founder of the Company, has deep domain expertise in the HCM software space, which has been a vital contributor to the growth of the business. As such, we believe that the Company and our shareholders will continue to benefit from his active participation in the operations in an executive capacity.

Additionally, hSenidBiz has not appointed any Alternate Directors as the current composition of the Board is deemed sufficient to effectively discharge its duties and responsibilities.

Board diversity

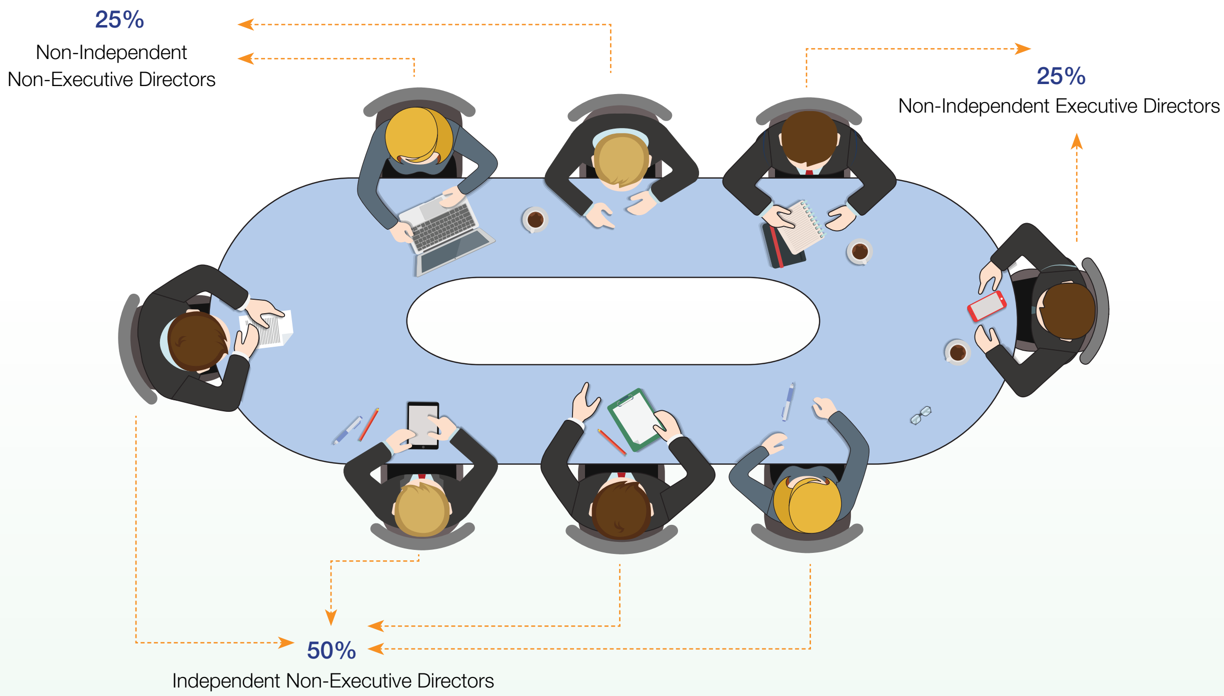
The Board comprises individuals with diverse academic backgrounds and extensive professional experience, providing a broad range of perspectives and expertise to support the Company's strategic objectives. The Board remains committed to periodically assessing its collective skills and competencies to ensure that they continue to align with the evolving needs, priorities, and complexity of the business.

Board skills

The Board comprises accomplished professionals with extensive experience across a diverse range of industries and disciplines. Several Directors also serve on the boards of local and international organisations, bringing valuable perspectives and strategic insight to the Company. Their collective expertise spans areas including technology, entrepreneurship, marketing, investment banking, investment management, and corporate finance, supporting effective governance and informed decision-making.

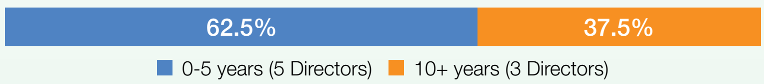
Supported by its Committees, the Board provides oversight of governance, risk management, compliance, and internal control activities. Periodic reviews are conducted to assess emerging risks, business continuity requirements, operational resilience, and the effectiveness of internal controls.

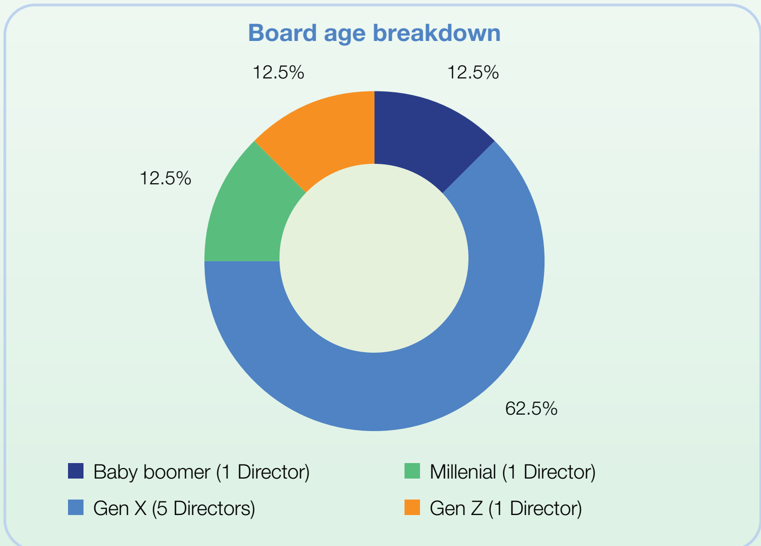
Board composition



Board gender breakdown

Board tenure





COMPLIANCE WITH REGULATIONS

Following the introduction of the revised Corporate Governance Rules by the Securities and Exchange Commission of Sri Lanka (SEC) in October 2023, with most provisions becoming mandatory by October 2024, hSenidBiz undertook the necessary measures to align its governance framework with the updated requirements and is now fully compliant with the applicable regulations.

The Company remains committed to maintaining the highest standards of transparency, accountability, and ethical business conduct. It maintains an ISO/IEC 27001:2022-certified Information Security Management System (ISMS), and continues to strengthen governance oversight relating to cybersecurity, data privacy, operational resilience, and information security risk management across its operations.

hSenidBiz views strong corporate governance as a cornerstone of sustainable value creation, and believes that adherence to evolving governance standards strengthens stakeholder confidence and supports the long-term integrity of the capital market. The Company also monitors evolving data protection, privacy, and ESG-related regulatory requirements applicable across the jurisdictions in which it operates, and incorporates such requirements into its governance, risk management, and compliance processes where relevant.

As at the reporting date, the Company complies with the governance requirements applicable to its operations, including the Companies Act No. 07 of 2007, the Listing Rules of the CSE, the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 together with related Directives and Circulars, and the Code of Best Practice on Corporate Governance 2023 issued by The CA Sri Lanka.

Statement of compliance under Section 168 of the Companies Act No. 07 of 2007

Companies Act Section	Companies Act Requirement	Compliance Status	Reference (within the Report)
168.(1) (a)	The nature of the business of the Company, together with any change thereof during the accounting period	Compliant	About Us
168.(1) (b)	Signed Financial Statements of the Company for the accounting period completed – section 151	Compliant	Financial Statements
168.(1) (c)	Auditor's Report on Financial Statements of the Company	Compliant	Independent Auditor's Report
168.(1) (d)	Accounting policies and any changes therein	Compliant	Note 2 to 4 of the Financial Statements
168.(1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Compliant	Annual Report of the Board of Directors
168.(1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Compliant	Note 28.2.1 to the Financial Statements
168.(1) (g)	Corporate donations made by the Company during the accounting period	Compliant	Not applicable
168.(1) (h)	Information on the Directorate of the Company at the end of the accounting period	Compliant	Annual Report of the Board of Directors on the Affairs of the Company

Companies Act Section	Companies Act Requirement	Compliance Status	Reference (within the Report)
168.(1) (i)	Amounts paid/payable to the External Auditor as audit fees, and fees for other services rendered during the accounting period	Compliant	Note 8 to the Financial Statements
168.(1) (j)	Auditor's relationship or any interest with the Company	Compliant	Report of the Group Audit Committee
168.(1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Compliant	Annual Report of the Board of Directors on the Affairs of the Company

Statement of compliance under Section 9 of the Listing Rules of the Colombo Stock Exchange

Section	Corporate Governance Requirement	Compliant	Effective Date
9.2	Policies	Compliant	As of 01 Oct 2024
9.3	Board Committees	Compliant	As of 01 Apr 2024
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	Compliant	As of 01 Oct 2024
9.4.1	Maintain records of all resolutions considered at any General Meeting of the Entity	Compliant	As of Nov 2021
9.4.2	Policy on effective communication and relations with shareholders and investors	Compliant	As of 01 Oct 2024
9.5	Policy on matters relating to the Board of Directors	Compliant	Before 01 Oct 2024
9.6	Chairperson and CEO	Compliant	As of Nov 2021
9.6.3	The Requirement for an SID	Compliant	As of 18 Oct 2023
9.7	Fitness of Directors and CEOs	Compliant	As of Nov 2021
9.8	Board Composition	Compliant	As of Nov 2021
9.9	Alternate Directors	NA	Before 01 Oct 2024
9.10	Disclosures relating to Directors	Compliant	As of Nov 2021
9.11	Nominations and Governance Committee	Compliant	As of 01 Apr 2024
9.12	Remuneration Committee	Compliant	As of Nov 2021
9.13	Audit Committee	Compliant	As of Nov 2021
9.14	Related Party Transactions Review Committee	Compliant	As of Nov 2021
9.15	Definitions	Compliant	As of Nov 2021
9.16	Additional disclosures	Compliant	As of Nov 2021

Corporate Governance

Creating a culture of integrity and ethical conduct

We are committed to upholding integrity, transparency, and accountability across all levels of the organisation. Through clear policies, ongoing awareness, and strong leadership, ethical behaviour is embedded into daily operations and decision-making, reinforcing stakeholder trust and our long-term commitment to responsible and sustainable business practices.

The Board of Directors sets the highest standards of business ethics and integrity, leading by example and defining clear expectations for the Group's values, culture, and behaviour. These principles are cascaded throughout the organisation, ensuring that a strong ethical framework guides all employees. The Company reinforces this culture through periodic compliance awareness programmes, information security training, anti-bribery awareness initiatives, and employee communication mechanisms designed to promote ethical conduct and responsible business practices.

Promoting ethical behaviour

Disciplinary policy	The Disciplinary Policy sets out the procedures for addressing employee misconduct, defining clear standards of acceptable conduct and the sanctions applicable in the event of policy violations. It outlines the types of behaviour that may result in disciplinary action, the process for conducting investigations, and the range of disciplinary measures, which may include warnings or termination depending on the severity of the offence. The policy is designed to maintain a fair, respectful, and productive working environment for all employees.
Anti-bribery and anti-corruption	By enacting laws, rules, and organisational codes of conduct, anti-corruption initiatives seek to advance accountability, transparency, and integrity. These initiatives include establishing procedures for reporting and looking into corruption, enforcing legal sanctions for corrupt behaviour, and encouraging an honest and morally upright culture. Reducing the detrimental effects of corruption on public trust, government, and economic development is the aim of anti-corruption campaigns.
Zero tolerance on retaliation	Employees will not be disciplined, discriminated against, or subjected to adverse personal action or reprisal, for having made a report in good faith regarding a potential violation of this code or any other Company policy, or for cooperating in any investigation or inquiry regarding such conduct.
Compliance with anti-trust laws	All employees are required to comply with applicable anti-trust and competition laws. In certain jurisdictions in which we operate, breaches of competition law may constitute criminal offences, carrying personal penalties including fines and imprisonment for serious violations. Even in jurisdictions where such laws may not be in force, hSenidBiz does not engage in any arrangements with competitors that could compromise the Company's reputation or ethical standards.
Whistleblowing policy	Our Whistleblowing Policy provides a safe and confidential channel for employees, contractors, and other stakeholders to report concerns related to unethical behaviour, misconduct, fraud, discrimination, harassment, safety violations, financial misconduct, or breaches of Company policies and legal requirements. All reports are treated with strict confidentiality and protected from retaliation. The Company encourages individuals to raise concerns where actions may be harmful to the organisation, its employees, or the wider community. By promoting openness and accountability, the whistleblowing framework plays a vital role in maintaining trust, ensuring compliance, and fostering a safe, fair, and transparent workplace. Reported concerns are reviewed through established governance processes and escalated to the appropriate management or Board-level oversight bodies where necessary, ensuring accountability, transparency, and timely resolution.

Risk Management

hSenidBiz views robust risk management as a cornerstone of its corporate governance and long-term value creation. Accordingly, the Company maintains a proactive and systematic approach to identifying, assessing, and mitigating risks that could impact its strategic objectives or operational integrity.

The Company remains vigilant toward shifting macroeconomic landscapes and the evolution of global labour markets. By leveraging cloud-native architecture and integrating advanced artificial intelligence (AI), the Company ensures that its solutions remain agile, cost-effective, and aligned with the demands of the modern workforce.

As a provider of enterprise-grade human resources information system (HRIS) solutions, hSenidBiz prioritises the security and privacy of client data. The Company's commitment to international standards is demonstrated by its adherence to ISO/IEC 27001:2022 and ISO/IEC 27017:2015 certifications. Furthermore, the Company has strengthened its regional footprint by obtaining data controller certification from the relevant regulatory authorities in key markets, such as Kenya, ensuring full compliance with local data protection laws.

To safeguard business continuity, hSenidBiz utilises premier cloud infrastructure and conducts rigorous disaster recovery simulations. The Company also addresses the global shortage of information technology (IT) talent through strategic employer branding and the establishment of offshore development hubs. Beyond operational efficiency, hSenidBiz integrates ESG principles into its core strategy, emphasising sustainable sourcing, ethical trading, and responsible e-waste management.

Through this comprehensive risk framework, hSenidBiz continues to build a resilient enterprise capable of navigating complexity while delivering consistent value to its stakeholders.

Risk	Description	Mitigation strategy
Macroeconomic and global labour trends	Volatile global economic conditions, the continued rise of remote/gig work, and development and demand for emerging technology are changing how clients buy and use HR software	• Provision of modular, cloud-native solutions to minimise capital expenditure for clients • Localisation to ensure continuous alignment with regional statutory and labour frameworks • Integration of AI to enhance agility and scalability in diverse industries and volatile markets
Risk to strategic growth potential	Potential challenges in realising long-term growth objectives due to operational delays or sub-optimal execution	• Robust talent acquisition and retention frameworks to support strategic scaling • Cultivating a performance-driven culture centered on innovation and institutional accountability • Sustained capital allocation toward research and development (R&D) and market penetration initiatives
Cybersecurity and data privacy	The threat of unauthorised system access and the inherent risks associated with safeguarding sensitive personnel data	• Rigorous cyclical vulnerability assessments and penetration testing • Maintaining gold-standard certifications, including ISO/IEC 27001:2022 and ISO/IEC 27017:2015 • Stringent enforcement of the Company's Client Data Protection policies across all operational touchpoints
Operational continuity	Risks regarding service availability, stemming from infrastructure dependencies or third-party outages	• Utilisation of Tier-1 cloud infrastructure (Microsoft Azure, Huawei) to ensure high availability • Systematic readiness audits of client-side infrastructure before system deployment

