

NETSOL Technologies Ltd.

NETSOL IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. 54792, Pakistan.

Email: info@netsolpk.com Phone: +92 42 111-44-88-00 Web: www.netsolpk.com

FORM-08 Date:31/10/2022

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: Transmission of Quarterly Report for the Period Ended September 30, 2022

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended September 30, 2022 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

SEHRISH

Company Secretary

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Technologies



Contents

Business Review

02

Company Profile 04

Directors' Report 06

Directors' Report Urdu

Condensed Financial Statements

10

Statement of Financial Position 11

Statement of Profit or Loss

12

Statement of Comprehensive Income

13

Statement of Cash Flows

14

Statement of Changes in Equity

15

Notes to Financial Statements

Condensed Consolidated Financial Statements

フフ

Statement of Financial Position 23

Statement of Profit or Loss 24

<u>25</u>

Statement of Statement of Comprehensive Cash Flows Income

26

Statement of Changes in Equity

<u>27</u>

Notes to Financial Statements

BOARD OF DIRECTORS

NAEEM ULLAH GHAURI Chairman/Non-Executive Director

SALIM ULLAH GHAURI Chief Executive Officer/Executive Director

VASEEM ANWAR Independent Director

ANWAAR HUSSAIN Independent Director

ZESHAN AFZAL Independent Director

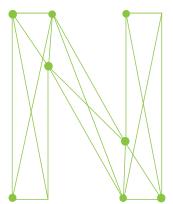
HAMNA GHAURI Non-Executive Director

OMAR SHAHAB GHAURI Executive Director

ANWAAR HUSSAIN Chairman

VASEEM ANWAR Member

HAMNA GHAURI Member



CHIEF FINANCIAL OFFICER
BOO-ALI SIDDIQUI

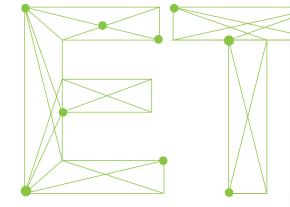
COMPANY SECRETARY

SEHRISH

CHIEF INTERNAL AUDITOR
MUHAMMAD ABDUL WAHAB
HAFEEZ

AUDITORS H.Y.K & Co.

Chartered Accountants 321-Upper Mall, Lahore



LEGAL ADVISOR

CORPORATE LAW ASSOCIATES

1st Floor Queen's Centre Shahra-e-Fatima Jinnah Lahor

SHARE REGISTRAR

VISION CONSULTING LIMITED

3-C, LDA Flats, Lawrence Road, Lahore.

Tel: +92-42-36283096-97 Fax: +92-42-36312550

BANKERS

Askari Bank Limited
Samba Bank Limited
Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited
MCB Bank Limited
Al Baraka Bank (Pakistan) Limited
Habib Metropolitan Bank Limited
Bank Alfalah Islamic

CONTACT DETAILS

REGISTERED OFFICE

NETSOL IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange,

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RAWALPINDI OFFICE

House No. 04, Safari Villas, Bahria Town, Rawalpindi Tel: +92-51-5707011

Fax: +92-51-5595376

KARACHI OFFICE

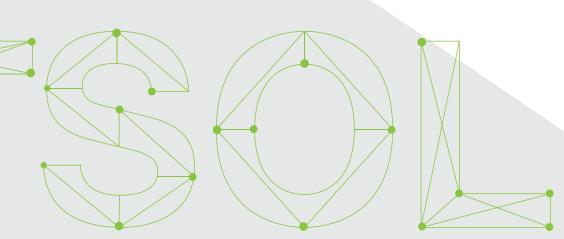
43/1/Q, Amna Villa # 1 Block # 03. P.E.C.H.S, Karachi-75400

Tel: +92-21-111-638-765

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WEB PRESENCE

www.netsolpk.com info@netsolpk.com corporate@netsolpk.com



Directors' **Report**

On behalf of the Board of Directors of NetSol Technologies Limited (NETSOL or the Company), we are pleased to present the unaudited condensed financial statements of your company together with its consolidated accounts for the period ended September 30, 2022.

GENERAL OVERVIEW

Solidifying its dominance in the global equipment finance and leasing industry, a sister concern of the Company signed a multi-million-dollar contract for the roll-out of its unrivaled, next-generation platform NFS Ascent in Northern Europe. This agreement signing with a consumer finance bank of Swedish origin covers the deployment of NETSOL's premier platform Ascent (Retail) on the Cloud alongside NFS Digital. This is set out to be a multi-country implementation on a single instance using multi-tenancy options available in Ascent. Covering a range of asset categories, this new client for the company works with approximately 1500 partners in Northern Europe, offering leasing, factoring, and invoice-to-pay services. The agreement scope for this signing covers the European Economic Area to be followed by the United Kingdom. The countries currently included in this contract are Sweden, Norway, Denmark, and Finland. By deploying NETSOL's modern technology platform for the finance and leasing industry via the Cloud, the client benefited by not having to pay any upfront license fees and availed of flexible, subscription-based pricing and the ability to scale on demand.

NETSOL continued to maintain its presence at industry-leading events in Europe and North America during this financial period ended. It also attended the Nordic Fintech Week in Copenhagen, Denmark. The company hosted a private golf event for its customers at the Grove, Hertfordshire in the United Kingdom. In North America, NETSOL attended the Equipment Leasing and Finance Association's (ELFA) Operations and Technology Conference and Exhibition 2022 at the Sheraton, New Orleans in the United States. The company also attended the Canadian Finance and Leasing Association's (CFLA) Annual National Conference 2022 in Charlottetown, Prince Edward Island in Canada.

Further, Executive Vice-President for NETSOL Technologies Americas Peter Minshall was the special guest for a fireside chat with equipment finance thought leader Jesse Johnson. During this fireside chat, topics of discussion included an overview of NETSOL and its operations, the company culture, going from customer to service provider, technology, and the future of lease accounting software for the industry.

FINANCIAL PERFORMANCE

Comparisons of un-audited separate as well as consolidated accounts for the quarter ended September 30, 2022 with the corresponding period of fiscal year 2022 are given below:

STAND-ALONE FINANCIAL STATEMENTS	Jul-Sep 2022	Jul-Sep 2021
Revenue (PKR in million)	1,716	1,252
Gross profit (PKR in million)	476	363
Net profit (PKR in million)	191	193
Earnings per share – diluted (in PKR)	2.18	2.15
Earnings per share – diluted (in PKR)	2.17	2.15
EBITDA per share – diluted (in PKR)	3.76	3.39

Revenue for the quarter ended September 30, 2022 improved by 37% compared to the revenue posted in the same quarter of previous fiscal year. In absolute numbers, the Company posted net revenue of PKR 1,716 million compared to PKR 1,252 million in the same quarter of last fiscal year. In current quarter revenue of PKR 43 million was recorded on account of local license sale. The Company also recorded a handsome amount of PKR 890 million in comparison to PKR 519 million in the corresponding period for enhancement and customization in the systems deployed at their respective sites. In addition to it, subscription and support revenue increased from PKR 585 million to PKR 786 million for the current quarter. The increase in subscription and support revenue is mainly associated with different customers going into the maintenance phase after their successful implementation. On the cost side, due to the massive growth in the IT industry both locally and globally and coupled with work from home phenomena, has resultantly increased demand for IT resources, the resources retention cost has increased significantly. Cost of revenue mainly increased due to increase in salaries and benefits cost. In addition to it, travel costs also increased during the period due to the travel of our resources to provide on-site support and implementation to our customers. Gross Margins during the period clocked in at PKR 476 million as compared to the corresponding period where margins were recorded at PKR 363 million. The Company posted a net profit after tax of PKR 191 million compared to PKR 193 million in the comparable period. Included in net profit is PKR 292 million on account of currency exchange gain due to depreciation in the Pakistani Rupee compared to PKR 230 million registered in the comparable period. This profitability has translated basic and diluted earnings per share to clock in at PKR 2.18 and 2.17 respectively in comparison of PKR 2.15 in the corresponding period. Company posted net EBITDA profit of PKR 3.76 per diluted share compared to PKR 3.39 per share in the corresponding period.

