

**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:02/05/2023

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

Subject: **Transmission of Quarterly Report for the Period Ended March 31, 2023**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended March 31, 2023 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





Financial Statements  
(Un-Audited)  
For the Nine Months Ended  
March 31,

**2023**



# Contents

## Business Review

02

Company  
Profile

04

Directors'  
Report

07

Directors'  
Report Urdu

## Condensed Financial Statements

12

Statement of  
Financial  
Position

13

Statement of  
Profit or Loss

14

Statement of  
Comprehensive  
Income

15

Statement of  
Cash Flows

16

Statement of  
Changes in  
Equity

17

Notes to Financial  
Statements

## Condensed Consolidated Financial Statements

26

Statement of  
Financial Position

27

Statement of  
Profit or Loss

28

Statement of  
Comprehensive  
Income

29

Statement of  
Cash Flows

30

Statement of  
Changes in  
Equity

31

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

## AUDIT COMMITTEE

**ANWAAR HUSSAIN**  
Chairman

**VASEEM ANWAR**  
Member

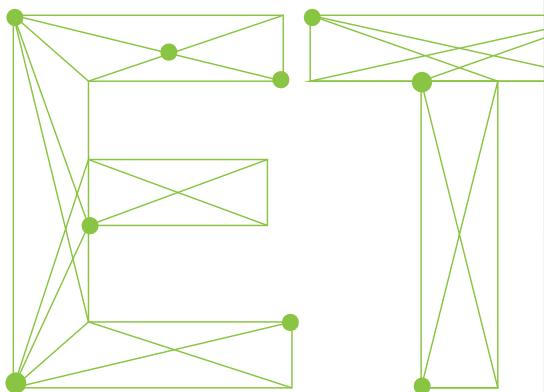
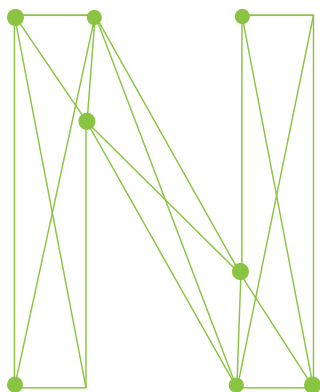
**HAMNA GHAURI**  
Member

**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,  
Lahore Cantt. 54792, Pakistan  
Tel: +92-42-111-44-88-00,  
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### **RAWALPINDI OFFICE**

House No. 04, Safari Villas,  
Bahria Town, Rawalpindi  
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Fax: +92-51-5595376

### **KARACHI OFFICE**

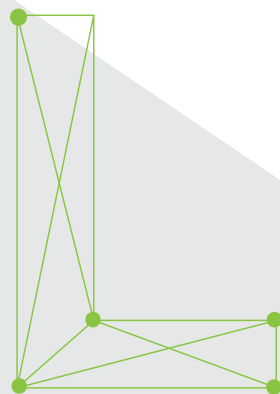
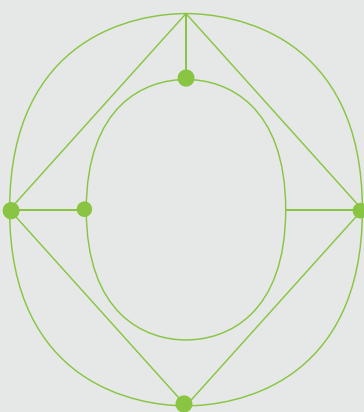
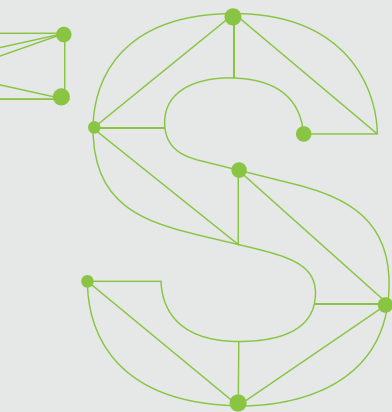
43/1/Q, Amna Villa # 1  
Block # 03. P.E.C.H.S, Karachi-75400  
Tel: +92-21-111-638-765  
Fax: +92-21-3431-3464

### **PESHAWAR OFFICE**

3rd floor Jasmin's Arcade  
Fakhar-e-Alam road, Peshawar  
Cantt. Pakistan.

### **WEB PRESENCE**

[www.netsolpk.com](http://www.netsolpk.com)  
[info@netsolpk.com](mailto:info@netsolpk.com)  
[corporate@netsolpk.com](mailto: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 March 31, 2023.

## GENERAL OVERVIEW

The first quarter of the new calendar year has been eventful on the business front for the company, with a multi-million-dollar contract signing, expansions of strategic partnerships, other agreement signings, high profile visits in Pakistan and the continuation of sponsoring, exhibiting at and attending industry leading events worldwide.

### Signing of a multi-million-dollar contract with a leading Japanese equipment finance company in Australia

NETSOL's sister company NETSOL Technologies Australia Pty Ltd. has signed an agreement with the finance division of a leading global agricultural and industrial equipment manufacturer based in Japan. The contract relates to its operations in Australia.

The multi-million-dollar contract is for the deployment of NETSOL's premier technology platform NFS Ascent Retail, which consists of Ascent Omni Point-of-Sale (Omni POS) and Ascent Contract Management System (CMS). The client, who is already using NETSOL's solutions in New Zealand, has also selected NFS Digital touchpoints including Self Point-of-Sale (Self POS), Mobile Point-of-Sale (mPOS) and Mobile Account (mAccount). The implementation timeline is expected to be twelve to fourteen months.

NETSOL Technologies Ltd., Pakistan will directly benefit from this contract through the provisioning of both license as well as major services to the sister concern for the implementation of NFS Ascent at the client site. This will result in generating impressive intercompany revenue over the period of the contract.

### NETSOL extended its partnership with Amazon Web Services (AWS) becoming an API Gateway Delivery Partner and also earned the AWS CloudFormation Badge

Amazon Web Services (AWS) is NETSOL's primary cloud services partner with a Select Tier Partnership Level. NETSOL has now become an API Gateway Delivery Partner with AWS, and with this extended APN partnership, the company will have access to AWS API Gateway, a fully managed service that makes it easy for developers to create, publish, maintain, monitor, and secure APIs (application programming interfaces) at any scale.

This new partnership is expected to position NETSOL to expand its capabilities and better serve its global clientele in a variety of industries. Essentially, it enables NETSOL to provide even more robust cloud solutions to its diverse clientele worldwide, by leveraging the power and the scale of the AWS platform.

NETSOL also earned the **AWS Cloud Formation Service Delivery Qualification** – a testament to the company's expertise in deploying and managing infrastructure on the AWS Cloud and demonstrating NETSOL's dedication to maintaining its position as a leading AWS Partner, providing its customers with the best solutions to meet their business requirements.

### NETSOL signed an agreement with Digital Intelligence Systems (DISYS)

During this quarter ended, our parent company signed a teaming agreement with Digital Intelligence Systems, LLC (DISYS). However, the Company will also benefit from this signing. This collaboration will leverage DISYS's deep knowledge and expertise in creating financial systems and its resource pool of over 5000 US-based engineers will complement and augment NETSOL's growing presence and customer base in the United States. It will further jointly undertake large enterprise-grade programs for existing and new customers in the country.

DISYS is headquartered in McLean, Northern Virginia, with more than 70 offices across the globe. It is a worldwide managed services and staffing firm providing application development, business intelligence services, cloud enablement, enterprise resource planning, automated testing solutions, process automation as well as staffing solutions.

### High profile guests and other visits in Pakistan

Prince Fahad bin Mansour Al-Saud from the Royal Family of Saudi Arabia visited NETSOL Technologies Pakistan to explore opportunities of Pakistan's IT sector and ways of boosting the country's tech industry were discussed.

Also during this period, Nathan Seifert, US Commercial Counselor to Pakistan and Aaron Fishman, Economic Counselor to Pakistan, visited the company for networking purposes and to discuss opportunities existing in the country.

### Presence at Industry Events

NETSOL continued to attend industry events to maintain its presence and for its lead-generation purposes. A number of industry-leading events and conferences were sponsored, exhibited at, and/or attended by NETSOL in North America and Europe.

## FINANCIAL PERFORMANCE

Comparisons of un-audited financial results for the third quarter ended March 31, 2023 with the corresponding period of the fiscal year 2022 and cumulative results for the nine months ended March 31, 2023, with those of March 31, 2022, of the company are given below:

STAND-ALONE FINANCIAL STATEMENTS				
Rupees in '000'				
STAND-ALONE FINANCIAL STATEMENTS	Jan-Mar 2023	Jan-Mar 2022	Jul-Mar 2023	Jul-Mar 2022
Revenue	2,079	1,607	5,478	4,572
Gross profit	695	519	1,522	1,681
Net profit	1,404	165	1,433	877
EPS – basic (in PKR)	15.98	1.83	16.31	9.76
EPS – diluted (in PKR)	15.98	1.82	16.25	9.73
EBITDA per share – diluted (in PKR)	18.48	3.18	22.62	13.82



Revenue for the quarter that ended March 31, 2023, improved by 29.37% compared to the revenue posted in the same quarter of the previous fiscal year. The company posted a net revenue of PKR 2,079 million as compared to PKR 1,607 million during the corresponding period last year. In the current quarter, the Company recorded PKR 374 million in license revenue due to the implementation of NFS Ascent™ at customer site in Australia. On the Services side, the Company recorded revenue amounting to PKR 616 million in comparison to PKR 614 million in the same quarter of the last fiscal year. This is a continuous nature of services revenue coming from our existing customers for enhancement and customization in the systems deployed at their respective sites. In addition to it, Subscription and support revenue also increased from PKR 712 million to PKR 1,089 million during the current quarter.

Gross Margins during the period clocked in at PKR 695 million as compared to the corresponding period where margins were recorded at PKR 519 million. An increase in revenues coupled with cost optimization initiatives translated into an 86% QoQ improvement in the company's operating profits which increased from PKR 109 million last year to PKR 202 million in the current quarter.

The Company posted a net profit after tax of PKR 1,404 million compared to PKR 165 million last year. Pak Rupee experienced a huge devaluation during the period which resulted in booking of exchange gain of PKR 1,401 million during the period compared to PKR 101 million in the comparable period. This profitability has translated diluted earnings per share to clock in at PKR 15.98 for the quarter that ended March 31, 2023, in comparison of PKR 1.82 in the corresponding period. The company posted a net EBITDA profit of PKR 18.48 per diluted share compared to PKR 3.18 in the comparable period. On year to date basis, the company posted revenue PKR 5,478 million compared to PKR 4,572 million in the corresponding period. The Company posted a net profit of PKR 1,433 million in comparison of PKR 877 million during the same period last year. Basic and Diluted earnings per share for the nine months ended March 31, 2023 were PKR 16.31 and 16.25 respectively in comparison to PKR 9.76 & 9.73 in the corresponding period. Year to date EBITDA profit for the current period was PKR 22.62 per diluted share compared to PKR 13.82 in the preceding period.