Risk Management

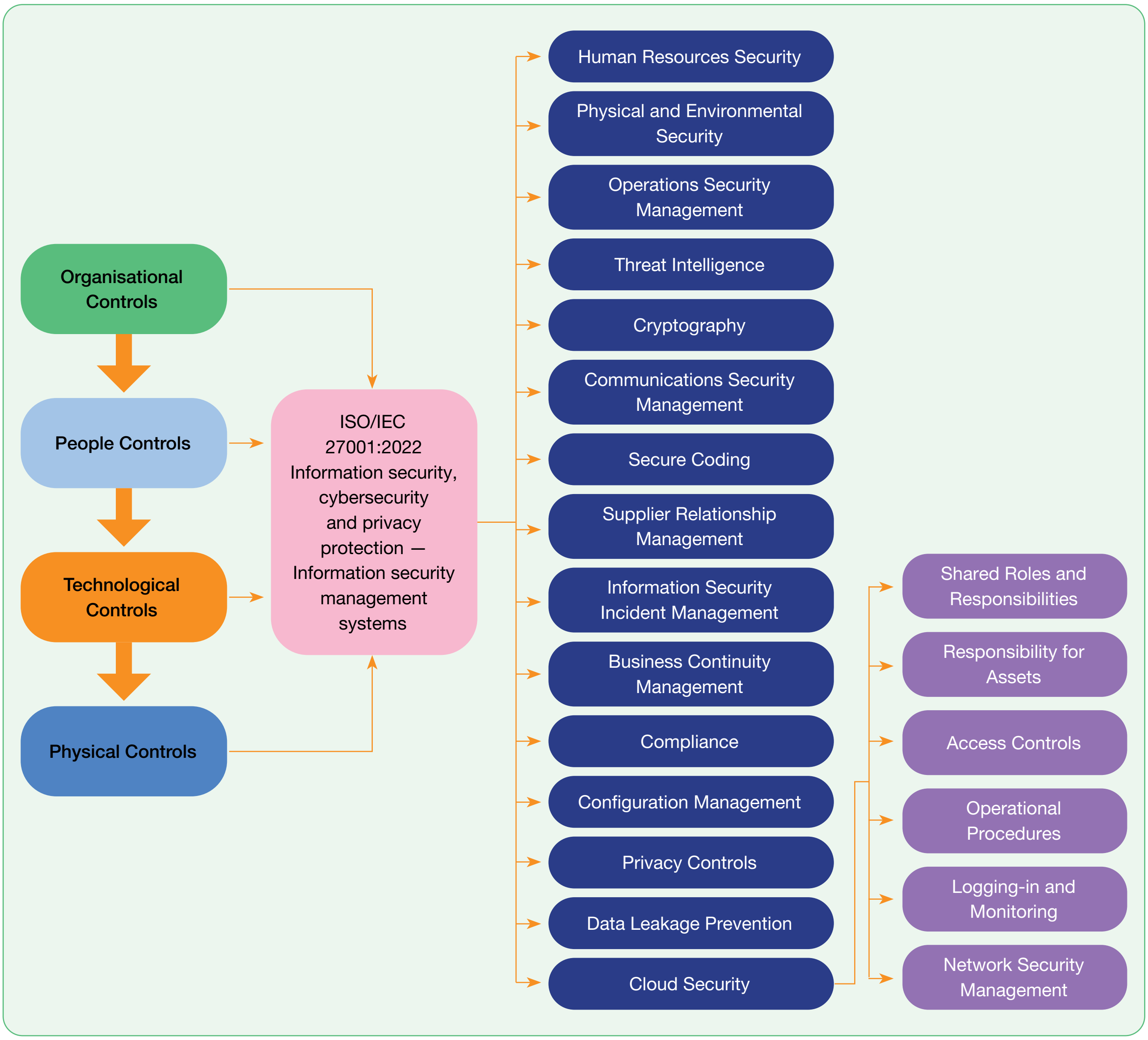
Risk	Description	Mitigation strategy
Technology obsolescence	Potential erosion of competitive advantage due to rapid technological shifts or the emergence of disruptive market entrants	• Dynamic product roadmaps focused on modernising architecture and feature sets • Proactive investment in R&D and talent acquisition • Investing in AI integration for product development, user interface/user experience (UI/UX) design and process automation • Collaborating with vendors to augment and extend platform capabilities
Regulatory and statutory compliance	Exposure to risk facing legal or financial penalties resulting from non-compliance with diverse regional labour and tax jurisdictions	• Strategic engagement with regional legal and payroll subject matter experts • Comprehensive requirement-gathering protocols to ensure alignment with industry-specific HR mandates
Third-party licensing risk	Vulnerabilities related to the continuity of essential third-party software licenses required for service delivery	• Negotiation of long-term service level agreements (SLAs) and proactive vendor relationship management
Talent transformation and future skills readiness	Risks arising from the rapid evolution of software development practices, including the increasing adoption of AI-assisted engineering, changing workforce requirements, and the need to attract, develop, and retain talent with emerging digital and AI-related capabilities - failure to adapt workforce competencies to evolving technology trends may impact innovation, operational efficiency, and long-term competitiveness.	• Continued investment in AI-enabled development practices and workforce upskilling to enhance productivity and technical capabilities • Building agile and lean engineering teams supported by automation and AI-assisted tools • Strengthening partnerships with universities and training institutions to develop future-ready talent pipelines with specialised digital and AI competencies • Fostering a technology-driven and innovation-focused workplace culture to attract and retain high-performing talent • Leveraging automation and low-code/no-code capabilities to reduce dependency on large development teams and improve scalability
Business continuity risk	Potential for prolonged recovery times due to untested or inadequate disaster-recovery and business continuity frameworks	• Execution of high-fidelity simulation exercises to stress-test the Business Continuity Plan • Iterative plan updates based on simulation outcomes to ensure organisational readiness
Supply chain risk	Risk of 'cascading' security breaches originating from compromised upstream vendors or partners	• Enhancement of supplier agreements to include rigorous communication and security protocols during the lifecycle of an incident
ESG and sustainability risk	The potential for Company decisions or activities to have a negative impact on environmental, social, or governance issues	• Institutionalizing sustainability within the corporate strategy and daily operational workflows • Implementing waste reduction, energy conservation, and sustainable sourcing practices • Following structured e-waste disposal procedures, and assessing supplier sustainability during onboarding and annual reviews • Maintenance of ethical trading certifications to uphold corporate governance standards

INFORMATION SECURITY AND CLOUD SECURITY MANAGEMENT

hSenidBiz maintains a comprehensive approach to information security designed to safeguard the integrity and confidentiality of corporate and client data. The Company utilises advanced cryptographic techniques to ensure data non-repudiation and prevent unauthorised access, ensuring the authenticity of all digital communications. Robust authentication and authorisation protocols are strictly enforced to restrict data access and modification to verified personnel only.

Central to the Company's development philosophy is the 'Shift Left' strategy, which involves integrating security measures into the earliest stages of the software development lifecycle. This allows hSenidBiz to proactively identify and remediate vulnerabilities, enhancing the inherent resilience of its software suite. These efforts are supported by a dedicated security operations team that provides real-time monitoring and threat analysis, leveraging sophisticated tools to detect and neutralise anomalies before they escalate into breaches.

Information Security Management Systems Framework



Risk Management

As a result of our unwavering commitment to Information Security & Cloud Security best practices, we have maintained a flawless record with no reportable data breaches in the last 5 years, ensuring the trust and safety of our clients and stakeholders.

Strategic evolution of security protocols

To remain at the forefront of cybersecurity, hSenidBiz is continuously evolving its defensive framework through the adoption of next-generation technologies and the pursuit of global compliance standards.

Implementation of ISO/IEC 27701:2019 (PIMS)

The Company continues its adoption of a comprehensive Privacy Information Management System (PIMS). Aligning with ISO/IEC 27701:2019 standards ensures that hSenidBiz remains compliant with global data privacy regulations, further cementing stakeholder trust through industry-leading data protection practices.

Advanced threat intelligence integration

The integration of advanced threat intelligence capabilities into the cybersecurity infrastructure is planned to enhance risk mitigation, improve incident response times, and strengthen the resilience of information systems against evolving cyber threats. Leveraging real-time data on emerging threats ensures a proactive approach to cybersecurity.

AI-enhanced trust portal

To enhance the efficiency and accuracy of the trust portal, AI capabilities are being integrated. AI will automate compliance processes and provide real-time security insights, ensuring a more proactive and data-driven approach to security management.

Cultivating a culture of vigilance

To ensure that security remains an organisational priority, hSenidBiz hosts an annual 'Information Security Awareness Month.' This initiative fosters a culture of continuous learning, ensuring that all employees are equipped with the latest knowledge in cloud security compliance and data protection best practices.

hSenidBiz focuses on continuous vigilance by holding an annual Information Security Awareness Month for all employees.

Audit Committee Report

PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee is to provide assistance to the Board of Directors of hSenidBiz in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community, and other relevant stakeholders, with regard to:

- the integrity of the Company's Financial Statements,
- the effectiveness of the Company's internal controls,
- the Company's compliance with legal and regulatory requirements,
- the External and Internal Auditors' qualifications, performance, independence, remuneration, appointment, reappointment, and removal, together with the terms of engagement, and
- overseeing the Company's compliance with ethical standards as adopted by the Company.

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Audit Committee, which consists of three (03) Non-Executive Directors, is chaired by Mr. Malinga Arsakularatne, while Corporate Services (Private) Limited acts as the Secretary to the Committee.

The Committee's composition as at 31 March 2026 was as follows:

Name	Category	Meeting Attendance
Mr. Malinga Arsakularatne	Independent, Non-Executive Director	4/4
Mr. Apurva Udeshi	Non-Independent, Non-Executive Director	3/4
Ms. Anarkali Moonesinghe	Independent, Non-Executive Director	4/4

The Committee held four (04) meetings during the financial year ended 31 March 2026.

Brief profiles of all Committee Members are given on pages 20 to 23 of this report.

The following members of the Corporate Management team regularly attended the meetings, upon invitation by the Committee:

- Mr. Dinesh Saparamadu — Chairman
- Mr. Sampath Jayasundara — Chief Executive Officer
- Mr. Nilendra Weerasinghe — Chief Financial and Strategy Officer
- Mr. Raveen Lasath — Financial Controller
- Mr. Saman Kumara — Director, Administration

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The primary role of the Audit Committee is to ensure the integrity of financial reporting and audit processes, and the maintenance of sound internal controls and risk management systems. The Committee's responsibilities include the following:

- Ensuring that the Company maintains proper books of accounts, and the Financial Statements provide a true and fair view of the financial position and financial performance of the Company
- Ensuring the effectiveness of the finance function
- Ensuring that the External Audit and Internal Audit are performed by two distinct and independent teams with the required professional qualifications, experience, competence, and authority
- Ensuring that the independence of the External Auditors and Internal Auditors has not been impaired by any conflicts of interest
- Assessing the performance of the External Auditors and Internal Auditors, and making recommendations to the Board of Directors in this regard
- Ensuring that the risk management framework is defined and effectively implemented across the organisation by competent staff
- Ensuring that the Financial Statements are prepared and presented in compliance with the relevant laws, regulations, and accounting standards
- Overseeing, reviewing, and periodically updating the Company's Code of Conduct and Ethics, along with compliance monitoring and enforcement

ACTIVITIES CARRIED OUT BY THE COMMITTEE IN FY26

- Reviewed and discussed with the Company's management and the External Auditors the Consolidated Financial Statements for the financial year ended 31 March 2026.
- Ensured that the Consolidated Financial Statements were prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS), fairly presenting the results of operations and the financial position of the Company.
- Ensured that the management has taken necessary and adequate steps to manage risk exposures by reviewing the internal controls, and risk identification and management measures.

Audit Committee Report

- Reviewed the internal assessment carried out by the management on the ability of the Company to continue as a going concern, taking into consideration the potential implications of the prevailing economic conditions both locally and in markets in which hSenidBiz operates.
- Reviewed internal audit reports and the management's action plans.
- Reviewed compliance with the Listing Rules and Regulations of the Colombo Stock Exchange (CSE).
- The Audit Committee held meetings with the External Auditors during the year to discuss the scope of the audit, audit approach, and procedures to be adopted during the audit.

The Committee received an assurance and compliance statement from the CFO and CEO of the Company regarding its operations and financial records, and the reporting is in compliance with the applicable rules and regulations relevant to the Company and the industry.

CONCLUSION

The Audit Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the reported financial results present a true and fair view. The Audit Committee is in agreement that the adoption of the going concern premise in the preparation of the Financial Statements is appropriate. The Audit Committee recommended to the Board of Directors that the Financial Statements as submitted be approved.

Malinga Arsakularatne
Chairperson
Audit Committee

22 July 2026

Human Resource and Remuneration Committee Report

PURPOSE OF THE COMMITTEE

The Human Resources and Remuneration Committee operates within the terms of reference approved by the Board of Directors, and assists the Board in ensuring that the remuneration policies of the Company align with its stated objectives.

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Human Resources and Remuneration Committee consists of three (3) Non-Executive Directors of whom two (2) are Independent Directors. The Committee is chaired by Mr. Madu Ratnayake, while Corporate Services (Private) Limited acts as the Secretary to the Committee.

The Committee's composition as at 31 March 2026 was as follows:

Name	Category	Meeting Attendance
Mr. Madu Ratnayake	Chairperson Non-Executive, Independent	01/01
Mr. Malinga Arsakularatne	Non-Executive, Independent	01/01
Ms. Dishnira Saparamadu-Ariyarathne	Non-Executive, Non-Independent	01/01

Brief profiles of all Committee Members are given on pages 20 to 23 of this report.

The following members of the Corporate Management Team attended the meetings upon the invitation of the Committee:

- Mr. Dinesh Saparamadu – Chairman
- Mr. A. L. Saman Kumara – Director Administration & HR

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee's primary responsibilities include:

- The recommendation of remuneration of the Chairman and Non-Executive Directors of the Board, and the remuneration policy relating to Executive Directors, the Chief Executive Officer, and Key Management Personnel of the Company.
- Ensuring that proper succession plans are in place, and providing recommendations on important human resources (HR) decisions relating to Key Management Personnel/Corporate Managers, and HR policies governing other staff.
- Approving the annual budget for human resources, along with proposed training and development programmes, action plans, and HR strategies.
- Ensuring appropriate compensation packages that suit all businesses within the Group, determined in line with individual employee performance, qualifications, and level of experience, whilst keeping in mind the business performance and long-term shareholder returns.
- Formulating HR strategies that align with the Company's business strategy and its future focus.

ACTIVITIES CARRIED OUT BY THE COMMITTEE DURING FY26

- Evaluated the Group Remuneration Policy to support succession planning and remain competitive in the market.
- Conducted research on the monetary and non-monetary benefits provided within the industry, to offer more competitive benefits to our staff members. Furthermore, the employee value proposition was re-validated to position hSenidBiz as a preferred employer.
- Evaluated the performance of the CEO and CFO, and the collective performance of Directors and Senior Management of the strategic business units.
- Drove automation and process improvements across Shared Services to enhance efficiency and enable data-driven decisions.
- Realigned the Learning & Development strategy towards business goals, focusing on future skills and leadership readiness.
- Revamped the performance management approach to prioritise agility, innovation, and measurable outcomes.

Human Resource and Remuneration Committee Report

- Strengthened succession planning by mapping critical roles and accelerating internal talent development.
- Backed the Engineering team's artificial intelligence (AI) roadmap, including pilot projects integrating AI into product and internal processes.
- Optimised the team structure, and directed productivity and productivity effectiveness improvements with AI.

CONCLUSION

During the year, all objectives of The Human Resources and Remuneration Committee with regard to compensation and benefits, and human resources policies were met. The minutes of the meetings, including recommendations and approvals, were presented to the Board of Directors for approval.

Madu Ratnayake
Chairperson
The Human Resources and
Remuneration Committee

22 July 2026

Related Party Transactions Review Committee Report

PURPOSE OF THE COMMITTEE

The Related Party Transactions Review Committee assists the Board of Directors in ensuring that the interests of shareholders as a whole are taken into consideration when entering into transactions with related parties to avoid any conflicts of interest, and to ensure such transactions are consistent with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Listing Rules of the Colombo Stock Exchange (CSE).

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Related Party Transactions Review Committee, which comprises five (5) Non-Executive Directors, of which three (3) are Independent Directors, is chaired by Ms. Anarkali Moonesinghe, while Corporate Services (Private) Limited acts as the Secretary to the Committee.

The Committee's composition as at 31 March 2026 was as follows:

Name	Category	Meeting Attendance
Ms. Anarkali Moonesinghe	Chairperson Independent, Non-Executive Director	2/2
Mr. Apurva Udeshi	Non-Independent, Non-Executive Director	2/2
Ms. Dishnira Saparamadu-Ariyarathne	Non-Independent, Non-Executive Director	1/2
Mr. Malinga Arsakularatne	Independent, Non-Executive Director	2/2
Dr. Arittha Wikramanayake	Independent, Non-Executive Director	0/2

Brief profiles of all Committee Members are given on pages 20 to 23 of this report.

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

Except for transactions mentioned under Rule 27 of the Code, all other related party transactions should be reviewed by the Committee, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

In particular, the Committee will review all transactions between the Company and Related Parties to:

- Assess whether the transactions are in the best interests of the Company and its shareholders as a whole.
- Evaluate whether the transactions fall within the ambit of a normal business relationship, including whether:
  a) the related party service providers have the adequate skills and capacity, and
  b) the related party services are provided at market competitive rates.
- Confirm whether the terms of such transactions are no more favourable than would reasonably be expected of transactions negotiated on an arm's length basis, including by considering benchmarks when available.
- Based on its review, the Committee will recommend to the Board entry into the agreement or transaction as appropriate.

REVIEW OF RELATED PARTY TRANSACTIONS DURING FY26

During the year under review, there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the CSE Listing Rules that would require disclosure in the Annual Report. The Committee has communicated its comments/observations to the Board of Directors.

Details of other related party transactions entered into by the Company during the year are disclosed in Note 28 to the Financial Statements.

CONCLUSION

The Committee will continue to assist the Board of Directors by reviewing all Related Party Transactions, ensuring that:

- They are in compliance with Section 9 of the Listing Rules of the CSE.
- The shareholders' interests are safeguarded.
- They are fair and transparent, and on commercial terms.

Anarkali Moonesinghe
Chairperson
Related Party Transactions Review Committee

22 July 2026

Nominations and Governance Committee Report

PURPOSE OF THE COMMITTEE

As per Rule 9.11 of the Colombo Stock Exchange (CSE) Listing Rules, hSenidBiz established the Nominations and Governance Committee (NOMCO) of the Company on 1 April 2024.

