

24 March 2025

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

Subject: **FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

Dear Sir,

We have to inform you that the Board of Directors of the Company in their meeting held on 21 March 2025 at 12:00 pm at Lahore have approved the financial statements for the year ended 31 December 2024 and recommended the following:

**DIVIDEND**

A final cash dividend for the year ended 31 December 2024 at Rs. 6/- per share i.e. 60%.

**BONUS SHARES**

Nil

**SUB-DIVISION OF SHARES**

To sub-divide the face value of shares of the Company from Rs. 10/- to Rs. 2/- per share in accordance with the Section 85(1)(c) of the Companies Act, 2017, in the ratio of 5 shares for each 1 share held.

**FINANCIAL RESULTS**

Financial results of the Company are attached hereto as **Annexure - A** and **Annexure - B** along with the Directors' Report as **Annexure - C**.

**PERFORMANCE OVERVIEW**

Please refer to the Directors' Report in Annexure C for detailed performance review and the future outlook of the Company.

**ANNUAL GENERAL MEETING**

The Annual General meeting shall be held on 28 April 2025 at 11.00, at Lahore, Pakistan.

The above dividend entitlement will be paid to the shareholders whose name shall appear on the Register of Members on 21 April 2025.

## **BOOK CLOSURE**

The Share Transfer Books of the Company shall be closed from 22 April 2025 to 28 April 2025 (both days inclusive). Transfer received at CDC Share Registrar Services Limited CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahr-e-Faisal, Karachi, at the close of business 21 April 2025 will be treated in time for the purposes of above entitlement to the transferees.

The Annual Report of the Company will be transmitted through PUCARS at least 21 days before the holding of the Annual General Meeting.

For and on behalf of Systems Limited



**Hasan Waleed Majal**  
Company Secretary

SYSTEMS LIMITED  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2024

ASSETS	Note	2024 Rupees	2023 Rupees
<b>Non-current assets</b>			
Property and equipment	7	3,654,816,354	3,740,581,192
Intangibles	8	9,881,435,504	10,511,603,969
Long term investments	9	101,076,560	101,886,235
Investment in associates	10	162,194,362	282,459,724
Right-of-use asset	11	419,075,401	652,229,054
Long term loans	12	613,818,425	528,345,079
Deferred employee benefits	13	203,253,649	182,065,727
Long term receivable	14	569,948,187	886,067,903
Long term deposits	15	485,584,447	265,508,795
		16,091,202,889	17,150,747,678
<b>Current assets</b>			
Contract assets	16	9,453,109,283	7,960,461,635
Trade debts	17	17,570,516,867	12,706,815,283
Current portion of long term receivable	14	361,980,429	298,167,633
Loans, advances and other receivables	18	1,295,142,207	1,819,993,202
Trade deposits and short term prepayments	19	1,443,037,626	1,060,427,214
Interest accrued		-	3,096,777
Short term investments	20	2,764,394,367	1,594,725,452
Income tax refunds due from the governments	41	387,121,322	21,768,471
Current portion of deferred employee benefits		86,166,964	67,157,471
Cash and bank balances	21	7,998,100,467	7,982,850,983
		41,359,569,532	33,515,464,121
<b>TOTAL ASSETS</b>		<b>57,450,772,421</b>	<b>50,666,211,799</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital		4,000,000,000	4,000,000,000
400,000,000 (2023: 400,000,000) ordinary shares of Rs. 10/- each			
Issued, subscribed and paid up share capital	22	2,929,861,489	2,914,213,989
Capital reserves	23	8,668,675,976	8,076,144,012
Revenue reserve - unappropriated profit		27,129,935,811	21,338,813,911
		38,728,473,276	32,329,171,912
<b>Non-controlling interest</b>		2,192,380	2,447,154
		38,730,665,656	32,331,619,066
<b>Non-current liabilities</b>			
Long term advances	24	14,754,443	4,281,065
Lease liabilities	25	344,483,686	551,237,073
Other long term liability - unsecured	26	1,184,866,510	1,818,407,518
Deferred taxation - net	41	83,618,990	117,775,797
Provision for gratuity	27	675,541,301	474,227,448
		2,303,264,930	2,965,928,901
<b>Current liabilities</b>			
Trade and other payables	28	8,618,942,908	7,291,830,942
Provision for taxation	41	307,963,940	-
Unclaimed dividend		30,322,411	18,659,407
Contract liabilities	29	3,875,428,986	4,637,734,357
Short term borrowings from financial institutions - secured	30	2,675,152,048	2,119,000,000
Mark-up accrued on short term borrowings - secured		9,395,836	96,586,682
Derivative financial instruments		1,461,010	-
Current portion of long term advances		5,171,459	8,395,243
Current portion of lease liabilities		174,362,132	190,062,090
Current portion of other long term liability - unsecured	26	718,641,105	1,006,395,111
		16,416,841,835	15,368,663,832
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>57,450,772,421</b>	<b>50,666,211,799</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	31		

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

(CHAIRMAN)

(CHIEF EXECUTIVE)

(CHIEF FINANCIAL OFFICER)

**SYSTEMS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

		(Restated)
		2023
	2024	Rupees
	Rupees	Rupees
Revenue from contracts with customers - net	32	67,473,021,160
Cost of revenue	33	(51,437,339,563)
<b>Gross profit</b>		<u>16,035,681,597</u>
Selling and distribution expenses	34	(2,482,298,867)
Administrative expenses	35	(4,820,394,646)
Research & development expenses	36	(92,264,918)
Impairment losses on financial assets	37	(485,686,404)
Other operating expenses	38	(5,083,691)
		<u>(7,885,728,526)</u>
<b>Operating profit</b>		<u>8,149,953,071</u>
Other income	39	725,575,753
Share of loss from associates	10	(118,973,681)
Impairment loss on investment in associates	10	-
Finance costs	40	(465,258,660)
<b>Profit before taxation and levy</b>		<u>8,291,296,483</u>
Levy	41	(474,934,619)
<b>Profit before taxation</b>		<u>7,816,361,864</u>
Taxation	41	(356,349,091)
<b>Profit for the year</b>		<u><u>7,460,012,773</u></u>
<b>Attributable to:</b>		
Equity holders of the parent		7,460,267,547
Non-controlling interest		(254,774)
		<u><u>7,460,012,773</u></u>
<b>Earnings per share</b>		
Basic earnings per share	46	25.55
Diluted earnings per share	46	25.37

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

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(CHAIRMAN)