The Company also consolidates financial results of its wholly owned subsidiary 'NETSOL Innovation (Pvt) Limited' and its newly incorporated Dubai based wholly own subsidiary 'NETSOL Ascent Middle East Equipment Trading LLC'. 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 a very nominal revenue has so far been recognized thus resulting in losses for the quarter. Similarly, NETSOL Ascent Middle East has just been incorporated with no revenues so far. Net consolidated revenues for the quarter ended March 31, 2023 were PKR. 2,105 million compared to PKR 1,624 million in fiscal 2022. Consolidated gross profit for the quarter was PKR 655 million as compared to PKR 505 million in the same period last year. On consolidated basis, the company posted net consolidated profit of PKR 1,343 million in the current quarter compared to net consolidated profit PKR 148 million posted in the same period last year. Basic and diluted earnings per share for the quarter ended March 31, 2023 were PKR 15.28 compared to earnings per share of PKR 1.65 & 1.64 in the comparable period.

#### FUTURE OUTLOOK

NETSOL remains committed to navigating through the incredibly difficult operating environment with the ongoing economic crisis in Pakistan. However, the company continues to avail all opportunities to advance leaps and bounds in developing new innovations, staying relevant to the market, and increasing its product and service offerings. The company will continue its positive momentum and aims to deliver consistent and competitive results to yield strong sales and growth that will benefit all stakeholders.

- While the company will continue to promote its premier, next-generation platform for the global asset finance and leasing industry (**NFS Ascent**), its suite of digital transformation products for the industry (**NFS Digital**), alongside its fully digital, white-label platform for digital auto retail and mobility orchestration (**Otoz**), the IT powerhouse will also heavily promote its new products and services in the marketplace. Alongside bluechip and Fortune 500 companies, NETSOL has also been targeting Tier 2 and Tier 3 financial institutions and will continue to do so in the future.
- This consists of products that have been launched as part of the **Appex-Now** marketplace, which is essentially the first marketplace developed specifically for the global credit, finance and leasing industry. The first product launched as part of Appex-Now was **Flex** – an API-based, out-of-the-box calculation engine. It is a SaaS-based product and can be integrated seamlessly into an organization's products, services and ecosystem. Following the successful launch of Flex, as part of the marketplace, NETSOL has now launched **Hubex**, an API library which allows integrations with multiple API services, available directly on the platform, enabling companies to standardize all their API integration procedures.
- The Appex-Now marketplace represents NETOL's focus on developing **SaaS-based products** built with an **API-first approach**. Financial APIs have developed into a best practice for establishing connections between outside services and financial institutions to exchange financial data. They enable users to swiftly and safely share their financial information, resulting in new financial tools with improved user interfaces. Moving forward, NETSOL will continue focusing on an API-first approach.
- As a recognized IT powerhouse, NETSOL will also focus on promoting its **professional services** and its **cloud services (in partnership with AWS)** worldwide. In terms of its professional services, NETSOL is offering a full range of outsourcing services for companies across industry verticals. Essentially, the company is enabling organizations to employ its resources in order to enable them to develop and refine their technology objectives and strategy, to innovate and execute their roadmap and to optimize service quality.
- In collaboration with AWS, NETSOL also aims for its cloud services to be acknowledged across the AWS community, increasing its reach to relevant prospects in North America, Europe and APAC. The company finds it imperative to take advantage of the power of the cloud to ensure decreased costs, flexibility, reliability, a secure and agile environment and state-of-the-art solutions across all sectors.
- In order to maintain its global presence, and more importantly, for its lead generation purposes, NETSOL will continue to sponsor, exhibit at and attend annual industry leading events, including conferences, conventions, summits and annual meetings, particularly in the United States, Canada, the United Kingdom and Australia.
- Business continuity is essential no matter what external challenges are faced by companies, irrespective of the industry they operate in. NETSOL has been striving to reduce its expenses and has therefore employed cost-cutting measures in order to increase its profitability and to remain competitive in the highly dynamic and ever-changing global marketplace.



#### ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation for the continued support of 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 the future.

On behalf of the Board



**Salim Ullah Ghauri**  
Chief Executive Officer

April 27, 2023



**Omar Ghauri**  
Director

# ڈائریکٹرز رپورٹ

ہمیں خوشی ہے کہ نیٹ سول ٹیکنالوجیز لینڈ کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی 31 مارچ 2023 کو ختم ہونے والے عرصہ کے لئے غیر آڈٹ شدہ مالیاتی گوشوارے بشمول مجموعی مالیاتی گوشوارے پیش کر رہے ہیں۔

## عمومی جائزہ: (General Overview)

نئے سال کی پہلی سہ ماہی کے دوران لاکھوں ڈالر کے معاہدے پر اتفاق، اسٹریٹجک شراکت داری میں توسیع، دیگر معاہدوں پر اتفاق، اعلیٰ شخصیات کا دورہ پاکستان اور سپانسرنگ کا تسلسل، انڈسٹری کی معروف عالمی تقریبات میں نمائش و شرکت جیسے امور کمپنی کے لئے کاروباری لحاظ سے بہت ہی سودمند ثابت ہوئے ہیں۔

## آسٹریلیا میں جاپان کی معروف ایکو پینٹ فائٹ کمپنی کے ساتھ دس لاکھوں ڈالر کے معاہدے پر اتفاق

نیٹ سول کی ذیلی کمپنی نیٹ سول ٹیکنالوجیز آسٹریلیا پر ایجو بیٹ لینڈ نے جاپان کی عالمی شہرت یافتہ زرعی اور صنعتی آلات بنانے والی کمپنی کے مالیاتی ڈویژن کے ساتھ ایک معاہدہ طے کیا ہے۔ یہ معاہدہ آسٹریلیا میں کمپنی کے امور سے متعلق ہے۔

لاکھوں ڈالر کا یہ معاہدہ نیٹ سول کے پریمیر ٹیکنالوجی پلیٹ فارم NFS Ascent Retail کی فراہمی کے لئے ہے جو Ascent Omni Point-of-Sale (Omni POS) اور Ascent Contract Management System (CMS) پر مشتمل ہے۔ یہ کلائنٹ، جو پہلے ہی نیوزی لینڈ میں نیٹ سول کے solutions استعمال کر رہا ہے NFS Digital touchpoints کا بھی انتخاب کیا ہے جس میں خود ساختہ میگزین مرکز (Self POS)، موبائل سیل مرکز (mPOS)، اور موبائل اکاؤنٹ (mAccount) شامل ہیں۔ اس کے اطلاق کی تکمیل 12 سے 14 ماہ ہے۔

دونوں انٹینسٹی کی سہولت بعد کلائنٹ سائٹ پر NFS Ascent پر اطلاق کے لئے ذیلی کمپنی کو فراہم کی گئی وسیع خدمات کے ذریعے نیٹ سول ٹیکنالوجیز پاکستان براہ راست مستفید ہوگی۔ اس طرح معاہدہ کے دوران نیٹ سول کمپنی کے لیے خاطر خواہ آمدنی کا حصول ہوگا۔

## نیٹ سول نے ایم ایل این وی ایب سروسز (AWS) کے ساتھ شراکت داری کو وسعت دے کر API گیٹ ویسے ڈیلیوری پائٹنر بن گیا ہے اور کمپنی نے AWS کلاؤڈ ڈیزائن بیج بھی حاصل کیا ہے

ایمازون ویب سروسز (AWS) نیٹ سول Select Tier Partnership Level کا پٹنی پرائمری گاہک ڈسٹری بیوٹرز ہے۔ نیٹ سول AWS پر مشتمل API گیٹ ویسے ڈیلیوری پائٹنر بن چکا ہے اور اس کو ویب API APN شراکت داری کے ساتھ کمپنی مکمل مربوط سروس AWS API گیٹ ویسے رسائی رکھے گی جس کی مدد سے ڈیلیوری ریزی بھی سکیل پر APIs (ایپلیکیشن پروگرامنگ انٹرفیس) کو تیار، شائع، برقرار، مانیٹر اور محفوظ کر سکیں گے۔

اس نئی شراکت داری کے ذریعے نیٹ سول اپنی استعداد کو بڑھانے کے قابل ہو جائے گی اور مختلف صنعتوں میں اپنے عالمی کلائنٹ کو بہتر خدمات فراہم کر سکے گی۔ واضح طور پر کہا جاسکتا ہے کہ یہ توسیعی شراکت داری نیٹ سول کو اپنے متنوع کلائنٹس کو AWS پلیٹ فارم کی طاقت اور سکیل کو بڑھا کر دنیا بھر میں پائیدار کلاؤڈ solutions فراہم کرنے کے قابل ہو جائے گا۔

نیٹ سول نے AWS کلاؤڈ فائٹیشن سروس ڈیلیوری کی تشکیل بھی حاصل کی ہے جو AWS کلاؤڈ پرائمری اسٹریٹجی کو deploying اور managing کرنے میں کمپنی کے وسیع تجربہ اور بطور صف اول کے AWS پائٹنر مقام کو برقرار رکھنے کے لئے نیٹ سول کے جذبہ کا ثبوت ہے جو اپنے صارفین کو اپنی کاروباری ضروریات کو پورا کرنے کے لئے بہترین فراہم کرتی ہے۔

## ڈیجیٹل انٹیلیجنس سسٹم (DISYS) کے ساتھ نیٹ سول کا معاہدہ

مذکورہ سہ ماہی کے اختتام کے دوران، ہماری مرکزی کمپنی نے Digital Intelligence Systemd, LLC (DISYS) کے ساتھ teaming معاہدہ طے کیا ہے۔ البتہ، کمپنی بھی اس معاہدے سے مستفید ہوگی۔ یہ باہمی تعاون مالیاتی سسٹمز کی تیاری میں DISYS کے علم اور مہارت کو مزید بڑھانے گا اور 5000 سے زائد امریکی انجینئرز پر مشتمل اس کارپورس پول نیٹ سول کی بڑھتی ہوئی سہولت اور مضبوط کرے گا اور امریکہ میں صارفین کی تعداد میں اضافہ کرے گا۔ یہ ملک بھر کے موجودہ اور نئے صارفین کے لئے انٹر پرائز گریڈ پروگرام میں بھی شریک طور پر شرکت کرے گا۔

