

28 April 2025

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

Subject: **FINANCIAL RESULTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025**

Dear Sir,

We have to inform you that the Board of Directors of the Company in their meeting dated: 25 April 2025 have approved the financial statements for the three months period ended 31 March 2025 and recommend the following:

DIVIDEND

Nil.

BONUS SHARES

Nil.

FINANCIAL RESULTS

Financial results of the Company along with the directors' report are attached hereto as **Annexure – A, Annexure – B & Annexure - C.**

PERFORMANCE OVERVIEW

The Group (Consolidated):

During the three months period ended 31st March 2025, consolidated revenue grew by 19.0% year over year from Rs. 15,194.40 million to Rs. 18,079.55 million. Gross profit and operating

Lahore

Systems Campus
Software Technology Park
E-1, Sehjpal Near DHA Phase-VIII
(Ex-Air Avenue), Lahore Cantt, Pakistan.
UAN: 042 111 SYSTEMS (797 836)

Karachi

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profit increased by 26.3% and 24.3% respectively. Net profit for the period increased by 59% from Rs. 1,571.22 million to Rs. 2,501.48 million due to exchange loss recorded in the same quarter last year. Normalizing the impact of currency fluctuation, profit after tax showed an increase of 32.5% from same period last year. This has been achieved by improving productivity, billing efficiency and optimization of costs.

The Company delivered strong Q1 results without benefiting from any significant currency gains, while also absorbing annual wage inflation. This quarter marks the highest-ever operating profit in absolute terms. Although total revenue for Q4 2024 was elevated due to non-recurring, transactional revenue, the Company achieved growth in services revenue in Q1 2025, both year-over-year and quarter-over-quarter.

Basic and diluted earnings per share increased by 58.4% and 58.2% respectively.

The Company (Standalone):

For the three-month period ended 31st March 2025, standalone revenue grew by 19.0% year-over-year, rising from Rs. 9,158.51 million to Rs. 10,898.70 million. Gross profit increased by 18.2%, while operating profit rose by 13.3%, impacted by offshore wage inflation. Despite this the Company maintained operating margins at the same level as the prior year quarter through cost optimization and efficiency gains. Adjusting for currency fluctuations, profit after tax increased by 26.6% compared to the same period last year.

For and on behalf of Systems Limited,



Hasan Waleed Majal
Company Secretary



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SYSTEMS LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT OR LOSS ACCOUNT
FOR THE THREE MONTHS ENDED 31 MARCH 2025 (UNAUDITED)

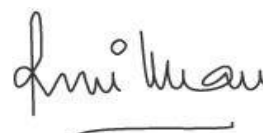
	Three Months Ended	
	31 March 2025 Rupees	31 March 2024 Rupees (Restated)
Revenue from contract with customers - net	18,079,554,950	15,194,400,478
Cost of sales	13,529,504,905	11,590,496,491
Gross profit	4,550,050,045	3,603,903,987
Distribution expenses	623,884,483	497,556,484
Administrative expenses	1,409,780,494	1,109,710,378
Research & development expenses	17,648,624	33,121,736
Other operating expenses	30,854,853	(21,318,272)
	2,082,168,454	1,619,070,326
Operating profit	2,467,881,591	1,984,833,661
Other income	334,390,249	(56,553,863)
Share of loss from associate	9,000,000	20,369,952
Finance cost	89,636,028	148,293,356
Profit before taxation and Levy	2,703,635,813	1,759,616,490
Levy	109,338,383	107,730,083
Profit before taxation	2,594,297,430	1,651,886,407
Taxation	92,822,300	80,670,440
Profit after taxation	2,501,475,129	1,571,215,967
Attributable to:		
Equity holders of the parent	2,501,761,877	1,571,203,622
Non-controlling interest	(286,747)	12,345
	2,501,475,129	1,571,215,967
Earnings per share:		
Basic earnings per share	8.54	5.39
Diluted earnings per share	8.47	5.36



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED**CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025**

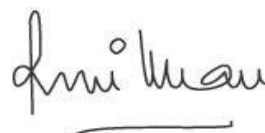
	Three Months Ended	
	March 31, 2025	March 31, 2024
		(Restated)
	Rupees	
Revenue from contracts with customers - net	10,898,695,953	9,158,510,410
Cost of revenue	(8,183,242,500)	(6,860,391,541)
Gross profit	2,715,453,453	2,298,118,869
Research & development expenses	(16,610,738)	(33,121,736)
Administrative expenses	(695,898,585)	(546,577,517)
Distribution expenses	(245,997,720)	(167,427,293)
Impairment losses on financial assets	(64,794)	-
Other operating expenses	-	(1,023,515)
	(958,571,837)	(748,150,061)
Operating profit	1,756,881,616	1,549,968,808
Other income	401,620,376	(114,988,849)
Finance costs	(36,819,618)	(89,990,594)
	2,121,682,374	1,344,989,365
Profit before taxation & levy	2,121,682,374	1,344,989,365
Levy	(109,338,383)	(107,730,083)
Profit before taxation	2,012,343,991	1,237,259,282
Taxation	(5,808,229)	(2,050,515)
Profit for the period	2,006,535,762	1,235,208,767
Earnings per share:		
Basic earnings per share	6.85	4.24
Diluted earnings per share	6.80	4.21



