



**INVESTOR'S BRIEFING
NINE MONTHS ENDED
30 SEPTEMBER 2023**

MONDAY, 30 OCT 2023



TABLE OF CONTENTS

- » Systems At A Glance
- » Environment, Social & Governance
- » Awards and Recognition
- » Financial Review
- » Way Forward
- » Q&A

The Tech-Driven Future Landscape

Generative AI's breakout

The global economy could experience an annual productivity boost of **0.2 to 3.3** percent from **2023 to 2040**.

Source: [Mckinsey](#)

70% of organizations currently in exploration mode with Generative AI

Source: [Gartner](#)

Rewiring for digital

The global digital transformation market is expected to grow to **USD 1,009.8 billion by 2025**.

Source: [Globe Newswire](#)

Data & Analytics initiatives

By **2025**, **95%** of decisions that currently use data will be at least partially automated.

Source: [Gartner](#)

Riding the cloud wave

70% of companies will employ hybrid or multicloud management technologies, tools, and processes.

Source: [Mckinsey](#)

AI in telco

The global AI In Telecommunication market size is projected to reach **USD 13450 Million by 2026**.

Source: [PR Newswire](#)

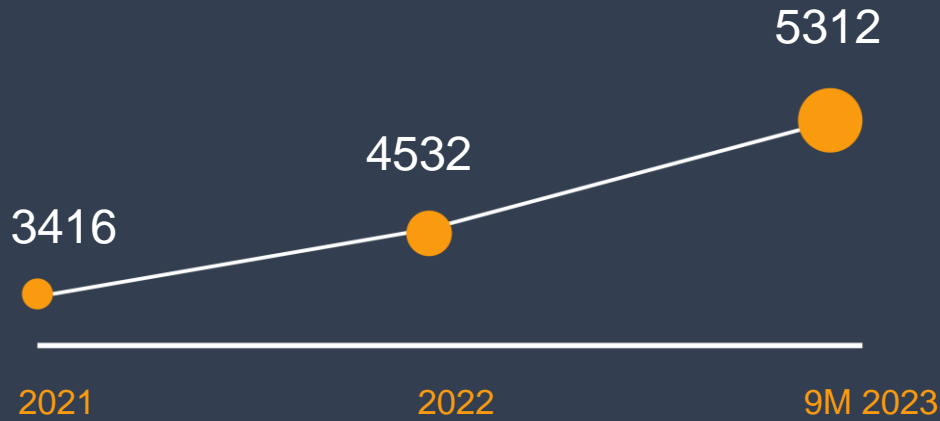
Banking and AI

The prediction is that **95%** of customer interactions will be supported by AI by **2025**

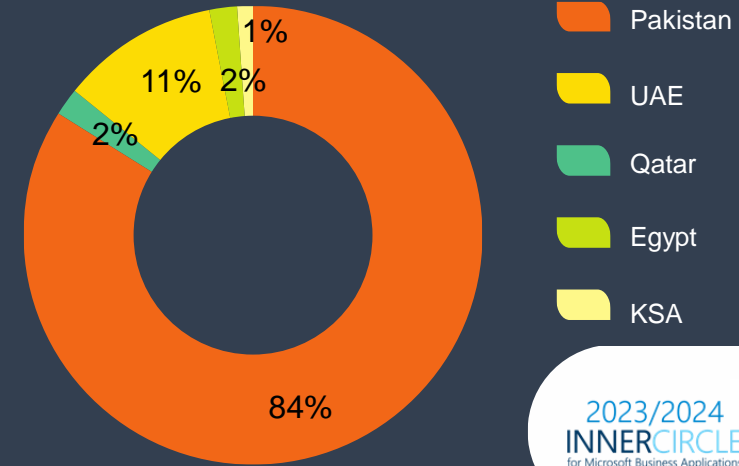
Source

Systems At A Glance

Employee Metrics (IT only)



Total Headcount Geographic Dispersion %



2023/2024
 Forbes Asia BEST UNDER A BILLION 2023
 ASIAMONEY temenos

Year	Key Milestones
1977	Founded as the first software company of Pakistan
2015	Listed on PSX Launched OneLoad Diversified in digital services for financial inclusion
2018	Won the Microsoft Partner of the Year Award Recorded Rs. 1 billion in profitability
2019	IFC Investment in EP Systems E-Money License secured by EP Launched Systems Ventures
2020	PSEB Top IT Exporter Award Forbes Asia Best Under A Billion Among the top 3 best performing companies on the Pakistan Stock Exchange (PSX)
2021	Strategic investment in Retailistan Forbes Asia Best Under A Billion Won Microsoft Inner Circle Award Expanded operations in KSA Recorded highest ever profitability
2022	Strategic acquisition of NDC Expansion in KSA, Egypt, Australia, South Africa & Singapore Forbes Asia Best Under A Billion Won Microsoft Inner Circle Award SAP Top New Partner & service excellence award for EMEA Most outstanding company at Asia Money 2022 Best IT services company at 21 st ITCN ASIA 2022
2023	Microsoft 2023 Partner of the Year for Pakistan & UAE Forbes Best Under A Billion 2023 4th time in a row 2023/2024 Inner Circle Microsoft Business Applications Award Asia Money most outstanding Company in Pakistan - IT Sector Top 3 in PSX 25 companies list

