

SYSTEMS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

ASSETS	Note	2025 Rupees	2024 Rupees
Non-current assets			
Property and equipment	7	4,222,593,228	3,654,816,354
Intangibles	8	11,991,792,090	9,881,435,504
Long term investments	9	157,383,405	101,076,560
Investment in associates	10	89,359,651	162,194,362
Right-of-use asset	11	1,149,418,066	419,075,401
Long term loans	12	565,933,316	613,818,425
Deferred employee benefits	13	156,902,648	203,253,649
Long term receivable	14	244,727,720	569,948,187
Long term deposits	15	655,209,757	485,584,447
		19,233,319,881	16,091,202,889
Current assets			
Contract assets	16	13,979,755,610	9,453,109,283
Trade debts	17	17,575,804,426	17,570,516,867
Current portion of long term receivable	14	427,670,427	361,980,429
Loans, advances and other receivables	18	2,216,118,998	1,295,142,207
Trade deposits and short term prepayments	19	2,287,618,430	1,443,037,626
Short term investments	20	5,441,665,232	2,941,777,167
Income tax refunds due from governments		721,298,512	483,693,293
Current portion of deferred employee benefits		89,612,845	86,166,964
Derivative financial instruments		10,986,607	-
Cash and bank balances	21	13,504,721,300	7,820,717,667
		56,255,252,387	41,456,141,503
TOTAL ASSETS		75,488,572,268	57,547,344,392
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		4,000,000,000	4,000,000,000
2,000,000,000 (2024: 2,000,000,000) ordinary shares of			
Rs 2 each (2024: Rs 2 each)			
Issued, subscribed and paid up share capital	22	2,946,808,869	2,929,861,489
Capital reserves	23	9,356,084,401	8,668,675,976
Revenue reserve - unappropriated profit		36,274,230,894	27,129,935,811
		48,577,124,164	38,728,473,276
		1,698,353	2,192,380
		48,578,822,517	38,730,665,656
Non-controlling interest			
Non-current liabilities			
Long term advances	24	6,302,660	14,754,443
Lease liabilities	25	1,076,394,050	344,483,686
Other long term liability - unsecured	26	428,305,444	1,184,866,510
Deferred taxation - net	41	1,573,433	83,618,990
Contract liabilities	29	2,848,186,391	-
Retirement benefits	27	1,556,579,442	675,541,301
		5,917,341,420	2,303,264,930
Current liabilities			
Trade and other payables	28	10,709,428,067	8,715,514,879
Provision for taxation	41	598,985,626	307,963,940
Unclaimed dividend		37,698,807	30,322,411
Contract liabilities - current portion	29	2,698,265,644	3,875,428,986
Short term borrowings from financial institutions - secured	30	5,956,002,054	2,684,547,884
Derivative financial instruments		-	1,461,010
Current portion of long term advances		2,028,020	5,171,459
Current portion of lease liabilities		231,651,227	174,362,132
Current portion of other long term liability - unsecured	26	758,348,886	718,641,105
		20,992,408,331	16,513,413,806
TOTAL EQUITY AND LIABILITIES		75,488,572,268	57,547,344,392
CONTINGENCIES AND COMMITMENTS	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, 2025

	Note	2025 Rupees	2024 Rupees
Revenue from contracts with customers - net	32	80,391,884,594	67,473,021,160
Cost of revenue	33	(57,982,619,705)	(51,315,319,855)
Gross profit		<u>22,409,264,889</u>	<u>16,157,701,305</u>
Selling and distribution expenses	34	(3,097,396,064)	(2,482,298,867)
Administrative expenses	35	(6,227,820,256)	(4,820,394,646)
Research & development expenses	36	(82,316,961)	(92,264,918)
Impairment losses on financial assets	37	(971,487,668)	(485,686,404)
Other operating expenses	38	(23,906,244)	(5,083,691)
		<u>(10,402,927,193)</u>	<u>(7,885,728,526)</u>
Operating profit		<u>12,006,337,696</u>	<u>8,271,972,779</u>
Other income	39	852,223,165	603,556,045
Share of loss from associates	10	(72,858,438)	(118,973,681)
Finance costs	40	(337,450,216)	(465,258,660)
Profit before taxation and levy		<u>12,448,252,207</u>	<u>8,291,296,483</u>
Levy	41	(821,342,898)	(474,934,619)
Profit before taxation		<u>11,626,909,309</u>	<u>7,816,361,864</u>
Taxation	41	(586,325,375)	(356,349,091)
Profit for the year		<u><u>11,040,583,934</u></u>	<u><u>7,460,012,773</u></u>
Attributable to:			
Equity holders of the parent		11,041,077,961	7,460,267,547
Non-controlling interest		(494,027)	(254,774)
		<u><u>11,040,583,934</u></u>	<u><u>7,460,012,773</u></u>
Earnings per share			(Restated)
Basic earnings per share	46	<u>7.52</u>	<u>5.11</u>
Diluted earnings per share	46	<u>7.44</u>	<u>5.07</u>

