

26 October 2022

The General Manager
Pakistan Stock Exchange
Stock Exchange Building
Stock Exchange Road
Karachi

Subject: **FINANCIAL RESULTS FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2022**

Dear Sir,

We have to inform you that the Board of Directors of the Company in their meeting dated: 25 October 2022 have approved the financial statements for the nine months period ended 30 September 2022 and recommend the following:

DIVIDEND

Nil.

BONUS SHARES

Nil.

FINANCIAL RESULTS

Financial results of the Company are attached hereto as **Annexure – A** and **Annexure B**.

PERFORMANCE OVERVIEW

The Company (Standalone):

During period under review, standalone revenue grew 82% over same period last year from Rs. 8,129.547 million to Rs. 14,798.176 million. As a consequence, Gross profit and Operating profit are 70% and 69% higher respectively, delivering a leveraged operating performance for the company. Additionally, continued devaluation of the Pak Rupee resulted in an exchange

Lahore

Systems Campus
Software Technology Park
E-1, Sehjpal Near DHA Phase-VIII
(Ex-Air Avenue), Lahore Cantt, Pakistan.
UAN: 042 111 SYSTEMS (797 836)

Karachi

E-5, Central Commercial Area,
Shaheed-e-Millat Road,
Karachi, Pakistan.
T: +92 42 34549385-87
F: +92 42 34549389

Dubai

TechVista Systems FZ-LLC
Office 1905, Regal Tower
Business Bay,
Dubai, UAE.
T: + 9714 369 3525
F: + 9714 456 3761

www.systemsitd.com

gain of Rs 1,172.07 million compared to the gain in September 2021 of Rs 204 million increasing Net profit by 108%, from Rs. 2,310.142 million to Rs. 4,816.210 million. Basic and diluted earnings per share both increased by 107% in line with profit for the period. The growth in revenue net of the impact of exchange gain is 45%.

The increase in revenue has been contributed to by all regions, however, Middle East takes the lead.

The Group (Consolidated):

In line with the unconsolidated results, the consolidated revenue grew by 91% from Rs. 10,524.24 million to Rs. 20,144.84 million. Since the financials of both the newly acquired entities, the NDCTech and Treehouse were consolidated w.e.f. July 1,2022, the impact of this is Rs 895.35 million in the revenue.

Gross profit and operating profit increased 77% and 75% respectively. Net profit for the period is Rs. 5,115.71 million is 103% higher than the same period last year, including the Rs. 1,178.89 million exchange gain. Basic and diluted earnings per share both increased by 96% in line with profit for the period. Eliminating the currency impact, revenue is up by 53% in US dollar terms.

The Quarterly Report of the Company for the nine months period ended 30 September 2022 will be transmitted through PUCARS separately, within the specified time.

