

INVESTOR'S BRIEFING HY1 ENDED 30 JUN 2023 THURSDAY, 31 AUG 2023

systems

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The Tech-Driven Future Landscape

Generative Al's breakout

The global economy could experience an annual productivity boost of **0.2 to 3.3** percent from **2023 to 2040**.

Source: <u>Mckinsey</u>

70% of organizations currently in exploration mode with Generative AI

Source: Gartner

Data & Analytics initiatives

By **2025**, **95%** of decisions that currently use data will be at least partially automated.

Source: Gartner

Riding the cloud wave

70% of companies will employ hybrid or multicloud management technologies, tools, and processes. Source: Mckinsey

Al in telco

The global AI In Telecommunication market size is projected to reach **USD 13450 Million** by **2026.** Source: PR Newswire

Banking and Al

The prediction is that **95%** of customer interactions will be supported by **AI by 2025**

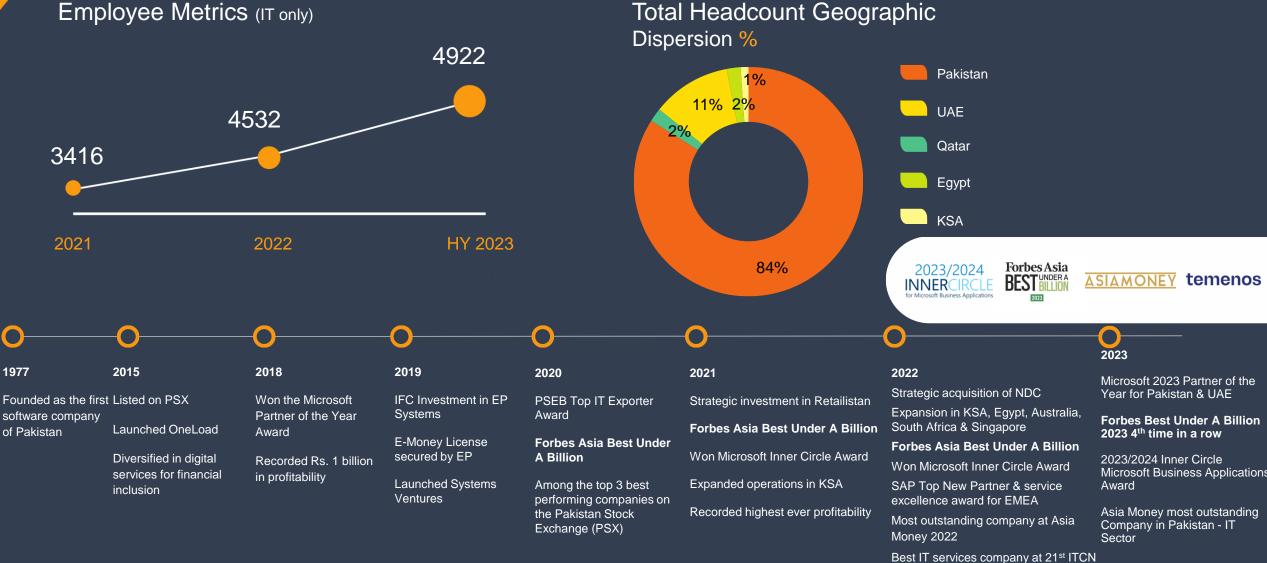
Rewiring for digital

The global digital transformation market is expected to grow to **USD 1,009.8 billion by 2025.**