The Company also consolidates financial results of its wholly owned subsidiary 'NETSOL Innovation (Pvt) Limited". NETSOL Innovation is mainly involved in the provision of professional services including Amazon Web Services. Currently a team is being built up to provide AWS services and no revenue has so far been recognized thus resulting in losses for the quarter. Net consolidated revenues for the quarter ended September 30, 2022 were PKR. 1,753 million compared to PKR 1,252 million in fiscal 2022. Consolidated gross profit for the quarter was PKR 467 million as compared to PKR 363 million in the same period last year. On consolidated basis, the company posted net consolidated profit of PKR 149 million in the current quarter compared to PKR 194 million posted in the same period last year. Diluted earnings per share for the quarter ended September 30, 2022 & 2021 were PKR 1.69 & PKR 2.16 respectively.

FUTURE OUTLOOK

With NETSOL's premier, next-generation platform for the global asset finance and leasing industry NFS Ascent live across all regions the company operates in – North America, Europe and Asia-Pacific, the company will continue to promote its unparalleled solution for the industry both On-premise as well as on the Cloud. Ascent on the Cloud enables the company to target Tier 2 and Tier 3 prospects as well.

Remaining committed to innovation, the company finds it imperative to continue enhancing Ascent in order to continue to future proof operations for its diverse clientele worldwide and in order to adhere to the rapidly evolving and highly competitive marketplace.

Being the pioneer in the global finance and leasing industry to offer a full suite of digital transformation solutions, NETSOL will also continue to promote NFS Digital, its digital products for self-service enablement, dealership enablement and field team enablement.

NETSOL's recent transition from being primarily product-oriented to now being service-oriented as well, has witnessed the company offering new services pertaining to the cloud and the company's new partnership with Amazon Web Services (AWS), professional services and services related to artificial intelligence.

These services will be offered worldwide alongside Flex – NETSOL's newly developed, cloud-based calculation engine. A pure-play SaaS product, Flex enables out-of-the-box integration into a client's products, services and ecosystem. It guarantees precise calculations at all stages of the contract lifecycle through various calculation types. The company foresees growth and additional revenue streams for its new product and service offerings.

As an innovative and adaptive entity and IT powerhouse, NETSOL's Innovation Lab and Research and Development teams will continue working on important technologies such as artificial intelligence and machine learning, big data and blockchain that continue gaining traction in the industry. It is essential to continue building proof-of-concepts using the latest technologies in order enhance current offerings and to ideate and create modern technology products for NETSOL's clientel across the world.

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation for the continued support by its shareholders, valued customers, government agencies and financial institutions which enabled the company to achieve these results. The board would also like to express its appreciation for the services, loyalty and efforts being continuously rendered by the executives and all the staff members of the company and hope that they will continue with the same spirit in future.

On behalf of the Board

Salim Ullah Ghauri Chief Executive Officer

October 28, 2022 Lahore Omar Shahab Ghauri Director

ڈائزیکٹرز رپورٹ

ہمیں خوشی ہے کے نیپ سول ٹیکنالوجیز لمیٹٹر کے بورڈ آف ڈائز کیکٹرز کی جانب ہے کمپنی کی 30 متبر 2022 ، کوفتم ہونے والے عرصہ کے لئے غیرآ ڈٹ شدہ مالیاتی گوشوار سے بٹسول مجموعی مالیاتی گوشوارے بیش کررہے ہیں۔

عموی جائزہ:۔(General Overview)

مزید برآل ، سربراہ Jesse Johnson کے ذریعے نہیں سول ٹیکنا اوجیز امریکہ کے ایگزیکنوائٹ صدر Peter Minshall ایکو پہنٹ فنانس کے فائر سائیڈ چیٹ میں مہمان خصوصی تھے۔ اس فائر سائیڈ چیٹ کے دوران زمیر بحث لائے جانے والے عنوانات میں نہیں سول اوراس کے امور کا جائز وہ کمچنی گلچر، صارف سے خدیات فراہم کنندہ کا سفر بنیکنا او تی لیزنگ اکا و نٹنگ ساف و میز کا مستقل شامل ہیں۔

الیاتی کارکردگی (Financial performance)

30 متبر 2022 وکونتم ہونے والی سہاہی م 2021 و کا ای مدت کے مالیاتی سال کے غیر آؤٹ شدہ مالیاتی گوشوارے کے نتائج کامواز ندورج ذیل ہے۔

ا**نزادی الیاتی گوشوارے** بکھ**امتیہ 2022ء** میں کی اکتبہ 21

	جولا کی تاحمبر 2022ء	جولانی تاحمبر 2021ء
محصولات (پاکتانی روپے ملین میں)	1,716	1,252
خام منافغ (پاکستانی روپیلین میں)	476	363
صافی نفع (پاکتانی روپیلین میں)	191	193
منافع فی حصص۔ بنیادی(پاکستانی روپوں میں)	2.18	2.15
منافع في حصص تحليل شده (پاکستانی روپوں میں)	2.17	2.15
EBITDA في خصص تخليل شده (پاکستاني روپول ميس)	3.76	3.39

کیٹی نے اپنے کمل ملکتی ذیلی ادارہ''میٹ مول انو دیش (پرائو بیٹ المڈیڈ'' کے مجموق مالیاتی گوشوار سے بھی شال کردیے ہیں۔ 30 ستمبر 2022 وکوٹم ہونے والی سہائی کیلئے نظر مجموق مام سائق کر شقہ مالی کی ای سہ مائی کے 363 ملین روپے کے مقابلے مو جود و میں 1,753 ملین روپے کے مقابلے موجود و میں 1,753 میں 145 میں منافع موجود و سہائی میں 467 ملین روپے مقابلے موجود و سہائی میں 467 ملین روپے مقابلے میں 149 ملین روپے کا نظر مجموق منافع موجود و سہائی میں ورج کیا۔ 30 متبر 2022ء اور 2021ء کوٹم ہونے والی سہائی کے لیے فی صفح آلہ نی ہالتر تیپ 69۔ 11 دو 2016ء روپے تھی۔