(CHIEF EXECUTIVE OFFICER)

(CHIEF FINANCIAL OFFICER)

**SYSTEMS LIMITED**  
**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**

	Note	2024 Rupees	2023 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	3,402,587,193	3,509,622,717
Intangibles	7	109,615,749	3,377,286
Long term investments	8	8,218,812,981	8,112,953,916
Right-of-use assets	9	358,738,999	510,157,034
Long term loans	10	613,818,425	528,345,079
Deferred employee benefits	11	203,253,649	182,065,727
Long term deposits	12	74,061,160	71,792,327
Deferred taxation - net	37	-	36,096,850
		12,980,888,156	12,954,410,936
<b>Current assets</b>			
Contract assets	13	1,580,821,570	1,856,838,544
Trade debts	14	20,281,646,836	16,198,145,227
Loans, advances and other receivables	15	3,117,237,351	2,164,085,964
Current portion of deferred employee benefits		86,166,964	67,157,471
Trade deposits and short term prepayments	16	522,190,767	356,576,667
Income tax refunds due from the government		336,835,028	115,592,551
Short term investments	17	2,764,394,367	1,159,419,112
Interest accrued	18	-	3,096,777
Cash and bank balances	19	1,667,082,394	1,441,973,473
		30,356,375,277	23,362,885,786
<b>TOTAL ASSETS</b>		43,337,263,433	36,317,296,722
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital		4,000,000,000	4,000,000,000
400,000,000 (2023: 400,000,000) ordinary shares of Rs 10 each		4,000,000,000	4,000,000,000
Issued, subscribed and paid-up share capital	20	2,929,861,489	2,914,213,989
Capital reserves	21	6,200,077,327	5,411,992,547
Revenue reserve: Un-appropriated profit		23,753,597,914	19,387,321,138
		32,883,536,730	27,713,527,674
<b>Non-current liabilities</b>			
Long term advances	22	-	4,281,065
Lease liabilities	23	292,081,761	449,798,210
		292,081,761	454,079,275
<b>Current liabilities</b>			
Trade and other payables	24	7,527,762,995	5,700,927,809
Unclaimed dividend		30,322,411	18,659,407
Contract liabilities	25	1,148,760,424	76,108,859
Short term borrowings from financial institutions - secured	26	1,279,799,247	2,119,000,000
Derivative financial instruments		1,461,010	-
Accrued mark-up on borrowings		9,395,836	96,093,532
Current portion of long term advances	22	5,171,459	8,395,243
Current portion of lease liabilities	23	158,971,560	130,504,923
		10,161,644,942	8,149,689,773
<b>TOTAL EQUITY AND LIABILITIES</b>		43,337,263,433	36,317,296,722
<b>CONTINGENCIES AND COMMITMENTS</b>			
	27		

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.

*AH*

(CHAIRMAN)

*[Signature]*

(CHIEF EXECUTIVE)

*[Signature]*

(CHIEF FINANCIAL OFFICER)

**SYSTEMS LIMITED**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Note	2024 Rupees	(Restated) 2023 Rupees
Revenue from contracts with customers - net	28	38,526,983,552	32,037,995,164
Cost of revenue	29	(28,965,694,998)	(22,311,383,854)
<b>Gross profit</b>		<b>9,561,288,554</b>	<b>9,726,611,310</b>
Selling and distribution expenses	30	(748,429,704)	(392,255,261)
Administrative expenses	31	(2,511,514,952)	(2,085,697,629)
Research and development expenditure	32	(97,792,250)	(109,917,778)
Impairment losses on financial assets	33	(605,195,928)	(33,473,891)
Other operating expenses	34	-	(8,561,586)
		(3,962,932,834)	(2,629,906,145)
<b>Operating profit</b>		<b>5,598,355,720</b>	<b>7,096,705,165</b>
Other income	35	1,038,497,833	2,645,199,791
Impairment loss on investment in associate	8.10	-	(68,953,239)
Finance costs	36	(235,179,969)	(664,179,989)
<b>Profit before taxation and levy</b>		<b>6,401,673,584</b>	<b>9,008,771,728</b>
Levy	37.1	(187,366,105)	(459,605,255)
<b>Profit before taxation</b>		<b>6,214,307,479</b>	<b>8,549,166,473</b>
Taxation	37.2	(99,010,303)	9,994,018
<b>Profit for the year</b>		<b>6,115,297,176</b>	<b>8,559,160,491</b>
<b>Earnings per share</b>			
-Basic	41	20.94	29.41
-Diluted	41.1	20.80	29.22

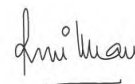
The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE)



(CHIEF FINANCIAL OFFICER)

# DIRECTORS' REPORT

AT THE

FORTY- EIGHT ANNUAL GENERAL MEETING

OF

SHAREHOLDERS

OF

**systems**  
**Systems Limited**

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**PROPRIETARY NOTICE:** THIS DOCUMENT CONTAINS CONFIDENTIAL INFORMATION PROPRIETARY TO SYSTEMS LIMITED AND MAY NOT BE REPRODUCED, COPIED OR USED FOR PURPOSES OTHER THAN ITS INTENDED USE WITHOUT THE PRIOR WRITTEN CONSENT OF SYSTEMS LIMITED. THE INFORMATION IN THIS DOCUMENT IS SUBJECT TO CHANGE WITHOUT NOTICE.

# DIRECTORS' REPORT TO THE SHAREHOLDERS 2024

The Directors of the Company take pleasure in presenting the Annual Report of your Company, together with the Unconsolidated and Consolidated Financial Statements for the year ended 31 December 2024.

## Group Overview:

The Company is a public limited company incorporated in Pakistan under the Companies Act, 2017, and listed on the Pakistan Stock Exchange. The Company was incorporated in 1977 and is principally engaged in the business of software development, trading of software and business process outsourcing services.

## Activities:

The Company's revenue comes primarily from Digital/Data/Cloud Services, Managed Services, Consulting Services, IT outsourcing and Business Process Outsourcing/Contact Center. The Company generates ~ 87% of its revenue from export of Services to various geographies such as North America, Europe, Middle East and Asia Pacific, and ~13% from domestic market. The Company is well diversified into various industry verticals such as Banking and Finance, Telco, Retail, CPG, Pharma, and Public sector.

