

# Condensed Consolidated Financial Statements

For the Nine Months & Quarter Ended March 31, 2026

Trade Debts	
	645,862
	270,592
	220,294

  

Other Parties	



**NETSOL TECHNOLOGIES LIMITED**  
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
AS AT MARCH 31, 2026

	Note	March 31, 2026 (Un-audited)	June 30, 2025 (Audited)
----Rupees in Thousands----			
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property and equipment	5	1,368,596	1,227,112
Intangible assets	6	290,448	-
Long term contract assets		746,834	143,058
Long term loans to employees		7,180	8,590
		2,413,058	1,378,760
<b>Current Assets</b>			
Trade debts	7	8,781,325	5,869,134
Contract assets		3,331,588	2,542,057
Loans and advances	8	122,049	42,111
Deposits and short term prepayments		145,816	229,351
Other receivables		122,044	127,131
Due from related parties	9	164,071	187,791
Prepaid tax asset		-	19,668
Short term investments		600,000	200,000
Cash and bank balances		2,657,495	3,767,897
		15,924,388	12,985,140
<b>Total Assets</b>		<b>18,337,446</b>	<b>14,363,900</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital 200,000 (June 30, 2025: 200,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid up capital	10	898,369	898,369
Reserves		11,687,775	9,922,818
Share deposit money		537	3,868
<b>Shareholders' Equity</b>		12,586,681	10,825,055
<b>Non Current Liabilities</b>			
Long term financing	11	68,219	13,343
Long term advances		15,164	5,415
		83,383	18,758
<b>Current Liabilities</b>			
Trade and other payables		1,080,924	1,173,792
Contract liabilities		2,290,717	153,329
Short term borrowings	12	2,180,000	2,180,000
Provision for taxation-net		52,390	-
Current portion of long term financing		58,906	8,428
Unclaimed dividend		4,445	4,538
		5,667,382	3,520,087
<b>Contingencies and commitments</b>	13	-	-
<b>Total Equity and Liabilities</b>		<b>18,337,446</b>	<b>14,363,900</b>

The annexed notes 1 to 25 form an integral part of these condensed interim consolidated financial statements (un-audited).



**DIRECTOR**



**CHIEF EXECUTIVE OFFICER**



**CHIEF FINANCIAL OFFICER**

## NETSOL TECHNOLOGIES LIMITED

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2026

	Note	Nine Months ended March 31,		Quarter ended March 31,	
		2026	2025	2026	2025
		(Un-audited)		(Un-audited)	
		---- Rupees in Thousands ----		---- Rupees in Thousands ----	
Revenue from contracts with customers - net	14	9,339,329	6,609,011	3,571,823	2,399,985
Cost of revenue		(4,698,789)	(4,156,323)	(1,481,061)	(1,480,947)
<b>Gross Profit</b>		4,640,540	2,452,688	2,090,762	919,038
Selling and promotional expenses		(1,087,697)	(655,843)	(470,223)	(225,505)
Administrative expenses		(1,437,921)	(1,120,100)	(500,945)	(359,910)
		(2,525,618)	(1,775,943)	(971,168)	(585,415)
<b>Operating Profit</b>		2,114,922	676,745	1,119,594	333,623
Other operating expenses		(277,795)	(458,483)	(72,373)	(204,320)
Finance cost		(135,204)	(181,380)	(40,441)	(51,414)
Other income	15	213,684	429,277	67,516	175,530
		(199,315)	(210,586)	(45,298)	(80,204)
<b>Profit before Final Taxes and Income Tax</b>		1,915,607	466,159	1,074,296	253,419
Final tax / levies	16	(246,895)	(187,297)	(123,863)	(38,693)
<b>Profit before Income Tax</b>		1,668,712	278,862	950,433	214,726
Income tax		-	-	-	-
<b>Net Profit for the Period</b>		<u>1,668,712</u>	<u>278,862</u>	<u>950,433</u>	<u>214,726</u>
<b>Earnings Per Share - Basic and Diluted</b>	17				
- Basic		<u>19.36</u>	<u>3.20</u>	<u>10.98</u>	<u>2.50</u>
- Diluted		<u>19.18</u>	<u>3.15</u>	<u>10.91</u>	<u>2.46</u>