Systems we are a global company

Serving customers in 16 countries

Middle East & others

52%

North America & Europe

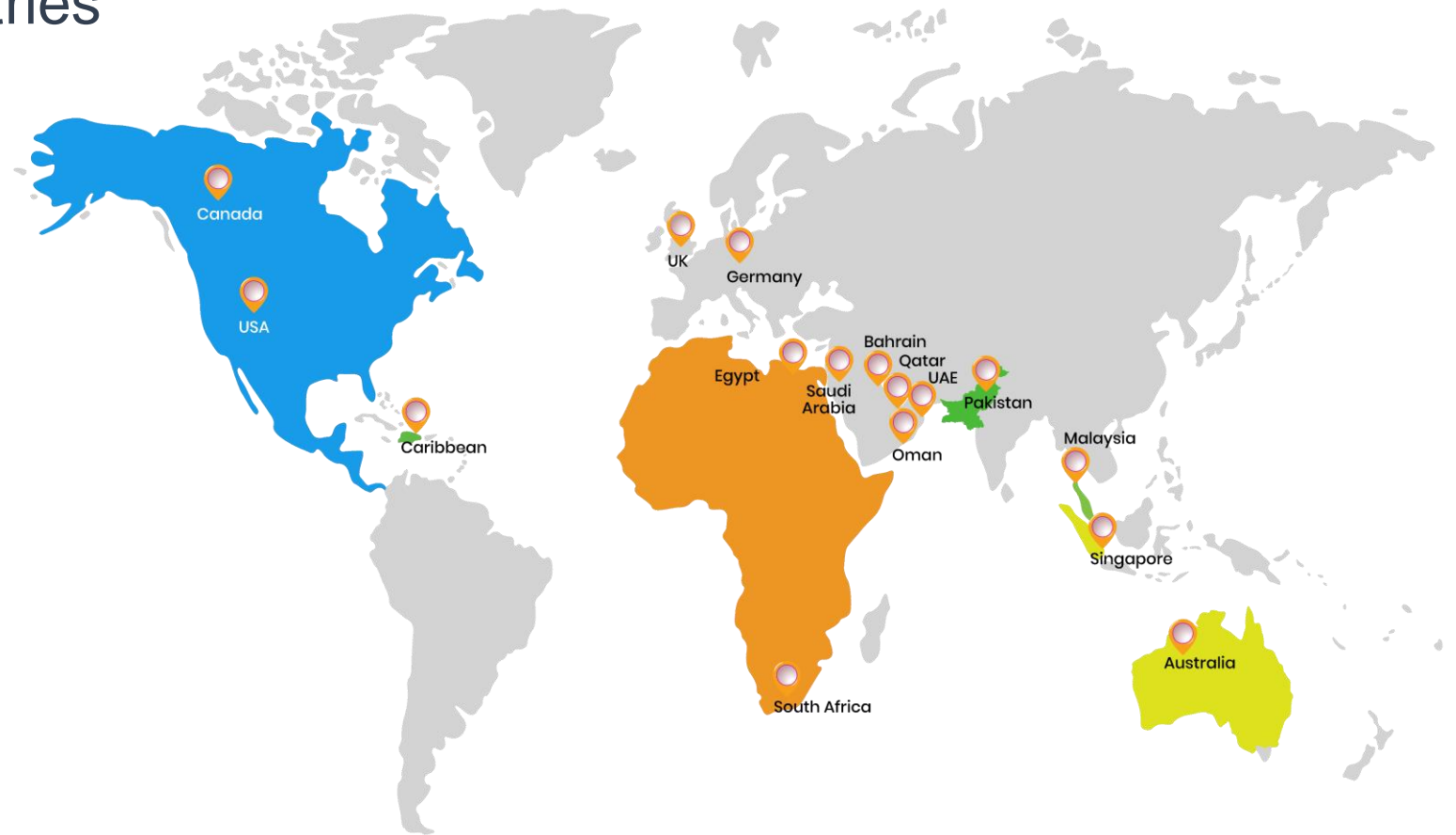
28%

Pakistan

18%

Asia Pacific

2%



Our Value Proposition



Cost effectiveness

Being most cost-effective IT outsourcing destination



Emerging technologies

Organized by competencies and delivering business and technical solutions in emerging technologies.



Growth

Rapid revenue growth and industry leading margins



Global presence

Systems is emerging as a recognized regional brand for partners, customers and principals.



Domain expertise

Strong set of accelerators / business solutions that leverages our core engineering and business / domain expertise



Recurring revenue

Recurring and **blue-chip customer base**



Employee Ownership

Employee-ownership and experienced Leadership team



Insights-Driven

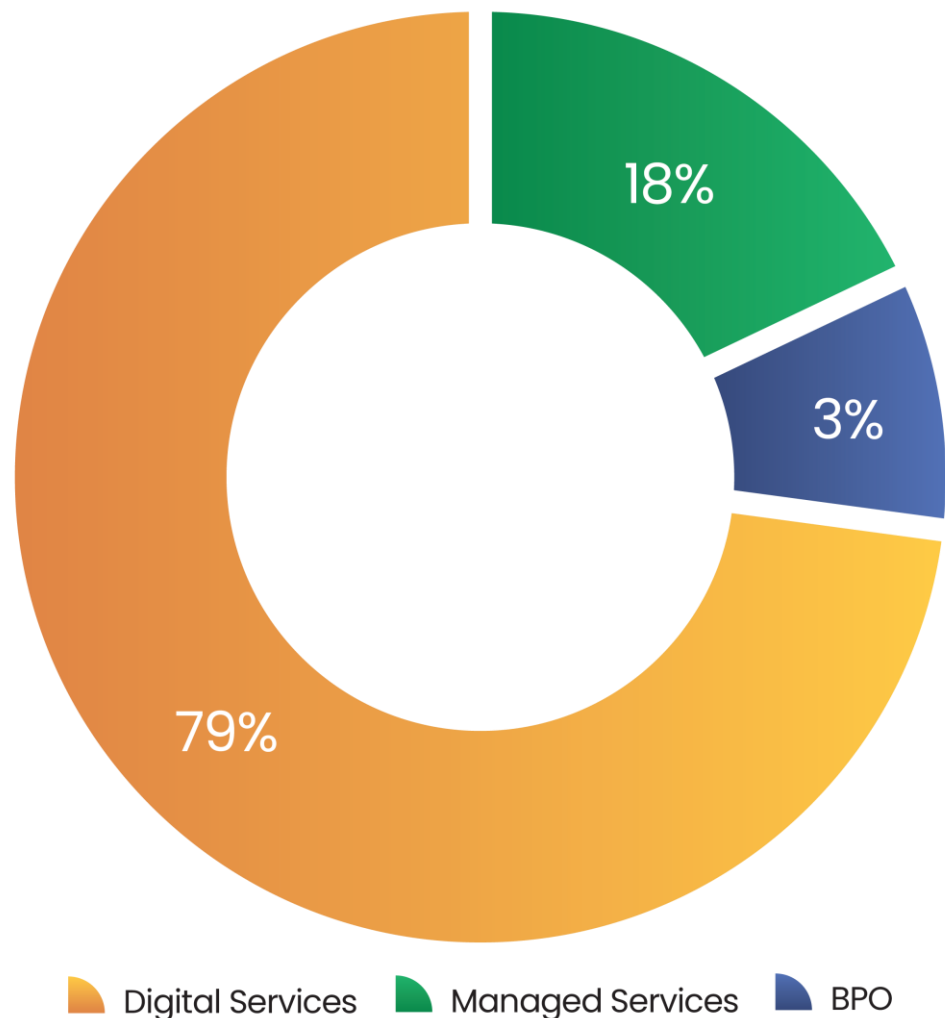
We are insights driven, user centric, systematically tested and have financially impactful delivery model that delivers projects with immediate, substantial and sustainable impact on customers' bottom line.



Consulting

Best-in-class business strategy consultants to propel your enterprise performance to greater levels.













Digital is the central driver of our business



Systems Limited, a globally recognized SI company, owes a significant part of its success to the development of digital services using a diverse range of high-end technologies. In today's fast-evolving business world, adopting digital solutions is crucial to creating customer-centric and convenient services that meet the changing needs of consumers.

Leveraging our extensive industry expertise and business acumen, we integrate Managed Services, Business Process Outsourcing, and digitally-enabled solutions to deliver a seamless, powerful, and connected experience to our customers. Our approach enables them to keep pace with the rapidly evolving digital landscape and stay competitive.