Source: Globe Newswire

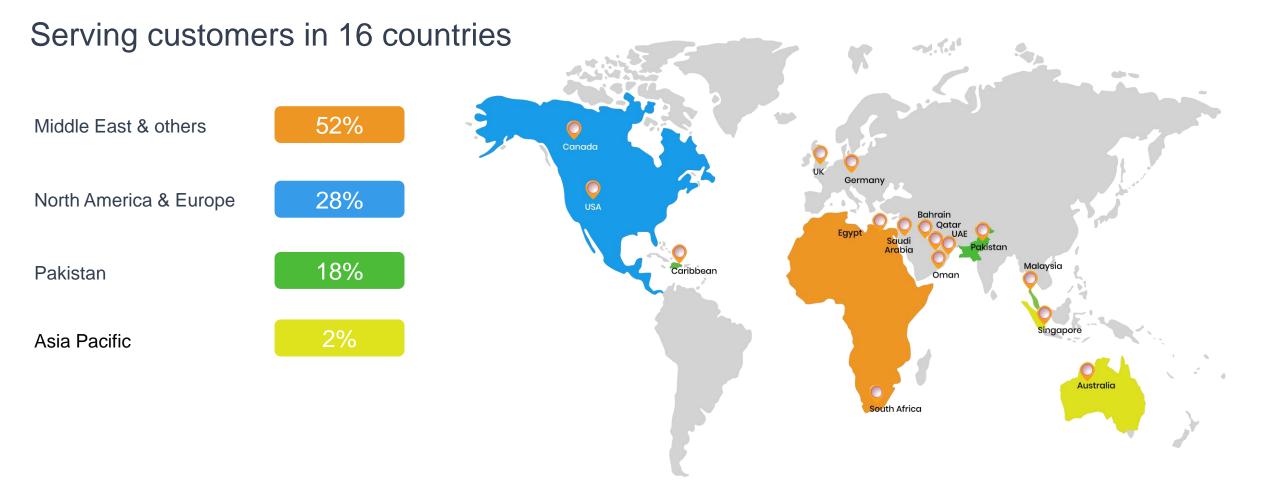
Systems At A Glance

Employee Metrics (IT only)



ASIA 2022

Systems we are a global company



systems

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Our Value Proposition



Cost effectiveness Being most cost-effective IT outsourcing destination



Emerging technologies

Organized by competencies and delivering business and technical solutions in emerging technologies.



Growth

Rapid revenue growth and industry leading margins



Global presence

Systems is emerging as a recognized regional brand for partners, customers and principals.



Domain expertise

Strong set of accelerators / business solutions that leverages our core engineering and business / domain expertise



Recurring revenue Recurring and **blue-chip customer base**



Employee Ownership Employee-ownership and experienced Leadership team



Insights-Driven

We are insights driven, user centric, systematically tested and have financially impactful delivery model that delivers projects with immediate, substantial and sustainable impact on customers' bottom line.

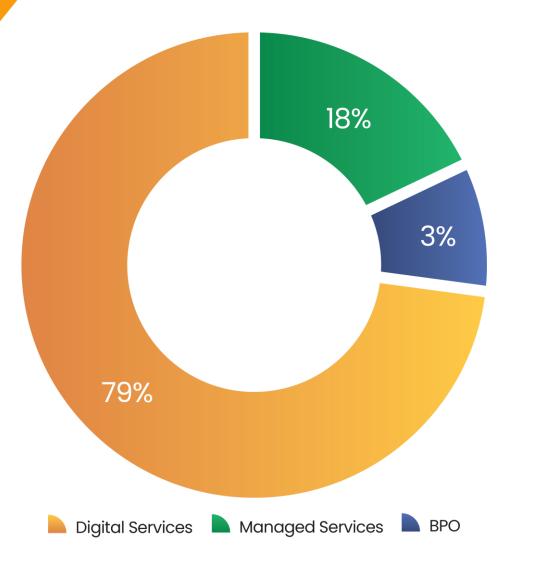


Consulting

Best-in-class business strategy consultants to propel your enterprise performance to greater levels.

systems

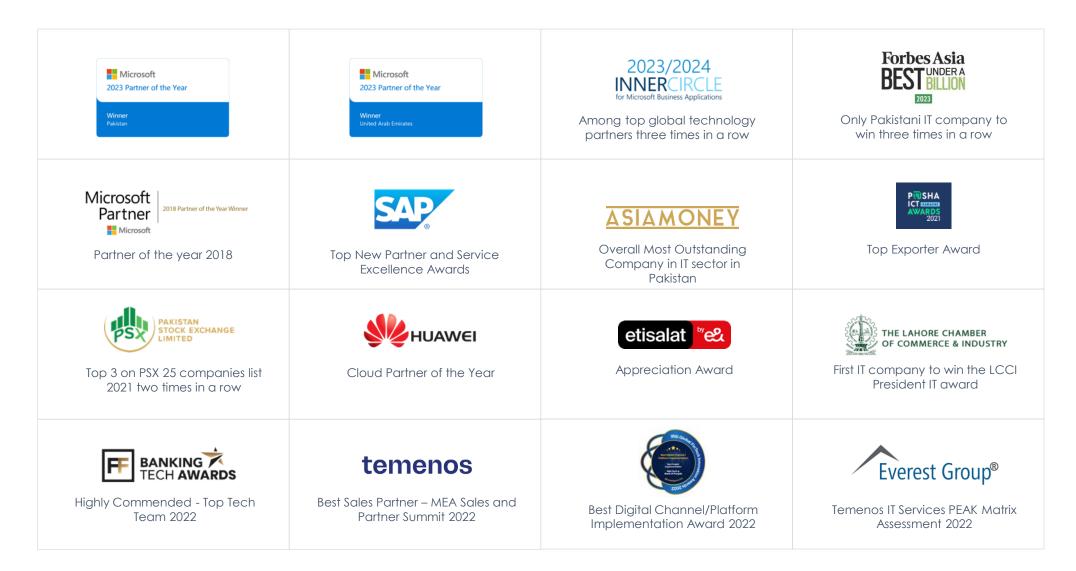
Digital is the central driver of our business