DISYS کا مرکزی دفتر کینٹا میں واقع ہے جو دنیا بھر میں 70 سے زائد دفاتر کے ذریعے کام کر رہا ہے۔ یہ ایک دنیا بھر میں منظم خدمات اور عملے کی فرم ہے جو ایپلیکیشن ڈیولپمنٹ، پروگرامنگ، انٹیلیجنس سروسز، کلاؤڈ enablement، انٹرنیٹ سروسز پلائنک، آٹومیٹڈ میٹ سالیوشن، پروسس آٹومیٹیشن اور عملے کی بھرتی جیسے عمل فراہم کرتی ہے۔

## اعلیٰ سطحی اور دیگر مہانوں کا پاکستان کا دورہ

سعودی عرب کے شاہی خاندان سے شہزادہ فہد بن منصور اسعو نے پاکستان کے آئی ٹی شعبہ میں مواقع کا جائزہ لینے کے لئے نیٹ سول ٹیکنالوجیز پاکستان کا دورہ کیا جس کے دوران ملک میں ٹیک انڈسٹری کی ترقی کے مختلف ذرائع پر سیر حاصل بحث کی گئی۔

نیز اس عرصے کے دوران، پاکستان میں اقیانیا امریکی کرٹل توصل Nathan Seifert اور اکانا توصل Aaron Fishman نے نیٹ ورلک مقاصد اور ملک میں موجود مواقع پر تبادلہ خیال کے لئے کمپنی کا دورہ کیا۔

## صنعتی تقریبات میں شمولیت

نیٹ سول نے اپنے وجود کو برقرار رکھنے اور لیڈ جزییشن مقاصد کے لئے صنعت سے منسوب کی تقریبات میں شرکت کی۔ شمالی امریکہ اور یورپ میں صنعت سے منسوب کی تقریبات اور کانفرنسوں میں تعاون بھی کیا اور/یا نیٹ سول نے اس میں شرکت و نمائش بھی کی۔

## مالیاتی کارکردگی: (Financial Performance)

31 مارچ 2023 کو ختم ہونے والی تیسری سہ ماہی مع 2022 کی اسی مدت کے ساتھ اور 31 مارچ 2023 کو ختم ہونے والی نو ماہی مع 31 مارچ 2022 کی اسی مدت کے ساتھ غیر آڈٹ شدہ

مالیاتی گوشوارے کے نتائج کا موازنہ درج ذیل ہے۔

### انفرادی مالیاتی گوشوارے

تفصیلات	جنوری تا مارچ 2023ء	جنوری تا مارچ 2022ء	جولائی تا مارچ 2023ء	جولائی تا مارچ 2022ء
محصولات (ملین میں)	2,079	1,607	5,478	4,572
خام منافع (ملین میں)	695	519	1,522	1,681
صافی نفع (ملین میں)	1,404	165	1,433	877
منافع فی حصص بنیادی (روپوں میں)	15.98	1.83	16.31	9.76
منافع فی حصص - تحلیل شدہ (روپوں میں)	15.98	1.82	16.25	9.73
*EBITDA فی حصص - تحلیل شدہ (روپوں میں)	18.48	3.18	22.62	13.82

31 مارچ 2023ء کو ختم ہونے والی سہ ماہی کی محصولات پچھلے مالی سال کی اسی سہ ماہی میں درج ہونے والی محصولات کے مقابلے میں 29.37 فیصد بہتر ہوئی ہے۔ کینی گزشتہ سال کے اسی عرصے کے دوران 1,607 ملین روپے کے مقابلے میں 2,079 ملین روپے کی خالص محصولات حاصل کرنے میں کامیاب رہی ہے۔ موجودہ سہ ماہی میں، کینی نے آسٹریلیا سکرمانٹ پر NFS Ascent™ کے نفاذ کی وجہ سے 374 ملین روپے لائسنس کی محصولات کی مد میں درج کیے ہیں۔ خدمات محصولات کی مد میں، کینی نے گزشتہ مالی سال کی اسی سہ ماہی میں 614 ملین روپے کے مقابلے میں 616 ملین روپے کی محصولات موجودہ سہ ماہی میں درج کی ہیں۔ یہ خدمات کی محصولات کا ایک تسلسل ہے جو ہمارے موجودہ سکرمز کی متعلقہ deployed sites سسٹم میں اضافہ اور تخصیص سے آتا ہے۔ اس کے علاوہ، موجودہ سہ ماہی کے دوران ہسکر چین اور پورٹ (بحالی) کی محصولات 712 ملین روپے سے بڑھ کر 1,089 ملین روپے ہوئی ہیں۔

اس مدت کے دوران مجموعی مارجن اسی مدت کے مقابلے میں 695 ملین روپے تک پہنچ گئے جہاں مارجن 519 ملین روپے درج کیے گئے تھے محصولات میں اضافے کے ساتھ لاگت کو بہتر بنانے کے اقدامات نے کینی کے آپریٹنگ منافع میں QoQ میں 86 فیصد بہتری ہوئی جو گزشتہ سال 109 ملین روپے سے بڑھ کر موجودہ سہ ماہی میں 202 ملین روپے ہو گیا۔

کینی نے گزشتہ سال 165 ملین روپے خالص منافع کے مقابلے میں 1,404 ملین روپے کا بعد از ٹیکس خالص منافع کمایا ہے۔ اس عرصے کے دوران پاکستانی روپے کی قدر میں بہت زیادہ کمی ہوئی جس کے نتیجے میں اس عرصے کے دوران 1,401 ملین روپے کی کٹمی تبادلے کے منافع سے منسلک ہے جس کا موازنہ 101 ملین روپے گزشتہ سال کے اس عرصے سے کیا گیا ہے۔ گزشتہ مدت کے 1.82 روپے تحلیل شدہ فی حصص منافع کے مقابلے میں 31 مارچ 2023ء کو ختم ہونے والی سہ ماہی کے لیے 15.98 روپے تحلیل شدہ فی حصص منافع درج کیا ہے۔ کینی نے گزشتہ عرصے 3.18 روپے تحلیل شدہ فی حصص خالص EBITDA منافع کے مقابلے میں موجودہ سہ ماہی میں 18.48 روپے تحلیل شدہ فی حصص کا خالص EBITDA منافع درج کیا ہے۔ سال پر روز (YTD) کی بنیاد پر، اسی مدت میں محصولات گزشتہ سال 4,572 ملین روپے کے مقابلے میں 5,478 ملین روپے قلمبند کیا ہے۔ کینی نے گزشتہ سال اسی مدت کے دوران 877 ملین روپے کے مقابلے میں موجودہ مدت میں 1,433 ملین روپے کا خالص منافع درج کیا ہے۔ 31 مارچ 2023ء کو ختم ہونے والی نو ماہی کے لئے فی حصص کی بنیادی اور تحلیل شدہ آمدنی اسی مدت میں بالترتیب 9.76 اور 9.73 روپے کے مقابلے میں بالترتیب 16.31 اور 16.25 روپے ہے۔ موجودہ مدت کے لیے سال پر روز (year to date) EBITDA منافع گزشتہ عرصے 13.82 روپے تحلیل شدہ فی حصص کے مقابلے میں 22.62 روپے فی حصص ہے۔

کینی نے اپنے مکمل ملکیتی ذیلی ادارہ "ہیٹ سول انویشن (پرائیویٹ) لمیٹڈ" اور اس کے سٹائل کرڈ وہی رجسٹرڈ مکمل ملکیتی ذیلی ادارہ "ہیٹ سول اینٹ ڈل ایٹ ایکو پیمنٹ ٹریڈنگ ایل ایل سی" کے مجموعی مالیاتی گوشوارے سٹائل کرڈ کیے ہیں۔ ہیٹ سول انویشن بنیادی طور پر پیشہ ورانہ خدمات بشمول ایجنزیاں ویب سروسز کی فراہمی بھی سٹائل ہے۔ فی الحال AWS خدمات فراہم کرنے کے لیے ایک ہیٹ بنانے کے عمل میں ہے اور بہت معمولی محصولات کو درج کیا گیا ہے جس کے نتیجے میں سہ ماہی خسارہ درج ہوا ہے۔ اسی طرح ہیٹ سول اینٹ ڈل ایٹ ایکو پیمنٹ ٹریڈنگ ایل ایل سی کو ابھی تک بغیر کسی محصولات کے سٹائل کیا گیا ہے۔ 31 مارچ 2023ء کے ختم ہونے والی سہ ماہی کیلئے مجموعی محصولات اسی سہ ماہی 2022ء کے 1,624 ملین روپے کے مقابلے میں 2,105 ملین روپے ہے۔ مجموعی ماہانہ گزشتہ مالی سال کی اسی سہ ماہی کے 505 ملین روپے کے مقابلے میں موجودہ سہ ماہی میں 655 ملین روپے ہے۔ مجموعی بنیاد پر، کینی نے گزشتہ مالی سال کی اسی مدت میں 148 ملین روپے نقد مجموعی منافع کے مقابلے میں موجودہ سہ ماہی میں 1,343 ملین روپے کا نقد مجموعی منافع درج کیا ہے۔ 31 مارچ 2023ء کو ختم ہونے والی سہ ماہی کے لئے فی بنیادی اور تحلیل شدہ آمدنی، گزشتہ مدت میں بالترتیب 1.65 اور 1.64 روپے فی حصص منافع کے مقابلے میں 15.28 روپے فی حصص منافع درج کیا ہے۔

### مستقبل کا نقطہ نظر (Future Outlook)

ہیٹ سول پاکستان میں جاری معاشی بحران کے باعث انتہائی مشکل کاروباری ماحول میں اپنی سہ ماہی کو قائم رکھنے کے لئے پرعزم ہے۔ البتہ کینی نئی ایجادات کی تیاری، منڈی میں باہمی قیام اور اپنی پروڈکٹ اور سروسز میں اضافہ حاصل کرنے کے لئے تمام مواقعوں سے مستفید ہو رہی ہے۔ کینی اپنی مثبت رجسٹرڈ اور عزم کو جاری رکھے گا تاکہ اپنی ادارہ ریکٹر اور موصول حاصل کرنے کے لئے داخلی اور مستقبل نتائج دے کر تمام ٹرانسپیک بولڈرز کو نفاذ میں پہنچائے جائیں۔

