

09

Consolidated Financial Statement



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NETSOL TECHNOLOGIES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of **NETSOL TECHNOLOGIES LIMITED** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2026, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

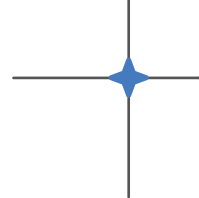
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Revenue recognition	
Refer to notes 4.10 and 29 to the consolidated financial statements.	Our key audit procedures included the following:
The Group has earned revenue of Rs. 12,509.54 million for the year ending June 30, 2026. The Group's revenue is derived from multiple revenue streams, as referred to in Note 29 to the accompanying consolidated financial statements, including license,	Assessed the appropriateness of the Group's revenue recognition policies and their compliance with applicable accounting and reporting standards.



Key audit matters	How the matter was addressed in our audit
rendering of services and subscription and support. Each stream has its own revenue recognition policy based on the nature of revenue and underlying contractual arrangements as referred to in Note 4.10. Certain contracts with customers require significant management judgment to determine the appropriate timing and method of revenue recognition. We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group and inherent risk of material misstatement.	• Obtained an understanding of the Group's processes and related internal controls for revenue recognition and on a sample basis, tested the design and operating effectiveness of those controls. • Tested a sample of transactions from multiple revenue streams against supporting documents, including contracts, invoices, time sheets, completion certificates and other relevant records. • Agreed revenue recorded to signed contracts and other supporting evidences. • Traced the recorded revenue to subsequent recoveries of customers as evidence of its collectability. • Evaluated management's key judgments in determining the timing and basis of revenue recognition, especially for complex contracts involving significant estimation. • Performed cut-off procedures on sales to ensure revenue has been recorded in the correct period. • Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and reporting standards.
2. Valuation of trade debts and contract assets	
Refer to notes 4.12, 4.13, 8, 10 and 11 to the consolidated financial statements. The Group's gross trade debts and contract assets as at June 30, 2026 are Rs. 7,166.06 million and Rs. 2,904.67 million respectively against which allowances for expected credit losses of Rs. 223.92 million and Rs. 155.13 million have been recognized. The loss allowance for expected credit losses (ECL model) on trade debts and contract assets has been recognized in the consolidated financial statements using the guidance included in IFRS 9 'Financial Instruments'. Determination of ECL provision for trade debts and contract assets requires significant judgment and assumptions including consideration of factors such as	Our key audit procedures included the following: • Evaluated management's process for applying the Expected Credit Loss (ECL) model to determine impairment losses on trade debts and contract assets. • Evaluated key judgments and estimates made by the Group's management in relation to the application of the ECL model. • Evaluated the ECL model for appropriateness of the methodology used and the arithmetical accuracy. • Checked the appropriateness of aging on a sample basis.

Key audit matters	How the matter was addressed in our audit
historical credit loss experience, time value of money and forward-looking macroeconomic information. We have considered this area as a key audit matter due to its size and the significant management judgement involved in its valuation.	• Circularized balance confirmation request for trade debts on sample basis and evaluated the responses received. • Traced subsequent clearance of balances outstanding as of June 30, 2026, on a sample basis. • Assessed financial impacts and appropriateness of disclosures made in the consolidated financial statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

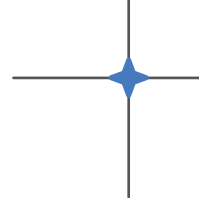
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a



guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

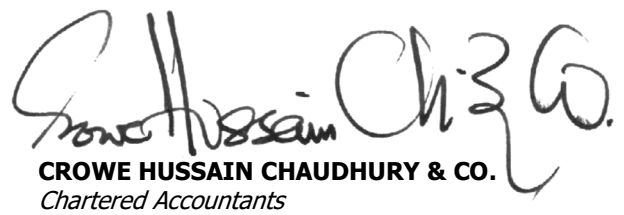
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such



communication.

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.

Lahore
Dated: September 29, 2026
UDIN: AR202610051NI5PFq3C8

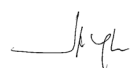

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Consolidated Statement of Financial Position

As at June 30, 2026

	NOTE	2026 Rupees in Thousands	2025
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	1,467,819	1,227,112
Intangible assets	7	576,385	-
Long term contract assets	8	672,701	143,058
Long term loans to employees	9	6,431	8,590
		2,723,336	1,378,760
Current Assets			
Trade debts	10	6,942,144	5,869,134
Contract assets	11	2,076,846	2,542,057
Loans and advances	12	143,250	42,111
Deposits and short term prepayments	13	122,513	229,351
Other receivables	14	134,152	127,131
Due from related parties	15	279,392	187,791
Prepaid tax asset	16	-	19,668
Short term investment	17	400,000	200,000
Cash and bank balances	18	5,694,843	3,767,897
		15,793,140	12,985,140
TOTAL ASSETS		18,516,476	14,363,900

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



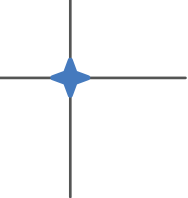
DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



	NOTE	2026	2025
		Rupees in Thousands	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000 (2025: 200,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid up capital	19	898,369	898,369
Reserves	20	12,371,802	9,922,818
Share deposit money		-	3,868
Shareholders' Equity		13,270,171	10,825,055
NON CURRENT LIABILITIES			
Long term financing	21	57,862	13,343
Lease liabilities	22	-	-
Long term advances	23	18,165	5,415
		76,027	18,758
CURRENT LIABILITIES			
Trade and other payables	24	1,119,524	1,173,792
Contract liabilities	25	1,794,866	153,329
Short term borrowings	26	2,180,000	2,180,000
Current portion of non current liabilities		40,611	8,428
Provision for taxation	27	30,836	-
Unclaimed dividends		4,441	4,538
		5,170,278	3,520,087
CONTINGENCIES AND COMMITMENTS	28	-	-
TOTAL EQUITY AND LIABILITIES		18,516,476	14,363,900

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.


DIRECTOR


CHIEF EXECUTIVE OFFICER

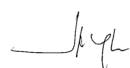

CHIEF FINANCIAL OFFICER

Consolidated Statement of Profit or Loss

For the Year Ended June 30, 2026

	NOTE	2026 Rupees in Thousands	2025
Revenue from contracts with customers - net	29	12,509,539	9,905,419
Cost of revenue	30	(6,348,677)	(5,551,304)
Gross profit		6,160,862	4,354,115
Selling and promotional expenses	31	(1,358,530)	(1,147,274)
Administrative expenses	32	(1,974,553)	(1,459,594)
		(3,333,083)	(2,606,868)
Operating Profit		2,827,779	1,747,247
Other operating expenses	33	(356,379)	(674,462)
Finance cost	34	(164,608)	(228,421)
Other income	35	315,567	827,933
		(205,420)	(74,950)
Profit before Final Taxes and Income Tax		2,622,359	1,672,297
Final tax / levies	36	(270,710)	(287,032)
Profit before Income Tax		2,351,649	1,385,265
Income Tax		-	-
Net Profit for the Year		2,351,649	1,385,265
Earnings per Share	37		
- Basic		27.25	15.97
- Diluted		27.01	15.74

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Consolidated Statement of Comprehensive Income

For the Year Ended June 30, 2026

	2026	2025
	Rupees in Thousands	
Net Profit for the Year	2,351,649	1,385,265
Other comprehensive income		
<i>Items that may be re-classified subsequently to profit or loss</i>		
-Exchange difference on translation of foreign operation	(22,849)	8,637
<i>Items that will not be re-classified subsequently to profit or loss</i>	-	-
Total other comprehensive (loss) / income	(22,849)	8,637
Total comprehensive income for the year	2,328,800	1,393,902

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.


DIRECTOR


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

Consolidated Statement of Changes in Equity

For the Year Ended June 30, 2026

Particulars	Issued, sub- scribed and paid up capital	Capital Reserve				Revenue Reserve	Total Reserves	Share Deposit Money	Total Equity
		Share Premium	Employee Share Option Compensation Reserve	Treasury Share Reserve	Foreign Currency Translation Reserve	Unappropriated Profit			
Rupees in Thousands									
Balance as at June 30, 2024	898,369	304,167	265,445	(184,739)	544	8,822,648	9,208,065	13	10,106,447
Net profit for the year	-	-	-	-	-	1,385,265	1,385,265	-	1,385,265
Other comprehensive income for the year	-	-	-	-	8,637	-	8,637	-	8,637
Total comprehensive income for the year	-	-	-	-	8,637	1,385,265	1,393,902	-	1,393,902
Payment of final dividend for the year ended June 30, 2024 @ Rs 3 per share	-	-	-	-	-	(263,511)	(263,511)	-	(263,511)
Transactions with owners of the equity									
Employee share option reserve	-	-	4,350	-	-	-	4,350	-	4,350
Share deposit money received - net	-	-	-	-	-	-	-	3,855	3,855
Acquisition of treasury shares	-	-	-	(419,988)	-	-	(419,988)	-	(419,988)
Balance as at June 30, 2025	898,369	304,167	269,795	(604,727)	9,181	9,944,402	9,922,818	3,868	10,825,055
Net profit for the year	-	-	-	-	-	2,351,649	2,351,649	-	2,351,649
Other comprehensive loss for the year	-	-	-	-	(22,849)	-	(22,849)	-	(22,849)
Total comprehensive income for the year	-	-	-	-	(22,849)	2,351,649	2,328,800	-	2,328,800
Transactions with owners of the equity									
Re-issuance of treasury shares against stock options to employees	-	447	(22,881)	142,618	-	-	120,184	(120,184)	-
Share deposit money received - net	-	-	-	-	-	-	-	116,316	116,316
Balance as at June 30, 2026	898,369	304,614	246,914	(462,109)	(13,668)	12,296,051	12,371,802	-	13,270,171

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER



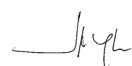
CHIEF FINANCIAL OFFICER

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2026

	NOTE	2026 Rupees in Thousands	2025
Profit before final taxes and income tax		2,622,359	1,672,297
Adjustments for:			
- Depreciation - own assets	6	254,448	316,708
- Depreciation of right of use assets	6	8,584	607
- Gain on disposal of property and equipment	35	(24,403)	(12,542)
- Foreign exchange loss / (gain)	33	52,566	(316,124)
- Finance cost	34	158,089	223,287
- Interest income	35	(267,288)	(491,472)
- Effect of discounting of long term contract asset	35	(22,976)	(6,780)
- Employee share option compensation expense		-	4,350
- Loss on lease termination	33	5,834	-
- Provision for expected credit losses	33	78,170	329,623
Operating profit before working capital changes		243,024	47,657
<i>Decrease / (Increase) in current assets</i>		2,865,383	1,719,954
- Trade debts	10	(1,113,959)	(358,278)
- Contract assets	8 & 11	(123,726)	(1,034,599)
- Loans and advances	9 & 12	(98,980)	90,587
- Deposits and short term prepayments	13	106,838	(112,650)
- Other receivables	14	(7,021)	(73,105)
- Due from related parties	15	(91,601)	325,113
<i>(Decrease) / Increase in current liabilities</i>			
- Trade and other payables	24	(60,234)	405,339
- Contract liabilities	25	1,641,820	(1,294,916)
		253,137	(2,052,509)
Cash Generated from / (Used in) Operations		3,118,520	(332,555)
Finance cost paid		(159,910)	(210,606)
Levy / final tax paid	16 & 27	(220,206)	(270,976)
Dividend paid		(97)	(262,797)
		(380,213)	(744,379)
Net Cash Generated from / (Used in) Operating Activities		2,738,307	(1,076,934)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property and equipment	6	(425,083)	(276,113)
Proceeds from disposal of property and equipment	6	26,200	15,808
Advance against acquisition of fixed assets and Capital work in progress	6	(71,869)	(50,398)
Expenditure on intangibles - under development	7	(576,385)	-
Short term investments	17	(200,000)	(200,000)
Interest received	35	267,288	491,472
Net Cash (Used in) Investing Activities		(979,849)	(19,231)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of treasury shares	20	-	(419,988)
Share deposit money		116,316	3,855
Long term financing obtained	21	106,688	19,613
Repayment of long term financing	21	(29,986)	(13,662)
Repayment of lease liability	22	(19,505)	(972)
Long term advances - net	23	12,750	3,420
Short term borrowing obtained	26	-	600,000
Net Cash Generated from Financing Activities		186,263	192,266
Net Increase / (Decrease) in Cash and Cash Equivalents		1,944,721	(903,899)
Net foreign exchange difference		(17,775)	2,634
Cash and cash equivalents at the beginning of the year	18	3,767,897	4,669,162
Cash and Cash Equivalents at the End of the Year	18	5,694,843	3,767,897

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026

1. The Group and its Operations

NetSol Group ("the Group") consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited
- NetSol Ascent Middle East Computer Equipment Trading LLC.
- NetSol Institute of Artificial Intelligence (Private) Limited

NetSol Technologies Limited ("the Holding Company"), incorporated in Pakistan on August 22, 1996 under the repealed Companies Ordinance, 1984, (Now The Companies Act, 2017) as a Private company limited by shares, was later on converted into Public Limited Company and subsequently listed on Pakistan Stock Exchange on August 26, 2005. The Company is domiciled in Pakistan and is principally engaged in the development and sale of computer software and allied services in Pakistan as well as abroad.