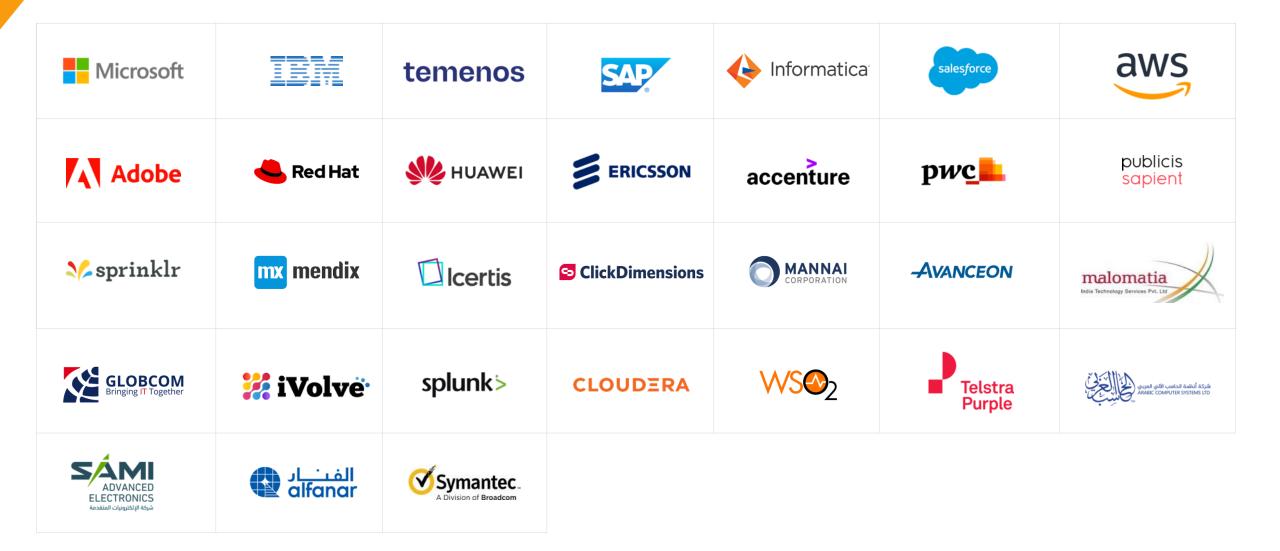
Systems Limited, a globally recognized SI company, owes a significant part of its success to the development of digital services using a diverse range of high-end technologies. In today's fast-evolving business world, adopting digital solutions is crucial to creating customer-centric and convenient services that meet the changing needs of consumers.

Leveraging our extensive industry expertise and business acumen, we integrate Managed Services, Business Process Outsourcing, and digitally-enabled solutions to deliver a seamless, powerful, and connected experience to our customers. Our approach enables them to keep pace with the rapidly evolving digital landscape and stay competitive.

Awards & Recognitions

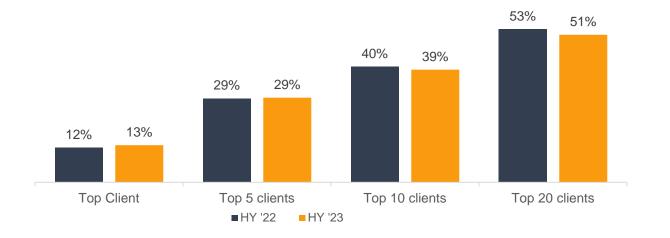


Partnerships and strategic alliances

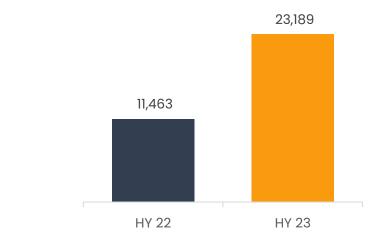


Client Composition

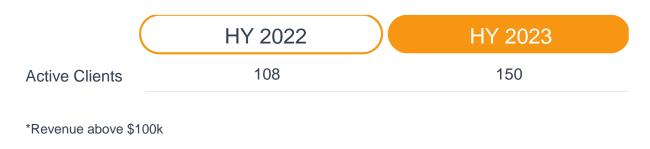
Client Contribution to Revenue



HY 23 Revenue



Active Clients



Client Metrics

(HY 2022	HY 2023
\$10m+ clients	-	1
\$5-10m clients	1	-
\$1-5m clients	12	15
\$0.5-1m clients	9	16