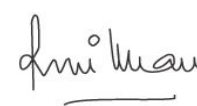
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(CHAIRMAN)

(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

ASSETS	Note	2025	2024
		Rupees	Rupees
Non-current assets			
Property and equipment	6	3,423,004,419	3,402,587,193
Intangibles	7	275,967,126	109,615,749
Long term investments	8	11,754,701,731	8,218,812,981
Right-of-use assets	9	382,197,497	358,738,999
Long term loans	10	565,933,316	613,818,425
Deferred employee benefits	11	156,902,648	203,253,649
Long term deposits	12	85,290,200	74,061,160
		<u>16,643,996,937</u>	<u>12,980,888,156</u>
Current assets			
Contract assets	13	2,568,422,732	1,580,821,570
Trade debts	14	21,581,220,402	20,281,646,836
Loans, advances and other receivables	15	2,466,088,692	3,117,237,351
Current portion of deferred employee benefits		89,612,845	86,166,964
Trade deposits and short term prepayments	16	400,680,235	522,190,767
Income tax refunds due from the government		663,651,987	433,406,999
Derivative financial instruments		10,986,607	-
Short term investments	17	4,820,149,989	2,941,777,167
Cash and bank balances	18	2,795,747,449	1,489,699,594
		<u>35,396,560,938</u>	<u>30,452,947,248</u>
TOTAL ASSETS		<u><u>52,040,557,875</u></u>	<u><u>43,433,835,404</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		4,000,000,000	4,000,000,000
2,000,000,000 (December 31, 2024: 400,000,000) ordinary shares of			
Rs 2 each (December 31, 2024: Rs 10 each)			
Issued, subscribed and paid-up share capital	19	2,946,808,869	2,929,861,489
Capital reserves	20	7,144,723,191	6,200,077,327
Revenue reserve: Un-appropriated profit		30,013,914,860	23,753,597,914
		<u>40,105,446,920</u>	<u>32,883,536,730</u>
Non-current liabilities			
Lease liabilities	22	285,832,136	292,081,761
		<u>285,832,136</u>	<u>292,081,761</u>
Current liabilities			
Trade and other payables	23	7,998,372,352	7,624,334,966
Unclaimed dividend		37,698,807	30,322,411
Contract liabilities	24	1,015,561,965	1,148,760,424
Short term borrowings	25	2,415,460,379	1,289,195,083
Derivative financial instruments		-	1,461,010
Current portion of long term advances	21	2,026,211	5,171,459
Current portion of lease liabilities	22	180,159,105	158,971,560
		<u>11,649,278,819</u>	<u>10,258,216,913</u>
TOTAL EQUITY AND LIABILITIES		<u><u>52,040,557,875</u></u>	<u><u>43,433,835,404</u></u>
CONTINGENCIES AND COMMITMENTS			
	26		

The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.

(CHAIRMAN)

(CHIEF EXECUTIVE)

(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 Rupees	2024 Rupees
Revenue from contracts with customers - net	27	44,230,607,495	38,526,983,552
Cost of revenue	28	(32,390,603,463)	(28,843,675,290)
Gross profit		<u>11,840,004,032</u>	<u>9,683,308,262</u>
Selling and distribution expenses	29	(1,003,190,476)	(748,429,704)
Administrative expenses	30	(2,734,730,817)	(2,511,514,952)
Research and development expenditure	31	(79,605,720)	(97,792,250)
Impairment losses on financial assets	32	(371,698,020)	(605,195,928)
		<u>(4,189,225,033)</u>	<u>(3,962,932,834)</u>
Operating profit		7,650,778,999	5,720,375,428
Other income	33	1,024,420,307	916,478,125
Finance costs	34	(131,939,347)	(235,179,969)
Profit before taxation and levy		<u>8,543,259,959</u>	<u>6,401,673,584</u>
Levy	35.1	(410,733,911)	(187,366,105)
Profit before taxation		<u>8,132,526,048</u>	<u>6,214,307,479</u>
Taxation	35.2	(113,512,203)	(99,010,303)
Profit for the year		<u><u>8,019,013,845</u></u>	<u><u>6,115,297,176</u></u>
Earnings per share			(Restated)
-Basic	39	5.46	4.19
-Diluted	39.1	5.41	4.16