Geographical locations and addresses of its business units are as follows:

Address/Location	Purpose
1 NetSol IT Village, (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. , Pakistan.	Registered office and business unit
2 43/1/Q, Amna Villa 1, Block-6, PECHS, Karachi, Pakistan.	Branch office
3 House No. 4, Safari Villas 1, Bahria Town, Rawalpindi, Pakistan.	Branch office
4 Office # 2713, Floor 27 Concord Tower, Media City Dubai.	Subsidiary office

NetSol IT Village, (Software Technology Park) also includes House No. 4, House No. 5, House No. 6, House No. E-20, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.

NetSol Innovation (Private) Limited ("the subsidiary Company" or "Subsidiary") is incorporated in Pakistan as a Private Limited Company and is a wholly owned 99.999% (2025: 99.999%) subsidiary of NetSol Technologies Limited. The subsidiary is engaged in the business of providing software development and allied IT services. Registered office of the subsidiary is situated at NetSol IT Village, Lahore Ring Road, Ghazi Road interchange, Lahore Cantt, Pakistan.

NetSol Ascent Middle East Computer Equipment Trading LLC. is incorporated in Dubai Emirate as a Limited Liability Company. NetSol Technologies Limited owns 100% of its shareholding. The subsidiary is engaged in the business of development and sale of computer systems and communication equipment and software.

NetSol Institute of Artificial Intelligence (Private) Limited ("the Subsidiary Company" or "Subsidiary") is incorporated in Pakistan as a Private Limited Company. It is a wholly owned subsidiary of NetSol Innovation (Private) Limited, which holds 100% of its shares. As NetSol Innovation (Private) Limited is itself a wholly owned subsidiary of NetSol Technologies Limited, the Subsidiary effectively becomes an indirect wholly owned subsidiary (100%) of NetSol Technologies Limited, the parent company. The Subsidiary is principally engaged in developing a globally competitive digital workforce by providing specialised education and certifications in high-demand technology areas. It also operates data processing centers, software development centers, and offices, and provides consultancy, data processing, and software development services. Additionally, it imparts training in electronic data processing, computer software, and hardware to customers and others, and is involved in the buying, selling, exporting, and importing of software and hardware, as well as the establishment of incidental infrastructural facilities. The registered office of the Subsidiary is situated at NetSol IT Village, Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt, Pakistan.

The Group is also using the branch office of its parent company NetSol Technologies Inc., situated at Sentral Senayan 2 Building, LT 16 Jl, Asia Afrika No 8, Jakarta 10270, Indonesia.

NetSol Technologies Limited is a majority owned subsidiary of NetSol Technologies Inc. USA.

2. Basis of Preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017;

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for valuation of certain financial instruments which are carried at fair value / amortized cost as disclosed in respective accounting policies or notes to the consolidated financial statements.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupee (Rs.), which is Group's functional as well as presentation currency. All financial information presented in Pak Rupee has been rounded off to the nearest thousand rupees unless stated otherwise.

The assets and liabilities of foreign operations are translated at the closing rate at the reporting date, while income and expenses are translated at average exchange rates for the period. Exchange differences arising on translation are recognized in other comprehensive income and accumulated in equity.

2.4 Accounting policies

The accounting policies adopted for the preparation of these consolidated financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Group for the year ended June 30, 2025.

2.5 Standards, interpretations and amendments to approved accounting standards that are effective in the current year:

The following standards, amendments and interpretations are effective for the year ended June 30, 2026. These standards, amendments and interpretations are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

Standard or Interpretation		Effective Date Annual Periods
		Beginning on or After
- IAS 21	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025
- IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	July 1, 2025
- IFRS S2	Climate-related Disclosures	July 1, 2025

2.6 Standards, interpretation and amendments to approved accounting standards that are not yet effective:

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either irrelevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures:

Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026

Standard or Interpretation	Effective Date Annual Periods
	Beginning on or After
- IFRS 1, 7, 9, 10 and IAS 7 Annual Improvements to IFRS Accounting Standards	January 1, 2026
- IFRS 7 Financial Instruments: Disclosures (Amendments)	January 1, 2026
- IFRS 9 Financial Instruments: Classification and Measurement (Amendments)	January 1, 2026
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (Amendments)	January 1, 2027
- IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
- IAS 28 Fair Value Option for Investments in Associates and Joint Venture (Amendments)	January 1, 2027

2.7 Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have yet not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at the reporting date:

- IFRS 01 - First-time Adoption of International Financial Reporting Standards
- IFRS 20 - Regulatory Assets and Regulatory Liabilities
- IFRIC 12 - Service Concession Arrangement

The management believes that adoption of the new standards, amendments and interpretations, which are in issue but not yet effective, is not likely to have any material impact, on the recognition, measurement, presentation and disclosure of items in the financial statements for current and future periods and foreseeable future transactions.

2.8 Basis of consolidation

The consolidated financial statements include the financial statement of the Holding Company and its Subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The assets and liabilities of the subsidiaries, have been consolidated on line-by-line basis and the carrying values of the investment held by the holding Company is eliminated against the subsidiary's share capital and pre-acquisition reserves, if any in the consolidated financial statements. Material intra-group balances and transactions are eliminated.

Subsidiaries are all entities (including special purpose entities) over which the Group has the control generally accompanying a shareholding of more than one half of the voting rights.

Subsidiary companies are consolidated from the date on which the Group obtains the control and continue to be consolidated until the date when such control ceases. Generally it is presumed that when more than 50% voting rights are transferred to the Holding Company control of the subsidiary is established.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the Holding Company.

3. Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets, liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas involving higher degree of judgement or complexity included in these financial statements are as follows:

- Provision for expected credit losses on accounts receivable / contract assets – Note 4.17, 10 & 11
- Provision for taxation – Note 4.6
- Useful lives and recoverable amounts of depreciable assets – Note 4.1 & 6
- Useful lives of intangible assets – Note 4.2 & 7
- Contingencies – Note 4.8 & 28
- Leases – Note 5.1 & 22
- Revenue recognition – Note 4.10 & 29
- Long term investment – Note 4.18 & 21
- Fair value of employee share options – Note 4.5 & 20.2

4. Material Accounting Policy Information

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented except stated otherwise.

4.1 Property and equipment

(i) Owned assets

Property and equipment, except for freehold land, are stated at cost less accumulated depreciation and identified impairment losses (if any). Freehold land is stated at cost less any identified impairment loss.

Depreciation is charged by applying straight line method to write off the cost over the remaining useful life of the assets. Rates of depreciation are stated in note 6.1. Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of property and equipment is removed from the statement of financial position upon scrapping or disposal or when no future economic benefit is expected from its use, scrapping or disposal.

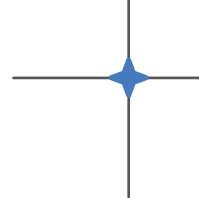
Day to day maintenance and normal repairs are charged to profit or loss as and when incurred. Gain or loss on scrapping or disposal of assets, if any, is charged to profit or loss. Gain or loss on disposal of assets is the difference between the sale proceeds and the carrying amount of the asset disposed off.

(ii) Right of use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and identified impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated over the shorter of their estimated useful life and the lease term. Right-of-use assets are amortized over the useful life of the assets using straight line method at the rates given in note 6.2. Amortization on additions begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization of an asset ceases when the asset is derecognized. Right-of-use assets are also subject to impairment.

(iii) Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses. It represents expenditure incurred on property and equipment during construction and installation. Cost also includes applicable borrowing costs under IAS 23. These expenditures are transferred to relevant assets' category as and when assets are available for use.



4.2 Intangible assets

Research and software products development

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, it is probable that future economic benefits will flow to the Group, the Group has an intention and ability to complete and use or sell the software and cost can be measured reliably.

There are two components of intangible assets:

- a. In-house developed intangible assets
- b. Intangible assets acquired from market

(a) In-house developed intangible assets

The Group may capitalize certain computer software development costs in accordance with IAS-38 "Intangible Assets". Costs incurred internally to create a computer software product or to develop an enhancement to an existing product are charged to expense when incurred as research and development expense until technological feasibility for the respective product is established. Thereafter, all software development costs may be capitalized and reported at the lower of unamortized cost or recoverable amount. Capitalization will cease when the product or enhancement is available for general release to customers.

Amortization is charged on straight line basis over the useful life of the intangible assets. All intangible assets with an indefinite useful life are tested for impairment at each reporting date. Rates of amortization are stated in note 7.

(b) Intangible assets acquired from market

Intangible assets acquired from market are stated at cost less accumulated amortization and identified impairment losses, if any.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenses are charged to profit or loss when they occur.

Amortization is charged by applying straight line method to write off the cost over the remaining useful life of the intangible assets unless such lives are indefinite. All intangible assets with an indefinite useful life are tested for impairment at each reporting date. Amortization on additions of acquired intangible assets begins when it is available for use, while amortization ceases at the time when the asset is disposed off. Rates of amortization are stated in note 6.1.

4.3 Impairment of non financial asset

The Group continually assesses, at each reporting date, whether there is any indication that an asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss for the year. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

4.4 Foreign currency translation and transaction

Transactions denominated in foreign currencies are translated in Pak Rupees at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates prevailing at the reporting date. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the exchange rate prevailing at the date when fair values were determined. All exchange differences are charged to statement of profit or loss.

4.5 Staff benefits

(i) Retirement benefits

The Group operates a defined contributory Provident Fund for its permanent employees. Contributions are made equally by the Group and the employee at 8% of basic salary in the Provident Fund on monthly basis. Group's contribution is recognized as a cost in profit or loss. The fund is administrated by the Trustees.

(ii) Short-term benefits

Short-term benefits to employees are calculated without discounting and are recognized as cost when related services are received.

(iii) Employees' share option scheme

The Group operates an equity settled share based Employee' Share Option Scheme ("Scheme"). The fair value of options granted is determined at the grant date and is recognized as employee compensation expense on a straight line basis over the vesting period in profit or loss with corresponding credit to equity as employee compensation reserve. Fair value of options is arrived at using Black Scholes Pricing Model.

When the options are exercised, the proceeds received (share deposit money) equivalent to the face value of related shares is credited to share capital and any amount above the share capital is credited to share premium account.

4.6 Taxation

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing laws for taxation of income. The charge for tax on income is calculated at the current rates of taxation as applicable after taking into account tax credit and tax rebates available, if any. Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Charge for tax expense also includes adjustments where necessary, relating to prior years which arise from assessments finalized during the current year.

Deferred tax is accounted for using the statement of financial position method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income in which case it is included in other comprehensive income.

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these consolidated financial statements, except for taxes on dividends on the Group's investments in subsidiaries and associates which are specifically within the scope of IAS 12 and hence, these continue to be categorised as current income tax.

4.7 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and / or services received, whether or not billed to the Group.

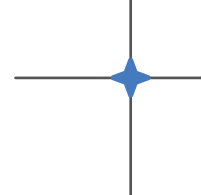
Liabilities for trade and other payable in foreign currency are revalued by applying the exchange rate applicable on each reporting date.

4.8 Provisions and contingencies

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026



4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at current or saving accounts held with banks, fixed deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include facilities of running finance that form an integral part of the Group's cash management.

4.10 Revenue recognition

The Group follows IFRS 15 for the recognition of revenue from all its revenue streams. The Group determines revenue recognition using the following step wise approach:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, a performance obligation is satisfied

The Group records the amount of revenue and related costs by considering whether it is a principal (gross presentation) or an agent (net presentation) by evaluating the nature of its promise to the customer. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer. Revenue is presented net of sales, value-added and other taxes collected from customers and remitted to government authorities.

The Group has two primary revenue streams i.e. core revenue or non-core revenue.

Core revenue:

The Group generates its core revenue from the export of (1) Software Licenses, (2) Services, which include implementation, customization and other consulting services, and (3) Subscription and Support, which includes subscription and post contract support, of its enterprise software solutions for the lease and finance industry. The Group offers its software using both traditional on-premises licensing model and Software as a Service (SaaS) model. The on-premises model involves the sale or license of software on a perpetual basis to customers who take possession of the software and install and maintain the software on their own hardware.