## FINANCIAL PERFORMANCE OF THE COMPANY AND THE GROUP DURING 2024

### Consolidated:

During year ended 31 December 2024, Revenues of the Company were Rs 67,473.02 million in 2024 compared to Rs. 53,435.48 million in 2023. Company continues to invest heavily in all markets to maintain its aggressive growth trajectory. Operating profit from ordinary course of business amounts to Rs 8,149.95 million showing a growth of 4%. The net profit from ordinary business stands at Rs 7,460.01 million showing a decline of 14% from last year mainly due to exchange loss of 264.47 million as compared to a significant exchange gain amounting to Rs. 2,257.67 million in FY 2023.

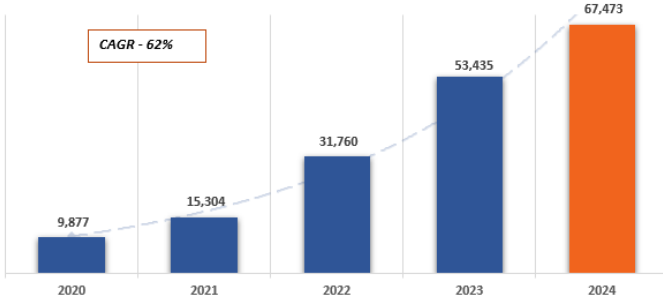
In Q4, there is higher one off trading where margins are lower as compared to services business which has impacted the overall average margins. Moreover, the methodology in recording Expected Credit Losses (ECL) was more aggressive this year which will have a favorable impact in 2025 once these balances are collected. Since FY 2020, the Company has delivered a Compounded Annual Growth Rate (CAGR) in revenues of 50%. The revenue growth has been mainly driven by IT services. Despite the pressure on margins, the Company is still achieving EBITDA + Growth rate of 45% which is higher than the market average.

Growth in revenue is contributed by both the Company and its subsidiaries.

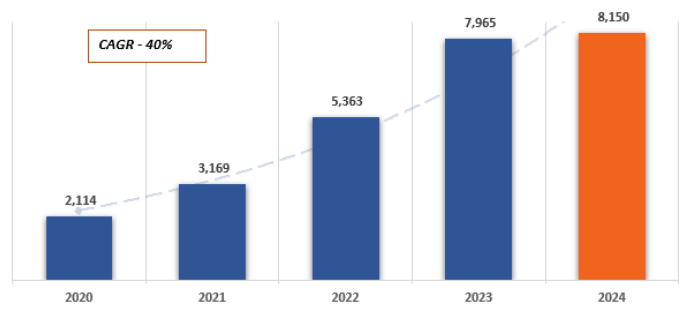
Consolidated			
Particulars	FY 2024	FY 2023	Y/Y
Revenue*	67,473,021,160	53,435,483,177	26%
Gross profit	16,035,681,597	13,845,519,888	16%
Operating Profit**	8,149,953,071	7,811,463,419	4%
Profit before taxation	7,816,361,864	8,783,560,854	-11%
Profit after taxation	7,460,012,773	8,688,889,893	-14%
Earnings per share (basic)	25.55	29.86	-14%
Earnings per share (diluted)	25.37	29.66	-14%



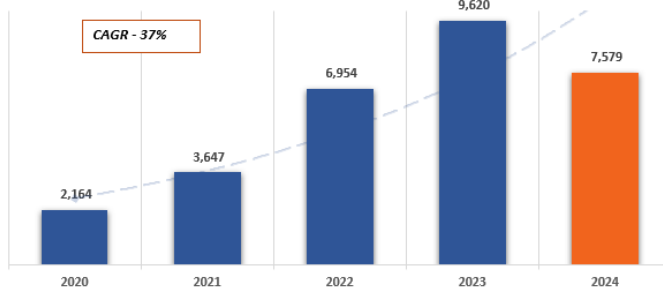
**Consolidated - Revenue (PKR Mn.)**



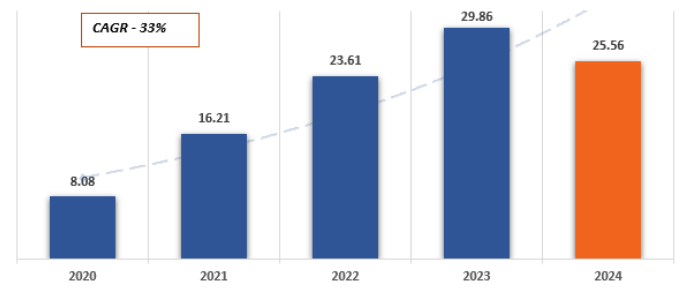
**Consolidated - Operating Profit (PKR Mn.) - Adjusted**



**Consolidated - Net Profit (PKR Mn.) - Adjusted**

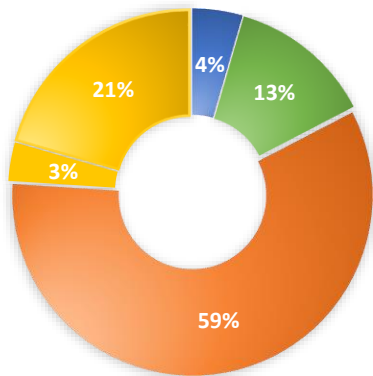


**Consolidated - EPS - Basic (Rupee)**



\*OP and NP are adjusted off impairment loss in 2023 and share of loss from associate