Our prestigious accolades

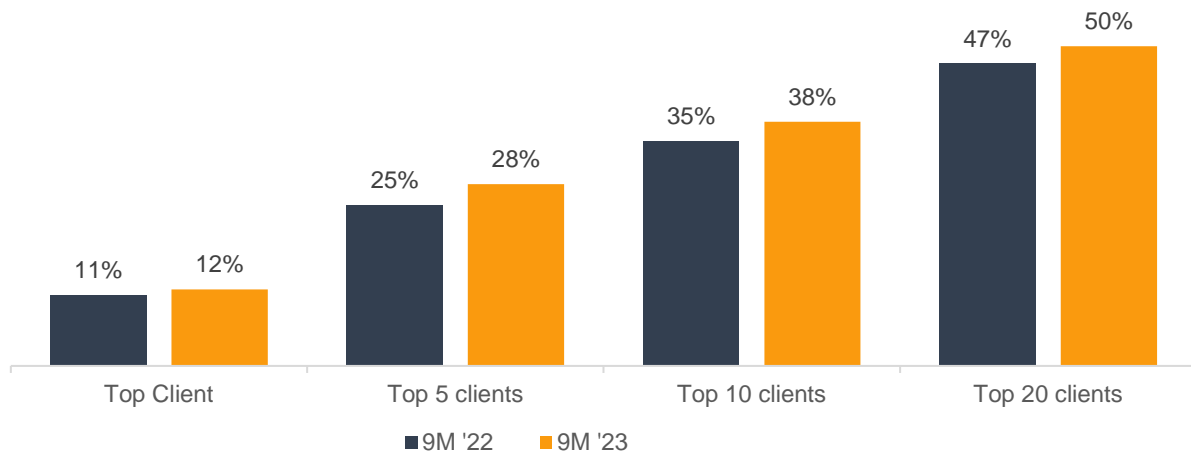
 <p>2023 Partner of the Year – Pakistan</p>	 <p>2023 Partner of the Year – UAE</p>	<p>2023/2024 INNERCIRCLE for Microsoft Business Applications</p> <p>Among top global technology partners three times in a row</p>	<p>Forbes Asia UNDER A BEST BILLION 2023</p> <p>Only Pakistan's IT company to win four times in a row</p>
 <p>Partner of the year 2018</p>	 <p>Top New Partner and Service Excellence Awards</p>	<p>ASIAMONEY</p> <p>Most Outstanding Company three times in a row</p>	 <p>Top Exporter Award</p>
 <p>Top 3 on PSX 25 companies list three times in a row</p>	 <p>Cloud Partner of the Year</p>	 <p>Appreciation Award</p>	 <p>First IT company to win the LCCI President IT award</p>
 <p>Highly Commended – Top Tech Team 2022</p>	<p>temenos</p> <p>Best Sales Partner – MEA Sales and Partner Summit 2022</p>	 <p>Best Digital Channel/Platform Implementation Award 2022</p>	 <p>Temenos IT Services PEAK Matrix Assessment 2022</p>

Partnerships and strategic alliances

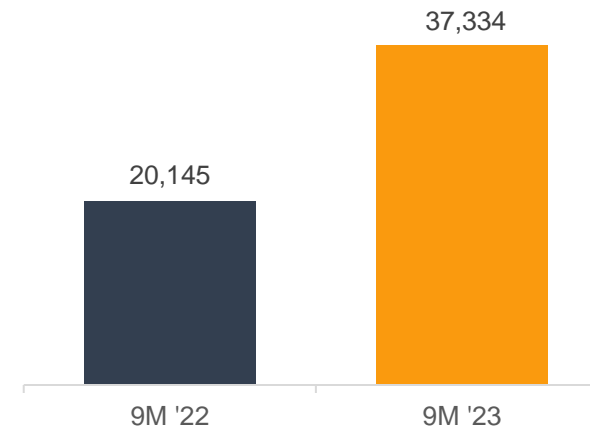
							
							
							
							
							
							

Client Composition

Client Contribution to Revenue



9M '23 Revenue



Active Clients



*Revenue above \$100k

Client Metrics

	9M 2022	9M 2023
\$10m+ clients	1	1
\$5-10m clients	-	3
\$1-5m clients	16	22
\$0.5-1m clients	20	22



FINANCIALS REVIEW

NINE MONTHS ENDED
30 SEPTEMBER 2023

*all financials are from consolidated results

Financial Performance At a Glance

PKR 37.33bn

9M '23
REVENUE

~33%

USD BASED
REVENUE
GROWTH

85%

REVENUE
GROWTH vs SPLY

54%

EBITDA GROWTH
vs SPLY

27%

9M '23
GROSS PROFIT MARGIN

15%

9M '23 OPERATING
MARGIN

18%

9M '23 EBITDA MARGIN

7,090

TOTAL EMPLOYEES AS
OF SEPTEMBER 30, 2023

180

9M '23 TOTAL
ACTIVE CUSTOMERS
SERVED (USD >100k)