Non-core revenue:

The Group generates its non-core revenue by providing Business Process Outsourcing ("BPO") services and other services (including support services to its local customers).

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied by transferring the promised services to the customer. The Group identifies the performance obligations at contract inception so that the Group can monitor and account for the performance obligations over the life of the contract.

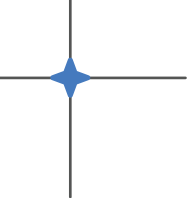
The Group's contract which contains multiple performance obligations generally consists of the initial sale of licenses and a professional services engagement. Contracts generally have multiple performance obligations as customers purchase maintenance support and services in addition to the licenses. The Group's single performance obligation arrangements are typically maintenance renewals and professional services engagements.

For contracts with multiple performance obligations where the contracted price differs from the standalone selling price ("SSP") for any distinct good or service, the Group may be required to allocate the contract's transaction price to each performance obligation using its best estimate for the SSP.

Information about the Group's performance obligations are summarized below:

a) Software licenses:

Performance obligation is satisfied and revenue from software licenses is recognized at the point in time when transfer of control for software is occurred either upon physical delivery of license through CD, USB or electronically using FTP or delivery of the license key by other electronic methods which provide immediate availability of the product to the customer. The Group's typical payment terms tend to vary by region, but its standard payment terms are within 120 days of invoice.

**b) Subscription and support:**

Subscription revenue is recognized ratably over the initial subscription period committed to by the customer commencing when the product is made available to the customer. The initial subscription period is typically 12 to 60 months. The Group generally invoices its customers in advance in quarterly or annual installments and typical payment terms provide that customers make payment within 120 days of invoice. Performance obligation against support revenue is recognized ratably over the term of the support period, which in most instances is one year. Software license updates provide customers with rights to unspecified software product updates, maintenance releases and patches released during the term of the support period on a when-and-if available basis. The Group's customers purchase both product support and license updates when they acquire new software licenses. In addition, a majority of customers renew their support services contracts annually and typical payment terms provide that customers make payment within 120 days of invoice.

c) Professional services:

Performance obligation is satisfied and revenue from professional services is recognized over the time and typically comprises implementation, development, customization, enhancements, data migration, training or other consulting services. Consulting services are generally sold on a time-and-materials or fixed fee basis and can include services ranging from software installation to data migration and building non-complex interfaces to allow the software to operate in integrated environments. The Group recognizes revenue from time-and-material arrangements as the services are performed. In fixed fee arrangements, revenue is recognized as services are performed as measured by efforts incurred to date, compared to total estimated efforts to complete the services project. The management applies judgment while estimating efforts to complete the services projects. A number of internal and external factors can affect these estimates, including utilization and efficiency variances and specification and testing requirement changes. Services are generally invoiced upon milestones as agreed in the contract and payments are typically due in 120 days after invoice.

d) BPO services:

Revenue from BPO services is recognized when earned. The Group recognizes revenue on issuance of billing to the customer. Payment terms are upto 120 days after invoice.

e) Miscellaneous income:

Interest on bank deposits and short term investment is recognized and received on a time proportion basis on the principal amount outstanding and at the rate applicable.

Rental income is recognized on time proportion basis. Payment terms are 30 days.

Dividend is recognized as income when the right of receipt is established. Payment terms are 15 working days after declaration of dividend.

Miscellaneous income is recognized on receipt basis, and is recognised in other income in statement of profit or loss.

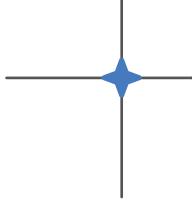
Contract modifications

Contract modifications involving changes in scope or price are treated as separate contracts if they add distinct performance obligations at standalone prices. If not, they are either treated as a termination of the existing contract and creation of a new one or, if no new distinct obligations arise, adjustments are made on a cumulative catch-up basis i.e. recognizing in the current period the cumulative effect of changes on current and prior periods according to the revised performance obligations.

Significant judgments

Due to the complexity of certain contracts, the actual revenue recognition treatment required under IFRS 15 for the Group's arrangements may be dependent on contract-specific terms and may vary in some instances.

Judgment is required to determine the stand alone selling price (SSP) for each distinct performance obligation. The Group rarely licenses or sells products on a stand-alone basis, so the Group is required to estimate the range of SSPs for each performance obligation. In instances where SSP is not directly observable because the Group does not sell the license, product or service separately, the Group determines the SSP using information that may include market conditions and other observable inputs. In making these judgments, the Group analyzes various factors, including its pricing methodology and consistency, size of the arrangement, length of term, customer demographics and overall market and economic conditions. Based on these results, the estimated SSP is set for each distinct product or service delivered to customers.



Notes to and forming part of the Consolidated Financial Statements

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The stand-alone selling price of the licenses was measured primarily through an analysis of pricing that management evaluated when quoting prices to customers. Although the Group has no history of selling its software separately from support and other services, the Group does have historical experience with amending contracts with customers to provide additional modules of its software or providing those modules at an optional price. This information guides the Group in assessing the stand-alone selling price of the Group's software, since the Group can observe instances where a customer had a particular component of the Group's software that was essentially priced separate from other goods and services that the Group delivered to that customer.

The Group recognises revenue from implementation and customization services using percentage of estimated "man-days" that the work requires. The Group believes the level of effort to complete the services is best measured by the amount of time (measured as an employee working for one day on implementation/customization work) that is required to complete the implementation or customization work. The Group continuously reviews its estimate of man-days required to complete implementation and customization services.

Revenue is recognized over time for the Group's subscription, support and fixed fee professional services that are separate performance obligations. For the Group's professional services, revenue is recognized over time, generally using man-days expended to measure progress. Judgement is required in estimating project status and efforts necessary to complete projects. A number of internal and external factors can affect these estimates, including man-day rates, utilization, specification variances and testing requirement changes.

If a group of agreements are entered at or near the same time and so closely related that they are, in effect, part of a single arrangement, such agreements are deemed to be combined as one arrangement for revenue recognition purposes. The Group exercises significant judgment to evaluate the relevant facts and circumstances in determining whether agreements should be accounted for separately or as a single arrangement. The Group's judgments about whether a group of contracts comprise a single arrangement can affect the allocation of consideration to the distinct performance obligations, which could have an effect on results of operations for the periods involved.

If a contract includes variable consideration, the Group exercises judgment in estimating the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer. When estimating variable consideration, the Group will consider all relevant facts and circumstances. Variable consideration will be estimated and included in the contract price only when it is probable that a significant reversal in the amount of revenue recognized will not occur.

Practical expedients and exemptions

There are several practical expedients and exemptions allowed under IFRS 15 that impact timing of revenue recognition and the Group's disclosures. Below is a list of practical expedients the Group applied in the adoption and application of IFRS 15:

- a) The Group does not evaluate a contract for a significant financing component if payment is expected within one year or less from the transfer of the promised items to the customer.
- b) The Group generally expenses sales commissions and sales agent fees when incurred when the amortization period would have been one year or less. These costs are recorded within sales and marketing expense in the statement of profit or loss.
- c) The Group does not disclose the value of unsatisfied performance obligations for contracts that have an original expected duration of one year or less.
- d) The Group does not disclose the value of unsatisfied performance obligations for contracts for which the Group recognizes revenue at the amount to which it has the right to invoice for services performed (applies to time-and-material engagements).

4.11 Costs to obtain a contract

The Group does not have a material amount of costs to obtain a contract capitalized at any reporting date. In general, the group incurs few direct incremental costs for obtaining new customer contracts. We rarely incur incremental costs to review or otherwise enter into contractual arrangements with customers. In addition, our sales personnel receive fees that we refer to as commissions, but that are based on more than simply signing up new customers. Our sales personnel are required to perform additional duties beyond signing of new deals, including account management of customers and cash collection efforts.

4.12 Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group has satisfied the performance obligation, either in full or partially, by transferring services to a customer before the invoice is issued or payment is due, a contract asset is recognized for the earned consideration that is conditional.

4.13 Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 4.17 (i) Financial instruments – initial recognition and measurement.

4.14 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer in advance or an amount of consideration is due. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the amount is received or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

4.15 Related party transactions

The Group enters into transactions with related parties at an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the best interest of the Group to do so.

4.16 Off-setting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amount and the Group intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

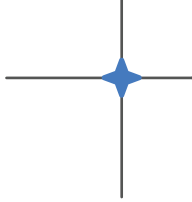
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group initially measures a financial asset at its fair value plus transaction cost. In the case of a financial asset not at fair value through profit or loss at its fair value.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss



Notes to and forming part of the Consolidated Financial Statements

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Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures, for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, based on the groupings for various customers segments that have similar patterns (i.e. by geography and customer wise).

(ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the consolidated statement of profit or loss when liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Other financial liabilities are also subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and recognition of a new liability. Difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.18 Investments

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group, unless otherwise stated. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group periodically determines whether it is necessary to recognize any impairment loss on its investment in its associate or not. The Group determines on annual basis whether there is any objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share of profit or loss of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

4.19 Earnings per share

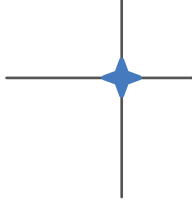
The Group presents both basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjustment) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

4.20 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the consolidated financial statements in the period in which these are approved. However, if they are approved after the reporting period but before the financial statements are authorized for issue they are disclosed in the notes to the consolidated financial statements.

4.21 Segment reporting

The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Management Team that makes strategic decisions. The management has determined the operating segments based on the reports reviewed by CODM of the Group. For management purposes, the Group is organized into operating segments based on their products and services. Each operating segment has a manager responsible for the operations who periodically reports to the CODM the outcome of the operating segment's efforts and its resource requirements. Additional disclosures on each of these segments are shown in Note # 46 & 47, including the factors used to identify the reportable segments and the measurement basis of segment information.



Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026

5. Summary of Other Accounting Policies

5.1 Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal & termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or to terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal & termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

5.2 Advances and deposits

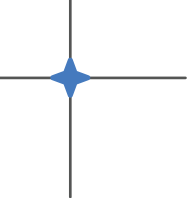
These are recognized at nominal amount which is fair value of considerations to be received in future.

5.3 Borrowing costs

Borrowing costs directly attributable to the construction / acquisition of qualifying assets are capitalized up to the date, including the period when technical and administrative work is carried on; the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the statement of profit or loss currently. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use.

5.4 Fair value

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transaction; reference to the current market value of another instrument, which has substantially similar characteristics, discounted cash flow analysis or other valuation models.



	NOTE	2026 Rupees in Thousands	2025
6. Property and Equipment			
Operating fixed assets	6.1	1,342,418	1,173,580
Right of use assets	6.2	-	-
Capital work in progress		19,075	53,532
Advance against acquisition of fixed assets		106,326	-
		1,467,819	1,227,112

6.1 Operating fixed assets

2026											
Description	COST				DEPRECIATION						Written down value as at Jun 30, 2026
	As at July 01, 2025	Additions	Disposals	As at June 30, 2026	Rate	As at July 01, 2025	Disposals	Adjustments	For the Year	As at June 30, 2026	
	Rupees in Thousands				%	Rupees in Thousands					
Year Ended June 30, 2026											
<u>Tangible assets</u>											
Land - freehold	254,229	-	-	254,229	-	-	-	-	-	-	254,229
Building on freehold land	952,561	-	-	952,561	5	467,064	-	-	32,366	499,430	453,131
Furniture and fixtures	63,660	9,616	(825)	72,451	10	47,219	(803)	-	3,921	50,337	22,114
Vehicles	431,108	241,993	(43,780)	629,321	20	331,662	(43,780)	-	66,966	354,848	274,473
Office equipment	110,260	8,847	(1,836)	117,271	10	70,325	(61)	-	7,203	77,467	39,804
Computer equipment and installations	993,299	67,552	(23,044)	1,037,807	20-33	858,418	(23,044)	-	80,001	915,375	122,432
Air conditioners	76,576	1,588	-	78,164	10	62,512	-	-	2,913	65,425	12,739
Electric fittings	49,371	33,894	-	83,265	10	49,371	-	-	1,102	50,473	32,792
Other equipments and installations	-	61,313	-	61,313	5	-	-	-	857	857	60,456
Generators	48,721	280	-	49,001	10	40,712	-	-	1,321	42,033	6,968
	2979,785	425,083	(69,485)	3,335,383		1,927,283	(67,688)	-	196,650	2,056,245	1,279,138
<u>Intangible assets</u>											
Computer softwares	283,058	-	-	283,058	33	161,980	-	-	57,798	219,778	63,280
	3,262,843	425,083	(69,485)	3,618,441		2,089,263	(67,688)	-	254,448	2,276,023	1,342,418

Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026

2025											
Description	COST				DEPRECIATION						Written down value as at Jun 30, 2025
	As at July 01, 2024	Additions	Disposals	As at June 30, 2025	Rate	As at July 01, 2024	Disposals	Adjustments	For the Year	As at June 30, 2025	
	Rupees in Thousands				%	Rupees in Thousands					

Year Ended
June 30, 2025

Tangible assets

Land - freehold	254,229	-	-	254,229	-	-	-	-	-	-	254,229
Building on freehold land	952,561	-	-	952,561	5	434,698	-	-	32,366	467,064	485,497
Furniture and fixtures	60,031	4,223	(594)	63,660	10	42,949	(582)	-	4,852	47,219	16,441
Vehicles	411,869	30,390	(11,151)	431,108	20	267,165	(7,897)	5,596	66,798	331,662	99,446
Office equipment	94,746	15,514	-	110,260	10	62,946	-	-	7,379	70,325	39,935
Computer equipment and installations	874,314	126,112	(7,127)	993,299	20-33	746,142	(7,127)	-	119,403	858,418	134,881
Air conditioners	72,728	3,848	-	76,576	10	57,374	-	-	5,138	62,512	14,064
Electric fittings	49,371	-	-	49,371	10	43,720	-	-	5,651	49,371	-
Generators	48,721	-	-	48,721	10	38,597	-	-	2,115	40,712	8,009
	2,818,570	180,087	(18,872)	2,979,785		1,693,591	(15,606)	5,596	243,702	1,927,283	1,052,502

Intangible assets

Computer softwares	227,510	105,119	(49,571)	283,058	33	138,545	(49,571)	-	73,006	161,980	121,078
	3,046,080	285,206	(68,443)	3,262,843		1,832,136	(65,177)	5,596	316,708	2,089,263	1,173,580

	NOTE	2026 Rupees in Thousands	2025
6.1.1 Depreciation charge for the year has been allocated as under:			
Cost of revenue	30	188,222	237,485
Selling and promotional expenses	31	12,784	16,513
Administrative expenses	32	53,442	62,710
		254,448	316,708

6.1.2 Owned assets include vehicles amounting to Rs. 103.41 million obtained from First Habib Modaraba under finance facility (2025: Rs. 26.26 million).

6.1.3 Particulars of fixed assets disposed off during the year having individual book value exceeding Rs. 500,000 or more are as follows:

2026							
No property and equipment was disposed off during the year having an individual book value of Rs. 500,000 or more.							
2025							
Particulars	Cost	Net Book Value	Sales Proceeds	Gain	Mode of Disposal	Particulars of Purchaser	Relationship
	Rupees in Thousands						
Vehicle	9,722	3,241	14,100	10,859	Open market	Mr. Zia Ullah	None

6.1.4 Particulars of immovable assets (i.e. land and buildings) of the Group are as follows:

Location	Address	Total Area (Square feet)	Covered Area (Square feet)
Lahore	NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	149,738	140,631
Lahore	House No. 4, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	1,750	2,430
Lahore	House No. 5, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	1,750	2,430
Lahore	House No. 6, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	1,750	2,430
Lahore	House No. E-20, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	1,575	2,095
Karachi	43/1/Q, Amna Villa 1, Block-6, PECHS Housing Society, Karachi	4,500	13,500

6.2 Right of Use Assets

	2026		2025	
	Leased Property	Vehicles	Leased Property	Vehicles
Rupees in Thousands				
Cost				
Opening balance	-	-	-	9,093
Additions	38,567	-	-	-
Disposals	-	-	-	(9,093)
Derecognition on lease termination	(38,567)	-	-	-
Closing balance	-	-	-	-
Accumulated depreciation				
Opening balance	-	-	-	4,989
Charge for the year	8,584	-	-	607
Disposals	-	-	-	(5,596)
Derecognition on lease termination	(8,584)	-	-	-
Closing balance	-	-	-	-
Written down value	-	-	-	-
Lease Term / Rate	2 years	-	-	20%

6.2.1 The Group recognises right of use asset for leased properties. These are depreciated over the lease term. The leased property acquired during the year was subsequently terminated.

Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026

	NOTE	2026 Rupees in Thousands	2025
6.2.2 Depreciation charge for the year has been allocated as under:			
Cost of revenue	30	-	456
Selling and promotional expenses	31	-	30
Administrative expenses	32	8,584	121
		8,584	607
7. Intangible Assets			
Intangibles - fully developed	7.1	-	-
Intangibles - under development	7.2	576,385	-
		576,385	-
7.1 Intangibles - fully developed			
Cost		2,935,037	2,935,037
Accumulated amortization		(2,935,037)	(2,935,037)
Net book value	7.1.1	-	-
Amortization rate per annum		10%	10%
7.2 Intangibles - under development			
Opening value		-	-
Additions during the year		576,385	-
Closing value	7.1.2	576,385	-
7.1.1 NetSol Financial Suite and NFS - Ascent have been fully amortized; however, the Group is still generating revenues from the sale of its licenses, provision of allied services and maintenance.			
7.1.2 The Group is undertaking major system upgrades and modernization of existing legacy solutions, comprising multiple integrated modules and enhanced technology architecture aligned with current industry practices. These developments are expected to improve functionality, scalability, and overall system performance. Development costs meeting recognition criteria are capitalized as intangible assets, while other costs are expensed as incurred.			
8. Long Term Contract Assets			
Considered good - unsecured		774,401	198,625
Less: discounting of contract asset		(101,700)	(55,567)
		672,701	143,058
8.1 This represents unbilled receivables arising from the recognition of revenue under a long-term contract, in accordance with IFRS 15 "Revenue from Contracts with Customers".			
9. Long Term Loans to Employees			
Loan to executives - unsecured		132,752	23,877
Less: Current portion		(126,321)	(15,287)
		6,431	8,590

9.1 These loan are provided to employees as per the Group's policy.

9.2 These are carried at cost as the effect of carrying these balances at amortized cost would not be material in the overall context of these financial statements.

9.3 These executive employees do not include any directors.

		2026	2025
		Rupees in Thousands	
10. Trade Debts			
Related Parties			
Considered good - unsecured	10.2	5,749,513	5,036,394
Considered doubtful - unsecured		216,001	225,827
		5,965,514	5,262,221
Other Parties			
Considered good - unsecured		1,192,631	832,740
Considered doubtful - unsecured		7,916	102,054
		1,200,547	934,794
Less: Provision against expected credit losses	10.1	(223,917)	(327,881)
		6,942,144	5,869,134
10.1 Movement of provision against expected credit losses			
Opening balance		327,881	280,597
(Reversal) / provision for expected credit losses for the year		(283)	47,284
Balances written off during the year		(103,681)	-
Closing balance		223,917	327,881
10.2 Amount receivable from related parties included in trade debts (from exports) are as under:			
NetSol Technologies (Thailand) Limited		112,406	-
NetSol Technologies (Beijing) Co., Ltd.		3,730,265	3,013,655
NetSol Technologies Australia Pty Limited		370,312	425,819
NetSol Technologies Americas Inc.		618,296	796,046
NetSol Technologies Europe Limited		39,496	33,803
Ascent Europe Limited		1,094,739	992,898
		5,965,514	5,262,221
Less: Provision for expected credit losses		(216,001)	(225,827)
		5,749,513	5,036,394
10.3 Aging of outstanding balances of related parties as at June 30, 2026 is as under:			
Not past due		1,365,760	1,578,042
Past due 1-180 days		858,014	978,442
Past due 181 days -1 year		1,573,603	1,983,915
More than one year		2,168,137	721,822
		5,965,514	5,262,221

Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026

10.4 Maximum aggregate amount outstanding from related parties at any time during the year was Rs. 5,965.51 million (2025: Rs. 5,290.71 million).

11. Contract Assets

		2026	2025
		Rupees in Thousands	
Considered good – unsecured	11.1	2,076,846	2,542,057
Considered doubtful – unsecured		155,126	297,507
		2,231,972	2,839,564
Less: Provision for expected credit losses	11.3	(155,126)	(297,507)
		2,076,846	2,542,057

11.1 This represents unbilled debtors arising due to recognition of revenue as per IFRS 15 "Revenue from Contracts with Customers".

11.2 There is a net decrease of Rs. 465 million in contract assets as compared to last year (2025: increase of Rs. 755 million). The explanation of significant changes is as follows:

Opening balance		2,542,057	1,787,247
Add: Revenue recognized		6,749,205	5,458,905
Less: Invoices raised		(6,339,964)	(4,594,656)
(Less) / Add: Balance transferred between long term and short term portion		(508,051)	39,781
(Less) / Add: Foreign exchange (loss) / gain		(287,948)	94,190
Less: Provision for expected credit losses		(78,453)	(243,410)
Closing balance		2,076,846	2,542,057

11.3 Movement of provision against expected credit losses

Opening balance		297,507	54,097
Provision for expected credit losses for the year		78,453	243,410
Balances written off during the year		(220,834)	-
Closing balance		155,126	297,507

12. Loans and Advances

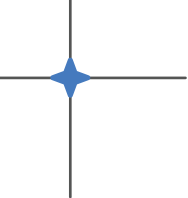
Considered good – unsecured

Current portion of loans to executives		126,321	15,287
Advances to employees:			
- against salaries		1,879	1,439
- against expenses	12.1	15,050	25,385
		143,250	42,111

12.1 These advances are given to meet business expenses and are settled as and when the expenses are incurred.

13. Deposits and short term prepayments

Security deposits		8,207	7,090
Prepayments		114,306	222,261
		122,513	229,351



		2026	2025
		Rupees in Thousands	
14. Other Receivables			
Guarantee margin		22,537	15,337
Other receivables – considered good	14.1	111,615	111,794
		134,152	127,131
14.1 This includes receivables from Ignite (National Technology Fund) amounting to Rs. 61.84 million (2025: Rs. 59.16 million) for the National Incubation Centre – Lahore (NIC) project, and Rs. 13.85 million (2025: Rs. 34.85 million) receivable from Ignite for the National Incubation Centre for Aerospace Technologies (NICAT) project, relating to their respective agreements for collaborative projects and services under incubation and innovation initiatives.			
15. Due from Related Parties			
Considered good – unsecured			
Parent	15.1		
NetSol Technologies Inc.		7,250	-
Associates	15.1		
NetSol Technologies Americas Inc.		-	54,595
NetSol Technologies Europe		111,725	-
NetSol Connect (Private) Limited		12,321	17,455
NetSol Technologies (Beijing) Co., Ltd.		110,658	115,741
NetSol Technologies Australia Pty. Limited		37,438	-
		279,392	187,791
15.1 These relate to normal course of business of the Group and are interest free. 15.2 Maximum aggregate amount outstanding from related parties at any month-end during the year was Rs. 344.83 million (2025: Rs. 784.64 million). 15.3 The balances with related parties are maintained on a running account basis; therefore, age analysis of amounts due from related parties is not practically possible.			
16. Prepaid Tax Asset			
Opening balance		19,668	35,730
Add: Tax deducted at source		121,640	150,546
Less: Levy / final tax charged during the year		(141,308)	(166,608)
Closing balance		-	19,668
17. Short Term Investment			
Term Deposit Receipt	17.1	400,000	200,000
17.1 These carry markup ranging from 7% to 11.30% per annum (2025: 7% to 12%) and have a maturity of one month from the date of initial recognition with auto rollover. A lien is marked in favour of Lahore High Court on a term deposit receipt maintained with Askari Bank Limited amounting to Rs. 200 million (2025: 200 million).			

Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026

18. Cash and Bank Balances		NOTE	2026 Rupees in Thousands	2025
Cash in hand			4,639	3,510
Bank balances:				
In local currency:				
- Saving accounts	18.1		3,105,502	3,055,674
- Current accounts	18.2		141,093	246,449
			3,246,595	3,302,123
In foreign currency:				
- Current accounts	18.2		2,443,609	462,264
			5,694,843	3,767,897

18.1 Balances in saving accounts include Rs. 2,360.09 million (2025: Rs. 2,086.18 million) maintained in Shariah compliant banks.

18.2 Balances in current accounts include Rs. 406 million (2025: Rs. 86.22 million) maintained in Shariah compliant banks.

