

27 October 2023

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

Subject: **FINANCIAL RESULTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

Dear Sir,

We have to inform you that the Board of Directors of the Company in their meeting dated: 26 October 2023 have approved the financial statements for the nine months period ended 30 September 2023 and recommend the following:

DIVIDEND

Nil.

BONUS SHARES

Nil.

FINANCIAL RESULTS

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

PERFORMANCE OVERVIEW

The Company (Standalone):

During period under review, standalone revenue grew 56% over same period last year from Rs. 14,798.18 million to Rs. 23,075.54 million. Consequently, Gross profit and Operating profit are 42% and 39% higher than SPLY (same period last year) respectively. Margins remain under stress due to significant inflationary pressures in the domestic market, partially eased by



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continued devaluation of the Pak Rupee resulting in a revaluation gain of Rs 2,386.23 million compared to the gain in September 2022 of Rs. 1,172.07 million increasing net profit by 40%, from Rs. 4,816.21 million to Rs. 6,730.02 million in this period. Basic and diluted earnings per share increased by 33% in line with profit for the period. The growth in revenue, net of the impact of exchange gain, is 12%.

The Group (Consolidated):

In line with the unconsolidated results, consolidated revenue grew by 85% from Rs. 20,144.84 million to Rs. 37,339.17 million versus SPLY.

Gross profit and operating profit increased by 59% and 35% respectively. Investment in subsidiaries in capability building and resources for aggressive growth and expansion, along with inflationary pressures in the domestic market have impacted margins, however, optimization of revenue and costs has positively impacted margins quarter over quarter. Net profit for the period at Rs. 7,146.81 million is 40% higher than SPLY, including the Rs. 2,638.43 million exchange gain. Basic and diluted earnings per share both increased by 33% in line with profit for the period. Eliminating the currency impact, revenue is up by 33% in US dollar terms.

For and on behalf of Systems Limited

A handwritten signature in blue ink, appearing to read "Ali Ahmed Iftikhar".

Ali Ahmed Iftikhar
Company Secretary



SYSTEMS LIMITED**CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)****AS AT SEPTEMBER 30, 2023**

	Note	Un-audited September 30 2023 Rupees	Audited December 31, 2022 Rupees
ASSETS			
Non-current assets			
Property and equipment	5	3,370,284,467	2,763,406,669
Intangibles		5,908,718	13,503,017
Long term investments	6	8,224,390,947	6,739,908,701
Right-of-use assets		549,831,692	512,738,929
Long term loans		483,810,890	298,036,906
Deferred employee benefits		243,541,482	86,938,319
Long term deposits		41,486,884	34,749,904
Deferred taxation - net		26,241,687	13,465,206
		12,945,496,767	10,462,747,651
Current assets			
Contract assets - unsecured		2,064,786,636	1,029,444,687
Trade debts - unsecured	7	13,678,891,958	8,818,580,572
Loans, advances and other receivables		1,848,668,274	976,727,988
Current portion of deferred employee benefits		21,661,535	29,892,702
Trade deposits and short term prepayments		1,077,924,841	327,193,963
Income tax refunds due from the Government		105,357,021	172,923,163
Short term investments	8	884,908,759	4,430,978,169
Interest accrued		7,325,076	1,521,649
Cash and bank balances		2,818,406,508	588,569,946
		22,507,930,608	16,375,832,839
TOTAL ASSETS		35,453,427,375	26,838,580,490
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
400,000,000 (December 31, 2022: 400,000,000) ordinary shares of Rs 10 each		4,000,000,000	4,000,000,000
Issued, subscribed and paid-up share capital		2,912,836,989	2,904,076,989
Capital reserves		5,395,585,304	4,994,930,422
Revenue reserve: Un-appropriated profit		17,558,183,337	12,283,429,147
		25,866,605,630	20,182,436,558
Non-current liabilities			
Long term advances		11,992,860	6,767,044
Lease liabilities		526,910,414	454,684,688
		538,903,274	461,451,732
Current liabilities			
Trade and other payables		5,211,219,168	2,694,812,394
Unclaimed dividend		20,569,910	13,536,152
Contract liabilities		119,215,150	263,944,365
Short term borrowings - secured	9	3,530,000,000	3,050,000,000
Accrued mark-up on borrowings		84,142,659	82,126,318
Current portion of long term advances		-	3,234,396
Current portion of lease liabilities		82,771,584	87,038,575
		9,047,918,471	6,194,692,200
TOTAL EQUITY AND LIABILITIES		35,453,427,375	26,838,580,490

CONTINGENCIES AND COMMITMENTS**10**

The annexed notes 1 to 20 form an integral part of these condensed unconsolidated interim financial statements.

(CHAIRMAN)

(CHIEF EXECUTIVE)

(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED

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

FOR THE NINE MONTHS AND THREE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

	Note	Nine Months Ended		Three Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		Rupees			
Revenue from contracts with customers - net		23,075,540,270	14,798,176,063	8,865,092,625	6,006,321,647
Cost of revenue		(16,254,550,277)	(9,977,569,921)	(6,055,588,861)	(4,020,942,176)
Gross profit		6,820,989,993	4,820,606,142	2,809,503,764	1,985,379,471
Selling and distribution expenses		(267,137,208)	(183,735,682)	(110,484,612)	(62,402,672)
Administrative expenses		(1,629,843,677)	(1,141,370,488)	(605,267,496)	(449,046,364)
Impairment losses on financial assets		(121,933,508)	(50,726,270)	1,300,872	(52,446,272)
		(2,018,914,393)	(1,375,832,440)	(714,451,236)	(563,895,308)
Operating profit		4,802,075,600	3,444,773,702	2,095,052,528	1,421,484,163
Other income	11	2,757,916,049	1,765,174,191	111,714,346	752,099,849
Finance costs		(487,561,393)	(131,414,801)	(189,247,850)	(52,290,687)
Profit before taxation		7,072,430,256	5,078,533,092	2,017,519,024	2,121,293,325
Taxation		(342,407,566)	(262,322,216)	(109,404,005)	(97,242,881)
Profit for the year		6,730,022,690	4,816,210,876	1,908,115,019	2,024,050,444
Earnings per share	12				
-Basic		23.14	17.39	6.55	7.27
-Diluted		22.96	17.29	6.50	7.22

The annexed notes 1 to 20 form an integral part of these condensed unconsolidated interim financial statements.