متنقبل كانقط يظر Future Outlook

گلونگ ایسٹ فائنٹس اینڈ لیزنگ انڈسٹری کے لئے نیٹ مول kext-generation پلیٹ فارم NFS Ascent، جہاں کمپنی اپنے امور سرانعجام دے رہی ہے، تمام علاقوں لیعنی شالی امریکہ۔ لیورپ اورایشیا چینک میں فعال ہے کمپنی اپنے کاروباری مقام کے علاوہ کلا وُڈ میں انڈسٹری کے لئے اپنے لاٹائی حل کی تر دی کجاری رکھے گا۔ کلا وُڈ پر Ascent کمپنی کو Tier اور Tier ارکانات کو ہدف بنانے میں مجی مدود ہے گا۔ جدت کے لئے عزم کو برقر ارد کھنے کے لئے کمپنی Ascent کی تجدید کولا زئی قرار دیتی ہے تا کداپے دنیا تجر میں اپ متنوع کائنٹس کے لئے نیوچ پر یوف آپریشنز جاری رکھے جاسکیں اور تیزی ہے تبدیل ہونے والی اور انتہا کی متقابل مارکیٹ کے تین مطابق جلا جا سکے۔

المجان المنظار شرائ المعالم میں میں الموضور کے مل سوٹ کی فراہمی کے لئے گلومل فٹانس اور لیزنگ انڈسٹری میں بانی کی حیثیت سے نہیں سول سیلٹ سرویں ، ڈیلرشپ اور فیلڈ میم کی تربیت کے لئے NFS اDigital اوراس کی ڈیمیٹل پر دؤکٹس کی ترتی و ترویج جاری رکھے گا۔

مان میروز کٹ پرٹنی کمپنی سے خدمات فراہم کنندہ میں نیٹ سول کی حالیہ تبدیلی نے کااؤڈ پر مشتل کئی خدمات کی پیشکش کمپنی کی ایمزون ویب سرومز (AWS)، پروفیشل سرومزر اور artificial

یہ اس خوبات کا وَدُمِی نیسے سول کے نئے تیار کردہ کیکٹولیش انجی۔ فلیکس کے ذریعے دنیا مجریش بیش کی جا مجیس گی۔ید Saas پروڈ کٹ فلیکس کائٹ کی پروڈ کٹ مات اورا کیوسٹم میں منفر و انداز میں شامل ہوجا تا ہے۔ متعددا تسام کی کیکٹولیش کے ذریعے یہ پروڈ کٹ معاہدے کے دوران ہر لیے بالکل درست کیکٹولیشنز کی شانت دیتی ہے۔ کہنی اپنی کی ہوڈ کٹ اور رومز نے نواوراضافی آمدنی کی توقع رکھتی ہے۔

کے مبلت المبلت المبلت

اعتراف (Acknowldgement)

۔ پردؤ آف ڈائز کیٹرز کیٹی سرچھ ملی افتال ، قابل قدرصار فین ، سرکاری اداروں ادر الیا تی اداروں کی جانب سے تمایت و معاونت کے لیمیان کی تعریف کرتا ہے اور ڈیٹن کے تمام انگریکٹرز ادرانا شاہم برز کاان کی قابلی قدر ضدمات وفا داری ادران کی مسلسل کوششوں کوقد رکی نگاہ ہے و کیشا ہے ادراخیس بھی خراج تسیس بیٹر کرتا ہے ادرامید کرتا ہے کہ مستقبل میں بھی ان کی تلسانہ کوششیں چاری و ماری زمیری گ

ازطرف بوردْ آف دائر يكثر

Ro

سلیم الله غوری (چف ایگزیکٹوآ فیسر)

> لا ہور 28ا کتوبر، 2022ء

ما السام عمر شہاب غوری (ڈائر کیٹر)

For the Quarter ended September 30, 2022



		Sep-22	Jun-22
	NOTE	Unaudited	Audited
	NOTE	Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,699,334	1,613,212
Intangible assets	6	260,513	333,889
-		1,959,847	1,947,101
Long term investments	7	30,063	30,063
Long term loans to employees		7,789	7,890
		1,997,699	1,985,054
CURRENT ASSETS			
Trade debts	8	3,111,256	2,500,049
Contract assets		1,915,776	1,756,374
Loans and advances		73,900	32,298
Trade deposits & short term prepayments		140,672	53,599
Other receivables		15,949	13,812
Due from related parties		502,642	473,966
Taxation - net		-	930
Cash & bank balances		2,899,229	3,785,711
		8,659,424	8,616,739
TOTAL ASSETS		10,657,123	10,601,793
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	9	1,500,000	1,500,000
Issued, subscribed and paid-up capital	9	878,369	878,369
Share deposit money		13	13
Reserves	10	7,149,468	6,948,645
NON CURRENT LARDI ITIES		8,027,850	7,827,027
NON-CURRENT LIABILITIES	44		00 204
Long term financing	11	59,925	88,281
Lease liabilities		3,409	4,252
CURRENT LIABILITIES		63,334	92,533
CURRENT LIABILITIES	13	740 / 0/	CO2 E7C
Trade and other payables	12	718,484	602,576
Contract liabilities		170,696	358,504
Short term borrowings		1,580,000	1,580,000
Current portion of long term liabilities		90,112	137,188
Provision for taxation - net Unclaimed dividend		2,768	3,005
onciaimed dividend		3,879	3,965
CONTINUENCIES & COMMITMENTS	13	2,565,939	2,682,233
CONTINGENCIES & COMMITMENTS TOTAL FOLLITY AND LIABILITIES	13	10657122	10.601.702
TOTAL EQUITY AND LIABILITIES		10,657,123	10,601,793

CHIEF EXECUTIVE OFFICER

DIRECTOR CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Profit or Loss - Unaudited For the Quarter ended September 30, 2022

	NOTE	Jul-Sep 2022	Jul-Sep 2021
	NOTE	Rupees	
Revenue from contracts with customers - net	14	1,716,243	1,252,338
Cost of revenue		(1,240,738)	(889,507)
Gross profit		475,505	362,831
Selling and promotion expenses		(147,914)	(121,153)
Administrative expenses		(350,739)	(226,828)
		(498,653)	(347,981)
Operating (loss)/Profit		(23,148)	14,850
Other income		388,339	298,823
		365,191	313,673
Other operating expenses		(106,385)	(69,008)
Finance cost		(26,242)	(14,536)
Share of loss of associate		-	(11,544)
Profit before taxation		232,564	218,585
Taxation	15	(41,122)	(25,348)
Profit after taxation for the period		191,442	193,237
Earnings per share			
Basic - In Rupees	17	2.18	2.15
Diluted - In Rupees	17	2.17	2.15

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

	Jul-Sep 2022 Rupees	Jul-Sep 2021 in '000'
Profit after taxation for the period	191,442	193,237
Other comprehensive income / (loss)	-	-
Other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods (net of tax):	-	-
Share of other comprehensive (loss) of an associate	-	(753)
Total comprehensive income for the period	191,442	192,484