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

DIRECTOR'S REVIEW REPORT – 31ST MARCH 2025

On behalf of the Board of Directors we are pleased to present the Standalone and Consolidated Financial Statements for the three months ended 31st March 2025.

FINANCIAL RESULTS

Consolidated:

During the three months period ended 31st March 2025, consolidated revenue grew by 19.0% year over year from Rs. 15,194.40 million to Rs. 18,079.55 million. Gross profit and operating profit increased by 26.3% and 24.3% respectively. Net profit for the period increased by 59% from Rs. 1,571.22 million to Rs. 2,501.48 million due to exchange loss recorded in the same quarter last year. Normalizing the impact of currency fluctuation, profit after tax showed an increase of 32.5% from same period last year. This has been achieved by improving productivity, billing efficiency and optimization of costs.

The Company delivered strong Q1 results without benefiting from any significant currency gains, while also absorbing annual wage inflation. This quarter marks the highest-ever operating profit in absolute terms. Although total revenue for Q4 2024 was elevated due to non-recurring, transactional revenue, the Company achieved growth in services revenue in Q1 2025, both year-over-year and quarter-over-quarter.

Basic and diluted earnings per share increased by 58.4% and 58.2% respectively.

Consolidated			
Particulars	Mar-25 (unaudited)	Mar-24 (unaudited)	Change
	Rs.	Rs.	%
Revenue	18,079,554,950	15,194,400,478	19.0
Gross Profit	4,550,050,045	3,603,903,987	26.3
Operating profit	2,467,881,591	1,984,833,661	24.3
Profit for the period	2,501,475,129	1,571,215,967	59.2
Earnings per share (basic)	8.54	5.39	58.4
Earnings per share (diluted)	8.47	5.36	58.2

Other Income – Consolidated		
Particulars	Mar-25 (unaudited)	Mar-24 (unaudited)
	Rs.	Rs.
Other Income	138,375,109	112,658,495
Exchange Gain / (Loss)	196,015,140	(169,212,358)
	334,390,249	(56,553,863)

Unconsolidated:

For the three-month period ended 31st March 2025, standalone revenue grew by 19.0% year-over-year, rising from Rs. 9,158.51 million to Rs. 10,898.70 million. Gross profit increased by 18.2%, while operating profit rose by 13.3%, impacted by offshore wage inflation. Despite this, the Company maintained operating margins at the same

level as the prior year quarter through cost optimization and efficiency gains. Adjusting for currency fluctuations, profit after tax increased by 26.6% compared to the same period last year.

Key Financial Highlights – Unconsolidated			
Particulars	Mar-25 (unaudited)	Mar-24 (unaudited)	Change
	Rs.	Rs.	%
Revenue	10,898,695,953	9,158,510,410	19.0
Gross Profit	2,715,453,453	2,298,118,869	18.2
Operating profit	1,756,881,616	1,549,968,808	13.3
Profit for the period	2,006,535,762	1,235,208,767	62.4
Earnings per share (basic)	6.85	4.24	61.6
Earnings per share (diluted)	6.80	4.21	61.5

Other Income – Unconsolidated		
Particulars	Mar-25 (unaudited)	Mar-24 (unaudited)
	Rs.	Rs.
Other Income	221,379,965	92,652,852
Exchange Gain / (Loss)	180,240,411	(207,641,701)
	401,620,376	(114,988,849)

PERFORMANCE BY SEGMENT – BY VERTICAL AND BY GEOGRAPHY

BFS and Telco remain the fastest-growing segments, while Technology and Retail are the most profitable. The Company will maintain its strategic focus on BFS, Telco, and Retail, having developed numerous AI use cases to drive accelerated growth in these verticals.