26

CUSTOMERS WITH
OVER \$1MN
REVENUE

84%

9M '23 REVENUE FROM
EXISTING CUSTOMERS

102

DAYS SALES
OUTSTANDING

24.38

9M '23 Diluted EPS

24%

ROE

PKR 7.9bn

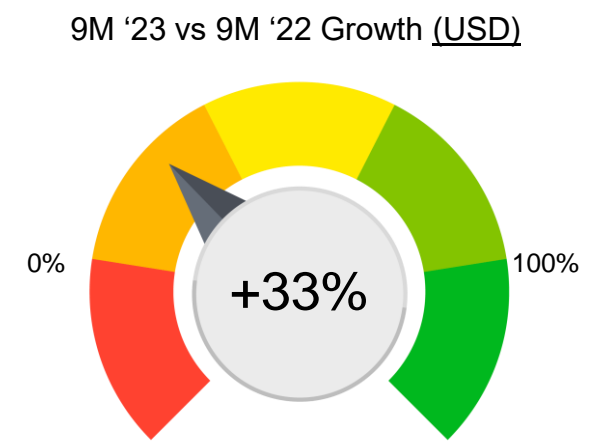
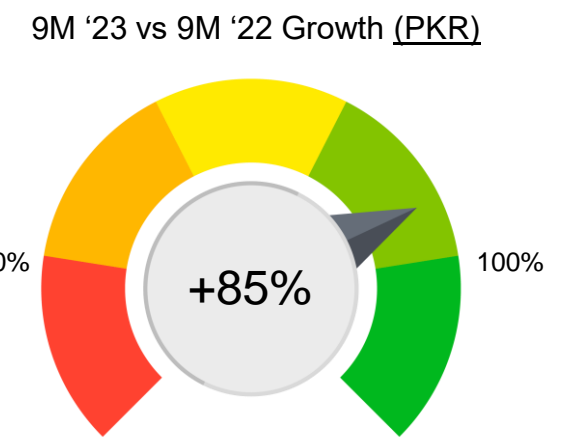
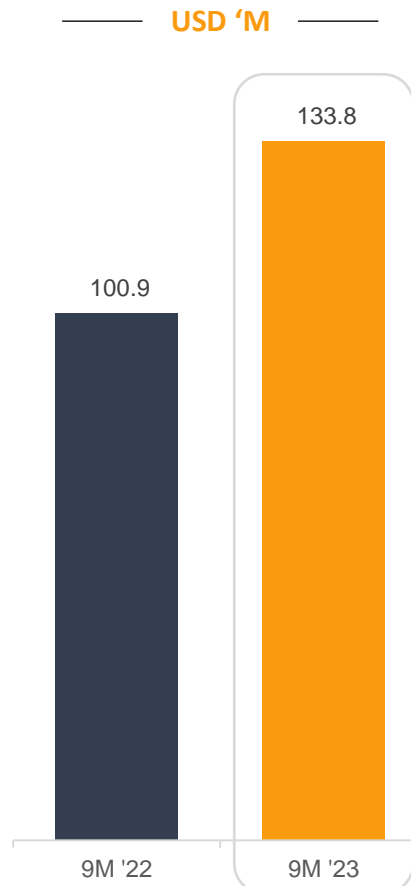
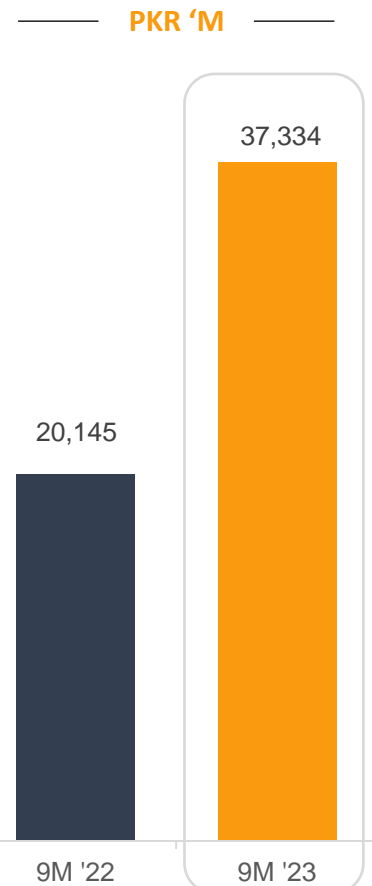
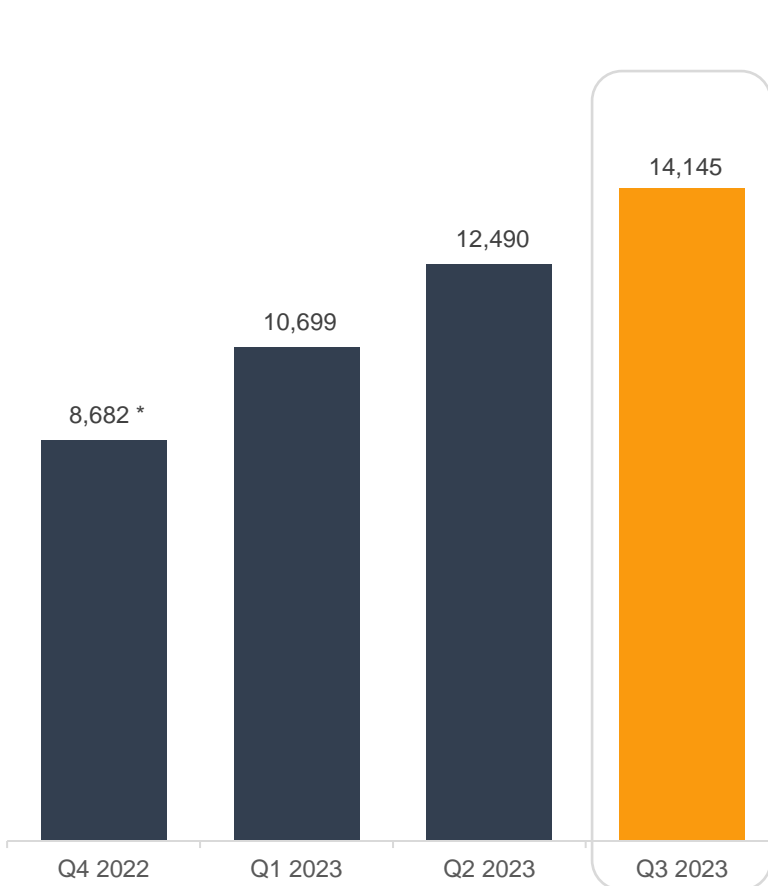
CASH &
EQUIVALENTS

12:88

Debt : Equity Ratio

Strong 9M 2023 Performance

Revenue
(PKR in Million)