	Jul-Sep	Jul-Sep
	2022	2021
		in '000'
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	232,564	218,585
Adjustments for non cash charges and other items:		
Depreciation - own assets	90,028	63,300
Amortization of Right of Use Assets	668	3,455
Amortization of intangible assets	73,376	73,376
(Gain)/Loss on disposal of fixed assets	(5,193)	18,169
Foreign exchange (gain)	(291,895)	(229,668)
Finance cost	26,450	17,636
Interest income	(91,026)	(68,930)
Employee compensation expense	9,381	_
Amortization of deferred grant	(712)	(3,381)
Provision for expected credit losses	14,586	17,166
Share of loss of associate	-	11,544
	(174,337)	(97,332)
Cash generated from operations before working capital changes	58,227	121,253
Working Capital Changes		
Trade debts	(344,328)	127,301
Contract assets	(148,973)	(389,154)
Contract liabilities	(187,808)	(127,484)
Loans and advances	(41,501)	(17,398)
Trade deposits & short term prepayments	(87,073)	1,933
Other receivables	(2,137)	(162)
Due from related parties	(28,676)	(4,626)
Trade and other payables	109,257	(1,680)
Cash (used in) operations	(731,239)	(411,270)
Finance cost	(19,799)	(29,176)
Income taxes paid	(37,424)	(30,133)
Dividend paid	(86)	(127)
Net cash (used in) operations	(730,321)	(349,453)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment's purchased	(203,705)	(20,411)
Sales proceeds of fixed asset	35,049	1,151
Advances against capital expenditure	(2,969)	
Interest received	91,026	68,930
Net cash (used in)/generated from investing activities	(80,599)	49,673
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid against lease liabilities	(691)	(6,830)
Long term loan	(77,046)	(41,037)
Long term advances	2,175	2,175
Net cash (used in) financing activities	(75,562)	(45,692)
Net (decrease) in cash and cash equivalents	(886,482)	(345,472)
Cash and cash equivalents at the beginning of the period	3,785,711	3,758,821
Cash and cash equivalents at the end of the period	2,899,229	3,413,349

CHIEF EXECUTIVE OFFICER

DIRECTOR

	Issued, sub- scribed	Share deposit money	t Capital Reserve		Revenue Reserve		
	and paid- up capital	,	Employee share option compen- sation reserve	Share premium	Foreign currency trans- lation reserve	Unapprop- riated profit	Total
			Rı	ıpees Ir	1 '0 0 0'		
Balance as at June 30, 2021	898,369	13	224,670	304,167	(20,872)	5,697,470	7,103,817
Net profit for the period	-	-	-	-	-	193,237	193,237
Other comprehensive (loss) for the period	_	-	-	-	(753)	-	(753)
Total comprehensive income for the period	-	-	-	-	(753)	193,237	192,484
	-	-	-	-	-	-	-
Balance as at September 30, 2021	898,369	13	224,670	304,167	(21,625)	5,890,707	7,296,301
Balance as at June 30, 2022	878,369	13	232,223	304,167	(33,687)	6,445,942	7,827,027
Net profit for the period	-	-	-	-	-	191,442	191,442
Other comprehensive (loss) for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	191,442	191,442
Amortization of employee share options	-	-	9,381	-	-	-	9,381
	_	-	9,381	-	-	191,442	200,823
Balance as at September 30, 2022	878,369	13	241,604	304,167	(33,687)	6,637,384	8,027,850

DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Technologies Limited ("the Company"), incorporated in Pakistan on August 22, 1996 under the repealed Companies Ordinance, 1984, (Now Companies Act 2017) as a private company limited by shares, was later on converted into public limited company and subsequently listed on Pakistan Stock Exchange on August 26, 2005. Main business of the Company is development and sale of computer software and allied services in Pakistan as well as abroad.

Geographical location and addresses of business units:

dres	s/Location	Purpose
1	NetSol IT Village,(Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.	Registered office and business unit
2	43/1/Q, Amna Villa 1, Block-6, PECHS Housing Society Karachi.	Branch office
3	House No. 4, Safari villas 1, Bahria town, Rawalpindi. Pakistan.	Branch office
4	Central Senayan 2 Building, 16th Floor, Asia Afrika Street, No. 8, Senayan. Kebayoran Baru. South Jakarta. DKI Jakarta. 12190	Branch office

The Company is a majority owned subsidiary of NetSol Technologies Inc., USA.

2. BASIS OF PREPARATION

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2.1 Separate financial statements

These condensed interim financial statements are separate condensed interim financial statements of the Company. Condensed consolidated interim financial statements of the company are prepared separately.

2.2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- -International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- -Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements are unaudited and do not include all the disclosures and information required in the annual financial statements and should be read in conjunction with the preceding annual published financial statements of the company for the year ended June 30, 2022.

2.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments at fair value. These accounts have been prepared under accrual basis of accounting.

2.4 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupee, which is the Company's functional currency as well its presentation currency.

3. ACCOUNTING POLICIES

3.1. The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2022.

3.2. Standards, amendments and interpretations to approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are also effective for accounting periods beginning on July 01, 2022, but are neither relevant nor have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

4. USE OF ESTIMATES AND JUDGMENT

16

The preparation of condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In preparing these condensed interim financial statements, the judgments, estimates and assumptions made by the management were the same as those that were applied to the preceding annual published financial statements of the Company for the year ended June 30, 2022.

				NOTE	Sep-22 Unaudited Rupees	Jun-22 Audited in '000'
5.	PROF	PERTY,	PLANT & EQUIPMENT			
	Net b	ook va	alue of owned assets	5.1	1,681,900	1,576,393
	Net b	ook va	alue of right of use assets	5.2	10,385	32,739
	Adva	nces a	gainst capital expenditure		7,049	4,080
					1,699,334	1,613,212
	5.1	PROP	ERTY, PLANT & EQUIPMENT			
		Open	ing Balance - net book value		1,576,393	1,515,963
		Addit	ions	5.1.1	225,391	382,388
					1,801,784	1,898,351
		Less:				
		Dispo	sals - net book value	5.1.2	(29,856)	(46,097)
		Depre	eciation & amortization		(90,028)	(275,861)
					1,681,900	1,576,393
		5.1.1	Following is the detail of addition / (transfer)			
			Furniture & fixture		287	1,852
			Vehicles		43,136	196,068
			Office equipment		1,377	1,940
			Computers		87,569	144,730
			Air conditioners		206	2,418
			Generator		3,239	2,090
			Computer software		89,577	33,290
			Total		225,391	382,388

NETSOL Technologies Limited

			Sep-22 Unaudited			Jun-22 Audited	
	5.1.2 Following is the detail of		Accumulated	Written down		Accumulated	Written down
	deletions	Cost	Depreciation	Value	Cost	Depreciation	Value
				Rupees	in '000'		
	Furniture & fixture	430	358	72	2,382	1,851	531
	Vehicles	36,128	6,344	29,784	13,745	9,346	4,399
	Computers	-	-	-	626,436	593,617	32,819
	Computer software	-	-	-	301,346	292,998	8,348
	Total	36,558	6,702	29,856	943,909	897,812	46,097
						Sep-22	Jun-22
					NOTE	Unaudited	Audited
						Rupees	in '000'
	5.2 RIGHT OF USE ASSETS						
	Opening Balance - net book valu	e				32,739	80,475
	Additions				5.2.1	-	9,093
						32,739	89,568
	Less:						
	Disposals - net book value				5.2.2	(21,686)	(44,191)
	Depreciation & amortization					(668)	(12,638)
						10,385	32,739
	5.2.1 Following is the detail of	f addition					
	Vehicles					-	9,093
	Total					-	9,093
			Sep-22			Jun-22	
			Unaudited			Audited	
	5.2.2 Following is the detail of		Accumulated	Written down		Accumulated	Written down
	deletions	Cost	Depreciation	Value	Cost in '000'	Depreciation	Value
	Vehicles	49,285	27,599	21,686	90,176	47,794	42,382
	Computers	45,205	2/,555	21,000	6,308	4,499	1,809
	Total	49,285	27,599	21,686	96,484	52,293	44,191
	Ισιαι	43,203	21,339	21,000	JU/404	32,233	44,131
						Sep-22	Jun-22
					NOTE	Unaudited	Audited
_						Rupees	in '000'
6.	INTANGIBLE ASSETS						
	Opening Balance - net book value					333,889	627,393
	Less:						
	Amortization					(73,376)	(293,504)
_						260,513	333,889
7.							
	Investment in subsidiary - at cost						
	NetSol Innovation (Pvt.) Limited (Und	quoted sub	sidiary company)		7.1	30,063	30,063
						30,063	30,063