- گلوبل ایسٹ فنانس ایڈریزنگ ایڈمنسٹری کے لئے اپنے پریمیر next-generation پلیٹ فارم (NFS Ascent) اور ایڈمنسٹری کے لئے ڈیجیٹل ٹرانسفا رمشن پروڈکٹس کے سوٹ (NFS Digital) اور ٹیکس ڈیجیٹل وائٹ لیبل پلیٹ فارم برائے آن کرڈ ٹیکس ایڈمنسٹری (Otoz) کی تیسرے درجہ جاری رکھے کے علاوہ کینی کا آئی ٹی پاور ہاؤس باؤس ریکیٹ پلیٹس میں

نئی پروڈکٹس اور سروسز بھی متعارف کرائے گی۔ بلیو چپ اور فارچون 500 کمپنیوں کے علاوہ ہیٹ سول ٹائیمر 12 اور ٹائیمر 3، ایلیٹی انٹیلیجنس پر بھی توجہ دے رہی ہے اور مستقبل میں بھی اس پر کام جاری رکھے گی۔

■ یہ ایسی پروڈکٹس پر مشتمل ہے جو **Appex-Now** مارکیٹ پلیس کے طور پر متعارف کرایا گیا ہے جو خصوصی طور پر گلوبل کریڈٹ، فنانس اور لیزنگ انڈسٹری کے لئے اولین مارکیٹ پلیس ہے۔ Flex جو کہ API پر مبنی Appex-Now کے جزو کے طور پر پہلی متعارف کرائی گئی پروڈکٹ ہے جو آڈٹ آف دی ہاکس کیلکولیشن انجین ہے۔ یہ SaaS پر مبنی پروڈکٹ ہے جسے انتہائی آسانی سے ادارے کی پروڈکٹس، سروسز اور ایکسٹرنل سسٹمز میں شامل کیا جاسکتا ہے۔ مارکیٹ پلیس کے جزو کے طور پر Flex کے کامیاب افتتاح کے بعد ہیٹ سول نے اب API لائبریری Hubex کو متعارف کرایا ہے جو پلیٹ فارم پر براہ راست دستیاب متعدد API سروسز کے ساتھ منسلک ہونے کی اجازت دیتا ہے تاکہ کمپنیاں اپنے تمام تر API الحاق کے طریقہ ہائے کار کو معیاری شکل دے سکیں۔

■ Appex-Now مارکیٹ پلیس API-first اپروچ کے ساتھ تیار کردہ SaaS پر مبنی پروڈکٹس کی تیار کردہ ہیٹ سول کی بھرپور عکاسی کرتی ہے۔ ایلیٹی APIs ایلیٹی ڈیٹا کے تبادلے کے لئے بیرونی خدمات اور مالیاتی اداروں کے مابین رابطہ قائم کرنے کی غرض سے تیار کیا گیا ہے۔ اس کی مدد سے صارفین اپنی مالیاتی معلومات کا تیز ترین اور محفوظ تبادلہ کر سکیں گے جو نسبتاً بہتر صارف انٹرفیس کے ساتھ ایک ٹیما ایلیٹی ٹول بن چکا ہے۔ مستقبل میں ہیٹ سول API-first اپروچ کو اپنی توجہ کا مرکز بنانے لگے گی۔

■ ایک معروف آئی ٹی پاور ہاؤس کے طور پر ہیٹ سول عالمی سطح پر اپنی پیشہ ورانہ خدمات اور (AWS کی شراکت کے ساتھ) کلاؤڈ سروسز کی تشہیر پر بھرپور توجہ دے گی۔ اپنی پیشہ ورانہ خدمات کے لحاظ سے ہیٹ سول نے اس صنعت کے تمام شعبوں سے منسلک کمپنیوں کے لئے آڈٹ سورسنگ خدمات کی ایک وسیع رینج متعارف کرائی ہے۔ خصوصاً، کچھ ایلیٹی اداروں کو اپنے وسائل کے استعمال کے قابل بنائے گی تاکہ وہ اپنے ٹیکنالوجی مقاصد اور کھت عملی کو تیار اور نکھار سکیں اور اپنے روڈ میپ میں جدت لا کر اسے کارآمد بناسکیں اور سروسز کو ایلیٹی کو بڑھا سکیں۔

■ AWS کے تعاون سے، ہیٹ سول اس غرض کا بھی اعادہ کرتا ہے کہ اس کی کلاؤڈ سروسز کو AWS کیونٹی میں ہر جگہ پر تسلیم کیا جائے اور شمالی امریکہ، یورپ اور APAC میں اپنے ممکنہ صارفین تک اس کی رسائی ہو۔ کمپنی اس امر پر کاربند ہے کہ وہ کلاؤڈ کی طاقت سے مستفید ہوتا کہ لاگت میں کمی، چلک اور اعتماد سازی کی فضا کو یقینی بنایا جاسکے اور تمام شعبوں میں محفوظ ماحول اور عالمی معیار کے حل فراہم کئے جاسکیں۔

■ عالمی سطح پر اپنے قیام کو برقرار رکھنے خصوصاً لیڈ جزیقین مقاصد کے لئے ہیٹ سول صنعت سے منسوب سالانہ تقریبات کو تعاون کرنے میں بھگت کرنے اور ان میں شرکت کرنے کا عمل جاری رکھے گی۔ ان تقریبات میں کانفرنس، کنٹنٹس، سیشن اور سالانہ اجلاس شامل ہیں جو خصوصی طور پر امریکہ، کینیڈا، برطانیہ اور آسٹریلیا میں منعقد ہوتے ہیں۔

■ کمپنی کو درپیش بیرونی چیلنجز اور زیر کار انڈسٹری کے قطع نظر کاروبار جاری رکھنا انتہائی اہم ہے۔ ہیٹ سول اپنے اخراجات کو کم کرنے کے لئے کوشاں ہے لہذا کمپنی اپنے منافع کو بڑھانے اور عالمی مارکیٹ پلیس میں مسلسل تغیر اور انتہائی متقابل ماحول میں اپنی ساکھ کو برقرار رکھنے کے لئے لاگت کم کرنے کے اقدامات پر عمل پیرا ہے۔

#### اعتراف (Acknowledgement)

پورڈ آف ڈائریکٹر کمپنی کے حصص یافتگان، قابل قدر صارفین، سرکاری اداروں اور مالیاتی اداروں کی جانب سے حمایت و معاونت کے لئے ان کی تشریف کرتا ہے اور خراج تحسین پیش کرتا ہے۔ پورڈ کمپنی کے تمام ایگزیکٹوز اور اسٹاف ممبرز کان کی قابل قدر خدمات و وفاداری اور ان کی مسلسل کوششوں کو قدرتی نگاہ سے دیکھتا ہے اور انہیں بھی خراج تحسین پیش کرتا ہے اور امید کرتا ہے کہ مستقبل میں بھی ان کی خلصا بہکوش جاری و ساری رہے گی۔

از طرف پورڈ آف ڈائریکٹر



عمر شہاب نوری  
(ڈائریکٹر)



سید سعادت خان  
(چیف ایگزیکٹو آفیسر)

لاہور

27 اپریل 2023ء



The background of the cover is a collage of financial and urban imagery. It features a blue-toned cityscape with tall buildings, overlaid with various financial charts including a candlestick chart, a line graph with multiple data series, and a bar chart. A large green diagonal shape on the left side contains the title text. The overall aesthetic is modern and professional, with a focus on data and finance.

# CONDENSED FINANCIAL STATEMENTS

For the Nine Months Ended  
March 31, 2023

April May June July August September October November December

Condensed Interim Statement of Financial Position - Unaudited  
As at March 31, 2023

	NOTE	March-23 Unaudited	Jun-22 Audited
Rupees in '000'			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	5	1,591,156	1,613,212
Intangible assets	6	113,761	333,889
		1,704,917	1,947,101
Long term investments	7	30,063	30,063
Long term loans to employees		5,689	7,890
		1,740,669	1,985,054
<b>CURRENT ASSETS</b>			
Trade debts	8	4,394,064	2,500,049
Contract assets		2,259,961	1,756,374
Loans and advances	9	69,905	32,298
Trade deposits & short term prepayments	10	118,974	53,599
Other receivables	11	70,794	13,812
Due from related parties	12	679,536	473,966
Taxation - net		4,327	930
Cash & bank balances		2,728,083	3,785,711
		10,325,644	8,616,739
<b>TOTAL ASSETS</b>		<b>12,066,313</b>	<b>10,601,793</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	13	1,500,000	1,500,000
Issued, subscribed and paid-up capital	13	898,369	898,369
Share deposit money		13	13
Reserves	14	8,379,347	6,928,645
		9,277,729	7,827,027
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	15	59,450	88,281
Lease liabilities		1,617	4,252
		61,067	92,533
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	843,635	602,576
Contract liabilities		239,522	358,504
Short term borrowings		1,580,000	1,580,000
Current portion of long term liabilities		60,481	137,188
Unclaimed dividend		3,879	3,965
		2,727,517	2,682,233
<b>CONTINGENCIES &amp; COMMITMENTS</b>	17	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,066,313</b>	<b>10,601,793</b>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**Condensed Interim Statement of Profit or Loss - Unaudited**  
For the Nine Months Ended March 31, 2023

	NOTE	Jan-Mar 2023	Jan-Mar 2022	Jul-Mar 2023	Jul-Mar 2022
		Rupees in '000'		Rupees in '000'	
Revenue from contracts with customers - net	18	2,078,931	1,606,981	5,477,549	4,572,397
Cost of revenue	19	(1,383,716)	(1,087,846)	(3,956,011)	(2,891,771)
<b>Gross profit</b>		<b>695,215</b>	<b>519,135</b>	<b>1,521,538</b>	<b>1,680,626</b>
Selling and promotion expenses	20	(161,664)	(163,029)	(473,560)	(422,363)
Administrative expenses	21	(331,185)	(247,467)	(1,023,935)	(707,837)
		(492,849)	(410,496)	(1,497,495)	(1,130,200)
<b>Operating Profit</b>		<b>202,366</b>	<b>108,639</b>	<b>24,043</b>	<b>550,426</b>
Other income		1,468,035	163,808	2,046,553	686,077
		1,670,401	272,447	2,070,596	1,236,503
Other operating expenses		(163,351)	(60,250)	(375,341)	(203,967)
Finance cost		(47,397)	(13,727)	(118,612)	(42,257)
Share of loss of associate		-	(10,320)	-	(32,379)
<b>Profit before taxation</b>		<b>1,459,653</b>	<b>188,150</b>	<b>1,576,643</b>	<b>957,900</b>
Taxation	22	(56,046)	(23,374)	(144,093)	(80,805)
<b>Profit after taxation for the period</b>		<b>1,403,607</b>	<b>164,776</b>	<b>1,432,550</b>	<b>877,095</b>
<b>Earnings per share</b>					
Basic - In Rupees	23	15.98	1.83	16.31	9.76
Diluted - In Rupees	23	15.98	1.82	16.25	9.73