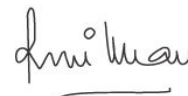
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(CHAIRMAN)



(CHIEF EXECUTIVE)



(CHIEF FINANCIAL OFFICER)

DIRECTORS' REPORT

AT THE

FORTY- NINTH ANNUAL GENERAL MEETING

OF

SHAREHOLDERS

OF

Systems Limited

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

The logo for Systems Limited, featuring the word "systems" in a lowercase, sans-serif font. The letter "s" is a dark blue-grey color, and the letter "y" is a lighter blue-grey color. The letter "i" has a small orange dot above it.

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.

DIRECTOR'S REPORT – 31 DECEMBER 2025

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 2025.

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, hardware 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 Group generates ~ 91% of its revenue in currency other than PKR, from export of Services to various geographies such as North America, Europe, Middle East and Asia Pacific and also through signing USD contracts in Pakistan. The Company is well diversified into various industry verticals such as Banking and Finance, Telco, Retail, CPG, Technology, Pharma, and public sector.

FINANCIAL PERFORMANCE OF THE COMPANY AND THE GROUP DURING 2025

CONSOLIDATED

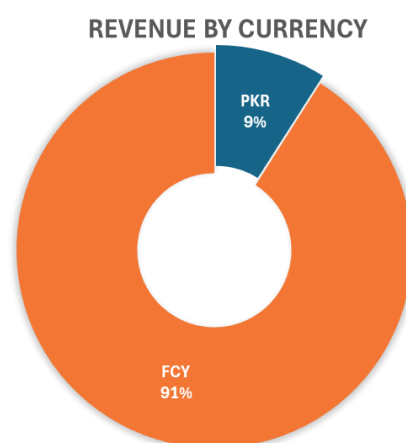
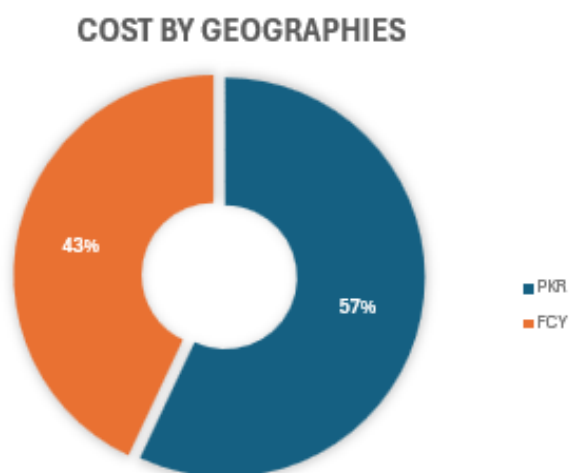
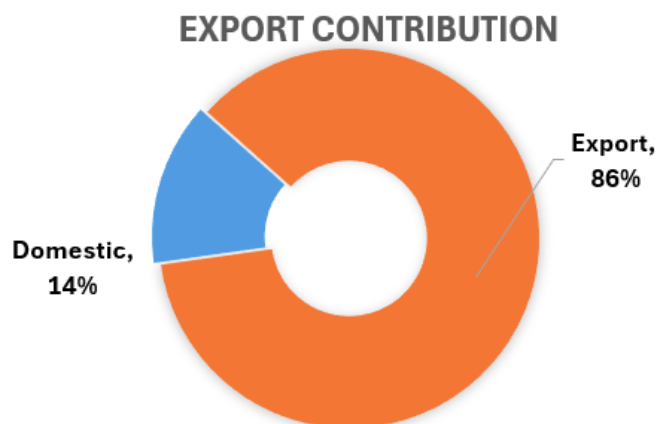
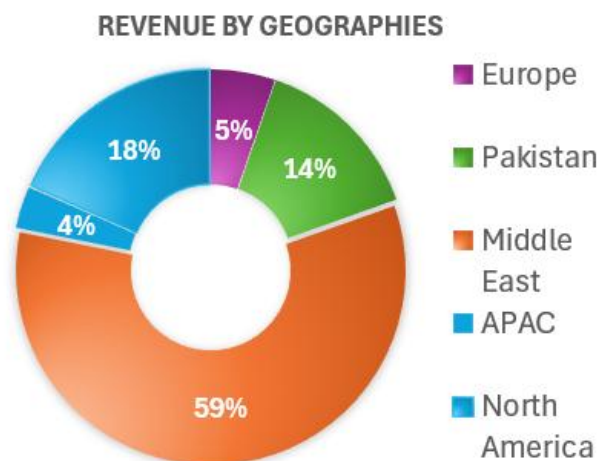
During year ended 31 December 2025, Revenues of the Company were Rs 80,391.88 million in 2025 compared to Rs. 67,473.02 million in 2024. Operating profit from ordinary course of business amounts to Rs 12,006.34 million showing a growth of 45.1%. Despite aggressive investment in growth and talent, company has improved operating profit margin from 12.3% to 14.9% this year. The net profit margin has also improved from 11.1% to 13.7%, standing at Rs 11,040.58 million showing an increase of 48% as compared to same period last year. This has been achieved by growth, enhanced operational efficiency, improving productivity, and optimization of costs primarily fixed costs.

