# Condensed Financial Statements (Un-Audited) For the Quarter Ended September 30,

# 2023

NETSOL®

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# Company Profile

BOARD OF DIRECTORS

**NAEEM ULLAH GHAURI**
Chairman/Non-Executive Director

**SALIM ULLAH GHAURI**
Chief Executive Officer/Executive Director

**VASEEM ANWAR**
Independent Director

**ANWAAR HUSSAIN**
Independent Director

**ZESHAN AFZAL**
Independent Director

**HAMNA GHAURI**
Non-Executive Director

**OMAR SHAHAB GHAURI**
Executive Director

AUDIT COMMITTEE

**ANWAAR HUSSAIN**
Chairman

**VASEEM ANWAR**
Member

**HAMNA GHAURI**
Member

CHIEF FINANCIAL OFFICER
**BOO-ALI SIDDIQUI**

COMPANY SECRETARY
**SEHRISH**

CHIEF INTERNAL AUDITOR
**MUHAMMAD ABDUL WAHAB HAFEEZ**

AUDITORS
**H.Y.K & Co.**
Chartered Accountants
321-Upper Mall, Lahore

## LEGAL ADVISOR

**CORPORATE LAW ASSOCIATES**
1st Floor Queen's Centre
Shahra-e-Fatima Jinnah
Lahor

## SHARE REGISTRAR

**VISION CONSULTING LIMITED**
3-C, LDA Flats,
Lawrence Road, Lahore.
Tel: +92-42-36283096-97
Fax: +92-42-36312550

## BANKERS

Askari Bank Limited
Samba Bank Limited
Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited
MCB Bank Limited
Al Baraka Bank (Pakistan) Limited
Habib Metropolitan Bank Limited
Bank Alfalah Islamic

## CONTACT DETAILS

**REGISTERED OFFICE**
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Fax: +92-21-3431-3464

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# DIRECTORS' REPORT

On behalf of the Board of Directors of NETSOL Technologies Limited (NETSOL or the Company), we are pleased to present the unaudited condensed financial statements of your company together with its consolidated accounts for the period ended September 30, 2023.

## GENERAL OVERVIEW

The first quarter of the year commenced with a promising start, marked by various dynamic marketing activities and events spanning across Europe, North America, and the Asia Pacific. During this period, our company successfully signed Memorandums of Understanding (MOUs) and contracts for professional services, underscoring commitment to growth and expansion. Moreover, an exciting surge in potential business opportunities was witnessed, especially with the recent launch of first ever marketplace of API-first products for the finance and leasing industry, Appex Now; attracting traction, particularly from the Europe region, setting a positive trajectory for the upcoming months.

## TRACTION FOR APPEX NOW

NETSOL's innovative Flex, a robust calculation engine, recently witnessed an encouraging wave of sign-ups through the Appex Now marketplace, the industry's first-ever marketplace dedicated to finance and leasing. These sign-ups predominantly hailed from Tier 2 companies based in the UK, indicative of the increasing traction for NETSOL's SaaS-based products in the region. This enthusiastic response not only highlights the market's readiness for transformative digital solutions but also reiterates the efficacy of NETSOL's API-first strategy, positioning the company as a pivotal player in the evolving landscape of finance and leasing technology solutions.

## CONTRACT SIGNINGS FOR PROFESSIONAL SERVICES

In the recent quarter, NETSOL has further solidified its position as a trusted provider of professional services by securing several notable contracts. A prominent US-based digital transformation company has engaged NETSOL for a three-year project centered around managing a Security Operation Center (SoC). Simultaneously, a UK-based healthcare entity has sought expertise for a nine-month project to develop a web application. Furthermore, a non-profit organization has chosen NETSOL to design and implement a comprehensive donor management system. Additionally, NETSOL's capabilities in staff augmentation have been recognized, with contracts secured for both project management and backend Java development. This diverse array of contracts underscores our versatility and competence in catering to varied industry needs.

## AWS LAMBDA SERVICE DELIVERY DESIGNATION

NETSOL Cloud Services has also proudly earned the AWS Lambda Service Delivery designation from Amazon Web Services (AWS). This esteemed accolade highlights the division's proficiency in utilizing AWS Lambda, a platform that facilitates serverless application development. AWS Lambda empowers businesses to run applications without the intricacies of server management, ensuring enhanced agility, decreased costs, and a quicker market launch.

## DELEGATION VISITS

In a testament to NETSOL's significant influence and contribution to the technological landscape, the recent quarter witnessed an array of high-profile visits and recognitions. The USA Ambassador, His Excellency Donald Armin Blome, accompanied by his team, visited NETSOL, expressing keen interest in how US companies are propelling inclusive and sustainable growth and investment in Pakistan. Similarly, Australian High Commissioner, Mr. Neil Hawkins, graciously accepted the invitation.

A pivotal highlight was the visit by General Sahir Shamshad Mirza, Chairman of the Joint Chiefs of Staff Committee, and Air Chief Marshal Zaheer Ahmed Baber to The National Incubation Center for Aerospace Technologies (NICAT). This visionary center, a collaborative effort between IGNITE-National Technology Fund, Ministry of Information Technology, and NETSOL Technologies, showcased its progress to the esteemed guests.

CEO Salim Ghauri also had a constructive session with Dr. Moeed Yousaf, Vice Chancellor of Beaconhouse National University, delving into the prospective future of technology in Pakistan. Moreover, the ASEAN delegation's visit to the NETSOL campus spotlighted the potential for technological innovation and collaborations among ASEAN nations.

## INDUSTRY EVENTS IN THE GLOBAL MARKET

Over the recent period, NETSOL has actively sponsored and participated in a series of prestigious industry events spanning multiple countries, a move underscoring our commitment to both generating leads and fortifying our global brand presence. Among these events were the CFLA Annual Convention in Canada, Next Generation Networking in the UK, the FLA's Financing the Future Conference also in the UK, the ELFA Operations and Technology conference in the US, and the APPI International Seminar in Indonesia. These engagements not only provided platforms for networking and business development but also demonstrated NETSOL's dedication to staying at the forefront of industry trends and innovations, while continuously nurturing relationships with key stakeholders globally.

## FINANCIAL PERFORMANCE

Comparisons of un-audited separate as well as consolidated accounts for the quarter ended September 30, 2023 with the corresponding period of fiscal year 2023 are given below:

| | Rupees | |
|---|---|---|
| STAND-ALONE FINANCIAL STATEMENTS | Jul-Sep 2023 | Jul-Sep 2022 |
| Revenue | **2,256,098,114** | 1,716,243,023 |
| Gross profit | **901,380,843** | 475,503,564 |
| Net profit | **271,540,383** | 191,435,186 |
| Earnings per share – basic | **3.09** | 2.18 |
| Earnings per share – diluted | **3.09** | 2.17 |
| EBITDA per share – diluted | **4.38** | 3.76 |

Revenue for the quarter ended September 30, 2023 improved by 31% compared to the revenue posted in the same quarter of previous fiscal year. In absolute numbers, the Company posted net revenue of PKR 2,256 million compared to PKR 1,716 million in the same quarter of last fiscal year. In current quarter revenue of PKR 180 million was recorded on account of license sale associated with the provision of license to our associated company's customer. On the services side, the Company also recorded a handsome amount of PKR 929 million in comparison to PKR 888 million in the corresponding period for enhancement and customization in the systems deployed at their respective sites. In addition to it, subscription and support revenue increased from PKR 786 million to PKR 1,148 million for the current quarter.

Gross Margins during the period clocked in at PKR 901 million as compared to the corresponding period where margins were recorded at PKR 476 million. The Company posted a net profit after tax of PKR 272 million compared to PKR 191 million in the comparable period. Due to appreciation in the Pakistani Rupee, the Company booked 36 million currency exchange loss during the period compared to exchange gain of PKR 292 million registered in the comparable period. This profitability has translated basic and diluted earnings per share to clock in at PKR 3.09 in comparison of PKR 2.18 & 2.17 in the corresponding period. Company posted net EBITDA profit of PKR 4.38 per diluted share compared to PKR 3.76 per share in the corresponding period.