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Comprehensive Income - Unaudited  
For the Nine Months Ended March 31, 2023

	Jan-Mar 2023	Jan-Mar 2022	Jul-Mar 2023	Jul-Mar 2022
	Rupees in '000'		Rupees in '000'	
Profit after taxation for the period	1,403,607	164,776	1,432,550	877,095
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):				
Share of other comprehensive income of an associate	-	6,183	-	6,814
Total comprehensive income for the period	1,403,607	170,959	1,432,550	883,909

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

NETSOL Technologies Limited

**Condensed Interim Statement of Cash Flows - Unaudited**  
For the Nine Months Ended March 31, 2023

	Jul-Mar 2023	Jul-Mar 2022
Rupees in '000'		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation for the period	1,576,643	957,900
Adjustments for non cash charges and other items:		
Depreciation - own assets	294,357	197,761
Amortization of right of use assets	2,005	10,163
Amortization of intangible assets	220,128	220,128
Loss on disposal of fixed assets	15,755	25,985
Foreign exchange (gain)	(1,823,160)	(503,604)
Finance cost	116,073	49,621
Interest income	(217,418)	(181,798)
Employee compensation expense	18,152	3,858
Amortization of deferred grant	(712)	(8,151)
Provision for expected credit losses	81,928	68,548
Share of loss of associate	-	32,379
	(1,292,892)	(85,110)
<b>Cash generated from operations before working capital changes</b>	283,751	872,790
<b>Working Capital Changes</b>		
Trade debts	(168,587)	(192,625)
Contract assets	(487,783)	(334,065)
Contract liabilities	(118,982)	597,550
Loans and advances	(35,406)	(10,980)
Trade deposits & short term prepayments	(65,375)	18,233
Other receivables	(56,982)	(711)
Due from related parties	(205,570)	(17,501)
Trade and other payables	208,313	(99,916)
<b>Cash (used in) operations</b>	(930,372)	(40,015)
Finance cost	(83,327)	(50,936)
Income taxes paid	(147,490)	(87,980)
Dividend paid	(86)	(272)
<b>Net cash (used in)/generated from operations</b>	(877,524)	693,587
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment's purchased	(333,230)	(179,207)
Sales proceeds of fixed asset	58,088	8,779
Advances against capital expenditure	(14,920)	(11,316)
Interest received	217,418	181,798
<b>Net cash (used in)/generated from investing activities</b>	(72,644)	54
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Paid against lease liabilities	(2,505)	(18,408)
Received against lease liabilities	-	9,092
Long term loan	(111,480)	(117,122)
Long term advances	6,525	5,800
<b>Net cash (used in) financing activities</b>	(107,460)	(120,638)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,057,628)	573,003
<b>Cash and cash equivalents at the beginning of the period</b>	3,785,711	3,758,821
<b>Cash and cash equivalents at the end of the period</b>	2,728,083	4,331,824

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

## Condensed Interim Statement of Changes in Equity - Unaudited

For the Nine Months Ended March 31, 2023

	Issued, subscribed deposit and paid-up capital	Share money	Capital Reserve				Revenue Reserve	Total
			Treasury share reserve	Employee share option compensation reserve	Share premium	Foreign currency translation reserve	Un-appropriated profit	
Rupees In '000'								
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	-	-	-	-	-	-	877,095	877,095
Other comprehensive income for the period	-	-	-	-	-	6,814	-	6,814
Total comprehensive income for the period	-	-	-	-	-	6,814	877,095	883,909
Amortization of employee share options	-	-	-	3,858	-	-	-	3,858
	-	-	-	3,858	-	6,814	877,095	887,767
Balance as at March 31, 2022	898,369	13	-	228,528	304,167	(14,058)	6,574,565	7,991,584
Balance as at June 30, 2022	898,369	13	(184,739)	232,223	304,167	(33,687)	6,610,681	7,827,027
Net profit for the period	-	-	-	-	-	-	1,432,550	1,432,550
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	1,432,550	1,432,550
Amortization of employee share options	-	-	-	18,152	-	-	-	18,152
	-	-	-	18,152	-	-	1,432,550	1,450,702
Balance as at March 31, 2023	898,369	13	(184,739)	250,375	304,167	(33,687)	8,043,231	9,277,729

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL 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:

Address/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
5 3rd floor Jasmin's Arcade Fakhar-e-Alam road, Peshawar Cantt. Pakistan.	Branch office
6 Office no 23, The Arcadin, Kohinoor city, Jaranwala road, Faisalabad, Pakistan.	Branch office

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

## 2. BASIS OF PREPARATION

### 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

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	Mar-23 Unaudited	Jun-22 Audited
Rupees in '000'			
<b>5. PROPERTY, PLANT &amp; EQUIPMENT</b>			
Net book value of owned assets	5.1	1,563,108	1,576,393
Net book value of right of use assets	5.2	9,048	32,739
Advances against capital expenditure		19,000	4,080
		<b>1,591,156</b>	<b>1,613,212</b>
<b>5.1 PROPERTY, PLANT &amp; EQUIPMENT</b>			
Opening Balance - net book value		1,576,393	1,515,963
Additions	5.1.1	354,915	382,388
		<b>1,931,308</b>	<b>1,898,351</b>
Less:			
Disposals - net book value	5.1.2	(73,843)	(46,097)
Depreciation & amortization		(294,357)	(275,861)
		<b>1,563,108</b>	<b>1,576,393</b>
<b>5.1.1 Following is the detail of addition / (transfer):</b>			
Furniture & fixture		3,183	1,852
Vehicles		66,377	196,068
Office equipment		13,000	1,940
Computers		136,494	144,730
Air conditioners		2,286	2,418
Generator		3,289	2,090
Computer software		130,286	33,290
<b>Total</b>		<b>354,915</b>	<b>382,388</b>

51.2 Following is the detail of disposals :	Mar-23 Unaudited			Jun-22 Audited		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
	Rupees in '000'					
Furniture & fixture	627	493	134	2,382	1,851	531
Vehicles	75,885	32,817	43,068	13,745	9,346	4,399
Office equipment	161	128	33	-	-	-
Computers	422,353	391,751	30,602	626,436	593,617	32,819
Air conditioners	199	193	6	-	-	-
Computer software	-	-	-	301,346	292,998	8,348
Total	499,225	425,382	73,843	943,909	897,812	46,097

5.2 RIGHT OF USE ASSETS	NOTE	Mar-23 Unaudited	Jun-22 Audited
		Rupees in '000'	
Opening Balance - net book value		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		(2,005)	(12,638)
		9,048	32,739
5.21 Following is the detail of addition :			
Vehicles		-	9,093
Total		-	9,093

52.2 Following is the detail of disposals :	Mar-23 Unaudited			Jun-22 Audited		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
	Rupees in '000'					
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

6. INTANGIBLE ASSETS	NOTE	Mar-23 Unaudited	Jun-22 Audited
		Rupees in '000'	
Opening Balance - net book value		333,889	627,393
Less:			
Amortization		(220,128)	(293,504)
		113,761	333,889
7. LONG TERM INVESTMENTS			
Investment in subsidiaries - at cost- unquoted			
NetSol Innovation (Pvt.) Limited	7.1	30,063	30,063
		30,063	30,063

7.1 This represents the wholly owned subsidiary 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 NetSol Ascent Middle East Computer Equipment Trading L.L.C., a wholly owned subsidiary incorporated in the Dubai Emirate. Main object of the company is to carry out activities related to computer systems, communication equipment, software development and trading. The company holds 300 shares of AED 1,000 each i.e. 100% of Equity held. As of reporting date, no shares have been issued and consequently no investment has been transferred in this entity. However, expenses incurred on the incorporation of this subsidiary were paid by the Company as disclosed in Note 12.2.
- 7.3 The company had made investment in WRDL3D 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 WRDL3D 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.

	NOTE	Mar-23 Unaudited	Jun-22 Audited
Rupees in '000'			
<b>8. TRADE DEBTS</b>			
Considered good - unsecured	8.1	4,394,064	2,500,049
Considered doubtful - unsecured		288,514	190,782
		4,682,578	2,690,831
Less: Provision against expected credit losses	8.2	(288,514)	(190,782)
		4,394,064	2,500,049
<b>8.1</b>	It represents amount receivable from customers. It is unsecured but considered good by the management.		
<b>8.2</b>	This is a provision for expected credit losses created by the company for any future doubtful trade debts.		
<b>8.3</b>	<b>Amount receivable from related parties included in trade debts are as under:</b>		
NetSol Technologies (Thailand) Limited		283,845	77,578
NetSol Technologies (Beijing) Company Limited		2,036,184	1,231,368
NetSol Technologies Australia Pty. Limited		752,665	224,471
NetSol Technologies America		415,003	315,913
NetSol Technologies Europe		14,344	-
Ascent Europe Limited		11,777	37,439
OTOZ Thailand Limited		88,159	84,521
OTOZ Inc.		24,257	-
		3,626,234	1,971,290
<b>9. LOANS AND ADVANCES</b>			
Current maturity of loans to employees		7,336	6,955
<b>Advances</b>			
- to employees		668	-
- against expenses	9.1	61,901	25,343
		69,905	32,298
<b>9.1</b>	The advances against expenses are given to meet business expenses and are settled as and when the expenses are incurred.		
<b>10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits		4,874	3,118
Prepayments		114,100	50,481
		118,974	53,599
<b>11. OTHER RECEIVABLES</b>			
Guarantee margin		18,715	7,747
Other receivable - considered good		52,079	6,065
		70,794	13,812
<b>12. DUE FROM RELATED PARTIES</b>			
<b>Considered good - unsecured</b>			
<b>Parent</b>			
NetSol Technologies Inc.		166,159	186,323
<b>Associates</b>			
NetSol Technologies North America		74,705	26,408
NetSol Technologies Europe		4,302	-
NetSol Connect (Pvt) Ltd.		17,136	22,725
NetSol Technologies (Thailand) Limited		56,340	121,403
NetSol Technologies Beijing Ltd.		139,867	64,176
OTOZ Thailand Ltd.		42,861	29,967
<b>Wholly owned Subsidiaries</b>			
NetSol Innovation (Pvt.) Ltd		174,331	22,964
NetSol Ascent Middle East Computer Equipment Trading L.L.C.	12.2	3,835	-
		679,536	473,966

- 12.1 These relate to normal course of business of the company and are interest free.
- 12.2 This represents receivable from wholly owned subsidiary, NetSol Ascent Middle East Computer Equipment Trading L.L.C., on account of incorporation expenses paid by the Company on its behalf.