**REVENUE BY GEOGRAPHIES**

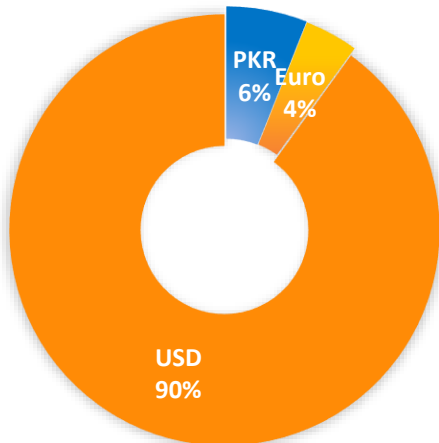


■ Europe ■ Pakistan ■ Middle East ■ APAC ■ North America

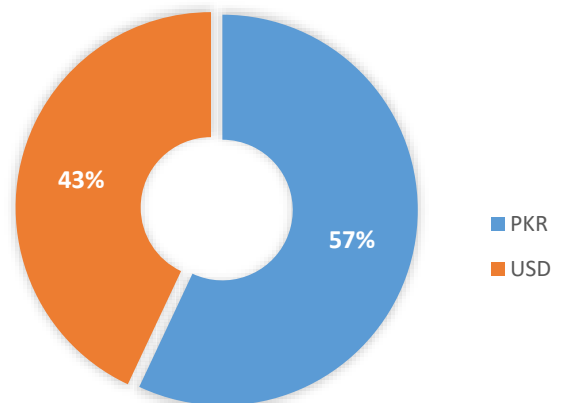
**EXPORT CONTRIBUTION**



**REVENUE BY CURRENCY**



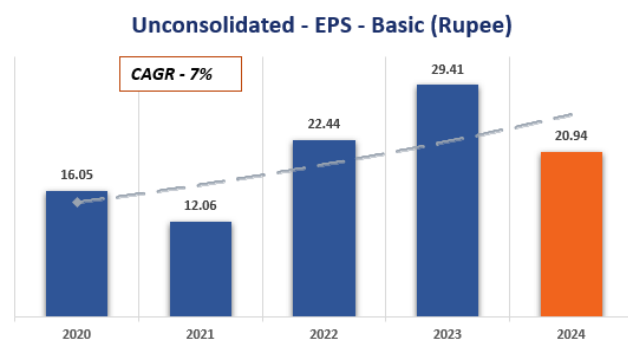
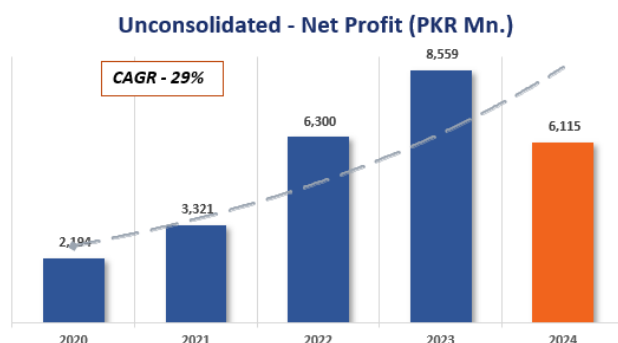
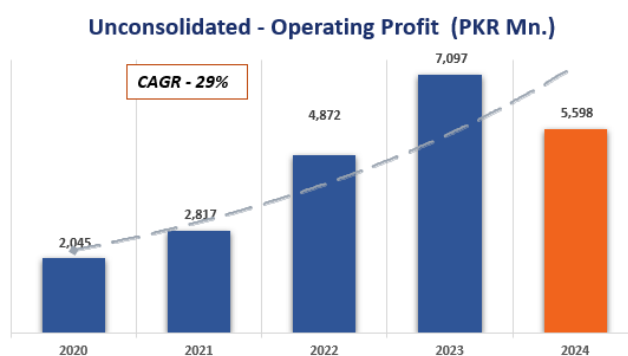
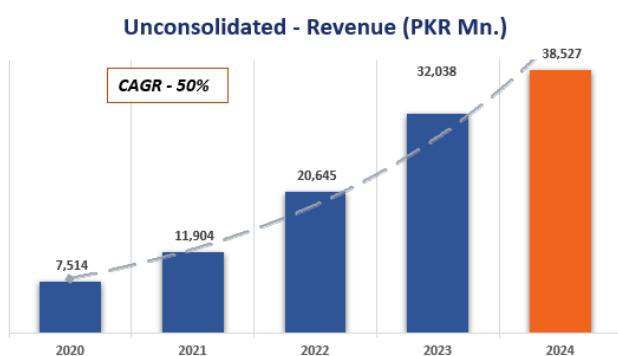
**COST BY GEOGRAPHIES**



## Unconsolidated:

The Company has maintained a strong topline growth trajectory in 2024 as well. Revenues for the year in local currency were Rs. 38,526.98 million showing a growth of 20% over the previous year. Profit after tax for the year was Rs. 6,115.30 million showing a decline of 29% mainly because of currency appreciation this year and since more than 90% of the revenue is USD denominated, the company recorded an exchange loss of Rs. 220.09 million loss in FY 2024 as compared to the exchange gain in FY 2023 amounting Rs. 2,175.79 million. Gross profit and operating profit decreased by 2% and 31% respectively.

Unconsolidated			
Particulars	FY 2024	FY 2023	Y/Y
Revenue	38,526,983,552	32,037,995,164	20%
Gross profit	9,561,288,554	9,726,611,310	-2%
Operating Profit	5,598,355,720	7,096,705,165	-21%
Profit before taxation	6,214,307,479	9,008,771,728	-31%
Profit after taxation	6,115,297,176	8,559,160,491	-29%
Earnings per share (basic)	20.94	29.41	-29%
Earnings per share (diluted)	20.80	29.22	-29%



## Performance by Segment (Consolidated)

### Vertical Segment

The four primary segments now revolve around industry verticals, reflecting the company's strategic shift:

- Banking Financial Services & Insurance (BFSI):** This segment includes activities related to banking, financial services, and insurance. This has become the largest segment for the Company in terms of revenue share. Post acquisition of Temenos regional partner, the Company aggressively cross sell and upsell to all banking and finance customers. The margins are lower in the segment due to the investment in the sales and marketing and amortization charge of the license for the country model bank (CMB) which is acquired for 10+ years.

- **Retail & CPG (Consumer Packaged Goods):** This segment encompasses retail operations and consumer goods. Most of these customers are based in the North America and Europe segment, contributing to higher margins.
- **Telco (Telecommunications):** This segment involves telecommunications services and technologies. The company is working with leading Telco organizations in the sector and continues to develop references and use cases in this sector.
- **Technology:** This segment includes technology related solutions, products and services. Also includes the work subcontracted to the Company by the other SI.
- **Others:** This catch-all category may include any remaining segments that don't fall into the specific verticals mentioned above.