- 7.1 The subsidiary is incorporated in Pakistan. The principal place of business of subsidiary is situated at NetSol IT Village, (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan The Company holds 3,006,305 (2022 : 3,006,305) fully paid ordinary shares of Rs. 10/- each i.e. 100% of Equity held (2022 : 100%).
- 7.2 The company had made investment in WRLD3D Inc., a US based entity having its principal place of business at 800 W. El Camino Real, Suite 320, Mountain View, California 94040 and engaged in gaming and 3D mapping business. DCD Holdings Limited Carlton Services Ltd, second floor, The Quadrant, Manglier Street, PO Box 1312, Victoria, Mahe, Seychelles is the beneficial owner of the company. The Company owns 4,092,189 preference BB shares of WRLD3D Inc. (12.2% ownership interest) originally valued at \$2.77 million and uses equity method to account for investment in associate.

As the company's share of loss in investment exceeds its interest in the entity, the company is not recognizing any further losses.

			Sep-22	Jun-22
		NOTE	Unaudited	Audited
			Rupees	in '000'
8.	TRADE DEBTS			
	Considered good - unsecured	8.1	3,111,256	2,500,049
	Considered doubtful - unsecured		215,798	190,782
			3,327,054	2,690,831
	Less: Provision against expected credit losses	8.2	(215,798)	(190,782)
			3,111,256	2,500,049

- 8.1 It represents amount receivable from customers. It is unsecured but considered good by the management.
- 8.2 This is a provision for expected credit losses created by the Company for any future doubtful trade debts.
- 8.3 Amount receivable from related parties included in trade debts are as under:

NetSol Technologies (Thailand) Limited	198,642	77,578
NetSol Technologies (Beijing) Company Limited	1,658,265	1,231,368
NetSol Australia Pty. Limited	274,152	224,471
NetSol Technologies Americas	347,852	315,913
Ascent Europe Limited	63,237	37,439
OTOZ Thailand Limited	87,576	84,521
	2 629 724	1 971 290

9. SHARE CAPITAL

9.1	Authorized sha	re capital			
	Sep-22	Jun-22		Sep-22	Jun-22
	Unaudited	Audited		Unaudited	Audited
	Number	of shares		Rupees	in '000'
	150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	1,500,000	1,500,000
9.2	Issued, subscri	bed & paid-up ca	apital		
	42,686,191	42,686,191	Ordinary Shares of Rs. 10 each fully paid in cash	426,862	426,862
	47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	471,507	471,507
	(2,000,000)	(2,000,000)	Treasury Shares of Rs. 10 each as fully paid in cash	(20,000)	(20,000)
	87.836.923	87 836 923		878.369	878 369

NetSol Technologies Inc. 23975, Park Sorrento, Suite 250, Calabasas CA 91302, is the parent company holding 67.62% (2022:67.62%) of issued capital of the Company.

The treasury shares are held in CDC blocked account in freeze form. These are not entitled to any voting right, cash dividend or any other distribution made by the company.

18 NETSOL Technologies Limited

		Sep-22	Jun-22 Audited
		Rupees	
10.	RESERVES		
	Capital reserve		
	Premium on issue of ordinary shares	304,167	304,167
	Employee share option compensation reserve	241,604	232,223
	Foreign currency translation reserve	(33,687)	(33,687)
	Revenue reserve		
	Un - appropriated profit	6,637,384	6,445,942
		7,149,468	6,948,645
11.	LONG TERM FINANCING		
	Long term finance facility	43,423	86,175
	Deferred grant	-	712
	Loan obligations	92,846	127,140
	Less: Current portion shown under current liabilities:		
	Current portion of long term finance facility	(43,423)	(86,175)
	Current portion of deferred grant	-	(712)
	Current portion of loan obligations	(32,921)	(38,859)
		(76,344)	(125,746)
		59,925	88,281

^{12.} Trade and other payables also include payable to NetSol Technologies Europe Limited & OTOZ Inc., associated companies amounting Rs. 9.6 million (2022: Rs. 49.78 million). This relates to normal course of the business and is interest free.

13. CONTINGENCIES & COMMITMENTS

13.1 Contingencies

There is no significant change in the contingencies since the date of preceding published annual financial statements.

13.2 Commitments

The Company has issued worth Rs. 11.4 million (2022: Rs. 11.4 million) bank guarantees to LESCO and Standard Chartered Bank against its corporate credit cards.

The Company has capital commitments of Rs. NIL under capital purchase agreements as at Sep 30, 2022. (2022: Rs. NIL)

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14. REVENUE FROM CONTRACTS WITH CUSTOMERS

DISAGGREGATION OF REVENUE:	Jul-3eh	Jui-26h
DISAGGREGATION OF REVENUE:	2022	2021
Export Revenue	Rupees	s in '000'
License	-	148,290
Services	822,272	519,020
Subscription and Support	785,529	585,028
	1,607,801	1,252,338
Local Revenue		
License	42,653	-
Services	67,958	-
	110,611	-
Sales tax	(2,169)	-
	1,716,243	1,252,338

15. TAXATION

Export income is taxable under FTR at a reduced rate of 0.25% of the export remittances realized through normal banking channels for exporters of IT and IT enabled services. However tax as per applicable rates is charged to the income of the company generated from other than export income.

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

The Company's activities expose it to a variety of financial risks namely market risk (including currency risk, price risk and interest rate risk), credit risk, foreign exchange risk and liquidity risk. There has been no change in the risk management policies during the period, consequently this condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements.

Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair value.

		Jul-Sep	Jul-Sep
		2022	2021
		Rupees	in '000'
17.	EARNINGS PER SHARE		
	Basic		
	Profit after taxation for the period	191,442	193,237
	Weighted average number of ordinary shares in issue during the period	87,837	89,837
	Basic - In Rupees	2.18	2.15
	Diluted		
	Profit after taxation for the period	191,442	193,237
	Weighted average number of ordinary shares in issue during the period	88,189	89,837
	Diluted - In Rupees	2.17	2.15

TRANSACTION WITH RELATED PARTIES

Related parties comprise of holding company, subsidiary, associated undertakings, key management personnel of the company and post employment benefits. The Company in its normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Parent, subsidiary and associated undertakings also have some common directorship.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows Jul-Sep

			2022	2021
	Relationship with the Company	Nature of transactions	Rupees in '000'	
(i)	Subsidiary	Provision of services	1,500	-
(ii)	Associated undertaking	Rental income	225	225
		Provision of services	374,920	439,044
		Purchase of services	9,720	6,437
(iii)	Key management personnel	Salaries and benefits	77,325	54,829
		Retirement benefits	3,255	2,477
		Commission paid	2,080	78,174
(iv)	Post employment benefit	Contribution to defined	44,434	36,511
		contribution plan		

There are no transactions with any key management personnel other than under the terms of employment.