### 13. SHARE CAPITAL

#### 13.1 Authorized share capital

Mar-23	Jun-22		Mar-23	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

#### 13.2 Issued, subscribed & 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
89,836,923	89,836,923		898,369	898,369

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 share capital includes 2,000,000 ordinary shares (Rs. 10 each as fully paid in cash) held as treasury shares by the company. These treasury shares are held in CDC blocked account in the freeze form. These are not entitled to any voting right, cash dividend or any other distribution made by the company. No sale or disposal of treasury shares has been made during the financial year.

	Mar-23	Jun-22
	Unaudited	Audited
	Rupees in '000'	
<b>14. RESERVES</b>		
<b>Capital reserve</b>		
Premium on issue of ordinary shares	304,167	304,167
Employee share option compensation reserve	250,375	232,223
Foreign currency translation reserve	(33,687)	(33,687)
Treasury share reserve	(184,739)	(184,739)
<b>Revenue reserve</b>		
Un - appropriated profit	8,043,231	6,610,681
	8,379,347	6,928,645

### 15. LONG TERM FINANCING

Long term finance facility	-	86,175
Deferred grant	-	712
Loan obligations	101,835	127,140
	101,835	214,027

#### Less: Current portion shown under current liabilities:

Current portion of long term finance facility	-	(86,175)
Current portion of deferred grant	-	(712)
Current portion of loan obligations	(42,385)	(38,859)
	(42,385)	(125,746)
	59,450	88,281

16. Trade and other payables includes NIL (2022: Rs. 49.78 million) payable to related parties. This relates to normal course of the business and is interest free.

### 17. CONTINGENCIES & COMMITMENTS

#### 17.1 Contingencies

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

#### 17.2 Commitments

Bank guarantees have been issued amounting Rs. 95.08 million (2022: Rs. 11.4 million) against performance of various contracts, to LESCO and to Standard Chartered Bank against its corporate credit cards.

The Company has a capital commitments of Rs 12.84 million as at Mar 31, 2023. (2022: Nil)

	Jan-Mar 2023	Jan-Mar 2022	Jul-Mar 2023	Jul-Mar 2022
Rupees in '000'				
<b>18. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>				
<b>DISAGGREGATION OF REVENUE:</b>				
<b>Export Revenue</b>				
License	374,203	280,746	374,203	764,213
Services	615,765	614,387	2,146,403	1,342,540
Subscription and Support	1,088,963	711,848	2,811,109	2,465,644
	2,078,931	1,606,981	5,331,715	4,572,397
<b>Local Revenue</b>				
License	-	-	42,653	-
Services	-	-	106,098	-
	-	-	148,751	-
Sales tax		-	(2,917)	-
	2,078,931	1,606,981	5,477,549	4,572,397
<b>18.1 Timing of revenue recognition:</b>				
At a point in time	374,203	280,746	374,203	764,213
Over the time	1,704,728	1,326,235	5,103,346	3,808,184
	2,078,931	1,606,981	5,477,549	4,572,397
<b>19. COST OF REVENUE</b>				
Salaries & benefits	980,856	833,397	2,848,120	2,176,609
Software licenses	65,487	47,591	166,611	130,122
Staff training	102	386	732	2,366
Rent, rates & taxes	1,671	-	3,117	-
Travelling & conveyance	116,486	31,622	270,983	72,297
Communication	20,607	15,746	59,783	45,027
Utilities	12,213	7,437	51,701	26,652
Printing & stationery	387	307	1,701	822
Entertainment	16,242	12,247	42,515	24,664
Insurance	375	254	965	603
Vehicle running & maintenance	8,980	3,042	24,967	9,760
Repair & maintenance	10,017	7,567	43,813	26,247
Fee & subscription	169	166	584	539
Depreciation	76,246	52,542	218,787	148,313
Amortization of leased assets	502	2,166	1,504	7,622
Amortization of intangible assets	73,376	73,376	220,128	220,128
	1,383,716	1,087,846	3,956,011	2,891,771

	Jan-Mar 2023	Jan-Mar 2022	Jul-Mar 2023	Jul-Mar 2022
	Rupees in '000'			
<b>20. SELLING AND PROMOTION EXPENSES</b>				
Salaries & benefits	85,316	73,250	241,970	241,014
Rent, rates & taxes	2,651	2,181	8,510	6,413
Travelling and conveyance	19,183	17,197	55,041	43,917
Communication	833	1,971	2,215	4,489
Utilities	447	241	1,663	1,323
Printing & stationery	36	55	214	98
Entertainment	643	457	1,858	1,044
Insurance	355	363	1,082	1,104
Vehicle running expenses	745	537	2,714	1,994
Repairs and maintenance	2,919	422	6,847	2,548
Commission on sales	39,414	63,055	133,118	112,945
Sale promotional expenses	9,122	3,300	18,328	5,474
	161,664	163,029	473,560	422,363
<b>21. ADMINISTRATIVE EXPENSES</b>				
Salaries and benefits	212,827	166,787	609,106	472,336
Staff training	85	56	143	137
Rent, rates and taxes	4,505	4,132	17,123	11,148
Travelling and conveyance	12,343	16,833	52,336	39,593
Communication & postage	7,265	5,731	20,814	18,498
Printing and stationery	976	361	4,408	2,791
Utilities	7,221	4,204	25,403	14,923
Entertainment	11,013	8,683	33,787	20,065
Insurance	13,138	1,893	37,033	5,444
Advertisement	-	337	213	854
Vehicle running expenses	2,770	3,482	10,589	10,056
Repairs and maintenance	8,671	5,208	37,109	20,623
Legal and professional charges	2,381	2,780	14,173	11,021
Office supplies	3,514	1,095	7,746	2,943
Charity & donation	4,638	3,283	37,318	13,817
Fee & subscription	13,433	4,356	40,563	11,599
Depreciation	26,238	17,524	75,570	49,448
Amortization of leased assets	167	722	501	2,541
	331,185	247,467	1,023,935	707,837

## 22. TAXATION

For exporters of IT & IT enabled services, export income is taxable under FTR at 0.25% of the export remittances realized through normal banking channels. However tax as per applicable rates is charged to the income of the company generated from sources other than export income.

	Jan-Mar 2023	Jan-Mar 2022	Jul-Mar 2023	Jul-Mar 2022
Rupees in '000'				
<b>23. EARNINGS PER SHARE</b>				
<b>Basic</b>				
Profit after taxation for the period	1,403,607	164,776	1,432,550	877,095
Average number of ordinary shares in issue during the period	87,837	89,837	87,837	89,837
Basic - In Rupees	15.98	1.83	16.31	9.76
<b>Diluted</b>				
Profit after taxation for the period	1,403,607	164,776	1,432,550	877,095
Average number of ordinary shares in issue during the period	87,837	90,429	88,182	90,188
Diluted - In Rupees	15.98	1.82	16.25	9.73

#### 24. 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-Mar 2023	Jul-Mar 2022
Relationship with the Company	Nature of transactions	Rupees in '000'		
(i) Subsidiary	Rental income	1,800	-	
	Provision of services	2,700	3,000	
(ii) Associated undertaking	Rental income	675	675	
	Provision of services	1,594,832	1,112,149	
	Purchase of services	33,488	27,333	
(iii) Post employment benefit	Contribution to defined contribution plan	140,441	114,422	
(iv) Key management personnel	Salaries and benefits	231,036	211,013	
	Retirement benefits	9,836	9,359	
	Commission paid	8,710	111,126	

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

#### 25. 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.

#### 26. CORRESPONDING FIGURES

Wherever necessary, corresponding figures have been re-classified/re-arranged for better presentation.

				Mar-23	Jun-22
				Rupees in '000'	
Note	From	Note	To		
13.	Share Capital	14.	Reserves	898,369	878,369

#### 27. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 27, 2023 by the Board of Directors.


#### 28. FIGURES

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

The background of the cover features a blurred cityscape with tall buildings. Overlaid on this are various financial and data visualization elements: a green diagonal shape on the left, a blue area with a dotted line graph at the top, a candlestick chart in the middle, a line graph with 'X' markers on the right, a bar chart at the bottom, and a timeline at the very bottom. The text is positioned on the left side, partially overlapping the green shape.

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended  
March 31, 2023

April May June July August September October November December

## Condensed Consolidated Interim Statement of Financial Position - Unaudited

As at March 31, 2023

	NOTE	Mar-23 Unaudited	Jun-22 Audited
Rupees in '000'			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	5	1,599,392	1,619,985
Intangible assets	6	113,761	333,889
		1,713,153	1,953,874
Long term loans to employees		5,719	8,055
		1,718,872	1,961,929
<b>CURRENT ASSETS</b>			
Trade debts	8	4,405,250	2,515,750
Contract assets		2,277,813	1,767,068
Loans and advances	9	70,085	32,478
Trade deposits & short term prepayments	10	121,155	54,450
Other receivables		70,794	13,812
Due from related parties	11	499,683	449,781
Taxation - net		4,270	754
Cash & bank balances		2,739,706	3,794,130
		10,188,756	8,628,223
<b>TOTAL ASSETS</b>		<b>11,907,628</b>	<b>10,590,152</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	12	1,500,000	1,500,000
Issued, subscribed and paid-up capital	12	898,369	898,369
Share deposit money		13	13
Reserves	13	8,195,265	6,899,754
		9,093,647	7,798,136
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	14	59,450	88,281
Lease liabilities		1,617	4,252
		61,067	92,533
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	868,241	619,826
Contract liabilities		240,313	358,504
Short term borrowings		1,580,000	1,580,000
Current portion of long term liabilities		60,481	137,188
Unclaimed dividend		3,879	3,965
		2,752,914	2,699,483
<b>CONTINGENCIES &amp; COMMITMENTS</b>	16	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,907,628</b>	<b>10,590,152</b>

The annexed notes from 1 to 28 form an integral part of these condensed consolidated interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