	BFS		Telco		Technology		Retail & CPG		Others		Total	
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited	
	Three months ended		Three months ended		Three months ended		Three months ended		Three months ended		Three months ended	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenue - net	5,479,635,282	4,392,571,504	4,329,742,669	3,346,535,472	2,103,549,963	1,980,610,795	1,904,348,668	1,673,238,181	4,262,278,368	3,801,444,526	18,079,554,949	15,194,400,478
Cost of sales	(4,132,902,764)	(3,845,879,056)	(3,440,082,408)	(2,416,106,374)	(1,492,639,464)	(1,321,869,193)	(1,212,729,253)	(1,208,254,015)	(3,251,151,017)	(2,798,387,853)	(13,529,504,906)	(11,590,496,491)
Gross profit	1,346,732,519	546,692,448	889,660,260	930,429,098	610,910,499	658,741,602	691,619,415	464,984,166	1,011,127,351	1,003,056,673	4,550,050,044	3,603,903,987
Research & Development Expenses	(13,403,923)	(16,653,759)	(1,547,605)	(5,101,976)	(751,746)	(3,019,549)	(669,027)	(2,550,943)	(1,276,323)	(5,795,509)	(17,648,624)	(33,121,736)
Distribution expenses	(189,089,800)	(139,399,913)	(149,409,611)	(104,549,935)	(72,588,744)	(39,828,547)	(65,714,758)	(54,824,091)	(147,081,570)	(158,953,998)	(623,884,483)	(497,556,484)
Administrative expenses	(427,282,804)	(235,720,829)	(337,618,198)	(233,041,081)	(164,027,473)	(88,777,555)	(148,494,452)	(122,202,519)	(332,357,567)	(429,968,395)	(1,409,780,494)	(1,109,710,378)
Profit / (loss) before taxation and unallocated income and expenses	716,955,992	154,917,946	401,084,847	587,736,106	373,542,536	527,115,952	476,741,178	285,406,614	530,411,890	408,338,771	2,498,736,444	1,963,515,389
Other operating expenses											(30,854,853)	21,318,272
Other income (excluding exchange gain)											138,375,109	112,658,495
Exchange (loss) / gain											196,015,140	(169,212,358)
Share of loss from associates											(9,000,000)	(20,369,952)
Finance cost											(89,636,028)	(148,293,356)
Profit before taxation and levy											2,703,635,812	1,759,616,491
Levy											(109,338,383)	(107,730,083)
Profit before taxation											2,594,297,429	1,651,886,408
Taxation											(92,822,300)	(80,670,440)
Profit after taxation											2,501,475,129	1,571,215,967

Geographical segment analysis indicates strong growth across all four regions. While APAC experienced a slowdown last year, it is now recovering. The Company is also streamlining the Pakistan segment by enhancing revenue quality, driving efficiencies, and optimizing costs. The Pakistan segment is projected to reach breakeven

by the end of the first half and deliver positive results in the second half of the year. With these strategic initiatives, profitability across all segments is expected to improve in the latter part of the year.

	North America		Europe		Middle East & Africa		Asia Pacific		Pakistan		Total	
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March		Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees											
Revenue - net	3,726,484,193	3,275,730,366	875,451,109	736,106,586	10,159,321,125	8,660,147,366	587,649,681	473,612,922	2,730,648,841	2,048,803,239	18,079,554,949	15,194,400,478
Cost of sales	(2,568,535,565)	(2,216,586,800)	(556,516,515)	(477,983,302)	(7,487,821,948)	(6,540,518,371)	(368,782,190)	(321,179,828)	(2,547,848,688)	(2,034,228,191)	(13,529,504,906)	(11,590,496,491)
Gross profit	1,157,948,628	1,059,143,566	318,934,594	258,123,284	2,671,499,177	2,119,628,995	218,867,491	152,433,094	182,800,153	14,575,048	4,550,050,044	3,603,903,987
Research & Development Expenses	(6,082,636)	(11,845,150)	(1,523,149)	(2,643,477)	(6,146,969)	(10,702,947)	(2,471,185)	(812,703)	(1,424,685)	(7,117,459)	(17,648,624)	(33,121,736)
Distribution expenses	(28,270,623)	(38,254,942)	(10,707,398)	(9,404,349)	(396,997,657)	(340,649,613)	(54,296,767)	(55,503,741)	(133,612,038)	(53,743,838)	(623,884,483)	(497,556,484)
Administrative expenses	(278,311,107)	(267,750,256)	(69,536,405)	(60,191,938)	(882,835,908)	(653,020,935)	(57,474,632)	(33,666,457)	(121,622,443)	(95,080,792)	(1,409,780,494)	(1,109,710,378)
	(312,664,366)	(317,850,348)	(81,766,952)	(72,239,765)	(1,285,980,533)	(1,004,373,495)	(114,242,584)	(89,982,901)	(256,659,165)	(155,942,089)	(2,051,313,600)	(1,640,388,598)
Profit / (loss) before taxation and unallocated income and expenses	845,284,262	741,293,218	237,167,642	185,883,519	1,385,518,644	1,115,255,500	104,624,907	62,450,194	(73,859,012)	(141,367,042)	2,498,736,444	1,963,515,389
Other operating expenses											(30,854,853)	21,318,272
Other income (excluding exchange gain)											138,375,109	112,658,495
Exchange (loss) / gain											196,015,140	(169,212,358)
Share of loss from associates											(9,000,000)	(20,369,952)
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Taxation											(92,822,300)	(80,670,440)
Profit after taxation											2,501,475,129	1,571,215,967

KEY FINANCIAL RATIOS

Almost all financial ratios are showing a positive trend in line with the overall results.