Since FY 2021, the Company has delivered a Compounded Annual Growth Rate (CAGR) in revenue of 51%. This growth is contributed by both the Company and its subsidiaries.

CONSOLIDATED FINANCIAL RESULTS

Particulars	FY 25	FY 24	YoY
Revenue	80,391,884,594	67,473,021,160	19.1%
Gross profit	22,409,264,889	16,157,701,305	38.7%
Operating Profit	12,006,337,696	8,271,972,779	45.1%
Profit before taxation and levy	12,448,252,207	8,291,296,483	50.1%
Profit after taxation	11,040,583,934	7,460,012,773	48.0%
Earnings per share (basic)	7.52	5.11	47.2%
Earnings per share (diluted)	7.44	5.07	46.8%

* OP and NP are adjusted off impairment loss and in 2025 and 2024 and share of loss from associate.



UNCONSOLIDATED

The unconsolidated accounts also show that the Company has maintained a strong topline growth trajectory in 2025 as well. Revenues for the year were Rs. 44,230.61 million showing a growth of 15% over the previous year. Profit after tax for the year was Rs. 8,019.01 million showing an increase of 30.8%. Gross profit and operating profit increased by 22.2% and 33.7% respectively.

UNCONSOLIDATED FINANCIAL RESULTS

Particulars	FY 25	FY 24	YoY
Revenue	44,230,607,495	38,526,983,552	14.8%
Gross profit	11,840,004,032	9,683,308,262	22.3%
Operating Profit	7,650,778,999	5,720,375,428	33.7%
Profit before taxation and levy	8,543,259,959	6,401,673,584	33.5%
Profit after taxation	8,019,013,845	6,115,297,176	31.1%
Earnings per share (basic)	5.46	4.19	30.3%
Earnings per share (diluted)	5.41	4.16	30.0%

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 sells and upsells to all banking and finance customers. The margins have considerably improved but are still lower as compared to other segments 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 5+ 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 has delivered innovative AI cases to Telco and now specialized in many of the digital offerings which is going to help in future growth.

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 includes other remaining segments that don't fall into the specific verticals mentioned above. Healthcare segment is picking up with the help of AI.

	BFSI		Retail & CPG		Technology		Telco		Others		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	-----PKR 'M-----											
Revenue	23,905	20,507	7,762	7,676	9,520	8,057	20,308	15,489	18,897	15,744	80,392	67,473
Cost of revenue	-17,683	-17,119	-4,970	-5,088	-6,470	-5,761	-15,227	-11,451	-13,632	-11,896	-57,983	-51,315
Gross profit	6,222	3,388	2,792	2,588	3,050	2,296	5,081	4,038	5,265	3,848	22,409	16,158
Research & Development Expenses	-102	-44	3	-8	3	-9	7	-17	6	-15	-82	-92
Distribution expenses	-921	-754	-299	-282	-367	-296	-782	-570	-728	-579	-3,097	-2,482
Administrative expenses	-1,852	-1,465	-601	-548	-737	-576	-1,573	-1,107	-1,464	-1,125	-6,228	-4,820
	-2,875	-2,263	-898	-839	-1,101	-881	-2,348	-1,694	-2,186	-1,719	-9,408	-7,395
Profit before taxation and unallocated income and expenses	3,347	1,124	1,894	1,749	1,949	1,415	2,733	2,344	3,079	2,130	13,002	8,763

GEOGRAPHICAL SEGMENT

The Company is showing strong growth across all three segments, with Middle East region taking the lead, followed by Europe and North America. Export sales of the Company are approximately 86% of total sales. The regional update is covered in detail in future outlook.