FINANCIALS REVIEW H1 ENDED 30 JUNE 2023

*all financials are from consolidated results

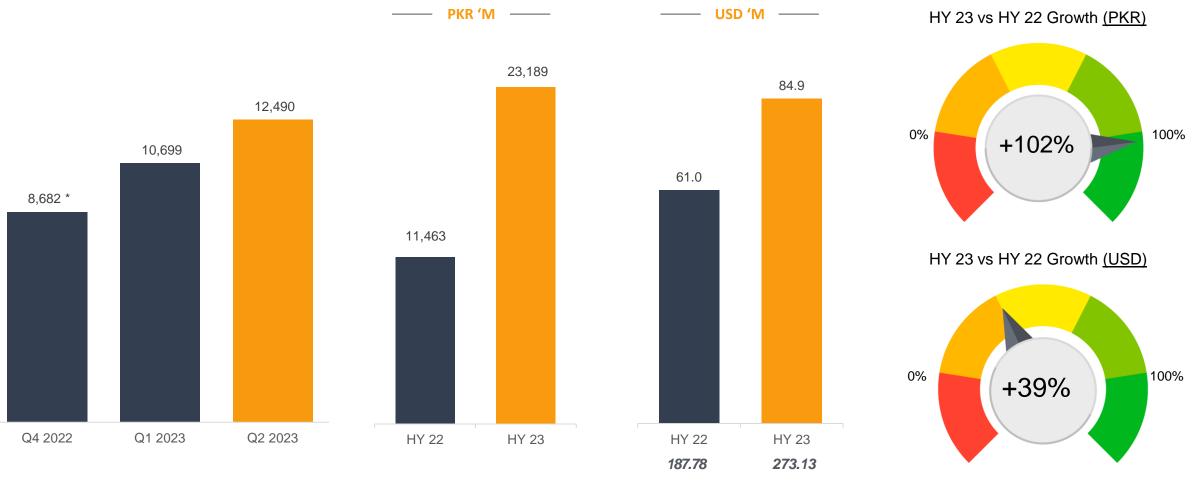
systems ¹¹

HY1 2023 Financial Performance At a Glance

PKR 23.19bn	~39%	102%	61%
HY'23 REVENUE	USD BASED REVENUE GROWTH	REVENUE GROWTH vs SPLY	EBITDA GROWTH vs SPLY
27%	14%	18%	6,416
HY'23 GROSS PROFIT MARGIN	HY'23 OPERATING MARGIN	HY'23 EBITDA MARGIN	TOTAL EMPLOYEES AS OF JUNE 30, 2023
150	16	81%	76
HY'23 TOTAL ACTIVE CUSTOMERS SERVED (USD >100k)	CUSTOMERS WITH OVER \$1MN REVENUE	HY'23 REVENUE FROM EXISTING CUSTOMERS	DAYS SALES OUTSTANDING
18.05	19%	PKR 8.0bn	16:84
HY'23 Diluted EPS	ROE	CASH & Debt : Equity Ratio EQUIVALENTS	

Strong HY1 2023 Performance

Revenue (PKR in Million)