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# NETSOL TECHNOLOGIES LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2026

	Nine Months ended March 31,		Quarter ended March 31,	
	2026	2025	2026	2025
	(Un-audited)		(Un-audited)	
	---- Rupees in Thousands ----		---- Rupees in Thousands ----	
<b>Net Profit for the Period</b>	1,668,712	278,862	950,433	214,726
<b>Other Comprehensive Income for the period</b>				
<i>Items that may be re-classified subsequently to profit or loss</i>				
- Exchange differences on translation of foreign operation	(16,146)	344	(5,206)	355
<i>Items that will not be re-classified subsequently to profit or loss</i>	-	-	-	-
	(16,146)	344	(5,206)	355
<b>Total Comprehensive Income for the Period</b>	1,652,566	279,206	945,227	215,081

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**NETSOL TECHNOLOGIES LIMITED**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2026

Particulars	Share Capital	Reserves					Total Reserves	Share Deposit Money	Total Equity
		Capital Reserve				Revenue Reserve			
		Share Premium	Employee Share Option Compensation Reserve	Treasury Share Reserve	Foreign Currency Translation Reserve	Unappropriated Profit			
-----Rupees in Thousands-----									
<b>Balance as at June 30, 2024</b>	898,369	304,167	265,445	(184,739)	544	8,822,648	9,208,065	13	10,106,447
Net profit for the period	-	-	-	-	-	278,862	278,862	-	278,862
Other comprehensive income for the period	-	-	-	-	344	-	344	-	344
Total comprehensive income for the period	-	-	-	-	344	278,862	279,206	-	279,206
<b>Transactions with owners of the equity</b>									
Dividend paid	-	-	-	-	-	(263,511)	(263,511)	-	(263,511)
Acquisition of treasury shares	-	-	-	(419,988)	-	-	(419,988)	-	(419,988)
Employee share option reserve	-	-	4,349	-	-	-	4,349	-	4,349
Share deposit money received - net	-	-	-	-	-	-	-	(13)	(13)
<b>Balance as at March 31, 2025</b>	<u>898,369</u>	<u>304,167</u>	<u>269,794</u>	<u>(604,727)</u>	<u>888</u>	<u>8,837,999</u>	<u>8,808,121</u>	<u>-</u>	<u>9,706,490</u>
<b>Balance as at June 30, 2025</b>	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 period	-	-	-	-	-	1,668,712	1,668,712	-	1,668,712
Other comprehensive income for the period	-	-	-	-	(16,146)	-	(16,146)	-	(16,146)
Total comprehensive income for the period	-	-	-	-	(16,146)	1,668,712	1,652,566	-	1,652,566
<b>Transactions with owners of the equity</b>									
Re-issue of treasury shares against stock options to employees	-	418	(21,398)	133,371	-	-	112,391	(112,391)	-
Share deposit money received - net	-	-	-	-	-	-	-	109,060	109,060
<b>Balance as at March 31, 2026</b>	<u>898,369</u>	<u>304,585</u>	<u>248,397</u>	<u>(471,356)</u>	<u>(6,965)</u>	<u>11,613,114</u>	<u>11,687,775</u>	<u>537</u>	<u>12,586,681</u>

The annexed notes 1 to 25 form an integral part of these condensed interim consolidated financial statements (un-audited).