CORRESPONDING FIGURES

Corresponding figures have been wherever necessary re-arranged/re-classified for better presentation.

DATE OF AUTHORIZATION FOR ISSUE 20.

These financial statements were authorized for issue on October 28, 2022 by the Board of Directors.

21. GENERAL

Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

CHIEF EXECUTIVE OFFICER DIRECTOR



	Sep-22	Jun-22
NOTE	Unaudited	Audited
Note		in '000'
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment 5	1,708,575	1,619,985
Intangible assets 6	260,513	333,889
-	1,969,088	1,953,874
Long term loans to employees	7,909	8,055
	1,976,997	1,961,929
CURRENT ASSETS		
Trade debts 8	3,134,372	2,515,750
Contract assets	1,930,554	1,767,068
Loans and advances	74,080	32,478
Trade deposits & short term prepayments	141,877	54,450
Other receivables	15,949	13,812
Due from related parties	420,038	449,781
Taxation - net	-	754
Cash & bank balances	2,909,358	3,794,130
	8,626,228	8,628,223
TOTAL ASSETS	10,603,225	10,590,152
EOUITY & LIABILITIES		
SHARE CAPITAL & RESERVES		
Authorized share capital		
150,000,000 ordinary shares of Rs.10/- each 9	1,500,000	1,500,000
Issued, subscribed and paid-up capital 9	878,369	878,369
Share deposit money	13	13
Reserves 10	7,078,001	6,919,754
Neserves 10	7,956,383	7,798,136
	.,555,555	7,730,130
NON-CURRENT LIABILITIES		
Long term financing 11	59,925	88,281
Lease liabilities	3,409	4,252
	63,334	92,533
CURRENT LIABILITIES		
Trade and other payables 12	735,866	619,826
Contract liabilities	170,696	358,504
Short term borrowings	1,580,000	1,580,000
Current portion of long term liabilities	90,112	137,188
Provision for taxation - net	2,955	-
Unclaimed dividend	3,879	3,965
	2,583,508	2,699,483
CONTINGENCIES & COMMITMENTS 13	-	-
TOTAL EQUITY AND LIABILITIES	10,603,225	10,590,152

CHIEF EXECUTIVE OFFICER

DIRECTOR

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Condensed Consolidated Interim Statement of Profit or Loss - Unaudited For the Quarter ended September 30, 2022

		Jul-Sep	Jul-Sep
	NOTE	2022	2021
		Rupees	in '000'
Revenue from contracts with customers - net	14	1,753,456	1,252,338
Cost of revenue		(1,285,991)	(889,507)
Gross profit		467,465	362,831
Selling and promotion expenses		(181,165)	(121,153)
Administrative expenses		(353,375)	(226,828)
		(534,540)	(347,981)
Operating (loss)/profit		(67,075)	14,850
Other income		384,647	299,399
		317,572	314,249
Other operating expenses		(101,192)	(69,008)
Finance cost		(26,273)	(14,536)
Share of loss of associate		-	(11,544)
Profit before taxation		190,107	219,161
Taxation	15	(41,241)	(25,515)
Profit after taxation for the period attributable to equity holders of parent		148,866	193,646
Earnings per share			
Basic - In Rupees	17	1.69	2.16
Diluted - In Rupees	17	1.69	2.16

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Consolidated Interim Statement of other Comprehensive Income - Unaudited For the Quarter ended September 30, 2022

	Jul-Sep 2022	Jul-Sep 2021
	Rupees	
Profit after taxation for the period	148,866	193,646
Other comprehensive income / (Loss)		
Other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods (net of tax):	-	-
Share of other comprehensive (loss) of an associate	-	(753)
Total comprehensive Income for the period attributable to equity holders of parent	148,866	192,893

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

X.

DIRECTOR

	Jul-Sep	Jul-Sep
	2022	2021
	Rupees	in '000'
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	190,107	219,161
Adjustments for non cash charges and other items:		
Depreciation - own assets	90,938	63,300
Amortization of right of use assets	668	3,455
Amortization of intangible assets	73,376	73,376
(Gain)/Loss on disposal of fixed assets	(5,193)	18,169
Foreign exchange (gain)	(293,218)	(229,666)
Finance cost	26,450	17,636
Interest income	(91,204)	(69,506)
Employee compensation expense	9,381	-
Amortization of deferred grant	(712)	(3,381)
Provision for expected credit losses	14,586	17,166
Share of loss of associate	-	11,544
	(174,928)	(97,907)
Cash generated from operations before working capital changes	15,179	121,254
Working Capital Changes		
Trade debts	(350,420)	127,301
Contract assets	(153,057)	(389,154)
Contract liabilities	(187,808)	(127,484)
Loans and advances	(41,456)	(17,398)
Trade deposits & short term prepayments	(87,427)	1,933
Other receivables	(2,137)	(162)
Due from related parties	29,743	(4,626)
Trade and other payables	109,389	(1,705)
Cash (used in) operations	(683,173)	(411,294)
Finance cost	(19,799)	(29,176)
Income taxes paid	(37,532)	(30,219)
Dividend paid	(86)	(127)
Net cash (used in) operations	(725,411)	(349,563)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(207,083)	(20,411)
Sales proceeds of fixed asset	35,048	1,151
Advances against capital expenditure	(2,969)	-
Interest received	91,204	69,506
Net cash (used in)/generated from investing activities	(83,800)	50,247
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid against lease liabilities	(690)	(6,830)
Long term loan	(77,046)	(41,037)
Long term advances	2,175	2,175
Net cash (Used in) financing activities	(75,561)	(45,692)
Net (decrease) in cash and cash equivalents	(884,772)	(345,009)
Cash and cash equivalents at the beginning of the period	3,794,130	3,795,397
Cash and cash equivalents at the end of the period	2,909,358	3,450,389

CHIEF EXECUTIVE OFFICER

DIRECTOR

Attributable to equity holders of the Parent

			Attributable t	o equity noiu	ers or the Fai	enc	
	Issued, subscribed and paid-up capital	Share deposit money	Capital reserve			Revenue reserve	Total Equity
			Employee share option compe-nsa- tion reserve	Share premium	Foreign currency translation reserve	Unappropri ated profit	
			R	upees In	0 0 0'		
Balance as at June 30, 2021	898,369	13	225,328	304,167	(20,872)	5,708,827	7,115,832
Net profit for the period			-	-	-	193,646	193,646
Other comprehensive (loss) for the period			-	-	(753)	-	(753)
Total comprehensive (loss) / profit for the period			-	-	(753)	193,646	192,893
Balance as at September 30, 2021	898,369	13	225,328	304,167	(21,625)	5,902,473	7,308,725
Balance as at June 30, 2022	878,369	13	232,881	304,167	(33,687)	6,416,393	7,798,136
Net profit for the period			-	-	-	148,866	148,866
Other comprehensive income for the period			-	-	-	-	-
Total comprehensive income for the period			-	-	-	148,866	148,866
Amortization of employee share options			9,381	-	-	-	9,381
			9,381	-	-	148,866	158,247
Balance as at September 30, 2022	878,369	13	242,262	304,167	(33,687)	6,565,259	7,956,383

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

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DIRECTOR

1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Group consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited

NetSol Technologies Limited ("the Company"), incorporated in Pakistan on August 22, 1996 under the repealed Companies Ordinance, 1984, (Now Companies Act 2017) as a private company limited by shares, was later on converted into public limited company and subsequently listed on Pakistan Stock Exchange on August 26, 2005. Main business of the Company is development and sale of computer software and allied services in Pakistan as well as abroad.