The Company also consolidates financial results of its wholly owned subsidiary "NETSOL Innovation (Pvt) Limited" and its newly incorporated Dubai based wholly own subsidiary "NETSOL Ascent Middle East Equipment Trading LLC". NETSOL Innovation is mainly involved in the provision of professional services including Amazon Web Services. Currently a team is being built up to provide AWS services and a very nominal revenue has so far been recognized thus resulting in losses for the quarter. Similarly, NETSOL Ascent Middle East has been incorporated this year with no business operations so far. Net consolidated revenues for the quarter ended September 30, 2023 were PKR. 2,324 million compared to PKR 1,753 million in fiscal 2023. Consolidated gross profit for the quarter was PKR 901 million as compared to PKR 468 million in the same period last year. On consolidated basis, the company posted net consolidated profit of PKR 213 million in the current quarter compared to PKR 149 million posted in the same period last year. Basic and diluted earnings per share for the quarter ended September 30, 2023 were PKR 2.42 in compared to PKR 1.69 last year.

## FUTURE OUTLOOK

NETSOL Technologies, a vanguard in delivering superior software solutions for the finance and leasing industry, is poised for a significant evolution in its global footprint and service offerings in the coming times. The immediate past has shown promising signs of what the future holds, especially with the robust traction the company's Appex Now marketplace received in Europe. Riding on this momentum, NETSOL is gearing up for a formal launch of Appex Now in the vast and potential-rich North American market. This strategic move underscores the company's vision to penetrate deeper into international markets and solidify its stature as an industry leader.

But the company's vision isn't limited to a regional expansion of existing platforms. There's an ambitious plan to escalate marketing endeavors exponentially. The coming months will witness NETSOL championing its presence at numerous industry events spanning three critical regions: North America, Europe, and Asia Pacific. This heightened marketing push doesn't merely aim for brand visibility; it's a concerted effort to engage with industry peers, potential clients, and stakeholders to foster collaborations, gather insights, and remain updated with industry trends.

However, NETSOL's ambitions go beyond just promoting its current slate of offerings. The company recognizes the undeniable shift towards cloud computing and its transformative impact on businesses globally. As such, NETSOL Cloud Services, already a respected player in the cloud domain, will witness increased emphasis in the company's promotional activities. Given the ubiquity and scalability of cloud services, promoting this division aligns perfectly with the broader objective of delivering more adaptive and responsive solutions to clients worldwide.

Further complementing this drive towards modern, agile solutions is the company's focus on professional services. In an era where customization and targeted solutions often make the difference between a successful project and an average one, NETSOL's emphasis on fine-tuning its professional services is a testament to its client-centric approach. Clients today, more than ever, seek partners who don't just offer off-the-shelf products but provide tailored solutions catering to their unique challenges and objectives. By intensifying the spotlight on its professional services, NETSOL

is sending a clear message: it's not just about selling software; it's about crafting solutions that resonate with each client's unique landscape.

An equally promising avenue of growth lies with NFS Ascent, NETSOL's flagship enterprise software designed for the finance and leasing industry. With a suite of leads already in the pipeline, expectations are soaring for significant conversions in the upcoming quarter. Such optimism isn't unfounded. NFS Ascent stands as a testament to NETSOL's prowess in understanding the nuanced demands of the finance and leasing industry and delivering a product that not only meets but often exceeds client expectations. Given the software's capabilities and the meticulous groundwork laid by the sales and marketing teams, the conversion of these leads seems not just probable but imminent.

In conclusion, the horizon looks exceptionally promising for NETSOL Technologies. While the past laid a strong foundation of credibility and innovation, the future beckons with opportunities ripe for the taking. Through strategic market expansions, a bolstered presence at industry events, and an unwavering commitment to delivering cutting-edge solutions – be it through cloud services, professional services, or flagship products like NFS Ascent – NETSOL is not just poised for growth; it's on the cusp of setting new benchmarks in the realm of finance and leasing industry solutions.

**ACKNOWLEDGEMENT**

The Board of Directors places on record its appreciation for the continued support by its shareholders, valued customers, government agencies and financial institutions which enabled the company to achieve these results. The board would also like to express its appreciation for the services, loyalty and efforts being continuously rendered by the executives and all the staff members of the company and hope that they will continue with the same spirit in future.

On behalf of the Board

**Salim Ullah Ghauri**
Chief Executive Officer

**Omar Ghauri**
Director

October 26, 2023

# ڈائریکٹرز رپورٹ

ہمیں خوشی ہے کہ نیٹ سول ٹیکنالوجیز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی 30 ستمبر 2023ء کو ختم ہونے والے عرصہ کے لئے غیر آڈٹ شدہ مالیاتی گوشوارے بشمول مجموعی مالیاتی گوشوارے پیش کر رہے ہیں۔

**عمومی جائزہ:۔(General Overview)**

سال کی پہلی سہ ماہی کا شاندار آغاز ہوا جس میں یورپ، شمالی امریکہ اور ایشیا پیسفک میں کئی مربوط تشہیری سرگرمیاں اور تقریبات قابل ذکر ہیں۔ مذکورہ سہ ماہی کے دوران، ہماری کمپنی نے پیشہ ورانہ خدمات کے لئے کامیابی سے سمجھوتے کی یادداشتوں (MOUs) اور معاہدوں پر دستخط کئے تاکہ ترقی و توسیع کے عزم کو اعادہ کیا جا سکے۔ مزید برآں، ممکنہ کاروباری مواقع میں تیزی سے اضافہ بھی دیکھا گیا جس میں فنانس اور لیزنگ انڈسٹری کے لئے API-first مصنوعات کی سب سے پہلی مارکیٹ پلیس Appex Now کا آغاز اور خصوصاً یورپ ریجن سے حاصل دلچسپی شامل ہیں جس نے آئندہ مہینوں کے لئے مثبت نتائج کی بنیاد رکھی۔

**ایپکس نو میں دلچسپی(Traction For Appex Now)**

نیٹ سول کے جدید Flex، مربوط کیلکولیشن انجن، نے فنانس اور لیزنگ کے وقف انڈسٹری کی سب سے پہلی مارکیٹ پلیس Appex Now مارکیٹ پلیس کے ذریعے حال میں حوصلہ افزا سائن اپ کی لہر دیکھی۔ یہ سائن اپس بنیادی طور پر برطانیہ کی Tier 2 کمپنیوں میں نمایاں رہے جس سے ظاہر ہوتا ہے کہ ان علاقوں میں نیٹ سول کی SaaS بیسڈ پروڈکٹس کی طلب میں اضافہ ہو رہا ہے۔ یہ شاندار ردعمل نہ صرف لمحہ بہ لمحہ بدلتے ہوئے ڈیجیٹل سلوشنز کے لئے مارکیٹ کی ہمہ وقت تیاری کی نشاندہی کرتا ہے بلکہ نیٹ سول کی API-first حکمت عملی کو بھی ظاہر کرتا ہے۔ تاکہ کمپنی فنانس اور لیزنگ ٹیکنالوجی سلوشنز کے بدلتے ہوئے دھارے میں اپنا اہم کردار ادا کر سکے۔