**DIRECTOR**



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**CHIEF FINANCIAL OFFICER**

# NETSOL TECHNOLOGIES LIMITED

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED MARCH 31, 2026

	<b>Mar 31, 2026</b>	<b>Mar 31, 2025</b>
	(Un-audited)	(Un-audited)
	----Rupees in Thousands----	
Profit before final taxes and income tax	1,915,607	466,159
Adjustments for:		
Depreciation - own assets	193,044	234,417
Depreciation of right of use assets	7,354	607
Gain on disposal of property and equipment	(24,245)	(980)
Foreign exchange loss - net	64,583	9,989
Finance cost	130,048	177,310
Interest income	(183,656)	(427,507)
Effect of discounting of long term contract assets	(5,108)	-
Employee share option compensation expense	-	4,349
Provision for expected credit losses	36,212	178,547
	218,232	176,732
<b>Operating profit before working capital changes</b>	<b>2,133,839</b>	<b>642,891</b>
<i>Decrease / (Increase) in current assets</i>		
Trade debts	(2,890,329)	682,932
Contract assets	(1,488,804)	(816,835)
Loans and advances	(78,528)	50,012
Deposits and short term prepayments	83,535	(105,850)
Other receivables	18,792	(63,316)
Due from related parties	23,720	203,562
<i>(Decrease) / Increase in current liabilities</i>		
Trade and other payables	(104,051)	194,627
Contract liabilities	2,137,672	(1,245,825)
<b>Cash Used in Operations</b>	<b>(2,297,993)</b>	<b>(1,100,693)</b>
Levy / final tax paid	(177,377)	(212,449)
Dividend paid	(93)	(262,782)
	<b>(177,470)</b>	<b>(475,231)</b>
<b>Net cash used in Operating Activities</b>	<b>(341,624)</b>	<b>(933,033)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for acquisition of property and equipment	(363,005)	(177,550)
Proceeds from disposal of property and equipment	26,041	1,005
Expenditure on internally generated intangibles	(290,448)	-
Short term investments	(400,000)	(200,000)
Advance against capital expenditure	19,333	(64,545)
Interest received	169,951	427,507
<b>Net Cash used in Investing Activities</b>	<b>(838,128)</b>	<b>(13,583)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of treasury shares	-	(419,988)
Share deposit money	109,060	(13)
Repayment of lease liabilities	(19,478)	(1,017)
Received against lease liabilities	38,735	-
Long term financing obtained	106,608	(11,791)
Repayment of long term financing	(27,366)	-
Short term borrowing - net	(133,798)	443,742
Long term advances - net	9,749	2,565
<b>Net Cash generated from Financing Activities</b>	<b>83,510</b>	<b>13,498</b>
<b>Net decrease in Cash and Cash Equivalents</b>	<b>(1,096,242)</b>	<b>(933,118)</b>
Net foreign exchange difference	(14,160)	342
Cash and cash equivalents at the beginning of the period	3,767,897	4,669,162
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>2,657,495</b>	<b>3,736,386</b>

The annexed notes 1 to 25 form an integral part of these condensed interim consolidated financial statements (un-audited).



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# NETSOL TECHNOLOGIES LIMITED

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2026

Note 1

### The Company and its Operations

NetSol Group ("the Group") consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited
- NetSol Ascent Middle East Computer Equipment Trading L.L.C.
- 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
NetSol IT Village, (Software Technology Park) Lahore Ring Road, Ghazi Road Lahore Cantt., Pakistan.	Registered office and Business unit
43/1/Q, Amna Villa 1, Block-6, PECHS Karachi, Pakistan.	Branch office
House No. 4, Safari Villas 1, Bahria Town, Rawalpindi, Pakistan.	Branch office
Office # 6, 4th Floor Clover Bay, Unit 407-412 Business Bay Dubai. UAE.	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 Ascent Middle East Computer Equipment Trading L.L.C. 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 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 Institute of Artificial Intelligence (Private) Limited is incorporated in Pakistan as a private limited company and is a wholly owned 100% (2025: 100%) subsidiary of NetSol Innovation (Private) Limited. The subsidiary is principally engaged in the developing of globally competitive digital workforce by providing specialized education and certifications in high-demand technology areas and to run data processing centers, computer centers, software development centers, offices and to provide consultancy and data processing software development services and to impart training of electronic data processing, computer software and hardware to customers and others and to buy, sell, export, import of software, hardware and establishment of incidental infrastructural facilities.

The Company is also using the branch office of its parent company, situated at Sentral Senayan 2 Building, 16th Floor, Asia Afrika Street No. 8, Senayan, Kebayoran Baru, South Jakarta, DKI Jakarta, 10270, Indonesia.

The Company is a majority owned subsidiary of NetSol Technologies Inc. USA.