	BFSI		Telco		Technology		Retail & CPG		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue - net	20,507	15,266	15,489	11,809	8,057	7,393	7,676	5,716	15,744	13,252	67,473	53,435
Cost of sales	(17,187)	(12,875)	(11,472)	(8,638)	(5,770)	(4,640)	(5,095)	(3,345)	(11,914)	(10,094)	(51,437)	(39,590)
Gross profit	3,319	2,392	4,018	3,171	2,287	2,753	2,581	2,371	3,830	3,158	16,036	13,846
Research & Development Expenses	(44)	(6)	(17)	(32)	(9)	(20)	(8)	(16)	(15)	(36)	(92)	(110)
Distribution expenses	(754)	(448)	(570)	(347)	(296)	(217)	(282)	(168)	(579)	(389)	(2,482)	(1,570)
Administrative expenses	(1,465)	(1,138)	(1,107)	(880)	(576)	(551)	(548)	(426)	(1,125)	(988)	(4,820)	(3,983)
	(2,263)	(1,592)	(1,694)	(1,259)	(881)	(788)	(839)	(609)	(1,719)	(1,413)	(7,395)	(5,662)
Profit / (loss) before taxation and unallocated income and expenses	1,056	800	2,324	1,912	1,407	1,965	1,743	1,762	2,111	1,745	8,641	8,183

## Geographical Segment

The Company is showing a strong growth across all four segments, with Middle East region taking the lead, followed by Pakistan and North America. Export sales of the Company are approximately 87% of total sales, taking another 2% from the domestic sales, with the Company's target being to further increase the export component going forward. The regional update is covered in detail in future outlook.

	North America		Europe		Middle East		APAC		Pakistan		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue - net	13,890	12,262	3,021	1,891	39,553	29,309	2,300	1,328	8,709	8,645	67,473	53,435
Cost of sales	(9,412)	(7,947)	(1,829)	(1,162)	(29,770)	(21,189)	(1,670)	(848)	(8,757)	(8,444)	(51,437)	(39,590)
Gross profit	4,479	4,315	1,192	729	9,782	8,120	629	480	(47)	201	16,036	13,846
Research & Development Expenses	(36)	(42)	(8)	(6)	(31)	(32)	(3)	(4)	(14)	(25)	(92)	(110)
Distribution expenses	(290)	(33)	(63)	(19)	(1,805)	(1,257)	(202)	(139)	(121)	(121)	(2,482)	(1,570)
Administrative expenses	(1,222)	(1,265)	(267)	(195)	(2,948)	(2,132)	(80)	(62)	(303)	(328)	(4,820)	(3,983)
	(1,548)	(1,339)	(339)	(221)	(4,785)	(3,422)	(286)	(206)	(439)	(475)	(7,395)	(5,662)
Profit / (loss) before taxation and unallocated income and expenses	2,931	2,976	854	508	4,998	4,698	344	275	- 486	- 274	8,641	8,183

## North America & Europe

Margins of North America region are 32.2% GP and 21.1% OP. The Company is expecting to see modest growth in this segment in future.

## Middle East Africa

In the Middle Eastern region, the subsidiaries in UAE and Arabia are leading the growth trajectory contributing ~ 80% to the total MEA revenue. Qatar is also expecting to gain momentum and will be become a sizeable business in near future.

## APAC

APAC has also become a significant segment where the company is seeing growth specially in the Technology and BFSI sector.

## Pakistan

The Company has been re-strategizing its domestic business and has repositioned the customer base to private sector large scale enterprises from public sector and SMEs. The Company is focused on securing long-term recurring managed service contracts with Teleco and Financial institutions.

## DIVIDEND & APPROPRIATIONS

For the year 2024, the Directors recommended a payment of final cash dividend @ Rs. 6 per share (2023: Rs. 6 per share).

The following appropriation on account of dividend was made during the year:

	Un-appropriated profit (PKR)
Balance as at 31 December 2023	19,387,321,138
Total comprehensive income for the year	6,115,297,176
Less: Final dividend for the year ended 31 December 2023 at the rate of PKR Rs 6 per share	(1,749,020,400)
Balance as at 31 December 2024	23,753,597,914

## EARNINGS PER SHARE

The Basic and Diluted earnings per share for the Group for the year ended 31 December 2024 are Rs. 25.55 and Rs.25.37 (31 December 2023: Rs. 29.86 and Rs. 29.66) per share.

Similarly, the basic and diluted earnings per share for the Company are Rs. 20.94 and Rs. 20.80 (31 December 2023: Rs. 29.41 and Rs. 29.22) per share.

## AWARDS AND ACCOLADES

The Company actively competes with leading global firms in the UAE, and its recent recognitions have further reinforced its credibility in regional markets, driving business growth and acquisitions.

Enhancing its industry reputation, the Company has been awarded the Microsoft Inner Circle recognition for four consecutive years. This accolade highlights the organization's stability, continuity, and sustainability in delivering Microsoft solutions, underscoring its consistent performance and expertise.

Additionally, the Company has been featured in Forbes Asia's Best Under A Billion list for five consecutive years, ranking among the top 200 companies. This recognition is being strategically leveraged to strengthen the Company's presence and expand its footprint in regional markets.

Further solidifying its leadership in the financial services sector, Temenos has named the Company its Best Regional Delivery Partner of the Year 2024. This achievement validates the successful integration of NDC and its contribution to the Company's overall business growth.

## PEOPLE'S UPDATE

The Company continues to invest in its workforce by hiring strategically and prioritizing training, re-skilling, and upskilling initiatives. A key focus is on equipping employees with expertise in emerging technologies, particularly AI and Generative AI, ensuring that every developer is proficient in leveraging AI tools. This commitment reflects the Company's dedication to staying ahead of industry trends and preparing its workforce for future challenges and opportunities.

Additionally, the Company has strengthened its regional teams by hiring key resources to support market expansion. To enhance employee retention and mitigate attrition, a structured talent management strategy has been implemented, including building bench strength to support future growth. With a strong emphasis on productivity, the Company's overall billing efficiency this year has been 78% and this will continue to improve with the strategy company is adopting.

## INFRASTRUCTURE

The Company has sufficient infrastructure to support future growth. Company installed solar panels in 2024 which helped optimize electricity cost and reduced the carbon footprint. In 2025, the Company has set aside some capex for investing in a parking plaza at the Head Office at Lahore to support parking of additional 750 vehicles and office space to accommodate future growth.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company aims to be an active corporate citizen in the societies where it operates. The Company believes that the future lies in the youth of today. We also believe that the technology shapes the future of nation, hence our efforts are focused more on the technology related initiatives. Besides investing in the development of young people, the company helps underprivileged children and youth to advance in their life and avoid exclusion. Our initiatives mainly focus on the following

- Education,
- Health &
- Climate Change.

The Company has spent **about PKR 67.7 M** on donation in cash and in kind during the financial year. The company continued to support the IT Mustakbil training program, focusing on reskilling the talent by expanding its footprint. The program is dedicated to providing equal opportunity to everyone to gain skills in IT related technologies and ultimately use them to explore the land of opportunities in the corporate world.

Health and medical services available to the community are another top corporate social responsibility focus. The Company continues to support, aid, and help the facilitation of healthcare conveniences to the society through collaborations with health institutes, donations, and sponsorships for the cause.