	North America		Europe		Middle East Africa		APAC		Pakistan		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	-----PKR'M-----											
Revenue from contracts with customers	14,771	13,890	4,239	3,021	47,110	39,553	2,771	2,300	11,500	8,709	80,392	67,473
Cost of revenue	-9,934	-9,257	-2,617	-1,824	-33,937	-29,784	-1,794	-1,666	-9,701	-8,784	-57,983	-51,315
Gross profit	4,837	4,634	1,623	1,197	13,173	9,769	978	633	1,799	-75	22,409	16,158
Research & Development Expenses	2	-36	-29	-8	-33	-31	2	-3	-25	-14	-82	-92
Distribution expenses	-196	-290	-91	-63	-2,160	-1,805	-286	-202	-364	-121	-3,097	-2,482
Administrative expenses	-1,035	-1,222	-235	-267	-4,173	-2,948	-212	-80	-573	-303	-6,228	-4,820
	-1,228	-1,548	-355	-339	-6,366	-4,785	-496	-286	-962	-439	-9,408	-7,395
Profit / (loss) before taxation and unallocated income and expenses	3,609	3,086	1,267	858	6,807	4,984	482	348	837	-513	13,002	8,763

North America & Europe

Margins of North America region are 32.75% GP and 24.43% OP. The Company is expecting to see higher growth in this segment with the acquisition of Confiz. There is great opportunity to cross sell and up sell systems offerings to Confiz current enterprise landscape. The gross margins and operating margins for Europe stands at 38.27% and 29.89% respectively.

Middle East Africa

In the Middle Eastern region, the subsidiaries in UAE and Arabia are leading the growth trajectory contributing ~ 59% to the total MEA revenue. Qatar is also expecting to gain momentum and will be become a sizeable business in near future. We have very healthy backlog of revenue in this territory.

APAC

APAC has also become a significant segment where the Company is seeing growth specially in the Technology and BFSI sector with healthy margins.

Pakistan

The Company is streamlining the Pakistan segment by enhancing revenue quality, driving efficiencies, and optimizing costs. The Pakistan segment continued its upward trajectory by turning positive, showing 7.3% OP for this year compared to a -6% loss last year. The Company is heading towards improving both top line and bottom line in Pakistan with a healthy backlog and pipeline.

DIVIDEND & APPROPRIATIONS

For the year 2025, the Directors recommended a payment of final cash dividend Rs. 2 per share after a split of 1:5 last year (2024: Rs. 6 per share) from the unappropriated profit of the parent company.

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

	Un-appropriated profit (PKR)
Balance as at 31 December 2024	23,753,597,914
Total comprehensive income for the year	8,019,013,845
Less: Final dividend for the year ended 31 December 2024 at the rate of PKR Rs 6 per share	(1,758,696,899)
Balance as at 31 December 2025	30,013,914,860

Earnings Per Share

The Basic and Diluted earnings per share for the Group for the year ended 31 December 2025 are Rs. 7.52 and Rs.7.44 (31 December 2024: Rs. 5.11 and Rs. 5.07) per share.

Similarly, the basic and diluted earnings per share for the Company are Rs. 5.46 and Rs. 5.41 (31 December 2024: Rs. 4.19 and Rs. 4.16) per share.

Awards and Accolades

The Company actively competes with leading global firms across the UAE and broader GCC markets, and its continued recognition in 2025 has further reinforced its credibility in regional markets, enabling sustained business growth and expansion into high-value opportunities.

Enhancing its industry reputation, the Company has once again been recognized as a member of the Microsoft Inner Circle for 2025. This prestigious accolade highlights the organization's consistency, innovation, and excellence in delivering Microsoft solutions, underscoring its strong partner ecosystem and long-term commitment to enterprise transformation.

Further strengthening its standing in the technology and digital services landscape, the Company has been recognized by leading analyst firm Everest Group for its capabilities in IT services and digital transformation. In addition, recognition from P@SHA and being acknowledged among Pakistan's top IT exporters reflects the Company's significant contribution to the country's technology exports and its growing global footprint.

Further solidifying its leadership in the financial services sector, Temenos has recognized the Company as a leading regional delivery partner in 2025. This achievement reflects the Company's strong execution capabilities in delivering large-scale core banking transformations and its continued contribution to business growth through strategic integrations and domain expertise

People's Update

The Company continues to invest in strengthening its talent base, with a focus on building future-ready capabilities aligned with evolving client needs.