Note 2

### Basis of Preparation

#### 2.1 Statement of compliance

These condensed interim consolidated financial statements (un-audited) have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed, interim, consolidated financial statements are un-audited and do not include all the disclosures and information required in the annual financial statements and should be read in conjunction with the preceding annual published financial statements of the company for the year ended June 30, 2025.

#### 2.2 Basis of measurement

These condensed, interim, consolidated financial statements (un-audited) have been prepared under the historical cost convention using accrual basis of accounting.

#### 2.3 Functional and presentation currency

These condensed, interim, consolidated financial statements (un-audited) are presented in Pakistani Rupee, which is the Company's functional currency as well its presentation currency.

Note 3

### Material Accounting Policy Information

The accounting policies adopted for the preparation of these condensed, interim, consolidated financial statements (un-audited) are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2025.

**NETSOL TECHNOLOGIES LIMITED**

Notes to and forming part of the Condensed Interim consolidated Financial Statements (Un-audited)

Note 4

**Use of Estimates and Judgements**

The preparation of condensed, interim, consolidated financial statements (un-audited) in conformity with approved accounting 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 and 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.

In preparing these condensed, interim, consolidated financial statements (un-audited), the judgments, estimates and assumptions made by the management were the same as those that were applied to the preceding annual published financial statements of the Company for the year ended June 30, 2025.

Note 5

**Property and Equipment**

		<b>March 31, 2026</b>	<b>June 30, 2025</b>
	Note	<b>(Un-audited)</b>	<b>(Audited)</b>
		----Rupees in Thousands----	
Operating fixed assets	5.1	1,303,016	1,173,580
Right of use assets	5.2	31,381	-
Advance against capital expenditure		34,199	53,532
		<u>1,368,596</u>	<u>1,227,112</u>

**5.1 Operating fixed assets**

Opening written down value		1,173,580	1,213,944
Additions during the period / year	'5.1.1	324,270	279,610
Disposals during the period / year		(1,796)	(3,266)
		1,496,054	1,490,288
Depreciation charge for the period / year		(193,038)	(316,708)
		<u>1,303,016</u>	<u>1,173,580</u>

**'5.1.1 Following is the detail of additions / transfers during the period:****At cost**

Furniture and fixtures	7,276	4,223
Vehicles	171,895	24,794
Office equipment	8,346	15,514
Computer equipment and installations	54,461	126,112
Other equipment & Installations	48,132	-
Air conditioners	1,111	3,848
Electric fittings	32,769	-
Generators	280	-
Computer softwares	-	105,119
	<u>324,270</u>	<u>279,610</u>

**NETSOL TECHNOLOGIES LIMITED**

Notes to and forming part of the Condensed Interim consolidated Financial Statements (Un-audited)

Note 5, Property and Equipment - Continued.....

	<b>March 31, 2026</b>	<b>June 30, 2025</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	----Rupees in Thousands----	
<b>5.2 Right of use assets</b>		
Opening written down value	-	4,104
Additions during the period / year	38,735	-
Disposals during the period / year	-	(3,497)
	<u>38,735</u>	<u>607</u>
Depreciation charge for the period / year	(7,354)	(607)
	<u><u>31,381</u></u>	<u><u>-</u></u>

Note 6

**Intangible Assets**

		<b>2026</b>	<b>2025</b>
		<b>(Un-audited)</b>	<b>(Audited)</b>
		----Rupees in Thousands----	
<b>Intangibles - Under Development</b>			
Cost	6.2	290,448	-
Accumulated amortization		-	-
Net book value		<u>290,448</u>	<u>-</u>

6.1 NetSol Financial Suite and NFS - Ascent have been fully amortized; however, the Company is still generating revenues from the sale of its licenses, provision of allied services and maintenance.

6.2 The Company 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 will add new functionalities, improved scalability and overall system performance. Development costs meeting recognition criteria are capitalized as intangible assets, while other costs are expensed as incurred.