18.3 Balances in savings accounts carry mark up at 2.19% to 11.11% per annum (2025: 2.78% to 19.28% per annum).

18.4 The above figures reconcile to the amount of cash and cash equivalents shown in the statement of cash flow.

19. Issued, Subscribed and Paid up Capital

		2026	2025		
No. of shares in Thousands				Rupees in Thousands	
42,686	42,686	Ordinary shares of Rs. 10 each fully paid in cash	426,862	426,862	
47,151	47,151	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares	471,507	471,507	
89,837	89,837		898,369	898,369	

19.1 Number of shares outstanding as at the reporting date:		NOTE	No. of Shares in Thousands	
Opening balance			85,147	89,837
Treasury shares of Rs. 10 each purchased at market value	19.6		-	(4,690)
Re-issuance of treasury shares against stock options to employees			1,544	-
Closing balance			86,691	85,147

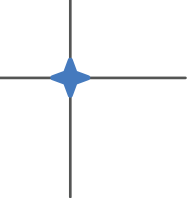
19.2 All ordinary shares rank equally with regard to residual assets of the Group. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Group. Voting and other rights are in proportion to the shareholding.

19.3 NetSol Technologies Inc. 16000 Ventura Boulevard STE 770 ENCINO CA 91436, USA is the parent company, holding 68.52% (2025: 69.76%) of issued capital of the Company. The percentage has been calculated after taking into account the impact of treasury shares.

19.4 The Group is not subject to any externally imposed capital requirements.

19.5 There are 3 million outstanding options to subscribe for ordinary shares of the Group granted under the employee share option scheme. During the year, 1.54 million shares (2025: Nil) were issued against options exercised.

19.6 The share capital includes 3.15 million ordinary shares (2025: 4.69 million) held as treasury shares by the Group. These treasury shares are held in CDC blocked account in frozen form. These are not entitled to any voting right, cash dividend or any other distribution made by the Group.



	NOTE	2026	2025
		Rupees in Thousands	
20. Reserves			
Capital reserve			
Share premium	20.1	304,614	304,167
Employee share option compensation reserve	20.2	246,914	269,795
Foreign currency translation reserve		(13,668)	9,181
Treasury share reserve	20.3	(462,109)	(604,727)
		75,751	(21,584)
Revenue reserve			
Unappropriated profit		12,296,051	9,944,402
		12,371,802	9,922,818

20.1 This reserve can be utilized by the Group only for the purposes specified in Section 81(2) of the Companies Act, 2017.

20.2 Movement in employee stock option scheme

Opening balance	269,795	265,445
Compensation expense (reversed) / booked during the year	(22,881)	4,350
Closing balance	246,914	269,795

Description of scheme

As per the approved employee stock option scheme, the Board and the compensation committee granted three million stock options to employees on December 27, 2021 at a grant price of Rs. 77.84 per option. No amount is paid or payable by any employee on receipt of the option. No option carries the right to vote or dividend. According to the scheme, 50% of the options will become exercisable after completion of 12 months from date of grant, another 30% of the granted option after completion of 24 months from the grant date and the remaining 20% of the granted option will become exercisable after completion of 36 months from the date of grant. The options are exercisable within a period of 10 years with un-exercised options to lapse on December 27, 2031.

Measurement of fair value

The Group uses "Black Scholes Pricing Model" to determine the fair value of options at the grant date. Fair value at grant date of the equity settled share based arrangement was calculated using the following assumptions.

	2026	2025
Total number of options granted	3,000,000	3,000,000
Per option fair value at the grant date	Rs. 14.82	Rs. 14.82
Average 30 days per share price preceding the date of grant	Rs. 96.79	Rs. 96.79
Exercise price per option	Rs. 77.84	Rs. 77.84
Annual rate of quarterly dividends	13.50%	13.50%
Discount Rate – bond equivalent yield	11.80%	11.80%
Annual volatility	55.08%	55.08%

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Movement in employee share options during the year:

	2026		2025	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning of the year	3,000	-	3,000	-
Options granted during the year	-	-	-	-
Options exercised during the year	(1,544)	Rs. 77.84	-	-
Options outstanding at the end of the year	1,456	Rs. 77.84	3,000	-

Out of the total 3 million options granted, the directors and executives are entitled to 1.625 million (2025: 1.625 million) and 1.335 million (2025: 1.335 million) options respectively.

During the year, the Group approved a new Employee Stock Option Scheme (ESOS) under which eligible employees of the Group may be granted options to subscribe for up to 5 million ordinary shares. The options will vest in two equal tranches over two years from the date of grant, with the grant price determined at a 50% discount to the closing market price of the Group's shares on the Pakistan Stock Exchange on the trading day immediately preceding the date of grant, subject to applicable laws and the terms of the Scheme. No options were granted under the Scheme during the year.

20.3 This represents the cost of the treasury shares held by the Group. As at 30 June 2026, the Group held 3.15 million treasury shares (2025: 4.69 million). Movement during the year is as follows:

	NOTE	2026	2025
		Rupees in Thousands	
Opening balance		(604,727)	(184,739)
Treasury shares purchased at market value during the year		-	(419,988)
Re-issuance of treasury shares against stock options to employees		142,618	-
Closing balance		(462,109)	(604,727)
21. Long Term Financing			
Loan obligation	21.1	98,473	21,771
Less: Current portion of long term financing		(40,611)	(8,428)
		57,862	13,343

21.1 This represents diminishing musharaka facilities obtained from time to time, from First Habib Modaraba, for purchase of various vehicles. The facility is repayable in 36 equal monthly installments and carries mark up at rates ranging between 11.44% to 12.44% (2025: 12.27% to 21.49%) per annum. These facilities are secured through lien marking in favor of financial institution.

22. Lease Liabilities – Secured			
Opening balance		-	972
Add: Additions during the year		38,567	-
Add: Interest expense		343	45
Less: Payments made		(19,848)	(1,017)
Gross liability		19,062	-
Less: Derecognition on lease termination		(19,062)	-
Less: Current portion		-	-
Closing balance		-	-

22.1 The summary of amounts relating to leases charged in different line items of the financial statements is as follows:

	Included in			
Carrying amount of right of use assets	Statement of financial position	6.2	-	-
Depreciation charge	Statement of profit or loss	32	8,584	607
Loss on lease termination	Other operating expenses	33	5,834	-
Interest expense	Finance cost	34	343	45
			14,761	652

22.2 Nature of leasing activities

The Group's leasing activities comprise of rental properties taken on rent for administrative purposes and vehicles provided to employees.

	NOTE	2026 Rupees in Thousands	2025
23. Long Term Advances			
Unsecured			
Long term advances - against Vehicles	23.1	18,165	5,415
23.1	This represents advances received from executives amounting to Rs. 18.12 million (2025: Rs. 5.42 million) against the purchase of motor vehicles. These advances will be adjusted against the future sale of the respective vehicles.		
23.2	These are carried at cost as the effect of carrying these balances at amortized cost would not be material in the overall context of these financial statements.		

24. Trade and Other Payables

Creditors - unsecured	24.1	150,393	19,606
Accrued liabilities		659,214	676,338
Interest accrued - secured		24,457	26,278
Due to related parties - unsecured	24.2	-	186,696
Withholding tax payable		80,514	76,740
Sales tax payable		27,458	15,241
Provident fund payable		66,267	58,292
Other payables	24.3	111,221	114,601
		1,119,524	1,173,792

24.1 Creditors include Rs. 1.62 million (2025: Rs. 1.08 million) payable to a related party HospitAll (Private) Limited against provision of medical services.

24.2 This represents due to related parties in the normal course of business.

Parent

NetSol Technologies Inc. - 165,056

Associates

NetSol Technologies Australia Pty. Limited - 21,169

NetSol Technologies (Thailand) Limited - 471

24.3 It includes Rs. 95.81 million (2025: Rs. 107.76 million) and Rs. 7.65 million (2025: Rs. 6.26 million) payable on behalf of the National Incubation Centre - Lahore (NIC) and the National Incubation Centre for Aerospace Technologies (NICAT), respectively, as per the terms of their respective agreements.

Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026

	NOTE	2026 Rupees in Thousands	2025
25. Contract Liabilities			
Opening balance		153,329	1,446,955
Add: Invoices raised		7,401,871	3,152,888
Less: Revenue recognized		(5,760,334)	(4,446,514)
Closing balance	25.1	1,794,866	153,329
26. Short Term Borrowings			
Askari Bank Limited – ERF – II	26.1	500,000	500,000
Samba Bank Limited – ERF – II	26.2	380,000	380,000
Habib Metropolitan Bank Limited – Istisna / Al Bai – Islamic Banking	26.3	1,300,000	1,300,000
		2,180,000	2,180,000

26.1 Export refinance (ERF)/FAPC I & II, running finance and Letter of guarantee facilities available from Askari Bank Limited under mark-up arrangements amount to Rs. 675 million (2025: Rs. 675 million) towards the pre & post shipment and working capital requirements. Mark up on ERF facility is 4.5% (2025: SBP rate + 1%) and markup on running finance facility is charged at 3 months KIBOR + 2% (2025: 3 months KIBOR + 2%) per annum. These are secured by first joint pari passu charge on present and future assets, mortgage on property of the Group and personal guarantees of directors. The unutilized portion in respect of these facilities amounts to Rs. 85.25 million (2025: Rs. 104.05 million). Corporate credit cards facility amounting to Rs. 10 million as a sublimit of running finance (2025: Rs. 10 million) is also available for the Group.

An additional Guarantee limit of PKR 200 million has been sanctioned for issuance of an open ended guarantee favoring the Honourable Lahore High Court secured against 100% deposit under lien bearing interest.

26.2 ERF part I & II / LAPC from own source facility available from Samba Bank Limited under mark-up arrangements amount to Rs. 380 million (2025: Rs. 380 million) towards the working capital needs. Mark up is charged at SBP rate + 1% (2025: SBP rate + 1%) per annum. These facilities are secured by first joint pari passu charge on present and future assets, mortgage on property of the Group and personal guarantees of directors. The unutilized portion in respect of these facilities amounts to Rs. Nil (2025: Rs. Nil).

26.3 IERF – I & II, Working Capital Musharakah and Letter of guarantee facilities are available from Habib Metropolitan Bank Limited under mark-up arrangements amount to Rs. 1,500 million (2025: Rs. 1,500 million) towards the working capital requirements. Mark up is charged at 4.5% (2025: SBP rate + 1%) per annum. These facilities are secured by first joint pari passu charge on present and future assets, mortgage on property of the Group and personal guarantees of directors. The unutilized portion in respect of above facilities amounts to Rs. 146.40 million (2025: Rs. 396.512 million).

26.4 Finance Against Packing Credit facility – Own source/FAPC I & II (pre/post) SBP is available from Bank Al Habib Limited under mark-up arrangement amounts to Rs. 400 million (2025: Rs. 400 million) towards the working capital requirements. Mark up is charged at 3 months KIBOR + 1% against FAPC – own source (2025: 3 months KIBOR + 1%) per annum whereas applicable mark up rate for FAPC I & II (pre/post) SBP is charged at SBP rate + 1% (2025: SBP rate + 1%). These are secured by first joint pari passu charge on present and future assets, mortgage of property of the Group and personal guarantees of directors.

An independent lease finance facility is also available amounting to Rs. 200 million. Mark up is charged at 6 months KIBOR+ 0.5% (2025: NIL) per annum. These facilities have yet not been utilized as at the reporting date.

26.5 Export Refinance Facility Part II (ERF-II) is available from Bank of Punjab amounting Rs. 200 million (2025 : Nil), availed Rs. Nil. Mark up on ERF facility is charged at 4.5% and markup on running finance facility is charged at 3 months KIBOR + 1% per annum. These are secured by first joint pari passu charge on present and future assets, mortgage on property of the Group. The due balance is payable bi-annually.

27. Provision for taxation

	2026	2025
	Rupees in Thousands	
Opening balance	-	-
Charge for the year	110,962	-
Adjustment against advance tax	(80,126)	-
	30,836	-

28. Contingencies and Commitments

28.1 Contingencies

- 28.1.1** Mr. Ahsan Zubair, a former employee of the Group, had filed a case in January 26, 2013 for the recovery of damages for malicious prosecution before the Honourable Civil Court in Lahore in which he had sought damages amounting to Rs. 500 million. The case was filed five years after a complaint was lodged by the Group with the Federal Investigation Agency regarding the unauthorised use of its intellectual property by a company formed by Mr. Ahsan Zubair and his partner, who was also a former employee of the Group.

The learned Civil Court passed an order partially allowing damages to the tune of Rs. 200 million. The Group, being aggrieved by the decision, filed an appeal with the Honourable Lahore High Court. The Honourable Court on October 3, 2024, suspended the decree and judgment passed against the Group upon submission of a surety equal to the decretal amount, which was duly provided by the Group in the form of a bank guarantee. The case is still pending adjudication in the Honourable Lahore High Court.