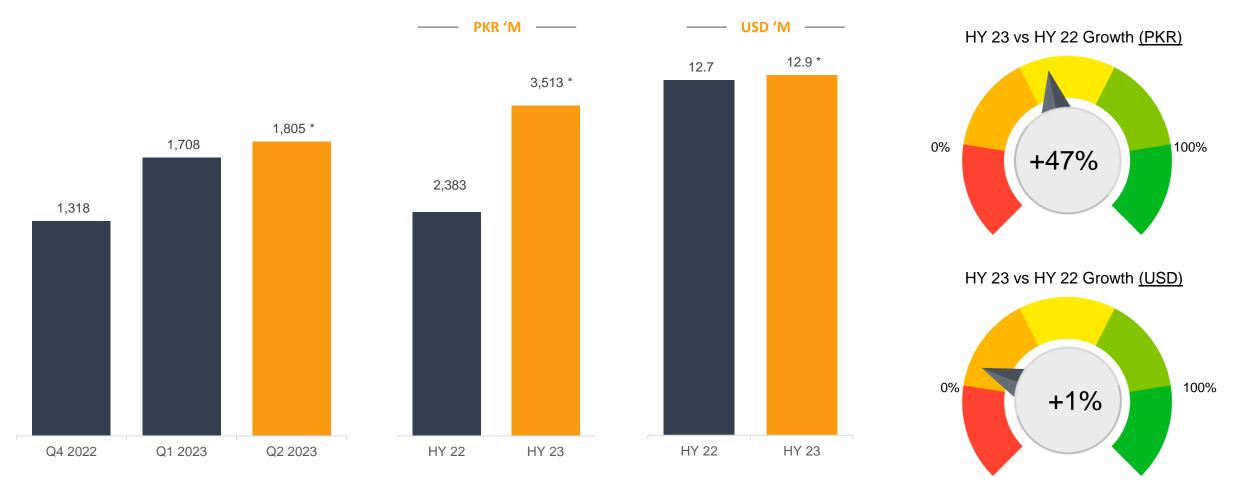


Avg USD rate -

*One off trading transaction (CLOS) has been excluded in Q4' 22

Operating Profit HY1 2023 Performance

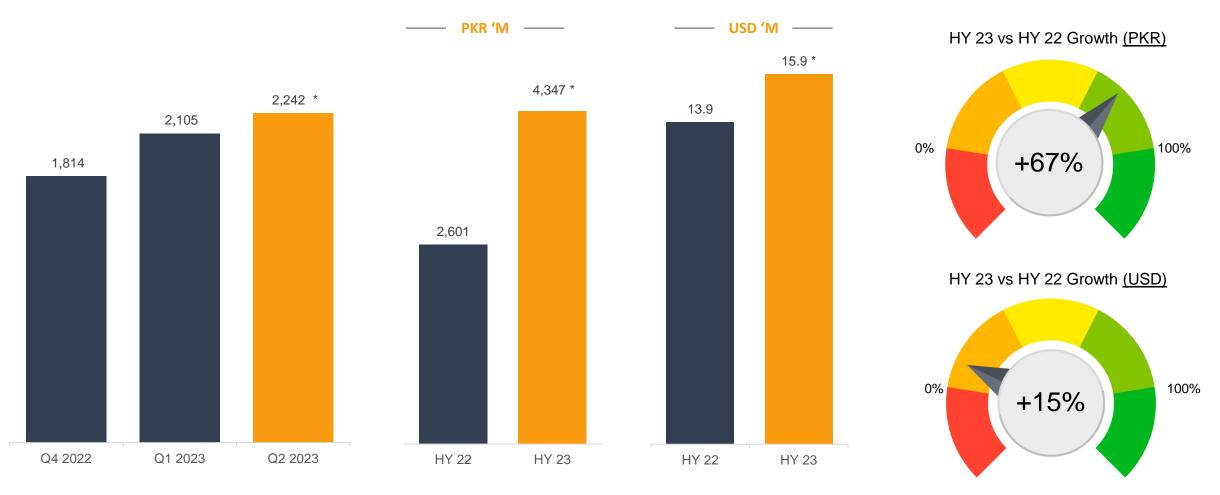
Operating Profit (PKR in Million)



*One off Impairment loss against Jomo has been excluded in Q2' 23



EBITDA (PKR in Million)



Net Income HY1 2023 Performance

Net Income (PKR in Million)



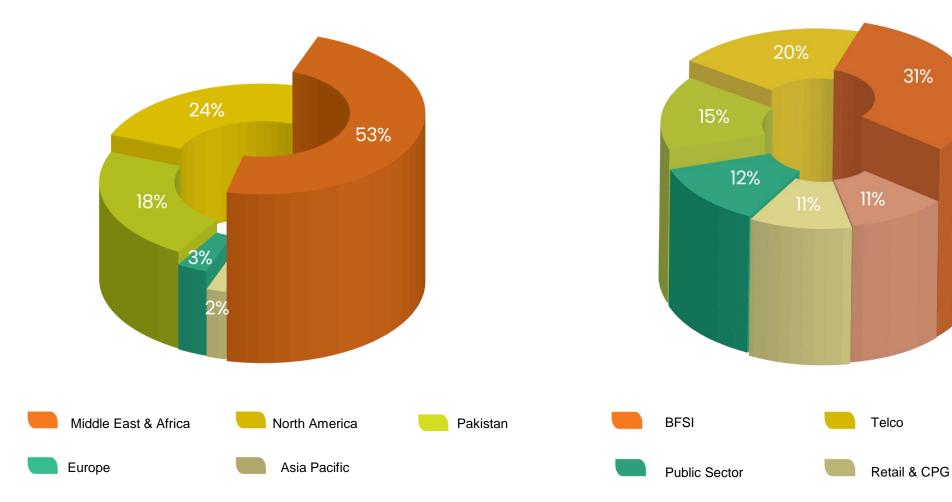
*One off Impairment loss against Jomo has been excluded in Q2' 23

Technology

Others

Revenue Breakdown – HY1 2023

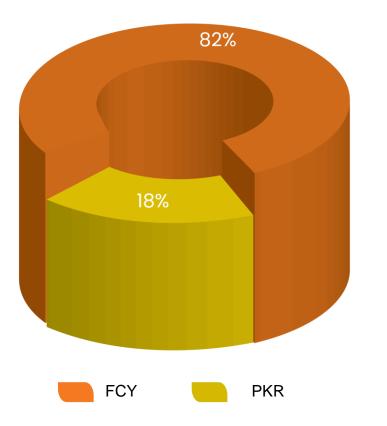
By Geography



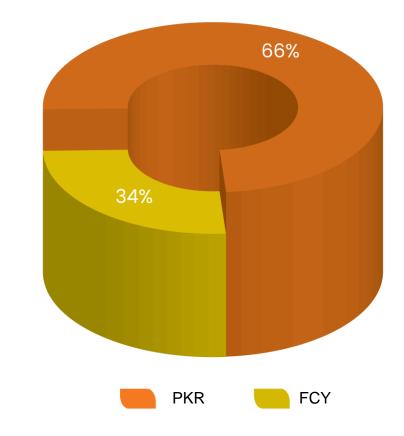
By Vertical

Currency Mix – HY1 2023

By Revenue



By Cost



Commentary on Key Variances -Profit & Loss Statement HY 2023 (PKR 'M)