Note 7

**Trade Debts**

	<b>March 31, 2026</b>	<b>June 30, 2025</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	---- Rupees in Thousands ----	
<b>Related Parties</b>		
Considered good - unsecured	5,610,573	5,036,394
Considered doubtful - unsecured	140,025	225,827
	5,750,598	5,262,221
<b>Other Parties</b>		
Considered good - unsecured	3,170,752	832,740
Considered doubtful - unsecured	16,092	102,054
	3,186,844	934,794
Less: Provision for expected credit losses	(156,117)	(327,881)
	<u>8,781,325</u>	<u>5,869,134</u>

**NETSOL TECHNOLOGIES LIMITED**

Notes to and forming part of the Condensed Interim consolidated Financial Statements (Un-audited)

Note 7, Trade Debts - Continued.....

	<b>March 31, 2026</b>	<b>June 30, 2025</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	---- Rupees in Thousands ----	
<b>7.1 Amount receivable from related parties included in trade debts (from exports) are as under:</b>		
NetSol Technologies (Thailand) Limited	115,373	-
NetSol Technologies (Beijing) Co., Ltd.	3,662,542	3,013,655
NetSol Technologies Australia Pty Limited	321,555	425,819
NetSol Technologies Americas Inc.	754,789	796,046
NetSol Technologies Europe Limited	149,622	33,803
Ascent Europe Limited	746,717	992,898
	<u>5,750,598</u>	<u>5,262,221</u>

Note 8

**Loans and Advances**

	<b>March 31, 2026</b>	<b>June 30, 2025</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	---- Rupees in Thousands ----	
<b>Considered good - unsecured</b>		
Current portion of loans to executives	68,866	15,287
Advances to employees:		
- against salaries	816	1,439
- against expenses	52,367	25,385
	<u>122,049</u>	<u>42,111</u>

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

Note 9

**Due from Related Party**

	<b>March 31, 2026</b>	<b>June 30, 2025</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	---- Rupees in Thousands ----	
<b>Considered good - unsecured</b>		
<b>Associates</b>		
NetSol Technologies Americas Inc.	-	54,595
NetSol Technologies Europe	-	-
NetSol Connect (Private) Limited	13,475	17,455
NetSol Technologies (Thailand) Limited	631	-
NetSol Technologies (Beijing) Co., Ltd.	112,405	115,741
NetSol Technologies Australia Pty. Limited	37,560	-
	<u>164,071</u>	<u>187,791</u>

**9.1** These relate to the normal course of business of the Company and are interest free.

**9.2** Balances with related parties are maintained on a running account basis; therefore, age analysis of amounts due from related parties is not practically possible.

**NETSOL TECHNOLOGIES LIMITED**

Notes to and forming part of the Condensed Interim consolidated Financial Statements (Un-audited)

Note 10

**Issued, Subscribed and Paid up Capital**

<b>March 31, 2026</b>	<b>June 30, 2025</b>		<b>March 31, 2026</b>	<b>June 30, 2025</b>
<b>(Un-audited)</b>	<b>(Audited)</b>		<b>(Un-audited)</b>	<b>(Audited)</b>
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
<u>89,837</u>	<u>89,837</u>		<u>898,369</u>	<u>898,369</u>

**10.1 Number of shares outstanding as at the reporting date:**

	<b>March 31, 2026</b>	<b>June 30, 2025</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	No. of shares in Thousands	
Opening balance	89,837	89,837
Treasury shares of Rs. 10 each purchased at market value	(4,690)	(4,690)
Re-issue of treasury shares against stock options to employees	1,444	-
Closing balance	<u>86,591</u>	<u>85,147</u>

**10.2** NetSol Technologies Inc. 16000 Ventura Boulevard STE 770 ENCINO CA 91436, USA is the parent company, holding 68.59% (June 30, 2025: 69.76%) of issued capital of the Company. The percentage has been calculated after taking into account the impact of treasury shares.

**10.3** The share capital includes 3.25 million ordinary shares (June 25: 4.69 million) held as treasury shares by the Company. These treasury shares are held in CDC blocked account in freezed form. These are not entitled to any voting right, cash dividend or any other distribution made by the Company. During the period, 1.44 million treasury shares are disposed off against employee stock options scheme.

**10.4** There are 1.56 million (June 30, 2025: 3 million) outstanding options to subscribe for ordinary shares of the Company granted under the employee share option scheme. During the year, 1.44 million shares (June 30, 2025: Nil) were issued against options exercised by the eligible employees.