The NOMCO is a key component of the Company's Board of Directors, and focuses on ensuring effective governance and leadership. The scope of the Committee includes:

- Formulation of policies that provide the framework for the nomination, appointment, election and/or re-election of Directors to the Board, and the appointment of Members to Board Committees.
- Formulation of policies that set out the framework for governance of the Company, including corporate governance policies and compliance manuals.
- Evaluating the fitness and propriety of persons for appointment, election, and/or re-election as Directors to the Board, and making recommendations to the Board.
- Overseeing and evaluating the Company's compliance with the governance framework.

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The NOMCO, which consists of three (3) Non-Executive Directors, is chaired by Dr. Arittha Wikramanayake, while Corporate Services (Private) Limited acts as the Secretary to the Committee.

The Committee's composition as at 31 March 2026 was as follows:

Name	Category	Meeting Attendance
Dr. Arittha Wikramanayake	Independent, Non-Executive Director	01/01
Ms. Anarkali Moonesinghe	Independent, Non-Executive Director	01/01
Mr. Apurva Udeshi	Non-Independent, Non-Executive Director	01/01

Brief profiles of all Committee Members are given on pages 20 to 23 of this report.

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee's responsibilities include the following:

- Establish and maintain a set of criteria for the selection of Directors – such as academic/professional qualifications, skills, experience, and key attributes required for eligibility – taking into consideration the nature of the Company's business and industry-specific requirements.
- Set out, review, and implement the framework for the appointment of Directors to the Board and Members of Board Committees.
- Establish and maintain a set of criteria for the selection, assessment, and appointment of the Chief Executive Officer and Key Management Personnel, taking into consideration the nature of the Company's business and industry-specific requirements.
- Review and recommend the overall corporate governance framework of the Company to align with the applicable laws and regulations (including the Listing Rules of the CSE) and industry best practices.
- Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO, to ensure that their responsibilities are satisfactorily discharged.
- Develop succession plans for the Board of Directors and Key Management Personnel of the Company.
- Review the structure, size, and composition of the Board of Directors and Board Committees, with regard to the effective discharge of duties and responsibilities.

ACTIVITIES CARRIED OUT BY THE COMMITTEE IN FY26

- Terms of Reference (TOR) were adopted by the Committee.

Dr. Arittha Wikramanayake
Chairperson
Nominations and Governance Committee

22 July 2026

Annual Report of the Board of Directors on the Affairs of the Company

The Directors are pleased to present the Annual Report for the year ended 31 March 2026 of your Company, together with the Audited Financial Statements of hSenid Business Solutions PLC (the 'Company'), the Audited Consolidated Financial Statements of the Company for the year ended 31 March 2026, and the Independent Auditors' Report (on page 85), conforming to all relevant statutory requirements. The details set out here provide pertinent information required by the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange (CSE), and are guided by recommended rules of best practices.

LEGAL FORM

hSenid Business Solutions, which was incorporated on 05 October 2005 as a private limited liability company, under the name hSenid Business Solutions (Private) Limited, is a human capital management software vendor and solutions provider. The Company subsequently converted to a public limited liability company on 19 September 2021. Pursuant to an initial public offering (IPO), the Company was listed on the main board of the CSE on 21 December 2021.

PRINCIPAL ACTIVITIES

The Company is engaged in developing human capital management software to help digitalise the entire employee journey within organisations, from hiring to retirement. The software solution enables enterprises to automate day-to-day human resource (HR) processes, enhances human interactions, and delivers actionable insights for organisations. Additionally, the Company also provides payroll management services and engages in the sale of hardware for tracking human resources.

REVIEW OF PERFORMANCE

The financial and operational performance, and outlook of the Company and its business units are described in the Chief Executive Officer's message (on page 15) and the Operational Review section (on page 41). This, together with the Audited Financial Statements, reflects the state of affairs of the Company. Segment-wise contributions to Company revenue are mentioned in Note 5 to the Financial Statements.

FINANCIAL STATEMENTS

In terms of Sections 150 (1), 151, 152, and 153 (1) and (2) of the Companies Act, the Board of Directors is responsible for the preparation of the Financial Statements of the Company, which reflect a true and fair view of the financial position and performance of the Company. Hence, the Board of Directors wishes to confirm that the Consolidated Financial Statements (appearing on pages 88 to 92) have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and the Companies Act. There were no changes to the accounting policies adopted in the previous year for the Company, other than those stated.

The Financial Statements of the Company for the year ended 31 March 2026, including comparatives for 2024/25, were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 July 2026.

ACCOUNTING POLICIES

The accounting policies adopted by the Company and the group have been consistently applied from the previous year. The significant accounting policies, including any new accounting standards adopted in the preparation of Financial Statements, are stated on pages 93 to 102.

SUBSIDIARIES

The Company's interest in subsidiaries, as at 31 March 2026, is as follows:

Name of the Subsidiary	Country of Incorporation	Shareholding
hSenid Software (Singapore) Pte Ltd	Singapore	100%
hSenid Business Solutions (India) Pvt Ltd	India	100%
hSenid Business Solutions (Bangladesh) Pvt Ltd	Bangladesh	100%
PeoplesHR Solutions (Pvt) Ltd	Sri Lanka	100%
PeoplesHR Philippines Inc.	Philippines	100%

DIRECTORS

The Directors of the Company, as at 31 March 2026, and their profiles are provided on pages 20 to 23. The names of Directors who will retire and those who will seek reappointment at the forthcoming Annual General Meeting (AGM) are stated in the Notice of Meeting (refer page 136).

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS

Except as stated in Note 28.2.1 to the Financial Statements, during and at the end of the financial year 2025/26 (FY26), none of the Directors were directly or indirectly interested in contracts or proposed contracts in connection with the Company's business.

Annual Report of the Board of Directors on the Affairs of the Company

DIRECTORS' SHAREHOLDINGS

The details of shares held by the Directors as at the end of the current financial year are as follows:

Name of Director	2025/2026	2024/2025
Mr. Dinesh B. Saparamadu	29,260,708	29,260,708
Mr. Sampath Jayasundara	3,452,018	3,452,018

DIRECTORS' REMUNERATION AND OTHER BENEFITS

The remuneration and other benefits of the Directors are stated in Note 28.2.1 to the Financial Statements (refer page 125).

STATED CAPITAL

The stated capital of the Company, as at 31 March 2026, amounted to LKR 1,023,748,924, consisting of 285,254,759 ordinary shares.

RESERVES

Total reserves and their composition are set out in the Statement of Changes in Equity on pages 90 and 91 of the Consolidated Financial Statements.

MAJOR SHAREHOLDERS

Details of the Company's twenty (20) largest shareholders, and the percentages held by each of them, are disclosed in the Investor Information section of the Annual Report (refer page 133).

DIVIDEND

For FY26, the Board has carefully evaluated the Company's long-term growth strategy, investments undertaken in product and market development, and customer acquisition initiatives. In line with its focus on enhancing future earnings and delivering long-term shareholder value, the Company has opted not to declare a dividend for the current financial year. These strategic investments are expected to drive sustained growth and improved profitability in the years ahead.

EXTERNAL AUDITORS

The External Auditors, Messrs Ernst & Young, have expressed their opinion on pages 85 to 87. Details of their remuneration are mentioned in Note 8 to the Financial Statements (refer page 105). As far as the Directors are aware, the Auditors do not have any other relationship with or any interest in contracts with the Company. The Directors propose the reappointment of Ernst & Young Chartered Accountants as Auditors of the Company for the year 2026/2027, subject to the approval of the shareholders at the Annual General Meeting.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments to the Government, other regulatory institutions, and related to the employees have been made on time or have been provided for.

DONATIONS

The Company has not made monetary donations during the year 2025/26.

GOING CONCERN BASIS

The Board of Directors reviewed the business plans of the Company and is satisfied with the adequacy of resources to continue operations in the foreseeable future. Accordingly, the Financial Statements of the Company have been prepared on a going concern basis.

DIRECTORS' INTERESTS AND THE INTERESTS REGISTER

The relevant interests of each Director in the share capital of the Company have been notified to the CSE by the Directors, in accordance with Section 7.8 of the Listing Rules of the CSE and, accordingly, the relevant entries have been made in the Company's Interests Register, which has been maintained as required by the Companies Act.

This Annual Report also contains particulars of entries made in the Interests Registers of subsidiaries, which are public or private companies, that have not dispensed with the requirement to maintain an Interests Register as permitted by Section 30 of the Companies Act.

Particulars of entries in the Interests Register include interests in contracts. The Directors have all made a general disclosure to the Board, as required by Section 192 (2) of the Companies Act, and no additional interests have been disclosed by any Director.

RELATED PARTY TRANSACTIONS

The Company's transactions with related parties in respect of the Company, for the financial year ended 31 March 2026, are stated in Note 28 to the Financial Statements on page 124 of the Annual Report, and are in compliance with Rule 9.3.2 of the CSE Listing Rules, and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive, issued under Section 13 (c) of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987.

EMPLOYEE SHARE OPTION PLAN

The Company, with the approval of the shareholders obtained on 6 December 2022, established the Employee Share Option Plan (ESOP) with the objective of providing shares to the employees of hSenidBiz (including any person rendering services to the Company and/or its subsidiaries on a fixed term contract), selected by the Board of Directors on the recommendation of the ESOP Committee.

The total number of shares that may be issued by the Company under the ESOP to the Eligible Employees, in the event all of the options granted to the Eligible Employees are exercised fully, will be ten million (10,000,000) shares, amounting to approximately three decimal four nine percent (3.49%) of the total issued shares of the Company, post issuance of such shares.

Please refer to Note 25 on page 122, for further details on options granted to eligible employees by the Company.

INTERNAL CONTROL

Through the involvement of the Company Executive Committee, the Board takes measures to obtain assurance on the effectiveness of the Company's internal control systems. The Audit Committee receives regular reports on the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations, and adherence to established policies and procedures. The Board also maintains direct access to the Chairman of the Audit Committee, while the Committee regularly reviews reports submitted by the Internal Auditors.

SUSTAINABILITY

The Company is committed to developing practices that allow it to effectively manage sustainability risks. We have integrated environmental sustainability into our Company's strategic planning and business operations, to ensure the protection of the environment and promote sustainable development. Please refer pages 52 to 63 for further details.

CORPORATE GOVERNANCE

The Directors place significant emphasis on maintaining strong corporate governance practices and principles across the management and operations of the Company. Accordingly, systems and structures continue to be strengthened to enhance risk management, accountability, and transparency.

The Colombo Stock Exchange published its updated Corporate Governance Rules for listed entities in October 2023, with compliance for most regulations becoming mandatory by October 2024. These requirements are included under Section 9 of the CSE Listing Rules. In line with these requirements, the Company undertook the necessary measures to align with the revised regulations and is now fully compliant. In addition, hSenidBiz has complied with the Corporate Governance rules issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), as well as Section 7.10 of the Listing Rules of the Colombo Stock Exchange.

The Corporate Governance Section (on pages 64 to 68) discusses the Corporate Governance Principles adopted by the Company.

EMPLOYMENT

The Company is committed to fostering an equal opportunity workplace, with these principles embedded across its hiring, training, development, and promotion practices to ensure that all decisions are merit-based. Equal opportunities are extended to all employees irrespective of ethnicity, religion, political beliefs, gender, marital status, or physical ability.

ANNUAL GENERAL MEETING

Please refer to the Notice of Meeting on page 136 of this Annual Report.

By order of the Board
hSenid Business Solutions PLC

Dinesh Saparamadu

Dinesh Saparamadu
Chairman

Sampath Jayasundara
Chief Executive Officer

Corporate Services (Pvt) Ltd
Company Secretary

22 July 2026

Statement of Directors' Responsibility

This Statement of Directors' Responsibility is to be read in conjunction with the Report of the Auditors. Its purpose is to distinguish the respective responsibilities of the Directors and Auditors in respect of the Financial Statements contained in this Annual Report.

The responsibility of the Directors, with respect to the Financial Statements of the Company, is set out in this statement. The responsibility of the Independent Auditors, in respect of the Financial Statements, prepared in accordance with the provisions of the Companies Act No. 07 of 2007 ('the Act'), is set out in the Independent Auditors' Report (refer pages 85 to 87).

As such, the Directors of hSenidBiz confirm that the Financial Statements of the Company, for the year ended 31 March 2026, presented in this report, have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) and the Companies Act No. 07 of 2007.

The Directors are required to prepare Financial Statements for each financial year, which provide a true and fair view of the state of affairs of the Company, and the income and expenditure of the Company.

The Financial Statements comprise:

- Statement of Profit or Loss and Other Comprehensive Income, which presents a true and fair view of the profit and loss of the Company for the financial year, and
- Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year, and which complies with the requirements of the Act and SLFRS.

In preparing the Financial Statements, the Directors have adopted appropriate accounting policies and applied them consistently. They have exercised reasonable and prudent judgement and estimation, complied with applicable accounting standards, and prepared the Financial Statements on a going concern basis. The Directors consider that the Company has sufficient funds and other resources to continue operating for the foreseeable future.

The Directors also confirm that this Directors' Report contains a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

In addition, the Directors have adopted appropriate internal controls, comprising internal checks, risk management policies, and financial and other controls, which are implemented to provide reasonable assurance that all assets are safeguarded, and that transactions are properly authorised and recorded, so that material misstatements and irregularities are prevented or detected within a reasonable period of time. Furthermore, the Directors have established Board committees, including the Audit Committee, the Human Resources and Remuneration Committee, the Related Party Transactions Review Committee, and the Nominations and Governance Committee, to strengthen the process of identifying and reviewing the adequacy and integrity of the internal control and risk management systems.

The Directors have provided the Auditors with all required information and explanations, and have afforded them every opportunity to carry out such audit procedures as they considered necessary to enable them to form an audit opinion on the Financial Statements. The Directors are of the view that they have duly discharged their responsibilities in this regard.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government, which were due in respect of the Company and its subsidiaries as at the balance sheet date, have been paid, or where relevant, provided for.

By the Order of the Board
hSenid Business Solutions PLC

Dinesh Saparamadu

Dinesh Saparamadu
Chairman

Sampath Jayasundara
Chief Executive Officer

Corporate Services (Pvt) Ltd
Company Secretary

22 July 2026

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Financial Reports

Independent Auditor's Report

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Ernst & Young
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TO THE SHAREHOLDERS OF HSENID BUSINESS SOLUTIONS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of hSenid Business Solutions PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026, and statements of Profit or Loss and Other Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report

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Key audit matter common to both Group and Company

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition The Group derived revenues of 2.058 Bn from the sale of products and services for the year ended 31 March 2026 as disclosed in Note 5 to the financial statements. Recognition and Measurement of Revenue from the products and services was a key focus of the audit due to: • Complexity involved in determining project milestones, risk contingencies execution and ongoing uncertainties around expected costs to complete. • Large volume of transactions which arise from sales of different combinations of the services. • The existence of specific contractual terms in sales arrangements entered, affecting the recognition and measurement of revenue for support maintenance services.	Our audit procedures amongst others included the following; • Obtained understanding of the process for how management determines the percentage of completions, evaluated the design of, and performed tests of controls. • Checked sales agreements entered into by the Group and assessed whether terms attached to such agreements have been appropriately factored in by the Group in the recognition of revenue. • Checked the related evidence to verify the receipt of the revenue We also assessed the adequacy of disclosures made in relation to the recognition of revenue in Note 05 to the financial statements.

Other Information included in the 2026 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of both the Company and the Group.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but, it is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 7752.

Ernst & Young

22 July 2026
Colombo

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Revenue from contracts with customers	5	2,058,144,432	1,818,258,213	1,835,771,586	1,596,466,498
Cost of sales		(1,037,958,815)	(992,826,401)	(948,420,866)	(873,110,677)
Gross profit		1,020,185,617	825,431,812	887,350,720	723,355,821
Other income/(losses)	6	38,138,650	(10,726,288)	34,606,576	(14,537,785)
Administrative expenses		(539,062,297)	(562,499,317)	(456,555,700)	(477,188,135)
Selling and marketing expenses		(331,428,972)	(425,897,904)	(199,261,778)	(308,456,446)
Other operating expenses		(212,183,648)	(188,527,498)	(204,011,876)	(180,260,114)
Operating profit/(loss)		(24,350,649)	(362,219,194)	62,127,942	(257,086,660)
Finance cost	7.1	(12,391,774)	(8,687,604)	(12,391,774)	(8,405,995)
Finance income	7.2	29,102,489	50,103,444	29,092,538	50,103,444
Profit/(Loss) before tax	8	(7,639,934)	(320,803,354)	78,828,706	(215,389,211)
Income tax expense	9	(31,400,467)	34,536,377	(42,251,595)	34,456,939
Profit/(Loss) for the year		(39,040,401)	(286,266,977)	36,577,111	(180,932,272)
Attributable to:					
Equity holders of the parent		(39,040,401)	(286,266,977)	36,577,111	(180,932,272)
Non-controlling interest		-	-	-	-
Basic Earnings per share	10	(0.14)	(1.01)	0.13	(0.64)
Diluted Earnings per share	10	(0.14)	(1.01)	0.13	(0.64)
Other comprehensive income					
Other comprehensive income - Income that may be reclassified to profit or loss in subsequent periods (net of tax)		-	-	-	-
Exchange differences on translation of foreign operations		3,747,894	9,455,610	-	-
Remeasurement gain/(loss) on defined benefit plans		(4,867,620)	(451,537)	(4,867,620)	(451,537)
Deferred tax on re-measurements of defined benefit obligations		1,254,872	135,461	1,254,872	135,461
Total comprehensive income/(Loss) for the year, net of tax		(38,905,254)	(277,127,443)	32,964,363	(181,248,348)
Attributable to:					
Equity holders of the parent		(38,905,254)	(277,127,443)	32,964,363	(181,248,348)
Non-controlling interest		-	-	-	-

The accounting policies and notes on pages 93 through 129 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	30,850,280	47,708,467	30,405,151	46,989,512
Right of use assets	13	38,362,423	11,923,428	38,362,423	11,923,428
Intangible assets	14	512,948,336	517,437,777	505,305,002	506,269,283
Capitalised contract costs	15	8,005,985	2,614,578	8,005,985	2,614,578
Investments in subsidiaries	16	-	-	68,868,015	7,224,770
Deferred tax assets	9.7	69,645,206	98,445,193	54,848,424	95,845,147
		659,812,230	678,129,443	705,795,000	670,866,717
Current Assets					
Capitalised contract costs	15	7,420,333	3,489,942	7,420,333	3,489,942
Inventories	17	34,542,112	42,717,042	34,542,112	42,717,042
Trade and other receivables	18	594,116,787	645,477,520	691,459,203	707,585,417
Advances and prepayments		61,817,536	39,182,334	34,951,866	26,280,849
Tax receivables		17,081,760	1,796,353	16,482,547	1,796,353
Other current financial assets	19	267,420,451	313,065,618	267,420,451	313,065,618
Cash and short-term deposits	21.1	358,957,514	234,085,454	264,496,228	169,098,745
		1,341,356,493	1,279,814,262	1,316,772,740	1,264,033,966
Total Assets		2,001,168,723	1,957,943,705	2,022,567,740	1,934,900,683
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated capital	22	1,023,748,924	1,023,748,924	1,023,748,924	1,023,748,924
Share-based payments reserve		1,918,071	1,751,910	1,918,071	1,751,910
Currency translation reserve		43,368,242	39,620,348	-	-
Retained earnings		(38,583,330)	4,069,818	111,935,967	78,971,604
Total Equity		1,030,451,907	1,069,191,000	1,137,602,962	1,104,472,438
Non-Current Liabilities					
Retirement benefit obligation	24	167,415,527	157,141,899	167,415,527	157,141,899
Interest-bearing loans and borrowings	20	6,551,066	5,382,436	6,551,066	5,382,436
		173,966,593	162,524,335	173,966,593	162,524,335
Current Liabilities					
Trade and other payables	23	369,375,299	407,346,453	355,783,968	393,765,052
Deferred income	26	307,162,349	213,119,388	235,001,641	168,376,330
Interest-bearing loans and borrowings	20	120,212,575	105,762,528	120,212,575	105,762,528
		796,750,223	726,228,368	710,998,184	667,903,909
Total Equity and Liabilities		2,001,168,723	1,957,943,705	2,022,567,740	1,934,900,683

These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Nilendra Weerasinghe
Chief Financial and Strategy Officer

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by;

Dinesh Saparamadu

Dinesh Saparamadu
Chairman

Sampath Jayasundara
CEO / Director

The accounting policies and notes on pages 93 through 129 form an integral part of these financial statements.

22 July 2026
Colombo

Statement of Changes in Equity

Year ended 31 March 2026 Group	Note	Stated capital Rs.	Share-based payments reserve Rs.	Foreign currency translation reserve Rs.	Retained earnings Rs.	Non controlling interest Rs.	Total equity Rs.
Balance as at 01 April 2024		922,748,205	1,260,701	30,164,738	636,522,091	-	1,590,695,734
Profit/(Loss) for the year		-	-	-	(286,266,977)	-	(286,266,977)
Dividends	11	-	-	-	(345,869,220)	-	(345,869,220)
ESOP expenses for the year		-	491,209	-	-	-	491,209
Other comprehensive income		-	-	9,455,610	-	-	9,455,610
Total comprehensive income		-	491,209	9,455,610	(632,136,197)	-	(622,189,378)
Issue of share capital		101,000,719	-	-	-	-	101,000,719
Re-measurements of defined benefit obligations		-	-	-	(451,537)	-	(451,537)
Deferred tax on re-measurements of defined benefit obligations		-	-	-	135,461	-	135,461
Balance as at 31 March 2025		1,023,748,924	1,751,910	39,620,348	4,069,818	-	1,069,191,000
Profit/(Loss) for the year		-	-	-	(39,040,401)	-	(39,040,401)
ESOP expenses for the year		-	166,161	-	-	-	166,161
Other comprehensive income		-	-	3,747,894	-	-	3,747,894
Total comprehensive income		-	166,161	3,747,894	(39,040,401)	-	(35,126,346)
Re-measurements of defined benefit obligations		-	-	-	(4,867,620)	-	(4,867,620)
Deferred tax on re-measurements of defined benefit obligations		-	-	-	1,254,872	-	1,254,872
Balance as at 31 March 2026		1,023,748,924	1,918,071	43,368,242	(38,583,330)	-	1,030,451,907

Year ended 31 March 2026 Company	Note	Stated capital Rs.	Share-based payments reserve Rs.	Retained earnings Rs.	Total equity Rs.
Balance as at 01 April 2024		922,748,205	1,260,701	606,089,172	1,530,098,077
Profit/(Loss) for the year		-	-	(180,932,272)	(180,932,272)
Dividends	11	-	-	(345,869,220)	(345,869,220)
ESOP expenses for the Year		-	491,209	-	491,209
Total comprehensive income		-	491,209	(526,801,492)	(526,310,283)
Issue of share capital		101,000,719	-	-	101,000,719
Re-measurements of defined benefit obligations		-	-	(451,537)	(451,537)
Deferred tax on re-measurements of defined benefit obligations		-	-	135,461	135,461
Balance as at 31 March 2025		1,023,748,924	1,751,910	78,971,604	1,104,472,438
Profit/(Loss) for the year		-	-	36,577,111	36,577,111
ESOP expenses for the year		-	166,161	-	166,161
Total comprehensive income		-	166,161	36,577,111	36,743,271
Re-measurements of defined benefit obligations		-	-	(4,867,620)	(4,867,620)
Deferred tax on re-measurements of defined benefit obligations		-	-	1,254,872	1,254,872
Balance as at 31 March 2026		1,023,748,924	1,918,071	111,935,967	1,137,602,962

The accounting policies and notes on pages 93 through 129 form an integral part of these financial statements.

Statement of Cash Flows

Year ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Cash flows from/(used in) operating activities					
Profit/(Loss) before tax		(7,639,934)	(320,803,354)	78,828,706	(215,389,211)
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	12	23,351,956	23,970,268	22,978,689	23,623,116
Amortisation of right-of-use assets and intangible assets	13/14	215,352,671	191,735,236	211,664,382	184,597,212
Amotisation of capitalised contract costs	15	6,744,464	15,686,552	6,744,464	15,686,552
Provision for Impairment of trade receivables		(35,372,220)	(17,499,565)	(28,124,843)	(28,145,109)
Finance income	7.2	(29,102,489)	(50,103,444)	(29,092,538)	(50,103,444)
Share based payments expense		166,161	491,209	166,161	491,209
Loss / (Gain) disposal of assets		34,580	(61,309)	34,580	103,803
Finance cost	7.1	12,391,774	8,687,604	12,391,774	8,405,995
Provision for defined benefit obligation	24.1	32,718,933	33,539,024	32,718,933	33,539,024
Net foreign exchange differences		(35,055,831)	14,257,042	(34,606,576)	14,537,785
Operating profit/(loss) before working capital changes		183,590,064	(100,100,736)	273,703,731	(12,653,066)
Decrease / (Increase) in inventories		8,174,931	(5,740,403)	8,174,930	(5,740,403)
Decrease / (Increase) in trade and other receivables		86,732,952	96,088,375	44,251,055	(5,024,712)
Decrease / (Increase) in advance and prepayment		(22,635,202)	27,738,547	(8,671,017)	784,775
Increase / (Decrease) in deferred income		94,042,961	(38,351,334)	66,625,311	12,276,732
Increase / (Decrease) in trade and other payables		(37,971,153)	(93,790,701)	(37,981,084)	(79,278,803)
Cash generated from/(used in) operations		311,934,553	(114,156,252)	346,102,926	(89,635,477)
Finance cost paid		(7,238,308)	(4,575,803)	(7,238,308)	(4,575,803)
Defined benefit obligation paid	24.1	(27,312,925)	(5,237,250)	(27,312,925)	(5,237,250)
Income tax paid		(16,631,014)	(8,853,670)	(14,686,194)	(7,424,137)
Net cash flows from/(used in) operating activities		260,752,304	(132,822,975)	296,865,499	(106,872,667)
Cash flows from/(used in) investing activities					
Acquisition of property, plant and equipment	12	(6,525,221)	(23,050,612)	(6,428,908)	(22,988,929)
Acquisition of intangible assets	14.1	(178,234,759)	(235,602,246)	(178,234,759)	(229,653,149)
Acquisition of contract assets	15	(16,066,260)	(3,883,212)	(16,066,260)	(3,883,212)
Investment in subsidiary	16	-	-	(61,643,245)	-
Investment in newly incorporated subsidiary	16	-	-	-	(1,000)
Investments in short-term investments		20,657,908	69,691,225	20,657,908	69,691,225
Finance income received	7.2	29,102,489	50,103,444	29,092,538	50,103,444
Net cash flows from/(used in) investing activities		(151,065,843)	(142,741,400)	(212,622,727)	(136,731,620)
Cash flows from/(used in) financing activities					
Proceeds from issue of shares	22	-	101,000,719	-	101,000,719
Payment of lease installments	20.3	(36,896,425)	(39,330,165)	(36,896,425)	(36,220,125)
Dividends paid to equity holders	11	-	(345,869,220)	-	(345,869,220)
Net cash flows from/(used in) financing activities		(36,896,425)	(284,198,666)	(36,896,425)	(281,088,626)
Net increase in cash and cash equivalents		72,790,036	(559,763,041)	47,346,350	(524,692,917)
Net foreign exchange difference		38,637,470	(3,583,178)	34,606,576	(14,537,785)
Cash and cash equivalents at the beginning of the year	21	407,187,058	970,533,277	342,200,350	881,431,051
Cash and cash equivalents at the end of the year	21	518,614,562	407,187,058	424,153,276	342,200,350

The accounting policies and notes on pages 93 through 129 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting entity

hSenid Business Solutions PLC ("Company") is a public limited liability company incorporated on October 05, 2005, and domiciled in Sri Lanka. The registered office of the Company is located at No. 67/1, Hudson Road, Off Perahera Mawatha, Colombo 3.

Ordinary shares of the Company are listed on the Colombo Stock Exchange.

1.2 Consolidated financial statements

The financial statements for the year ended 31 March 2026 comprise "the Company" referring to hSenid Business Solutions PLC as the holding Company and "the Group" referring to the companies that have been consolidated therein.

1.3 Date of authorisation for issue

The Financial Statements of hSenid Business Solutions PLC for the year ended 31 March 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 22 July 2026.

1.4 Principal activities and nature of operations of the holding company

The Company is engaged in developing human capital management software to help digitalise the entire employee journey within an organisation, from hiring to retirement. The software solution enables enterprises to automate day-to-day HR processes, enhances human interactions, and delivers actionable insights for organisations. Additionally, the Company also provides payroll management services and engages in the sale of hardware for tracking human resources.

1.5 Responsibility for financial statements

The responsibility of the Board of Directors in relation to the financial statements is set out in the Statement of Directors' Responsibility report in the Annual report.

1.6 Parent enterprise and ultimate parent enterprise

hSenid Business Solutions PLC does not have an identifiable parent of its own.

2. BASIS FOR PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS FOR PREPARATION

2.1.1 Statement of compliance

The Consolidated financial statements which comprise the statement of financial position, the statement of comprehensive income, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

2.1.2 Basis of measurement

The Consolidated Financial Statements have been prepared on a historical cost basis, except for:

- Financial instruments reflected as fair value through profit or loss, which are measured at fair value.
- Financial instruments designated as fair value through other comprehensive income (OCI), which are measured at fair value. (Previously classified as Available for Sale)
- Retirement benefit obligations, which are determined based on actuarial valuations.
- Share-based payments are measured at fair value.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.1.3 Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees (Rs), which is also the Company's functional currency. Subsidiaries whose functional currencies are different, as they operate in different economic environments, are reflected in Note 2.2.2 to the Financial Statements.

2.1.4 Materiality and aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.1.5 Comparative information

Comparative information, including quantitative, narrative and descriptive information as relevant, is disclosed in respect of the previous period in the Financial Statements. The presentation and classification of the Financial Statement of the previous year are amended, where relevant, for better presentation and to be comparable with those of the current year.

2.1.6 Offsetting

Assets and liabilities or income and expenses are not offset unless required or permitted by Sri Lankan Accounting Standards.

2.2 Summary of Material Accounting Policy Information

2.2.1 Basis of consolidation

The consolidated financial statements (referred to as the 'Group') comprise the financial statements of the Company and its subsidiaries as at 31 March 2026. The financial statements of the subsidiaries are prepared in compliance with the Group's accounting policies unless stated otherwise.

All intra-group balances, income and expenses, unrealised gains and losses, and dividends resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

2.2.2 Subsidiaries

Subsidiaries are those enterprises controlled by the parent. Control exists when the parent holds more than 50% of the voting rights or otherwise has a controlling interest.

The financial statements of the following subsidiary companies are included in the consolidated financial statements.

Company	Country of incorporation	Functional currency	Effective Holding	Principal Activities
1. hSenid Software (Singapore) Pte Ltd	Singapore	Singapore dollar	100%	The principal activity of this company is deploying Mobile applications and HR applications to assist HR professionals to effectively manage human resources and introducing HR best practices in Singapore and nearby countries.
2. hSenid Business Solutions (India) Pvt Ltd	India	Indian Rupee	100%	The principal activity of this company is deploying HR applications to assist HR professionals to effectively manage human resources and introducing HR best practices in India.
3. hSenid Business Solutions (Bangladesh) Pvt Ltd	Bangladesh	Bangladesh Taka	100%	The principal activity of this company is deploying HR applications to assist HR professionals to effectively manage human resources and introducing HR best practices in Bangladesh.
4. PeoplesHR Philippines Inc	Philippines	Philippines Peso	100%	The principal activity of this company is deploying HR applications to assist HR professionals to effectively manage human resources and introducing HR best practices in Philippines.
5. PeoplesHR Solutions (Pvt) Ltd	Sri Lanka	Sri Lanka Rupee	100%	The Company is engaged in offering Earned Wage Access ("EWA") products and related services to local business organisations and other entities.

All subsidiaries are incorporated out of Sri Lanka except for PeoplesHR Solutions (Pvt) Ltd which incorporated in Sri Lanka.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and Statement of Financial Position, respectively.

Minority interest, which represents the portion of profit or loss and net assets not held by the group, is shown as a component of profit for the year in the income statement and as a component of equity in the consolidated Statement of Financial Statement, separately from the parent's shareholders' equity.

In the case of subsidiaries, where the reporting dates are different to the Group reporting dates, adjustments are made for any significant transactions or events up to 31 March 2026.

The consolidated cash flow statement includes the cash flows of the Company and its subsidiaries.

2.2.3 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the performance of the Group and the measures adopted by the government to support the recovery of the economy.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. The key judgements, estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Measurement of the defined benefit obligations

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 24. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. The Group recognises liabilities for anticipated tax based on estimates of taxable income. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Allowance for Doubtful Debts

The Company reviews at each reporting date all receivables and assesses whether an allowance should be recorded in the income statement. Management uses judgment in estimating such allowances, considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability.

Impairment of inventories

The Group reviews the adequacy of the provision for slow-moving and obsolete inventory through assessment of the condition of inventories based on the periodic inventory counts and expectations of future sales.

Development costs

The Group capitalises software developers' compensation as a development cost of the software applications. Capitalisation of cost is based on the management's judgement that such costs are incurred for the development and programming of the software applications.

Contract Assets

The Group capitalises its incremental sales commissions and amortises the costs over the project period.

Share-based payments

Estimating fair value for share-based payment transactions (in terms of SLFRS 2 Share Based Payment Transactions) requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 25.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Foreign currency translation, foreign currency transactions and balances

The Consolidated financial statements are presented in Sri Lankan Rupees (Rs.), which is the Company's functional and presentation currency. The functional currency is the currency of the primary economic environment in which the entities of the Group operate. All foreign exchange transactions are converted to functional currency at the rates of exchange prevailing at the time the transactions are affected. Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing the fair value of the item.

Foreign operations

The statement of financial position and income statement of overseas subsidiaries and joint ventures, which are deemed to be foreign operations, are translated to Sri Lankan rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period, respectively.

The exchange differences arising from the translation are taken directly to other comprehensive income.

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent, and no further translation differences occur.

4.2 Taxation

a) Current taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

b) Deferred taxation

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

4.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.4 Financial instruments – Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets

1. Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2. Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified into four categories.

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

All financial assets of the Company represent financial assets at amortised cost (debt instruments). The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Company's financial assets at amortised cost include trade receivables.

3. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e.: removed from the Company's financial position) when:

The rights to receive cash flows from the asset have expired

Or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Notes to the Financial Statements

4. Impairment of financial assets

Further disclosures relating to impairment of Trade Receivables are provided in Note 18 to the financial statements.

For trade receivables and contract assets, the Company applies a simplified approach in calculating Expected Credit Loss (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 12 months past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

1. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

2. Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

3. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if,

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

4.5 Cash and cash equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks, net of outstanding bank overdrafts. Investments with short maturities. i.e. three months or less from the date of acquisition, are also treated as cash equivalents.

4.6 Property, plant and equipment

a) Cost

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing property, part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

b) Depreciation

The provision for depreciation is calculated by using a straight-line method on the cost of all property, plant and equipment, in order to write off such amounts over the following estimated useful lives by equal instalments as follows:

Category	Useful Life
Network hardware	3 years
Computer equipment	4 years
Fittings	5 years
Generators	4 years
Office equipment	4 years

However, hSenid Software (Singapore) Pte Ltd, a subsidiary incorporated in Singapore applies the following estimated useful lives to provide depreciation.

Category	Useful Life
Computer equipment	1 year
Office equipment	3 years

4.7 Intangible assets

a) Cost

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

b) Research and development costs

Research costs are expensed as incurred. Development expenditures on base product developments are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How will the asset generate future economic benefits?
- The availability of resources to complete the asset
- The ability to measure the expenditure reliably during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in other operating expenses. During the period of development, the asset is tested for impairment annually.

c) Amortisation

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The Company has capitalised and amortised the cost incurred on intangible assets; Software development, over a period of five (05) years, to reflect the accurate financial position and performance in the Financial Statements.

4.8 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' fair value less costs to sell and value in use.

4.9 Liabilities and provisions

4.9.1 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.9.2 Retirement benefit obligations

a) Defined benefit plan – Gratuity

The Group is liable to pay gratuity in terms of the Gratuity Act No.12 of 1983.

The Group measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan, with the advice of an independent actuary.

For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimation provided by the qualified actuary is used.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising actuarial gains and losses, excluding net interest (not applicable to the Group), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under cost of sales, administrative expenses and selling & distribution expenses in the Statement of Profit or Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The gratuity liability is not externally funded. This item is stated under Defined Benefit Obligations in the Statement of Financial Position.

Recognition of actuarial losses / gains

Actuarial gains & losses are recognised in full in other comprehensive income.

Funding arrangements

The Gratuity liability is not externally funded.

b) Defined contribution plans – Employees Provident Fund & Employees' Trust Fund

Employees are eligible for Employees Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective Statutes and Regulations. The Company contributes 12% and 3% of gross emoluments of employees to the Employees Provident Fund and the Employees' Trust Fund, respectively.

4.10 Leases

a) Recognition and initial measurement (As a lessee)

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability at the lease.

Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

b) Subsequent measurement

Right-of-use asset

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Recognition exemption

As per the SLFRS 16, the lessee may elect not to apply the above-mentioned requirements for short-term leases and leases of low-value assets. Accordingly, the Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment.

The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.11 Recognition of revenue and other income

SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers:

- Identify the contract
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when or as the Company satisfies a performance obligation

Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer.

a) Customised projects

Revenue from customised projects is recognised by reference to the stage of completion, determined by surveys of work performed.

b) Rendering of support services

Revenue from rendering of Support Services is recognised on the straight-line basis over the period of agreements.

c) Sale of software and hardware

Revenue from the sale of software and hardware is recognised when the significant risks and rewards of ownership of the software and hardware have passed to the buyer.

d) Deferred income

Revenue from annual and bi-annual subscriptions and maintenance fees is initially recorded as deferred income and subsequently recognised in sales based on the terms of the agreement.

e) Interest income

Interest Income is recognised on an accrual basis. Interest on financial instruments measured at amortised cost is recognised using the effective interest rate.

f) Others

Other income is recognised on an accrual basis.

4.12 Share-based payments

Effective from 31 March 2023, Employees of the Company also receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments of hSenid Business Solutions PLC (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefit expenses, together with a corresponding increase in “Capital Contribution on ESOP” in equity, over the period in which the service conditions and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

4.13 Effect of accounting standards issued but not yet effective

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's financial statements but are not effective for the current annual reporting period, are disclosed below.

SLFRS 18 - Presentation and disclosure in financial statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organised and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

SLFRS 19 - Subsidiaries without public accountability

Disclosures SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 01 January 2027. Early application is permitted.

The potential impact of SLFRS 19 is currently being identified and evaluated.

Classification and measurement of financial instruments

Amendments to SLFRS 9 and SLFRS 7 introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability linked terms and nature dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 01 January 2026. Early application is permitted.

The impact of these amendments is currently being identified and evaluated.

5. REVENUE

5.1 Disaggregation of revenue

5.1.1 Based on the nature of the product/service

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue from customised projects	848,332,528	805,614,108	641,077,157	604,211,000
Hardware sales	129,374,465	154,995,008	129,374,465	154,995,008
Revenue from support / maintenance services	1,115,894,050	885,928,241	1,100,776,575	865,539,633
	2,093,601,043	1,846,537,356	1,871,228,197	1,624,745,641
Less - sales taxes- SSCL	(35,456,611)	(28,279,143)	(35,456,611)	(28,279,143)
Net sales value	2,058,144,432	1,818,258,213	1,835,771,586	1,596,466,498

5.1.2 Based on the geographical locations

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Sri Lanka	1,319,548,411	1,089,411,380	1,319,548,411	1,089,411,380
Asia-Pacific	470,327,464	382,904,393	270,692,837	193,790,878
South Asia	42,337,716	39,792,112	20,706,274	8,442,187
Africa	225,930,841	306,150,328	224,824,065	304,822,052
	2,058,144,432	1,818,258,213	1,835,771,586	1,596,466,498

5.1.3 Based on the timing of revenue recognition

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Goods and services transferred at a point in time	129,374,465	154,995,008	129,374,465	154,995,008
Goods and services transferred over time	1,964,226,578	1,691,542,349	1,741,853,733	1,469,750,633
Less - sales taxes- SSCL	(35,456,611)	(28,279,143)	(35,456,611)	(28,279,143)
	2,058,144,432	1,818,258,213	1,835,771,586	1,596,466,498

6. OTHER INCOME/(LOSSES)

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Foreign exchange gains / (losses)	35,055,831	(14,257,042)	34,606,576	(14,537,785)
Sundry income	3,082,819	3,530,754	-	-
	38,138,650	(10,726,288)	34,606,576	(14,537,785)

7. FINANCE COSTS AND INCOME

7.1 Finance cost

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest expenses on bank overdrafts	7,238,308	4,575,803	7,238,308	4,575,803
Interest on leases	5,153,466	4,111,801	5,153,466	3,830,192
	12,391,774	8,687,604	12,391,774	8,405,995

7.2 Finance income

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Income from investments :				
- Interest on deposits	29,102,489	50,103,444	29,092,538	50,103,444
	29,102,489	50,103,444	29,092,538	50,103,444

8. PROFIT/ (LOSS) BEFORE TAX

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Stated after charging				
Included in Cost of Sales				
Employees benefits including the following	600,255,057	619,855,840	532,974,354	533,460,141
- Defined benefit plan costs - Gratuity	18,634,262	16,533,507	18,634,262	16,533,507
- Defined contribution plan costs - EPF and ETF	41,414,253	41,102,803	41,344,355	41,102,803
Included in General and Administration Expenses				
Directors' emoluments	89,973,686	90,662,791	65,533,128	67,614,000
Employees benefits including the following	243,942,082	243,695,656	235,857,694	231,871,398
- Defined benefit plan costs - Gratuity	9,470,446	11,560,891	9,470,446	9,293,071
- Defined contribution plan costs - EPF and ETF	25,678,941	25,964,248	21,512,948	23,033,378
Service fees	27,151,078	50,913,347	6,914,916	23,128,947
Auditor's remuneration including the following	9,511,957	6,851,710	4,002,495	3,753,073
- Statutory audit fees	9,511,957	6,336,797	4,002,495	3,238,160
- Non audit services	-	514,913	-	514,913
Legal fees	812,467	983,732	811,426	409,182
Included in Selling and Marketing Expenses				
Employees benefits including the following	268,661,710	301,104,394	144,177,383	210,742,636
- Defined benefit plan costs - Gratuity	4,614,225	7,712,448	4,614,225	7,712,448
- Defined contribution plan costs - EPF and ETF	10,847,900	10,091,153	10,847,900	12,646,785
Advertising expenses	33,268,026	42,369,269	32,704,299	42,369,269
Sales promotional expenses	38,934,665	102,095,785	28,673,079	81,371,952
Impairment of trade receivable	(9,435,429)	(19,671,544)	(6,292,982)	(26,027,411)
Included in Other Expenses				
Depreciation	23,581,074	23,970,268	22,978,689	23,623,116
Amortisation of right of use assets	32,465,342	34,632,123	32,465,342	31,763,754
Amortisation of intangible assets	182,887,329	157,103,103	179,199,040	152,833,458

9. TAXES

9.1 Income tax expense

Year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
The major components of income tax expense for the year ended 31 March are as follows :				
Current income tax :				
Current income tax charge (Note 9.2)	1,345,607	10,096,860	-	8,667,327
	1,345,607	10,096,860	-	8,667,327
Deferred tax :				
Relating to origination and reversal of temporary differences (Note 9.7)	30,054,859	(44,633,236)	42,251,595	(43,124,266)
Income tax expense/(reversal) reported in the Statement of Comprehensive Income	31,400,467	(34,536,377)	42,251,595	(34,456,939)

9.2 A reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows;

Year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Accounting profit/(loss) before income tax	(7,639,934)	(320,803,354)	78,828,706	(215,389,211)
Add: Aggregate disallowed items	350,553,938	117,199,835	278,882,080	117,199,835
Less: Aggregate allowable items	(321,495,340)	(154,606,109)	(321,495,340)	(154,606,109)
Less: Tax exempt income / loss	-	54,592,182	-	63,001,198
Less: Tax losses utilised during the year	(36,215,446)	-	(36,215,446)	-
Taxable profit/(loss)	(14,796,782)	(303,617,446)	-	(189,794,287)
Income tax charged at :				
Income tax	-	1,429,533	-	-
Under/(Over) provision with last year	1,345,607	8,667,327	-	8,667,327
Current tax expense	1,345,607	10,096,860	-	8,667,327

9.2.1 Income tax loss movement during the year

Year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Balance at the beginning	(203,426,327)	(47,484,422)	(203,426,327)	(47,484,422)
Tax losses adjustments of prior year	7,950,074	-	7,950,074	-
Tax losses for the year	(14,796,782)	(189,993,624)	-	(189,993,624)
Tax losses utilised during the year	36,215,446	34,051,719	36,215,446	34,051,719
Balance at the end	(174,057,589)	(203,426,327)	(159,260,807)	(203,426,327)

Current income tax rate applicable for hsenid Business Solutions PLC (Sri Lanka) is 30%.

As per the Inland Revenue (Amendment) Act No. 02 of 2025, the gains and profits earned or derived from any service rendered in or outside Sri Lanka to any person to be utilised outside Sri Lanka, are taxable at the rate of 15% w.e.f.01.04.2025 where the payment for such services is received in foreign currency and remitted through a bank to Sri Lanka. Income tax rate applicable to the other profits is 30%.

9.3 General provisions

Corporate income taxes of companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 as amended.

Corporate taxes of non-resident companies in the Group have been computed in keeping with the domestic statutes in their respective countries.

9.4 Overseas operations

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to the respective companies. Set out below are the Income tax rates applicable for the companies in the relevant foreign jurisdictions.

Company	Country	Income Tax Rate
hSenid Software (Singapore) Pte Ltd	Singapore	17%
hSenid Business Solutions (India) Pvt Ltd	India	25%
hSenid Business Solutions (Bangladesh) Pvt Ltd	Bangladesh	27.5%
PeoplesHR Philippines Inc	Philippines	20%

9.5 In determining the arm's length price, the Group has complied with the transfer pricing regulations prescribed in the Inland Revenue Act and amendment thereto and the Gazette notifications issued on transfer pricing.

9.6 Deferred tax expense

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax expense arising from;				
Accelerated depreciation for tax purposes	(776,433)	3,076,167	(776,433)	3,076,167
Unrealised foreign exchange gains	7,508,098	1,246,788	7,041,563	1,713,323
Capitalised contract costs	2,145,549	(3,541,002)	2,145,549	(3,541,002)
Unrealised foreign exchange loss	(98,699)	18,665,518	-	18,465,892
Retirement benefit obligation	5,237,719	(8,490,533)	5,237,719	(8,490,533)
Provision for impairment of inventory	20,797	-	20,797	-
Provision for impairment of trade receivables	10,331,104	5,249,869	8,707,639	6,491,932
Right-of-use assets	(95,701)	187,854	(95,701)	187,854
Carried forward income tax losses	5,782,424	(61,027,898)	19,970,462	(61,027,898)
	30,054,859	(44,633,236)	42,251,595	(43,124,266)
Other comprehensive income				
Deferred tax expense arising from;				
Actuarial gain on defined benefit obligations	(1,254,872)	(135,461)	(1,254,872)	(135,461)
Deferred tax charged/(reversal) directly to OCI	(1,254,872)	(135,461)	(1,254,872)	(135,461)

9.7 Deferred taxation

Deferred tax assets, liabilities and income tax relates to the following:

9.7.1 Group

	Statement of Financial Position		Statement of Profit or Loss		Statement of OCI	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax liability						
Accelerated depreciation for tax purposes	(21,914,355)	(22,690,788)	776,433	(3,076,167)	-	-
Unrealised foreign exchange gains	(8,754,886)	(1,246,788)	(7,508,098)	(1,246,788)	-	-
Contract assets	(3,976,905)	(1,831,356)	(2,145,549)	3,541,002	-	-
	(34,646,146)	(25,768,932)	(8,877,214)	(781,953)	-	-
Deferred tax assets						
Unrealised foreign exchange loss	98,699	-	98,699	(18,665,518)	-	-
Retirement benefit obligation	43,159,723	47,142,570	(5,237,719)	8,490,533	1,254,872	135,461
Provision for impairment of inventory	127,049	147,846	(20,797)	-	-	-
Provision for impairment of trade receivables	4,921,135	15,252,239	(10,331,104)	(5,249,869)	-	-
Right-of-use assets	739,272	643,571	95,701	(187,854)	-	-
Carried forward income tax losses	55,245,474	61,027,898	(5,782,424)	61,027,898	-	-
	104,291,352	124,214,125	(21,177,645)	45,415,189	1,254,872	135,461
Deferred taxation (charge) / reversal			(30,054,859)	44,633,236	1,254,872	135,461
Net deferred tax assets /(liabilities)	69,645,206	98,445,193				

9.7.2 Company

	Statement of Financial Position		Statement of Profit or Loss		Statement of OCI	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax liability						
Accelerated depreciation for tax purposes	(21,914,355)	(22,690,788)	776,433	(3,076,167)	-	-
Unrealised foreign exchange gains	(8,754,886)	(1,713,323)	(7,041,563)	(1,713,323)	-	-
Contract assets	(3,976,905)	(1,831,356)	(2,145,549)	3,541,002	-	-
	(34,646,146)	(26,235,467)	(8,410,679)	(1,248,488)	-	-
Deferred tax assets						
Unrealised foreign exchange loss	-	-	-	(18,465,892)	-	-
Retirement benefit obligation	43,159,723	47,142,570	(5,237,719)	8,490,533	1,254,872	135,461
Provision for impairment of inventory	127,049	147,846	(20,797)	-	-	-
Provision for impairment of trade receivables	4,411,090	13,118,728	(8,707,639)	(6,491,932)	-	-
Right-of-use assets	739,272	643,571	95,701	(187,854)	-	-
Carried forward income tax losses	41,057,436	61,027,898	(19,970,462)	61,027,898	-	-
	89,494,570	122,080,614	(33,840,916)	44,372,754	1,254,872	135,461
Deferred taxation (charge) / reversal			(42,251,595)	43,124,266	1,254,872	135,461
Net deferred tax assets /(liabilities)	54,848,424	95,845,147				

9.7.3 Reconciliation of deferred tax charge / (reversal)

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax liability as 01 April	98,445,193	53,676,496	95,845,147	52,585,420
Deferred tax charge reported in the Statement of Profit or Loss	(30,054,859)	44,633,236	(42,251,595)	43,124,266
Deferred tax charge reported in other comprehensive Income	1,254,872	135,461	1,254,872	135,461
Deferred tax asset as 31 March	69,645,206	98,445,193	54,848,424	95,845,147

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes. Deferred tax (Assets) / Liability has been computed taking into consideration the effective tax rate which is 25.78% (2024/25 – 30%) for the Company.

Deferred tax asset has been recognised in respect of carried forward tax losses of the Company as at 31 March 2026, amounting to Rs. 159,260,807/-, since it is probable that future taxable profit will be available against which the Company can use the benefits therein.

10. BASIC/DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for outstanding share options) by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

10.1 Earnings per share - Basic

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit attributable to equity holders of the parent	(39,040,401)	(286,266,977)	36,577,111	(180,932,272)
Weighted average number of shares (Note 10.3)	285,254,759	282,056,748	285,254,759	282,056,748
Basic earnings per share	(0.14)	(1.01)	0.13	(0.64)

10.2 Earnings per share - Diluted

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit attributable to equity holders of the parent	(39,040,401)	(286,266,977)	36,577,111	(180,932,272)
Adjusted weighted average number of shares (Note 10.3)	285,254,759	282,056,748	291,744,759	282,056,748
Diluted earnings per share	(0.14)	(1.01)	0.13	(0.64)

10.3 Amount used as denominator

	Group		Company	
Year ended 31 March	2026 Number	2025 Number	2026 Number	2025 Number
Ordinary shares at the beginning of the year	282,056,748	276,695,376	282,056,748	276,695,376
Shares issued under scrip dividend (current year impact)**	3,198,011	-	3,198,011	-
Issue of shares	-	5,361,372	-	5,361,372
Weighted average number of shares before dilution	285,254,759	282,056,748	285,254,759	282,056,748
Effect of dilution from share option scheme (Note 25)	-	-	6,490,000	-
Adjusted weighted average number of ordinary shares	285,254,759	282,056,748	291,744,759	282,056,748

** During the financial year ended 31 March 2025, the Company issued 8,559,383 ordinary shares (refer Note 22). In accordance with LKAS 33, the basic earnings per share calculation for that year included a time weighted average of 5,361,372 shares reflecting their period outstanding. The remaining 3,198,011 share equivalent weight will be fully reflected in the weighted average number of ordinary shares for the current financial year ended 31 March 2026.

11. DIVIDENDS PER SHARE

Equity dividend on ordinary shares declared and paid during the year.

	2026		2025	
Year ended 31 March	Dividend per share Rs.	Gross Dividend Rs.	Dividend per share Rs.	Gross Dividend Rs.
Final dividend	-	-	1.25	345,869,220

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Group

12.1.1 Gross carrying amounts

	As at 01.04.2025 Rs.	Additions Rs.	Disposals Rs.	Exchange differences Rs.	As at 31.03.2026 Rs.
Network hardware	9,005,308	-	-	-	9,005,308
Computer equipment	86,069,039	6,368,963	(6,430,313)	(31,901)	85,975,788
Fittings	9,029,471	-	-	308	9,029,779
Generator	1,769,500	-	-	-	1,769,500
Office equipment	33,745,185	156,258	-	(5,672)	33,895,771
	139,618,504	6,525,221	(6,430,313)	(37,265)	139,676,146

12.1.2 Accumulated depreciation

	As at 01.04.2025 Rs.	Charge for the year Rs.	Disposals Rs.	Exchange differences Rs.	As at 31.03.2026 Rs.
Network hardware	5,768,562	2,141,070	-	-	7,909,632
Computer equipment	62,876,546	12,987,112	(6,395,733)	(35,885)	69,432,039
Fittings	3,862,881	1,586,724	-	83	5,449,689
Generator	1,769,500	-	-	-	1,769,500
Office equipment	17,632,547	6,637,050	-	(4,591)	24,265,007
	91,910,036	23,351,956	(6,395,733)	(40,392)	108,825,867

12.1.3 Net book values

Year ended 31 March	2026 Rs.	2025 Rs.
Network hardware	1,095,676	3,236,746
Computer equipment	16,543,749	23,192,493
Fittings	3,580,091	5,166,590
Office equipment	9,630,764	16,112,638
	30,850,280	47,708,467

12.1.4 During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 6,525,221/- (2025 - Rs. 23,050,612/-). Cash payments amounting to Rs. 6,525,221/- (2025 - Rs. 23,050,612/-). were made during the year for the purchase of property, plant and equipment.

12.1.5 As at 31 March 2026, the group had fully depreciated assets still in use amounting to Rs. 60,235,549 /- (2025- Rs. 42,042,401/-).

12.1.6 The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign operations which are accounted for in foreign currencies and translated to the reporting currency at the balance sheet date.

12.1.7 There were no borrowing costs capitalised on interest-bearing loans and borrowings and lease liabilities by the Company on qualifying assets during the financial years 2025/2026 and 2024/2025.

12.1.8 The Group has no property, plant and equipment pledged as security for liabilities.

12.2 Company

12.2.1 Gross carrying amounts

	As at 01.04.2025 Rs.	Additions Rs.	Disposals Rs.	As at 31.03.2026 Rs.
At cost				
Network hardware	9,005,308	-	-	9,005,308
Computer equipment	82,238,516	6,272,650	(6,430,313)	82,080,853
Fittings	9,013,617	-	-	9,013,617
Generator	1,769,500	-	-	1,769,500
Office equipments	33,342,342	156,258	-	33,498,600
	135,369,283	6,428,908	(6,430,313)	135,367,878

12.2.2 Accumulated depreciation

	As at 01.04.2025 Rs.	Charge for the year Rs.	Disposals Rs.	As at 31.03.2026 Rs.
Network hardware	5,768,562	2,141,070	-	7,909,632
Computer equipment	59,665,094	12,630,750	(6,395,733)	65,900,111
Fittings	3,860,569	1,582,722	-	5,443,291
Generator	1,769,500	-	-	1,769,500
Office equipments	17,316,046	6,624,147	-	23,940,193
	88,379,771	22,978,689	(6,395,733)	104,962,727

12.2.3 Net book values

Year ended 31 March	2026 Rs.	2025 Rs.
Network hardware	1,095,676	3,236,746
Computer equipment	16,180,742	22,573,422
Fittings	3,570,326	5,153,048
Office equipments	9,558,407	16,026,296
	30,405,151	46,989,512

12.2.4 During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 6,428,908 /- (2025 - Rs. 22,988,929/-). Cash payments amounting to Rs. 6,428,908/- (2025 - Rs. 22,988,929/-). were made during the year for purchase of property, plant and equipment.

12.2.5 As at 31 March 2026, the Company had fully depreciated assets still in use amounting to Rs. 59,832,706 /- (2025 - Rs. 42,042,401/-).

13. RIGHT OF USE ASSETS

	Group Building		Company Building	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cost				
Balance at the beginning of the year	157,091,766	144,514,639	134,549,330	121,972,203
New lease entered during the year	58,904,337	12,577,127	58,904,337	12,577,127
Balance at the end of the year	215,996,103	157,091,766	193,453,668	134,549,330
Accumulated depreciation				
Balance at the beginning of the year	(146,235,081)	(111,602,950)	(122,625,903)	(90,862,147)
Charge for the year	(32,465,342)	(34,632,131)	(32,465,342)	(31,763,755)
Balance at the end of the year	(178,700,423)	(146,235,081)	(155,091,245)	(122,625,903)
Forex adjustment	1,066,743	1,066,743	-	-
Carrying amount	38,362,423	11,923,428	38,362,423	11,923,428

The followings are the amounts recognised in profit or loss

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Depreciation expense of right of use assets	32,465,342	34,632,123	32,465,342	31,763,754
Interest expense on lease liabilities	5,153,466	4,111,801	5,153,466	3,830,192

14. INTANGIBLE ASSETS

14.1 Company

	As at 01.04.2025 Rs.	Additions/ Transfers Rs.	Disposals Rs.	As at 31.03.2026 Rs.
Gross carrying amounts				
At cost				
Licensed software	11,818,078	-	-	11,818,078
Development cost	962,349,515	178,234,759	-	1,140,584,274
	974,167,593	178,234,759	-	1,152,402,352
Amortisation				
At cost				
Licensed software	5,187,120	1,729,812	-	6,916,932
Development cost	462,711,190	177,469,228	-	640,180,419
	467,898,310	179,199,040	-	647,097,351

Notes to the Financial Statements

14.2 Group

	As at 01.04.2025 Rs.	Additions /Transfers Rs.	Disposals Rs.	Forex Adjust. Rs.	As at 31.03.2026 Rs.
At cost					
Licensed software	11,818,078	-	-	-	**11,818,078**
Development cost	983,910,897	178,234,759	-	136,962	**1,162,282,618**
	995,728,975	178,234,759	-	136,962	**1,174,100,696**
Amortisation					
At cost					
Licensed software	5,187,120	1,729,812	-	-	**6,916,932**
Development cost	473,104,078	181,157,517	-	(26,167)	**654,235,428**
	478,291,198	182,887,329	-	(26,167)	**661,152,360**

14.3 Net book values

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At cost				
Licensed software	**4,901,146**	6,630,958	**4,901,146**	6,630,958
Development cost	**508,047,190**	510,806,819	**500,403,856**	499,638,325
	512,948,336	517,437,777	**505,305,002**	506,269,283

14.5 The aggregate amount of research and development expenditure (Amortisation) Rs. 181,157,517/- (2025 - Rs. 155,373,292/-). The Group has recognised this as an expense in the Statement of Profit or Loss during the reporting period.

15. CAPITALISED CONTRACT COSTS

Group/Company

					Carrying value	
	As at 01.04.2025 Rs.	Capitalised during the year Rs.	Amortized during the year Rs.	As at 31.03.2026 Rs.	Current Rs.	Non current Rs.
Capitalised Contract Costs	6,104,521	16,066,260	(6,744,464)	**15,426,318**	7,420,333	8,005,985
	6,104,521	16,066,260	(6,744,464)	**15,426,318**	7,420,333	8,005,985

During the year hSenid business Solutions PLC paid Rs. 16,066,260/- as commission which is related to this asset.

16. INVESTMENT IN SUBSIDIARIES

Non-Quoted Investments	Company holding %	Cost 2026 Rs.	Directors' valuation 2026 Rs.	Cost 2025 Rs.	Directors' valuation 2025 Rs.
hSenid Software (Singapore) Pte Ltd	100%	68,867,015	68,867,015	7,223,770	7,223,770
hSenid Business Solutions (India) Pvt Ltd	100%	139,517,743	139,517,743	139,517,743	139,517,743
PeoplesHR Solutions (Pvt) Ltd	100%	1,000	1,000	1,000	1,000
Gross value of investment in subsidiaries		208,385,758	208,385,758	146,742,513	146,742,513
Less: provision for impairment		-	(139,517,743)	-	(139,517,743)
Net value of investment in subsidiaries		208,385,758	68,868,015	146,742,513	7,224,770

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are carried at cost less any accumulated impairment losses.

16.1 Provision for impairment of investments in subsidiaries

The Group performed its annual impairment test in March 2024 and considered the investment made in hSenid Business Solutions (India) Pvt Ltd for full impairment, as the Company was unable to achieve the expected return on investment (ROI). The slow pace of customer acquisition and challenges related to product readiness for the Indian market contributed to the impairment indicators.

Recoverable amount is based on the value in use. As a result of this analysis, management has recognised an impairment charge of Rs. 139,517,743/- in the 2023/24 year against investment of hSenid business Solutions (India) Pvt Ltd as at 31 March 2024. The impairment charge is recorded within administrative expenses in the statement of profit or loss.

17. INVENTORIES

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Hardware	34,309,612	33,193,152	34,309,612	33,193,152
Software	492,820	492,820	492,820	492,820
Goods in transit	232,500	9,523,890	232,500	9,523,890
Less: provision for slow moving stocks	(492,820)	(492,820)	(492,820)	(492,820)
	34,542,112	42,717,042	34,542,112	42,717,042

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade receivables - related parties (Note 18.1)	2,137,072	5,557,180	375,911,988	308,521,842
- others	564,368,089	648,998,095	448,900,651	561,084,542
	566,505,161	654,555,275	824,812,639	869,606,384
Less: allowances for impairment	(15,468,579)	(50,840,798)	(172,864,541)	(200,989,384)
	551,036,582	603,714,477	651,948,098	668,617,000
Other receivables - related parties (Note 18.2)	26,489,793	26,517,139	24,857,725	25,876,036
- others	16,590,412	15,245,904	14,653,380	13,092,380
	594,116,787	645,477,520	691,459,203	707,585,417

18.1 Trade receivables - related parties

		Group		Company	
Year ended 31 March	Relationship	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
hSenid Software (Singapore) Pte Ltd.	Subsidiary	-	-	214,336,312	143,332,741
hSenid Business Solutions (India) Pvt Ltd.	Subsidiary	-	-	152,284,730	157,260,289
PeoplesHR Pty Limited	Subsidiary	-	-	-	2,371,632
PeoplesHR Philippines Inc	Subsidiary		-	7,153,874	-
hSenid Mobile Solutions (Bangladesh) Pvt Ltd	Affiliate	2,137,072	5,557,180	2,137,072	5,557,180
		2,137,072	5,557,180	375,911,988	308,521,842

18.2 Other receivables - related parties

		Group		Company	
Year ended 31 March	Relationship	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
hSenid Software India (Pvt) Ltd	Affiliate	1,914,843	1,942,189	-	-
hSenid Mobile Solutions (Bangladesh) Pvt Ltd	Affiliate	24,574,950	24,574,950	24,574,950	24,574,950
PeoplesHR Pty Ltd	Subsidiary	-	-	-	1,301,086
Peoples HR Solutions (Pvt) Ltd	Subsidiary	-	-	282,775	-
		26,489,793	26,517,139	24,857,725	25,876,036

18.3 Movement of provision for impairment during the year

Year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Balance as at 01 April	50,840,798	68,340,363	200,989,384	229,134,493
During the year charge/(reversal)-Including exchange impact	(35,372,219)	(17,499,565)	(28,124,843)	(28,145,109)
Balance as at 31 March	15,468,579	50,840,798	172,864,541	200,989,384

18.4 As at 31 March, the ageing analysis of trade receivables is as follows;

		Neither past due or nor impaired	Past due but not impaired				
Group	Total	<30days	30-60 Days	60-90 Days	90-120 Days	120-365 Days	>365 Days
2026	551,036,582	301,686,867	54,563,269	42,031,058	63,649,846	54,611,037	34,494,505
2025	603,714,477	374,047,236	78,944,357	12,362,820	52,303,759	53,615,563	32,440,742

		Neither past due or nor impaired	Past due but not impaired				
Company	Total	<30days	30-60 Days	60-90 Days	90-120 Days	120-365 Days	>365 Days
2026	651,948,098	272,784,193	58,537,731	52,374,764	57,859,787	157,835,299	52,556,323
2025	668,617,000	338,189,906	65,218,017	37,176,481	86,297,185	119,275,926	22,459,485

19. OTHER CURRENT FINANCIAL ASSETS

19.1 Investments in fixed deposits

Year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Investments in fixed deposits	267,420,451	313,065,618	267,420,451	313,065,618
	267,420,451	313,065,618	267,420,451	313,065,618

20. INTEREST BEARING LOANS AND BORROWINGS

20.1 Group

	Amount repayable			Amount repayable		
	Within 1 Year Rs.	After 1 Year Rs.	2026 Total Rs.	Within 1 Year Rs.	After 1 Year Rs.	2025 Total Rs.
Bank overdraft	85,533,599	-	85,533,599	97,076,300	-	97,076,300
Lease liabilities (Note 20.3)	34,678,976	6,551,066	41,230,042	8,686,227	5,382,436	14,068,663
	120,212,575	6,551,066	126,763,640	105,762,528	5,382,436	111,144,964

20.2 Company

	Amount repayable			Amount repayable		
	Within 1 Year Rs.	After 1 Year Rs.	2026 Total Rs.	Within 1 Year Rs.	After 1 Year Rs.	2025 Total Rs.
Bank overdraft (Note 21.2)	85,533,599	-	85,533,599	97,076,300	-	97,076,300
Lease liabilities (Note 20.3)	34,678,976	6,551,066	41,230,042	8,686,227	5,382,436	14,068,663
	120,212,575	6,551,066	126,763,640	105,762,528	5,382,436	111,144,964

20.3 Lease liabilities

						Amount repayable	
Group	As at 01.04.2025 Rs.	New lease obtained Rs.	Repayment Rs.	Disposal Rs.	As at 31.03.2026 Rs.	Current Rs.	Non current Rs.
Gross liability	15,370,425	65,562,000	(36,896,425)	-	44,036,000	37,392,750	6,643,250
Finance charges allocated to future periods	(1,301,761)	(6,657,663)	5,153,466	-	(2,805,958)	(2,713,774)	(92,184)
Net liability	14,068,664	58,904,337	(31,742,959)	-	41,230,042	34,678,976	6,551,066

						Amount repayable	
Company	As at 01.04.2025 Rs.	New lease obtained Rs.	Repayment Rs.	Disposal Rs.	As at 31.03.2026 Rs.	Current Rs.	Non current Rs.
Gross liability	15,370,425	65,562,000	(36,896,425)	-	44,036,000	37,392,750	6,643,250
Finance charges allocated to future periods	(1,301,762)	(6,657,663)	5,153,466	-	(2,805,958)	(2,713,774)	(92,184)
Net liability	14,068,663	58,904,337	(31,742,959)	-	41,230,042	34,678,976	6,551,066

21. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
21.1 Favourable cash and cash equivalent balances				
Cash and bank balances	358,957,514	234,085,454	264,496,228	169,098,745
Short term deposits (Note 19.1)	267,420,451	313,065,618	267,420,451	313,065,618
	626,377,965	547,151,071	531,916,679	482,164,363
21.2 Unfavourable cash and cash equivalent balances				
Bank overdraft	(85,533,599)	(97,076,300)	(85,533,599)	(97,076,300)
	540,844,367	450,074,771	446,383,081	385,088,063
21.3 Deposits pledged as securities for bank overdraft (Note 27.4)	(22,229,805)	(42,887,713)	(22,229,805)	(42,887,713)
	518,614,562	407,187,058	424,153,276	342,200,350

22. STATED CAPITAL

22.1 Issued and fully paid ordinary shares

	Group / Company			
	2026		2025	
Year ended 31 March	Number	Rs.	Number	Rs.
Balance as at the beginning of the year	285,254,759	1,023,748,924	276,695,376	922,748,205
Issue of shares (22.1.1)	-	-	8,559,383	101,000,719
Balance as at 31st March	285,254,759	1,023,748,924	285,254,759	1,023,748,924

22.1.1 Issue of shares - Scrip dividend

Company declared a final dividend of Sri Lankan Rupees One and Cents Twenty Five (Rs. 1.25) per share in year 2025, amounting to a total dividend of Sri Lankan Rupees Three Hundred and Forty-five Million, Eight Hundred and Sixty-nine Thousand, Two Hundred and Twenty (Rs. 345,869,220) to the shareholders of the Company, with the option being given to each of the entitled shareholders to receive the dividend that such shareholder is entitled to, (i) entirely in cash, (ii) entirely in shares, and (iii) fifty percent (50%) in cash and the balance fifty percent (50%) in shares, for the financial year ended 31st March 2025.

Option	Number of shareholders	Shareholding	Proportion for issuing scrip shares	Number of scrip shares issued	Share price Rs.	Issue of shares Rs.
(i) Entirely in cash	4649	119,550,259	-	-	-	-
(ii) 100% Scrip	118	32,974,817	1 for 11.105882353	2,969,093	11.80	35,035,297
(iii) Fifty percent (50%) in cash and the balance fifty percent (50%) Scrip	8	124,170,300	1 for 22.211764706	5,590,290	11.80	65,965,422
		276,695,376		8,559,383		101,000,719

22.2 Rights of shareholders

The holders of ordinary shares confer their rights to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of shareholders.

All shares rank equally and pair passu with regard to the Company's residual assets.

23. TRADE AND OTHER PAYABLES

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade payables - related parties (Note 23.1)	12,977,414	7,924,830	-	-
Trade payables	8,370,965	9,489,965	6,067,187	7,021,049
	21,348,379	17,414,796	6,067,187	7,021,049
Other payables - related parties (Note 23.2)	24,625,124	25,480,360	47,680,000	42,980,603
- Others	211,242,618	233,268,610	209,642,161	231,460,895
	235,867,743	258,748,970	257,322,161	274,441,498
Customer advances	16,889,422	14,049,108	16,336,914	13,507,152
Accrued expenses	95,269,755	117,133,579	76,057,706	98,795,354
	369,375,299	407,346,453	355,783,968	393,765,052

23.1 Trade payables - related parties

		Group		Company	
Year ended 31 March	Relationship	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
hSenid Mobile Solutions (Pvt) Ltd	Affiliate	2,629,702	3,271,057	-	-
hSenid Mobile Solutions Singapore Pvt Ltd	Affiliate	10,347,712	4,653,774	-	-
		12,977,414	7,924,830	-	-

23.2 Other payables - related parties

		Group		Company	
Year ended 31 March	Relationship	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
hSenid Mobile Solutions (Bangladesh) Pvt Ltd	Affiliate	24,625,124	25,480,360	-	-
hSenid Software (Singapore) Pte Ltd	Subsidiary	-	-	47,680,000	42,979,603
PeoplesHR Solutions Pvt Ltd	Subsidiary	-	-	-	1,000
		24,625,124	25,480,360	47,680,000	42,980,603

24. RETIREMENT BENEFIT OBLIGATION

Group/Company

24.1 Retirement benefit obligation - Gratuity

Year ended 31 March	2026 Rs.	2025 Rs.
Balance at the beginning	157,141,899	128,388,588
Current service cost	17,004,743	18,132,393
Interest cost	15,714,190	15,406,631
Payments made during the year	(27,312,925)	(5,237,250)
Actuarial (Gain)/Loss	4,867,620	451,537
Balance at the end	167,415,527	157,141,899

Gratuity.lk, Actuaries, carried out an actuarial valuation of the retirement benefit obligation for hSenid Business Solutions PLC as at 31st March 2026. The valuation method used by the Actuary to value the liability is the 'Projected Unit Credit Actuarial Cost Method' recommended by LKAS 19. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

24.2 Actuarial assumptions

Year ended 31 March	2026 Rs.	2025 Rs.
Discount rate	10.0%	10.0%
Salary increment rate	7.0%	5.0%

Assumptions regarding future mortality are based on A 1967/70 mortality table, issued by the Institute of Actuaries, London.

Assumptions regarding discount rate, based upon the yields available on government bonds or high quality corporate bonds at the accounting date.

24.3 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Year ended 31 March	2026 Rs.	2025 Rs.
Discount rate		
Effect on retirement benefit obligation due to 1% increase	161,805,369	152,772,225
Effect on retirement benefit obligation due to 1% decrease	173,456,321	161,797,489
Salary increment rate		
Effect on retirement benefit obligation due to 1% increase	172,767,106	162,306,308
Effect on retirement benefit obligation due to 1% decrease	162,361,988	152,220,412

24.4 Expected average future working life of the active participants is 4.01 years.

Other assumptions comprise a staff turnover rate of 26% and a retirement age of 60 years.

24.5 The following are the expected payments to the defined benefit plan in future years

Year ended 31 March	2026 Rs.	2025 Rs.
Within the next 12 months	8,135,308	43,837,632
Between 1-5 years	9,309,663	82,372,887
Between 5-10 years	38,311,717	26,228,028
More than 10 years	111,658,841	4,703,353
Total Expected Payments	**167,415,528**	157,141,899

25. EMPLOYEE SHARE OPTION PLAN (ESOP)

The Board of Directors, with the approval of the Colombo Stock Exchange, and authorised by the Shareholders at an Extraordinary General Meeting dated 6th December 2022 formulated an Employee Share Option Plan (ESOP) to grant options ("Options") to Eligible Employees entitling an Eligible Employee to whom an Option is granted (the "Grantee") subscribe to and purchase ordinary shares in the Company.

Total number of shares that may be issued by the Company under the ESOP to Eligible Employees, in the event all the Options granted to Eligible Employees are exercised fully, will be ten million (10,000,000) shares amounting to approximately 3.49% of total issued shares of the Company post issuance of shares.

25.1 Details of Options are as follows:

Date of grant	Allocation	No of shares granted	Grant price Rs.	Vesting	Exercise period	Date of expiry
Tranche 1	5,000,000	5,000,000	16.10	Vesting over a period of 4 years commencing from 31st March 2023 at a rate of 25% per year.	3 Years from the Vesting	31st March 2030
		(1,200,000)	Expired without exercising			
Tranche 2	5,000,000	2,190,000	16.10	Vesting over a period of 4 years from the grant date.	3 years from the vesting	31st March 2033
		400,000	13.40			
		200,000	11.98			
		300,000	11.19			
		(400,000)	Expired without exercising			
		(1,910,000)	Expired without granting.			

No further grants of share options under this scheme as the 3 year period allowed for such grants from the date of approval of the scheme by the shareholders has now elapsed.

25.2 Movement during the year

Year ended 31 March	2026 Rs.	2025 Rs.
Balance at the beginning	7,360,000	7,790,000
Granted during the year	-	300,000
Exercised during the year	-	-
Expired during the year	(870,000)	(730,000)
Balance at the end	6,490,000	7,360,000

The Exercise Price applicable to a particular option will be the volume weighted average price of the shares of the Company taking into consideration all share transactions of the Company during the thirty (30) market days immediately preceding the date of the grant of the Option.

The fair value of Share Options is estimated at the Grant Date using the Binomial Option Pricing model considering the terms and conditions upon which the Share Options were granted. There are no cash – settlement alternatives.

The first tranche was granted on 31 March 2023. As such, share-based payment expense for the current year amounted to Rs. 166,161/- and has been charged to administrative expenses. The share-based payments reserve has been used to recognise the value of equity-settled share-based payments provided to eligible employees, as part of their remuneration.

Inputs to the model is as disclosed below

Tranche 1		Tranche 2	
Weighted average share price	16.10	Weighted average share price	11.19 - 16.10
Exercise price	16.10	Exercise price	11.19 - 16.10
Expected volatility	50%	Expected volatility	50%
Option life	7 Years	Option life	7 Years
Expected dividends	13%	Expected dividends	13%
Risk free interest rate	25.99%	Risk free interest rate	14.51% - 25.99%

Using historical trading data of the stock to derive input parameters to calculate expected volatility results in values that are not meaningful for the model given the limited availability of data and significant volatility witnessed in market data. Therefore, such assumptions and input parameters have been derived based on overall market return expectations and associated probabilities.

26. DEFERRED INCOME RECONCILIATION

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Opening balance as at 1st April	213,119,387	251,470,722	168,376,330	156,099,597
Invoices issued	651,947,592	442,305,858	552,866,583	374,568,121
Subscription revenue recognised	(557,904,631)	(480,657,193)	(486,241,272)	(362,291,388)
Closing balance as at 31st March	307,162,349	213,119,387	235,001,641	168,376,330

27. COMMITMENTS AND CONTINGENCIES

27.1 Capital expenditure /operational commitments

The Group does not have any significant capital or operational commitments as at the reporting date.

27.2 Purchase and service commitments

The Group does not have any purchase and service commitments as at the reporting date.

27.3 Contingent liabilities

There were no material contingent liabilities outstanding as at the reporting date which require adjustments to or disclosure in the financial statements.

27.4 The following assets have been pledged as securities as at reporting date.

Lender	Security	Security Value Rs.	Approved Facility Rs.	Nature of Facility	Balance as at 31 March 2026 Rs.
Commercial Bank of Ceylon PLC	Lien over Savings Deposits	13,530,547	70M	Overdraft	28,395,551
National Development Bank	Lien over Savings Deposits	8,699,258	80M	Overdraft	57,138,048
			180M	Bank Guarantee	15,170,506
		22,229,805			100,704,105

28. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

28.1 Transactions with the parent and related entities

	Group / Company	
Year ended 31 March	2026 Rs.	2025 Rs.
Subsidiary companies*		
Trade sales	190,530,087	127,126,759
Settlements for trade sales	(119,164,216)	(21,996,316)

* hSenid Software (Singapore) Pte Ltd, hSenid Business Solutions (India) Pvt. Ltd, hSenid Business Solutions (Bangladesh) Pvt Ltd, PeoplesHR Solutions Pvt Ltd & PeoplesHR Philippines INC.

Outstanding current balances at year end are unsecured, interest free and settlement occurs in cash.

Year ended 31 March	Group / Company 2026 Rs.	Group / Company 2025 Rs.
Affiliate companies**		
Trade sales	7,670	34,810
Settlements for trade sales	(7,670)	(16,893,690)
Expenses incurred on behalf of company	-	-
Collections on behalf of Company	-	6,576,147
Other service expenses	-	-
Settlements for other service expenses	-	-

** hSenid Mobile Solutions (Pvt) Ltd, hSenid Ventures (Pvt) Ltd, hSenid Software Lanka (Pvt) Ltd, hSenid Software India (Pvt) Ltd, hSenid Software International (Pvt) Ltd, hSenid Mobile Solutions (Bangladesh) Pvt Ltd and hSenid mobile Solutions (Singapore) Pte Ltd.

Outstanding current balances at year end are unsecured, interest free and settlement occurs in cash.

28.2 Transactions with Key Management Personnel of the Company

The Key Management Personnel of the Company are the members of its Board of Directors. There are no transaction with such KMP and their close family members, other than mentioned below.

28.2.1 Key Management Personnel Compensation

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Short-term employee benefits - Executive	96,164,786	87,838,891	71,724,228	64,790,100
Post-employment benefits - Executive	-	-	-	-
	96,164,786	87,838,891	71,724,228	64,790,100

Share based options granted to Key management personals as at 31 March 2026 is Rs.12,880,000.

28.2.2 Loans to directors

No loans have been granted to the Directors of the Group/Company.

28.2.3 Other transactions

There are no other transactions with key management personnel and their spouses' other than those disclosed above.

29. EVENTS OCCURING AFTER THE REPORTING DATE

There have been no events subsequent to the reporting date, which require to disclose in the financial statements.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk can be defined as the probability of or threat of damage, injury, liability, loss or any other negative occurrence that is caused by external or internal vulnerabilities. Risk management is the process of analysing exposure to risks by identifying vulnerabilities and their probability of outcome in order to determine how best to handle such exposures. It also looks at implementing various policies, procedures and practices that work to identify, analyse, evaluate and monitor risks, followed by applications and solutions to minimise the probability of occurrence and/ or the impact of the identified risks. The company is exposed to the following types of risks from its use of financial Instruments:

Overview

The Company has exposure to the following risks from its use of financial instruments:
1. Credit risk
2. Liquidity risk
3. Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for identifying, analysing, evaluating and monitoring the risk and the management of capital of the Company. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring risk management policies of the Company.

The Group's financial risk management policies are established to identify, quantify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls, and to monitor Financial risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

30.1 Credit risk

The Group is exposed to credit risk primarily from its trade receivables, which arise from its operating activities and its deposits with banking Institutions. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

30.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade receivables	551,036,582	603,714,477	651,948,098	668,617,000
Short term investments	267,420,451	313,065,618	267,420,451	313,065,618
Cash and cash equivalents	358,957,514	234,085,454	264,496,228	169,098,745
	1,177,414,548	1,150,865,548	1,183,864,777	1,150,781,364

30.1.2 Management of credit risk

Trade receivables

The Group monitors the creditworthiness of all it customers prior to entering into credit terms and monitors the recoverability of its trade receivables on a regular basis.

The ageing of trade receivables at the reporting date that were impaired are shown in Note 18.4.

Short term investments

The Group's short term investments are placed in the reputed financial institutions with good credit ratings in order to minimise the credit risk.

Cash and cash equivalents

The Group's short term investments are placed in the reputed financial institutions with good credit ratings in order to minimise the credit risk.

30.2 Liquidity risk

Liquidity risk' is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

30.2.1 The maturity analysis of liabilities

Group

	Contractual cash flows			
Non-derivative financial liabilities	Carrying amount Rs.	6 months or less Rs.	6 - 12 months Rs.	Over 1 year Rs.
Trade payables	219,613,584	219,613,584	-	-
Amount due to related parties	37,602,539	37,602,539	-	-
Accrued expenses	95,269,755	95,269,755	-	-
Lease liabilities	41,230,042	18,642,750	18,750,000	3,837,292
	393,715,919	371,128,627	18,750,000	3,837,292

Company

	Contractual cash flows			
Non-derivative financial liabilities	Carrying amount Rs.	6 months or less Rs.	6 - 12 months Rs.	Over 1 year Rs.
Trade payables	215,709,348	215,709,348	-	-
Amount due to related parties	47,680,000	47,680,000	-	-
Accrued expenses	76,057,706	76,057,706	-	-
Lease liabilities	41,230,042	18,642,750	18,750,000	3,837,292
	380,677,096	358,089,804	18,750,000	3,837,292

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly difference amounts.

30.2.2 Management of liquidity risk

The Group's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's approach to managing its liquidity risk is as follows;

1. Regularly monitoring the Group's assets and liabilities in order to forecast cash flows for future purpose.
2. Arrange adequate facilities with banks as contingency measures.
3. Daily monitoring the facility limits, i.e. overdrafts with banks

30.3 Market risk

'Market risk' is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

30.3.1 Currency risk

The Group operates in Sri Lanka, Singapore, Philippines and India. Entities in the Group may transact in currencies other than their respective functional currencies. The Group is also exposed to currency translation risk on the net assets in foreign operations. The Group does not hedge its exposure to foreign currency risk, and does not trade or speculate in foreign currencies.

A 5% strengthening of the foreign currencies against the Sri Lankan Rupee would have the following approximate impact on profit or loss and equity, assuming other factors are held constant, is shown below.

	Group		Company	
Year ended 31 March	5% increase Rs.	5% decrease Rs.	5% increase Rs.	5% decrease Rs.
United States Dollar	582,866,919	527,355,784	719,895,112	651,333,673
Singaporean Dollar	36,408,857	32,941,347	(37,812,002)	(34,210,859)
Australian Dollar	262,217	237,244	305,456	276,365
Indian Rupee	(655,724)	(593,274)	145,487,008	131,631,103
Kenyan Shilling	2,189,302	1,980,797	2,189,302	1,980,797
Brunei Dollar	2,388,615	2,161,128	7,288,583	6,594,432
Bangladeshi Taka	20,433,427	18,487,386	2,243,926	2,030,219
Chinese Yuan	1,593,662	1,441,884	-	-
Philippine Peso	26,431,637	23,914,339	-	-
Total	671,918,912	607,926,634	839,597,385	759,635,729

30.3.2 Interest rate risk

Interest rate risk is the risk to the Group's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates. The Group does not have any floating rate borrowings nor any deposits which earn interest at floating rate. Therefore the interest rate risk to the Group is minimal.

30.4 Capital management

The Group's policy is to maintain an adequate capital base so as to sustain the Group's development of the business. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Group, comprising stated capital, retained earnings and reserves.

The Group finds its operations through equity. The Group is not subject to externally imposed capital requirements, and there were no changes in the Group's approach to capital management during the year.

INSIGHTS · Module

The AI Intelligence your C-Suite needs.

Powered by AI and natural language interaction, the Insight Module connects data across HR, payroll, time, engagement, and talent to answer critical workforce questions in seconds. From attrition risks and headcount trends to succession gaps and performance patterns, it gives HR leaders the intelligence to move beyond static dashboards and act with confidence.

Annexes

Investor Information

STOCK EXCHANGE LISTING

The issued ordinary shares of hSenid Business Solutions PLC are listed with the Colombo Stock Exchange (CSE) of Sri Lanka.

SHAREHOLDER INFORMATION

	31 March 2026	31 March 2025
Total number of shareholders	4,415	4,715
Total number of shares	285,254,759	285,254,759

31 MARCH 2026

	Residents			Non-Residents			Total		
Number of shares held	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
1-1,000	2,019	648,744	0.23	6	1,335	0.00	2,025	650,079	0.23
1,001-10,000	1,751	6,386,837	2.24	10	51,650	0.02	1,761	6,438,487	2.26
10,001-100,000	477	15,633,956	5.48	2	47,500	0.02	479	15,681,456	5.50
100,001-1,000,000	121	34,453,491	12.08	3	1,286,020	0.45	124	35,739,511	12.53
1,000,001 & over	22	212,210,736	74.39	4	14,534,490	5.10	26	226,745,226	79.49
Total	**4,390**	**269,333,764**	**94.42**	**25**	**15,920,995**	**5.58**	**4,415**	**285,254,759**	**100.00**

CATEGORIES OF SHAREHOLDERS

31 March 2026	No. of shareholders	%	No. of shares	%
Individuals	4,224	95.67	137,582,041	48.23
Institutions	191	4.33	147,672,718	51.77
Total	**4,415**	**100.00**	**285,254,759**	**100.00**

PUBLIC SHAREHOLDINGS

	Requirement by CSE	As at 31 March 2026	Comply with CSE Rule 7.13.1 (a)
Option	4	4	Yes
Float adjusted market capitalisation	2,500,000,000	3,194,462,510	Yes
Percentage of shares held by the public	10.00%	57.72%	Yes
Number of shareholders representing public holding	500	4,402	Yes

SHAREHOLDER TRADING INFORMATION FROM LISTING DATE TO 31 MARCH 2026

	31 March 2026
Highest price (LKR)	24.40
Lowest price (LKR)	10.60
Price as at 31 March (LKR)	19.40
Number of transactions	30,170
Number of shares traded	155,755,929
Value of shares traded (LKR)	2,709,837,426

MARKET CAPITALISATION VS SHAREHOLDERS' FUNDS

	LKR
Market capitalisation as at 31 March 2026 (LKR)	5,533,942,325

DIVIDEND

Financial Year	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21
Dividends Amount	-	-	345,869,220	96,843,382	83,008,613	30,004,113
Earnings Per Share (LKR)	(0.14)	(1.01)	(1.17)	0.68	1.93	0.96
Dividends Per Share (LKR)	-	-	1.25	0.35	0.30	0.14
Payout Ratio	-	-	-106.84%	51.47%	15.54%	14.19%

TWENTY (20) LARGEST SHAREHOLDERS AS AT 31.03.2026

	Name	No. of shares	%
1	hSenid Ventures (Private) Limited	71,938,777	25.22
2	Mr. K. P. R. B. De Silva	31,835,114	11.16
3	Mr. Dinesh Saparamadu	29,260,708	10.26
4	Paints & General Industries Limited	23,921,284	8.39
5	Argent Capital (Private) Ltd	13,343,096	4.68
6	Senkadagala Finance PLC/R. S. H. Nanayakkara & R. M. Nanayakkara	7,924,807	2.78
7	Mrs. J. N. Ambani	6,982,018	2.45
8	Mr. Otto Edvard Husby Kalvo	5,405,877	1.90
9	Mr. Jan Gunnar Naess	4,983,087	1.75
10	Mr. Sampath Jayasundara	3,452,018	1.21
11	GF Capital Global Limited	3,104,326	1.09
12	Bank of Ceylon A/C Ceybank Unit Trust	2,908,960	1.02
13	Mr. Nilam Alawdeen	2,420,000	0.85
14	Timex Garments (Pvt) Ltd	2,306,294	0.81
15	Senkadagala Finance PLC/M. S. F. Haqque & S. I. Haqque	2,000,000	0.70
16	Hatton National Bank PLC A/C no.4 (HNB Retirement Pension Fund)	1,920,000	0.67
17	Mr. Silmy Ahmed Mohamed Basheer	1,850,000	0.65
18	Mrs. Fathima Salma Shafei	1,706,900	0.60
19	Mr. Rajiv Shewall Hilary Nanayakkara	1,330,000	0.47
20	Mr. A. L. Saman Kumara	1,319,309	0.46

Glossary

SOFTWARE-AS-A-SERVICE (SAAS)
Software-as-a-Service is a software licensing and delivery model in which the software is centrally hosted and licensed on a subscription basis.

RECURRING REVENUE
Revenue generated on a monthly or annual basis from all active subscriptions.

CHURN RATE
Annual percentage rate at which customers stop subscribing to a service.

ANNUALISED RECURRING REVENUE (ARR)
Predictable and recurring revenue generated by customers within a year.

NET REVENUE RETENTION (NRR)
The percentage of revenue earned from the existing customer base at the start of a period after accounting for expansion revenue and churn.

PHR
PeoplesHR

GO-TO-MARKET (GTM)
Marketing, Sales, and Customer Success functions.

DEAL PIPELINE
Total amount of prospective deals that can potentially be converted into actual sales in a given period.

SALES CYCLE
Total time taken to complete a deal, from customer discovery to deal closure.

AVERAGE CONTRACT VALUE (ACV)
Also known as the Average Deal Size, ACV is the average total value of a deal. The ACV of a cloud deal includes the total implementation cost and the 12-month subscription charge. The ACV of an on-premise deal includes the implementation cost and the perpetual licensing cost.

EARNINGS PER SHARE
Profit attributable to equity holders of the parent, divided by the weighted average number of ordinary shares in issue during the period.

EBIT
Earnings before interest and tax (includes other operating income).

EBIT MARGIN
EBIT divided by turnover expressed as a percentage.

EBITDA
Earnings before interest, tax, depreciation, and amortisation.

EBITDA MARGIN
EBITDA divided by turnover expressed as a percentage.

EFFECTIVE RATE OF TAXATION
Tax expense divided by profit before tax expressed as a percentage.

DIVIDEND
Distribution of profit to holders of equity investments in proportion to their holding of a particular class of capital.

NET PROFIT MARGIN
Profit after tax divided by turnover expressed as a percentage.

ACCRUAL BASIS
Recording revenues and expenses in the period in which they are earned or incurred, regardless of whether cash is received or disbursed in that period.

CASH EQUIVALENTS
Liquid investments with original maturities of three months or less.

NET ASSETS
Sum of fixed assets and current assets, less total liabilities.

TOTAL DEBT
Long-term loans plus short-term loans and overdrafts.

NET DEBT/CASH
Total debt minus cash (plus short-term deposits).

STATED CAPITAL
Total of all amounts received by the Company, or due and payable to Company.

a. In respect of issue of shares, and
b. In respect of calls on shares

SHAREHOLDERS’ FUNDS
Total of issued and fully-paid share capital, capital reserves, and revenue reserves.

TOTAL EQUITY
Shareholders’ funds plus minority interest.

CAPITAL EMPLOYED
Shareholders’ funds plus minority interest and debt.

NON-CONTROLLING INTEREST

A portion of the profit or loss and net assets of a subsidiary, attributable to equity interest that are not owned, directly or indirectly, through a subsidiary, by the parent.

CONTINGENT LIABILITIES

Potential obligations arising from past events, the financial effects of which depend on the occurrence or non-occurrence of uncertain future events.

RELATED PARTIES

Parties that could control or significantly influence the financial and operating policies of the Company.

DEFERRED TAXATION

The tax effect of timing differences deferred to / from other periods, which would only qualify for inclusion on a tax return at a future date.

RETURN ON EQUITY (ROE)

Attributable profit (profit after tax attributable to equity holders of the parent) divided by average shareholders' equity over the period.

MARKET CAPITALISATION

The total market value of a company's equity, calculated as the number of shares outstanding multiplied by the current market price per share.

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of hSenid Business Solutions PLC will be held on Tuesday, 18th August 2026, at 2.30 p.m at The Ceylon Chamber of Commerce, No. 50 Nawam Mawatha, Colombo 02, for the following purposes:

1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the financial year ended 31 March 2026 together with the Report of the Auditors thereon.

2. To re-appoint Messrs. Ernst & Young, Chartered Accountants, as the Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be agreed upon with them by the Board of Directors and to audit the Financial Statements of the Company for the ensuing year.

3. To re-elect Mr. Malinga De F. Arsakularatne, who retires by rotation in terms of Article 27(8) of the Articles of Association, and being eligible, has offered himself for re-election.

4. To re-elect Ms. Anarkali Moonesinghe, who retires by rotation in terms of Article 27(8) of the Articles of Association, and being eligible, has offered herself for re-election.

5. To consider and if thought fit to pass the following special resolutions:
    a) SPECIAL RESOLUTION TO ESTABLISH THE EMPLOYEE SHARE OPTION PLAN OF HSENID BUSINESS SOLUTIONS PLC:

       IT IS HEREBY RESOLVED THAT the establishment and implementation by hSenid Business Solutions PLC (the "Company") of an Employee Share Option Plan as detailed out in the "Circular to the shareholders - Employee Share Option Plan of hSenid Business Solutions PLC" dated 22 July 2026 be and is hereby approved.
    b) SPECIAL RESOLUTION TO ISSUE SHARES UNDER EMPLOYEE SHARE OPTION PLAN

       IT IS HEREBY RESOLVED THAT the issue by the Company of shares under the said Employee Share Option Plan, as detailed out in the "Circular to the shareholders- Employee Share Option Plan of hSenid Business Solutions PLC" dated 22 July 2026 be and is hereby approved.

6. To authorise Directors to determine contributions to charities.

By order of the Board

CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries
hSenid Business Solutions PLC

At Colombo, on this 22 day of July 2026

Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead, and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company. A completed form of proxy must be deposited at the registered office of the Company, at Second Floor, Scanwell Building, No.67/1, Hudson Road, Off Perahera Mawatha, Colombo 03, or e-mailed to corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting.

Notes

Notes

Form of Proxy

*I/We ....

.......................………..……. of ....

Being a shareholder/shareholders of hSenid Business Solutions PLC do hereby appoint

1. Mr. Dinesh B. Saparamadu	or failing him,
2. Mr. Sampath Jayasundera	or failing him,
3. Ms. Dishnira S. Ariyaratne	or failing her,
4. Mr. Malinga De. F. Arsakularatne	or failing him,
5. Ms. Anarkali Moonesinghe	or failing her,
6. Mr. Madura Ratnayake	or failing him,
7. Mr. Apurva Udeshi	or failing him,
8. Dr. Arittha R. Wikramanayake	

....

of ....

as *my/our Proxy to attend and vote/speak at the Annual General Meeting of the Company to be held on 18th August 2026 at 2.30 p.m and at any adjournment thereof.

	FOR	AGAINST	ABSTAIN
1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the financial year ended 31st March 2026 together with the Report of the Auditors thereon.			
2. To re-appoint Messrs. Ernst & Young as the auditors of the Company and to audit the financial statements for the ensuing year and authorise the Directors to fix their remuneration.			
3. To re-elect Mr. Malinga De F. Arsakularatne, who retires by rotation in terms of article 27(8) of the Articles of Association.			
4. To re-elect Ms. Anarkali Moonesinghe, who retires by rotation in terms of article 27(8) of the Articles of Association.			
5. (a) To pass the Special Resolution to establish the ESOP.			
(b) To pass the Special Resolution to issue shares under the ESOP.			
6. To authorise the Directors to determine contributions to charities.			

Signed this .... day of 2026

....

Signature/s

Note: Instructions as to completion are noted on the reverse hereof.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address, and sign in the space provided. Please fill in the date of signature.

2. Please return the completed Form of Proxy to the Company after crossing out one or the other of the alternative words indicated by the asterisks on the body of the Form and by indicating with an 'X' in the space provided against each resolution the manner in which you wish your vote to be cast.

3. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him/her.

4. In the case of a Corporate Member, the Form must be completed under its Common Seal, or signed by its attorney or by an officer on behalf of the corporation. The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer.

5. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.

6. The completed Form of Proxy should be deposited at the Registered Office of the Company (Second Floor, Scanwell Building, No. 67/1, Hudson Road, Off Perahera Mawatha, Colombo 03) or e-mailed to corporateservices@corporateservices.lk not less than forty-eight (48) hours before the appointed time for meeting.

7. If there is any doubt as to the manner in which the proxy should vote by reason of the manner in which instructions in 2 above have been carried out, the proxy holder will vote as she/he thinks fit.

8. A shareholder appointing a proxy (other than a director of the Company) to attend the meeting should indicate the proxy holder's National Identity Card (NIC) number on the Form of Proxy and should instruct the proxy holder to bring his/her National Identity Card to the Meeting.

Corporate Information

NAME OF COMPANY

hSenid Business Solutions PLC

LEGAL FORM

A Limited Liability Company incorporated in Sri Lanka and listed on the Colombo Stock Exchange on 21st December 2021

YEAR OF INCORPORATION

2005

REGISTRATION NUMBER

PQ00245385

ACCOUNTING YEAR END

31 March

REGISTERED OFFICE

hSenid Business Solutions PLC
Second Floor, Scanwell Building, 67/1,
Hudson Road, Off Perahera Mawatha,
Colombo 03.
Tel: +94 11 4621111
Fax: +94 11 2394064

DIRECTORS

Dinesh Saparamadu (Chairman)
Sampath Jayasundara (Chief Executive Officer)
Dishnira Saparamadu-Ariyarathne
Apurva Udeshi
Malinga Arsakularatne
Madu Ratnayake
Anarkali Moonesinghe
Dr. Arittha Wikramanayake

SECRETARIES

Corporate Services (Pvt) Ltd
216, De Saram Place,
Colombo 10.
Tel: +94 11 4718200

INVESTOR RELATIONS

hSenid Business Solutions PLC
Second Floor, Scanwell Building, 67/1,
Hudson Road, Off Perahera Mawatha,
Colombo 03.
Tel: +94 71 797 6777
nilendra.w@peopleshr.com,
pamoda.ka@peopleshr.com

AUDITORS

Ernst & Young (Chartered Accountants)
No. 109, Rotunda Towers, Galle Road,
Colombo 03.
Tel: +94 11 2463500
Fax: +94 11 7687869

BANKERS

Hatton National Bank PLC
HNB Towers, No. 479, T. B. Jayah Mawatha,
Colombo 10.
Tel: +94 11 2660160
Fax: +94 11 2774195

Commercial Bank of Ceylon PLC
P.O. Box 856,
Commercial House, No. 21,
Sir Razik Fareed Mawatha,
Colombo 01.
Tel: +94 11 2486000
Fax: +94 11 2449889

NDB Bank
P.O. Box 1825,
No. 40, Nawam Mawatha,
Colombo 02.
Tel: + 94 11 2448448
Fax: + 94 11 2440262

Standard Chartered Bank
No. 37, York Street,
Colombo 01.
Tel: +94 11 2480480

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