Addres	s/Location	Purpose
1	NetSol IT Village,(Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.	Registered office and business unit
2	43/1/Q, Amna Villa 1, Block-6, PECHS Housing Society Karachi.	Branch office
3	House No. 4, Safari villas 1, Bahria town, Rawalpindi. Pakistan.	Branch office

4 Central Senayan 2 Building, 16th Floor, Asia Afrika Street, No. 8, Senayan, Branch office Kebayoran Baru, South Jakarta, DKI Jakarta, 12190

NetSol Innovation (Private) Limited ('the subsidiary Company" or 'Subsidiary") is incorporated in Pakistan as a private limited company in which NetSol Technologies Limited has share holding of 100%, The subsidiary company is engaged in business of providing online software development services. The registered office of the Company is situated at NetSol IT Village, Lahore Ring Road, Main Ghazi Interchange, Lahore Cantt. Pakistan.

NetSol Technologies Limited is a majority owned subsidiary of NetSol Technologies Inc., USA.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- -International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- -Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements are unaudited and do not include all the disclosures and information required in the annual financial statements and should be read in conjunction with the preceding annual published financial statements of the company for the year ended June 30, 2022.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments at fair value as disclosed in respective accounting notes. These accounts have been prepared under accrual basis of accounting.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Pak Rupee, which is the Group's functional currency. All financial information presented in Pak Rupee has been rounded off to the nearest thousand unless stated otherwise.

3. ACCOUNTING POLICIES

3.1. The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Group for the year ended June 30, 2022.

3.2. Standards, amendments and interpretations to approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are also effective for accounting periods beginning on July 01, 2022, but are neither relevant nor have any significant effect on the group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

4. USE OF ESTIMATES AND JUDGMENT

4 28

The preparation of condensed consolidated interim financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the judgements, estimates and assumptions made by the management were the same as those that were applied to the preceding annual published financial statements of the company for the year ended June 30, 2022.

				NOTE	Sep-22 Unaudited Rupees	Jun-22 Audited in '000'
5.	PRO	PERTY	PLANT & EQUIPMENT			
	Net	book v	alue of owned assets	5.1	1,691,141	1,583,166
	Net	book v	alue of right of use assets	5.2	10,385	32,739
	Adva	ances a	gainst capital expenditure		7,049	4,080
					1,708,575	1,619,985
	5.1	PROF	PERTY, PLANT & EQUIPMENT			
		Open	ing Balance - net book value		1,583,166	1,522,391
		Addit	ions	5.1.1	228,769	389,807
					1,811,935	1,912,198
		Less:				
		Dispo	sals - net book value	5.1.2	(29,856)	(51,823)
		Depre	eciation & amortization		(90,938)	(277,209)
					1,691,141	1,583,166
		5.1.1	Following is the detail of addition / (transfer)			
			Furniture & fixture		287	1,916
			Vehicles		43,136	196,068
			Office equipment		1,377	1,940
			Computers		90,947	152,086
			Air conditioners		206	2,418
			Generator		3,239	2,090
			Computer software		89,577	33,290
			Total		228,769	389,807

NETSOL Technologies Limited

		Sep-22 Unaudited			Jun-22 Audited	
5.1.2 Following is the detail of deletions	Cost	Accumulated Depreciation	Written down Value Rupees	Cost in '000'	Accumulated Depreciation	Written down Value
Furniture & fixture	430	358	72	4,555	1,851	2,704
Vehicles	36,128	6,344	29,784	13,948	9,346	4,602
Office equipment	_	-	-	717	-	717
Computers	_	-	-	627,673	593,617	34,055
Air conditioners	_	-	-	1,132	-	1,132
Generator	_	-	-	265	-	265
Computer software	_	-	-	301,346	292,998	8,348
Total	36,558	6,702	29,856	949,635	897,812	51,823
					Sep-22	Jun-22
				NOTE	Unaudited	Audited
					Rupees	in '000'
5.2 RIGHT OF USE ASSETS						
Opening Balance - net book val	ue				32,739	80,475
Additions				5.2.1	-	9,093
	-				32,739	89,568
Less:						
Disposals - net book value				5.2.2	(21,686)	(44,191)
Depreciation & amortization					(668)	(12,638)
					10,385	32,739
5.2.1 Following is the detail of add	lition / (tran	sfer) :				
Vehicles					-	9,093
Total					-	9,093
		Sep-22 Unaudited			Jun-22 Audited	
5.2.2 Following is the detail of deletions	Cost	Accumulated Depreciation	Written down Value Rupees	Cost in '000'	Accumulated Depreciation	Written down Value
Vehicles	49,285	27,599	21,686	90,176	47,794	42,382
Computers	-	-	-	6,308	4,499	1,809
Total	49,285	27,599	21,686	96,484	52,293	44,191
					Sep-22	Jun-22
					Unaudited	Audited
6. INTANGIBLE ASSETS					Rupees	In 000
6. INTANGIBLE ASSETS						
Opening Balance - net book value					333,889	627,393
Opening Balance - net book value Less: Amortization					333,889 (73,376)	627,393 (293,504)

7. LONG TERM INVESTMENTS - at cost

Investment in associate (Unquoted company)

The company had made investment in WRLD3D Inc., a US based entity having its principal place of business at 800 W. El Camino Real, Suite 320, Mountain View, California 94040 and engaged in gaming and 3D mapping business. DCD Holdings Limited Carlton Services Ltd, second floor, The Quadrant, Manglier Street, PO Box 1312, Victoria, Mahe, Seychelles is the beneficial owner of the company. The Company owns 4,092,189 preference BB shares of WRLD3D Inc. (12.2% ownership interest) originally valued at \$2.77 million and uses equity method to account for investment in associate.

As the company's share of loss in investment exceeds its interest in the entity, the company is not recognizing any further losses.

			Sep-22	Jun-22
			Unaudited	Audited
		NOTE	Rupees	in '000'
8.	TRADE DEBTS			
	Considered good - unsecured	8.1	3,134,372	2,515,750
	Considered doubtful - unsecured		215,798	190,782
			3,350,170	2,706,532
	Less: Provision for Expected credit losses	8.2	(215,798)	(190,782)
			3,134,372	2,515,750

8.1 It represents amount receivable from customers. It is unsecured but considered good by the management.

8.2 This is an allowance for expected credit losses created by the company for any future doubtful trade debts.

83	Amount receivable	from related	narties included	in trade debts ar	o ac undor

NetSol Technologies (Thailand) Limited	198,642	77,578
NetSol Technologies (Beijing) Company Limited	1,658,265	1,231,368
NetSol Australia Pty. Limited	274,152	224,471
Netsol Technologies Americas	347,852	315,913
NetSol Technologies Europe Ltd	23,116	15,701
Ascent Europe Limited	63,237	37,439
OTOZ Thailand Ltd	87,576	84,521
	2,652,840	1,986,991

9. SHARE CAPITAL

4 30

9.1 Authorised share capital

	Sep-22	Jun-22		Sep-22	Jun-22
	Unaudited	Audited		Unaudited	Audited
	Number o	of shares		Rupees	in '000'
	150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	1,500,000	1,500,000
9.2	Issued, subscr	ibed & paid-up	capital		
	42,686,191	42,686,191	Ordinary Shares of Rs. 10 each fully paid in cash	426,862	426,862
	47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	471,507	471,507
	(2,000,000)	(2,000,000)	Treasury Shares of Rs. 10 each as fully paid in cash	(20,000)	(20,000)
	87,836,923	87,836,923		878,369	878,369

NetSol Technologies Inc. 23975, Park Sorrento, Suite 250, Calabasas CA 91302, is the parent company holding 67.62% (2022: 67.62%) of issued capital of the Company.