	HY '23	HY '22	Variance	Var. %	
					Lower GP marg
Revenue	23,189	11,463	11,726	102%	 Higher costs
Cost of Sales	(16,931)	(7,809)	(9,122)	117%	inflati
Gross Profit	6,259	3,654	2,604	71%	Incre overh
GP Margin	27%	32%	-5%	-5%	
					which
					🗖 High
–		(0.(7))	(1. 570)	=0.49	Net a
Admin	(1,844)	(265)	(1,579)	596%	OP margins:
Dist_Mkt	(835)	(986)	150	-15%	Additional cos
Other Operating Exp	(221)	(20)	(200)	979%	cost due to up rationalized wi
Total Exp	(2,900)	(1,271)	(1,628)	128%	 WHT on paym
					 One-off adjust
Operating Profit	3,359	2,383	976	41%	Higher IFRS9
OP Margin	14%	21%	-6%	-6%	inflation projec
Adjusted EBITDA	4,347	2,601	1, 74 6	67%	
EBITDA Margin	19%	23%	-4%	-4%	
Other Income	2,838	982	1,857	189%	Out of total or
Share of loss from associate	(223)	(149)	(74)	50%	 Share of loss
Finance cost	(408)	(84)	(324)	384%	
	(100)		(0= 1)		 Significant in
Profit before taxation	5,566	3,131	2,434	78%	
Taxation	(272)	(166)	(106)	64%	 Super tax, high
Profit after taxation	5,294	2,965	2,328	79 %	
NP Margin	23%	26%	-3%	-3%	

	Commentary on Variance
2% 7% %	 Lower GP margin: Higher costs due to inflationary adjustments in compensations. Increased energy prices adversely impacted local & foreign traveling and company overheads costs. Currency devaluation impacting onsite resource costs and licenses & subscriptions which are paid in USD. High amortization cost (\$0.25m p.m) of intellectual property (CLOS) purchased by NDC during second Half of 2022 Net addition in IT HC = ~ 1200 resources since Jun 2022
5% 5% 7% 7%	 OP margins: Additional cost of newly incorporated subsidiaries and NDC – Higher admin and marketing cost due to upfront investment in infrastructure and business development, will be rationalized with economies of scale WHT on payments from subsidiaries classified as admin One-off adjustment of investment in JOMO Higher IFRS9 adjustment on receivables with current macro-economic conditions and future inflation projections from IMF
9%	• Out of total other income, Rs 1.7bn (63%) is realized exchange gain.

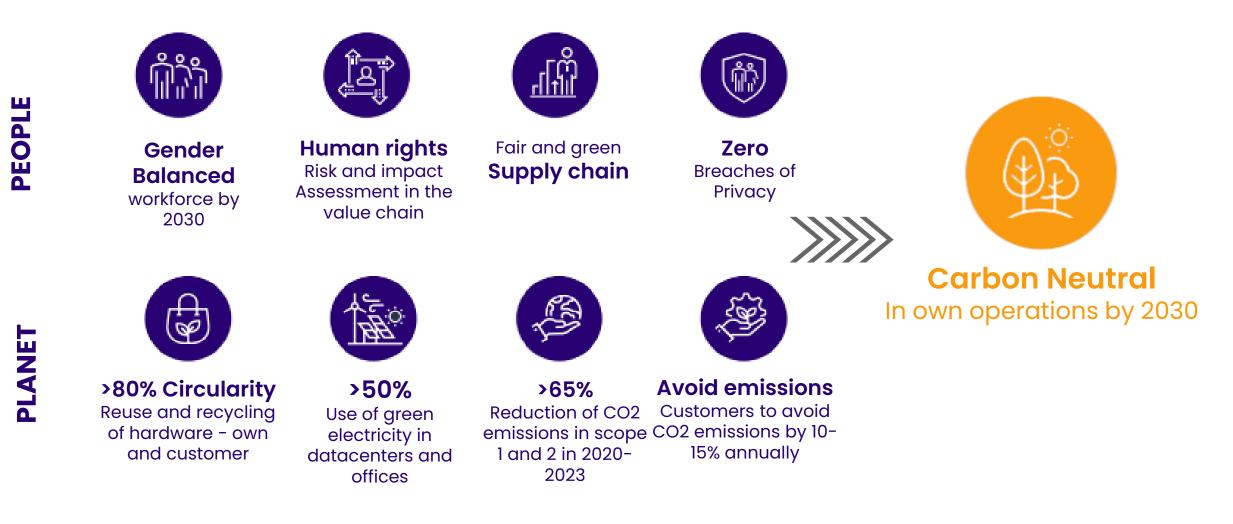
- Share of loss coming from Jugnu has already offset investment. EP Systems will continue.
- Significant increase in KIBOR/SBP policy rate resulted in higher finance cost.