In light of the facts and circumstances of the case, particularly the fact that the case was time barred which was ignored by the Honourable Civil Court and based on the opinion of the Group's legal consultant, the case is expected to be decided in favor of the Group. Therefore, no provision has been incorporated in these financial statements.

- 28.1.2** During the year, the tax authorities disallowed the Group's current year business loss against income subject to super tax under Section 4C of the Income Tax Ordinance, 2001, resulting in a tax demand of Rs. 4.43 million for Tax Year 2025. The Group contested the demand before the Commissioner Inland Revenue (Appeals), which was decided against the Group. The Group has subsequently filed an appeal before the Appellate Tribunal Inland Revenue, Lahore Bench, which is currently pending adjudication.

- 28.1.3** The Securities and Exchange Commission of Pakistan (the "Commission") issued an order in relation to trade debts due from associated undertakings that remained outstanding beyond the agreed credit period. In its order, the Commission took the view that such outstanding balances constitute an investment in associated undertakings requiring the authority of a special resolution under Section 199(1) of the Companies Act, 2017 and imposed a penalty on the Group.

Being aggrieved by the said order, the Group preferred an appeal before the Appellate Bench of the Commission under Section 33 of the Securities and Exchange Commission of Pakistan Act, 1997. The appeal is pending adjudication as at the reporting date.

Management considers the outstanding balances to represent normal trade credit arising in the ordinary course of business on an arm's length basis and not loans or advances to associated undertakings. Accordingly, no markup or other return on such balances has been recognised. Based on the advice of its legal counsel, management is confident of a favourable outcome of the appeal. As the financial effect of the matter cannot be determined with reasonable certainty at this stage, no provision has been recognised in these financial statements.

28.2 Commitments

- (i) Bank guarantees have been issued amounting to Rs. 343.35 million (2025: Rs. 264.44 million) against performance of various contracts, to Honourable Lahore High Court, LESCO and Standard Chartered Bank Pakistan (Limited) against its corporate credit cards.
- (ii) The Group has a capital commitment of Rs. 243.24 million as at June 30, 2026 (2025: Rs. 73.90 million).

Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026

	NOTE	2026 Rupees in Thousands	2025
29. Revenue from Contracts with Customers – Net			
Disaggregated Revenue Information			
Set out below is the disaggregation of the Group's revenue from contracts with customers:			
<u>Export Revenue</u>			
- License		1,272,546	137,193
- Services		4,926,274	4,476,241
- Subscription and Support		5,893,928	5,240,347
		12,092,748	9,853,781
<u>Local Revenue</u>			
- Services		441,216	34,942
- Subscription and Support		-	21,946
Less: Sales tax		(24,425)	(5,250)
		416,791	51,638
		12,509,539	9,905,419
29.1 Amount of revenue recognized from opening balance of contract liabilities:			
Opening balance of contract liabilities	25	153,329	1,446,955
Revenue recognized		141,730	1,434,753
29.2 The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at June 30, are as follows:			
- Within one year		1,405,087	3,490,665
- More than one year		-	1,029,081
		1,405,087	4,519,746
29.3 Timing of revenue recognition:			
- At a point in time		1,272,546	137,193
- Over the time		11,236,993	9,768,226
		12,509,539	9,905,419
30 Cost of Revenue			
Salaries and benefits	30.1	4,379,621	3,997,840
Software licenses		786,752	476,848
Staff training		2,104	2,534
Rent, rates and taxes	30.2	847	537
Travelling and conveyance		494,769	326,087
Communication		59,834	70,817
Utilities		54,067	69,719
Printing and stationery		1,765	1,763
Entertainment		80,615	84,505
Insurance		2,244	1,498
Vehicle running and maintenance		244,315	221,736
Repairs and maintenance		53,362	58,964
Fees and subscription		160	515
Depreciation	6.1.1	188,222	237,485
Depreciation of right of use assets	6.2.2	-	456
		6,348,677	5,551,304

30.1 Salaries and benefits include Rs. 176.19 million (2025 : Rs. 169.28 million) in respect of retirement benefits.

30.2 This represents amount paid in respect of short term leases.

	NOTE	2026 Rupees in Thousands	2025
31. Selling and Promotional Expenses			
Salaries and benefits	31.1	763,993	605,647
Staff training		-	817
Rent, rates and taxes	31.2	4,586	5,589
Travelling and conveyance		150,469	149,837
Fee and Subscription		9,420	8,309
Communication		4,753	5,889
Utilities		2,926	4,223
Printing and stationery		305	332
Entertainment		8,936	8,696
Insurance		2,264	2,038
Vehicle running expenses		21,730	18,845
Repairs and maintenance		4,692	5,195
Commission on sales		328,238	276,124
Sale promotional expenses		43,434	39,190
Depreciation	6.1.1	12,784	16,513
Depreciation of right of use assets	6.2.2	-	30
		1,358,530	1,147,274

31.1 Salaries and benefits include Rs. 29.79 million (2025 : Rs. 22.50 million) in respect of retirement benefits.

31.2 This represents amount paid in respect of short term leases.

32. Administrative Expenses			
Salaries and benefits	32.1	1,348,493	935,362
Staff training		335	994
Rent, rates and taxes	32.2	34,046	32,650
Travelling and conveyance		68,753	48,849
Communication and postage		29,410	34,262
Printing and stationery		4,852	5,627
Utilities		44,014	49,003
Entertainment		67,022	57,292
Insurance		33,998	25,698
Advertisement		1,981	3,080
Vehicle running expenses		74,223	66,877
Repairs and maintenance		31,360	19,856
Legal and professional charges		60,271	25,663
Auditor's remuneration	32.3	11,907	10,665
Office supplies		11,096	9,269
Charity and donation	32.4	48,149	34,969
Fees and subscription		42,617	36,647
Depreciation	6.1.1	53,442	62,710
Depreciation of right of use assets	6.2.2	8,584	121
		1,974,553	1,459,594

Notes to and forming part of the Consolidated Financial Statements

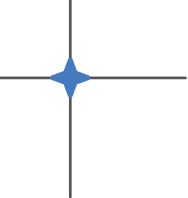
For the Year Ended June 30, 2026

32.1 Salaries and benefits include Rs. 52.78 million (2025: Rs. 41.39 million) in respect of retirement benefits and Rs. Nil (2025: Rs. 4.35 million) in respect of share-based payment transactions.

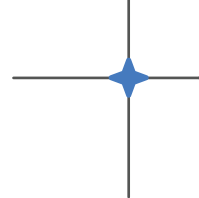
32.2 Rent, rates and taxes include expense in respect of short term leases amounting to Rs 29.21 million (2025: Rs. 22.93 million).

	NOTE	2026 Rupees in Thousands	2025
32.3 Auditors' remuneration:			
- Statutory audit fee		9,006	7,844
- Half yearly review fee		2,100	2,000
- Other certifications		100	100
- Out of pocket expenses		701	721
		11,907	10,665
32.4 The details of donation to a single party exceeding 10% of the Group's total amount of donation are as follows:			
Developments in Literacy Foundation		13,628	12,668
Million Smiles Foundation		11,198	7,810
		24,826	20,478
None of the directors has any interest in the donees.			
33. Other Operating Expenses			
Loss on foreign currency translation		52,566	-
Research and development cost		219,809	344,839
Provision for expected credit losses		78,170	329,623
Loss on lease termination		5,834	-
		356,379	674,462
34. Finance Cost			
Lease finance charges		343	45
Mark up on loans	34.1	157,746	223,242
Bank charges		6,519	5,134
		164,608	228,421

34.1 Mark up on loans include Rs. 96.95 million (2025: Rs. 118.95 million) paid on Islamic mode of financing.



	NOTE	2026 Rupees in Thousands	2025
35. Other Income			
<i>Income from financial assets</i>			
Profit on bank deposits and short term investments	35.1	267,288	491,472
<i>Income from non-financial assets</i>			
Gain on foreign currency translation		-	316,124
Gain on disposal of assets		24,403	12,542
Rental income		900	900
Effect of discounting of long term contract assets		22,976	6,780
Miscellaneous income		-	115
		48,279	336,461
		315,567	827,933
35.1 Income is earned under both conventional mark-up arrangement and Shariah compliant arrangement. It includes Rs. 222.40 million profit earned on Shariah compliant bank deposits & investments (2025: Rs. 434.91 million).			
36. Final Tax / Levies			
Final taxes / levies	36.1	124,560	166,179
International tax effect		30,299	121,128
Prior year adjustment		115,851	(275)
		270,710	287,032
36.1 This represents portion of final tax paid under section 169 of the Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21/IAS 37.			
36.2 For exporters of IT and IT enabled services, export income is taxable under FTR at 0.25% of the export remittances realized through normal banking channels. However, tax as per applicable rates is charged to the income of the Group generated from sources other than export income.			
36.3 Reconciliation of current tax charged as per tax laws for the year, with current tax recognised in the statement of profit and loss, is as follows:			
Current tax expense for the year as per applicable tax laws		154,859	287,307
Portion of current tax expense as per tax laws, representing income tax under IAS 12		-	-
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/ IAS 37		(124,560)	(166,179)
International tax effect		(30,299)	(121,128)
Difference		-	-
36.4 The aggregate of final tax and income tax, amounting to Rs. 154.86 million (2025: 287.31 million) represents tax expense of the Group calculated under the relevant provisions of the Income Tax Ordinance, 2001.			
36.5 Deferred income tax asset has not been recognized in these financial statements as the Group's management believes that sufficient taxable profits will probably not be available in the foreseeable future therefore, the deductible temporary differences may not be realized in the future. A significant portion of the Group's income comprises export revenue, which is subject to the Final Tax Regime (FTR) under the Income Tax Ordinance, 2001 and is not available for set-off against carried forward losses or deductible temporary differences.			



	2026	2025
	Rupees in Thousands	
37. Earnings Per Share – Basic and Diluted		
Profit attributable to ordinary shareholders	2,351,649	1,385,265
Weighted average number of ordinary shares (Basic)		
Issued ordinary shares at beginning of the year	85,147	89,837
Add / (Less): weighted average number of treasury shares held by the Group	1,156	(3,113)
Weighted average number of ordinary shares as at June 30,	86,303	86,724
Earnings per share – basic	27.25	15.97
Weighted average number of ordinary shares (Diluted)		
Weighted average number of ordinary shares (Basic)	86,303	86,724
Effect of exercise of share options	756	1,307
Weighted average number of ordinary shares (diluted)	87,059	88,031
Earnings per share – diluted	27.01	15.74

38. Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in the accounts for the remuneration, including all benefits, to the Chief Executive, Directors and Executives including key management personnel of the Group were as follows:

	Chief Executive		Directors		Executives		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
	Rupees in Thousands							
Managerial remuneration	31,600	27,200	31,333	24,000	2,657,655	2,040,509	2,720,588	2,091,709
Retirement benefits	2,528	2,176	2,507	1,920	329,248	163,168	334,283	167,264
Rent and house maintenance	12,640	10,880	12,533	9,600	1,117,300	812,370	1,142,473	832,850
Utilities	3,160	2,720	3,133	2,400	265,765	203,092	272,058	208,212
Medical expenses	4,242	5,488	282	498	105,740	79,787	110,264	85,773
Other allowances	-	-	-	-	444,398	346,699	444,398	346,699
Commission / bonus	-	-	-	-	89,301	60,580	89,301	60,580
Employee share option expense	-	1,522	-	834	-	1,967	-	4,323
	54,170	49,986	49,788	39,252	5,009,407	3,708,172	5,113,365	3,797,410
Number of persons	1	1	1	1	829	712	831	714

38.1 An Executive is defined as an employee, other than the Chief Executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

38.2 The Group has provided the Chief Executive, one Director and certain Executives with the Group maintained vehicles.

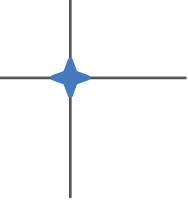
38.3 1.54 million share options were exercised by the Chief Executive and other executives during the year (2025: Nil).

38.4 Nothing is paid to any non-executive director (including independent directors) in form of remuneration or other benefits except a fee approved by the Board for attending the Board and other committee meetings. During the year, an amount of Rs. 8.6 million (2025: Rs. 8.4 million) was paid.

39. Transactions with Related Parties

Related parties comprise the parent company, associated companies, staff retirement funds, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. The Group enters into transactions with related parties on the basis of mutually agreed terms. Outstanding balances at the reporting date are unsecured. There have been no guarantees provided or received for any related party receivables or payables.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows.