**Condensed Consolidated Interim Statement of Profit or Loss - Unaudited**  
For the Nine Months Ended March 31, 2023

	NOTE	Jan-Mar 2023	Jan-Mar 2022	Jul-Mar 2023	Jul-Mar 2022
		Rupees in '000'		Rupees in '000'	
Revenue from contracts with customers - net	17	2,105,446	1,624,243	5,571,532	4,612,544
Cost of revenue	18	(1,450,733)	(1,119,498)	(4,124,519)	(2,940,832)
<b>Gross profit</b>		<b>654,713</b>	<b>504,745</b>	<b>1,447,013</b>	<b>1,671,712</b>
Selling and promotion expenses	19	(180,840)	(166,115)	(547,316)	(425,449)
Administrative expenses	20	(335,763)	(248,591)	(1,033,518)	(710,034)
		(516,603)	(414,706)	(1,580,834)	(1,135,483)
<b>Operating profit/(loss)</b>		<b>138,110</b>	<b>90,039</b>	<b>(133,821)</b>	<b>536,229</b>
Other income		1,470,415	162,938	2,049,990	687,485
		1,608,525	252,977	1,916,169	1,223,714
Other operating expenses		(163,351)	(57,138)	(375,341)	(208,572)
Finance cost		(47,428)	(13,747)	(118,723)	(42,285)
Share of loss of associate		-	(10,320)	-	(32,379)
<b>Profit before taxation</b>		<b>1,397,746</b>	<b>171,772</b>	<b>1,422,105</b>	<b>940,478</b>
Taxation	21	(55,216)	(23,529)	(144,484)	(80,844)
<b>Profit after taxation for the period attributable to equity holders of the parent</b>		<b>1,342,530</b>	<b>148,243</b>	<b>1,277,621</b>	<b>859,634</b>
<b>Earnings per share</b>					
Basic - In Rupees	23	15.28	1.65	14.55	9.57
Diluted - In Rupees	23	15.28	1.64	14.49	9.53

The annexed notes from 1 to 28 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Consolidated Interim Statement of Comprehensive Income - Unaudited  
For the Nine Months Ended March 31, 2023

	Jan-Mar 2023	Jan-Mar 2022	Jul-Mar 2023	Jul-Mar 2022
	Rupees in '000'			
Profit after taxation for the period	1,342,530	148,243	1,277,621	859,634
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):				
Share of other comprehensive income of an associate	-	6,183	-	6,814
Exchange differences on translation of foreign operations	(262)	-	(262)	-
Total comprehensive income for the period attributable to equity holders of the parent	1,342,268	154,426	1,277,359	866,448

The annexed notes from 1 to 28 form an integral part of these condensed consolidated interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**Condensed Consolidated Interim Statement of Cash Flows - Unaudited**  
For the Nine Months Ended March 31, 2023

	Jul-Mar 2023	Jul-Mar 2022
	Rupees in '000'	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation for the period	1,422,105	940,478
Adjustments for non cash charges and other items:		
Depreciation - own assets	297,439	198,453
Amortization of right of use assets	2,005	10,163
Amortization of intangible assets	220,128	220,128
Loss on disposal of fixed assets	15,755	30,590
Foreign exchange (gain)	(1,827,888)	(503,602)
Finance cost	116,073	49,621
Interest income	(217,927)	(183,207)
Employee compensation expense	18,152	3,858
Amortization of deferred grant	(712)	(8,151)
Provision for expected credit losses	81,928	68,548
Share of loss of associate	-	32,379
	(1,295,047)	(81,220)
<b>Cash generated from operations before working capital changes</b>	<b>127,058</b>	<b>859,258</b>
<b>Working Capital Changes</b>		
Trade debts	(159,344)	(190,596)
Contract assets	(494,941)	(355,694)
Contract liabilities	(118,191)	599,743
Loans and advances	(35,271)	(12,265)
Trade deposits & short term prepayments	(66,705)	17,069
Other receivables	(56,982)	(712)
Due from related parties	(49,902)	(8,727)
Trade and other payables	215,669	(96,974)
<b>Cash (used in) operations</b>	<b>(765,667)</b>	<b>(48,156)</b>
Finance cost	(83,327)	(50,936)
Income taxes paid	(148,000)	(88,192)
Dividend paid	(86)	(272)
<b>Net cash (used in)/generated from operations</b>	<b>(870,022)</b>	<b>671,702</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(337,775)	(185,423)
Sales proceeds of fixed asset	58,088	9,901
Advances against capital expenditure	(14,920)	(11,316)
Interest received	217,927	183,207
<b>Net cash (used in) investing activities</b>	<b>(76,680)</b>	<b>(3,631)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Paid against lease liabilities	(2,505)	(18,408)
Received against lease liabilities	-	9,093
Long term loan	(111,480)	(117,122)
Long term advances	6,525	5,800
<b>Net cash (used in) financing activities</b>	<b>(107,460)</b>	<b>(120,637)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,054,162)</b>	<b>547,434</b>
Net foreign exchange difference	(262)	-
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,794,130</b>	<b>3,795,397</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,739,706</b>	<b>4,342,831</b>

The annexed notes from 1 to 28 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**Condensed Consolidated Interim Statement of Changes in Equity - Unaudited**  
For the Nine Months Ended March 31, 2023

Attributable to equity holders of the Parent								
	Issued, Share subscribed deposit and paid-up capital	Share money	Capital Reserve				Revenue Reserve	Total
			Treasury share reserve	Employee share option compensa- tion reserve	Share premium	Foreign currency translation reserve	Un-appropri- ated profit	
Rupees In '000'								
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	-	-	-	-	-	-	859,634	859,634
Other comprehensive income for the period	-	-	-	-	-	6,814	-	6,814
Total comprehensive income for the period	-	-	-	-	-	6,814	859,634	866,448
Amortization of employee share options	-	-	-	3,859	-	-	-	3,859
	-	-	-	3,859	-	6,814	859,634	870,307
Balance as at March 31, 2022	898,369	13	-	229,187	304,167	(14,058)	6,568,461	7,986,139
Balance as at June 30, 2022	898,369	13	(184,739)	232,881	304,167	(33,687)	6,581,132	7,798,136
Net profit for the period	-	-	-	-	-	-	1,277,621	1,277,621
Other comprehensive income for the period	-	-	-	-	-	(262)	-	(262)
Total comprehensive income for the period	-	-	-	-	-	(262)	1,277,621	1,277,359
Amortization of employee share options	-	-	-	18,152	-	-	-	18,152
	-	-	-	18,152	-	(262)	1,277,621	1,295,511
Balance as at March 31, 2023	898,369	13	(184,739)	251,033	304,167	(33,949)	7,858,753	9,093,647

The annexed notes from 1 to 28 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Group consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited
- NetSol Ascent Middle East Computer Equipment Trading L.L.C.

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.

Address/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
5 3rd floor Jasmin's Arcade Fakhar-e-Alam road, Peshawar Cantt. Pakistan.	Branch office
6 Office no 23, The Arcadin, Kohinoor city, Jaranwala road, Faisalabad, Pakistan.	Branch office

NetSol Innovation (Private) Limited ("the subsidiary Company" or "Subsidiary" ) is incorporated in Pakistan as a private limited company. NetSol Technologies Limited owns 100% of its shareholding. 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 Ascent Middle East Computer Equipment Trading L.L.C. is incorporated in Dubai Emirate as a limited liability company. NetSol Technologies Limited owns 100% of its shareholding. The subsidiary is engaged in the business of development and sale of computer systems and communication equipment software .

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

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	Mar-23 Unaudited	Jun-22 Audited
Rupees in '000'			
<b>5. PROPERTY, PLANT &amp; EQUIPMENT</b>			
Net book value of owned assets	5.1	1,571,344	1,583,166
Net book value of right of use assets	5.2	9,048	32,739
Advances against capital expenditure		19,000	4,080
		<b>1,599,392</b>	<b>1,619,985</b>
<b>5.1 PROPERTY, PLANT &amp; EQUIPMENT</b>			
Opening Balance - net book value		1,583,166	1,522,391
Additions	5.1.1	359,460	389,807
		<b>1,942,626</b>	<b>1,912,198</b>
Less:			
Disposals - net book value	5.1.2	(73,843)	(51,823)
Depreciation & amortization		(297,439)	(277,209)
		<b>1,571,344</b>	<b>1,583,166</b>
<b>5.1.1 Following is the detail of addition / (transfer) :</b>			
Furniture & fixture		3,221	1,916
Vehicles		66,377	196,067
Office equipment		13,139	1,940
Computers		140,862	152,086
Air conditioners		2,286	2,418
Generator		3,289	2,090
Computer software		130,286	33,290
<b>Total</b>		<b>359,460</b>	<b>389,807</b>

5.1.2 Following is the detail of disposals :	Mar-23 Unaudited			Jun-22 Audited		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
	Rupees in '000'					
Furniture & fixture	627	493	134	4,555	1,851	2,704
Vehicles	75,885	32,817	43,068	13,947	9,346	4,601
Office equipment	161	128	33	717	-	717
Computers	422,353	391,751	30,602	627,673	593,617	34,056
Air conditioners	199	193	6	1,132	-	1,132
Generator	-	-	-	265	-	265
Computer software	-	-	-	301,346	292,998	8,348
Total	499,225	425,382	73,843	949,635	897,812	51,823

				NOTE	Mar-23 Unaudited	Jun-22 Audited
					Rupees in '000'	
<b>5.2 RIGHT OF USE ASSETS</b>						
Opening Balance - net book value					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					(2,005)	(12,638)
					9,048	32,739
<b>5.2.1 Following is the detail of addition / (transfer) :</b>						
Vehicles					-	9,093
Total					-	9,093

5.2.2 Following is the detail of disposals:	Mar-23 Unaudited			Jun-22 Audited		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
	Rupees in '000'					
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

				Mar-23 Unaudited	Jun-22 Audited
				Rupees in '000'	
<b>6. INTANGIBLE ASSETS</b>					
Opening Balance - net book value				333,889	627,393
Less:					
Amortization				(220,128)	(293,504)
				113,761	333,889

## 7. LONG TERM INVESTMENTS - at cost

### Investment in associate (Unquoted company)

The company had made investment in WRD3D 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 WRD3D 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.



