

# Simplifying to Scale

hSenid Business Solutions PLC  
Annual Report 2024/25





# Simplifying to Scale

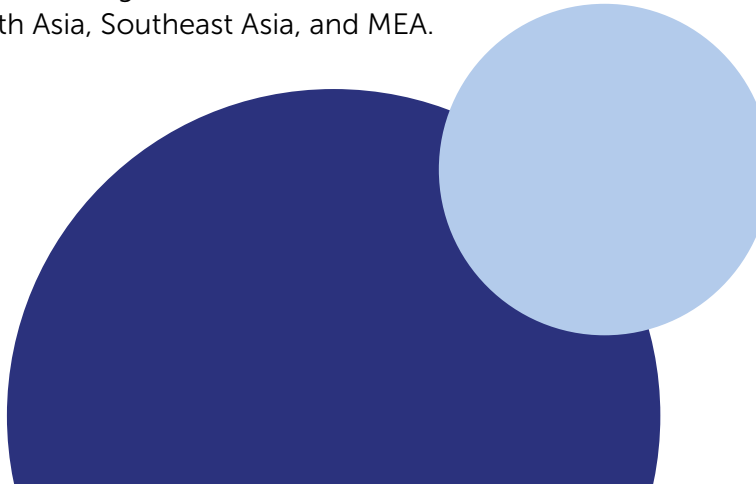
hSenidBiz is a leading provider of Human Capital Management (HCM) software, serving the South Asia, Southeast Asia, and the Middle East & Africa regions. Our flagship product, PeoplesHR, which helps digitalise the entire hire-to-retire employee journey, serves over 1,700 organisations across 40 countries in more than 20 industries.

In the year under review, hSenidBiz sharpened its operational and strategic focus to enable faster, more scalable growth across key markets. With a theme of Simplifying to Scale, the Company undertook deliberate steps to remove internal complexities, streamline processes, and build an agile foundation capable of supporting long-term expansion.

In line with this, hSenidBiz focused on strengthening industry-specific capabilities within the PeoplesHR product suite, enabling more tailored solutions that serve high-value sectors. The Company's go-to-market strategy was refined around its Ideal Customer Profile (ICP), concentrating marketing and sales efforts on high-impact engagements across carefully selected countries and industries.

Internally, the business prioritised operational efficiency, simplifying core functions to drive agility and improve responsiveness. At the same time, PeoplesHR continued its transformation into a more intelligent platform by embedding AI across the user interface and product experience—making interactions simpler, faster, and more personalised.

This phase of simplification is not about doing less, but about doing what matters most—with clarity, precision, and purpose. With a focused team, evolving product capabilities, and a market-driven strategy, hSenidBiz is well positioned to scale sustainably and deliver meaningful value to its customers, partners, and shareholders across South Asia, Southeast Asia, and MEA.



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# ABOUT THE REPORT

## ABOUT

This annual report of hSenid Business Solutions PLC ('hSenidBiz' or 'the Company') covers the financial year 2024/2025, ended 31 March 2025. 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 2025, 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.

## INQUIRIES

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

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# Seamless HR, Empowered Workflows



This is an AI-generated image, created in-house to align with our efforts to integrate AI capabilities into our operations.

# OVERVIEW

- 6** Vision and Mission
- 7** Financial Highlights
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# VISION AND MISSION

## Vision

"Make Life Easy"

## Mission

Become the most preferred HXM 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 1,818 Mn**

Up 10.5% YoY driven by PHR Cloud

## Year-End Exit ARR

**USD 4.1 Mn**

Up 35.6% YoY

## New Deals

**USD 1.7 Mn**

Majority from PHR Cloud, and deals in SEA

## Clients

**+1,700**

Up from 1,675 in FY 2024

## Core Recurring Revenues

**63%**

Of total revenues, driven by PeoplesHR Cloud

## Churn Rate

**5%**

## EBITDA Loss

**LKR 147 Mn**

Vs a LKR 257mn loss in FY 2024 impacted by higher operational expenses

## EBITDA Margin

**(8.1%)**

Vs -15.6% in FY 2024

## Net Profit Margin

**(15.7%)**

Vs -17.8% in FY 2024

## Net Loss

**LKR 286 Mn**

Vs a LKR 293mn loss in FY 2024

## Earnings Per Share

**(LKR 1.01)**

Vs (LKR 1.06) in FY 2024

## Dividends

**LKR 346 Mn**

was returned to shareholders in form of a special dividend during the year

## Return on Equity

**(21.5%)**

Vs -16.4% in FY 2024

## Net Cash

**LKR 450 Mn**

## Capex Investments

**LKR 259 Mn**

Down from LKR 278mn in FY 2024

# FINANCIAL HIGHLIGHTS CONTD.

## REVENUE BREAKDOWN BY GEOGRAPHY



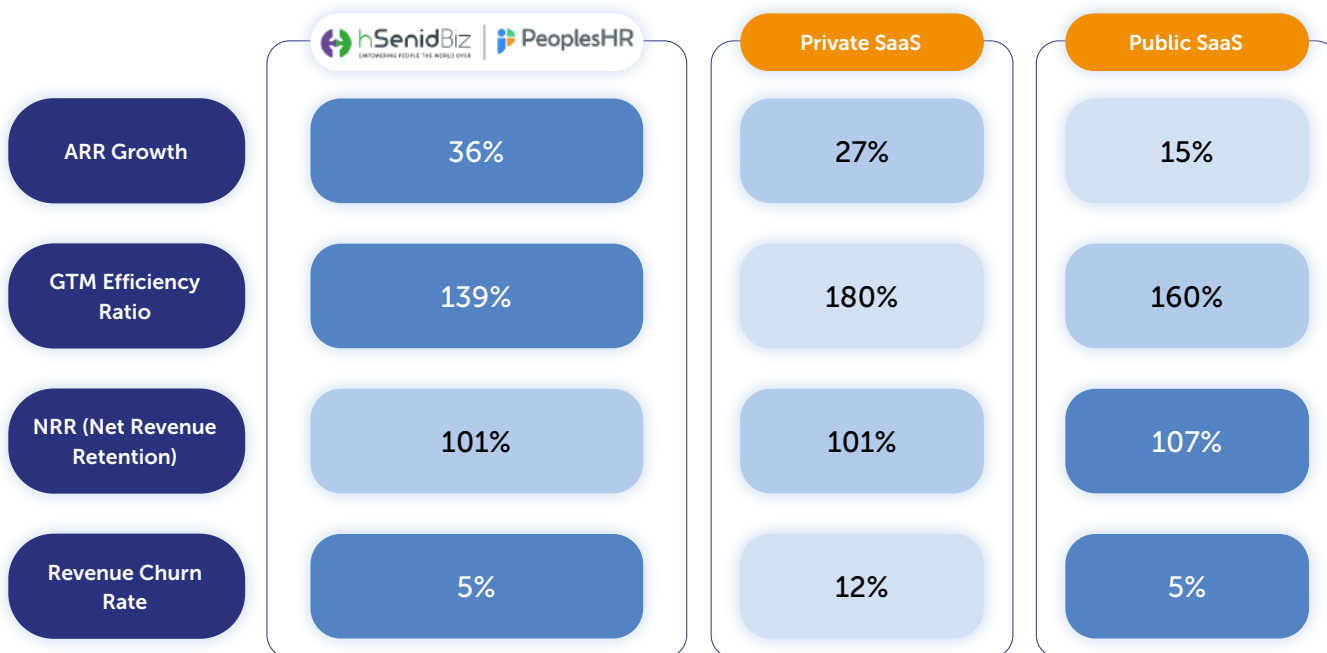
## REVENUE BREAKDOWN BY PRODUCT CATEGORY



\* 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



**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 last twelve months for publicly-listed SaaS entities falling under the criteria of ARR USD 100-500 Mn

## DEFINITIONS

### ARR (Annualised Recurring Revenue)

ARR stands for annualised 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:

$$ARR = 12 \times MRR \text{ (monthly recurring revenue)} \text{ OR } ARR = 4 \times QRR \text{ (quarterly recurring revenue)}$$

### Go-to-market (GTM) Spend Efficiency Ratio

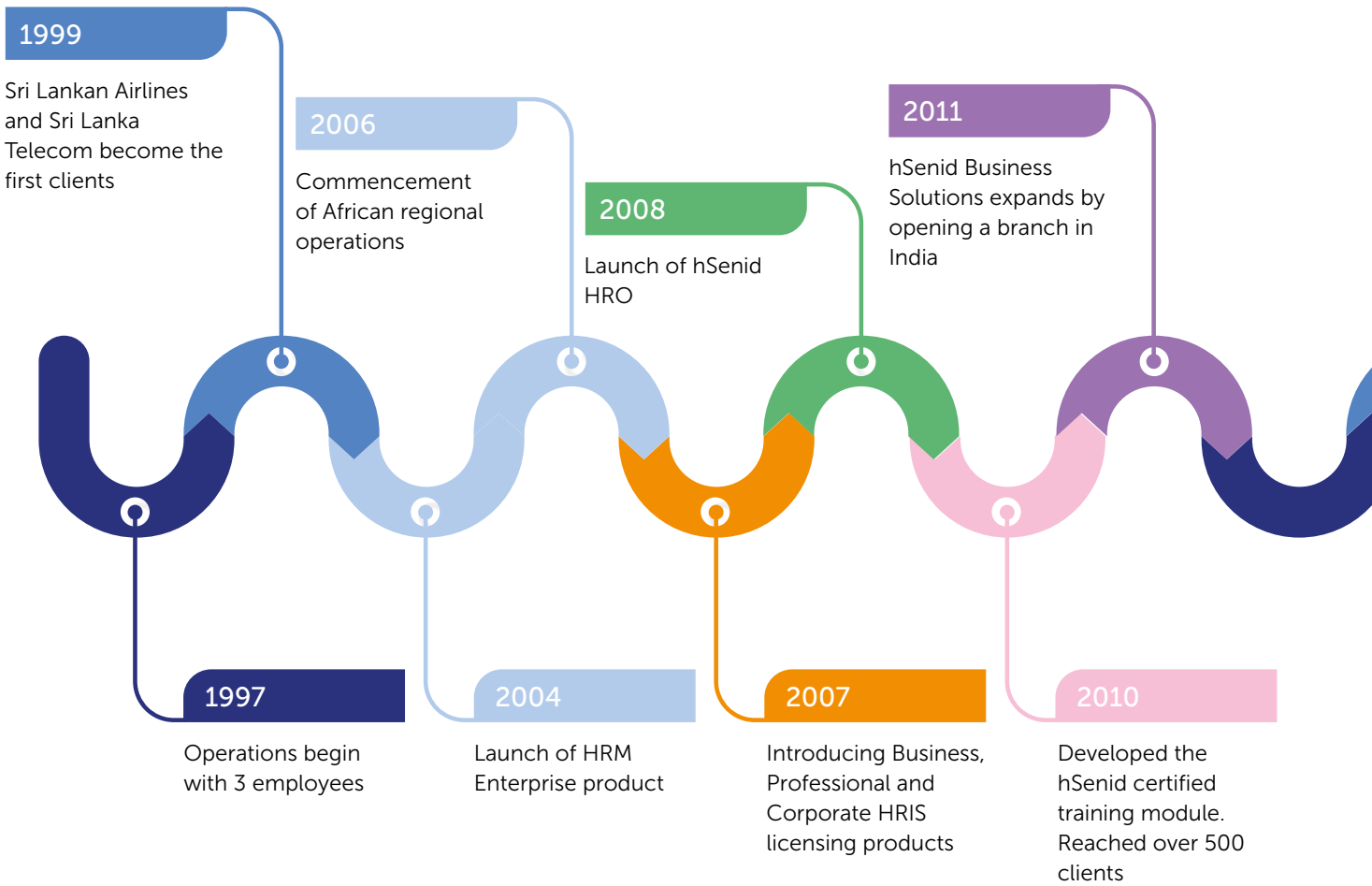
The GTM efficiency ratio is the ratio of sales and marketing spend to net new ARR. It is calculated by dividing the total GTM costs (sales and marketing expenses) for a given period by the net new ARR added. This ratio is tracked to understand the efficiency of the GTM function.

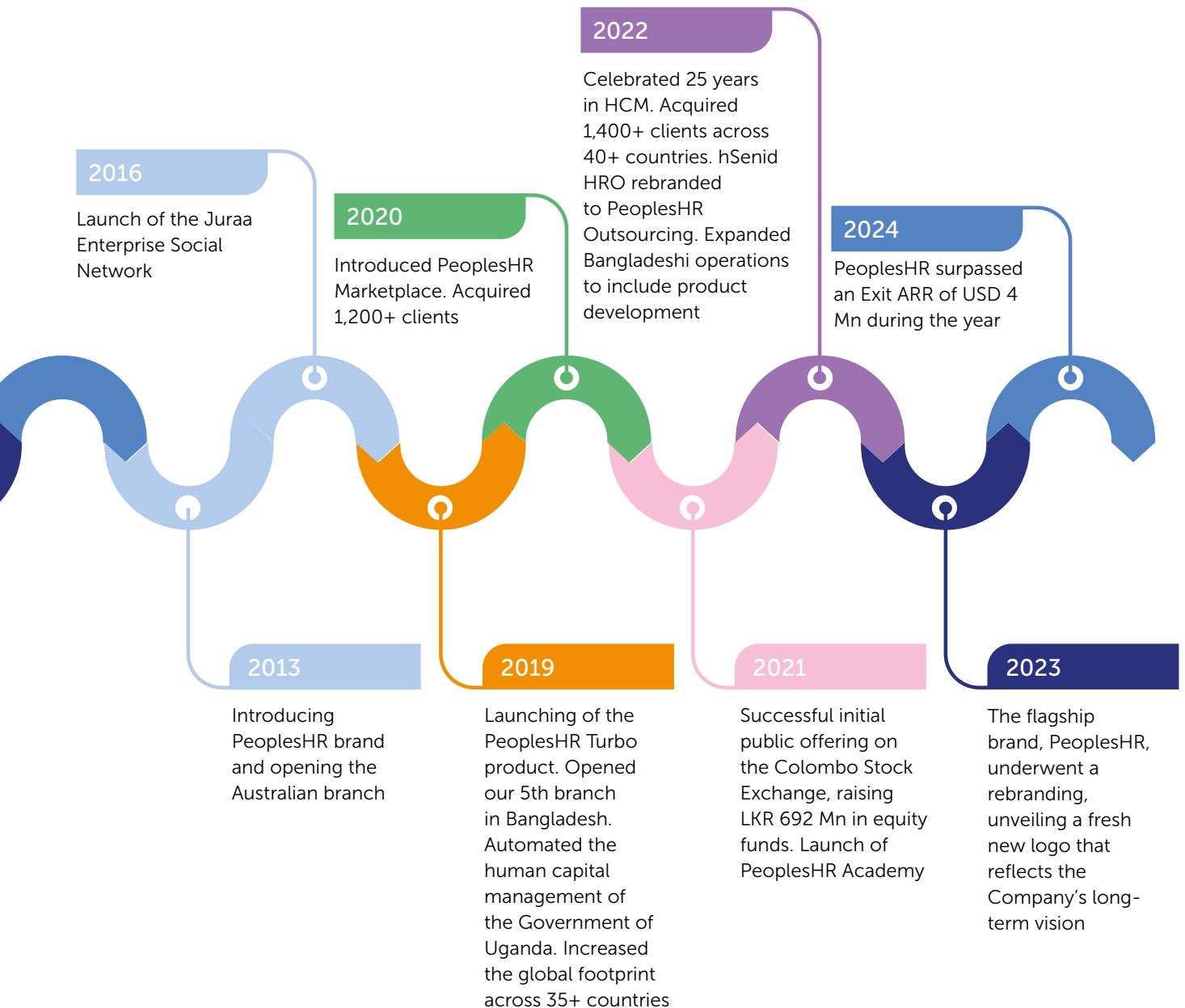
### NRR (Net Revenue Retention)

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:

$$NRR = 1 - \% \text{ churned revenue} + \% \text{ upsell \& cross-sell revenue} + \% \text{ expanded account revenue} - \% \text{ contracted account revenue}$$

# KEY MILESTONES





# PEOPLESHR AI JOURNEY

## FROM AUTOMATION TO INTELLIGENT TRANSFORMATION

### ARTIFICIAL INTELLIGENCE (AI): REDEFINING WORK

A recent publication by Deloitte – 2025 Human Capital Trends Report – highlights key questions faced by business leaders and employers today, around the nature of work, the workforce, and organisational culture – all of which are in the midst of technology-driven disruption.

#### The nature of work: How things get done

- How do I provide stability for my workers while creating the agility my business needs to thrive?
- How do I unlock worker capacity, and how should it be used?

#### The workforce: Who is doing the work and how we support them

- Do I need to update our employee value proposition for an AI-powered world, and if so, how?
- How do I get more value out of work and workforce technology?

#### Organisation and culture: The structure and practices that unlock performance

- How can we motivate people to do what needs to be done to unleash human performance?
- Do we still need managers, and if so, how should they spend their time?



### Balancing stability and agility in the workforce

As organisations continue to evolve, a key challenge is finding the right balance between the stability workers crave and the agility businesses need. Many employees are finding it difficult to keep up with a rapidly evolving environment. According to a survey by LinkedIn, approximately two-thirds of workers worldwide feel overwhelmed by the rapid pace of technological change, and nearly 49.0 percent fear that they will be left behind. Workers' demands for job security and stability contrasts starkly with the need for organisations to remain agile to adapt to shifting markets, new technologies, and changing customer demands.

AI-enhanced human capital management (HCM) systems enable organisations to provide personalised workforce experiences that align with the diverse needs of employees. By offering tools that help track employee development, anticipate skills gaps, and create agile learning paths, HCM systems empower workers to stay relevant while providing the stability of career growth and advancement opportunities. Moreover, these systems support the creation of flexible work models that allow organisations to adapt to changing conditions without sacrificing employee trust and satisfaction.

### Unlocking worker capacity

Organisations are increasingly struggling to unlock worker capacity as companies grow more complex. In a 2023 survey by Microsoft, 68.0 percent of respondents said they did not have enough uninterrupted time to focus on important tasks during the workday. Employees complain of being bogged down by non-essential tasks, outdated processes, and inefficiencies. Respondents to Deloitte's 2025 Global Human Capital Trends survey noted that 41.0 percent of their time every day is spent on work that doesn't contribute to the value their organisation creates.

AI-driven analytics can identify inefficiencies and suggest process improvements, ensuring that employees focus on work that directly contributes to organisational goals. By providing insights into workload distribution and real-time task management, these systems allow managers to streamline operations and improve productivity, effectively unlocking workforce potential.

### Closing the experience gap

As the workforce becomes more specialised and complex, the experience gap between what employers expect and what new hires bring to the table has become more pronounced. Research from the World Economic Forum found that 61.0 percent of employers have increased experience requirements in the past three years. This issue

is exacerbated by the growing reliance on AI for entry-level tasks and remote work trends, which diminishes the supply of traditional apprenticeships, internships, or other entry-level opportunities to learn. New hires often struggle to gain the hands-on experience required to contribute effectively to their organisations.

HCM systems can help close the experience gap by offering learning and development platforms that equip new hires with the skills and knowledge they need to succeed. AI-driven onboarding processes can personalise training materials, assess skills gaps, and create tailored learning paths that accelerate competency development. By supporting continuous learning and providing opportunities for building skills within the HCM platform, organisations can ensure that new hires are ready to contribute more quickly and effectively.

### Maximising value from work and workforce technology

Organisations are increasingly facing the challenge of obtaining value from workforce technology beyond simple automation. As the technology landscape becomes more complex, leaders need a new approach to assess the impact of technology on human performance, innovation, and organisational outcomes. Traditional ROI models based on process efficiencies are no longer sufficient in justifying technology investments.

HCM systems with advanced analytics and AI capabilities help organisations measure the impact of technology on both human and business outcomes. By analysing the full spectrum of worker performance, from productivity to innovation, these systems provide a more comprehensive value case for workforce technology. They allow leaders to understand how tools and platforms are influencing collaboration, creativity, and employee engagement, ensuring that investments in technology deliver measurable results in both business performance and employee satisfaction.

### Motivating performance and driving innovation

Understanding the motivational drivers of employees is critical to improving performance, innovation, and organisational success. Many organisations struggle to tap into the motivations of individual workers, resulting in suboptimal performance and disengagement. According to the Deloitte survey, although the majority of workers (78.0 percent) have clarity as to what motivates them, only about a third (33.0 percent) strongly believe their organisations and managers understand their motivations.

# PEOPLESHR AI JOURNEY CONTD.

HCM systems can harness data to create more personalised employee experiences, helping managers understand what motivates their workforce and go the 'last mile' in connecting with workers. By using AI to track performance, recognise achievements, and provide real-time feedback, these systems enable managers to align individual motivations with organisational goals. Tailored incentive programmes, personalised development opportunities, and recognition mechanisms can be built into the HCM platform, driving both performance and innovation at the individual level.

## The evolving role of managers

Research by Gartner predicts that through 2026, 20.0 percent of organisations will use AI to flatten their organisational structure, eliminating more than half of current middle management positions. With the rise of AI and automation, managers are faced with the challenge of redefining their roles in a way that maximises both human and machine capabilities. Managers must continue to support their teams, but the traditional managerial approach is no longer sufficient. Managers need to evolve, focusing more on coaching, developing new skills, and providing personalised support, rather than solely overseeing daily operations.

HCM systems can support the reinvention of managerial roles by firstly, automating administrative tasks and next, by providing managers with AI-powered insights that help them better understand their team's strengths, weaknesses, and development needs. With real-time data on employee performance and potential, managers can shift from simply overseeing tasks to acting as coaches and enablers of growth.

## Redefining the Employee Value Proposition (EVP) for an AI-powered world

With the growing integration of AI and automation in the workplace, organisations face the challenge of updating their EVP to reflect the evolving role of technology and human collaboration. The traditional EVP, which focuses on compensation, benefits, and job security, must now encompass the AI-human partnership, where workers are empowered by technology rather than being replaced by it.

Modern HCM systems can help organisations revise their EVP by incorporating AI tools that promote collaboration between workers and machines. These systems can provide personalised development plans and career progression opportunities, helping employees leverage

technology to amplify their abilities. By using data to understand individual employee needs and motivations, HCM systems ensure that organisations offer compelling value propositions that attract and retain talent in a tech-augmented work environment.

## AI IN THE HCM SOFTWARE INDUSTRY

As with the world of work, AI is fundamentally transforming the HCM software landscape, evolving these platforms from administrative systems into intelligent, strategic tools. As organisations navigate increasingly complex workforce challenges, AI is enabling HR departments to operate with greater efficiency, accuracy, and foresight.

### Smarter talent acquisition

AI-powered tools are optimising recruitment by automating candidate screening, ranking, and shortlisting, based on skill alignment and job fit. Machine learning algorithms also help reduce unconscious bias, while intelligent assessments evaluate both technical capabilities and cultural compatibility. These solutions enhance the speed, fairness, and effectiveness of hiring decisions.

### Predictive workforce planning

AI-driven analytics support strategic workforce planning by forecasting staffing needs, identifying future skills gaps, and evaluating talent pipelines. Predictive models can assess turnover risk, recommend succession strategies, and enable proactive retention planning, helping HR teams stay ahead of workforce shifts.

### Performance intelligence

Performance management is becoming more data-driven through the use of AI. Automated evaluations aggregate KPIs, feedback, and behavioural data to deliver real-time insights. Continuous feedback loops and personalised dashboards replace static annual reviews, enabling more agile and transparent performance tracking.

### Personalised learning and development

AI algorithms are enhancing learning and development by analysing employee skills profiles and recommending personalised training pathways. These systems can identify emerging skills demands, support upskilling initiatives, and dynamically adapt content to individual progress and goals – improving engagement and learning outcomes.

### Enhanced employee experience

Conversational AI, such as chatbots and virtual assistants, are being integrated into HCM platforms to handle routine employee queries related to payroll, leave, benefits, and more – available 24/7. Additionally, AI tools are used to analyse employee sentiment, automate pulse surveys, and detect engagement trends in real time.

### Intelligent process automation

From onboarding to document verification, AI is automating time-consuming HR tasks. Intelligent document recognition, rule-based workflows, and compliance monitoring allow HR teams to focus on strategic initiatives while improving accuracy and consistency across processes.

### Virtual HR agents

AI agents are being embedded within HCM platforms to provide proactive support, such as reminders for performance reviews, compliance deadlines, and training completion. These agents act as intelligent interfaces between the user and the system, enabling a more intuitive, seamless experience.

We, at PeoplesHR (PHR), recognise that the future of HCM lies in intelligent systems. Our investment in AI – across development and support – reflects our commitment to delivering innovative solutions that empower organisations to build adaptive, data-driven, people-focused workplaces.

### AI in software

AI is expected to have a significant impact in the way software is developed, distributed and used by humans. AI coding agents are fundamentally changing the function of software development and quality assurance. In sales and marketing, AI agents are redefining go-to-market motions and rewriting traditional sales and marketing playbooks. Similarly, AI agents are also fundamentally changing the way users are trained and onboarded to a software system, and the way they interact and transact with the system. These advancements, while being in the early stages, are set to create a tectonic shift in bargaining powers between the different stakeholders in the software industry.

### PEOPLESHR: NOW AUGMENTED BY AI

Since its inception, PeoplesHR has been continuously enhancing its technology ecosystem – streamlining operations and enhancing product performance by fostering a culture of constant improvement. Our initial foray into AI began in 2023, with the integration of AI into the recruitment module in PeoplesHR.

Building on the success of these early initiatives, we remain firmly committed to staying at the forefront of innovation in the industry. Today, PHR is strategically integrating AI across two core areas: product development and product support. These efforts are driving faster, more efficient development cycles, while also reshaping the way support is delivered – enabling smarter, more responsive service experiences across its modules.

### AI-assisted development

We have begun integrating AI-assisted development tools across various stages of the engineering lifecycle – including code generation, requirement documentation, UI design, and test case creation. These tools are expected to enhance developer productivity by three to five times, while maintaining consistency and high-quality output.

### AI Agent-as-a-Service

As part of our broader innovation strategy, PHR is also advancing towards an AI Agent-as-a-Service (AaaS) model, which aims to replace traditional code and business logic with intelligent, autonomous agents. These AI agents are being designed to navigate the PHR platform seamlessly, enabling users to perform key functions – such as applying for leave, retrieving payroll information, and accessing HR policies – with minimal friction.

This AaaS model empowers clients to host and tailor AI agents within their own environments. It eliminates the need for traditional source code maintenance, as all updates and configurations can be managed independently. The solution will also be extended to mobile platforms, significantly broadening its accessibility and impact.

Recognising the fast-paced evolution of AI, we are collaborating with leading technology partners who specialise in AI agent development. This partnership-driven approach allows the Company to accelerate adoption and integration of cutting-edge capabilities without overextending internal resources – ensuring both speed and scalability as PHR continues its AI transformation.

### AI for product support

# PEOPLESHR AI JOURNEY CONTD.

To further improve the customer experience and reduce support resolution times, PHR is leveraging AI to automate and enhance support functions:

- Third-party AI tool integrations have been introduced to manage Level 1 (L1) support issues efficiently.
- HelpDesk automation is being expanded to include AI-driven support ticket management and escalation processes.
- AI-enabled troubleshooting is being deployed to provide intelligent guidance through a dynamic knowledge base, allowing users to self-resolve common issues quickly and accurately.

Through these enhancements, PHR is redefining how support is delivered – making it more proactive and scalable.

## THE ROAD AHEAD

As the workplace continues to be reshaped by rapid technological advancements, AI is no longer a peripheral tool – it is the driving force behind the reinvention of the nature of work and of human capital management.

Our journey reflects a shift from transactional processes to transformative experiences. By integrating AI into core development workflows, introducing AI agents for intuitive interactions and streamlining support through intelligent automation, we are not merely keeping pace with change – we are helping to define it.

This is only the beginning. As we look forward, our focus will remain on enhancing integration, deepening configurability and expanding AI-assisted workflows in order to build adaptive, intelligent systems that enable our clients to remain agile, resilient, and people-focused.

# Automation



## Journey to automation

Early on, PeoplesHR began automating many of its core modules to enhance efficiency, accuracy, and user experience across the platform.