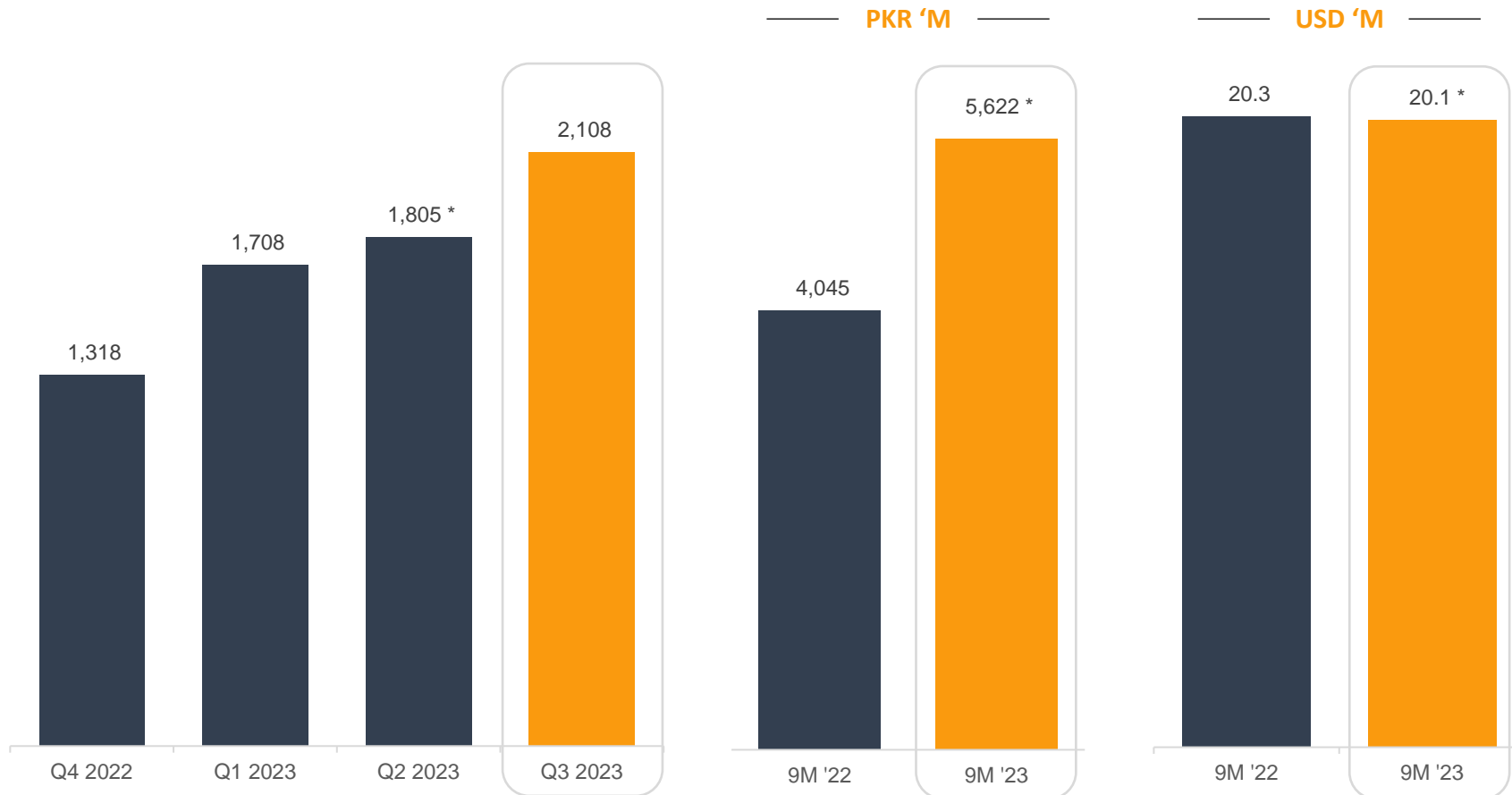


199.69 279.07
Avg USD rate

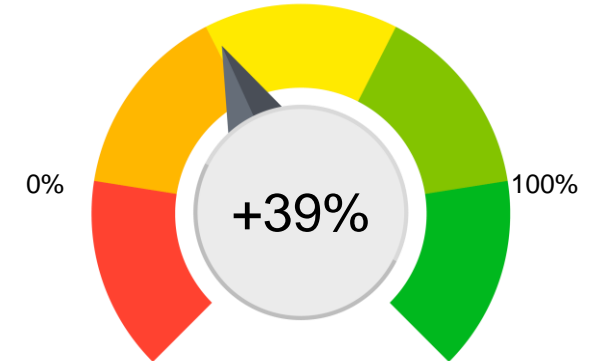
*One off trading transaction (CLOS) has been excluded in Q4' 22

Operating Profit 9M 2023 Performance

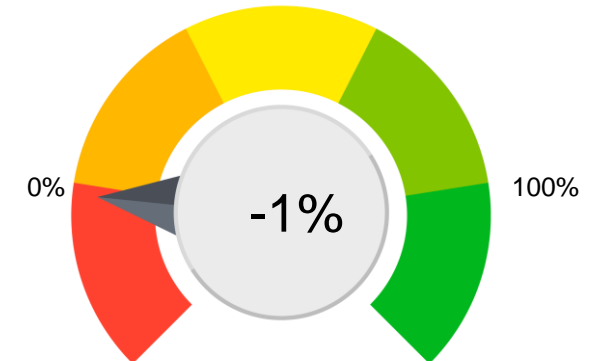
Operating Profit
(PKR in Million)



9M '23 vs 9M '22 Growth (PKR)



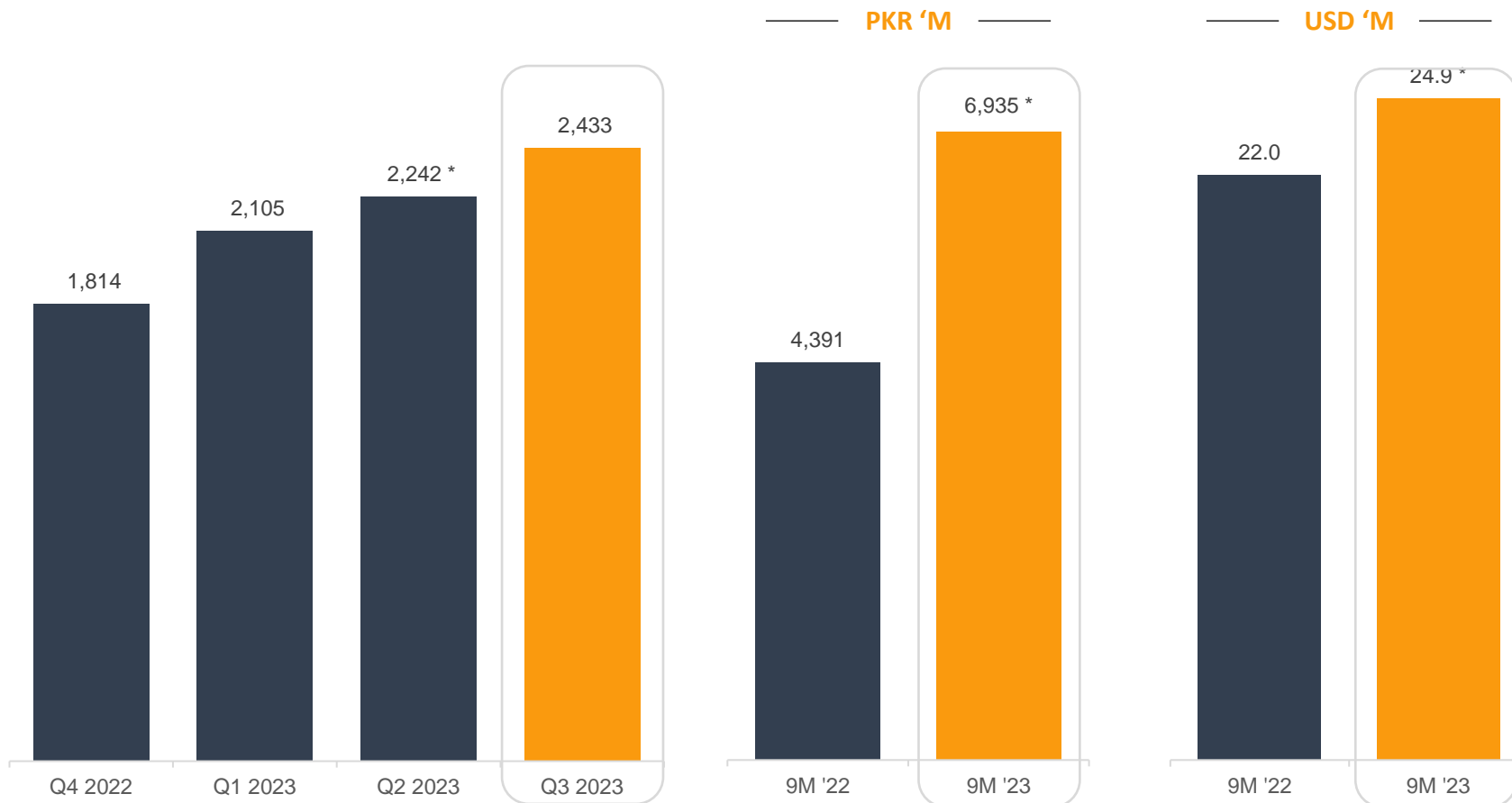
9M '23 vs 9M '22 Growth (USD)