(CHAIRMAN)

(CHIEF EXECUTIVE)

(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023 (UNAUDITED)

		Unaudited 30 September 2023	Audited 31 December 2022
	Note	Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	6	3,632,237,271	2,942,599,349
Intangible		8,515,593,762	7,963,673,553
Long term investments		103,995,936	243,023,912
Investment in Associates		680,483,695	951,034,316
Right-of-use asset		616,790,150	580,144,739
Long term loans		483,810,890	298,036,906
Deferred taxation - net		26,241,687	12,157,378
Deferred employee benefits		243,541,482	86,938,319
Long term receivable - unsecured		1,145,204,040	909,097,001
Long term deposits		68,505,366	63,844,710
		15,516,404,281	14,050,550,183
Current assets			
Contract assets		6,520,720,910	2,591,990,933
Trade debts	7	10,780,823,668	8,494,847,010
Current portion of long term receivable - unsecured		154,156,501	194,200,634
Loans, advances and other receivables		4,726,366,130	1,434,826,075
Trade deposits and short term prepayments		4,364,391,023	1,094,819,779
Interest accrued		7,969,049	1,521,649
Short term investments	8	2,060,158,759	4,430,978,169
Tax refunds due from the Government		205,892,886	187,443,226
Current portion of deferred employee benefits		21,661,535	29,892,702
Cash and bank balances		5,871,474,926	5,814,496,232
		34,713,615,387	24,275,016,409
TOTAL ASSETS		50,230,019,668	38,325,566,592
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
400,000,000 (2022: 400,000,000) ordinary shares of Rs. 10 each		4,000,000,000	4,000,000,000
Issued, subscribed and paid up share capital		2,912,836,990	2,904,076,990
Capital and reserves		7,827,513,493	5,917,212,743
Unappropriated profits		19,796,429,574	14,104,886,266
		30,536,780,057	22,926,175,999
Non-controlling interest		2,584,780	2,103,542
		30,539,364,836	22,928,279,541
Non-current liabilities			
Long term advances		38,275,226	6,767,044
Lease Liability		526,910,414	491,701,794
Other long term liability - unsecured		1,924,224,043	1,040,158,349
Provision for gratuity		580,436,473	455,978,209
		3,069,846,155	1,994,605,396
Current liabilities			
Trade and other payables		7,905,333,200	5,937,289,453
Unclaimed Dividend		20,569,910	13,536,152
Contract Liability		4,140,485,193	3,025,704,894
Mark-up accrued on short term borrowings		84,635,752	83,638,647
Short term borrowings		3,530,000,000	3,110,000,000
Current Portion of lease liability		140,040,753	112,996,863
Current portion of other long term liability		799,743,869	1,116,281,250
Current portion of long term advances		-	3,234,396
		16,620,808,677	13,402,681,655
TOTAL EQUITY & LIABILITIES		50,230,019,668	38,325,566,592
CONTINGENCIES AND COMMITMENTS			

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The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

(CHAIRMAN)

(CHIEF EXECUTIVE OFFICER)

(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT OR LOSS ACCOUNT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Note	Nine Months Ended		Three Months Ended	
		September 30, 2023 Rupees	September 30, 2022 Rupees	September 30, 2023 Rupees	September 30, 2022 Rupees
Revenue from contract with customers - net		37,333,785,801	20,144,848,895	14,144,622,403	8,681,603,604
Cost of sales		27,220,094,113	13,785,810,105	10,289,558,046	5,977,011,590
Gross profit		10,113,691,688	6,359,038,789	3,855,064,357	2,704,592,014
Distribution expenses		1,288,267,525	451,256,260	452,849,897	186,329,915
Administrative expenses		2,975,301,467	1,766,220,088	1,131,608,366	780,420,239
Impairment losses on financial assets		383,056,960	96,697,365	162,526,370	76,258,136
		4,646,625,952	2,314,173,713	1,746,984,633	1,043,008,290
Operating profit		5,467,065,736	4,044,865,076	2,108,079,724	1,661,583,724
Other income	11	3,016,979,457	1,735,194,330	178,692,626	753,548,976
Share of loss from associate		284,050,620	231,370,469	60,554,928	82,277,736
Finance cost		653,875,388	153,393,257	245,733,713	69,040,018
Profit before taxation		7,546,119,186	5,395,295,679	1,980,483,710	2,263,814,945
Taxation		399,307,382	279,583,243	127,533,266	113,539,733
Profit after taxation		7,146,811,803	5,115,712,436	1,852,950,443	2,150,275,212
Attributable to:					
Equity holders of the parent		7,146,330,566	5,115,843,867	1,852,800,331	2,150,433,259
Non-controlling interest		481,238	(131,431)	150,113	(158,047)
		7,146,811,803	5,115,712,436	1,852,950,443	2,150,275,212
Earnings per share:					
Basic earnings per share	12	24.57	18.47	6.69	7.72
Diluted earnings per share		24.38	18.37	6.65	7.67

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

(CHAIRMAN)

(CHIEF EXECUTIVE OFFICER)

(CHIEF FINANCIAL OFFICER)