## ENVIRONMENT, SOCIAL, GOVERNANCE (ESG)

In line with Systems ESG Vision 2030, the Company has identified five (5) pillars to cater its ESG footprint and to map its activities with the UN sustainability principles. Periodic self-assessment is undertaken and progress with the objectives aligned with each pillar are reported.

These pillars are as follows:

### Be kind to the Environment

- Water Conservation through awareness programs
- Tracking of energy consumption
- Adopting reuse and recycle practices to reduce waste

### Be kind to the Employees

- Increased employment of specially abled employees
- Increased employee engagements through town halls and management meetings
- Enhanced emphasis on women empowerment
- Significant increase in trainings & certifications
- Numerous safety drills and sessions on work space ergonomics

### Giving back to the Society

- Allocation of CSR budget and planned CSR initiatives
- Initiated Digital Inclusion through IT Mustakbil Program
- Increased donations to schools, hospitals and other charity organizations.
- Helping employees in times of difficulties.

### Governance

- Independent Board and its committees promoting GRC
- Responsible tax practices
- Disclosure of all related party transactions
- Code of conduct/Business ethics
- Cyber security and data privacy

### Sustainable Financial Growth

- 5-year revenue CAGR over 50%
- Consistent dividend payouts and capitalization gains
- Global expansion to reduce concentration risk

For further details on specific facts, a sustainability dashboard is included in the annual report.

## **FUTURE OUTLOOK AND PROSPECTS FOR GROWTH**

### **Optimization, Productivity and Efficiency**

With 90% of Company's business conducted in USD to mitigate currency risk, the exchange rate has remained stable and is expected to stay within the same range in the foreseeable future. However, rising inflation is putting pressure on margins despite strong growth.

To counteract this impact, the Company is actively optimizing costs, improving operational efficiencies, and renegotiating contract rates. These efforts have already started yielding results in 2024 but the majority of the impact will be reflected in 2025. In 2024, offshore costs increased by 20% due to inflation and higher taxation introduced in the previous financial budget. Significant salary adjustments were made to offset these challenges. Despite currency appreciation of 3-4% throughout the year, profitability was impacted since revenue expectations were based on a 5% depreciation forecast. Given the inflationary pressures across economies, the Company could not implement rate increases for all customers. Instead, it focused on top-line growth by heavily investing in sales and presales.

This year, the Company is prioritizing efficiency improvements, with significant opportunities for optimization. Efforts are underway to increase billable utilization from 78%, which is expected to enhance profitability from Q1 onward. The Company is leveraging AI tools and implementing measures such as virtual bench management, reducing the reliance on a physical bench, which will optimize costs and improve future efficiencies. Additionally, stringent controls on fixed costs and selling expenses will ensure cost containment. The Company aims to maximize returns on investments made in recent years, expecting a strong return on investment (ROI) in 2025. Given that financial budgeting has been done conservatively at current exchange rates, any future currency depreciation would further enhance profitability.

### **Strong Pipeline and Growth Trajectory**

With a solid pipeline and a strong backlog for the upcoming quarters, the Company is well-positioned to sustain its growth momentum. The newly acquired customers and initiated projects are expected to materialize in 2025, continuing the growth trajectory. The Company is expanding its market coverage and bandwidth while maintaining a strategic focus on existing markets rather than entering new ones. Cost control remains a priority, with no plans for investments in new market expansions.

### **Strategic Partnerships and Regional Presence**

Leveraging its strong regional presence, the Company has formed strategic partnerships with major players such as Microsoft. These agreements are expected to generate new leads, accounts, and service offerings. The Company is also actively collaborating with additional partners beyond Microsoft to expand business opportunities. Given its partner-led business model, the Company continues to strengthen these alliances to drive growth.

The Company's strong brand presence in the region has attracted new partnerships with leading technology firms, including Red Hat and Salesforce. These collaborations enhance the Company's credibility and market positioning. Additionally, strategic alliances with consulting firms, including Big 4 firms, are strengthening its role in delivery and supply chain management. These firms have extensive customer access but require robust supply capabilities, an area where the Company plays a crucial role.

### **AI-Led Transformation**

The Company is strategically transitioning towards offering AI as a Service, aligning with technological advancements and capitalizing on the growing demand for AI-driven solutions.

AI capabilities are being integrated across all business practices, with dedicated Go-To-Market strategies for each segment. To enhance efficiency and productivity, IT developers within the Company are being AI-enabled, with the goal of passing productivity gains on to customers. Industry-specific AI use cases are being developed, particularly for BFSI, Telco, and Retail & CPG sectors. The Company first assesses customers' AI readiness through an AI assessment service, based on which it proposes tailored roadmaps. This requires extensive data engineering and mapping expertise, which the Company excels in.

By 2025, the Company will spearhead a GenAI-led revolution, hyper-automating internal processes across HR, Sales, Marketing, Pre-sales, SDLC, and IT while developing next-generation AI/GenAI-powered business solutions. This initiative includes reskilling talent in machine learning, large language models (LLMs), and prompt engineering while also recruiting AI-native professionals to drive innovation. Proprietary AI accelerators, autonomous agents, and generative AI copilots are being developed to enhance decision intelligence, predictive analytics, and process automation. By integrating AI-driven efficiencies, cognitive automation, and deep learning capabilities, the Company aims to disrupt traditional workflows, redefine customer experiences, and unlock exponential growth.

### **Capability Centers and Delivery Expansion**

Customers increasingly seek large-scale Capability Centers of Excellence (COEs). The Company has established multiple containerized COEs for major clients, with their regional delivery hubs strategically located in Pakistan. Given Pakistan's significant cost advantage, the Company is partnering with large clients to develop their regional delivery centers, enabling them to scale efficiently while optimizing costs.

Under this strategy, Egypt has been a standout market, experiencing 100% growth in workforce strength over the past year. The region provides valuable expertise in communication and serves as an alternative delivery center for customers. The Company also maintains large delivery centers in Pakistan's three major cities—Karachi, Lahore, and Islamabad—ensuring risk mitigation and disaster recovery for the customers. Additionally, the Company is open to establishing Special Purpose Vehicles (SPVs) and Joint Ventures (JVs) with key customers to set up dedicated centers and help with their risk diversification and business continuity.