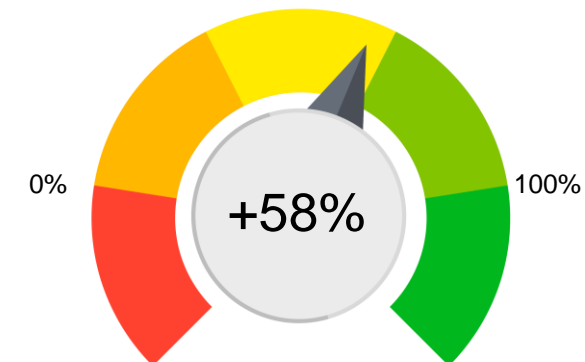
*One off Impairment loss against Jomo has been excluded in Q2' 23

EBITDA 9M 2023 Performance

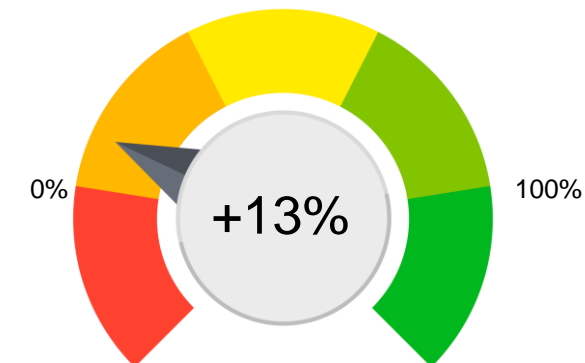
EBITDA
(PKR in Million)



9M '23 vs 9M '22 Growth (PKR)



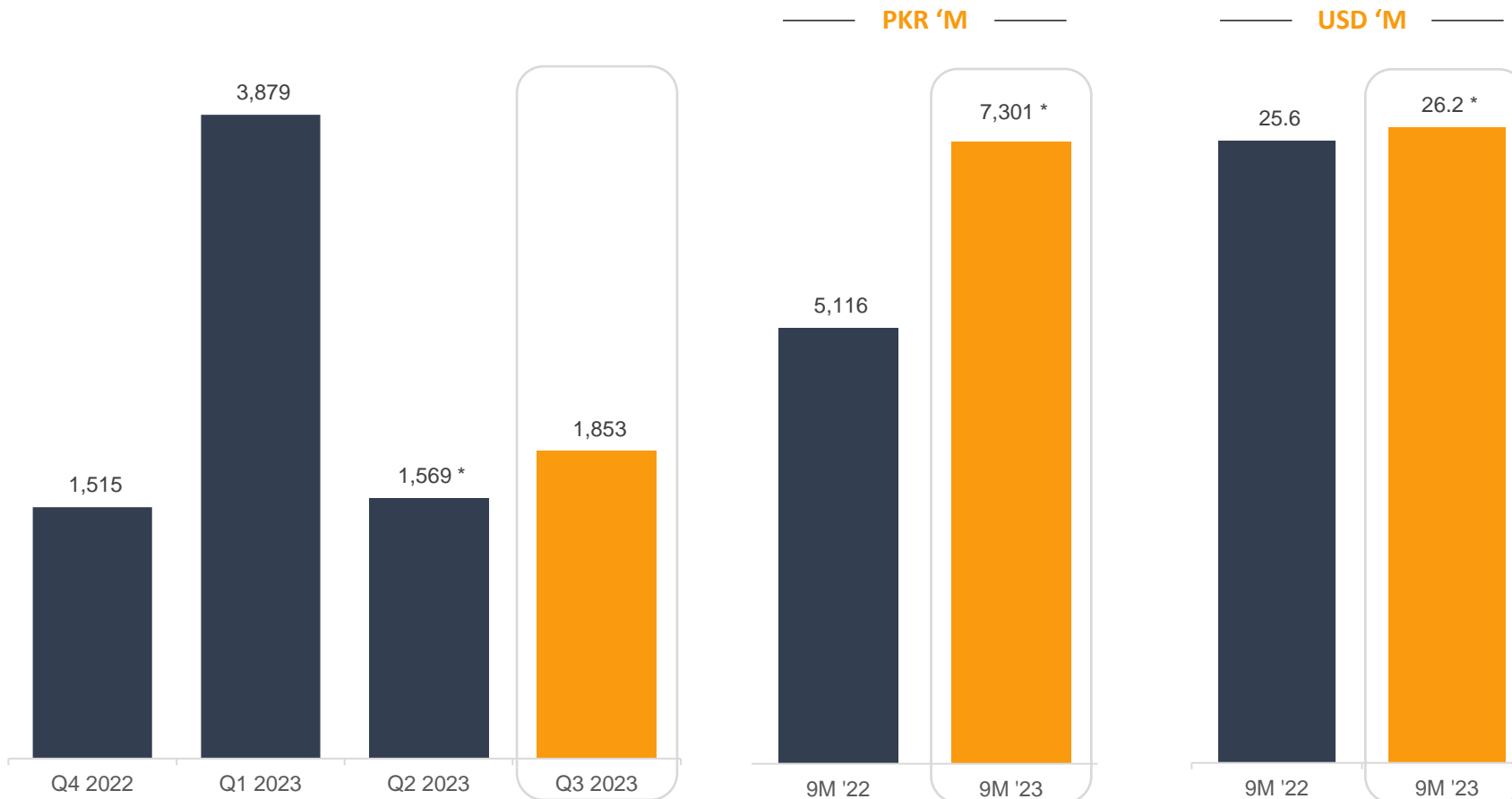
9M '23 vs 9M '22 Growth (USD)



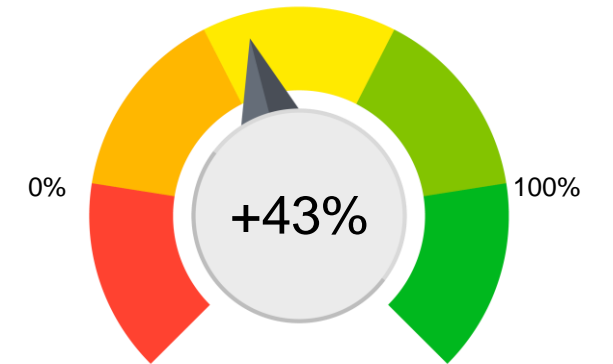
*One off Impairment loss against Jomo has been excluded in Q2' 23