For and on behalf of Systems Limited


Saad Hasan Aslam
Company Secretary



SYSTEMS LIMITED
CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2022

		<u>Un-audited</u>	<u>Audited</u>
		<u>30 September</u>	<u>31 December</u>
		<u>2022</u>	<u>2021</u>
ASSETS	Note	Rupees	
Non-current assets			
Property and equipment	5	2,588,763,094	2,006,791,106
Right-of-use assets		504,509,336	288,981,476
Intangibles		16,016,225	23,717,704
Long term investments	6	5,757,238,322	1,331,133,678
Long term loans		316,203,123	36,796,454
Deferred employee benefits		108,622,053	10,344,054
Long term deposits		47,834,821	141,294,105
Deferred taxation - net		51,952,243	75,060,282
		9,391,139,217	3,914,118,859
Current assets			
Contract assets		856,821,488	333,597,502
Trade debts	7	6,888,164,409	3,445,521,825
Loans, advances and other receivables		680,102,304	538,568,661
Current portion of deferred employee benefits		2,750,240	2,890,139
Trade deposits and short term prepayments		362,550,018	248,588,820
Interest accrued		63,555,979	30,922,102
Tax refunds due from the Government		164,873,319	207,375,462
Short term investments	8	5,197,943,440	4,866,676,912
Cash and bank balances	9	1,385,036,877	1,652,613,846
		15,601,798,074	11,326,755,269
TOTAL ASSETS		24,992,937,291	15,240,874,128
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
400,000,000 (2021: 400,000,000) ordinary shares of Rs 10 each		4,000,000,000	4,000,000,000
Issued, subscribed and paid-up share capital	10	2,784,051,990	1,384,989,120
Capital reserves		4,937,495,843	1,020,484,116
Shares to be issued		118,225,000	-
Revenue reserve - Unappropriated profit		10,796,328,156	8,067,856,280
		18,636,100,989	10,473,329,516
Non-current liabilities			
Long term advances		9,317,992	81,111,314
Lease liabilities		506,288,453	238,881,185
		515,606,445	319,992,499
Current liabilities			
Trade and other payables	11	1,633,536,345	1,162,101,750
Unclaimed dividend		16,326,537	9,226,244
Contract liabilities		154,669,072	378,374,906
Short term borrowings		3,950,000,000	2,750,000,000
Accrued mark-up on borrowings		41,126,825	13,702
Current portion of lease liabilities		17,558,875	62,195,197
Current portion of long term loan		26,389,503	76,816,085
Current portion of deferred grant		-	1,958,993
Current portion of long term advances		1,622,700	6,865,236
		5,841,229,857	4,447,552,113
TOTAL EQUITY AND LIABILITIES		24,992,937,291	15,240,874,128

CONTINGENCIES AND COMMITMENTS

12

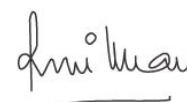
The annexed notes from 1 to 22 form an integral part of these condensed unconsolidated interim financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE)



(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE NINE MONTHS AND THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

Note	Nine Months Ended		Three Months Ended		
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	
	Rupees				
Revenue from contracts with customers - net	14,798,176,063	8,129,547,547	6,006,321,647	3,136,977,934	
Cost of revenue	(9,977,569,921)	(5,294,542,589)	(4,020,942,176)	(2,070,090,209)	
Gross profit	4,820,606,142	2,835,004,958	1,985,379,471	1,066,887,725	
Administrative expenses	(1,141,370,488)	(641,176,591)	(449,046,364)	(256,146,138)	
Distribution expenses	(183,735,682)	(129,643,480)	(62,402,672)	(52,484,554)	
Impairment losses on financial assets	(50,726,270)	(30,883,161)	(52,446,272)	(47,335,905)	
Operating profit	3,444,773,702	2,033,301,726	1,421,484,163	710,921,128	
Other income	1,765,174,191	384,309,899	752,099,849	290,223,372	
Finance costs	(131,414,801)	(57,314,737)	(52,290,687)	(21,531,307)	
Profit before taxation	5,078,533,092	2,360,296,888	2,121,293,325	979,613,193	
Taxation	(262,322,216)	(49,875,947)	(97,242,881)	(18,792,514)	
Profit for the period	4,816,210,876	2,310,420,941	2,024,050,444	960,820,679	
		(Restated)		(Restated)	
Earnings per share:					
Basic earnings per share	14	17.39	8.40	7.27	3.48
Diluted earnings per share		17.29	8.35	7.22	3.47

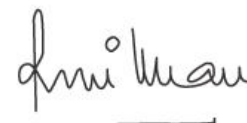
The annexed notes from 1 to 22 form an integral part of these condensed unconsolidated interim financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE)



(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022 (UNAUDITED)