**پیشہ ورانہ خدمات کے لیئے معاہدے پر دستخط(Contract Signings for Professional Services)**

حالیہ سہ ماہی میں، نمایاں معاہدے طے کر کے نیٹ سول نے پیشہ ورانہ خدمات کے معتمد فراہم کنندہ کی حیثیت سے اپنی پوزیشن کو مزید مستحکم کیا۔ ایک اہم امریکی ڈیجیٹل ٹرانسفارمیشن کمپنی نے سکیورٹی آپریشن سنٹر (SoC) کے انتظام پر مبنی تین سالہ پروجیکٹ کے لئے نیٹ سول سے شراکت داری کی ہے۔ اسی طرح سے، ایک برطانوی ہیلتھ کیئر ادارے نے ایک ویب ایپلی کیشن کی تیاری کے نو ماہ کے پروجیکٹ کے لئے نیٹ سول سے خدمات لینے کا فیصلہ کیا ہے۔ مزید برآں، ایک غیر منافع بخش ادارے (NGO) نے ایک جامع donor management system کی تیاری و نفاذ کے لئے نیٹ سول کا انتخاب کیا ہے۔ علاوہ ازیں، عارضی عملے کی بھرتی کے لئے بھی نیٹ سول کی صلاحیتوں کا اعتراف کیا گیا ہے جس میں project management اور backend Java development دونوں کے لئے معاہدے کئے گئے ہیں۔ معاہدوں کی یہ متنوع تعداد مختلف صنعتوں کی ضروریات کو پورا کرنے میں کمپنی کے منفرد انداز اور صلاحیت کی عکاسی کرتی ہے۔

**AWS LAMBDA سروس ڈیلیوری اعزاز(AWS LAMBDA SERVICE DELIVERY DESIGNATION)**

NETSOL Cloud Services نے Amazon Web Services (AWS) سے AWS Lambda سروسز ڈیلیوری کا شاندار اعزاز حاصل کیا ہے۔ یہ اعزاز سرورلیس ایپلی کیشن ڈیولپمنٹ میں سہولت کاری کے ایک پلیٹ فارم AWS Lambda کا استعمال ادارے کی کارکردگی کے اعتراف میں دیا گیا۔ AWS Lambda کاروباری اداروں کو server management کی پیچیدگیوں کے بغیر ایپلی کیشنز کے استعمال میں مدد دیتا ہے تاکہ اضافی تحریک، کم لاگت اور منڈی میں نسبتاً تیز رفتار آغاز کو یقینی بنایا جا سکے۔

**وفود کے دورے(Delegation Visits)**

ٹیکنالوجی کے دھارے میں نیٹ سول کے نمایاں کردار اور اثر و رسوخ کے ثبوت کے طور پر رواں سہ ماہی میں اعلیٰ سطحی دورے اور اعترافات کی ایک لہر اس کی عکاسی کرتی ہے۔ امریکی سفارتکار ExcellencyDonald Amin Blome نے اپنی ٹیم کے ساتھ نیٹ سول کا دورہ کیا اور اس امر میں دلچسپی کا اظہار کیا کہ امریکی کمپنیاں پاکستان میں خصوصی اور پائیدار نمو کی رفتار کو کیسے تیز کر سکتی ہیں۔ اسی طرح سے آسٹریلوی ہائی کمشنر Mr. Neil Hawkins نے بھی ہماری دعوت کو خوشدلی سے قبول کیا۔

ان میں سے اہم ترین دورہ چیئرمین جیفس آف اسٹاف کمیٹی کے چیئرمین جنرل ساحر شمشاد مرزا اور ایئر چیف مارشل ظہیر احمد بابر کا The National Incubation Center for Aerospace Technologies (NICAT) کا دورہ تھا۔

یہ بے نظیر مرکز IGNITE-National Technology Fund، وزارت انفارمیشن ٹیکنالوجی اور نیٹ سول ٹیکنالوجیز کی مشترکہ کاوشوں کا

نتیجہ ہے۔اس دورے میں معزز مہمانوں کو اس کی پیش رفت سے آگاہ کیا گیا۔

CEO سلیم غوری نے بیکن ہاؤس نیشنل یونیورسٹی کے وائس چانسلر ڈاکٹر معید یوسف کے ساتھ ایک تعمیری سیشن کا انعقاد جس میں پاکستان میں ٹیکنالوجی کے روشن مستقبل کے بارے میں تبادلہ خیال کیا گیا۔مزید برآں، ASEAN وفد کے نیٹ سول کیمپس کے دورے نے ASEAN ممالک میں تکنیکی جدت اور معاونت کے روشن امکانات کی نشاندہی کی۔

## عالمی مارکیٹ میں صنعتی واقعات(Industry Events in The Global Market)

رواں دورانیہ میں، نیٹ سول نے کئی ممالک کے شاندار صنعتی تقریبات میں بھرپور تعاون اور شرکت کی جو generation leads عالمی سطح پر ہماری برانڈ کی دستیابی میں استحکام کے لئے ہمارے عزم کی عکاسی کرتی ہے۔ان تقریبات میں CFLA سالانہ کنونشن کینیڈا، برطانیہ میں Next Generation نیٹ ورکنگ، FLA کی مستقبل میں سرمایہ کاری کانفرنس منعقدہ برطانیہ، ELFA آپریشنز اینڈ ٹیکنالوجی کانفرنس امریکہ اور APPI بین الاقوامی سیمنار انڈونیشیا قابل ذکر ہیں۔ان تقریبات میں شمولیت سے عالمی سطح پر اہم اسٹیک ہولڈرز کے ساتھ تعلقات کو وسیع کرنے کے ساتھ ساتھ نہ صرف نیٹ ورکنگ اور بزنس ڈیولپمنٹ کے لئے پلیٹ فارم فراہم کیا گیا بلکہ انڈسٹری رجحانات اور جدت میں پیش پیش رہنے کے لئے نیٹ سول کے عزم کا بھی اظہار کیا گیا۔

## مالیاتی کارکردگی(Financial performance)

30 ستمبر 2023ء کو ختم ہونے والی سہ ماہی مع 2022ء کی اسی مدت کے مالیاتی سال کے غیر آڈٹ شدہ مالیاتی گوشوارے کے نتائج کا موازنہ درج ذیل ہے۔

| | انفرادی مالیاتی گوشوارے | |
|---|---|---|
| | **جولائی تا ستمبر 2023ء** | جولائی تا ستمبر 2022ء |
| | **(پاکستانی روپے)** | (پاکستانی روپے) |
| محصولات | **2,256,098,114** | 1,716,243,023 |
| خام منافع | **901,380,843** | 475,503,564 |
| صافی نفع | **271,540,383** | 191,435,186 |
| منافع فی حصص۔بنیادی | **3.09** | 2.18 |
| منافع فی حصص۔تحلیل شدہ | **3.09** | 2.17 |
| EBITDA فی حصص۔تحلیل شدہ | **4.38** | 3.76 |

30 ستمبر 2023ء کو ختم ہونے والی سہ ماہی کی محصولات پچھلے مالی سال کی اسی سہ ماہی میں درج ہونے والی محصولات کے مقابلے میں 31 فیصد بہتر ہوئی۔مطلق تعداد میں، کمپنی نے گزشتہ مالی سال کے اسی سہ ماہی میں 1,716 ملین روپے کے مقابلے میں 2,256 ملین روپے کی خالص محصولات حاصل کی۔ہماری ذیلی کمپنی کے کسٹمرز کو لائسنس کی فراہمی سے منسلک لائسنس کی فروخت کی وجہ سے 180 ملین روپے کی محصولات درج کی گئی ہے۔خدمات محصولات کی مد میں، کمپنی نے اسی عرصہ میں 888 ملین روپے کے مقابلے میں 929 ملین روپے کی اچھی محصولات درج کی ہیں جو کہ کلائنٹ کی متعلقہ سائٹس پر systems deployed کی کسٹمائزیشن اور enhancement سے منسلک ہیں۔اس کے علاوہ، موجودہ سہ ماہی کے دوران سبسکرپشن اور سپورٹ کی محصولات 786 ملین روپے سے بڑھ کر 1,148 ملین روپے ہوگئی ہیں۔