Ratio Description	Standalone		Consolidated	
	Three months ended 31 st March		Three months ended 31 st March	
	2025	2024	2025	2024
Gross Profit Margin (%)	24.9%	25.1%	25.2%	23.7%
Operating Margin (%)	16.1%	16.9%	13.7%	13.1%
EBITDA Margin (%)	17.9%	19.4%	16.0%	15.7%
Pre-tax Margin (%)	19.5%	14.7%	15.0%	11.6%
Net Profit Margin (%)	18.4%	13.5%	13.8%	10.3%
Assets turnover (%)	24.8%	24.6%	31.4%	29.9%
Return on Equity (%)	5.7%	3.8%	6.0%	4.6%
Current ratio	3.42	2.95	3.05	2.43
Quick Ratio	2.73	2.36	1.78	1.35
Debtor Turnover (Days)	192	185	117	126
Debt: Equity (Ratio)	04:96	05:95	05:95	04:96
Interest Cover (Times)	47.72	17.22	27.53	13.38

FUTURE OUTLOOK

- Despite a wage inflation impact of approximately 10%, the Company effectively absorbed these costs through enhanced operational efficiency, productivity improvements, and maintaining fixed costs. This enabled improved profitability. The Company continues to optimize project delivery by negotiating better client rates, closing out legacy projects, and driving further efficiencies. With these initiatives, the domestic segment is expected to break even by Q2 and become profitable in H2. As revenue scales, margins are anticipated to expand further.
- The Company maintains a healthy backlog, with new bookings in the quarter. Although a significant portion of costs are incurred in local currency, ~ 90% of the Company's revenues, including those from the Pakistan market, are in foreign currency. About 85%-90% of the business comes from enterprise clients. A focused account development strategy is in place to grow these clients across tiers, enhancing customer lifetime value.
- Leveraging its regional strength, the Company has established strategic alliances with major global players, including Microsoft. These partnerships are driving new leads, client acquisitions, and expanded service offerings. Beyond Microsoft, the Company is actively pursuing additional collaborations, aligned with its partner-led growth model, to unlock new market opportunities.
- The Company's brand equity has attracted partnerships with leading technological firms, further solidifying its market credibility. Additionally, strategic alliances with large global consulting firms are enabling the Company to play a key role in enterprise delivery services, as these firms rely heavily on its robust and cost effective execution capabilities for serving their client base.
- The Company has adopted an "AI-first" approach, both internally and externally. Internally, significant automation initiatives are underway within ERP systems and other operational areas to drive excellence. Externally, the Company is transitioning to offer AI as a Service, integrating AI capabilities across all business functions. Segment-specific Go-To-Market strategies are being developed, with AI use cases tailored for BFSI, Telco, Retail, and CPG sectors. Internal development teams are being AI-enabled, with productivity gains passed on to clients.
- The Company's diversified geographic presence continues to strengthen its resilience and growth. APAC, after experiencing a slowdown, is showing renewed opportunities. MEA and GCC regions are on a strong growth path, while US and Europe are expected to maintain sustained growth. Domestically, the Company is phasing out unprofitable contracts, aiming to enhance profitability in the Pakistan segment by year-end. Export growth further underpins the Company's solid performance.
- The Company is actively pursuing large-scale deals and exploring strategic partnerships and M&A opportunities to accelerate future growth and expand its market reach.
- The Company has increased focus on global shared services. Apart from mortgage/title and Customer Experience Management (Contact Center), the Company is expanding into consultancy and solution selling services which includes and is not limited to finance, HR, legal and digital demand generation (marketing) services in the portfolio.

- Competing with top-tier global systems integrators, the Company has established itself as a leading regional brand. Its strong reputation is a key driver of business development and revenue growth. Active participation in major global technology events and government forums in Pakistan to further strengthen its market influence and enhance business prospects.

With a clear vision, well-defined strategic initiatives, and strong market positioning, the Company is well-equipped to address future challenges and capitalize on emerging opportunities, ensuring sustainable growth and long-term success

ACKNOWLEDGEMENT

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

On behalf of the Board

Asif Peer
Chief Executive Officer
Date: 25th April 2025