The shares held by the company as treasury shares are held in CDC blocked account in freeze form. These are not entitled to any voting right, cash dividend or other distribution made by the company.

10.	RESERVES		
	Capital reserve		
	Premium on issue of ordinary shares	304,167	304,167
	Employee share option compensation reserve	242,262	232,881
	Foreign currency translation reserve	(33,687)	(33,687)
	Revenue reserve		
	Un - appropriated profit	6,565,259	6,416,393
		7.078.001	6.919.754

NETSOL Technologies Limited

		Sep-22	Jun-22
		Unaudited	Audited
		Rupees	in '000'
11.	LONG TERM FINANCING		
	Long term finance facility	43,423	86,175
	Deferred grant	-	712
	Loan liability	92,846	127,140
	Less: Current portion shown under current liabilities:		
	Current portion of long term finance facility	(43,423)	(86,175)
	Current portion of deferred grant	-	(712)
	Current portion of loan liability	(32,921)	(38,859)
		(76,344)	(125,746)
		59.925	88 281

^{12.} Trade and other payables also include payable to NetSol Technologies Europe Limited & OTOZ Inc., associated companies Rs. 9.6 million (2022: 49.78 million). This relates to normal course of the business and is interest free.

13. CONTINGENCIES & COMMITMENTS

13.1 Contingencies

There is no significant change in the contingencies since the date of preceding published annual financial statements.

Jul-Sep

Jul-Sep

13.2 Commitments

- **13.2.1** The Company has issued worth Rs. 11.4 million (2022: Rs. 11.4 million) bank guarantees to LESCO and Standard Chartered Bank against its corporate credit cards.
- **13.2.2** The Company has capital commitments of Rs. NIL under capital purchase agreements as at Sep 30, 2022. (2022: Rs. NIL)

		, p	, F
		2022	2021
		Rupees in '000'	
14.	REVENUE FROM CONTRACTS WITH CUSTOMERS		
	DISAGGREGATION OF REVENUE:		
	Export Revenue		
	License	-	148,290
	Services	859,485	519,020
	Subscription and Support	785,529	585,028
		1,645,014	1,252,338
	Local Revenue		
	License	42,653	-
	Services	67,958	-
		110,611	-
	Sales tax	(2,169)	-
		1,753,456	1,252,338

15. TAXATION

Income of the Group from export is taxable under FTR at a reduced rate of 0.25% of the export remittances realized through normal banking channels for exporters of IT and IT enabled services. However tax as per applicable rates is charged to the income of the company generated from other than export income.

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

The Company's activities expose it to a variety of financial risks namely market risk (including currency risk, price risk and interest rate risk), credit risk, foreign exchange risk and liquidity risk. There has been no change in the risk management policies during the period, consequently this condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements.

Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair value.

		Jul-Sep	Jul-Sep
17.	EARNING PER SHARE	2022	2021
	Basic	Rupees	in '000'
	Profit attributable to ordinary shareholders of NetSol Technologies Limited	148,866	193,646
	Weighted average number of ordinary shares in issue during the period	87,837	89,837
	Basic - In Rupees	1.69	2.16
	Diluted		
	Profit attributable to ordinary shareholders of NetSol Technologies Limited	148,866	193,646
	Weighted average number of ordinary shares in issue during the period	88,189	89,837
	Diluted - In Rupees	1.69	2.16

18. TRANSACTION WITH RELATED PARTIES

32

Related parties comprise of holding company, subsidiary, associated undertakings, key management personnel of the company and post employment benefits. The Company in its normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Parent, subsidiary and associated undertakings also have some common directorship.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows.

			Jul-Sep	Jul-Sep
			2022	2021
	Relationship with the Company	Nature of transactions	Rupees	in '000'
(i)	Associated undertaking	Rental Income	225	225
		Provision of services	374,920	439,044
		Purchase of services	9,720	6,437
(ii)	Key management personnel	Salaries and benefits	84,018	54,829
		Retirement benefits	3,551	2,477
		Commission paid	2,080	78,174
(iii)	Post employment benefit	Contribution to defined		
		contribution plan	46,088	36,511

⁽iv) There are no transactions with any key management personnel other than under the terms of employment.

NETSOL Technologies Limited

19. SEGMENT REVENUES AND RESULTS

Following is an analysis of the Group's revenue and results by reportable segment.

		Sep-22			
	PBS	PS	BPO	Total	
		Rupees in '000'			
Revenue - net					
External sales					
License	41,817	-	-	41,817	
Services	859,863	37,213	29,034	926,110	
Subscription and Support	785,529	-	-	785,529	
Total revenue	1,687,209	37,213	29,034	1,753,456	
Cost of revenue	(1,221,003)	(44,802)	(20,186)	(1,285,991)	
Segment results	466,206	(7,589)	8,848	467,465	
Unallocated corporate expenses:					
Selling and promotion expenses				(181,165)	
Administrative expenses				(353,375)	
Other income				384,647	
Other operating expenses				(101,192)	
Finance cost				(26,273)	
Taxation				(41,241)	
Profit after taxation				148,866	

		Sep-21			
	PBS	PS	BPO	Total	
		Rupees in '000			
Revenue - net					
External sales					
Licence	148,290	-	-	148,290	
Services	462,211	31,318	25,491	519,020	
Subscription and Support	585,028	-	-	585,028	
Total revenue	1,195,529	31,318	25,491	1,252,338	
Cost of revenue	(853,614)	(12,551)	(23,342)	(889,507)	
Segment results	341,915	18,767	2,149	362,831	
Unallocated corporate expenses:					
Selling and promotion expenses				(121,153)	
Administrative expenses				(226,828)	
Other income				299,399	
Other operating expenses				(69,008)	
Finance cost				(14,536)	
Share of loss of associate				(11,544)	
Taxation				(25,515)	
Profit after taxation				193,646	

*Key

PBS = Product Based Solutions and Ancilliary Services PS = Professional Services

BPO = Business Process Outsourcing

Segment assets and liabilities are not regularly provided to the CODM. The Group has elected as provided under IFRS 8 'Operating Segments' (amended) not to disclose a measure of segment assets or liabilities where these amounts are not regularly provided to the CODM.

20. CORRESPONDING FIGURES

Corresponding figures have been wherever necessary re-arranged/re-classified for better presentation.

21. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 28, 2022 by the Board of Directors.

22. GENERAL

Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

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