Net Income 9M 2023 Performance

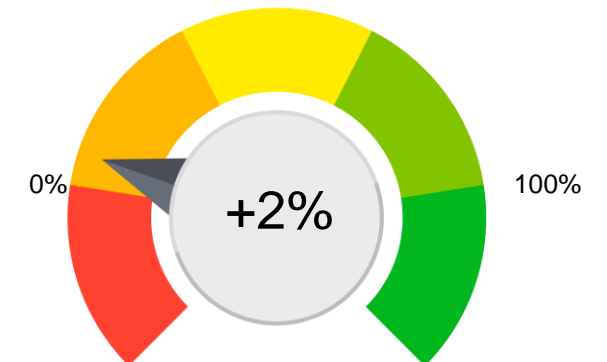
Net Income
(PKR in Million)



9M '23 vs 9M '22 Growth (PKR)



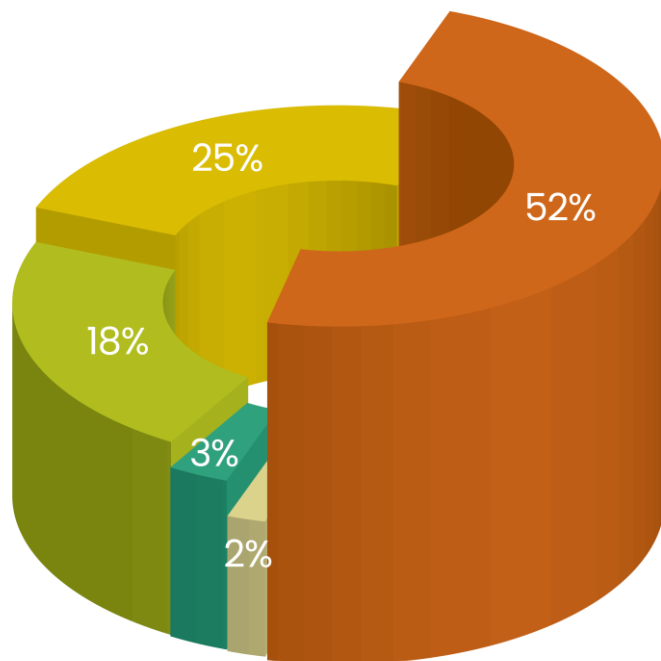
9M '23 vs 9M '22 Growth (USD)



*One off Impairment loss against Jomo has been excluded in Q2' 23

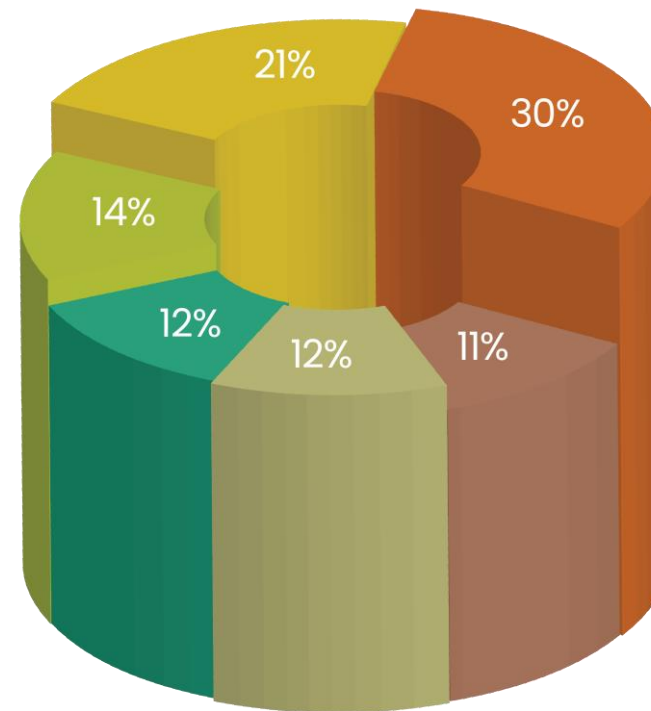
Revenue Breakdown – 9M 2023





By Geography



-  Middle East & Africa
-  North America
-  Pakistan
-  Europe
-  Asia Pacific

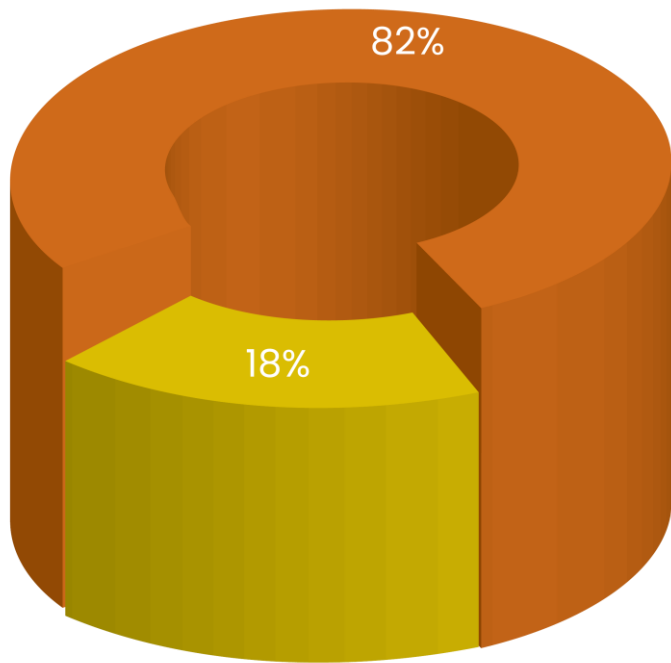
By Vertical



-  BFSI
-  Telco
-  Technology
-  Public Sector
-  Others
-  Retail & CPG

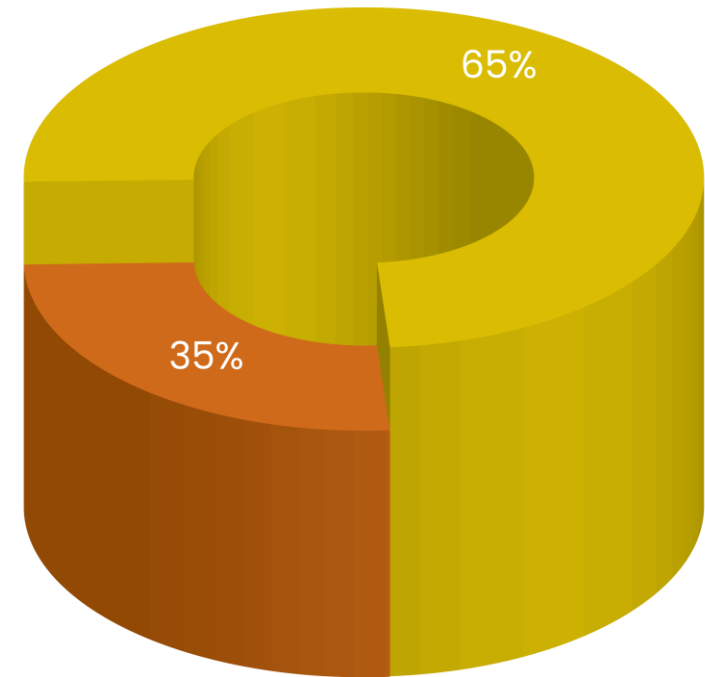
Currency Mix – 9M 2023

By Revenue



FCY PKR

By Cost



PKR FCY

Commentary on Key Variances - Profit & Loss Statement 9M 2023 (PKR 'M)