• Super tax, higher WHT, tax on export revenue



Environment, Social & Governance (ESG)

Our ambitions in sustainable operations





systems 22

Way Forward

Pillars of our strategic plan

Skills and service offerings

Strong focus on building AI competency by building and developing a resource pool. The Company is also developing AI offerings for the BFS, Telco and Retail/CPG verticals.

	The Company has divided business development and delivery in 3 key verticals		
Verticalization and Business Development	BFS	Merging all core and non-core banking services under one-roof. Focusing to capitalize on the existing customer base by cross selling and upselling	
	Telco	 Increased focus on Digital Business Solution Services (BSS) Market specific solutions and frameworks 	
	Growth	All other services under 3 rd vertical serving public sector, pharma, retail , healthcare etc	

Geographies & Inorganic Growth Over the past couple of years, the Company has made significant investment in expanding into new markets and geographies. The Company is now working on maximizing the return on those investments.

Creating management structures that enable us to grow and perpetuate through Mergers & Acquisitions

Investment Priorities

Continued Profit Improvement, Healthy Cash Flow

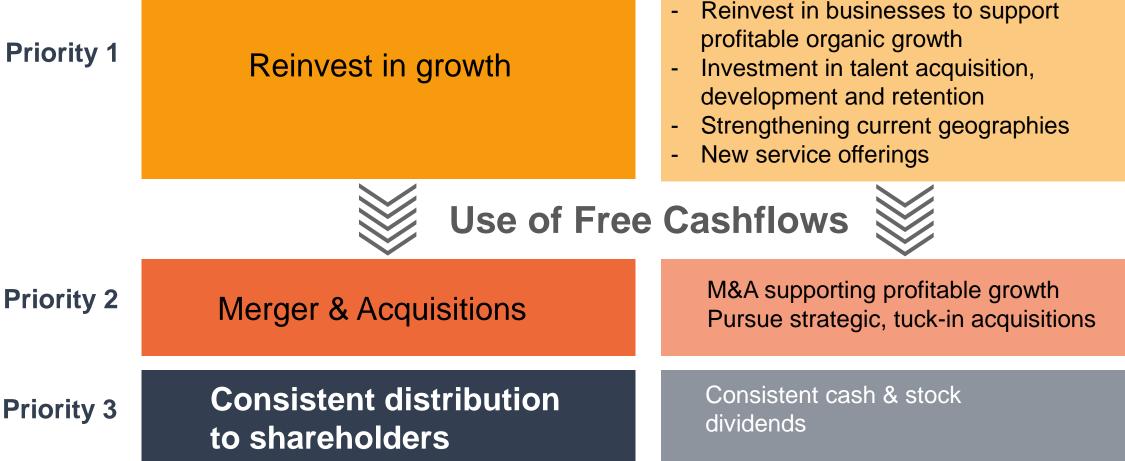
- Strong cash flow generation allows attractive dividend payout, and flexibility for investment opportunities.
- Systems Limited has a history of investing its cash flow for the future growth. The current healthy cash flow position provides the company with an opportunity to re-imagine and re-think everything to touch new heights.
- The Company is also focusing on inorganic growth through acquisition with the focus of increasing export revenue. Evaluating businesses aligned with strategy, structure and culture of the company

- \rightarrow Investment in talent
- → Diversification of talent pool among different locations
- \rightarrow Mergers & Acquisitions
- → Strengthening current geographies
- \rightarrow New service offerings

Capital allocation policy -Growth and shareholder returns



Priority 1





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Thank You

Our Innovative Solutions

Corporate Loan Origination System Automating & Streamlining the process of originating, evaluating, and approving corporate loans



Digital Sales Accelerator Transforming customer experience through digitalization



Banking Analytics Data Platform An intelligent tool that leverages the capabilities of automation and artificial intelligence for digital transformation



Digital Wallet Digital financial services to bring a cashless digital ecosystem to the landscape



Felix - Intelligent Order Tracking Real-time, End-to-End business order tracking solution





Life Insurance Channel Discovery Built On The Evvox Data Platform offers insurance organizations digital agility through an integrated ecosystem`



Intuitive CRM for Banking Financial Services Lead Management, Personalized Product Offering, Smart workflows, Localized regulatory compliant and real-time centralized planning solution



CAREER

Int'I Career Wholesale (IWS) Offers Wholesale services portfolio to mobile operators, carriers and ISPs for Global reach

Studio 77

is our experience lab where we build products, services and experiences that connect with people.