		2026	2025
Relationship with the Group	Nature of Transactions	Rupees in Thousands	
Parent	Commission	210,329	-
Associated undertaking	Rental income	900	900
	Expenses on behalf of related parties	292,027	219,711
	Expenses incurred by related parties	641,721	553,380
	Provision of services	4,228,048	4,173,534
	Purchase of services	184,193	47,560
Executives / key management personnel	Long term advance received	12,700	5,415
Post employment benefit	Contribution to defined contribution plan	257,010	204,021

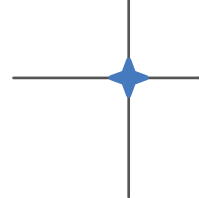
39.1 Following are the related parties with whom the Group had entered into transactions or have arrangement / agreement in place:

S.No.	Company Name	Country of Incorporation	Relationship	Percentage of Shareholding
1	NetSol Technologies Inc.	USA	Holding Company	68.52%
2	NetSol Technologies (Thailand) Limited	Thailand	Associate	Nil
3	NetSol Technologies (Beijing) Co., Ltd	China	Associate	Nil
4	NetSol Technologies Australia Pty. Limited	Australia	Associate	Nil
5	NetSol Technologies Americas Inc.	USA	Associate	Nil
6	NetSol Technologies Europe Limited	UK	Associate	Nil
7	Ascent Europe Limited	UK	Associate	Nil
8	Tianjin NuoJinZhiCheng Co., Ltd	China	Associate	Nil

39.2 Details of related parties with whom the Group had entered into transaction or had agreements other than already disclosed in note 39.1 above are as follows:

S. No.	Company Name	Relationship	Common Directorship	Percentage of Shareholding
1	NetSol Connect (Private) Limited	Associate	Yes	Nil
2	HospitAll (Private) Ltd.	Associate	No	Nil

S. No.	Other Related Parties	Basis of Relationship	Percentage of Shareholding
1	Salim Ullah Ghauri	Director	1.52%
2	Naeem Ullah Ghauri	Director	0.00%
3	Huma Fakhar	Director	0.00%
4	Vaseem Anvar	Director	0.00%
5	Hamna Ghauri	Director	0.00%
6	Omer Shahab Ghauri	Director	0.44%
7	Noman Hussain	Director	0.00%
8	Boo Ali	Key Management Personnel	0.00%
9	Sehrish Ishtiaq	Key Management Personnel	Nil
10	Muhammad Abdul Wahab Hafeez	Key Management Personnel	Nil
11	Khurram Shah Nawaz Rana	Key Management Personnel	Nil
12	Asad Ullah Ghauri	Key Management Personnel	1.25%
13	Mohsin Hanif	Key Management Personnel	Nil
14	Asif Zafar	Key Management Personnel	Nil
15	Naheed Kausar	Key Management Personnel	0.01%
16	Kamran Khalid	Key Management Personnel	0.02%
17	Syed Umer Qadri	Key Management Personnel	Nil



40. Capital Risk Management

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

In line with the norms, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt. As at the reporting date, the gearing ratio of the Group was worked out as under:

	2026	2025
	Rupees in Thousands	
Borrowings	2,278,473	2,201,771
Cash and bank balances	(5,694,843)	(3,767,897)
Net debt	-	-
Equity	13,270,171	10,825,055
Total capital employed	13,270,171	10,825,055
Gearing ratio	Not Geared	Not Geared

41. Financial Risk Management

41.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management process. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Market risk

(i) Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Group is exposed to foreign currency risk on trade debts, payables and revenues which are entered in a currency other than Pak Rupees. Majority of the revenue of the Group is in currencies other than Pak Rupees. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. As at the reporting date, the Group's exposure to currency risk was as follows:

Trade debts	6,942,144	5,869,134
Cash and bank balances	2,445,629	463,923
Due from related parties	267,071	170,336
Due to related parties	-	(186,696)
Net exposure	9,654,844	6,316,697

The following analysis demonstrates the impact of a 5% strengthening / weakening of the Pak Rupee against US\$, RMB¥, Euro and other currencies including UK£, AU\$, HKD & THB on June 30, on equity and statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2025.

2026				
USD	RMB	EURO	Others	Total

Rupees in Thousands

Impact on statement of profit or loss (net of tax)

As at June 30,

Strengthening	(126,427)	(138,873)	(6,394)	(90,037)	(361,731)
Weakening	126,427	138,873	6,394	90,037	361,731

Impact on equity

As at June 30,

Strengthening	(178,066)	(195,596)	(9,006)	(126,814)	(509,482)
Weakening	178,066	195,596	9,006	126,814	509,482

2025				
USD	RMB	EURO	Others	Total

Impact on statement of profit or loss (net of tax)

As at June 30,

Strengthening	(50,895)	(117,375)	(13,588)	(52,909)	(234,767)
Weakening	50,895	117,375	13,588	52,909	234,767

Impact on equity

As at June 30,

Strengthening	(71,683)	(165,316)	(19,138)	(74,519)	(330,656)
Weakening	71,683	165,316	19,138	74,519	330,656

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from bank borrowings, lease liabilities, term deposits, deposits in profit and loss/saving accounts with banks and investments in mutual funds. The Group mitigates its interest rate risk by investing available cash in mutual funds and bank deposits where applicable, generating more return compared to the finance cost.

The interest rate profile of the Group's interest-bearing financial instruments as at the reporting date is as follows:

		2026	2025
		Rupees in Thousands	
Floating rate instruments			
Financial assets			
Bank balances	18	3,105,502	3,055,674
Short term investment	17	400,000	200,000
		3,505,502	3,255,674
Financial liabilities			
Lease liabilities	22	-	-
Long term financing	21	98,473	21,771
Short term borrowings	26	2,180,000	2,180,000
		2,278,473	2,201,771

The Group has no instruments subject to fixed interest rate.

Cash flow sensitivity analysis for variable rate instruments

As at June 30, 2026, if floating interest rates had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 0.24 million (2025: Rs. 25.36 million), mainly as a result of interest exposure on variable rate borrowings.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to significant other price risk.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk of the Group arises from trade debts, loans and advances, trade deposits, other receivables and deposits with banks. To reduce exposure to credit risk, the Group has developed a formal approval process. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors and makes provision against those balances (if required). The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at June 30, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

	NOTE	2026 Rupees in Thousands	2025
Trade debts	10	7,166,061	6,197,015
Contract assets	8 & 11	2,904,673	2,982,622
Loans and advances	9 & 12	134,631	25,316
Deposits and short term prepayments	13	8,207	7,090
Other receivables	14	134,152	127,131
Due from related parties	15	279,392	187,791
Short term investment	17	400,000	200,000
Bank balances	18	5,690,204	3,764,387
		16,717,320	13,491,352
Aging of trade debts at June 30 is as follows:			
Not past due		2,119,888	1,888,861
Past due 1 - 180 days		1,108,883	1,490,789
Past due 181 days - 365 days		1,704,078	1,995,114
More than 365 days		2,233,212	822,251
		7,166,061	6,197,015

The Group does not have significant exposure to any individual customer. At June 30, the Group had approximately 25 (2025: 33) customers owing Rs. 7.17 billion (2025: Rs. 6.19 billion). The Group has made allowances, where necessary, for potential losses on credits extended.

For trade receivables and contract assets, the Group uses a simplified approach to calculate expected credit losses (ECLs). A provision matrix has been established based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. This matrix is based on the segments that exhibit similar patterns, such as geography and customer type.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it may not receive the amount due from the particular customer. The provision is written off by the Group when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to profit or loss.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating	2026	2025
	Short Term	Long Term	Agency		
Rupees in Thousands					
Askari Bank Limited	A1+	AA+	PACRA	470,123	754,617
Samba Bank Limited	A1	AA	PACRA	354,787	666,368
Meezan Bank Limited	A1+	AAA	VIS	3,693	305,099
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	1,031	-
Al Baraka Bank Limited	A1	AA-	VIS	10	305,306
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,252,483	836,942
Emirates NBD	A+	F1	Fitch	1,500,017	43,587
Bank Alfalah Limited	A1+	AAA	PACRA	508,870	724,994
Bank Al Habib Limited	A1+	AAA	PACRA	230,360	9
Habib Bank Limited	A1+	AAA	VIS	368,810	127,465
The Bank of Punjab	A1+	AAA	PACRA	20	-
				5,690,204	3,764,387

(c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The Group follows an effective cash management and planning process to ensure availability of funds and to take appropriate actions for new requirements. The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Description	2026					
	Carrying amount	Contractual cash flows	With in 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees in Thousands					
Contractual maturities of financial liabilities as at June 30, 2026:						
Trade and other payables	949,726	949,726	949,726	-	-	-
Short term borrowings	2,180,000	2,278,100	2,278,100	-	-	-
Long term financing	98,473	113,418	50,540	49,887	12,991	-
	3,228,199	3,341,244	3,278,366	49,887	12,991	-

Description	2025					
	Carrying amount	Contractual cash flows	With in 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees in Thousands					
Contractual maturities of financial liabilities as at June 30, 2025:						
Trade and other payables	1,028,057	1,028,057	1,028,057	-	-	-
Short term borrowings	2,180,000	2,354,400	2,354,400	-	-	-
Long term financing	21,771	25,606	10,565	15,041	-	-
	3,229,828	3,408,063	3,393,022	15,041	-	-

Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at June 30. Rates of interest / mark - up and their maturities are given in the respective notes.

(a) Fair value of financial instruments

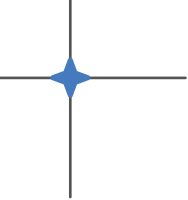
Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

Fair value is determined on the basis of objective evidence at each reporting date. The management assessed that the fair values of financial assets and financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

	NOTE	2026	2025
		Rupees in Thousands	
41.2 Financial instruments by categories			
Financial assets at amortized cost			
Trade debts	10	6,942,144	5,869,134
Contract assets	8 & 11	2,749,547	2,685,115
Loans and advances	9 & 12	134,631	25,316
Deposits and short term prepayments	13	8,207	7,090
Other receivables	14	134,152	127,131
Due from related parties	15	279,392	187,791
Short term investment	17	400,000	200,000
Bank balances	18	5,690,204	3,764,387
		16,338,277	12,865,964
Financial liabilities at amortized cost			
Long term financing	21	98,473	21,771
Lease liabilities	22	-	-
Trade and other payables	24	949,726	1,028,057
Short term borrowings	26	2,180,000	2,180,000
		3,228,199	3,229,828

42. Changes in Liabilities Arising from Financing Activities

	As at June 30, 2025	Non-cash changes	Cash flows (Net)	As at June 30, 2026
	Rupees in Thousands			
Long term financing - net	21,771	10,095	66,607	98,473
Short term borrowings - including interest accrued	2,206,278	147,651	(149,472)	2,204,457
Lease liabilities	-	-	-	-
Long term advances	5,415	-	12,750	18,165
	2,233,464	157,746	(70,115)	2,321,095



As at June 30, 2024	Non-cash changes	Cash flows (Net)	As at June 30, 2025
------------------------	---------------------	---------------------	------------------------

Rupees in Thousands

Long term financing – net	15,820	1,876	4,075	21,771
Short term borrowings – including interest accrued	1,593,597	221,366	391,315	2,206,278
Lease liabilities	972	45	(1,017)	–
Long term advances	1,995	–	3,420	5,415
	1,612,384	223,287	397,793	2,233,464

43. Shariah Screening Disclosures by Group Listed on Islamic Index

	NOTE	2026 Rupees in Thousands	2025
Balance as at the reporting date			
Financing obtained as per Islamic mode	22 & 26	1,398,473	1,321,771
Shariah compliant bank deposits / bank balances	18	2,766,321	2,172,941
Long term and short term Shariah compliant investments	17	200,000	–
Interest / markup accrued on any conventional loan or advance	24	9,873	10,608
Transactions during the year			
Revenue earned from a Shariah compliant business segment	29	12,509,539	9,905,419
Profit earned from Shariah compliant bank deposits / bank balances	35	163,780	45,303
Profit paid on Islamic mode of financing	34	96,945	118,950
Interest earned on any conventional loan or advance		Not Applicable	Not Applicable
Break-up of late payments or liquidated damages		Not Applicable	Not Applicable
Gain or loss or dividend earned on shariah compliant investments or share of profit from shariah compliant associates		58,622	389,608
Exchange gain earned from actual currency		57,340	127,798
Exchange gain earned using conventional derivative financial instruments		Not Applicable	Not Applicable
Source and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non compliant income:			
Shariah Compliant			
i) Gain on sale of operating fixed assets	35	24,403	12,542
ii) Miscellaneous Income	35	–	115
Non-Shariah Compliant			
iii) Effect of discounting of long term contract assets	35	22,976	6,780

43.1 Relationship with Shariah-compliant banks

Name	Relationship
Habib Metropolitan Bank Limited	Funded / Non-funded facility & Bank balance
First Habib Modaraba	Funded facility
Meezan Bank Limited	Bank balance
Dubai Islamic Bank Pakistan Limited	Bank balance
Al Baraka Bank Limited	Bank balance
Bank Alfalah Limited	Bank balance

Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026

44. Provident Fund Related Disclosure

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2026	2025
	Number	
45. Number of Employees		
Number of employees as at June 30,	1,126	1,218
Average number of employees during the year	1,153	1,233

46. Segment Reporting

For Management purposes, the Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different to industries.