	Nine Months Ended			
	Sep '30 2023	Sep '30 2022	Variance	Var. %
Revenue	37,334	20,145	17,189	85%
Cost of Sale	(27,220)	(13,786)	(13,434)	97%
Gross Profit	10,114	6,359	3,754.7	59%
GP Margin	27%	32%	-4%	-4%
Distribution expenses	(1,288)	(451)	(837)	185%
Admin. expenses	(2,975)	(1,766)	(1,209)	68%
Other operating expenses	(383)	(97)	(286)	296%
Total Operating Expenses	(4,647)	(2,314)	(2,332)	101%
Operating profit	5,467	4,045	1,422	35%
OP Margin	15%	20%	-5%	-5%
Other income	3,017	1,735	1,282	74%
Share of loss from associate	(284)	(231)	(53)	23%
Finance cost	(654)	(153)	(500)	326%
Profit before taxation	7,546	5,395	2,151	40%
Taxation	(399)	(280)	(120)	43%
Profit after taxation	7,147	5,116	2,031	40%
NP Margin	19%	25%	-6%	-6%

Commentary on Variance

Lower GP margin:

- Higher costs due to
 - ❑ inflationary adjustments in compensations.
 - ❑ Increased energy prices adversely impacted local & foreign traveling and company overheads costs.
 - ❑ Currency devaluation impacting onsite resource costs and licenses & subscriptions which are paid in USD.
 - ❑ High amortization cost (\$0.25m p.m) of intellectual property (CLOS) purchased by NDC during second Half of 2022
 - ❑ Net addition in IT HC = ~ 1200 resources since Sep 2022

OP margins:

- Additional cost of newly incorporated subsidiaries and NDC – Higher admin and marketing cost due to upfront investment in infrastructure and business development, will be rationalized with economies of scale
- WHT on payments from subsidiaries classified as admin
- One-off adjustment of investment in JOMO
- Higher IFRS9 adjustment on receivables with current macro-economic conditions and future inflation projections from IMF
- Out of total other income, Rs 2.6bn (87%) is exchange gain.
- Share of loss coming from Jugnu has already offset investment. EP Systems will continue.
- Significant increase in KIBOR/SBP policy rate resulted in higher finance cost.
- Super tax, higher WHT, tax on export revenue



**Environment,
Social & Governance
(ESG)**

Our ambitions in sustainable operations

PEOPLE



**Gender
Balanced**
workforce by
2030



Human rights
Risk and impact
Assessment in the
value chain



Fair and green
Supply chain



Zero
Breaches of
Privacy



Carbon Neutral
In own operations by 2030

PLANET



>80% Circularity
Reuse and recycling
of hardware - own
and customer



>50%
Use of green
electricity in
datacenters and
offices



>65%
Reduction of CO2
emissions in scope
1 and 2 in 2020-
2023



Avoid emissions
Customers to avoid
CO2 emissions by 10-
15% annually



Way Forward

Pillars of our strategic plan

Skills and service offerings

Strong focus on building AI competency by building and developing a resource pool. The Company is also developing AI offerings for the BFS, Telco and Retail/CPG verticals.

Verticalization and Business Development

The Company has divided business development and delivery in 3 key verticals

BFS	Merging all core and non-core banking services under one-roof. Focusing to capitalize on the existing customer base by cross selling and upselling
Telco	<ul style="list-style-type: none">- Increased focus on Digital Business Solution Services (BSS)- Market specific solutions and frameworks
Growth	All other services under 3 rd vertical serving public sector, pharma, retail , healthcare etc

Geographies & Inorganic Growth

Over the past couple of years, the Company has made significant investment in expanding into new markets and geographies. The Company is now working on maximizing the return on those investments.

Creating management structures that enable us to grow and perpetuate through Mergers & Acquisitions

Investment Priorities

Continued Profit Improvement, Healthy Cash Flow

- Strong cash flow generation allows attractive dividend payout, and flexibility for investment opportunities.
- Systems Limited has a history of investing its cash flow for the future growth. The current healthy cash flow position provides the company with an opportunity to re-imagine and re-think everything to touch new heights.
- The Company is also focusing on inorganic growth through acquisition with the focus of increasing export revenue. Evaluating businesses aligned with strategy, structure and culture of the company



- **Investment in talent**
- **Diversification of talent pool among different locations**
- **Mergers & Acquisitions**
- **Strengthening current geographies**
- **New service offerings**

Capital allocation policy - Growth and shareholder returns



Priority 1

Reinvest in growth

- Reinvest in businesses to support profitable organic growth
- Investment in talent acquisition, development and retention
- Strengthening current geographies
- New service offerings



Use of Free Cashflows



Priority 2

Merger & Acquisitions

M&A supporting profitable growth
Pursue strategic, tuck-in acquisitions

Priority 3

Consistent distribution
to shareholders

Consistent cash & stock
dividends

Our Innovative Solutions

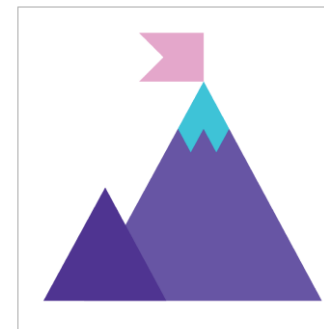
Corporate Loan Origination System

Automating & Streamlining the process of originating, evaluating, and approving corporate loans



Digital Sales Accelerator

Transforming customer experience through digitalization



Banking Analytics Data Platform

An intelligent tool that leverages the capabilities of automation and artificial intelligence for digital transformation



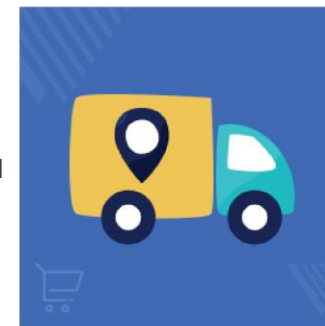
Digital Wallet

Digital financial services to bring a cashless digital ecosystem to the landscape



Felix - Intelligent Order Tracking

Real-time, End-to-End business order tracking solution



Life Insurance Channel Discovery

Built On The Evvox Data Platform offers insurance organizations digital agility through an integrated ecosystem`



Intuitive CRM for Banking Financial Services

Lead Management, Personalized Product Offering, Smart workflows, Localized regulatory compliant and real-time centralized planning solution



Int'l Career Wholesale (IWS)

Offers Wholesale services portfolio to mobile operators, carriers and ISPs for Global reach



Q&A



Thank You

Enabling a digital tomorrow

US • EUROPE • PAKISTAN • MEA • KSA • APAC