		Mar-23 Unaudited	Jun-22 Audited
	NOTE	Rupees in '000'	
<b>8. TRADE DEBTS</b>			
Considered good - unsecured	8.1	4,405,250	2,515,750
Considered doubtful - unsecured		288,514	190,782
		4,693,764	2,706,532
Less: Allowance for expected credit losses	8.2	(288,514)	(190,782)
		4,405,250	2,515,750
<b>8.1</b>	It represents amount receivable from customers. It is unsecured but considered good by the management.		
<b>8.2</b>	This is an allowance for expected credit losses created by the company for any future doubtful trade debts.		
<b>8.3</b>	<b>Amount receivable from related parties included in trade debts are as under:</b>		
NetSol Technologies (Thailand) Limited		283,845	77,578
NetSol Technologies (Beijing) Company Limited		2,036,184	1,231,368
NetSol Technologies Australia Pty. Limited		752,665	224,471
Netsol Technologies Americas		415,003	315,913
NetSol Technologies Europe Ltd		23,551	15,701
Ascent Europe Limited		11,777	37,439
OTOZ Thailand Ltd		88,159	84,521
OTOZ Inc.		24,257	-
		3,635,441	1,986,991
<b>9. LOANS AND ADVANCES - Unsecured</b>			
Current maturity of loans to employees		7,516	7,135
<b>Advances</b>			
- to employees		668	-
- against expenses	9.1	61,901	25,343
		70,085	32,478
<b>9.1</b>	Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.		
<b>10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposit		4,874	3,118
Prepayments		116,281	51,332
		121,155	54,450
<b>11. DUE FROM RELATED PARTIES</b>			
Considered good - unsecured			
<b>Parent</b>			
NetSol Technologies Limited Inc.		165,490	185,839
<b>Associates:</b>			
NetSol Connect (Pvt.) Ltd.		17,136	22,725
OTOZ Thailand Ltd		42,861	29,967
NetSol Technologies (Beijing) Ltd		139,867	64,176
NetSol Technologies Europe Limited		4,302	-
NetSol Technologies North America		73,687	25,671
NetSol Technologies (Thailand) Limited		56,340	121,403
		499,683	449,781

**11.1** These relate to normal business of the group and are interest free.

## 12. SHARE CAPITAL

### 12.1 Authorised share capital

	Mar-23 Unaudited	Jun-22 Audited		Mar-23 Unaudited	Jun-22 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
<b>12.2 Issued, subscribed &amp; paid-up capital</b>					
	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
	89,836,923	89,836,923		898,369	898,369

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 share capital includes 2,000,000 ordinary shares (Rs. 10 each as fully paid in cash) held as treasury shares by the parent company. These 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. No sale or disposal of treasury shares has been made during the financial year.

## 13. RESERVES

<b>Capital reserve</b>		
Premium on issue of ordinary shares	304,167	304,167
Employee share option compensation reserve	251,033	232,881
Foreign currency translation reserve	(33,949)	(33,687)
Treasury share reserve	(184,739)	(184,739)
<b>Revenue reserve</b>		
Un - appropriated profit	7,858,753	6,581,132
	8,195,265	6,899,754

## 14. LONG TERM FINANCING

Long term finance facility	-	86,175
Deferred grant	-	712
Loan liability	101,835	127,140
<b>Less: Current portion shown under current liabilities:</b>		
Current portion of long term finance facility	-	(86,175)
Current portion of deferred grant	-	(712)
Current portion of loan liability	(42,385)	(38,859)
	(42,385)	(125,746)
	59,450	88,281

15. Trade and other payables includes NIL (2022: Rs. 49.78 million) payable to related parties. This relates to normal course of the business and is interest free.

## 16. CONTINGENCIES & COMMITMENTS

### 16.1 Contingencies

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

### 16.2 Commitments

Bank guarantees have been issued amounting Rs. 95.08 million (2022: Rs. 11.4 million) against performance of various contracts, to LESCO and Standard Chartered Bank against its corporate credit cards.

The Company has capital commitments of Rs. 12.84 million (2022: NIL) under capital purchase agreements as at Mar 31, 2023.

	Jan-Mar 2023	Jan-Mar 2022	Jul-Mar 2023	Jul-Mar 2022
	Rupees in '000'			
<b>17. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>				
<b>DISAGGREGATION OF REVENUE:</b>				
<b>Export Revenue</b>				
License	374,203	280,746	374,203	764,213
Services	642,280	631,649	2,240,386	1,382,687
Subscription and Support	1,088,963	711,848	2,811,109	2,465,644
	2,105,446	1,624,243	5,425,698	4,612,544
<b>Local Revenue</b>				
License	-	-	42,653	-
Services	-	-	106,098	-
	-	-	148,751	-
Sales tax	-	-	(2,917)	-
	2,105,446	1,624,243	5,571,532	4,612,544
<b>17.1 Timing of revenue recognition:</b>				
At a point in time	374,203	280,746	374,203	764,213
Over the time	1,731,243	1,343,497	5,197,329	3,848,331
	2,105,446	1,624,243	5,571,532	4,612,544
<b>18. COST OF REVENUE</b>				
Salaries & benefits	1,041,888	863,112	3,000,564	2,222,630
Consultancy charges	-	-	1,447	-
Software licenses	65,487	47,591	166,611	130,122
Staff training	417	386	1,047	2,366
Rent, rates & taxes	1,671	-	3,117	30
Travelling & conveyance	116,495	31,632	271,083	72,307
Communication	20,711	15,803	60,053	45,130
Utilities	12,214	7,437	51,706	26,652
Printing & stationery	387	321	1,701	836
Entertainment	17,636	12,439	44,795	24,856
Insurance	1,862	288	4,913	657
Vehicle running & maintenance	8,889	4,105	26,710	11,704
Repair & maintenance	10,017	7,568	43,979	26,248
Fee & subscription	1,812	166	3,292	539
Depreciation	77,369	53,108	221,869	149,005
Amortization of leased assets	502	2,166	1,504	7,622
Amortization of intangible assets	73,376	73,376	220,128	220,128
	1,450,733	1,119,498	4,124,519	2,940,832
<b>19. SELLING AND PROMOTION EXPENSES</b>				
Salaries & benefits	100,123	73,250	308,170	241,014
Rent, rates & taxes	2,775	2,181	8,634	6,413
Travelling and conveyance	20,322	17,197	56,481	43,917
Communication	833	1,971	2,215	4,489
Utilities	447	241	1,663	1,323
Printing & stationery	36	55	214	98
Entertainment	653	457	1,916	1,044
Insurance	355	363	1,082	1,104
Vehicle running expenses	745	537	2,714	1,994
Repairs and maintenance	2,919	422	6,847	2,548
Commission on sales	39,414	63,055	133,118	112,945
Sale promotional expenses	12,218	6,386	24,262	8,560
	180,840	166,115	547,316	425,449

	Jan-Mar 2023	Jan-Mar 2022	Jul-Mar 2023	Jul-Mar 2022
Rupees in '000'				
<b>20. ADMINISTRATIVE EXPENSES</b>				
Salaries and benefits	213,277	166,787	610,456	472,336
Staff training	85	56	143	137
Rent, rates and taxes	4,505	4,132	17,153	11,148
Travelling and conveyance	12,343	16,839	52,336	39,599
Communication & postage	7,265	5,731	20,814	18,498
Printing and stationery	976	361	4,411	2,791
Utilities	7,221	4,204	25,403	14,923
Entertainment	11,013	8,683	33,787	20,065
Insurance	13,138	1,893	37,033	5,444
Advertisement	-	337	213	854
Vehicle running expenses	2,816	4,532	10,652	12,156
Repairs and maintenance	8,671	5,208	37,110	20,623
Legal and professional charges	6,150	2,846	22,288	11,108
Office supplies	3,514	1,095	7,755	2,943
Charity & donation	4,640	3,285	37,324	13,821
Fee & subscription	13,433	4,356	40,569	11,599
Depreciation	26,238	17,524	75,570	49,448
Amortization of leased assets	167	722	501	2,541
	335,763	248,591	1,033,518	710,034

## 21. TAXATION

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

## 22. 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.

	Jan-Mar 2023	Jan-Mar 2022	Jul-Mar 2023	Jul-Mar 2022
<b>23. EARNINGS PER SHARE</b>				
<b>Basic</b>	Rupees in '000'			
Profit attributable to ordinary shareholders of NetSol Technologies Limited	1,342,530	148,243	1,277,621	859,634
Weighted average number of ordinary shares in issue during the period	87,837	89,837	87,837	89,837
Basic - In Rupees	15.28	1.65	14.55	9.57
<b>Diluted</b>				
Profit attributable to ordinary shareholders of NetSol Technologies Limited	1,342,530	148,243	1,277,621	859,634
Weighted average number of ordinary shares in issue during the period	87,837	90,429	88,182	90,188
Diluted - In Rupees	15.28	1.64	14.49	9.53

## 24. 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-Mar 2023	Jul-Mar 2022
Relationship with the Company	Nature of transactions	Rupees in '000'	
(i) Associated undertaking	Rental Income	675	675
	Provision of services	1,682,200	1,129,411
	Purchase of services	33,488	27,333
(ii) Key management personnel	Salaries and benefits	251,486	219,428
	Retirement benefits	10,762	9,750
	Commission paid	8,710	111,126
(iii) Post employment benefit	Contribution to defined contribution plan	146,370	115,881
(iv) There are no transactions with any key management personnel other than under the terms of employment.			

## 25. SEGMENT REVENUES AND RESULTS

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

Mar-23				
	PBS	PS	BPO	Total
Rupees in '000'				
Revenue - net				
External sales				
License	416,020	-	-	416,020
Services	2,196,957	93,984	53,462	2,344,403
Subscription and Support	2,811,109	-	-	2,811,109
Total revenue	5,424,086	93,984	53,462	5,571,532
Cost of revenue	(3,902,431)	(167,160)	(54,928)	(4,124,519)
Segment results	1,521,655	(73,176)	(1,466)	1,447,013
Unallocated corporate expenses:				
Selling and promotion expenses				(547,316)
Administrative expenses				(1,033,518)
Other income				2,049,990
Other operating expenses				(375,341)
Finance cost				(118,723)
Taxation				(144,484)
<b>Profit after taxation</b>				<b>1,277,621</b>

	Mar-22			
	PBS	PS	BPO	Total
	Rupees in '000			
Revenue - net				
External sales				
Licence	764,214	-	-	764,214
Services	1,222,216	71,465	89,545	1,383,226
Subscription and Support	2,465,104	-	-	2,465,104
Total revenue	4,451,533	71,465	89,545	4,612,544
Cost of revenue	(2,812,220)	(60,712)	(67,900)	(2,940,832)
Segment results	1,639,313	10,753	21,645	1,671,712
Unallocated corporate expenses:				
Selling and promotion expenses				(425,449)
Administrative expenses				(710,034)
Other income				687,485
Other operating expenses				(208,572)
Finance cost				(42,285)
Share of loss of associate				(32,379)
Taxation				(80,844)
<b>Profit after taxation</b>				<b>859,634</b>

\*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.

## 26. CORRESPONDING FIGURES

Wherever necessary, corresponding figures have been re-arranged/re-classified for better presentation.

Note	From	Note	To	Mar-23	Jun-22
				Rupees in '000'	
12.	Share Capital	13.	Reserves	898,369	878,369

## 27. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 27, 2023 by the Board of Directors.

## 28. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



# NETSOL Technologies Limited

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