### **Geographic Diversification and Emerging Opportunities**

The Company's geographic diversification continues to bolster resilience and growth prospects. While the European market has shown stable growth, the previously flat U.S. market has started contributing positively, with similar momentum expected in 2025. The Middle East remains a key growth driver, with a focus on expanding enterprise customers and deepening market penetration.

The Company has strategically scaled back its domestic market focus, with unprofitable contracts in Pakistan nearing completion. This shift is expected to enhance segment profitability by year-end. Additionally, export growth has further strengthened overall performance.

A significant opportunity lies in the recent surge in cloud data center deployments, particularly in the Middle East. The "in-country cloud" and "sovereign cloud" models, driven by security and data privacy concerns, are creating a wave of cloud migration activities. Global technology giants, including Microsoft, AWS, GCP, and Google, have already established or announced data centers in Dubai and Saudi Arabia. These developments are expected to unlock substantial opportunities for cloud migration, managed cloud services, and data solutions, driving new revenue streams for the Company.

### **Expansion Plans for Saudi Arabia**

Saudi Arabia presents a significant growth opportunity, with the potential to scale 3-5x compared to the UAE market. The depth across multiple sectors aligns well with the Company's expertise. Consequently, the Company is doubling its investments and expanding its Saudi operations. With Saudi Arabia investing heavily in AI, including a \$100 billion AI fund, there is a vast opportunity for the Company to leverage these developments. Strong international ties with the Saudi government further support this expansion strategy.

### **Mergers & Acquisitions (M&A) and Business Process Outsourcing (BPO)**

The Company continues to explore M&A opportunities to support its expansion and growth objectives. Additionally, it has ventured into the Business Process Outsourcing (BPO) space, offering cost-effective shared services in accounting, HR, and legal functions. Given its strategic positioning in the region and access to high-quality talent at a competitive price point, the Company is gaining significant traction in BPO, focusing on consulting, optimization, and transformation services.

### **Brand Equity and Market Competitiveness**

The Company is now competing with top-tier global systems integrators and has firmly established itself as a leading brand in the region. Its strong reputation facilitates revenue growth and business development opportunities. Furthermore, its presence in key government forums in Pakistan enhances its credibility and influence, strengthening relationships and driving business expansion.

With a clear vision, strong strategic initiatives, and robust market positioning, the Company is well-prepared to navigate future challenges and seize emerging opportunities, ensuring sustainable growth and long-term success.

## **PRINCIPAL RISK AND UNERTAINTIES FACING THE COMPANY**

### **RISK FACTORS**

Following are some of the risk factors that may impact our business and financial results:

- **Political risk** – The current local and global political environment can impact businesses if the situation gets adverse.
- **Risk of Travel advisory** – Investors and buyers will not be able to travel to the country in case of any travel advisory. Though offshoring has increased in the past couple of years, however business travel is still required to onsite centers and travel restrictions will impact business since resources will not be able to visit foreign clients.
- **Country Risk** – Political instability, high inflation and interest rates can impact business.
- **Exchange Rate Risk** – The potential for an investment's value to decline as a result of fluctuations in exchange rates between relevant currencies.
- **Global recession** – caused by Stagflation resulting in slow down of economic activities globally.

## **CHANGES DURING FINANCIAL YEAR CONCERNING THE NATURE OF THE BUSINESS OF THE COMPANY OR OF ITS SUBSIDIARIES AND JOINT OPERATION**

There has been no change in the nature of business of the company or its subsidiaries. During the year the Company has executed the approved scheme of restructuring, the relevant extract of attached audited financial statements are given below:

The shareholders of the Company and Systems Ventures (Private) Limited ("SVPL") in their extra ordinary general meetings held on September 18, 2023 approved a Scheme of Compromises, Arrangement and Reconstruction (the 'Scheme'). As required under the Companies Act, 2017, the Scheme was submitted with the Honorable Lahore High Court (the "Court") for their approval and sanction of the Scheme. Consequently, the Court through its Order dated December 20, 2023, sanctioned the Scheme. The scheme stipulates the separation of ownership interests in TechVista Systems FZ- LLC, Systems Africa for Information Technologies (Pty.) Ltd., SYS Egypt for Information Technology Services and Systems Arabia for Information Technology (the 'Transferred Assets') from the Company and the merger, amalgamation and transfer to, and vesting in SVPL of the same. SVPL may at its discretion hold the Transferred Assets directly or through any nominee being its wholly owned subsidiary. SVPL shall allot and issue 66,860,284 fully paid up ordinary shares of Rs 10 each to the Company for the Transferred Assets.

As per the sanctioned scheme, SVPL, during the year, has nominated its wholly owned subsidiary Systems International It Pte. Ltd. (Sys It Pte.) for holding the transferred assets. During the current year, SYS Egypt for Information Technology Services, Systems Arabia for Information Technology and Systems Africa for Information Technologies (Pty.) Ltd. have been transferred to Sys It Pte. after the approval of respective foreign regulators while the transfer of ownership request in respect of Tech Vista Systems FZ-LLC was filed with the respective foreign regulator. In consideration, SVPL has issued 66,860,284 fully paid up ordinary shares of Rs 10 each to the Company on July 08, 2024.

As the transfer process of the Transferred Assets has been completed or substantively completed during the year and as consideration under the scheme has been transferred to the Company by SVPL during the current year therefore the impacts of the scheme has been recorded in these financial statements.

There is no impact on corresponding statement of financial position, statement of profit and loss, statement of changes in equity and statement of cash flows due to retrospective application of this scheme.

## **MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY BUSINESS**

Technology is rapidly changing and demands are on the higher side for disruptive technologies. In order to grow at a faster pace, the Company has to scale up and nurture talent. Scaling into relevant technologies will have a significant impact on future performance and position of the Company's business. Company is fully geared to participate in the AI driven technology advancement.

## **ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The management of Systems Limited as a Group is responsible for the establishment and maintenance of the Company's and the Group's system of internal control in order to identify and manage risks faced by the Group. The system provides reasonable, though not absolute, assurance that:

- ✓ assets are safeguarded against unauthorized use or disposition;
- ✓ proper and reliable accounting records are available for use within the business;
- ✓ adequate control mechanisms have been established within the operational businesses and
- ✓ Internal financial controls deployed within the Company have been satisfactory throughout the year.