اس مدت کے دوران مجموعی مارجن 901 ملین روپے تک درج کیا گیا ہے جبکہ گذشتہ مدت میں یہ مارجن 476 ملین روپے درج کیا گیا تھا۔کمپنی نے گذشتہ سال 191 ملین روپے کے مقابلے میں 272 ملین روپے کا بعد از ٹیکس خالص منافع کمایا ہے۔پاکستانی روپے کی قدر میں اضافہ کی وجہ سے، کمپنی نے اس عرصے کے دوران 36 ملین روپے کرنسی تبادلے کے خسارے کو درج کیا ہے جس کا موازنہ گذشتہ سال کے اسی عرصے کے 292 ملین روپے کرنسی تبادلے کے منافع سے کیا گیا۔کمپنی نے گذشتہ مدت کے 2.18 اور 2.17 روپے کے مقابلے میں اس سہ ماہی کے لیئے 3.09 روپے بنیادی اور تحلیل شدہ فی حصص منافع درج کیا ہے۔کمپنی نے گذشتہ عرصے کے 3.76 روپے تحلیل شدہ فی حصص کے مقابلے میں 4.38 روپے فی حصص کا خالص EBITDA منافع درج کیا۔

کمپنی نے اپنے مکمل ملکیتی ذیلی ادارہ ''نیٹ سول انوویشن (پرائیویٹ) لمیٹڈ'' اور اس کے نئے شامل کردہ دبئی رجسٹرڈ مکمل ملکیتی ذیلی ادارہ "نیٹ

سول ایسنٹ مڈل ایسٹ ایکوپمنٹ ٹریڈنگ ایل ایل سی" کے مجموعی مالیاتی گوشوارے شامل کر دیئے ہیں۔نیٹ سول انویشن بنیادی طور پر پیشہ ورانہ خدمات بشمول ایمزون ویب سروسز کی فراہمی بھی شامل ہے۔فی الحال AWS خدمات فراہم کرنے کے لیے ایک ٹیم بنانے کے عمل میں ہے اور بہت معمولی محصولات کو درج کیا گیا ہے جس کے نتیجے میں سہ ماہی خسارہ درج ہوا ہے۔اسی طرح نیٹ سول ایسنٹ مڈل ایسٹ ایکوپمنٹ ٹریڈنگ ایل ایل سی کو اسی سال شامل کیا گیا ہے جس میں ابھی تک کوئی کاروباری کارروائی نہیں ہے۔30 ستمبر 2023ء کے ختم ہونے والی سہ ماہی کیلئے نقد مجموعی محصولات اسی سہ ماہی 2022ء کے 1,753 ملین روپے کے مقابلے میں 2,324 ملین روپے ہے۔مجموعی خام منافع گزشتہ مالی سال کی اسی سہ ماہی کے 468 ملین روپے کے مقابلے موجودہ سہ ماہی میں 901 ملین روپے ہے۔مجموعی بنیاد پر، کمپنی نے گذشتہ سال کی اسی مدت میں 149 ملین روپے نقد مجموعی منافع کے مقابلے میں موجودہ سہ ماہی میں 213 ملین روپے کا نقد مجموعی منافع درج کیا ہے۔30 ستمبر 2023ء کو ختم ہونے والی سہ ماہی کے لیئے فی بنیادی اور تحلیل شدہ آمدنی، گذشتہ مدت میں 1.69 روپے فی حصص منافع کے مقابلے اس مدت میں 2.42 روپے فی حصص منافع درج کیا ہے۔

## مستقبل کا نقطہ نظر Future Outlook

فنانس اور لیزنگ انڈسٹری کے لئے اعلیٰ سافٹ ویئر سلوشنز کی فراہمی میں سرفہرست نیٹ سول ٹیکنالوجیز عالمی سطح پر اپنی موجودگی اور آئندہ دنوں میں خدمات کی فراہمی میں جدید معیار کو داخل کرنے کے لئے کوشاں ہے۔ماضی قریب میں پیش رفت نے مستقبل کی ایک شاندار جھلک دکھائی جس میں کمپنی کی Appex Now مارکیٹ پیلس کے لئے عالمی سطح پر حاصل گراں قدر دلچسپی قابل ذکر ہے۔اسی رفتار کو جاری رکھتے ہوئے، نیٹ سول شمالی امریکہ کی وسیع اور شاندار منڈی میں باقاعدہ آغاز کے لئے تیار ہے۔اس حکمت عملی سے کمپنی عالمی منڈیوں میں اپنے قدم جمانے اور انڈسٹری لیڈر کے طور پر اپنی ساکھ کو مضبوط کرنے میں مدد ملے گی۔

البتہ کمپنی کا ویژن موجود پلیٹ فارمز کی علاقائی توسیع تک محدود نہیں ہے۔تشہیری سرگرمیوں کی رفتار تیز کرنے کے لئے بھی ایک مربوط منصوبہ موجود ہے۔آئندہ مہینوں میں نیٹ سول انڈسٹری کے کئی تقریبات میں شرکت کے لئے کوشاں ہیں جس میں تین اہم علاقے یعنی شمالی امریکہ، یورپ اور ایشیا پیسفک شامل ہیں۔تشہیری سرگرمیوں میں اس پیش رفت کا مقصد نہ صرف برانڈ کی موجودگی یقینی بنانا ہے بلکہ انڈسٹری کے حریفین، ممکنہ کلائنٹس اور اسٹیک ہولڈرز کے ساتھ رابطوں میں تیزی بھی لانا ہے تاکہ اپنی پروڈکٹس میں دلچسپی سے متعلق معلومات حاصل کی جاسکیں اور انڈسٹری رجحانات سے آگاہی حاصل ہو سکے۔

البتہ نیٹ سول کے عزائم اپنی پروڈکٹس کی حالیہ صورت حال کی ترویج سے بالاتر ہیں۔کمپنی کلاؤڈ کمپیوٹنگ کی جانب نا قابل تردید دلچسپی اور عالمی سطح پر کاروبار پر مسلسل تبدیل ہوتے ہوئے اثرات سے آگاہ ہے۔اس طرح نیٹ سول کلاؤڈ سروسز اس وقت کلاؤڈ کے شعبے میں باوقار مقام رکھتا ہے۔اس شعبے کی تعمیر وترقی دنیا بھر میں کلائنٹس کے پسندیدہ اور نتائج سے بھرپور سلوشنز کی فراہمی کے وسیع عزم کے عین مطابق ہے۔

مزید برآں، جدت کی جانب اس سفر کو جاری رکھنے کے لئے متحرک حل پیشہ ورانہ خدمات پر کمپنی کی توجہ کی عکاسی کرتا ہے۔عصر حاضر میں کامیاب اور نسبتاً موافق منصوبے کے درمیان کسٹمائزڈ اور ٹارگٹڈ سلوشنز اکثر فرق ڈالتے ہیں جہاں کلائنٹس پر بھرپور توجہ دینے کی حکمت عملی نیٹ سول کو اپنی پیشہ ورانہ خدمات کو نکھارنے میں مدد دیتی ہے۔ماضی کی نسبت عصر حاضر میں کلائنٹس ایسے پارٹنرز تلاش کر رہے ہیں جو نہ صرف off-the-shelf پروڈکٹس پیش کریں بلکہ اپنے منفرد چیلنجز اور مقاصد سے نبرد آزما ہونے کے لئے موافق حل بھی فراہم کریں۔اپنی پیشہ ورانہ خدمات پر بھرپور توجہ دے کر نیٹ سول واضح پیغامات دے رہا ہے: یہ نہ صرف سافٹ ویئر کی فروخت سے متعلق ہے بلکہ یہ حل نکالنے میں مدد دیتا ہے جو ہر کلائنٹ کے منفرد دھارے میں اپنا کردار ادا کرتا ہے۔