## Smarter processes, less manual work

From leave management to attendance tracking, automation has streamlined repetitive tasks, reduced human error, and enabled faster decision-making.



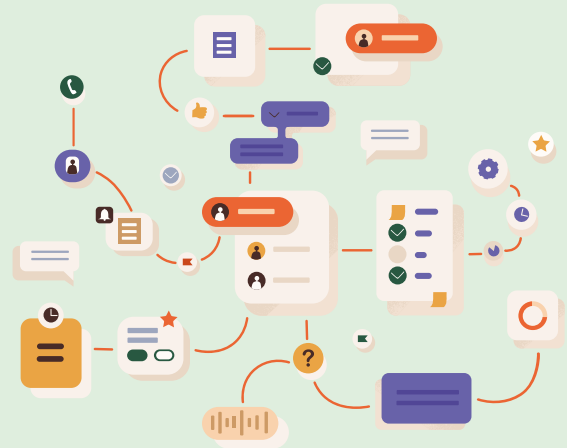
## Improved data flow across modules

Automated workflows now ensure that data is seamlessly shared across systems—empowering HR teams with real-time insights and reducing admin overhead.



## Foundation for AI and innovation

This automation drive laid the groundwork for advanced AI features and intelligent assistance, setting the stage for a smarter, more connected HR ecosystem. This was also the early stages of introducing predictive analytics to the product and the start of data science programmes.



# 2022

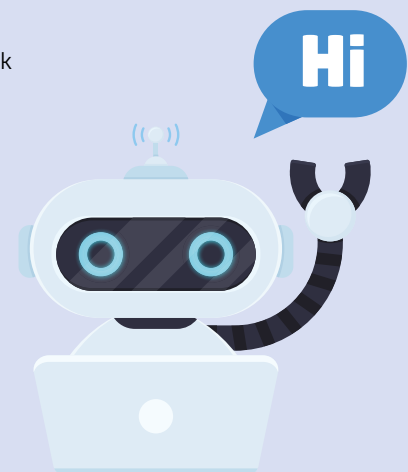


## Meet PAT: Your AI-powered HR Assistant

Launched in 2022, People Assistive Technology (PAT) is an OpenAI-based chatbot designed to simplify workplace interactions.

- Instantly get answers to HR and company policy questions
- Trained on product and internal knowledge
- Need to check your leave balance or clarify leave policies? Just ask PAT!

Making HR support faster, smarter, and always available.



# PEOPLESHR AI JOURNEY CONTD.

## 2023



### AI-Driven recruitment at PeoplesHR

In 2H 2023, PeoplesHR began integrating AI capabilities into its recruitment module using Azure Cognitive Services.



### Smarter CV screening

- GPT-3.0 reads and interprets CVs
- Automatically generates job applications



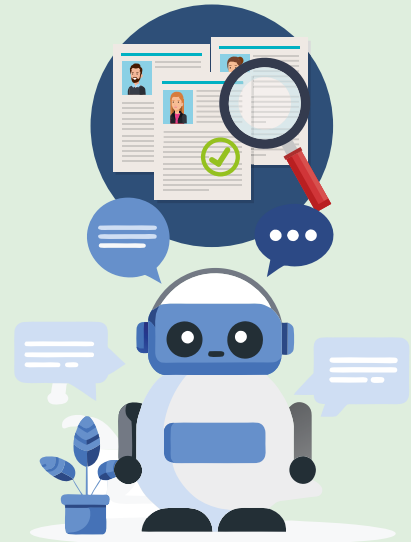
### Bulk CV analysis

- Efficiently processes and evaluates large volumes of CVs



### Video interview insights

- AI-powered Video Indexer tool analyses interview recordings
- Extracts key insights and candidate signals



## 2024/25

### Smarter search, smarter work



### Enhanced search and discoverability

Introducing intelligent search capabilities that help employees find the right functions faster and more intuitively, improving navigation and productivity across the platform.



### Data Co-Pilot: Your intelligent guide to insights

A new data science-powered feature, the Data Co-Pilot helps users locate and understand data effortlessly. Ask a question, and receive precise, data-driven answers—cutting through complexity in seconds.



### Introduction of agentic AI use cases

Automated workflows now ensure that data is seamlessly shared across systems—empowering HR teams with real-time insights and reducing admin overheads.



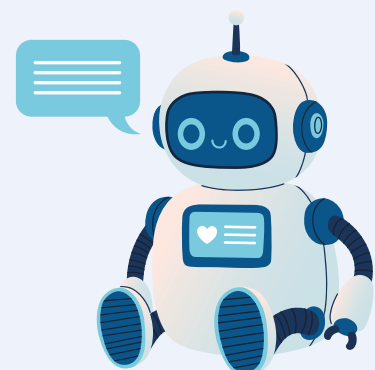
### Predictive analytics

Remodel of the analytics for smarter decisions.



### Enabling voice-powered experiences

Introduction of speech recognition capabilities to improve the usability of selected features across the product and mobile app.





# Future of PHR

## AI in Action: What is next at PeoplesHR



### AI to transform product discoverability

An AI-powered search capability that can navigate users directly into pages, data and actions, bypassing user interfaces.



### AI to help product adoption

AI will obviate intensive user training which is a prerequisite for product adoption. This is achieved with a user-friendly chatbot that learns from the documentation, help portal and knowledgebase to answer queries thereby eliminating the need for level 1 support queries.



### AI agents to do work for you

It's almost like having your own HR assistant that can perform routine and administrative HR tasks on your behalf. Humans can focus on more strategic work that have direct business impact.



### AI in software development and quality assurance

AI is being integrated directly into the product development process:

- Assisting in code generation, test case design and documentation
- **Testing AI agents** in quality assurance to improve efficiency and coverage



### A few other features that we may introduce within the next 6-9 months

- Ensuring compliance with AI frameworks and privacy
- Workforce optimisations and recommendations
- Virtual onboarding assistance
- Career coaching & micro learning



### Looking ahead

PeoplesHR believes in a future where AI agents will interface between end users and software applications. This would mean that most actions on a system could be performed via agents that act upon text and/or voice prompts of the user, taking away the need for user interfaces.

## CHAIRMAN'S MESSAGE



“In an industry defined by rapid shifts in technology and market dynamics, enduring value is created by those who stay focused, move with agility, and innovate with purpose. At hSenidBiz, we are sharpening our focus on AI-driven efficiency, embracing change as a constant, and staying disciplined in our pursuit of long-term shareholder value.”

### Dear Shareholders,

As we close another year in our journey as a publicly listed company, I am pleased to report that hSenid Business Solutions PLC (hSenidBiz) has made significant strides in aligning our operations with our long-term vision. Fiscal Year 2024/25 marks the culmination of a focused investment cycle — one centred on building a world-class team, strengthening our sales and marketing capabilities, and laying the foundation for sustained, scalable growth.

Over the past three years, we made deliberate, strategic investments in our talent pool and go-to-market initiatives. These investments were not made lightly; they were anchored in a deep conviction about the direction of our Company and the evolving needs of our customers across the Asia Pacific and MEA regions. Today, I am

pleased to note that the returns from these investments have begun to materialise. We surpassed USD 4.0 Mn in annualised recurring revenue (ARR) during the year – an important milestone in our journey toward being the ‘Most Preferred HR Technology Solution’ for emerging markets. As we enter the next financial year, we anticipate a notable uplift in both cash flows and profitability, driven by improved operating leverage and enhanced market momentum.

### SHARPENING OUR FOCUS: AI, EFFICIENCY, AND AGILITY

Our guiding principle remains focus. We continue to prioritise the markets and product capabilities that matter most to our growth and differentiation. At the same time, we are sharpening our lens on operational efficiency. With recent breakthroughs in artificial intelligence (AI)

and machine learning (ML), we are entering a period of fundamental transformation — not only in how software is built, but also in how it is marketed, sold, and supported.

These changes are not abstract trends; they have direct, immediate relevance to hSenidBiz. Our flagship product, PeoplesHR, is used daily by employees across a wide range of industries and geographies. This unique reach places us in a strong position to deliver the practical benefits of AI across entire organisations — from automating routine processes to enhancing decision-making and employee experiences.

To this end, we are investing thoughtfully in embedding AI capabilities within our product ecosystem. Our aim is not merely to stay ahead of the curve but to define how AI can elevate human resource systems into strategic tools for business transformation.

### STAYING AGILE IN A DYNAMIC INDUSTRY

We operate in one of the most dynamic sectors in the global economy. As such, agility — in both thinking and execution — has become a critical advantage. We are conscious that market conditions, customer expectations, and technology paradigms can shift rapidly. Our culture, leadership, and processes are being continuously refined to ensure that we are not only reactive to change but proactively positioned to lead through it.

### CAPITAL DISCIPLINE AND SHAREHOLDER VALUE

Throughout our journey, we have remained guided by the core values we committed to at the time of our IPO. Capital discipline is one such principle. As noted last year, we continue to evaluate the most effective deployment of our financial resources. With the investment phase now reaching maturity and returns beginning to flow, our focus will shift toward optimising profitability while preserving the flexibility to reinvest in high-impact areas.

We are mindful of the cash reserves on our balance sheet and continue to assess options that balance reinvestment opportunities with the goal of enhancing shareholder value — including potential distributions where appropriate. Following last year's substantial cash distribution, the Board has decided not to declare a dividend this year, with a view to prioritising financial stability while facilitating the completion of the investment cycle.

### APPRECIATION AND OUTLOOK

On behalf of the Board of Directors, I extend my sincere thanks to our customers, employees, partners, and shareholders for your continued trust and commitment. The progress we have made is a testament to your support and to the tireless efforts of our CEO, Sampath Jayasundara, our CFO, Nilendra Weerasinghe, and their exceptional teams across all regions.

As we look ahead, we remain anchored in focus, energised by innovation, and committed to building a global technology company that delivers enduring value.

*Dinesh Saparamadu*

**Dinesh B. Saparamadu**

*Chairman*

hSenid Business Solutions PLC

22 July 2025

## CEO'S MESSAGE



“Amidst the rapidly evolving market dynamics and technological advancements in the HCM software industry, hSenidBiz is aligning both our internal capabilities and external opportunities to drive toward our USD 10 Mn ARR goal. With clear priorities, streamlined operations, building on a strong product foundation and the strength of an exceptional team, we are advancing steadily towards our vision of being the most preferred HCM software company in the SA, SEA, and MEA markets.”

### Dear Stakeholders,

On behalf of hSenid Business Solutions PLC (hSenidBiz), I am pleased to share with you the Annual Report and Financial Statements for the year ended 31 March 2025.

The past year witnessed the global macroeconomic conditions stabilise, while the Sri Lankan economy recorded a strong comeback from the economic crisis in 2022/23. Additionally, key regions we operate in, including South Asia (SA) and South-East Asia (SEA), continued to show strong growth, albeit with some slowdown in Maldives and Bangladesh, which were affected by ongoing political instability. Middle-East and Africa (MEA) remained relatively subdued amidst ongoing regional conflicts.

In the backdrop of highly polarised views among global businesses in relation to work from home/office policies, we witnessed the global workplace remaining largely hybrid. The demand for flexible work arrangements has been further supported by the preferences of the Gen Z individuals entering the workforce. This has driven demand for human capital management (HCM) software solutions, particularly in the areas of employee experience and performance management. The demand for the integration of advanced technologies such as robotic process automation (RPA) and artificial intelligence (AI) into HR solutions aimed at automating HR service delivery is also quite visible. These trends are expected to drive significant demand for HCM technology in the emerging markets we operate across SA, SEA and MEA regions, leading to significant growth in our addressable market size.

Amidst these dynamics, we continued to establish our presence in key growth markets by expanding efforts on brand awareness, market education and demand generation, thereby positioning PeoplesHR as the go-to brand for HR digitalisation. We continued investing into the PeoplesHR product, bringing the capabilities of AI to significantly boost value delivered to our customers while enhancing employee engagement and HR service delivery efficiency in their organisations.

### PERFORMANCE DURING THE YEAR

Total revenue for the year ended 31st March 2025 came in at LKR 1.8 Bn, up 10.5 percent year-over-year, driven by our PeoplesHR Cloud business. Demand for cloud-based HCM products remain strong across the globe due to ease of use and cost-effectiveness. As a result, our cloud business continued to perform well, including conversions from the traditional On-Premise product among existing clients. This led to a 25.9 percent year-over-year growth in core-recurring revenues, which accounted for 63.0 percent of total Company revenues.

With demand for our SaaS offering strong, the PeoplesHR Cloud business remained our largest, accounting for 59.0 percent of Company revenues, recording a 20.3 percent growth for the full year. Together, our core PeoplesHR product portfolio (Cloud and On-Premise) accounted for 79.0 percent of Company revenues, compared to 78.0 percent in FY24.

New deals during the year reached USD 1.7 Mn, compared to USD 2.9 Mn in FY24. Majority of new deals were generated by the Cloud business, while regionally SEA region recorded the highest number of new deals. We continue to see the average deal value increase in line with our strategy to increase average contract values.

The Government of Uganda HCM implementation project – one of our key projects over the past four years – completed its third and final phase during FY25. We believe that the completion of this project is a testimony to the maturity of our PeoplesHR product and expertise to successfully deliver large scale HR digitalisation projects, with the overall project covering nearly 300 government organisations and a workforce of 400,000.

As a result of this growth, the Company's core exit ARR (annualised recurring revenue) reached USD 4.1 Mn end FY25, up 35.6 percent from USD 3.1 Mn in end FY24. The core exit ARR generated by the Cloud business recorded a robust 35.5 percent year-over-year growth in constant currency terms, demonstrating the strength of the key segment of the business that has driven overall business growth.

The year witnessed a continuation of high levels of operational expenditure mainly on account of talent recruitments made in the latter part of the previous year and investments made into marketing programmes. Nevertheless, other costs related to project implementation and cloud infrastructure have normalised year-over-year. Together with one-off non-cash items including exchange losses, gratuity provisions, and deferred tax expenses, the Company reported a net loss of LKR 286.3 Mn for the full year.



### MARKET DEVELOPMENT

Following the trend in FY24, the Company continued its investments in market development across all key markets across SA, SEA and MEA regions. We took part in several regional HCM industry events in the region including the Philippines, Indonesia, Sri Lanka, UAE and East African countries. These events provided us with the opportunity to showcase our PeoplesHR product and expertise in the HCM space through key speaking opportunities. We also combined these events with targeted and robust social media marketing campaigns and demand generation campaigns to gain traction for the brand.

## CEO'S MESSAGE CONTD.

During the year, in addition to our digital marketing activities, we also intensified our direct sales activities, while being supported by our partner network. This triple-approach has helped us reach a much higher degree of market awareness about PeoplesHR, and has resulted in improved demand generation outcomes.

### PRODUCT DEVELOPMENT

During the year, our focus remained mainly on modernising our PeoplesHR tech stack and investing in deeper localisation capabilities for the product. With the HCM software industry rapidly embracing AI capabilities, PeoplesHR proactively integrated advanced AI features into its solutions. We continued to invest to make significant improvements in intelligent automation capabilities, analytics tools for management, and collaboration tools for employees. Internally, we also improved the efficiency of engineering practices with the use of AI-enabled technologies.

With the adoption of cloud-based products, information security remains a key component in the product offering. Today, it is becoming a critical requirement for all cloud-based products. As a commitment to implementing cloud security best practices, the Company adopted the updated ISO certification related to information security management systems, ISO/IEC 27001:2022 during the year. The Company also obtained the ISO/IEC 27017:2015 certification related to cloud service security during FY24 – a first in Sri Lanka. These practices guarantee the protection of client information assets, and we believe will add notable value to both our product and service offerings in the long run.

### DIVIDENDS

In the last financial year, with excess cash on our balance sheet, the Company decided to distribute a part of such funds to our shareholders by declaring a special dividend amounting to approximately LKR 346.0 Mn to our shareholders, offering the choice between receiving the dividend in either cash or scrip form.

For FY25, the Board has carefully considered the Company's long-term growth strategy, and the significant investments made in product development, marketing, and new customer acquisition initiatives. In line with our commitment to strengthening future earnings and enhancing shareholder value over the long term, we have decided not to declare a dividend for this financial year. These strategic investments are expected to position the Company for sustained growth and improved profitability in the coming years.

### CONTRIBUTING TO SUSTAINABILITY IN OPERATIONS

As part of our commitment to sustainability and ethical business practices, we made notable progress in the year under review in enhancing our environmental, social responsibility and governance (ESG) initiatives. We are currently in the process of outlining a comprehensive sustainability roadmap that will guide our future efforts. This includes adopting 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 further outlined in detail in the Sustainability section of the annual report.

Additionally, we are now fully compliant with the updated corporate governance regulations for listed entities published by the Securities and Exchange Commission of Sri Lanka (SEC) in October 2023. hSenidBiz is committed to maintaining its governance practices, ensuring transparency, accountability, and ethical conduct in all our operations, and we believe it not only strengthens the accountability amongst listed entities, but also improves investor confidence in the capital markets.

### RECOGNITION FOR HSENBIZ

For the first time, hSenidBiz emerged as the Gold winner in the Large Category of the ICT, BPO & Related Services Sector at the 32nd Annual Export Awards 2024. In the previous four years, the Company won Gold in the Medium Category. This new recognition signifies the Company's global reach, our commitment to innovation and quality, and the contribution to the country's ICT/BPO sector. hSenidBiz also won the Technology Award at the ISACA Digital Trust Award 2024, during the year.

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 accolade reflects our commitment to maintaining exceptional investor relations and our dedication to transparent and effective communication with our stakeholders.



*hSenid Business Solutions PLC wins Best Investor Relations Small Cap Companies Award at CFA Society Sri Lanka Capital Market Awards 2024.*



*hSenidBiz secured the Gold Award in the Large Category of the ICT, BPO & Related Services Sector at the 32nd Annual Sri Lankan NCE Export Awards 2024*



*hSenidBiz secured the Technology Award and a Certificate of Recognition - ISACA Digital Trust Award 2024*

### **PARTNERING WITH OUR COMMUNITY**

As a people-focused organisation, hSenidBiz continued to engage in a number of activities during the year with our community. One of our key events, the Open Closet, was held for the eighth consecutive year, in celebration of Women's Day and our commitment to empowerment and inclusivity. The event welcomed over 300 individuals, providing them with the opportunity to choose from a

selection of essential items. Additionally, we also signed a strategic partnership with the National School of Business Management (NSBM) Green University, to offer our HCM solution as a part of its curriculum.

hSenidBiz remains actively engaged at the industry level through its involvement with the Sri Lanka Association for Software and Services Companies (SLASSCOM), with a particular focus on human capital and entrepreneurship development. The Company also continued to support local universities by contributing to curriculum development, delivering guest lectures, conducting workshops, and offering internship opportunities to students.

### **'SIMPLIFYING TO SCALE' IN FY26**

Building upon our efforts in the year under review, our next step would be to simplify and streamline our processes in product development and deployment, and sales and marketing initiatives. From the perspective of our product, we remain steadfast in our commitment to adopting automation and AI tools to deliver increased value to our customers, while making the most of the latest tools and technologies available internally to maximise productivity of our talent, and aiding our product development team to work efficiently. Including our expanded demand generation efforts, these efforts are directed towards key regions we operate in, particularly in the SEA region, where we are making steady progress. As such, with a strong talent pool in place, we enter the new financial year with a sense of clarity in terms of our product, markets and sales efforts.

Our product and market development, implementation, and sales and marketing activities are now clearly aligned to strengthen our ARR, which in turn places us on the path to profitability. As a key metric of our industry, it is a focal point in our strategy development. The 35.6 percent growth in ARR end FY25 is a clear indication of these streamlined efforts. We believe these initiatives have set us on the path to achieving a USD 10.0 Mn ARR over the next three years.

### **APPRECIATION**

I extend my gratitude to our Founder and Board for their unwavering support, and for being constant in providing their vision and guidance. Their leadership and expertise have been essential in navigating some of the key decisions that were made during the year, enabling the Company to realign our focus on areas which will drive growth over the coming years.

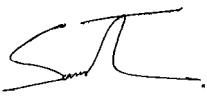
## CEO'S MESSAGE CONTD.

Our employees remain at the core of our operations. Their passion, resilience, and unwavering commitment to our mission and strategic objectives are what fuels our progress and drive our success. I am deeply grateful for the dedication they show each day – overcoming challenges, embracing innovation, and working collaboratively to strengthen the Company's position. It is through their collective efforts that we continue to deliver value to our customers, stakeholders, and the broader community.

I extend my sincere appreciation to our partners for their support and collaboration over the years. Their contributions have been vital to our growth and success. As we look ahead, I warmly invite them to continue partnering with us on our journey to establish PeoplesHR as a leading regional brand.

Today, we serve more than 1,700 clients in over 40 countries, catering to more than one million users. I thank our existing clients for staying with us through our PeoplesHR journey and thank our new clients for extending their trust to us. We are committed to providing you with the best-in-class HCM system which will continue to evolve with your needs, empower your workforce, and drive lasting value for your organisations.

I also extend my appreciation to our shareholders, many of whom have been a part of our journey since the IPO. I encourage you to stay with us and continue to invest in our growth story, as we continue to pave our way to establishing the Company as the go-to HCM Technology company in emerging markets.



**Sampath Jayasundara**  
Chief Executive Officer  
hSenid Business Solutions PLC

22 July 2025



## 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 IT industry; he is a Founding Member and a Past Chairman of the Sri Lanka Association of Software and Service Companies (SLASSCOM).

In appreciation of his contribution to shaping the 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 Stanford University Graduate School of Business, USA.



### Sampath Jayasundara

**Executive, Non-Independent | Chief Executive Officer**

Appointed to the Board on 20 August 2007

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

He holds a BSc Degree and 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 of the Chartered Institute of Personnel Management (CIPM) of Sri Lanka, the Open University of Sri Lanka (OUSL), the Postgraduate Institute of Management (PIM) – University of Sri Jayewardenepura, the Institute of Human Resources Advancements (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 and Business Degree programmes in affiliation with the University of Greenwich, UK. He serves as a Director at SLASSCOM, the industry chamber for the IT/BPO industry, and he 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 Sri Lanka magazine, and he is a distinguished speaker in the HR tech space on 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-Ariyaratne**

**Non-Executive, Non-Independent**

Appointed to the Board on 20 September 2021

Dishnira Saparamadu is the founder and CEO of Thambili Island Wear (Pvt) Ltd. She graduated from the University of Nottingham, UK, where she obtained a Bachelor of Science (Hons) Degree in Finance, Accounting and Management with an emphasis on marketing. Possessing a keen interest in marketing, she went on to undertake digital marketing training at General Assembly in San Francisco, USA.

Upon her return to Sri Lanka, she began her career as a Business Analyst at Millennium IT ESP. Following her stint in IT Services, she took the bold move of building her own fashion label. As a young entrepreneur with a firm determination to build her business on the pillars of ethical fashion and community empowerment, Dishnira founded Thambili Island, a Good Market-approved label which focuses on conscious production, and works closely with a talented group of local artisans.

With a proven track record in digital marketing and strategy, Dishnira is currently overseeing business development initiatives at hSenid Mobile Services. Prior to assuming this role, she was a Marketing Consultant to AppiGo International, a B2B e-commerce platform which serves restaurants, retailers, and grocery providers island-wide.

## BOARD OF DIRECTORS CONTD.



### 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 Chairman of Scybers, a global cybersecurity consulting and managed services 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 programme. He also led the growth of Virtusa Sri Lanka's Advanced Technology Centre, from inception to over 3,500 people, as the Centre Head. Prior to Virtusa, Madu played multiple engineering and delivery leadership roles in telecom services, petroleum, and consulting companies in the UK.

Madu is an Executive, Non-Independent Director of Hatton National Bank. He is a former Chairman of SLASSCOM, the industry chamber for IT/BPO, and a Current Advisor to the Cybersecurity Centre of Excellence. Madu plays a number of advisory and board roles for startups, universities, the government, and NGOs. He has also been recognised among the Top 100 Global Leaders in Technology, Cybersecurity and AI by the Technology Magazine UK, and Top 50 Most Influential CIOs 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. More recently, he received an Executive Certificate in Digital Business Strategy from the MIT Sloan School of Management, Massachusetts, USA.



### Malinga Arakularatne

#### Non-Executive, Independent

Appointed to the Board on 20 September 2021

Malinga Arakularatne 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. In 2024, he was appointed as the Senior Independent Director of hSenid Business Solutions PLC.

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, 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 seven years, specialising in cross-border corporate finance and M&A. She started her career with Merrill Lynch in Mergers and Acquisitions in Singapore, and then moved to London.

Anarkali currently serves as a Director on the Boards of John Keells Hotels PLC and WealthTrust Securities (Pvt) Ltd, a primary dealer. 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, and as a member of the Public Enterprises Reform Commission, and 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



**Asitha Goonewardena**  
Chief Product Owner



**Saman Kumara**  
Director - Administration



**Wasantha Ratnayaka**  
Vice President - Delivery



**Kapila Gajapala**  
Director PeoplesHR Tracking



**Dinuka Erosh**  
Director Human Resources  
Outsourcing



**Riyazi Samsudeen**  
Director Sales & Partner  
Management - ASEAN



**Hasitha Athawuda**  
Director Sales - Middle East and  
South Asia



**Chathuranga Senaratne**  
Director Customer Success



**Raveen Lasath**  
Financial Controller



**Vichalya Wijesuriya**  
Director Marketing & Corporate  
Communication



**Dinushan Tennakoon**  
Director Human Resources



**Ayub Sourjah**  
Principal Architect



**Chamaka Chathuranga**  
Senior Manager Information  
Technology



# Precision in People Decisions



This is an AI-generated image, created in-house to align with our efforts to integrate AI capabilities into our operations.

# MANAGEMENT DISCUSSION AND ANALYSIS

**36** Operating Environment

**40** Business Overview

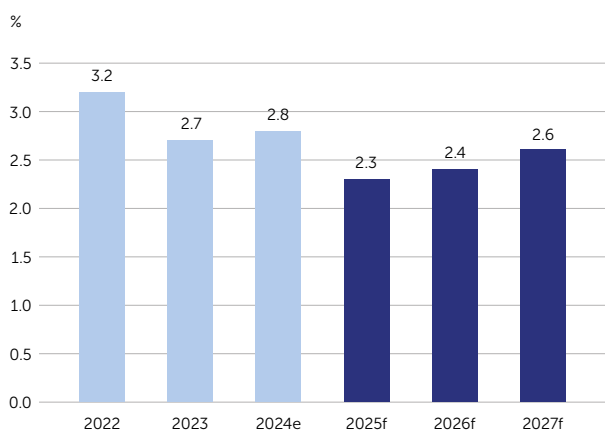
**44** Operational Review

# OPERATING ENVIRONMENT

## GLOBAL ECONOMY

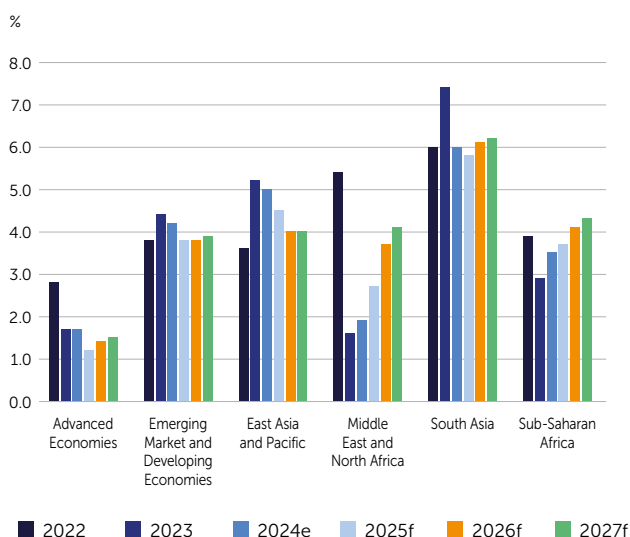
Global growth continued to stabilise during 2024 as inflation moved closer to target levels, and monetary easing boosted economic activity in both advanced and emerging market and developing economies (EMDEs). However, based on World Bank projections (June 2025), current policy uncertainty around global trade is expected to lead to a moderate global expansion of 2.3 – 2.4 percent annually over 2025–26.

### Global GDP growth



Source: World Bank Global Economic Prospects Report – June 2025

### Regional GDP growth



Source: World Bank Global Economic Prospects Report – June 2025

Global trade growth rebounded last year (3.4 percent in 2024 vs. 0.2 percent in 2023), driven by the trade in goods and services which strengthened in the second half of 2024. However, ongoing trade disputes and regional conflicts could dampen the outlook.

Headline inflation continued to decline globally in 2024, driven by easing energy and food prices, recovering supply chains, and the lagged effects of tight monetary policy stances taken by both developed and emerging nations.

Financial conditions globally have eased since mid-2024 as the US Federal Reserve and other major advanced economy central banks reduced policy interest rates. In late 2024, EMDE financial conditions deteriorated slightly as a result of slower-than-expected disinflation in some regions, uncertainty about shifting US trade policies, and moderate expectations of future US policy rate cuts. EMDE currencies became more volatile, with some depreciating notably against the US dollar in the fourth quarter.

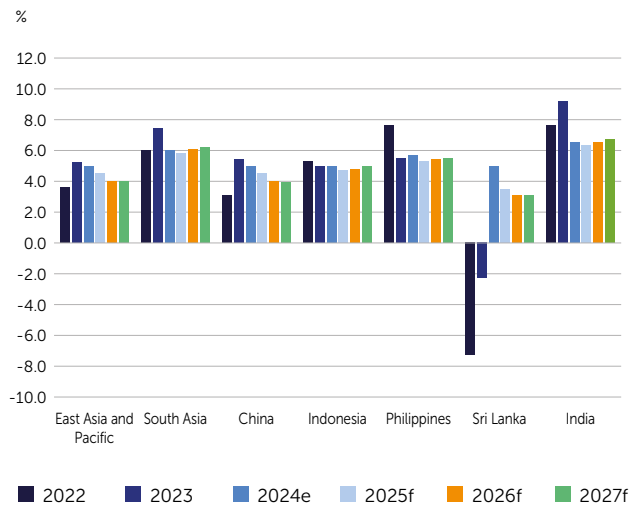
In 2024, global employment expanded in line with a growing labour force, keeping the global unemployment rate steady at 5.0 percent, similar to that of 2023 (ILO). However, labour force participation has declined globally, and this has weighed on employment growth, particularly in low-income countries.

## ASIAN REGION

Asia’s economic growth remained strong in 2024. In South Asia, growth moderated to 6.0 percent from 7.4 percent in 2023, as India’s expansion normalised from a high base. However, excluding India, the region’s growth accelerated to 3.5 percent in 2024, up from 2.7 percent the previous year, driven by recoveries in Pakistan and Sri Lanka. Strong tourism sectors and service exports also contributed significantly to growth in the Maldives, Nepal, and Bhutan. In contrast, political turmoil in Bangladesh during mid-2024 dampened economic activity.

Growth in the East Asian and Pacific region moderated to 5.0 percent in 2024 from 5.2 percent in 2023, primarily reflecting a deceleration in China. However, excluding China, regional growth rose to 4.9 percent in 2024 from 4.3 percent in 2023, supported by the rebound in the global goods trade, continued recovery in inbound tourism, and flourishing domestic demand. The increase in economic and trade activity was broad based, with an uptick observed in most economies, notably the larger export-oriented economies such as Malaysia and Vietnam.

### Asian region GDP growth



Source: World Bank Global Economic Prospects Report – June 2025

Inflation in the Asian region has gradually declined from elevated levels since mid-2022 in response to tight fiscal and monetary policies. As inflationary pressures eased, central banks in the region started cutting policy rates in the second half of 2024. Remittance inflows to the region have also risen significantly since 2023, driven by strong labour markets in key destination countries, particularly the United States, Gulf states, and India.

Unemployment in the Asian and Pacific region has remained stable at 4.2 percent in 2024 (ILO). Contrary to the global trend, there have been significant increases in the labour force participation rate in South Asia, driven by increases in female participation, particularly in India. However, this improvement has been partially offset by falling youth participation and ageing populations, as seen in other parts of the world.

Economic growth in the Asian region is expected to remain relatively stronger compared to other developing regions, albeit subdued compared to 2024. However, risks to the outlook are skewed to the downside. Key concerns include increased policy uncertainty, unfavourable trade policy changes among major trading partners, and rising commodity prices. Additional risks stem from escalating social unrest, a slower pace of monetary policy easing, higher debt-service burdens, more frequent extreme weather events, and weaker-than-expected growth in major global economies.

### MEA REGION

#### Middle East and North Africa (MENA)

Rising geopolitical tensions and conflicts have heightened uncertainty in the Middle East and North Africa (MENA), especially in economies experiencing conflict. Economic growth in the region remained sluggish at 1.9 percent in 2024, largely constrained by subdued oil activity among oil-exporting countries. This was primarily due to the continuation of voluntary oil production cuts, first agreed upon in November 2023 by OPEC members and allied producers.

Growth in MENA is expected to increase to 2.7 percent in 2025 and 3.7 percent in 2026, primarily reflecting the gradual expansion of oil production. Growth in oil importers is also expected to rise, reflecting an assumed stabilisation of armed conflicts in the region and waning inflationary pressures. However, increased global trade tensions and policy uncertainty around these continue to be key downside risks to regional growth prospects.

#### Sub-Saharan Africa (SSA)

Growth in SSA picked up from 2.9 percent in 2023 to 3.5 percent in 2024, headed by Nigeria, one of the two largest economies in the region, and overall driven by higher public investment and a rise in commodity exports, with over 60.0 percent of the region’s economies experiencing growth. South Africa’s growth edged down to 0.5 percent, primarily due to ongoing structural constraints, inefficient fiscal spending, and adverse weather conditions. Uganda experienced strong growth in 2024, with its economy expanding by 6.1 percent. This growth was boosted by oil-related investments.

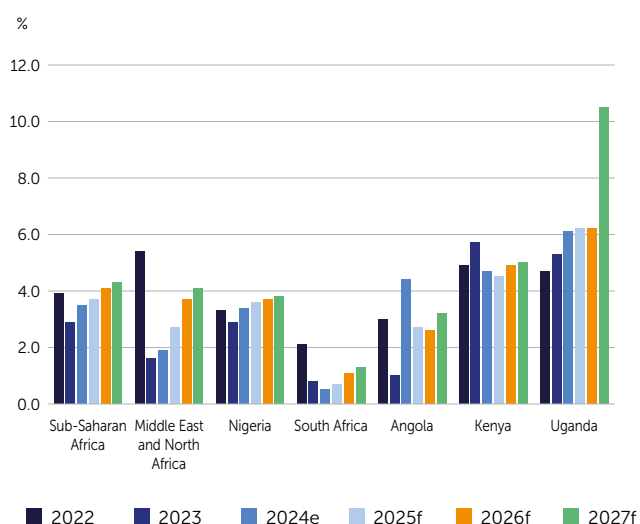
Consumer price inflation diverged across the region, with the majority of countries experiencing moderate and declining price increases. However, sharp price rises persisted in some larger economies – partly reflecting significant currency depreciations in Angola, Ethiopia, and Nigeria. In countries where inflation declined, many central banks had eased monetary policy. Between 2023 and 2024, in Sub-Saharan Africa, total employment increased by 3.0 percent; the unemployment rate remained stable at 5.9 percent in 2024.

Growth in SSA is expected to rise to 3.7 percent in 2025 and 4.1 percent in 2026, supported by a projected recovery in industrial-commodity-exporting economies and continued expansion in non-resource-rich countries, with an anticipated gradual easing of monetary policy interest rates within the region that should bolster private consumption and investment.

# OPERATING ENVIRONMENT CONTD.

Escalating global trade tensions continue to pose a downside risk to these growth estimates. Also, a sharper-than-expected economic slowdown in China could negatively affect demand for minerals and metals, which are major exports for several SSA countries. Additionally, challenges remain, particularly from elevated government debt and rising debt-servicing costs that necessitate fiscal consolidation. However, the region is working towards a more balanced primary fiscal position over the coming years.

## MEA region GDP growth



Source: World Bank Global Economic Prospects Report – June 2025

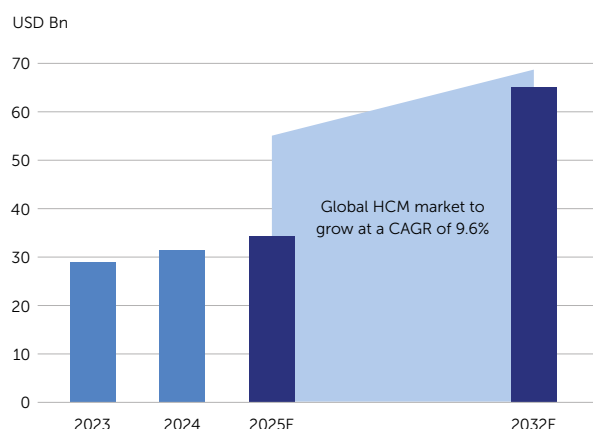
## HUMAN CAPITAL MANAGEMENT TECHNOLOGY

HCM Technology is a collection of HR systems, tools, and practices used to recruit, attract, develop, train, retain, and manage employees to help organisations achieve their business goals. HCM solutions are implemented using cloud-based and mobile technologies for generating reports, handling data, and delivering a seamless user experience. Given the macroeconomic trends outlined above, many of the markets in which PeoplesHR operates – across SA, SEA and MEA – have experienced strong economic growth over the past year, outperforming many other regions. These economies also have large working-age populations, with organisations increasingly willing to adopt new HCM solutions to manage their expanding workforces.

According to estimates by Fortune Business Insights, the global HCM software industry was valued at USD 31.34 Bn in 2024. The market is expected to grow at a CAGR of 9.6 percent from USD 34.12 Bn in 2025 to USD 64.97 Bn by 2032. In 2024, North America led the global HCM software industry, accounting for 45.5 percent of the total share, and it is expected to continue leading in terms of revenue generation in the upcoming years.

The Asia Pacific region, on the other hand, is expected to record the fastest market growth. Increasing digitisation and the adoption of advanced technologies – such as Industry 4.0, smart factories, Big Data, and artificial intelligence – are driving the demand for a more skilled workforce, leading to an uptick in hiring activity across the region. Additionally, the expansion of multinational companies with significant IT budgets is a key factor contributing to the market’s growth in Asia Pacific.

## Global human capital management market to expand to ~USD 64.97 bn by 2032



Source: Fortune Business Insights

### Key trends in the HCM software industry

The HCM software industry continues to undergo significant transformations, driven by new ways of working, emerging technologies, and evolving workforce dynamics.

#### **Generative AI: Driving efficiency and personalisation**

Generative AI is redefining human resources management by automating tasks, enhancing efficiency, and delivering personalised employee experiences. Industry experts, quoted in the 2025 Fortune Business Insights report on the HCM software industry, predicts that generative AI could drive over 30.0 percent productivity and efficiency gains in HR functions. Organisations are using AI-driven tools for predictive analytics in talent management, real-time employee engagement, and workflow automation. Employees' increasing familiarity with GenAI chat-based platforms are driving businesses to adopt such solutions into their HCM systems, in order to enhance performance evaluations, learning and development strategies, and resourcing needs.

#### **Cloud-based HR platforms: Enabling scalable and agile operations**

Companies continue to transition from traditional HR systems to cloud-based platforms to optimise costs and improve operational efficiency. Cloud solutions allow seamless integration across HR functions, facilitating data-driven decision making and improved accessibility. According to Fortune Business Insights, approximately 60.0 percent of businesses have already integrated cloud-based HR solutions for workforce management, payroll, benefits administration, and recruitment.

#### **Predictive analytics: Powering data-driven talent management**

Advanced analytics are transforming workforce planning by equipping organisations with the ability to accurately forecast staffing needs and deliver personalised career development pathways. Predictive modelling further empowers HR leaders to proactively address attrition risks, improve employee engagement, and boost overall workforce productivity. By analysing historical and real-time data, organisations can tailor training initiatives, automate performance evaluations, and align employee development with future skill demands – enabling more strategic, data-driven, human capital management.

#### **Supporting a distributed workforce: HR tech for the hybrid era**

As remote and hybrid work models solidify their place in the modern workplace, organisations are increasingly adopting digital HR solutions designed to support a geographically dispersed workforce. The growing need for flexibility, real-time collaboration, and employee autonomy is driving demand for advanced HR technologies – including intelligent self-service portals, virtual collaboration ecosystems, and systems that facilitate flexible work arrangements.

In response to this shift, companies like Topia have introduced specialised solutions to manage the complexities of remote work. In October 2022, Topia launched a platform tailored to support distributed teams by automating critical HR functions such as tax compliance, approvals, risk assessments, and social security management. By streamlining global mobility and enhancing visibility across decentralised operations, Topia's solution empowered HR teams to scale remote work practices while ensuring compliance, efficiency, and employee empowerment.

#### **Talent acquisition: Redefined by machine learning**

Machine learning is transforming recruitment by optimising job definitions, standardising candidate evaluation, and promoting greater diversity within talent pools. According to Zippia, an online job search tool, 97.0 percent of employers plan to increase their investment in recruitment technologies by 2025, with 47.0 percent specifically prioritising AI-powered solutions.

Such AI-driven tools – including automated assessments, intelligent resume screening, and skills-based matching algorithms – are redefining how organisations identify and engage top talent. These technologies enable a more accurate alignment between job requirements and candidate capabilities, while simultaneously reducing manual effort and unconscious bias in the selection process. By automating key recruitment tasks and delivering data-driven insights, AI is helping HR teams make faster, fairer, and more strategic hiring decisions.

# BUSINESS OVERVIEW

## BUSINESS OVERVIEW

hSenid Business Solutions PLC (hSenidBiz), based in Sri Lanka, is a prominent human capital management (HCM) software provider catering to regions across South Asia (SA), Southeast Asia (SEA), and the Middle East, and Africa (MEA). Its flagship product, PeoplesHR, supports the entire employee lifecycle – from hiring to retirement – with a vast array of modules including payroll, recruitment, onboarding, performance management, training, and workforce planning.

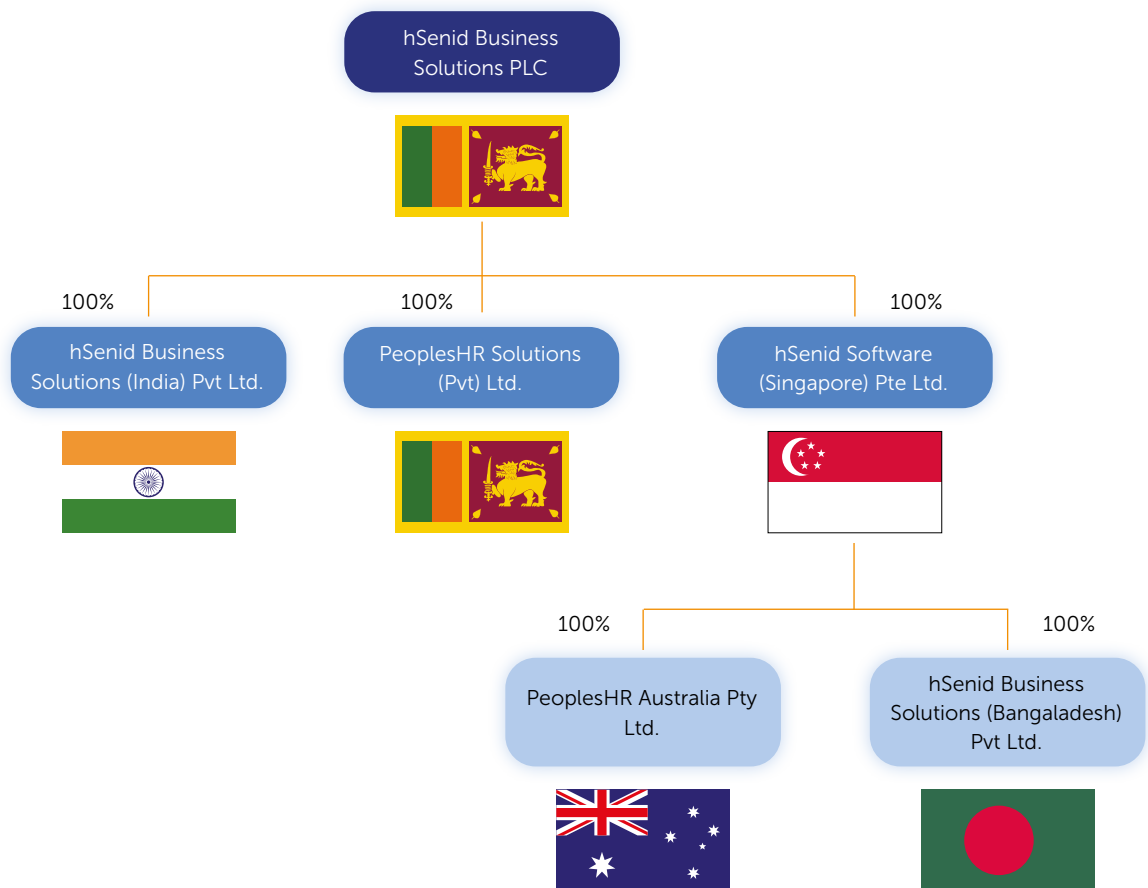
Originally founded in 1997 as hSenid Software International (Private) Limited (hSI), the Company was created with a vision to deliver top-tier software solutions across the globe. Over the years, the hSenid brand evolved, bringing forward a suite of innovative tools, and establishing a firm presence in both domestic and international markets. In 2005, under the leadership of Founder and Chairman Dinesh Saparamadu, the core team launched hSenid Business Solutions (Private) Limited, marking a strategic pivot toward global Human Resources Information Systems (HRIS). Since then, PeoplesHR has undergone continuous development over the past several decades, becoming a trusted solution for leading enterprises across various industries.

## ABOUT PEOPLESHR

PeoplesHR offers a robust suite of HCM solutions that are designed to meet the needs of businesses of all sizes. It supports a broad range of HR tasks, from routine administrative tasks to high-level strategic decision-making. The platform is built for ease of use, with access available through mobile apps, kiosks, and chatbots, making employee interaction simple and efficient. Its capabilities include multi-country payroll and a dynamic multilingual interface, making it well-suited for a wide range of global business settings.

Primarily cloud-based, PeoplesHR integrates smoothly with top cloud platforms, such as Microsoft Azure and Huawei, and is available in eight product bundles that cover essential HR functions. For organisations preferring on-site systems, PeoplesHR On-Premise offers a highly flexible alternative, installed directly on the client’s infrastructure and tailored to their specific needs.

Today, PeoplesHR supports over one million employees across 1,700+ organisations in 40 countries.



In FY 2021, hSenidBiz achieved a major milestone by becoming the first enterprise software firm listed on the Colombo Stock Exchange (CSE), successfully raising LKR 692 Mn in equity. The capital was channeled into product innovation and market expansion activities across SA, SEA, and MEA regions.

The PeoplesHR's product suite is defined by its focus on continuous innovation, offering adaptable, user-focused solutions that increasingly integrate cutting-edge analytics and artificial intelligence (AI) tools.

**PEOPLESHR OUTSOURCING (PHRO)**

PeoplesHR Outsourcing provides businesses with the flexibility to delegate either specific HR functions or their entire HR operations. Recognised as a trusted provider in payroll outsourcing, resource outsourcing, and HR consultancy services, PHRO has built a strong presence in the HCM software industry. In today's landscape of digital nomads and globally distributed teams, PHRO takes over the administrative complexities of managing a dispersed workforce – enabling clients to concentrate on their core business priorities.

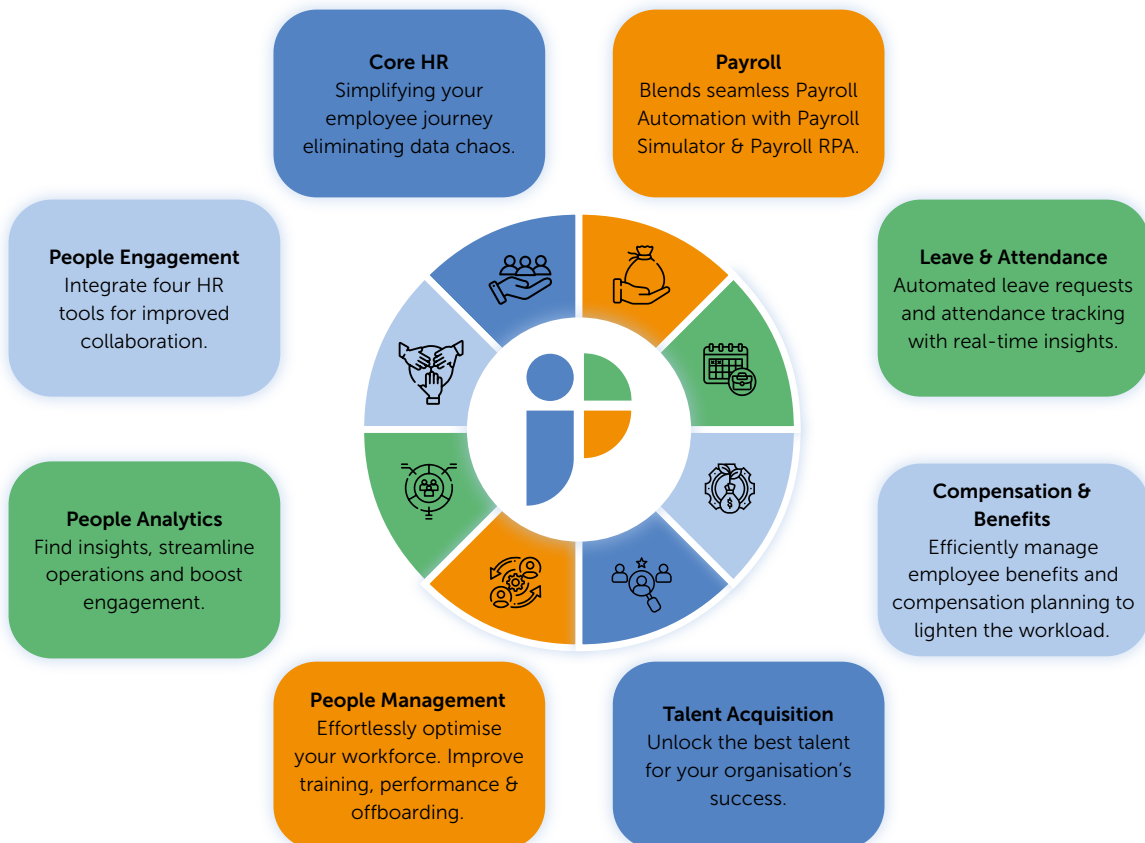
**PEOPLESHR TRACKING**

PeoplesHR Tracking offers advanced solutions that transform the way organisations track, secure, and manage their assets – be it individuals, locations, or equipment. The system encompasses a wide range of functionalities, including automated access and control systems, security management, time and attendance tracking, as well as crowd control, rostering, and cafeteria management.

**PEOPLESHR ACADEMY**

PeoplesHR Academy is a digital learning platform that is designed to equip HR professionals and channel partners with the knowledge needed to effectively navigate and customise PeoplesHR solutions for their clients. Beyond training, the Academy fosters a collaborative PeoplesHR community, where members can exchange ideas, seek advice, explore best practices, and contribute feedback on new product features.

**PeoplesHR core offering**



# BUSINESS OVERVIEW CONTD.

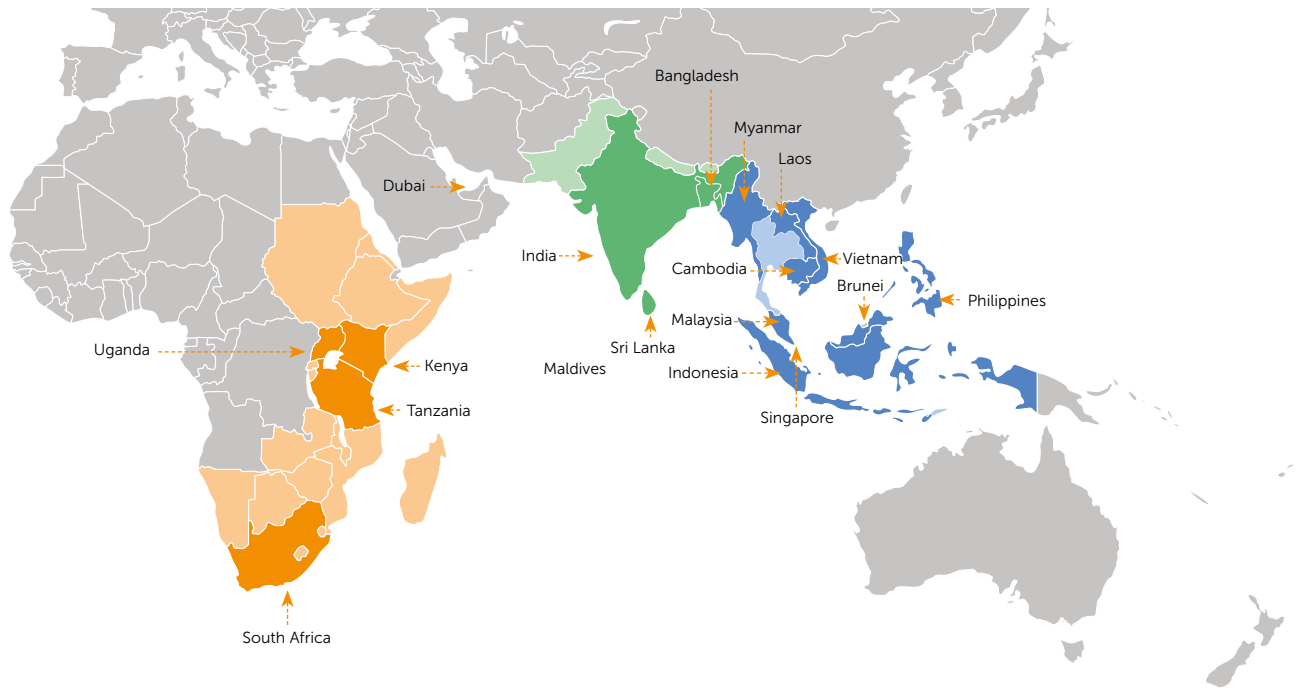
## MARKET PRESENCE AND OUTREACH

hSenidBiz has established a global presence across more than 40 countries, with a strong focus on the SA, SEA, and MEA regions. Its international expansion began in 2004 with the launch of its first overseas office in Singapore, marking the start of a strategic push into the APAC market. This was followed by the opening of a second branch in India in 2011, and another in Australia in 2013 which operates under the Singapore entity. In 2022, hSenidBiz further strengthened its regional presence by establishing an offshore development centre in Bangladesh.

Customer acquisition is carried out via a multi-pronged go-to-market strategy focused on demand generation.

This strategy combines marketing-led inbound efforts, partner channel engagement, and direct outbound sales initiatives. The inbound marketing approach targets ideal customer personas through strategic digital campaigns, social media engagement, and content marketing – converting interest into qualified leads for the sales team. The direct outbound strategy entails a focused sales effort, involving curated prospects lists, proactive outreach, follow-ups, product demonstrations, and performance tracking. Meanwhile, the partner channel remains a vital pillar, with continued investment in relationship-building through specialised training programmes via PeoplesHR Academy, and collaborative go-to-market activities which are designed to expand reach and drive growth.

## PeoplesHR operational presence



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

# OPERATIONAL REVIEW

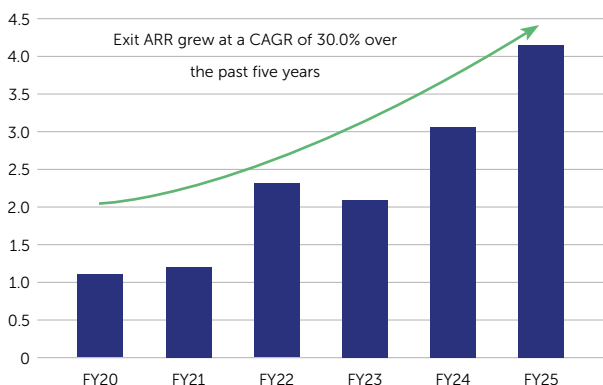
## KEY FOCUS AREAS DURING THE YEAR

### Strategic overview

In FY25, hSenidBiz sharpened its strategic focus to drive sustainable growth and operational excellence. A key pillar of this strategy was country and industry prioritisation – concentrating efforts on selected high-potential markets and sectors where hSenidBiz already holds proven domain expertise, such as manufacturing and hospitality. This targeted approach enhanced message clarity, shortened sales cycles, and accelerated the implementation timelines over the year.



Exit Annualised Recurring Revenue (USD Mn)



In parallel, hSenidBiz continued to reimagine the PeoplesHR platform, placing user experience at the forefront. Through the integration of AI, the Company is transforming how customers interact with the system – making it more intuitive, accessible, and less dependent on human support. This shift is supported by a broader push toward digital transformation. Internal processes across product development, deployment, and sales and marketing were simplified and optimised to create a more agile organisation, enabling faster scaling and improved responsiveness to market demands.

### Process optimisation at hSenidBiz



Establishment of RevOps function to align and optimise the processes, systems, and data across sales, marketing, and customer success teams to drive sustainable revenue growth



Standardising and codifying best practices across the organisation



Focusing on driving automation in all functions



Strong focus on leveraging project management and data collection tools, and investing in them to drive efficiency, and build a central data collection mechanism within the organisation

### Product development

During the year under review, hSenidBiz continued to focus on strengthening the PeoplesHR platform through targeted enhancements in integration and configurability. These product development initiatives were aimed at improving scalability, reducing time-to-market, and enabling broader customisation capabilities for clients and partners.

A major area of focus was the enhancement of the integration layer. The team made significant strides in building a scalable middleware framework, designed to facilitate integration between PeoplesHR and third-party platforms, with minimal developer involvement. This highly configurable connector layer is poised to support faster, more flexible integrations – a critical feature in today’s rapidly evolving digital workplace.

## OPERATIONAL REVIEW CONTD.

In parallel, the automation of internal testing and deployment processes marked a key operational improvement. Functional testing has been fully automated, significantly reducing release timelines while enhancing product stability and reliability. Complementing this, system performance has been bolstered through enhanced error handling, improved monitoring, and faster troubleshooting, resulting in quicker support responses and greater platform resilience.

The team also made significant progress in improving configurability, continuing its investment in Low-Code/No-Code (LcNc) capabilities and expanding the implementation of dynamic data structures (DDS) across modules. These tools empower support teams and partners to make changes and develop features with minimal technical support, reducing the reliance on core development resources and improving turnaround times.

To support these enhancements, the Company formalised its documentation standards, introducing a structured and consistent approach to recording product features and implementation processes. Additionally, the adoption of Scaled Agile Scrum practices has brought increased discipline and predictability to the release cycle, now standardised to a quarterly cadence, further aligning the product development function with global best practices.

These initiatives collectively reinforce hSenidBiz's commitment to delivering a scalable, adaptable, and future-ready HR platform – capable of meeting the evolving needs of clients across the industries and geographies we cater to.

### Product deployment

The product deployment team undertook key improvements in its delivery and implementation processes, with a strong focus on increasing productivity and throughput, resulting in a faster implementation cycle and an improved alignment with ARR targets. Key markets were assigned to dedicated and experienced teams, particularly to manage market-specific localisation challenges.

Automation also played a critical role in streamlining delivery. Tools such as bots for ticket recognition and auto-generated reports for customers have helped reduce manual effort, enabling significant cost savings. Updated support processes and better pre-sales alignment to reduce change requests, have led to altogether fewer implementation delays and clearer customer expectations. These enhancements, along with stronger collaboration with implementation partners, have directly supported faster deployments and accelerated revenue realisation.

### Marketing and branding

PeoplesHR intensified its marketing activities during the year to align with the Company's go-to-market strategy. A notable strategic change was the move away from large-scale sponsorships toward restricted-access and limited-audience events, allowing for deeper focus on PeoplesHR's product capabilities and value proposition. The year saw an active calendar of global participation and presence – the Company hosted and participated in 13 strategic events across six countries.

The Company also made a strong impression across the Middle East, Africa, and Asia through the participation in leading industry forums, where it championed the role of emerging HR tech in driving organisational performance and human capital development. These efforts not only deepened brand engagement but also reinforced the Company's positioning as a leader in HR tech innovation.

These diverse and strategically selected engagements reflect PeoplesHR's commitment to building deeper connections with focused audiences, showcasing its innovation in HR-tech solutions, and reinforcing its presence in high-potential markets. This more targeted marketing approach continues to support shorter sales cycles, higher-quality leads, and an improved alignment with the Company's growth objectives.

### PeoplesHR engages in regional events



*April 2024 - PeoplesHR Partner Conference held in Sri Lanka honoured and celebrated partners at the awards ceremony with Global Frontiers (Pvt) Ltd being awarded the 'Partner of the Year', followed by Mustard Seed Systems Corporation leading as the 'Fastest Growing partner'.*



**June 2024** - PeoplesHR, along with their Kenyan partner Global Frontiers, participated in the 10th Annual National Congress held in Mombasa, Kenya.



**August 2024** - PeoplesHR made its debut at an event hosted by PT Fortius Solusi Informatika (Fortius) and Huawei in Indonesia.



**June 2024** - PeoplesHR participated as a Gold Sponsor at the HR Leaders & HR Tech Strategy Meeting held in Manila, Philippines.



**August 2024** - PeoplesHR partnered with Metrodata, a leading technology solutions provider in Indonesia for the Metrodata Solution Day 2024 held in Jakarta, Indonesia.



**August 2024** - PeoplesHR hosted a focused showcase event in Sri Lanka where clients were introduced to the latest updates in the Talent Acquisition product.



**September 2024** - PeoplesHR was featured at the 25th Anniversary Cloud Business Summit hosted by Mustard Seed Systems Corporation in the Philippines.

# OPERATIONAL REVIEW CONTD.



**October 2024** - PeoplesHR participated in the SPARKS Unleashed event in Manila, Philippines.



**February 2025** - PeoplesHR, in partnership with Global Frontiers and TechnoZone, hosted an inspiring event in Malawi - "Scaling Talent with Technology in 2025".



**October 2024** - PeoplesHR, in partnership with Global Frontiers, hosted an engaging event for the HR community in Kenya – HR Tech Nexus: Where Innovation Meets Impact.



**February 2025** - PeoplesHR, in collaboration with Global Frontiers, hosted an event titled Talent 360: Decoding Talent - in Nairobi, Kenya



**November 2024** - PeoplesHR, in collaboration with PT. Mitra Integrasi Informatika (MII) hosted an exclusive event for Indonesia's HR community, centred on the theme "Modernising HCM for the Intelligent Enterprise."



**March 2025** - PeoplesHR participated as the HR Tech Partner at the 8th Philippine Hospitality Summit 2025. The event served as a dynamic platform for engaging with industry experts and exchanging forward-thinking ideas in the hospitality sector.

### FINANCIAL PERFORMANCE

For the year ended 31 March 2025, hSenidBiz recorded a total revenue of LKR 1.82 Bn across the portfolio, recording a growth of 10.5 percent year-over-year. Growth was driven predominantly through the largest segment – PeoplesHR Cloud – which grew by 20.3 percent year-over-year. Core recurring revenues accounted for 63.0 percent of total revenues, compared to 55.0 percent in FY24.

Sri Lanka continues to be the Company’s largest revenue generator, accounting for ~60.0 percent, whilst the APAC region contributed ~23.0 percent, and the MEA region contributed ~17.0 percent to the topline. Sri Lankan revenues were driven mainly by PeoplesHR Cloud, particularly with legacy clients converting from our On-Premise product to the Cloud.

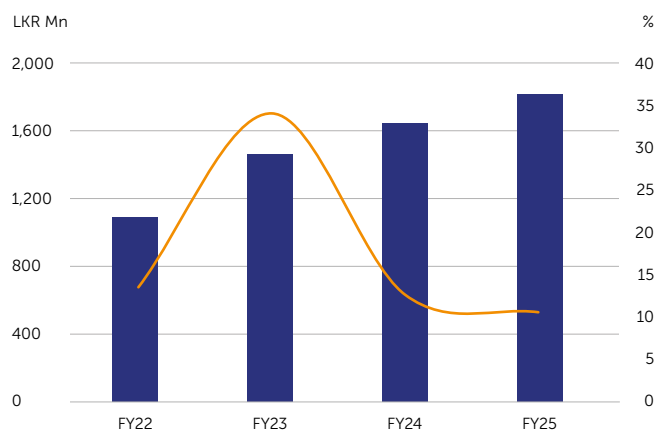
New deals for the year settled at USD 1.7 Mn, compared to USD 2.9 Mn in the previous financial year. Despite the decline of new deal closures during the year, we have taken deliberate measures during the second half of the year to focus on demand generation and maximise the deal pipeline. This resulted in new deal generation doubling over the first half. Nearly 94.0 percent of the new deals for the year were generated by PeoplesHR Cloud, while 80.0 percent of the new deals 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.

The Company’s core exit ARR settled at USD 4.1 Mn, up 35.6 percent year-over-year. PeoplesHR Cloud recorded an exit ARR of USD 3.3 Mn, a 35.5 percent growth in constant currency terms.

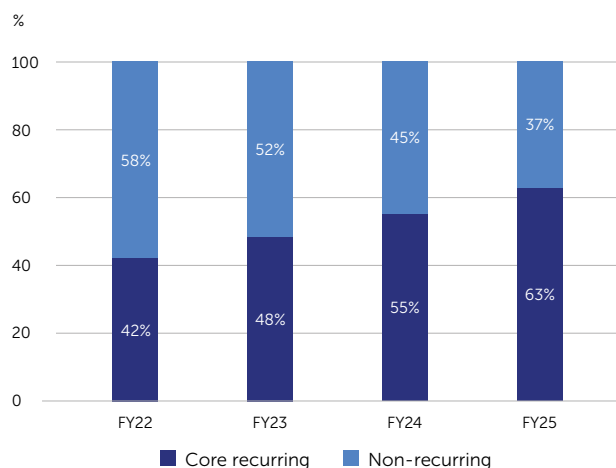
For the year, the Company reported an earnings before interest, tax, depreciation, and amortisation (EBITDA) loss of LKR 146.5 Mn. This was mainly due to operational expenditure on account of talent recruitments made in the latter part of the previous year, and investments made into marketing activities during the year. However, other costs related to project implementation and cloud infrastructure have normalised compared to the previous financial year, allowing the EBITDA loss for the year to improve from LKR 257.3 Mn in the previous financial year. Profitability was also impacted by one-off non-cash items comprising forex adjustments, gratuity provisions, and deferred tax expenses on account of reversals in debtor provisions. As a result, the Company reported a net loss of LKR 286.3 Mn for the full year, compared to LKR 293.0 Mn in FY24.

For FY25, the Company will not be declaring a dividend given the strategic investments made in product development, marketing, and new customer acquisition initiatives. As the Board carefully considers the Company’s long-term growth strategy, these strategic investments are expected to position the Company for sustained growth and improved profitability in the coming years.

#### Total revenue

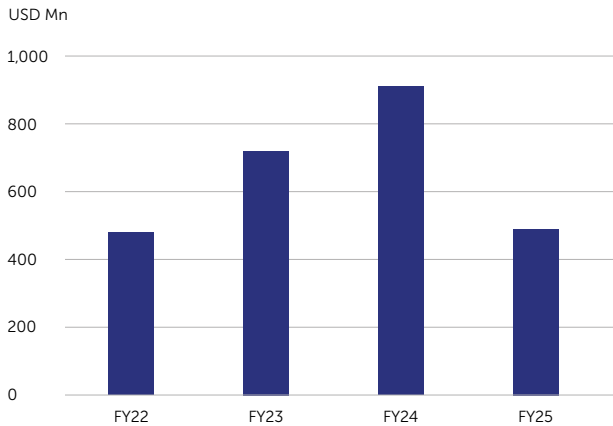


#### Core recurring vs. non-recurring revenue breakdown

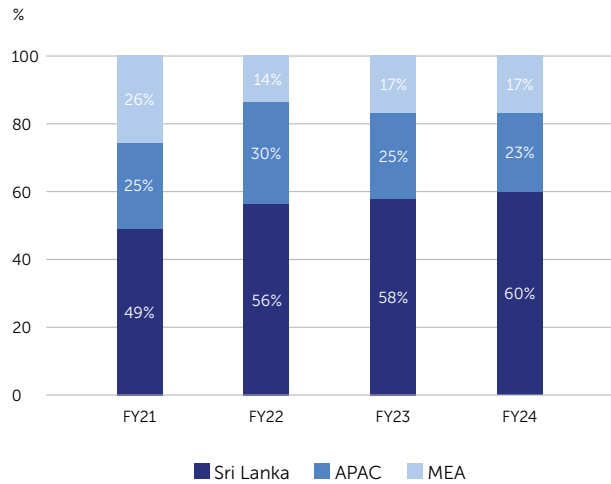


# OPERATIONAL REVIEW CONTD.

## New deals



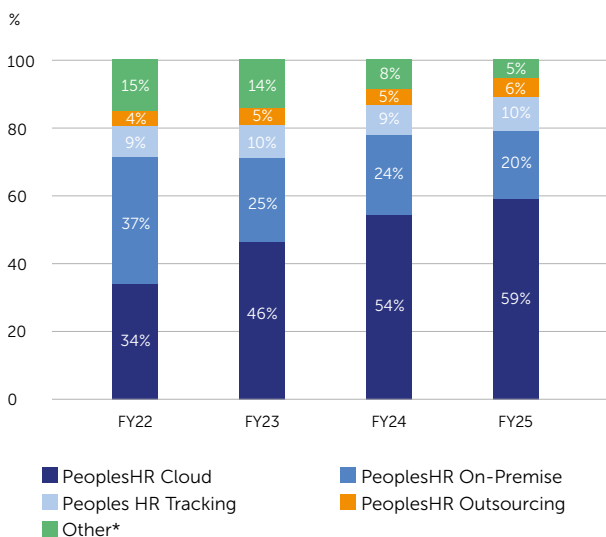
## Geographic revenue breakdown



## Segmental performance

The PeoplesHR product portfolio includes an extensive suite of HCM software solutions, available in both On-Premise and Cloud formats, along with additional solutions such as PeoplesHR Tracking and PeoplesHR Outsourcing.

## Segment revenue breakdown



\* Includes non-core revenues of Mobile Software and Staffing Solutions.

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

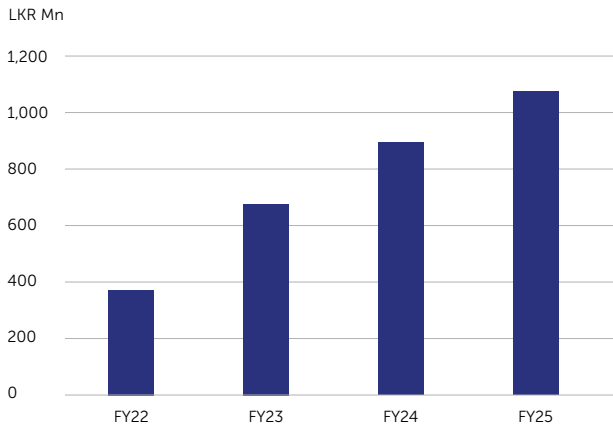
- PeoplesHR Cloud
- PeoplesHR On-Premise
- PeoplesHR Tracking Solutions
- PeoplesHR Outsourcing
- Other – Includes the non-core revenues of mobile software operations and staffing solutions business, as well as PeoplesHR Marketplace

## PeoplesHR Cloud

The segment recorded a 20.3 percent growth year-over-year, driven by demand in the SEA region, as well as conversions to the cloud version from the On-Premise product among existing clients. Recurring revenues within the segment accounted for 83.0 percent of segment revenues, which grew by 33.7 percent year-over-year.

The Cloud business generated USD 1.6 Mn in new deals, with nearly 92.0 percent being generated from the APAC region. We believe this is a clear indication of the ongoing market preference toward Cloud HCM products, and our continued efforts to migrate current On-Premise clients to the Cloud solution. We believe that demand for our Cloud product will continue to account for the majority of Company revenues, in particular as we carry our targeted expansion in the SA and SEA regions and select industries.

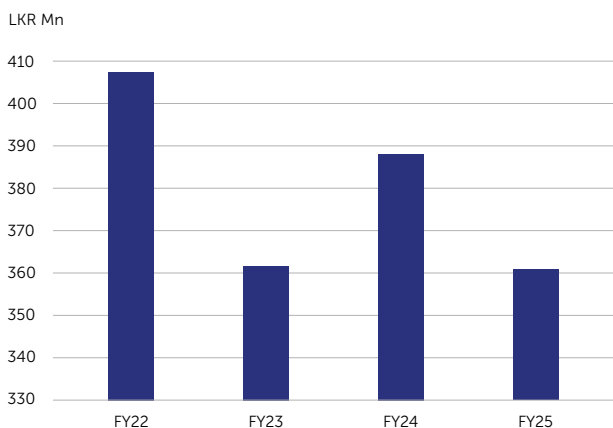
### PeoplesHR Cloud revenues



### PeoplesHR On-Premise

Our On-Premise offering generates revenue through licensing, implementation, and annual maintenance contracts. Segment revenues witnessed a 7.0 percent decline during the year, on the back of continued conversion of On-Premise clients to the Cloud product. This also resulted in a slowdown in the number of new deals from the segment for the year. One of the key projects - the Ugandan Government - completed its third and final phase during FY25. We expect to see continued conversion to the Cloud platform, with the exception of some of the larger enterprise clients in Sri Lanka and MEA.

### PeoplesHR On-Premise revenues

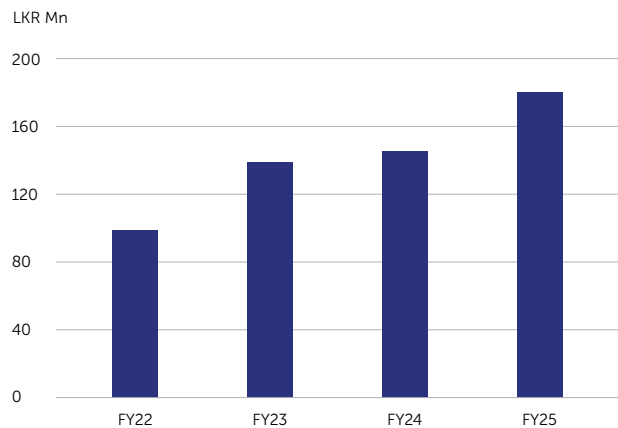


### PeoplesHR Tracking

Tracking Solutions recorded a strong revenue growth of 24.3 percent year-over-year, driven by middleware upgrades coupled with new licensing across existing clients. The business also secured a large-scale project which includes over 800 devices for access control.

The business continues to focus on its key offerings including self-service kiosks for attendance tracking, meal planning, access control, and vehicle detection, across key industries such as manufacturing, retail, and banking. In the current financial year, the segment would look to expand further into markets in SEA and SA for attendance tracking and payroll.

### PeoplesHR Tracking revenues

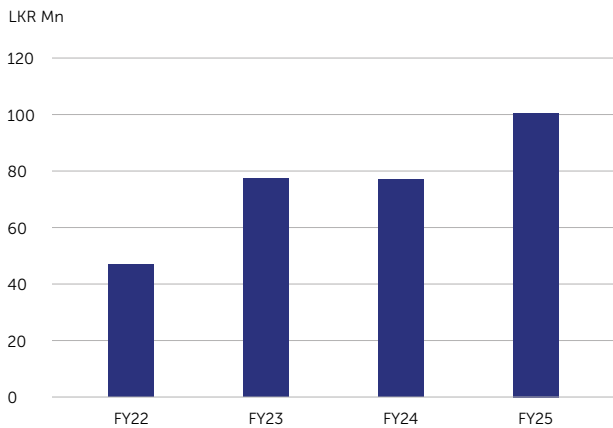


### PeoplesHR Outsourcing

Segment revenues grew by 30.5 percent year-over-year supported by both local and regional business, and the partner network. The business focuses primarily on payroll outsourcing services, which remains centred on providing a highly efficient service while ensuring the confidentiality and security of client payroll data – a critical success factor for the business. Financial services and manufacturing sectors were key contributors during the year. The business will look to enter into new sectors through the Company’s regional expansion, during the current financial year, while also focusing on recurring business.

# OPERATIONAL REVIEW CONTD.

PeoplesHR Outsourcing revenues



By simplifying internal processes and adopting scaled agile practices, we've built a foundation for faster scaling and stronger market responsiveness. Our drive toward automation and AI adoption—from testing to deployment—is reducing timelines and boosting platform resilience.

## STRATEGIC INITIATIVES

### Product development: PeoplesHR Version 10

PeoplesHR is set to release Version 10 in FY26, which will mark a significant advancement in the platform's functionality and user experience. Central to this upgrade will be a complete overhaul of the UI/UX, and product and module-level changes that will facilitate more efficient workflows and smoother interaction with the system.

A key highlight of Version 10 is the integration of Agentic AI, which will be rolled out in phases, with Phase 1 beginning in June 2025. The new AI-powered features enhance the user experience through Universal Search, enabling quick access to documents and actions; Knowledge-Based AI Co-Pilot, providing fast answers via help articles; Product Tours for step-by-step guidance on common tasks; and Top Priority AI Agents, streamlining critical actions like applying for leave and accessing payslips.

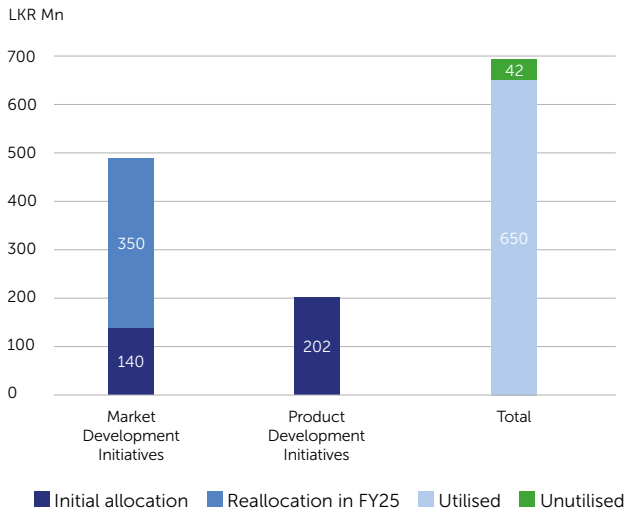
### PeoplesHR AI journey

PeoplesHR is committed to making strategic investments in AI, focusing on both enhancing the product itself and improving internal product development and support processes. Through the adoption of advanced AI technologies, the Company aims to deliver more powerful, intuitive, and efficient solutions, offering customers a seamless experience and greater value. Simultaneously, these innovations will optimise internal workflows, accelerating development timelines, improving deployment efficiency, and enhancing support capabilities. This dual approach will not only drive product excellence but also streamline operational processes, ultimately optimising the Company's cost structure and positioning PeoplesHR for long-term growth and success in an increasingly competitive market.

### Fund deployment

In the previous financial year, the Company fully utilised LKR 342.0 Mn raised through the IPO, which was allocated for product and market development. The remaining LKR 350.0 Mn which was earmarked for strategic acquisitions, was reallocated for focused market development initiatives as the Company continues to focus on organic growth. As of end FY25, we have utilised LKR 308.0 Mn of the reallocated funds for market development. Looking forward, hSendBiz will utilise internally generated funds for our product development and market development initiatives.

### IPO fund utilisation



### The road ahead for PeoplesHR

Looking ahead, the Company will focus on product development and market expansion. The team will continue to leverage AI to enhance both product development and usability, ensuring that the product evolves to meet the dynamic needs of our customers. Market expansion efforts will be focused on selected countries and industries, enabling tailored solutions that drive maximum impact. Having identified its Ideal Customer Profile (ICP), PeoplesHR will focus its efforts on these high-value segments to deliver the greatest benefit and drive sustainable growth.

# People-Centric Intelligenc for HR Excellence



This is an AI-generated image, created in-house to align with our efforts to integrate AI capabilities into our operations.

# SUSTAINABILITY

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# SUSTAINABILITY

As part of our commitment to sustainability and ethical business practices, hSenidBiz made significant progress in 2024 in enhancing our governance and social responsibility initiatives. We believe 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. The Company is dedicated to further strengthening our governance structures, ensuring they remain strong, inclusive, and aligned with the highest standards of integrity, while continually improving our social responsibility efforts.

To this end, 2024 saw hSenidBiz make significant progress in advancing its environmental, social, and governance (ESG) objectives, reinforcing our commitment to responsible and sustainable business practices. Through a comprehensive ESG policy that encompasses environmental stewardship, social responsibility, and strong governance, we have implemented strategies that align with both local and global standards.

Our achievements in reducing the environmental impact, promoting employee well-being, and strengthening governance frameworks are a testament to our dedication

to creating long-term value for all stakeholders. We recognise that there are still challenges ahead, but we remain focused on continuous improvement. By engaging with our employees, suppliers, customers, and communities, we aim to contribute to a more sustainable and equitable future.

Additionally, we are also dedicated to aligning our practices with the United Nations Sustainable Development Goals (SDGs) as part of the 2030 Agenda for Sustainable Development, which was embraced by all UN Member States. By integrating responsible business practices in security, ethical sourcing, and governance, we strive to make a meaningful impact, contributing to global sustainability efforts while fostering positive change in the communities we serve.

Looking forward, we are committed to building on the progress we made in FY25. We will continue to enhance our ESG initiatives, ensuring that our operations not only meet, but exceed the expectations of our stakeholders. Together, we will strive to create a more sustainable, inclusive, and ethical business environment that reflects our core values and principles.

## Sustainability Objectives

### Environmental Sustainability

- **Encouraging hybrid work models:** hSenid embraces a hybrid working culture to optimise energy efficiency and reduce office energy consumption. This approach not only supports sustainability efforts but also enhances flexibility and the productivity for employees.
- **E-waste management:** Responsible disposal and recycling of electronic waste.

### Social Responsibility

- Align with local community organisations and initiatives that align with sustainability values and support them through partnerships or contributions.
- Creating knowledge workers to enhance IT and business sector knowledge and career opportunities.
- Fostering an equitable and fair workplace culture with a strong focus on employee well-being.

### 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 well-being tools** – Surveys, recognition programmes, and well-being initiatives integrated within HRIS.
- **Employee Happiness Dashboard** – Can measure the individual happiness levels.

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 achieving our sustainability objectives.



# ENVIRONMENTAL SUSTAINABILITY

## ADOPTING A PROACTIVE APPROACH TO ENVIRONMENTAL SUSTAINABILITY

At hSenidBiz, we are dedicated to building practices that support the proactive management of sustainability risks. This effort is driven by close collaboration with our team members and clients alike. 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. Our key product offering, the PeoplesHR solution, embodies the motto 'Simple. Fast. Green.', highlighting its environmentally friendly approach and efficient streamlining of HR functions for our 1,700+ clients.

### 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.

#### Remote and hybrid work management

- HRIS tracks and optimises remote work policies, reducing the need for office space and energy consumption.
- Helps measure employee commuting patterns to support green initiatives.

## COMMITMENT TO SUSTAINABILITY

### Establishing internal sustainability practices

In order to reduce our environmental impact and promote a sustainable culture throughout all facets of our business, hSenidBiz has put in place a number of internal sustainability practices. These include cutting back on waste, encouraging recycling across all of our locations, and lowering energy usage. We place a high priority on ecologically friendly and ethically sourced goods and resources through sustainable sourcing methods. In order to minimise commuting, our practices also enable flexible work schedules and encourage employees to choose environmentally friendly modes of transportation.

## PRACTICES IN PLACE

### Managing the carbon footprint

Globally, carbon footprint reduction has become a strategic priority for forward-thinking organisations. At PeoplesHR, we recognise the importance of aligning our

operations with global sustainability goals, including the principles of carbon trading.

### Cloud-based SaaS product to minimise paper usage:

Our cloud-based HCM solution empowers clients to minimise their dependence on physical documentation across the entire employee lifecycle – from recruitment to offboarding. This shift toward digital processes not only streamlines operations, but also supports sustainability efforts by substantially reducing paper usage.

### Reduction in carbon footprint through a hybrid work model:

hSenidBiz encourages and supports a hybrid work model, significantly reducing the need for daily commuting. This initiative helps lower individual fuel consumption, thereby contributing to a decrease in overall carbon emissions from transportation.

**Air travel and carbon footprint awareness:** We are dedicated to reducing the environmental impact of air travel. While essential business travel remains unavoidable at times, the Company promotes the use of virtual meetings and digital collaboration tools to limit travel whenever possible, thereby lowering carbon emissions linked to business activities.

### Disposal of electronic devices

The 'Electronic Devices Disposal Procedure' provides a structured method for the responsible and secure disposal of electronic devices. It starts with a thorough assessment and inventory of all devices marked for disposal, evaluating their condition and functionality. To safeguard sensitive data, secure data erasure is carried out on each device using certified software or, where necessary, physical destruction techniques.

Devices are subsequently categorised according to their appropriate disposal method – reuse, recycle, or disposal as waste – in compliance with applicable regulations. Functional non-storage devices are assessed for potential reuse within the organisation or considered for donation to schools, non-profits, or community groups. Devices that are unsuitable for reuse or donation are transferred to certified e-waste recyclers, ensuring all environmental and safety standards are met.

This procedure guarantees the safe, responsible, and ecologically friendly disposal of electronic devices.

### Supplier environmental assessment

At hSenidBiz, sustainability is a core focus across our supply chain. We actively evaluate and monitor the security practices of our suppliers to ensure they reflect

our dedication to responsible information security management. In addition, we consider the environmental impact of our suppliers as part of our assessment process. The key practices we follow in evaluating our suppliers are outlined below:

**Vendor onboarding risk assessment:** We conduct a comprehensive vendor onboarding questionnaire 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 reviews:** We conduct annual vendor security evaluations to assess our suppliers' ongoing performance, including their environmental practices. This evaluation ensures that our suppliers continue to meet our compliance standards and helps identify opportunities for improvement and collaboration on sustainability initiatives.

### Ethical business practices

Ethical trading is a cornerstone of sustainable development and global competitiveness. To encourage responsible practices among Sri Lankan exporters, the National Chamber of Exporters (NCE) introduced eight guiding principles rooted in the pillars of People, Profit, and Planet. For exporters, upholding fair business standards, protecting the environment, and supporting sustainable growth are key to staying competitive internationally.

On 6 September 2022, hSenidBiz received the NCE's Certificate of Ethical Trading (CET) – a meaningful recognition that reinforces our commitment to ethical practices, employee involvement, investor confidence, and long-term business growth. This certification is renewed every two years through a thorough audit of our trading practices. Our certification was renewed in June 2024.

Over time, we plan to integrate both local insights and global best practices, adopting policies that align with international standards while remaining tailored to our business model. Through these ongoing efforts, hSenidBiz is committed to leading the way in environmental sustainability and ethical business conduct, reinforcing our dedication to a greener and more inclusive future.

# SOCIAL RESPONSIBILITY

At hSenidBiz, social responsibility begins with our people and extends to the communities we serve. We are committed to fostering an inclusive, respectful, and empowering work environment that supports the personal and professional growth of our employees. Beyond our workplace, we actively engage in meaningful initiatives that contribute to the well-being of the broader community. Through ongoing efforts in employee development, education, sustainability, and strategic community partnerships, we aim to create a lasting, positive impact while upholding our core values of integrity, empathy, 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 resume screening.

### Employee well-being and engagement

- HRIS enables 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) delivers sustainability training.
- Upskilling employees in green business practices and ethical leadership.

## HUMAN CAPITAL

We believe that investing in human capital is essential to achieving our long-term goals. Through a strong focus on attracting, developing, and retaining top talent, we foster a culture of continuous learning, collaboration, and inclusivity – empowering our teams to drive innovation and deliver lasting value to our stakeholders.

### Compliance with regulations

To guide our people management efforts, we support our customers in complying with the relevant labour laws and regulations by using the strength and functionality of PeoplesHR. Beyond helping our customers meet their compliance requirements, we have put in place policies which reflect our broader commitment to upholding global best practices in labour and human rights.

## Upholding human rights: Building a foundation of integrity and fairness

### Child and forced labour

hSenidBiz strictly prohibits the use of child labour – which refers to any person under the age of 16, or under the age for completing compulsory education, or under the minimum age for employment in the 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.

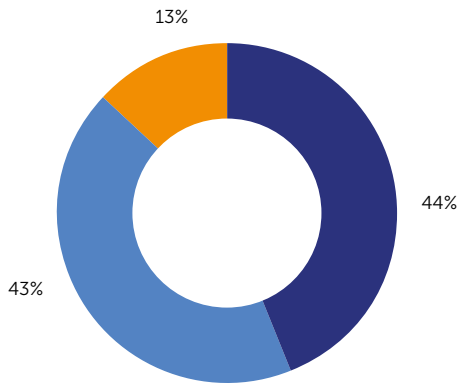
### Human rights under special circumstances

In addition to previously noted human rights concerns, hSenidBiz recognises that further issues may arise—particularly in relation to new activities, impacts on local communities, indigenous rights, or security practices. The Company remains committed to complying with all applicable national and international laws. Where formal guidance is lacking, hSenidBiz will consult other credible sources to determine the most appropriate course of action.

### Investing in talent

The Company’s success is driven by the dedication and expertise of its team. PeoplesHR places strong emphasis on attracting top-tier talent from both Sri Lanka and across the region. A structured recruitment process ensures alignment with PeoplesHR’s core values, rigorously assessing candidates for technical proficiency, cultural fit, and overall capability. As a result, PeoplesHR is backed by a dynamic workforce of 287 professionals, bringing deep industry knowledge and specialised expertise gained from leading global organisations.

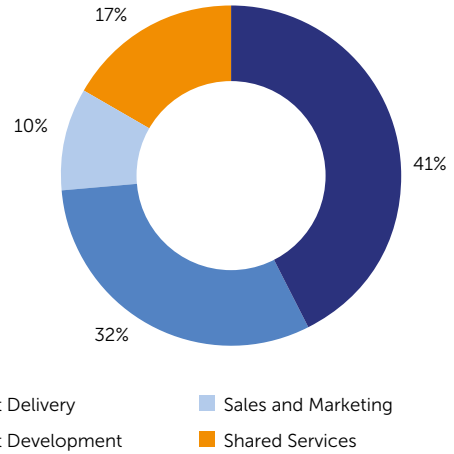
### Employee breakdown by qualifications and experience



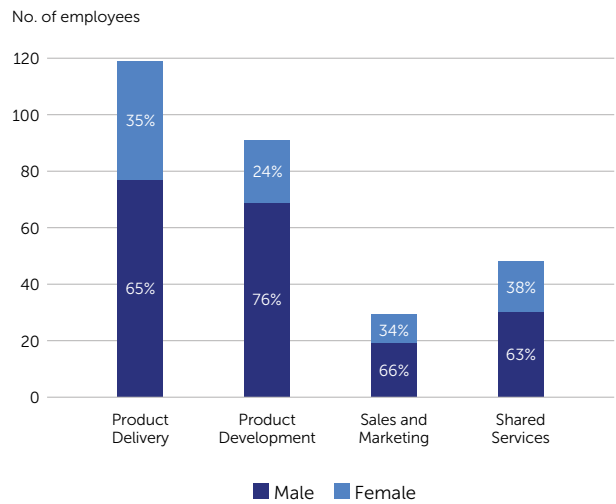
- A degree, postgraduate qualification or other professional qualification in the relevant field with the high level of practical industry experience
- A degree, professional qualification and industry experience relevant to the position
- Advanced diploma or undergraduate degree in the relevant field

PeoplesHR prioritises delivering high-quality, localised support to its partners and customers across its diverse operating regions. To strengthen this commitment, the Company maintains a team of skilled local professionals in key markets – including Bangladesh, Singapore, Indonesia, Kenya, India, and the Philippines.

### Employee breakdown by PeoplesHR team as at 31 March 2025

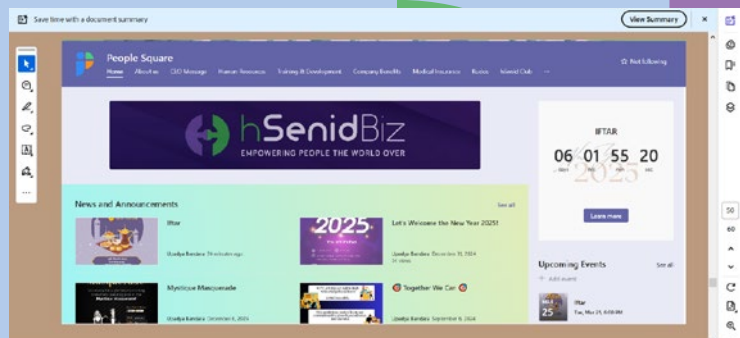


### Employee breakdown by gender, as at 31 March 2025



### People Square

People 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.



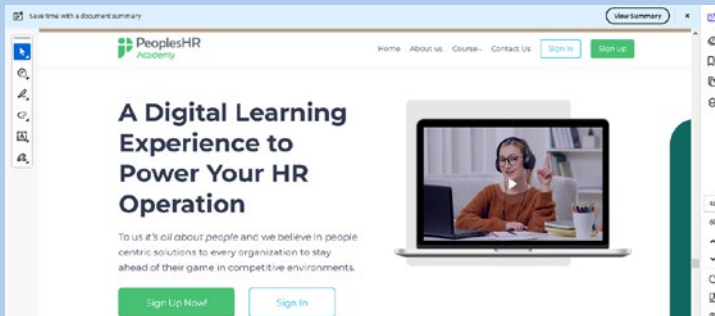
# SOCIAL RESPONSIBILITY

## Learning and development

hSenidBiz continues to cultivate a strong learning culture across the organisation. Emphasising peer-to-peer knowledge sharing and structured on-the-job training, the Company ensures that learning remains continuous and relevant, guided by a comprehensive training policy. Training initiatives are closely aligned with PeoplesHR’s global competence framework, reflecting its commitment to nurturing in-house talent.

In FY25, employees completed nearly 300 hours of internal and external training – almost double the number recorded in FY24 – demonstrating significant growth in learning engagement. The PeoplesHR Academy issued over 500 certificates with ‘Functional Specialist in Base HR’ and ‘ISMS and Cloud Security Compliance’ being popular courses.

As the industry evolves, hSenidBiz recognises that the future successful developer is one who can effectively leverage AI to enhance their work. By equipping its teams with AI capabilities, the Company is enhancing its product development capacity and future-proofing its workforce. Through consistent investment in learning and development, hSenidBiz not only supports the personal and professional growth of its team but also strengthens its position as a leader in innovation within the HR tech industry.



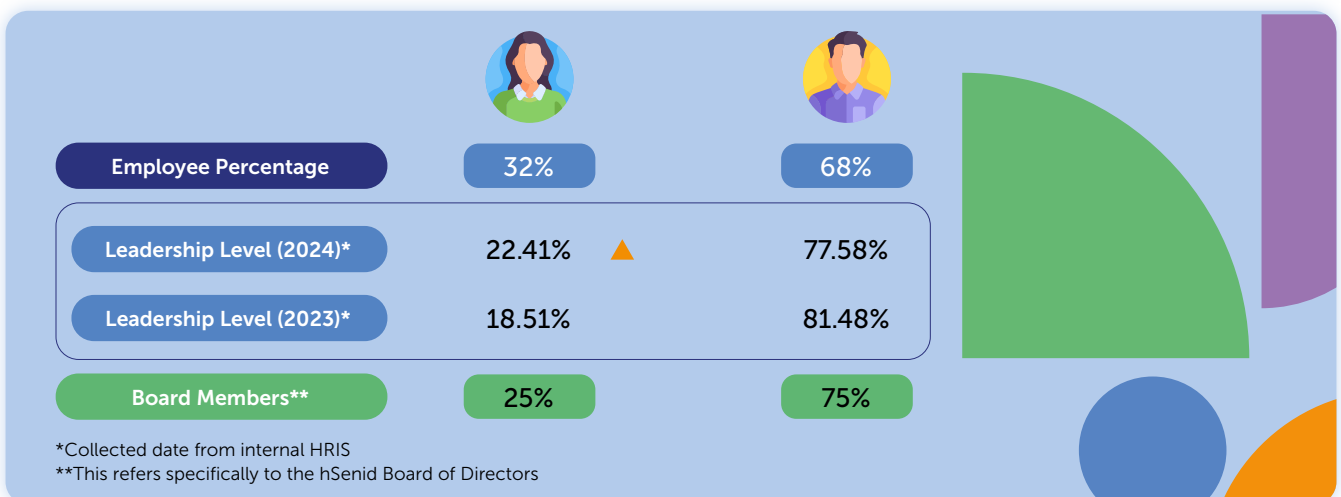
**Empowering HR Professionals:**

“Elevate your expertise with our certification”

We believe our clients and our partners will gain the utmost product knowledge and deep understanding even better.

## Fostering gender diversity and equality

At hSenidBiz, we recognise that gender diversity is not only a moral imperative but also a strategic advantage. We are committed to fostering an inclusive workplace where all individuals, regardless of gender, are empowered to contribute, lead, and thrive. By actively promoting equal opportunities across all levels of the organisation, we aim to cultivate a culture where diverse perspectives fuel innovation, enhance decision-making, and drive sustainable business outcomes. Our focus remains on building balanced teams that reflect the diversity of the communities we serve, reinforcing our belief that inclusive growth benefits everyone.



### Embracing cultural diversity

At hSenidBiz, we actively celebrate and promote diversity in the workplace through a variety of cultural events and activities. These initiatives offer employees the opportunity to showcase their unique traditions, customs, and personal stories, helping to build mutual respect, a deeper understanding across teams, and an inclusive environment where everyone feels valued. Embracing cultural diversity not only strengthens team spirit and collaboration, but also reinforces our commitment to fostering a respectful and globally minded workplace.



Company celebrates Sinhala and Tamil New Year

### Employee well-being

We are committed to creating a supportive and healthy work environment that promotes both physical and mental wellness. Through a range of initiatives – including flexible work arrangements, wellness programmes, and continuous engagement – we aim to ensure our employees feel valued, empowered, and cared for. We believe that when our people thrive, so does our organisation.

### Flexible work arrangements

Flexible work arrangements have become essential in enhancing employee satisfaction, productivity, and an overall work-life balance. By enabling options such as remote work and adjustable schedules, organisations give employees the autonomy to better manage their professional and personal responsibilities. This flexibility not only cultivates a more inclusive and supportive workplace culture, but also contributes to increased engagement, lower burnout, and stronger employee retention. Adopting such policies reflects a company's genuine commitment to employee well-being while sustaining business performance.

### Promoting health and wellness

We place strong emphasis on the health and wellness of our employees, recognising that a thriving workforce is key to long-term success. Through a range of initiatives focused on physical and mental well-being, we aim to cultivate a workplace that supports healthy habits, resilience, and a work-life balance. Whether through awareness programmes, access to wellness resources, or a culture that values self-care, we strive to ensure our employees feel supported and empowered in all aspects of their well-being.

#### hBiz Health Campaign

The campaign included a variety of health-related activities, such as awareness sessions on nutrition, fitness challenges, mental health workshops, and free health screenings. The goal was to encourage healthy lifestyle choices, provide essential health resources, and foster a culture of well-being. This initiative not only supported individual health improvements but also contributed to the Company's commitment to social responsibility and community engagement.



# SOCIAL RESPONSIBILITY



*hSenidBiz Premier League 2024*

## Fostering knowledge, innovation, and collaboration

At hSenidBiz, we believe that innovation and collaboration thrive in environments that encourage open dialogue and creative thinking. To cultivate this culture, we regularly host ideation sessions, hackathons, knowledge-sharing forums, and cross-functional workshops. These events not only inspire fresh ideas and problem-solving but also strengthen teamwork by bringing diverse perspectives together. By fostering a spirit of collaboration, we empower our teams to co-create solutions that drive continuous improvement and long-term success.



*hSenidBiz E-Sports Festival 2024*



*Townhall meetings*



*hSenid Toastmasters Club*

## COMMUNITY

At hSenidBiz, we are committed to creating a positive and lasting impact through a range of community-focused initiatives. Our engagement spans from supporting educational endeavours to uplifting vulnerable communities through inclusive projects. As a Company in the HCM software industry, we regularly partner with academic institutions for curriculum development, delivering guest lectures, conducting workshops, and offering internship opportunities to students. On the other hand, initiatives such as 'Open Closet', which supports individuals in need by providing access to essential clothing and personal items, and our continued participation in the Sunshine Games, which empowers children with special needs, reflect our broader commitment to social equity and empowerment. Through these efforts, we aim to foster a more inclusive, educated, and compassionate society.

### Corporate Social Responsibility (CSR)

During FY25, the Company remained committed to its role as a responsible corporate citizen. With a strong focus on people, it has consistently undertaken various CSR initiatives aimed at supporting and uplifting local communities. An overview of the Company's key CSR activities during the year is given below.

#### Partnership with NSBM Green University

In February 2025, hSenidBiz signed a strategic partnership with NSBM Green University, a premier higher education institution known for its focus on business, computing, engineering, science, and postgraduate studies. As a key initiative of this partnership, hSenidBiz will offer its HCM solutions as a part of its curriculum for the students with the aim of providing a comprehensive understanding of modern workforce management. In addition, hSenidBiz will conduct specialised product training sessions for students enrolled in the BSc. in Business Management (Human Resources Management) programme, ensuring they gain practical knowledge in HR systems and applications.



#### Sunshine Games

hSenidBiz contributed again in FY25 to the Sunshine Games organised by the Rotary Club of Colombo Metropolitan. The Sunshine Games is a charitable initiative dedicated to uplifting the self-esteem and social inclusion of children with special needs. Held in February 2025 at Campbell Park, Colombo, the event welcomed around 1,200 children from a range of schools and care homes for a day filled with joy, games, and meaningful interaction. By creating an encouraging and celebratory environment, the event not only nurtures confidence and belonging but 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

On 6 March 2025, hSenidBiz marked International Women's Day with the eighth edition of its annual initiative, Open Closet. Designed to uplift women facing difficult circumstances, the event offers free clothing, accessories, and footwear to those in need. This year's event welcomed over 300 women and distributed more than 4,000 items. More than just a CSR activity, Open Closet reflects our deep appreciation for the strength and resilience of women in our communities. The heartfelt responses from participants reaffirmed the Company's dedication to this cause, with a continued commitment to bringing joy and support to women fighting silent battles every day.



# CORPORATE GOVERNANCE

A strong corporate governance framework is essential to cultivate a culture of integrity, which in turn supports long-term performance and sustainable growth. By clearly defining the roles and relationships among the shareholders, the management, and the Board of Directors, such a framework fosters trust, enhances stakeholder confidence, and improves access to capital.

At hSenidBiz, corporate governance is central to our ability to manage operations effectively and deliver enduring value to our stakeholders. We have implemented a structured governance framework grounded in ethical business practices, ensuring full compliance with all relevant regulatory requirements, while upholding the principles of transparency, integrity, and accountability in all aspects of our business.

## BOARD RESPONSIBILITIES

The Board of Directors holds the key responsibility of overseeing the Company's affairs with fairness and transparency, ensuring strict adherence to corporate governance principles and best practices. In doing so, the Board is committed to safeguarding the long-term interests of all stakeholders.

In addition, the Board maintains accountability by providing timely and accurate disclosures of the Company's financial performance. Through its leadership, the Board ensures that effective systems and processes are in place to regularly assess and guide the Company's operations.

The Board, which makes decisions independent of the Management, 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), and the Listing Rules of the Colombo Stock Exchange (CSE).

At hSenidBiz, a knowledgeable, engaged, and independent Board is regarded as being essential to uphold strong corporate governance standards. To support this, the Company has established a well-balanced and diverse Board, carefully selected to provide a broad range of expertise and perspectives. In line with best practices, specific responsibilities have been delegated to Board committees, each operating under defined Terms of Reference, and tasked with addressing relevant matters and making informed recommendations to the Board.

## 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	Executive, Non-Independent – Chief Executive Officer
Dishnira Saparamadu-Ariyaratne	Non-Executive, Non-Independent
Apurva Udeshi	Non-Executive, Non-Independent
Malinga Arakularatne	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 Arakularatne, 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 Saparamadu, 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.

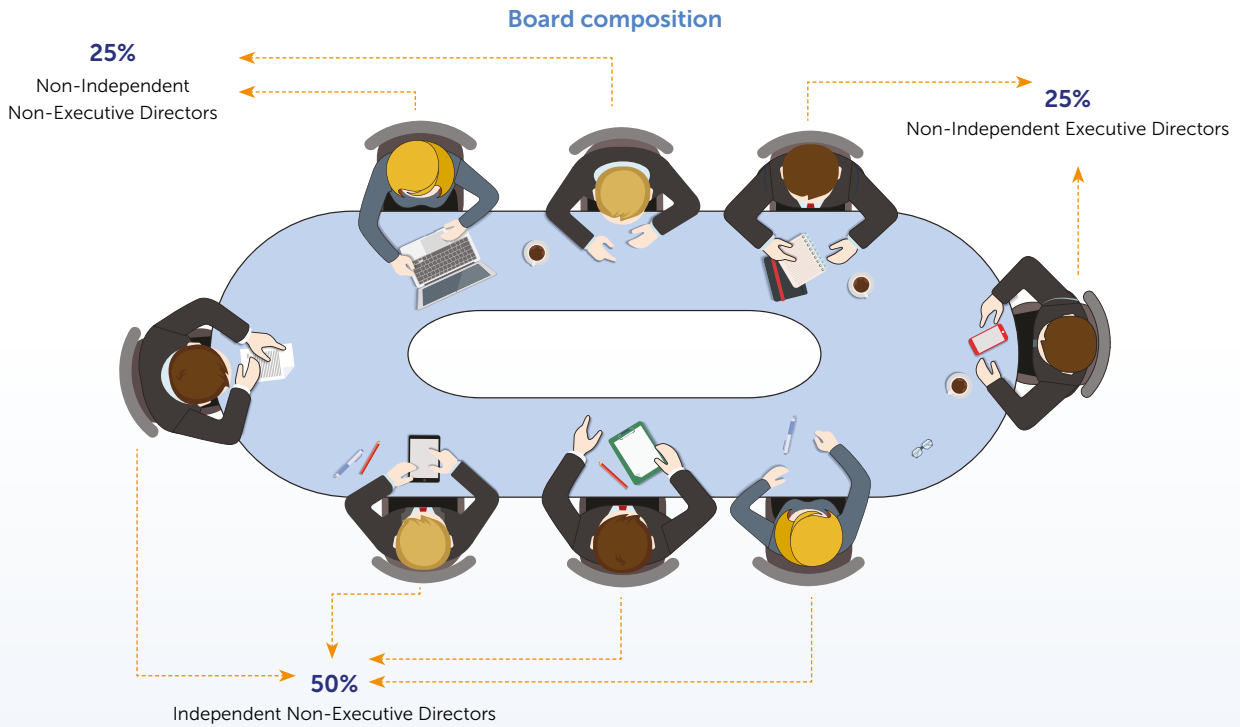
Additionally, hSenidBiz has not appointed any Alternate Directors as the current composition of the Board is deemed sufficient to effectively discharge its duties and responsibilities.

## Board diversity

The Board brings together individuals with a wide range of academic and professional expertise, ensuring the right mix of knowledge to support hSenidBiz's current business needs. Moving forward, the Board remains committed to regularly evaluating its collective skill set to ensure alignment with the evolving demands and complexity of the Company's operations.

### Board skills

The Board is composed of accomplished professionals with extensive experience across various domains. Many Members also serve on the boards of both local and international organisations, bringing valuable insights and leadership to the pursuit of hSenidBiz’s strategic and corporate goals. Their collective expertise spans a wide range of fields, including enterprise technology, entrepreneurship, marketing, investment banking, investment management, and corporate finance – ensuring a well-rounded and effective governance structure.



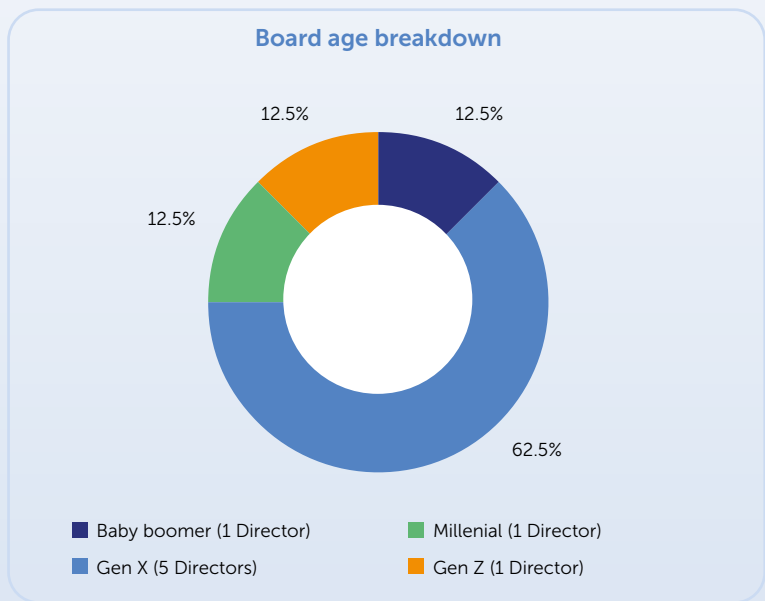
#### Board gender breakdown



#### Board tenure



#### Board age breakdown



# CORPORATE GOVERNANCE

## COMPLIANCE WITH REGULATIONS

In October 2023, the Colombo Stock Exchange (CSE) introduced updated corporate governance regulations for listed companies, with most provisions becoming mandatory by October 2024. In response, hSenidBiz has updated its governance framework accordingly and is now in full compliance with the SEC's current regulations.

The Company remains firmly committed to upholding high standards of transparency, accountability, and ethical business conduct. hSenidBiz views the revised regulations as a positive development that enhances corporate responsibility and fosters greater investor confidence in the capital markets.

Currently, hSenidBiz is in compliance with the good governance principles outlined in the regulatory frameworks that are applicable to the Company, namely the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including Directives and Circulars, and the Code of Best Practice on Corporate Governance (2017) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

### Statement of compliance under Section 168 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	Yes	About us
168.(1) (b)	Signed Financial Statements of the Company for the accounting period completed – Section 151	Yes	Financial Statements
168.(1) (c)	Auditor's Report on Financial Statements of the Company	Yes	Independent Auditor's Report
168.(1) (d)	Accounting policies and any changes therein	Yes	Note 2 to 4 the Financial Statements
168.(1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Yes	Annual Report of the Board of Directors
168.(1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Yes	Note 29.2.1 to the Financial Statements
168.(1) (g)	Corporate donations made by the Company during the accounting period	Yes	Not applicable
168.(1) (h)	Information on the Directorate of the Company at the end of the accounting period	Yes	Annual Report of the Board of Directors on the Affairs of the Company
168.(1) (i)	Amounts paid/payable to the External Auditor as audit fees, and fees for other services rendered during the accounting period	Yes	Note 8 to the Financial Statements
168.(1) (j)	Auditor's relationship or any interest with the Company	Yes	Report of the Group Audit Committee
168.(1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	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	Yes	As of 01 Oct 2024
9.3	Board Committees	Yes	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	Yes	As of 01 Oct 2024
9.4.1	Maintain records of all resolutions considered at any General Meeting of the Entity	Yes	As of Nov 2021
9.4.2	Policy on effective communication and relations with shareholders and investors	Yes	As of 01 Oct 2024
9.5	Policy on matters relating to the Board of Directors	Yes	Before 01 Oct 2024
9.6	Chairperson and CEO	Yes	As of Nov 2021
9.6.3	The requirement for a SID	Yes	As of 18 Oct 2023
9.7	Fitness of Directors and CEOs	Yes	As of Nov 2021
9.8	Board Composition	Yes	As of Nov 2021
9.9	Alternate Directors	NA	Before 01 Oct 2024
9.10	Disclosures relating to Directors	Yes	As of Nov 2021
9.11	Nominations and Governance Committee	Yes	As of 01 Apr 2024
9.12	Remuneration Committee	Yes	As of Nov 2021
9.13	Audit Committee	Yes	As of Nov 2021
9.14	Related Party Transactions Review Committee	Yes	As of Nov 2021
9.15	Definitions	Yes	As of Nov 2021
9.16	Additional disclosures	Yes	As of Nov 2021

# CORPORATE GOVERNANCE

## Creating a culture of ethical conduct

We are committed to upholding integrity, transparency, and accountability across all levels of the organisation. Through clear policies, continuous awareness, and strong leadership, we ensure that ethical behaviour is embedded in our daily operations and decision-making processes. This culture not only strengthens stakeholder trust but also reinforces our long-term commitment to responsible and sustainable business practices.

The highest standards of business ethics and integrity are set by the Board of Directors, who lead by example and establish clear expectations for the Group's values, culture, and behaviour. These standards cascade through every level of the organisation, ensuring that all employees are guided by a strong ethical framework.

### Promoting ethical behaviour

#### Disciplinary policy

Maintaining an equitable, courteous, and productive work environment for all employees is the aim of a disciplinary policy. It provides the protocols for handling misbehaviour, outlining precise standards for appropriate conduct, as well as sanctions for violations.

#### Anti-bribery and anti-corruption

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.

#### Zero tolerance on retaliation

Employees will not be disciplined, discriminated against, or subjected to adverse personnel 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 must comply with anti-trust and competition laws. In some jurisdictions, violations of competition law can result in criminal offences, including personal fines and imprisonment for the most serious offences. Even where certain behaviours may be lawful in countries without anti-trust or competition laws, hSenidBiz will not engage in any arrangements with competitors that could damage the Company's reputation.

#### Whistleblowing policy

Our Whistleblowing Policy provides a safe and confidential mechanism for employees, contractors, and other stakeholders to report concerns related to unethical behaviour, misconduct, fraud, or violations of Company policies and legal regulations. The policy ensures that all reports are handled with the utmost confidentiality and without fear of retaliation. The Company encourages individuals to come forward if they believe that actions are being taken that are harmful to the Company, its employees, or the broader community.

# RISK MANAGEMENT

hSenidBiz recognises that effective risk management is essential for sound corporate governance and sustainable business operations. The Company takes a proactive stance in identifying, evaluating, and addressing potential risks to ensure long-term resilience. Through timely and appropriate interventions, hSenidBiz works to prevent or mitigate threats that could affect business continuity or performance.

As a software provider in the HCM sector, the Company places strong emphasis on information security, implementing globally recognised standards such as ISO/IEC 27001:2022 for Information Security Management Systems, and ISO/IEC 27017:2015 for Cloud Security Controls. These certifications reflect the Company's

commitment to safeguarding data integrity and confidentiality.

Further strengthening its data protection credentials, hSenidBiz received certification as a data controller in Kenya, issued by the Government of Kenya. Valid for two years, this certification reinforces trust in the PeoplesHR product suite across the region and enhances the brand's credibility in key African markets.

The Company remains alert to evolving external conditions and continuously monitors emerging risks in its operating environment. A structured risk management framework is in place to address key business risks, supported by clearly defined mitigation strategies.

Risk	Description	Mitigation Strategy
Macroeconomic and labour market risks	Global economic pressures and evolving workforce models – such as remote work and the gig economy – are reshaping the demand for HRIS products, influencing purchase decisions, implementation needs, and system expectations.	<ul style="list-style-type: none"> <li>Offering a modular, cloud-based HRIS platform that supports cost-efficient deployment with lower upfront investment.</li> <li>Continuously adapting PeoplesHR to meet local regulatory, tax, and labour law requirements, ensuring relevance across markets.</li> <li>Integration of AI to enhance agility and scalability for clients responding to rapidly changing workforce needs.</li> </ul>
Risk to strategic growth potential	Risks arising from an inability to execute strategic growth plans in a timely and prudent manner.	<ul style="list-style-type: none"> <li>Recruiting, training, and retaining talent resources required to execute the Company's growth plans.</li> <li>Nurturing a culture of continuous development, innovation, and accountability.</li> <li>Continuing to invest in essential product and market development to achieve the expected growth.</li> </ul>
Cybersecurity	System security and data privacy risks.	<ul style="list-style-type: none"> <li>Regularly carrying out vulnerability and penetration testing of products and systems.</li> <li>Maintaining compliance with ISO/IEC 27001:2022 and ISO/IEC 27017:2015 (detailed further below).</li> <li>Adhering to the Company's internal Client Data Protection Policy, applied both internally and externally, which outlines the Company policy for managing and safeguarding client data.</li> </ul>
Service interruptions	Client-side system breaches, infrastructure failures, and service interruptions.	<ul style="list-style-type: none"> <li>Using state-of-the-art cloud infrastructure providers, such as Microsoft Azure and Huawei, while rigorously assessing client infrastructure readiness to host Company software applications.</li> </ul>
Technology obsolescence	Risk of product portfolio becoming obsolete due to new technology and competitor activity, including risks to intellectual property.	<ul style="list-style-type: none"> <li>Maintaining and constantly updating a product roadmap for new features, improved architecture, and regular updates.</li> <li>Investing in R&amp;D, talent acquisition, and monitoring new trends.</li> <li>Investing in AI capabilities, including integrating AI tools into product development, UX design, and process automation.</li> <li>Collaborating with third-party vendors to extend product functionality.</li> </ul>

## RISK MANAGEMENT CONTD.

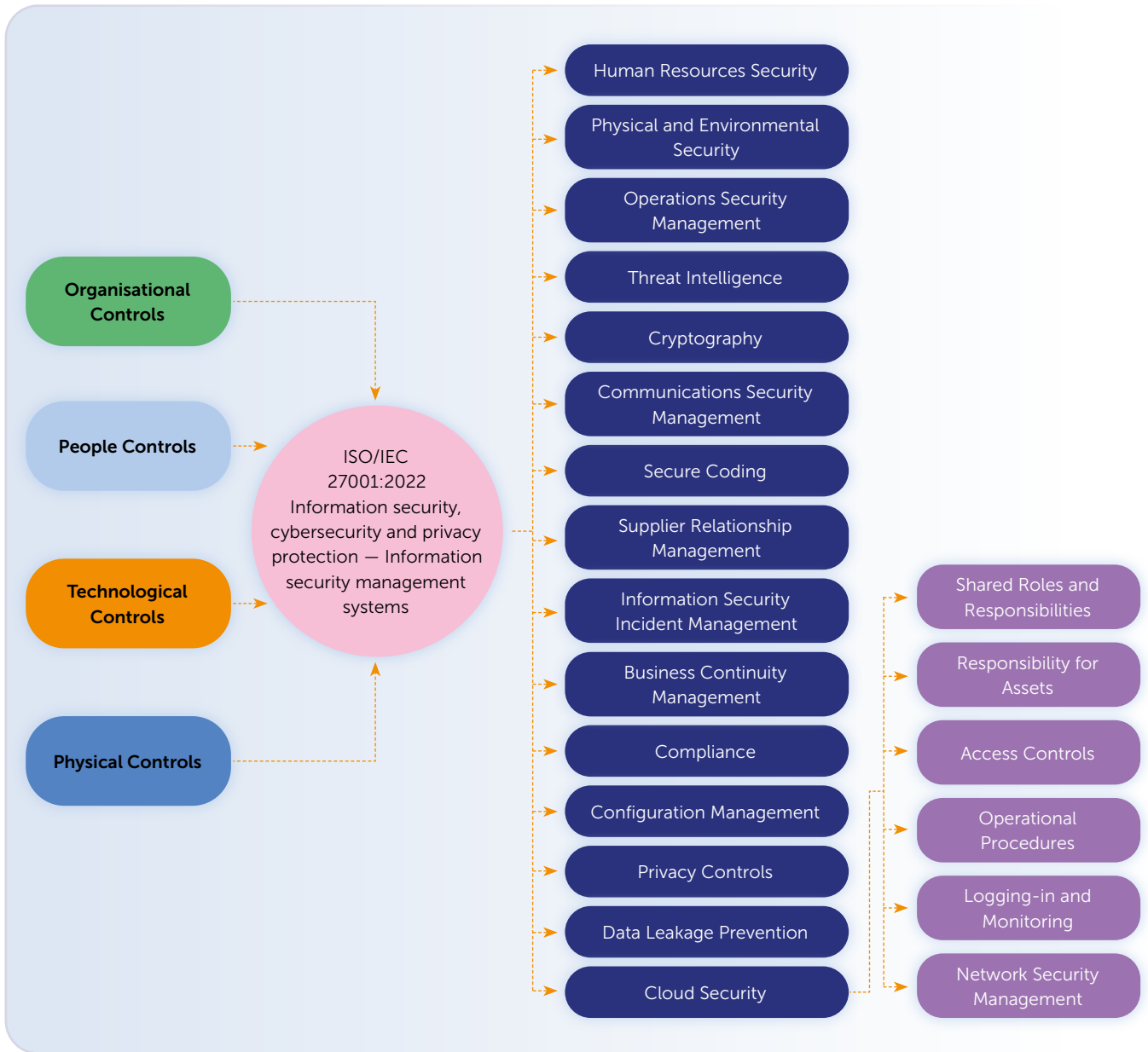
Risk	Description	Mitigation Strategy
Compliance risk	Compliance with local regulatory requirements, and industrywide and company-specific HR practices.	<ul style="list-style-type: none"> <li>• Liaising with local practitioners to obtain and validate rules and regulations pertaining to personal identifiable data, payroll practices, and tax regulations.</li> <li>• Carrying out detailed requirement gathering exercises to ensure compliance with industrywide and company-specific HR practices.</li> </ul>
Licensing risk	Loss of necessary third-party software licences, resulting in service interruptions.	<ul style="list-style-type: none"> <li>• Long-term agreements and proactive monitoring of relationships with third-party software vendors.</li> </ul>
Shortage of skilled talent	Migration risk leading to employee turnover and shrinkage of talent pool. Increased replacement costs.	<ul style="list-style-type: none"> <li>• Focusing on improving the Company image to reflect an appealing workplace for IT professionals in Sri Lanka.</li> <li>• Collaborating with local educational institutions to recruit a diverse and skilled workforce.</li> <li>• Establishing offshore development hubs to attract talent from the region and mitigate long-term talent acquisition challenges.</li> <li>• Working with the larger IT industry in Sri Lanka to address the high demand for IT skills and enhance the talent supply.</li> </ul>
Business continuity risk	Inadequate testing of the Business Continuity Plan, increasing the likelihood of business interruptions.	<ul style="list-style-type: none"> <li>• Testing Business Continuity Plan with realistic scenarios, engaging key stakeholders, identifying gaps, and updating the plan based on the outcomes to ensure effective preparedness.</li> </ul>
Supply chain risk	Possibility of supply chain attacks due to vendors being targeted and exploited by threat actors.	<ul style="list-style-type: none"> <li>• Updating the Supplier Agreement with clauses that address communication protocols during security incidents.</li> </ul>
Environmental sustainability risk	The potential for Company decisions or activities to have a negative impact on environmental, social, or governance (ESG) issues.	<ul style="list-style-type: none"> <li>• Adopting a proactive approach to environmental sustainability by embedding it into business strategy and daily operations.</li> <li>• Implementing waste reduction, energy conservation, and sustainable sourcing practices.</li> <li>• Following structured e-waste disposal procedures, and assessing supplier sustainability during onboarding and annual reviews.</li> <li>• Maintaining ethical trading certification to reinforce accountability.</li> </ul>

### Information Security and Cloud Security Management at hSenidBiz

The Company takes a comprehensive approach to information security to ensure our data remains protected. Cryptographic techniques are employed to maintain data confidentiality and ensure non-repudiation, preventing unauthorised access and verifying the authenticity of communications. In addition, authentication and authorisation mechanisms are implemented to guarantee that only authorised individuals can access or modify data. To minimise security risks, we adhere to secure software development practices, incorporating security measures from the very start of the development process.

This approach aligns with the Shift Left strategy, which emphasises identifying and addressing security vulnerabilities early in the software development lifecycle. By embedding security throughout each phase of development, we proactively reduce risks and strengthen overall software resilience. Our security operations team continuously monitors, analyses, and actively manages our systems to detect, prevent, and respond to potential threats in real time. By leveraging advanced security tools, they can swiftly identify anomalies, suspicious activities, and potential breaches.

### Information Security Management Systems Framework



# RISK MANAGEMENT CONTD.

## A Secure Future: New developments in security protocols

In addition to the information security protocols that are already in place, hSenidBiz is also looking to strengthen its cybersecurity framework by adopting advanced threat detection tools, enhancing employee awareness through regular training, and aligning with globally recognised standards to ensure the continued protection of data and systems across all operations.

### Implement PIMS aligned to ISO 27701:2019

A robust Personal Information Management System (PIMS) aligned with the ISO/IEC 27701:2019 standard is being adopted to enhance the management and protection of personal data. This framework ensures compliance with global data privacy regulations and strengthens stakeholder trust by adhering to industry best practices for securing personal information.

### Integration of threat intelligence

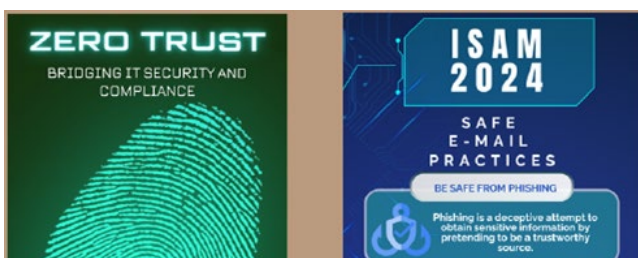
The integration of advanced threat intelligence capabilities into the cybersecurity infrastructure is planned to enhance risk mitigation, improve incident response times, and strengthen the resilience of information systems against evolving cyber threats. Leveraging real-time data on emerging threats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

### AI integration to 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.

### Strengthening security culture through continuous awareness

hSenidBiz conducts an annual Information Security Awareness Month to reinforce our employees' knowledge of information security and cloud security compliance. This initiative ensures continuous learning, enhances security awareness, and promotes best practices to safeguard organisational data and maintain compliance with industry standards.



# 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 (3) 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 2025 was as follows:

Name	Category	Meeting Attendance
Mr Malinga Arsakularatne	Chairperson Independent, Non-Executive Director	05/05
Mr Apurva Udeshi	Non-Independent, Non-Executive Director	05/05
Ms Anarkali Moonesinghe	Independent, Non-Executive Director	04/05

Brief profiles of all Committee Members are given on pages 28 to 31 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 - Finance 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 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 the External Audit and Internal Audit are performed by two distinct and independent teams with the required professional qualifications, experience, competence, and authority.
- Ensuring 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 the risk management framework is defined and effectively implemented across the organisation by competent staff.
- Ensuring 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 FY 2025

- Reviewed and discussed with the Company's management and the External Auditors, the Consolidated Financial Statements for the financial year ended 31 March 2025.
- Ensured 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 the necessary and adequate steps to manage risk exposures by reviewing the internal controls, and risk identification and management measures.

# AUDIT COMMITTEE REPORT CONTD.

- 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 the 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.

## 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 2025

# HUMAN RESOURCES 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 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 2025 was as follows:

Name	Category	Meeting Attendance
Mr Madu Ratnayake	Chairperson Non-Executive, Independent	01/01
Mr Malinga Arakularatne	Non-Executive, Independent	01/01
Ms Dishnira Saparamadu-Ariyaratne	Non-Executive, Non-Independent	01/01

Brief profiles of all Committee Members are given on pages 28 to 31 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 Saman Kumara – Director, Administration

## DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee's primary responsibilities include:

1. 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.
2. Ensuring proper succession plans are in place, and providing recommendations on important HR decisions relating to Key Management Personnel/ Corporate Managers, and HR policies governing other staff.
3. Approving the annual budget for human resources, along with proposed training and development programmes, action plans, and HR strategies.
4. Ensuring appropriate compensation packages which 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.
5. Formulating HR strategies which align with the Company's business strategy and its future focus.

## ACTIVITIES CARRIED OUT BY THE COMMITTEE DURING FY 2025

- 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 to business goals, focusing on future skills and leadership readiness.
- Revamped the performance management approach to prioritise agility, innovation, and measurable outcomes.

# HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT CONTD.

- Strengthened succession planning by mapping critical roles and accelerating internal talent development.
- Backed the Engineering team's 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 2025

# 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, out 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 2025 was as follows:

Name	Category	Meeting Attendance
Ms Anarkali Moonesinghe	Chairperson Independent, Non-Executive Director	02/02
Mr Apurva Udeshi	Non-Independent, Non-Executive Director	02/02
Ms Dishnira Saparamadu-Ariyaratne	Non-Independent, Non-Executive Director	01/02
Mr Malinga Arsakularatne	Independent, Non-Executive Director	01/02
Dr Arittha Wikramanayake	Independent, Non-Executive Director	02/02

Brief profiles of all Committee Members are given on pages 28 to 31 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:

1. Assess whether the transactions are in the best interests of the Company and its shareholders as a whole.
2. 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.
3. 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.
4. 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 FY 2025

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 which 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 is disclosed in Note 29 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 2025

# 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 01 April 2025 was follows:

Name	Category	Meeting attendance
Dr Arittha Wikramanayake	Chairperson Independent, Non-Executive Director	01/01
Ms Anarkali Moonesinghe	Independent, Non-Executive Director	01/01
Mr Apurva Udeshi	Non-Independent, Non-Executive Director	Not attended

Brief profiles of all Committee Members are given on pages 28 to 31 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 FY 2025

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



**Dr Arittha Wikramanayake**  
Chairperson  
Nominations and Governance Committee

22 July 2025

# 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 2025 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 2025, 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. The Company, pursuant to an initial public offering (IPO), was listed on the main board of the Colombo Stock Exchange (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 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 22) and the Operational Review section (on page 43). 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 91) 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 2025, including comparatives for 2023/24, were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 July 2025.

## 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 92 to 128.

## SUBSIDIARIES

The Company's interest in subsidiaries, as at 31 March 2025, is as follows:

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

## DIRECTORS

The Directors of the Company, as at 31 March 2025, and their brief profiles are noted on pages 28 to 31. 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 29.1 to the Financial Statements, during and at the end of the financial year 2024/25, 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 CONTD.

## 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	2024/2025	2023/2024
Mr. Dinesh B. Saparamadu	29,260,708	28,000,110
Mr. Sampath Jayasundara	3,452,018	3,303,300

## DIRECTOR'S REMUNERATION AND OTHER BENEFITS

The remuneration and other benefits of the Directors are stated in Note 29.2.1 to the Financial Statements (refer page 125).

## STATED CAPITAL

The stated capital of the Company, as at 31 March 2025, 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 page 90 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

During the last financial year, with excess cash on its balance sheet, the Company made the decision to return a portion of these funds to shareholders by declaring a special dividend of approximately LKR 346.0 Mn. Shareholders were given the option to receive this dividend either in cash or scrip form.

For FY25, the Board has carefully evaluated the Company's long-term growth strategy and the substantial investments undertaken in product development, marketing, and customer acquisition. In alignment with its focus on enhancing future earnings and delivering long-term shareholder value, the Company has opted to not 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 2025/2026, 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 2024/25.

## 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, which 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 2025, are stated in Note 29 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 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 percent) of the total issued shares of the Company, post issuance of such shares.

Please refer Note 26 on page 122, for further details on options granted to eligible employees by the Company.

### INTERNAL CONTROL

The Board, through the involvement of the Company Executive Committee, takes steps to gain assurances on the effectiveness of the control systems in place. The Audit Committee receives regular reports on the adequacy and effectiveness of internal controls in the Company, compliance with laws and regulations, and established policies and procedures of the Company. The Board has direct access to the Chairman of the Audit Committee. The Committee also reviews reports of 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 54 to 63 for further details.

### CORPORATE GOVERNANCE

The Directors place 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.

The Colombo Stock Exchange published its updated corporate governance regulations for listed entities in October 2023, with compliance for most regulations mandatory by October 2024. These guidelines are included in Section 9 of the CSE Listing Rules. In line with these requirements, the Company has made the necessary changes to the corporate governance guidelines and is now in full compliance. In addition, hSenidBiz has also complied with Corporate Governance rules laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with section 7.10 of the Listing Rules of the Colombo Stock Exchange.

The Corporate Governance Section (on pages 64 to 82) discusses the Corporate Governance Principles adopted by the Company.

### EMPLOYMENT

The Company has an equal opportunity policy and these principles are enshrined in our hiring, training, development, and promotion policies, ensuring that all decisions are based on merit. The Company practices equality of opportunity for all employees – irrespective of ethnic origin, religion, political opinion, gender, marital status, or physical disability.

### ANNUAL GENERAL MEETING

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

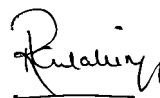
**By order of the Board**  
**hSenid Business Solutions PLC**

*Dinesh Saparamadu*

**Dinesh Saparamadu**  
Chairman



**Sampath Jayasundara**  
CEO/Director



**Corporate Services (Pvt) Ltd**  
Company Secretary

22 July 2025

# 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 2025, 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 selected appropriate accounting policies and have applied them consistently. Reasonable and prudent judgements and estimates have been made, applicable accounting standards have been followed, and the Financial Statements have been prepared on a going concern basis. The Directors are of the view that adequate funds and other resources are available within the Company for the Company to continue in operation 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, which comprise internal checks, risk management policies, and financial and other controls, which have been implemented to provide reasonable assurance that all assets are safeguarded, and transactions properly authorised and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time. Furthermore, the Directors have established committees, such as the Audit Committee, Human Resources and Remuneration Committee, 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 system of internal controls and risk management.

The Directors have provided the Auditors with all required information and explanations, and every opportunity to undertake all necessary audit procedures, which they consider appropriate for the purpose of enabling them to provide an audit opinion on the Financial Statements. The Directors are of the view that they have 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.

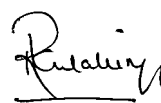
By the Order of the Board  
hSenid Business Solutions PLC

*Dinesh Saparamadu*

**Dinesh Saparamadu**  
Chairman



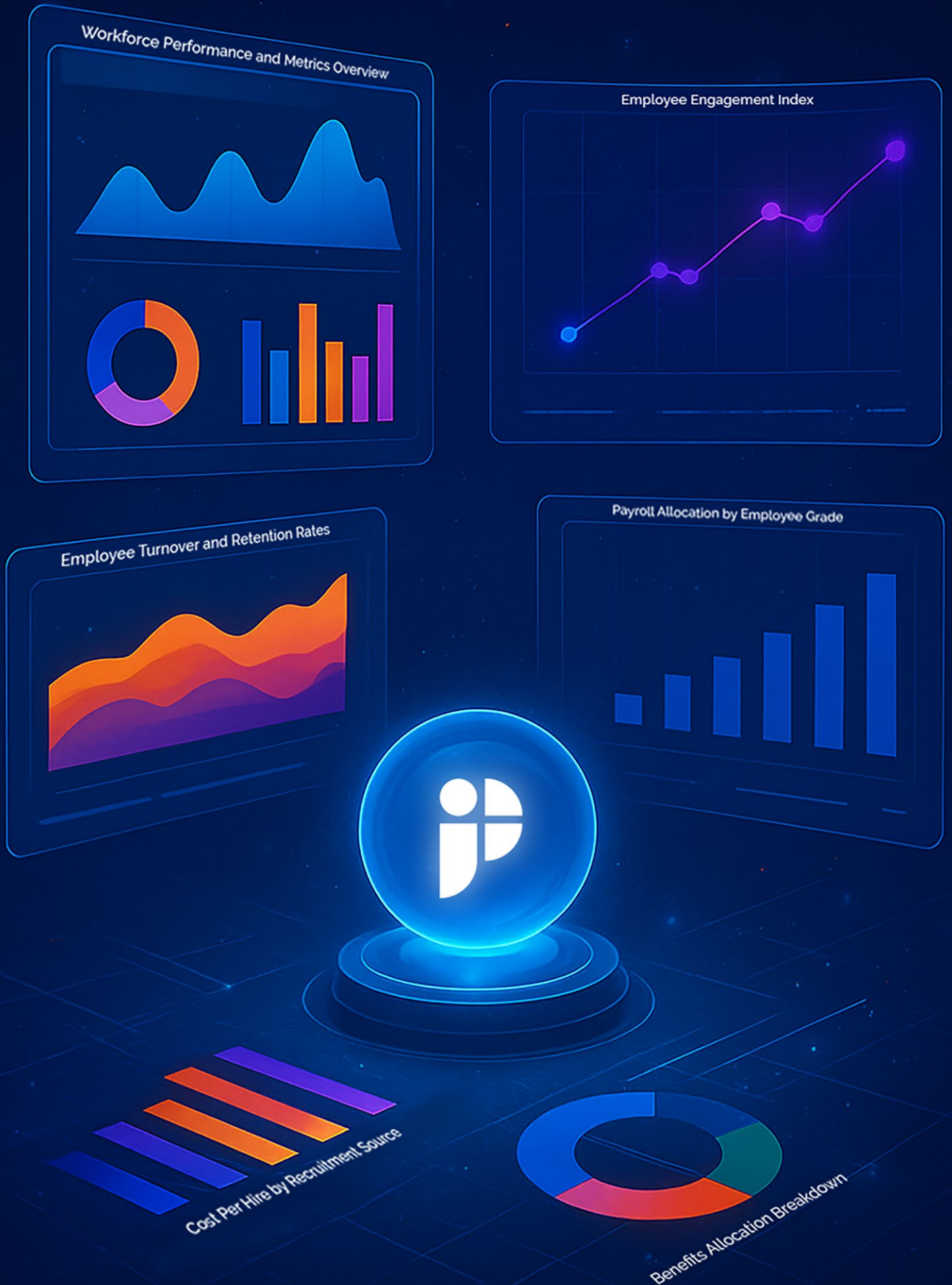
**Sampath Jayasundara**  
Chief Executive Officer



**Corporate Services (Pvt) Ltd**  
Company Secretary

22 July 2025

# Visualising the Future of Your Workforce



This is an AI-generated image, created in-house to align with our efforts to integrate AI capabilities into our operations.

# FINANCIAL REPORTS

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- 91** Statement of Cash Flows
- 92** Notes to The Financial Statements

# INDEPENDENT AUDITOR'S REPORT



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
P.O. Box 101  
Colombo 03, Sri Lanka

Tel : +94 11 246 3500  
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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HSENIID 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 2025, 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 2025, 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.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

# INDEPENDENT AUDITOR’S REPORT CONTD.



## Key audit matter common to both Group and Company

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>The Group derived revenue 1.818 Bn from the sale of products and services for the year ended 31 March 2025 as disclosed in Note 5 to the financial statements.</p> <p>Recognition and Measurement of Revenue from the products and services was a key focus of the audit due to:</p> <ul style="list-style-type: none"> <li>• Complexity involved in determining project milestones, risk contingencies execution and ongoing uncertainties around expected costs to complete.</li> <li>• Large volume of transactions which arise from sales of different combinations of the services.</li> <li>• The existence of specific contractual terms in sales arrangements entered, affecting the recognition and measurement of revenue for support maintenance services.</li> </ul>	<p>Our audit procedures amongst others included the following;</p> <ul style="list-style-type: none"> <li>• Obtained understanding of the process for how management determines the percentage of completions, evaluated the design of, and performed tests of controls.</li> <li>• 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.</li> <li>• Checked the related evidence to verify the receipt of the revenue</li> </ul> <p>We also assessed the adequacy of disclosures made in relation to the recognition of revenue in Note 05 to the financial statements.</p>

### Other information included in the 2025 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 Company and 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 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 skepticism 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.

22 July 2025  
Colombo

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2025	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue from contracts with customers	5	1,818,258,213	1,645,250,916	1,596,466,498	1,449,748,619
Cost of sales		(992,826,401)	(979,847,789)	(873,110,677)	(813,830,422)
<b>Gross profit</b>		<b>825,431,812</b>	<b>665,403,127</b>	<b>723,355,821</b>	<b>635,918,198</b>
Other income/(losses)	6	(10,726,288)	(65,499,598)	(14,537,785)	(71,542,150)
Administrative expenses		(562,499,317)	(524,360,935)	(477,188,135)	(576,281,432)
Selling and marketing expenses		(425,897,904)	(361,023,830)	(308,456,446)	(292,712,191)
Other operating expenses		(188,527,498)	(145,747,095)	(180,260,114)	(140,335,056)
<b>Operating profit/(loss)</b>		<b>(362,219,194)</b>	<b>(431,228,331)</b>	<b>(257,086,660)</b>	<b>(444,952,632)</b>
Finance cost	7.1	(8,687,604)	(6,976,182)	(8,405,995)	(6,633,279)
Finance income	7.2	50,103,444	146,633,355	50,103,444	146,633,355
Profit/(Loss) before tax	8	(320,803,354)	(291,571,158)	(215,389,211)	(304,952,556)
Income tax expense	9	34,536,377	(1,539,727)	34,456,939	(971,435)
Profit/(Loss) for the year		(286,266,977)	(293,110,886)	(180,932,272)	(305,923,991)
<b>Attributable to:</b>					
Equity holders of the Company		(286,266,977)	(293,110,886)	(180,932,272)	(305,923,991)
Non-controlling interest		-	-	-	-
<b>Earnings per share</b>					
Basic, profit for the year attributable to ordinary equity holders of the parent	10	-1.01	-1.06	-0.64	-1.11
<b>Other comprehensive income</b>					
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		9,455,610	454,239	-	-
Remeasurement gain/(loss) on defined benefit plans		(451,537)	(20,815,045)	(451,537)	(20,815,045)
Deferred tax on re-measurements of defined benefit obligations		135,461	6,244,514	135,461	6,244,514
<b>Total comprehensive income/(loss) for the year, net of tax</b>		<b>(277,127,443)</b>	<b>(307,227,178)</b>	<b>(181,248,348)</b>	<b>(320,494,522)</b>
<b>Attributable to:</b>					
Equity holders of the Company		(277,127,443)	(307,227,178)	(181,248,348)	(320,494,522)
Non-controlling interest		-	-	-	-

The accounting policies and Notes on pages 92 through 128 form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	12	47,708,467	48,808,974	46,989,512	47,727,502
Right of use assets	13	11,923,428	37,943,905	11,923,428	31,110,056
Intangible assets	14	517,437,777	440,087,224	506,269,283	429,449,592
Capitalised contract costs	15	2,614,578	12,742,304	2,614,578	12,742,304
Investments in subsidiaries	17	-	-	7,224,770	7,223,770
Deferred tax assets	9.7	98,445,193	53,676,495	95,845,147	52,585,420
		678,129,443	593,258,901	670,866,717	580,838,643
<b>Current Assets</b>					
Capitalised contract costs	15	3,489,942	5,165,558	3,489,942	5,165,558
Inventories	18	42,717,042	36,976,638	42,717,042	36,976,638
Trade and other receivables	19	645,477,520	724,066,330	707,585,417	674,415,597
Advances and prepayments		39,182,334	66,920,881	26,280,849	27,065,624
Tax receivables		1,796,353	3,039,543	1,796,353	3,039,543
Other current financial assets	20	313,065,618	782,559,264	313,065,618	782,559,264
Cash and short-term deposits	22.1	234,085,454	319,894,008	169,098,745	230,791,781
		1,279,814,262	1,938,622,221	1,264,033,966	1,760,014,005
<b>Total Assets</b>		<b>1,957,943,705</b>	<b>2,531,881,122</b>	<b>1,934,900,683</b>	<b>2,340,852,648</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Stated capital	23	1,023,748,924	922,748,205	1,023,748,924	922,748,205
Share based payments reserve		1,751,910	1,260,701	1,751,910	1,260,701
Currency translation reserve		39,620,348	30,164,738	-	-
Retained earnings		4,069,818	636,522,091	78,971,604	606,089,172
<b>Total Equity</b>		<b>1,069,191,000</b>	<b>1,590,695,734</b>	<b>1,104,472,438</b>	<b>1,530,098,077</b>
<b>Non-Current Liabilities</b>					
Retirement benefit obligation	25	157,141,899	128,388,588	157,141,899	128,388,588
Interest-bearing loans and borrowings	21	5,382,436	14,280,835	5,382,436	11,866,821
		162,524,335	142,669,423	162,524,335	140,255,408
<b>Current Liabilities</b>					
Trade and other payables	24	407,346,453	501,137,153	393,765,052	473,043,855
Deferred income	27	213,119,388	251,470,722	168,376,330	156,099,597
Interest-bearing loans and borrowings	21	105,762,528	45,908,090	105,762,528	41,355,710
		726,228,368	798,515,965	667,903,909	670,499,162
<b>Total Equity and Liabilities</b>		<b>1,957,943,705</b>	<b>2,531,881,122</b>	<b>1,934,900,683</b>	<b>2,340,852,648</b>

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 - Chairman**



**Sampath Jayasundara - CEO/Director**

The accounting policies and Notes on pages 92 through 128 form an integral part of these financial statements.

22 July 2025

Colombo

# STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2025		Stated Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Retained Earnings	Non Controlling Interest	Total Equity
Group	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01st April 2023</b>		922,748,205	2,155	29,710,499	1,041,046,890	-	1,993,507,748
Profit/(Loss) for the year		-	-	-	(293,110,886)	-	(293,110,886)
Dividends	11	-	-	-	(96,843,382)	-	(96,843,382)
ESOP expenses for the year		-	1,258,546	-	-	-	1,258,546
Other comprehensive income		-	-	454,239	-	-	454,239
Total comprehensive income		-	1,258,546	454,239	(389,954,267)	-	(388,241,482)
Re-measurements of defined benefit obligations		-	-	-	(20,815,045)	-	(20,815,045)
Deferred tax on re-measurements of defined benefit obligations		-	-	-	6,244,514	-	6,244,514
<b>Balance as at 31st March 2024</b>		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
<b>Balance as at 31st March 2025</b>		<b>1,023,748,924</b>	<b>1,751,910</b>	<b>39,620,348</b>	<b>4,069,818</b>	<b>-</b>	<b>1,069,191,000</b>

Company	Note	Stated Rs.	Share – Based Payments Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
<b>Balance as at 1st April 2023</b>		922,748,205	2,155	1,023,427,076	1,946,177,436
Profit/(Loss) for the year		-	-	(305,923,991)	(305,923,991)
Dividends	11	-	-	(96,843,382)	(96,843,382)
ESOP expenses for the Year		-	1,258,546	-	1,258,546
Total comprehensive income		-	1,258,546	(402,767,372)	(401,508,827)
Re-measurements of defined benefit obligations		-	-	(20,815,045)	(20,815,045)
Deferred tax on re-measurements of defined benefit obligations		-	-	6,244,514	6,244,514
<b>Balance as at 31st March 2024</b>		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
<b>Balance as at 31st March 2025</b>		<b>1,023,748,924</b>	<b>1,751,910</b>	<b>78,971,604</b>	<b>1,104,472,438</b>

The accounting policies and Notes on pages 92 through 128 form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Cash flows from/(used in) operating activities</b>					
Profit/(Loss) before tax		(320,803,354)	(291,571,158)	(215,389,211)	(304,952,556)
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	12	23,970,268	19,853,214	23,623,116	19,536,672
Amortisation of right-of-use assets and intangible assets	13/14	191,735,236	154,419,725	184,597,212	148,634,321
Amortisation of capitalised contract costs	15	15,686,552	3,484,781	15,686,552	3,484,781
Provision for impairment of trade receivables		(17,499,565)	(63,077,030)	(28,145,109)	(65,520,912)
Impairment of investment		-	2,008,131	-	81,105,770
Finance income	7.2	(50,103,444)	(146,633,355)	(50,103,444)	(146,633,355)
Share based payments expense		491,209	1,258,546	491,209	1,258,546
Loss / (Gain) disposal of assets		(61,309)	48,766	103,803	48,766
Finance cost	7.1	8,687,604	6,976,182	8,405,995	6,633,279
Provision for defined benefit obligation	25.1	33,539,024	31,095,583	33,539,024	31,095,583
Net foreign exchange differences		14,257,042	70,898,911	14,537,785	71,542,150
Operating profit/(loss) before working capital changes		(100,100,736)	(211,237,705)	(12,653,066)	(153,766,956)
Decrease / (Increase) in inventories		(5,740,404)	(7,247,509)	(5,740,403)	(7,247,508)
Decrease / (Increase) in trade and other receivables		96,088,375	(24,474,515)	(5,024,712)	(21,811,218)
Decrease/(Increase) in advance and prepayment		27,738,547	7,848,814	784,775	(5,900,846)
Increase / (Decrease) in deferred income		(38,351,334)	113,693,510	12,276,732	18,322,385
Increase / (Decrease) in trade and other payables		(93,790,701)	43,020,854	(79,278,803)	142,566,014
Cash generated from/(used in) operations		(114,156,252)	(78,396,551)	(89,635,477)	(27,838,130)
Finance cost paid		(4,575,803)	(716,488)	(4,575,803)	(716,215)
Defined benefit obligation paid	25.1	(5,237,250)	(3,147,500)	(5,237,250)	(3,147,500)
Income tax paid		(8,853,670)	(53,572,615)	(7,424,137)	(52,079,029)
Net cash flows from/(used in) operating activities		(132,822,975)	(135,833,154)	(106,872,667)	(83,780,874)
<b>Cash flows from/(used in) investing activities</b>					
Acquisition of property, plant and equipment	12	(23,050,612)	(17,681,358)	(22,988,929)	(16,770,661)
Acquisition of intangible assets	14.1	(235,602,246)	(259,997,744)	(229,653,149)	(251,031,487)
Acquisition of contract assets	15	(3,883,212)	(21,392,642)	(3,883,212)	(21,392,642)
Investment in newly incorporated subsidiary	17	-	-	(1,000)	-
Investments in short-term investments		69,691,225	5,157,509	69,691,225	5,157,509
Finance income received	7.2	50,103,444	146,633,355	50,103,444	146,633,355
Proceed from the sale of fixed assets		-	103,000	-	103,000
Net cash flows from/(used in) investing activities		(142,741,400)	(147,177,880)	(136,731,620)	(137,300,926)
<b>Cash flows from/(used in) financing activities</b>					
Proceeds from issue of shares	23	101,000,719	-	101,000,719	-
Payment of lease installments	21.3	(39,330,165)	(39,887,130)	(36,220,125)	(36,616,800)
Dividends paid to equity holders	11	(345,869,220)	(96,843,382)	(345,869,220)	(96,843,382)
Net cash flows from/(used in) financing activities		(284,198,666)	(136,730,512)	(281,088,626)	(133,460,182)
<b>Net increase in cash and cash equivalents</b>		(559,763,041)	(419,741,546)	(524,692,917)	(354,541,982)
Net foreign exchange difference		(3,583,178)	(69,560,996)	(14,537,785)	(71,542,149)
<b>Cash and cash equivalents at the beginning of the year</b>	22	970,533,277	1,459,835,819	881,431,051	1,307,515,181
<b>Cash and cash equivalents at the end of the year</b>	22	407,187,058	970,533,277	342,200,350	881,431,051

The accounting policies and Notes on pages 92 through 128 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 2025 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 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 22 July 2025.

### 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 of 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 payment 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 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 Lanka 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 2025. 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 and 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 Australia Pty Ltd.	Australia	Australian Doller	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 Australia.
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.

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

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, are 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 parent's shareholders' equity.

In the case of subsidiaries, where the reporting dates are different to group reporting dates, adjustments are made for any significant transactions or events up to 31 March 2025.

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 is 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 expense 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 25 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

Company reviews at each reporting date all receivables and assess whether an allowance should be recorded in the income statement. Management uses judgement 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 provision through assessment of assessment of the condition of inventories based on the periodic inventory counts and expectations of future sales.

### Development costs

The Group capitalises software developer's compensation as a development cost of the software applications. Capitalisation of cost is based on the managements 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 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 26.

## 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 Lanka 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 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 Lanka 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 on 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

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

- 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.

### 4. Impairment of financial assets

Further disclosures relating to impairment of Trade Receivables is provided in note 19 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 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 currently an 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 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 reliably the expenditure 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 the 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 is 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 5 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 of 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 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, and 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 type of the 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 those 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 the 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 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## **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.

### **Lack of exchangeability – Amendments to LKAS 21**

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statement.

## 5. REVENUE

### 5.1 Disaggregation of revenue

#### 5.1.1 Based on the nature of the product/Service

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue from customised projects	805,614,108	799,691,800	604,211,000	609,771,044
Hardware sales	154,995,008	118,067,412	154,995,008	118,067,412
Revenue from support / Maintenance services	885,928,241	751,547,232	865,539,633	745,965,692
	1,846,537,356	1,669,306,444	1,624,745,641	1,473,804,148
Less - sales taxes- SSCL	(28,279,143)	(24,055,528)	(28,279,143)	(24,055,528)
Net sales value	1,818,258,213	1,645,250,916	1,596,466,498	1,449,748,619

#### 5.1.2 Based on the geographical locations

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Sri Lanka	1,089,411,380	949,712,031	1,089,411,380	949,712,031
Asia-Pacific	382,904,393	357,442,703	193,790,878	177,493,193
South Asia	39,792,112	61,773,371	8,442,187	44,037,078
Africa	306,150,328	276,322,811	304,822,052	278,506,317
	1,818,258,213	1,645,250,916	1,596,466,498	1,449,748,619

#### 5.1.3 Based on the timing of revenue recognition

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Goods and services transferred at a point in time	154,995,008	118,067,412	154,995,008	118,067,412
Goods and services transferred over time	1,691,542,349	1,551,239,032	1,469,750,633	1,355,736,736
Less - sales taxes- SSCL	(28,279,143)	(24,055,528)	(28,279,143)	(24,055,528)
	1,818,258,213	1,645,250,916	1,596,466,498	1,449,748,619

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 6. OTHER INCOME/(LOSSES)

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Foreign exchange gains / (losses)	(14,257,042)	(70,898,911)	(14,537,785)	(71,542,150)
Sundry income	3,530,754	5,399,312	-	-
	(10,726,288)	(65,499,598)	(14,537,785)	(71,542,150)

## 7. FINANCE COSTS AND INCOME

### 7.1 Finance cost

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest expenses on bank overdrafts	4,575,803	716,488	4,575,803	716,215
Interest on leases	4,111,801	6,259,694	3,830,192	5,917,064
	8,687,604	6,976,182	8,405,995	6,633,279

### 7.2 Finance income

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Income from investments :				
- Interest on deposits	50,103,444	146,633,355	50,103,444	146,633,355
	50,103,444	146,633,355	50,103,444	146,633,355

## 8. PROFIT BEFORE TAX

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Stated after charging</b>				
<b>Included in Cost of Sales</b>				
Employees benefits including the following	619,855,840	556,099,453	533,460,141	464,824,320
- Defined benefit plan costs - Gratuity	16,533,507	14,872,256	16,533,507	14,872,256
- Defined contribution plan costs - EPF and ETF	41,102,803	36,670,813	41,102,803	36,670,813
<b>Included in General and Administration Expenses</b>				
Directors' emoluments	90,662,791	85,910,581	67,614,000	60,414,000
Employees benefits including the following	243,695,656	220,322,311	231,871,398	213,465,668
- Defined benefit plan costs - Gratuity	11,560,891	8,931,784	9,293,071	8,931,784
- Defined contribution plan costs - EPF and ETF	25,964,248	23,190,617	23,033,378	20,292,655
Service fees	50,913,347	19,398,315	23,128,947	12,479,219
Auditor's remuneration including the following	6,851,710	6,151,334	3,753,073	3,425,983
- Statutory audit fees	6,336,797	5,652,427	3,238,160	2,927,076
- Non audit servicers	514,913	498,907	514,913	498,907
Legal fees	983,732	219,025	409,182	219,025
<b>Included in Selling and Marketing Expenses</b>				
Employees benefits including the following	301,104,394	261,310,594	210,742,636	203,408,135
- Defined benefit plan costs - Gratuity	7,712,448	7,291,543	7,712,448	7,291,543
- Defined contribution plan costs - EPF and ETF	10,091,153	9,724,195	12,646,785	9,724,195
Advertising expenses	42,369,269	29,276,686	42,369,269	29,276,686
Sales promotional expenses	102,095,785	66,420,961	81,371,952	59,159,100
Impairment of trade receivable	(19,671,544)	4,015,589	(26,027,411)	868,271
<b>Included in Other Expenses</b>				
Depreciation	23,970,268	20,435,906	23,623,116	19,536,672
Amortisation of right of use assets	34,632,131	34,224,209	31,763,754	31,180,503
Amortisation of intangible assets	157,103,103	120,195,515	152,833,458	117,453,819

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 9. TAXES

### 9.1 Income tax expense

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>The major components of income tax expense for the year ended 31 March are as follows:</b>				
<b>Current income tax:</b>				
Current income tax charge (Note 9.2)	10,096,860	10,834,036	8,667,327	9,340,450
	10,096,860	10,834,036	8,667,327	9,340,450
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences (Note 9.7)	(44,633,236)	(9,294,309)	(43,124,266)	(8,369,015)
Income tax expense/(reversal) reported in the Statement of comprehensive income	(34,536,377)	1,539,727	(34,456,939)	971,435

### 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		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Accounting profit/(loss) before income tax	(320,803,354)	(291,571,158)	(215,389,211)	(304,952,556)
Add: Aggregate disallowed items	117,199,835	181,815,145	117,199,835	181,815,145
Less: Aggregate allowable items	(154,606,109)	(202,140,528)	(154,606,109)	(202,140,528)
Less: Tax exempt income / loss	54,592,182	142,450,191	63,001,198	140,912,099
<b>Taxable profit/(loss)</b>	<b>(303,617,446)</b>	<b>(169,446,350)</b>	<b>(189,794,287)</b>	<b>(184,365,840)</b>
<b>Income tax charged at:</b>				
Income tax	1,429,533	1,493,586	-	-
Under / (Over) provision with last year	8,667,327	9,340,450	8,667,327	9,340,450
Current tax expense	10,096,860	10,834,036	8,667,327	9,340,450

#### 9.2.1 Income tax loss movement during the year

	2025 Rs.	2024 Rs.
Balance at the beginning	(47,484,422)	-
Income tax loss for the year	(189,993,624)	(173,093,149)
Claimed during the year	34,051,719	125,608,727
Balance at the end	(203,426,327)	(47,484,422)

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%

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

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Statement of Profit or Loss</b>				
Deferred tax expense arising from;				
Accelerated depreciation for tax purposes	3,076,167	4,539,064	3,076,167	4,539,064
Unrealised foreign exchange gains	1,246,788	(10,942,165)	1,713,323	(10,942,165)
Capitalised contract costs	(3,541,002)	5,372,358	(3,541,002)	5,372,358
Unrealised foreign exchange loss	18,665,518	(18,665,518)	18,465,892	(18,465,892)
Retirement benefit obligation	(8,490,533)	(8,384,425)	(8,490,533)	(8,384,425)
Provision for impairment of trade receivables	5,249,869	18,923,109	6,491,932	19,656,274
Right-of-use assets	187,854	(136,732)	187,854	(144,230)
Carried forward income tax losses	(61,027,898)	-	(61,027,898)	-
	<b>(44,633,236)</b>	<b>(9,294,309)</b>	<b>(43,124,266)</b>	<b>(8,369,015)</b>
<b>Other comprehensive income</b>				
Deferred tax expense arising from;				
Actuarial gain on defined benefit obligations	(135,461)	(6,244,514)	(135,461)	(6,244,514)
Deferred tax charged/(reversal) directly to OCI	(135,461)	(6,244,514)	(135,461)	(6,244,514)

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 9. INCOME TAX EXPENSE (CONTD....)

### 9.7 Deferred Taxation

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

#### 9.7.1 Group

Year ended 31 March	Statement of Financial Position		Statement of Profit or Loss		Statement of OCI	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Deferred tax liability</b>						
Accelerated depreciation for tax purposes	(22,690,788)	(19,614,621)	(3,076,167)	(4,539,064)	-	-
Unrealised foreign exchange gains	(1,246,788)	-	(1,246,788)	10,942,165	-	-
Contract assets	(1,831,356)	(5,372,358)	3,541,002	(5,372,358)	-	-
	(25,768,932)	(24,986,979)	(781,953)	1,030,743	-	-
<b>Deferred tax assets</b>						
Unrealised foreign exchange loss	-	18,665,518	(18,665,518)	18,665,518	-	-
Retirement benefit obligation	47,142,570	38,516,576	8,490,533	8,384,425	135,461	6,244,514
Provision for impairment of inventory	147,846	147,846	-	-	-	-
Provision for impairment of trade receivables	15,252,239	20,502,109	(5,249,869)	(18,923,109)	-	-
Right-of-use assets	643,571	831,425	(187,854)	136,732	-	-
Carried forward income tax losses	61,027,898	-	61,027,898	-	-	-
	124,214,125	78,663,474	45,415,189	8,263,566	135,461	6,244,514
Deferred taxation (charge) / reversal	-	-	44,633,236	9,294,309	135,461	6,244,514
Net deferred tax assets / (liabilities)	98,445,193	53,676,495	-	-	-	-

#### 9.7.2 Company

Year ended 31 March	Statement of Financial Position		Statement of Profit or Loss		Statement of OCI	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Deferred tax liability</b>						
Accelerated depreciation for tax purposes	(22,690,788)	(19,614,621)	(3,076,167)	(4,539,064)	-	-
Unrealised foreign exchange gains	(1,713,323)	-	(1,713,323)	10,942,165	-	-
Contract assets	(1,831,356)	(5,372,358)	3,541,002	(5,372,358)	-	-
	(26,235,467)	(24,986,979)	(1,248,488)	1,030,743	-	-
<b>Deferred tax assets</b>						
Unrealised foreign exchange loss	-	18,465,892	(18,465,892)	18,465,892	-	-
Retirement benefit obligation	47,142,570	38,516,576	8,490,533	8,384,425	135,461	6,244,514
Provision for impairment of inventory	147,846	147,846	-	-	-	-
Provision for impairment of trade receivables	13,118,728	19,610,660	(6,491,932)	(19,656,274)	-	-
Right-of-use assets	643,571	831,425	(187,854)	144,230	-	-
Carried forward income tax losses	61,027,898	-	61,027,898	-	-	-
	122,080,614	77,572,399	44,372,754	7,338,272	135,461	6,244,514
Deferred taxation (charge) / reversal	-	-	43,124,266	8,369,015	135,461	6,244,514
Net deferred tax assets /(liabilities)	95,845,147	52,585,420	-	-	-	-

### 9.7.3 Reconciliation of deferred tax charge / (reversal)

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Deferred tax liability as at 01 April	53,676,496	38,137,673	52,585,420	37,971,891
Deferred tax charge reported in the Statement of Profit or Loss	44,633,236	9,294,309	43,124,266	8,369,015
Deferred tax charge reported in other comprehensive Income	135,461	6,244,514	135,461	6,244,514
Deferred tax asset as at 31 March	98,445,193	53,676,496	95,845,147	52,585,420

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 30% (2023/24 – 30%) for the company.

Deferred tax asset has been recognised in respect of carried forward tax losses of the Group as at 31 March 2025, amounting to Rs. 203,426,327/, since it is probable that future taxable profit will be available against which the Group 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

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit attributable to equity holders of the parent	(286,266,977)	(293,110,886)	(180,932,272)	(305,923,991)
Weighted average number of shares (Note 10.3)	282,056,748	276,695,376	282,056,748	276,695,376
Basic earnings per share	(1.01)	(1.06)	(0.64)	(1.11)

### 10.2 Earnings per share - Diluted

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit attributable to equity holders of the parent	(286,266,977)	(293,110,886)	(180,932,272)	(305,923,991)
Adjusted weighted average number of shares (Note 10.3)	282,056,748	276,695,376	282,056,748	276,695,376
Diluted earnings per share	(1.01)	(1.06)	(0.64)	(1.11)

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 10. BASIC/DILUTED EARNINGS PER SHARE (CONTD...)

### 10.3 Amount used as denominator

Year ended 31 March	Group		Company	
	2025 Number	2024 Number	2025 Number	2024 Number
Ordinary shares at the beginning of the year	276,695,376	276,695,376	276,695,376	276,695,376
Effect of share options exercised	-	-	-	-
Issue of shares	5,361,372	-	5,361,372	-
Weighted average number of shares before dilution	282,056,748	276,695,376	282,056,748	276,695,376
Effect of dilution from share option scheme (Note 26)	-	-	-	-
Adjusted weighted average number of ordinary shares	282,056,748	276,695,376	282,056,748	276,695,376

## 11. DIVIDENDS PER SHARE

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

	2025		2024	
	Dividend per share Rs.	Gross Dividend Rs.	Dividend per share Rs.	Gross Dividend Rs.
Final dividend	1.25	345,869,220	0.35	96,843,382

## 12. PROPERTY, PLANT AND EQUIPMENT

### 12.1 Group

#### 12.1.1 Gross carrying amounts

	As at 01.04.2024 Rs.	Additions Rs.	Disposals Rs.	Exchange differences Rs.	As at 31.03.2025 Rs.
Network hardware	6,187,868	2,817,440	-	-	9,005,308
Computer equipment	81,923,337	6,435,674	2,065,023	(4,354,995)	86,069,039
Fittings	6,638,737	2,391,726	-	(992)	9,029,471
Generator	1,769,500	-	-	-	1,769,500
Office equipment	22,357,560	11,405,772	-	(18,146)	33,745,185
	118,877,001	23,050,612	2,065,023	(4,374,132)	139,618,504

**12.1.2 Accumulated depreciation**

	As at 01.04.2024 Rs.	Charge for the year Rs.	Disposals Rs.	Exchange differences Rs.	As at 31.03.2025 Rs.
Network hardware	3,191,609	2,576,953	-	-	5,768,562
Computer equipment	51,157,101	13,833,701	1,961,220	(4,075,477)	62,876,546
Fittings	2,361,314	1,501,712	-	(145)	3,862,881
Generator	1,769,500	-	-	-	1,769,500
Office equipment	11,588,503	6,057,902	-	(13,858)	17,632,547
	70,068,027	23,970,268	1,961,220	(4,089,480)	91,910,036

**12.1.3 Net book values**

Year ended 31 March	2025 Rs.	2024 Rs.
Network hardware	3,236,746	2,996,259
Computer equipment	23,192,493	30,766,236
Fittings	5,166,590	4,277,423
Office equipment	16,112,638	10,769,056
	47,708,467	48,808,974

**12.1.4** During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 23,050,612/- (2024 - Rs. 17,681,358/-). Cash payments amounting to Rs.23,050,612/- (2024 - Rs. 17,681,358/-) were made during the year for purchase of property, plant and equipment.

**12.1.5** As at 31 March 2025, the group had fully depreciated assets still in use amounting to Rs. 42,042,401/- (2024- Rs. 36,509,532/-)

**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 2024/2025 and 2023/2024.

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

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

### 12.2 Company

#### 12.2.1 Gross carrying amounts

	As at 01.04.2024 Rs.	Additions Rs.	Disposals Rs.	As at 31.03.2025 Rs.
<b>At cost</b>				
Network hardware	6,187,868	2,817,440	-	9,005,308
Computer equipment	77,912,701	6,390,838	2,065,023	82,238,516
Fittings	6,638,737	2,374,880	-	9,013,617
Generator	1,769,500	-	-	1,769,500
Office equipment	21,936,571	11,405,772	-	33,342,342
	114,445,377	22,988,929	2,065,023	135,369,283

#### 12.2.2 Accumulated depreciation

	As at 01.04.2024 Rs.	Charge for the year Rs.	Disposals Rs.	As at 31.03.2025 Rs.
Network hardware	3,191,609	2,576,953	-	5,768,562
Computer equipment	48,121,783	13,504,531	1,961,220	59,665,094
Fittings	2,361,314	1,499,255	-	3,860,569
Generator	1,769,500	-	-	1,769,500
Office equipment	11,273,669	6,042,378	-	17,316,046
	66,717,875	23,623,116	1,961,220	88,379,771

#### 12.2.3 Net book values

Year ended 31 March	2025 Rs.	2024 Rs.
Network hardware	3,236,746	2,996,259
Computer equipment	22,573,422	29,790,918
Fittings	5,153,048	4,277,423
Office equipment	16,026,296	10,662,902
	46,989,512	47,727,502

**12.2.4** During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 22,988,929 /- (2024 - Rs. 16,770,661/-). Cash payments amounting to Rs.22,988,929/- (2024 - Rs. 16,770,661/-) were made during the year for purchase of property, plant and equipment.

**12.2.5** As at 31 March 2025, the Company had fully depreciated assets still in use amounting to Rs.42,042,401 /- (2024- Rs.36,509,532)

### 13. RIGHT OF USE ASSETS

Year ended 31 March	Group Building		Company Building	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Cost</b>				
Balance at the beginning the year	144,514,639	89,389,685	121,972,203	76,469,207
New lease entered during the year	12,577,127	55,124,953	12,577,127	45,502,996
Balance at the end the year	157,091,766	144,514,639	134,549,330	121,972,203
<b>Accumulated depreciation</b>				
Balance at the beginning the year	(111,602,950)	(77,378,742)	(90,862,147)	(59,681,644)
Charge for the year	(34,632,131)	(34,224,209)	(31,763,755)	(31,180,503)
Balance at the end the year	(146,235,081)	(111,602,950)	(122,625,903)	(90,862,147)
Forex adjustment	1,066,743	5,032,216	-	-
Carrying amount	11,923,428	37,943,905	11,923,428	31,110,056

The followings are the amounts recognised in profit or loss

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Depreciation expense of right of use assets	34,632,123	34,224,209	31,763,754	31,180,503
Interest expense on lease liabilities	4,111,801	6,259,694	3,830,192	5,917,064

### 14. INTANGIBLE ASSETS

#### 14.1 Company

	As at 01.04.2024 Rs.	Additions/ Transfers Rs.	Disposals Rs.	As at 31.03.2025 Rs.
<b>Gross carrying amounts</b>				
<b>At cost</b>				
Licensed software	11,818,078	-	-	11,818,078
Development cost	1,074,480,256	229,653,149	(341,783,890)	962,349,515
	1,086,298,334	229,653,149	(341,783,890)	974,167,593
<b>Amortisation</b>				
<b>At cost</b>				
Licensed software	3,457,308	1,729,812	-	5,187,120
Development cost	653,391,435	151,103,646	(341,783,890)	462,711,190
	656,848,743	152,833,458	(341,783,890)	467,898,310

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 14. INTANGIBLE ASSETS (CONTD...)

### 14.2 Group

	As at 01.04.2024 Rs.	Additions/ Transfers Rs.	Disposals Rs.	Forex Adjust. Rs.	As at 31.03.2025 Rs.
<b>Gross carrying amounts</b>					
<b>At cost</b>					
Licensed software	11,818,078	-	-	-	11,818,078
Development cost	1,091,766,209	235,602,246	(341,783,890)	(1,673,668)	983,910,897
	1,103,584,287	235,602,246	(341,783,890)	(1,673,668)	995,728,975
<b>Amortisation</b>					
<b>At cost</b>					
Licensed software	3,457,308	1,729,812	-	-	5,187,120
Development cost	660,039,755	155,373,292	(341,783,890)	(525,079)	473,104,078
	663,497,063	157,103,104	(341,783,890)	(525,079)	478,291,198

### 14.3 Net book values

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>At cost</b>				
Licensed software	6,630,958	8,360,770	6,630,958	8,360,770
Development cost	510,806,819	431,726,454	499,638,325	421,088,822
	517,437,777	440,087,224	506,269,283	429,449,592

**14.4** During the financial year ended 31 March 2025, fully amortised intangible assets amounting to Rs. 341,783,890, which were capitalised between FY 2008/09 and FY 2017/18 and had a useful life of 5 years, were written off from the books of the Group/Company. This write-off has no impact on the statement of profit or loss or cash flows, as the assets were already fully amortised.

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

## 15. CAPITALISED CONTRACT COSTS

	As at 01.04.2024	Capitalised during the year	Adjustments	Amortised during the year	As at 31.03.2025	Carrying value	
	Rs.	Rs.	Rs.	Rs.	Rs.	Current	Non current
Capitalised contract costs	17,907,861	3,883,212	(12,742,304)	(2,944,249)	6,104,521	3,489,942	2,614,578
	17,907,861	3,883,212	(12,742,304)	(2,944,249)	6,104,521	3,489,942	2,614,578

During the year hSenid Business Solutions PLC paid Rs.3,883,211.57 as commission which is related to this asset.

During the year value of Rs.12,742,304 has been reversed due to unsatisfied of commission entitlement criteria.

## 16. GOODWILL ON ACQUISITION

### 16.1 Gross carrying amounts

Group	Balance As at 2025 Rs.	Balance As at 2024 Rs.
<b>At cost</b>		
Goodwill	-	2,008,131
Impairment As During the year 2023/24	-	(2,008,131)
	-	-

## 17. INVESTMENT IN SUBSIDIARIES

Non-Quoted Investments	Company Holding	Cost	Directors' Valuation	Cost	Directors' Valuation
	%	2025 Rs.	2025 Rs.	2024 Rs.	2024 Rs.
hSenid Software (Singapore) Pte Ltd	100%	7,223,770	7,223,770	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	-	-
Gross value of investment in subsidiaries		146,742,513	146,742,513	146,741,513	146,741,513
Less: provision for impairment		-	(139,517,743)	-	(139,517,743)
Net value of investment in subsidiaries		146,742,513	7,224,770	146,741,513	7,223,770

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.

### 17.1 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 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.

## 18. INVENTORIES

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Hardware	33,193,152	29,505,704	33,193,152	29,505,704
Software	492,820	492,820	492,820	492,820
Goods in transit	9,523,890	7,470,934	9,523,890	7,470,934
Less: provision for slow moving stocks	(492,820)	(492,820)	(492,820)	(492,820)
	42,717,042	36,976,638	42,717,042	36,976,638

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 19. TRADE AND OTHER RECEIVABLES

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade receivables - related parties (Note 19.1)	5,557,180	23,081,933	308,521,842	226,910,114
- others	648,998,095	733,629,203	561,084,542	644,319,161
	654,555,275	756,711,136	869,606,384	871,229,275
Less: allowances for impairment	(50,840,798)	(68,340,363)	(200,989,384)	(229,134,493)
	603,714,477	688,370,773	668,617,000	642,094,782
Other receivables - related parties (Note 19.2)	26,517,139	20,028,477	25,876,036	19,299,889
- others	15,245,904	15,667,080	13,092,380	13,020,926
	645,477,520	724,066,330	707,585,417	674,415,597

### 19.1 Trade receivables - related parties

Year ended 31 March	Relationship	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
hSenid Software (Singapore) Pte Ltd.	Subsidiary	-	-	143,332,741	38,875,020
hSenid Business Solutions (India) Pvt Ltd.	Subsidiary	-	-	157,260,289	163,673,254
PeoplesHR Pty Limited	Subsidiary	-	-	2,371,632	2,496,091
hSenid Mobile Solutions (Pvt) Ltd.	Affiliate	-	1,216,184	-	-
hSenid Mobile Solutions (Bangladesh) Pvt Ltd	Affiliate	5,557,180	21,865,749	5,557,180	21,865,749
		5,557,180	23,081,933	308,521,842	226,910,114

### 19.2 Other receivables - related parties

Year ended 31 March	Relationship	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
hSenid Software India (Pvt) Ltd	Affiliate	1,942,189	2,029,674	-	-
hSenid Mobile Solutions (Bangladesh) Pvt Ltd	Affiliate	24,574,950	17,998,803	24,574,950	17,998,803
PeoplesHR Pty Ltd	Subsidiary	-	-	1,301,086	1,301,086
		26,517,139	20,028,477	25,876,036	19,299,889

**19.3 Movement of provision for impairment during the year**

	<b>2025 Rs.</b>
Balance as at 01 April 2024	229,134,493
During the year charge/(Reversal)-Including exchange impact	(28,145,109)
Balance as at 31 March 2025	200,989,384

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

Group	Total	Neither past due or nor impaired <30days	Past due but not impaired				
			30-60 Days	60-90 Days	90-120 Days	120-365 Days	>365 Days
2025	603,714,477	374,047,236	78,944,357	12,362,820	52,303,759	53,615,563	32,440,742
2024	688,370,773	257,885,573	162,178,305	28,415,346	89,824,108	111,867,467	38,199,973

Company	Total	Neither past due or nor impaired	Past due but not impaired				
			30-60 Days	60-90 Days	90-120 Days	120-365 Days	>365 Days
2025	668,617,000	338,189,906	65,218,017	37,176,481	86,297,185	119,275,926	22,459,485
2024	642,094,782	248,579,977	150,388,822	20,807,368	84,410,017	106,439,936	31,468,662

**20. OTHER CURRENT FINANCIAL ASSETS****20.1 Investments in fixed deposits**

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Investments in fixed deposits	313,065,618	782,559,264	313,065,618	782,559,264
	313,065,618	782,559,264	313,065,618	782,559,264

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 21. INTEREST BEARING LOANS AND BORROWINGS

### 21.1 Group

	Amount Repayable		2025	Amount Repayable		2024
	Within 1 Year	After 1 Year	Total	Within 1 Year	After 1 Year	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank overdraft	97,076,300	-	97,076,300	19,341,056	-	19,341,056
Lease liabilities (Note 21.3)	8,686,227	5,382,436	14,068,663	26,567,034	14,280,835	40,847,868
	105,762,528	5,382,436	111,144,964	45,908,090	14,280,835	60,188,924

### 21.2 Company

	Amount Repayable		2025	Amount Repayable		2024
	Within 1 Year	After 1 Year	Total	Within 1 Year	After 1 Year	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank overdraft (Note 22.2)	97,076,300	-	97,076,300	19,341,056	-	19,341,056
Lease liabilities (Note 21.3)	8,686,227	5,382,436	14,068,663	22,014,654	11,866,821	33,881,475
	105,762,528	5,382,436	111,144,964	41,355,710	11,866,821	53,222,530

### 21.3 Lease liabilities

Group	As at 01.04.2024 Rs.	New Lease Obtained Rs.	Repayment Rs.	Disposal Rs.	As at 31.03.2025 Rs.	Amount Repayable	
						Current Rs.	Non current Rs.
Gross liability	45,590,610	13,409,550	(39,330,165)	(3,887,550)	15,370,425	9,578,925	5,791,500
Finance charges allocated to future periods	(4,742,742)	(832,423)	4,111,794	136,964	(1,301,761)	(892,698)	(409,064)
Net liability	40,847,868	12,577,127	(35,218,371)	(3,750,586)	14,068,663	8,686,227	5,382,436
Company	As at 01.04.2024 Rs.	New Lease Obtained Rs.	Repayment Rs.	Disposal Rs.	As at 31.03.2025 Rs.	Amount Repayable	
						Current Rs.	Non current Rs.
Gross liability	38,181,000	13,409,550	(36,220,125)	-	15,370,425	9,578,925	5,791,500
Finance charges allocated to future periods	(4,299,525)	(832,423)	3,830,187	-	(1,301,762)	(892,698)	(409,064)
Net liability	33,881,475	12,577,127	(32,389,938)	-	14,068,663	8,686,227	5,382,436

## 22. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>22.1 Favourable cash and cash equivalent balances</b>				
Cash and bank balances	234,085,454	319,894,008	169,098,745	230,791,781
Short term deposits (Note 20.1)	313,065,618	782,559,264	313,065,618	782,559,264
	547,151,071	1,102,453,271	482,164,363	1,013,351,045
<b>22.2 Unfavourable cash and cash equivalent balances</b>				
Bank overdraft	(97,076,300)	(19,341,056)	(97,076,300)	(19,341,056)
	450,074,771	1,083,112,215	385,088,063	994,009,989
<b>22.3 Deposits pledged as securities for bank overdraft (Note 28.4)</b>				
	(42,887,713)	(112,578,938)	(42,887,713)	(112,578,938)
	407,187,058	970,533,277	342,200,350	881,431,051

## 23. STATED CAPITAL GROUP/COMPANY

### 23.1 Issued and fully paid ordinary shares

Year ended 31 March	Group/Company			
	2025		2024	
	Number	Rs.	Number	Rs.
Balance as at the beginning of the year	276,695,376	922,748,205	276,695,376	922,748,205
Issue of shares (23.1.1)	8,559,383	101,000,719	-	-
Balance as at 31st March	285,254,759	1,023,748,924	276,695,376	922,748,205

#### 23.1.1 Issue of shares - Scrip dividend

During the period, company declared a final dividend of Sri Lankan Rupees One and Cents Twenty Five (LKR 1.25) per share, 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 (LKR 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.

	Number of Shareholders	Shareholding	Proportion for Issuing Scrip Shares	Number of Scrip Shares Issued	Share Price LKR	Issue of shares LKR
Entirely in cash	4649	119,550,259	-	-	-	-
100% Scrip	118	32,974,817	1 for 11.105882353	2,969,093	11.80	35,035,297
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

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 23.2 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.

## 24. TRADE AND OTHER PAYABLES

Year ended 31 March	Relationship	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade payables - related parties (Note 24.1)		7,924,830	17,506,138	-	-
Trade payables		9,489,965	7,990,348	7,021,049	5,652,930
		17,414,796	25,496,486	7,021,049	5,652,930
Other payables - related parties (Note 24.2)		25,480,360	23,771,595	42,980,603	33,273,583
- Others		233,268,610	339,251,213	231,460,895	330,821,059
		258,748,970	363,022,808	274,441,498	364,094,641
Customer advances		14,049,108	14,729,913	13,507,152	14,433,920
Accrued expenses		117,133,579	97,575,942	98,795,354	88,862,364
Directors' current accounts		-	312,004	-	-
		407,346,453	501,137,153	393,765,052	473,043,855

### 24.1 Trade payables - related parties

hSenid Mobile Solutions (Pvt) Ltd	Affiliate	3,271,057	10,361,416	-	-
hSenid Mobile Solutions Singapore Pvt Ltd	Affiliate	4,653,774	7,144,722	-	-
		7,924,830	17,506,138	-	-

### 24.2 Other payables - related parties

hSenid Mobile Solutions (Bangladesh) Pvt Ltd	Affiliate	25,480,360	23,771,595	-	-
hSenid Software (Singapore) Pte Ltd	Subsidiary	-	-	42,979,603	33,273,583
PeoplesHR Solutions Pvt Ltd	Subsidiary	-	-	1,000	-
		25,480,360	23,771,595	42,980,603	33,273,583

## 25. RETIREMENT BENEFIT OBLIGATION

### Group/Company

#### 25.1 Retirement benefit obligation - Gratuity

Year ended 31 March	2025 Rs.	2024 Rs.
Balance at the beginning	128,388,588	79,625,460
Current service cost	18,132,393	15,217,291
Interest cost	15,406,631	15,878,292
Payments made during the year	(5,237,250)	(3,147,500)
Actuarial (Gain)/Loss	451,537	20,815,045
Balance at the end	157,141,899	128,388,588

Messrs. Actuarial and Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the retirement benefit obligation for hSenid Business Solutions PLC as at 31st March 2025. 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:

#### 25.2 Actuarial assumptions

	2025	2024
Discount rate	10.0%	12.0%
Salary increment rate	5.0%	8.0%

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.

#### 25.3 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.

	2025 Rs.	2024 Rs.
<b>Discount rate</b>		
Effect on retirement benefit obligation due to 1% increase	152,772,225	123,301,037
Effect on retirement benefit obligation due to 1% decrease	161,797,489	133,919,814
<b>Salary increment rate</b>		
Effect on retirement benefit obligation due to 1% increase	162,306,308	134,652,173
Effect on retirement benefit obligation due to 1% decrease	152,220,412	122,544,560

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 25. RETIREMENT BENEFIT OBLIGATION (CONTD...)

25.4 Expected average future working life of the active participants is 3.4 years.

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

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

	2025 Rs.	2024 Rs.
Within the next 12 months	43,837,632	21,036,723
Between 1-5 years	82,372,887	64,852,168
Between 5-10 years	26,228,028	24,085,514
More than 10 years	4,703,353	18,414,182
<b>Total Expected Payments</b>	<b>157,141,899</b>	<b>128,388,588</b>

## 26. 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.

### 26.1 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
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			
		(730,000)	Expired during the year			
		2,640,000	To be decided			

## 26.2 Movement during the year

	2025 Rs.	2024 Rs.
Balance at the beginning	7,790,000	5,000,000
Granted During the year	300,000	2,790,000
Exercised during the year	-	-
Expired during the year	(730,000)	-
Balance at the end	7,360,000	7,790,000

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. 491,209 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 - 16.1
Exercise price	16.10	Exercise price	11.19 - 16.1
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.

These shares do not have a dilutive effect.

## 27. DEFERRED INCOME RECONCILIATION

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Opening balance as at 1st April	251,470,722	227,478,167	156,099,597	137,777,212
Invoices issued	442,305,858	426,107,994	374,568,121	289,796,505
Subscription Revenue Recognised	(480,657,193)	(402,115,439)	(362,291,388)	(271,474,120)
Closing balance as at 31st March	213,119,387	251,470,722	168,376,330	156,099,597

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 28. COMMITMENTS AND CONTINGENCIES

### 28.1 Capital expenditure /operational commitments

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

### 28.2 Purchase and service commitments

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

### 28.3 Contingent liabilities

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

**28.4** 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 2025 Rs.
Hatton National Bank PLC	Lien over Fixed Deposits	23,172,078	24M	Bank Guarantee	1,964,667
Commercial Bank of Ceylon PLC	Lien over Savings Deposits	11,789,869	70M	Overdraft	43,545,299
National Development Bank	Lien over Savings Deposits	4,041,276	50M	Overdraft	44,314,212
	Lien over Fixed Deposits	3,884,490	180M	Bank Guarantee	18,163,141
		42,887,713			107,987,319

## 29. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

### 29.1 Transactions with the parent and related entities

Year ended 31 March	Group/Company	
	2025 Rs.	2024 Rs.
<b>Subsidiary companies*</b>		
Trade sales	127,126,759	73,912,084
Settlements for trade sales	(21,996,316)	(53,735,840)

\* hSenid Software (Singapore) Pte Ltd, People HR Pty Ltd, hSenid Business Solutions (India) Pvt. Ltd, hSenid Business Solutions (Bangladesh) Pvt Ltd and PeoplesHR Solutions Pvt Ltd.

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

Year ended 31 March	Group/Company	
	2025 Rs.	2024 Rs.
<b>Affiliate companies**</b>		
Trade sales	34,810	26,296,244
Settlements for trade sales	(16,893,690)	(23,620,322)
Expenses incurred on behalf of Company	-	-
Collections on behalf of Company	6,576,147	23,323,972
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.

## 29.2 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.

### 29.2.1 Key Management Personnel Compensation

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Short-term employee benefits - Executive	87,838,891	89,566,681	64,790,100	64,070,100
Post-employment benefits - Executive	-	-	-	-
	87,838,891	89,566,681	64,790,100	64,070,100

Share based options granted to Key management personals as at 31 March 2025 is Rs.12,880,000.

### 29.2.2 Loans to directors

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

### 29.2.3 Other transactions

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

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 30. EVENTS OCCURRING AFTER THE REPORTING DATE

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

## 31. 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.

### 31.1 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.

#### 31.1.1 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;

Year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2023 Rs.
Trade receivables	603,714,477	688,370,773	668,617,000	642,094,782
Short term investments	313,065,618	782,559,264	313,065,618	782,559,264
Cash and cash equivalents	234,085,454	319,894,008	169,098,745	230,791,781
	<b>1,150,865,548</b>	<b>1,790,824,044</b>	<b>1,150,781,364</b>	<b>1,655,445,827</b>

### 31.1.2 Management of credit risk

#### Trade Receivables

The Group monitors the creditworthiness of all its 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 19.4.

#### Short term investments

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

### 31.2 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.

#### 31.2.1 The maturity analysis of liabilities

Group	Contractual cash flows			
	Carrying amount	6 months or less	6 - 12 months	Over 1 year
<b>Non-derivative financial liabilities</b>				
Trade payables	242,758,576	242,758,576	-	-
Amount due to related parties	33,405,190	33,405,190	-	-
Accrued expenses	117,133,579	117,133,579	-	-
Lease liabilities	14,068,663	6,895,162	1,791,066	5,382,436
	407,366,009	400,192,507	1,791,066	5,382,436

Company	Contractual cash flows			
	Carrying amount	6 months or less	6 - 12 months	Over 1 year
Trade payables	238,481,944	238,481,944	-	-
Amount due to related parties	42,980,603	42,980,603	-	-
Accrued expenses	98,795,354	98,795,354	-	-
Lease liabilities	14,068,663	6,895,162	1,791,066	5,382,436
	394,326,564	387,153,062	1,791,066	5,382,436

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

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 31.2.2 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.

## 31.3 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.

### 31.3.1 Currency risk

The Group operates in Sri Lanka, Singapore, Australia 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	
	5% increase Rs.	5% decrease Rs.	5% increase Rs.	5% decrease Rs.
United States Dollar	588,843,342	532,763,024	649,038,775	587,225,558
Singaporean Dollar	27,722,534	25,082,293	(31,676,330)	(28,659,537)
Australian Dollar	260,717	235,886	2,751,009	2,489,008
Indian Rupee	5,895,346	5,333,885	151,622,003	137,181,812
Kenyan shilling	2,063,169	1,866,677	2,063,169	1,866,677
Brunei dollar	1,699,008	1,537,198	1,699,008	1,537,198
Bangladeshi taka	8,432,817	7,629,691	5,835,039	5,279,321
Maldivian rufiyaa	1,474,312	1,333,901	1,474,312	1,333,901
Total	636,391,245	575,782,555	782,806,985	708,253,938

### 31.3.2 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.

## 31.4 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.

# Connecting People Across the World



This is an AI-generated image, created in-house to align with our efforts to integrate AI capabilities into our operations.

# ANNEXES

**131** Investor Information

**133** Glossary

**134** Notice of Meeting

**135** Form of Proxy

# INVESTOR INFORMATION

## STOCK EXCHANGE LISTING

The issued ordinary shares of hSenid Business Solutions PLC are listed with the Colombo Stock Exchange (CSE) Sri Lanka.

## SHAREHOLDER INFORMATION

	31 March 2025	31 March 2024
Total number of shareholders	4,715	4,478
Total number of shares	285,254,759	276,695,376

### 31 MARCH 2025

Number of shares held	Residents			Non- Residents			Total		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
1-1,000	1,827	685,245	0.24	3	745	0.00	1,830	685,990	0.24
1,001-10,000	2,089	7,682,305	2.69	12	45,740	0.02	2,101	7,728,045	2.71
10,001-100,000	639	20,313,758	7.12	7	286,805	0.10	646	20,600,563	7.22
100,001-1,000,000	118	31,022,512	10.88	4	1,213,803	0.43	122	32,236,315	11.30
1,000,001 & Over	13	199,075,494	69.79	3	24,928,352	8.74	16	224,003,846	78.53
<b>Total</b>	<b>4,686</b>	<b>258,779,314</b>	<b>90.72</b>	<b>29</b>	<b>26,475,445</b>	<b>9.28</b>	<b>4,715</b>	<b>285,254,759</b>	<b>100.00</b>

## CATEGORIES OF SHAREHOLDERS

31 March 2025				
	No. of shareholders	%	No. of shares	%
Individuals	4,517	95.80	168,130,565	58.94
Institutions	198	4.20	117,124,194	41.06
<b>Total</b>	<b>4,715</b>	<b>100.00</b>	<b>285,254,759</b>	<b>100.00</b>

## PUBLIC SHAREHOLDINGS

	Requirement by CSE	As at 31 March 2025	Comply with CSE Rule 7.13.1 (a)
Option	5	5	YES
Float adjusted market capitalisation	less than 2,500,000,000	1,839,991,563	YES
The percentage of shares held by the public	20%	57.79%	YES
Number of shareholders representing public holding	500	164,284,961	YES

# INVESTOR INFORMATION CONTD.

## SHAREHOLDER TRADING INFORMATION FROM LISTING DATE TO 31 MARCH 2025

	31 March 2025
Highest price (LKR)	13.00
Lowest price (LKR)	10.80
As at 31 March (LKR)	11.20
Number of transactions	17,651
Number of shares traded	49,523,921
Value of shares traded (LKR)	587,961,837

## MARKET CAPITALISATION VS SHAREHOLDERS' FUNDS

	LKR
Market capitalisation as at 31 March 2025 (LKR)	3,194,853,301

## DIVIDEND

Financial Year	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Dividends Amount	-	345,869,220	96,843,382	83,008,613	30,004,113	20,000,000
Earnings per share (LKR)	-	-1.17	0.68	1.93	0.96	0.78
Dividends per Share (LKR)	-	1.25	0.35	0.30	0.14	0.09
Payout Ratio	-	-106.84%	51.47%	15.54%	14.19%	11.77%

## TWENTY (20) LARGEST SHAREHOLDERS AS AT 31.03.2025

	Name	No. of shares	%
1	Hsenid Ventures (Private) Limited	71,938,777	25.22
2	Mr. K.P.R.B. De Silva	31,462,417	11.03
3	Mr. Dinesh Saparamadu	29,260,708	10.26
4	Mr. R.S.Captain	25,627,583	8.98
5	Argent Capital (Private) Ltd	13,343,096	4.68
6	Mr Jan Gunnar Naess	9,441,766	3.31
7	Mr Otto Edvard Husby kalvo	9,415,640	3.30
8	Mrs. J.N. Ambani	6,982,018	2.45
9	Timex Garments (Pvt) Ltd	6,865,492	2.41
10	GF Capital Global Limited	6,070,946	2.13
11	Mr. Sampath Jayasundara	3,452,018	1.21
12	Bank of Ceylon A/C Ceybank Unit Trust	3,008,960	1.05
13	Mr. Nilam Alawdeen	2,420,000	0.85
14	Miss. M.M.Page	1,618,525	0.57
15	Mr. Upali Amarasinghe	1,575,000	0.55
16	Commercial Bank of Ceylon PLC A/C No. 03	1,520,900	0.53
17	Peoples Bank	1,000,000	0.35
18	Macksons Holdings (Pvt) Ltd	946,242	0.33
19	Seylan Bank PLC/Eagle Crest (Pvt) Ltd	938,253	0.33
20	Cocoshell Activated Carbon Company (PVT) Ltd	900,000	0.32

# 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 RETENTION REVENUE (NRR)

The percentage of revenue earned from the existing customer base.

## 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 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.

## EBITDA

Earnings before interest, tax, depreciation, and amortisation.

## EBITDA MARGIN

EBITDA divided by turnover.

## EFFECTIVE RATE OF TAXATION

Tax expense divided by profit before tax.

## 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.

## 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 CASH

Total cash and short-term deposits minus total debt.

## 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

Conditions or situations at the reporting date, the financial effects of which are to be determined by future events, which may or may not occur.

## RELATED PARTIES

Parties who 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 profits divided by average shareholders' funds.

## MARKET CAPITALISATION

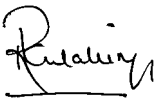
Number of shares in issue at the end of the year, multiplied by the market price at end of year.

# NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of hSenid Business Solutions PLC will be held on Thursday, 21 August 2025, at 2.00 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 2025 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. Apurva Udeshi 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 Dr. Ariththa R. Wikramanayake who retires by rotation in terms of Article 27(8) of the Articles of Association, and being eligible has offered himself for re-election.
5. 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 2025

**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.**

# 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 07th August 2025 at 2.00 p.m held 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 2025 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr.Apurva Udeshi, who retires by rotation in terms of article 27(8) of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect re-elect Dr. Arittha Wikramanayake who retires by rotation in terms of article 27(8) of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the Directors to determine contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2025

.....  
Signature/s

**Note:** Instructions as to completion are noted on the reverse hereof.

# FORM OF PROXY CONTD.

## INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name, 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.
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-Ariyaratne  
Apurva Udeshi  
Malinga Arsakularatne  
Madu Ratnayake  
Anarkali Moonesinghe  
Dr. Aritta Wickramanayake

## 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@hsenidbiz.com, dineth.w@peopleshr.com

## AUDITORS

Ernst & Young (Chartered Accountants)  
No. 109, Rotunda Towers, Galle Rd,  
Colombo 03.  
Tel: +94 11 2463500  
Fax: +94 11 768 7869

## BANKERS

### Hatton National Bank PLC

"HNB Towers", No. 479, T. B. Jayah Mawatha (Darley Road),  
Colombo 10.  
Tel: +94 11 2774194  
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,  
40, Nawam Mawatah,  
Colombo 2.  
Tel: + 94 11 2448448  
Fax: + 94 11 2440262

### Standard Chartered Bank

37 York Street,  
Colombo 01.  
Tel: +94 11 2480480



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