The Group measures the performance of its operating segments through a measure of segment's gross profit or loss referred to as segment results. Segment results are determined by deducting directly attributable segment expenses from segment revenues. The accounting policies of the reportable segments are the same as that of the Group's accounting policies. This measure is reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of performance. All other expenses are reported separately to CODM.

Intersegment revenue is recorded at fair market price.

Segment assets and liabilities are not regularly provided to the CODM. The Group has elected as provided under IFRS 8 'Operating Segments' (amended) not to disclose a measure of segment assets or liabilities where these amounts are not regularly provided to the CODM.

With respect to geographical regions, revenue is generally allocated to regions based on the location where the products and services are provided.

Fixed assets used in the business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

Reportable Segments

The CODM has identified the segments which may earn revenues and incur expenses and whose operating results are subject to regular monitoring. Following are identified segments.

(i) Product Based Solutions and Ancillary Services (PBS)

The Group is primarily engaged in the selling of licenses of its state-of-the-art NFS Ascent and NFS Digital, its customization and subscription and support. This segment provides worldwide services but mainly operates in Asia Pacific region.

(ii) Professional Services (PS)

The Group globally offers a technical consultancy, web development, app development, digital marketing & cloud services to organizations in different regions in order to enable them to meet their business objectives.

(iii) Business Process Outsourcing (BPO)

The Group provides IT Related Outsourcing services mainly in the USA and European regions.

Except as indicated above, no operating segments have been aggregated to form the above reportable.

47. Segment Revenues and Results

Following is an analysis of the Group's revenue and results by reportable segment.

	2026			
	PBS	PS	BPO	Total
	Rupees in Thousands			
Revenue – net				
External sales				
– License	1,272,546	-	-	1,272,546
– Services	5,137,686	117,195	78,479	5,333,360
– Subscription and Support	5,903,633	-	-	5,903,633
Total revenue	12,313,865	117,195	78,479	12,509,539
Cost of revenue	(6,178,258)	(108,508)	(61,911)	(6,348,677)
Segment results	6,135,607	8,687	16,568	6,160,862
Unallocated corporate expenses:				
– Selling and promotional expenses				(1,358,530)
– Administrative expenses				(1,974,553)
– Other income				315,567
– Other operating expenses				(356,379)
– Finance cost				(164,608)
– Final tax / levies				(270,710)
Profit after taxation				2,351,649

	2025			
	PBS	PS	BPO	Total
	Rupees in Thousands			
Revenue – net				
External sales				
– License	137,193	-	-	137,193
– Services	4,238,324	188,895	79,145	4,506,364
– Subscription and Support	5,261,862	-	-	5,261,862
Total revenue	9,637,379	188,895	79,145	9,905,419
Cost of revenue	(5,373,491)	(115,166)	(62,647)	(5,551,304)
Segment results	4,263,888	73,729	16,498	4,354,115
Unallocated corporate expenses:				
– Selling and promotional expenses				(1,147,274)
– Administrative expenses				(1,459,594)
– Other income				827,933
– Other operating expenses				(674,462)
– Finance cost				(228,421)
– Final taxes / levies				(287,032)
Profit after taxation				1,385,265

Notes to and forming part of the Consolidated Financial Statements

For the Year Ended June 30, 2026

Segment assets and liabilities are not regularly provided to the CODM. The Group has elected as provided under IFRS 8 'Operating Segments' (amended) not to disclose a measure of segment assets or liabilities where these amounts are not regularly provided to the CODM.

47.1 Revenue by geographic regions

The revenue is generated from clients in following geographical regions:

	Pakistan	Asia Pacific	Australia & USA	UK	Others	Total
	Rupees in Thousands					
2026	422,481	7,145,336	4,090,685	645,915	205,122	12,509,539
2025	109,659	6,753,563	1,686,572	1,127,988	227,637	9,905,419

Asia Pacific includes: China, Thailand, Japan, Taiwan, Singapore, Indonesia and Korea; Australia and USA includes Australia, New Zealand and USA; Others include Middle East and South Africa.

47.2 Revenue from major customers

The revenue from major customer during the year was Rs. 5,057 million (2025: 3,287 million).

47.3 Non current assets

Net book value of non-current assets held in foreign countries is Rs. Nil (2025 : Rs. Nil).

48. Annual Software Development Capacity

The Group is engaged in software development, subscription and support and licensing. Due to complicated nature of the software development process annual development capacity cannot be determined.

49. Authorization of Financial Statements

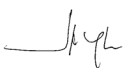
These financial statements were approved and authorized by the Board of Directors of the Group for issuance on September 28, 2026.

50. Subsequent Events

The Board of Directors has proposed a final cash dividend of 15% (Rs. 1.5 per share) for the year ended June 30, 2026, subject to approval by the members at the Annual General Meeting. This proposed dividend has not been recognized in these financial statements and will be accounted for in the period in Which it is approved.

51. General

Corresponding figures are rearranged / reclassified for better presentation and comparison. No material re-arrangement / reclassification has been made in these financial statements.


DIRECTOR


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

NETSOL TECHNOLOGIES LIMITED
STANDARD REQUEST FORM

for dispatch of Annual Audited Financial Through email or post

The Company Secretary
NetSol Technologies Limited
NetSol IT Village (Software Technology Park)
Lahore Ring Road, Ghazi Road Interchange
Lahore Cantt.

I/We _____ hereby give my/our written consent to NetSol Technologies Limited to send me/us the annual audited financial statements along with the notice of Annual General Meeting of the Company electronically and I understand that the electronic transmission shall meet the requirements of the provisions of the Companies Act, 2017:

OPTION 1

a. Through email on below mentioned email address:

E-mail address on which I wish to receive Annual Financial Statements along with the Notice of AGM.	
---	--

OR

OPTION 2

b. Hard copy through post/courier at my below mentioned registered address:

Address on which I wish to receive hard copy of Annual Financial Statements along with the Notice of AGM instead of CD/DVD/USB	
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Shareholder's Detail	
Name of the Shareholder	
Folio No/CDC Participant ID & A/C No.	
CNIC No.	
Passport No. (In case of Foreign Shareholder)	
Landline Telephone No.	
Cell Phone No.	
Email Address	

It is Stated that the above mentioned information is correct and any change therein will be intimated to the Company according to the instructions as mentioned below.

Signature of the shareholder

Instructions

In case of any change in above mentioned information, scanned copy of duly filled-in and signed from may be sent through email to corporate@netsolpk.com or in writing through post/courier either to the Company or to the Company's Share Registrar, M/s Vision Consulting Limited, 5-C, LDA Flats, 2nd Floor, Lawrence Road, Lahore. Phone: 042-36283069-97 Fax:042-36312550, Email: shares@vcl.com.pk

NETSOL TECHNOLOGIES LIMITED

E-Dividend Mandate Letter

To:

Subject: Bank Account details for Payment of Dividend through Electronic Mode

Dear Sir/Madam

I/We/Messrs., _____ being a/the shareholder(s) of NetSol Technologies Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividends declared by it, in my bank account as detailed below:

(i) Shareholder's details:	
Name of the Shareholder	
Folio No/CDC Participant ID & Sub-Account No./CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
Email Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

Your truly

Signature of the shareholder/authorized signatories
(Please affix company stamp in case of corporate entity)

Notes:

1. Please provide complete IBAN, after checking with your concerned Bank branch to enable electronic credit directly into your bank account
2. This letter must be sent to shareholder's participant/CDC Investor Account Services which maintain his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time. In case of physical shares, the form must be sent to the Company's Share Registrar.
3. Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP) your Computerized National Identity Card (CNIC) is mandatorily required to be mentioned on your dividend warrant and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply with this regulatory requirement, you are requested to kindly send a photocopy of your valid CNIC to the registered office of NetSol Technologies Limited or to the 'Share Registrar Department, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, Pakistan'. Kindly ignore if you have already provided your CNIC number to us.

Form of Proxy

I/We _____
(Name)

Of _____
(Place)

being a member(s) of *NETSOL TECHNOLOGIES LIMITED* hereby appoint

(Name and Folio No. / Participant Account No. & Sub-Account No.)

Of _____
(Place)

who is also a member of the Company, as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held at the Registered Office of the Company situated at NetSol IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt., and virtually on Wednesday October 28, 2026 at 11:00 a.m. and at any adjournment thereof.

Signed at _____ this _____ Day of _____ 2026.

Witness 1:

Signature: _____
Name: _____
Address: _____

CNIC or
Passport No. _____

Fifty Rupees
Revenue Stamp

Witness 2 :

Signature: _____
Name: _____
Address: _____

CNIC or
Passport No. _____

Signature of Member(s)
Shareholder's Folio No. _____
and/or Participant I.D. No. _____

Note:

- 1) This form of proxy, in order to be effective, must be deposited duly completed, at the Company's registered Office at NetSol Technologies Limited, NetSol IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. not less than 48 hours before the time of holding the meeting.
- 2) A Proxy must be a member of the Company. Signature should agree with the specimen registered with the Company.

Second Fold

Affix Revenue
Stamp

The Company Secretary

NetSol Technologies Limited

NetSol IT Village (Software Technology Park)
Lahore Ring Road, Ghazi Road Interchange
Lahore Cantt. 54792, Pakistan.

Third Fold and Tuck In

First Fold

پراکسی فارم

میں مسٹی / مسماة

(نام)

ساکن

(جگہ)

بحیثیت **نیٹ سول ٹیکنالوجیز لمیٹڈ** کا ایک ممبر یہاں

میں مسٹی / مسماة

(نام اور فوٹیو نمبر / پارٹنر شپ نمبر / اکاؤنٹ نمبر اور سب اکاؤنٹ نمبر)

ساکن

(جگہ)

جو کہ کمپنی کا ایک ممبر بھی ہے، کو بطور مختار (پراکسی) مقرر کرتا کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام جو مورخہ 28 اکتوبر 2026ء بروز بدھ صبح 11:00 بجے بمقام کمپنی کے رجسٹرڈ آفس واقع نیٹ سول ٹیکنالوجیز لمیٹڈ نیٹ سول آئی ٹی ویلج (سوفٹ ویئر ٹیکنالوجی پارک) لاہور رنگ روڈ، غازی روڈ انٹر چینج لاہور کینٹ اور بذریعہ ویڈیو لنک منعقد یا کسی ملتی شدہ اجلاس میں ووٹ ڈالے۔
دستخط کی جگہ _____ تاریخ _____ دن _____ 2026ء۔

گواہی نمبر

دستخط:

نام:

پتہ:

پچاس روپے کی
رسیدی ٹکٹ

کمپیوٹرائزڈ قومی شناختی کارڈ

یا پاسپورٹ نمبر:

گواہی نمبر ۲

دستخط:

نام:

پتہ:

ممبر کے دستخط:

فوٹیو نمبر:

اور یا پارٹنر شپ نمبر آئی۔ ڈی نمبر:

کمپیوٹرائزڈ قومی شناختی کارڈ

یا پاسپورٹ نمبر:

نوٹ:-

- پراکسی فارم ہر لحاظ سے مکمل اور موثر ہونی چاہئے اور اسے کمپنی کے رجسٹرڈ آفس واقع نیٹ سول ٹیکنالوجیز لمیٹڈ نیٹ سول آئی ٹی ویلج (سوفٹ ویئر ٹیکنالوجی پارک) لاہور رنگ روڈ، غازی روڈ انٹر چینج لاہور کینٹ میں کم از کم اجلاس سے ۴۸ گھنٹے قبل جمع کرانا ہوگا۔
- پراکسی کمپنی کا ممبر ہوں۔ دستخط کمپنی کے ریکارڈ شدہ نمونہ سے تصدیق ہو۔

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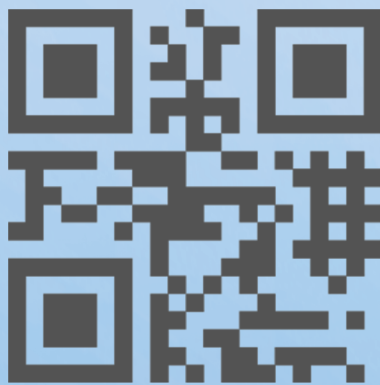


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