ترقی کا ایک منفرد شعبہ NFS Ascent ہے جو نیٹ سول کا فلیگ شپ انٹرپرائز سافٹ ویر ہے جو خصوصی طور پر فنانس اور لیزنگ انڈسٹری کے لئے تیار کیا گیا ہے۔leads کے لئے سافٹ ویئر، جو تیاری کے مراحل میں ہے، سے آئندہ سہ ماہی میں نمایاں پیش رفت ہوگی۔یہ امید غیر کارآمد نہیں۔ NFS Ascent فنانس اور لیزنگ انڈسٹری کی بڑھتی ہوئی طلب کو سمجھنے میں نیٹ سول کی صلاحیتوں کی عکاسی کرتا ہے تاکہ ایسی پروڈکٹس فراہم کی جاسکیں جو نہ صرف کلائنٹس کی توقع پر پورا اتریں بلکہ اضافی نتائج بھی فراہم کرسکیں۔سافٹ ویئر کی صلاحیتوں کے ساتھ اور سیلز اور مارکیٹنگ ٹیم کے شاندار کام کی بدولت ان leads کی تبدیلی نہ صرف ممکنہ بلکہ یقینی ہے۔

مختصراً، نیٹ سول ٹیکنالوجیز کا مستقبل تابناک ہے۔چونکہ ماضی میں کمپنی نے مضبوط بنیادوں اور جدت کو جاری رکھا لہٰذا مستقبل میں نئے مواقع سے بھرپور فائدہ اٹھایا جائے گا۔اسٹریٹجک مارکیٹ میں توسیع کے ذریعے انڈسٹری تقریبات میں تقویت دینے والی موجودگی اور عالمی معیار کے حل فراہم کرنے کا نا قابل تردید عزم چاہے یہ کلاؤڈ سروسز، پیشہ ورانہ خدمات یا فلیگ شپ پروڈکٹس NFS Ascent کے ذریعے ہو۔نیٹ سول صرف نمو کے لئے پیش پیش نہیں بلکہ فنانس اور لیزنگ انڈسٹری سلوشنز کے شعبے میں نئے بینچ مارک قائم کرنے کے لئے پرعزم ہے۔

**اعتراف(Acknowldgement)**

بورڈ آف ڈائریکٹرز کمپنی کے حصص یافتگان، قابلِ قدر صارفین، سرکاری اداروں اور مالیاتی اداروں کی جانب سے حمایت و معاونت کے لیے ان کی تعریف کرتا ہے اور خراجِ تحسین پیش کرتا ہے جس نے کمپنی کو یہ نتائج حاصل کرنے کے قابل بنایا۔ بورڈ کمپنی کے تمام ایگزیکٹوز اور اسٹاف ممبرز کا ان کی قابلِ قدر خدمات وفاداری اور ان کی مسلسل کوششوں کو قدر کی نگاہ سے دیکھتا ہے اور انھیں بھی خراجِ تحسین پیش کرتا ہے اور امید کرتا ہے کہ مستقبل میں بھی ان کی مخلصانہ کوششیں جاری و ساری رہیں گی۔

ازطرف بورڈ آف دائریکٹر

**سلیم اللہ غوری**
(چیف ایگزیکٹو آفیسر)

**عمر شہاب غوری**
(ڈائریکٹر)

لاہور
26 اکتوبر، 2023ء

# CONDENSED FINANCIAL STATEMENTS

For the Quarter Ended September 30, 2023

NETSOL®

## Condensed Interim Statement of Financial Position - Unaudited
As at September 30, 2023

| | NOTE | Sep-23 Unaudited | Jun-23 Audited |
|---|---|---|---|
| | | Rupees | |
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant & equipment | 5 | **1,434,608,624** | 1,514,208,964 |
| Intangible assets | 6 | **-** | 40,385,947 |
| | | **1,434,608,624** | 1,554,594,911 |
| Long term investments | 7 | **52,280,650** | 52,280,650 |
| Long term loans to employees | | **2,239,173** | 4,391,690 |
| | | **1,489,128,447** | 1,611,267,251 |
| **CURRENT ASSETS** | | | |
| Trade debts | 8 | **4,336,127,339** | 5,639,020,972 |
| Contract assets | | **2,023,604,037** | 1,968,963,315 |
| Loans and advances | 9 | **97,031,557** | 64,849,265 |
| Trade deposits & short term prepayments | 10 | **140,470,854** | 125,948,934 |
| Other receivables | 11 | **32,553,679** | 26,110,091 |
| Due from related parties | 12 | **855,476,076** | 726,749,907 |
| Taxation - net | | **12,621,097** | 6,261,617 |
| Cash & bank balances | | **3,413,827,150** | 2,631,170,928 |
| | | **10,911,711,789** | 11,189,075,029 |
| **TOTAL ASSETS** | | **12,400,840,236** | 12,800,342,280 |
| **EQUITY & LIABILITIES** | | | |
| **SHARE CAPITAL & RESERVES** | | | |
| Authorized share capital | | | |
| 200,000,000 ordinary shares of Rs.10/- each | 13 | **2,000,000,000** | 2,000,000,000 |
| Issued, subscribed and paid-up capital | 13 | **898,369,232** | 898,369,232 |
| Share deposit money | | **12,500** | 12,500 |
| Reserves | 14 | **8,543,955,153** | 8,269,052,436 |
| | | **9,442,336,885** | 9,167,434,168 |
| **NON-CURRENT LIABILITIES** | | | |
| Long term financing | 15 | **39,414,379** | 49,626,618 |
| Lease liabilities | | **250,923** | 970,557 |
| Long term advances | | **18,850,000** | 16,675,000 |
| | | **58,515,302** | 67,272,175 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 16 | **845,652,152** | 818,362,446 |
| Contract liabilities | | **424,405,577** | 1,117,495,620 |
| Short term borrowings | | **1,580,000,000** | 1,580,000,000 |
| Current portion of long term liabilities | | **46,076,489** | 45,924,040 |
| Unclaimed dividend | | **3,853,831** | 3,853,831 |
| | | **2,899,988,049** | 3,565,635,937 |
| **CONTINGENCIES & COMMITMENTS** | 17 | **-** | - |
| **TOTAL EQUITY AND LIABILITIES** | | **12,400,840,236** | 12,800,342,280 |

*The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.*

**CHIEF EXECUTIVE OFFICER** **DIRECTOR** **CHIEF FINANCIAL OFFICER**

## Condensed Interim Statement of Profit or Loss - Unaudited

For the Quarter Ended September 30, 2023

| | NOTE | Jul-Sep 2023 | Jul-Sep 2022 |
|---|---|---|---|
| | | Rupees | |
| Revenue from contracts with customers - net | 18 | **2,256,098,114** | 1,716,243,023 |
| Cost of revenue | | **(1,354,717,271)** | (1,240,739,459) |
| **Gross profit** | | **901,380,843** | 475,503,564 |
| Selling and promotion expenses | | **(160,713,035)** | (152,530,894) |
| Administrative expenses | | **(350,347,153)** | (346,119,587) |
| | | **(511,060,188)** | (498,650,481) |
| **Operating profit/(loss)** | | **390,320,655** | (23,146,917) |
| Other income | | **148,400,953** | 388,330,592 |
| | | **538,721,608** | 365,183,675 |
| Other operating expenses | | **(155,341,648)** | (106,384,843) |
| Finance cost | | **(79,308,728)** | (26,242,019) |
| **Profit before taxation** | | **304,071,232** | 232,556,813 |
| Taxation | 19 | **(32,530,849)** | (41,121,627) |
| **Profit after taxation for the period** | | **271,540,383** | 191,435,186 |
| **Earnings per share** | | | |
| Basic - In Rupees | 20 | **3.09** | 2.18 |
| Diluted - In Rupees | 20 | **3.09** | 2.17 |