## **CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAMEWORK**

As required by the Code of Corporate Governance, the directors are pleased to confirm that:

- ✓ The financial statements prepared by the management of the Company and the Group, present its state of affairs fairly, the result of its operations, cash flows and changes in equity
- ✓ Proper books of accounts of the Company and each of its subsidiaries have been maintained
- ✓ Appropriately accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- ✓ International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and there have been no departures therefrom
- ✓ The system of internal control is sound in design and has been effectively implemented and monitored
- ✓ There are no significant doubts about the Company's ability along with the subsidiaries to continue as a going concern

There has been no material departure from the best practices of corporate governance as detailed in listing regulations.



## COMPOSITION OF THE BOARD

In line with the requirements of the CCG, the Company encourages representation of Independent and Non-Executive Directors, as well as gender diversity, on its Board. The current composition of the Board is as follows:

### Total Number of Directors

- a) Male: 5
- b) Female: 2

### Composition

- i. **Independent Directors: 4**  
Mr. Zubyr Soomro  
Mr. Maheen Rahman  
Ms. Romana Abdullah  
Mr. Omer Saeed
- ii. **Non-Executive Directors: 2**  
Mr. Aezaz Hussain - Chairman  
Mr. Arshad Masood
- iii. **Executive Directors: 1**  
Mr. Asif Peer - CEO

## BOARD COMMITTEES

The Board of Directors has constituted Audit Committee and Human Resource & Compensation Committee.

The names of members of Board Committees and number of meetings attended by each member is as follows:

### Audit Committee

Mr. Zubyr Soomro - Chairman  
Ms. Maheen Rahman – Member  
Ms. Romana Abdullah – Member

### HR & Compensation Committee (HRCC)

Mr. Omer Saeed - Chairman  
Ms. Maheen Rahman- Member  
Mr. Arshad Masood- Member

During the period under review, seven (7) Board meetings, four (04) Audit Committee meetings and two (02) Human Resource and Compensation Committee (HRCC) meetings were held. Attendance by each Director of the respective Board/Sub – Committees meetings was as follows:

Name of Director	Board Meetings	Audit Committee	HRCC
Mr. Aezaz Hussain	7	-	-
Mr. Arshad Masood	5	-	2
Mr. Asif Peer	7	-	-
Mr. Zubyr Soomro	7	4	-
Mr. Omer Saeed	5	-	2
Mr. Maheen Rahman	6	4	1
Ms. Romana Abdullah	7	4	-

## DIRECTORS' REMUNERATION

The Board of Directors has approved a formal Directors' Remuneration Policy which includes a transparent procedure for the remuneration of Directors, in accordance with the Companies Act, 2017 and CCG. As per the said policy, NonExecutive and Independent Directors are paid an pre-tax remuneration of PKR 200,000/- for attending each meeting of the Board or its Sub-Committee.

Appropriate disclosure for remuneration paid during the year to Directors and the Chief Executive has been provided in **note 39** to the financial statements.

## BOARD EVALUATION

As required under the Listed Companies (Code of Corporate Governance Regulations), 2019, the Board conducts a self- evaluation of its performance on an annual basis. The Board of Directors believes that continuous assessment is critical in determining how effectively the Board has performed against the objectives and goals that they have set for themselves. Based on the results of the evaluation, areas of improvement are identified and corrective action plans are prepared and acted on.

## **DIRECTORS' TRAINING**

A majority of the Board members have either acquired Director's training or have the prescribed qualification and experience required for exemption from training programmes for Directors, under Regulation 19 of the CCG. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

## **KEY OPERATING AND FINANCIAL DATA**

Key operating and financial data for the last six years is annexed with the annual report.

## **INVESTMENTS OF PROVIDENT FUND**

The value of provident fund operated by the Company, based on the un-audited accounts of the fund as on **31 December 2024** amounts to Rs 4,290.94 million (31 December 2023: Rs 2,318.76 million)

## **PATTERN OF SHAREHOLDING**

The Pattern of Shareholding as at 31 December 2024 of Systems Limited is annexed in the annual report.

## **TRADING BY DIRECTORS, EXECUTIVES AND THEIR SPOUSES AND MINOR CHILDREN**

The Company's Directors, executives and their spouses and minor children did not trade in the Company's shares during the year ended 31 December 2024 other than those disclosed on Pakistan Stock Exchange.

## **REVIEW OF RELATED PARTIES TRANSACTIONS**

In compliance with the Code of Corporate Governance and applicable laws and regulations, details of all related party transactions are placed before the Audit Committee and upon recommendation of the Audit Committee, the same are placed before the Board for review and approval. All the directors are required to disclose their interest where such transactions are of interest to them.

## **QUARTERLY AND ANNUAL FINANCIAL STATEMENTS**

The financial statements were duly endorsed by CEO and CFO before approval of the Board. Quarterly financial statements of the Company, along with consolidated financial statements of the Group, were approved, published and circulated to shareholders within one month of the closing date, while Half yearly financial statements of the Company and consolidated audited financial statements of the Group were reviewed by the external auditors, approved by the Board, published and circulated to shareholders within two months of the closing date.

## **AUDITORS**

A.F. Ferguson & Co. has completed its tenure for the year 2024 and retire at the conclusion of the 48<sup>th</sup> Annual General Meeting. Being eligible, they have offered themselves for re-appointment for the financial year ending December 31<sup>st</sup>, 2025.

Upon recommendation of the Audit Committee, the Board recommends appointing M/s A.F. Ferguson & Co. as the statutory auditors of the Company for the year ending December 31, 2025, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

## **CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated financial statements of the Company includes the following subsidiaries and associates:

- Systems Internation IT Pte Ltd
- Techvista Information Technology W.L.L., Qatar
- Systems Ventures (Private) Ltd, Pakistan
- SUS (Private) Limited (incorporated for Baluchistan Land record project), Pakistan
- Systems Africa for Information Technologies (Pty.) Ltd., South Africa
- National Data Consultants (Pvt.) Limited, Pakistan
- Associated company – Salesflo (Pvt) Ltd - (Formerly Retailistan Pvt Limited)
- Associated company - E-Processing Systems B.V. Netherlands

## **SUBSEQUENT EVENTS**

No material changes or commitments affecting the financial position of the Company and the Group have occurred between the end of the financial year and the date of this report except as disclosed in this report, if any.

## **ACKNOWLEDGEMENT**

The Board takes this opportunity to thank the Company's and its subsidiaries' valued customers, bankers and other stakeholders for their corporation and support. The Board greatly appreciates hard work and dedication of the management and all employees of the Group.

On behalf of the Board



Asif Peer  
Chief Executive Officer



Aezaz Hussain  
Chairman

Date: 21-March-2025  
Lahore