		Unaudited 30 September 2022	Audited 31 December 2021
	Note	Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	7	2,729,685,415	2,051,800,034
Intangible		6,927,923,795	23,717,704
Long term investments	8	238,555,000	144,568,896
Investment in Associates		1,042,639,288	1,274,009,734
Right-of-use asset		504,509,336	288,981,475
Long term loans		316,203,123	36,796,454
Deferred taxation - net		51,952,243	75,060,282
Deferred employee benefits		108,622,053	10,344,054
Long term deposits		94,041,301	141,294,105
		12,014,131,554	4,046,572,738
Current assets			
Contract assets		2,209,469,804	727,944,400
Trade debts	9	8,721,040,747	4,125,928,299
Loans, advances and other receivables		764,229,273	734,667,764
Trade deposits and short term prepayments		1,589,542,933	323,149,962
Interest accrued		7,065,299	11,118,877
Short term investments	10	5,197,943,440	4,866,676,912
Tax refunds due from the Government		242,823,201	213,640,998
Current portion of deferred employee benefits		167,565,943	2,890,139
Cash and bank balances	11	3,572,066,534	2,978,863,741
		22,471,747,174	13,984,881,092
TOTAL ASSETS		34,485,878,728	18,031,453,830
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 400,000,000 (2021: 400,000,000) ordinary shares of Rs. 10 each		4,000,000,000	4,000,000,000
Issued, subscribed and paid up share capital	12	2,784,051,990	1,384,989,120
Capital and reserves		5,513,739,410	1,148,309,400
Shares to be issued		118,225,000	-
Unappropriated profits		12,556,411,274	9,528,306,407
		20,972,427,674	12,061,604,927
Non-controlling interest		1,038,497	1,169,928
		20,973,466,171	12,062,774,855
Non-current liabilities			
Long term advances		227,046,277	81,111,314
Lease Liability		506,288,453	238,881,185
Provision for gratuity		176,157,327	94,865,412
		909,492,057	414,857,911
Current liabilities			
Trade and other payables	13	6,355,425,952	1,706,609,735
Unclaimed Dividend		16,326,537	9,226,244
Contract Liability		2,208,065,129	940,135,872
Mark-up accrued on short term borrowings		27,531,805	13,702
Short term borrowings		3,950,000,000	2,750,000,000
Current Portion of lease liability		17,558,875	62,195,197
Current Portion of long term loan		26,389,503	76,816,085
Current Portion of deferred grant		-	1,958,993
Current portion of long term advances		1,622,700	6,865,236
		12,602,920,501	5,553,821,064
TOTAL EQUITY & LIABILITIES		34,485,878,728	18,031,453,830
CONTINGENCIES AND COMMITMENTS			
	15		

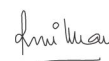
The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT OR LOSS ACCOUNT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Nine Months Ended		Three Months Ended		
	Note	30 September 2022 Rupees	30 September 2021 Rupees	30 September 2022 Rupees	30 September 2021 Rupees
Revenue from contract with customers - net		20,144,848,895	10,524,242,502	8,681,603,604	3,976,171,712
Cost of sales		13,785,810,105	6,928,344,524	5,977,011,590	2,624,762,694
Gross profit		6,359,038,789	3,595,897,978	2,704,592,014	1,351,409,018
Distribution expenses		451,256,260	388,193,152	186,329,915	176,902,909
Administrative expenses		1,766,220,088	846,981,359	780,420,239	334,091,519
Other operating expenses		96,697,365	44,470,513	76,258,136	56,601,252
		2,314,173,713	1,279,645,023	1,043,008,290	567,595,680
Operating profit		4,044,865,076	2,316,252,955	1,661,583,724	783,813,338
Other income	16	1,735,194,330	367,689,572	753,548,976	292,651,666
Share of loss from associate		231,370,469	16,123,495	82,277,736	16,123,495
Finance cost		153,393,257	76,335,750	69,040,018	27,745,462
Profit before taxation		5,395,295,679	2,591,483,283	2,263,814,945	1,032,596,047
Taxation		279,583,243	69,284,371	113,539,733	25,099,912
Profit after taxation		5,115,712,436	2,522,198,912	2,150,275,212	1,007,496,135
Attributable to:					
Equity holders of the parent		5,115,843,867	2,595,877,434	2,150,433,259	1,039,150,809
Non-controlling interest		(131,431)	(73,678,522)	(158,047)	(31,654,673)
		5,115,712,436	2,522,198,912	2,150,275,212	1,007,496,137
Earnings per share:			Restated		Restated
Basic earnings per share	17	18.47	9.44	7.72	3.76
Diluted earnings per share		18.37	9.38	7.67	3.75

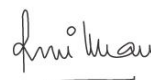
The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)