*The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.*

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

## Condensed Interim Statement of Comprehensive Income - Unaudited

For the Quarter Ended September 30, 2023

| | Jul-Sep 2023 | Jul-Sep 2022 |
|---|---|---|
| | Rupees | |
| **Profit after taxation for the period** | **271,540,383** | 191,435,186 |
| **Other comprehensive income** | | |
| Items that will not be reclassified subsequently to profit or loss: | - | - |
| Items that may be reclassified to profit or loss in subsequent periods (net of tax): | - | - |
| **Total comprehensive income for the period** | **271,540,383** | 191,435,186 |

*The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.*

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

## Condensed Interim Statement of Cash Flows - Unaudited

For the Quarter Ended September 30, 2023

| | Jul-Sep 2023 | Jul-Sep 2022 |
|---|---|---|
| | Rupees | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | **304,071,232** | 232,556,813 |
| Adjustments for non cash charges and other items: | | |
| Depreciation - own assets | **92,612,546** | 90,028,277 |
| Amortization of right of use assets | **668,313** | 668,312 |
| Amortization of intangible assets | **40,385,947** | 73,375,935 |
| (Gain) on disposal of fixed assets | **(5,278)** | (5,192,668) |
| Foreign exchange loss/(gain) | **35,695,788** | (291,886,653) |
| Finance cost | **77,194,211** | 26,450,937 |
| Interest income | **(147,870,675)** | (91,026,271) |
| Employee compensation expense | **3,362,334** | 9,380,425 |
| Amortization of deferred grant | **-** | (712,511) |
| Provision for expected credit losses | **26,328,924** | 14,586,300 |
| | **128,372,110** | (174,327,917) |
| ***Cash generated from operations before working capital changes*** | **432,443,342** | 58,228,896 |
| ***Working Capital Changes*** | | |
| Trade debts | **1,244,186,707** | (344,337,158) |
| Contract assets | **(57,958,509)** | (148,972,380) |
| Contract liabilities | **(693,090,043)** | (187,807,526) |
| Loans and advances | **(30,029,775)** | (41,502,317) |
| Trade deposits & short term prepayments | **(14,521,920)** | (87,072,396) |
| Other receivables | **(6,443,588)** | (2,136,769) |
| Due from related parties | **(128,726,169)** | (28,674,669) |
| Trade and other payables | **21,562,775** | 109,258,021 |
| **Cash generated from /(used in) operations** | **334,979,478** | (731,245,194) |
| Finance cost | **(71,467,280)** | (19,799,978) |
| Income taxes paid | **(38,890,329)** | (37,423,056) |
| Dividend paid | **-** | (85,236) |
| ***Net cash generated from /(used in) operations*** | **657,065,211** | (730,324,568) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Property, plant and equipment's purchased | **(13,733,297)** | (203,704,396) |
| Sales proceeds of fixed asset | **58,056** | 35,049,197 |
| Advances against capital expenditure | **-** | (2,968,990) |
| Interest received | **147,870,676** | 91,026,271 |
| ***Net cash generated from/(used in) investing activities*** | **134,195,435** | (80,597,918) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Paid against lease liabilities | **(921,924)** | (690,213) |
| Long term loan | **(9,857,500)** | (77,046,785) |
| Long term advances | **2,175,000** | 2,175,000 |
| ***Net cash (used in) financing activities*** | **(8,604,424)** | (75,561,998) |
| ***Net increase/(decrease) in cash and cash equivalents*** | **782,656,222** | (886,484,484) |
| ***Cash and cash equivalents at the beginning of the period*** | **2,631,170,928** | 3,785,712,936 |
| ***Cash and cash equivalents at the end of the period*** | **3,413,827,150** | 2,899,228,452 |

*The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.*

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

## Condensed Interim Statement of Changes in Equity - Unaudited

For the Quarter Ended September 30, 2023

| | Issued, subscribed and paid-up capital | Share deposit money | Capital Reserve | | | | Revenue Reserve | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Treasury share reserve | Employee share option compensation reserve | Share premium | Foreign currency translation reserve | Un-appropriated profit | |
| | Rupees | | | | | | | |
| **Balance as at June 30, 2022** | 898,369,232 | 12,500 | (184,738,875) | 232,223,439 | 304,166,629 | (33,686,884) | 6,610,689,569 | 7,827,035,610 |
| Net profit for the period | - | - | - | - | - | - | 191,435,186 | 191,435,186 |
| Other comprehensive income for the period | - | - | - | - | - | - | - | - |
| **Total comprehensive income for the period** | - | - | - | - | - | - | 191,435,186 | 191,435,186 |
| Amortization of employee share options | - | - | - | 9,381,000 | - | - | - | 9,381,000 |
| | - | - | - | 9,381,000 | - | - | 191,435,186 | 200,816,186 |
| **Balance as at September 30, 2022** | 898,369,232 | 12,500 | (184,738,875) | 241,604,439 | 304,166,629 | (33,686,884) | 6,802,124,755 | 8,027,851,796 |
| **Balance as at June 30, 2023** | 898,369,232 | 12,500 | (184,738,875) | 253,700,958 | 304,166,629 | - | 7,895,923,724 | **9,167,434,168** |
| Net profit for the period | - | - | - | - | - | - | 271,540,383 | **271,540,383** |
| Other comprehensive income for the period | - | - | - | - | - | - | - | **-** |
| **Total comprehensive income for the period** | - | - | - | - | - | **-** | 271,540,383 | **271,540,383** |
| Amortization of employee share options | - | - | - | 3,362,334 | - | **-** | **-** | **3,362,334** |
| | - | - | - | 3,362,334 | - | - | 271,540,383 | **274,902,717** |
| **Balance as at September 30, 2023** | **898,369,232** | **12,500** | (184,738,875) | **257,063,292** | **304,166,629** | **-** | **8,167,464,107** | **9,442,336,885** |

*The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.*

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim Financial Statements - Unaudited
For the Quarter Ended September 30, 2023

## 1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Technologies Limited ("the Company"), incorporated in Pakistan on August 22, 1996 under the repealed Companies Ordinance, 1984, (Now 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. Principal activities of the Company is development and sale of computer software and allied services in Pakistan as well as abroad.

Geographical location and addresses of business units:

| 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 Housing Society Karachi. | Branch office |
| 3 House No. 4, Safari villas 1, Bahria town, Rawalpindi. Pakistan. | Branch office |
| 4 Central Senayan 2 Building, 16th Floor, Asia Afrika Street, No. 8, Senayan, Kebayoran Baru, South Jakarta, DKI Jakarta, 12190 | Branch office |
| 5 3rd floor Jasmin's Arcade Fakhar-e-Alam road, Peshawar Cantt. Pakistan. | Branch office |
| 6 Office no 23, The Arcadin, Kohinoor city, Jaranwala road, Faisalabad, Pakistan. | Branch office |

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

## 2. BASIS OF PREPARATION

### 2.1 Separate financial statements

These condensed interim financial statements are separate condensed interim financial statements of the company. Condensed consolidated interim financial statements of the company are prepared separately.

### 2.2 Statement of compliance

These separate condensed interim financial statements 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 separate condensed interim financial statements are unaudited 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, 2023.

### 2.3 Basis of measurement

These separate condensed interim financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments at fair value as disclosed in respective accounting policies or notes. These accounts have been prepared under accrual basis of accounting.

### 2.4 Functional and presentation currency

These separate condensed interim financial statements are presented in Pakistani Rupee, which is the company's functional currency as well its presentation currency.