Over the past two years, significant progress has been made in upskilling the workforce in AI-enabled tools and technologies, enabling enhanced productivity and more value-driven client delivery. This focus will continue, with further investment in developing advanced digital and AI capabilities across teams.

In parallel, the Company is evolving towards a globally integrated talent model, leveraging AI-driven recruitment and workforce deployment. This approach enables access to a broader talent pool across multiple geographies and supports scalable, high-quality service delivery independent of location.

By combining global talent access with technology-enabled workforce management, the Company is well positioned to meet the demands of a dynamic and increasingly digital business environment.

Infrastructure

Company continues to invest in infrastructure to support its long-term growth and delivery requirements. A new office facility in Lahore is currently in the planning phase, with approvals underway and construction expected to commence in the second half of 2026. The project, with an estimated timeline of two years, will accommodate over 2,000 employees and include a dedicated parking infrastructure.

This expansion is aligned with the Company's strategy to scale operations, enhance delivery capacity, and support a growing global client base.

Furthermore, the Company has registered its Lahore office under the Special Technology Zones (STZ) framework, enabling access to tax incentives and supporting a more efficient cost structure. The Company is in the process of acquiring an office in Karachi as well which is registered with STZ.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is dedicated to creating meaningful and lasting impact within the communities it serves. With a strong belief that youth are the driving force of the future, the Company focuses on empowering young individuals through education, skill development, and access to opportunities—especially in the field of technology.

The Company's CSR strategy is centered around three core pillars: Education, Health, and Youth Empowerment. It strives to bridge gaps in access to quality education by supporting initiatives that equip individuals with modern, technology-driven skills. Through continued backing of the IT Mustakbil Training Program, the Company is enabling individuals to reskill and upskill, ensuring they are better prepared to participate in and contribute to the evolving digital economy.

Youth empowerment remains at the heart of all efforts. By providing equal learning opportunities and fostering inclusion, the Company aims to help underprivileged children and young people build sustainable careers and avoid social and economic exclusion.

In the area of healthcare, the Company remains committed to improving community well-being by facilitating access to quality medical services. This is achieved through partnerships with healthcare institutions, along with targeted donations and sponsorships that support essential health initiatives.

During the financial year, the Company contributed approximately Rs 69.3 million in cash donations along with free laptops and devices to support these causes, reinforcing its commitment to building a healthier, more educated, and empowered society.

ENVIRONMENT, SOCIAL, GOVERNANCE (ESG)

In line with Company's 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
- Water used for sanitation, and other domestic purposes is returned to municipal sewer systems with approximately no net loss, reflecting the low-impact nature of our office-based activities
- Per employee water consumption improved by 23.70% in 2025
- Reduced dependency on national grid through upgradation of solar capacity, leading to a reduction of 8.5% in grid consumption during FY 2025
- Selling back excess electricity generated to the national grid. 27,000 kWh of electricity was exported to the grid in FY 2025
- Implementation of energy efficient HVAC systems and LED lighting upgrades across offices to improve energy efficiency
- Adopting reuse and recycle practices to reduce waste
- Controlled disposal processes, vendor oversight, and continuous monitoring of waste volumes, to minimize environmental impacts and promote responsible resource management
- Strengthened e-waste management through certified recycling vendors and asset lifecycle tracking
- Expanded digital documentation policies and paper reduction initiatives across operations;
- Progress underway towards formalizing science-based climate targets and strengthening climate governance frameworks
- Initiated comprehensive GHG emissions quantification across Scope 1, 2 and 3 aligned with the GHG Protocol.

Be kind to the Employees

- Increased employment of specially abled employees (up by 67% in 2025)
- Increased employee engagements through town halls and management meetings
- Enhanced emphasis on women empowerment
- Significant increase in trainings & certifications - Continued investment in employee learning and professional development programs to enhance workforce capabilities
- Implementation of initiatives promoting inclusive workplace practices and equal opportunities, supporting retention and workforce productivity
- Numerous safety drills and sessions on work space ergonomics
- Ongoing collaboration with academic institutions and recruitment channels to support local talent development.
- A formal whistleblowing and grievance policy strengthens accountability by providing a structured channel for employees to raise workplace concerns.
- Regular training and awareness programs to educate employees about their rights
- Facility to avail interest-free emergency loans;
- On-site daycare facilities to assist working parents with young children;
- Availability of gym facilities to support employee health and wellbeing.

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 including but not limited to Aga Khan University, Indus Hospital, Shaukat Khanum Memorial Trust, and The Citizens Foundation.
- Helping employees in times of difficulties.
- In 2025, approximately PKR 69 million were invested in local community initiatives across Pakistan.