Note 11

**Long Term Finances - secured**

		<b>March 31, 2026</b>	<b>June 30, 2025</b>
	Note	<b>(Un-audited)</b>	<b>(Audited)</b>
		---- Rupees in Thousands ----	
Loan obligation	11.1	107,868	21,771
Less: Current portion of long term financing		(39,649)	(8,428)
		<u>68,219</u>	<u>13,343</u>

**11.1** This represents finance facilities obtained from time to time, from First Habib Modaraba, for purchase of various vehicles. The facility is repayable in 36 equal monthly installments. This facility carries mark up rates ranging between 11.44% to 12.40% (June 30, 2025: 12.27% to 21.49%) per annum. These facilities are secured through lien marking in favour of financial institutions.

**NETSOL TECHNOLOGIES LIMITED***Notes to and forming part of the Condensed Interim consolidated Financial Statements (Un-audited)*

Note 12

**Short Term Borrowings**

	<b>March 31, 2026</b>	<b>June 30, 2025</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	---- Rupees in Thousands ----	
Askari Bank Limited - ERF - II	500,000	500,000
Samba Bank Limited - ERF - II	380,000	380,000
Habib Metropolitan Bank Limited - Istisna / Al Bai - Islamic Banking	1,300,000	1,300,000
	<u>2,180,000</u>	<u>2,180,000</u>

**12.1** All the terms and conditions are the same as those already disclosed in the annual financial statements for the year ended June 30, 2025.

**12.2** Export Refinance Facility Part II (ERF-II) is available from Bank of Punjab amounting Rs. 200 million (2025 : Nil), availed Rs. Nil. Running Finance facility / Finance Against Packing Credit (FAPC)/ Export Refinance Post Shipment Part I/II / EXIM Bank Part I/II /EXIM Bank EFS Part II/ SBP Rupee based Discounting/ FE 25 (Pre/Post shipment) facilities are also available as a sublimit of ERF. Mark up on ERF facility is charged at SBP rate + 0.5% 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 Company. The due balance is payable bi-annually.

Note 13

**Contingencies and Commitments****13.1 Contingencies**

There is no significant change in contingencies from the preceding annual published financial statements of the Company for the year ended June 30, 2025, except that provision for super tax has been recognized in these financial statements.

**13.2 Commitments**

- (i) Bank guarantees have been issued amounting to Rs. 368.07 million (June 30, 2025: Rs. 264.44 million) against performance of various contracts, to Honourable Lahore High Court, to LESCO and to Standard Chartered Bank Pakistan (Limited) against its corporate credit cards.
- (ii) The Company has a capital commitment of Rs. 88.86 million as at March 31, 2026 (June 30, 2025: Rs. 73.90 million).

**NETSOL TECHNOLOGIES LIMITED**

Notes to and forming part of the Condensed Interim consolidated Financial Statements (Un-audited)

Note 14

**Revenue from Contracts with Customers - Net**

	Nine Months ended March 31,		Quarter ended March 31,	
	2026	2025	2026	2025
	(Un-audited)		(Un-audited)	
	---- Rupees in Thousands ----		---- Rupees in Thousands ----	

**Disaggregation of revenue from contract with customers**

Set out below is the disaggregation of the Company's revenue from contracts with customers:

**Export Revenue**

- License	1,272,546	-	1,272,546	-
- Services	3,939,932	2,646,623	771,684	1,150,016
- Subscription and Support	4,088,975	3,920,124	1,509,412	1,240,617
	9,301,453	6,566,747	3,553,642	2,390,633

**Local Revenue**

- Services	43,151	24,068	20,304	10,848
- Subscription and Support	-	21,946	-	-
Less: Sales tax	(5,275)	(3,750)	(2,123)	(1,496)
	37,876	42,264	18,181	9,352
	<u>9,339,329</u>	<u>6,609,011</u>	<u>3,571,823</u>	<u>2,399,985</u>

**14.1** Revenue has been recognized over time for both local and export sales during the year.

Note 15

**Other Income**

	Nine Months ended March 31,		Quarter ended March 31,	
	2026	2025	2026	2025
	(Un-audited)		(Un-audited)	
	---- Rupees in Thousands ----		---- Rupees in Thousands ----	

**Income from financial assets**

Profit on bank deposits	125,371	91,815	55,527	17,491
Profit on short term investments	58,285	335,692	17	59,436
	183,656	427,507	55,544	76,927

**Income from non-financial assets**

Gain on foreign currency translation	-	-	7,775	97,359
Gain on disposal of property and equipment	24,245	980	2,276	904
Rental income	675	675	225	225
	-	115	-	115
Effect of discounting of long term contract assets	5,108	-	1,696	-
	30,028	1,770	11,972	98,603
	<u>213,684</u>	<u>429,277</u>	<u>67,516</u>	<u>175,530</u>

**15.1** Profit is earned under both conventional mark-up arrangement and Shariah compliant arrangement. It includes Rs. 141.02 million profit earned on Shariah compliant bank deposits & investments.

Note 16

**Final Taxes / Levies**

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 Company generated from sources other than export income.

**NETSOL TECHNOLOGIES LIMITED**

Notes to and forming part of the Condensed Interim consolidated Financial Statements (Un-audited)

Note 17

**Earnings Per Share - Basic and Diluted**

	Nine Months ended March 31,		Quarter ended March 31,	
	2026	2025	2026	2025
	(Un-audited)		(Un-audited)	
	---- Rupees in Thousands ----		---- Rupees in Thousands ----	
Profit attributable to ordinary shareholders	1,668,712	278,862	950,433	214,726
<b>Weighted average number of ordinary shares (Basic)</b>				
Issued ordinary shares at beginning of the period	85,147	89,837	86,493	89,837
Less: weighted average number of treasury shares held by the Company	1,039	(2,589)	97	(3,810)
Weighted average number of ordinary shares as at March 31,	86,186	87,248	86,590	86,027
Earnings per share - basic	19.36	3.20	10.98	2.50
<b>Weighted average number of ordinary shares (Diluted)</b>				
Weighted average number of ordinary shares (Basic)	86,186	87,248	86,590	86,027
Effect of share options	819	1,327	520	1,416
Weighted average number of ordinary shares (diluted)	87,005	88,575	87,110	87,443
Earnings per share - diluted	19.18	3.15	10.91	2.46

Note 18

**Transactions with Related Parties**

Related parties comprise the parent company, subsidiary companies, associated companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company 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 and vice versa.

Details of significant transactions with related parties other than those disclosed elsewhere in these condensed, interim, consolidated financial statements (un-audited) are as follows:

Relationship with the Company	Nature of Transactions	Nine Months ended March 31,	
		2026	2025
		(Un-audited)	
		----Rupees in Thousands----	
Associated undertaking	Rental charges	675	675
	Provision of services	3,167,959	2,831,698
	Purchase of services	99,849	34,963
Parent	Dividend	-	178,190
	Commission	83,977	-
Key management personnel	Salaries and benefits	305,053	275,262
	Retirement benefits	12,827	11,483
	Commission paid	23,876	11,151
Post employment benefit	Contribution to defined contribution plan	178,458	151,480

**NETSOL TECHNOLOGIES LIMITED**

Notes to and forming part of the Condensed Interim consolidated Financial Statements (Un-audited)

Note 19

**Capital Management**

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios while continue as going concern in order to support its business and maximize shareholders value.

There has been no change in the capital management policies during the period, consequently this condensed, interim, consolidated financial statements (un-audited) does not include all the information and disclosures as required in the annual financial statements.

Note 20

**Financial Risk Management and Financial Instruments****(i) Financial Risk Factors**

The Company's activities expose it to a variety of financial risks namely market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. There has been no change in the risk management policies during the period, consequently this condensed consolidated interim financial statements (un-audited) do not include all financial risk management information and disclosures required in the annual financial statements.

**(ii) Fair Value of Financial Assets and Liabilities**

The carrying values of all financial assets and liabilities reflected in this condensed, interim, consolidated financial statements (un-audited) approximate to their fair values.

Note 21

**Shariah Screening Disclosures by Company Listed on Islamic Index**

	Note	March 31, 2026 (Un-audited) ----Rupees in Thousands----	June 30, 2025 (Audited)
i) Financing obtained as per Islamic mode	Note 12	1,407,868	1,321,771
ii) Shariah compliant bank deposits/bank balances		2,375,840	2,166,070
iii) Long term and Short term Shariah compliant investments		400,000	-
iv) Interest/markup accrued on any conventional loan or advance		9,743	10,607
		<b>Nine Months ended March 31,</b>	
		<b>2026                      2025</b>	
		<b>(Un-audited)</b>	
		---- Rupees in Thousands ----	
v) Revenue earned from a Shariah compliant business segment	Note 14	9,339,329	6,609,011
vi) Profit earned from Shariah compliant bank deposits/ bank balances	Note 15	82,750	39,850
vii) Profit paid on Islamic mode of financing		79,121	91,393
viii) Interest earned on any conventional loan or advance		N/A	N/A
ix) Break-up of late payments or liquidated damages		N/A	N/A
x) Gain or loss or dividend earned on shariah compliant investments or share of profit from shariah-compliant associates		58,270	330,600
xi) Exchange gain earned from actual currency		25,874	78,195
xii) Exchange gain earned using conventional derivative financial instruments		N/A	N/A
xiii) Source and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non compliant income:			
i) Gain on sale of operating fixed assets		24,245	980
ii) Rental income		675	675
iii) Miscellaneous Income - Shariah Compliant		-	115
iv) Effect of discounting of long term contract assets		5,108	-

**21.1 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

**NETSOL TECHNOLOGIES LIMITED**

Notes to and forming part of the Condensed Interim consolidated Financial Statements (Un-audited)

Note 22

**Segment Revenues and Results**

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

	Mar-26			Total
	PBS	PS	BPO	
	----Rupees in Thousands----			
Revenue - net				
External sales				
License	1,272,546	-	-	1,272,546
Services	3,387,055	129,871	59,164	3,576,090
Subscription and Support	4,490,693	-	-	4,490,693
Total revenue	9,150,294	129,871	59,164	9,339,329
Cost of revenue	(4,459,588)	(194,333)	(44,868)	(4,698,789)
Segment results	4,690,706	(64,462)	14,296	4,640,540
Unallocated corporate expenses:				
Selling and promotional expenses				(1,087,697)
Administrative expenses				(1,437,921)
Other income				213,684
Other operating expenses				(277,795)
Finance cost				(135,204)
Final tax / levies				(246,895)
<b>Profit after taxation</b>				<b>1,668,712</b>

	Mar-25			Total
	PBS	PS	BPO	
	----Rupees in Thousands----			
Revenue - net				
External sales				
Services	2,489,593	117,700	60,079	2,667,372
Subscription and Support	3,941,639	-	-	3,941,639
Total revenue	6,431,232	117,700	60,079	6,609,011
Cost of revenue	(3,947,408)	(159,601)	(49,314)	(4,156,323)
Segment results	2,483,824	(41,901)	10,765	2,452,688
Unallocated corporate expenses:				
Selling and promotional expenses				(655,843)
Administrative expenses				(1,120,100)
Other income				429,277
Other operating expenses				(458,483)
Finance cost				(181,380)
Final tax / levies				(187,297)
<b>Profit after taxation</b>				<b>278,862</b>

\*Key

PBS = Product Based Solutions and Ancillary Services

PS = Professional Services

BPO = Business Process Outsourcing

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.

**NETSOL TECHNOLOGIES LIMITED**

*Notes to and forming part of the Condensed Interim consolidated Financial Statements (Un-audited)*

Note 23

**Subsequent Events**

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There are no subsequent events to be disclosed.

Note 24

**Date of Authorization for Issue**

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These condensed, interim, consolidated financial statements (un-audited) for the period ended March 31, 2026 were approved and authorised for issuance by the Board of Directors on April 30, 2026.

Note 25

**Figures**

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Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



**DIRECTOR**



**CHIEF EXECUTIVE OFFICER**



**CHIEF FINANCIAL OFFICER**



# NETSOL TECHNOLOGIES LIMITED

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