

27 October 2023

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

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

Dear Sir,

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

**DIVIDEND**

Nil.

**BONUS SHARES**

Nil.

**FINANCIAL RESULTS**

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

**PERFORMANCE OVERVIEW**

**The Company (Standalone):**

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



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

### **The Group (Consolidated):**

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

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

For and on behalf of Systems Limited

**Ali Ahmed Iftikhar**  
Company Secretary



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

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

**CONTINGENCIES AND COMMITMENTS**

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

(CHAIRMAN)

(CHIEF EXECUTIVE)

(CHIEF FINANCIAL OFFICER)

**SYSTEMS LIMITED**  
**CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE NINE MONTHS AND THREE MONTHS PERIODS ENDED SEPTEMBER 30, 2023**

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

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

(CHAIRMAN)

(CHIEF EXECUTIVE)

(CHIEF FINANCIAL OFFICER)