Governance

- Independent Board and its committees promoting GRC
- Board comprises members of diverse professional backgrounds, including technology, finance, governance, and human capital.
- Responsible tax practices
- Disclosure of all related party transactions
- Code of conduct/Business ethics - Structured governance framework designed to promote integrity, accountability, and responsible business practices
- Cyber security and data privacy - Maintain strong information security and data protection controls aligned with international standards and regulatory requirements.
- Strengthened sustainability oversight framework by embedding sustainability governance within its overall corporate governance architecture
- A comprehensive suite of internal policies and procedures aligned in substance with internationally recognized responsible business conduct standards

Sustainable Financial Growth

- 5-year revenue CAGR over 51%
- Consistent dividend payouts and capitalization gains
- Global expansion to reduce concentration risk
- Disciplined cost management, global delivery capabilities, and continuous innovation, the enabling sustainable financial performance;
- Long-term customer relationships combined with deep industry expertise across diversified sectors reflect sustainability and resilience

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

FUTURE OUTLOOK AND PROSPECTS FOR GROWTH (FY 2025)

The Company delivered strong strategic progress during the year, marked by targeted acquisitions, expansion into new service lines, and continued geographic diversification.

Acquisitions:

A key milestone was the completion of two strategic acquisitions, including Confiz and BAT-Shared Services. These transactions significantly strengthen the Company's market position and are expected to contribute higher revenue growth, with full-year impact to be realized in the upcoming period.

The acquisition of Confiz once approved by the court, will be effective from 1st Jan 2026 and will provide direct access to North American enterprise clients and will create meaningful opportunities for cross-sell and up-sell, leveraging the

Company's scale, delivery capabilities, and domain expertise. Integration efforts are progressing as planned, with early indications of synergy realization.

In parallel, the Company has successfully scaled its Global Business Services (GBS) operations, particularly in relation to BAT, establishing a new growth vertical. Early pipeline traction and expanding engagement scope, including collaboration with partners such as Accenture, reinforces confidence in this segment.

Growth Strategy

The Company enters the coming year with a strong foundation with a healthy backlog and a clear strategic direction, supported by a diversified portfolio of markets, capabilities, and growth drivers. The Company will continue to pursue a balanced growth approach:

- **Organic growth** within existing client relationships
- **Expansion of net new customers** through strengthened partnerships with global technology leaders
- **Inorganic growth** through selective acquisitions, including the use of structured transaction approaches where appropriate

Geographic Expansion

The Company will continue to diversify its revenue base across key regions:

- **North America:** Scaling recently acquired platforms and expanding enterprise client relationships
- **UK & Europe:** Building a full-fledged regional operation and expanding into continental Europe by establishing its UK entity. The Company is in the process of onboarding leadership, with full operational capability expected in the near term. The UK will serve as a hub for broader European expansion
- **APAC:** Investments made in the prior year are yielding results, with strong momentum in Vietnam, Malaysia, and Indonesia, supported by a growing backlog. Plans are underway to further strengthen sales capability and evaluate a delivery center in Malaysia.
- **Middle East:**
 - UAE remains a core market, supported by a diversified base of large enterprise clients across key sectors.
 - Saudi Arabia is emerging as a high-growth market, with a strengthening pipeline following initial market development.
- **Domestic:** The business in Pakistan has demonstrated a notable turnaround, with profitability improving from negative to positive levels. This reflects the impact of focused execution and operational discipline. The Company expects continued improvement in the domestic business, with a focus on aligning margins closer to those achieved in international markets

AI and Data-Led Opportunities

Operationally, the Company has also made significant progress in AI enablement, embedding AI across internal processes and client-facing solutions. Workforce capability has been strengthened, with widespread adoption of AI tools to enhance productivity and service delivery. The Company sees significant opportunity in the evolving AI landscape. While enterprise interest in AI continues to grow, effective adoption requires strong data foundations and integrated systems.

Accordingly, the Company is focused on:

- Expanding capabilities in data engineering and system integration
- Embedding AI across all client engagements, including proposals and transformation programs
- Developing repeatable use cases and scalable solution models to drive measurable value for clients

The Company is also strengthening its alignment with global technology principals (OEM partners), enabling rapid adoption and deployment of new AI platforms and services. This positions the Company as a key implementation partner in driving enterprise AI adoption.

Macroeconomic Considerations

The Company remains mindful of external factors, particularly currency movements, given the significant proportion of USD-denominated revenue. While recent trends have impacted margins, stabilization aligned with economic fundamentals is expected to support profitability.

PRINCIPAL RISK AND UNCERTAINTIES 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.
- **MACRO-ECONOMIC ENVIRONMENT** – The global macroeconomic environment remains uncertain, with continued concerns around economic slowdown in key markets and ongoing geopolitical tensions, particularly in the Middle East region.

Despite of this, the Management remains confident that the Company will continue to meet its targets. The principal risks that may impact the region are slower customer collections, delayed spending decisions and margin pressure in the exposed sectors; however, management believes core technology and transformation demand will continue. To mitigate these risks, the Company is prioritizing cash collection, strengthening operating discipline, expanding offshore and hybrid delivery models, and further diversifying across the UK, Europe, APAC, the US, Pakistan and Egypt. Management also sees the disruption as an opportunity to gain market share as clients seek lower-cost, resilient delivery partners and as talent and acquisition opportunities become more accessible. The Company therefore views the current situation as both a risk-management priority but also as a potential catalyst for accelerated growth.

- **COUNTRY RISK** – Political instability, high inflation and interest rates can impact business.
- **Exchange Rate Risk** – The Company remains exposed to foreign exchange movements, given that a significant portion of its revenues is denominated in USD while the majority of its cost base is in PKR.

Continued strength in the PKR relative to the USD may exert pressure on margins, particularly in the absence of corresponding pricing adjustments or productivity gains. The Company continues to actively monitor currency trends and implement mitigation strategies to manage this risk.

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.

MAIN TRENDS & 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

- Male: 5
- Female: 2

Composition

i. Independent Directors: 4

Mr. Zubyr Soomro
Ms. Maheen Rahman
Ms. Romana Abdullah
Mr. Omer Saeed

ii. Non-Executive Directors: 2

Mr. Aezaz Hussain - Chairman
Mr. Arshad Masood

iii. Executive Director: 1

Mr. Asif Peer - CEO

Board Committees

The Board of Directors has constituted Audit Committee, Human Resource & Compensation Committee and Sustainability Committee. The names of members of Board Committees and number of meetings attended by each member is as follows:

Audit Committee	HR & Compensation Committee	Sustainability Committee
Mr. Zubyr Soomro - Chairman	Mr. Omer Saeed – Chairman	Ms. Romana Abdullah - Chairman
Ms. Maheen Rahman – Member	Ms. Maheen Rahman – Member	Mr. Asif Peer – Member
Ms. Romana Abdullah – Member	Mr. Arshad Masood – Member	

During the period under review, eight (8) Board meetings, three (03) Audit Committee meetings, one (01) Human Resource and Compensation Committee (HRCC) meetings, and no (0) Sustainability Committee meeting was held as it was formed close to the year end. Attendance by each Director of the respective Board/Sub – Committees meetings was as follows:

Name of Director	Board of Directors	Audit Committee	HRCC	Sustainability Committee
Mr. Aezaz Hussain	8	-	-	-
Mr. Arshad Masood	6	-	1	-
Mr. Asif Peer	8	-	-	-
Mr. Zubyr Soomro	8	3	-	-
Mr. Omer Saeed	7	-	1	-
Mr. Maheen Rahman	7	3	-	-
Ms. Romana Abdullah	8	3	-	-

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, Non-Executive and Independent Directors are paid a 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 45 to the unconsolidated 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

Seven Directors have either acquired the Directors' Training Program Certificates or are exempt from the requirements of Director's Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019 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 2025 amounts to Rs 5,401.05 million (31 December 2024: Rs 4,251.85 million)

Pattern of shareholding

The Pattern of Shareholding as at 31 December 2025 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 2025 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 statutory timelines, while Half yearly financial statements of the Company reviewed by the external auditor and consolidated audited financial statements of the Group, approved by the Board, published and circulated to shareholders within statutory timelines.

Auditors

A.F. Ferguson & Co. has completed its tenure for the year 2025 and retire at the conclusion of the 49th Annual General Meeting. Being eligible, they have offered themselves for re-appointment for the financial year ending December 31, 2026.

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, 2026, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

Consolidated financial statements

For details of group associates, subsidiaries and sub-subsidiaries included in the consolidated financial statements, please refer note 1.2 and 1.3 of the consolidated financial statements.

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 those disclosed in the audited financial statements annex with the annual report.

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

A handwritten signature in black ink, appearing to read 'Asif Peer', written in a cursive style.

Asif Peer

Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Aezaz Hussain', written in a cursive style.

Aezaz Hussain

Chairman

Date: 6-April-2026

Lahore