## 3. ACCOUNTING POLICIES

**3.1.** The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2023.

**3.2.** **New accounting standards, IFRIC interpretations, amendments to the published approved accounting standards and companies Act 2017 that are effective in current year:**

Certain standards, amendments and interpretations to approved accounting standards are also effective for accounting periods beginning on July 01, 2023, but are neither relevant nor have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

**3.3.** **New accounting standards, IFRIC interpretations, amendments to the published approved accounting standards that are not effective in current year and have not been early adopted by the company:**

There are certain other new and amended standards, interpretations and amendments that are mandatory for the company's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

## 4. USE OF ESTIMATES AND JUDGMENT

The preparation of condensed interim financial statements 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 and 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 financial statements, 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, 2023.

| | NOTE | Sep-23 Unaudited | Jun-22 Audited |
|---|---|---|---|
| | | Rupees | |
| **5. PROPERTY, PLANT & EQUIPMENT** | | | |
| Net book value of owned assets | 5.1 | **1,426,896,634** | 1,505,828,661 |
| Net book value of right of use assets | 5.2 | **7,711,990** | 8,380,303 |
| | | **1,434,608,624** | 1,514,208,964 |
| **5.1 PROPERTY, PLANT & EQUIPMENT** | | | |
| Opening Balance - net book value | | **1,505,828,661** | 1,576,395,582 |
| Additions | 5.1.1 | **13,733,297** | 407,325,270 |
| | | **1,519,561,958** | 1,983,720,852 |
| Less: | | | |
| Disposals - net book value | 5.1.2 | **(52,778)** | (88,586,884) |
| Depreciation & amortization | | **(92,612,546)** | (389,305,307) |
| | | **1,426,896,634** | 1,505,828,661 |
| **5.1.1 Following is the detail of addition / transfers :** | | | |
| Furniture & fixture | | **172,005** | 3,550,130 |
| Vehicles | | **2,255,000** | 110,433,902 |
| Office equipment | | **282,300** | 13,684,440 |
| Computers | | **11,023,992** | 142,798,498 |
| Air conditioners | | **-** | 3,283,900 |
| Generator | | **-** | 3,288,840 |
| Computer software | | **-** | 130,285,560 |
| **Total** | | **13,733,297** | 407,325,270 |

5.1.2 Following is the detail of disposals :

| | Sep-23 Unaudited | | | Jun-23 Audited | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Written down value | Cost | Accumulated Depreciation | Written down value |
| | | | | Rupees | | |
| Furniture & fixture | - | - | - | 626,652 | 492,610 | 134,042 |
| Vehicles | - | - | - | 101,154,421 | 43,703,359 | 57,451,062 |
| Office equipment | - | - | - | 161,000 | 127,747 | 33,253 |
| Computers | 190,000 | 137,222 | 52,778 | 544,596,197 | 513,634,254 | 30,961,943 |
| Air conditioners | - | - | - | 199,000 | 192,416 | 6,584 |
| Total | 190,000 | 137,222 | 52,778 | 646,737,270 | 558,150,386 | 88,586,884 |

| | NOTE | Sep-23 Unaudited | Jun-23 Audited |
|---|---|---|---|
| | | Rupees | |
| **5.2 RIGHT OF USE ASSETS** | | | |
| Opening Balance - net book value | | **8,380,303** | 32,738,991 |
| Additions | | **-** | - |
| | | **8,380,303** | 32,738,991 |
| Less: | | | |
| Disposals - net book value | 5.2.1 | **-** | (21,685,439) |
| Depreciation & amortization | | **(668,313)** | (2,673,249) |
| | | **7,711,990** | 8,380,303 |

5.2.1 Following is the detail of disposals :

| | Sep-23 Unaudited | | | Jun-23 Audited | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Written down value | Cost | Accumulated Depreciation | Written down value |
| | | | | Rupees | | |
| Vehicles | - | - | - | 49,285,094 | 27,599,655 | 21,685,439 |
| Total | - | - | - | 49,285,094 | 27,599,655 | 21,685,439 |

| | | | |
|---|---|---|---|
| **6. INTANGIBLE ASSETS** | | | |
| Opening Balance - net book value | | **40,385,947** | 333,889,687 |
| | | **40,385,947** | 333,889,687 |
| Less: | | | |
| Amortization | | **(40,385,947)** | (293,503,740) |
| | | **-** | 40,385,947 |

**6.1** NFS - Ascent has been fully amortized during the period but the company is still generating revenues from its sale.

| | | | |
|---|---|---|---|
| **7. LONG TERM INVESTMENTS** | | | |
| **Investment in subsidiaries - at cost- unquoted** | | | |
| NetSol Innovation (Pvt.) Limited | 7.1 | **30,062,650** | 30,062,650 |
| NetSol Ascent Middle East Computer Equipment Trading L.L.C. | 7.2 | **-** | - |
| | | **30,062,650** | 30,062,650 |
| Subscription money payable | 7.3 | **22,218,000** | 22,218,000 |
| | | **52,280,650** | 52,280,650 |

**7.1** The subsidiary is incorporated in Pakistan. The principal place of business of subsidiary is situated at NetSol IT Village, (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan The Company holds 3,006,305 (2023 : 3,006,305) fully paid ordinary shares of Rs. 10/- each i.e. 100% of Equity held (2023 : 100%) .

**7.2** This represents 300 ordinary shares of AED 1,000/- each, representing 100% (2023: Nil) shares in the wholly owned subsidiary NetSol Ascent Middle East Computer Equipment Trading L.L.C. Main object of the company is to provide services related to computer systems and communication equipment and software. Principal place of business of the subsidiary is situated in Dubai. As of reporting date, no capital investment has been made in that entity. However there are some transactions incurred under normal course of business.

**7.3** This represents subscription money payable in respect of wholly owned subsidiary, NetSol Ascent Middle East Computer Equipment Trading L.L.C.

| | NOTE | Sep-23 Unaudited | Jun-23 Audited |
|---|---|---|---|
| | | Rupees | |
| **8. TRADE DEBTS** | | | |
| Considered good - unsecured | 8.1 | **4,336,127,339** | 5,639,020,972 |
| Considered doubtful - unsecured | | **379,281,170** | 356,270,033 |
| | | **4,715,408,509** | 5,995,291,005 |
| Less: Provision against expected credit losses | 8.2 | **(379,281,170)** | (356,270,033) |
| | | **4,336,127,339** | 5,639,020,972 |

**8.1** It represents amount receivable from customers. It is unsecured but considered good by the management.

**8.2** This is a provision for expected credit losses created by the company for any future doubtful trade debts.

**8.3** **Amount receivable from related parties included in trade debts (from export sales) are as under:**

| | | |
|---|---|---|
| NetSol Technologies (Thailand) Limited | **223,641,734** | 277,821,116 |
| NetSol Technologies (Beijing) Company Limited | **2,096,091,470** | 1,925,047,916 |
| NetSol Technologies Australia Pty. Limited | **673,270,349** | 724,626,625 |
| NetSol Technologies Americas Inc. | **504,494,781** | 403,160,531 |
| NetSol Technologies Europe | **7,378,914** | 14,318,265 |
| Ascent Europe Limited | **252,632,225** | 120,893,334 |
| OTOZ Thailand Limited | **73,542,966** | 75,788,552 |
| | **3,831,052,439** | 3,541,656,339 |

| | | | |
|---|---|---|---|
| **9. LOANS AND ADVANCES** | | | |
| Current maturity of loans to executives | | **3,511,458** | 6,569,366 |
| **Advances** | | | |
| - to employees | | **1,949,047** | - |
| - against expenses | 9.1 | **91,571,052** | 58,279,899 |
| | | **97,031,557** | 64,849,265 |

**9.1** The advances against expenses are given to meet business expenses and are settled as and when the expenses are incurred.