At Studio 77, we practice design-driven transformation for sustainable growth through

Product Innovation & Strategy

Innovate solutions to complex problems by building products that engage users and create brand loyalty

Our Design Driven Approach

- Focus on users
- Solve for the *right* problems
- Innovate with design at the heart
- Collaborate, don't work in isolation
- Test and iterate

Our Transformative Capabilities

Experience Strategy

- Design Thinking Workshops
- Experience Strategy
- Digital Experience Assessment
- Design Research (Qual/Quant)
- Service Design
- UX Audits Usability & User Testing
- Envisioning Workshops

Technology Expertise

- Hybrid Mobile Apps
- iOS + Android Native Apps
- JS Framework Development (Angular, React. Vue)
- Full-Stack Development

Experience Design

Product Innovation

• Digital Product Design

Hi-fidelity Designs

Prototyping

Integration

Integration Maintenance & Support

Wireframing & Experience

User testing & optimization

Design Systems & Style guides

• Custom Frontend Development and

Design at Scale

Uncover user insights, evolve and create immersive experiences that tell a story and evoke emotion

Work as an extension of the business team to drive growth at scale through design

Working with Industries & Verticals

- Banking & Financial Services • Hospitality & Leisure Media & Entertainment Insurance E-Commerce Retail Fashion Retail Telco o Fintech 0 Govt & Public Utilities
- Healthcare

Building Experiences on

Magento Salesforce Oracle SAP Microsoft

Our Team

3 UX Researchers

7 Design Strategists

100+ Front-end Engineers

8 Technical Leads

Strategic Partnership we strive for!

STRATEGY

Envisioning Digital Experience Strategy, **Corporate Innovation**

TECHNOLOGY

Enabling Digital Transformation Initiatives

DESIGN **Building Human** Centric Products and Digital Offerings

• CMS Frontend Development and

28 UI / UX Designers

3 Creative Leads

Leaders of the Digital Revolution

Board of Directors



Mr. Aezaz Hussain Chairman/Non-Executive Director



Mr. Asif Peer **CEO & Managing Director**



Mr. Arshad Masood Non-Executive Director



Back up

Mr. Shabbar Zaidi Independent Director



Mr. Asif Jooma Independent Director

Ms. Romana Abdullah Independent Director

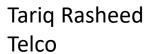


Mr. Omar Saeed Independent Director

Toima Asghar **Chief Human Resources** Officer



Zahid Janjua Global Head of Growth Vertical (GV)



Our Leadership



Mr. Asif Peer **CEO & Managing Director**



Khurram Majeed GM Systems, MEA

Imran Soofi Global Head of Telco Vertical



Chief Operating Officer



Muhammad Mairaj GM Domestic Sales



Roohi Khan Chief Financial Officer



Rao Hamid Khan **GM** Systems Arabia

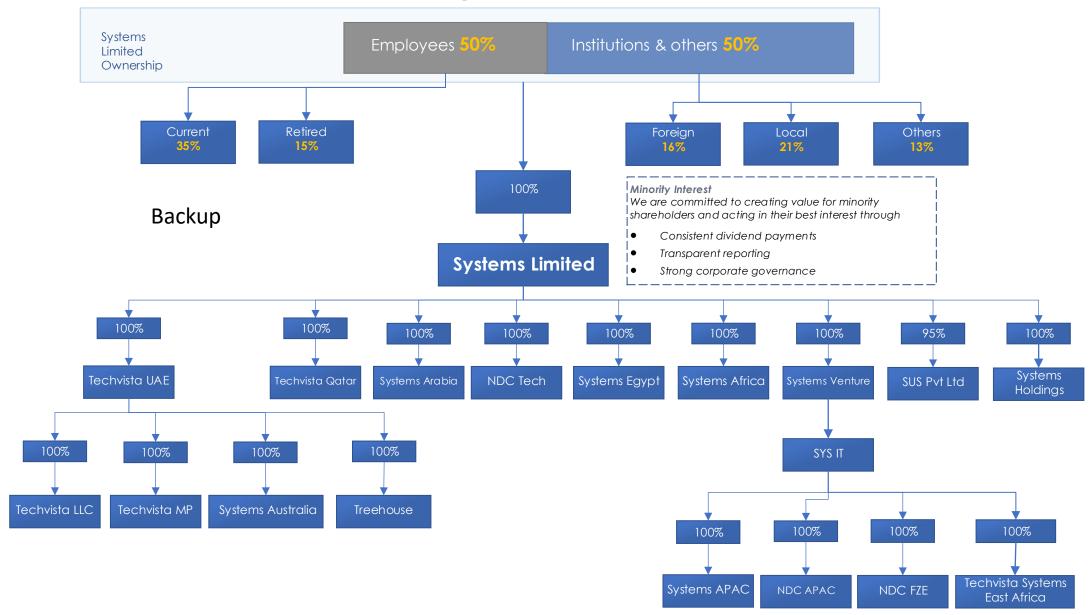






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Corporate / Shareholding Structure as of 30-Jun-2023



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