| | | | |
|---|---|---|---|
| **10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS** | | | |
| Security deposits | | **4,927,092** | 4,877,628 |
| Prepayments | | **135,543,762** | 121,071,306 |
| | | **140,470,854** | 125,948,934 |
| **11. OTHER RECEIVABLES** | | | |
| Guarantee margin | | **1,144,000** | 2,344,000 |
| Other receivable - considered good | | **31,409,679** | 23,766,091 |
| | | **32,553,679** | 26,110,091 |
| **12. DUE FROM RELATED PARTIES** | | | |
| **Considered good - unsecured** | | | |
| **Parent** | | | |
| NetSol Technologies Inc. | | **160,034,122** | 150,793,593 |
| **Associates** | | | |
| NetSol Technologies Americas Inc. | | **108,204,650** | 91,181,798 |
| NetSol Connect (Pvt) Ltd. | | **14,704,844** | 15,744,976 |
| NetSol Technologies Beijing Ltd. | | **200,822,657** | 166,958,203 |
| OTOZ Thailand Ltd. | | **40,540,239** | 41,778,109 |
| **Wholly owned Subsidiaries** | | | |
| NetSol Innovation (Pvt.) Ltd | 12.2 | **331,169,564** | 260,293,228 |
| | | **855,476,076** | 726,749,907 |

**12.1** These relate to normal course of business of the company and are interest free.

**12.2** These relate to normal course of business of the company and the interest at a rate of 6 months KIBOR is charged on the outstanding balance at the end of each month.

## 13. SHARE CAPITAL

### 13.1 Authorized share capital

| Sep-23 Unaudited | Jun-23 Audited | | Sep-23 Unaudited | Jun-23 Audited |
|---|---|---|---|---|
| Number of shares | | | Rupees | |
| **200,000,000** | 200,000,000 | Ordinary Shares of Rs. 10 each. | **2,000,000,000** | 2,000,000,000 |

### 13.2 Issued, subscribed & paid-up capital

| | | | | |
|---|---|---|---|---|
| **42,686,191** | 42,686,191 | Ordinary shares of Rs. 10 each fully paid in cash | **426,861,910** | 426,861,910 |
| **47,150,732** | 47,150,732 | Ordinary shares of Rs. 10 each issued as fully paid bonus shares | **471,507,322** | 471,507,322 |
| **89,836,923** | 89,836,923 | | **898,369,232** | 898,369,232 |

NetSol Technologies Inc. 16000 Ventura Boulevard STE 770 ENCINO CA 91436, USA, is the parent company holding 67.62% (2023 : 67.62%) of issued capital of the company.

The share capital includes 2,000,000 ordinary shares (Rs. 10 each as fully paid in cash) held as treasury shares by the company. These treasury shares are held in CDC blocked account in the freeze form. These are not entitled to any voting right, cash dividend or any other distribution made by the company. No sale or disposal of treasury shares has been made during the financial year.

## 14. RESERVES

| | | |
|---|---|---|
| **Capital reserve** | | |
| Premium on issue of ordinary shares | **304,166,629** | 304,166,629 |
| Employee share option compensation reserve | **257,063,292** | 253,700,958 |
| Treasury share reserve | **(184,738,875)** | (184,738,875) |
| **Revenue reserve** | | |
| Un - appropriated profit | **8,167,464,107** | 7,895,923,724 |
| | **8,543,955,153** | 8,269,052,436 |

## 15. LONG TERM FINANCING

| | | |
|---|---|---|
| Loan obligations | **82,337,274** | 92,194,774 |
| **Less: Current portion shown under current liabilities:** | | |
| Current portion of Loan obligations | **(42,922,895)** | (42,568,156) |
| | **39,414,379** | 49,626,618 |

**16.** Trade and other payables includes Rs. 16.48 M (2023: Rs. 18.6 M) payable to related parties. This relates to normal course of the business and is interest free.

## 17. CONTINGENCIES & COMMITMENTS

### 17.1 Contingencies

There is no significant change in the contingencies since the date of preceding published annual financial statements.

### 17.2 Commitments

Bank guarantees have been issued amounting Rs. 36.21 million (2023: Rs. 36.21 million) against performance of contract, to LESCO and to Standard Chartered Bank against its corporate credit cards.

The Company has a capital commitments of NIL as at Sep 30, 2023. (2023: Nil)

| | | Jul-Sep 2023 | Jul-Sep 2022 |
|---|---|---|---|
| | | Rupees | |
| **18.** | **REVENUE FROM CONTRACTS WITH CUSTOMERS** | | |
| | **DISAGGREGATION OF REVENUE:** | | |
| | **Export Revenue** | | |
| | License | **179,499,290** | - |
| | Services | **908,122,526** | 822,271,167 |
| | Subscription and Support | **1,136,079,420** | 785,529,148 |
| | | **2,223,701,236** | 1,607,800,315 |
| | **Local Revenue** | | |
| | License | **-** | 42,653,570 |
| | Services | **21,930,764** | 67,957,991 |
| | Subscription and Support | **11,673,917** | - |
| | | **33,604,681** | 110,611,561 |
| | Sales tax | **(1,207,803)** | (2,168,853) |
| | | **2,256,098,114** | 1,716,243,023 |
| | **18.1 Timing of revenue recognition:** | | |
| | At a point in time | **179,499,290** | 42,653,570 |
| | Over the time | **2,076,598,824** | 1,673,589,453 |
| | | **2,256,098,114** | 1,716,243,023 |

**19. TAXATION**

For exporters of IT & 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.

| | | Jul-Sep 2023 | Jul-Sep 2022 |
|---|---|---|---|
| | | Rupees | |
| **20.** | **EARNINGS PER SHARE** | | |
| | **Basic** | | |
| | Profit after taxation for the period | **271,540,383** | 191,435,186 |
| | Average number of ordinary shares in issue during the period | **87,836,923** | 87,836,923 |
| | Basic - In Rupees | **3.09** | 2.18 |
| | **Diluted** | | |
| | Profit after taxation for the period | **271,540,383** | 191,435,186 |
| | Average number of ordinary shares in issue during the period | **87,977,869** | 88,189,335 |
| | Diluted - In Rupees | **3.09** | 2.17 |

**21. TRANSACTION WITH RELATED PARTIES**

Related parties comprise of holding company, subsidiary, associated undertakings, key management personnel of the company and post employment benefits. The company in its normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Parent, subsidiary and associated undertakings also have some common directorship.

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

| | Relationship with the Company | Nature of transactions | Jul-Sep 2023 | Jul-Sep 2022 |
|---|---|---|---|---|
| | | | Rupees | |
| (i) | Subsidiary | Rental income | **300,000** | 600,000 |
| | | Provision of services | **600,000** | 900,000 |
| | | Mark-up income | **16,495,307** | - |
| (ii) | Associated undertaking | Rental income | **225,000** | 225,000 |
| | | Provision of services | **710,457,300** | 374,920,070 |
| | | Purchase of services | **11,606,826** | 9,720,432 |
| (iii) | Post employment benefit | Contribution to defined contribution plan | **43,819,759** | 44,433,892 |
| (iv) | Key management personnel | Salaries and benefits | **87,847,932** | 77,324,718 |
| | | Retirement benefits | **3,509,101** | 3,254,503 |
| | | Commission paid | **7,223,753** | 2,080,000 |

(v) There are no transactions with any key management personnel other than under the terms of employment.

**22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

**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, foreign exchange risk and liquidity risk. There has been no change in the risk management policies during the period, consequently this condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements.

**Fair value of financial assets and liabilities**

The carrying value of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair value.

**23. CORRESPONDING FIGURES**

Corresponding figures have been wherever re-classified, re-arranged, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangement / reclassifications have been made in these financial statements.

**24. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 26, 2023 by the Board of Directors.

**25. FIGURES**

Figures have been rounded off to the nearest rupee unless otherwise stated. Previously, the figures were rounded off to the nearest thousand rupees. Due to the change in presentation of financials, there are slight changes in figures but they have no material impact. However, overall financial results remain unchanged.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER